SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
(AMENDMENT NO. 1)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

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 (State or other jurisdiction of incorporation or organization)	58-1960019 (I.R.S. Employer Identification No.)
4205 RIVER GREEN PARKWAY, DULUTH, GEORGIA (Address of principal executive offices)	30096 (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 6, 2000 was $617,257,236. As of such date, there were 59,587,761 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, 1999 are incorporated by reference in Part II.

Portions of the definitive Proxy Statement for the Annual Meeting of Stockholders to be held on April 26, 2000 are incorporated by reference in Part III.

PART I

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 and related replacement parts throughout the world. The Company sells a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: AGCO(R) Allis, Massey Ferguson(R), Hesston(R), White, GLEANER(R), New Idea(R), AGCOSTAR(R), Landini (North America), Tye(R), Farmhand(R), Glencoe(R), Deutz (South America), Fendt, Spra-Coupe(R) and Willmar(R). The Company distributes its products through a combination of approximately 8,200 independent dealers and distributors, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France, Germany, Spain and Brazil through its finance joint ventures with Cooperateive 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 17 acquisitions for consideration aggregating approximately $1.4 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 duplicate administrative, sales and marketing functions, rationalizing its dealer network, increasing manufacturing capacity utilization and engineering common product platforms for certain products. In addition, the Company is focusing its efforts on long-term growth and profit improvement initiatives including developing new and innovative products, expanding and strengthening its distribution network, reducing product costs, maintaining a flexible horizontal production strategy, and utilizing efficient asset management.

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 (the "Hesston Acquisition"). The assets acquired also included Hesston's 50% interest in a joint venture, Hay and Forage Industries ("HFI"), between Hesston and CNH Global N.V. 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.

White Tractor Acquisition. In May 1991, the Company acquired the White Tractor Division ("White") of Allied Products Corporation (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 (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 enabled the Company to expand its dealer network.

White-New Idea Acquisition. In December 1993, the Company acquired the White-New Idea Farm Equipment Division ("White-New Idea") of Allied Products Corporation (the "White-New Idea Acquisition"). White-New Idea's net sales in 1993 were approximately $83.1 million. The White-New Idea Acquisition enabled the Company to offer a more complete line of planters and spreaders and a broader line of hay and tillage equipment.

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 enabled the Company to provide more competitive and flexible financing alternatives to end users.

Massey Ferguson Acquisition. In June 1994, the Company acquired Massey from Varity, including Massey's network of independent dealers and distributors and associate and licensee companies outside the United States and Canada (the "Massey Acquisition"). Massey, with fiscal 1993 net sales of approximately $898.4 million (including net sales to AGCO of approximately $124.6 million), 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") (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 and combines under the Massey Ferguson brand name, and industrial loader-backhoes under the Massey Ferguson and Maxion brand names. The Maxion Acquisition expanded the Company's product offerings and distribution network in South America, particularly 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 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 Company has similar joint venture arrangements with Rabobank with respect to its retail finance companies located in the United Kingdom, France, Germany, Spain and Brazil.

Deutz Argentina Acquisition. In December 1996, the Company acquired the operations of Deutz Argentina S.A. ("Deutz Argentina") (the "Deutz Argentina Acquisition"). Deutz Argentina, with 1995 sales of approximately $109.0 million, was a manufacturer and distributor of agricultural equipment, engines and light duty trucks in Argentina and other markets in South America. The Deutz Argentina Acquisition established AGCO as a leading supplier of agricultural equipment in Argentina. In February 1999, the Company sold its manufacturing operations in Haedo, Argentina which will allow the Company to consolidate the assembly of tractors into an existing facility in Brazil.

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 distributes tractors through a network of independent agricultural cooperatives, dealers and distributors in Germany and throughout Europe and Australia. With this acquisition, AGCO has a leading market share in Germany and France, two of Europe's largest agricultural equipment markets, with one of the most technologically advanced line of tractors in the world. 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"), which was 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 enabled the Company to achieve certain synergies within its worldwide combine manufacturing.

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.

MF Argentina Acquisition. In May 1998, the Company acquired the distribution rights for the Massey Ferguson brand in Argentina (the "MF Argentina Acquisition"). The MF Argentina Acquisition expanded the Company's distribution network in the second largest market in South America.

Spra-Coupe and Willmar Acquisitions. In July 1998, the Company acquired the Spra-Coupe product line, a brand of agricultural self-propelled sprayers sold primarily in North America (the "Spra-Coupe Acquisition"). In October 1998, the Company acquired the Willmar product line, a brand of agricultural self-propelled sprayers, spreaders and loaders sold primarily in North America (the "Willmar Acquisition"). Spra-Coupe and Willmar had combined net sales of approximately $81.8 million in their respective full fiscal years preceding these acquisitions. The Spra-Coupe and Willmar Acquisitions expanded the Company's product offerings to include a full line of self-propelled sprayers.

PRODUCTS

Tractors

Tractors are vehicles used to pull farm implements, hay tools, forage equipment, ground engaging equipment and other farm equipment. The Company participates in three segments of the tractor market: the compact tractor segment, which includes tractors in the less than 40 horsepower range; the utility tractor segment, which includes tractors in the 40 to 100 horsepower range; and the high horsepower tractor 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 and used in landscaping and residential areas. The Company offers a full range of tractors in the utility tractor category, including both two-wheel and all-wheel drive versions. The Company sells utility tractors under the Massey Ferguson, Fendt, AGCO Allis, White, Landini and Deutz brand names. The utility tractors are typically used on small and medium-sized farms and in specialty agricultural industries, such as orchards and vineyards. The Company also offers a full range of tractors in the high 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 64% of the Company's net sales in 1999 and 62% in both 1998 and 1997.

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, Deutz, Fendt and AGCO Allis brand names. Depending on the market, GLEANER and Massey Ferguson combines are sold with conventional or rotary technology while the Deutz, Fendt and AGCO Allis combines 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 7% of the Company's net sales in 1999 and 10% in both 1998 and 1997.

Hay Tools and Forage Equipment, Sprayers, 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 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 into silage. The Company sells hay and forage equipment primarily under the Hesston brand name and, to a lesser extent, the White-New Idea, Massey Ferguson and AGCO Allis brand names.

Sprayers are used to apply materials such as fertilizers and crop protection chemicals to fields before or after crops have emerged. The Company offers under 500-gallon self-propelled agricultural sprayers under the Spra-Coupe brand name and 500 to 1,000 gallon self-propelled agricultural sprayers under the Willmar brand name.

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; heavy tillage, which breaks up soil and mixes 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 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, Massey Ferguson, AGCO Allis, Tye, Farmhand, Glencoe, Deutz, Fendt and Willmar brand names. Hay tools and forage equipment, sprayers, implements and other products accounted for 10%, 11% and 12% of the Company's net sales in 1999, 1998 and 1997, 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 19%, 17% and 16% of the Company's net sales in 1999, 1998 and 1997, respectively.

MARKETING AND DISTRIBUTION

The Company distributes 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's 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 in most major Western European markets directly through a network of approximately 2,400 independent Massey Ferguson and Fendt dealer outlets 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 800 Massey Ferguson and Fendt dealer outlets. In most cases, dealers carry competing or complementary products from other manufacturers. Sales in Western Europe accounted for 56% of the Company's net sales in 1999 and 47% in both 1998 and 1997.

North America

The Company markets and distributes farm machinery equipment and replacement parts to farmers in North America through a network of dealers supporting approximately 6,200 dealer contracts. Each of the Company's approximately 2,600 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. Sales in North America accounted for 25%, 32% and 30% of the Company's net sales in 1999, 1998 and 1997, respectively.

South America

The Company markets and distributes 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 350 independent dealers, primarily supporting either the Massey Ferguson, Deutz or AGCO Allis 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 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 8%, 11% and 10% of the Company's net sales 1999, 1998 and 1997, respectively.

Rest of the World

Outside Western Europe, North America and South America, the Company operates primarily through a network of approximately 2,100 independent Massey Ferguson and Fendt distributors and dealer outlets, 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 11%, 10% and 13% of the Company's net sales in 1999, 1998 and 1997, 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 and Turkey. 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; Ennery, France; and Marktoberdorf, Germany and regional parts facilities in Spain, Denmark, Germany and Italy. 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 facilities in Brazil and Argentina.

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 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, a dealer may be added in that territory, or a nonperforming dealer may 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 for extended periods. The terms of the Company's wholesale finance agreements with its dealers vary by region and product line with fixed payment schedules on all sales. In the United States and Canada, dealers are typically not required to make an initial down payment, and the Company's terms allow for an interest-free period generally ranging from one to twelve months, depending on the product. 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 generally range from 30 day terms 180 days. 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.

For sales outside the United States and Canada, the Company does not normally charge interest on outstanding receivables with its dealers and distributors. In the United States and Canada, where approximately 24% of the Company's net sales were generated in 1999, interest is charged at or above prime lending rates on outstanding receivable balances after interest-free periods. These interest-free periods vary by product and range from 1 to 12 months with the exception of certain seasonal products which bear interest after various periods depending on the timing of shipment and the dealer's or distributor's sales during the preceding year. For the year ended December 31, 1999, 17.4%, 4.4%, 1.2% and 0.7% of the Company's net sales had maximum interest-free periods ranging from 1 to 6 months, 7 to 12 months, 13 to 20 months and 21 months or more, respectively. Actual interest-free periods are shorter than above because the equipment receivable in the United States and Canada is due immediately upon sale by the dealer or distributor to a retail customer. Under normal circumstances, interest is not forgiven and interest-free periods are not extended.

RETAIL FINANCING

Through its retail financing joint ventures located in North America, the United Kingdom, France, Germany, Spain and Brazil, the Company provides a competitive and dedicated financing source to the end users 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. Retail 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 and a combine manufacturing facility in Randers, Denmark. 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 225 horsepower tractors marketed under the Massey Ferguson, AGCO Allis and White brand names. The Marktoberdorf facility produces 50 to 260 horsepower tractors marketed under the Fendt brand name. The Randers facility produces conventional combines under the Massey Ferguson and Fendt brand names. 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. The Company also has 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. In Willmar, Minnesota, the Company manufactures self-propelled sprayers marketed under the Spra-Coupe and Willmar brand names, wheeled loaders marketed under the Massey Ferguson and Willmar brand names and dry fertilizer spreaders marketed under the Willmar 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 Company also maintains a facility in Queretaro, Mexico where tractors are assembled for distribution in the Mexican market.

In the fourth quarter of 1999, the Company announced the permanent closure of its Coldwater, Ohio and Lockney, Texas manufacturing facilities. The majority of the production in these facilities will be relocated to existing AGCO facilities or outsourced to third parties. Specifically, the Company will move production of its White-New Idea line of planters, hay tools and forage equipment and implements to the HFI facility. The Farmhand loader production and the Glencoe tillage equipment production will be outsourced to third party manufacturers. In addition the Company will integrate its AGCO Allis, White and

Massey Ferguson brands of high horsepower tractors, previously produced in Coldwater, Ohio, into the common platform tractor production currently in place at its Beauvais, France facility. The Company also will move production of its drill planters and tillage equipment marketed under the Tye brand name, previously manufactured in Lockney, Texas, to the HFI facility.

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 AGCO Allis brand names in Santa Rosa, Rio Grande do Sul. In February 1999, the Company sold its Haedo, Argentina plant which manufactured Deutz branded tractors, ranging from 60 to 190 horsepower, engine components and light duty trucks. The Company plans to relocate its Deutz tractor production, currently in Haedo under an outsourcing agreement, to its Canoas, Brazil facility in the future. The Argentina Engine Joint Venture manufactures diesel engines, for the Company's equipment and for sale to third parties, at a facility in San Luis, Argentina, which is owned 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 horizontal production strategy minimizes the Company's capital investment requirements and allows greater flexibility to respond to changes in market conditions.

The Company purchases certain products it distributes from third party suppliers. The Company purchases 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 purchases specialty tractors under the Massey Ferguson brand name for distribution in Western Europe and North America. In addition, certain Massey Ferguson tractor models are purchased from a licensee in 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 identified.

SEASONALITY

Retail sales by dealers to farmers are highly seasonal and are a function of the timing of the planting and harvesting seasons. To the extent practicable, the Company attempts to ship products to its dealers and distributors on a level basis throughout the year to reduce the effect of seasonal retail demands on its manufacturing operations and to minimize its investment in inventory. The Company's financing requirements are subject to variations due to seasonal changes in working capital levels, which typically build in the first half of the year and then reduce in the second half of the year.

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 CNH Global N.V. and Deere & Company. 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 $44.6 million (1.8% of net sales), $56.1 million (1.9% of net sales) and $54.1 million (1.7% of net sales) in 1999, 1998 and 1997, 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 (North America), AGCOSTAR, Tye, Farmhand, Glencoe, Willmar, Spra-Coupe 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, Glencoe, Spra-Coupe and Willmar 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, 1999, the Company employed approximately 9,300 employees, including approximately 1,900 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 2000 to 2002. The contract with the labor union at the Company's Independence production facility was extended through May 12, 2001. The contract with the labor union at the Company's Willmar production facility expires May 31, 2000 at which time it will be renegotiated. The Company is currently in negotiations with labor unions in the UK relating to the renewal of their collective bargaining agreements which are renegotiable from April 1, 2000. German national negotiations are due for renewal from March 1, 2000. In addition, agreements effective for twelve months from January 1, 2000 have been signed in France, and the national agreement in Denmark is effective until March 1, 2004.

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 the effects that they may have on the Company in the future are impossible to predict with accuracy. 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 pages 43 and 44 of the Annual Report to Stockholders for the year ended December 31, 1999, which information is incorporated herein by reference.

FORWARD LOOKING STATEMENTS

Certain statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report are forward looking, including certain statements set forth under the "Outlook," "Liquidity and Capital Resources," "Restructuring and other infrequent Expenses," "Year 2000," and "Euro Currency" headings. Forward looking statements include the Company's expectations with respect to future commodity prices, export demand for commodities, farm income, demand for agricultural equipment, production levels, the impact of cost reduction initiatives, operating margins, overall profitability and the availability of capital. Although the Company believes that the statements it has made are based on reasonable assumptions, they are based on current information and beliefs and, accordingly, the Company can give no assurance that its statements will be achieved. In addition, these statements are subject to factors that could cause actual results to differ materially from those suggested by the forward looking statements. These factors include, but are not limited to, general economic and capital market conditions, the demand for agricultural products, world grain stocks, crop production, commodity prices, farm income, farm land values, government farm programs and legislation, the levels of new and used field inventories, weather conditions, interest and foreign currency exchange rates, the conversion to the Euro, pricing and product actions taken by competitors, customer access to credit, production disruptions, supply and capacity constraints, Company cost reduction and control initiatives, Company research and development efforts, labor relations, dealer and distributor actions, technological difficulties including the Year 2000 readiness, changes in environmental, international trade and other laws and political and economic uncertainty in various areas of the world. Further information concerning factors that could significantly affect the Company's results is included in the Company's filings with the Securities and Exchange Commission. The Company disclaims any responsibility to update any forward looking statements.

ITEM 2. Properties

The principal properties of the Company as of December 31, 1999 are as follows:

LOCATION	DESCRIPTION PROPERTY	LEASED (SQ. FT.)	OWNED (SQ. FT.)
North America:			
Duluth, Georgia......................	Corporate Headquarters	125,000	
Coldwater, Ohio (A)..................	Manufacturing		1,490,000
Hesston, Kansas (B)..................	Manufacturing		1,115,000
Independence, Missouri...............	Manufacturing		450,000
Lockney, Texas (A)...................	Manufacturing	190,000	
Queretaro, Mexico....................	Manufacturing		13,500
Willmar, Minnesota...................	Manufacturing		223,400
Kansas City, Missouri................	Warehouse	425,000	
Batavia, Illinois....................	Parts Distribution	310,200	
International:			
Coventry, United Kingdom.............	Regional Headquarters/Manufacturing		4,135,150
Beauvais, France (C).................	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.....................	Parts Distribution/Sales Office	32,366	
Noetinger, Argentina (A).............	Manufacturing		152,820
San Luis, Argentina (D)..............	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..........................	Part 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	

(A) In December 1999, the Company announced that it would close its production facilities in Coldwater, Ohio, Lockney, Texas and Noetinger, Argentina.

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

(C) Includes the GIMA Joint Venture, in which the Company has a 50% interest.

(D) 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 18 of the Annual Report to Stockholders for the year ended December 31, 1999 is incorporated herein by reference.

ITEM. 6. Selected Financial Data

The information under the heading "Selected Financial Data" for the years ended December 31, 1995 through 1999 on page 18 of the Annual Report to Stockholders for the year ended December 31, 1999 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 19 through 26 of the Annual Report to Stockholders for the year ended December 31, 1999 is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

The information under the heading "Foreign Currency Risk Management" and "Interest Rates" in "Management's Discussion and Analysis and Results of Operations" on pages 25 and 26 of the Annual Report to Stockholders and in Footnote 1 -- "Financial Instruments" of the Notes to Consolidated Financial Statements on page 35 of the Annual Report to Stockholders for the year ended December 31, 1999 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 27 through 31 of the Annual Report to Stockholders for the year ended December 31, 1999 are incorporated herein by reference:

Report of Independent Public Accountants.

Consolidated Statements of Operations for the years ended December 31, 1999, 1998 and 1997.

Consolidated Balance Sheets as of December 31, 1999 and 1998.

Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1999, 1998 and 1997.

Notes to Consolidated Financial Statements.

The information under the heading "Quarterly Results" on page 23 of the Annual Report to Stockholders for the year ended December 31, 1999 is incorporated herein by reference.

The financial statements of Agricredit Acceptance LLC included in Exhibit 13.1 to this Form 10-K are 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 and page 3, respectively, of the Proxy Statement for the Annual Meeting of Stockholders to be held April 26, 2000 is incorporated herein by reference for information on the directors of the Registrant. The information under the heading "Executive Officers" on pages 20 and 21 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 26, 2000 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 21 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 26, 2000 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 26, 2000 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 10 and 11 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 26, 2000 is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions

The information under the heading "Certain Relationships and Related Transactions" on page 21 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 26, 2000 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, 1999, are incorporated by reference in Part II, Item 8:

Report of Independent Public Accountants.

Consolidated Statements of Operations for the years ended December 31, 1999, 1998 and 1997.

Consolidated Balance Sheets at December 31, 1999 and 1998.

Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1999, 1998 and 1997.

Notes to Consolidated Financial Statements.

The financial statements of Agricredit Acceptance LLC included in Exhibit 13.1 to this Form 10-K are incorporated by reference in Part II, Item 8.

