

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

/x/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 {NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996} FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 {NO FEE REQUIRED} FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER: 0-19898

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

DELAWARE (STATE OR OTHER JURISIDICITION OF INCORPORATION OR ORGANIZATION) 58-1960019 (I.R.S. EMPLOYER IDENTIFICATION NO.)

4830 RIVER GREEN PARKWAY, DULUTH, GEORGIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) 30136 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (770) 813-9200

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

Table with 2 columns: TITLE OF EACH CLASS, NAME OF EACH EXCHANGE ON WHICH REGISTERED. Row 1: 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 14, 1997 was \$1,701,484,000. As of such date, there were 62,458,886 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, 1996 are incorporated by reference in Part II.

Portions of the definitive Proxy Statement for the Annual Meeting of Stockholders to be held on April 23, 1997 are incorporated by reference in Part III.

Item 1. BUSINESS

AGCO Corporation ("AGCO" or the "Company") was incorporated in Delaware in April 1991. The Company's executive offices are located at 4830 River Green Parkway, Duluth, Georgia 30136, and its telephone number is 770-813-9200. Unless otherwise indicated, all references in this Form 10-K to the Company include the Company's subsidiaries.

THE COMPANY

AGCO is a leading manufacturer and distributor of agricultural equipment throughout the world. The Company sells a full range of agricultural equipment and related replacement parts, including tractors, combines, hay tools and forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: Massey Ferguson, AGCO Allis, GLEANER, Hesston, White, SAME, Landini, White-New Idea, Black Machine, AGCOSTAR, Glencoe, Tye, Farmhand, Maxion, IDEAL, Western Combine, PMI, Deutz (South America) and Fendt. The Company distributes its products through a combination of over 7,500 independent dealers, wholly-owned distribution companies, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France and Germany through its finance joint ventures with Cooperative Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank").

AGCO was organized in June 1990 by an investment group formed by management to acquire the successor to the agricultural equipment business of Allis-Chalmers, a company which began manufacturing and distributing agricultural equipment in the early 1900s. Since its formation in June 1990, AGCO has grown substantially through a series of 14 acquisitions for consideration aggregating approximately \$1,222.7 million. These acquisitions have allowed the Company to broaden its product line, expand its dealer network and establish strong market positions in several new markets throughout North America, South America, Western Europe and the rest of the world. The Company has achieved significant cost savings and efficiencies from its acquisitions by eliminating duplicative administrative, sales and marketing functions, rationalizing its dealer network, increasing manufacturing capacity utilization and expanding its ability to source certain products and components from third party manufacturers. In addition to acquisitions, the Company has increased its sales in North America by entering into a substantial number of crossover contracts with its dealers whereby a dealer carrying one of the Company's brands also contracts to sell additional AGCO brands or products. The Company has also grown through successful expansion of its product offerings, particularly related to the sale of complementary non-tractor products through its international distribution channel, and new product introductions.

ACQUISITION HISTORY

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

White Tractor Acquisition. In May 1991, the Company acquired the White Tractor Division ("White") of Allied Products Corporation ("Allied"), together with over 600 dealer contracts (the "White Acquisition"). White's net sales in its full fiscal year preceding the acquisition were approximately \$58.3 million. As a result of the White Acquisition, the Company commenced the manufacture of higher horsepower tractors at its Independence, Missouri facility, ensuring for AGCO an uninterrupted supply of higher horsepower tractors and increasing utilization at its Independence facility.

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

equipment industry, and it enabled the Company to expand its dealer network by entering into a substantial number of crossover contracts.

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

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

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

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

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

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

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

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

Fendt Acquisition. In January 1997, the Company acquired the operations of Xaver Fendt GmbH & Co. KG ("Fendt") (the "Fendt Acquisition"). Fendt, which had 1995 sales of approximately \$580.0 million, manufactures and sells tractors ranging from 45 to 260 horsepower through a network of independent agricultural cooperatives and dealers in Germany and a network of dealers and distributors throughout Europe. With this acquisition, AGCO has leading market shares in Germany and France, two of Europe's largest agricultural equipment markets.

PRODUCTS

Tractors

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

All compact tractors are sold under the Massey Ferguson brand name and are typically used on small farms and in specialty agricultural industries such as dairies, orchards and vineyards. The Company offers a full range of tractors in the 40 to 100 horsepower category, including both two-wheel and all-wheel drive versions. The Company sells mid-range tractors in this category under the Massey Ferguson, AGCO Allis, White, SAME and Landini brand names. As a result of recent acquisitions, the Company will also sell mid-range tractors under the Deutz (South America) and Fendt brand names in 1997. The mid-range tractors are typically used on small and medium-sized farms and in specialty agricultural industries. The Company also offers a full range of tractors in the over-100 horsepower segment ranging primarily from 100 to 425 horsepower. High horsepower tractors are typically used on larger farms and on cattle ranches for hay production. The Company sells high horsepower tractors under the Massey Ferguson, AGCO Allis, White, Landini and AGCOSTAR brand names. In 1997, the Company will also sell high horsepower tractors under the Deutz (South America) and Fendt brand names. Tractors accounted for approximately 60%, 61% and 51% of the Company's net sales in 1996, 1995 and 1994, respectively.

Combines

Combines are large, self-propelled machines used for the harvesting of crops, such as corn, wheat, soybeans and barley. The Company sells combines under the GLEANER, Massey Ferguson and IDEAL brand names. As a result of the Deutz Argentina Acquisition, the Company will also sell combines under the Deutz Fahr brand name in 1997. GLEANER combines utilize a rotary grain handling system, which provides superior harvesting in moist conditions and over adverse terrain and ensures maximum yield and grain quality. Depending on the market, Massey Ferguson combines are sold with conventional or rotary technology while the IDEAL combines sold in South America utilize conventional technology. All combines are complemented by a variety of crop-harvesting heads, available in different sizes, which are designed to maximize harvesting speed and efficiency while minimizing crop loss. Combines accounted for 11%, 10% and 11% of the Company's net sales in 1996, 1995 and 1994, respectively.

Hay Tools and Forage Equipment, Implements and Other Products

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

The Company also distributes a wide range of implements, planters and other equipment for its product lines. Tractor-pulled implements are used in field preparation and crop management. Implements include disk harrows, which improve field performance by cutting through crop residue, leveling seed beds and mixing chemicals with the soil; min-tills, which break up soil and mix crop residue into topsoil, with or without prior disking; and field cultivators, which prepare a smooth seed bed and destroy weeds. Tractor-pulled planters apply fertilizer and place seeds in the field. Other equipment includes tractor-pulled manure

spreaders, which fertilize fields with the controlled application of sludge or solid manure, and loaders, which are used for a variety of tasks including lifting and transporting hay crops. The Company sells implements, planters and other products under the Hesston, White-New Idea, Black Machine, Massey Ferguson, Tye, Farmhand, Glencoe and PMI brand names. As a result of the Deutz Argentina Acquisition, the Company will also sell agricultural implements under the Deutz (South America) brand name in 1997. Hay tools and forage equipment, implements and other products accounted for 12%, 11% and 15% of the Company's net sales in 1996, 1995 and 1994, 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.

The Company expanded its replacement parts business with sales of a line of "all makes" parts in North America that are generic to the industry and are marketed under the Value Line brand name. These products also have application to competitor's products, enhance the dealers' service capability and supplement the Company's proprietary products. Replacement parts accounted for approximately 17%, 18% and 23% of the Company's net sales in 1996, 1995 and 1994, respectively.

MARKETING AND DISTRIBUTION

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

Western Europe

Fully assembled tractors and other Massey Ferguson-branded equipment are marketed by wholly-owned distribution companies in the United Kingdom, France, Germany, Norway, Spain, Denmark and Sweden. In addition, the Company utilizes an associate company to distribute Massey Ferguson-branded products in Italy. These distribution companies support a combined network of approximately 1,500 independent dealers in Western Europe. In addition, the Company sells through independent distributors in the remainder of Western Europe, which distribute through approximately 500 Massey dealers. As a result of the Fendt Acquisition, the Company also manufactures and sells Fendt branded equipment through a network of independent agricultural cooperatives and dealers in Germany and a network of dealers and distributors throughout Europe. In most cases, dealers carry competing or complementary products from other manufacturers. Sales in Western Europe accounted for 43%, 45% and 29% of the Company's net sales in 1996, 1995 and 1994, respectively.

North America

The Company markets and distributes its farm machinery, equipment and replacement parts to farmers in North America through a network of dealers supporting approximately 7,000 dealer contracts. Each of the Company's approximately 2,800 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 products lines. The Company has been able to increase sales, as well as dealer focus on its products, by establishing crossover contracts. Sales in North America accounted for 36%, 38% and 57% of the Company's net sales in 1996, 1995 and 1994, respectively.

South America

The Company markets and distributes its farm machinery, equipment and replacement parts to farmers in South America through several different networks. In Brazil and Argentina, the Company distributes products directly to independent dealers supporting either the Massey Ferguson, IDEAL, Maxion or Deutz (South America) brand names. Outside of Brazil and Argentina, the Company sells its products in South America through independent distributors. In Brazil, federal laws are extremely protective of the dealers and prohibit a manufacturer from selling any of its products in Brazil except through its dealer network. Additionally, each dealer has the exclusive right to sell its manufacturer's product in its designated territory and as a result, no dealer may represent more than one manufacturer. Sales in South America accounted for 4%, 1% and 1% of the Company's net sales in 1996, 1995 and 1994, respectively.

Rest of the World

Outside Western Europe, North America and South America, the Company operates primarily through a network of approximately 2,600 independent distributors and dealers, as well as associates and licensees, marketing the Company's products and providing customer service support in approximately 100 countries in Africa, the Middle East, Eastern 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 also 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 17%, 16% and 13% of the Company's net sales in 1996, 1995 and 1994, 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, Morocco and Saudi Arabia. Licensees are entities in which the Company has no direct ownership interest, most notably in Pakistan, Poland 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 and Ennery, France and regional parts facilities in Spain and Denmark. The Company supports its sales of replacement parts in North America through its master parts warehouse in Batavia, Illinois and regional warehouses throughout North America. In South America, replacement parts are maintained and distributed primarily from its manufacturing facilities.

Market Conditions and 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.

The outlook for worldwide sales of agricultural equipment expenditures remains positive. In North America, as a result of low worldwide grain stocks, high commodity prices and government payments to farmers under the new U.S. Farm Bill, net cash farm income has remained at high levels and farmer balance sheets remain strong enabling farmers to make necessary purchases of

equipment in 1997. These factors should increase farmers' confidence and result in continued replacement demand for agricultural equipment.

The Western European agricultural market continues to benefit from increased export demand and high commodity prices. These items should continue to support the farmers' replacement demand. Over the longer term, demand for farm equipment in some parts of Europe is expected to exhibit a slow, modest decline due to a shift toward fewer but larger farms. This consolidation is expected to be offset, to some extent, by increased sales of more expensive higher horsepower equipment to support larger farms.

Beginning in the second half of 1995, the Brazilian agricultural equipment market experienced a significant decline due to high farm debt levels and the Brazilian Central Bank's suspension of all loans for agricultural purposes under the FINAME loan program. Although the loan program has been reinstated, the high farm debt levels have negatively impacted farm equipment sales in 1996 and may impact results in 1997. In general, outside of North America and Western Europe, continued general economic improvement, the increasing affluence of the population in certain developing countries and the increased availability of funding sources should positively support equipment demand. As a result of these favorable market conditions, the Company's production levels in 1997 are forecasted to be modestly higher than the prior year.

Dealer Support and Supervision

The Company believes that one of the most important criteria affecting a farmer's decision to purchase a particular brand of equipment is the quality of the dealer who sells and services the equipment. The Company provides significant support to its dealers in order to improve the quality and size of its dealer network. The Company monitors each dealer's performance and profitability as well as establishes programs which focuses on the continual improvement of the dealer. In North America, the Company also identifies open markets with the greatest potential for each brand and selects an existing AGCO dealer, or a new dealer, who would best represent the brand in that territory. AGCO protects each existing dealer's territory and will not place the same brand within that protected area. Internationally, the Company also focuses on the development of its dealers. The Company analyzes, on an ongoing basis, the regions of each country where market share is not acceptable. Based on this analysis, an additional dealer may be needed in that territory, or a nonperforming dealer may need to be replaced or refocused on performance standards.

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

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

WHOLESALE FINANCING

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

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

sales are backed by letters of credit or credit insurance.

RETAIL FINANCING

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

MANUFACTURING AND SUPPLIERS

Manufacturing and Assembly

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

Western Europe

The Company's manufacturing operations in Western Europe are performed in tractor manufacturing facilities located in Coventry, England and Beauvais, France. The Coventry facility produces Massey Ferguson tractors ranging from 32 to 95 horsepower that are sold worldwide in fully-assembled form or as CKD kits for final assembly by licensees and associates. The Beauvais facility produces 60 to 180 horsepower tractors sold in fully-assembled form. Consistent with the Company's United States manufacturing operations, a significant number of components, including engines and transaxles, are purchased from outside suppliers. The Company formed a joint venture with Renault Agriculture S.A. ("Renault"), for the manufacture of driveline assemblies for high horsepower AGCO and Renault tractors at the Company's facility in Beauvais (the "GIMA Joint Venture"). By sharing overhead and engineering costs, the GIMA Joint Venture has resulted in a decrease in the cost of these components. As a result of the Fendt Acquisition, the Company acquired three facilities in Germany located in Marktobendorf, Baumenheim and Kempton where Fendt tractors and other products are manufactured.

North America

The Company currently manufactures and assembles GLEANER combines, combine heads and 125 to 215 horsepower AGCO Allis and White tractors at its Independence, Missouri facility. A significant number of components for the Company's AGCO Allis and White high horsepower tractors and GLEANER combine products, including engines and transaxles, are manufactured by outside suppliers. The Company currently leases a manufacturing facility in Coldwater, Ohio, where it produces its White-New Idea line of hay tools and forage equipment and implements, Black Machine planters, AGCOSTAR tractors, cultivating and tillage equipment marketed under the Glencoe brand name and tillage equipment and loaders marketed under the Farmhand brand name. The Company leases a manufacturing facility in Lockney, Texas where it produces drill planters and tillage equipment marketed under the Tye brand name. The Company's Hesston product line of hay tools and forage equipment is manufactured in Hesston, Kansas by HFI. The HFI partnership agreement provides for HFI to manufacture hay tools and forage equipment for sale to the Company and Case at cost. By sharing the facilities with Case, the Company is able to increase HFI's capacity utilization and reduce the Company's product cost by sharing overhead and product development costs. The Company also maintains a facility in Queretaro, Mexico where tractors are assembled for distribution in the Mexican market.

South America

Through recent acquisitions, the Company has acquired manufacturing facilities in Brazil and Argentina. In Brazil, the Company currently manufactures and assembles Massey Ferguson tractors and industrial loader-backhoes at its facility in Canoas, Rio Grande do Sul. The Company also acquired a manufacturing facility in Santa Rosa, Rio Grande do Sul where it produces conventional combines marketed under the Massey Ferguson and IDEAL brand names. Additionally, the Company acquired three

manufacturing facilities in Haedo, Araus and San Luis, Argentina. In 1997, the Company began manufacturing tractors and engine components and assembling light duty trucks in Haedo. The Company also manufactures combines in Araus and assembles diesel engines and transaxles in San Luis.

Third-Party Suppliers

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

The Company purchases certain products it distributes from third party suppliers. The Company purchases its AGCO Allis and White tractor lines ranging from 40 to 130 horsepower and SAME tractors from S+L+H S.p.A., ("SLH"), an Italian manufacturer. The Company also purchases standard and specialty tractors from Landini S.p.A. ("Landini"). The Company distributes these tractors under the Landini brand name in the United States and Canada and under the Massey Ferguson brand name outside of North America. In addition, certain Massey Ferguson tractor models are purchased from licensees in Poland and Turkey, and Massey Ferguson compact tractors are purchased from Iseki & Company, Limited, a Japanese manufacturer. The Massey Ferguson conventional combine, distributed in Western Europe and the rest of the world, is manufactured by Dronningborg Industries a/s, an associated company in which the Company has an ownership interest, located in Randers, Denmark. The Company also purchases its Massey Ferguson implements from various third-party suppliers.

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

COMPETITION

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

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

ENGINEERING AND RESEARCH

The Company makes significant expenditures for engineering and applied research to improve the quality and performance of its products and to develop new products. The Company expended approximately \$27.7 million (1.2% of net sales), \$24.1 million (1.2% of net sales) and \$19.4 million (1.5% of net sales) in 1996, 1995 and 1994, 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, GLEANER, White, Hesston, New Idea, SAME, Landini, Black Machine, AGCOSTAR, Tye, Farmhand, Glencoe, Maxion, IDEAL, Western Combine, PMI, Deutz (South America) and Fendt trade and brand names, important in the operation of its businesses; however, the Company does not believe it is dependent on any single patent, trademark or trade name or group of patents or trademarks, trade names or brand names. AGCO, GLEANER, Hesston, Massey Ferguson, AGCOSTAR, New Idea, Tye, Farmhand and Glencoe are registered trademarks of the Company.

EMPLOYEES

As of December 31, 1996, the Company employed approximately 7,800 employees, including approximately 2,300 employees in the United States and Canada. Approximately 500 employees at the Company's Independence, Missouri facility are covered by a collective bargaining agreement which expires in May 2000. Approximately 600 employees at the Company's Coldwater, Ohio facility are covered by a collective bargaining agreement which expires in April 1998. In Western Europe, the Company's manufacturing employees are generally represented by unions. Approximately 1,300 employees are covered under a collective bargaining agreement in the United Kingdom which expires in March 1998. In addition, approximately 650 employees are covered under a collective bargaining agreement in France which expired in December 1996. The Company is currently in negotiation with the unions in France relating to the terms of new agreements. In South America, the Company's manufacturing employees are also generally represented by unions. As a result of the Fendt Acquisition, the Company's manufacturing employees in Germany are also generally represented by unions.

ENVIRONMENTAL MATTERS AND OTHER GOVERNMENT REGULATION

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

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

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

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 its 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.

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.

The North American Free Trade Agreement ("NAFTA") and the General Agreement on Tariffs and Trade ("GATT"), in particular, may affect worldwide agricultural markets. The United States, Canada and Mexico have implemented NAFTA which reduces internal trade restrictions between the three countries. Import duties were eliminated for some products on January 1, 1994, while duties for other economically and politically sensitive commodities and products will be gradually eliminated over a 15-year period. The Uruguay Round of GATT concluded in 1994. This agreement promised to reduce agricultural export subsidies over a period of years beginning in 1995 and grants access for many products that were previously restricted. The next round of GATT negotiations are scheduled to occur in 1999. The Company cannot predict with certainty the effect which existing and future trade agreements may have on the Company's operations.

FINANCIAL INFORMATION ON GEOGRAPHICAL AREAS

For financial information on geographic areas, see page 49 of the Annual Report to Stockholders for the year ended December 31, 1996, which is incorporated herein by reference.

Item 2. PROPERTIES

The principal properties of the Company as of December 31, 1996 are as follows:

LOCATION	DESCRIPTION OF PROPERTY	LEASED (SQ. FT.)	OWNED (SQ. FT.)
North America:			
Duluth, Georgia	Corporate Office		47,000
Coldwater, Ohio (A).....	Manufacturing	1,490,000	1,115,000
Hesston, Kansas (B).....	Manufacturing		450,000
Independence, Missouri	Manufacturing		
Lockney, Texas.....	Manufacturing	190,000	
Queretaro, Mexico.....	Manufacturing		13,500
Batavia, Illinois.....	Parts Distribution	309,000	
Des Moines, Iowa (C).....	Retail Finance Office	23,850	
Kansas City, Missouri	Warehouse	425,000	
International:			
Coventry, United Kingdom.....	Corporate Office/Manufacturing		4,135,150
Stoneleigh, United Kingdom.....	Training Facility/Office	56,400	
Beauvais, France.....	Manufacturing		3,724,000
Haedo, Argentina.....	Manufacturing		500,170
Araus, Argentina.....	Manufacturing		156,170
San Luis, Argentina.....	Manufacturing		57,860
Canoas, Rio Grande do Sul, Brazil.....	Manufacturing		430,900
Santa Rosa, Rio Grande do Sul, Brazil.....	Manufacturing		297,100
Athis, France.....	Warehouse		229,817
Ennery, France.....	Warehouse		269,100
Tottenham, Victoria Australia.....	Warehouse/Parts Distribution		179,960

- (A) In conjunction with the White-New Idea Acquisition in December 1993, the Company agreed to purchase the Coldwater, Ohio manufacturing facility from Allied subject to satisfactory completion of an environmental audit. During 1995, the Company entered into an agreement with Allied to lease the Coldwater, Ohio facility for a period of up to five years. During this time, Allied is responsible for the environmental clean-up of the facility, including all costs associated with the clean-up. Upon successful completion of the environmental clean-up, the Company will acquire the Coldwater, Ohio facility for the original agreed upon amount of \$3.2 million.
- (B) Owned by HFI, a joint venture in which the Company has a 50% interest.
- (C) Owned by the Agricredit Joint Venture, in which the Company has a 49% 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 19 of the Annual Report to Stockholders for the year ended December 31, 1996 is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

The information under the heading "Selected Financial Data" for the years ended December 31, 1992 through 1996 on page 19 of the Annual Report to Stockholders for the year ended December 31, 1996 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 20 through 27 of the Annual Report to Stockholders for the year ended December 31, 1996 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 28 through 50 of the Annual Report to Stockholders for the year ended December 31, 1996 are incorporated herein by reference:

Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994.

Consolidated Balance Sheets as of December 31, 1996 and 1995.

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1996, 1995 and 1994.

Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994.

Notes to Consolidated Financial Statements.

Report of Independent Public Accountants.

The information under the heading "Quarterly Results" on pages 24 and 25 of the Annual Report to Stockholders for the year ended December 31, 1996 is incorporated herein by reference.

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

Not Applicable.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

The information under the heading "Election of Directors" and the information under the heading "Directors Continuing in Office" on page 2 and 3, respectively, of the Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 1997 is incorporated herein by reference for information on the directors of the Registrant. The information under the heading "Executive Officers" on pages 26 through 28 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 1997 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 pages 28 through 29 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 1997 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 3 through 5, page 5 and pages 18 through 20, respectively, of the Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 1997 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 16 through 18 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 1997 is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under the heading "Certain Relationships and Related Transactions" on page 28 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 1997 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, 1996, are incorporated by reference in Part II, Item 8:
- Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994.
 - Consolidated Balance Sheets at December 31, 1996 and 1995.
 - Consolidated Statements of Stockholders' Equity for the years ended December 31, 1996, 1995 and 1994.
 - Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994.
 - Notes to Consolidated Financial Statements.
 - Report of Independent Public Accountants.

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

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

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

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

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

(No. 33-43437) dated April 16, 1992.

- 10.10 Stock Option Plan incorporated to the Company's Registration Statement on Form S-1 (No. 33-43437) dated April 16, 1992.
- 10.11 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.
- 10.12 Amendment to the 1991 Stock Option Plan incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.13 Amended and Restated Long-Term Incentive Plan incorporated by reference to the Company's Proxy Statement relating to the 1996 Annual Meeting.
- 10.14 Nonemployee Director Stock Incentive Plan incorporated by reference to the Company's Proxy Statement relating to the 1995 Annual Meeting.
- 10.15 Management Incentive Compensation Plan incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
- 10.16 Purchase and Sale Agreement between and among AGCO Corporation and Varity Holdings Limited, Varity GmbH, Massey Ferguson GmbH, Massey Ferguson Industries Limited, Massey Ferguson (Delaware) Inc. and Varity Corporation dated as of April 26, 1994 incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1994.
- 10.17 Credit Agreement dated as of January 14, 1997 among AGCO Corporation, AGCO Canada, Ltd., Massey Ferguson Manufacturing Limited, Massey Ferguson Limited, AGCO Limited, Massey Ferguson S.A., AGCO Holding B.V., and Massey Ferguson GmbH, the lenders listed on the signatures pages thereof; Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch ("Rabobank"), SunTrust Bank Atlanta, and Deutsche Bank AG, New York Branch, as Co-Managers; Deutsche Bank Canada, as Canadian administrative agent, and Rabobank, as administrative agent for the lenders, as amended by the parties thereto on February 24, 1997.
- 10.18 Limited Liability Company Agreement of Agricredit Acceptance LLC dated November 1, 1996.
- 10.19 Agreement dated June 27, 1996 by and between Iochpe-Maxion S.A. and AGCO Corporation incorporated by reference to the Company's current report on Form 8-K dated June 28, 1996.
- 10.20 Engine Supply Agreement dated June 27, 1996 by and between Iochpe-Maxion S.A. and AGCO Corporation incorporated by reference to the Company's current report on Form 8-K dated June 28, 1996.
- 10.21 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.
- 10.22 Employment and Severance Agreement by and between AGCO Corporation and J-P Richard.
- 10.23 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.
- 10.24 Employment and Severance Agreement by and between AGCO Corporation and James M. Seaver incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
- 10.25 Employment and Severance Agreement by and between AGCO Corporation and Daniel H. Hazelton incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

- 11.0 Statement re: Computation of Per Share Earnings.
- 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, 1996 expressly incorporated herein by reference.
- 21.0 Subsidiaries of the Registrant.
- 23.0 Consent of Arthur Andersen LLP, independent public accountants.
- 27.1 Financial Data Schedule (filed for SEC reporting purposes only)

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K dated November 1, 1996 disclosing the sale of a 51% interest in Agricredit Acceptance Company, the Company's wholly-owned retail finance subsidiary in North America, to a wholly-owned subsidiary of Cooperatieve Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" (together, "Rabobank").

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/ J-P Richard

 J-P Richard
 President and
 Chief Executive Officer
 and Director

Dated: March 28, 1997

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	March 28, 1997
/s/ J-P Richard ----- J-P Richard	President and Chief Executive Officer and Director (Principal Executive Officer)	March 28, 1997
/s/ Chris E. Perkins ----- Chris E. Perkins	Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 28, 1997
/s/ Henry J. Claycamp ----- Henry J. Claycamp	Director	March 28, 1997
/s/ William H. Fike ----- William H. Fike	Director	March 28, 1997
/s/ Gerald B. Johanneson ----- Gerald B. Johanneson	Director	March 28, 1997
/s/ Richard P. Johnston ----- Richard P. Johnston	Director	March 28, 1997
/s/ J. Patrick Kaine ----- J. Patrick Kaine	Director	March 28, 1997
/s/ Alan S. McDowell ----- Alan S. McDowell	Director	March 28, 1997
----- Charles S. Mechem, Jr.	Director	March 28, 1997
/s/ Hamilton Robinson, Jr. ----- Hamilton Robinson, Jr.	Director	March 28, 1997

ANNUAL REPORT ON FORM 10-K

ITEM 14(A)(2)

FINANCIAL STATEMENT SCHEDULE
YEAR ENDED DECEMBER 31, 1996

To the Board of Directors and
Stockholders of AGCO Corporation:

We have audited in accordance with generally accepted auditing standards, the consolidated balance sheets of AGCO CORPORATION and SUBSIDIARIES as of December 31, 1996 and 1995 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996, and have issued our report thereon dated February 5, 1997. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The accompanying Schedule II-Valuation and Qualifying Accounts is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 5, 1997

AGCO CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

DESCRIPTION -----	BALANCE AT BEGINNING OF PERIOD -----	ACQUIRED BUSINESSES -----	ADDITIONS -----			BALANCE AT END OF PERIOD -----
			CHARGED TO COSTS AND EXPENSES ----- (IN THOUSANDS)	CHARGED (CREDITED) TO OTHER ACCOUNTS -----	DEDUCTIONS -----	
YEAR ENDED DECEMBER 31, 1996						
Allowances for doubtful receivables:						
Equipment Operations	\$ 62,547 =====	\$ 3,325 =====	\$ 91,459 =====	\$ -- =====	\$(81,505) =====	\$ 75,826 =====
YEAR ENDED DECEMBER 31, 1995						
Allowances for doubtful receivables:						
Equipment Operations	\$ 60,064 -----	\$ 2,244 -----	\$ 83,970 -----	\$ -- -----	\$(83,731) -----	\$ 62,547 -----
Finance Company	10,042 -----	-- -----	4,279 -----	-- -----	(1,507) -----	12,814 -----
Consolidated receivable allowances	\$ 70,106 =====	\$ 2,244 =====	\$ 88,249 =====	\$ -- =====	\$(85,238) =====	\$ 75,361 =====
YEAR ENDED DECEMBER 31, 1994						
Allowances for doubtful receivables:						
Equipment Operations	\$ 41,327 -----	\$ 18,102 -----	\$ 66,863 -----	\$ -- -----	\$(66,228) -----	\$ 60,064 -----
Finance Company	-- -----	8,709 -----	4,691 -----	-- -----	(3,358) -----	10,042 -----
Consolidated receivable allowances	\$ 41,327 =====	\$ 26,811 =====	\$ 71,554 =====	\$ -- =====	\$(69,586) =====	\$ 70,106 =====

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
-----	-----	-----
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3.2	By-Laws of the Registrant.	-
4.1	Rights Agreement between and among AGCO Corporation and Chemical Bank.	*
4.2	Certificate of Designation of the Junior Cumulative Preferred Stock of the Company.	*
4.4	Indenture between AGCO Corporation and SunTrust Bank, as Trustee.	*
10.1	HFI Partnership Agreement.	*
10.2	Joint Venture Agreement between Massey Ferguson S.A., Renault Agriculture S.A. and Massey Ferguson Group Limited.	*
10.3	Massey Ferguson Finance France SNC Agreement among and between Massey Ferguson S.A. and DeLage Landen Leasing S.A.	*
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10.10	Stock Option Plan.	*
10.11	Form of Stock Option Agreements (Statutory and Nonstatutory).	*
10.12	Amendment to the 1991 Stock Option Plan.	*
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11.0	Statement re: Computation of Per Share Earnings.	-
12.0	Statement re: Computation of Earnings to Combined Fixed Charges.	-
13.0	Portions of AGCO Corporation Annual Report to Stockholders for the year ended December 31, 1996.	-
21.0	Subsidiaries of the Registrant.	-
23.0	Consent of Arthur Andersen LLP, independent public accountants.	-
27.1	Financial Data Schedule	-

 * Incorporated herein by reference

BY-LAWS
OF
AGCO CORPORATION

ARTICLE I
STOCKHOLDERS MEETINGS

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

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

3. SPECIAL MEETINGS. A special meeting of stockholders may be called at any time by order of the board of directors or the executive committee. Written notice of the time, place and specific purposes of such meetings shall be given by mail to each stockholder entitled to vote thereat at his address as it appears on

the records of the corporation not less than the minimum nor more than the maximum number of days prior to the scheduled date thereof permitted under the laws of Delaware, unless such notice is waived as provided in Article VIII of these By-Laws.

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

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

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

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

examine such list or the books of the corporation or to vote in person or by proxy at such meeting.

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

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

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

In the case of a meeting of stockholders which is an annual meeting, to be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders;

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

To be in proper written form, a stockholder's notice to the secretary must be set forth as to each matter such stockholder proposes to bring before the meeting (i) a brief description of the business described to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting, and (vi) in the case of the nomination of a person as a director, a brief description of the background and credentials of such person including (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the Corporation which are beneficially owned by such person,

and (D) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or as otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

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

ARTICLE II

BOARD OF DIRECTORS

1. NUMBER AND ELECTION OF DIRECTORS. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than three nor more than 13 directors, the exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the directors then in office. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Immediately following the adoption by the Corporation of this by-law, a majority of the Board of Directors shall elect Class I directors for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At the next ensuing annual meeting of stockholders (the "First Meeting"), the term of office of the Class I

directors shall expire and successors to the Class I directors shall be elected for a three-year term. At the next ensuing annual meeting of stockholders held after the First Meeting (the "Second Meeting"), the term of office of the Class II directors shall expire and successors to the Class II directors shall be elected for a three-year term. At the next ensuing annual meeting of stockholders held after the Second Meeting, the term of office of the Class III directors shall expire and successors to the Class III directors shall be elected for a three-year term. Thereafter, at each annual meeting of stockholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

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

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

3. **COMPENSATION.** The board of directors may from time to time by resolution authorize the payment of fees or other compensation to the directors for services

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

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

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

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

Notice of each meeting, other than a regular meeting (unless required by the board of directors), shall be given to each director by mailing the same to each director at his residence or business address at least two days before the meeting or by delivering the same to him personally or by telephone or telegraph to

him at least one day before the meeting unless, in case of exigency, the chairman of the board, the president or secretary shall prescribe a shorter notice to be given personally or by telephone, telegraph, cable or wireless to all or any one or more of the directors at their respective residences or places of business.

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

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

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

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

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

management's response; and meet with management and the internal auditors to discuss the corporate control environment and regulatory compliance. The audit committee is hereby authorized to perform such functions. The audit committee shall meet once before the external audit begins and again near the completion date with meetings at other times as appropriate.

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

8. NOMINATING COMMITTEE. The function of the nominating committee shall be to identify candidates and recommend to the board nominees for membership on the board of directors, and the nominating committee is hereby authorized to perform such function.

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

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

ARTICLE III

OFFICERS

1. TITLES AND ELECTION. The officers of the corporation shall be a president, a secretary and a treasurer, who shall initially be elected as soon as convenient by the board of directors and thereafter, in the absence of earlier resignations or removals, shall be

elected at the first meeting of the board following any annual stockholders' meeting, each of whom shall hold office at the pleasure of the board except as may otherwise be approved by the board or executive committee, or until his earlier resignation, removal under these By-Laws or other termination of his employment. Any person may hold more than one office if the duties can be consistently performed by the same person, and to the extent permitted by the laws of Delaware.

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

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

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

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

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

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

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

(e) TREASURER. The treasurer, subject to the order of the board of directors, shall have the care and custody of the moneys, funds, valuable papers and documents of the corporation (other than his own bond, if any, which shall be in the custody of the president), and

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

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

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

ARTICLE IV

RESIGNATIONS, VACANCIES AND REMOVALS

1. RESIGNATIONS. Any director or officer may resign at any time by giving written notice thereof to the board of directors, the president or the secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon

receipt thereof; and unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

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

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

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

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

ARTICLE V

CAPITAL STOCK

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

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

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

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

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

3. RECORD DATES. (a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix in advance a record date which, in the case of a meeting, shall be not less than the minimum nor more than the maximum number of days prior to the scheduled date of such meeting permitted under the laws of Delaware and which,

in the case of any other action, shall be not more than the maximum number of days prior to any such action permitted by the laws of Delaware.

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

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

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

ARTICLE VI

FISCAL YEAR, BANK DEPOSITS, CHECKS, ETC.

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

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

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

funds may be in facsimile if authorized in the designation.

ARTICLE VII

BOOKS AND RECORDS

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

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

ARTICLE VIII

NOTICES

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

2. WAIVERS. Any stockholder, director or officer may, in writing or by telegram or cable, at any

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

ARTICLE IX

SEAL

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

ARTICLE X

POWERS OF ATTORNEY

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

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

ARTICLE XI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

1. DEFINITIONS. As used in this article, the term "person" means any past, present or future director

or officer of the corporation or a designated officer of an operating division of the corporation.

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

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

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

in contravention of the laws of Delaware or of the United States of America whether as a matter of public policy or pursuant to statutory provision.

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

ARTICLE XII

AMENDMENTS

These By-Laws may be amended or repealed either:

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

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

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

between

(1) MASSEY FERGUSON GMBH, a company with registered office at Eschwege, Germany (hereinafter referred to as: "MF")

and

(2) DE LAGE LANDEN LEASING GMBH, a company with registered office at Dusseldorf, Germany (hereinafter referred to as: "DLL")

1. Introduction

- 1.1. DLL is (via De Lage Landen GmbH) a wholly-owned subsidiary of De Lage Landen International B.V. with registered office at Eindhoven, itself a 100% subsidiary of Cooperatieve Centrale Raiffeisen - Boerenleenbank B.A. (Rabobank Nederland) with registered office at Amsterdam.
- 1.2. MF is a wholly-owned subsidiary of Massey Ferguson Corporation, itself a subsidiary of AGCO Corporation.
- 1.3. The parties hereto will work together in providing exclusive finance programmes to Massey Ferguson dealers and Massey Ferguson endusers in Germany.
- 1.4. The basis for this co-operation is a business plan a copy of which is annexed hereto as Schedule 1. The parties hereto enter into this shareholders agreement with a firm commitment to each other to do all that they reasonably can to ensure that the business plan's targets are achieved and if possible surpassed.
- 1.5. The parties hereto intend to structure their co-operation on a basis similar to that of the co-operation between Massey Ferguson and De Lage Landen in the United Kingdom (Massey Ferguson Finance Ltd.) and France (Massey Ferguson Finance France SNC).
- 1.6. In view of these intentions the parties hereto propose to incorporate a German finance company under the legal form of a GmbH, in which DLL will participate for 51% and MF for 49%.
- 1.7. The parties hereto have agreed to govern their relationship on the terms and subject to the conditions hereinafter set out.

2. Incorporation

- 2.1. The parties hereto shall take all necessary steps to procure the incorporation of the finance company as soon as possible.
- 2.2. The company will be incorporated under the legal form of a "Gesellschaft mit beschränkter Haftung" with articles of association in the agreed terms in accordance with German law and the provisions of this Shareholders Agreement.
- 2.3. The name of the company will be: Massey Ferguson Finanzierung G.m.b.H.
- 2.4. The company will have its registered office and principal place of business at Eschwege.

3. Share capital

- 3.1. The issued share capital of the company upon incorporation shall be DM 5 million.
- 3.2. DLL shall own 51% of the issued share capital and MF shall own the other 49%.
- 3.3. The capital will be increased as the business grows, provided that the equity to balance sheet debt ratio of the company shall always be a minimum of 8%. Unless agreed otherwise an increase of the capital of the company shall always be in the proportion 51% DLL - 49% MF.

4. Objectives and territory of the company

- 4.1. The primary objectives of the company will be:
 - A. to provide finance facilities (e.g. loans, hire purchase) for:
 - (aa) products sold or otherwise dealt in by MF and/or its dealers
 - (bb) other products which do not compete as to specification and price with those falling under subparagraph (aa) above
 - (cc) secondhand products which may compete with the products referred to in subparagraph (aa) aboveand to provide product related services (e.g. warranty and credit insurance);
 - B. to provide wholesale financing (stock finance);
 - C. to carry on any associated business, approved by the Supervisory Board;
 - D. to generate wherever possible synergetic effects on the business of DLL, in so far as such activities do not endanger the main objective as set forth in subclause A above.
- 4.2. The area covered by the company will be the whole of Germany, including the former East Germany.

5. Banking license

As soon as practicable after its incorporation the company will apply for a banking license in accordance with the provisions of the German banking regulations (Kreditwesengesetz), which covers the activities of the company.

6. Management of the company

6.1. The day to day operation of the company shall be managed in accordance with the parameters laid down from time to time by the Supervisory Board (vide clause 6.3.) and the general principles of the business plan.

6.2. The company will have two Managing Directors (Geschäftsführer).

6.3. The company will have a Supervisory Board (Aufsichtsrat) who shall determine the general policy of the company.

The Supervisory Board shall have four members, two of whom will be appointed on the recommendation of DLL and the other two on the recommendation of MF. Upon incorporation of the company the members will be:

- on behalf of DLL: Mr Ph. Green and Mr R. Slaats

- on behalf of MF: Mr. D.I. Franklin and Mr. C. Perkins

One of the members appointed on the recommendation of MF will chair the Supervisory Board.

The powers of the Supervisory Board will be specified in more detail in the Articles of Association of the company. The voting rights will be defined in such a way that the DLL representatives in the Supervisory Board will have a casting vote.

7. Performance Targets

The parties hereto aim to realize a return on investment in the company of minimum 15% per annum.

MF and DLL shall do all that they reasonably can to ensure that this target will be achieved.

In view hereof the business plan will be revised from time to time.

For the purpose of this agreement return on investment is defined as Internal Return Capacity (IRC).

The IRC ratio calculates the profit realised over the normalised own funds, being 8% of the risk adjusted assets and off balance sheet transactions.

The numerator of the IRC ratio is the net profit resulting from the profit and loss account, adjusted for interest income on the surplus or shortage of equity as compared to the normalised own funds.

The denominator of the IRC ratio are the normalised own funds.

8. Funding

8.1. In order to enable the company to attract funds at a competitive rate DLL will:

- either fund the operation directly at cost of funds increased with 0.1% to cover handling costs or
- provide guarantees to the intent that the company shall be able to make use of Rabobank's triple A credit rating to attract funds at competitive rates.

For the avoidance of doubt it is stated, that it will be the sole responsibility of the management of the company to negotiate such rates.

8.2. Given the fact that DLL - being a wholly owned subsidiary of De Lage Landen International B.V., itself a bank and a 100% subsidiary of Rabobank Nederland - has a majority interest in the company and assuming the company itself will show sufficient performance and financial strength, after a couple of years DLL guarantees may no longer be required.

8.3. The obligations of DLL to fund the operation of the company directly or to provide guarantees to funding banks in accordance with clause 8.1. shall cease to be of effect if in the reasonable opinion of DLL either serious economical or political developments or any regulations made by national or European governmental authorities or other relevant authorities make the continued provision of funding or the continued provision of guarantees impossible in practice.

9. Subsidies

9.1. MF will supply or procure the supply of subsidies or discounts to the company from time to time in such a way, that the total finance cost of the Massey Ferguson products will be competitive with the rates of other financiers and/or dealers for similar products in the market.

9.2. MF shall adapt the subsidized exclusive finance programmes as an integrated part of its marketing strategy.

9.3. MF undertakes with DLL that it will not supply or procure the supply of such subsidies or discounts to any other body or person to enable them to compete with or improve on the company rates during the term of this agreement.
During the start-up period of the Company (estimated at 12 months maximum) MF and DLL acknowledge that other forms of subsidized finance may be required in those areas where MV Finance is not yet available.

10. Dividend policy

Unless decided otherwise, dividends shall be paid to the shareholders if and to the extent only that the gearing ratio (the equity to balance sheet debt ratio) at the end of the accounting year in question is and remains equal to or more than 1:12.5.

11. Trade mark licence

MF will permit or procure permission for the company to make royalty-free use of the "Massey Ferguson" trade mark, the "MF" trade mark and the triple triangle design.

12. Product failure

In the event that any product sold or otherwise dealt in by MF is returned or rejected or is the subject of a substantiated complaint by a dealer or a customer on the grounds that it is defective or is not in all respects in conformity with the provisions of any contract concerning it or any statutory requirement in respect of it, MF undertakes to DLL that it shall indemnify the company against all losses, damages or expenses resulting from such product failure.

13. Remarketing

In order to avoid or minimize any losses for the company MF undertakes to do its utmost to remarket the new stock of equipment of a dealer within the Massey Ferguson dealer network and within a reasonable period of time, if such a dealer cannot meet his obligations towards the company any longer.

14. Tax aspects

Parties will seek to structure their co-operation within the framework of legal possibilities in such a manner that the tax burdens will be minimized.

15. Internal/external auditors

15.1. The parties shall each be entitled to have the books of the company examined by their internal auditors and to be supplied with all relevant information as they may reasonably require to keep them properly informed about the business of the company and generally to protect their interests.

15.2. The external auditors of the company shall be such firm of chartered accountants as the Supervisory Board shall determine.

16. Other activities DLL

The parties hereto agree that the terms of this agreement do not prevent DLL from providing leasing - or finance services in connection with agriculture equipment other than through the company, provided that DLL shall not actively promote such other services nor enter into other joint venture or other co-operation arrangements for such services, and provided that DLL in doing so will not compete with the core business of the company.

17. Duration

17.1. Subject to clause 17.2. this agreement shall continue in full force and effect until December 31st, 2000 and thereafter unless and until terminated by one party serving on the other twelve months' written notice of termination to expire on or at any time after December 31st, 2000.

17.2. Notwithstanding the provisions of clause 17.1. either party shall be entitled to terminate this agreement forthwith on the occurrence of any of the following events:

- the other party is in material breach of its obligations under this agreement and fails to remedy the same within a reasonable period of time;
- the other party ceases or threatens to cease wholly or substantially to carry on its business;
- the other party is or threatens to be insolvent (e.g. the other party is declared bankrupt or applies for suspension of payment);
- the other party's conduct is such that the continuation of the co-operation under this agreement can no longer reasonably be asked.

17.3. If during the currency of this agreement the actual net results are materially below the targets set out in clause 7 of this agreement and in the (revised) business plan and if there is no reasonable prospect that there will be a major improvement in the results in the foreseeable future, then either party shall be entitled to terminate this agreement by serving on the other twelve months' written notice of termination to expire on or at any time after December 31st, 1996.

