UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1996

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 0-19898

AGCO CORPORATION
(Exact name of registrant as specified in its charter)

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

4830 River Green Parkway
Duluth, Georgia 30136
(Address of principal executive offices including zip code)

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

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

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

Common stock par value $.01 per share: 57,237,156 shares outstanding as of September 30, 1996.

AGCO CORPORATION AND SUBSIDIARIES

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Part I. Financial Information
Item 1. Financial Statements

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	CONSOLIDATED		EQUIPMENT OPERATIONS	
	September 30, 1996	December 31, 1995	September 30, 1996	December 31, 1995
ASSETS	(Unaudited)		(Unaudited)	
Current Assets:				
Cash and cash equivalents	$ 28,331	$ 27,858	$ 26,759	$ 20,023
Accounts and notes receivable, net of allowances	805,218	785,801	805,218	785,801
Receivables from unconsolidated subsidiary and affiliates	4,527	4,029	7,307	4,029
Credit receivables, net	210,409	185,401	-	-
Inventories, net	481,603	360,969	481,603	360,969
Other current assets	60,894	60,442	57,560	56,950
Total current assets	1,590,982	1,424,500	1,378,447	1,227,772
Noncurrent credit receivables, net	430,534	397,177	-	-
Property, plant and equipment, net	247,564	146,521	247,257	146,172
Investments in unconsolidated subsidiary and affiliates	48,629	45,963	117,033	105,913
Other assets	56,506	44,510	56,506	44,510
Intangible assets, net	218,727	104,244	218,727	104,244
Total assets	$2,592,942	$2,162,915	$2,017,970	$1,628,611
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Current portion of long-term debt	$ 455,702	$ 361,376	$ -	$ -
Accounts payable	284,899	325,701	281,443	319,711
Payables to unconsolidated subsidiary and affiliates	16,248	4,837	16,248	9,523
Accrued expenses	266,363	233,848	254,905	223,839
Other current liabilities	11,928	13,217	11,928	13,217
Total current liabilities	1,035,140	938,979	564,524	566,290
Long-term debt	778,753	531,336	684,253	378,336
Convertible subordinated debentures	-	37,558	-	37,558
Postretirement health care benefits	24,229	23,561	24,229	23,561
Other noncurrent liabilities	38,910	42,553	29,054	33,938
Total liabilities	1,877,032	1,573,987	1,302,060	1,039,683
Stockholders' Equity:				
Common stock; $0.01 par value, 150,000,000 shares authorized, 57,237,156 and 50,557,040 shares issued and outstanding at September 30, 1996 and December 31, 1995, respectively	572	506	572	506
Additional paid-in capital	360,057	307,189	360,057	307,189
Retained earnings	372,006	287,706	372,006	287,706
Unearned compensation	(24,301)	(22,587)	(24,301)	(22,587)
Additional minimum pension liability	(2,619)	(2,619)	(2,619)	(2,619)
Cumulative translation adjustment	10,195	18,733	10,195	18,733
Total stockholders' equity	715,910	588,928	715,910	588,928
Total liabilities and stockholders' equity	$2,592,942	$2,162,915	$2,017,970	$1,628,611

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	FINANCE COMPANY	
	September 30, 1996	December 31, 1995
ASSETS	(Unaudited)	
Current Assets:		
Cash and cash equivalents	$ 1,572	$ 7,835
Accounts and notes receivable, net of allowances	-	-
Receivables from unconsolidated subsidiary and affiliates	-	4,686
Credit receivables, net	210,409	185,401
Inventories, net	-	-
Other current assets	3,334	3,492
Total current assets	215,315	201,414
Noncurrent credit receivables, net	430,534	397,177
Property, plant and equipment, net	307	349
Investments in unconsolidated subsidiary and affiliates	-	-
Other assets	-	-
Intangible assets, net	-	-
Total assets	$646,156	$598,940
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$455,702	$361,376
Accounts payable.	3,456	5,990
Payables to unconsolidated subsidiary and affiliates	2,780	-
Accrued expenses	11,458	10,009
Other current liabilities	-	-
Total current liabilities	473,396	377,375
Long-term debt	94,500	153,000
Convertible subordinated debentures	-	-
Postretirement health care benefits.	-	-
Other noncurrent liabilities	9,856	8,615
Total liabilities	577,752	538,990
Stockholders' Equity:		
Common stock; $0.01 par value, 150,000,000 shares authorized, 57,237,156 and 50,557,040 shares issued and outstanding at September 30, 1996 and December 31, 1995, respectively	1	1
Additional paid-in capital	48,834	48,834
Retained earnings	19,629	11,150
Unearned compensation	-	-
Additional minimum pension liability.	-	-
Cumulative translation adjustment	(60)	(35)
Total stockholders' equity	68,404	59,950
Total liabilities and stockholders' equity . . .	$646,156	$598,940

See accompanying notes to condensed consolidated financial statements.

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

	CONSOLIDATED		EQUIPMENT OPERATIONS	
	Three Months Ended September 30,		Three Months Ended September 30,	
	1996	1995	1996	1995
Revenues:				
Net sales	$588,859	$484,228	$588,859	$484,228
Finance income	17,646	14,411	-	-
	606,505	498,639	588,859	484,228
Costs and Expenses:				
Cost of goods sold	465,319	371,435	465,319	371,435
Selling, general and administrative expenses	59,454	47,615	56,222	44,204
Engineering expenses	7,089	7,041	7,089	7,041
Interest expense, net	20,209	16,311	10,571	8,029
Other expense (income), net	4,336	2,221	4,337	2,221
Nonrecurring expenses	6,161	855	6,161	855
	562,568	445,478	549,699	433,785
Income before income taxes and equity in net earnings of unconsolidated subsidiary and affiliates	43,937	53,161	39,160	50,443
Provision for income taxes	14,866	18,547	13,305	17,488
Income before equity in net earnings of unconsolidated subsidiary and affiliates	29,071	34,614	25,855	32,955
Equity in net earnings of unconsolidated subsidiary and affiliates	2,228	1,581	5,444	3,240
Net income	$ 31,299	$ 36,195	$ 31,299	$ 36,195
Net income per common share:				
Primary	$ 0.54	$ 0.77		
Fully diluted	$ 0.54	$ 0.65		
Weighted average number of common and common equivalent shares outstanding:				
Primary	57,572	47,086		
Fully diluted	57,598	56,944		
Dividends declared per common share	$ 0.01	$ 0.01		

See accompanying notes to condensed consolidated financial statements.