(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 Financial Statement 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 NUMBER		DESCRIPTION OF EXHIBIT
3.1	--	Certificate of Incorporation of the Registrant incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996.
3.2	--	By-Laws of the Registrant incorporated by reference to the Company's Annual Report on From 10-K for the year ended December 31, 1997.
4.1	--	Rights Agreement, as amended, between and among AGCO Corporation and SunTrust 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 and the Company's Form 8-A/A dated August 8, 1999.
4.2	--	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	--	1991 Stock Option Plan, as amended, incorporated by reference to the Company's annual report on 10-K for the year ended December 31, 1998.
10.2	--	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.*
10.3	--	Amended and Restated Long-Term Incentive Plan incorporated by Reference to the Company's Annual Report on Form 10-K for the Year ended December 31, 1997.*
10.4	--	Nonemployee Director Stock Incentive Plan, as amended Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.*
10.5	--	Management Incentive Compensation Plan incorporated by Reference to the Company's Annual Report on Form 10-K for the Year ended December 31, 1995.*
10.6	--	Second Amended and Restated Credit Agreement dated as of March 12, 1999 among AGCO Corporation and certain of its affiliates and various lenders, incorporated by reference to the Company's annual report for the year ended December 31, 1998.
10.7	--	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.*
10.8	--	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.*
10.9	--	Employment and Severance Agreement by and between AGCO Corporation and James M. Seaver.*
10.10	--	Employment and Severance Agreement by and between AGCO Corporation and Edward R. Swingle.*
10.11	--	Employment and Severance Agreement by and between AGCO Corporation and Chris E. Perkins.*
10.12	--	Receivables Purchase Agreement dated as of January 27, 2000 among AGCO Corporation, AGCO Funding Corporation and Cooperative Centrale Raiffeisen-Boerenleenbank B.A., as administrative agent.
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, 1999 expressly incorporated herein by reference.
13.1	--	Financial Statements of Agricredit Acceptance LLC.

21.0 -- Subsidiaries of the Registrant.

EXHIBIT NUMBER		DESCRIPTION OF EXHIBIT
23.0	--	Consent of Arthur Andersen LLP, independent public accountants.
24.0	--	Power of Attorney
27.1	--	Financial Data Schedule -- December 31, 1999 (filed for SEC reporting purposes only).

* Management contract or compensatory plan or arrangement.

(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/ JOHN M. SHUMEJDA

John M. Shumejda
President and Chief Executive Officer

Dated: March 29, 2001

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	*
/s/ JOHN M. SHUMEJDA John M. Shumejda	President and Chief Executive Officer, Director	March 29, 2001
/s/ DONALD R. MILLARD Donald R. Millard	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 29, 2001
/s/ HENRY J. CLAYCAMP* Henry J. Claycamp	Director	*
/s/ WOLFGANG DEML* Wolfgang Deml	Director	*
/s/ GERALD B. JOHANNESON* Gerald B. Johanneson	Director	*
/s/ ANTHONY D. LOEHNIS* Anthony D. Loehnis	Director	*
/s/ WOLFGANG SAUER* Wolfgang Sauer	Director	*
Wayne Booker	Director	--
Curtis E. Moll	Director	--
David E. Momot	Director	--
Henk Visser	Director	--
*By: /s/ STEPHEN D. LUPTON STEPHEN D. LUPTON Attorney-in-Fact		March 29, 2001

ANNUAL REPORT ON FORM 10-K

ITEM 14(A)(2)

FINANCIAL STATEMENT SCHEDULE
YEAR ENDED DECEMBER 31, 1999

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To 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, 1999 and 1998 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999, and have issued our report thereon dated February 1, 2000. Our audit was made for the purpose of forming an opinion on the basic financial 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.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 1, 2000

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, 1999 Allowances for sales incentive discounts	$ 58.4	$ --	$ 80.3	$ --	$ (85.1)	$ 53.6
Year ended December 31, 1998 Allowances for sales incentive discounts	$ 53.1	$ 1.4	$ 108.0	$ --	$ (104.1)	$ 58.4
Year ended December 31, 1997 Allowances for sales incentive discounts	$ 45.4	$ 0	$ 98.5	$ --	$ (90.8)	$ 53.1

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, 1999 Allowances for doubtful receivables	$ 49.4	$ --	$ 3.8	$ --	$ (10.2)	$ 43.0
Year ended December 31, 1998 Allowances for doubtful receivables	$ 44.1	$ 0.6	$ 10.7	$ --	$ (6.0)	$ 49.4
Year ended December 31, 1997 Allowances for doubtful receivables	$ 30.4	$ 4.1	$ 17.6	$ --	$ (8.0)	$ 44.1

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, 1999 Accruals of severance, relocation and other integration costs	$ 35.0	$ --	$ 9.6(a)	$ --	$ (22.4)	$ 22.2
Year ended December 31, 1998 Accruals of severance, relocation and other integration costs	$ 12.4	$ 6.5	$ 32.8(b)	$ --	$ (16.7)	$ 35.0
Year ended December 31, 1997 Accruals of severance, relocation and other integration costs	$ 4.7	$ 6.5	$ 18.2	$ --	$ (17.0)	$ 12.4

(a) Excludes restructuring and other infrequent expenses related to the writedown of property, plant and equipment of $14.9 million.

(b) Excludes restructuring and other infrequent expenses related to pension and postretirement benefit expenses of $7.2 million.

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	--	Indenture between AGCO Corporation and SunTrust Bank, as Trustee.	*
10.1	--	1991 Stock Option Plan, as amended.	*
10.2	--	Form of Stock Option Agreements (Statutory and Nonstatutory).	*
10.3	--	Amended and Restated Long-Term Incentive Plan.	*
10.4	--	Nonemployee Director Stock Incentive Plan, as amended.	*
10.5	--	Management Incentive Compensation Plan.	**
10.6	--	Second Amended and Restated Credit Agreement dated as of January 14, 1997, among AGCO Corporation and certain of its affiliates and various lenders, incorporated by reference to the Company's annual report for the year ended December 31, 1998.	*
10.7	--	Employment and Severance Agreement by and between AGCO Corporation and Robert J. Ratliff.	*
10.8	--	Employment and Severance Agreement by and between AGCO Corporation and John M. Shumejda.	*
10.9	--	Employment and Severance Agreement by and between AGCO Corporation and James M. Seaver.	**
10.10	--	Employment and Severance Agreement by and between AGCO Corporation and Edward R. Swingle	**
10.11	--	Employment and Severance Agreement by and between AGCO Corporation and Chris E. Perkins.	**
10.12	--	Receivables Purchase Agreement dated as of January 27, 2000 among AGCO Corporation, AGCO Funding Corporation and Cooperative Centrale Raiffeisen-Boerenleenbank B.A., as administrative agent.	**
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, 1999.	
13.1	--	Financial Statements of Agricredit Acceptance LLC	
21.0	--	Subsidiaries of the Registrant.	**
23.0	--	Consent of Arthur Andersen LLP, independent public accountants.	
23.1	--	Consent of KPMG LLP for financial statements of Agricredit Acceptance LLC	**
27.1	--	Financial Data Schedule -- December 31, 1999 (filed for SEC reporting purposes only)	**

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* Incorporated herein by reference

** Previously Filed.

EXHIBIT 13.0

AGCO CORPORATION

1999 FINANCIAL REVIEW

CONTENTS

AGCO CORPORATION
SELECTED FINANCIAL DATA
IN MILLIONS, EXCEPT PER SHARE DATA AND NUMBER OF EMPLOYEES

YEAR ENDED DECEMBER 31,	1999	1998	1997	1996	1995(1)
OPERATING RESULTS					
Net sales and revenues	$ 2,413.3	$ 2,941.4	$ 3,224.4	$ 2,317.5	$ 2,125.0
Gross profit	356.4	537.3	666.8	470.3	440.7
Income from operations(2)	42.9	157.3	307.0	206.1	216.6
Net income (loss)(2)	(11.5)	60.6	168.7(3)	125.9(3)	129.1
Net income (loss) per common share - diluted(2)(4)	$ (0.20)	$ 0.99	$ 2.71(3)	$ 2.20(3)	$ 2.31
Weighted average shares outstanding - diluted(4)	58.7	61.2	62.1	57.4	56.6
Dividends declared per common share(4)	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.02
OTHER FINANCIAL DATA					
Working capital	$ 733.9	$ 1,029.9	$ 884.3	$ 750.5	$ 485.5
Total assets	2,273.2	2,750.4	2,620.9	2,116.5	2,162.9
Long-term debt	691.7	924.2	727.4	567.1	568.9(5)
Stockholders' equity	829.1	982.1	991.6	774.6	588.9
Number of employees	9,287	10,572	11,829	7,801	5,548

(1) AGCO sold a 51% joint venture interest in its retail finance subsidiary, Agricredit-North America, effective November 1, 1996. Accordingly, Agricredit-North America is reflected on the equity basis of accounting for the years ended December 31, 1996, 1997, 1998 and 1999. The above table includes the consolidated results of Agricredit-North America for the year ended December 31, 1995. If the Company's 100% interest in Agricredit-North America were reflected on the equity basis of accounting for the year ended December 31, 1995, total revenues would be $2,068.4 million, total assets would be $1,628.6 million, and long-term debt would be $415.9 million. Gross profit and Income from operations for 1995 are for the equipment operations only and exclude the results of Agricredit-North America.

(2) These amounts include restructuring and other infrequent expenses of $24.5 million, $40.0 million, $18.2 million, $22.3 million and $6.0 million for the years ended December 31, 1999, 1998, 1997, 1996 and 1995, respectively. The effect of these expenses reduced net income per common share on a diluted basis by $0.26, $0.41, $0.19, $0.25 and $0.07 for the years ended December 31, 1999, 1998, 1997, 1996 and 1995, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Restructuring and other infrequent Expenses."

(3) 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 of the Company's revolving credit facility in 1997 and 1996, respectively.

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

(5) Includes $37.6 million of the Company's 6.5% Convertible Subordinated Debentures, which were subsequently converted into common stock during 1996.

AGCO CORPORATION

TRADING AND DIVIDEND INFORMATION (1)

(IN DOLLARS)	HIGH	LOW	DIVIDENDS DECLARED	(IN DOLLARS)	HIGH	LOW	DIVIDENDS DECLARED
1999				1998			
First Quarter	$ 8 9/16	$ 6 1/16	$ .01	First Quarter	$30 9/16	$26 15/16	$ .01
Second Quarter	12 15/16	6 5/16	.01	Second Quarter	29 7/16	20 7/16	.01
Third Quarter	13 1/2	8 11/16	.01	Third Quarter	20 11/16	6 7/16	.01
Fourth Quarter	14 1/8	9 15/16	.01	Fourth Quarter	10 3/8	5 3/4	.01

(1) The Company's stock trades on the New York Stock Exchange under the symbol AG. As of February 29, 2000, there were approximately 783 stockholders of record.

AGCO CORPORATION

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

AGCO Corporation ("AGCO" or the "Company") is a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. The Company sells a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment and implements. The Company distributes its products through a combination of approximately 8,200 independent dealers, distributors, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France, Germany, Spain and Brazil through its finance joint ventures with Rabobank Nederland.

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 practicable, 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. However, 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, which varies based on the timing and level of retail demand, between the date the Company records a sale and the date a dealer sells the equipment to a retail customer. 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.

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

YEAR ENDED DECEMBER 31,	1999	1998	1997
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	85.2	81.7	79.3
Gross profit	14.8	18.3	20.7
Selling, general and administrative expenses	9.6	9.2	8.5
Engineering expenses	1.8	1.9	1.7
Restructuring and other infrequent expenses	1.0	1.4	0.6
Amortization of intangibles	.6	.5	.4
Income from operations	1.8	5.3	9.5
Interest expense, net	2.4	2.3	1.7
Other expense, net	0.7	0.5	0.2
Income (loss) before income taxes, equity in net earnings of affiliates and extraordinary loss	(1.3)	2.5	7.6
Provision (benefit) for income taxes	(0.4)	0.9	2.7
Income (loss) before equity in net earnings of affiliates and extraordinary loss	(0.9)	1.6	4.9
Equity in net earnings of affiliates	0.4	0.5	0.4
Income (loss) before extraordinary loss	(0.5)	2.1	5.3
Extraordinary loss, net of taxes	--	--	(0.1)
Net income (loss)	(0.5)%	2.1%	5.2%

1999 COMPARED TO 1998

The Company recorded a net loss for 1999 of $11.5 million compared to net income of $60.6 million for 1998. Net income (loss) per common share on a diluted basis was $(0.20) for 1999 compared to $0.99 in 1998. Net income (loss) for 1999 and 1998 included restructuring and other infrequent expenses ("restructuring expenses") of $24.5 million and $40.0 million, or $0.26 and $0.41 per common share on a diluted basis, respectively (see "Restructuring and Other Infrequent Expenses"). The results for 1999 were negatively impacted by lower sales and operating margins caused by unfavorable industry conditions, lower production, lower price realization and the negative impact of currency translation as compared to 1998.

RETAIL SALES

Global demand for agricultural equipment continued to weaken in 1999 in most major markets. The industry decline was primarily due to the continued effects of high global commodity stocks and lower export demand for farm commodities, which resulted in lower commodity prices. These conditions have the effect of reducing farm income in most major markets thereby reducing demand for new equipment purchases.

In the United States and Canada, industry unit retail sales of tractors increased approximately 2% in 1999 over 1998, with significant increases in the under 40 horsepower segment offsetting modest declines in the utility tractor segment and significant declines in the high horsepower segment. Industry retail sales of combines declined approximately 47% compared to 1998. Company retail sales of tractors and combines decreased compared to the same period in 1998, with competitive pricing affecting the Company's sales relative to the industry.

In Western Europe, industry unit retail sales of tractors in 1999 increased approximately 2% compared to 1998. Industry results were mixed with declines experienced in Spain and Scandinavia offset by increases in France, the United Kingdom, Germany and Italy. Company retail sales of tractors in 1999 were unchanged from 1998. However, the Company's retail sales were stronger compared to the industry in the third and fourth quarters of 1999 due to the favorable acceptance of the Company's new Massey Ferguson high horsepower tractor line, which was introduced during the first half of 1999 and, accordingly, had limited availability in the first half of the year.

In South America, industry unit retail sales of tractors in 1999 decreased approximately 15% compared to 1998. Industry results in 1999 were also mixed in this region with slightly favorable industry results in Brazil offset by significant industry declines in Argentina and the remaining South American markets due to low commodity prices, tightening credit and economic uncertainty. Company retail sales of tractors in South America were comparable to the industry decline.

In other international markets, industry and Company unit retail sales of tractors were lower than 1998 in most regions including the Middle East, Africa and Eastern Europe.

STATEMENT OF OPERATIONS

Net sales for 1999 were $2,413.3 million compared to $2,941.4 million in 1998. This decline primarily reflects lower retail demand in the majority of markets throughout the world. In addition, net sales for 1999 were negatively impacted by foreign currency translation due to the weakening of the Euro and the Brazilian real against the U.S. dollar. Foreign currency translation had the effect of reducing net sales by approximately $135.1 million in 1999 compared to 1998. Net sales for 1999 were positively impacted by approximately $36.0 million due to the Company's 1998 acquisitions of MF Argentina, Spra-Coupe and Willmar, which were only partially included in the 1998 results. Excluding the impact of currency translation and acquisitions, net sales decreased approximately 14.6% compared to 1998.

On a regional basis, net sales in North America decreased $327.9 million, or 34.8%, compared to 1998, primarily due to unfavorable market conditions and the Company's planned efforts to lower dealer inventories by generating wholesale sales to dealers at a rate less than retail demand. The decline was partially offset by the impact of the Willmar and Spra-Coupe acquisitions. In the Europe/Africa/Middle East region, net sales in 1999 decreased $90.3 million, or 5.7%, compared to 1998 primarily due to lower sales outside Western Europe and the negative impact of foreign currency translation. Net sales for 1999 in South America decreased $118.2

million, or 37.5%, compared to 1998, primarily due to unfavorable industry conditions outside of Brazil and the negative impact of foreign currency translation due to the devaluation of the Brazilian real in January 1999. In the East Asia/Pacific region, net sales in 1999 increased $8.3 million, or 9.5%, compared to 1998, primarily due to improving market conditions in Asia.

Gross profit was $356.4 million (14.8% of net sales) for 1999 compared to $537.3 million (18.3% of net sales) for 1998. Gross profit margins declined due to reduced production overhead absorption, lower price realization in certain markets and an unfavorable mix of higher margin products. The Company reduced 1999 worldwide tractor and combine unit production by 16% compared to 1998 in response to the weakening industry demand. Price realization in 1999 was impacted by a more competitive global market environment and higher levels of used dealer inventories in the North American market. The Company increased its sales incentives costs in order to reduce used inventory levels and sell older discontinued products. Gross profit in 1999 also included a one-time write-down of production inventory of approximately $5.0 million which was recorded to cost of goods sold and was related to the planned closure of the Company's Coldwater, Ohio and Lockney, Texas manufacturing facilities.

Selling, general and administrative expenses (SG&A expenses) were $229.6 million (9.6% of net sales) compared to $270.7 million (9.2% of net sales) in 1998. Engineering expenses were $44.6 million (1.8% of net sales) compared to $56.1 million (1.9% of net sales). The $52.6 million decrease in SG&A and engineering expenses in 1999 was primarily a result of the Company's expense reduction initiatives implemented in late 1998, which included reductions in the Company's worldwide workforce and decreases in discretionary spending levels. See "Restructuring and other infrequent Expenses" where the initiatives are discussed.

Restructuring expenses were $24.5 million in 1999 and $40.0 million in 1998. The 1999 restructuring expenses consisted of a write-down of property, plant and equipment, severance and other costs related to the permanent closure of certain production facilities. The 1998 restructuring expenses consisted of severance and related costs associated with a reduction in the Company's worldwide workforce. See "Restructuring and Other Infrequent Expenses" for further discussion.

Amortization of intangibles was $14.8 million for 1999 compared to $13.2 million for 1998. The increase is attributable to a full year of amortization of the Company's 1998 acquisitions.

Income from operations was $42.9 million for 1999 compared to $157.3 million in 1998. Excluding restructuring expenses in both years, income from operations was $67.4 million in 1999 (2.8% of net sales) compared to $197.3 million (6.7% of net sales) in 1998. Operating income was negatively impacted in 1999 by lower sales and gross profit margins, partially offset by lower SG&A expenses.

Interest expense, net was $57.6 million in 1999 compared to $67.7 million in 1998. The lower expense in 1999 was primarily due to lower average debt levels and lower effective interest rates on the Company's outstanding borrowings.

Other expense, net was $17.5 million in 1999 compared to $15.3 million in 1998. The increase in other expense, net is primarily attributable to lower miscellaneous income and higher discounts on sales of receivables.

The Company recorded an income tax benefit of $10.2 million in 1999 compared to a provision of $27.5 million in 1998. The Company's effective tax rate increased in 1999 compared to 1998 due to an increase in losses incurred in certain foreign tax jurisdictions for which no immediate tax benefit was recognized. At December 31, 1999 the Company had deferred tax assets of $151.5 million including $116.9 million related to net operating loss carryforwards. The Company has established valuation allowances of $78.8 million primarily related to net operating loss carryforwards where there is an uncertainty regarding their realizability. These net operating losses are primarily in foreign jurisdictions where it is more likely than not that the losses will expire unused.