17.4. Following termination of this agreement its conditions shall continue to bind the parties hereto to such extent and for so long as may be necessary to give effect to the rights and obligations embodied herein.

18. Consequences of termination

18.1. Upon the termination of this agreement howsoever caused the parties shall discuss and agree what steps shall then be taken in respect of the company.

18.2. Without prejudice to the generality of clause 18.1. the parties hereto agree that in the event that this agreement is terminated by DLL pursuant to the provisions of clause 17.2. on the happening of an event of default for which MF is responsible or in the event that this agreement is terminated by either party pursuant to the provisions of clause 17.3. then and in either such case and in recognition of its financial interest in the company (by way of the provision of guarantees and the procurement of overdraft facilities and loans as well as its equity interest as a shareholder) DLL shall be entitled (should DLL in its absolute discretion so decide) to assume control over the day-to-day operations of the company.

19. Employees of the company

Except in those cases where the termination of this agreement has been caused by serious breach of contract or other default of DLL MF undertakes to DLL to use reasonable endeavours to ensure that all employees of the company who were employed while DLL was a shareholder are treated with all due consideration and that in those cases where the company and/or its subsidiaries no longer require their services, all reasonable endeavours will be made to find suitable alternative employment for such employees.

20. Costs

20.1. All costs, legal fees and other expenses related to the preparation and execution of this agreement shall be borne by the party who incurred them. All costs, legal fees, registration fees and other expenses incurred in the formation of the company shall be borne by the company.

21. Governing law

21.1. The construction, validity and performance of this agreement shall be governed in all respects by the laws of Germany.

21.2. The courts of Germany shall have exclusive jurisdiction to settle any dispute which may arise between the parties in respect of the construction, validity or performance of this agreement.

22. The terms of this agreement to prevail

In the event of any ambiguity or conflict arising between the terms of this agreement and those of the articles of association of the company, the terms of this agreement shall prevail as between the parties.

23. EC law restrictions

In case one or more clauses of this agreement prove to be in conflict with EC legislation on competition (e.g. clause 85 and 86 of the EC treaty), the parties hereto will construe their co-operation on an alternative basis which will take into account all the essentials of this agreement.

Dated: 15 February 1995

/s/ R.A.M. Slaats
Signed for and on behalf of
DE LAGE LANDEN LEASING GMBH

by: R.A.M. Slaats
Geschäftsführer

/s/ C.S.D. Lupton
Signed for and on behalf of
MASSEY FERGUSON GMBH

by: /s/ C.S.D. Lupton

AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of February 24, 1997 amends and restates the Credit Agreement dated as of January 14, 1997 among AGCO CORPORATION, a Delaware corporation ("AGCO"), AGCO CANADA, LTD., a Saskatchewan corporation (the "Canadian Subsidiary"), MASSEY FERGUSON MANUFACTURING LIMITED, an English corporation ("English Subsidiary One"), MASSEY FERGUSON LIMITED, an English corporation ("English Subsidiary Two"), AGCO LIMITED, an English corporation ("English Subsidiary Three"), MASSEY FERGUSON S.A., a French societe anonyme (the "French Subsidiary"), AGCO HOLDING B.V., a Netherlands corporation (the "Netherlands Subsidiary"), and MASSEY FERGUSON GMBH, a German corporation (the "German Subsidiary"); the Canadian Subsidiary, English Subsidiary One, English Subsidiary Two, English Subsidiary Three, the French Subsidiary, the Netherlands Subsidiary and the German Subsidiary are referred to herein collectively as the "Borrowing Subsidiaries" and individually as a "Borrowing Subsidiary"; AGCO and the Borrowing Subsidiaries are referred to herein collectively as the "Borrowers" and individually as a "Borrower"; the lenders (the "Lenders") listed on the signature pages hereof; COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH ("Rabobank"), SUNTRUST BANK, ATLANTA, and DEUTSCHE BANK AG, NEW YORK BRANCH, as co-managers (the "Co-Managers"); DEUTSCHE BANK CANADA ("Deutsche Bank Canada"), as Canadian administrative agent for the Canadian Subsidiary Lenders (together with any successor appointed pursuant to Article VII, the "Canadian Administrative Agent"), and COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH, as administrative agent for the Lenders (together with any successor appointed pursuant to Article VII, the "Administrative Agent").

PRELIMINARY STATEMENT:

The Borrowers have asked the Lenders severally to extend credit to them for the purposes of refinancing debt outstanding under the Old Credit Agreement and for other general corporate purposes, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Acceptance Fee" means, with respect to a Bankers' Acceptance accepted by a Canadian Subsidiary Lender under this Agreement, a fee payable in Canadian Dollars by the Borrower to such Lender calculated on the face amount of the Bankers' Acceptance at a rate equal to the Applicable Margin, on the basis of the number of days in the Contract Period and on the basis of a year of 365 days.

"Advance" means a Canadian Subsidiary Advance, a Multi-Currency Advance or a Letter of Credit Advance.

"Administrative Agent" has the meaning specified in the introductory paragraph of this Agreement.

"Account" means the Administrative Agent's Account or the Canadian Administrative Agent's Account, as applicable.

"Administrative Agent's Account" means,

(a) for U.S. dollars, the account of the Administrative Agent with The Bank of New York, ABA # 021000018, at its office at 245 Park Avenue, New York, New York 10167, Account No. 8026002533, Favor: Rabobank Nederland, New York Branch, Ref. AGCO/Struc. Fin.;

(b) for British pounds, the account of the Administrative Agent maintained with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", London Branch, in London, Swift # (RABOGB2L), Account No. 1429957021, Favor: Rabobank Nederland, New York Branch, Ref. AGCO/Struc. Fin.;

(c) for Dutch guilders, the account of the Administrative Agent maintained with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", Utrecht Branch, The Netherlands, Swift # RABONL2U, Account No. 3908.17.333, Favor: Rabobank Nederland, New York Branch, Ref. AGCO/Struc. Fin.;

(d) for French francs, the account of the Administrative Agent maintained with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", Paris Branch, in Paris, Swift # (RABOFRPP) Account No. 1019230100, Favor: Rabobank Nederland, New York Branch, Ref. AGCO/Struc. Fin.;

(e) for German deutschemarks, the account of the Administrative Agent maintained with Rabobank Deutschland A.G., in Frankfurt, Swift # (RABODEFF), Account No. 603-93775, Favor: Rabobank Nederland, New York Branch, Ref. AGCO/Struc. Fin.;

(f) for Italian lira, the account of the Administrative Agent maintained with Credito Italiano, in Milan, Swift # (CRITITMM), Account No. 995/84020/00, Favor: Rabobank Nederland, New York Branch, Ref. AGCO/Struc. Fin.; and

(g) for Swiss francs, the account of the Administrative Agent maintained with Union Bank of Switzerland in Zurich, Swift # (UBSWCHZH), Account No. 79.147.05H, Favor: Rabobank Nederland, New York Branch, Ref. AGCO/Struc. Fin.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, (a) by such other Person of the power to vote 5% or more of the Voting Stock of such Person or (b) by such other Person of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise; provided that no mutual fund shall be deemed to be an Affiliate of such Person solely by reason of having the power to vote 5% or more of the Voting Stock of such Person.

"AGCO" has the meaning specified in the introductory paragraph of this Agreement.

"Agent" means Administrative Agent or the Canadian Administrative Agent.

"Allowances" means, with respect to any Person on any date of determination, the aggregate amount of all allowances for surplus or obsolete Inventory that would appear as allowances with respect to Inventory on a balance sheet of such Person at such date prepared in accordance with GAAP and the policies and procedures of such Person with respect to the creation and maintenance of such allowances in effect on the date of this Agreement.

"Alternate Currency" means

(a) British pounds, Canadian Dollars, Dutch guilders, German deutschemarks, French francs, Italian lira and Swiss francs, and

(b) any other lawful currency that is freely transferable and convertible into United States dollars and that has been approved by each Lender.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance that is a Multi-Currency Advance and such Lender's Eurocurrency Lending Office for loans in another applicable currency, in the case of an Advance denominated in such other currency .

"Applicable Margin" means, on any date of determination and for any Eurocurrency Rate Advance, any Base Rate Advance for which the Base Rate is determined as provided in clause (b)(ii) of the definition thereof, Acceptance Fee or fee payable pursuant to Section 2.13(e), the percentage rate per annum determined by reference to the Applicable Rating in effect at such date of determination, as set forth below:

APPLICABLE RATING	APPLICABLE MARGIN
>=A-	0.25%
BBB+	0.35%
BBB	0.40%
BBB-	0.45%
Split Rating	0.60%
BB+	0.70%
BB	0.80%
< BB	1.25%

"Applicable Rating" means

(a) if the respective credit ratings of AGCO's senior, unsecured, long-term debt by Moody's and S&P shall be equivalent, such rating by S&P, and

(b) if the respective ratings of such debt by such rating agencies shall not be equivalent,

(i) if S&P shall rate such debt BBB- or higher and Moody's shall rate such debt Baa3 or higher, the lower of the two ratings (except that, if the lower of the two ratings shall be the Moody's rating, the S&P equivalent of such Moody's rating shall be the Applicable Rating),

(ii) if either (A) S&P shall rate such debt BBB- and Moody's shall rate such debt Ba1 or (B) S&P shall rate such debt BB+ and Moody's shall rate such debt Baa3, the Applicable Rating shall be referred to as a "Split Rating" and

(iii) in all other circumstances, the S&P rating that is the equivalent of the average of the ratings of such debt by Moody's and S&P (or, if such average falls between two ratings, the S&P rating next below such average).

Any change in the Applicable Rating shall be effective on the seventh Business Day after any modification of a rating by Moody's or S&P of AGCO's senior, unsecured, long-term debt giving rise to such change.

"Appropriate Agent" means, at any time, with respect to matters relating to the Multi-Currency Facility or Letters of Credit issued for the account of Multi-Currency Borrowers, the Administrative Agent and, with respect to matters relating to the Canadian Subsidiary Facility or Letters of Credit issued for the account of the Canadian Subsidiary, the Canadian Administrative Agent.

"Appropriate Issuing Bank" means, at any time, with respect to matters relating to Letters of Credit issued for the account of Multi-Currency Borrowers, the Multi-Currency Issuing Bank and, with respect to matters relating to the Letters of Credit issued for the account of the Canadian Subsidiary, the Canadian Issuing Bank.

"Appropriate Lender" means, at any time, with respect to any of the Multi-Currency Facility, the Letter of Credit Facility or the Canadian Subsidiary Facility, a Lender that has a Commitment with respect to such Facility at such time.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent and, if such assignment and acceptance relates to the Canadian Subsidiary Facility, the Canadian Administrative Agent, in accordance with Section 8.07 and in substantially the form of Exhibit D hereto.

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"BA Equivalent Loan" means an Advance made by a Non BA Lender and evidenced by a Discount Note.

"Bankers' Acceptance" means a bill of exchange substantially in the form of Exhibit E (or such other form as may be acceptable to the Canadian Administrative Agent) denominated in Canadian Dollars drawn by the Borrower and accepted by a Canadian Subsidiary Lender or Participant and the term "Bankers' Acceptance" shall be construed to include Discount Notes as provided in Section 2.16(k).

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to:

(a) with respect to Multi-Currency Borrowings in U.S. dollars, the higher of

(i) the rate of interest announced by the Administrative Agent, in New York, New York, from time to time, as its base rate, and

(ii) one-half of one percent per annum above the Federal Funds Rate, and

(b) with respect to Canadian Subsidiary Borrowings, the higher of

(i) the annual rate of interest announced from time to time by the Canadian Administrative Agent as its reference rate then in effect for determining interest rates on Canadian Dollar- denominated commercial loans made by the Canadian Administrative Agent in Canada, and

(ii) the rate per annum announced by the Canadian Administrative Agent as its rate for cost of funds for borrowings for a one-month period, plus the Applicable Margin.

"Base Rate Advance" means an Advance denominated in U.S. dollars and made by a Multi-Currency Lender or denominated in Canadian Dollars and made by a Canadian Subsidiary Lender, in either case that bears interest as provided in Section 2.06(a)(i).

"Borrower" and "Borrowers" have the respective meanings specified in the introductory paragraph of this Agreement; provided that additional Persons may be added to

this Agreement as Borrowers with the consent of the Agents, the Issuing Banks and each Lender.

"Borrower Outstandings" means, on any date of determination, the sum of the Multi-Currency Borrower Outstandings and the Canadian Subsidiary Outstandings on such date.

"Borrower's Account" means the account of the Borrower requesting such a Borrowing, as specified in such Borrower's Notice of Borrowing.

"Borrowing" means a Multi-Currency Borrowing or a Canadian Subsidiary Borrowing.

"Borrowing Base" means on any date of determination and for AGCO and its Restricted Subsidiaries, the sum of

- (a) (i) 0.60, multiplied by
 - (ii) (A) the sum, for all items of Inventory owned by AGCO and its Restricted Subsidiaries, of the lowest of (1) manufactured cost, determined in accordance with GAAP on a first-in, first-out basis, (2) market value and (3) acquisition cost, for each such item (or, if any such cost or value is denominated in an Alternate Currency, the Multi-Currency Equivalent in U.S. dollars of such cost or value as of such date of determination), minus
 - (B) all Allowances with respect to such Inventory, and
- (b) (i) 0.90, multiplied by
 - (ii) (A) the gross amount of Receivables owing to AGCO and its Restricted Subsidiaries (other than any such Receivables arising in respect of intercompany transactions) (calculated, with respect to all Receivables denominated in an Alternate Currency, on the basis of the Multi-Currency Equivalent in U.S. dollars of such gross amount as of any date of determination), minus
 - (B) all Reserves with respect to such Receivables,

in each case as such amounts are specified in the most recent Borrowing Base Certificate delivered to the Administrative Agent prior to such date of determination pursuant to Section 5.03(n).

"Borrowing Base Certificate" means a certificate in respect of the Inventory and Receivables of AGCO and its Restricted Subsidiaries substantially in the form of Exhibit F.

"Borrowing Subsidiary" and "Borrowing Subsidiaries" have the respective meaning specified in the introductory paragraph of this Agreement.

"Business Day" means a day of the year

(a) on which banks are not required or authorized to close in New York City or Atlanta, Georgia;

(b) if the applicable Business Day relates to any Eurocurrency Rate Advance, on which any Lender carries on dealings in the London interbank and foreign exchange markets; and

(c) if the applicable Business Day relates to any Advance in a currency other than U.S. dollars, on which banks are not required or authorized to close in the city of the jurisdiction of such currency where the Appropriate Agent's Account for such currency is located.

"Canadian Administrative Agent" has the meaning specified in the introductory paragraph of this Agreement.

"Canadian Administrative Agent's Account" means the Canadian Administrative Agent's account maintained with Deutsche Bank Canada in Toronto, Ontario, Swift # (DEUTCATT), Attention: H. Richardson, Reference AGCO Canada, Ltd, or such other account as the Canadian Administrative Agent may from time to time designate as the Canadian Administrative Agent's Account.

"Canadian Dollars" and "Cdn. \$" each means lawful money of Canada.

"Canadian Issuing Bank" means Deutsche Bank Canada and its successors and assigns hereunder as issuer of Letters of Credit for the account of the Canadian Subsidiary.

"Canadian Reference Banks" means Deutsche Bank Canada, National Bank of Canada and Bank of Montreal.

"Canadian Subsidiary" has the meaning specified in the introductory paragraph of this Agreement.

"Canadian Subsidiary Advance" has the meaning specified in Section 2.01(b).

"Canadian Subsidiary Borrowing" means a borrowing consisting of simultaneous Canadian Subsidiary Advances of the same Type made by the Canadian Subsidiary Lenders.

"Canadian Subsidiary Commitment" means, with respect to any Canadian Subsidiary Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Canadian Subsidiary Commitment" or, if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c) as such Lender's "Canadian Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.04.

"Canadian Subsidiary Facility" means, at any time, the aggregate amount of the Canadian Subsidiary Lenders' Canadian Subsidiary Commitments at such time, which shall not exceed the Multi-Currency Equivalent of U.S. \$100,000,000.

"Canadian Subsidiary Lender" means any Lender that has a Canadian Subsidiary Commitment.

"Canadian Subsidiary Outstandings" means, on any date of determination, the Multi-Currency Equivalent in U.S. dollars of

(a) the aggregate principal amount of all Base Rate Advances or Eurocurrency Rate Advances to the Canadian Subsidiary outstanding on such date of determination,
plus

(b) the aggregate face amount of all Bankers' Acceptances outstanding on such date of determination, plus

(c) the aggregate principal amount of all Letter of Credit Advances outstanding on such date of determination in respect of Letters of Credit issued for the account of the Canadian Subsidiary, plus

(d) the aggregate Available Amount of all Letters of Credit issued for the account of the Canadian Subsidiary and outstanding on such date of determination.

"Capitalized Leases" has the meaning specified in clause (e) of the definition of Debt.

"Cash Equivalents" means any of the following, to the extent owned by AGCO or a Restricted Subsidiary of AGCO free and clear of all Liens and having a maturity of not greater than 360 days from the date of issuance thereof:

(a) (i) readily marketable direct obligations of the Government of the United States, Canada, England, France or Germany, or any agency or instrumentality of any of such Governments, (ii) obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, Canada, England, France or Germany or (iii) a mutual fund investing solely in obligations of the types described in clauses (i) and (ii);

(b) insured certificates of deposit of, time deposits or banker's acceptances with or issued by any commercial bank that is

(i) a Lender,

(ii) a member of the Federal Reserve System organized under the laws of the United States or any State thereof, that has combined capital and surplus of at least U.S. \$1 billion and that issues (or the parent of which issues) commercial paper rated as described in clause (c) below or

(iii) organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development, or any jurisdiction of any thereof, that has combined capital and surplus of at least the equivalent of U.S. \$1 billion and that issues (or the parent of which issues) commercial paper rated as described in clause (c) below or with a rating by another rating agency nationally recognized in any such jurisdiction that is at least the equivalent of a rating described in clause (c) below; or

(c) commercial paper in an aggregate amount of no more than U.S. \$25,000,000 per issuer outstanding at any time, issued by

(i) any Lender or its parent, or

(ii) any corporation organized under the laws of any State of the United States, but only if such commercial paper is rated at least "Prime-1" (or the then-equivalent grade) by Moody's or "A-1" (or the then-equivalent grade) by S&P.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"Co-Managers" has the meaning specified in the introductory paragraph of this Agreement.

"Commitment" of any Lender means its Multi-Currency Commitment and/or Canadian Subsidiary Commitment and of any Issuing Bank means its Letter of Credit Commitment.

"Common Stock" means the common stock, par value U.S. \$.01 per share, of AGCO.

"Competitor" means any Person engaged in, or having an Affiliate engaged in, the business of manufacturing, sale, distribution or financing of agricultural equipment and related parts, other than a commercial bank or other financial institution.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP, except that, in the case of AGCO, notwithstanding GAAP, "Consolidated" shall refer to the consolidation of accounts of AGCO and its Restricted Subsidiaries and not of AGCO and its Subsidiaries.

"Consolidated Funded Debt" means, on any date of determination, the Funded Debt of AGCO and its Restricted Subsidiaries.

"Consolidated EBITDA" means, for any period,

(a) Consolidated Net Income (or net loss) for such period, plus

(b) Consolidated Net Interest Expense for such period and all amounts deducted in arriving at such Consolidated Net Income in respect of taxes imposed on or measured by income or excess profits (other than income taxes (either positive or negative) attributable to extraordinary and non-recurring gains or losses on sales of assets, to the extent such gains or losses are not included in the definition of Consolidated Net Income), depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than items that will require cash payments and for which an accrual or reserve is, or is required by GAAP to be, made), minus

(c) all non-cash items increasing Consolidated Net Income,

all as determined in accordance with GAAP.

"Consolidated Interest Expense" means, for any period, the sum of all amounts that would be deducted in arriving at Consolidated Net Income for such period in respect of interest charges (including amortization of debt discount and expense and imputed interest on Capitalized Leases).

"Consolidated Interest Income" means, for any period, the sum of all amounts that would be included, for purposes of determining Consolidated Net Income, as income of AGCO and its Restricted Subsidiaries for such period in respect of interest payments by third parties to AGCO and its Restricted Subsidiaries.

"Consolidated Net Income" means, for any period, the net income (or deficit) of AGCO and its Restricted Subsidiaries for such period (taken as a cumulative whole), after deducting all operating expenses, provisions for all taxes and reserves (including reserves for deferred income taxes) and all other proper deductions, after eliminating all intercompany transactions and after deducting portions of income properly attributable to minority interests, if any, in the stock and surplus of Restricted Subsidiaries, but including the income (or deficit) of

(x) any Person that becomes a Restricted Subsidiary or is merged into AGCO or a Restricted Subsidiary during such period that accrued during such period prior to the date on which it became a Restricted Subsidiary or was merged into AGCO or a Restricted Subsidiary, and

(y) any Person substantially all of the assets of which have been acquired by AGCO or a Restricted Subsidiary during such period that accrued during such period prior to the date on which such assets were acquired,

to the extent such income or deficit would appear on a pro forma income statement, or the notes thereto, prepared in accordance with Regulation S-X of the Securities and Exchange Commission, of AGCO and its Restricted Subsidiaries reflecting such event; provided that there shall be excluded for purposes of calculating Consolidated Net Income

(a) the income (or deficit) of any Person (other than a Restricted Subsidiary) in which AGCO or any Restricted Subsidiary has an ownership interest, except to the extent that any such income has been actually received by AGCO or such Restricted Subsidiary in the form of dividends or similar distributions;

(b) the undistributed earnings of any Restricted Subsidiary (other than a Borrowing Subsidiary or a Subsidiary Guarantor) to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary is not at the time permitted by the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(c) any aggregate net gain or aggregate net loss during such period arising from the sale, exchange or other disposition of capital assets (such term to include all

fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets, and all securities);

(d) any write-up of any asset, or any write-down of any asset other than Receivables or Inventory;

(e) any net gain from the collection of the proceeds of life insurance policies;

(f) any gain or loss arising from the acquisition of any securities, or the extinguishment, under GAAP, of any Debt, of AGCO or any Restricted Subsidiary;

(g) any net income or gain or any net loss during such period from any change in accounting, from any discontinued operations or the disposition thereof, from any extraordinary events or from any prior period adjustments; and

(h) any deferred credit representing the excess of equity in any Restricted Subsidiary at the date of acquisition over the cost of the investment in such Restricted Subsidiary.

"Consolidated Net Interest Expense" means, for any period,

(a) Consolidated Interest Expense for such period, minus

(b) Consolidated Interest Income for such period.

"Consolidated Net Worth" means, as of the last day of any fiscal quarter of AGCO,

(a) the sum as of such day of the capital stock (but excluding treasury stock and capital stock subscribed and unissued) and surplus (including earned surplus, capital surplus and the balance of the current profit and loss account not transferred to surplus) accounts of AGCO and its Restricted Subsidiaries appearing on a consolidated balance sheet of AGCO and its Restricted Subsidiaries, after eliminating all intercompany transactions, all amounts properly attributable to minority interests, if any, in the stock and surplus of Restricted Subsidiaries and all currency-translation gains and losses, plus

(b) the aggregate principal amount of Convertible Subordinated Debentures outstanding as of such day.

"Consolidated Tangible Net Worth" means, as of the last day of any fiscal quarter of AGCO, Consolidated Net Worth as of such day, after deducting therefrom (without duplication of deductions):

- (a) the net book amount of all assets, after deducting any reserves applicable thereto, which would be treated as intangible under GAAP, including without limitation such items as good will, trademarks, trade names, service marks, brand names, copyrights, patents and licenses, and rights with respect to the foregoing, unamortized debt discount and expense and the excess of cost of purchased Restricted Subsidiaries over equity in the net assets thereof at the date of acquisition;
- (b) any write-up in the book value of any asset on the books of AGCO or any Restricted Subsidiary resulting from a revaluation thereof subsequent to the date hereof and after the date of acquisition thereof;
- (c) all deferred charges (other than prepaid expenses); and
- (d) the amounts at which any Investment in any Person would appear on the asset side of such balance sheet.

"Consolidated Total Assets" means, as of the last day of any fiscal quarter of AGCO, the total assets of AGCO and its Restricted Subsidiaries that would appear on a consolidated balance sheet of AGCO and its Restricted Subsidiaries prepared in accordance with GAAP as of such day, after eliminating all intercompany transactions and all amounts properly attributable to minority interests, if any, in the stock and surplus of Restricted Subsidiaries.

"Contract Period" means, with respect to a Bankers' Acceptance, the term, subject to availability, selected by the Borrower and notified to the Canadian Administrative Agent in accordance with Section 2.02(a), commencing on the date of the Advance with respect to such Bankers' Acceptance or on the date of Conversion or on the date of rollover in accordance with Section 2.16(h), as applicable, and expiring on a Business Day which shall not be less than 30 days or more than 180 days thereafter, and which shall not shall not expire after the Termination Date.

"Conversion", "Convert" and "Converted" each refer to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.09.

"Convertible Subordinated Debentures" means the 6 1/2% Convertible Subordinated Debentures due 2008 of AGCO outstanding on the date hereof.

"Debt" of any Person means, without duplication,

- (a) all indebtedness of such Person for borrowed money;
- (b) all Obligations of such Person for the deferred purchase price of property or services, other than trade payables incurred in the ordinary course of business and not overdue by more than 90 days;
- (c) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments;
- (d) all Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property);
- (e) all Obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases ("Capitalized Leases");
- (f) all Obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities;
- (g) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any capital stock of or other ownership or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock, valued, in the case of Redeemable Preferred Stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;
- (h) all Guaranties of the Debt of others referred to in clauses (a) through (g) above, but excluding the Agricredit Keepwell Agreement; and
- (i) all Debt referred to in clauses (a) through (h) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including without limitation accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

For purposes of any calculation of any Debt of AGCO and its Restricted Subsidiaries, (A) there shall be no double-counting of direct obligations, Guaranties and reimbursement obligations for letters of credit; (B) the principal amount of any Debt of any Person arising by

reason of such Person having guaranteed Debt of others, where the amount of such Guaranty is limited to a specified amount that is less than the principal amount of the Debt guaranteed, shall be such amount as so limited; and (C) there shall be excluded from such Debt any Debt of a joint venture the general partner of which is a single-purpose Subsidiary of AGCO, if the joint venture is not consolidated with AGCO for financial-reporting purposes and such single-purpose Subsidiary's sole significant asset is its general partnership interest in such joint venture.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Deutsche Bank Canada" has the meaning specified in the introductory paragraph of this Agreement.

"Discount Note" means a non-interest bearing promissory note substantially in the form of Exhibit F, denominated in Canadian Dollars, issued by the Borrower to a Non BA Lender to evidence a BA Equivalent Loan.

"Discount Proceeds" means, for any Bankers' Acceptance, an amount calculated on the date of the Advance with respect to such Bankers' Acceptance or on the date of the Conversion or on the date of the rollover pursuant to Section 2.16(h), as applicable, calculated by dividing the face amount of such Bankers' Acceptance by the sum of one plus the product of (1) the Discount Rate divided by 100 and multiplied by (2) a fraction, the numerator of which is the applicable Contract Period and the denominator of which is 365.

"Discount Rate" means, with respect to a Bankers' Acceptance being issued on any date, the percentage discount rate (rounded up or down to the second decimal place with .005% being rounded up) published on the Reuters' Screen CDOR Page as the average discount bid rate for Canadian interbank bankers' acceptances having a comparable issue and maturity date as the issue and maturity date of such Bankers' Acceptance. If such percentage discount rate is not so published, the Discount Rate shall be the percentage discount rate determined by the Canadian Administrative Agent as being the arithmetic average (rounded up or down to the second decimal place with .005% being rounded up) of the percentage discount bid rate quoted on that day by each of the Canadian Reference Banks for bankers' acceptances issued by each of the Canadian Reference Banks and having a comparable issue and maturity date as the issue and maturity date of such Bankers' Acceptance.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, as the case may be,

or such other office of such Lender as such Lender may from time to time specify to the Borrowers and the Administrative Agent.

"Dormant Subsidiary" means, as of any date of determination, any Subsidiary of AGCO not conducting any business or other activities or holding any assets in excess of U.S. \$15,000 on such date.

"Eligible Assignee" means a commercial bank, a finance company, an insurance company or other financial institution (whether a corporation, partnership, trust or other entity) that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business, having a combined capital and surplus of at least U.S. \$500,000,000 and that is not a Competitor.

"English Subsidiary One" has the meaning specified in the introductory paragraph of this Agreement.

"English Subsidiary Two" has the meaning specified in the introductory paragraph of this Agreement.

"English Subsidiary Three" has the meaning specified in the introductory paragraph of this Agreement.

"Environmental Action" means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law or any Environmental Permit including without limitation

(a) any claim by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any Environmental Law, and

(b) any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to the environment or to public health and welfare in respect of Hazardous Materials.

"Environmental Law" means, with respect to any property or Person, any federal, state, local or foreign law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to such property or Person relating to the environment, public health and welfare in respect of Hazardous Materials, including without limitation CERCLA, the Resource Conservation and Recovery Act, the Hazardous Materials

Transportation Act, the Clean Water Act, the Toxic Substances Control Act, the Clean Air Act, the Safe Drinking Water Act, the Atomic Energy Act, the Federal Insecticide, Fungicide and Rodenticide Act and the Occupational Safety and Health Act, as any of the foregoing may be from time to time amended, supplemented or otherwise modified.

"Environmental Permit" means, with respect to any property or Person, any permit, approval, identification number, license or other authorization required under any Environmental Law applicable to such property or Person.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, supplemented or otherwise modified from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" of any Person means any other Person that for purposes of Title IV of ERISA is a member of such Person's controlled group, or under common control with such Person, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" with respect to any Person means

(a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan for which such Person or any of its ERISA Affiliates is the plan administrator or the contributing sponsor, as defined in Section 4001(a)(13) of ERISA unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (a) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days;

(b) the provision by the administrator of any Plan of such Person or any of its ERISA Affiliates of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA);

(c) the cessation of operations at a facility of such Person or any of its ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA;

(d) the withdrawal by such Person or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA;

(e) the failure by such Person or any of its ERISA Affiliates to make a payment to a Plan required under Section 302(f)(1) of ERISA;

(f) the adoption of an amendment to a Plan of such Person or any of its ERISA Affiliates requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or

(g) the institution by the PBGC of proceedings to terminate a Plan of such Person or any of its ERISA Affiliates, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, such Plan.

"Eurocurrency Lending Office" means, with respect to any Lender and any currency, the office of such Lender specified as its "Eurocurrency Lending Office" for such currency opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), as the case may be, or such other office of such Lender as such Lender may from time to time specify to AGCO and the Administrative Agent.

"Eurocurrency Liabilities" has the meaning specified in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurocurrency Rate" means, for any Interest Period for all Eurocurrency Rate Advances by any Lender (whether or not a commercial bank) comprising part of the same Borrowing in any currency, an interest rate per annum equal to the rate per annum

(a) in the case of currencies other than Canadian Dollars, obtained by dividing

(i) either

(A) the rate per annum for deposits in such currency that appears on page 3750 (if such currency is U.S. dollars, British pounds, German deutschemarks or Swiss francs), page 3740 (if such currency is Dutch guilders, French francs or Italian lira) of the Dow Jones Telerate Service (or any other page that may replace any such page on such service or is applicable to any other Alternate Currency, in the judgment of the Administrative Agent), or

(B) if a rate cannot be determined pursuant to clause (A) above, a rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in such currency are offered by the principal office of each of the Reference Banks as determined by the Administrative Agent (or, if the Administrative Agent is unable to obtain information as to such rate from all of the Reference Banks, as to each Reference Bank from which it has obtained such information) in London, England to prime banks in the interbank market,

at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period and for a period equal to such Interest Period, by

(ii) a percentage equal to 100%, minus the Eurocurrency Rate Reserve Percentage for such Interest Period, and

(b) in the case of Canadian Dollars, the rate per annum announced by the Canadian Administrative Agent as its rate for cost of funds for borrowings for a period equal to such Interest Period.

"Eurocurrency Rate Advance" means an Advance denominated in U.S. dollars or in an Alternate Currency that bears interest as provided in Section 2.06(a)(ii).

"Eurocurrency Rate Reserve Percentage", for any Interest Period for all Eurocurrency Rate Advances comprising part of the same Borrowing, means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Excess Proceeds" has the meaning specified in the Subordinated Debt Indenture.

"Facility" means the Multi-Currency Facility, the Canadian Subsidiary Facility or the Letter of Credit Facility.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Finance Subsidiary" means any Subsidiary of AGCO (other than a Borrower or Guarantor) engaged primarily in the business of providing retail financing to purchasers of agricultural equipment, and each Subsidiary of any of such Persons.

"Foreign Subsidiary" means a Subsidiary of AGCO not organized under the laws of the United States or any jurisdiction thereof.

"French Subsidiary" has the meaning specified in the introductory paragraph of this Agreement.

"Funded Debt" of any Person means Debt in respect of the Advances, in the case of the Borrowers, and all other Debt of such Person that by its terms matures more than one year after the date of its creation or matures within one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year after such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year after such date (but excluding trade letters of credit issued in the ordinary course of business and time drafts), including without limitation all amounts of Funded Debt of such Person required to be paid or prepaid within one year after the date of determination.

"GAAP" has the meaning specified in Section 1.03.

"German Subsidiary" has the meaning specified in the introductory paragraph of this Agreement.

"Guaranty" means any Debt or other Obligation of another Person guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement;

(a) to pay or purchase such Obligation or to advance or supply funds for the payment or purchase of such Obligation;

(b) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Obligation or to assure the holder of such Obligation against loss;

(c) to supply funds to or in any other manner invest in the obligor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered); or

(d) otherwise to assure a creditor against loss.

"Hazardous Materials" means

(a) petroleum or petroleum products, natural or synthetic gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and radon gas;

(b) any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "contaminants" or "pollutants", or words of similar import, under any applicable Environmental Law; and

(c) any other substance exposure to which is regulated under any applicable Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"Indemnified Party" has the meaning specified in Section 8.04(b).

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Period" means, for each Eurocurrency Rate Advance comprising part of the same Borrowing (or portion of the same Borrowing), the period commencing on the date of such Eurocurrency Rate Advance or the date of the Conversion of any Base Rate Advance into a Eurocurrency Rate Advance, and ending on the last day of the period selected by any Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the

last day of the period selected by the Borrower requesting a Borrowing pursuant to the provisions below. The duration of each such Interest Period shall be, for any Interest Period ending on or prior to March 31, 1997, one, two or three weeks or one, two or three months, and for any Interest Period ending on any date thereafter, one, two, three, six or, with the consent of each Appropriate Lender, nine or 12 months, as such Borrower may, upon notice received by the Administrative Agent (or, if such Borrower is the Canadian Subsidiary, the Canadian Administrative Agent) not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided that:

(a) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day; provided that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next-preceding Business Day;

(b) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month;

(c) such Borrower shall not select an Interest Period that ends after the Termination Date; and

(d) until March 31, 1997, no Interest Period shall end on a date after March 31, 1997.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Inventory" means, with respect to any Person on any date of determination, solely for purposes of calculating the Borrowing Base of such Person, all finished goods and parts owned and held for sale by such Person the amount of which would appear as inventory on a balance sheet of such Person at such date prepared in accordance with GAAP.

"Investment" in any Person means any loan or advance to such Person, any purchase or other acquisition of any capital stock, warrants, rights, options, obligations or other securities of such Person, any capital contribution to such Person or any other investment in such Person, including without limitation any arrangement pursuant to which the investor incurs

Debt of the types referred to in clauses (g), (h) and (in respect of Debt referred to in such clause (g) or (h)) (i) of the definition of "Debt" in respect of such Person.

"Issuing Bank" means either the Multi-Currency Issuing Bank or the Canadian Issuing Bank.

"L/C Cash Collateral Account" has the meaning specified in Section 6.02.

"L/C Related Documents" has the meaning specified in Section 2.13(d).

"Lenders" means the financial institutions listed as Multi-Currency Lenders or Canadian Subsidiary Lenders on the signature pages hereof and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07.

"Letter of Credit" has the meaning specified in Section 2.13(a).

"Letter of Credit Advance" means an advance made by the Issuing Bank pursuant to Section 2.13(c).

"Letter of Credit Agreement" has the meaning specified in Section 2.13(b).

"Letter of Credit Commitment" means, with respect to each Issuing Bank, the amount set forth opposite such Issuing Bank's name on Schedule I hereto under the caption "Letter of Credit Commitment", or, if such Issuing Bank has entered into an Assignment and Acceptance, set forth in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced at or prior to such time pursuant to Section 2.04.

"Letter of Credit Facility" means the aggregate Available Amounts of Letters of Credit the Issuing Banks may issue pursuant to Section 2.13(a), which shall not exceed U.S. \$75,000,000.

"Lien" means any lien, security interest or other pledge, charge or encumbrance of any kind, or any other type of preferential arrangement, including without limitation the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means this Agreement, the Notes, the Loan Party Guaranties and each Letter of Credit Agreement.

"Loan Parties" means the Borrowers, the Subsidiary Guarantors and each Person executing a Loan Party Guaranty pursuant to Section 5.01(1) or 5.02(1).

"Loan Party Guaranty" means the Guaranties specified in Section 3.01(e)(vii) and the Guaranties delivered pursuant to Section 5.01(1) and 5.02(1), in each case as amended from time to time in accordance with its terms.

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Effect" means, as of any date of determination, a material adverse effect on

(a) the business, condition (financial or otherwise), operations, properties or prospects of AGCO and its Restricted Subsidiaries, taken as a whole, or any Borrowing Subsidiary and its Subsidiaries that are Restricted Subsidiaries, taken as a whole,

(b) the rights and remedies of either Agent or any Lender under any Loan Document or L/C Related Document, or

(c) the ability of any Loan Party to perform its Obligations under any Loan Document to which it is or is to be a party.

"Material Contract" means, with respect to any Person, each contract to which such Person is a party

(a) involving aggregate minimum consideration payable to or by such Person in any year of U.S. \$25,000,000, or

(b) otherwise material to the business, condition (financial or otherwise), operations, properties or prospects of AGCO and its Restricted Subsidiaries, taken as a whole, or any Borrowing Subsidiary and its Subsidiaries that are Restricted Subsidiaries, taken as a whole, and for which no alternative source of performance by the other party or parties thereto is readily available.

"Moody's" means Moody's Investors Service, Inc and its successors.

"Multi-Currency Advance" has the meaning specified in Section 2.01(a).

"Multi-Currency Borrowing" means a borrowing consisting of simultaneous Multi-Currency Advances of the same Type made by the Multi-Currency Lenders.

"Multi-Currency Borrower" means each Borrower other than the Canadian Subsidiary.

"Multi-Currency Borrower Outstandings" means, on any date of determination,

(a) the aggregate principal amount of all Multi-Currency Advances in U.S. dollars and of the Multi-Currency Equivalent in U.S. dollars of all Multi-Currency Advances in other currencies, in either case outstanding on such date of determination, plus

(b) the aggregate principal amount of all Letter of Credit Advances in U.S. dollars and of the Multi-Currency Equivalent of all Letter of Credit Advances in other currencies, in either case in respect of Letters of Credit outstanding on such date of determination and issued for the account of any Multi-Currency Borrower, plus

(c) the aggregate of the Available Amount of all Letters of Credit denominated in U.S. dollars and the Multi-Currency Equivalent of the Available Amount of all Letters of Credit denominated in other currencies, in either case issued for the account of Multi-Currency Borrowers and outstanding on such date of determination.

"Multi-Currency Commitment" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Multi-Currency Commitment" or, if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c) as such Lender's "Multi-Currency Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.04.

"Multi-Currency Equivalent" means, on any date of determination, the equivalent in any Alternate Currency or other currency of an amount in U.S. dollars, or in U.S. dollars of an amount in any Alternate Currency or other currency, determined at the rate of exchange quoted by the Administrative Agent in New York City, at 9:00 A.M. (New York City time) on the Calculation Date with respect to such date of determination, to prime banks in New York City for the spot purchase in the New York foreign exchange market of such amount of U.S. dollars with such Alternate Currency or such amount of such Alternate Currency or other currency with U.S. Dollars. For purposes of this definition, "Calculation Date" means, with respect to any date of determination, the date most recently occurring prior to (or occurring on) such date of determination that is the 15th day of the first complete calendar month after the end of the most recently completed fiscal quarter of AGCO (or, if such 15th day is not a Business Day, the next-following Business Day).

"Multi-Currency Facility" means, at any time, the aggregate amount of the Multi-Currency Lenders' Multi-Currency Commitments at such time, which shall not exceed the Multi-Currency Equivalent of U.S. \$1,100,000,000.

"Multi-Currency Issuing Bank" means Rabobank and its successors and assigns hereunder as issuer of Letters of Credit for the accounts of Multi-Currency Borrowers.

"Multi-Currency Lender" means any Lender that has a Multi-Currency Commitment.

"Multiemployer Plan" of any Person means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, that is subject to ERISA and to which such Person or any of its ERISA Affiliates is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" of any Person means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that is subject to ERISA and (a) is maintained for employees of such Person or any of its ERISA Affiliates and at least one Person other than such Person and its ERISA Affiliates or (b) was so maintained and in respect of which such Person or any of its ERISA Affiliates could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Net Cash Proceeds" means, with respect to any sale, lease, transfer or other disposition of any asset or the sale or issuance of any Debt or capital stock, any securities convertible into or exchangeable for capital stock or any warrants, rights or options to acquire capital stock by any Person, the aggregate amount of cash received from time to time by or on behalf of such Person in connection with such transaction, after deducting therefrom only

(a) reasonable and customary brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees and commissions, and

(b) the amount of taxes payable in connection with or as a result of such transaction,

in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid to a Person that is not an Affiliate and are properly attributable to such transaction or to the asset that is the subject thereof.

"Netherlands Subsidiary" has the meaning specified in the introductory paragraph of this Agreement.

"Non BA Lender" means a Canadian Subsidiary Lender or Participant that cannot or does not as a matter of policy issue Bankers' Acceptances.

"Note" means a promissory note of any Borrower payable to the order of a Lender, in substantially the form of Exhibit A-1 hereto (subject to the first sentence of Section 2.16), in the case of any Multi-Currency Borrower, or of Exhibit A-2 hereto, in the case of the Canadian Subsidiary, evidencing the aggregate indebtedness of such Borrower to such Lender, including the aggregate face amount of all outstanding Bankers' Acceptances.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Issuance" has the meaning specified in Section 2.13(b)(i).

"Obligation" means, with respect to any Person, any obligation of such Person of any kind, including without limitation any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 6.01(f). Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include

(a) the obligation to pay principal, interest, face amount of Bankers' Acceptances, Letter of Credit commissions, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by any Loan Party under any Loan Document, and

(b) the obligation to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"Old Credit Agreement" means the Amended and Restated Credit Agreement dated as of June 25, 1996 among the Borrowers, Rabobank, as administrative agent, Deutsche Bank Canada, as Canadian administrative agent, Rabobank, Deutsche Bank Canada and SunTrust Bank, Atlanta, as co-managers, and the lenders parties thereto.

"Other Taxes" has the meaning specified in Section 2.11(b).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Participant" has the meaning specified in Section 8.07(e).

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced:

(a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b);

(b) Liens imposed by law, such as landlords', materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days;

(c) pledges or deposits to secure non-delinquent obligations under worker's compensation, unemployment insurance and other social security legislation;

(d) Liens arising in the ordinary course of business that do not secure the repayment of Debt in respect of borrowed money

(i) to secure the performance of bids, trade contracts, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature;

(ii) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(iii) consisting of restrictions (other than pledges or other security interests) on the transferability of Investments in favor of co-investors or the issuers of such Investments or imposed by law; and

(iv) on trademarks, patents, copyrights and other intellectual property (whether individually or as part of a group) consisting of the license or similar disposition of such property made in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, sublicenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of AGCO or any of its Restricted Subsidiaries;

(f) Liens resulting from progress payments or partial payments under United States government contracts or subcontracts;

(g) Liens arising from legal proceedings, so long as such proceedings are being contested in good faith by appropriate proceedings diligently conducted and so long as execution is stayed on all judgments resulting from any such proceedings;

(h) Liens imposed by or pursuant to ERISA; and

(i) rights with respect to property reserved or vested in governmental authorities that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan that is subject to ERISA.

"Pro Rata Share" of any amount means,

(a) with respect to any Multi-Currency Lender at any time, an amount equal to

(i) a fraction the numerator of which is the amount of such Lender's Multi-Currency Commitment at such time and the denominator of which is the Multi-Currency Facility at such time, multiplied by

(ii) such amount, and

(b) with respect to any Canadian Subsidiary Lender at any time, an amount equal to

(i) a fraction the numerator of which is the amount of such Lender's Canadian Subsidiary Commitment at such time and the denominator of which is the Canadian Subsidiary Facility at such time, multiplied by

(ii) such amount.