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

	FINANCE COMPANY	
	Three Months Ended September 30,	
	1996	1995
Revenues:		
Net sales	$ -	$ -
Finance income	17,646	14,411
	17,646	14,411
Costs and Expenses:		
Cost of goods sold	-	-
Selling, general and administrative expenses	3,232	3,411
Engineering expenses	-	-
Interest expense, net	9,638	8,282
Other expense (income), net	(1)	-
Nonrecurring expenses	-	-
	12,869	11,693
Income before income taxes and equity in net earnings of unconsolidated subsidiary and affiliates	4,777	2,718
Provision for income taxes	1,561	1,059
Income before equity in net earnings of unconsolidated subsidiary and affiliates	3,216	1,659
Equity in net earnings of unconsolidated subsidiary and affiliates	-	-
Net income	$ 3,216	$ 1,659

See accompanying notes to condensed consolidated financial statements.

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

	CONSOLIDATED		EQUIPMENT OPERATIONS	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Revenues:				
Net sales	$ 1,627,424	$1,486,358	$ 1,627,424	$1,486,358
Finance income	51,404	40,218	-	-
	1,678,828	1,526,576	1,627,424	1,486,358
Costs and Expenses:				
Cost of goods sold	1,294,350	1,162,920	1,294,350	1,162,920
Selling, general and administrative expenses	161,000	146,463	151,114	135,616
Engineering expenses	20,805	18,592	20,805	18,592
Interest expense, net	51,677	48,054	23,718	25,220
Other expense (income), net	8,003	5,289	8,005	5,351
Nonrecurring expenses	12,878	4,607	12,878	4,607
	1,548,713	1,385,925	1,510,870	1,352,306
Income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss	130,115	140,651	116,554	134,052
Provision for income taxes	45,570	48,848	40,488	46,275
Income before equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss	84,545	91,803	76,066	87,777
Equity in net earnings of unconsolidated subsidiary and affiliates	4,857	3,664	13,336	7,690
Income before extraordinary loss	89,402	95,467	89,402	95,467
Extraordinary loss, net of taxes	(3,503)	-	(3,503)	-
Net income	85,899	95,467	85,899	95,467
Preferred stock dividends	-	2,012	-	2,012
Net income available for common stockholders	$ 85,899	$ 93,455	$ 85,899	$ 93,455
Net income per common share:				
Primary:				
Income before extraordinary loss	$ 1.64	$ 2.06		
Extraordinary loss	(0.06)	-		
Net income	$ 1.58	$ 2.06		
Fully diluted:				
Income before extraordinary loss	$ 1.57	$ 1.71		
Extraordinary loss	(0.06)	-		
Net income	$ 1.51	$ 1.71		
Weighted average number of common and common equivalent shares outstanding:				
Primary	54,374	45,354		
Fully diluted	57,341	56,440		
Dividends declared per common share	$ 0.03	$ 0.03		

See accompanying notes to condensed consolidated financial statements.

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

	FINANCE COMPANY	
	Nine Months Ended September 30,	
	1996	1995
Revenues:		
Net sales	$ -	$ -
Finance income	51,404	40,218
	51,404	40,218
Costs and Expenses:		
Cost of goods sold	-	-
Selling, general and administrative expenses	9,886	10,847
Engineering expenses	-	-
Interest expense, net	27,959	22,834
Other expense (income), net	(2)	(62)
Nonrecurring expenses	-	-
	37,843	33,619
Income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss	13,561	6,599
Provision for income taxes	5,082	2,573
Income before equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss	8,479	4,026
Equity in net earnings of unconsolidated subsidiary and affiliates	-	-
Income before extraordinary loss	8,479	4,026
Extraordinary loss, net of taxes	-	-
Net income	8,479	4,026
Preferred stock dividends	-	-
Net income available for common stockholders	$ 8,479	$ 4,026

See acompanying notes to condensed consolidated financial statements.

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

	CONSOLIDATED		EQUIPMENT OPERATIONS	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Cash flows from operating activities:				
Net income	$85,899	$95,467	$85,899	$95,467
Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
Extraordinary loss, net of taxes	3,503	-	3,503	-
Depreciation and amortization	20,496	17,621	20,398	17,529
Equity in net earnings of unconsolidated subsidiary and affiliates, net of cash received	(4,857)	(3,664)	(13,336)	(7,690)
Deferred income tax provision (benefit)	14,530	29,632	14,593	31,282
Amortization of intangibles	3,833	2,917	3,833	2,917
Amortization of unearned compensation	11,981	3,995	11,981	3,995
Provision for losses on credit receivables	2,931	4,005	-	-
Changes in operating assets and liabilities, net of effects from purchase of businesses:				
Accounts and notes receivable, net	1,106	(101,534)	(1,674)	(98,996)
Inventories, net	(72,905)	(71,030)	(72,905)	(71,030)
Other current and noncurrent assets	(10,132)	(2,842)	(10,326)	(2,793)
Accounts payable	(40,607)	(19,386)	(42,759)	(17,872)
Accrued expenses	26,106	4,345	24,682	3,434
Other current and noncurrent liabilities	1,902	(5,641)	661	(5,972)
Total adjustments	(42,113)	(141,582)	(61,349)	(145,196)
Net cash provided by (used for) operating activities	43,786	(46,115)	24,550	(49,729)
Cash flows from investing activities:				
Purchase of businesses, net of cash acquired	(287,426)	(27,364)	(287,426)	(27,364)
Purchase of property, plant and equipment	(26,513)	(24,471)	(26,484)	(24,354)
Credit receivables originated	(307,079)	(265,552)	-	-
Principal collected on credit receivables	245,783	190,505	-	-
Proceeds from disposition of (investments in) unconsolidated subsidiary and affiliates	1,181	(1,710)	1,181	(1,710)
Net cash used for investing activities	(374,054)	(128,592)	(312,729)	(53,428)
Cash flows from financing activities:				
Proceeds on long-term debt, net	341,744	173,057	305,918	109,300
Payment of debt issuance costs	(10,590)	-	(10,590)	-
Proceeds from issuance of common stock	1,680	850	1,680	850
Dividends (paid) received on common stock	(1,599)	(670)	(1,599)	1,330
Dividends paid on preferred stock	-	(2,420)	-	(2,420)
(Payments) proceeds on short-term borrowings from unconsolidated subsidiary and affiliates, net	-	-	-	(7,249)
Net cash provided by financing activities	331,235	170,817	295,409	101,811
Effect of exchange rate changes on cash and cash equivalents	(494)	848	(494)	848
Increase (decrease) in cash and cash equivalents	473	(3,042)	6,736	(498)
Cash and cash equivalents, beginning of period	27,858	25,826	20,023	21,844
Cash and cash equivalents, end of period	$28,331	$22,784	$26,759	$21,346

See accompanying notes to condensed consolidated financial statements.