Equity in net earnings of affiliates was $10.5 million in 1999 compared to $13.8 million in 1998. The reduction in earnings primarily related to decreased earnings in the Company's engine joint venture and slightly lower earnings in the Company's retail finance joint ventures.

1998 COMPARED TO 1997

The Company recorded net income for 1998 of $60.6 million compared to $168.7 million for 1997. Net income per common share on a diluted basis was $0.99 for 1998 compared to $2.71 in 1997. Net income for 1998 and 1997 included restructuring expenses of $40.0 million and $18.2 million, or $0.41 and $0.19 per common share on a diluted basis, respectively (see "Restructuring and Other Infrequent Expenses"). In addition, net income for 1997 included an extraordinary loss 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 revolving credit facility (see "Liquidity and Capital Resources"). The results for 1998 were negatively impacted by lower sales and operating margins caused by unfavorable industry conditions, lower production, lower price realization and the negative impact of foreign currency translation.

ACQUISITIONS AND DIVESTITURES

The Company completed the following transactions in late 1997 and 1998 which impacted the Company's results in 1998:

- 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 enabled the Company to achieve certain synergies within its worldwide combine manufacturing.

- 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 (the "Engine Joint Venture") allows the Company to share in research and development costs and gain access to advanced technology.

- In December 1997, the Company sold its Fendt caravan and motor home business in order to focus on its core agricultural equipment business (the "Fendt Caravan Sale").

- In May 1998, the Company acquired the distribution rights for the Massey Ferguson brand in Argentina (the "MF Argentina Acquisition"). The MF Argentina Acquisition expanded the Company's distribution network in the second largest market in South America.

- In July 1998, the Company acquired the Spra-Coupe product line, a brand of agricultural self-propelled sprayers sold primarily in North America (the "Spra-Coupe Acquisition"). In October 1998, the Company acquired the Willmar product line, a brand of agricultural self-propelled sprayers, spreaders and loaders sold primarily in North America (the "Willmar Acquisition"). The Spra-Coupe and Willmar Acquisitions expanded the Company's product offerings to include a full line of self-propelled sprayers.

RETAIL SALES

Global demand for agricultural equipment weakened significantly in the second half of 1998 in most major markets. The industry decline was primarily due to the effects of high global commodity stocks and lower export demand for farm commodities, which resulted in lower commodity prices. In many markets, this impact offset relatively favorable industry demand in the first half of the year.

In the United States and Canada, industry unit retail sales of tractors increased approximately 4% in 1998 over 1997, despite declining in the second half of the year. Industry retail sales of combines declined approximately 4% compared to 1997. Company retail sales of tractors were slightly higher than in 1997, and Company retail sales of combines were below the prior year. The Company's combine sales were negatively impacted relative to the industry primarily due to lower 1998 pre-season sales and new product introductions by competitors.

In Western Europe, industry unit retail sales of tractors in 1998 decreased approximately 3% compared to 1997. Industry results were mixed with significant declines experienced in the United Kingdom and Scandinavia offset by increases in Germany and Italy. Company retail sales of tractors decreased in 1998 compared to 1997. The Company's retail sales were negatively impacted by sales declines of the Massey Ferguson high horsepower tractors and aggressive pricing in this segment of the market.

In South America, industry unit retail sales of tractors in 1998 decreased approximately 5% compared to 1997. Industry results in 1998 were also mixed in this region with favorable industry results in Brazil offset by industry declines in Argentina and the remaining South American markets. Company retail sales of tractors were slightly below 1997, thereby outperforming the market primarily due to favorable acceptance of new product introductions.

In other international markets, industry unit retail sales of tractors were lower than in 1997, particularly in Asia and Africa. The Company also experienced lower retail sales in these markets.

STATEMENT OF OPERATIONS

Net sales for 1998 were $2,941.4 million compared to $3,224.4 million in 1997. This decline primarily reflects lower retail demand in the majority of markets throughout the world. Net sales for 1998 were also negatively impacted by approximately $85.4 million due to the Fendt Caravan Sale and Engine Joint Venture divestitures and approximately $53.7 million from the negative impact on foreign currency translation due to the strengthening of the U.S. dollar against most European currencies. Net sales for 1998 were positively impacted by approximately $40.4 million from the Dronningborg, MF Argentina, Spra-Coupe and Willmar Acquisitions. Excluding the impact of currency translation, acquisitions and divestitures, net sales decreased approximately 5.7% compared to 1997.

On a regional basis, net sales in North America decreased $15.7 million, or 1.6%, compared to 1997, primarily due to unfavorable market conditions which particularly impacted sales of combines and replacement parts in the second half of the year. In the Europe/Africa/Middle East region, net sales in 1998 declined $183.6 million, or 10.3%, compared to 1997 primarily due to unfavorable industry conditions, the impact of the Fendt Caravan Sale, and the negative impact of foreign currency translation. Net sales in South America decreased $19.0 million, or 5.7%, in 1998 compared to 1997, primarily due to the impact of the Engine Joint Venture and the negative impact of foreign currency translation. In the East Asia/Pacific region, net sales declined $64.7 million, or 42.5%, for 1998 compared to 1997, primarily due to depressed industry conditions resulting from the Asian currency devaluation and the negative impact of currency translation.

Gross profit was $537.3 million (18.3% of net sales) for 1998, compared to $666.8 million (20.7% of net sales) for 1997. Gross profit margins were negatively impacted by reduced production overhead absorption, lower price realization in the majority of markets and unfavorable foreign currency exchange primarily relating to the weakening of the Canadian dollar in relation to the U.S. dollar and the strengthening of the British pound compared to other European currencies. The Company reduced 1998 worldwide tractor and combine unit production by 13% compared to 1997 in response to the weakening industry demand. Price realization in 1998 was impacted by a more competitive market environment and higher discounts to liquidate older, slower-moving inventory.

SG&A expenses were $270.7 million (9.2% of net sales) in 1998 compared to $275.4 million (8.5% of net sales) in 1997. As a percentage of net sales, SG&A expenses were higher in 1998 due to the lower sales volumes and Year 2000 costs recorded in 1998 (see "Year 2000"). Engineering expenses were $56.1 (1.9% of net sales) compared to $54.1 million (1.7% of net sales). As a percentage of net sales, engineering expenses were higher in 1998 primarily due to lower sales volumes and higher expenses due to the Dronningborg Acquisition.

Restructuring expenses were $40.0 million in 1998 and $18.2 million in 1997. The 1998 restructuring expenses consisted of severance and related costs associated with a reduction in the Company's worldwide workforce. The 1997 restructuring expenses primarily related to the restructuring of the Company's European operations, the integration of the Company's Argentina and Fendt operations and executive severance costs. See "Restructuring and Other Infrequent Expenses" for further discussion.

Amortization of intangibles was $13.2 million for 1998 compared to $12.1 million for 1997 due to increased amortization for the Company's acquisitions completed in late 1997 and during 1998.

Income from operations was $157.3 million for 1998 compared to $307.0 million in 1997. Excluding restructuring expenses in both years, income from operations was $197.3 million in 1998 (6.7% of net sales) compared to $325.2 million (10.1% of net sales) in 1998. Operating income was negatively impacted in 1998 by lower sales and gross profit margins.

Interest expense, net was $67.7 million in 1998 compared to $53.5 million in 1997. The higher expense in 1998 was primarily due to additional borrowings to fund the Company's acquisitions, common stock repurchases and higher levels of working capital.

Other expense, net was $15.3 million in 1998 compared to $7.8 million in 1997. The increase in other expense, net primarily relates to increased hedging costs and foreign exchange losses.

The Company recorded an income tax provision of $27.5 million in 1998 compared to a provision of $87.5 million in 1997. The Company's effective tax rate increased in 1998 compared to 1997 due to a change in the mix of income to jurisdictions with higher tax rates.

Equity in net earnings of affiliates was $13.8 million in 1998 compared to $12.6 million in 1997. The increase in earnings primarily related to increased earnings in the Company's retail finance joint ventures and earnings from the Engine Joint Venture.

QUARTERLY RESULTS

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 period. (In millions, except per share data.)

THREE MONTHS ENDED	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
1999:				
Net sales	$ 561.6	$ 683.5	$ 570.5	$ 597.7
Gross profit	79.0	111.1	97.1	69.2
Income (loss) from operations(1)	5.6	39.9	26.5	(29.1)
Net income (loss)(1)	(7.2)	15.5	7.5	(27.3)
Net income (loss) per common share - diluted(1)	(0.12)	0.26	0.13	(0.46)
1998:				
Net sales	$ 701.5	$ 816.1	$ 665.7	$ 758.1
Gross profit	144.5	156.5	131.2	105.1
Income (loss) from operations(1)	64.9	70.1	42.6	(20.3)
Net income (loss)(1)	32.7	32.3	17.9	(22.3)
Net income (loss) per common share - diluted(1)	0.52	0.52	0.30	(0.37)

(1) The 1999 and 1998 operating results include restructuring expenses of $24.5 and $40.0 million, or $0.26 and $0.42 per share, for the three months ended December 31, 1999 and 1998, respectively.

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.

RESTRUCTURING AND OTHER INFREQUENT EXPENSES

In the fourth quarter of 1999, the Company announced its plan to close its Coldwater Ohio; Lockney, Texas; and Noetinger, Argentina manufacturing facilities. The closure of the two facilities in the United States is consistent with the Company's efforts to continue to resize its operations to current industry demand which has declined significantly since the middle of 1998. In order to address the excess capacity in the U.S. manufacturing plants, it was determined that closure of these facilities and redeployment of the majority of production to other existing AGCO facilities and the remaining production to third party suppliers would improve the cost structure and future competitiveness of implements, hay equipment and high horsepower tractors produced in these plants. The Noetinger, Argentina closure is consistent with the Company's strategy to consolidate production in South America. In 1998, the combine production in Noetinger was moved to the Company's combine manufacturing plant in Brazil. The remaining implement production and other activities in Noetinger was determined to be insufficient to support the cost of the facility. As a result, it was determined that the closure of the facility and the outsourcing of future implement production would reduce costs of sales in South America. The Company closed the Coldwater facility in 1999 and expects to close the Lockney and Noetinger facility in 2000. The rationalization of the Company's production facilities is expected to generate cost savings of $10 million to $15 million from the elimination of production overhead costs beginning in the year 2000. The Company believes that the closure of these facilities will not have a significant impact on future revenues.

In connection with the closures, the Company recorded restructuring and other infrequent expenses of $24.5 million, or $.26 per share on a diluted basis. The components of the expenses are summarized in the following table (in millions).

	RESTRUCTURING AND OTHER INFREQUENT EXPENSES	EXPENSES INCURRED	BALANCE AT DECEMBER 31, 1999
Employee severance	$ 1.9	$ 0.5	$ 1.4
Facility closure costs	7.7	0.9	6.8
Write-down of property, plant and equipment	14.9	14.9	--
	$24.5	$16.3	$ 8.2

The $1.9 million of employee severance costs relate to the termination of approximately 580 production employees and 100 production staff employees of which approximately 490 employees have been terminated as of December 31, 1999. The $7.7 million of facility closure costs include employee and other exit costs to be incurred after operations cease in addition to noncancelable operating lease obligations. The write-down of property, plant and equipment consisted of $7.0 million related to machinery and equipment and $7.9 million for buildings and improvements and was based on the estimated fair value of the assets compared to their carrying value. The remaining costs accrued at December 31, 1999 are expected to be paid in year 2000. The Company also expects to incur an additional $8.0 million of restructuring and other infrequent expenses in 2000 related to these closures. These costs relate to severance and costs to integrate the production from these facilities into other existing AGCO facilities. These expenses will be recorded as incurred in 2000. In addition to the restructuring and other infrequent expenses, the Company recorded a one-time $5.0 million write-down of production inventory which was charged to cost of goods sold and was directly related to the closures.

In 1998, the Company recorded restructuring and other infrequent expenses of $40.0 million primarily related to severance and related costs associated with the reduction in the Company's worldwide permanent workforce of approximately 1,400 employees. These headcount reductions were made to address the negative market conditions which adversely impacted demand in the majority of markets. The Company anticipated reducing selling, general and administrative expenses by approximately $50 million from these headcount reductions in addition to reduction in general spending levels from improved productivity and the elimination of non-essential projects. The headcount reductions also partially mitigated the impact of lower production levels in 1999, by adjusting manufacturing staff levels. In 1999, the Company achieved the expected impacts from its initiatives.

In 1997, the Company recorded restructuring and other infrequent 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 resulted in cost savings related to manufacturing costs and selling, general and administrative expenses. In addition, the European dealer rationalization is expected to improve long-term sales in certain markets.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financing requirements are subject to variations due to seasonal changes in company and dealer inventory levels. Internally generated funds are supplemented when necessary from external sources, primarily the Company's revolving credit facility. In January 1997, the Company established a five-year unsecured revolving credit facility (the "Revolving Credit Facility"), which is the Company's primary source of financing. As of December 31, 1999, the lending commitment under the Revolving Credit Facility was $1.0 billion. Borrowings under the Revolving Credit Facility may not exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. As of December 31, 1999, approximately $431.4 million was outstanding under the Revolving Credit Facility and available borrowings, based on the lending commitment of $1.0 billion, were approximately $568.3 million, subject to the accounts receivable and inventory borrowing base requirements.

In January 2000, the Company entered into a $250 million asset backed securitization facility whereby certain U.S. wholesale accounts receivable are sold through a wholly-owned special purpose subsidiary to a third party (the "Securitization Facility"). Funding under the Securitization Facility is provided on a revolving basis and is dependent upon the level of U.S. dealer wholesale receivables eligible to be sold through the facility. The Company initially funded $200 million under the Securitization Facility which was used to reduce outstanding borrowings under the Revolving Credit Facility. The $1.0 billion lending commitment under the Revolving Credit Facility was permanently reduced by the $200 million initial proceeds received from the Securitization Facility and will be further reduced by any additional funding received from the Securitization Facility. The Securitization Facility provides the Company with several benefits, including a lower cost of borrowings and a one-time acceleration of cash flow with a corresponding reduction in outstanding debt. This transaction is consistent with the Company's objective of reducing its leverage and diversifying its capital sources at the lowest cost possible. In conjunction with the closing of the securitization transaction, the Company recorded a loss in January 2000 on the sale of the receivables of approximately $8 million. The loss represents the difference between the current and future value of the receivables sold, related transaction expenses and the write-off of certain unamortized debt issuance costs due to the reduction in the lending commitment of the Revolving Credit Facility.

During 1999, the Company entered into a sale/leaseback transaction involving certain real property. The proceeds from the transaction of $18.7 million were used to reduce outstanding borrowings under the Revolving Credit Facility.

In March 1996, the Company issued $250.0 million of 8.5% Senior Subordinated Notes due 2006 (the "Notes") at 99.139% of their principal amount. 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.

In December 1997, the Company's Board of Directors authorized the repurchase of up to $150.0 million of its outstanding common stock. In 1998, the Company repurchased approximately 3.5 million shares of its common stock at a cost of approximately $88.1 million. In 1999, the Company did not repurchase any of its common stock. The purchases are made through open market transactions, and the timing and number of shares purchased depends on various factors, such as price and other market conditions.

Total long-term debt for the Company was $691.7 million at December 31, 1999 compared to $924.2 million at December 31, 1998. The Company's debt to capitalization ratio (total long-term debt divided by the sum of total long-term debt and stockholders' equity) was 45.5% at December 31, 1999 compared to 48.5% at December 31, 1998. The decrease in the debt to capitalization ratio was primarily due to a reduction in long-term debt of $232.5 million, offset to some extent by a negative cumulative translation adjustment to equity of $145.5 million compared to 1998, due to the devaluation of the Brazilian real and a weakening of the Euro relative to the U.S. dollar.

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. The Company had $733.9 million of working capital as of December 31, 1999 compared to $1,029.9 million as of December 31, 1998. The decrease in working capital was primarily due to lower accounts receivable and inventories, resulting from the decrease in net sales in 1999 compared to 1998, the effect of foreign currency translation and the planned reduction of North America dealer inventories by producing below retail demand.

Cash flow provided by operating activities was $233.7 million in 1999, $11.2 million in 1998 and $100.0 million in 1997. The increase in operating cash flow in 1999 was primarily due to a reduction in accounts receivable and inventory levels offset to some extent by lower net income. The improved cash flow in 1999 reflects the impact of the Company's initiatives to reduce receivables and inventory levels. In response to the industry decline and to reduce the level of dealer and Company inventories, worldwide unit production of tractors and combines was 16% lower than 1998. The decrease in operating cash flow for 1998 compared to 1997 was primarily due to lower net income, lower provision for deferred taxes, primarily due to the utilization of net operating loss carryforwards in 1997 and lower accounts payable. This impact was offset to some extent by a lower use of cash for accounts receivable and inventory in 1998 compared to 1997, primarily due to the Company lowering production levels in the second half of 1998 in response to the weakening industry conditions.

Capital expenditures were $44.2 million in 1999, $61.0 million in 1998 and $72.1 million in 1997. For all years, the Company's capital expenditures related to the development and enhancement of new and existing products as well as facility and equipment improvements. The decreases in capital expenditures in 1999 compared to 1998 and 1998 compared to 1997 was primarily due to lower capital requirements for new products and facility improvements. The Company currently estimates that aggregate capital expenditures for 2000 will range from approximately $50 million to $60 million and will primarily be used to support the development and enhancement of new and existing products. Capital expenditures for 2000 are expected to be funded with cash flows from operations.

During 1999, the Company's Board of Directors declared dividends of $0.04 per share of common stock. 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 Revolving Credit Facility, funding under the Securitization 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.

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.

Global demand for agricultural equipment in 1999 remained weak due to low commodity prices and reduced commodity export demand. These factors are expected to continue in 2000, which will adversely impact farm income, and consequently, lower the demand for agricultural equipment. As a result, worldwide retail demand in 2000 is expected to be between 0% and 5% below 1999 levels. Net sales in 2000 are expected to be slightly below 1999 levels due to the forecasted decline in retail demand and the anticipated negative currency translation impact of the strengthening U.S. dollar compared to European currencies. Despite these conditions, the Company expects production to increase marginally due to inventory corrections made in 1999. As a result of the increased production and the Company's cost reduction initiatives, operating margins and overall profitability in 2000 are expected to improve compared to 1999.