"Rabobank" has the meaning specified in the introductory paragraph of this Agreement.

"Receivables" means, with respect to any Person on any date of determination, all accounts owing to such Person that would appear as receivables on a balance sheet of such Person at such date prepared in accordance with GAAP, but excluding any receivables that, although sold to a third party as part of a securitization of receivables or otherwise, would continue to appear on a balance sheet of such Person.

"Reference Banks" means Barclays Bank, National Westminster Bank, Bank of Tokyo and Citibank, N.A.

"Register" has the meaning specified in Section 8.07(c).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Relevant Currency Time" means, for any Borrowing in any currency, the local time in the city where the Appropriate Agent's Account for such currency is located.

"Renault Joint Venture" means the joint venture between the French Subsidiary and Renault Agriculture S.A. for, among other things, the manufacture of drive-line assemblies for higher horsepower tractors at the Beauvais facility of the French Subsidiary.

"Required Lenders" means at any time, subject to Section 8.01(c), Lenders owed or holding (or, in the case of Bankers' Acceptances, that initially accepted) at least 51% of the sum of

(a) the aggregate principal amount of the Advances (other than Advances by way of Bankers' Acceptances) outstanding at such time;

(b) the aggregate face amount of Bankers' Acceptances outstanding at such time;

(c) the aggregate Available Amount of all Letters of Credit outstanding at such time;

(d) the aggregate Unused Multi-Currency Commitments at such time; and

(e) the aggregate Unused Canadian Subsidiary Commitments at such time. For purposes of this definition, the Available Amount of any Letter of Credit issued for the account of the Canadian Subsidiary shall be considered to be owed to the Canadian Subsidiary Lenders ratably in accordance with their respective Canadian Subsidiary Commitments, and

the Available Amount of any Letter of Credit issued for the account of any Multi-Currency Borrower shall be considered to be owed to the Multi-Currency Lenders ratably in accordance with their respective Multi-Currency Commitments

"Reserves" means, with respect to any Person on any date of determination, the aggregate amount of all reserves for bad debt (including both general loss provisions and specific known losses), dealer discounts and intercompany receivables that would appear as reserves with respect to Receivables on a balance sheet of such Person at such date prepared in accordance with GAAP and the policies and procedures of such Person with respect to the creation and maintenance of such reserves in effect on the date of this Agreement.

"Responsible Employee" shall mean the Chairman, President, Chief Financial Officer, Treasurer, General Counsel or any Associate or Assistant General Counsel, Assistant Treasurer or Vice President of AGCO or any Borrowing Subsidiary; any other employee of any Borrower responsible for monitoring compliance with this Agreement or any other Loan Document; and, with respect to matters relating to ERISA, any individual having general management responsibility with respect to such matters.

"Restricted Subsidiaries" means, as of any date of determination, the Subsidiaries of AGCO as of such date whose accounts would be consolidated with AGCO in accordance with GAAP, other than Finance Subsidiaries.

"Reuters' Screen CDOR Page" means the display designated as page CDOR on the Reuters' Monitor Money Service or such other page as may, from time to time, replace the Reuters' Screen CDOR Page on that service for the purpose of displaying bid quotations for Bankers' Acceptances issued by leading Canadian banks.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc., and its successors.

"Single Employer Plan" of any Person means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that is subject to ERISA and

(a) is maintained for employees of such Person or any of its ERISA Affiliates and no Person other than such Person and its ERISA Affiliates, or

(b) was so maintained and in respect of which such Person or any of its ERISA Affiliates could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Split Rating" has the meaning specified in clause (b)(ii) of the definition of Applicable Rating.

"Standby Letter of Credit" means any Letter of Credit issued under the Letter of Credit Facility, other than a Trade Letter of Credit.

"Subordinated Debt Indenture" means the Indenture dated as of March 20, 1996 between AGCO and SunTrust Bank, Atlanta, as trustee, as amended, modified and supplemented from time to time.

"Subsidiary" of any Person means any corporation, partnership, joint venture, trust or estate of which (or in which) more than 50% of

(a) the issued and outstanding Voting Stock of such Person,

(b) the interest in the capital or profits of such partnership or joint venture or

(c) the beneficial interest in such trust or estate

is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. Unless otherwise specified in this Agreement, a reference to a Subsidiary shall mean a Subsidiary of AGCO.

"Subsidiary Guarantor" has the meaning specified in Section 3.01(e)(vii).

"Supermajority Lenders" means at any time, subject to Section 8.01(c), Lenders owed or holding at least 90% of the sum of

(a) the aggregate principal amount of the Advances (other than Advances by way of Bankers' Acceptances) outstanding at such time;

(b) the aggregate face amount of Bankers' Acceptances outstanding at such time;

(c) the aggregate Available Amount of all Letters of Credit outstanding at such time;

(d) the aggregate Unused Multi-Currency Commitments at such time; and

(e) the aggregate Unused Canadian-Subsidiary Commitments at such time. For purposes of this definition, the Available Amount of any Letter of Credit issued for the account of the Canadian Subsidiary shall be considered to be owed to the Canadian Subsidiary Lenders ratably in accordance with their respective Canadian Subsidiary Commitments, and the Available Amount of any Letter of Credit issued for the account of any Multi-Currency Borrower shall be considered to be owed to the Multi-Currency Lenders ratably in accordance with their respective Multi-Currency Commitments.

"Taxes" has the meaning specified in Section 2.11(a).

"Termination Date" means the earlier of January 14, 2002 and the date of termination in whole of the Commitments pursuant to Section 2.04 or 6.01.

"Trade Letter of Credit" means any Letter of Credit that is issued under the Letter of Credit Facility for the benefit of a supplier of inventory to the Borrower or any of its Restricted Subsidiaries to effect payment for such inventory, the conditions to drawing under which include the presentation to the Issuing Bank of negotiable bills of lading, invoices and related documents sufficient, in the judgment of the Issuing Bank, to create a valid and perfected Lien on such inventory.

"Type" refers to the distinction among Advances bearing interest at the Base Rate and Advances bearing interest at the Eurocurrency Rate and Advances by way of Bankers' Acceptances.

"United States dollars", "U.S. dollars" or "U.S. \$" means lawful money of the United States of America.

"Unused Canadian Subsidiary Commitment" means, with respect to any Canadian Subsidiary Lender at any date of determination,

(a) such Lender's Canadian Subsidiary Commitment at such time, minus

(b) the Multi-Currency Equivalent in U.S. dollars as of such date of

(i) the aggregate principal amount of all Base Rate Advances and Eurocurrency Rate Advances made by such Lender and outstanding on such date, plus

(ii) the aggregate face amount of all Bankers' Acceptances outstanding on such date, plus

(iii) such Lender's Pro Rata Share of

(A) the aggregate Available Amount of all Letters of Credit issued for the account of the Canadian Subsidiary and outstanding on such date, plus

(B) the aggregate principal amount of all Letter of Credit Advances outstanding on such date in respect of Letters of Credit issued for the account of the Canadian Subsidiary.

"Unused Multi-Currency Commitment" means, with respect to any Multi-Currency Lender at any date of determination,

(a) such Lender's Multi-Currency Commitment at such time, minus

(b) the Multi-Currency Equivalent in U.S. dollars as of such date of

(i) the aggregate principal amount of all Multi-Currency Advances made by such Lender and outstanding on such date, plus

(ii) such Lender's Pro Rata Share of

(A) the aggregate Available Amount of all Letters of Credit issued for the account of any Multi-Currency Borrower and outstanding on such date, plus

(B) the aggregate principal amount of all Letter of Credit Advances outstanding on such date in respect of Letters of Credit issued for the account of any Multi-Currency Borrower.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"Wholly Owned" means, as applied to any Restricted Subsidiary, a Restricted Subsidiary all the outstanding shares (other than directors' qualifying shares, if required by law) of every class of stock of which are at the time owned by AGCO and/or by one or more Wholly Owned Restricted Subsidiaries.

"Withdrawal Liability" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. (a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Administrative Agent hereunder shall (unless otherwise disclosed to the Lenders in writing at the time of delivery thereof in the manner described in subsection (b) below) be prepared, in accordance with U.S. generally accepted accounting principles applied on a basis consistent with those used in the preparation of the latest financial statements furnished to the Lenders hereunder (which, prior to the delivery of the first financial statements under Section 5.03(c) shall mean the audited financial statements as at December 31, 1995 referred to in Section 4.01(f)). All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of generally accepted accounting principles applied on a basis consistent with those used in the preparation of the annual or quarterly financial statements furnished to the Lenders pursuant to Section 5.03 most recently prior to or concurrently with such calculations (or, prior to the delivery of the first financial statements under Section 5.03(c), used in the preparation of the audited financial statements as at December 31, 1995 referred to in Section 4.01(f)) unless (i) either (x) AGCO shall have objected to determining such compliance on such basis at the time of delivery of such financial statements or (y) the Required Lenders shall so object in writing within 180 days after delivery of such financial statements and (ii) AGCO and the Required Lenders have not agreed upon amendments to the financial covenants contained herein to reflect any change in such basis, in which event such calculations shall be made on a basis consistent with those used in the preparation of the latest financial statements as to which such objection shall not have been made (which, if objection is made in respect of the first financial statements delivered under Section 5.03(c), shall mean the financial statements referred to in Section 4.01(f)) ("GAAP").

(b) AGCO shall deliver to the Administrative Agent, at the same time as the delivery of any annual or quarterly financial statement under Section 5.03, (i) a description in reasonable detail of any material variation between the application of accounting principles employed in the preparation of such statement and the application of accounting principles employed in the preparation of the next preceding annual or quarterly financial statements as to which no objection has been made in accordance with the last sentence of subsection (a) above, and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof.

SECTION 1.04. Currency Equivalents. For purposes of determining in any currency any amount outstanding in another currency, the Multi-Currency Equivalent of such currency on the date of any such determination shall be used. If any reference to any Advances or other amount herein would include amounts in U.S. dollars and in one or more Alternate Currencies or to an amount in U.S. dollars that in fact is in one or more Alternate Currencies, such reference (whether or not it expressly so provides) shall be deemed to refer, to the extent it includes an amount in any Alternate Currency, the Multi-Currency Equivalent in U.S. dollars of such amount at the time of determination.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND THE LETTERS OF CREDIT

SECTION 2.01. The Advances. (a) Multi-Currency Advances. Each Multi-Currency Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Multi-Currency Advance") to the Multi-Currency Borrowers from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Advance not to exceed such Lender's Unused Multi-Currency Commitment on such Business Day. In no event shall the Multi-Currency Lenders be obligated to make any Multi-Currency Advance if, on the date of such Advance and after giving effect thereto,

(i) the Multi-Currency Borrower Outstandings on such date would exceed the amount of the Multi-Currency Facility on such date, or

(ii) the Borrower Outstandings on such date would exceed the Borrowing Base on such date.

Each Multi-Currency Borrowing shall be in U.S. dollars in, or the Multi-Currency Equivalent in the requested Alternate Currency of, an aggregate amount of U.S. \$5,000,000 or an integral multiple of U.S. \$1,000,000 in excess thereof and shall consist of Multi-Currency Advances made by such Lenders ratably according to their Multi-Currency Commitments. The Multi-Currency Equivalent in U.S. dollars of each Multi-Currency Advance shall be recalculated hereunder on each date on which it shall be necessary to determine the Unused Multi-Currency Commitment, or any or all Advance or Advances outstanding on such date. Within the limits of each Multi-Currency Lender's Unused Multi-Currency Commitment in effect from time to time, the Multi-Currency Borrowers may borrow under this Section 2.01(a), prepay pursuant to Section 2.05(a) and reborrow under this Section 2.01(a).

(b) Canadian Subsidiary Advances. Each Canadian Subsidiary Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Canadian Subsidiary Advance") to the Canadian Subsidiary from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Advance not to exceed such Lender's Unused Canadian Subsidiary Commitment on such Business Day. In no event shall the Canadian Subsidiary Lenders be obligated to make any Canadian Subsidiary Advance if, on the date of such Advance and after giving effect thereto,

(i) the Canadian Subsidiary Outstandings on such date would exceed the amount of the Canadian Subsidiary Facility on such date, or

(ii) the Borrower Outstandings on such date would exceed the Borrowing Base on such Date.

Each Canadian Subsidiary Borrowing shall be by way of (x) Base Rate Advances or Eurocurrency Rate Advances in the Multi-Currency Equivalent in Canadian Dollars of an aggregate amount of U.S. \$5,000,000 or an integral multiple of U.S. \$1,000,000 in excess thereof or (y) the acceptance and purchase of Bankers' Acceptances, pursuant to Section 2.16, in a minimum aggregate face amount of Cdn. \$5,000,000 or an integral multiple of Cdn. \$1,000,000 in excess thereof, and shall consist of Canadian Subsidiary Advances made by such Lenders ratably according to their Canadian Subsidiary Commitments. The Multi-Currency Equivalent in U.S. dollars of each Canadian Subsidiary Advance shall be recalculated hereunder on each date on which it shall be necessary to determine the Unused Canadian Subsidiary Commitment, or any or all Advance or Advances outstanding on such date. Within the limits of each Canadian Subsidiary Lender's Unused Canadian Subsidiary Commitment in effect from time to time, the Borrowers may borrow under this Section 2.01(b), prepay pursuant to Section 2.05(a) and reborrow under this Section 2.01(b).

(c) Borrower Liability. AGCO shall be jointly and severally liable for all Borrowings and other liabilities hereunder or under any other Loan Document by or of itself or any Borrowing Subsidiary. No Borrowing Subsidiary shall have any liability for any Borrowing or other liabilities hereunder or under any other Loan Document by or of AGCO or (except as may otherwise be provided in such Borrowing Subsidiary's Guaranty) any other Borrowing Subsidiary.

SECTION 2.02. Making the Advances. (a) Except as otherwise provided in Section 2.13, each Borrowing shall be made on notice, given not later than

(w) 11:00 A.M. (New York Time) on the third Business Day prior to the date of a proposed Borrowing, in the case of a Borrowing consisting of Eurocurrency Rate Advances,

(x) 10:00 A.M. (New York City time) on the day of a proposed Borrowing, in the case of a Borrowing consisting of Base Rate Advances if the aggregate principal amount thereof is less than \$100,000,000,

(y) 10:00 A.M. (New York City time) on the Business Day prior to the date of a proposed Borrowing, in the case of a Borrowing consisting of Base Rate Advances if the aggregate principal amount thereof is \$100,000,000 or more, or

(z) 10:00 A.M. (Toronto time) two Business Days prior to the date of a proposed Borrowing, in the case of a Borrowing consisting of Bankers' Acceptances

by or on behalf of the Borrower requesting such Advance to the Administrative Agent (in the case of a Multi-Currency Borrowing) or the Canadian Administrative Agent (in the case of a Canadian Subsidiary Borrowing), which shall give to each Appropriate Lender prompt notice thereof by telecopier. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telex, telecopier or cable, confirmed immediately in writing, in substantially the form of Exhibit B-1 hereto (in the case of a Borrowing by a Multi-Currency Borrower) or Exhibit B-2 hereto (in the case of a Borrowing by the Canadian Subsidiary), specifying therein the

(i) requested date of such Borrowing (which shall be a Business Day);

(ii) requested Type of Advances comprising such Borrowing, which

(A) may be a Base Rate Advance or a Eurocurrency Advance if such Advance is denominated in U.S. dollars or Canadian Dollars,

(B) may be by way of Bankers' Acceptances if such Advance is denominated in Canadian Dollars, and

(C) shall be a Eurocurrency Rate Advance if such Advance is a Multi-Currency Advance and the requested currency for such Borrowing is other than Canadian dollars or U.S. dollars;

(iii) requested aggregate principal amount or face amount of such Borrowing, as the case may be;

(iv) requested currency in which such Borrowing is to be made; provided that

(A) such currency shall be Canadian dollars, if the Person requesting such Borrowing is the Canadian Subsidiary; British pounds or U.S. dollars, if the Person requesting such Borrowing is English Subsidiary One, English Subsidiary Two or English Subsidiary Three; Dutch guilders, if the Person requesting such Borrowing is the Netherlands Subsidiary; French francs or U.S. dollars, if the Person requesting such Borrowing is the French Subsidiary; and German Deutschemarks or U.S. dollars, if the Person requesting such Borrowing is the German Subsidiary,

(B) such currency shall not be Canadian dollars, if the Borrower is AGCO and

(C) no Borrower shall make a request for a Borrowing in an Alternate Currency described in clause (b) of the definition thereof unless it shall have previously obtained the consent of each Multi-Currency Lender to Borrowings in such currency;

(v) in the case of a Borrowing consisting of Eurocurrency Rate Advances, requested initial Interest Period for each such Advance and in the case of a Borrowing consisting of Bankers' Acceptances, the Contract Period for each such Advance; and

(vi) Borrower's Account of such Borrower for such Borrowing (which shall be with an institution located in the same country as the Appropriate Agent's Account for the requested currency of such Borrowing).

Each Borrowing by the Canadian Subsidiary shall be a Borrowing under the Canadian Subsidiary Facility, and each other Borrowing shall be a Borrowing under the Multi-Currency Facility. In the case of a proposed Borrowing comprised of Eurocurrency Rate Advances, the Appropriate Agent shall promptly (and in any case no later than 11:00 A.M. (New York Time) on the second Business Day before any Eurocurrency Rate Advance or 1:00 P.M. (New York City time) on the day of any Base Rate Advance) notify each Appropriate Lender of the applicable interest rate under Section 2.06(a). Each Appropriate Lender shall, before 11:00 A.M. (Relevant Currency Time) on the date of any Borrowing consisting of Eurocurrency Rate Advances, or 3:00 P.M. (New York City time) on the date of any Borrowing consisting of Base Rate Advances, make available for the account of its Applicable Lending Office to the Appropriate Agent at the Appropriate Agent's Account for Borrowings in the applicable currency, in same-day funds, such Lender's Pro Rata Share of such Borrowing in accordance with the respective Commitments of such Appropriate Lender and

the other Appropriate Lenders. Each Appropriate Lender shall, before 1:00 P.M. (Toronto time) on the date of any Borrowing consisting of Bankers' Acceptances, make available to the Borrower by way of the acceptance of Bankers' Acceptances at the branch of the Appropriate Lender to which notices may be sent under Section 8.02 such Lender's Pro Rata Share of such Borrowing in accordance with the respective Commitments of such Appropriate Lender and the other Appropriate Lenders. After the Appropriate Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Appropriate Agent will make such funds available to the requesting Borrower by delivering such funds to the relevant Borrower's Account in the applicable currency; provided that, in the case of any Borrowing, the Appropriate Agent shall first make a portion of such funds, equal to the aggregate principal amount of any Letter of Credit Advances to such Borrower made by the Appropriate Issuing Bank and outstanding on the date of such Borrowing, available for repayment of such Letter of Credit Advances. Receipt of such funds in a Borrower's Account shall be deemed to have occurred when the Appropriate Agent notifies AGCO, by telephone or otherwise, of the Federal Reserve Bank reference number or CHIPS identification number with respect to the delivery of such funds.

(b) Each Notice of Borrowing shall be irrevocable and binding on the Borrower delivering such Notice. Each Borrower (other than AGCO) (i) irrevocably and unconditionally designates, as its agent for purposes of delivering any Notice of Borrowing on behalf of such Borrower, AGCO and any officer or employee of AGCO, and (ii) acknowledges that (A) any such Notice at any time delivered by AGCO or any such officer or employee shall be binding on such Borrower and (B) neither Agent nor any Lender shall have any duty to determine whether the delivery of any such Notice by AGCO or any such officer or director was duly authorized by such Borrower in any specific instance. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurocurrency Rate Advances or Bankers' Acceptances, the Borrower requesting such Borrowing shall indemnify each Appropriate Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing the applicable conditions set forth in Article III, including without limitation any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(c) Unless the Appropriate Agent shall have received notice from an Appropriate Lender prior to the date of any Borrowing under a Facility under which such Lender has a Commitment that such Lender will not make available to the Appropriate Agent such Lender's ratable portion of such Borrowing, the Appropriate Agent may assume that such Lender has made such portion available to the Appropriate Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Appropriate Agent

may, in reliance upon such assumption, make available to the requesting Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Appropriate Agent and the Appropriate Agent makes available to the requesting Borrower on such date a corresponding amount, such Lender and each Borrower severally agree to repay or pay to the Appropriate Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid or paid to the Appropriate Agent, at

(i) in the case of the Borrower, the interest rate applicable at such time under Section 2.06 to Advances comprising such Borrowing, and

(ii) in the case of such Lender, the Federal Funds Rate if such payment is made to the Administrative Agent or the Base Rate (with respect to Canadian Subsidiary Borrowings) if such payment is made to the Canadian Administrative Agent.

If such Lender shall pay to the Appropriate Agent such corresponding amount, such amount so paid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(d) No Multi-Currency Borrower shall request a Borrowing if, after giving effect thereto, there would be more than 12 Borrowings outstanding under the Multi-Currency Facility and the Canadian Subsidiary shall not request a Borrowing if, after giving effect thereto, there would be more than 12 Borrowings outstanding under the Canadian Subsidiary Facility.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Repayment. (a) Canadian Subsidiary Advances and Multi-Currency Advances. The Canadian Subsidiary shall repay to the Canadian Administrative Agent for the ratable account of the Canadian Subsidiary Lenders the aggregate outstanding principal amount or face amount, as the case may be, of its Borrowings consisting of Canadian Subsidiary Advances on the Termination Date and each Multi-Currency Borrower shall repay to the Administrative Agent for the ratable account of the Multi-Currency Lenders the aggregate outstanding principal amount of its Borrowings consisting of Multi-Currency Advances on the Termination Date.

(b) Letter of Credit Advances. Each Borrower shall, on demand, repay to the Appropriate Agent for the account of the Appropriate Lenders the outstanding principal amount of each Letter of Credit Advance made by them to such Borrower.

SECTION 2.04. Reduction of the Commitments. (a) Optional. AGCO may, upon at least three Business Days' notice to the Administrative Agent (and, with respect to a reduction of the Letter of Credit Commitment and the Unused Canadian Subsidiary Commitments, the Canadian Administrative Agent), terminate in whole or reduce in part the unused portions of the Letter of Credit Commitments of the Issuing Banks, the Unused Canadian Subsidiary Commitments or the Unused Multi-Currency Commitments; provided that each partial reduction

(i) shall be in an aggregate amount of U.S. \$10,000,000 or an integral multiple of U.S. \$5,000,000 in excess thereof;

(ii) shall be made ratably among the Appropriate Lenders in accordance with their Commitments with respect to the applicable Facility; and

(iii) shall be permanent and irrevocable.

Any reduction of the Letter of Credit Commitments shall apply to the Letter of Credit Commitments of both Issuing Banks and shall reduce each such Letter of Credit Commitment by the full amount of such reduction.

(b) Mandatory.

(i) On the date of receipt by AGCO or any of its Restricted Subsidiaries of the Net Cash Proceeds from the sale, lease, transfer or other disposition of any assets of AGCO or any of its Restricted Subsidiaries, other than

(s) dispositions to joint ventures permitted under Section 5.02(f)(vi),

(t) sales of assets in the ordinary course of business,

(u) dispositions the Net Cash Proceeds of which do not exceed U.S. \$2,000,000 for any one disposition or series of related dispositions,

(v) after the date on which the aggregate Multi-Currency Commitments under the Multi-Currency Facility shall be \$900,000,000 or less, any dispositions, until and to the extent the aggregate amount of Net Cash Proceeds therefrom after such date do not exceed U.S. \$20,000,000,

(w) dispositions by a Restricted Subsidiary to another Restricted Subsidiary or AGCO and dispositions by AGCO to a Restricted Subsidiary,

(x) the disposition of AGCO's real property located in Topeka, Kansas or of the former headquarters building in Stoneleigh, England,

(y) the disposition of any capital stock of Agricredit Acceptance Corporation and

(z) bulk sales of Receivables permitted under Section 5.02(e)(v),

the aggregate amount of the Multi-Currency Facility and the Canadian Subsidiary Facility shall be permanently reduced by the amount of 50% of such Net Cash Proceeds, with each such facility being reduced by a portion of such Net Cash Proceeds equal to the amount thereof multiplied by a fraction, the numerator of which is the amount of such facility at the time of such reduction and the denominator of which is the aggregate amount of both such facilities. Upon such reduction, (A) each Multi-Currency Lender's Multi-Currency Commitment shall be reduced ratably in accordance with the proportion that such Commitment bore to the Multi-Currency Facility immediately before giving effect to such reduction, and (B) each Canadian Subsidiary Lender's Canadian Subsidiary Commitment shall be reduced ratably in accordance with the proportion that such Commitment bore to the Canadian Subsidiary Facility immediately before giving effect to such reduction.

(ii) The aggregate amount of the Multi-Currency Facility and the Canadian Subsidiary Facility shall be permanently reduced by the amount of any Excess Proceeds (or of what would be such Excess Proceeds but for their application pursuant to Section 2.05(b)(iv)) in existence on any date, with each such Facility being reduced by a portion of such Excess Proceeds equal to the amount thereof multiplied by a fraction, the numerator of which is the amount of such Facility at the time of such reduction and the denominator of which is the aggregate amount of both such Facilities. Upon such reduction, (A) each Multi-Currency Lender's Multi-Currency Commitment shall be reduced ratably in accordance with the proportion that such Commitment bore to the Multi-Currency Facility immediately before giving effect to such reduction, and (B) each Canadian Subsidiary Lender's Canadian Subsidiary Commitment shall be reduced ratably in accordance with the proportion that such Commitment bore to the Canadian Subsidiary Facility immediately before giving effect to such reduction.

(iii) On the date of receipt by AGCO or any of its Restricted Subsidiaries of the Net Cash Proceeds from the sale or issuance of any Debt or capital stock, the aggregate amount of the Multi-Currency Facility shall be permanently reduced by the

Net Cash Proceeds thereof, except that the aggregate amount of the Multi-Currency Facility shall not be reduced by more than U.S. \$200,000,000 in the aggregate or below \$900,000,000 pursuant to this subsection (iii). Upon such reduction, each Multi-Currency Lender's Multi-Currency Commitment shall be reduced ratably in accordance with the proportion that such Commitment bore to the Multi-Currency Facility immediately before giving effect to such reduction.

(iv) On January 1, 1998, if the aggregate amount of the Multi-Currency Commitments under the Multi-Currency Facility shall be then be in excess of U.S. \$1,000,000,000, such amount shall be reduced to U.S. \$1,000,000,000 and on January 1, 1999 if the aggregate amount of the Multi-Currency Commitments under the Multi-Currency Facility shall be then be in excess of U.S. \$900,000,000, such amount shall be reduced to U.S. \$900,000,000. Upon each such reduction, each Multi-Currency Lender's Multi-Currency Commitment shall be reduced ratably in accordance with the proportion that such Commitment bore to the Multi-Currency Facility immediately before giving effect to such reduction.

(c) Letters of Credit. If on any date the aggregate amount of the Multi-Currency Facility is less than U.S. \$75,000,000 (or, if the Letter of Credit Facility on such date is in a lesser amount, such lesser amount), the amount of the Letter of Credit Facility and each Issuing Bank's Letter of Credit Commitment automatically shall be reduced to such aggregate amount, except that on no date shall the amount of the Letter of Credit Facility be reduced below the then-outstanding Available Amount of all Letters of Credit and the aggregate principal amount of all Letter of Credit Advances.

SECTION 2.05. Prepayments and Deposits. (a) Optional. A Borrower may, upon at least two Business Days' notice to the Administrative Agent stating the proposed date (which shall be a Business Day) and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, except as provided in the next- following sentence, prepay the outstanding aggregate principal amount of the Advances, other than Bankers' Acceptances, comprising part of the same Borrowing made by it, in whole or ratably in part; provided that each partial prepayment shall be in an aggregate principal amount of U.S. \$5,000,000 or an integral multiple of U.S. \$1,000,000 (or the Multi-Currency Equivalent) in excess thereof. A Borrower shall not be required to prepay any amount as to which it shall have given a notice of prepayment; provided that, if a Borrower shall have failed to prepay an Advance as to which it shall have given a notice of prepayment, then, if such Advance is a Eurocurrency Rate Advance, such Advance shall accrue interest from the prepayment date specified in such notice of prepayment for the next following three Business Days at 2% per annum in excess of the rate per annum at which interest would accrue on a Eurocurrency Rate Advance with an Interest Period of one month, beginning on such prepayment date, and from such third Business Day shall have such Interest Period as such Borrower may specify in accordance with

the provisions contained in the definition of "Interest Period" in Section 1.01 or, if it shall failed so to have specified an Interest Period, as provided in Section 2.08(c).

(b) Mandatory.

(i) (A) On any date on which the Multi-Currency Facility shall be reduced pursuant to Section 2.04(b), if the Multi-Currency Borrower Outstandings on such date shall exceed the amount of the Multi-Currency Facility after giving effect to such reduction, the Multi-Currency Borrowers shall prepay Multi-Currency Advances or Letter of Credit Advances by the Multi-Currency Lenders in the aggregate principal amount equal to such excess. Each such prepayment by a Multi-Currency Borrower shall be applied ratably to such Multi-Currency Advances forming part of the same Borrowing by such Borrower, or to such Letter of Credit Advances pursuant to draws on the same Letter of Credit issued for the account of such Multi-Currency Borrower, as AGCO shall designate at the time of such prepayment.

(B) On any date on which the Canadian Subsidiary Facility shall be reduced pursuant to Section 2.04(b), if the Canadian Subsidiary Outstandings on such date shall exceed the amount of the Canadian Subsidiary Facility after giving effect to such reduction, the Canadian Subsidiary shall prepay Canadian Subsidiary Advances or Letter of Credit Advances by the Canadian Subsidiary Lenders in the aggregate principal amount equal to such excess. Each such prepayment by the Canadian Subsidiary shall be applied ratably to such Canadian Subsidiary Advances forming part of the same Borrowing by the Canadian Subsidiary, or to such Letter of Credit Advances pursuant to draws on the same Letter of Credit issued for the account of the Canadian Subsidiary, as the Canadian Subsidiary shall designate at the time of such prepayment.

(ii) (A) If, on the last day of any Interest Period for any Eurocurrency Rate Advance to a Multi-Currency Borrower and on any date on which a Base Rate Advance to a Multi-Currency Borrower is outstanding, if the Multi-Currency Borrower Outstandings on such date shall exceed 105% of the amount of the Multi-Currency Facility on such date, such Multi-Currency Borrower shall prepay the lesser of

(1) the aggregate principal amount of such Eurocurrency Advance as to which such last date shall have occurred or of such Base Rate Advance, and

(2) such portion of such principal amount as shall be the Multi-Currency Equivalent in the currency of such Advances of such excess.

(B) On the last day of any Interest Period for any Eurocurrency Rate Advance to the Canadian Subsidiary and on the last day of any Contract Period with respect to any outstanding Bankers' Acceptances and on any date on which a Base Rate Advance to the Canadian Subsidiary is outstanding, if the Canadian Subsidiary Outstandings on such date shall exceed 105% of the amount of the Canadian Subsidiary Facility on such date, the Canadian Subsidiary shall prepay the lesser of

(1) the aggregate principal amount of such Eurocurrency Rate Advance to it as to which such last day shall have occurred or the aggregate face amount of such Bankers' Acceptance as to which such last day shall have occurred or the aggregate principal amount of such Base Rate Advance, and

(2) such portion of such principal amount or face amount, as the case may be, as shall be the Multi-Currency Equivalent in the currency of such Advances of such excess.

(iii) (A) With respect to any determination of the Borrowing Base in respect of a certificate delivered pursuant to Section 5.03(n)(i), the Borrowers shall, on the 30th day after the end of the fiscal quarter in respect of which such certificate was delivered (or, if such day is not a Business Day, the next-following Business Day) prepay an aggregate principal amount of the Advances equal to the amount, if any by which the Borrower Outstandings on such day shall exceed the Borrowing Base as determined pursuant to such certificate.

(B) With respect to any determination of the Borrowing Base in respect of a certificate delivered pursuant to Section 5.03(n)(ii), the Borrowers shall, on the Business Day next following the day on which such certificate shall be delivered, prepay an aggregate principal amount of the Advances equal to the amount, if any by which the Borrower Outstandings on such day shall exceed the Borrowing Base as determined pursuant to such certificate.

(C) The Borrowers shall, on any Business Day on which Excess Proceeds exist (or would exist if not applied to the prepayment provided herein), prepay an aggregate principal amount of the Advances equal to such Excess Proceeds.

Each such prepayment shall be applied ratably to such Advances forming part of the same Borrowings or such Letter of Credit Advances pursuant to draws on the same Letters of Credit as AGCO shall designate at the time of such prepayment.

(iv) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances comprising any Borrowing under the Multi-Currency Facility shall be reduced, by payment or prepayment, to less than U.S. \$5,000,000, the Borrower owing such Borrowing shall prepay such Advances in full.

(v) The Borrowers shall make such prepayments of Multi-Currency Advances as are required by Sections 2.09(c)(ii), (d)(ii), (e)(ii) and (f)(ii).

(vi) AGCO shall, on each Business Day, pay to the Administrative Agent for deposit in the L/C Cash Collateral Account an amount sufficient to cause the aggregate amount on deposit in such Account to equal the amount by which (A) the Multi-Currency Equivalent in U.S. dollars of (1) the aggregate principal amount of all Letter of Credit Advances, plus (2) the aggregate Available Amount of all Letters of Credit then outstanding, exceeds (B) the Letter of Credit Facility on such Business Day.

(c) Interest on Principal Amounts Prepaid. All prepayments under this Section 2.05 shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

SECTION 2.06. Interest. (a) Ordinary Interest. Each Borrower shall pay interest on the unpaid principal amount of each Base Rate Advance and Eurocurrency Rate Advance to it owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable in arrears (A) quarterly on the last day of each March, June, September, and December during such periods, (B) on the date on which such Base Rate Advance shall be paid in full and (C) on the Termination Date.

(ii) Eurocurrency Rate Advances. During such periods as such Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of

(x) the Eurocurrency Rate for such Interest Period for such Advance, and

(y) the Applicable Margin in effect from time to time,

payable in arrears on (A) the last day of such Interest Period, (B) if such Interest Period has a duration of more than three months, also on each day that occurs during such Interest Period every three months from the first day of such Interest Period, (C) on which such Advance shall be paid in full and (D) on the Termination Date.

(b) Default Interest. Upon the occurrence and during the continuance of a Default under Section 6.01(a), and at the election of the Required Lenders upon the occurrence and during the continuance of any other Default, each Borrower shall pay interest on the unpaid principal amount or face amount, as the case may be, of each Advance owing to each Lender or the amount of any interest, fee or other amount payable hereunder, which in any case is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to

(i) in the case of any Base Rate Advance, 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to Section 2.06(a)(i) above;

(ii) in the case of any Eurocurrency Rate Advance denominated in U.S. dollars, (A) until the end of the then-current Interest Period, 2% per annum above the interest rate that would otherwise be applicable pursuant to subsection (a)(i) above, and (B) thereafter, 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to Section 2.06(a)(i) above;

(iii) in the case of any Eurocurrency Rate Advance denominated in an Alternate Currency, a rate per annum computed each day and equal to 2% per annum above the rate per annum at which interest would accrue on a Eurocurrency Rate Advance with an Interest Period of one month beginning on such day; and

(iv) in the case of any outstanding Bankers' Acceptances, 2% per annum above the Base Rate applicable to Canadian Subsidiary Borrowings.

SECTION 2.07. Fees. (a) Commitment Fee. AGCO shall pay to the Administrative Agent for the account of the Multi-Currency Lenders and to the Canadian Administrative Agent for the account of the Canadian Subsidiary Lenders a commitment fee computed each day, beginning on January 14, 1997, on each Multi-Currency Lender's Unused Multi-Currency Commitment and each Canadian Subsidiary Lender's Unused Canadian Subsidiary Commitment, from the date hereof until the Termination Date, at the percentage

rate per annum determined by reference to the Applicable Rating in effect as of such date of determination, as set forth below:

APPLICABLE RATING	RATE
>= A-	0.09%
BBB+	0.11%
BBB	0.15%
BBB-	0.20%
Split Rating	0.25%
BB+	0.30%
BB	0.35%
< BB	0.50%

(b) Agents' Fee. AGCO shall pay to the Agents for their respective accounts the fees separately agreed between AGCO and each Agent.

(c) Payment of Fees. The fees and commission described in this Section 2.07 and in Section 2.13(e)(i) and (ii) shall be payable in arrears quarterly on the last Business Day of each March, June, September and December, commencing March 31, 1997, and on the Termination Date.

SECTION 2.08. Conversion and Designation of Interest Periods.

(a) On any Business Day, upon notice given to the Appropriate Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Section 2.09,

(x) AGCO may Convert all or any portion of the Multi-Currency Advances (but not Letter of Credit Advances) in U.S. dollars of one Type comprising the same Borrowing into Advances of another Type (other than Advances by way of Bankers' Acceptances), and

(y) the Canadian Subsidiary may Convert all or any portion of the Canadian Subsidiary Advances or Multi-Currency Advances (but not Letter of Credit Advances) of one Type comprising the same Borrowing into Advances of another Type;

provided that

(i) any Conversion of Eurocurrency Rate Advances into Base Rate Advances or into Advances by way of Bankers' Acceptances shall be made only on the last day of an Interest Period for such Eurocurrency Rate Advances; any Conversion of Base Rate Advances into Eurocurrency Rate Advances or into Advances by way of Bankers' Acceptances shall be in an amount not less than the relevant minimum amount specified in Section 2.01; any Conversion of Advances by way of Bankers' Acceptances into Base Rate Advances or Eurocurrency Rate Advances shall be made only on the last day of the relevant Contract Period; if less than all Advances by way of Bankers' Acceptances or all Eurocurrency Rate Advances are Converted, after such Conversion, not less than the relevant minimum amount specified in Section 2.01 shall continue as Advances by way of Bankers' Acceptances or Eurocurrency Rate Advances, as the case may be;

(ii) if less than all Advances comprising part of the same Borrowing are Converted, the portion of the Advances Converted must at least equal the minimum aggregate principal amount of a Borrowing permitted under Section 2.01 and all Lenders' Advances comprising the Borrowing to be Converted in part shall be Converted ratably in accordance with their applicable Pro Rata Shares;

(iii) each Conversion of less than all Advances comprising part of the same Borrowing shall be deemed to be an additional Borrowing for purposes of Section 2.02(d), and no such Conversion of any Advances may result in there being outstanding more separate Borrowings than permitted under Section 2.02(d); and

(iv) no Advances may be Converted into Eurocurrency Rate Advances or into Advances by way of Bankers' Acceptances while a Default has occurred and is continuing.

Each such notice of Conversion shall, within the restrictions specified above, specify (w) the date of such Conversion, (x) the Advances to be Converted (y) if such Conversion is into Eurocurrency Rate Advances, the duration of the initial Interest Period for such Advances and (z) if such Conversion is into Advances by way of Bankers' Acceptances, the duration of the Contract Period for such Advances. Each notice of Conversion shall be irrevocable and binding on AGCO.

(b) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances denominated in U.S. dollars shall be reduced, by payment or prepayment or otherwise, to less than U.S. \$5,000,000, such Advances shall automatically Convert into Base Rate Advances; if the aggregate face amount of outstanding Bankers'

Acceptances shall be reduced, by payment or prepayment or otherwise, to less than Cdn. \$5,000,000, the Advances by way of such Bankers' Acceptances shall automatically convert, on the last day of the relevant Contract Period, into Base Rate Advances.

(c) If a Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Appropriate Agent will forthwith so notify such Borrower and the Appropriate Lenders, whereupon each such Eurocurrency Rate Advance will automatically, on the last day of the then-existing Interest Period therefor,

(i) if it is an Advance denominated in U.S. dollars or Canadian Dollars, Convert into a Base Rate Advance, and

(ii) if it is an Advance denominated in an Alternate Currency (other than Canadian Dollars), be deemed to have an Interest Period of one month.

(d) If the Canadian Subsidiary shall fail to select the duration of any Contract Period for any Advances by way of Bankers' Acceptances in accordance with the provisions contained in the definition of "Contract Period" in Section 1.01, the Canadian Administrative Agent will forthwith so notify the Canadian Subsidiary and the Appropriate Lenders, whereupon each such Advance by way of Banker's Acceptances will automatically, on the last day of the then-existing Contract Period therefor, Convert into a Base Rate Advance.

SECTION 2.09. Increased Costs, Etc. (a) If, due to either

(i) the introduction of or any change in or in the interpretation of any law or regulation or

(ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law)

made, or effective, after the date hereof, there shall be any increase in the cost to any Lender or either Issuing Bank of agreeing to make or of making, funding or maintaining Eurocurrency Rate Advances or of agreeing to accept Bankers' Acceptances or of agreeing to issue or of issuing, maintaining or participating in Letters of Credit or of agreeing to make or of making or maintaining Letter of Credit Advances, in any case to or for the account of any Borrower, then such Borrower shall from time to time, upon demand by such Lender or Issuing Bank (with a copy of such demand to the Administrative Agent and, if such Lender is a Canadian Subsidiary Lender or such Issuing Bank is the Canadian Issuing Bank, the Canadian Administrative Agent), pay to the Administrative Agent, if such Lender is a Multi-Currency

Lender, and otherwise to the Canadian Administrative Agent for the account of such Lender or such Issuing Bank additional amounts sufficient to compensate such Lender or such Issuing Bank for such increased cost. A certificate as to the amount of such increased cost and stating that such Lender's or Issuing Bank's request for payment is consistent with such Lender's or Issuing Bank's internal policies, submitted to such Borrower by such Lender or such Issuing Bank, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender or either Issuing Bank determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law), which in any such case is adopted, issued, made or effective after the date hereof, affects or would affect the amount of capital required or expected to be maintained by such Lender or such Issuing Bank or any corporation controlling such Lender or such Issuing Bank and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend or participate in Letters of Credit or, in the case of an Issuing Bank, to issue Letters of Credit, hereunder and other commitments of such type or the issuance or maintenance of the Letters of Credit (or similar contingent obligations), in any case to or for the account of any Borrower, then, upon demand by such Lender or such Issuing Bank (with a copy of such demand to the Administrative Agent and, if such Lender is a Canadian Subsidiary Lender or such Issuing Bank is the Canadian Issuing Bank, the Canadian Administrative Agent), such Borrower shall pay to the Administrative Agent, if such Lender is a Multi-Currency Lender or such Issuing Bank is the Multi-Currency Issuing Bank, and otherwise to the Canadian Administrative Agent for the account of such Lender or such Issuing Bank, from time to time as specified by such Lender or such Issuing Bank, additional amounts sufficient to compensate such Lender or such Issuing Bank in the light of such circumstances, to the extent that such Lender or such Issuing Bank reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend or such Issuing Bank's commitment to issue or maintain of any Letters of Credit. A certificate as to such amounts and stating that such Lender's or such Issuing Bank's request for payment is consistent with such Lender's or such Issuing Bank's internal policies, submitted to such Borrower by such Lender or such Issuing Bank, shall be conclusive and binding for all purposes, absent manifest error.

(c) If, with respect to any Eurocurrency Rate Advances in U.S. dollars or any Alternate Currency, Appropriate Lenders owed more than 50% of the then-outstanding aggregate unpaid principal amount thereof notify the Administrative Agent, in the case of Multi-Currency Advances and otherwise the Canadian Administrative Agent that the Eurocurrency Rate for any Interest Period for such Advances in U.S. dollars or any Alternate Currency will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurocurrency Rate Advances for such Interest Period, the Administrative Agent or Canadian Administrative Agent, as applicable, shall forthwith so notify the affected Borrower and the Appropriate Lenders, whereupon

(i) if U.S. dollars are the affected currency, each such Eurocurrency Rate Advance denominated in U.S. dollars will automatically, on the last day of the then-existing Interest Period therefor, Convert into a Base Rate Advance;

(ii) if an Alternate Currency is the affected currency, the affected Borrower shall, on the last day of the then-existing Interest Period, prepay in full such Eurocurrency Advances in the affected currency; and

(iii) the obligation of the Appropriate Lenders to make such Eurocurrency Rate Advances in the affected currency shall be suspended,

until the Administrative Agent or Canadian Administrative Agent, as applicable, shall notify the affected Borrowers that such Lenders have determined that the circumstances causing such suspension no longer exist.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Advances in U.S. dollars or any Alternate Currency or to continue to fund or maintain such Eurocurrency Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrowers through the Administrative Agent, if such Lender is a Multi-Currency Lender, and otherwise through the Canadian Administrative Agent,

(i) the obligation of the Appropriate Lenders to make Eurocurrency Advances in the affected currency shall be suspended,

(ii) the affected Borrower shall, on the earlier of the last day of the then-existing Interest Period and such date as may be required by law, prepay in full all Multi-Currency Advances in any such Alternate Currency other than Canadian Dollars and

(iii) each Eurocurrency Rate Advance denominated in U.S. dollars or Canadian Dollars will automatically, upon such demand, Convert into a Base Rate Advance,

until the Administrative Agent or the Canadian Administrative Agent, as applicable, shall notify the affected Borrowers that such Lender has determined that the circumstances causing such suspension no longer exist.