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

	FINANCE COMPANY Nine Months Ended September 30, 1996	1995
Cash flows from operating activities:		
Net income	$ 8,479	$ 4,026
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Extraordinary loss, net of taxes	-	-
Depreciation and amortization	98	92
Equity in net earnings of unconsolidated subsidiary and affiliates, net of cash received	-	-
Deferred income tax provision (benefit)	(63)	(1,650)
Amortization of intangibles	-	-
Amortization of unearned compensation	-	-
Provision for losses on credit receivables	2,931	4,005
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Accounts and notes receivable, net	-	-
Inventories, net	-	-
Other current and noncurrent assets	194	(49)
Accounts payable	4,932	(4,052)
Accrued expenses	1,424	911
Other current and noncurrent liabilities	1,241	331
Total adjustments	10,757	(412)
Net cash provided by(used for)operating activities	19,236	3,614
Cash flows from investing activities:		
Purchase of businesses, net of cash acquired	-	-
Purchase of property, plant and equipment	(29)	(117)
Credit receivables originated	(307,079)	(265,552)
Principal collected on credit receivables	245,783	190,505
Proceeds from disposition of (investments in) unconsolidated subsidiary and affiliates	-	-
Net cash used for investing activities	(61,325)	(75,164)
Cash flows from financing activities:		
Proceeds on long-term debt, net	35,826	63,757
Payment of debt issuance costs	-	-
Proceeds from issuance of common stock	-	-
Dividends (paid) received on common stock	-	(2,000)
Dividends paid on preferred stock	-	-
(Payments) proceeds on short-term borrowings from unconsolidated subsidiary and affiliates, net	-	7,249
Net cash provided by financing activities	35,826	69,006
Effect of exchange rate changes on cash and cash equivalents	-	-
Increase (decrease) in cash and cash equivalents	(6,263)	(2,544)
Cash and cash equivalents, beginning of period	7,835	3,982
Cash and cash equivalents, end of period	$ 1,572	$ 1,438

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of AGCO Corporation and subsidiaries (the "Company" or "AGCO") included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, to present fairly the Company's financial position, results of operations and cash flows at the dates and for the periods presented. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. Interim results of operations are not necessarily indicative of results to be expected for the fiscal year.

The accompanying condensed consolidated financial statements include, on a separate, supplemental basis, the Company's Equipment Operations and its Finance Company. "Equipment Operations" reflect the consolidation of all operations of the Company and its subsidiaries with the exception of Agricredit Acceptance Company ("Agricredit"), a wholly-owned finance subsidiary, which is included using the equity method of accounting. The results of operations of Agricredit are included under the caption "Finance Company." All significant intercompany transactions, including activity within and between the Equipment Operations and Finance Company, have been eliminated to arrive at the "Consolidated" financial statements. Certain prior period amounts have been reclassified to conform with the current period presentation.

2. ACQUISITIONS

Effective June 28, 1996, the Company acquired certain assets and liabilities of the agricultural and industrial equipment business of Iochpe-Maxion S.A. (the "Maxion Agricultural Equipment Business") for consideration consisting of approximately $260.0 million (the "Maxion Acquisition"). The Maxion Acquisition was financed primarily by borrowings under the Company's $650.0 million revolving credit facility and was funded on July 1, 1996. The acquired assets and assumed liabilities consist primarily of accounts receivable, inventories, property, plant and equipment (including two manufacturing facilities), accounts payable and accrued liabilities. Prior to the acquisition, the Maxion Agricultural Equipment Business was AGCO's Massey Ferguson licensee in Brazil, manufacturing and distributing agricultural tractors under the Massey Ferguson brand name, industrial loader-backhoes under the Massey Ferguson and Maxion brand names and combines under the Massey Ferguson and IDEAL brand names.

The following unaudited pro forma data summarizes the results of operations for the nine months ended September 30, 1996 and 1995 as if the Maxion Acquisition, and the related financings, had occurred at the beginning of 1995. The unaudited pro forma information has been prepared for comparative purposes only and does not purport to represent what the results of operations of the Company would actually have been had the transaction occurred on the dates indicated or what the results of operations may be in any future period.

	Nine Months Ended September 30, 1996	Nine Months Ended September 30,1995
	(in thousands, except per share data)	
Net sales and finance income.	$ 1,771,963	$ 1,771,909
Net income (1).	44,418	54,056
Net income per common share - fully diluted (1)	0.82	0.97

(1) For the nine months ended September 30, 1996, amount excludes extraordinary loss, net of taxes of $3,503, or $0.06 per common share on a fully diluted basis.

3. CHARGES FOR NONRECURRING EXPENSES

The results of operations included a charge for nonrecurring expenses of $6.2 million, or $0.07 per common share on a fully diluted basis, for the three months ended September 30, 1996 and $12.9 million, or $0.15 per common share on a fully diluted basis, for the nine months ended September 30, 1996. This charge related to the further restructuring of the European operations, which was acquired in the Massey Acquisition in June 1994 and the integration and restructuring of the Maxion Agricultural Equipment Business, which was acquired in June 1996 (Note 2).

The nonrecurring charge for the further restructuring of the European operations included costs associated with the centralization of certain parts warehousing, administrative, sales and marketing functions. The $9.2 million nonrecurring charge recorded through September 30, 1996 included $7.1 million for employee related costs consisting primarily of severance costs and $2.1 million for other nonrecurring costs. Included in the $7.1 million of employee related costs was $1.0 million of payroll costs incurred through September 30, 1996 for personnel that have been terminated or will be terminated in future periods. Of the total $9.2 million charge, $5.2 million has been incurred at September 30, 1996. The remaining accrual of $4.0 million primarily consists of employee severance costs which relate to the planned reduction of 86 employees, of which 54 employees have been terminated at September 30, 1996.