FOREIGN CURRENCY RISK MANAGEMENT

The Company has significant manufacturing operations in the United States, the United Kingdom, France, Germany, Denmark and Brazil, 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. The majority of the Company's revenue outside the United States is denominated in the currency of the customer location with the exception of sales in the Middle East, Africa and Asia which is primarily denominated in British pounds, Euros or U.S. dollars (See Note 8 "Segment

Reporting" for sales by customer location). The Company's most significant transactional foreign currency exposures are the British pound in relation to the Euro and the British pound, Euro and the Canadian dollar in relation to the U.S. dollar. 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 transactional foreign exchange exposure by hedging identifiable foreign currency cash flow commitments arising from receivables, payables, and committed 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. The Company's translation exposure resulting from translating the financial statements of foreign subsidiaries into U.S. dollars is not hedged. The Company's most significant translation exposures are the British pound, the Euro and the Brazilian real in relation to the U.S. dollar. When practical, this translation impact is reduced by financing local operations with local borrowings.

The following is a summary of foreign currency forward contracts used to hedge currency exposures. All contracts have a maturity of less than one year. The net notional amounts and fair value gains or losses as of December 31, 1999 stated in U.S. dollars are as follows (in millions):

	NET NOTIONAL AMOUNT BUY/(SELL)	AVERAGE CONTRACT RATE*	FAIR VALUE GAIN/(LOSS)
Australian dollar	$ 7.0	1.57	$ 0.2
British pound	(32.4)	0.63	(0.8)
Danish krone	9.6	7.37	--
Euro currency	280.9	0.97	(6.0)
French franc	(6.8)	6.25	0.3
German mark	1.5	1.90	--
Greek drachma	(6.3)	323.77	0.1
Japanese yen	0.6	113.31	0.1
Norwegian krone	0.7	7.09	(0.1)
Swedish krona	2.4	4.83	(1.1)
	$ 257.2		$ (7.3)

* per U. S. dollar

Because these contracts were entered into for hedging purposes, the gains and losses on the contracts would largely be offset by gains and losses on the underlying firm commitment.

INTEREST RATES

The Company manages interest rate risk through the use of fixed rate debt and interest rate swap contracts. The Company has fixed rate debt from its $250 million 8.5% Senior Subordinated Notes due 2006. In addition, the Company entered into an interest rate swap contract to further minimize the effect of potential interest rate increases on floating rate debt in a rising interest rate environment. At December 31, 1999, the Company had an interest rate swap contract outstanding with a notional amount of $94.3 million which expires on December 31, 2001. The interest rate swap has the effect of converting a portion of the Company's floating rate indebtedness to a fixed rate of 5.1%. The Company's floating rate debt is primarily the Revolving Credit Facility, which is tied to changes in U.S. and European libor rates. Assuming a 10% increase in interest rates, the Company's interest expense, net, including the effect of the interest rate swap contract for 1999, would have increased by approximately $3.6 million.

YEAR 2000

The Company assessed the impact of the Year 2000 issue on its reporting systems and operations. Based on its assessment, the Company developed a Year 2000 compliance plan, in which all critical and noncritical systems were tested and all identified noncompliant software or technology was modified or replaced. This review included all information technology systems and embedded systems located in the Company's manufacturing equipment, facility equipment and in the Company's products. Through December 31, 1999, the Company incurred approximately $9.5 million to modify existing computer systems, applications and embedded systems. The Company expects no significant costs during 2000 related to the Year 2000 issue. In addition, the Company has experienced no significant issues relating to the Year 2000 issue.

EURO CURRENCY

The Company has established the capability to trade in the common European currency (the "Euro") in all European locations beginning January 1, 1999. The Company began communicating with suppliers, dealers and financial institutions in 1998 and has formulated a transition plan to move to a Euro-based business in 2001. The Company does not currently expect its competitive position (including pricing, purchasing contracts and systems modifications) to be materially affected by the change to the Euro.

ACCOUNTING CHANGES

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition." SAB No. 101 does not change existing accounting literature on revenue recognition, but rather explains the SEC staff's general framework for revenue recognition. SAB No. 101 states that changes in accounting to apply the guidance in SAB No. 101 may be accounted for as a change in accounting principle and must be recorded in the first quarter of 2000. The Company is currently reviewing its revenue recognition policy and does not expect the adoption of SAB No. 101 to have a material impact on the Company's financial condition or results of operations.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company will be required to adopt the new statement on January 1, 2001. The Company has not yet quantified the financial impact of adopting SFAS No. 133 and has not determined the method of adoption. However, SFAS No. 133 could increase volatility in earnings and other comprehensive income.

FORWARD LOOKING STATEMENTS

Certain statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report are forward looking, including certain statements set forth under the "Outlook," "Liquidity and Capital Resources," "Restructuring and other infrequent Expenses," "Year 2000" and "Euro Currency" headings. Forward looking statements include the Company's expectations with respect to future commodity prices, export demand for commodities, farm income, demand for agricultural equipment, production levels, the impact of cost reduction initiatives, operating margins, overall profitability and the availability of capital. Although the Company believes that the statements it has made are based on reasonable assumptions, they are based on current information and beliefs and, accordingly, the Company can give no assurance that its statements will be achieved. In addition, these statements are subject to factors that could cause actual results to differ materially from those suggested by the forward looking statements. These factors include, but are not limited to, general economic and capital market conditions, the demand for agricultural products, world grain stocks, crop production, commodity prices, farm income, farm land values, government farm programs and legislation, the levels of new and used field inventories, weather conditions, interest and foreign currency exchange rates, the conversion to the Euro, pricing and product actions taken by competitors, customer access to credit, production disruptions, supply and capacity constraints, Company cost reduction and control initiatives, Company research and development efforts, labor relations, dealer and distributor actions, technological difficulties including the Year 2000 readiness, changes in environmental, international trade and other laws, and political and economic uncertainty in various areas of the world. Further information concerning factors that could significantly affect the Company's results is included in the Company's filings with the Securities and Exchange Commission. The Company disclaims any responsibility to update any forward looking statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To AGCO Corporation:

We have audited the accompanying consolidated balance sheets of AGCO CORPORATION AND SUBSIDIARIES as of December 31, 1999 and 1998 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AGCO Corporation and subsidiaries as of December 31, 1999 and 1998 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
February 1, 2000

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
IN MILLIONS, EXCEPT PER SHARE DATA

YEAR ENDED DECEMBER 31,	1999	1998	1997
Net sales	$ 2,413.3	$ 2,941.4	$ 3,224.4
Cost of goods sold	2,056.9	2,404.1	2,557.6
Gross profit	356.4	537.3	666.8
Selling, general and administrative expenses	229.6	270.7	275.4
Engineering expenses	44.6	56.1	54.1
Restructuring and other infrequent expenses	24.5	40.0	18.2
Amortization of intangibles	14.8	13.2	12.1
Income from operations	42.9	157.3	307.0
Interest expense, net	57.6	67.7	53.5
Other expense, net	17.5	15.3	7.8
Income (loss) before income taxes, equity in net earnings of affiliates and extraordinary loss	(32.2)	74.3	245.7
Income tax provision (benefit)	(10.2)	27.5	87.5
Income (loss) before equity in net earnings of affiliates and extraordinary loss	(22.0)	46.8	158.2
Equity in net earnings of affiliates	10.5	13.8	12.6
Income (loss) before extraordinary loss	(11.5)	60.6	170.8
Extraordinary loss, net of taxes	--	--	(2.1)
Net income (loss)	$ (11.5)	$ 60.6	$ 168.7
Net income (loss) per common share:			
Basic:			
Income (loss) before extraordinary loss	$ (0.20)	$ 1.01	$ 2.82
Extraordinary loss	--	--	(0.03)
Net income (loss)	$ (0.20)	$ 1.01	$ 2.79
Diluted:			
Income (loss) before extraordinary loss	$ (0.20)	$ 0.99	$ 2.74
Extraordinary loss	--	--	(0.03)
Net income (loss)	$ (0.20)	$ 0.99	$ 2.71
Weighted average shares outstanding:			
Basic	58.7	59.7	60.4
Diluted	58.7	61.2	62.1

See accompanying notes to consolidated financial statements.

AGCO CORPORATION

CONSOLIDATED BALANCE SHEETS
IN MILLIONS, EXCEPT SHARE AMOUNTS

DECEMBER 31,	1999	1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 19.6	$ 15.9
Accounts and notes receivable, net	758.2	1,016.3
Inventories, net	561.1	671.6
Other current assets	77.2	86.7
Total current assets	1,416.1	1,790.5
Property, plant and equipment, net	310.8	417.6
Investments in affiliates	93.6	95.2
Other assets	140.1	76.6
Intangible assets, net	312.6	370.5
Total assets	$2,273.2	$2,750.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 244.2	$ 287.0
Accrued expenses	408.2	428.0
Other current liabilities	29.8	45.6
Total current liabilities	682.2	760.6
Long-term debt	691.7	924.2
Postretirement health care benefits	25.4	24.5
Other noncurrent liabilities	44.8	59.0
Total liabilities	1,444.1	1,768.3
Commitments and Contingencies (Note 10)		
Stockholders' Equity:		
Common stock; $0.01 par value, 150,000,000 shares authorized, 59,579,559 and 59,535,921 shares issued and outstanding in 1999 and 1998, respectively	0.6	0.6
Additional paid-in capital	427.7	427.3
Retained earnings	621.9	635.8
Unearned compensation	(5.1)	(11.1)
Accumulated other comprehensive income	(216.0)	(70.5)
Total stockholders' equity	829.1	982.1
Total liabilities and stockholders' equity	$2,273.2	$2,750.4

See accompanying notes to consolidated financial statements.

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
IN MILLIONS

YEAR ENDED DECEMBER 31,	1999	1998	1997
Cash flows from operating activities:			
Net income (loss)	$ (11.5)	$ 60.6	$ 168.7
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Extraordinary loss, net of taxes	--	--	2.1
Depreciation and amortization	55.8	57.6	49.4
Amortization of intangibles	14.8	13.2	12.1
Amortization of unearned compensation	6.2	8.9	10.5
Equity in net earnings of affiliates, net of cash received	2.4	(3.3)	(12.6)
Deferred income tax provision (benefit)	(47.2)	(22.4)	53.4
Loss on write-down of property, plant and equipment	14.9	--	--
Changes in operating assets and liabilities, net of effects from purchase/sale of businesses:			
Accounts and notes receivable, net	194.3	17.7	(94.7)
Inventories, net	72.1	(17.3)	(100.4)
Other current and noncurrent assets	(20.3)	(1.2)	(10.0)
Accounts payable	(38.5)	(87.7)	25.5
Accrued expenses	(3.5)	(15.0)	(1.3)
Other current and noncurrent liabilities	(5.8)	0.1	(2.7)
Total adjustments	245.2	(49.4)	(68.7)
Net cash provided by operating activities	233.7	11.2	100.0
Cash flows from investing activities:			
Purchase of property, plant and equipment	(44.2)	(61.0)	(72.1)
Proceeds from sale/leaseback of property	18.7	--	--
Sale/(purchase) of businesses, net	6.0	(60.6)	(289.2)
Investments in unconsolidated affiliates	(1.1)	--	--
Net cash used for investing activities	(20.6)	(121.6)	(361.3)
Cash flows from financing activities:			
Proceeds from long-term debt	536.1	984.4	932.2
Repayments of long-term debt	(740.8)	(798.9)	(813.8)
Payment of debt issuance costs	--	--	(3.5)
Proceeds from issuance of common stock	--	0.4	142.2
Repurchases of common stock	--	(88.1)	--
Dividends paid on common stock	(2.4)	(2.4)	(2.5)
Net cash provided by (used for) financing activities	(207.1)	95.4	254.6
Effect of exchange rate changes on cash and cash equivalents	(2.3)	(0.3)	(3.8)
Increase (decrease) in cash and cash equivalents	3.7	(15.3)	(10.5)
Cash and cash equivalents, beginning of period	15.9	31.2	41.7
Cash and cash equivalents, end of period	$ 19.6	$ 15.9	$ 31.2

See accompanying notes to consolidated financial statements.

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

AGCO Corporation ("AGCO" or the "Company") is a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. The Company sells a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: AGCO Allis, Massey Ferguson, Hesston, White, GLEANER, New Idea, AGCOSTAR, Landini (North America), Tye, Farmhand, Glencoe, Deutz (South America), Fendt, Spra-Coupe and Willmar. The Company distributes its products through a combination of approximately 8,200 independent dealers, distributors, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France, Germany, Spain and Brazil through its retail finance joint ventures with Cooperative Centrale Raiffeisen-Boerenleenbank B.A.,"Rabobank Nederland"(the "Retail Finance Joint Ventures").

BASIS OF PRESENTATION

The consolidated financial statements represent the consolidation of all majority owned companies. The Company records all affiliate companies representing a 20%-50% ownership using the equity method of accounting. Other investments representing an ownership of less than 20% are recorded at cost. All significant intercompany transactions have been eliminated to arrive at the consolidated financial statements.

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 and title and all risks of ownership have been transferred to the independent dealer, distributor or other customer. Payment terms vary by market and product with fixed payment schedules on all sales. The Company does not offer consignment terms on any of its products. The terms of sale require that a purchase order accompany all shipments. Title passes to the dealer or distributor upon shipment and the risk of loss upon damage, theft or destruction of the equipment is the responsibility of the dealer or distributor. The dealer or distributor may not return equipment or replacement parts while its contract with the Company is in force. Replacement parts may be returned only under promotional annual return programs. Provisions for returns under these programs are made at the time of sale based on the terms of the program and historical returns experience. The Company may provide certain sales incentives to dealers and distributors. Provisions for sales incentives are made at the time of sale for existing incentive programs. These provisions are revised in the event of subsequent modification to the incentive program.

In the United States and Canada, all equipment sales are immediately due upon a retail sale of the equipment by the dealer. If not already paid by the dealer in the United States and Canada, installment payments are required generally beginning 7 to 13 months after shipment with the remaining outstanding equipment balance generally due within 12 to 24 months of shipment. Interest is generally charged on the outstanding balance 4 to 13 months after shipment. Sales terms of some highly seasonal products provide for payment and due dates based on a specified date during the year regardless of the shipment date. Payment in full for equipment in the United States and Canada are made on average within twelve months of shipment. Sales of replacement parts are generally payable within 30 days of shipment with terms for some larger seasonal stock orders payable within 6 months of shipment.

In other international markets, equipment sales are payable in full within 30 to 180 days of shipment. Payment terms for some highly seasonal products have a specific due date during the year regardless of the shipment date. Sales of replacement parts

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
IN MILLIONS, EXCEPT SHARE AMOUNTS

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPENSATION	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL STOCKHOLDERS' EQUITY	COMPRE-HENSIVE INCOME
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	$ 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 ($0.04 per common share).....	--	--	--	(2.5)	--	--	(2.5)	
Amortization of unearned compensation	--	--	--	--	10.5	--	10.5	
Change in cumulative translation adjustment	--	--	--	--	--	(101.9)	(101.9)	(101.9)
Balance, December 31, 1997	62,972,423	0.6	515.0	577.6	(20.0)	(81.6)	991.6	66.8
Net income	--	--	--	60.6	--	--	60.6	60.6
Repurchases of common stock ...	(3,487,200)	--	(88.1)	--	--	--	(88.1)	
Stock options exercised	50,698	--	0.4	--	--	--	0.4	
Common stock dividends ($0.04 per common share).....	--	--	--	(2.4)	--	--	(2.4)	
Amortization of unearned compensation	--	--	--	--	8.9	--	8.9	
Change in cumulative translation adjustment	--	--	--	--	--	11.1	11.1	11.1
Balance, December 31, 1998 ...	59,535,921	0.6	427.3	635.8	(11.1)	(70.5)	982.1	71.7
Net loss	--	--	--	(11.5)	--	--	(11.5)	(11.5)
Issuance of restricted stock ..	26,500	--	0.2	--	(0.2)	--	--	
Stock options exercised	17,138	--	0.2	--	--	--	0.2	
Common stock dividends ($0.04 per common share).....	--	--	--	(2.4)	--	--	(2.4)	
Amortization of unearned compensation	--	--	--	--	6.2	--	6.2	
Change in cumulative translation adjustment	--	--	--	--	--	(145.5)	(145.5)	(145.5)
Balance, December 31, 1999	59,579,559	$ 0.6	$ 427.7	$ 621.9	$ (5.1)	$(216.0)	$ 829.1	$(157.0)

See accompanying notes to consolidated financial statements.

are generally payable within 30 days of shipment with terms for some larger seasonal stock orders payable within 6 months of shipment.

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 U.S. currency in accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." Assets and liabilities are translated to U.S. dollars at period-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are included in "Accumulated other comprehensive income" in stockholders' equity. Gains and losses which result from foreign currency transactions are included in the accompanying consolidated statements of operations. For subsidiaries operating in highly inflationary economies, financial statements are remeasured into the U.S. dollar with adjustments resulting from the translation of monetary assets and liabilities reflected in the accompanying consolidated statements of operations.

For 1997, the Company accounted for its subsidiary in Brazil by applying the highly inflationary economy provisions of SFAS No. 52, where the U.S. dollar is substituted as the functional currency. For the years ended December 31, 1999 and 1998, the Company ceased the application of highly inflationary accounting of its Brazilian subsidiary and established the functional currency as 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.

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 equipment and replacement parts to independent dealers, distributors or other customers. Payments due under the Company's terms of sale are not contingent upon the sale of the equipment by the dealer or distributor to a retail customer. Under normal circumstances, payment terms are not extended and equipment may not be returned. In certain regions including the United States and Canada, the Company is obligated to repurchase equipment and replacement parts upon cancellation of a dealer or distributor contract. These obligations are required by national, state or provincial laws and require the Company to repurchase dealer or distributor's unsold inventory, including inventory for which the receivable has already been paid.

For sales outside of the United States and Canada, the Company does not normally charge interest on outstanding receivables with its dealers and distributors. In the United States and Canada, where approximately 24% of the Company's net sales were generated in 1999, interest is charged at or above prime lending rates on outstanding receivable balances after interest-free periods. These interest-free periods vary by product and range from 1 to 12 months with the exception of certain seasonal products which bear interest after various periods depending on the timing of shipment and the dealer or distributor's sales during the preceding year. For the year ended December 31, 1999, 17.4%, 4.4%, 1.2% and 0.7% of the Company's net sales had maximum interest-free periods ranging from 1 to 6 months, 7 to 12 months, 13 to 20 months and 21 months or more, respectively. Actual interest-free periods are shorter than above because the equipment receivable in the United States and Canada is due immediately upon sale of the equipment by the dealer or distributor to a retail customer. Under normal circumstances, interest is not forgiven and interest-free periods are not extended.

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, 1999 and 1998 were as follows (in millions):

	1999	1998
Sales incentive discounts	$ 53.6	$ 58.4
Doubtful accounts	43.0	49.4
	$ 96.6	$ 107.8

The Company occasionally transfers certain accounts receivable to various financial institutions. The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables under the provisions of SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities."