(e) During the continuance of any Event of Default, and upon the election of the Required Lenders and during the continuance of any Default,

(i) each Eurocurrency Rate Advance denominated in U.S. dollars or Canadian Dollars will automatically, on the last day of the then-existing Interest Period therefor, Convert into a Base Rate Advance and each outstanding Bankers' Acceptance will automatically, on the last day of the then-existing Contract Period therefor, Convert into a Base Rate Advance;

(ii) the Borrowers will, on the last day of the then-existing Interest Period therefor, prepay each Eurocurrency Rate Advance in an Alternate Currency other than Canadian Dollars; and

(iii) the obligation of the Lenders to make Eurocurrency Rate Advances and accept Bankers' Acceptances shall be suspended.

(f) If on any date either S&P or Moody's shall cease to rate the senior, unsecured, long-term debt of AGCO, unless the Supermajority Lenders consent otherwise,

(i) each Eurocurrency Rate Advance denominated in U.S. dollars or Canadian Dollars will automatically, on the seventh Business Day after such date, Convert into a Base Rate Advance and each outstanding Bankers' Acceptance will automatically, on the later of the seventh Business Day after such date and the last day of the then-existing Contract Period therefor, Convert into a Base Rate Advance;

(ii) the Borrowers will, on the seventh Business Day after such date, prepay each Eurocurrency Rate Advance in an Alternate Currency other than Canadian Dollars; and

(iii) the obligation of the Lenders to make Eurocurrency Rate Advances and accept Bankers' Acceptances shall be suspended until such time as S&P and Moody's both shall again rate such debt.

(g) Each Lender shall notify AGCO of any event occurring after the date of this Agreement entitling such Lender to compensation under subsection (a) or (b) of this Section 2.09 within 180 days, after such Lender obtains actual knowledge thereof; provided that

(i) if any Lender fails to give such notice within 180 days after it obtains actual knowledge of such an event, such Lender shall, with respect to compensation

payable pursuant to such subsection (a) or (b) in respect of any costs resulting from such event, only be entitled to payment under such subsection (a) or (b) for costs incurred from and after the date 180 days prior to the date that such Lender gives such notice, and

(ii) each Lender will designate a different Applicable Lending Office for the Advances of such Lender affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Lender, be disadvantageous to such Lender or contrary to its policies.

SECTION 2.10. Payments and Computations. (a) Each Borrower shall make each payment hereunder and under the Notes free and clear of any setoff or counterclaim not later than 11:00 A.M. (Relevant Currency Time) on the day when due, in the case of principal or interest on and other amounts relating to any Borrowing in the currency in which such Borrowing was denominated and in any other case in U.S. dollars, to the Appropriate Agent in same-day funds by deposit of such funds to the Appropriate Agent's Account for payments in the applicable currency. The Appropriate Agent will promptly thereafter (and in any event, if received from a Borrower by the time specified in the preceding two sentences, on the day of receipt) cause like funds to be distributed

(i) if such payment by a Borrower is in respect of principal, interest, fees or any other Obligation then payable hereunder in a particular currency and under the Notes to more than one Lender, to such Lenders for the account of their respective Applicable Lending Offices for payments in such currency ratably in accordance with the amounts of such respective Obligations in such currency then payable to such Lenders, and

(ii) if such payment by a Borrower is in respect of any Obligation then payable hereunder to one Lender, to such Lender for the account of its Applicable Lending Office for payments in the applicable currency.

Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date of such Assignment and Acceptance, the Appropriate Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) If an Agent receives funds for application to the Obligations under the Loan Documents under circumstances for which the Loan Documents do not specify the

Advances or the Facility to which, or the manner in which, such funds are to be applied, such Agent may, but shall not be obligated to, elect to distribute such funds to each Lender ratably in accordance with such Lender's proportionate share of the principal amount of all outstanding Advances and the Available Amount of all Letters of Credit then outstanding, in repayment or prepayment of such of the outstanding Advances or other Obligations owed to such Lender, and for application to such principal installments, as such Agent shall direct.

(c) All computations of interest, fees and Letter of Credit commissions shall be made by the Appropriate Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable, except that

(i) computations of interest for Base Rate Advances, and for fees and Letter of Credit commissions payable in Canadian dollars, shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as applicable, and

(ii) each rate of interest on, and each fee and Letter of Credit commission payable in respect of, Canadian Subsidiary Advances that is calculated on the basis of a year of 360 days, shall be determined pursuant to such calculation and expressed as an annual rate for the purpose of the Interest Act (Canada) as equivalent to such rate as so determined, multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360.

The principle of deemed reinvestment of interest will not apply to any interest calculated under this Agreement, and for the purposes of the Interest Act (Canada) the rates of interest stipulated in the Agreement are intended to be nominal rates, and not effective rates or yields. Each determination by an Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances or of face amounts of Bankers' Acceptances to be made in the next-following calendar month, such payment shall be made on the next-preceding Business Day.

(e) Unless an Agent shall have received notice from the Borrower prior to the date on which any payment is due to any Lender hereunder that the Borrower will not make such payment in full, such Agent may assume that the Borrower has made such payment in full to the such Agent on such date and such Agent may, in reliance upon such assumption,

cause to be distributed to each such Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to such Agent and such Agent makes available to a Lender on such date a corresponding amount, such Lender shall repay to such Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to such Agent, at the Federal Funds Rate.

SECTION 2.11. Taxes. (a) Any and all payments by the Borrowers hereunder or under the Notes shall be made, in accordance with Section 2.10, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto of or by any governmental authorities, excluding, in the case of each Lender and either Agent, franchise taxes and net income taxes that are imposed on such Lender, or either Agent by the state or foreign jurisdiction under the laws of which such Lender or such Agent (as the case may be) is organized or any political subdivision thereof (including the country within which such state or jurisdiction is located) and, in the case of each Lender, franchise taxes and net income taxes that are imposed on such Lender by the state of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrowers shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or an Agent,

(i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.11) such Lender or such Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made,

(ii) the Borrowers shall make such deductions and

(iii) the Borrowers shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrowers shall pay any present or future stamp, documentary, excise, property or similar taxes, charges or levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) The Borrowers shall indemnify each Lender and each Agent for the full amount of Taxes and Other Taxes, and for the full amount of taxes imposed by any jurisdiction on amounts payable under this Section 2.11, paid by or imposed on such Lender or such Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or such Agent (as the case may be) makes written demand therefor, and delivers to AGCO with a certificate describing in reasonable detail the manner in which the indemnified amount was calculated; provided that a Lender or an Agent shall not be required to describe in such certificate information that such Lender or Agent deems to be confidential or the disclosure of which is inconsistent with such Lender's or Agent's internal policies. Any such calculation shall be conclusive, absent manifest error.

(d) Within 30 days after the date of any payment of Taxes, the Multi-Currency Borrowers shall furnish to the Administrative Agent, and the Canadian Subsidiary shall furnish to the Canadian Administrative Agent, at their respective addresses referred to in Section 8.02, the original receipt of payment thereof or a certified copy of such receipt. In the case of any payment hereunder or under the Notes by the Borrowers through an account or branch outside the United States, in the case of any Multi-Currency Borrower, or through an account or branch outside Canada, in the case of the Canadian Subsidiary, or on behalf of the Borrowers by a payor that is not a United States person, or a person Resident in Canada, as the case may be, if the Borrowers determine that no Taxes are payable in respect thereof, the Borrowers shall furnish, or shall cause such payor to furnish, to the Appropriate Agent, at such address, an opinion of counsel acceptable to such Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code, and the terms "Canada" and "Resident in Canada" shall have the meanings ascribed thereto for purposes of the Income Tax Act (Canada).

(e) Each Lender organized under the laws of a jurisdiction outside the United States, in the case of a Multi-Currency Lender, and each Lender organized under the laws of a jurisdiction outside the country of the applicable Borrower, in each other case, shall, on or prior to the date of its execution and delivery of this Agreement in the case of each initial Lender hereunder, and on the date of the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by a Borrower or the Appropriate Agent (but only so long thereafter as such Lender remains lawfully able to do so), provide the Appropriate Agent and such Borrower with (i) in the case of a Multi-Currency Lender, Internal Revenue Service form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party that reduces the rate of interest-withholding tax on payments under this Agreement or the Notes or certifying that the income receivable pursuant to this Agreement or

the Notes is effectively connected with the conduct of a trade or business in the United States, and (ii) in the case of any Lender organized under the laws of a jurisdiction outside the country within which an applicable Borrower is organized, such forms, as are reasonably requested by such Borrower and required by the applicable tax authority of such jurisdiction, indicating that such Lender is entitled to benefits under an income tax treaty to which the country within which such Borrower is resident is a party that reduces the rate of interest- withholding tax on payments under this Agreement or the Notes. If the appropriate forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicates an interest-withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States (or the jurisdiction wherein the applicable Borrower is organized) withholding tax with respect to interest paid at such date by a Borrower, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includible in Taxes) (or the jurisdiction wherein the applicable Borrower is organized) withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form 1001 or 4224 or other form that the applicable Borrower has indicated in writing to the Lenders on the date hereof as being a required form to avoid or reduce withholding tax on payments under this Agreement or on the Notes, that a Lender reasonably considers to be confidential, such Lender shall give notice thereof to the Borrowers and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrowers with the appropriate form described in subsection (e) (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided or if such form otherwise is not required under subsection (e)), such Lender shall not be entitled to indemnification under subsection (a) or (c) with respect to Taxes imposed by the United States; provided that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Borrowers shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(g) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in this Section 2.11 shall survive the payment in full of principal and interest hereunder and under the Notes.

SECTION 2.12. Sharing of Payments, Etc. If any Lender shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) distributed other than in accordance with the provisions of this Agreement,

(a) on account of Obligations due and payable to such Lender hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the Notes at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the Notes at such time obtained by all the Lenders at such time, or

(b) on account of Obligations owing (but not due and payable) to such Lender hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time) of payments on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time obtained by all the Lenders at such time,

such Lender shall forthwith purchase from the other Lenders such participations in the Obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price to the extent of such other Lender's ratable share (according to the proportion of (x) the purchase price paid to such Lender to (y) the aggregate purchase price paid to all Lenders) of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (A) the amount of such other Lender's required repayment to (B) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section 2.12 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.13. Letters of Credit. (a) The Letter of Credit Facility. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (the "Letters of Credit") for the account of any Multi-Currency Borrower (in the case of the

Multi-Currency Issuing Bank) or the Canadian Subsidiary (in the case of the Canadian Issuing Bank) from time to time on any Business Day during the period from

(x) in the case of any Letter of Credit issued for the account of a Multi-Currency Borrower, the date of the initial Borrowing, and

(y) in the case of any Letter of Credit issued for the account of the Canadian Subsidiary, the date of this Agreement until 60 days before the Termination Date

(i) in an aggregate Available Amount for all Letters of Credit issued for the account of all Borrowers not to exceed at any time the Appropriate Issuing Bank's Letter of Credit Commitment, minus the aggregate principal amount of all Letter of Credit Advances to any Borrower then outstanding,

(ii) in an Available Amount for each Letter of Credit issued for the account of a Multi-Currency Borrower not to exceed either

(A) the aggregate Unused Multi-Currency Commitments on such Business Day, or

(B) the excess, if any, of the Borrowing Base over Borrower Outstandings on such Business Day, and

(iii) in an Available amount for each such Letter of Credit issued for the account of the Canadian Subsidiary not to exceed either

(A) the aggregate Unused Canadian Subsidiary Commitments on such Business Day, or

(B) the excess, if any, of the Borrowing Base over Borrower Outstandings on such Business Day.

No Letter of Credit shall have an expiration date (including all rights of a Borrower or the beneficiary to require renewal) later than the earlier of 60 days before the Termination Date and, in the case of a Standby Letter of Credit, one year after the date of issuance thereof, and, in the case of a Trade Letter of Credit, 180 days after the date of issuance thereof. Each Letter of Credit shall require that all draws thereon must be presented to the Issuing Bank by the expiration date therefor, regardless of whether presented prior to such date to any correspondent bank or other institution. Within the limits of the Letter of Credit Facility, and subject to the limits referred to above, the Borrower may request the issuance of Letters of Credit under this Section 2.13(a), repay any Letter of Credit Advances resulting from

drawings thereunder pursuant to Section 2.13(c) and request the issuance of additional Letters of Credit under this Section 2.13(a).

On the date of the initial Borrowing hereunder, each Letter of Credit issued under the Old Credit Agreement shall be deemed for all purposes, as of such date, without further action by any Person, to have been issued hereunder.

(b) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the first Business Day prior to the date of the proposed issuance of such Letter of Credit, by a Borrower to the Appropriate Issuing Bank, which shall give to the Appropriate Agent and each Appropriate Lender prompt notice thereof by telex, telecopier or cable. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telex, telecopier or cable, confirmed immediately in writing, specifying therein

(A) the requested date of such issuance (which shall be a Business Day);

(B) the requested Available Amount of such Letter of Credit;

(C) the requested expiration date of such Letter of Credit;

(D) the requested currency in which such Letter of Credit shall be denominated, which shall be U.S. dollars or an Alternate Currency; provided that no Borrower shall make a request for a Letter of Credit in an Alternate Currency described in clause (b) of the definition thereof unless it shall have previously obtained the consent of each Lender to the issuance of Letters of Credit in such currency;

(E) the requested name and address of the beneficiary of such Letter of Credit; and

(F) the requested form of such Letter of Credit,

and shall be accompanied by such application and agreement for letter of credit (a "Letter of Credit Agreement") as the Appropriate Issuing Bank may specify to such Borrower for use in connection with such requested Letter of Credit. If

(x) the requested form of such Letter of Credit is acceptable to the Appropriate Issuing Bank in its sole discretion, and

(y) it has not received notice of objection to such issuance from the Required Lenders,

the Appropriate Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the requesting Borrower at its office referred to in Section 8.02 or as otherwise agreed with such Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern. A Letter of Credit shall be deemed to have been issued for the account of each Borrower delivering the Notice of Issuance therefor.

(ii) The Issuing Bank shall furnish

(A) to the Appropriate Agent on the first Business Day of each week a written report summarizing issuance and expiration dates of Letters of Credit issued during the previous week, the respective Available Amounts with respect thereto, currencies in which such Letters of Credit were denominated, for whose account such letters of credit were issued and drawings during such week under all Letters of Credit;

(B) to each Appropriate Lender on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued during the preceding month and drawings during such month under all Letters of Credit; and

(C) to the Appropriate Agent and each Appropriate Lender on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit.

(c) Drawing and Reimbursement.

(i) The payment by the Appropriate Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by such Issuing Bank of a Letter of Credit Advance, which shall

(A) in the case of payment on a draft drawn under a Letter of Credit denominated in U.S. dollars or Canadian Dollars, be a Base Rate Advance in the amount of such draft, and

(B) in any other case, be a Eurocurrency Rate Advance that bears interest at the rate per annum equal to the rate per annum at which interest would accrue on a Eurocurrency Rate Advance with an Interest Period of one month beginning on the date of such draw.

(ii) Upon the issuance of each Letter of Credit for the account of a Multi-Currency Borrower, each Multi-Currency Credit Lender (other than the Multi-Currency Issuing Bank) shall be deemed to have purchased a participation therein equal to its Pro Rata Share of the Available Amount thereof and, upon written demand by the Multi-Currency Issuing Bank following a draw on such a Letter of Credit, with a copy of such demand to the Administrative Agent, each Multi-Currency Lender (other than the Multi-Currency Issuing Bank) shall purchase from the Multi-Currency Issuing Bank, directly and not as a participation, and the Multi-Currency Issuing Bank shall sell and assign to each such other Multi-Currency Lender, such other Lender's Pro Rata Share of such Letter of Credit Advance resulting from such draw as of the date of such purchase, by making available for the account of its Applicable Lending Office to the Administrative Agent for the account of the Multi-Currency Issuing Bank, by deposit to the Administrative Agent's Account, in same-day funds in the currency in which such Letter of Credit was denominated, an amount equal to the portion of the outstanding principal amount of such Letter of Credit Advance to be purchased by such Lender.

(iii) Upon the issuance of each Letter of Credit for the account of the Canadian Subsidiary, each Canadian Subsidiary Lender (other than the Canadian Issuing Bank, if it is then a Canadian Subsidiary Lender) shall be deemed to have purchased a participation therein equal to its Pro Rata Share of the Available Amount thereof and, upon written demand by the Canadian Issuing Bank following a draw on such a Letter of Credit, with a copy of such demand to the Administrative Agent and the Canadian Administrative Agent, each Canadian Subsidiary Lender (other than the Canadian Issuing Bank) shall purchase from the Canadian Issuing Bank, directly and not as a participation, and the Canadian Issuing Bank shall sell and assign to each such other Canadian Subsidiary Lender, such other Lender's Pro Rata Share of the Letter of Credit Advance resulting from such draw as of the date of such purchase, by making available for the account of its Applicable Lending Office to the Canadian Administrative Agent for the account of the Canadian Issuing Bank, by deposit to the Canadian Administrative Agent's Account, in same-day funds in the currency in which such Canadian Subsidiary Letter of Credit was denominated, an amount equal to the portion of the outstanding principal amount of such Letter of Credit Advance to be purchased by such Canadian Subsidiary Lender.

(iv) Each Borrower agrees to each participation, sale and assignment pursuant to this subsection (c).

(v) Each Appropriate Lender agrees to purchase its Pro Rata Share of an outstanding Letter of Credit Advance on

(A) the Business Day on which demand therefor is made by the Issuing Bank, provided notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day, or

(B) the first Business Day next succeeding such demand if notice of such demand is given after such time.

Upon any such assignment by the Appropriate Issuing Bank to any Appropriate Lender of a portion of a Letter of Credit Advance, the Appropriate Issuing Bank shall be deemed to have represented and warranted to such Appropriate Lender that such Issuing Bank is the legal and beneficial owner of such interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Letter of Credit Advance, the Loan Documents or any Loan Party. If and to the extent that any Appropriate Lender shall not have so made the purchase price for its Pro Rata Share of a Letter of Credit Advance available to the Appropriate Agent, such Lender agrees to pay to the Appropriate Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Appropriate Issuing Bank until the date such amount is paid to the Appropriate Agent, at the Federal Funds Rate, in the case of demands made by the Multi-Currency Issuing Bank, and at the Base Rate (with respect to Canadian Subsidiary Borrowings) in the case of demands made by the Canadian Issuing Bank. If such Lender shall pay to the Appropriate Agent such amount for the account of the Appropriate Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Letter of Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Letter of Credit Advance made by the Appropriate Issuing Bank shall be reduced by such amount on such Business Day.

(d) Obligations Absolute. The Obligations of the Borrowers under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including without limitation the following circumstances:

(i) any lack of validity or enforceability of this Agreement, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (this Agreement and all of the other foregoing being, collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of any Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that any Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Appropriate Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; provided that this clause (v) shall not be deemed to be a waiver of any claim that any Borrower might have against such Issuing Bank as a result of any such payment;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any Loan Party Guaranty or any other Guaranty, for all or any of the Obligations of each Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including without limitation any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower or a guarantor.

(e) Compensation. (i) Each Multi-Currency Borrower shall pay to the Administrative Agent, for the account of the Multi-Currency Lenders (which for purposes of this subsection (e) shall be deemed to include each such Lender acquiring a participation in a Letter of Credit issued for the account of a Multi-Currency Borrower pursuant to subsection (c) above) a commission computed each day at a rate equal to the rate per annum equal to the Applicable Margin on such day for Eurocurrency Rate Advances on the aggregate Available Amount of all Letters of Credit outstanding and issued for such Multi-Currency Borrower's account. Each such Lender's commission shall be calculated by allocating to such Lender a portion of the total commission determined ratably according to the proportion that such

Lender's Multi-Currency Commitments bear to all Multi-Currency Lenders' Multi-Currency Commitments.

(ii) The Canadian Subsidiary shall pay to the Canadian Administrative Agent, for the account of the Canadian Subsidiary Lenders (which for purposes of this subsection (e) shall be deemed to include each such Lender acquiring a participation in a Letter of Credit issued for the account of the Canadian Subsidiary pursuant to subsection (c) above) a commission computed each day at a rate equal to the rate per annum equal to the Applicable Margin on such day for Eurocurrency Rate Advances on the aggregate Available Amount of all Letters of Credit outstanding and issued for the Canadian Subsidiary's account. Each such Lender's commission shall be calculated by allocating to such Lender a portion of the total commission determined ratably according to the proportion that such Lender's Canadian Subsidiary Commitments bear to all Canadian Subsidiary Lenders' Canadian Subsidiary Commitments.

(iii) The commissions specified in this subsection (e) shall be payable as provided in Section 2.07(c).

(iv) Each Borrower also shall pay to the Appropriate Issuing Bank, for its own account, such issuance fees, other commissions, transfer fees and other fees and charges in connection with the issuance or administration of each Letter of Credit as the Borrowers and such Issuing Bank have separately agreed.

SECTION 2.14. Use of Proceeds. The proceeds of Advances to the Borrowers shall be available (and AGCO agrees that it shall use such proceeds) solely for the purpose of refinancing amounts owing under the Old Credit Agreement and for general corporate purposes. Neither AGCO nor any Borrowing Subsidiary will apply any such proceeds in violation of United States law or any applicable foreign law.

SECTION 2.15. Replacement of a Bank. Subject to the second and third paragraphs of this Section 2.15, if

(a) a Multi-Currency Lender requests compensation under Section 2.09(a) or (b) or 2.11 and other Multi-Currency Lenders holding Commitments equal to at least one third of the Multi-Currency Facility shall not have made a similar request,

(b) a Canadian Subsidiary Lender requests compensation under Section 2.09(a) or (b) or 2.11 and other Canadian Subsidiary Lenders holding Commitments equal to at least one third of the Canadian Subsidiary Facility shall not have made a similar request,

(c) the obligation of a Lender to make Eurocurrency Rate Advances or to Convert Base Rate Advances into Eurocurrency Rate Advances shall be suspended pursuant to Section 2.09(c) or (d) in circumstances in which such obligations of other Lenders holding Commitments equal to at least one third of the Multi-Currency Facility shall not have been suspended, or

(d) a Lender becomes insolvent, goes into receivership or fails to make any Advances required to be made by it hereunder,

then, so long as such condition occurs and is continuing with respect to any Lender (a "Replaced Lender"), AGCO may designate a Person (a "Replacement Lender") that is an Eligible Assignee to assume such Replaced Lender's Commitments hereunder and to purchase any Advances by such Replaced Lender and such Replaced Lender's rights hereunder, without recourse to or representation or warranty by, or expense to, such Replaced Lender, for a purchase price equal to the outstanding principal amount of the Advances by such Replaced Lender, plus any accrued but unpaid interest on such Advances and accrued but unpaid fees and other amounts owing to such Replaced Lender.

Subject to the execution and delivery to the Appropriate Agent and the Replaced Lender by the Replacement Lender of an Assignment and Acceptance (and the approval thereof by the applicable Persons specified in Section 8.07(a)(v)) and the payment to the Administrative Agent by AGCO on behalf of such Replaced Lender of the assignment fee specified in Section 8.07(a)(vi), the Replacement Lender shall succeed to the rights and obligations of such Replaced Lender hereunder and such Replaced Lender shall no longer be a party hereto or have any rights hereunder; provided that the obligations of the Borrowers to such Replaced Lender under Sections 2.09, 2.11 and 8.04 with respect to events occurring or obligations arising before or as a result of such replacement shall survive such replacement. Promptly following its replacement by the Replacement Lender, the Replaced Lender shall return to the Borrowers the Notes delivered by the Borrowers to such Replaced Lender and the Borrowers will deliver new Notes to the Replacement Lender.

AGCO may not exercise its rights under this Section 2.15 with respect to any Lender (i) unless it exercises such rights with respect to all Lenders to which circumstances giving rise to the replacement of such Lender apply, or (ii) if a Default has occurred and is continuing.

SECTION 2.16. Bankers' Acceptances and BA Equivalent Loans.

(a) Face Amounts. The face amount of each Bankers' Acceptance shall be Cdn. \$100,000 or any whole multiple thereof.

(b) Discount Rate. On each day on which Bankers' Acceptances are to be accepted, the Canadian Administrative Agent shall advise the Borrower as to the Canadian Administrative Agent's determination of the Discount Rate.

(c) Purchase and Reimbursement of Bankers' Acceptances. The Borrower shall sell, and each Canadian Subsidiary Lender shall purchase, at the Discount Rate each Bankers' Acceptance accepted by it and to deliver the Discount Proceeds less the Acceptance Fee to the Canadian Administrative Agent for the relevant Borrower's Account in accordance with Section 2.02(a). The Borrower will reimburse each Canadian Subsidiary Lender, on the last day of the relevant Contract Period, for the face amount of each Bankers' Acceptance accepted by it.

(d) Sale of Bankers' Acceptances. Each Canadian Subsidiary Lender, except a Non BA Lender, may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances accepted and purchased by it.

(e) Bankers' Acceptances in Blank. To facilitate the acceptance of Bankers' Acceptances under this Agreement, the Borrower shall upon execution of this Agreement and from time to time as required, provide to the Canadian Administrative Agent drafts substantially in the form of Exhibit E (or such other form as may be acceptable to the Canadian Administrative Agent) executed and duly endorsed in blank by the Borrower, in quantities sufficient for each of the Canadian Subsidiary Lenders to fulfill its obligations under this Agreement. No Canadian Subsidiary Lender shall be responsible or liable for its failure to accept a Bankers' Acceptance as required under this Agreement if the cause of such failure is, in whole or in part, due to the failure of the Borrower to provide duly executed and endorsed drafts to the Canadian Administrative Agent on a timely basis nor shall the Canadian Subsidiary Lender be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except a loss or improper use arising by reason of the gross negligence or wilful misconduct of the Canadian Subsidiary Lender, the Canadian Administrative Agent or their respective employees.

(f) Execution of Bankers' Acceptances. Bills of exchange drawn by the Borrower to be accepted as Bankers' Acceptances shall be signed by a duly authorized officer or officers of the Borrower. Notwithstanding that any Person whose signature appears on any Bankers' Acceptance may no longer be an authorized signatory for the Borrower at the date of issuance of a Bankers' Acceptance, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such Bankers' Acceptance so signed shall be binding on the Borrower.

(g) Issuance of Bankers' Acceptances. The Canadian Administrative Agent, promptly following receipt of a notice of Advance by way of Bankers' Acceptances, shall so

advise the Canadian Subsidiary Lenders and shall advise each Canadian Subsidiary Lender of the aggregate face amount of the Bankers' Acceptances to be accepted by it and the applicable Contract Period (which shall be identical for all Canadian Subsidiary Lenders). The aggregate face amount of the Bankers' Acceptances to be accepted by a Canadian Subsidiary Lender shall be determined by the Canadian Administrative Agent by reference to Section 2.01(b), except that, if the face amount of a Bankers' Acceptance which would otherwise be accepted by a Canadian Subsidiary Lender would not be Cdn. \$100,000 or a whole multiple thereof, such face amount shall be increased or reduced by the Agent in its sole discretion to Cdn. \$100,000 or the nearest whole multiple of that amount, as appropriate.

(h) Rollover of Bankers' Acceptances. With respect to each Advance which is outstanding under this Agreement by way of Bankers' Acceptances, at or before 10:00 a.m. (Toronto time), two (2) Business Days before the maturity date of such Bankers' Acceptances, the Borrower shall notify the Canadian Administrative Agent by telex, telecopier or cable in substantially the form of Exhibit B-3 hereto, if the Borrower intends to issue Bankers' Acceptances on such maturity date to provide for the payment of such maturing Bankers' Acceptances. Such notice shall be irrevocable and binding on the Borrower delivering such notice. If the Borrower fails to give such notice, such maturing Bankers' Acceptances shall be converted on their maturity date into Base Rate Advances in an amount equal to the face amount of such Bankers' Acceptances.

(i) Rollover. The rollover of Bankers' Acceptances pursuant to Section 2.16(h) shall not constitute a repayment of any Borrowing or a new advance of funds.

(j) BA Equivalent Loans by Non BA Lenders. Whenever the Borrower requests an Advance under this Agreement by way of Bankers' Acceptances, each Non BA Lender shall, in lieu of accepting a Bankers' Acceptance, make a BA Equivalent Loan.

(k) Terms Applicable to Discount Notes. The term "Bankers' Acceptance" shall include Discount Notes and all terms of this Agreement applicable to Bankers' Acceptances shall apply equally to Discount Notes evidencing BA Equivalent Loans with such changes as may in the context be necessary. For greater certainty:

(i) the term of a Discount Note shall be the same as the Contract Period for Bankers' Acceptances accepted on the same date in respect of the same Advance;

(ii) an Acceptance Fee will be payable in respect of a Discount Note and shall be calculated at the same rate and in the same manner as the Acceptance Fee in respect of a Bankers' Acceptance; and

(iii) the Discount Rate applicable to a Discount Note shall be the Discount Rate applicable to Bankers' Acceptances accepted on the same date, or maturity date in respect of rollovers, in respect of the same Advance.

(l) Prepayment of Bankers' Acceptances. Whenever the provisions of this Agreement states that the Borrower shall prepay the principal amount of Advances or any portion of the principal amount of Advances, and such Advances are by way of Bankers' Acceptances and not BA Equivalent Loans, such prepayment of such Advances shall mean that the Borrower shall deposit the face amount of each such Bankers' Acceptance into such interest-bearing account of the Canadian Administrative Agent as it shall specify. Such amounts shall be held by the Canadian Administrative Agent for payment of the Canadian Subsidiary Lender's obligations in respect of such Bankers' Acceptances on the applicable maturity date(s). The Borrower's obligations in respect of any such Bankers' Acceptances shall be satisfied by any such payment and any interest earned on such amounts shall be paid to the Borrower.

(m) Rounding. The Canadian Administrative Agent is authorized by the Canadian Subsidiary and each Canadian Subsidiary Lender to allocate among the Canadian Subsidiary Lenders the Bankers' Acceptances to be issued in such manner and amounts as the Canadian Administrative Agent may, in its sole and unfettered discretion acting reasonably, consider necessary, rounding a Canadian Subsidiary Lender's allocation up or down, so as to ensure that no Canadian Subsidiary Lender is required to accept a Bankers' Acceptance for a fraction of Cdn. \$100,000, and in such event, the respective Lenders' Pro Rata Shares of any such Bankers' Acceptances and repayments thereof shall be altered accordingly. Further, the Canadian Administrative Agent is authorized by the Canadian Subsidiary and each Canadian Subsidiary Lender to cause the proportionate share of one or more Lenders' Canadian Subsidiary Commitments to be exceeded by not more than Cdn. \$100,000 each as a result of such allocations; provided that (a) the Canadian Subsidiary Outstandings shall not thereby exceed the amount of the Canadian Subsidiary Facility and (b) no Canadian Subsidiary Lender shall be required to make available an amount greater than its Pro Rata Share of the Canadian Subsidiary Facility.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Initial Borrowing. The obligation of each Lender to make an Advance on the occasion of the initial Borrowing under this Agreement (as in effect prior to its amendment and restatement hereby) is subject to the following conditions precedent:

(a) The Lenders shall be satisfied that, in connection with the initial Borrowing hereunder, simultaneously with such initial Borrowing, all amounts owing under the Old Credit Agreement shall have been paid in full and all commitments to lend thereunder shall be terminated.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting AGCO or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that, in the sole judgment of any Lender,

(i) could have a Material Adverse Effect on AGCO or any Subsidiary Guarantor or

(ii) purports to affect the legality, validity or enforceability of this Agreement, any Note, any other Loan Document, any L/C Related Document or the consummation of the transactions contemplated hereby.

(c) Each of the Lenders shall have completed a due diligence investigation of AGCO and its Subsidiaries in scope, and with results, satisfactory to each of the Lenders, and the results of such investigation shall be acceptable to each of the Lenders in their sole discretion.

(d) AGCO shall have paid to the Administrative Agent the closing fee separately agreed to between AGCO and the Administrative Agent.

(e) The Administrative Agent shall have received on or before the day of the initial Borrowing the following, each dated such day (unless otherwise specified), in form and substance satisfactory to the Lenders (unless otherwise specified) and (except for the Notes) in sufficient copies for each Lender:

(i) The Notes to the order of the Lenders.

(ii) Certified copies of the resolutions of the Board of Directors of each Borrower and each other Loan Party approving this Agreement, the Notes, each other Loan Document and each L/C Related Document to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement, the Notes, each other Loan Document and each L/C Related Document.

(iii) A copy of the charter of each Borrower and each other Loan Party and each amendment thereto, certified (as of a date reasonably near the date of the initial

Borrowing) by an appropriate governmental official as being a true and correct copy thereof.

(iv) For AGCO and each other Loan Party other than a Foreign Subsidiary, a copy of a certificate of the Secretary of State of the state of organization of such Person, dated reasonably near the date of the initial Borrowing, listing the charter of such Person and each amendment thereto on file in his office and certifying that

(A) such amendments are the only amendments to such Person's charter on file in his office;

(B) such Person has paid all franchise taxes to the date of such certificate; and

(C) such Person is duly incorporated and in good standing or presently subsisting under the laws of the jurisdiction of organization.

(v) A certificate of each Borrower and each other Loan Party, signed on behalf of such Person by its President or a Vice President and its Secretary or any Assistant Secretary, or by other appropriate officers of it, dated the date of the initial Borrowing (the statements made in which certificate shall be true on and as of the date of the initial Borrowing), certifying as to

(A) the absence of any amendments to the charter of such Person since the date of the certificate referred to in Section 3.01(e)(iii);

(B) a true and correct copy of the bylaws of such Person as in effect on the date of the initial Borrowing; and

(C) the due incorporation and (if such Person is not a Foreign Subsidiary) good standing of such Person as a corporation organized under the laws of the jurisdiction of its organization, and the absence of any proceeding for the dissolution or liquidation of such Person.

(vi) A certificate of the Secretary or an Assistant Secretary or other appropriate officer of each Borrower and each other Loan Party certifying the names and true signatures of the officers of such Person authorized to sign this Agreement, the Notes and each other Loan Document to which it is or is to be parties and the other documents to be delivered hereunder and thereunder.

(vii) Guaranties duly executed by each Person specified in Schedule 3.01(e)(vii) (each such Subsidiary of AGCO executing the same being a "Subsidiary Guarantor"), each such Guaranty to be in form and substance satisfactory to the Administrative Agent, and guaranteeing the obligations specified in such Schedule.

(viii) Such financial, business and other information regarding each Loan Party as the Lenders shall have requested, including without limitation information as to possible contingent liabilities, tax matters, environmental matters, obligations under ERISA, collective bargaining agreements and other arrangements with employees, annual consolidated financial statements dated December 31, 1995, of AGCO and its Restricted Subsidiaries and AGCO and its Subsidiaries, respectively.

(ix) A letter, in form and substance satisfactory to the Administrative Agent, from AGCO to Arthur Andersen LLP, its independent certified public accountants, advising such accountants that the Co-Managers and the Canadian Administrative Agent have been authorized to exercise all rights of AGCO to require such accountants to disclose any and all financial statements and any other information of any kind that they may have with respect to AGCO and its Subsidiaries and directing such accountants to comply with any reasonable request of any Co-Manager or the Canadian Administrative Agent for such information, and also advising such accountants that the Lenders have relied and will rely upon the financial statements of the AGCO and its Subsidiaries examined by such accountants in determining whether to enter into, or to take action or refrain from taking action under, the Loan Documents.

(x) A favorable opinion of King & Spalding, counsel for the Borrowers, in form and substance satisfactory to the Lenders.

(xi) A favorable opinion of Michael Swick, vice president and general counsel of AGCO, in form and substance satisfactory to the Lenders.

(xii) A favorable opinion of Jeremy Parkin, in form and substance satisfactory to the Lenders.

(xiii) A favorable opinion of Herbert Smith, French counsel to the Borrowers, in form and substance satisfactory to the Lenders.

(xiv) Such favorable opinions of McDougall Ready, Canadian counsel to the Borrowers, Hengeler Muller Weitzel Wirtz, German counsel to the Borrowers, and De Brauw Blackstone Westbroek, Netherlands counsel to the Borrowers, and such other favorable opinions of counsel as any Co-Manager may reasonably request, in form and substance satisfactory to the Lenders.

(xv) A favorable opinion of Shearman & Sterling, counsel for the Co-Managers, in form and substance satisfactory to the Co-Managers.

(xvi) Evidence that AGCO has delivered to the trustee under the Subordinated Debt Indenture a notice stating that this Agreement and related instruments and documents are the "Bank Credit Agreement" under such indenture.

(xvii) Such other approvals, opinions or documents as any Lender may reasonably request.

(f) AGCO shall have paid all accrued fees and expenses of the Agents, the Co-Managers and the Lenders (including the accrued fees and expenses of counsel to the Co-Managers) that have theretofore been invoiced.

SECTION 3.02. Conditions Precedent to Each Borrowing and Issuance. The obligation of each Lender to make an Advance (including the initial Advance but other than a Letter of Credit Advance), and the right of any Borrower to request the issuance of Letters of Credit, shall be subject to the further conditions precedent that on the date of such Borrowing or issuance, the following statements shall be true and any Notice of Borrowing delivered to the Appropriate Agent hereunder shall certify that, as of the date of the Borrowing requested thereunder:

(a) the representations and warranties contained in each Loan Document will be correct on and as of the date of such Borrowing or issuance, before and after giving effect to such Borrowing or issuance and to the application of the proceeds therefrom, as though made on and as of such date, and request for the issuance of a Letter of Credit delivered to the Issuing Bank hereunder other than any such representations or warranties that, by their terms, refer to a date other than the date of such Borrowing or issuance;

(b) no event shall have occurred and be continuing, or would result from such Borrowing or issuance or from the application of the proceeds therefrom, that constitutes or would constitute a Default; and

(c) such Borrowing is permitted under Section 2.01(a), if such Borrowing is a Multi-Currency Borrowing, or Section 2.01(b), if such Borrowing is a Canadian Subsidiary Borrowing.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be

deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Appropriate Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the initial Borrowing specifying its objection thereto and such Lender shall not have made available to the Appropriate Agent such Lender's ratable portion of such Borrowing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrowers. Each Borrower represents and warrants as of the date of this Agreement (as amended and restated) as follows:

(a) AGCO

(i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed, except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse Effect; and

(iii) has all requisite corporate power and authority to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(b) Set forth on Schedule 4.01(b) (or, for purposes of Section 3.02(a), the most recently delivered replacement for such Schedule, if any, delivered pursuant to Section 5.03(p) (other than, for purposes of Section 3.02(a), Dormant Subsidiaries)) is a complete and accurate list of all Subsidiaries of AGCO, showing as of the date hereof (as to each such Subsidiary) the jurisdiction of its incorporation, the number of shares of each class of capital stock authorized, and the number outstanding, on the date hereof and the percentage of the outstanding shares of each such class owned (directly or indirectly) by AGCO, the number of shares covered by all outstanding options, warrants, rights of conversion or purchase and similar rights at the date hereof and whether it is a Restricted Subsidiary or a Dormant Subsidiary.

All of the outstanding capital stock of all of the Subsidiaries of AGCO owned by AGCO or any of its Subsidiaries has been validly issued, is fully paid and non-assessable and is owned by AGCO or one or more of its Subsidiaries free and clear of all Liens, except for Liens permitted under Section 5.02(a)(ix). Each Restricted Subsidiary

(i) is a corporation duly organized, validly existing and (if not a Foreign Subsidiary) in good standing under the laws of the jurisdiction of its incorporation;

(ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse Effect; and

(iii) has all requisite corporate power and authority to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

Also set forth on Schedule 4.01(b) (or, for purposes of Section 3.02(a)(i), the most recently delivered replacement for such Schedule, if any, delivered pursuant to Section 5.03(q)) is a complete and accurate list of all joint ventures of AGCO and/or any of its Subsidiaries and any third Person showing as of the date hereof (as to each such joint venture) the other Person or Persons parties thereto, a brief description of the purpose thereof, and the percentage of the outstanding capital stock or other equity interests of such joint venture owned on the date hereof by AGCO or any of its Subsidiaries and any outstanding options, warrants, rights of conversion or purchase and similar rights on the date hereof with respect thereto.

(c) The execution, delivery and performance by each Loan Party of this Agreement, the Notes, each other Loan Document and each L/C Related Document to which it is or is to be a party and the consummation of the transactions contemplated hereby, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not

(i) contravene such Loan Party's charter or by-laws;

(ii) violate any law (including without limitation the Securities Exchange Act of 1934, the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970, the Trading with the Enemy Act and any similar statute), rule, regulation (including without limitation Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award;

(iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties; or

(iv) result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries.

Neither AGCO nor any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which is reasonably likely to have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for

(i) the due execution, delivery, recordation, filing or performance by any Loan Party of this Agreement, the Notes, any other Loan Document or any L/C Related Document to which it is or is to be a party, or for the consummation of the transactions contemplated hereby; or

(ii) the exercise by either Agent or any Lender of its rights under the Loan Documents.

(e) This Agreement and each of the Notes, each other Loan Document and each L/C Related Document have been (or, when delivered hereunder will have been), duly executed and delivered by each Loan Party thereto. This Agreement, each of the Notes, each other Loan Document and each L/C Related Document have been (or, when delivered hereunder will be), the legal, valid and binding obligation of each Loan Party thereto, enforceable against such Loan Party in accordance with its terms.

(f) The consolidated balance sheets of AGCO and its Restricted Subsidiaries and of AGCO and its Subsidiaries, respectively, as at December 31, 1995 and the related consolidated statements of income and cash flows of AGCO and its Restricted Subsidiaries and AGCO and its Subsidiaries, respectively, for the fiscal year then ended, accompanied by an opinion of Arthur Andersen LLP, independent public accountants, copies of which have been furnished to each Lender, fairly present the consolidated financial condition of AGCO and its Restricted Subsidiaries and AGCO and its Subsidiaries, respectively, as at such date and the consolidated results of the operations of AGCO and its Restricted Subsidiaries and AGCO and

its Subsidiaries, respectively, for the period ended on such date, all in accordance with GAAP applied on a consistent basis, and since December 31, 1995, there has been no Material Adverse Effect.

(g) No information, exhibit or report furnished by any Loan Party to either Agent or any Lender in connection with the negotiation of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading, other than statements or omissions corrected in writings delivered to the Co-Managers prior to the date of execution hereof.

(h) There is no action, suit, investigation, litigation or proceeding affecting AGCO or any of its Subsidiaries, including any Environmental Action, pending or threatened before any court, governmental agency or arbitrator that

(i) would be reasonably likely to have a Material Adverse Effect, or

(ii) purports to affect the legality, validity or enforceability of this Agreement, any Note, any other Loan Document or any L/C Related Document or the consummation of the transactions contemplated thereby or hereby.

(i) No proceeds of any Advance will be used directly to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(j) None of the Borrowers will, directly or indirectly, use any of the proceeds of any Borrowing for the purpose, whether immediate, incidental or ultimate, of buying a "margin stock" or of maintaining, reducing or retiring any indebtedness originally incurred to purchase a stock that is currently a "margin stock", or for any other purpose that might constitute this transaction a "purpose credit", in each case within the meaning of the margin regulations of the Board of Governors of the Federal Reserve System, if such use would violate such regulations or cause any Lender to violate such regulations or impose any filing or reporting requirement on any Lender.

(k) All Borrowings under this Agreement will be "Senior Indebtedness", as defined in the Subordinated Debt Indenture. This Agreement and all related instruments and documents are the "Bank Credit Agreement", as defined in the Subordinated Debt Indenture.

(l) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan of any Loan Party or any of its ERISA Affiliates that has resulted in or is reasonably likely to result in a Material Adverse Effect.

(m) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) that any Loan Party or any of its ERISA Affiliates is required to file for any Plan, copies of which have been filed with the Internal Revenue Service, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(n) Neither any Loan Party nor any of its ERISA Affiliates has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan that could result in a Material Adverse Effect.

(o) Neither any Loan Party nor any of its ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan of any Loan Party or any of its ERISA Affiliates that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and to the knowledge of AGCO no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in either case which reorganization or termination could result in a Material Adverse Effect.

(p) Neither the business nor the properties of AGCO or any of its Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that would be reasonably likely to have a Material Adverse Effect.