The nonrecurring charge for the integration and restructuring of the Maxion Agricultural Equipment Business included costs associated with the rationalization of manufacturing, sales, and administrative functions. The $3.7 million recorded for the three months ended September 30, 1996 included $2.3 million for employee related costs, including severance costs, and $1.4 million for other nonrecurring costs. Included in the $2.3 million of employee related costs was $1.0 million of payroll costs incurred through September 30, 1996 for personnel that have been terminated or will be terminated in future periods. Of the total $3.7 million charge, $2.5 million has been incurred through September 30, 1996, with the remaining accrual of $1.2 million primarily related to employee severance. The employee severance costs relate to the planned reduction of 260 employees, of which 180 employees have been terminated at September 30, 1996.

The results of operations for the three and nine months ended September 30, 1995 included a charge for nonrecurring expenses of $0.9 million, or $0.01 per common share on a fully diluted basis, and $4.6 million, or $0.05 per common share on a fully diluted basis, respectively, which was a portion of the Company's $19.5 million charge recorded through December 31, 1995 primarily related to the initial integration and restructuring of the European operations related to the Massey Acquisition. The nonrecurring charge for the nine months ended September 30, 1995 included $3.0 million for employee severance and $1.6 million for certain data processing expenses. All of the costs associated with the $19.5 million charge recorded through December 31, 1995 have been incurred.

4. LONG-TERM DEBT

Long-term debt consisted of the following at September 30, 1996 and December 31, 1995 (in thousands):

	September 30, 1996	December 31, 1995
Revolving credit facility - Equipment Operations.	$ 436,332	$ 378,336
Revolving credit facility - Finance Company	550,202	514,376
Senior subordinated notes	247,921	-
	$ 1,234,455	$ 892,712

In March 1996, the Company issued $250.0 million of 8 1/2% Senior Subordinated Notes due 2006 (the "Notes") at 99.139% of their principal amount. The Notes are unsecured obligations of the Company and are redeemable at the option of the Company, in whole or in part, at any time on or after March 15, 2001 initially at 104.25% of their principal amount, plus accrued interest, declining ratably to 100% of their principal amount plus accrued interest, on or after March 15, 2003. The Notes include certain covenants, including covenants restricting the incurrence of indebtedness and the making of certain restrictive payments, including dividends. The net proceeds from the sale of the Notes were used to repay outstanding indebtedness under the Company's $550.0 million secured revolving credit facility.

In March 1996, the Company replaced its $550.0 million secured revolving credit facility (the "Old Credit Facility") with a five-year $650.0 million unsecured credit facility (the "New Credit Facility"). Aggregate borrowings outstanding under the New 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 will accrue on borrowings outstanding under the New Credit Facility primarily at LIBOR plus an applicable margin, as defined. The New Credit Facility contains certain covenants, including covenants restricting the incurrence of indebtedness and the making of certain restrictive payments, including dividends. In addition, the Company must maintain certain financial covenants including, among others, a debt to capitalization ratio, an interest coverage ratio and a ratio of debt to cash flow, as defined. As of September 30, 1996, approximately $436.3 million was outstanding under the New Credit Facility and available borrowings were approximately $210.5 million.

5. EXTRAORDINARY LOSS

During the first quarter of 1996, as part of the refinancing of the Old Credit Facility with the New Credit Facility, the Company recorded an extraordinary loss of $3.5 million, net of taxes of $2.2 million, for the write-off of unamortized debt costs related to the Old Credit Facility.

6. CONVERTIBLE SUBORDINATED DEBENTURES

In June 1995, the Company exchanged all of its outstanding 2,674,534 depositary shares (the "Exchange"), each representing 1/10 of a share of $16.25 Cumulative Convertible Exchangeable Preferred Stock (the "Preferred Stock"), into $66.8 million of its 6.5% Convertible Subordinated Debentures due 2008 (the "Convertible Subordinated Debentures"). The effect of this transaction resulted in a reduction to stockholders' equity and an increase to liabilities in the amount of $66.8 million. The Convertible Subordinated Debentures were convertible at any time at the option of the holder into shares of the Company's common stock at a conversion rate of 157.85 shares of common stock for each $1,000 principal amount of the debentures. In addition, on or after June 1, 1996, the Convertible Subordinated Debentures were redeemable at the option of the Company initially at an amount equivalent to $1,045.50 per $1,000 principal amount of the debentures and thereafter at prices declining to an amount equivalent to the face amount of the debentures on or after June 1, 2003, plus all accrued and unpaid interest.

In April 1996, the Company announced its election, effective June 1, 1996, to redeem all of its outstanding Convertible Subordinated Debentures. Prior to the execution of the redemption, all of the outstanding Convertible Subordinated Debentures were converted into common stock. Since December 31, 1995, $37.6 million of outstanding Convertible Subordinated Debentures were converted into approximately 5,920,000 shares of the Company's common stock.

7. NET INCOME PER COMMON SHARE

Primary net income per common share is computed by dividing net income available for common stockholders (net income less preferred stock dividend requirements) by the weighted average number of common and common equivalent shares outstanding during each period. Common equivalent shares include shares issuable upon the assumed exercise of outstanding stock options. Fully diluted net income per common share assumes (i) conversion of the Convertible Subordinated Debentures into common stock after the Exchange and the elimination of interest expense related to the Convertible Subordinated Debentures, net of applicable income taxes and (ii) the conversion of the Preferred Stock into common stock and the elimination of the preferred stock dividend requirements prior to the Exchange.

8. INVENTORIES

Inventories consist primarily of farm tractors, combines, implements, hay and forage equipment and service parts and are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis. Market is net realizable value for finished goods and repair and replacement parts. For work in process, production parts and raw materials, market is replacement cost.