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, 1999 and 1998 were as follows (in millions):

	1999	1998
Finished goods	$ 248.4	$ 271.2
Repair and replacement parts	229.3	256.7
Work in process, production parts and raw materials	154.6	222.6
Gross inventories	632.3	750.5
Allowance for surplus and obsolete inventories	(71.2)	(78.9)
Inventories, net	$ 561.1	$ 671.6

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, three to 15 years for machinery and equipment and three to 10 years for furniture and fixtures. Expenditures for maintenance and repairs are charged to expense as incurred.

Property, plant and equipment at December 31, 1999 and 1998 consisted of the following (in millions):

	1999	1998
Land	$ 40.0	$ 52.2
Buildings and improvements	101.3	139.5
Machinery and equipment	263.1	321.3
Furniture and fixtures	47.4	55.9
Gross property, plant and equipment	451.8	568.9
Accumulated depreciation and amortization	(141.0)	(151.3)
Property, plant and equipment, net	$ 310.8	$ 417.6

INTANGIBLE ASSETS

Intangible assets at December 31, 1999 and 1998 consisted of the following (in millions):

	1999	1998
Goodwill	$ 284.4	$ 330.1
Trademarks	66.0	66.0
Other	4.0	4.2
Accumulated amortization	(41.8)	(29.8)
Intangible assets, net	$ 312.6	$ 370.5

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 net of the excess of net assets over cost ("negative goodwill") of $23.2 million for both 1999 and 1998 and its related accumulated amortization of $21.6 million and $19.5 million for 1999 and 1998, 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 Company periodically reviews the carrying values assigned to goodwill and other intangible assets based on expectations of future cash flows and operating income generated by the underlying tangible assets.

LONG-LIVED ASSETS

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the undiscounted future cash flows estimated to be generated by the asset are not sufficient to recover the unamortized balance of the asset. An impairment loss would be recognized based on the difference between the carrying values and estimated fair value. The estimated fair value will be determined based on either the discounted future cash flows or other appropriate fair value methods with the amount of any such deficiency charged to income in the current year. If the asset being tested for recoverability was acquired in a business combination, intangible assets resulting from the acquistion that are related to the asset are included in the assessment. Estimates of future cash flows are based on many factors, including current operating results, expected market trends and competitive influences. The Company also evaluates the amortization periods assigned to its intangible assets to determine whether events or changes in circumstances warrant revised estimates of useful lives.

ACCRUED EXPENSES

Accrued expenses at December 31, 1999 and 1998 consisted of the following (in millions):

	1999	1998
Reserve for volume discounts and sales incentives	$ 88.2	$ 93.8
Warranty reserves	66.1	79.4
Accrued employee compensation and benefits	49.9	55.7
Accrued taxes	76.9	50.1
Other	127.1	149.0
	$ 408.2	$ 428.0

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 on 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.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are expensed as incurred and are included in Engineering expenses in the Consolidated Statements of Operations.

ADVERTISING COSTS

The Company expenses all advertising costs as incurred. Cooperative advertising costs are normally expensed at the time the revenue is earned. Advertising expenses for the years ended December 31, 1999, 1998, and 1997 totaled approximately $7.6 million, $9.5 million, and $8.9 million, respectively.

EXTRAORDINARY LOSS

In 1997, the Company refinanced its revolving credit facility and 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 revolving credit facility existing at the time of refinancing.

INTEREST EXPENSE, NET

Interest expense, net for the years ended December 31, 1999, 1998 and 1997 consisted of the following:

	1999	1998	1997
Interest expense	71.4	81.5	70.7
Interest income	(13.8)	(13.8)	(17.2)
	57.6	67.7	53.5

NET INCOME PER COMMON SHARE

The computation, presentation and disclosure requirements for earnings per share are presented in accordance with SFAS No. 128, "Earnings Per Share." Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding during each period. Diluted earnings per share assumes exercise of outstanding stock options and vesting of restricted stock into common stock during the periods outstanding when the effects of such assumptions are dilutive.

A reconciliation of net income (loss) and the weighted average number of common and common equivalent shares outstanding used to calculate basic and diluted net income (loss) per common share for the years ended December 31, 1999, 1998 and 1997 is as follows (in millions, except per share data):

	1999	1998	1997
Basic Earnings Per Share			
Weighted average number of common shares outstanding	58.7	59.7	60.4
Income (loss) before extraordinary loss	$(11.5)	$ 60.6	$170.8
Extraordinary loss	--	--	(2.1)
Net income (loss)	$(11.5)	$ 60.6	$168.7
Net income (loss) per common share:			
Income (loss) before extraordinary loss	$(0.20)	$ 1.01	$ 2.82
Extraordinary loss	--	--	(0.03)
Net income (loss) per share	$(0.20)	$ 1.01	$ 2.79

Diluted Earnings Per Share			
Weighted average number of common shares outstanding	58.7	59.7	60.4
Shares issued upon assumed vesting of restricted stock	--	1.3	1.4
Shares issued upon assumed exercise of outstanding stock options	--	0.2	0.3
Weighted average number of common and common equivalent shares outstanding	58.7	61.2	62.1
Income (loss) before extraordinary loss	$(11.5)	$ 60.6	$170.8
Extraordinary loss	--	--	(2.1)
Net income (loss)	$(11.5)	$ 60.6	$168.7
Net income (loss) per common share:			
Income (loss) before extraordinary loss	$(0.20)	$ 0.99	$ 2.74
Extraordinary loss	--	--	(0.03)
Net income (loss)	$(0.20)	$ 0.99	$ 2.71

COMPREHENSIVE INCOME

The Company reports comprehensive income, defined as the total of net income and all other nonowner changes in equity and the components thereof in the Consolidated Statements of Stockholders' Equity. The cumulative translation adjustment is the sole component of "Accumulated other comprehensive income" in the Consolidated Balance Sheets.

FINANCIAL INSTRUMENTS

The carrying amounts reported in the Company's Consolidated Balance Sheets for "Cash and cash equivalents," "Accounts and notes receivable" and "Accounts payable" 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, 1999, the estimated fair value of the Company's 8.5% Senior Subordinated Notes (Note 6), based on its listed market value, was $230.4 million compared to the carrying value of $248.5 million.

The Company enters into foreign exchange forward contracts to hedge the foreign currency exposure of certain receivables, payables and committed purchases and sales. These contracts are for periods consistent with the exposure being hedged and generally have maturities of one year or less. At December 31, 1999 and 1998, the Company had foreign exchange forward contracts with gross notional amounts of $348.2 million and $429.1 million, respectively. Gains and losses on foreign exchange forward contracts are deferred and recognized in income in the same period as the hedged transaction. As such, the Company has foreign forward exchange contracts with a market value loss of approximately $7.3 million at December 31, 1999. These 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.

The Company entered into an interest rate swap contract to further minimize the effect of potential interest rate increases on floating rate debt in a rising interest rate environment. At December 31, 1999, the Company had an interest rate swap contract outstanding with a notional amount of $94.3 million. This contract has the effect of converting a portion of the Company's floating rate indebtedness under its revolving credit facility (Note 6) to a fixed interest rate of 5.1%. The interest rate swap contract expires on December 31, 2001. The fair value of the Company's interest rate swap agreement is the estimated amount that the Company would receive or pay to terminate the agreements at the reporting date, taking into account interest and currency rates. At December 31, 1999, the Company estimates that the interest rate swap agreement has a market value of approximately $1.1 million. The Company anticipates holding the interest rate swap agreement through maturity.

The notional amounts of foreign exchange forward contracts and the interest rate swap contract 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 contracts. The credit and market risks under these contracts are not considered to be significant.

Gains or losses are reported as part of sales or cost of sales depending on whether the underlying contract was a sale or purchase of goods. If the contract does not qualify as a firm commitment in accordance with SFAS No. 52, the unrealized gains or losses on the derivative instrument are recorded immediately in earnings at fair value. If the transactional hedge is terminated, the gain or loss is recognized in income when the underlying transaction is recognized. At December 31, 1999 and 1998, all outstanding contracts were related to firm commitments.

ACCOUNTING CHANGES

In December 1999, the Securities and Exchange Commission (the "SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition." The SAB does not change existing accounting literature on revenue recognition, but rather explains the SEC staff's general framework for revenue recognition. SAB No. 101 states that changes in accounting to apply the guidance in SAB No. 101 may be accounted for as a change in accounting principle and must be recorded in the first quarter of 2000. The Company is currently reviewing its revenue recognition policy and does not expect the adoption of SAB No. 101 to have a material impact on the Company's financial condition or results of operations.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company will be required to adopt the new statement on January 1, 2001. The Company has not yet quantified the financial impact of adopting SFAS No. 133 and has not determined the method of adoption. However, SFAS No. 133 could increase the volatility in earnings and other comprehensive income.

Effective December 31, 1998, the Company adopted SFAS No. 132, "Employer's Disclosures About Pensions and Other Postretirement Benefits," which revises disclosure requirements related to the Company's employee benefit plans and postretirement benefits (Note 7), and SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," which revises disclosure requirements related to segment reporting (Note 11). SFAS No. 132 and SFAS No. 131 require disclosure only; therefore, their adoption had no impact on the Company's financial position or results of operations.

Effective January 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income," which requires disclosures regarding the Company's comprehensive income defined as the total of net income and all other nonowner changes in equity. SFAS No. 130 requires disclosure only; therefore, its adoption had no impact on the Company's financial position or results of operations.

2. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

The Company completed several acquisitions in 1998 and 1997 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.

Effective October 1, 1998, the Company acquired the net assets of the Willmar product line, a brand of agricultural self-propelled sprayers, spreaders and loaders, sold primarily in North America (the "Willmar Acquisition") for approximately $33.0 million. Effective July 1, 1998, the Company acquired certain assets related to the Spra-Coupe product line, a brand of agricultural self-propelled sprayers sold primarily in North America, for approximately $37.2 million (the "Spra-Coupe 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 manufactured combine harvesters sold exclusively to the Company 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.

The above acquisitions were accounted for as purchases in accordance with Accounting Principles Board Opinion ("APB") 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 allocation for the Deutz Argentina, Fendt, Spra-Coupe and Willmar Acquisitions included liabilities associated with certain costs to integrate the acquired businesses into the Company's operations. The Deutz Argentina liabilities related to severance associated with headcount reductions in most functions of the acquired business. The Fendt liabilities primarily related to severance and other costs associated with the planned closure of certain sales and marketing offices and parts distribution operations. The Spra-Coupe and Willmar liabilities related to employee relocation and other costs to integrate production into one manufacturing facility. The activity related to these liabilities is summarized in the following table.

	LIABILITIES ESTABLISHED	INCURRED 1997	INCURRED 1998	INCURRED 1999	BALANCE AT DECEMBER 31, 1999
Deutz Argentina headcount reduction	2.8	2.8	--	--	--
Fendt sales office closure	2.6	--	1.1	0.9	0.6
Fendt parts distribution closure	4.5	--	--	0.9	3.6
Willmar/Spra-Coupe integration	0.6	--	0.2	0.2	0.2
	10.5	2.8	1.3	2.0	4.4

DISPOSITIONS

Effective February 5, 1999, the Company sold its manufacturing plant in Haedo, Argentina (the "Haedo Sale") for approximately $19.0 million. The Company received $12.3 million of the purchase price in December 1998 in the form of a deposit and received the remaining balance in December 1999. The Haedo Sale included property, plant and equipment at the facility in addition to the transfer of manufacturing hourly and salaried employees. The Haedo Sale had no material impact to the Company's 1999 results of operations.

3. RESTRUCTURING AND OTHER INFREQUENT EXPENSES

In the fourth quarter of 1999, the Company recorded restructuring and other infrequent expenses of $24.5 million, or $0.26 per share on a diluted basis, related to the planned closure of its Coldwater, Ohio; Lockney, Texas; and Noetinger, Argentina manufacturing facilities. The majority of production in these facilities will be relocated to existing Company facilities or outsourced. The Coldwater, Ohio facility was permanently closed in 1999 and the Lockney, Texas and Noetinger, Argentina are planned to close in 2000. The Company believes that the closure of these facilities will not have a significant impact on 2000 revenues. The components of the expenses are summarized in the following table (in millions):

	RESTRUCTURING AND OTHER INFREQUENT EXPENSES	EXPENSES INCURRED	BALANCE AT DECEMBER 31, 1999
Employee severance	$ 1.9	$ 0.5	$ 1.4
Facility closure costs	7.7	0.9	6.8
Write-down of property, plant and equipment	14.9	14.9	--
	$24.5	$16.3	$ 8.2

The $1.9 of employee severance costs relate to the termination of approximately 680 employees in the Cold-water, Ohio; Lockney, Texas; and Noetinger, Argentina facilities of which approximately 490 employees had been terminated as of December 31, 1999. The $7.7 million of facility closure costs include employee and other exit costs to be incurred after operations cease in addition to non-cancelable operating lease obligations. The $14.9 million write-down of property, plant and equipment represents the impairment of assets resulting from the facility closures. The write-down was based on the estimated fair value of the assets compared to their carrying value. The write-down of property, plant and equipment consisted of approximately $7.0 million related to machinery, equipment and tooling and $7.9 million for buildings and improvements. $13.0 million of the write-down related to Coldwater facility assets and $1.9 million was for the Argentina facility assets. The estimated fair value of the equipment and buildings was determined based on current conditions in the applicable markets. The machinery, equipment and tooling for both facilities is expected to be disposed of within a year and the buildings and improvements in Coldwater are currently being marketed for sale.

The results of operations for 1998 included restructuring and other infrequent expenses of $40.0 million, or $0.41 per share on a diluted basis. The restructuring and other infrequent expenses primarily related to severance, pension and postretirement benefit expense and related costs associated with reductions in the Company's worldwide permanent workforce. All 1,400 employees identified for termination were terminated as of December 31, 1999. Of the $40.0 million total expense, $34.9 million had been incurred as of December 31, 1999.

The results of operations for 1997 included restructuring and other infrequent expenses of $18.2 million, or $0.19 per share on a diluted basis. These restructuring and other infrequent expenses included $15.0 million related to the restructuring of the Company's European operations and certain costs associated with the integration of the Company's Argentina and Fendt operations. The restructuring and other infrequent expenses 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. Of the $18.2 million total expense, $13.7 million had been incurred as of December 31, 1999.

4. INVESTMENTS IN AFFILIATES

At December 31, 1999 and 1998, the Company's investments in affiliates primarily consisted of (i) the Retail Finance Joint Ventures, (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 as of December 31, 1999 and 1998 were as follows (in millions):

	1999	1998
Retail Finance Joint Ventures	$ 63.0	$ 61.2
Manufacturing joint ventures	21.5	24.2
Other	9.1	9.8
	$ 93.6	$ 95.2

The Company's equity in net earnings of affiliates for 1999, 1998 and 1997 were as follows (in millions):

	1999	1998	1997
Retail Finance Joint Ventures	$ 11.0	$ 11.4	$ 10.9
Other	(0.5)	2.4	1.7
	$ 10.5	$ 13.8	$ 12.6

The manufacturing joint ventures of the Company primarily sell their products to the joint venture partners at prices which result in operating at or near breakeven on an annual basis.

Summarized combined financial information of the Retail Finance Joint Ventures as of and for the years ended December 31, 1999 and 1998 were as follows (in millions):

AS OF DECEMBER 31,	1999	1998
Total assets	$1,402.8	$1,340.2
Total liabilities	1,276.5	1,220.8
Partner's equity	126.3	119.4

FOR THE YEAR ENDED DECEMBER 31,	1999	1998	1997
Revenues	$ 144.1	$ 136.6	$ 126.8
Costs	109.3	102.2	94.6
Income before income taxes	$ 34.8	$ 34.4	$ 32.2

The majority of the assets of the Retail Finance Joint Ventures represent finance receivables. The majority of the liabilities represent notes payable and accrued interest.

5. INCOME TAXES

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes." 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 affiliates and extraordinary loss were as follows for the years ended December 31, 1999, 1998 and 1997 (in millions):

	1999	1998	1997
United States	$ (96.9)	$ (9.4)	$ 51.7
Foreign	64.7	83.7	194.0
Income (loss) before income taxes, equity in net earnings of affiliates and extraordinary loss	$ (32.2)	$ 74.3	$ 245.7

The provision (benefit) for income taxes by location of the taxing jurisdiction for the years ended December 31, 1999, 1998 and 1997 consisted of the following (in millions):

	1999	1998	1997
Current:			
United States:			
Federal	$ (3.3)	$ 0.6	$ (2.6)
State	--	0.2	(0.8)
Foreign	40.3	49.1	37.5
Total current	37.0	49.9	34.1
Deferred:			
United States:			
Federal	(31.2)	(6.1)	19.0
State	(4.1)	(0.8)	2.6
Foreign	(11.9)	(15.5)	31.8
Total deferred	(47.2)	(22.4)	53.4
Provision (benefit) for income taxes	$ (10.2)	$ 27.5	$ 87.5

Certain foreign operations of the Company are subject to United States as well as foreign income tax regulations. Therefore, the preceding sources of income (loss) 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 (benefit) for income taxes reflected in the Consolidated Statements of Operations for the years ended December 31, 1999, 1998 and 1997 is as follows (in millions):

	1999	1998	1997
Provision (benefit) for income taxes at United States federal statutory rate of 35%	$ (11.3)	$ 26.0	$ 86.0
State and local income taxes, net of federal income tax benefit	(3.9)	(0.4)	1.8
Taxes on foreign income which differ from the United States statutory rate	(0.7)	(0.3)	(0.5)
Foreign losses with no tax benefit	6.2	4.3	1.8
Benefit of foreign sales corporation	(0.5)	(1.3)	(1.0)
Other	--	(0.8)	(0.6)
	$ (10.2)	$ 27.5	$ 87.5

The significant components of the net deferred tax assets at December 31, 1999 and 1998 were as follows (in millions):

	1999	1998
Deferred Tax Assets:		
Net operating loss carryforwards	$ 116.9	$ 63.6
Sales incentive discounts	18.8	15.5
Inventory valuation reserves	10.1	13.1
Postretirement benefits	8.2	7.2
Other	76.3	77.3
Valuation allowance	(78.8)	(75.0)
Total deferred tax assets	151.5	101.7
Deferred Tax Liabilities:		
Tax over book depreciation	46.2	35.9
Tax over book amortization of goodwill	18.1	21.9
Other	5.0	11.8
Total deferred tax liabilities	69.3	69.6
Net deferred tax assets	82.2	32.1
Less: Current portion of deferred tax asset	(22.3)	(22.9)
Noncurrent net deferred tax assets	$ 59.9	$ 9.2

At December 31, 1999, the Company has recorded a net deferred tax asset of $82.2 million, which is included in "Other current assets" and "Other assets" in the Consolidated Balance Sheet. Realization of the asset is dependent on generating sufficient taxable income in future periods. Management believes that it is more likely than not that the deferred tax asset will be realized. As reflected in the preceding table, the Company established a valuation allowance of $78.8 million and $75.0 million as of December 31, 1999 and 1998, respectively. The majority of the valuation allowance relates to net operating loss carryforwards in certain foreign entities where there is an uncertainty regarding their realizability. The Company has net operating loss carryforwards of $307.5 million as of December 31, 1999, with expiration dates as follows: 2000 - $29.7 million, 2001 - $25.9 million, 2002 - $14.9 million, 2003 - $16.5 million, 2004 - $38.4 million and thereafter and unlimited - $182.1 million. The Company paid income taxes of $6.1 million, $87.8 million and $42.0 million for the years ended December 31, 1999, 1998 and 1997, respectively.

6. LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 1999 and 1998 (in millions):

	1999	1998
Revolving credit facility	$ 431.4	$ 661.2
Senior Subordinated Notes	248.5	248.3
Other long-term debt	11.8	14.7
Total long-term debt	$ 691.7	$ 924.2

In January 1997, the Company established a five-year unsecured revolving credit facility (the "Revolving Credit Facility"). At December 31, 1999, the lending commitment under the Revolving Credit Facility was $1.0 billion. Aggregate borrowings outstanding under the Revolving 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 Revolving Credit Facility primarily at LIBOR plus an applicable margin, as defined. At December 31, 1999, interest rates on the outstanding borrowings, including the effect of the interest rate swap contract (Note 1), ranged from 4.8% to 8.5%, and the weighted average interest rate during 1999 was 5.3%. Excluding the impact of the interest rate swap, the weighted average interest rate was 5.2%. The Revolving 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, a fixed charge coverage ratio and a ratio of debt to cash flow, as defined. At December 31, 1999, $431.4 million was outstanding under the Revolving Credit Facility and available borrowings, based on the lending commitment of $1.0 billion, were $568.3 million, subject to the accounts receivable and inventory borrowing base requirements.

In 1996, the Company issued $250.0 million of 8.5% 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 restricting the incurrence of indebtedness and the making of certain restrictive payments, including dividends.

At December 31, 1999, the aggregate scheduled maturities of long-term debt are as follows (in millions):

2001	$ 4.9
2002	432.3
2003	1.0
2004	1.0
2005	0.7
2006 and thereafter	251.8
	$ 691.7

Cash payments for interest were $71.8 million, $77.4 million and $70.9 million for the years ended December 31, 1999, 1998 and 1997, 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, 1999, outstanding letters of credit totaled $8.4 million, of which $0.3 million were issued under the Revolving Credit Facility.

In January 2000, the Company entered into a $250 million asset backed securitization facility whereby certain U.S. wholesale accounts receivable are sold through a wholly-owned special purpose subsidiary to a third party. Funding under the securitization facility is provided on a revolving basis and is dependent upon the level of U.S. dealer wholesale receivables eligible to be sold under the facility. The Company initially funded $200 million under the securitization facility which was used to reduce outstanding borrowings under the Revolving Credit Facility. The $1.0 billion lending commitment under the Revolving Credit Facility was permanently reduced by the $200 million initial proceeds received from the securitization facility and will be further reduced by any additional funding received under the securitization facility. This transaction had no impact on the financial statements as of and for the year ended December 31, 1999.

7. EMPLOYEE BENEFIT PLANS

The Company has defined benefit pension plans covering certain employees principally in the United States, the United Kingdom and Germany. The Company also provides certain postretirement health care and life insurance benefits for certain employees principally in the United States.

Net annual pension and postretirement cost and the measurement assumptions for the plans for the years ended December 31, 1999, 1998 and 1997 are set forth below (in millions):

PENSION BENEFITS	1999	1998	1997
Service cost	$ 8.0	$ 8.4	$ 6.5
Interest cost	25.9	25.1	24.4
Expected return on plan assets	(27.9)	(29.7)	(27.2)
Amortization of prior service cost	0.5	0.5	0.5
Amortization of net loss	1.1	--	--
Special termination benefits	--	6.7	--
Net annual pension costs	$ 7.6	$ 11.0	$ 4.2
Weighted average discount rate	6.4%	6.1%	7.0%
Weighted average expected long-term rate of return on plan assets	7.3%	7.6%	8.0%
Rate of increase in future compensation	4.0%	4.0%	4.0%

POSTRETIREMENT BENEFITS	1999	1998	1997
Service cost	$ 0.9	$ 0.9	$ 0.8
Interest cost	1.5	1.3	1.2
Amortization of transition and prior service cost	(0.1)	(0.6)	(0.6)
Amortization of unrecognized net gain	(0.1)	(0.8)	(0.7)
Special termination benefits	--	0.5	--
Net annual postretirement costs	$ 2.2	$ 1.3	$ 0.7
Weighted average discount rate	7.8%	7.0%	7.3%

The following tables set forth reconciliations of the changes in benefit obligations, plan assets and funded status as of December 31, 1999 and 1998 (in millions):

CHANGE IN BENEFIT OBLIGATION	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
	1999	1998	1999	1998
Benefit obligation at beginning of year	$443.4	$364.0	$ 22.3	$ 18.9
Service cost	8.0	8.4	0.9	0.9
Interest cost	25.9	25.1	1.5	1.3
Plan participant contributions	2.5	3.0	--	--
Actuarial (gain) loss	21.2	50.6	(2.1)	1.3
Amendments	--	--	--	0.5
Curtailments	--	--	--	0.2
Special termination benefits	--	6.7	--	0.5
Benefits paid	(27.7)	(18.6)	(1.3)	(1.3)
Foreign currency exchange rate changes	(12.2)	4.2	--	--
Benefit obligation at end of year	$461.1	$443.4	$ 21.3	$ 22.3

CHANGE IN PLAN ASSETS	PENSION BENEFITS 1999	PENSION BENEFITS 1998	POSTRETIREMENT BENEFITS 1999	POSTRETIREMENT BENEFITS 1998
Fair value of plan assets at beginning of year ...	$384.7	$352.5	$ --	$ --
Actual return of plan assets	59.1	33.3	--	--
Employer contributions	16.7	11.6	1.3	1.3
Plan participant contributions	2.5	3.0	--	--
Benefits paid	(27.7)	(18.6)	(1.3)	(1.3)
Foreign currency exchange rate changes	(8.5)	2.9	--	--
Fair value of plan assets at end of year	$426.8	$384.7	$ --	$ --
Funded status	$(34.3)	$(58.7)	$(21.3)	$(22.3)
Unrecognized net obligation	0.7	0.9	0.4	0.4
Unrecognized net loss (gain)	46.7	58.0	(4.9)	(2.8)
Unrecognized prior service cost	1.7	2.2	0.4	0.2
Net amount recognized	$ 14.8	$ 2.4	$(25.4)	$(24.5)
Amounts recognized in Consolidated Balance Sheet:				
Prepaid benefit cost	$ 31.4	$ 20.5	$ --	$ --
Accrued benefit liability	(17.6)	(19.4)	(25.4)	(24.5)
Intangible asset	1.0	1.3	--	--
Net amount recognized	$ 14.8	$ 2.4	$(25.4)	$(24.5)

The aggregate projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $32.2 million, $30.2 million and $11.9 million, respectively, as of December 31, 1999 and $218.0 million, $199.0 million and $176.4 million, respectively, as of December 31, 1998.

For measuring the expected postretirement benefit obligation, a 8.25% health care cost trend rate was assumed for 1999, decreasing 0.75% per year to 6.0% and remaining at that level thereafter. For 1998, a 9.0% health care cost trend rate was assumed. Changing the assumed health care cost trend rates by one percentage point each year and holding all other assumptions constant would have the following effect to service and interest cost and the accumulated postretirement benefit obligation at December 31, 1999 (in millions):

	ONE PERCENTAGE POINT INCREASE	ONE PERCENTAGE POINT DECREASE
Effect on service and interest cost..	$0.3	$(0.2)
Effect on accumulated benefit obligation...	$2.1	$(1.8)

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 $1.5 million, $1.6 million and $1.7 million for the years ended December 31, 1999, 1998 and 1997, respectively.

8. COMMON STOCK

At December 31, 1999, the Company had 150.0 million authorized shares of common stock with a par value of $0.01, with 59.6 million shares of common stock outstanding, 0.7 million shares reserved for issuance under the Company's 1991 Stock Option Plan (Note 9), 0.1 million shares reserved for issuance under the Company's Nonemployee Director Stock Incentive Plan (Note 9) and 2.3 million shares reserved for issuance under the Company's Long-Term Incentive Plan (Note 9).

In December 1997, the Company's Board of Directors authorized the repurchase of up to $150.0 million of its outstanding common stock. In 1998, the Company repurchased approximately 3.5 million shares of its common stock at a cost of approximately $88.1 million. In 1999, the Company did not repurchase any of its common stock. The purchases are made through open market transactions, and the timing and number of shares purchased depend on various factors, such as price and other market conditions.

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 Revolving Credit Facility.

In April, 1994, the Company designated 300,000 shares of Junior Cumulative Preferred Stock ("Junior Preferred Stock") in connection with the adoption of a Stockholders' Rights Plan (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.

9. STOCK INCENTIVE PLANS

NONEMPLOYEE DIRECTOR STOCK INCENTIVE PLAN

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, 1999, 72,500 shares have been awarded to plan participants under the Director Plan, of which, 41,000 shares were earned and 21,500 shares were vested.

LONG-TERM INCENTIVE PLAN

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 $8.5 million, $12.0 million and $14.8 million for the years ended December 31, 1999, 1998 and 1997, respectively, consisting of amortization of the stock award and the related cash bonus.

Additional information regarding the LTIP for the years ended December 31, 1999, 1998 and 1997 is as follows:

	1999	1998	1997
Shares awarded but not earned at January 1	927,500	965,000	1,597,500
Shares awarded, net of forfeitures	133,500	(37,500)	(270,000)
Shares earned	(15,000)	--	(362,500)
Shares awarded but not earned at December 31 ...	1,046,000	927,500	965,000
Shares available for grant	1,234,000	1,367,500	1,330,000
Total shares reserved for issuance	2,280,000	2,295,000	2,295,000
Shares vested during year	441,166	375,833	194,000

STOCK OPTION PLAN

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. In 1998, the Option Plan was amended to increase the number of shares authorized for issuance by 1,600,000 shares.

Stock option transactions during the three years ended December 31, 1999, 1998 and 1997 were as follows:

	1999	1998	1997
Options outstanding at January 1	1,238,294	797,968	787,250
Options granted	701,700	586,700	193,900
Options exercised	(17,138)	(50,698)	(164,255)
Options canceled	(66,937)	(95,676)	(18,927)
Options outstanding at December 31	1,855,919	1,238,294	797,968
Options available for grant at December 31 ...	740,718	1,375,481	266,505
Option price ranges per share:			
Granted	$ 11.00	$8.31-27.00	$ 31.25
Exercised	1.52-11.00	1.52-27.00	1.52-31.25
Canceled	$14.63-31.25	$11.75-31.25	$14.63-31.25
Weighted average option prices per share:			
Granted	$ 11.00	$ 22.08	$ 31.25
Exercised	3.09	9.52	10.36
Canceled	23.15	23.78	21.68
Outstanding at December 31	16.90	20.39	18.87

At December 31, 1999, the outstanding options had a weighted average remaining contractual life of approximately 8.3 years and there were 884,893 options currently exercisable with option prices ranging from $1.52 to $31.25 and with a weighted average exercise price of $17.46.

The following table sets forth the exercise price range, number of shares, weighted average exercise price, and remaining contractual lives by groups of similar price and grant date:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OF SHARES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE AS OF DECEMBER 31, 1999	WEIGHTED AVERAGE EXERCISE PRICE
$1.52-$1.52	36,178	1.8	$ 1.52	36,178	$ 1.52
$2.50-$3.75	66,200	3.1	$ 2.61	66,200	$ 2.61
$6.25-$9.38	36,400	6.7	$ 7.38	24,400	$ 6.93
$11.00-$14.69	874,349	8.9	$ 11.75	322,189	$ 13.03
$16.96-$22.31	522,200	8.9	$ 22.18	217,280	$ 22.00
$25.50-$31.25	320,592	7.6	$ 28.13	218,646	$ 27.77
	1,855,919			884,893	

The Company accounts for all stock-based compensation awarded under the Director Plan, the LTIP and the Option Plan as prescribed under APB No. 25, "Accounting for Stock Issued to Employees" and also provides the disclosures required under SFAS No. 123, "Accounting for Stock Based Compensation." ABP No. 25 requires no recognition of compensation expense for options granted under the Option Plan. However, ABP No. 25 does require recognition of compensation expense under the Director Plan and the LTIP.

For disclosure purposes only, under SFAS No. 123, the Company estimated the fair value of grants under the Company's stock incentive plans using the Black-Scholes pricing model. Based on this model, the weighted average fair value of options granted under the Option Plan and the weighted average fair value of awards granted under the Director Plan and the LTIP, including the related cash bonus, were as follows (in millions):

	1999	1998	1997
Director Plan	$ 13.61	$ 43.47	$ 39.96
LTIP *	12.13	--	--
Option Plan	7.07	12.18	15.75

* There were no awards under the LTIP in 1998 or 1997.

The fair value of the grants and awards are 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. Based on applying the provisions of SFAS No. 123, pro forma net income, net income per common share and the assumptions under the Black-Scholes pricing model were as follows (in millions, except per share data):

YEAR ENDED DECEMBER 31,	1999	1998	1997
Net income (loss)	$(14.0)	$ 57.4	$166.5
Net income (loss) per common share - diluted	$(0.24)	$ 0.94	$ 2.60
Weighted average assumptions under Black-Scholes:			
Expected life of options (years)	7.0	7.0	7.0
Risk free interest rate	5.9%	5.6%	6.1%
Expected volatility	61.0%	46.0%	35.0%
Expected dividend yield	0.4%	0.2%	0.1%

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.

10. COMMITMENTS AND CONTINGENCIES

The Company leases land, buildings, machinery, equipment and furniture under various noncancelable operating lease agreements. At December 31, 1999, future minimum lease payments under noncancelable operating leases were as follows (in millions):

2000	$ 12.2
2001	11.1
2002	9.3
2003	8.0
2004	7.0
Thereafter	35.1
	$ 82.7

Total lease expense under noncancelable operating leases was $14.5 million, $15.9 million and $16.8 million, for the years ended December 31, 1999, 1998 and 1997, respectively.

During 1999, the Company entered into a sale/leaseback transaction involving certain real property. The proceeds from the transaction of $18.7 million were used to reduce the outstanding borrowings under the Revolving Credit Facility. The terms of the lease require the Company to pay approximately $2.0 million per year for the next fifteen years at which time the Company has the option to extend the lease with annual payments ranging from $2.2 million to $2.7 million. In accordance with SFAS No. 13, the Company has accounted for the lease as an operating lease. The gain on sale of $2.4 million is being amortized over the life of the operating lease.

At December 31, 1999, the Company was obligated under certain circumstances to purchase through the year 2002 up to $70.6 million of equipment upon expiration of certain operating leases between Agricredit, the Company's retail finance joint venture in North America, and end users. Management believes that any losses which might be incurred on the resale of this equipment will not materially impact the Company's financial position or results of operations.

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.

11. SEGMENT REPORTING

The Company has four geographic reportable segments: North America, South America, Europe/Africa/Middle East and Asia/Pacific. Each segment distributes a full range of agricultural equipment and related replacement parts. The accounting policies of the segments are the same as described in the summary of significant accounting policies. The Company evaluates segment performance based on income from operations. Sales for each segment are based on the location of the third-party customer. All intercompany transactions between segments have been eliminated. The Company's selling, general and administrative expenses and engineering expenses are charged to each segment based on the region where the expenses are incurred. As a result, the components of operating income for one segment may not be comparable to another segment. Segment results for 1999, 1998 and 1997 are as follows (in millions):

	NORTH AMERICA	SOUTH AMERICA	EUROPE/AFRICA/ MIDDLE EAST	ASIA/PACIFIC	CONSOLIDATED
1999					
Net Sales	$ 613.0	$ 197.1	$1,507.5	$ 95.7	$2,413.3
Income (loss) from operations	(25.3)	(14.1)	116.5	13.6	90.7
Depreciation and amortization	12.7	6.1	35.0	2.0	55.8
Assets	667.4	189.0	728.1	32.8	1,617.3
Capital expenditures	4.9	7.6	31.7	--	44.2
1998					
Net Sales	$ 940.9	$ 15.3	$1,597.8	$ 87.4	$2,941.4
Income from operations	57.0	13.5	136.2	15.8	222.5
Depreciation and amortization	14.3	8.9	32.9	1.5	57.6
Assets	876.7	260.9	922.5	30.2	2,090.3
Capital expenditures	14.5	6.4	40.1	--	61.0
1997					
Net Sales	$ 956.6	$ 334.3	$1,781.4	$ 152.1	$3,224.4
Income from operations	108.3	19.3	192.4	32.1	352.1
Depreciation and amortization	11.1	9.4	27.2	1.7	49.4
Assets	799.9	245.2	926.4	33.6	2,005.1
Capital expenditures	20.4	7.2	44.4	0.1	72.1

A reconciliation from the segment information to the consolidated balances for income from operations and assets is set forth below (in millions):

	1999	1998	1997
Segment income from operations	$ 90.7	$ 222.5	$ 352.1
Restricted stock compensation expense	(8.5)	(12.0)	(14.8)
Restructuring and other infrequent expenses	(24.5)	(40.0)	(18.2)
Amortization of intangibles	(14.8)	(13.2)	(12.1)
Consolidated income from operations	$ 42.9	$ 157.3	$ 307.0
Segment assets	$1,617.3	$2,090.3	$2,005.1
Cash and cash equivalents	19.6	15.9	31.2
Receivables from affiliates	12.8	15.2	18.5
Investments in affiliates	93.6	95.2	87.6
Other current and noncurrent assets	217.3	163.3	139.5
Intangible assets, net	312.6	370.5	339.0
Consolidated total assets	$2,273.2	$2,750.4	$2,620.9

Net sales by customer location for the years ended December 31, 1999, 1998 and 1997 were as follows (in millions):

	1999	1998	1997
Net Sales:			
United States	$ 479.8	$ 759.0	$ 738.5
Canada	92.1	142.4	182.6
Germany	439.5	449.3	470.5
France	315.2	321.5	347.8
United Kingdom and Ireland	137.4	122.2	179.5
Other Europe	480.4	540.3	614.6
South America	197.1	315.3	334.3
Middle East	97.5	115.8	105.7
Asia	48.4	36.7	87.8
Australia	47.3	50.7	64.3
Africa	37.5	48.7	63.3
Mexico, Central America and Caribbean	41.1	39.5	35.5
	$2,413.3	$2,941.4	$3,224.4

Net sales by product for the years ended December 31, 1999, 1998 and 1997 were as follows (in millions):

	1999	1998	1997
Net sales:			
Tractors	$1,540.3	$1,838.8	$1,990.6
Combines	162.3	293.5	330.5
Other machinery	253.5	318.5	389.7
Replacement parts	457.2	490.6	513.6
	$2,413.3	$2,941.4	$3,224.4