(q) The operations and properties of AGCO and each of its Subsidiaries comply in all material respects with all Environmental Laws, all necessary Environmental Permits have been obtained and are in effect that are material to the operations and properties of AGCO and its Subsidiaries, AGCO and its Subsidiaries are in compliance in all material respects with all such Environmental Permits, and no circumstances exist that would be reasonably likely to

(i) form the basis of an Environmental Action against any Loan Party or any of its Subsidiaries or any their properties that could have a Material Adverse Effect or

(ii) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could have a Material Adverse Effect.

(r) None of the properties of AGCO or any of its Subsidiaries is listed or proposed for listing on the National Priorities List under CERCLA.

(s) (i) Neither AGCO nor any of its Subsidiaries has transported or arranged for the transportation of any Hazardous Materials to any location that is listed or proposed for listing on the National Priorities List under CERCLA;

(ii) to the best of AGCO's knowledge, Hazardous Materials have not been generated, used, treated, handled, stored or disposed of on, or released or transported to or from, any property of AGCO or any of its Subsidiaries, in an amount that would require remediation in accordance with applicable environmental laws; and

(iii) all other wastes generated at any such properties have been disposed of in compliance in all material respects with all applicable Environmental Laws and Environmental Permits,

except to the extent that such transportation, generation, use, treatment, handling, storage, disposition or release would not result in a Material Adverse Effect.

(t) Neither AGCO nor any of its Subsidiaries is a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter or corporate restriction that would be reasonably likely to have a Material Adverse Effect.

(u) Each of AGCO and each of its Subsidiaries has filed, has caused to be filed or has been included in all Federal and foreign income-tax returns, all state income-tax returns where a tax Lien could be imposed on any assets of AGCO or any of its Restricted Subsidiaries and all other material income-tax returns required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties, except for any taxes being contested in good faith by appropriate proceedings promptly initiated and diligently pursued and for which reserves or other appropriate provisions required by GAAP have been established and with respect to which no Lien has attached to its property or become enforceable against its other creditors.

(v) Set forth on Schedule 4.01(v) hereto is a complete and accurate list, as of the date hereof, of each taxable year of AGCO for which Federal income tax returns have been filed and for which the expiration of the applicable statute of limitations for assessment or collection has not occurred by reason of extension or otherwise.

(w) There are no adjustments as of the date hereof to the Federal income tax liability of AGCO proposed by the Internal Revenue Service with respect to any such year. No issues have been raised by the Internal Revenue Service in respect of any such year that, in the aggregate, would be reasonably likely to have a Material Adverse Effect.

(x) The aggregate unpaid amount, as of the date hereof, of adjustments to the state, local and foreign tax liability of AGCO and its Subsidiaries proposed by all state, local and foreign taxing authorities (other than amounts arising from adjustments to Federal income tax returns) does not exceed U.S. \$1,000,000. No issues have been raised by such taxing authorities that, in the aggregate, would be reasonably likely to have a Material Adverse Effect.

(y) Neither AGCO nor any of its Subsidiaries is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any Advances, nor the issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by the Borrower, nor the consummation of the other transactions contemplated hereby, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(z) Set forth on Schedule 4.01(z) hereto is a complete and accurate list as of the date hereof of all Debt of AGCO and its Subsidiaries, showing as of the date hereof the principal amount outstanding thereunder. There are no Liens on property of AGCO or any of its Restricted Subsidiaries, other than Liens permitted under the Old Credit Agreement, Liens approved or consented to by the lenders under the Old Credit Agreement and other Liens that are immaterial, individually or in the aggregate.

ARTICLE V

COVENANTS OF AGCO

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, AGCO will, unless the Required Lenders shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Except as provided in Subsection (c), comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA, the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970, the Trading with the Enemy Act and any similar statute.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent,

(i) all Federal and foreign income taxes, all state income taxes in jurisdictions where a tax Lien could be imposed on any assets of AGCO or any of its Restricted Subsidiaries, and all other material income and other taxes, assessments and governmental charges or levies imposed upon it or upon its property, and

(ii) all lawful claims that, if unpaid, might by law become a Lien upon its property;

provided that neither AGCO nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith by appropriate proceedings promptly initiated and diligently pursued and for which reserves or other appropriate provisions required by GAAP shall have been established, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) Compliance with Environmental Laws. Comply, and cause each of its Subsidiaries and all lessees and other Persons occupying its properties to comply with all Environmental Laws and Environmental Permits applicable to its operations and properties; obtain and renew all Environmental Permits necessary for its operations and properties; and conduct, and cause each of its Subsidiaries to conduct, any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws, where the failure to do the same could reasonably be expected to result in a Material Adverse Effect.

(d) Maintenance of Insurance. Maintain, and cause each of its Restricted Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which AGCO or such Restricted Subsidiary operates. Such insurance may be subject to (A) insurance by Affiliates of AGCO or similar clauses that so long as such self insurance is in an amount no greater than U.S. \$25,000,000 and is in accord with the approved practices of corporations similarly situated and adequate insurance reserves are maintained in connection with such self-insurance, and (B) deductibles and co-payment obligations no greater than those of other corporations similarly situated.

(e) Preservation of Corporate Existence, Etc. Except as otherwise permitted by this Agreement, preserve and maintain, and cause each of its Restricted Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided that neither AGCO nor any of its Restricted Subsidiaries shall be required to preserve

any right or franchise if the Board of Directors of AGCO or such Restricted Subsidiary shall determine, and no Restricted Subsidiary (other than a Borrowing Subsidiary) shall be required to preserve and maintain its corporate existence if the Board of Directors of AGCO determines, that the preservation and maintenance thereof is no longer desirable in the conduct of the business of AGCO or such Restricted Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower, such Restricted Subsidiary or the Lenders.

(f) Visitation Rights. At any reasonable time and from time to time, permit

(i) the Agents, any Co-Manager and (while any Default shall have occurred and be continuing) any of the Lenders, and

(ii) if no Default shall have occurred and be continuing, any of the Lenders on reasonable request,

or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, AGCO and any of its Subsidiaries and to discuss the affairs, finances and accounts of AGCO and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants. The Lenders will use reasonable efforts to coordinate with AGCO and the Co-Managers such examination, copying, visits, examinations and discussions to limit any inconvenience to AGCO and its Subsidiaries.

(g) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of AGCO and each such Subsidiary in accordance with GAAP (or the foreign equivalent) in effect from time to time.

(h) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Restricted Subsidiaries to maintain and preserve, all of its properties that are used or useful in, and material to, the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(i) Qualification in New York. At all times remain qualified as a foreign corporation entitled to do business in the State of New York.

(j) Performance of Material Contracts. Perform and observe all the terms and provisions of each Material Contract to be performed or observed by it, except where the failure to perform or observe the same would not have a Material Adverse Effect.

(k) Transactions with Affiliates. Conduct, and cause each of its Restricted Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates (other than transactions between AGCO and its Restricted Subsidiaries) (i) in accordance with current practice, or (ii) on terms that are fair and reasonable and no less favorable to AGCO or such Restricted Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(l) Foreign Subsidiary Guaranties, etc. If AGCO shall at any time consolidate its and its Subsidiaries' financial statements for tax-reporting purposes on a worldwide basis, cause each wholly owned Foreign Subsidiary that shall not previously have delivered a Loan Party Guaranty to execute and deliver to the Lenders a Loan Party Guaranty substantially in the form of an Exhibit hereto, with such changes as the Administrative Agent may reasonably request, guarantying the obligations of AGCO hereunder and under the other Loan Documents.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, AGCO will not, at any time, without the written consent of the Required Lenders or, if required under Section 8.01, of all of the Lenders:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including without limitation accounts) whether now owned or hereafter acquired or, except with the consent of the Administrative Agent in connection with a refinancing of this Agreement in its entirety, (x) sign or file, or permit any of its Restricted Subsidiaries to sign or file, under the Uniform Commercial Code of any jurisdiction (or any similar law of any jurisdiction outside the United States), a financing statement that names AGCO or any of its Restricted Subsidiaries as debtor, or (y) sign, or permit any of its Restricted Subsidiaries to sign, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Restricted Subsidiaries to assign, any accounts or other right to receive income, excluding, however, from the operation of the foregoing restrictions the following:

(i) Permitted Liens;

(ii) (A) Liens permitted under or approved or consented to by the lenders under the Old Credit Agreement (other than Liens described in clause (i), (ii)(B) or (iii) through (x) inclusive of this subsection (a)) and (B) other Liens existing on the date hereof that individually do not secure Debt in an aggregate principal amount in excess of U.S. \$100,000 or in the aggregate secure Debt in an aggregate principal amount in excess of U.S. \$1,000,000;

(iii) purchase money Liens upon or in property acquired or held by AGCO or any of its Restricted Subsidiaries to secure the purchase price of such property or to secure Debt permitted under Section 5.02(b)(v) incurred solely for the purpose of financing the acquisition, construction or improvement of any such property to be subject to such Liens, or Liens existing on any such property at the time of acquisition, or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount;

provided that no such Lien shall extend to or cover any property other than the property being acquired, constructed or improved, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced;

(iv) the replacement, extension or renewal of any Lien permitted by clause (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby;

(v) Liens existing on the property of a person immediately prior to its being merged into AGCO or a Restricted Subsidiary or its becoming a Restricted Subsidiary, or any Lien existing on any property acquired by AGCO or a Restricted Subsidiary at the time such property is so acquired; provided that no such Lien shall have been created or assumed in contemplation of such merger or such Person's becoming a Restricted Subsidiary or such acquisition of property; and provided further that each such Lien shall at all times be confined solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property that is an improvement to or is acquired for specific use in connection with such acquired property;

(vi) Liens on cash securing reimbursement obligations in respect of letters of credit issued under facilities permitted under subsection (b)(vii) below, so long as the aggregate undrawn amount thereunder at any time outstanding does not exceed U.S. \$15,000,000, and any such Liens securing obligations under this Agreement;

(vii) a deed to secure debt on the property on which AGCO's headquarters are located in Duluth, Georgia and a mortgage or other Lien on AGCO's Coldwater, Ohio facility in favor of an agency of the State of Ohio;

(viii) Liens on Receivables sold pursuant to a securitization facility permitted under Section 5.02(e)(v) that, in either case, nevertheless would appear as Receivables on a balance sheet of AGCO and its Restricted Subsidiaries;

(ix) precautionary financing statements filed by lessors with respect to equipment leases under which AGCO or a Restricted Subsidiary is lessee.

(b) Debt. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any Debt other than:

(i) Debt under the Loan Documents;

(ii) Debt of AGCO, a Borrowing Subsidiary or a Subsidiary Guarantor subordinated to the Advances on terms and conditions acceptable to each Co-Manager and the Required Lenders in their sole discretion;

(iii) in the case of AGCO,

(A) Convertible Subordinated Debentures outstanding on the date hereof, and

(B) Debt issued under the Subordinated Debt Indenture outstanding on the date hereof;

(iv) in the case of any of the Restricted Subsidiaries, Debt owed to AGCO or to a Wholly Owned Restricted Subsidiary of AGCO and, in the case of AGCO, Debt owed to any Wholly Owned Restricted Subsidiary that is subordinated to the Advances on terms and conditions acceptable to each Co-Manager and the Required Lenders in their sole discretion;

(v) Debt incurred in the ordinary course of business for the deferred purchase price of property or services and secured by Liens permitted under subsection (a)(iii) above, so long as, after giving effect to the incurrence thereof, the aggregate principal amount of such Debt incurred by AGCO and its Restricted Subsidiaries then outstanding, on a Consolidated basis, does not exceed U.S. \$25,000,000 (or the Multi-Currency Equivalent thereof);

(vi) the Debt outstanding on the date hereof (other than Debt outstanding under the Old Credit Agreement or described in clause (iii) above) under the terms with respect thereto in effect as of the date hereof, and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, any such Debt, provided that the terms of any such extending, refunding or refinancing Debt, and of any agreement entered into and of any instrument issued in connection therewith, are otherwise permitted by the Loan Documents and further provided that the principal amount of such Debt shall not be increased above the principal amount thereof outstanding

immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing;

(vii) overdraft and ancillary facilities that are unsecured (except for Liens permitted under subsection (a)(vi) above), so long as the aggregate principal amount of Debt of AGCO and its Restricted Subsidiaries outstanding thereunder, on a Consolidated basis, on any date of determination, does not exceed U.S. \$50,000,000 (or the Multi-Currency Equivalent thereof), minus the aggregate principal amount of Debt outstanding on such date and incurred pursuant to clause (xii) below;

(viii) Debt in an aggregate principal amount not exceeding

(A) U.S. \$50,000,000 (or the Multi-Currency Equivalent thereof) of Xavier Fendt GmbH & Company that is unsecured and is issued and outstanding on the date on which such Person becomes a Restricted Subsidiary, and

(B) U.S. \$1,000,000 (or the Multi-Currency Equivalent thereof) of any other Restricted Subsidiary issued and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by AGCO (other than Debt issued as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by AGCO), but only so long as the aggregate principal amount of all Debt incurred pursuant to this clause (B) and outstanding on any date does not exceed U.S. \$5,000,000 (or the Multi-Currency Equivalent thereof);

(ix) indorsements of negotiable instruments in the ordinary course of business;

(x) Debt of AGCO not exceeding \$10,000,000 in aggregate principal amount secured by a Lien permitted under subsection (a)(vii) above;

(xi) in the case of any Borrower, Debt outstanding under the Old Credit Agreement, so long as all such Debt is repaid as of the date of the initial Borrowing hereunder or otherwise is no longer an obligation of any Borrower as of such date;

(xii) Debt consisting of Guaranties permitted under subsection (f) below (other than clause (xiv) thereof).

Notwithstanding clauses (i) through (xiii) inclusive above, the Borrowers shall not incur any Debt pursuant to clause (i) of the second paragraph of Section 4.03 of the Subordinated Debt Indenture (or that would be incurred pursuant to such clause if Section 4.03 were then applicable under Section 4.20 of the Subordinated Debt Indenture), other than

(x) Debt outstanding under this Agreement, and

(y) if the aggregate amount of the Multi-Currency Commitments and the Canadian Subsidiary Commitments shall have been reduced (other than pursuant to Section 4.10 of such indenture), Debt in an aggregate principal amount not exceeding the amount of such reduction.

(c) Sale-Leasebacks. Directly or indirectly become or remain liable, or permit any Restricted Subsidiary to become or remain liable, as lessee or guarantor or other surety with respect to any lease, whether a Capitalized Lease or otherwise, of any assets (whether real or personal or mixed), whether now owned or hereafter acquired, that

(i) AGCO or any Restricted Subsidiary has sold or transferred or is to sell or transfer to any other Person, other than to another Restricted Subsidiary, or

(ii) AGCO or any Restricted Subsidiary intends to use for substantially the same purpose as any other property that has been sold or is to be sold or transferred by AGCO or any Restricted Subsidiary to any Person in connection with such lease.

(d) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Restricted Subsidiaries to do so, except that

(i) any Restricted Subsidiary of AGCO may merge into or consolidate with any other Restricted Subsidiary of AGCO, but only if

(A) in the case of any such consolidation, the Person formed by such consolidation shall be a Restricted Subsidiary of AGCO, and

(B) if a Loan Party (x) is not the surviving corporation of any such merger, or (y) is a party to any such consolidation, the surviving corporation or Person formed by such consolidation, as the case may be, shall assume, in a manner reasonably satisfactory to the Required Lenders, the obligations of such Loan Party under the Loan Documents to which such Loan Party was a party;

(ii) any of AGCO's Restricted Subsidiaries may merge into AGCO so long as AGCO is the surviving corporation; and

(iii) any other Person (other than a Subsidiary of AGCO that is not a Restricted Subsidiary) may merge into AGCO or any of its Restricted Subsidiaries so long as AGCO or such Restricted Subsidiary is the surviving corporation;

provided that in each case, immediately after giving effect thereto, no event shall occur and be continuing that constitutes a Default.

(e) Sales of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Restricted Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, including without limitation substantially all assets constituting the business of a division, branch or other unit operation, other than Inventory sold in the ordinary course of its business, except

(i) sales, licenses and other dispositions of assets in the ordinary course of its business;

(ii) in a transaction authorized by subsection (d) above;

(iii) the sale of any asset by AGCO or any Restricted Subsidiary (other than a bulk sale of Inventory and a sale of Receivables other than delinquent accounts for collection purposes only) so long as

(A) the purchase price paid to AGCO or such Restricted Subsidiary for such asset shall be no less than the fair market value of such asset at the time of such sale;

(B) the purchase price for such asset (and all assets sold in related transactions) shall be paid to AGCO or such Restricted Subsidiary either (i) solely in cash or by way of the assumption of liabilities of AGCO or such Restricted Subsidiary, or (ii) solely in the form of assets (A) that are not Investments and (B) the aggregate fair-market value of which, as determined in good faith by the Board of Directors of AGCO, is equal to the aggregate fair-market value of the assets sold;

(C) the purchase price (including any portion thereof in respect of an assumption of liabilities of AGCO or such Restricted Subsidiary) paid to AGCO or such Restricted Subsidiary for such asset,

(1) shall not exceed U.S. \$25,000,000 in the aggregate for such transaction and all related transactions, or

(2) together with the aggregate purchase prices (including any portions thereof in respect of an assumption of liabilities of AGCO or any Restricted Subsidiary) paid to AGCO or any Restricted Subsidiary for all such sales of assets after the date of this Agreement, shall not exceed 10% of Consolidated Tangible Net Worth as of the last day of the fiscal quarter of AGCO immediately preceding such sale; and

(D) the Borrowers shall, on the date of such sale, if required by Section 2.05(b)(i) or (ii), make any prepayment required by such Section;

(iv) so long as no Default shall occur and be continuing, the grant of any option or other right to purchase any asset in a transaction which would be permitted under the provisions of clause (iii) above;

(v) sales of Receivables to a third party under a securitization facility pursuant to a program approved by the Required Lenders;

(vi) transfers of assets between Restricted Subsidiaries and to AGCO; and

(vii) dispositions of cash to make Investments permitted under subsection (f) below.

(f) Investments, Guaranties, Etc. Make or hold, or permit any of its Restricted Subsidiaries to make or hold, any Investment in, or enter into a Guaranty of any Obligation of, any Person other than

(i) (A) Investments in Restricted Subsidiaries existing on the date hereof, and

(B) Investments by AGCO and its Wholly Owned Restricted Subsidiaries in any Restricted Subsidiary at least 51% of all classes and series of stock, interests in capital or profits and beneficial interests of which are owned by AGCO and/or by one or more Wholly Owned Restricted Subsidiaries (other than Financial Services Insurance Company of Tennessee); provided that no Investments shall be made pursuant to this clause (i) while a Default has occurred and is continuing;

(ii) Investments after the date hereof (in addition to any Investment permitted under clause (i) above or clauses (iii) through (v) below) by AGCO and its

Restricted Subsidiaries in any Person (other than Financial Services Insurance Company of Tennessee)

(x) at least 5% of all classes and series of stock, interests in capital or profits and beneficial interests of which are owned by AGCO and/or by one or more Wholly Owned Restricted Subsidiaries, and

(y) that is solely engaged in businesses that are related, ancillary or complementary to the business of AGCO and its Restricted Subsidiaries as of the date hereof,

the sole consideration for which consists of Common Stock of AGCO and/or cash consideration not exceeding in the aggregate, on the date of any such Investment,

(A) the sum of

(1) U.S. \$50,000,000 (or the Multi-Currency Equivalent thereof), and

(2) 50% of Consolidated Net Income for the period beginning January 1, 1995 and ending at the end of the fiscal quarter immediately preceding the date of such Investment, minus

(B) the aggregate amount of any dividends paid by AGCO pursuant to subsection (g)(i)(B) below prior to the date of such Investment, minus

(C) the aggregate amount of any cash Investments then outstanding and made pursuant to clause (v);

provided that no Investments shall be made pursuant to this clause

(ii):

(I) while a Default has occurred and is

continuing,

(II) in the case of any such Investment in any Person that has equity securities of any class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934, at least five Business Days prior to the date of such Investment, AGCO shall have notified each Lender of the type and amount of such Investment and the issuer of such equity securities and shall have certified that such Investment will not result in a breach of the representation and warranty contained in Section 4.01(i) or

(III) in a Finance Subsidiary if a default has occurred and is continuing under any credit or loan agreement or similar facility to which such Finance Subsidiary is a party or under any Debt of such Finance Subsidiary;

(iii) Investments by AGCO and its Restricted Subsidiaries in joint ventures outstanding as of the date hereof and specified in Schedule 4.01(b);

(iv) other Investments in joint ventures approved by the Required Lenders;

(v) Investments in capital stock and other equity interests in Persons (other than Financial Services Insurance Company of Tennessee), in addition to those permitted under clauses (i) through (iv) inclusive above, but only so long as

(A) the aggregate amount of such Investments outstanding on the date of any such Investment does not exceed U.S. \$25,000,000 (or the Multi-Currency Equivalent thereof),

(B) the amount of any such Investment does not exceed the aggregate amount of any additional Investments that could be made under clause (ii) above on the date of such Investment,

(C) in the case of any such Investment in any Person that has equity securities of any class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934, if, after giving effect to such Investment, the aggregate amount of all Investments by AGCO and the Restricted Subsidiaries in such Person would exceed US \$10,000 (or the Multi-Currency Equivalent thereof), at least five Business Days prior to the date of such Investment, AGCO shall have notified each Lender of the type and amount of such Investment and the issuer of such equity securities and shall have certified that such Investment will not result in a breach of the representation and warranty contained in Section 4.01(i),

(D) at the time of such Investment, no Default shall have occurred and be continuing and

(E) AGCO and its Restricted Subsidiaries shall not own in the aggregate 5% or more of any class or series of stock, interests in capital or profits or beneficial interests of any Person in which an Investment is made pursuant this clause (v);

(vi) Investments received in settlement of Debt of third parties created in the ordinary course of business;

(vii) Investments by AGCO and its Restricted Subsidiaries in Cash Equivalents and in Hedge Agreements;

(viii) the indorsement of negotiable instruments in the ordinary course of business;

(ix) Investments by AGCO and its Restricted Subsidiaries in Financial Services Insurance Company of Tennessee in cash in an aggregate amount invested not to exceed, on a Consolidated basis, U.S. \$5,000,000 at any one time outstanding;

(x) advances to officers and employees of AGCO or any of its Restricted Subsidiaries in the ordinary course of business for travel and entertainment expenses;

(xi) Guaranties required to be delivered pursuant to Section 3.01(e)(vii), 5.01(1) or 5.02(1);

(xii) Investments in Agricredit Acceptance Corporation, Massey Ferguson Finance Ltd., Massey Ferguson France SNC and Massey Ferguson Finanzierung G.m.b.H. in existence on the date hereof;

(xiii) Guaranties by AGCO of (A) the hedging and foreign-exchange arrangements that any Subsidiary may enter into with any financial institution, (B) dealer lines of credit in an aggregate principal amount at any one time outstanding not exceeding U.S. \$50,000,000 in favor of any Restricted Subsidiary conducting business in Brazil and (C) Indebtedness of Xavier Fendt GmbH & Company permitted under subsection (b)(viii)(A) above;

(xiv) Guaranties permitted under subsection (b) above (other than clause (xiii) thereof);

(xv) Guaranties of obligations (other than obligations constituting Debt) of any Subsidiary incurred in the ordinary course of such Subsidiary's business; and

(xvi) securities received in settlement of bankruptcy claims.

(g) Dividends, Etc. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its capital stock or any warrants, rights or options to acquire such capital stock, now or hereafter outstanding, return any capital to its

stockholders as such, make any distribution of assets, capital stock, warrants, rights, options, obligations or securities to its stockholders as such or permit any of its Restricted Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of AGCO or any warrants, rights or options to acquire such capital stock, except that

(i) so long as no Default shall have occurred and be continuing, AGCO may

(A) declare and deliver dividends and distributions payable only in, or convert any preferred stock into, Common Stock of AGCO, and

(B) declare and pay cash dividends to its stockholders and purchase, redeem, retire or otherwise acquire shares of its own outstanding capital stock for cash so long as the aggregate amount thereof does not exceed

(1) 50% of Consolidated Net Income for the period beginning January 1, 1995 and ending at the end of the fiscal quarter immediately preceding such declaration or payment, minus

(2) the aggregate amount of any cash Investments then outstanding and made pursuant to subsection (f)(ii) above in excess of U.S. \$50,000,000;

(ii) AGCO may acquire shares of its capital stock to eliminate fractional shares; provided that the aggregate amount paid by AGCO pursuant to acquisitions under this clause (ii) after the date of this Agreement shall not exceed U.S. \$20,000,000.

Any dividend permitted under this Subsection (g) on the date of its declaration may continue to be paid notwithstanding any subsequent change; provided that any dividend shall be paid within 90 days after its declaration.

(h) Change in Nature of Business. Engage, or permit any of its Restricted Subsidiaries (including without limitation any Persons becoming Restricted Subsidiaries after the date hereof) to engage in any business that is not related, ancillary or complementary to the business of AGCO and its Restricted Subsidiaries as of the date hereof.

(i) Charter Amendments. Amend, or permit any of its Restricted Subsidiaries to amend, its charter, bylaws or similar constituent documents that would have a Material Adverse Effect.

(j) Prepayments, Etc. of Debt. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of, or amend, modify or supplement in any way, any subordination terms of, any Debt, other than

(i) the prepayment of the Advances in accordance with the terms of this Agreement;

(ii) payments and prepayments of Debt outstanding under any overdraft facility permitted under subsection (b)(viii) above;

(iii) regularly scheduled or required repayments or redemptions of Debt outstanding on the date hereof;

(iv) regularly scheduled payments in respect of New Subordinated Debt (to the extent such payment is not contrary to the terms of subordination thereof);

(v) payments and prepayments of Debt owed by (A) AGCO to any Restricted Subsidiary (other than a Foreign Subsidiary), (B) any Restricted Subsidiary to AGCO, and (C) any Restricted Subsidiary to another Restricted Subsidiary (other than a Foreign Subsidiary); and

(vi) the prepayment of the Debt outstanding under the Old Credit Agreement;

or amend, modify or change in any manner any term or condition (including without limitation any financial covenant) of any such Debt, or permit any of its Restricted Subsidiaries to do any of the foregoing (other than to prepay any Debt payable to AGCO); or cancel, forgive or modify in any respect materially adverse to AGCO or the Lenders any Debt owing by a Subsidiary to AGCO or another Subsidiary.

(k) Restrictions on Dividends. Permit any of its Restricted Subsidiaries to enter into agreements that prohibit or limit the amount of dividends or loans that may be paid or made to AGCO or another Subsidiary of AGCO by any of its Restricted Subsidiaries or any demands for payment on Debt owing by any Restricted Subsidiary of AGCO to AGCO or another Subsidiary of AGCO, other than (i) restrictions imposed under an agreement for the sale of all of the capital stock or other equity interest of a Subsidiary or for the sale of a substantial part of the assets of such Subsidiary, in either case to the extent permitted hereunder and pending the consummation of such sale, and (ii) restrictions in any agreement with another Person relating to a joint venture conducted through a Subsidiary of AGCO in

which such Person is a minority stockholder requiring the consent of such Person to the payment of dividends.

(l) New Subsidiaries. Acquire, or permit any of its Restricted Subsidiaries to acquire, any new Subsidiary, or permit any Dormant Subsidiary to cease to meet the conditions necessary to qualify as a Dormant Subsidiary hereunder, unless such new Subsidiary or Dormant Subsidiary (if other than a Finance Subsidiary) shall have executed and delivered to the Administrative Agent a Loan Party Guaranty in form and substance satisfactory to the Administrative Agent of any or all Loan Parties' obligations hereunder and under the other Loan Documents, as determined by the Administrative Agent; provided that, subject to Section 5.01(1), no Foreign Subsidiary shall be required to guaranty the obligations of any Subsidiary that is not a Foreign Subsidiary.

(m) Issuance or Sales of Stock. Either

(i) sell, assign or otherwise transfer, or permit any of its Restricted Subsidiaries to sell, assign or otherwise transfer, any capital stock of any Restricted Subsidiary owned at any time after the date hereof, or

(ii) permit any Restricted Subsidiary to issue or sell any shares of its capital stock, except

(A) to qualify directors of Subsidiaries where required by applicable law or to satisfy other requirements of applicable law with respect to the ownership of capital stock of Subsidiaries incorporated in jurisdictions outside of the United States of America, and

(B) issuances and sales of capital stock by Wholly Owned Restricted Subsidiaries to AGCO or other Wholly Owned Subsidiaries of AGCO permitted by subsection (f)(ii) above,

except that AGCO or any Restricted Subsidiary may so transfer, issue or sell such capital stock or shares:

(1) if, after giving effect to such transfer, issuance or sale, no Default shall have occurred and be continuing (including without limitation any Default under subsection (b) or (f) above);

(2) in circumstances where, as a result of such transfer, issuance or sale, any Person would cease to be a Restricted Subsidiary, no Default would have existed under Section 5.04 as of the end of the most recent fiscal quarter of AGCO, assuming

that such

Person had not been a Restricted Subsidiary at any time during the periods or on any date used in making any calculation or determination under such Section; and

(3) if AGCO shall have delivered to each Lender (x) a certification to the effect set forth in clause (1) and (if applicable) clause (2) above (together with a reasonably detailed statement showing the basis for its certification as to the matters described in clause (ii)) and (y) if requested by the Administrative Agent pro-forma financial statements for each period and date referred to in clause (2) above prepared as if such Person had not been a Restricted Subsidiary for such period or as of such date.

(n) Change in Policies Regarding Receivables, Reserves and Allowances. Modify, supplement or fail to carry out, or permit any Restricted Subsidiary to modify, supplement or fail to carry out, in any material respect, its policies and procedures in effect on the date hereof regarding the creation of Reserves and Allowances or the terms of the obligations of the obligors under Receivables, or implement any such policies or procedures that differ materially from those of AGCO in effect on the date hereof.

(o) Excess Proceeds. Permit to exist any Excess Proceeds (as defined in the Subordinated Debt Indenture), if the existence thereof would require AGCO to offer to purchase the New Subordinated Debt.

(p) No Notice Under Subordinated Debt Indenture. Deliver, or permit there to be delivered, to the trustee under the Subordinated Debt Indenture any notice that any agreement, instrument or document, other than this Agreement and related instruments and documents, is the "Bank Credit Agreement" thereunder.

SECTION 5.03. Reporting Requirements. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, AGCO will, unless the Required Lenders shall otherwise consent in writing, furnish to the Administrative Agent (with a sufficient number of copies so that the Administrative may distribute a copy to the Canadian Administrative Agent and each of the Lenders, and the Administrative Agent agrees promptly following receipt thereof to distribute to the Canadian Administrative Agent and each Lender a copy of each item received by it pursuant to this Section 5.03):

(a) Default Notice. As soon as possible and in any event within two days after a Responsible Employee shall know of the occurrence of each Default, a statement of the chief financial officer of AGCO setting forth details of such Default and the action that AGCO has taken and proposes to take with respect thereto.

(b) Quarterly Financials. As soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of AGCO, and within 100 days after the end of the fourth quarter of each fiscal year of AGCO, consolidated balance sheets of AGCO and its Restricted Subsidiaries and (in the case of the first three fiscal quarters) AGCO and its Subsidiaries, respectively, as of the end of such quarter and consolidated statements of income and cash flows of AGCO and its Restricted Subsidiaries and (if applicable) AGCO and its Subsidiaries, respectively, for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer of AGCO as having been prepared in accordance with GAAP, together with, in the case of the financial statements relating to the first three fiscal quarters,

(i) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that AGCO has taken and proposes to take with respect thereto, and

(ii) a schedule in form satisfactory to the Administrative Agent of the computations used by AGCO in determining compliance with the covenants contained in Sections 5.02(e)(iii), 5.02(f)(ii) and (v), 5.02(g)(i)(B) and (iii) and 5.04(a), (b), (c) and (d).

(c) Annual Financials. As soon as available and in any event within 100 days after the end of each fiscal year of AGCO, a copy of the annual audit report for such year for AGCO and its Subsidiaries, including therein consolidated balance sheets and consolidated statements of income and cash flows of AGCO and its Subsidiaries for such fiscal year, in each case accompanied by an opinion acceptable to the Required Lenders of Arthur Andersen LLP or other independent public accountants of recognized national standing, together with

(i) a certificate of such accounting firm to the Lenders stating that in the course of the regular audit of the business of AGCO and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default has occurred and is continuing, or if, in the opinion of such accounting firm, a Default has occurred and is continuing, a statement as to the nature thereof;

(ii) a schedule in form satisfactory to the Administrative Agent of the computations used by such accountants in determining, as of the end of such fiscal year, the Consolidated Average Funded Debt/EBITDA Ratio and compliance with the

covenants contained in Sections 5.02(e)(iii), 5.02(f)(ii) and (v), 5.02(g)(i)(B) and (iii) and 5.04(a), (b), (c) and (d); and

(iii) a certificate of the chief financial officer of AGCO stating that no Default has occurred and is continuing or, if a default has occurred and is continuing, a statement as to the nature thereof and the action that AGCO has taken and proposes to take with respect thereto.

(d) ERISA Events and ERISA Reports. (i) Promptly and in any event within 10 Business Days after any Responsible Employee of any Loan Party or any of its ERISA Affiliates knows or has reason to know that any ERISA Event with respect to any Loan Party or any of its ERISA Affiliates has occurred, a statement of the chief financial officer of AGCO describing such ERISA Event and the action, if any, that such Loan Party or such ERISA Affiliate has taken and proposes to take with respect thereto, and (ii) on the date on which any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information.

(e) Plan Terminations. Promptly and in any event within two Business Days after receipt thereof by any Loan Party or any of its ERISA Affiliates, copies of each notice from the PBGC stating its intention to terminate any Plan of any Loan Party or any of its ERISA Affiliates or to have a trustee appointed to administer any such Plan.

(f) Plan Annual Reports. Promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan for which any Loan Party or any of its ERISA Affiliates is required to file such report.

(g) Multiemployer Plan Notices. Promptly and in any event within five Business Days after receipt thereof by any Loan Party or any of its ERISA Affiliates from the sponsor of a Multiemployer Plan of any Loan Party or any of its ERISA Affiliates, copies of each notice concerning

(i) the imposition of Withdrawal Liability by any such Multiemployer Plan that might have a Material Adverse Effect,

(ii) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan that might be expected to have a Material Adverse Effect or

(iii) the amount of liability incurred by such Loan Party or any of its ERISA Affiliates in connection with any event described in clause (i) or (ii), if paying such liability might have a Material Adverse Effect.

(h) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting AGCO or any of its Subsidiaries of the type described in Section 4.01(h).

(i) Securities Reports. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that AGCO or any of its Subsidiaries sends to its stockholders, and copies of all regular, periodic and special reports, and all registration statements, that any Loan Party or any of its Subsidiaries files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or with any national securities exchange.

(j) Creditor Reports. Upon request by either Agent or any Lender, copies of any statement or report furnished to any other holder of the securities of any Loan Party or of any of its Subsidiaries pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to any other clause of this Section 5.03.

(k) Material Contract Notices. Promptly upon receipt thereof, copies of all default notices received by any Loan Party or any of its Subsidiaries under or pursuant to any Material Contract and, from time to time upon request by the Administrative Agent, such information regarding any Material Contracts as the Administrative Agent may reasonably request.

(l) Environmental Conditions. Promptly after the occurrence thereof, notice of any condition or occurrence on any property of any Loan Party or any of its Subsidiaries that results in a material noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit or would be reasonably likely to form the basis of an Environmental Action against any Loan Party or any of its Subsidiaries or such property that could have a Material Adverse Effect.

(m) Adverse Developments. Promptly after the occurrence thereof, notice of any other event or condition relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of AGCO and its Restricted Subsidiaries (including without limitation any events or conditions described in Section 4.01(q) or the loss of use of any trademarks or patents) that is reasonably likely to have a Material Adverse Effect.

(n) Borrowing Base Certificates. As soon as practicable and, in any event by (i) the 30th day after each fiscal quarter of AGCO (or, if such day is not a Business Day, on the next-following day that is a Business Day), and (ii) if a Default shall have occurred and be continuing, not later than the fifth Business Day after the Required Lenders shall have requested the same, a Borrowing Base Certificate, executed by the Chief Financial Officer, the Treasurer or an Assistant Treasurer of AGCO with respect to the Receivables and Inventory of AGCO and its Restricted Subsidiaries as of the last Business Day of the immediately preceding fiscal quarter, in the case of a Borrowing Base Certificate delivered pursuant to clause (i) above, and as of the date of such request, in the case of a Borrowing Base Certificate delivered pursuant to clause (ii) above.

(o) Quarterly Operations Report. As soon as possible and in any event by the 30th day after each fiscal quarter of AGCO, beginning with the fiscal quarter ending December 31, 1996, a quarterly operations report in respect of the immediately preceding fiscal quarter in substantially the form prepared by AGCO for its internal use and containing substantially the information as is contained in such report as of the date hereof.

(p) Replacement Schedules. Promptly, and in any event within 30 days, after any information contained in Schedule 4.01(b) (other than with respect to Dormant Subsidiaries) or any representation or warranty herein referring to such Schedule, if repeated as of any date, shall become or would be incorrect or incomplete, deliver to the Administrative Agent a replacement for such Schedule that will cause such information, or such representation or warranty, to be correct and complete.

(q) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, taxes, properties or prospects of any Loan Party or any of its Subsidiaries as any Co-Manager may reasonably request or any Lender may from time to time reasonably request through a Co-Manager.

SECTION 5.04. Financial Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment hereunder, AGCO will, unless the Required Lenders otherwise consent in writing:

(a) Consolidated Total Debt Ratio. Maintain, as of the end of each fiscal quarter of AGCO, the ratio of

(i) the aggregate principal amount of all Debt of AGCO and its Restricted Subsidiaries, to

(ii) such aggregate principal amount, plus Consolidated Net Worth,

in each case at the last day of such fiscal quarter, at no more than .60 to 1.

(b) EBITDA Ratio. Maintain, as of the end of each fiscal quarter of AGCO, the ratio of

(i) Consolidated EBITDA, to

(ii) (A) Consolidated Net Interest Expense, plus

(B) the aggregate principal amount of Consolidated Funded Debt to be paid within one year after the last day of such fiscal quarter, plus

(C) the aggregate amount of all capital expenditures made by AGCO and its Restricted Subsidiaries,

in the case of clauses (i), (ii)(A) and (ii)(C) above for such fiscal quarter and the three fiscal quarters of AGCO immediately preceding such fiscal quarter, at no less than 2.0 to 1.

(c) Consolidated Funded Debt Ratio. Maintain, as of the last day of each fiscal quarter of AGCO, the ratio of

(i) the aggregate principal amount of Consolidated Funded Debt as of the end of such fiscal quarter to

(ii) Consolidated EBITDA for such fiscal quarter and the three complete fiscal quarters of AGCO immediately preceding such fiscal quarter,

at no more than 5.0 to 1.

(d) Consolidated Tangible Net Worth Ratio. Maintain, as of the last day of each fiscal quarter of AGCO, the ratio of

(i) the sum of (A) Consolidated Tangible Net Worth, and (B) the aggregate principal amount of all New Subordinated Debt and the Convertible Subordinated Debentures, to

(ii) Consolidated Total Assets,

in each case as of the last day of such fiscal quarter, at no less than

- (A) 0.22 to 1.00, if such fiscal quarter ends before July 1, 1997,
- (A) 0.26 to 1.00, if such fiscal quarter ends after July 1, 1997 but before October 1, 1997,
- (A) 0.30 to 1.00, if such fiscal quarter ends after October 1, 1997.

SECTION 5.05. Covenants of the Borrowing Subsidiaries. Each Borrowing Subsidiary will perform and observe each covenant in Section 5.01 and 5.02 that AGCO is required to cause it to perform or observe under such Sections.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

- (a) (i) Any Borrower shall fail to pay (A) any principal or face amount of any Advance on the date when the same becomes due and payable, or (B) any interest on any Advance within one day after the date when the same becomes due and payable, or (ii) any Loan Party shall fail to make any other payment under any Loan Document, in any case within five days after the date when the same becomes due and payable; or
- (b) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or
- (c) AGCO shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(e)(with respect to any Borrower), 5.02(c), (d), (e), (g) or (m), 5.03(a) or 5.04; or
- (d) any Loan Party shall fail to perform any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of (i) such Loan Party having knowledge thereof, and (ii) written notice thereof having been given to AGCO; or
- (e) any Loan Party or any of AGCO's other Restricted Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect

of any Debt, if such Debt is

outstanding in a principal or notional amount of at least U.S. \$10,000,000 in the aggregate (but excluding Debt outstanding hereunder), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature; or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) any Loan Party or any of AGCO's other Restricted Subsidiaries shall generally not pay its debts as such debts become due, shall suspend or threaten to suspend making payment whether of principal or interest with respect to any class of its debts or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Loan Party or any of AGCO's other Restricted Subsidiaries seeking, or seeking the administration, to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, administrator, receiver and manager, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including without limitation the entry of an order for relief against, or the appointment of a receiver, administrator, receiver and manager, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or any Loan Party or any of AGCO's other Restricted Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (f), or an encumbrancer takes possession of, or a trustee or administrator or other receiver or similar officer is appointed in respect of, all or any part of the business or assets of any Loan Party or any of AGCO's other Restricted Subsidiaries, or distress or any form of execution is levied or enforced upon or sued out against any such assets and is not discharged within seven days of being levied, enforced or sued out, or any Lien that may for the time being affect any of its assets becomes enforceable, or anything analogous to any of

the events specified in

this subsection (f) occurs under the laws of any applicable jurisdictions; or

(g) any judgment or order for the payment of money in excess of U.S. \$10,000,000 (other than any such judgment for a monetary amount insured against by a reputable insurer that shall have admitted liability therefor) shall be rendered against any Loan Party or any of AGCO's other Restricted Subsidiaries and either

(i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or

(ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) any non-monetary judgment or order shall be rendered against any Loan Party or any of AGCO's other Restricted Subsidiaries that is reasonably likely to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing; or

(j) any of the following shall occur:

(i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of AGCO (or other securities convertible into such Voting Stock) representing 40% or more of the combined voting power of all Voting Stock of AGCO; or

(ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of AGCO (together with any new directors whose election to the board of directors or whose nomination for election by AGCO's stockholders was approved by a vote of at least two-thirds of the members of the board of directors at the beginning of such period or whose

election or nomination

for election was previously so approved) shall cease for any reason to constitute a majority of the board of directors of AGCO; or

(iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, control over Voting Stock of AGCO (or other securities convertible into such securities) representing 40% or more of the combined voting power of all Voting Stock of AGCO; or

(iv) any "Change of Control", as defined in the Subordinated Debt Indenture, shall occur; or

(k) any ERISA Event shall have occurred with respect to a Plan of any Loan Party or any of its ERISA Affiliates and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans of the Loan Parties and their ERISA Affiliates with respect to which an ERISA Event shall have occurred and then exist for which the liability of the Loan Parties and their ERISA Affiliates is reasonably likely to have a Material Adverse Effect; or

(l) any Loan Party or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan of any Loan Party or any of its ERISA Affiliates that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts then required to be paid to Multiemployer Plans by the Loan Parties and their ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), is reasonably likely to have a Material Adverse Effect; or

(m) any Loan Party or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan of any Loan Party or any of its ERISA Affiliates that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Loan Parties and their ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount that is reasonably likely to have a Material Adverse Effect,

then, and in any such event, the Administrative Agent

(i) may, and shall at the request of the Required Lenders, by notice to AGCO, declare the obligation of each Lender to make Advances and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and

(ii) may, and shall at the request of the Required

Lenders,

(A) by notice to AGCO, declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers, and

(B) by notice to each party required under the terms of any agreement in support of which a Standby Letter of Credit is issued, request that all Obligations under such agreement be declared to be due and payable;

provided that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code,

(x) the obligation of each Lender to make Advances and of the Issuing Bank to issue Letters of Credit shall automatically be terminated and

(y) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers.