Inventory balances at September 30, 1996 and December 31, 1995 were as follows (in thousands):

	September 30, 1996	December 31, 1995
Finished goods	$ 193,162	$ 121,034
Repair and replacement parts	219,237	196,863
Work in process, production parts and raw materials	116,680	84,505
Gross inventories	529,079	402,402
Allowance for surplus and obsolete inventories	(47,476)	(41,433)
Inventories, net	$ 481,603	$ 360,969

9. SUBSEQUENT EVENT

Effective November 1, 1996, the Company entered into an agreement with De Lage Landen International, B.V., a wholly owned subsidiary of Cooperatieve Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" (together, "Rabobank") to be its joint venture partner in Agricredit, the Company's retail finance subsidiary in North America (the "Agricredit Joint Venture"). As a result of the agreement, the Company sold a 51% interest in Agricredit to Rabobank. The Company received total consideration of approximately $44.3 million in the transaction. Under the Agricredit Joint Venture, Rabobank will have a 51% interest in Agricredit and the Company will retain a 49% interest in the finance company. Substantially all of the net assets of Agricredit were transferred to the Agricredit Joint Venture. The Agricredit Joint Venture will continue the current business of Agricredit and seek to build a broader asset-based finance business.

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

GENERAL

The Company's operations are subject to the cyclical nature of the agricultural industry. Sales of the Company's equipment have been affected by changes in net cash farm income, farm land values, weather conditions, the demand for agricultural commodities and general economic conditions. The Company's operations are expected to be subject to such conditions in the future. Sales are recorded by the Company when equipment and replacement parts are shipped by the Company to its independent dealers. To the extent possible, the Company attempts to ship products on a level basis throughout the year to reduce the effect of seasonal demands on its manufacturing operations and to minimize its investment in inventory. Retail sales by dealers to farmers ("settlements") are highly seasonal and are a function of the timing of the planting and harvesting seasons. As a result, the Company's net sales and operating results have historically been the lowest in the first quarter and have increased in subsequent quarters.

Effective June 28, 1996, the Company acquired certain assets and liabilities of the agricultural and industrial equipment business of Iochpe-Maxion S.A. (the "Maxion Acquisition"). As a result of the Maxion Acquisition, the Company expanded its product offerings and the geographic scope of its distribution network to include Brazil. See Note 2 of the Notes to the Condensed Consolidated Financial Statements for further discussion.

RESULTS OF OPERATIONS

NET INCOME

The Company recorded net income for the three months ended September 30, 1996 of $31.3 million compared to $36.2 million for the three months ended September 30, 1995. Net income per common share on a fully diluted basis was $0.54 and $0.65 for the three months ended September 30, 1996 and 1995, respectively. Net income for the nine months ended September 30, 1996 was $85.9 million compared to $95.5 million for the same period in 1995. Net income per common share on a fully diluted basis was $1.51 and $1.71 for the nine months ended September 30, 1996 and 1995, respectively. Net income for the three and nine months ended September 30, 1996 included nonrecurring expenses of $6.2 million, or $0.07 per share on a fully diluted basis, and $12.9 million, or $0.15 per share on a fully diluted basis, respectively, related to the further restructuring of the Company's European operations, which was acquired in the Massey Acquisition in June 1994, and the integration and restructuring of the Maxion Agricultural Equipment Business, which was acquired in June 1996 (see "Charges for Nonrecurring Expenses"). In addition, net income for the nine months ended September 30, 1996 included an extraordinary after-tax charge of $3.5 million, or $0.06 per share on a fully diluted basis, for the write-off of unamortized debt costs related to the refinancing of the revolving credit facility for the Company's Equipment Operations (see "Liquidity and Capital Resources"). Net income for the three and nine months ended September 30, 1995 included nonrecurring expenses of $0.9 million, or $0.01 per share on a fully diluted basis, and $4.6 million, or $0.05 per share on a fully diluted basis, respectively, related to the Massey Acquisition (see "Charges for Nonrecurring Expenses"). The Company's results were negatively impacted by losses in the newly acquired Brazilian operations as a result of the poor industry conditions currently experienced in the region. Excluding nonrecurring expenses, the extraordinary after-tax charge and the impact of the Brazilian operations, the Company's results were slightly improved over 1995, primarily the result of sales growth in existing markets.

RETAIL SALES

Conditions in the United States and Canadian agricultural equipment markets continue to be favorable in 1996 compared to 1995. Industry unit retail sales of tractors for the nine months ended September 30, 1996 increased 6.4% over the same period in 1995, while unit retail sales of combines and hay and forage equipment decreased 1.6% and 3.8%, respectively, compared to the prior year. The Company believes general market conditions continue to be positive due to favorable economic conditions relating to high net cash farm incomes, strong commodity prices and increased export demand. The industry combine retail sales were partly impacted by dry weather conditions in the South and Southwest United States and a late planting season resulting in a late harvest in the Midwest. Industry retail sales of hay and forage equipment were below the prior year primarily due to a softness in the cattle market resulting from low commodity prices.

Company unit settlements of tractors in the United States and Canada increased in line with the industry for the nine months ended September 30, 1996 compared to 1995. The increase in tractor settlements was attributable to the favorable industry conditions as well as the impact of the Company's expanded dealer network, which resulted primarily from dealers entering into crossover contracts whereby an existing dealer carrying one of the Company's brands contracts to sell an additional AGCO brand. In addition, the Company continues to benefit from the successful acceptance of improved tractor product offerings, including the new Massey Ferguson high horsepower tractors which were introduced in the middle of 1995. Company unit settlements of combines increased significantly compared to the prior year due to increased sales to contract harvesters. Company unit settlements of hay and forage equipment were below the prior year and slightly below the industry decrease primarily due to the unfavorable industry conditions and the Company choosing not to match the aggressive retail financing programs of its major competitors during the first quarter of 1996.

Industry conditions in Western Europe continue to be favorable with retail sales of tractors increasing approximately 8.8% for the nine months ended September 30, 1996 compared to the prior year primarily due to higher net cash farm incomes, improved economic conditions, increased export demand and strong commodity prices. Retail sales of Massey Ferguson tractors continue to outperform the industry compared to 1995 with the most significant increases in France, Spain and Scandinavia due to the Company's focus on dealer development. Outside North America and Western Europe, industry retail sales of tractors also showed gains in many markets where the Company competes due to a general improvement in economic conditions. Retail sales of Massey Ferguson tractors increased compared to 1995 particularly in the Middle East, Africa and Australia primarily due to the Company's strong distribution channels in these markets. Industry conditions in Brazil remain depressed in 1996 relative to historic volumes following the suspension and subsequent reinstatement of Brazilian Central Bank loan programs.