EXHIBIT 13.1

AGRICREDIT ACCEPTANCE LLC

Financial Statements

December 31, 1999 and 1998

(With Independent Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

The Managing Board of
Agricredit Acceptance LLC:

We have audited the accompanying balance sheets of Agricredit Acceptance LLC as of December 31, 1999 and 1998, and the related statements of operations, changes in members' equity, and cash flows for the years then ended. 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 Agricredit Acceptance LLC as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

KPMG LLP

Des Moines, Iowa
January 28, 2000

AGRICREDIT ACCEPTANCE LLC

Balance Sheets
December 31, 1999 and 1998
(In thousands)

ASSETS	1999	1998
Finance receivables, net	$ 746,809	759,205
Crop input receivables	26,911	36,207
Wholesale notes receivable	58,681	64,436
	832,401	859,848
Allowance for credit losses	(16,055)	(16,142)
Net receivables	816,346	843,706
Cash and cash equivalents	6,527	6,161
Due from AGCO Corporation	2,282	1,306
Due from affiliates	3,279	298
Prepaid expenses and other assets	1,505	3,054
Property, plant and equipment, net of accumulated depreciation	1,916	1,284
Total assets	$ 831,855	855,809
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Notes payable and accrued interest	$ 733,723	757,575
Accounts payable and accrued liabilities	11,293	11,034
Dealer and manufacturers reserves	9,875	9,508
Total liabilities	754,891	778,117
Members' equity:		
Members' equity	46,843	46,843
Retained Earnings	30,121	30,849
Total members' equity	76,964	77,692
Contingencies		
Total liabilities and members' equity	$ 831,855	855,809

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

Statements of Operations

Years ended December 31, 1999 and 1998
(In thousands)

	1999	1998
Interest income:		
Finance and other receivables	$ 61,195	64,996
Incentive reimbursements from AGCO Corporation	22,728	18,708
Short-term investment and trading securities	(699)	2,997
Total interest income	83,224	86,701
Interest expense	44,197	43,603
Dealer volume bonus	1,026	1,857
Net margin	38,001	41,241
Provision for credit losses	5,075	4,791
Net margin after provision for credit losses	32,926	36,450
General and administrative expense	14,904	13,288
Net income	$ 18,022	23,162

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

Statements of Changes in Members' Equity

Years ended December 31, 1999 and 1998
(In thousands)

	MEMBERS' EQUITY	RETAINED EARNINGS	TOTAL
Balance at December 31, 1997	$ 46,843	18,687	65,530
Net income	--	23,162	23,162
Dividend	--	(11,000)	(11,000)
Balance at December 31, 1998	46,843	30,849	77,692
Net income	--	18,022	18,022
Dividend	--	(18,750)	(18,750)
Balance at December 31, 1999	$ 46,843	30,121	76,964

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

Statements of Cash Flows

Years ended December 31, 1999 and 1998
(In thousands)

	1999	1998
Cash flows from operating activities:		
Net income	$ 18,022	23,162
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	395	157
Provision for credit losses	5,075	4,791
Changes in:		
Due to/from affiliates	(3,957)	(13,085)
Prepaid expenses and other assets	1,549	(1,706)
Dealer reserves	367	376
Accrued interest payable	(340)	(4,261)
Accounts payable and accrued liabilities	259	(2,655)
Net cash provided by operating activities	21,370	6,779
Cash flows from investing activities:		
Purchase of fixed assets	(1,027)	(1,155)
Finance receivables, wholesale notes and crop input receivables originated	(531,420)	(638,727)
Principal collected on finance receivables, wholesale notes and crop input receivables	553,705	530,189
Net cash provided by (used in) investing activities	21,258	(109,693)
Cash flows from financing activities:		
Proceeds from issuance of notes payable	106,995	258,064
Principal payments on notes payable	(130,507)	(145,216)
Dividend paid	(18,750)	(11,000)
Net cash (used in) provided by financing activities	(42,262)	101,848
Increase (decrease) in cash and cash equivalents	366	(1,066)
Cash and cash equivalents at beginning of year	6,161	7,227
Cash and cash equivalents at end of year	$ 6,527	6,161
Supplemental disclosures of cash flow information- Cash paid for interest	$ 44,419	47,127

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

The financial statements include the accounts of Agricredit Acceptance LLC (the Company), a limited liability corporation. The Company conducts operations as Agricredit Acceptance Company and its primary businesses are retail financing of agricultural and industrial equipment, wholesale financing of agricultural equipment, and crop input financing throughout the United States. The Company is a joint venture owned 51% by De Lage Landen Finance Inc. (DLL) a wholly owned subsidiary of Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) and owned 49% by AGCO Finance Corporation, a wholly owned subsidiary of AGCO Corporation (AGCO).

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 and disclosure of contingent 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 these estimates. The most significant estimate made by management relates to the Company's allowance for credit losses.

INTEREST AND FINANCE FEES

Interest income from the finance receivables, wholesale notes receivable, and crop input receivables is recognized using the effective interest method. Late charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is deemed doubtful. Income is recognized on a cash basis after a receivable is put on non-accrual status.

ORIGINATION COSTS

Origination fees are not charged on finance receivables. Direct costs incurred in the origination of finance receivables are deferred and amortized to income over the estimated term of the finance receivables on a straight-line basis, which does not differ materially from the effective interest method. Direct costs of originating wholesale notes receivable and crop input receivables are expensed as incurred, as such costs are not significant.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents for financial reporting purposes include cash and short-term investments with maturities at purchase of three months or less.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and depreciated on a straight-line basis over the useful life of the asset. The following useful lives are used for depreciation purpose:

Computer equipment	3 years
Furniture and fixtures	5 years
Computer software	5 years
Leasehold improvements	5 years (life of the lease)

 (Continued)

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

For the years ended December 31, 1999 and 1998, depreciation expense was $395,000 and $157,000, respectively.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is management's estimate of the amount considered adequate to absorb probable losses in the portfolio based on management's evaluation of the current risk characteristics of the receivable portfolio, the fair value of the underlying collateral and prior credit loss experience, as well as the impact of current economic conditions. A provision for credit losses is charged to operations based on management's periodic evaluation of these risks. In the opinion of management, the allowance for credit losses is adequate.

The Company's charge-off policy is based on a specific review for all receivables. Certain receivables are secured by recourse agreements with dealers and manufacturers.

DEALER AND MANUFACTURERS RESERVES

Under certain recourse agreements with dealers and manufacturers, the Company retains a portion of the proceeds of equipment financing transactions. The amounts retained are used to absorb specific losses on the related finance receivables and any unused portion of the reserve is ultimately refundable to the dealer or manufacturer. The total amount retained is limited to a percentage of the outstanding portfolio and the Company pays interest to the dealer and manufacturer at the prime interest rate on amounts retained.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes interest rate swaps as part of an overall interest rate risk management strategy. Interest rate swaps are used principally as a tool to manage the interest sensitivity of the Company's balance sheet. The contracts represent an exchange of interest payment streams based on an agreed-upon notional principal amount with at least one stream based on a specified floating-rate index. The underlying principal balances of the asset or liabilities are not affected. Net settlement amounts are reported as adjustments to interest income or expense, as appropriate.

Interest rate swaps are subject to credit and market risk. The Company evaluates the risks associated with interest rate swaps in much the same way it evaluates the risks associated with on-balance sheet financial instruments. However, unlike on-balance sheet financial instruments, where the risk of credit loss is represented by the notional value or principal, the risk of credit loss associated with interest rate swaps is generally a small fraction of the notional value. The Company attempts to limit its credit risk by dealing with creditworthy counterparties. Affiliated companies are the counterparties for all of the Company's interest rate swap agreements.

Interest rate swaps which are not hedges of specific assets, liabilities or commitments are accounted for as trading securities. Interest rate swaps accounted for as trading securities are carried at fair value with the changes in market value reflected in the income statement.

INCOME TAXES

No tax provision is provided for the Company as the entity is a limited liability corporation whose members are required to include their respective share of profits and losses in their individual income tax returns.

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133 (FAS 133), Accounting for Derivative Instruments and Hedging Activities. In July, 1999 the FASB issued FAS 137, Deferral of the Effective Date of FASB Statement No. 133, that defers the effective date for implementation of FAS 133 to no later than January 1, 2001 for the Company's financial statements. The Company has determined that the implementation of this statement will not have a material impact on the financial statements.

(2) TRANSACTIONS WITH AFFILIATES

The accompanying statements of operations reflect interest income from AGCO for incentive reimbursements related to finance and wholesale receivables with below-market interest rates or interest-waiver periods, which totaled $22,728,000 and $18,708,000 for the years ended December 31, 1999 and 1998, respectively.

In connection with the origination of certain receivables the Company, at the selling dealer's request, pays AGCO directly for the underlying equipment being financed in order to satisfy outstanding obligations between the dealer and AGCO. Such payments for the years ended December 31, 1999 and 1998 totaled $150,995,000 and $187,855,000, net of discounts.

All amounts due to or from AGCO related to the above transactions are separately stated in the accompanying balance sheets and are generally settled between the Company and AGCO on a current basis.

The Company has an agreement to provide management services to a DLL affiliated company. The agreement provides for a management fee based upon the affiliated company's number of contracts and dollar amount of receivables outstanding. The fees paid to the Company by the affiliated company totaled $1,919,000 and $1,425,000 for the years ended December 31, 1999 and 1998, respectively. The fees received have been offset against general and administrative expense in the accompanying statements of operations. See note 7 also for affiliated notes payable, interest rate swap agreements, and related interest expense.

(3) FINANCE RECEIVABLES

Finance receivables consist of the following at December 31, 1999 and 1998 (in thousands):

	1999	1998
Retail notes	$ 557,817	551,378
Sales finance contracts	315,533	342,076
	873,350	893,454
Unearned interest and discounts	(126,541)	(134,249)
	$ 746,809	759,205

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

Interest rates on retail notes and sales finance contracts including affiliated discounts ranged from 9.0% to 13.0% with a weighted average rate of 9.53% at December 31, 1999.

Non-accrual finance receivables, net of related unearned interest and discounts, totaled $19,517,000 and $15,911,000 at December 31, 1999 and 1998, respectively. The allowance for losses related to these finance receivables was $7,353,000 and $6,700,000 at December 31, 1999 and 1998, respectively. The average amount of non-accrual finance receivables, net of related unearned interest and discounts, for the years ended December 31, 1999 and 1998 were $17,714,000 and $10,630,000, respectively. The accrual of interest and finance fees, which was suspended on these receivables, was $1,000,000 and $788,000 for the years ended December 31, 1999 and 1998, respectively.

At December 31, 1999, contractual maturities of gross finance receivables are as follows (in thousands):

2000	$ 341,011
2001	222,377
2002	158,333
2003	97,199
2004	45,818
Thereafter	8,612
	$ 873,350

The Company provides financing for agricultural and industrial equipment to customers throughout the United States; the receivables are secured by the equipment financed and additional property if considered necessary by management. Although the Company has a diversified receivable portfolio, a substantial portion of its debtors' ability to repay their borrowings is dependent upon the agricultural business economic sector. In addition, at December 31, 1999 and 1998, approximately 80% of the net finance receivables relate to the financing of products sold by AGCO dealers and distributors.

Concentrations of gross finance receivables by type of equipment financed at December 31, 1999 and 1998 (in thousands):

	1999	1998
Tractor	$ 399,095	414,833
Combine	200,951	202,820
Industrial	27,818	30,582
Forestry	37,359	35,994
Other	208,127	209,225
	$ 873,350	893,454

(Continued)

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

(4) CROP INPUT RECEIVABLES

Agreements have been entered into with certain distributors of crop protection products, fertilizer, and seed to provide financing for their customers (the producers). The financing is offered in a discretionary operating line of credit to be utilized by the producers to fund agricultural operating expenses associated with crop production (crop input receivables). These crop input receivables generally have a maturity of one year or less, with variable interest rates at the prime rate plus .25% to 3%. The crop input receivables are collateralized by obtaining a first security interest in all crops, government payments and crop insurance. Additional collateral is obtained if considered necessary by management. The Company is indemnified for certain loans that are with full recourse back to the distributor which has sole responsibility for all collection activity and associated costs.

(5) WHOLESALE NOTES RECEIVABLE

Agreements have been entered into with certain manufacturers of agricultural and industrial equipment to provide financing for the manufacturers' qualified distributors and dealers. These wholesale notes receivable are generally for terms of less than one year, with interest at the prime rate plus 1.0% to 3.0%, secured by both the underlying equipment and a manufacturers' reserve, and contain certain recourse provisions back to the manufacturers.

(6) ALLOWANCE FOR CREDIT LOSSES

The following is a summary of the activity in the allowance for credit losses on finance and other receivables for the years ended December 31, 1999 and 1998, (in thousands):

	1999	1998
Balance at beginning of period	$ 16,142	15,688
Provision for credit losses	5,075	4,791
Charge-offs	(6,081)	(5,015)
Recoveries	919	678
Balance at end of period	$ 16,055	16,142

(7) NOTES PAYABLE

Under a revolving credit agreement with Rabobank Nederland, the parent of DLL, dated November 1, 1996 (the Credit Agreement), the Company can borrow a maximum of $1,000,000,000. The commitment under the Credit Agreement is reduced by 105% of the outstanding borrowings of its sister company, Agricredit Acceptance Canada, Ltd., up to $100,000,000 Canadian dollars. The notes funded under the Credit Agreement at December 31, 1999, have maturities ranging from 4 to 31 days. The interest rate on the notes is established, subject to the terms of the note, at the lender's base lending rate (based on LIBOR) plus .10%. Interest rates on the notes payable outstanding at December 31, 1999, ranged from 6.0234% to 6.5812%, with a weighted-average interest rate of 6.3491%. The Credit Agreement contains certain financial covenants that the Company must maintain, including minimum specified net worth and borrowing base requirements. As of December 31, 1999 and 1998, $731,487,500 and $755,000,000, respectively, was outstanding under the Credit Agreement

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

and unused commitment was $210,544,000 and $215,786,000, respectively, reduced for the borrowings of Agricredit Acceptance Canada Ltd.

Of the total outstanding borrowings, $731,487,500 was funded by De Lage Landen Ireland Company (DLL Ireland). The Credit Agreement expired on December 31, 1996; however, the Credit Agreement allows for automatic extension for an additional thirty day periods unless Rabobank Nederland in its sole discretion elects not to grant such extension. The notes payable under the Credit Agreement are secured by the finance receivables, wholesale notes receivable, and crop input receivables.

The Company has entered into interest rate swap agreements with DLL Ireland on portions of its short-term borrowings. The swap agreements require the payment of fixed rates and receipt of floating rates of interest based on LIBOR. The Company enters into the swap agreements in order to more closely match the interest rates and maturities of the borrowings to those of the receivables being funded. The differential to be paid or received on the swap agreements is recognized as an adjustment to interest expense. At December 31, 1999, the total notional principal amounts of the agreements were $738 million paying fixed rates ranging from 4.43% to 6.67% and with notional principal amounts of $349 million, $292 million, $85 million, $11 million, and $1 million terminating in 2000, 2001, 2002, 2003, and 2004, respectively. For the years ended December 31, 1999 and 1998, the swaps increased the Company's interest expense by $3,518,000 and $3,098,000, respectively. The interest expense resulted from the Company exchanging its short term borrowing rate to approximately a two year borrowing rate to better match the maturity of the fixed rate notes receivable.

As part of its interest rate risk management policy, the Company previously entered into certain interest rate swap agreements which were not hedges of specific assets, liabilities, or commitments and were accounted for as trading securities. At December 31, 1998, the notional amount of these swaps was $101,000,000 and the fair value recorded was $2,200,000. In December 1999, the Company terminated these swaps and recorded a reduction of fair value of $2,200,000. Interest income exclusive of fair value adjustments for these swaps the years ended December 31, 1999 and 1998 was $1,129,000 and $735,000, respectively.

The following is a summary of aggregate annual maturities of notes payable and accrued interest payable on notes payable and interest rate swap agreements at December 31, 1999 (in thousands):

Notes payable in 2000	$ 731,488
Accrued interest payable on notes payable and interest rate swap agreements	2,235
	$ 733,723

In December 1999, the Company entered into a Deposit Agreement with DLL Ireland. Under the terms of the Deposit Agreement, DLL Ireland has agreed to advance monies under the Credit Agreement to the Company provided such proceeds are deposited with DLL Ireland. The amount of borrowing outstanding and the related deposit at December 31, 1999 totaled $100,000,000. Right of offset exists under the Deposit Agreement; therefore, these amounts are not reflected in the Company's balance sheet. The deposit account bears a fixed interest rate of 6.1978%. The interest rate on the borrowings is adjusted monthly and was 6.5813% at December 31, 1999. The deposit and the related borrowings will be reduced in annual amounts ranging from $8,000,000 to $11,500,000 in August of each year for the next 10 years.

 (Continued)

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

(8) FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining the estimated fair values of the Company's financial instruments, the estimates, methods, and assumptions utilized are as follows:

- Cash and cash equivalents - The carrying amount for cash and cash equivalents approximates the fair value because of the short-term nature of the instruments.

- Finance receivables - The fair value of finance receivables is calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the portfolio. The estimated maturity is based on historical experience with repayments, modified, as required, by an estimate of the effect of current economic and lending conditions. The effect of nonperforming finance receivables is considered in assessing the credit risk inherent in the fair value estimate. At December 31, 1999 and 1998 the Company estimated the fair value of its net finance receivable portfolio to be approximately $756,370,000 and $767,457,000, respectively.

- Crop input receivables, wholesale notes receivable, and dealer reserves - The carrying amount for crop input receivables, wholesale notes receivable, and dealer reserves approximates fair value as interest on the obligations is at a variable rate and due to the short-term nature of the instruments.

- Notes payable - Rates currently available for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. At December 31, 1999 and 1998 the Company estimated the fair value of notes payable (including accrued interest payable) to be approximately $731,359,000 and $755,207,000, respectively.

- Interest rate swaps - The estimated fair value of the Company's interest rate swap agreements related to notes payable, and the depository account was at an unrealized loss of approximately $740,000 at December 31, 1999 and an unrealized net gain of approximately $2,200,000 at December 31, 1998.

LIMITATIONS

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1999 and 1998

(9) PENSION PLAN

The Company sponsors a defined contribution savings plan for its eligible employees. Under the plan employees can contribute 2% to 12% of their base pay and the Company will contribute up to 3% if the employee contributed at least 3%. The Company contributions vest immediately to the employee. In addition, the plan has a profit sharing component whereby the Company can contribute, to the Plan from 0% to 3% of the employee's base salary based on established profitability criteria for the Company. For the years ended December 31, 1999 and 1998, the expense under the plan was $365,000 and $371,000, respectively.

(10) CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. Although the ultimate outcome of these matters cannot be ascertained at this time, it is the opinion of management that the ultimate resolution will not have a material impact on the balance sheet or results of operations of the Company.