SECTION 6.02. Actions in Respect of the Letters of Credit. If

(a) an event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code shall have occurred, AGCO will forthwith, and

(b) any other Event of Default shall have occurred and be continuing, the Administrative Agent may, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon AGCO to, and forthwith upon such demand AGCO will,

pay to the Administrative Agent on behalf of the Lenders in same-day funds at the Administrative Agent's office designated in such demand, for deposit in such interest-bearing account as the Administrative Agent shall specify (the "L/C Cash Collateral Account"), an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding. If at any time the Administrative Agent determines that any funds held in the L/C Cash Collateral Account are subject to any right or claim of any Person other than the Administrative Agent and the Lenders or that the total amount of such funds is less than the amount required to be on deposit hereunder, AGCO will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited and held in the L/C Cash Collateral Account, an amount equal to the excess of (i) such amount required to be deposited hereunder over (ii) the total amount of funds, if any, then held in the L/C Cash Collateral Account that the Administrative Agent determines to be free and clear of any such right and claim. The L/C Cash Collateral Account shall be in the name and under the sole dominion and control of the Administrative Agent. The Administrative Agent shall have no obligation to invest any amounts on deposit in the L/C Cash Collateral Account. AGCO grants to the Administrative Agent, for its benefit and the benefit of the Lenders, the Agents and the Issuing Banks, a lien on and security interest in the L/C Cash Collateral Account and all amounts on deposit therein as collateral security for the performance of the Borrowers' obligations under this Agreement and the other Loan Documents. The Administrative Agent shall have all rights and remedies available to it under applicable law with respect to the L/C Cash Collateral Account and all amounts on deposit therein.

ARTICLE VII

THE AGENTS

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes Rabobank to take action on its behalf as the Administrative Agent, and each Canadian Subsidiary Lender hereby appoints and authorizes Deutsche Bank Canada to act on its behalf as Canadian Administrative Agent, to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to them respectively by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including without limitation enforcement or collection of the Notes), neither Agent shall be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided that neither Agent shall be required to take any action that exposes it or its officers or directors to personal liability or that is contrary to this Agreement or applicable law. Each Agent will give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agents' Reliance, Etc. Neither Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, each Agent:

(i) may treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07;

(ii) respectively, may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it, and may rely on any opinion of counsel delivered under this Agreement, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts or any such opinion;

(iii) make no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations made in or in connection with the Loan Documents by any other Person;

(iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of any Loan Party or to inspect the property (including the books and records) of any Loan Party;

(v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant hereto (other than its own execution and delivery thereof) or the creation, attachment perfection or priority of any Lien purported to be created under or contemplated by any Loan Document;

(vi) respectively, shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, teletype, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties;

(vii) shall have no liability or responsibility to any Loan Party for any failure on the part of any Lender to comply with any obligation to be performed by such Lender under this Agreement;

(viii) shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default under this Agreement unless they have received notice from a Lender or Loan Party referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default";

(ix) shall incur no liability as a result of any determination whether the transactions contemplated by the Loan Documents constitute a "highly leveraged transaction" within the meaning of the interpretations issued by the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System; and

(xi) may act directly or through agents on its behalf.

SECTION 7.03. Agents, in their Individual Capacity and Affiliates. With respect to their respective Commitments, and the Advances made by each of them, respectively, and the Notes issued to each of them, respectively, Rabobank and Deutsche Bank Canada shall have the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though it were not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Rabobank and Deutsche Bank Canada in their individual capacities. Rabobank and Deutsche Bank Canada and their

respective affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person who may do business with or own securities of any Loan Party or any such Subsidiary, all as if Rabobank and Deutsche Bank Canada were not Agents and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon either Agent or any other Lender and based on the financial statements referred to in Section 4.01(f) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. Each Lender severally agrees to indemnify each Agent and each Co- Manager (to the extent not promptly reimbursed by the Borrowers) from and against such Lender's ratable share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including without limitation fees and expenses of legal counsel consulted pursuant to Section 7.02(ii)) of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent or any Co-Manager in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Agent or any Co-Manager under the Loan Documents; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's or such Co- Manager's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse each Agent and each Co-Manager promptly upon demand for its ratable share of any costs and expenses payable by any Borrower under Section 8.04, to the extent that such Agent or such Co-Manager is not promptly reimbursed for such costs and expenses by the Borrower. For purposes of this Section 7.05, the Lenders' respective ratable shares of any amount shall be determined, at any time, according to the sum of

(a) the aggregate principal amount of the Advances (other than Advances by way of Bankers' Acceptances) outstanding at such time and owing to the respective Lenders;

(b) the aggregate face amount of Bankers' Acceptances outstanding at such time and owing to the respective Lenders;

(c) their respective Pro Rata Shares of the aggregate Available Amount of all Letters of Credit outstanding at such time and

(d) their respective Unused Multi-Currency Commitments and Unused Canadian Subsidiary Commitments at such time.

SECTION 7.06. Successor Agent. Either Agent may resign at any time by giving written notice thereof to the Lenders and the Borrowers and may be removed (but only as to all of the Facilities) at any time with cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank or other financial institution and having a combined capital and surplus of at least U.S. \$1,000,000,000. Upon the acceptance of any appointment as an Agent hereunder by a successor Agent, such successor Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Agent's resignation or removal hereunder as an Agent, the provisions of this Article VII and Section 8.04 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, the Notes or any other Loan Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that

(a) no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, do any of the following at any time:

(i) waive any of the conditions specified in

Section 3.02,

(ii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder,

(iii) amend this Section 8.01,

(iv) reduce or forgive the principal of, or interest on, the Notes or any fees or other amounts payable hereunder or increase the aggregate amount of the Commitments,

(v) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder or amend Section 2.05,

(vi) permit any Letter of Credit to have an expiration date (including all rights of a Borrower or beneficiary to require renewal) later than 60 days before the Termination Date or

(vii) waive any rights under, consent to any departure from or agree to any amendment of any provision of, the Subordinated Debt Indenture;

(b) no amendment, waiver or consent shall be made to Section 2.09(f) except with the consent of the Supermajority Lenders;

(c) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender that has a Commitment under the Facility affected by such amendment, waiver or consent,

(i) increase the Commitments of such Lender or subject such Lender to any additional obligations,

(ii) reduce the principal of, or interest on, the Notes held by such Lender or any fees or other amounts payable hereunder to such Lender,

(iii) postpone any date fixed for any payment of principal of, or interest on, the Notes held by such Lender or any fees or other amounts payable hereunder to such Lender or

(iv) change the order of application of any prepayment set forth in Section 2.05 in any manner that materially affects such Lender;

(d) no amendment, waiver or consent shall, unless in writing and signed by the Appropriate Issuing Bank in addition to the Lenders required above to take such action, affect the rights or obligations of such Issuing Bank under this Agreement; and

(e) no amendment, waiver or consent shall, unless in writing and signed by the Appropriate Agent, in addition to the Lenders required above to take such action, affect the rights or duties of such Agent under this Agreement or any Note.

Anything in this Agreement to the contrary notwithstanding, if any Lender shall fail to fulfill its obligations to make an Advance hereunder then, for so long as such failure shall continue, such Lender shall (unless AGCO and the Required Lenders, determined as if such Lender were not a "Lender" hereunder, shall otherwise consent in writing) be deemed for all purposes relating to amendments, modifications, waivers or consents under this Agreement or the Notes (including without limitation under this Section 8.01) to have no Advances or Commitments, shall not be treated as a "Lender" hereunder when performing the computation of Required Lenders, and shall have no rights under this Section 8.01; provided that any action taken by the other Lenders with respect to the matters referred to in clause (a) or (b) of this Section 8.01 shall not be effective as against such Lender.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopy communication) and mailed, telecopied or delivered,

(a) if to the AGCO or any Borrowing Subsidiary to AGCO at its address at 4830 River Green Parkway, Duluth, Georgia 30136, Attention: General Counsel, Telecopier No. (404) 813-6158, with a copy to the Chief Financial Officer at the same address and telecopier number;

(b) if to any Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender;

(c) if to the Administrative Agent, at its address at 245 Park Avenue, 38th Floor, New York, New York 10167, Attention: Structured Finance Department, Telecopier No. (212) 922-0969; and

(d) if to the Canadian Administrative Agent, at its address at P.O. Box 196, 222 Bay Street, 12th Floor, Toronto, Ontario M5K 1H6, Attention: Francois Wentzel, Vice President and Director, Telecopier No. (416) 682-8484,

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall be effective when five days after deposit in the mails and when transmitted by telecopier, except that notices and communications to an Agent pursuant to Article II, III or VII shall not be effective until received by such Agent.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or either Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) (i) AGCO agrees to pay on demand all costs and expenses of the Agents and each Co-Manager in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents at any time (including without limitation in connection with this amendment and restatement) (including without limitation (A) all due diligence, syndication, transportation, computer, duplication, appraisal, audit, insurance and consultant fees and expenses and (B) the reasonable fees and expenses of counsel (including without limitation New York, local and foreign counsel) for the Agents and/or the Co-Managers with respect thereto, with respect to advising the Agents and Co-Managers as to their respective rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto); provided that AGCO shall not be obligated to pay out-of-pocket expenses of the Administrative Agent or the Co-Managers referred to in clause (A) above to the extent that the aggregate amount thereof exceeds U.S. \$50,000.

(ii) AGCO further agrees to pay on demand all costs and expenses of each Agent, each Co-Manager and each Lender in connection with the enforcement of the Loan Documents against any Borrower, whether in any action, suit or litigation, any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally or otherwise (including without limitation the reasonable fees and expenses of counsel for each Agent, each Co-Manager and each Lender with respect thereto), and each Borrowing Subsidiary severally agrees to pay on demand all such costs and expenses in respect of any such enforcement relating to itself.

(b) AGCO agrees to indemnify and hold harmless each Agent, each Co-Manager and each Lender and each of their affiliates and their officers, directors, employees,

agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including without limitation reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with

(i) any acquisition or proposed acquisition;

(ii) the actual or alleged presence of Hazardous Materials on any property of any Loan Party or any of its Subsidiaries or any Environmental Action relating in any way to any Loan Party or any of its Subsidiaries; or

(iii) any financing hereunder;

in each case whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. The Borrowers agree not to assert any claim against the either Agent, any Co-Manager, any Lender, any of their affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to any of the transactions contemplated herein or in any other Loan Document or the actual or proposed use of the proceeds of the Advances.

(c) If any prepayment or payment (or failure to prepay after the delivery of a notice of prepayment) of principal of, or Conversion of, any Eurocurrency Rate Advance is made by Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 2.15, such Borrower shall, upon demand by such Lender (with a copy of such demand to the Appropriate Agent), pay to the Appropriate Agent for the account of such Lender any amounts required to compensate such Lender for all losses, costs or expenses that such Lender may reasonably incur as a result of such failure, including without limitation foreign exchange losses, based on customary funding and foreign exchange hedging arrangements, whether or not such arrangements actually occur, and any and all other losses, costs or expenses incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or

maintain any Borrowing and the unavailability of funds as a result of such Borrower failing to prepay any amount when specified in a notice of prepayment or otherwise when due, but excluding loss of anticipated profits.

(d) If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including without limitation fees and expenses of counsel and indemnities, such amount may be paid on behalf of such Loan Party by either Agent, any Co-Manager or any Lender, in its sole discretion.

SECTION 8.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law and subject to Section 2.12, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of a Borrower against any and all of the Obligations of such Borrower now or hereafter existing under this Agreement and the Note or Notes held by such Lender, irrespective of whether such Lender shall have made any demand under this Agreement or such Note or Notes and although such obligations may be unmatured. Each Lender agrees promptly to notify such Borrower after any such set-off and application; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including without limitation other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrowers and the Agents and when the Administrative Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Agents, the Issuing Banks and each Lender and their respective successors and assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of each Lender except as permitted under Section 5.02(d). Section 8.13 shall also inure to the benefit of each Subsidiary of AGCO referred to therein.

SECTION 8.07. Assignments and Participations. (a) Each Lender and the Issuing Bank may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including without limitation all or a portion of its Commitment or Commitments, and the Advances owing to it and the Note or Notes held by it), and the Issuing Bank may assign its Letter of Credit Commitment; provided that

(i) any such assignment by an Issuing Bank of its Letter of Credit Commitment shall be of its entire Letter of Credit Commitment;

(ii) in the case of each such assignment of a Multi-Currency Commitment (except in the case of an assignment to a Person that, immediately prior to such assignment, was a Multi-Currency Lender or an assignment of all of a Multi-Currency Lender's rights and obligations under this Agreement), (A) the amount of the Multi-Currency Commitment of the assigning Multi-Currency Lender being assigned pursuant to such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than U.S. \$15,000,000 and shall be an integral multiple of U.S. \$1,000,000, and (B) the assignor shall simultaneously assign to the assignee a ratable share of (1) all participations in Letters of Credit issued for the account of Multi-Currency Borrowers and then outstanding, and (2) all Letter of Credit Advances then owing to such Lender as a result of draws on Letters of Credit issued for the account of Multi-Currency Borrowers;

(iii) in the case of each such assignment of a Canadian Subsidiary Commitment (except in the case of an assignment to a Person that, immediately prior to such assignment, was a Canadian Subsidiary Lender or an assignment of all of a Canadian Subsidiary Lender's rights and obligations under this Agreement), (A) the amount of the Canadian Subsidiary Commitment of the assigning Canadian Subsidiary Lender being assigned pursuant to such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than U.S. \$10,000,000 and shall be an integral multiple of U.S. \$1,000,000, and (B) the assignor shall simultaneously assign to the assignee a ratable share of (1) all participations in Letters of Credit issued for the account of the Canadian Subsidiary and then outstanding, and (2) all Letter of Credit Advances then owing to such Lender as a result of draws on Letters of Credit issued for the account of the Canadian Subsidiary;

(iv) each such assignment shall be to an Eligible

Assignee;

(v) the proposed Assignee (if other than an affiliate of the assignor) shall be approved by the Administrative Agent, AGCO, the Canadian Administrative Agent and the Canadian Issuing Bank (if such assignment relates to Canadian Subsidiary Advances or Canadian Subsidiary Commitments) and the Multi-Currency Issuing Bank (if such assignment relates to Multi-Currency Advance or Multi-Currency Commitments) (such approval in each case not to be unreasonably withheld or delayed); and

(vi) the parties to each such assignment shall execute and deliver to the Administrative Agent for its own account, for its acceptance and recording in the

Register, an Assignment and

Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of U.S. \$2,500, payable by the assignee to the Administrative Agent.

Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance,

(x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder or under any other Loan Document have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender hereunder, and

(y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement and under each other Loan Document (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows:

(i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto;

(ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto;

(iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(f) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance;

(iv) such assignee will, independently and without reliance upon either Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement;

(v) such assignee confirms that it is an Eligible Assignee or an Affiliate of the assignor;

(vi) such assignee appoints and authorizes the Administrative Agent (and, if such assignee will be a Canadian Subsidiary Lender, the Canadian Administrative Agent) to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Administrative Agent (and the Canadian Administrative Agent, if applicable) by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and

(vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Issuing Banks and the Lenders and their respective Commitment under each Facility of, the principal amount of the Advances owing under each Facility to, and the Notes held by, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agents, the Issuing Banks and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower, the Canadian Administrative Agent, either Issuing Bank or any Lender at any reasonable time and from time to time upon reasonable prior notice. The Administrative Agent, promptly following receipt thereof, will notify the Canadian Administrative Agent of any Assignment and Acceptance relating to the Canadian Subsidiary Facility.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any Note or Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit D hereto,

- Register, and
- (i) record the information contained therein in the
 - (ii) give prompt notice thereof to the Borrowers.

Within five Business Days after its receipt of such notice, the Borrowers, at their own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Note or Notes a new Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it under a Facility pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder under such Facility, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A hereto for AGCO and the Borrowing Subsidiaries.

(e) Each Lender may sell participations in or to all or a portion of its rights and obligations under this Agreement (including without limitation all or a portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to a financial institution (a "Participant"); provided that

(i) such Lender's obligations under this Agreement (including without limitation its Commitments) shall remain unchanged;

(ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations;

(iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement,

(iv) the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and

(v) no Participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce or forgive the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, except in accordance with the terms hereof or of any other Loan Document.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or Participant or proposed assignee or Participant, any public information relating to any Borrower furnished to such Lender by or on behalf of such Borrower and any information conspicuously labelled by a Borrower as being confidential at the time such information is furnished to such Lender if such assignee or Participant or proposed assignee or Participant has agreed to use reasonable efforts to keep such information confidential.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including without limitation the Advances owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 8.08. Judgment Currency. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under the Notes in any currency (the "Original Currency") into another currency (the "Other Currency") the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the Original Currency with the Other Currency at 11:00 A.M. on the second Business Day preceding that on which final judgment is given.

(b) The obligation of a Borrower in respect of any sum due in the Original Currency from it to any Lender or either Agent hereunder or under the Notes held by such Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Lender or such Agent (as the case may be) of any sum adjudged to be so due in such Other Currency such Lender or such Agent (as the case may be) may in accordance with normal banking procedures purchase the Original Currency with such Other Currency; if the amount of the Original Currency so purchased is less than the sum originally due to such Lender or such Agent (as the case may be) in the Original Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or such Agent (as the case may be) against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to any Lender or such Agent (as the case may be) in the Original Currency, such Lender or such Agent (as the case may be) agrees to remit to such Borrower such excess.

SECTION 8.09. Consent to Jurisdiction. Each Borrower irrevocably

(a) submits to the jurisdiction of any New York State or Federal court sitting in New York City and any appellate court from any thereof in any action or proceeding arising out of or relating to any Loan Document;

(b) agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State or in such Federal court;

(c) waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding (including without limitation Articles 14 and 15 of the French Civil Code);

(d) consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such Borrower at its address specified in Section 8.02; and

(e) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Nothing in this Section 8.09 shall affect the right of either Agent or any Lender to serve legal process in any other manner permitted by law or affect the right of either Agent or any Lender to bring any action or proceeding against any Borrower or its property in the courts of other jurisdictions.

Each Borrower irrevocably appoints and designates AGCO as its agent for service of process and, without limitation of any other method of service, consents to service of process by mail at the address of AGCO for delivery of notices specified in Section 8.02.

SECTION 8.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.12. No Liability of the Issuing Banks. Each Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither Issuing Bank nor any of its officers or directors shall be liable or responsible for:

(a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith;

(b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged;

(c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or

(d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit,

except that no Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to a Borrower, to the extent of any direct, but not consequential, damages suffered by such Borrower that such Borrower proves were caused by

(i) such Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or

(ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit.

In furtherance and not in limitation of the foregoing, either Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 8.13. Certain Cash Deposits.

(a) If, as of the 15th day of the first complete calendar month after the end of the each fiscal quarter of AGCO (or, if such 15th day is not a Business Day, the next-following Business Day), the Multi-Currency Borrower Outstandings shall exceed 105% of the Multi-Currency Facility (the "Multi-Currency Borrower Excess Outstandings") and to the extent that a Multi-Currency Borrower is not required on such date to prepay Multi-Currency Advances in an aggregate principal amount equal to the Multi-Currency Borrower Excess Outstandings pursuant to Section 2.05(b)(ii)(A), AGCO will, promptly after a request therefor by the Administrative Agent, deposit in same-day funds at the Administrative Agent's office designated in such request, for deposit in such interest-bearing account as the Administrative

Agent shall specify (the "Multi-Currency Borrower Cash Collateral Account"), an amount equal to the Multi-Currency Borrower Excess Outstandings (net of any prepayment pursuant to Section 2.05(b)(ii)(A)). The Multi-Currency Borrower Cash Collateral Account shall be in the name and under the sole dominion and control of the Administrative Agent. The Administrative Agent shall have no obligation to invest any amounts on deposit in the Multi-Currency Borrower Cash Collateral Account. AGCO grants to the Administrative Agent, for its benefit and the benefit of the Lenders, a lien on and security interest in the Multi-Currency Borrower Cash Collateral Account and all amounts from time to time on deposit therein as collateral security for the performance of AGCO's obligations under this Agreement and the other Loan Documents. The Administrative Agent shall have all rights and remedies available to it under applicable law with respect to the Multi-Currency Borrower Cash Collateral Account and all amounts on deposit therein. Promptly after any date on which there shall occur a reduction in the amount of the Multi-Currency Borrower Excess Outstandings, the Administrative Agent will return to AGCO, free and clear of any Lien under this subsection (a), an amount equal to the excess of amounts then on deposit in the Multi-Currency Borrower Cash Collateral Account (including accrued interest) over the amount of the Multi-Currency Borrower Excess Outstandings as of the date of and after giving effect to such reduction.

(b) If, as of the 15th day of the first complete calendar month after the end of the each fiscal quarter of AGCO (or, if such 15th day is not a Business Day, the next-following Business Day), the Canadian Subsidiary Outstandings shall exceed 105% of the Canadian Subsidiary Facility (the "Canadian Subsidiary Excess Outstandings") and to the extent that the Canadian Subsidiary is not required on such date to prepay Canadian Subsidiary Advances in an aggregate principal amount equal to the Canadian Subsidiary Excess Outstandings pursuant to Section 2.05(b)(ii)(B), the Canadian Subsidiary will, promptly after a request therefor by the Canadian Administrative Agent, deposit in same-day funds at the Canadian Administrative Agent's office designated in such request, for deposit in such interest-bearing account as the Canadian Administrative Agent shall specify (the "Canadian Subsidiary Cash Collateral Account"), an amount equal to the Canadian Subsidiary Excess Outstandings (net of any prepayment pursuant to Section 2.05(b)(ii)(A)). The Canadian Subsidiary Cash Collateral Account shall be in the name and under the sole dominion and control of the Canadian Administrative Agent. The Canadian Administrative Agent shall have no obligation to invest any amounts on deposit in the Canadian Subsidiary Cash Collateral Account. The Canadian Subsidiary grants to the Canadian Administrative Agent, for its benefit and the benefit of the Lenders, a lien on and security interest in the Canadian Subsidiary Cash Collateral Account and all amounts from time to time on deposit therein as collateral security for the performance of the Canadian Subsidiary's obligations under this Agreement and the other Loan Documents. The Canadian Administrative Agent shall have all rights and remedies available to it under applicable law with respect to the Canadian Subsidiary Cash Collateral Account and all amounts on deposit therein. Promptly after any date on which there shall occur a reduction in the amount of the Canadian Subsidiary Excess Outstandings, the Canadian Administrative

Agent will return to the Canadian Subsidiary, free and clear of any Lien under this subsection (b), an amount equal to the excess of amounts then on deposit in the Canadian Subsidiary Cash Collateral Account (including accrued interest) over the amount of the Canadian Subsidiary Excess Outstandings as of the date of and after giving effect to such reduction.

SECTION 8.14. Conditions to Effectiveness of this Agreement. Conditions to the effectiveness of this Agreement are (a) the delivery by each Subsidiary Guarantor that is not a Borrower of the confirmation and ratification attached hereto and (b) the delivery of secretaries' certificates or other evidence, in each case in form and substance satisfactory to the Agents, that this Agreement has been duly authorized by each Borrower. Until such conditions shall have been satisfied, this Agreement shall continue to be in effect as in effect prior to its amendment and restatement hereby. Promptly after the effective date of this Agreement on request by any Lender the Borrowers will execute and deliver Notes to such Lender in the applicable form attached to this Agreement as Exhibits A-1 and A-2. Prior to any such delivery, the Notes previously delivered by the Borrowers pursuant to this Agreement as in effect prior to its amendment and restatement hereby shall remain valid and binding obligations of the Borrowers for all purposes, notwithstanding the amendment and restatement of the form thereof as provided in this Agreement.

SECTION 8.15. Schedules to this Agreement. The Schedules (other than Schedule I, which is attached to this amendment and restatement) attached to this Agreement as in effect prior to its amendment and restatement hereby are the Schedules referred to in this Agreement, as amended and restated, and shall be deemed to be the Schedules attached to, and to form a part of, this Agreement, as amended and restated.

SECTION 8.16. Ratification of Guaranties, etc. Each Borrower that entered into a Guaranty of the obligations of some or all of the other Borrowers under the Credit Agreement or another Loan Document unconditionally confirms and agrees that each such Loan Document is and shall continue to be in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the date of this Agreement, each reference therein to "this Agreement", "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to this Agreement, as amended and restated hereby.

SECTION 8.17. Waiver of Jury Trial. EACH OF EACH BORROWER, EACH AGENT, EACH CO-MANAGER AND THE LENDERS HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE ADVANCES OR THE ACTIONS OF EITHER AGENT, ANY CO-MANAGER OR ANY

LENDER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first-above written.

AGCO CORPORATION
MANUFACTURING LIMITED

MASSEY FERGUSON

By _____
By _____ Title:
Title:

MASSEY FERGUSON (UNITED KINGDOM) LIMITED

MASSEY FERGUSON S.A.

By _____
By _____ Title:
Title:

AGCO LIMITED

AGCO HOLDING B.V.

By _____
By _____ Title:
Title:

MASSEY FERGUSON GMBH

AGCO CANADA, LTD.

By _____
By _____ Title:
Title:

The undersigned, as a guarantor of the Borrowers' obligations under the above Credit Agreement, consents to the amendment and restatement of such Credit Agreement as set forth above and confirms that its guaranty of such obligations is, and shall continue to be, in full force and effect and ratifies and confirms such guaranty in all respects, in each case except that, on and after the effective date of such amendment and restatement, each reference in such guaranty to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement, as amended and restated as provided above.

MASSEY FERGUSON CORP.

By _____

Title:

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK NEDERLAND", NEW
YORK BRANCH, as Administrative Agent,
Lender Co-Manager and
Multi-Currency Lender

DEUTSCHE BANK CANADA,
as Canadian Administrative
Agent and Canadian Subsidiary

By _____
Title:

By _____ Title:

By _____
Title:

SUNTRUST BANK, ATLANTA, as Co-Manager and Multi-
YORK BRANCH and/or CAYMAN Currency Lender
ISLANDS BRANCH, as Co-Manager and Multi-Currency
Lender

DEUTSCHE BANK AG, NEW

By _____
Title:

By _____
Title:

By _____
Title:

By _____
Title:

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
AGRICREDIT ACCEPTANCE LLC

November 1, 1996

LIMITED LIABILITY COMPANY AGREEMENT

OF

AGRICREDIT ACCEPTANCE LLC

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LIMITED LIABILITY COMPANY AGREEMENT

OF

AGRICREDIT ACCEPTANCE LLC

Dated as of November 1, 1996

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT of AGRICREDIT ACCEPTANCE LLC (the "Company") is entered into as of November 1, 1996, by and among De Lage Landen Finance, Inc., a Delaware corporation ("DFI"), Agricredit Acceptance Corporation, a Delaware corporation ("AAC"), and, for purposes of withdrawing from the Company, AGCO Corporation (the "Withdrawing Member"). DFI and AAC are referred to herein collectively as the "Members", which term shall include any persons hereafter admitted to the Company pursuant to Section 7.05 hereof and shall exclude any person who ceases to be a Member.

WHEREAS, AAC and the Withdrawing Member have formed the Company, as of July 15, 1996, by the filing of a Certificate of Formation with the Secretary of State of the State of Delaware, pursuant to the provisions of the Delaware Limited Liability Company Act (6 Del. C. Section 18-101, et seq.) (the "Act");

WHEREAS, heretofore, the Company has been operated pursuant to a limited liability company agreement dated July 15, 1996 by and between AAC and the Withdrawing Member (herein called the "Initial Agreement");

WHEREAS, the Company and AAC are parties to a Contribution Agreement, (the "Contribution Agreement"), pursuant to which AAC has contributed, on the day prior to the date hereof, to the capital of the Company the Assets (as defined in the Contribution Agreement) in exchange for 100% of the capital interests and 99% of the profits interests in the Company;

WHEREAS, the Company, the Members, and certain affiliates of the Members (the "Parents") are party to a Purchase Agreement, dated as of July 16, 1996 (the "Purchase Agreement"), pursuant to which DFI is acquiring from AAC a 51% interest in the Company; and

WHEREAS, the Members now desire to amend and restate all of the terms and provisions of the Initial Agreement by admitting DFI as a Member with a 51% interest in the Company and entering into this amended and restated limited liability company agreement (herein called the "Agreement"); the Withdrawing Member desires to withdraw from the Company; and the Parents desire to make certain agreements to induce the Members to execute this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual agreements set forth in this Agreement, and intending to be legally bound, the parties hereto agree as follows:

1. DFI is hereby admitted as a Member of the Company without the need for any act, approval, consent or vote of any person.

2. Immediately following the admission to the Company of DFI as a Member of the Company, the Withdrawing Member hereby withdraws as a Member of the Company, and the Company hereby delivers to the Withdrawing Member all contributions made by the Withdrawing Member to the Company upon its admission to the Company.

3. The Initial Agreement is hereby amended and restated to read in its entirety as follows:

ARTICLE I

General Provisions

Section 1.01 Company Name and Address. The name of the Company shall continue to be "Agricredit Acceptance LLC". Its principal office is located at 4412 N.W. 114th Street, Des Moines, Iowa 50322, or at such other location as the Managing Board (as defined in Section 6.01) in the future may designate.

Section 1.02 Registered Office and Registered Agent. The address of the registered office of the Company in the State of Delaware is c/o National Corporate Research, Ltd., 9 East Loockerman Street, Dover, Delaware 19901. The name and address of the registered agent of the Company in the State of Delaware is National Corporate Research, Ltd., 9 East Loockerman Street, Dover, Delaware 19901. The registered office or agent of the Company may be changed by the Managing Board from time to time through appropriate filings with the Delaware Secretary of State.

Section 1.03 Purposes and Powers of the Company.

(a) The Company has been organized (i) to acquire the business and substantially all of the assets of AAC, (ii) to continue the business thereof, conduct any New Line of Business (as defined in Section 6.07(a)) (provided that such New Line of Business relates to the financing of equipment or receivables in the agricultural industry) and conduct any other activities as are necessary or incidental thereto, and (iii) to engage in any other activity or business permitted by law.

(b) The Company shall have the power to engage in all actions, proceedings, activities and transactions that the Managing Board may deem necessary or advisable in connection with the foregoing purposes.

Section 1.04 Commencement of Business. The Company shall commence business on the date hereof.

Section 1.05 Fiscal Year. The fiscal year of the Company (herein called the "Fiscal Year") shall end on December 31 of each year.

Section 1.06 Limited Liability of Members. Except as otherwise expressly provided in the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company,

and no Member shall be obligated personally for any such debt, obligation or liability solely by reason of being a Member; provided, however, that AAC shall remain liable for all Excluded Liabilities (as defined in the Contribution Agreement). Except as otherwise expressly provided in the Act, the liability of each Member shall be limited to the amount of capital contributions required to be made by such Member in accordance with the provisions of this Agreement, but only when and to the extent the same shall become due pursuant to the provisions of this Agreement.

Section 1.07. Title to Property. All real and personal property owned by the Company shall be owned by the Company as an entity and, insofar as permitted by applicable law, no Member shall have any ownership interest in such property in its individual name or right and each Member's interest in the Company shall be personal property for all purposes.

Section 1.08. No Payments of Individual Obligations. The Members shall use the Company's credit and assets solely for the benefit of the Company. No asset of the Company shall be transferred or encumbered for or in payment of any obligation of a Member.

Section 1.09. Statutory Compliance. The Company shall continue to exist under and be governed by, and this Agreement shall be construed in accordance with, the applicable laws of the State of Delaware, including the Act. The Members shall make all filings and disclosures required by, and shall otherwise comply with, all such laws, and shall execute and file such documents and instruments as may be necessary or appropriate with respect to the continuation of, and conduct of business by, the Company.

ARTICLE II

Management of the Company

Section 2.01. Management Generally. The power to make decisions regarding the management of the Company shall be vested exclusively in the Managing Board, as more fully set forth in Article VI. Subject to the provisions of Article VI and in accordance with Section 18-407 of the Act, certain powers of the Managing Board shall be delegated to the CEO (as defined in Section 6.03). The CEO may be an employee, officer or director of DFI, the Parent of DFI ("Rabobank"), or any subsidiary or affiliate thereof.

Section 2.02. Authority of the CEO. Except as otherwise expressly provided in Sections 6.05 and 6.06, the CEO, acting at the direction of the Managing Board on behalf of the Company, shall have the right, power and authority to do or cause to be done any and all acts in the daily management of the business and affairs of the Company, including, without limitation, the power and authority:

(a) to maintain, at the expense of the Company, adequate records and accounts of all operations and expenditures and furnish the Members with the reports referred to in Article X;

(b) to purchase, at the expense of the Company, liability, casualty, fire and other insurance and bonds to protect the Company's properties, business, partners and employees and to protect the Members and their Affiliates;

(c) to acquire, own, lease, sublease, manage, finance, hold, deal in, request re-zoning of, control or dispose of any interests or rights in personal property or real property necessary or incidental to the conduct of the Company's business as described in Section 1.03;

(d) to negotiate, enter into, renegotiate, extend, renew, terminate, modify, amend, waive, execute, acknowledge or take any other action with respect to any lease, contract or security agreement in respect of any assets of the Company;

(e) to pay, collect, compromise, litigate, arbitrate or otherwise adjust or settle any and all other claims or demands of or against the Company or to hold such proceeds against the payment of contingent liabilities;

(f) to issue a call for additional capital contributions in accordance with Article III, provided that such capital call is approved by the Managing Board;

(g) to make, execute, deliver, perform, assign, acknowledge and file on behalf of the Company any and all documents or instruments of any kind that are necessary, appropriate, incidental or convenient, in furtherance of the Company's business;

(h) to employ and engage suitable agents, employees, advisers, consultants and counsel (including any custodian, investment adviser, accountant, attorney, corporate fiduciary, bank or other reputable financial institution), or any other agents or employees to carry out any activities that the CEO is authorized or required to carry out under this Agreement, including, without limitation, a person who may be engaged to undertake some or all of the property management, financial accounting and record keeping or other administrative duties of the CEO;

(i) to qualify the Company to engage in business in any state, territory, protectorate or foreign jurisdiction; and

(j) to form or cause to be formed, and to own the stock of, one or more corporations.

Section 2.03. Reliance by Third Parties. Persons dealing with the Company are entitled to rely conclusively upon the certificate of any Member or the CEO to the effect that it is then acting on behalf of the Company, and upon the power and authority of the Managing Board as herein set forth.

Section 2.04. Activity of the Members. Each Member shall devote so much of their time to the affairs of the Company as in the judgment of the Managing Board the conduct of the business of the Company shall reasonably require, and such Member and its Affiliates shall not be obligated to do or perform any act or thing in connection with the business of the Company not expressly set forth herein. Subject to Section 5.01, nothing herein contained shall be deemed to preclude any Member or any other entity controlling, controlled by or under common control with

such Member (with respect to such Member, its "Affiliates") from engaging, directly or indirectly, in any other business. No Member shall have the right to participate in any manner in any profits or income earned or derived by or accruing to another Member or its Affiliates from the conduct of any business other than the business of the Company.

Section 2.05. Exculpation.

(a) No Member or any agent of any Member, including the Directors and the Executive Officers (each, as defined in Article VI and collectively with the Members, the "Indemnified Parties") shall be liable to any other Member, Affiliate of any Member or the Company for mistakes of judgment or for any action or inaction, unless such mistakes, action or inaction arise out of, or are attributable to, the gross negligence, willful misconduct or bad faith of the Indemnified Party; nor shall any Indemnified Party be liable to any other Member, any Affiliate of any Member or the Company for any action or inaction of any agent of the Company or the Managing Board; provided that such employee or agent was selected, engaged or retained by such Indemnified Party with reasonable care. Any Indemnified Party may consult with counsel, accountants, investment bankers, financial advisers, appraisers and other specialized, reputable, professional consultants or advisers in respect of Company affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such persons, provided that they shall have been selected with reasonable care.

(b) Notwithstanding any of the foregoing to the contrary, the provisions of this Section 2.05 shall not be construed so as to relieve (or attempt to relieve) the Indemnified Parties of any liability, to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law (including the Act), but shall be construed so as to effectuate the provisions of this Section 2.05 to the fullest extent permitted by law (including the Act).

Section 2.06. Indemnification.

(a) Each Indemnified Party shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, expenses (including legal and other professional fees and disbursements), judgments, fines, settlements, and other amounts (collectively, the "Indemnification Obligations") arising from any and all claims, demands, actions, suits or proceedings (civil, criminal, administrative or investigative), actual or threatened, in which such Indemnified Party may be involved, as a party or otherwise, by reason of such person's service to or on behalf of, or management of the affairs of, the Company, or rendering of advice or consultation with respect thereto, or that relate to the Company, its properties, business or affairs, provided that such Indemnification Obligation resulted from a mistake of judgment, or from action or inaction of such Indemnified Party that did not constitute gross negligence, willful misconduct or bad faith, and that such Indemnified Party was acting in accordance with authority granted to it, him or her by the Managing Board. The Company shall also indemnify and hold harmless an Indemnified Party from and against any Indemnification Obligation suffered or sustained by it, him or her by reason of any action or inaction of any employee or other agent of an Indemnified Party; provided that such employee or agent was selected, engaged or retained by the Indemnified Party with reasonable care. The termination of a

proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that such Indemnification Obligation resulted from the gross negligence, willful misconduct or bad faith of the Indemnified Party. Expenses (including legal and other professional fees and disbursements) incurred in any proceeding may be paid by the Company in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the Indemnified Party to repay such amount if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified by the Company as authorized hereunder.

(b) The indemnification provided by this Section 2.06 shall not be deemed to be exclusive of any other rights to which each Indemnified Party may be entitled under any agreement, or as a matter of law, or otherwise, both as to action in such Indemnified Party's official capacity and to action in another capacity, and shall continue as to such Indemnified Party who has ceased to have an official capacity for acts or omissions during such official capacity or otherwise when acting at the request of a Member and shall inure to the benefit of the heirs, successors and administrators of such Indemnified Party.

(c) The Managing Board shall have the power to purchase and maintain insurance on behalf of itself and each Indemnified Party, at the expense of the Company, against any liability that may be asserted against or incurred by them in any such capacity, whether or not the Company would have the power to indemnify the Indemnified Parties against such liability under the provisions of this Agreement.

(d) Notwithstanding any of the foregoing to the contrary, the provisions of this Section 2.06 shall not be construed so as to provide for the indemnification of an Indemnified Party for any liability to the extent (but only to the extent) that such indemnification would be in violation of applicable law or that such liability may not be waived, modified or limited under applicable law (including the Act), but shall be construed so as to effectuate the provisions of this Section 2.06 to the fullest extent permitted by law (including the Act).

Section 2.07. Other Matters Concerning the Members. Each Member and each agent of each Member, including the Directors and the Executive Officers, may rely, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it, him or her to be genuine and to have been signed or presented by the proper party or parties.

Section 2.08. Expenses. The Company shall be responsible for paying, and the Members hereby authorize the Managing Board to pay, directly out of Company funds, all reasonable costs and expenses incurred in connection with the business of the Company, including, without limitation, (i) any out-of-pocket expenses of the Members and each agent of each Member (including the Directors and the Executive Officers) incurred in connection with the business of the Company, (ii) liability and other insurance premiums, (iii) expenses incurred in the preparation of reports to the Members, (iv) expenses incurred in meetings with and reports to and for Bank Authorities (as defined in Section 11.11) in connection with the business of the Company, provided that, unless approved by the Managing Board, DFI shall be solely responsible

for such expenses to the extent they exceed \$100,000 per annum, and (v) expenses incurred in connection with and reports to and for Bank Authorities in connection with any proposed New Line of Business (as defined in Section 6.07(a)) (but only if such proposed New Line of Business is approved by the Managing Board in accordance with Section 6.07(a)), and (vi) legal, accounting and other professional fees and expenses, if any.

Section 2.09. Standard of Care. Each Member hereby agrees that any standard of care or duty imposed in this Agreement or under the Act or any other applicable law, rule or regulation shall be modified, waived or limited in each case as required to permit the Members and their agents, including the Directors and the Executive Officers, to act under this Agreement or any other agreement contemplated herein and to make any decision pursuant to the authority prescribed in this Agreement so long as such action or decision does not constitute willful misconduct and is reasonably believed by the such Member (or its agent) to be consistent (x) with the overall purposes of the Company and (y) with such Member's (or its agent's) authority as defined herein.

ARTICLE III

Capital Accounts of Members and Operation Thereof

Section 3.01. Definitions. For the purposes of this Agreement, unless the context otherwise requires:

"Book Value" means the total assets less total liabilities of the Company and AAC Canada, as determined in accordance with GAAP.

"Canada Stock" means the Common Stock of AAC Canada.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

"Fair Market Value" means, with respect to any property or asset, the dollar value of such property or asset, as determined (i) by mutual agreement of the Members, or (ii) if the members cannot so agree within 20 days after one Member first proposes in writing to the other Member that Fair Market Value be determined by two independent appraisers (each, an "Appraiser"), one selected by each Member, provided that if a Member fails to appoint an Appraiser within 10 days following the expiration of such 20 day period, Fair Market Value shall be determined by the Appraiser selected by the other Member. If two Appraisers are selected, each Appraiser shall submit to the Members their respective appraisals within 30 days after their selection. If a discrepancy between the dollar value of the appraisals exceeds 10% of the higher appraisal and the Members do not agree on a settlement of the discrepancy within 10 days after receipt of the appraisals, then a third Appraiser mutually selected by the Members (or if they cannot so select, then selected by the first two Appraisers), shall be afforded access to the first two appraisals. The third Appraiser shall select one of the appraisals of the first two Appraisers, which selection shall constitute a final determination of Fair Market Value of the property or asset

and shall be binding upon the Members. If a discrepancy between the appraisals of the first two Appraisers is less than 10% of the higher appraisal, then the Fair Market Value of the property or assets shall be the average of the two appraisals.

"Member Nonrecourse Liability" means any "partner nonrecourse liability" of the Company as defined in Treasury Regulations Section 1.704-2(b)(4).

"Net Income and Net Loss" means, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a), adjusted to take into account the adjustments required under Treasury Regulations Section 1.704-1(b)(2)(iv) to reflect the difference between the value of the assets of the Company and their tax bases, including, but not limited, to adjustments required (i) under Treasury Regulations Section 1.704-1(b)(2)(iv)(d) relating to contribution of assets, (ii) under Treasury Regulations Section 1.704-1(b)(2)(iv)(g) to reflect revaluations of assets, (iii) correlative adjustments to reflect depreciation and gain or loss upon a sale or distribution of Company assets with an adjusted basis for book purposes of the Section 704(b) Regulations that differs from its adjusted basis for federal income tax purposes, (iv) for any income of the Company that is exempt from federal income and not otherwise taken into account in computing Net Income and Net Loss and (v) for any amount of Code Section 705(a)(2)(B) expenditures (within the meaning of Treasury Regulations Section 1.704-1(b)(2)(iv)(i)) of the Company not otherwise taken into account in computing Net Income and Net Loss.

"Option Price" means (i) if the Purchase Option or Buy Out Option is being exercised on or after the third anniversary of the date hereof, Fair Market Value, and (ii) if the Purchase Option or Buy Out Option is being exercised prior to the third anniversary of the date hereof, the sum of Book Value plus \$10 million. If the Option Price is being determined in connection with the purchase of Interests and Canada Stock, then the Option Price shall mean the amount determined pursuant to the preceding sentence, multiplied by the Percentage Interest represented by the Interest and Canada Stock being acquired. If the Percentage Interests of DFI and AAC (and their Affiliates) in the Company and in AAC Canada are not the same, then Book Value or Fair Market Value, as applicable, of the Company and AAC Canada shall be separately determined, the \$10 million increment to the Option Price contemplated by clause (x) shall be ascribed solely to the Purchase Option or Buy Out Option for the Company, and the Book Value or Fair Market Value, as so separately determined, shall be multiplied by the applicable Percentage Interest in the Interests or Canada Stock subject to the Purchase Option or Buy Out Option.

"Percentage Interests" has the meaning specified in Section 3.03, and with respect to AAC Canada means the percentage of the Canada Stock owned by DFI or AAC (or their respective Affiliates), as the case may be.

"Section 704(b) Regulations" shall mean the Treasury Regulations promulgated under Section 704(b) of the Code.

Section 3.02. Capital Contributions.

(a) In the discretion of the Managing Board, the Members shall make additional capital contributions to the Company at such times and in such amounts (pro rata in accordance with their respective Percentage Interests in the Company) if the Gearing Ratio (as such term is defined in the Purchase Agreement) of the Company at the end of any month as reflected in the monthly reports delivered in accordance with Section 10.02 hereof exceeds 11.5:1.0 (or is projected in the approved Annual Budget and Strategic Plan for the then pending fiscal year to exceed such Gearing Ratio at the end of any month during such pending fiscal year), to the extent necessary (in the judgment of the Managing Board) to decrease the Gearing Ratio of the Company to 11.5:1.0.

(b) Subject to paragraph (a) of this Section 3.02, a Member shall not have any obligation to the Company or to any other Member to restore any negative balance in the Capital Accounts of such Member. No interest shall be paid by the Company on any capital contributions.

(c) Failure by a Member to satisfy a call for additional capital contribution shall have the consequences specified in the last sentence of Section 7.04.

Section 3.03. Capital Accounts.