REVENUES

Total revenues for the three months ended September 30, 1996 were $606.5 million, representing an increase of $107.9 million or 21.6% over total revenues of $498.6 million for the same period in 1995. Total revenues for the nine months ended September 30, 1996 increased 10.0% to $1,678.8 million compared to $1,526.6 million for 1995. A significant portion of the increase is the result of the Company's sales of $48.1 million in Brazil for the three months ended September 30, 1996 resulting from the Maxion Acquisition. Excluding sales in Brazil, the Company achieved net sales increases in its international operations of $25.2 million and $85.2 million for the three and nine months ended September 30, 1996, respectively, compared to the prior year. The increases for both periods primarily related to increased sales of tractors due to the Company's favorable retail sales performance and increased sales of non-tractor products resulting from the Company's efforts to expand non-tractor sales in international markets. The Company also experienced increased net sales of $31.4 million and $7.7 million for the three and nine months ended September 30, 1996, respectively, compared to the prior year in its North American operations primarily due to the Company's strong retail sales in 1996. Total revenues also increased from the prior periods due to increases in finance income of $3.2 million and $11.2 million for the three and nine months ended September 30, 1996, respectively, associated with the operations of Agricredit. The increase in finance income was primarily due to the growth in Agricredit's credit receivable portfolio as a result of Agricredit's continued penetration into the Company's North American dealer network.

COSTS AND EXPENSES

Cost of goods sold of the Company's Equipment Operations for the three months ended September 30, 1996 was $465.3 million (79.0% of net sales) compared to $371.4 million (76.7% of net sales) for the same period in 1995. For the first nine months of 1996, cost of goods sold was $1,294.4 million (79.5% of net sales) compared to $1,162.9 million (78.2% of net sales). Gross profit, defined as net sales less cost of goods sold, was $123.5 million (21.0% of net sales) for the three months ended September 30, 1996 as compared to $112.8 million (23.3% of net sales) for the same period of the prior year. Gross profit for the first nine months of 1996 was $333.1 million (20.5% of net sales) as compared to $323.4 million (21.8% of net sales) for the same period of the prior year. Gross margins were negatively impacted for both periods by the following: (1) lower margins related to its Brazilian operations acquired in the Maxion Acquisition and (2) a change in the mix of products sold, particularly due to a reduction in high margin North American parts sales, a shift in North American sales from higher margin utility tractors (under 100 horsepower) to high horsepower tractors (over 100 horsepower) and increased sales of combines in Europe, which have lower margins.

Selling, general and administrative expenses for the three months ended September 30, 1996 were $59.5 million (9.8% of total revenues) compared to $47.6 million (9.5% of total revenues) for the same period last year. For the first nine months of 1996, selling, general and administrative expenses were $161.0 million (9.6% of total revenues) compared to $146.5 million (9.6% of total revenues) for the same period in 1995. The increase in selling, general and administrative expenses for both the three and nine months ended September 30, 1996 was primarily due to an increase in sales volume and an increase in the amortization of stock-based compensation expense of $3.2 million and $11.2 million, respectively, over the prior year related to the Company's long-term incentive plan which is tied to stock price appreciation. Excluding

Agricredit and the amortization expense related to the long-term incentive plan, the Company's Equipment Operations had selling, general and administrative expenses of $49.9 million (8.5% of net sales) and $41.1 million (8.5% of net sales) for the three months ended September 30, 1996 and 1995, respectively. For the first nine months of 1996 and 1995, the Company's Equipment Operations, excluding Agricredit and the amortization expense related to the long-term incentive plan, had selling, general and administrative expenses of $134.4 million (8.3% of net sales) and $130.0 million (8.7% of net sales), respectively. The decrease as a percentage of net sales for the nine months ended September 30, 1996 was primarily due to the successful cost reduction efforts in the Company's European operations.

Engineering expenses for the Company's Equipment Operations were $7.1 million (1.2% of net sales) for the three months ended September 30, 1996 compared to $7.0 million (1.5% of net sales) for the same period in 1995. Engineering expenses for the nine months ended September 30, 1996 were $20.8 million (1.3% of net sales) and $18.6 million (1.3% of net sales) for the same period in the prior year. The decrease as a percentage of net sales for the three months ended September 30, 1996 compared to the prior year was primarily due to the timing of engineering expenses related to the development of a new Massey Ferguson utility tractor line.

Interest expense, net was $20.2 million for the three months ended September 30, 1996 compared to $16.3 million for the same period in the prior year. Interest expense, net for the nine months ended September 30, 1996 was $51.7 million compared to $48.1 million for the same period in 1995. For the three months ended September 30, 1996, the Company had higher interest expense, net compared to 1995 in its Equipment Operations resulting from additional borrowings related to the Maxion Acquisition and increased interest expense, net relating to Agricredit due to the additional borrowings associated with the increase in the credit receivable portfolio. For the nine months ended September 30, 1996, the Company also had higher interest expense, net relating to Agricredit which was slightly offset by lower interest expense, net in its Equipment Operations compared to 1995 resulting from increased interest income related to dealer accounts receivable.

Other expense, net was $4.3 million for the three months ended September 30, 1996 compared to $2.2 million for the same period in 1995. Other expense, net was $8.0 million for the nine months ended September 30, 1996 compared to $5.3 million for the same period in 1995. The increase in other expense, net for both periods was primarily due to foreign exchange losses in 1996 compared to foreign exchange gains in 1995 related to the sale of the Company's products internationally and increased amortization of intangibles related to the Maxion Acquisition.

Nonrecurring expenses were $6.2 million and $12.9 million for the three and nine months ended September 30, 1996, respectively. Nonrecurring expenses were $0.9 million and $4.6 million for the three and nine months ended September 30, 1995, respectively. The nonrecurring charge recorded in 1996 related to the further restructuring of the European operations which was acquired in the Massey Acquisition in June 1994 and the integration and restructuring of the Brazilian operations which was acquired in the Maxion Acquisition in June 1996. The nonrecurring charge recorded in 1995 primarily related to costs associated with the initial integration and restructuring of the European operations. See "Charges for Nonrecurring Expenses" for further discussion.

The Company recorded income tax provisions of $14.9 million and $18.5 million for the three months ended September 30, 1996 and 1995, respectively. For the nine months ended September 30, 1996 and 1995, the Company recorded income tax provisions of $45.6 million and $48.8 million, respectively. For both periods, the Company paid income taxes at rates below statutory rates due to the utilization of net operating loss carryforwards. Due to the availability of net operating loss carryforwards acquired in the Massey Acquisition, the Company expects to continue paying taxes at effective rates substantially below statutory rates in the near future.