AGRICREDIT ACCEPTANCE LLC

Financial Statements

December 31, 1998 and 1997

(With Independent Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Agricredit Acceptance LLC:

We have audited the accompanying balance sheets of Agricredit Acceptance LLC as of December 31, 1998 and 1997, and the related statements of operations, changes in members' equity, and cash flows for the years then ended. 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 Agricredit Acceptance LLC as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

KPMG LLP

Des Moines, Iowa
January 29, 1999

AGRICREDIT ACCEPTANCE LLC

Balance Sheets
December 31, 1998 and 1997
(In thousands)

ASSETS	1998	1997
Finance receivables, net	$ 759,205	679,412
Crop input receivables	36,207	51,104
Wholesale notes receivable	64,436	25,131
	859,848	755,647
Allowance for credit losses	(16,142)	(15,688)
Net receivables	843,706	739,959
Cash and cash equivalents	6,161	7,227
Due from AGCO Corporation	1,306	--
Due from affiliates	298	423
Prepaid expenses and other assets	4,338	1,634
Total assets	$ 855,809	749,243
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Notes payable and accrued interest	$ 757,575	648,518
Accounts payable and accrued liabilities	11,034	14,159
Due to AGCO Corporation	--	11,904
Dealer reserves	9,508	9,132
Total liabilities	778,117	683,713
Members' equity:		
Members' equity	46,843	46,843
Retained Earnings	30,849	18,687
Total members' equity	77,692	65,530
Contingencies		
Total liabilities and members' equity	$ 855,809	749,243

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

Statements of Operations

Years ended December 31, 1998 and 1997
(In thousands)

	1998	1997
Interest income:		
Finance and other receivables	$ 64,996	60,303
Incentive reimbursements from AGCO Corporation	18,708	14,666
Short-term investment and trading securities	2,997	147
Total interest income	86,701	75,116
Interest expense	43,603	38,837
Dealer volume bonus	1,857	1,863
Net margin	41,241	34,416
Provision for credit losses	4,791	6,114
Net margin after provision for credit losses	36,450	28,302
General and administrative expense	13,288	12,233
Net income	$ 23,162	16,069

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

Statements of Changes in Members' Equity

Years ended December 31, 1998 and 1997
(In thousands)

	Members' Equity	Retained Earnings	Total
Balance at December 31, 1996	$ 46,843	2,618	49,461
Net income	--	16,069	16,069
Balance at December 31, 1997	46,843	18,687	65,530
Net income	--	23,162	23,162
Dividend	--	(11,000)	(11,000)
Balance at December 31, 1998	$ 46,843	30,849	77,692

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

Statements of Cash Flows
Years ended December 31, 1998 and 1997
(In thousands)

	1998	1997
Cash flows from operating activities:		
Net income	$ 23,162	16,069
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	157	154
Provision for credit losses	4,791	6,114
Changes in:		
Due to/from affiliates	(13,085)	5,119
Prepaid expenses and other assets	(1,706)	(928)
Dealer reserves	376	(78)
Accrued interest payable	(4,261)	2,186
Other liabilities	(2,655)	3,001
Net cash provided by operating activities	6,779	31,637
Cash flows from investing activities:		
Purchase of fixed assets	(1,155)	(152)
Finance receivables, wholesale notes and crop input receivables originated	(638,727)	(631,226)
Principal collected on finance receivables, wholesale notes and crop input receivables	530,189	468,186
Net cash used in investing activities	(109,693)	(163,192)
Cash flows from financing activities:		
Proceeds from issuance of notes payable	258,064	361,152
Principal payments on notes payable	(145,216)	(231,500)
Dividend paid	(11,000)	--
Net cash provided by financing activities	101,848	129,652
Decrease in cash and cash equivalents	(1,066)	(1,903)
Cash and cash equivalents at beginning of period	7,227	9,130
Cash and cash equivalents at end of period	$ 6,161	7,227
Supplemental disclosures of cash flow information-		
Cash paid for interest	$ 47,127	36,651

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE L.L.C.

Notes to Financial Statements

December 31, 1998 and 1997

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

The financial statements include the accounts of Agricredit Acceptance LLC (the Company), a limited liability corporation. The Company conducts operations as Agricredit Acceptance Company and its primary businesses are retail financing of agricultural and industrial equipment, wholesale financing of agricultural equipment, and crop input financing throughout the United States. The Company is a joint venture owned 51% by De Lage Landen Finance Inc. (DLL) a wholly owned subsidiary of Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) and owned 49% by AGCO Finance Corporation, a wholly owned subsidiary of AGCO Corporation (AGCO).

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 and disclosure of contingent 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 these estimates. The most significant estimate made by management relates to the Company's allowance for credit losses.

INTEREST AND FINANCE FEES

Interest income from the finance receivables, wholesale notes receivable, and crop input receivables is recognized using the effective interest method. Late charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is deemed doubtful. Income is recognized on a cash basis after a receivable is put on non-accrual status.

ORIGINATION COSTS

Origination fees are not charged on finance receivables. Direct costs incurred in the origination of finance receivables are deferred and amortized to income over the estimated term of the finance receivables on a straight-line basis, which does not differ materially from the effective interest method. Direct costs of originating wholesale notes receivable and crop input receivables are expensed as incurred, as such costs are not significant.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents for financial reporting purposes include cash and short-term investments with maturities at purchase of three months or less.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is management's estimate of the amount considered adequate to absorb probable losses in the portfolio based on management's evaluation of the current risk characteristics of the receivable portfolio, the fair value of the underlying collateral and prior credit loss experience, as well as the impact of current economic conditions. A provision for credit losses is

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1998 and 1997

charged to operations based on management's periodic evaluation of these risks. In the opinion of management, the allowance for credit losses is adequate.

The Company's charge-off policy is based on a specific review for all receivables. Certain receivables are secured by recourse agreements with dealers and manufacturers.

DEALER RESERVES

Under certain recourse agreements with dealers, the Company retains a portion of the proceeds of equipment financing transactions. The amounts retained are used to absorb specific losses on the related finance receivables and any unused portion of the dealer reserve is ultimately refundable to the dealer. The total amount retained is limited to a percentage of the outstanding portfolio and the Company pays interest to the dealer at the prime interest rate on amounts retained.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes interest rate swaps as part of an overall interest rate risk management strategy. Interest rate swaps are used principally as a tool to manage the interest sensitivity of the Company's balance sheet. The contracts represent an exchange of interest payment streams based on an agreed-upon notional principal amount with at least one stream based on a specified floating-rate index. The underlying principal balances of the asset or liabilities are not affected. Net settlement amounts are reported as adjustments to interest income or expense, as appropriate.

Interest rate swaps are subject to credit and market risk. The Company evaluates the risks associated with interest rate swaps in much the same way it evaluates the risks associated with on-balance sheet financial instruments. However, unlike on-balance sheet financial instruments, where the risk of credit loss is represented by the notional value or principal, the risk of credit loss associated with interest rate swaps is generally a small fraction of the notional value. The Company attempts to limit its credit risk by dealing with creditworthy counterparties. Affiliated companies are the counterparties for a substantial portion of the Company's interest rate swap agreements.

Interest rate swaps which are not hedges of specific assets, liabilities or commitments are accounted for as trading securities. Interest rate swaps accounted for as trading securities are carried at fair value with the changes in market value reflected in the income statement.

INCOME TAXES

No tax provision is provided for the Company as the entity is a limited liability corporation whose members are required to include their respective share of profits and losses in their individual income tax returns.

(2) TRANSACTIONS WITH AFFILIATES

The accompanying statements of operations reflect interest income from AGCO for incentive reimbursements related to finance receivables with below-market interest rates or interest-waiver periods, which totaled $18,708,000 and $14,666,000 for the years ended December 31, 1998 and 1997, respectively.

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1998 and 1997

In connection with the origination of certain finance receivables the Company, at the selling dealer's request, pays AGCO directly for the underlying equipment being financed in order to satisfy outstanding obligations between the dealer and AGCO. Such payments for the years ended December 31, 1998 and 1997 totaled $152,830,000 and $144,926,000, net of discounts.

All amounts due to or from AGCO related to the above transactions are separately stated in the accompanying balance sheets and are generally settled between the Company and AGCO on a current basis.

The Company has an agreement to provide management services to a DLL affiliated company. The agreement provides for a management fee based upon the affiliated company's number of contracts and dollar amount of receivables outstanding. The fees paid to the Company by the affiliated company totaled $1,425,000 and $1,079,000 for the years ended December 31, 1998 and 1997, respectively. The fees received have been offset against general and administrative expense in the accompanying statements of operations. See note 7 also for affiliated notes payable, interest rate swap agreements, and related interest expense.

(3) FINANCE RECEIVABLES

Finance receivables consist of the following at December 31, 1998 and 1997 (in thousands):

	1998	1997
Retail notes	$ 551,378	505,186
Sales finance contracts	342,076	302,731
	893,454	807,917
Unearned interest and discounts	(134,249)	(128,505)
	$ 759,205	679,412

Interest rates on retail notes and sales finance contracts including affiliated discounts ranged from 9.0% to 13.0% with a weighted average rate of 9.75% at December 31, 1998.

Non-accrual finance receivables, net of related unearned interest and discounts, totaled $15,911,000 and $5,348,000 at December 31, 1998 and 1997, respectively. The allowance for losses related to these finance receivables was $6,700,000 and $2,119,000 at December 31, 1998 and 1997, respectively. The average amount of non-accrual finance receivables, net of related unearned interest and discounts, for the years ended December 31, 1998 and 1997 were $10,630,000 and $4,124,000, respectively. The accrual of interest and finance fees, which was suspended on these receivables, was $788,000 and $291,000 for the years ended December 31, 1998 and 1997, respectively.

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1998 and 1997

At December 31, 1998, contractual maturities of gross finance receivables are as follows (in thousands):

1999	$ 290,777
2000	283,332
2001	164,069
2002	96,838
2003	47,868
Thereafter	10,570
	$ 893,454

The Company provides financing for agricultural and industrial equipment to customers throughout the United States; the receivables are secured by the equipment financed and additional property if considered necessary by management. Although the Company has a diversified receivable portfolio, a substantial portion of its debtors' ability to repay their borrowings is dependent upon the agricultural business economic sector. In addition, at December 31, 1998 and 1997, approximately 80% of the net finance receivables relate to the financing of products sold by AGCO dealers and distributors.

Concentrations of gross finance receivables by type of equipment financed at December 31, 1998 and 1997, (in thousands):

	1998	1997
Tractor	$ 414,833	352,744
Combine	202,820	189,462
Industrial	30,582	38,342
Forestry	35,994	36,253
Other	209,225	191,116
	$ 893,454	807,917

(4) CROP INPUT RECEIVABLES

Agreements have been entered into with certain distributors of crop protection products, fertilizer, and seed to provide financing for their customers (the producers). The financing is offered in a discretionary operating line of credit to be utilized by the producers to fund agricultural operating expenses associated with crop production (crop input receivables). These crop input receivables generally have a maturity of one year or less, with variable interest rates at the prime rate plus .25% to 3%. The crop input receivables are collateralized by obtaining a first security interest in all crops, government payments and crop insurance. Additional collateral is obtained if considered necessary by management. The Company is indemnified for certain loans that are with full recourse back to the distributor which has sole responsibility for all collection activity and associated costs.

(5) WHOLESALE NOTES RECEIVABLE

Agreements have been entered into with certain manufacturers of agricultural and industrial equipment to provide financing for the manufacturers' qualified distributors and dealers. These wholesale notes

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1998 and 1997

receivable are generally for terms of less than one year, with interest at the prime rate plus 2.5% to 3.25%, secured by both the underlying equipment and a manufacturers' holdback, and contain certain recourse provisions back to the manufacturers. Manufacturers' holdbacks are available to absorb specific losses and any unused portion of the holdback is ultimately refundable to the manufacturer. Manufacturers' holdbacks which have been reflected as offsets against the related wholesale notes receivable totaled $741,000 and $831,000 at December 31, 1998 and 1997, respectively.

(6) ALLOWANCE FOR CREDIT LOSSES

The following is a summary of the activity in the allowance for credit losses on finance and other receivables for the years ended December 31, 1998 and 1997, (in thousands):

	1998	1997
Balance at beginning of period	$ 15,688	11,709
Provision for credit losses	4,791	6,114
Charge-offs	(5,015)	(2,607)
Recoveries	678	472
Balance at end of period	$ 16,142	15,688

(7) NOTES PAYABLE

Under a revolving credit agreement with Rabobank Nederland, the parent of DLL, dated November 1, 1996 (the Credit Agreement), the Company can borrow a maximum of $1,000,000,000. The commitment under the Credit Agreement is reduced by 105% of the outstanding borrowings of its sister company, Agricredit Acceptance Canada, Ltd., up to $100,000,000 Canadian dollars. The notes funded under the Credit Agreement at December 31, 1998, have maturities ranging from 1 to 36 months. The interest rate on the notes is established, subject to the terms of the note, at the lender's base lending rate (based on LIBOR) plus .10%. Interest rates on the notes payable outstanding at December 31, 1998, ranged from 5.17734% to 6.73%, with a weighted-average interest rate of 5.7268%. The Credit Agreement contains certain financial covenants that the Company must maintain, including minimum specified net worth and borrowing base requirements. As of December 31, 1998 and 1997, $755,000,000 and $642,152,000, respectively, was outstanding under the Credit Agreement and unused commitment was $215,786,000 and $328,900,000, respectively, reduced for the borrowings of Agricredit Acceptance Canada Ltd.

Of the total outstanding borrowings, $755,000,000 was funded by De Lage Landen Ireland Company (DLL Ireland). The Credit Agreement expired on December 31, 1996; however, the Credit Agreement allows for automatic extension for an additional thirty day periods unless Rabobank Nederland in its sole discretion elects not to grant such extension. The notes payable under the Credit Agreement are secured by the finance receivables, wholesale notes receivable, and crop input receivables.

The Company has entered into interest rate swap agreements with Rabo Capital Services (an affiliated Company) and DLL Ireland on portions of its short-term borrowings. The swap agreements require the payment of fixed rates and receipt of floating rates of interest based on LIBOR. The Company enters into the swap agreements in order to more closely match the interest rates and maturities of the borrowings to those of the receivables being funded. The differential to be paid or received on the swap agreements is recognized as an adjustment to interest expense. At December 31, 1998, the total

AGRICREDIT ACCEPTANCE LLC

Notes to Financial Statements

December 31, 1998 and 1997

notional principal amounts of the agreements were $601 million paying fixed rates ranging from 4.43% to 6.67% and with notional principal amounts of $232.2 million, $254.5 million, $74.8 million, $33.5 million and $6 million terminating in 1999, 2000, 2001, 2002, and 2003, respectively. For the years ended December 31, 1998 and 1997, the swaps increased the Company's interest expense by $3,098,000 and $1,741,000, respectively. The interest expense resulted from the Company exchanging its short term borrowing rate to approximately a two year borrowing rate to better match the maturity of the fixed rate notes receivable.

As part of the interest rate risk management policy, the Company has entered into certain interest rate swap agreements which are not hedges of specific assets, liabilities, or commitments. These interest rate swaps are accounted for as trading securities. The Company has entered into four swaps in which the Company pays a fixed rate of interest based on a maturity length from five to ten years. As of December 31, 1998 and 1997, the total notional principal amount of these swaps was $101 and $80 million, respectively, and the fixed interest rates on the swaps ranged from 5.83% to 6.43%. As of December 31, 1998 and 1997, the net gain on these swaps was $2,200,000 and $429,000, respectively. The net interest income for the years ended December 31, 1998 and 1997 was $735,000 and $137,000, respectively.

The following is a summary of aggregate annual maturities of notes payable and accrued interest payable on notes payable and interest rate swap agreements at December 31, 1998, (in thousands):

Notes payable in 1999	$ 755,000
Accrued interest payable on notes payable and interest rate swap agreements	2,575
	$ 757,575

(8) FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining the estimated fair values of the Company's financial instruments, the estimates, methods, and assumptions utilized are as follows:

1 Cash and Cash Equivalents - The carrying amount for cash and cash equivalents approximates the fair value because of the short-term nature of the instruments.

2 Finance Receivables - The fair value of finance receivables is calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the portfolio. The estimated maturity is based on historical experience with repayments, modified, as required, by an estimate of the effect of current economic and lending conditions. The effect of nonperforming finance receivables is considered in assessing the credit risk inherent in the fair value estimate. At December 31, 1998 and 1997, the Company estimated the fair value of its net finance receivable portfolio to be approximately $767,457,000 and $687,115,000, respectively.

3 Crop Input Receivables, Wholesale Notes Receivable, and Dealer Reserves - The carrying

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amount for crop input receivables, wholesale notes receivable, and dealer reserves approximates fair value as interest on the obligations is at a variable rate and due to the short-term nature of the instruments.

4 Notes Payable - Rates currently available for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. At December 31, 1998 and 1997, the Company estimated the fair value of notes payable (including accrued interest payable) to be approximately $755,207,000 and $642,653,000, respectively.

5 Interest Rate Swaps - The estimated fair value of the Company's interest rate swap agreements related to notes payable was at an unrealized loss of approximately $6,720,000 and $2,070,000 at December 31, 1998 and 1997, respectively. The interest rate swaps accounted for as trading securities were valued at a net gain of $2,200,000 and $429,000 at December 31, 1998 and 1997, respectively.

LIMITATIONS

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(9) PENSION PLAN

The Company sponsors a defined contribution savings plan for its eligible employees. Under the plan employees can contribute 2% to 12% of their base pay and the Company will match 100% of the first 3%. The Company contributions vest immediately to the employee. In addition, the plan has a profit sharing component whereby the Company can contribute, to the Plan from 0% to 3% of the employee's base salary based on established profitability criteria for the Company. For the years ended December 31, 1998 and 1997, the expense under the plan was $371,000 and $319,000, respectively.

(10) CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. Although the ultimate outcome of these matters cannot be ascertained at this time, it is the opinion of management that the ultimate resolution will not have a material impact on the balance sheet or results of operations of the Company.

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/A into AGCO Corporation's previously filed Registration Statements on Form S-8 (File No. 333-75591, File No. 333-75589 and File No. 333-04707).

Arthur Andersen LLP

Atlanta, Georgia
March 29, 2001

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

The Managing Board
AGCO Finance LLC (formerly Agricredit Acceptance LLC):

We consent to the inclusion of our reports dated January 28, 2000 and January 29, 1999, with respect to the financial statements of Agricredit Acceptance LLC as of and for the years ended December 31, 1999 and 1998 and the financial statements of Agricredit Acceptance LLC as of and for the years ended December 31, 1998 and 1997, respectively, which reports appear in the December 31, 1999 annual report on Form 10-K/A of AGCO Corporation.

/s/ KPMG LLP

KPMG LLP

Des Moines, Iowa
March 28, 2001