There shall be established for each Member on the books of the Company a Capital Account (a "Capital Account"), which shall be maintained and adjusted as provided in Section 3.02 and this Section 3.03. The name, address and initial Capital Accounts of each of the Members are set forth in a schedule entitled "Schedule of Members' Capital Accounts" (herein called the "Schedule"), which shall be filed with the records of the Company at the Company's principal office and is hereby incorporated by reference and made a part of this Agreement. DFI shall have a 51% interest in the Company, and AAC shall have a 49% interest in the Company (respectively, their "Percentage Interests"), which proportion shall not change without the written consent of both Members, subject to the provisions set forth in Section 7.04. The initial Capital Account of a Member shall be equal to such Member's Percentage Interest multiplied by the net fair market value of the Company's assets, determined for this purpose by dividing the Purchase Price (as defined in the Purchase Agreement) by 0.51. Thereafter, the Capital Account of a Member shall be increased by (A) any amounts credited to such Member pursuant to Sections 3.04 and 3.05, (B) the amount of all cash capital contributions by such Member to the Company pursuant to Section 3.02 and (C) the Fair Market Value of any property contributed by such Member to the Company (net of any liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code). The Capital Account of a Member shall be reduced by (A) any amounts debited to such Member pursuant to Sections 3.04 and 3.05, (B) the amount of any cash distributed to such Member from its Capital Account pursuant to Article IV and (C) the Fair Market Value of any asset distributed in kind to such Member pursuant to Section 4.04(c) (net of any liabilities secured by such asset that such Member is considered to assume or take subject to under Section 752 of the Code). The Capital Account of a Member shall be adjusted appropriately to reflect any other adjustment required pursuant to Treasury Regulation Section 1.704-1 or 1.704-2.

Section 3.04. Allocations. Subject to Section 3.05, any Net Income and Net Loss of the Company for each fiscal year shall be credited or debited to the Capital Accounts of the Members in accordance with their respective Percentage Interests.

Section 3.05. Special Allocations. It is the intent of the Members that allocations of Net Income and Net Loss (or items thereof) of the Company shall be made in a manner which complies with provisions of Sections 704(b) of the Code and the Treasury Regulations thereunder and reflects the Member's interests in the Company as determined under Treasury Regulations Section 1.704-1(b)(3). In furtherance of the foregoing, the Managing Board is authorized and directed to allocate Net Income or Net Loss in a manner that is inconsistent with Section 3.04 hereof to the extent necessary to comply with Sections 704(b) of the Code and the Treasury Regulations thereunder. In this regard, (i) items of loss and deduction attributable to Member Nonrecourse Liabilities shall be allocated as provided in the 704(b) Regulations; (ii) if in any period, there is a net decrease in the amount of the Company's Minimum Gain (as defined in the 704(b) Regulations), or in the amount of Minimum Gain attributable to Member Nonrecourse Liabilities, then the Members shall be allocated items of income or gain for such period and subsequent periods to the extent and in the manner provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4) as Minimum Gain Chargebacks (as defined in the 704(b) Regulations); (iii) the Company shall make such allocations of income as shall be required by a Qualified Income Offset provision (as defined in the 704(b) Regulations) as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d); and (iv) in no event shall losses or deductions be allocated to a Member if such allocation would result in such Member having a negative Capital Account balance which exceeds the sum of its share of Minimum Gain of the Company and Member Nonrecourse Liability Minimum Gain and the amount such Member is obligated (or deemed obligated) to contribute to the Company upon liquidation of the Company.

Section 3.06. Liabilities. Liabilities shall be determined in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis. The Managing Board, in its discretion, may provide reserves for estimated accrued expenses, liabilities or contingencies, whether or not in accordance with GAAP.

Section 3.07. Allocation of Income and Loss for Tax Purposes. The Company's taxable income and losses for Federal income tax purposes (and each item of income, gain, loss or deduction entering into the computation thereof) shall be allocated to the Members in the same proportions as the corresponding items of Net Income and Net Loss are allocated pursuant to Sections 3.04 and 3.05; provided, however, that federal income tax items shall be allocated among the Members in accordance with the Section 704(c) of the Code and the Treasury Regulations thereunder to take into account the difference between the value of the Company's assets as determined under Section 3.03 and the basis of such assets on the date hereof. Schedule 3.07 sets forth the fair market value and tax basis of the Company's assets attributable to each Member as of the date hereof. Allocations pursuant to this Section 3.07 shall not be reflected in the Member's Capital Accounts. The Company shall adopt the method for making such Code Section 704(c) allocations that is selected by the Tax Matters Partner (as defined in Section 10.05) from the methods permitted by Treasury Regulations Section 1.704-3.

Section 3.08. Determination by the Managing Board of Certain Matters.

(a) All matters concerning valuations and the allocation of taxable income, deductions, credits, Net Profits or Net Income or Net Loss among the Members, including taxes thereon and accounting procedures, not expressly provided for by the terms of this Agreement, shall be equitably determined in good faith by the Managing Board.

(b) Notwithstanding anything to the contrary contained herein, the Company shall not make an election under Section 754 of the Code except upon the written request of DFI.

Section 3.09. Adjustments by the Managing Board to Take Account of Interim Year Events. If a Member shall be admitted to, or shall withdraw from, the Company other than at the end of the Fiscal Year, or the Percentage Interests of the Members otherwise changes during the Fiscal Year, allocations among the Members and accounting procedures shall be equitably determined in good faith by the Managing Board.

ARTICLE IV

Loans to Members; Compensation of the Members;
Withdrawals by Members;
Distributions; Limitations on Distributions and Withdrawals

Section 4.01. Loans to Members. Without unanimous approval of Members, the Company may not make loans to any of its Members.

Section 4.02. Compensation of the Members. In the discretion of the Managing Board, the Company may pay a salary or other compensation to any agent of any Member (including the Directors and Executive Officers), which shall be treated as an expense of the Company.¹

Section 4.03. Withdrawals. Without the consent of each Member, no Member may make withdrawals from its Capital Account.

Section 4.04. Distributions. Distributions shall be made to the Members at the end of each Fiscal Year following approval of the Annual Budget and Strategic Plan for the pending Fiscal Year to the extent that, after giving effect to such distributions, (x) the Gearing Ratio of the Company (at the end of the month immediately preceding such approval) does not exceed 11.5:1.0 and (y) that the projected Gearing Ratio of the Company (as set forth in the Annual Budget and Strategic Plan for the pending Fiscal Year) is not reasonably anticipated by the Managing Board to exceed 11.5 to 1.0 at the end of any month during such Fiscal Year. In the discretion of the Managing Board, distributions may be made in excess of the foregoing amounts, subject to the Capital Contribution requirements of Section 3.02(a). Such distributions shall be made as follows:

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(1) Lawrence Sidwell may be compensated pursuant to a management agreement.

(a) All amounts available for distribution shall be distributed to the Members in accordance with, and in proportion to, their respective Capital Accounts.

(b) All amounts distributed in connection with a liquidation of the Company or the sale or other disposition of all or substantially all of the assets of the Company that leads to a liquidation of the Company shall be distributed to the Members in accordance with, and in proportion to, their respective Capital Account Balances, as adjusted for all Company operations up to and including the date of such distribution and subject to the provision of Section 9.02.

(c) Upon the mutual written agreement of the Members, the Company may distribute any assets in kind. If cash and property are to be distributed in kind simultaneously, the Company shall distribute such cash and property in kind in the same proportion to each Member. For purposes of determining amounts distributable to the respective Members under this Section 4.04(c), any property to be distributed in kind shall be valued at its Fair Market Value, and the amount of Net Profit or Net Loss that would have been realized had such assets been sold at their Fair Market Value shall be allocated to the Capital Accounts of the Members, as determined by the Managing Board, immediately prior to such distribution.

Section 4.05. Limitation on Distributions and Withdrawals. Distributions and permitted withdrawals are subject to the provision by the Company for (i) all Company liabilities in accordance with the Act and (ii) reserves for liabilities taken in accordance with Section 3.06 hereof. The unused portion of any reserve shall be distributed after the Managing Board has determined that the need therefor shall have ceased. No distribution shall be made that shall contravene applicable law.

ARTICLE V

Certain Restrictions on Affiliates

Section 5.01. Non-Competition.

(a) No Member and no Parent shall, prior to the occurrence of an event of dissolution (as specified in Section 9.01), directly or indirectly;

(i) engage in any managerial, administrative, operational or sales activities in a Restricted Business anywhere in the Restricted Area;

(ii) organize, establish, operate, own, manage, control or have a direct or indirect investment or ownership interest in any corporation, partnership (limited or general), limited liability company enterprise or other business entity that engages in a Restricted Business anywhere in the Restricted Area; or

(iii) solicit or actively recruit any employees of the Company or AAC Canada or any of their subsidiaries or solicit any employee of the Company or AAC Canada or any of their subsidiaries to leave the employment of the Company or AAC Canada.

(b) Nothing contained in this Section 5.01 shall prohibit or otherwise restrict either Member or either Parent from (X) acquiring or owning, directly or indirectly, for investment or other legitimate business purposes not intended to circumvent this Agreement, securities of any Person engaged, directly or indirectly, in a Restricted Business in the Restricted Area (1) if such Member or Parent does not control such Person (which for purposes of this Section 5.01 shall be presumed if either (i) such Person is a public Person and neither Member and neither Parent (A) is a controlling Person of, or a member of a group that controls, such Person and (B) owns, directly or indirectly, no more than 5% of any class of equity securities of such Person, or (ii) such Person is not a public Person and no director or officer of either Member or either Parent (A) is a controlling Person of, or a member of a group that controls, such Person and (B) owns, directly and indirectly, no more than 10% of any class of equity securities of such Person), or (2) if such Member or Parent does control such Person, but the Restricted Business is not a material part of such Person's business (provided, that such Member or Parent shall use its reasonable efforts (i) to cause such person to divest such Restricted Business, or (ii) in accordance with Section 6.07, to cause the Company to acquire such Restricted Business as a New Line of Business (as defined in Section 6.07)); or (Y) extending credit or other financing to any Person that is engaged, directly or indirectly, in a Restricted Business.

(c) For purposes of this Section 5.01

(i) "Restricted Business" means the business of (x) receivables-based financing for customers of Agricultural Equipment (as hereinafter defined) but solely with respect to such Agricultural Equipment, (y) receivables-based lending for customers of other agricultural machinery and equipment (but solely with respect to such machinery and equipment), and (z) receivables-based lending for customers of agricultural producers, vendors, dealers and suppliers (but solely with respect to agricultural products and inputs).

(ii) "Agricultural Equipment" means tractors, harvesting equipment, tillage equipment, planting equipment, hay and foraging equipment, irrigation installations, and outdoor materials handling equipment, power products and diesel engines (but solely in connection with their use in agriculture), grain silos and services parts, attachments and accessories for the foregoing.

(iii) "Restricted Area" means the United States and Canada.

Section 5.02. Restrictions on Transfer by Affiliates.

(a) Each Parent agrees to cause each of DFI and AAC, respectively, to comply with the restrictions on transfer of Interests contained in Article VII.

(b) Each Parent agrees not to Transfer (as defined in Article VII) its ownership interest in DFI and AAC, respectively, unless both Members shall consent in writing to such Transfer.

ARTICLE VI

Managing Board and Officers of the Company

Section 6.01. Managing Board.

(a) Subject to the provisions contained in Section 6.03, the power to direct the business and affairs and general policies of the Company and its subsidiaries, if any, shall be vested exclusively in a managing board (the "Managing Board"). The Managing Board shall consist of six members, three of whom shall be designated by DFI (the "DLL Designees") and three of whom shall be designated by AAC (the "AAC Designees"). Each member of the Managing Board shall hereinafter be referred to as a "Director". DFI shall designate one of the DLL Designees to act as the Chair (the "Chair") of the Managing Board, and the Chair shall preside at all meetings of the Managing Board. The DLL Designees shall serve at the pleasure of DFI, and the AAC Designees shall serve at the pleasure of AAC. Any Director may be removed from the Managing Board only by the Member that appointed him or her, in such Member's sole discretion and for any reason or for no reason, by delivering written notice of such removal to the Company and the other Member.

(b) Regular meetings of the Managing Board shall be held quarterly at the offices of the Company or at such other times and places as may be fixed by the Managing Board, including by conducting meetings via telephonic conference calls. A quorum of the Managing Board shall consist of at least one DLL Designee and at least one AAC Designee, which quorum must be present at all meetings or telephonic conference calls of the Managing Board. The Board may hold special meetings, which meetings may be called by at least two Directors or by the CEO. Written notice of such special meetings must be provided to all Directors who did not call such special meeting, at least seven days prior to the scheduled date of such special meeting, which notice shall identify the purpose(s) of the special meeting; provided, however, that any Director may waive such notice by attendance or in writing. Directors may participate in a meeting by means of telephone conference, and participation in a meeting by such means shall be deemed to constitute presence in person at the meeting. Directors may be represented at meetings by written proxy or by a designee. All documents, data and other information necessary to the effective functioning of the Managing Board shall be furnished to each Director reasonably prior to a meeting.

(c) Any Director may resign by giving to the Chair and the other Directors 30 days' prior written notice. Any vacancy in the Managing Board, whether created by such a resignation, or by the death of any Director or by the removal of a Director in accordance with Section 6.01(a), shall promptly be filled by a new designee of the Member that had appointed such Director. The new Director shall serve on the terms described herein.

Section 6.02. Action by the Managing Board . The Managing Board shall act by the vote of a majority of the Directors, except as otherwise specified in this Agreement. Action of the Managing Board may be taken at a meeting, or by written consent of a majority of Directors (or the requisite number of members as specified elsewhere in this Agreement) with all Directors being promptly notified of any action taken by written consent, or by means of telephone

conference. In the event of a deadlocked vote on any matter before the Managing Board, the Managing Board shall act by the vote of the Chair (a "Tie Break Vote"), or in the absence of the Chair, by a majority of the DFI Designees.

Section 6.03. Officers . The daily affairs of the Company shall be managed by a chief executive officer (who shall initially be Lawrence Sidwell) (the "CEO"). The Managing Board may appoint additional officers as it deems appropriate, with such duties as may be established by the Managing Board (together with the CEO, the "Executive Officers").

(a) Chief Executive Officer. (i) The CEO shall be the chief executive officer of the Company and shall be responsible for the general management of the business and the affairs of the Company, shall carry out the directions of the Managing Board, and shall effectuate the business plan, as set forth in the Annual Budget and Strategic Plan (as defined below). Subject to the control of the Managing Board, the CEO shall have such other powers and duties as the Managing Board assigns to him or her.

(ii) In addition to the responsibilities described above and in Section 2.02, the CEO shall prepare, and submit to the Managing Board, as of the Closing Date under the Purchase Agreement for the Fiscal Year ending December 31, 1996 and at least 30 days prior to the commencement of each subsequent Fiscal Year (or, if the CEO has not received the AGCO Business Plan as defined in the AGCO Agreement, dated the date hereof (the "AGCO Agreement"), by and between the Company and the Parent of AAC ("AGCO"), by such date, as soon as is reasonably practicable after the CEO does receive such report), an annual budget and a strategic plan (the "Annual Budget and Strategic Plan") that describes the business plan for the Company for such Fiscal Year.

(b) Delegation of Authority. The Executive Officers may delegate such of their powers and authority to managers, employees and agents of the Company as they deem necessary or appropriate for the conduct of the Company's business, subject to the authority of the Managing Board.

(c) Term; Removal. Subject to his or her earlier death, resignation or removal, each Executive Officer shall hold his or her office until his or her successor shall have been elected or appointed and shall have qualified, or until his or her earlier death, resignation or removal. Subject to the provisions of Section 6.05, any Executive Officer may be removed at any time, with or without cause.

(d) Resignations. An Executive Officer may resign at any time by giving written notice of his or her resignation to the Company. A resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt, and, unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

(e) Vacancies. If an office becomes vacant for any reason, the Managing Board may fill such vacancy. Each Executive Officer so elected or appointed shall serve for the

remainder of his or her predecessor's term and until his or her successor shall have been elected or appointed and shall have qualified.

Section 6.04. Oversight Committee. The Parents shall establish an oversight committee (the "Oversight Committee"), which shall consist of four members, two of whom shall be designated by AGCO and two of whom shall be designated by Rabobank. The Oversight Committee shall meet periodically to review the coordination of the various joint ventures between AGCO and Rabobank, including the Company and AAC Canada, and to offer guidance with respect thereto. The Oversight Committee shall be only advisory in nature.

Section 6.05. Unanimous Consent . Unless AAC's Percentage Interest, when combined with the percentage interests in the Company of all Affiliates of AAC, is less than 33% (a "Reduced Interest Event"), notwithstanding anything contained in Section 6.02, the Company may take the following actions only by the unanimous affirmative vote or unanimous written consent of the Managing Board. For purposes hereof (unless a Reduced Interest Event has occurred), (i) the DLL Designees shall collectively have one vote, (ii) the AAC Designees shall collectively have one vote, and (iii) the Chair shall not have the authority to exercise the Tie Break Vote.

(i) approval of any material transaction between the Company or any subsidiary thereof and any Affiliate of the Company or of a Member, other than pursuant to the terms of (w) the AGCO Agreement, (x) those agreements and arrangements set forth on Schedule 4.13 of the Purchase Agreement that are assigned to the Company, (y) the Servicing Agreement (as defined in Section 6.07(c) or (z) the Financing Documents; provided that approval by the Managing Board shall be required for amendments to and modifications of the agreements and arrangements described in (w), (x), (y) and (z) of this paragraph if such amendments or modifications are adverse to the Company or any subsidiary thereof;

(ii) approval of each Annual Budget and Strategic Plan or any material amendment thereof;

(iii) approval of all changes in the distribution policy;

(iv) any call for additional capital contribution which would result in the Gearing Ratio of the Company at the end of the month immediately preceding such call (or projected Gearing Ratio of the Company at the end of any month for the then pending Fiscal Year) being less than 11.5:1.0;

(v) approval of the entry of the Company or AAC Canada into any other partnership arrangement or joint venture;

(vi) except in the ordinary course of business, the guarantee by the Company of any indebtedness or contractual obligation of any other Person (other

than AAC-Canada and any wholly-owned subsidiary of the Company or AAC-Canada);

(vii) any change in accounting principles used by the Company, except to the extent required by a concurrent change in U.S. GAAP;

(viii) subject to the provisions of Section 6.07, approval of the acquisition (in one transaction or a series of related transactions) of any business or business division from any Person whether by asset purchase, stock purchase, merger or other business combination, which business or business division represents at least 20% of the revenues of the Company and its subsidiaries taken as a whole (or their predecessors) for the most recently ended Fiscal Year; or the acquisition of a portfolio of loans from any Person, whether by asset purchase, stock purchase, merger or other business combination which portfolio represents at least 20% of the assets of the Company and its subsidiaries taken as a whole (or their predecessors) as of the last day of the most recently completed Fiscal Year; or the acquisition of any business, business division or portfolio of loans that would require AAC to make a Capital Contribution of \$3,000,000 or more in accordance with Section 3.02.

(ix) any transaction involving a sale, transfer or other disposition (including by means of merger or consolidation) of (x) all or substantially all of the assets of the Company and its subsidiaries taken as a whole, except for any such transaction involving a disposition by the Company or any of its subsidiaries to the Company or any of its wholly-owned subsidiaries or (y) any material portion of the Company's business related to the financing of Agricultural Equipment (the "AEF Business");

(x) the liquidation or dissolution of the Company;

(xi) the admission of new members to the Company;

(xii) any merger between the Company and any of its subsidiaries or between subsidiaries of the Company, liquidation, dividend of substantially all assets or other restructuring of the Company and its subsidiaries if such restructuring would have a materially adverse consequence to Rabobank as a result of its indirect ownership of the interests in the Company owned by DFI or a materially adverse consequence to the Company or its subsidiaries taken as a whole;

(xiii) approval of any contracts, agreements or arrangements that involve payments or commitments for payments of \$10 million or more; provided that no such approval shall be required for (w) contracts, agreements or arrangements contemplated by the approved Annual Budget and Strategic Plan or any approved amendment thereof, (x) any extension of credit to any customer in the AEF Business or approved New Line of Business, (y) any obligation for borrowed

money, whether pursuant to a loan agreement, capitalized lease, note, debenture, security or other instrument, any grant of collateral in connection therewith, or any hedging arrangement, or (z) any contract the subject matter of which is addressed in clauses (i), (iv), (v), (vi), (viii), (ix), or (xii) above; and

(xiv) any change in the CEO.

For purposes of this Section 6.05, AAC Canada shall be deemed a wholly-owned subsidiary of the Company.

Section 6.06. Restrictions on the Business of the Company.

(a) Notwithstanding anything contained in this Agreement, the Company shall comply, and the Members shall cause the Company to comply, and the actions of the Managing Board shall be consistent, with each of the following requirements:

(i) The Company shall only engage in activities in which bank holding companies are legally permitted to engage, as established by the Bank Act (as defined in Section 11.11) and the rules and regulations promulgated thereunder;

(ii) The Company shall not engage in any additional activities without the knowledge and consent of, as well as prior authorization from, the Board of Governors of the Federal Reserve System (the "FRB");

(iii) The Company shall comply with the legal lending limits of Rabobank;

(iv) the Company shall observe the anti-tying provisions of the Bank Holding Company Act Amendments of 1970 and the anti-tying provisions of the FRB's Regulation Y, as amended, including the tying restrictions set forth in Section 225.7 (12 C.F.R. 225.7); and

(v) The Company shall submit to the regulation, supervision and examination of the FRB.

(b) In connection with the foregoing, each Member acknowledges the following:

(i) DFI has the authority to veto any activities that are impermissible for bank holding companies (which event shall constitute a Mandatory Sale Condition, as defined in Section 7.01(b));

(ii) DFI shall not be liable for the debts, obligations or liabilities of the other Member, and DFI and its Affiliates shall act at all times on an arm's length basis in deciding whether to extend credit to the Company, its Affiliates and competitors;

(iii) Rabobank shall not solicit business on behalf of AGCO or its Affiliates (excluding the Company, the Company's subsidiaries and foreign joint ventures jointly owned by the Parents); and

(iv) DFI shall maintain active participation and control of the Company;

(c) In the event that any federal or national law of the United States or The Netherlands is enacted, or any rule, regulation, order or decree of any federal or national governmental or administrative body of the United States of America or The Netherlands is promulgated as a result of which the Company shall be prohibited by virtue of the direct or indirect ownership thereof by Rabobank from conducting the AEF Business substantially in the same manner as conducted by the Company prior to the date hereof (an "Impacting Law"), and within 180 days after the date of such enactment or promulgation, DFI has been unable to obtain waiver of, approval under or exemption from the Impacting Law, then a "Failure Event" shall be deemed to have occurred, and each Member may then exercise the Purchase Options in accordance with Section 9.05. A Failure Event may arise from a change in law or regulation (including the revision or reinterpretation of current law or regulation).

Section 6.07. New Businesses of the Company .

(a) If a Member proposes that the Company or AAC Canada engage in a line of business involving the financing of a type of assets or receivables in the agricultural industry, whether through development of a portfolio, acquisition or otherwise, not included in the AEF Business or another line of business previously approved by the Managing Board pursuant to this Section 6.07, then such Member shall submit a written proposal (the "Proposal") to the Managing Board describing in reasonable detail the material terms and conditions of such business (the "New Line of Business"), including a business plan with respect thereto. No Member may propose to engage in any New Line of Business that relates to the financing of equipment or receivables outside of the agricultural industry.

(b) The Managing Board shall determine whether or not the Company or AAC Canada shall pursue the New Line of Business in accordance with the Proposal. The Managing Board shall make such determination within 30 days of the receipt of the Proposal by providing written notice to such effect to the Member proposing the New Line of Business. For purposes of making such determination, the Chair shall not have the authority to exercise the Tie Break Vote.

(c) If the Managing Board determines not to pursue the New Line of Business described in the Proposal, then the Member making such Proposal may pursue such business outside of the Company and AAC Canada through itself or any of its Affiliates and may continue to develop and build such New Line of Business (and business ancillary thereto) without future approval of the other Member, and such New Line of Business shall not be deemed Restricted Business. In such event the Company shall, if requested by the proposing member, provide services in respect of such New Line of Business, and any and all extensions thereof, pursuant to a servicing agreement, substantially in the form attached hereto as Exhibit I (the "Servicing

Agreement"); provided that in no event shall the Company be required or permitted to provide any services to any Member (or its Affiliates) that would violate any Applicable Law.

(d) If DFI or AAC elects to pursue the New Business pursuant to paragraph (c) above and enters into the Servicing Agreement, the Company and AAC Canada shall have no obligation and no borrowing under the Company's credit facility shall be used, directly or indirectly, to fund the New Line of Business.

(e) If the Managing Board determines to pursue the New Line of Business, all expenses and costs incurred in connection with such New Line of Business shall be for the account of the Company, and the Company shall reimburse the proposing Member (and its Affiliates as applicable) for all reasonable expenses and costs incurred by the proposing Member or its Affiliates since the date the Proposal was delivered. Following any such determination, the authority to direct the business and affairs of the New Line of Business shall thereafter be vested in the Managing Board, and, subject to Section 6.05, the Chair shall have the authority to exercise the Tie Breaker Vote in connection therewith.

(f) Notwithstanding the foregoing, DFI shall not require the consent of Managing Board to pursue a New Line of Business pursuant to the Section 6.07 if a Reduced Interest Event has occurred.

ARTICLE VII

RESTRICTIONS ON TRANSFER; PREEMPTIVE RIGHTS

Section 7.01. General Restrictions on Transfer.

(a) Except as otherwise contemplated by Section 7.02 or Section 7.03, each Member agrees, without the prior written consent of the other Member (which consent may be withheld for any reason or for no reason), not to offer, transfer, sell or otherwise dispose of (each, a "Transfer") any or all of its ownership interests in the Company (the "Interests") (or any interest therein). Except as required by Section 7.01(b), no Transfer may be proposed on or prior to December 31, 1997. Any purported Transfer in violation of the foregoing, other than in compliance with this Agreement, shall be null and void. Each Member agrees not to pledge, hypothecate, grant a security interest in or otherwise encumber any or all of its Interests (or any interest therein), and any attempt to do any of the foregoing shall be null and void.

(b) Notwithstanding subsection (a) hereof, but subject to Section 7.02 hereof, if at any time a Mandatory Sale Condition (as hereinafter defined) exists with respect to a Member, such Member may Transfer the least amount of its Interests required for it to comply with the Mandatory Sale Condition. A Mandatory Sale Condition shall be deemed to exist if (i) the continued ownership by such Member of all or any portion of the Interests then owned by such Member is prohibited (a "Prohibition") by any federal or national law of the United States of America or The Netherlands or by any rule, regulation, order or decree of any federal or national governmental or administrative body in the United States of America or The Netherlands ("Applicable Law") and (ii) such Member has delivered to the other Member an opinion of

counsel, in form and substance satisfactory to the other Member, reaching the conclusion set forth in clause (i) hereof, stating that no governmental procedure or alternative method (other than the sale of the Interests or another procedure or method that would have a burdensome effect on it) is available to such Member to obtain waiver of, approval under or exemption from the Applicable Law or that such waiver, approval or exemption, upon application therefor duly made by such Member, has been finally denied by the applicable governmental authority, and stating the amount of the Interests required to be sold by such Member. A Prohibition may arise from a change in Applicable Law (including the revision or reinterpretation of current Applicable Law) or a change in the nature of the business of the Company.

Section 7.02. Right of First Refusal.

(a) If at any time subsequent to December 31, 1997, any Member or any person, corporation, partnership or other entity (other than any successor of such Member and other than the other Member) that acquires Interests from such Member or from such a transferee of such Member (a "Transferee") (such Member or Transferee being hereinafter referred to as the "Proposed Seller") wishes to Transfer some or all of its Interests, or at any time a Mandatory Sale Condition exists with respect to any Member requiring such Member to Transfer some or all of its Interests, in either case to a third party (the "Proposed Buyer"), the Proposed Seller shall first give written notice (an "Offer Notice") thereof to the other Member (the "Remaining Member"). Each Offer Notice shall state, in reasonable detail, (i) the Proposed Buyer, (ii) the amount of Interests to be sold (which shall be a proportional amount of Interests in the Company and AAC Canada), (iii) the offering price (which shall be payable in cash) and (iv) all other significant terms and conditions of such offer.

(b) Not later than 60 days following receipt by the Remaining Member of an Offer Notice, the Remaining Member shall give written notice (the "Response Notice") to the Proposed Seller indicating whether the Remaining Member elects to exercise its rights hereunder (the "Options"), which consist of the following:

(i) the Remaining Member may require that its Interests be Transferred to the Proposed Buyer on a pro rata basis with the Transfer of the Proposed Seller's Interest, and on the same terms and conditions specified in the Offer Notice with respect to the Proposed Seller's Interest;

(ii) the Remaining Member may purchase the Proposed Seller's entire Interest on the same terms and conditions specified in the Offer Notice; or

(iii) the Remaining Member may neither sell its Interests nor purchase the Proposed Seller's Interest.

The failure to deliver a Response Notice within such 60 day period shall be deemed to be an election of Option (iii) above.

(c) If the Remaining Member elects to exercise Option (i) above:

(i) The Proposed Seller shall promptly seek to cause the Proposed Buyer to purchase both its and the Remaining Member's Interests on a pro rata basis at the same price and upon the same terms and conditions as specified in the Offer Notice; provided, however, that such terms and conditions shall not be deemed to include the making of any representations and warranties, indemnities or other similar agreement to the Proposed Buyer, other than representations and warranties with respect to title to the Interests being sold and authority to sell such Interests and indemnities related thereto.

(ii) If the Proposed Buyer is not willing to purchase the Interests of the Remaining Member on the same terms and conditions as specified in the Offer Notice, then the Proposed Seller shall not be permitted to Transfer its Interests to the Proposed Buyer.

(iii) At the closing of the purchase and sale of the Interests pursuant to this Section 7.02 (c), each Member selling its respective Interests shall deliver to the Proposed Buyer a duly authorized and executed amendment to this Agreement or a schedule hereto reflecting the respective Interests of the Members or such other documentation as is reasonably satisfactory to the Proposed Buyer evidencing its ownership of such Interests; and (ii) the Proposed Buyer shall pay the purchase price to the Proposed Seller and the Remaining Member on a pro rata basis in respect of their respective Interests being sold.

(iv) In order to provide for just and equitable contribution if the Proposed Seller makes a payment to the Proposed Buyer with respect to an obligation or liability arising under an indemnity by the Proposed Seller covering representations and warranties (excluding representations and warranties, if any, with respect to post-acquisition events) made in any agreement by which Interests are sold pursuant to this Section 7.02(c), the Remaining Member shall contribute to the aggregate amount of such payments in the proportion that the amount received by the Remaining Member from the sale of its Interests to the Proposed Buyer bears to the aggregate amount received by the Proposed Seller and the Remaining Member from the sale of their respective Interests to the Proposed Buyer.

(d) If the Remaining Member elects to exercise Option (ii) above, the Transfer to the Remaining Member shall take place at a mutually agreeable time and place not more than 30 days after the Response Notice has been given, subject to compliance with any applicable statutory or regulatory requirements, receipt of all necessary governmental consents, clearances and approvals and deferral of the date for such Transfer until completion of compliance with such requirement and the issuance of such approvals, but in no event to a date more than 180 days after the Response Notice has been given (such event being referred to as a "Deferral"). Each such Transfer of Interests shall be on the same terms and conditions as those proposed by the Proposed Buyer named in such Offer Notice.

(e) If the Remaining Member does not exercise Option (i) or Option (ii), the Proposed Seller may sell the Interests that were the subject of the Offer Notice to the Proposed Buyer named therein, on the same terms set forth in the Offer Notice, pursuant to a binding written agreement entered into within 60 days following receipt by the Proposed Seller of the related Response Notice. If a binding written agreement to sell such Interests is not entered into within such 60 day period, and if such Interests are not sold pursuant to such agreement within such 60 day period, as the same may be extended by a Deferral, the restrictions of this Section 7.02 shall again apply.

(f) No Member shall pledge or encumber its Interest in the Company and it shall be a condition to any sale of Interests by a Proposed Seller to a Remaining Member pursuant to this Section 7.02 that such Interests be sold free and clear of all liens, claims and encumbrances whatsoever, other than such liens, claims or encumbrances in connection with the Company's credit facility.

(g) Notwithstanding any of the foregoing, AAC shall not have the Options described in Section 7.02(b)(ii) if a Reduced Interest Event shall have occurred.

Section 7.03. Transfers to Subsidiaries. Notwithstanding any other provision of this Agreement, upon written notice to the other Members, each Member may Transfer some or all of its Interests to any direct or indirect wholly owned subsidiaries of such Member's Parent; provided, that (i) such Transfer does not cause a Mandatory Sale Condition to exist; (ii) if at any time such Member's interest in the common and common equivalent stock of such subsidiary is about to decline below 100%, such Member shall cause such Interests to be promptly retransferred to it or to another of its wholly owned subsidiaries before such subsidiary ceases to be wholly owned, directly or indirectly, by such Member; and (iii) such Member shall remain liable for the performance by such subsidiary of its obligations hereunder.

Section 7.04. Preemptive Rights. Each Member shall have preemptive rights to subscribe to its respective allocation of any additional Interests that the Company may issue or sell from time to time. The initial allocation of each Member shall be in proportion to such Member's Percentage Interest. If any Member shall fail to subscribe fully to its initial allocation of Interests within 45 days after such Interests have become available for subscription, the remaining unsubscribed Interests shall be re-offered for an additional period of 30 days to the other Member, if such other Member has fully subscribed to its initial allocation of Interests. If any Member shall fail to satisfy a call for additional capital contribution made pursuant to Section 3.02, then the Percentage Interests of the Members shall be adjusted based upon the ratio of the Capital Accounts of each Member (after giving effect to the capital contribution actually made) to the Capital Account of all Members, and the non-defaulting Member shall have the right for a period of 30 days to make an additional Capital Contribution equal to the unsatisfied capital call on the defaulting Member.

Section 7.05. Substitution of Transferees. Notwithstanding any provision to the contrary herein, no Transferee of an Interest of a Member shall become a Member of the Company (a "Substituted Member") without the prior written consent of the other Members, in their sole discretion.

ARTICLE VIII

Withdrawal of a Member

Section 8.01. Withdrawal Events. If any of the following shall occur with respect to a Member or a Parent (each, a "Withdrawal Event"):

(a) a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or other similar official) shall take possession of a Member or Parent or any substantial part of its property without its consent, or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of a Member or Parent in an involuntary case under any applicable bankruptcy, insolvency, moratorium or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or other similar official) of such Member or Parent or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days;

(b) a Member or Parent shall commence a voluntary case under any applicable bankruptcy, insolvency, moratorium or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, conservator, sequestrator (or other similar official) of such Member or Parent or of any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall take any corporate action in furtherance of any of the foregoing; or

(c) a Member or Parent shall commence proceedings to dissolve or liquidate; then, such Member shall be obligated to withdraw from the Company, and the non withdrawing Member shall have the option (the "Buy Out Option"), which option may be delegated to any of such Member's Affiliates, to acquire the Interest of the withdrawing Member at Fair Market Value in accordance with the terms of Section 9.05.

ARTICLE IX

Duration and Termination of the Company

Section 9.01. Events of Dissolution. The Company shall be dissolved and its affairs shall be wound up on the first to occur of any of the following events: (i) December 31, 2045; (ii) any date during the Company's duration by written decision of all of the Members; (iii) the sale or other disposition (including, without limitation, taking by eminent domain) of all or substantially all of the assets of the Company unless such sale or other disposition involves any deferred payment of the consideration for such sale or disposition, in which case the Company shall not dissolve until the last day of the Fiscal Year during which the Company shall receive the balance of such deferred payment; (iv) the occurrence of a Withdrawal Event, unless the Company is continued pursuant to Section 9.03; (v) the occurrence of a Failure Event (as defined in Section 9.04) provided that the period for the exercise of the Purchase Option has expired; or (vi) the effective date of a decree of judicial dissolution under the Act.

Section 9.02. Liquidation.

(a) Upon the dissolution of the Company as provided in Section 9.01, the Company shall designate the CEO as the "liquidating trustee" (as defined in the Act), who shall cause the Company to continue solely for the purposes of liquidating all of the assets owned by the Company (until all such assets have been sold or liquidated) and collecting the proceeds from such sales and all receivables of the Company until the same has been written off as uncollectible.

(b) Upon dissolution, the Company shall engage in no further business thereafter other than that necessary to cause the Company to collect its receivables, liquidate its assets and pay or discharge its liabilities; provided that (i) if any computer programs, software or databases have been created and/or developed by or on behalf of the Company or AAC Canada, then each of DFI and AAC shall be deemed the joint owners of such programs, software or databases and shall be entitled to license the use of such programs, software or databases to its Affiliates; (ii) AAC shall have the option (which option may be delegated to any of its Affiliates) to purchase the assets of the Company and AAC Canada related to the AEF Business; and (iii) DFI or AAC, as the case may be, shall have the option (which option may be delegated to any of its Affiliates) to purchase the assets of the Company and AAC Canada related to the New Lines of Business proposed by such Member (each such option being a "Purchase Option").

(c) Notwithstanding any provision of the Act and any other laws, the proceeds of liquidation and all other assets of the Company shall be applied and distributed by the liquidating trustee in the following order of priority:

(i) First to the payment of (x) liabilities of the Company, except loans or advances that may have been made by any of the Members to the Company and (y) expenses of liquidation;

(ii) Then to the setting up of any reserves that the liquidating trustee may deem necessary for any contingent or unforeseen liabilities or obligations of the Company or of the Members out of or in connection with the Company;

(iii) Then to the repayment of any other loans that may have been made by any of the Members to the Company; and

(iv) Then any balance remaining shall be distributed to the Members in accordance with their respective positive Capital Account balances.

Section 9.03 Continuance of Company. Notwithstanding anything contained in Section 9.01, upon the occurrence of a Withdrawal Event, the Company shall not be terminated if the remaining Member(s) elect within 90 days of such Withdrawal Event to continue the Company and the Company's business and, if there is only one remaining Member, to admit an additional Member.

Section 9.04. Failure Event. If (i) at the end of any Fiscal Year commencing with the Fiscal Year ending December 31, 1996, the return on equity (i.e., operating profit divided by Members' equity) of the Company and AAC Canada for such Fiscal Year is substantially below the targets set forth in the Annual Budget and Strategic Plan for such Fiscal Year, and there is no reasonable prospect that there will be a major improvement thereof, or (ii) for any period of three consecutive calendar months following the date hereof the retail market share of AGCO's production of Agricultural Equipment held by the Company and AAC Canada falls substantially below the lesser of (x) such average market share for the comparable three-month period in the twelve months preceding the date hereof and (y) the retail market share target set forth in the Annual Budget and Strategic Plan for such Fiscal Year, upon request of a Member (evidenced in a written notice to the other Member) the Members will negotiate in good faith to restructure the Company, AAC Canada and their businesses on terms reasonably satisfactory to both Members. If the Members do not reach agreement within 12 months from the date of commencement of such notice, either Member may give written notice to the other Member declaring that a "Failure Event" shall have occurred, and each Member may then exercise the Purchase Options, in accordance with Section 9.05. No Member shall be entitled to give notice of a "Failure Event" pursuant to this Section 9.04 if such Member (or its Affiliates) is in material breach of its obligations to the Company, AAC Canada or any Member (or its Affiliates) under this Agreement or any other related agreements or if such Failure Event results primarily from the acts or omissions of such Member or its Affiliates.

Section 9.05. Procedures for Certain Transfers Between Members.

(a) If a Member elects to exercise the Buy Out Option or the Purchase Option, such Member shall deliver written notice (the "Exercise Notice") to the other Member, indicating its intent to exercise the Buy Out Option or the Purchase Option, as the case may be, not later than 60 days following the occurrence of the event triggering such Buy Out Option or Purchase Option. If within such 60-day period, one Member delivers the Exercise Notice in connection with the proposed exercise of a Purchase Option and the other does not, the exercising Member shall have the option (the "Purchase All Option") to acquire not only the AEF Business (in the case of AAC) or the New Lines of Business proposed by that Member (in the case of DFI or AAC), but any or all assets or businesses of the Company and AAC Canada. Such Member may exercise the Purchase All Option by complying with the terms of this Section 9.05.

(b) If both Members exercise Purchase Options, they shall negotiate in good faith for a period not exceed 30 days to determine the allocation of systems, technology and personnel related to both the AEF Business and the New Lines of Business. In the event that the parties are unable to reach agreement on such allocation within such 30-day period, then such systems, technology and personnel shall be assigned to DFI, if the consideration being paid by DFI for the New Lines of Business being acquired by DFI exceeds the consideration being paid by AAC for the AEF Business and New Lines of Business being acquired by AAC, and to AAC, if the consideration being paid by AAC for the AEF Business and New Lines of Business being acquired by AAC exceeds the consideration being paid by DFI for the New Lines of Business being acquired by DFI, and the parties shall then negotiate in good faith a servicing agreement (which shall be substantially on the terms of the Servicing Agreement except that the servicing

profit shall be fixed by agreement of the parties based on then market terms) pursuant to which the Member acquiring the systems, technology and personnel shall continue to service the AEF Business or New Lines of Business, as the case may be, for the other Member. If only one Member exercises its Purchase Option, such Member shall also have the option (which option may be delegated to any of its Affiliates) to purchase all remaining assets of the Company and AAC Canada.

(c) The Transfer of Interests, in the case of the Buy Out Option, or the acquisition of the New Lines of Business or the AEF Business (as the case may be), in the case of the Purchase Option, shall take place at a mutually agreeable time and place not more than 30 days after delivery of the Exercise Notice, subject to compliance with any applicable statutory or regulatory requirements, receipt of all necessary governmental consents, clearances and approvals and deferral of the date for such Transfer or acquisition until completion of compliance with such requirements and the issuance of such approvals, but in no event to a date more than 180 days after delivery of the Exercise Notice.

(d) In connection with the exercise of a Buy Out Option or a Purchase Option, no Member shall be required to make any representations or warranties, indemnities or other similar agreements to the other Member or to the Company or AAC Canada, other than representations and warranties with respect to title to the Interests being sold by such Member (in the case of the Buy Out Option) or title to the assets being sold by the Company (in the case of the Purchase Option).

(e) The consideration to be paid at the consummation of the transactions contemplated by the Buy Out Option or the Purchase Option, as the case may be, shall be the Option Price of the Interests or assets (as applicable) being acquired by the Member that exercised the Buy Out Option or the Purchase Option, as the case may be. Such consideration shall consist solely of cash.

(f) It shall be a condition to any sale of Interests or assets, as the case may be, that such Interests or assets be sold free and clear of all liens, claims and encumbrances whatsoever, other than such of the foregoing in connection with the credit facilities of the Company and AAC Canada.

(g) If a Member shall have delegated the Buy Out Option or the Purchase Option to an Affiliate of such Member (which shall be evidenced by a written instrument between such Member and such Affiliate, to be promptly delivered to the other Member), all references to "Member" in paragraphs (a) through (e) of this Section 9.05 shall be deemed to be references to such Affiliate.

(h) Notwithstanding any of the foregoing, AAC shall not have the Buy Out Option or the Purchase Option if a Reduced Interest Event shall have occurred.

Section 9.06. Certificate of Cancellation. Upon the completion of the distribution of Company assets as provided in Section 9.02, the Company shall be terminated and the

liquidating trustee shall cause the cancellation of the Company's certificate of formation and shall take such other actions as may be necessary or appropriate to terminate the Company.

ARTICLE X

Books and Records; Reports to Members; Tax Returns

Section 10.01. Books and Records. The CEO shall cause the Company to keep at the Company's principal office separate books of account, which shall show a true, complete and accurate record of all assets and liabilities, operations, transactions and financial condition of the Company. All financial statements shall be accurate in all material respects, shall present fairly the financial position and results of the Company, and shall be prepared in accordance with the accrual method of accounting for GAAP, consistently applied. Without limiting the generality of the foregoing, the Company shall prepare such financial information and maintain such books and records as are: (i) required by any law, rule or regulation applicable to the Company; or (ii) reasonably requested by any Member. Each Member shall, at its sole expense, have the right, at any time upon reasonable notice to the CEO, to examine, copy and audit the Company's books and records during normal business hours.

Section 10.02. Monthly Reports. No later than 10 business days after each month, the CEO, on behalf of the Company, shall prepare and submit or cause to be prepared and submitted to each Member, an accrual basis balance sheet together with an accrual basis profit and loss statement for the month next preceding with a cumulative Fiscal Year accrual basis profit and loss statement to date and with such other financial statements and information as may be reasonably requested by a Member or any of its Affiliates, including any such information required to enable a Member or any of its Affiliates to prepare quarterly reports to be filed pursuant to U.S. or foreign securities or banking laws.