Equity in net earnings of unconsolidated affiliates was $2.2 million and $1.6 million for the three months ended September 30, 1996 and 1995, respectively. Equity in net earnings of unconsolidated affiliates was $4.9 million and $3.7 million for the nine months ended September 30, 1996 and 1995, respectively. The increase in equity in net earnings of unconsolidated affiliates related to the Company's pro-rata share in net earnings of certain equity investments in the European operations.

FINANCE COMPANY OPERATIONS

Agricredit, the Company's wholly owned finance subsidiary, recorded net income of $3.2 million and $1.7 million for the three months ended September 30, 1996 and 1995, respectively. Agricredit recorded net income of $8.5 million and $4.0 million for the nine months ended September 30, 1996 and 1995, respectively. Retail acceptances were approximately $281.8 million for the nine months ended September 30, 1996 and $242.4 million for the same period in the prior year. The increase was primarily the result of the strong retail demand for the Company's products during the nine months ended September 30, 1996 and Agricredit's continued penetration in the Company's North American dealer network.

Effective November 1, 1996, the Company formed a strategic alliance with a subsidiary of Cooperatieve Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank") as its joint venture partner in Agricredit (the "Agricredit Joint Venture"). Under the Agricredit Joint Venture, Rabobank has a 51% interest in Agricredit and the Company retains a 49% interest in the finance company. The Company received proceeds of approximately $44.3 million in the transaction. The Agricredit Joint Venture will continue the current business of Agricredit and seek to build a broader asset-based finance business. The Company's benefits from the transaction also include deleveraging the consolidated balance sheet by approximately $550.0 million and the redeployment of approximately $44.3 million of capital. The Company has similar joint venture arrangements with Rabobank and its affiliates with respect to its retail finance companies located in the United Kingdom, France and Germany.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financing requirements for its Equipment Operations are subject to variations due to seasonal changes in inventory and dealer receivable levels. In March 1996, the Company replaced its $550.0 million secured revolving credit facility (the "Old Credit Facility") with a five-year $650.0 million unsecured revolving credit facility (the "New Credit Facility") (see Note 4 of the Notes to the Condensed Consolidated Financial Statements). The New Credit Facility is the Company's primary source of financing for its Equipment Operations and provides increased borrowing capacity over the Old Credit Facility. Borrowings under the New Credit Facility may not exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. As receivables and inventories fluctuate, borrowings under the New Credit Facility fluctuate as well. As of September 30, 1996, approximately $436.3 million was outstanding under the New Credit Facility and available borrowings were approximately $210.5 million.

In March 1996, the Company issued $250.0 million of 8 1/2% Senior Subordinated Notes due 2006 (the "Notes") at 99.139% of their principal amount (see Note 4 of the Notes to the Condensed Consolidated Financial Statements). The net proceeds from the sale of the Notes were used to repay outstanding indebtedness under the Old Credit Facility. The sale of the Notes provided the Company with subordinated capital and replaced a portion of its floating rate debt with longer term fixed rate debt.

The Company's finance subsidiary, Agricredit, obtains funds from a $630.0 million revolving credit agreement (the "Agricredit Revolving Credit Agreement") to finance its credit receivable portfolio. Borrowings under the Agricredit Revolving Credit Agreement are based on the amount and quality of outstanding credit receivables and are generally issued for terms with maturities matching anticipated credit receivable liquidations. As the credit receivable portfolio fluctuates, borrowings under the Agricredit Revolving Credit Agreement fluctuate as well. As of September 30, 1996, approximately $550.2 million was outstanding under the Agricredit Revolving Credit Agreement and available borrowings were approximately $73.5 million. Effective November 1, 1996, as a result of the Agricredit Joint Venture, the Agricredit Revolving Credit Agreement was replaced with a new credit agreement with Rabobank.

In April 1996, the Company announced its election, effective June 1, 1996, to redeem all of its outstanding 6.5% Convertible Subordinated Debentures due 2008 (the "Convertible Subordinated Debentures") (see Note 6 of the Notes to the Condensed Consolidated Financial Statements). Prior to the execution of the redemption, all of the outstanding Convertible Subordinated Debentures were converted into common stock. Since December 31, 1995, $37.6 million of outstanding Convertible Subordinated Debentures were converted into approximately 5,920,000 shares of the Company's common stock.

The Company's working capital requirements for its Equipment Operations are seasonal, with investments in working capital typically building in the first and second quarters and then reducing in the third and fourth quarters. As of September 30, 1996, the Company's Equipment Operations had $813.9 million of working capital, an increase of $152.4 million over working capital of $661.5 million as of December 31, 1995. The increase in working capital was primarily due to working capital acquired in the Maxion Acquisition and normal seasonal requirements, particularly in receivables and inventories.

Cash flow provided by operating activities was $43.8 million for the nine months ended September 30, 1996 as compared to cash flow used for operating activities of $46.1 million for the same period last year. The increase in cash flow provided by operating activities was primarily due to the collection of receivables in 1996 related to unusually high accounts receivable levels in the European operations at December 31, 1995 which resulted from significantly higher sales in late 1995 than in late 1994 and due to the strong retail sales in North America during the first nine months of 1996 which resulted in a lower seasonal increase of dealer inventories compared to 1995.

Capital expenditures for the first nine months of 1996 were $26.5 million compared to $24.5 million for the same period in 1995. The Company anticipates that additional capital expenditures for the remainder of 1996 will range from approximately $20.0 million to $25.0 million and will primarily be used to support the development and enhancement of new and existing products.

Agricredit's credit receivable originations exceeded credit receivable payments by $61.3 million for the nine months ended September 30, 1996. The increase in Agricredit's credit receivable portfolio will result in increased finance income in future periods. The credit receivable originations were financed through additional borrowings under the Agricredit Revolving Credit Agreement.

In October 1996, the Company's board of directors declared a common stock dividend of $0.01 per share for the third quarter of 1996. 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 New Credit Facility, available cash and internally generated funds will be sufficient to support its working capital, capital expenditures and debt service requirements for the foreseeable future.

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

CHARGES FOR NONRECURRING EXPENSES

The Company identified approximately $12.0 million of nonrecurring expenses related to the further restructuring of the Company's European operations, acquired in June 1994 as a result of the Massey Acquisition. The Company recorded $9.2 million of nonrecurring expenses during the first nine months of 1996 to recognize a portion of these costs. These costs are primarily related to the centralization of certain parts warehousing, administrative, sales and marketing functions (see Note 3 of the Notes to the Condensed Consolidated Financial Statements). The Company expects to record the remaining $2.8 million of nonrecurring expenses in 1996 and to complete the restructuring by mid-1997. Savings from the further restructuring of the European operations are expected to result primarily from reduced selling, general and administrative expenses primarily relating to the Company's parts warehousing, administrative, sales and marketing functions.

The Company identified $5.0 million to $6.0 million of nonrecurring expenses related to the integration and restructuring of the Company's Brazilian operations, acquired in June 1996 as a result of the Maxion Acquisition. The Company recorded $3.7 million of nonrecurring expenses during the third quarter of 1996 to recognize a portion of these costs. These costs are primarily related to the rationalization of manufacturing, sales and administrative functions designed to resize the operations to current sales and production volumes (see Note 3 of the Notes to the Condensed Consolidated Financial Statements). Savings from the integration and restructuring of the Brazilian operations are expected to result primarily in reduced selling, general and administrative expenses and product cost reductions. The Company expects to record the remaining $1.8 million of nonrecurring expenses in 1996 and 1997 and to complete the integration by 1997. While the Company believes that cost savings from its restructuring plan can be attained, there can be no assurance that all objectives of the restructuring will be achieved.

In the first nine months of 1995, the Company recorded nonrecurring expenses of $4.6 million which was a portion of the Company's $19.5 million charge recorded through December 31, 1995 primarily related to the initial integration and restructuring of the European operations. These costs primarily related to the centralization and rationalization of the European operations' administrative, sales, and marketing functions. All of the costs associated with the $19.5 million charge recorded through December 31, 1995 have been incurred.

FORWARD LOOKING STATEMENTS

Certain information included in Management's Discussion and Analysis of Financial Condition and Results of Operations constitute forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although the Company believes that the expectations reflected in such forward looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Additionally, the Company's financial results are sensitive to movement in interest rates and foreign currencies, as well as general economic conditions, pricing and product actions taken by competitors, production disruptions and changes in environmental, international trade and other laws which impact the way in which it conducts it business.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

11.0 - Statement re: Computation of Per Share Earnings.

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

(b) Reports on Form 8-K

None

SIGNATURES

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

AGCO CORPORATION
Registrant

Date: November 14, 1996 Chris E. Perkins

Chris E. Perkins
Vice President and Chief Financial Officer

EXHIBIT INDEX

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

Exhibit 11

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

	Three Months Ended September 30,	
PRIMARY EARNINGS PER SHARE	1996	1995
Weighted average number of common shares outstanding	57,208	46,406
Shares issued upon assumed exercise of outstanding stock options	364	680
Weighted average number of common and common equivalent shares outstanding	57,572	47,086
Income before extraordinary loss	$31,299	$36,195
Extraordinary loss	-	-
Net income	31,299	36,195
Preferred stock dividends	-	-
Net income available for common stockholders	$31,299	$36,195
Net income per common share:		
Income before extraordinary loss	$ 0.54	$ 0.77
Extraordinary loss	-	-
Net income	$ 0.54	$ 0.77
FULLY DILUTED EARNINGS PER SHARE		
Weighted average number of common shares outstanding	57,208	46,406
Shares issued upon assumed conversion of the Convertible Subordinated Debentures	-	9,856
Shares issued upon assumed exercise of outstanding stock options (2)	390	682
Weighted average number of common and common equivalent shares outstanding	57,598	56,944
Income before extraordinary loss	$31,299	$36,195
Extraordinary loss	-	-
Net income	31,299	36,195
Interest expense on Convertible Subordinated Debentures, net of applicable income taxes	-	636
Net income available for common stockholders	$31,299	$36,831
Net income per common share:		
Income before extraordinary loss	$ 0.54	$ 0.65
Extraordinary loss	-	-
Net income	$ 0.54	$ 0.65

(1) All numbers of shares in this exhibit are weighted on the basis of the number of days the shares were outstanding or assumed to be outstanding during each period. All share data has been restated to reflect the two-for-one stock split, effected January 31, 1996.

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

Exhibit II

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

	Nine Months Ended Septmeber 30,	
PRIMARY EARNINGS PER SHARE	1996	1995

Weighted average number of common shares outstanding	53,913	44,726
Shares issued upon assumed exercise of outstanding stock options	461	628
Weighted average number of common and common equivalent shares outstanding	54,374	45,354
Income before extraordinary loss	$89,402	$95,467
Extraordinary loss	(3,503)	-
Net income	85,899	95,467
Preferred stock dividends	-	2,012
Net income available for common stockholders	$85,899	$93,455
Net income per common share:		
Income before extraordinary loss	$ 1.64	$ 2.06
Extraordinary loss	(0.06)	-
Net income	$ 1.58	$ 2.06
FULLY DILUTED EARNINGS PER SHARE		
Weighted average number of common shares outstanding	53,913	44,726
Shares issued upon assumed conversion of the Convertible Subordinated Debentures	2,969	10,974
Shares issued upon assumed exercise of outstanding stock options (2)	459	740
Weighted average number of common and common equivalent shares outstanding	57,341	56,440
Income before extraordinary loss	$89,402	$95,467
Extraordinary loss	(3,503)	-
Net income	85,899	95,467
Interest expense on Convertible Subordinated Debentures, net of applicable income taxes	529	811
Net income available for common stockholders	$86,428	$96,278
Net income per common share:		
Income before extraordinary loss	$ 1.57	$ 1.71
Extraordinary loss	(0.06)	-
Net income	$ 1.51	$ 1.71

(1) All numbers of shares in this exhibit are weighted on the basis of the number of days the shares were outstanding or assumed to be outstanding during each period. All share data has been restated to reflect the two-for-one stock split, effected January 31, 1996.

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

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9-MOS
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JAN-01-1996
SEP-30-1996
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481,603
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1,627,424
1,678,828
1,294,350
1,294,350
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6,972
51,677
130,115
45,570
89,402
0
(3,503)
0
85,899
1.58
1.51