Section 10.03. Annual Reports. As soon as practicable after the end of each Fiscal Year, a general accounting and audit shall be taken and made by the Company's independent certified public accountants, which shall initially be KPMG Peat Marwick, and thereafter a "Big Six" accounting firm designated by DFI, covering the assets, properties, liabilities and net worth of the Company, and its dealings, transactions and operations during such Fiscal Year, and all other matters and things customarily included in such accounts and audits, and a full, detailed certified statement shall be furnished to each Member within 45 days after the end of such Fiscal Year. A full and complete report of the audit scope and audit findings in the form of a management audit report shall also be furnished to each Member within 45 days after the end of such Fiscal Year. Such financial statements shall disclose and/or footnote, in sufficient detail, all items of taxable income, gain, loss or accounts that vary from the reporting of such items for financial accounting purposes. The CEO, on behalf of the Company, shall distribute to the Members copies of all management letters prepared by the Accountants in connection with their certification of the audited financial statements.

Section 10.04. Filing of Tax Returns. Subject to Article III, the CEO, at the Company's expense, shall prepare and file timely, or cause independent accountants to prepare and file, a Federal information tax return in compliance with Section 6031 of the Code and any

other required federal, state and local income tax and information returns for each tax year of the Company.

Section 10.05. Tax Matters Partner. DFI shall be designated on the Company's annual Federal information tax return as the "Tax Matters Partner" of the Company for purposes of Section 6231(a)(7) of the Code.

ARTICLE XI

Miscellaneous

Section 11.01. General. This Agreement: (a) shall be binding on the successors of the Members; and (b) may be executed, through the use of separate signature pages or in any number of counterparts with the same effect as if the parties executing such counterparts had all executed one counterpart.

Section 11.02. Power of Attorney. Each of the Members hereby appoints the CEO, with power of substitution as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign, acknowledge, swear to and file:

(a) any and all instruments, certificates, and other documents that may be deemed necessary or desirable to effect the winding-up and dissolution of the Company in accordance with Section 9.02;

(b) any business certificate, fictitious name certificate, amendment thereto, or other instrument or document of any kind necessary or desirable to accomplish the business, purpose and objectives of the Company, or required by any applicable federal, state or local law; and

(c) all amendments or modifications to the Agreement to the extent made in accordance with Section 11.03 hereof.

The power of attorney hereby granted by each of the Members is coupled with an interest, is irrevocable, and shall survive, and shall not be affected by, the bankruptcy or insolvency of such Member.

Section 11.03. Amendments . The terms and provisions of this Agreement may only be modified or amended at any time with the unanimous written consent of all the Members.

Section 11.04. Choice of Law. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be construed under the laws of the State of Delaware and, without limitation thereof, that the Act as now adopted or as may be hereafter amended shall govern this Agreement.

Section 11.05. Notices. Each notice or other communication relating to this Agreement shall be in writing and delivered in person or by registered or certified mail, or by telecopier, and shall be addressed to such Member at its respective address as set forth below:

(i) If to DFI:

De Lage Landen Finance, Inc.
c/o De Lage Landen International B.V.
Vestdijk 51
P.O. Box 652
5600 AR Eindhoven
The Netherlands
Attention: Department of General Affairs
Telephone: 31-40-233-9835
Telecopier: 31-40-233-8600

with a copy to:

Cooperatieve Centrale Raiffeisen-
Boerenleenbank B.A., "Rabobank Nederland"
245 Park Avenue
New York, New York 10017
Attention: Guillermo Bilbao, Esq.

Telephone: 212-916-7800
Telecopier: 212-818-0233

with a copy to:

Schulte Roth & Zabel LLP
900 Third Avenue
New York, New York 10022
Attention: Stuart D. Freedman, Esq.

Telephone: 212-758-0404
Telecopier: 212-593-5955

(ii) if to AAC:

AGCO Corporation
4830 River Green Parkway
Duluth, Georgia 30136
Attention: Chief Financial Officer

Telephone: 770-813-9200
Telecopier: 770-813-6158

with a copy to:

King & Spalding
191 Peachtree Street
Atlanta, Georgia 30303
Attention: John J. Kelley III, Esq.

Telephone: 404-572-4600
Telecopier: 404-572-5100

Any Member may designate a new address by notice to that effect given to the Company. Unless otherwise specifically provided in this Agreement, a notice shall be deemed to have been effectively given when mailed by registered or certified mail or telecopied to the proper address or delivered in person.

Section 11.06. Headings. The titles of the Articles and the headings of the Sections of this Agreement are for convenience of reference only, and are not to be considered in construing the terms and provisions of this Agreement.

Section 11.07. Successors and Assigns. Subject to the restrictions on Transfer set forth herein, this Agreement shall bind and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns

Section 11.08. Terms. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person or entity may in the context require. Any reference to the Code or other statutes or laws shall include all amendments, modifications or replacements of the specific sections and provisions concerned.

Section 11.09. Invalidity. If any provision of this Agreement shall be held invalid, it shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

Section 11.10. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument, binding on the Members (and, in the case of Article V, the Parents), and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

Section 11.11. Further Assurances.

(a) For purposes hereof:

(i) "Bank Act" means the Bank Holding Company Act of 1956, as amended from time to time, 12 U.S.C. Section 1841 et al and the International Banking Act of 1978, as amended from time to time, 12 U.S.C. Section 3101 et. seq.

(ii) "Bank Authority" means the Board of Governors of the Federal Reserve System; any other Federal governmental authority, agency, body, or official responsible for the regulation, supervision and/or examination of banks, bank holding companies or subsidiaries thereof or other depository institutions; any governmental authority, agency, body or official responsible for the regulation, supervision and/or examination of banks, bank holding companies or subsidiaries thereof or other depository institutions under the laws of a state, territory, commonwealth, district, possession, or political subdivision of, or within, the United States; any governmental authority, agency, body or official responsible for the regulation, supervision and/or examination of banks, bank holding companies or subsidiaries thereof or other depository institutions under the laws of a country other than the United States or a political subdivision of such country; any non-governmental self-regulatory agency, body or official responsible for the regulation, supervision and/or examination of banks, bank holding companies or subsidiaries thereof or other depository institutions.

(iii) "Bank Regulatory Approval" means an authorization, approval, consent, license, order, waiver or other action of a Bank Authority.

(b) The parties hereto agree that they will use their respective best efforts to cooperate with each other and to execute and deliver, or cause to be delivered, all such other instruments, and will take all such other actions, as either party hereto may reasonably request from time to time in order to effectuate the provisions and purposes hereof and promptly, upon request by one party (the "Requesting Party"), furnish to the Requesting Party any information relating to the furnishing party, its employees, officers and directors and Affiliates, which is required under any applicable law or regulation for inclusion in any filing that the Requesting Party or any of its Affiliates is required to make with any applicable regulatory authority. Each party, at the date such information is furnished, shall use its reasonable best efforts to assure that all information furnished by it pursuant to this Section 11.11 is true, complete and correct without omission of any material fact required to be stated to make the information stated therein not misleading.

(c) If at any time a Bank Regulatory Approval is required for any transaction, investment or activity authorized or permitted by this Agreement, DFI or its Affiliates may take whatever steps it deems necessary and appropriate to obtain such Bank Regulatory Approval, including the submission of an application to any Bank Authority. In such event, each party hereto shall use its respective reasonable efforts to comply fully with any request of any Bank Authority for information, including, but not limited to, affording any Bank Authority or any representative thereof access during normal business hours to their employees, managers, equipment, records, files, books of account and tax returns.

(d) No Member shall, without the prior written consent of the other Members, take any action or exercise any right, power and authority of a Member of the Company that, in the reasonable judgment of DFI:

(i) would cause a violation of or conflict with the Bank Act, or any rule or regulation promulgated thereunder or of any Bank Authority applicable to the Member or any of its Affiliates; or

(ii) would require a Bank Regulatory Approval.

Section 11.12. Confidentiality. Each Member acknowledges that it has acquired and will continue to acquire confidential and proprietary information regarding the business and operations of the Company, each other and its respective affiliates. Accordingly, each Member agrees that, without the prior written consent of the other Member, it will neither (i) disclose any such information to any third party nor (ii) use, or permit the use of, any such information in the other businesses of such Member and its Affiliates (other than the Company and its subsidiaries). For purposes of this Agreement, information shall be considered confidential and proprietary if it was developed or acquired by either Member or any of its Affiliates and is not publicly available.

Section 11.13. Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement between the Members with respect to the matters to which it relates. It supersedes all prior written and oral statements and no representation, statement, condition or warranty not contained in this Agreement shall be binding on the Members or have any force or effect whatsoever.

Section 11.14. No Third Party Beneficiary. Any agreement to pay any amount and any assumption of liability herein contained, express or implied, shall be only for the benefit of the Members and their respective successors and permitted assigns, and such agreements and assumption shall not inure to the benefit of the obligees of any indebtedness or any other party, whomsoever, it being the intention of the Members that no one shall be deemed to be a third party beneficiary of this Agreement.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the date first set forth above.

MEMBERS:
DE LAGE LANDEN FINANCE, INC.

By: /s/

Name:
Title:
AGRICREDIT ACCEPTANCE CORPORATION

By: /s/

Name:
Title:

WITHDRAWING MEMBER:
Solely to reflect its withdrawal from the Company:

AGCO CORPORATION
By: /s/

Name:
Title:

PARENTS:
Solely for purposes of Article V:
AGCO CORPORATION
By: /s/

Name:
Title:

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLE
ENBANK B.A., "Rabobank Nederland"
By: /s/

Name:
Title:

AGRICREDIT ACCEPTANCE LLC
Schedule of Members' Capital Contributions

Member - - - - -	Amount - - - - -
De Lage Landen Finance, Inc.	\$28,493,492
Agricredit Acceptance Corporation	\$27,376,100

EMPLOYMENT AND SEVERANCE AGREEMENT

This Employment and Severance Agreement (the "Agreement") is entered into this 18th day of November 1996, by and between AGCO CORPORATION, a Delaware corporation (the "Company"), and Jean-Paul Richard (the "Executive"),

WITNESSETH:

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

1. EMPLOYMENT.

(a) Agreement of Employment. The Company hereby employs the Executive and the Executive hereby agrees to serve the Company on the terms and conditions set forth herein, and further agrees that this contract supersedes all previous agreements between the parties.

(b) Term. The employment shall commence on November 18, 1996 and shall be for a period of five (5) years, unless amended in writing by both parties or unless otherwise terminated earlier in accordance with Section 6 or any other provision of this Agreement. Each year, at the end of the first year of service and on the anniversary date of the end of the first year of service under the Agreement, the Agreement shall be automatically extended for an additional year, unless the Company notifies the Executive prior to the anniversary date, in writing, that it desires to terminate the Agreement or unless otherwise terminated earlier in accordance with Section 6 or any other provision of the Agreement. The Company may terminate the Agreement in this manner without cause. If the Executive is notified of the termination of the Agreement, the Executive will continue similar service to the Company as directed, and the Company shall pay the Executive his Base Salary (as defined in Section 3(a) of the Agreement) then in effect and will continue the Executive's group health and life insurance for the balance of the four (4) year period remaining on the Agreement. If the Executive fails to perform similar duties as directed by the Company or voluntarily terminates the availability of services to accept other employment, the company may cease payment of the Base Salary and insurance coverage upon thirty (30) days written notice. If the Executive is terminated for cause and obtains other employment, the Company may adjust the compensation and insurance coverage for the period remaining on the contract so that the total compensation and coverage provided to the Executive by his new employer and the Company does not exceed the provisions of this Agreement. In the event of notice of termination without cause, the Company will reasonably cooperate with the Executive and not be unreasonable in providing the use of facilities or free time for outplacement.

2. POSITION AND DUTIES

The Executive shall serve as a Director and as an President and Chief Executive Officer of the Company with such duties and responsibilities as may from time to time be prescribed by the Company's Board of Directors (the "Board"), provided that such duties and responsibilities are consistent with the Executive's position. The Executive shall perform and discharge faithfully,

diligently and to the best of his ability such duties and responsibilities and shall devote all of his working time and efforts to the business and affairs of the Company and its affiliates.

3. COMPENSATION.

(a) Base Salary. The Company shall pay to the Executive an annual base salary ("Base Salary") of Five Hundred Thousand Dollars (\$500,000.00), payable upon request, subject to applicable tax and payroll deductions.

(b) Incentive Compensation. Provided Executive has duly performed his obligations pursuant to this agreement, the Executive shall be entitled to participation or receive benefits under any Long Term Incentive Stock Plan (LTIP) implemented by the Company and offered to senior management or directors.

(c) The Executive will also participate in the annual Incentive Compensation Plan, with the maximum potential bonus equal to 100% of salary and based on the goals established by the Compensation Committee.

(d) Fringe Benefits. During the term of this Agreement, the Executive shall be entitled to participate in fringe and employee benefit plans and arrangements which are available to senior executive officers of the Company, including, without limitation, group health and life insurance disability coverage, pension and savings plans, current deferred compensation plans, and the Senior Management Employment Policy.

(e) Other Benefits.

(i) The Company shall pay or reimburse the Executive for all reasonable and necessary expenses incurred by him in connection with his duties hereunder, upon submission by Executive to the Company of such written evidence of such expense as the Company may require.

(ii) Throughout the term of this Agreement, the Company will provide Executive with the use of a vehicle of the Cadillac class and a multi-purpose vehicle or equivalent value in a car of executive choice for purposes within the scope of his employment and shall pay all expenses for fuel, maintenance and insurance in connection with such use of the automobiles.

(iii) The Company will also pay all fees for membership by Executive in two (2) country clubs, together with the dues therefor for use by the Executive for conferences, meetings and entertainment in the scope of this employment.

(iv) The Company further agrees that Executive shall be entitled to four (4) weeks of vacation time in any year of the term of employment hereunder.

(v) The Company shall provide full access to the use of the Company leased or chartered aircraft for the purpose of conducting company business and as stipulated in the Corporate Aircraft Policy for executives.

(vi) The Company shall provide a suitable office for the Executive's position and necessary support services, including total access to all Company facilities, records, information and personnel. In addition, the Company shall provide computer tools and a fax machine for use in the personal residence.

(vii) The Company shall provide reimbursement for membership in associations, industry, organizations and civic organizations wherein the merits of the Company can be promoted.

(viii) The Company shall provide the Executive liability insurance in an amount not less than \$5 million and shall defend the Executive at Company expense for any litigation related to his position or responsibilities on behalf of the Company in the past or future.

(ix) Nothing paid to the Executive under any such Company plans or arrangements shall be deemed to be in lieu of compensation to the Executive hereunder.

(f) Split-Dollar Arrangement.

(i) The Executive shall be eligible to participate in a Split-Dollar Plan whereby the said Executive can be provided with life insurance coverage during employment and the option of supplementary retirement income in lieu of the life insurance policy at retirement. The supplementary retirement income option can be exercised at age sixty (60). In either option, the Company shall be repaid an amount equal to the Company's share of the premiums paid less any indebtedness on the policy. This plan will allow for the conversion option of coverage to a "last to die" policy which includes the spouse or the transfer of the policy to a trust or entity of lineal ownership at anytime prior to exercising any distribution of benefits from the plan, so long as the company maintains collateral assignment for the repayment of premiums. This plan will vest after ten (10) years of service from the initial date of this Agreement and the policy will be portable after that period so long as the investment by the company, plus accrued interest, is repaid by the Executive.

(ii) The Company's annual share of the policy premium shall be equal to the Executive's annual salary on the initial date of this Agreement and shall be paid by the Company for a period of four (4) years from the origin date of this Agreement.

(iii) In the event of a termination of this Agreement under Sections 5 and 6 of this Agreement, any collateral assignment agreement on the Split-Dollar Insurance Policy shall provide that the Executive or his trust shall have the right to repay the Company at anytime within the term of this Agreement an amount equal to the Company's share of the premiums paid less any indebtedness on the policy.

(iv) Notwithstanding anything else in the Agreement to the contrary, the Company's obligation to share in the payment of the policy premium described in (iii) above will survive termination of this Agreement for any reason other than a termination pursuant to Section 6 (c).

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

(a) Acknowledgments. The Executive acknowledges that as a Director and Officer of the Company:

(i) he frequently will be exposed to certain "Trade Secrets" and "Confidential Information" of the Company (as those terms are defined in Subsection 4(b),

(ii) his responsibilities on behalf of the Company will extend to all geographical areas where the Company is doing business, and

(iii) any competitive activity on his part during the term of his employment and for a reasonable period thereafter would necessarily involve his use of the Company's Trade Secrets and Confidential Information and, therefore, would unfairly threaten the Company's legitimate business interests, including its substantial investment in the proprietary aspects of its business and the goodwill associated with its customer base.

Moreover, the Executive acknowledges that, in the event of the termination of his employment with the Company, he would have sufficient skills to find alternative, commensurate work in his field of expertise that would not involve a violation of any of the provisions of this Section 4. Therefore, the Executive acknowledges and agrees that it is reasonable for the Company to require him to abide by the covenants set forth in this Section 4. The parties acknowledge and agree that if the nature of the Executive's responsibilities for or on behalf of the Company and the geographical areas in which the Executive must fulfill them materially change, the parties will execute appropriate amendments to the scope of the covenants in this Section 4.

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

(i) "Competitive Position" shall mean (A) the Executive's direct or indirect equity ownership (excluding equity ownership of less than one percent (1%) or control of all or any portion of a Competitor, or (B) any employment, consulting, partnership, advisory, directorship, agency, promotional or independent Contractor arrangement between the Executive and any Competitor whereby the Executive is required to perform executive level services substantially similar to those that he will perform for the Company as its Chairman, President and Chief Executive Officer.

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

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

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

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

(c) Nondisclosure: Ownership of Proprietary Property.

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

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

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

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

(d) Non-competition. The Executive agrees that during the term of his employment, he will not, either directly or indirectly, alone or in conjunction with any other party:

(i) accept or enter into a Competitive Position with a Competitor of the Company or

(ii) take any action in furtherance of or in conjunction with a Competitive Position with a Competitor of the Company.

The Executive agrees that for two (2) years after any termination of his employment with the Company, he will not, either directly or indirectly, alone or in conjunction with any other party:

(i) accept or enter into a Competitive Position with a Competitor of the Company, or

(ii) take any action in furtherance of or in conjunction with a Competitive Position with a Competitor of the Company.

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

(f) Non-solicitation of Company Personnel. The Executive agrees that, except to the extent that he is required to do so in connection with his express employment responsibilities on behalf of the Company, during the term of his employment he will not, either directly or indirectly, alone or in conjunction with any other party, solicit or attempt to solicit any employee, consultant, contractor

or other personnel of the Company to terminate, alter or lessen that party's affiliation with the Company or to violate the terms of any agreement or understanding between such employee, consultant, contractor or other person and the Company. The Executive agrees that for two (2) years after any termination of his employment with the Company, he will not, either directly or indirectly, alone or in conjunction with any other party, solicit or attempt to solicit any "material" or "key" (as those terms are defined in the next sentence) employee, consultant, contractor or other personnel of the Company to terminate, alter or lessen that party's affiliation with the Company or to violate the terms of any agreement or understanding between such employee, consultant, contractor or other person and the Company. For purposes of the preceding sentence, "material" or "key" employees, consultants, contractors or other personnel of the Company are those who have access to the Company's Trade Secrets and Confidential Information and whose position or affiliation with the Company is significant.

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

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

5. SEVERANCE.

(a) Change in Control. In order to induce the Executive to remain in the employ of the Company, the Executive is provided the severance benefits set forth in this Section 5, in the event the Executive's employment with the Company is terminated subsequent to a change in control under the circumstances described below. In exchange for the severance benefits the Executive agrees that in the event of a Change In Control (as defined in Subsection (f) below), the Executive will not voluntarily terminate his employment with the Company until at least ninety (90) days after the Change in Control.

(b) Severance Benefits. No benefits shall be payable under this Section 5 unless there shall have been a Change in Control. In the event a Change in Control occurs, the Executive is entitled to the following benefits upon any subsequent termination of the Executive's employment within four (4) years from the date of such Change in Control, unless such termination is because of the death or Incapacity (as defined in Section 6(b) below) of the Executive, by the Company for Cause (as defined in Subsection (f) below), by the Executive other than for Good Reason (as defined in Subsection (f) below), or upon the Executive's voluntary retirement.

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

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

(iii) The Company shall continue to cover the Executive under, or provide the Executive with insurance coverage no less favorable than, the life, disability and health benefit plans which are provided to the Executive, including payment of the split dollar insurance premiums under the collateral assignment agreement as defined in Section 3, paragraph (e), (ii), for a period equal to the term of this Agreement or until the Executive is provided benefits by another employer substantially comparable to the benefits provided by the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) "Event of Acceleration" shall mean:

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

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

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

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

(v) "Good Reason" shall mean, without the written consent of the Executive:

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

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

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

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

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

(g) Long Term Incentive and Other Stock Plans. In the event of a Change In Control (as defined in Subsection (f) above), the Company will require any successor to fulfill the terms and conditions of the Long Term Incentive Plans and any Stock Option Plans previously provided to the

Executive in the same manner and to the same extent that the company would be required to perform if no succession had taken place. However, effective with the Change in Control, the Executive will be immediately vested for all shares earned under the Long Term Incentive Plans and for those shares awarded under any Stock Option Plan.

6. TERMINATION.

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

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

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

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

(e) Obligation to Pay. Except upon voluntary termination by the Executive or termination of the Executive's employment in connection with a Change in Control (In which case Section 5 shall govern) and subject to Section 7 below, the Company shall pay the compensation specified in this Agreement to the Executive for the remainder of the term set forth in Section 1(b) or for the period specified in this Subsection 6 (e), whichever period is the lesser. The Company also will continue insurance benefits during the remainder of the term set forth in Section 1(b). If the Executive's

employment shall be terminated by reason of death, the estate of the Executive shall be paid all sums otherwise payable to the Executive through the end of the third month after the month in which the death of the Executive occurred and all bonus or other incentive benefits accrued or accruable to the Executive through the end of the month in which the death of the Executive occurred and the Company shall have no further obligations to the Executive under this Agreement. If the Executive's employment is terminated by reason of incapacity, the Executive or the person charged with legal responsibility for the Executive's estate shall be paid all sums otherwise payable to the Executive, including the bonus and other benefits accrued or accruable to the Executive, through the date of termination specified in the Notice of Termination, and the Company shall have no further obligations to the Executive under this Agreement. If the Executive's employment shall be terminated for Cause, the Company shall pay the Executive his Base Salary through the date of termination specified in the Notice of Termination and the Company shall have no further obligations to the Executive under this Agreement.

7. EFFECT OF RE-EMPLOYMENT/OTHER COMPENSATION.

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

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

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

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

8. NOTICES.

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

AGCO Corporation
4830 River Green Parkway
Duluth, Georgia 30136
Attention: Michael F. Swick

in the case of the Executive to:

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

9. ARBITRATION.

Any claim, controversy, or dispute arising between the parties with respect to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to and resolved by binding arbitration. The arbitration shall be conducted pursuant to the terms of the Federal Arbitration Act and (except as otherwise specified herein) the Commercial Arbitration Rules of the American Arbitration Association in effect at the time the arbitration is commenced. The venue for the arbitration shall be the Atlanta, Georgia offices of the American Arbitration Association. Either party may notify the other party at any time of the existence of an arbitrable controversy by delivery in person or by certified mail of a Notice of Arbitrable Controversy. Upon receipt of such a Notice, the parties shall attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such Notice. Notice to the Company and the Executive shall be sent to the addresses specified in Section 8 above. If the dispute cannot be resolved within the fifteen (15) day period, either party may file a written Demand for Arbitration with the American Arbitration Association's Atlanta, Georgia Regional Office, and shall send a copy of the Demand for Arbitration to the other party. The arbitration shall be conducted before a panel of three (3) arbitrators. The arbitrators shall be selected as follows: (a) The party filing the Demand for Arbitration shall simultaneously specify his or its arbitrator, giving the name, address and telephone number of said arbitrator; (b) The party receiving such notice shall notify the party demanding the arbitration of his or its arbitrator, giving the name, address and telephone number of the arbitrator within five (5) days of the receipt of such

Demand for Arbitration; (c) A neutral person shall be selected through the American Arbitration Association's arbitrator selection procedures to serve as the third arbitrator.

The arbitrator designated by any party need not be neutral. In the event that any person fails or refuses timely to name his arbitrator within the time specified in this Section 9, the American Arbitration Association shall (immediately upon notice from the other party) appoint an arbitrator. The arbitrators thus constituted shall promptly meet, select a chairperson, fix the time, date(s), and place of the hearing, and notify the parties. To the extent practical the arbitrators shall schedule the hearing to commence within sixty (60) days after the arbitrators have been impaneled. A majority of the panel shall render an award within ten (10) days of the completion of the hearing which award may include an award of interest, legal fees and costs of arbitration. The panel of arbitrators shall promptly transmit an executed copy of the award to the respective parties. The award of the arbitrators shall be final binding and conclusive upon the parties hereto. Each party shall have the right to have the award enforced by any court of competent jurisdiction.

Executive initials: /s/ JPR Company initials: /s/ RJR

10. NO WAIVER

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

11. SUCCESSORS AND ASSIGNS.

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

12. VALIDITY.

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

13. SURVIVAL.

The provisions of Section 4 hereof shall survive the termination of Executive's employment and shall be binding upon the Executive's personal or legal representative, executors, administrators,

successors, heirs, distributees, devisees and legatees and the provisions of Sections 5 and 6 hereof relating to payments and termination of the Executive's employment hereunder shall survive such termination and shall be binding upon the Company.

14. COUNTERPARTS.

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

15. ENTIRE AGREEMENT.

This Agreement constitutes the full agreement and understanding of the parties hereto with respect to the subject matter hereof and all prior or contemporaneous agreements or understandings are merged herein, except for the collateral assignment agreement that shall be executed under Section 3(e) of this Agreement. The parties to this Agreement each acknowledge that both of them and their respective agents and advisors were active in the negotiation and drafting of the terms of this Agreement.

16. GOVERNING LAW.

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

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

AGCO CORPORATION

AGCO CORPORATION

By /s/ R.J. Ratliff

Name: R.J. Ratliff

Title: Chairman

By /s/ Michael F. Swick

Name: Michael F. Swick

Title: VP

/s/ J.P. Richard

Executive

11/18/96

Date

AGCO CORPORATION AND SUBSIDIARIES
STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS (1)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Year Ended December 31,		
	1996	1995	1994
	-----	-----	-----
PRIMARY EARNINGS PER SHARE			
Weighted average number of common shares outstanding	54,749	45,506	35,206
Shares issued upon assumed exercise of outstanding stock options	437	620	714
	-----	-----	-----
Weighted average number of common and common equivalent shares outstanding	55,186	46,126	35,920
	=====	=====	=====
Income before extraordinary loss	\$ 129,390	\$129,142	\$115,534
Extraordinary loss (3)	(3,503)	--	--
	-----	-----	-----
Net income	125,887	129,142	115,534
Preferred stock dividends	--	2,012	5,421
	-----	-----	-----
Net income available for common stockholders \	\$ 125,887	\$127,130	\$110,113
	=====	=====	=====
Net income per common share:			
Income before extraordinary loss	\$ 2.34	\$ 2.76	\$ 3.07
Extraordinary loss (3)	(0.06)	--	--
	-----	-----	-----
Net income	\$ 2.28	\$ 2.76	\$ 3.07
	=====	=====	=====
FULLY DILUTED EARNINGS PER SHARE			
Weighted average number of common shares outstanding	54,749	45,506	35,206
Shares issued upon assumed conversion of the Cumulative Convertible Exchangeable Preferred Stock	--	--	13,224
Shares issued upon assumed conversion of the Convertible Subordinated Debentures	2,224	10,458	--
Shares issued upon assumed exercise of outstanding stock options (2)	468	720	740
	-----	-----	-----
Weighted average number of common and common equivalent shares outstanding	57,441	56,684	49,170
	=====	=====	=====
Income before extraordinary loss	\$ 129,390	\$129,142	\$115,534
Extraordinary loss (3)	(3,503)	--	--
	-----	-----	-----
Net income	125,887	129,142	115,534
Interest expense on Convertible Subordinated Debentures, net of applicable income taxes	529	1,382	--
	-----	-----	-----
Net income available for common stockholders	\$ 126,416	\$130,524	\$115,534
	=====	=====	=====
Net income per common share:			
Income before extraordinary loss	\$ 2.26	\$ 2.30	\$ 2.35
Extraordinary loss (3)	(0.06)	--	--
	-----	-----	-----
Net income	\$ 2.20	\$ 2.30	\$ 2.35
	=====	=====	=====

(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 all stock splits.

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

(3) Represents the write-off of unamortized debt costs in March 1996

related to the refinancing of the Company's \$550.0 million secured revolving credit facility with a \$650.0 million unsecured revolving credit facility.

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

	Year Ended December 31,				
	1996	1995	1994	1993	1992
Fixed Charges Computation:					
Interest expense	\$ 45,158	\$ 73,287	\$ 52,712	\$17,927	\$12,392
Interest component of rent expense (a)	5,394	5,023	2,417	1,058	766
Proportionate share of fixed charges of 50%-owned affiliates	2,054	2,044	2,064	10,131	209
Amortization of debt costs	1,384	1,579	760	13	11
Total fixed charges	\$ 53,990	\$ 81,933	\$ 57,953	\$29,129	\$13,378
Earnings Computation:					
Pretax earnings	\$171,629	\$190,581	\$102,275	\$34,089	\$ 6,042
Fixed charges	53,990	81,933	57,953	29,129	13,378
Total earnings as adjusted	\$225,619	\$272,514	\$160,228	\$63,218	\$19,420
Ratio of earnings to combined fixed charges	4.2:1	3.3:1	2.8:1	2.2:1	1.5:1

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

SELECTED FINANCIAL DATA

(in thousands, except per share data and number of employees)

	YEAR ENDED DECEMBER 31, 1996(1)	Year Ended December 31, 1995(1)	Year Ended December 31, 1994(1)	Year Ended December 31, 1993(1)	Year Ended December 31, 1992
OPERATING RESULTS					
Net sales	\$2,317,486	\$2,068,427	\$1,319,271	\$595,736	\$314,542
Finance income	--	56,621	39,741	--	--
Total revenue	2,317,486	2,125,048	1,359,012	595,736	314,542
Gross profit (2)	470,320	440,711	276,341	125,284	58,067
Income from operations (2)	211,952(3)	220,609(3)	119,800(3)	47,926(3)	14,140
Net income	125,887(3)(4)	129,142(3)	115,534(3)(5)	34,089(3)	6,042
Net income per common share-fully diluted (6)	\$ 2.20(3)(4)	\$ 2.30(3)	\$ 2.35(3)(5)	\$ 0.93(3)	\$ 0.27
Weighted average number of common and common equivalent shares outstanding -fully diluted (6)	57,441	56,684	49,170	36,774	22,516
Dividends declared per common share (6)	\$ 0.04	\$ 0.02	\$ 0.013	\$ 0.013	\$ 0.003
Other Financial Data					
Working capital					
Consolidated	\$ 750,474	\$ 485,521	\$ 497,793	\$339,987	\$221,592
Equipment Operations	750,474	661,482	513,873	339,987	221,592
Total assets					
Consolidated	2,116,531	2,162,915	1,823,294	578,346	320,713
Equipment Operations	2,116,531	1,628,611	1,399,496	578,346	320,713
Long-term debt					
Consolidated	567,055	568,894(7)	589,833	173,892	121,047
Equipment Operations	567,055	415,894(7)	366,833	173,892	121,047
Stockholders' equity	774,665	588,928	476,666	212,229	93,672
Number of employees	7,801	5,548	5,789	2,417	1,280

- (1) AGCO acquired a 50% joint venture interest in Agricredit in 1993 and the Agricredit operations were reflected in the Company's consolidated financial statements using the equity method of accounting for the year ended December 31, 1993. AGCO acquired the remaining 50% interest in Agricredit in 1994 and accordingly reflected the Agricredit operations in the Company's consolidated financial statements on a consolidated basis for the period from February 11, 1994 to December 31, 1994 and the year ended December 31, 1995. AGCO sold a 51% joint venture interest in Agricredit effective November 1, 1996. Accordingly, the Company's consolidated financial statements as of and for the year ended December 31, 1996 reflect Agricredit on the equity method of accounting for the entire period presented.
- (2) Gross profit represents net sales less cost of goods sold. Income from operations represents net sales less cost of goods sold, selling, general and administrative expenses for the Equipment Operations, engineering expenses and nonrecurring expenses.
- (3) These amounts include nonrecurring expenses of \$15,027, \$6,000, \$19,500 and \$14,000 for the years ended December 31, 1996, 1995, 1994 and 1993, respectively. The effect of these nonrecurring charges reduced net income per common share, on a fully diluted basis, by \$0.17, \$0.07, \$0.33 and \$0.38 for the years ended December 31, 1996, 1995, 1994 and 1993, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Charges for Nonrecurring Expenses."
- (4) Includes extraordinary loss, net of taxes, of \$3,503, or \$0.06 per share, for the write-off of unamortized debt costs related to the refinancing in March 1996 of the Company's \$550.0 million secured credit facility with a \$650.0 million unsecured credit facility.
- (5) These amounts include a deferred income tax benefit of \$29,947 related to the reduction of a portion of the valuation allowance. The deferred income tax benefit had the effect of increasing net income by \$29,947 and net income per common share, on a fully diluted basis, by \$0.61. See Note 6 to the Consolidated Financial Statements.
- (6) Net income per common share - fully diluted, weighted average number of common and common equivalent shares outstanding - fully diluted and dividends declared per common share have been restated for all periods to reflect all stock splits.
- (7) These amounts include \$37,558 of the Company's 6.5% Convertible Subordinated Debentures. See Note 8 to the Consolidated Financial Statements.

TRADING AND DIVIDEND INFORMATION(1)

(in dollars)	High	Low	Dividends Declared

1996			
First Quarter	\$ 28 5/8	\$21 3/16	\$.01
Second Quarter	31 5/8	22	.01
Third Quarter	27 7/8	19 1/4	.01
Fourth Quarter	29 3/8	23 3/4	.01
1995			
First Quarter	\$ 16 5/8	\$ 12 3/8	\$.005
Second Quarter	20 1/2	16 1/16	.005
Third Quarter	27 5/16	18 13/16	.005
Fourth Quarter	26	20	.005

(1) The Company's stock trades on the New York Stock Exchange under the symbol AG. As of February 28, 1997, there were approximately 611 stockholders of record. Stock prices and dividends declared have been restated for 1995 to reflect the two-for-one stock split, effected January 31, 1996.

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

GENERAL

During the periods discussed below, the Company's results of operations were significantly affected by a series of acquisitions that expanded the size and geographic scope of its distribution network, enabled it to offer new products and increased its manufacturing capacity. Primarily as a result of these acquisitions, revenues increased from \$1,359.0 million in 1994 to \$2,317.5 million in 1996. The results of operations for the years ended December 31, 1994, 1995 and 1996 were affected by the following transactions completed by the Company:

- In December 1993, the Company acquired the White-New Idea Farm Equipment Division from Allied Products Corporation which added a line of farm implements including planters, spreaders and tillage equipment to the Company's wide range of products (the "White-New Idea Acquisition").
- The Company acquired Agricredit Acceptance Company ("Agricredit"), a retail finance company, from Varity Corporation ("Variety") in two separate transactions (together, the "Agricredit Acquisition"). The Company acquired a 50% joint venture interest in Agricredit in January 1993 and acquired the remaining 50% interest in February 1994. The Agricredit Acquisition enabled the Company to provide flexible financing alternatives to end users in North America as well as to provide an additional source of income to the Company.
- In June 1994, the Company acquired from Varity the outstanding stock of Massey Ferguson Group Limited ("Massey"), a producer of one of the top selling brands of tractors sold worldwide, and certain related assets (the "Massey Acquisition"). The Massey Acquisition significantly expanded the Company's sales and operations outside of North America.
- In March 1995, the Company further expanded its product offerings through its acquisition of AgEquipment Group, a manufacturer and distributor of farm implements and tillage equipment (the "AgEquipment Acquisition"), and its agreement to become the exclusive distributor of Landini tractors in the United States and Canada (the "Landini Distribution Agreement").
- In June 1996, the Company acquired the agricultural and industrial equipment business of Iochpe-Maxion S.A. (the "Maxion Acquisition"), which expanded its product offerings and its distribution network in South America, particularly in Brazil.
- In July 1996, the Company acquired certain assets of Western Combine Corporation and Portage Manufacturing, Inc., which were the Company's suppliers of Massey Ferguson combines and certain other harvesting equipment sold in North America (the "Western Combine Acquisition"). The Western Combine Acquisition provided the Company with access to advanced technology and will increase the Company's profit margin on certain combines and harvesting equipment sold in North America.
- In November 1996, the Company sold a 51% interest in Agricredit to a wholly-owned subsidiary of Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank") (the "Agricredit Sale"). The Company retained a 49% interest in Agricredit and now operates the finance company with Rabobank as a joint venture (the "Agricredit Joint Venture").

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

Recently, the Company has completed two additional acquisitions which will affect the Company's future results of operations:

- In December 1996, the Company further enhanced its market presence in Argentina and South America by acquiring the operations of Deutz Argentina S.A. ("Deutz Argentina"), a manufacturer and distributor of agricultural equipment, engines and trucks to Argentina and other markets in South America (the "Deutz Argentina Acquisition"). The Deutz Argentina Acquisition had no effect on the results of operations for the year ended December 31, 1996.
- In January 1997, the Company acquired the operations of Xaver Fendt GmbH & Co. KG ("Fendt"), a manufacturer and distributor of tractors, primarily in Germany and throughout Europe (the "Fendt Acquisition"). The Fendt Acquisition added a new line of tractors to the Company's product offerings and expanded the Company's market presence in Europe, particularly in Germany.

RESULTS OF OPERATIONS

Sales are recorded by the Company when equipment and replacement parts are shipped by the Company to its independent dealers, distributors or other customers. To the extent possible, the Company attempts to ship products to its dealers and distributors on a level basis throughout the year to reduce the effect of seasonal demands on its manufacturing operations and to minimize its investment in inventory. Retail sales by dealers to farmers are highly seasonal and are a function of the timing of the planting and harvesting seasons. In certain markets, particularly in North America, there is often a time lag, generally from one to twelve months between the date the Company records a sale (a "billing") and the date a dealer sells the equipment to a farmer (a "settlement"). During this time lag between a billing and a settlement, 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 settlement, as opposed to when products are billed. Due to fluctuations in dealer inventory levels, settlements are more indicative of retail demand than billings.

Effective November 1, 1996, the Company completed the Agricredit Sale. Accordingly, the Company's consolidated financial statements as of and for the year ended December 31, 1996 reflect Agricredit on the equity method of accounting for the entire period presented. The consolidated financial statements as of December 31, 1995 and 1994 and for the year ended December 31, 1995 and for the period from February 11, 1994 to December 31, 1994 reflect Agricredit on a consolidated basis with the Company's other majority-owned subsidiaries. As a result of the change in the basis of presentation, the historical results of the Company are not comparable from year to year.

The consolidated financial statements include, on a separate, supplemental basis, the Company's Equipment Operations, and for 1995 and for the period from February 11, 1994 to December 31, 1994, its Finance Company. "Equipment Operations" reflect the consolidation of all operations of the Company and its majority-owned subsidiaries with the exception of Agricredit, which is included using the equity method of accounting. For the year ended December 31, 1995 and for the period from February 11, 1994 to December 31, 1994, the results of operations of Agricredit are included under the caption "Finance Company."

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

	YEAR ENDED DECEMBER 31,		
	1996	1995	1994
Revenues:			
Net sales.....	100.0%	97.3%	97.1%
Finance income.....	--	2.7	2.9
	-----	-----	-----
	100.0	100.0	100.0
	-----	-----	-----
Costs and Expenses:			
Cost of goods sold(1).....	79.7	76.6	76.7
Selling, general and administrative expenses.....	9.3	9.6	9.5
Engineering expenses.....	1.2	1.1	1.4
Interest expense, net.....	1.4	3.0	3.2
Other expense, net.....	0.3	0.4	0.3
Nonrecurring expenses.....	0.7	0.3	1.4
	-----	-----	-----
	92.6	91.0	92.5
	-----	-----	-----
Income before income taxes, equity in net earnings of unconsolidated affiliates and extraordinary loss.....			
Provision (benefit) for income taxes.....	7.4	9.0	7.5
	-----	-----	-----
	2.6	3.1	(0.8)
	-----	-----	-----
Income before equity in net earnings of unconsolidated affiliates and extraordinary loss.....			
Equity in net earnings of unconsolidated affiliates.....	4.8	5.9	8.3
	-----	-----	-----
	0.8	0.2	0.2
	-----	-----	-----
Income before extraordinary loss.....			
Extraordinary loss, net of taxes.....	5.6	6.1	8.5
	-----	-----	-----
	(0.2)	--	--
	-----	-----	-----
Net income.....	5.4%	6.1%	8.5%
	=====	=====	=====

(1) Cost of goods sold as a percent of net sales for the years ended December 31, 1996, 1995 and 1994 was 79.7%, 78.7%, and 79.1%, respectively. Gross profit, which is defined as net sales less cost of goods sold, was 20.3%, 21.3% and 20.9% for the years ended December 31, 1996, 1995 and 1994, respectively.

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

Net Income

The Company recorded net income for the year ended December 31, 1996 of \$125.9 million compared to \$129.1 million for the year ended December 31, 1995. Net income per common share on a fully diluted basis was \$2.20 for 1996 compared to \$2.30 for 1995. Net income for 1996 included nonrecurring expenses of \$15.0 million, or \$0.17 per share on a fully diluted basis, primarily related to the further restructuring of the Company's European operations, acquired in the Massey Acquisition in June 1994, and the integration and restructuring of the Company's Brazilian operations, acquired in the Maxion Acquisition in June 1996 (see "Charges for Nonrecurring Expenses"). In addition, net income for 1996 included an extraordinary after-tax charge of \$3.5 million, or \$0.06 per share on a fully diluted basis, for the write-off of unamortized debt costs related to the refinancing of the Company's \$550.0 million secured revolving credit facility (see "Liquidity and Capital Resources"), a gain on the Agricredit Sale of \$4.7 million, or \$0.05 per share on a fully diluted basis, and severance costs including accelerated amortization of shares earned under the Company's long-term incentive plan and related cash severance totaling \$7.3 million, or \$0.08 per share on a fully diluted basis, related to the resignation of a Company executive. Net income for 1995 included nonrecurring expenses of \$6.0 million, or \$0.07 per share on a fully diluted basis, associated with the initial integration of the Massey Acquisition (see "Charges for Nonrecurring Expenses"). The Company's results for the year ended December 31, 1996 were also negatively impacted by losses, including the related financing costs, in the newly acquired Brazilian operations as a result of the poor industry conditions experienced in the region. Excluding the items discussed above, the Company's results of operations were improved over 1995, primarily the result of sales growth in existing markets.

Retail Sales

Conditions in the United States and Canadian agricultural markets were favorable in 1996 compared to 1995. Industry unit retail sales of tractors, combines and hay and forage equipment for 1996 increased approximately 7%, 6% and 2%, respectively, over 1995. The Company believes general market conditions were positive due to favorable economic conditions relating to high net cash farm incomes, strong commodity prices and increased export demand. Company unit retail sales of tractors in the United States and Canada were slightly above the industry in 1996 compared to 1995. The increase in tractor settlements was attributable to the favorable industry conditions and the impact of the Company's expanded dealer network, which resulted primarily from dealers

entering into crossover contracts whereby an existing dealer carrying one of the Company's brands contracts to sell an additional AGCO brand. In addition, the Company has benefited from the successful acceptance of improved tractor product offerings, including the new Massey Ferguson high horsepower tractors which were introduced in the middle of 1995. Company unit retail sales of combines in the United States and Canada for 1996 increased 24% compared to 1995 primarily due to the Company's increased sales to contract harvesters and dealer development activities which strengthened the Company's dealer network for combines. Company hay and forage equipment retail sales increased in line with the industry.

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

to high farm debt levels and the suspension and subsequent reinstatement of Brazilian Central Bank loan programs.

Revenues

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

Costs and Expenses

Cost of good sold for the Company's Equipment Operations was \$1,847.2 million (79.7% of net sales) for 1996 compared to \$1,627.7 million (78.7% of net sales) for 1995. Gross profit, defined as net sales less cost of goods sold, was \$470.3 million (20.3% of net sales) for 1996 as compared to \$440.7 million (21.3% of net sales) for 1995. Gross margins in 1996 were negatively impacted by the following: (i) lower margins related to the Brazilian operations acquired in the Maxion Acquisition due to low volumes related to depressed industry conditions and (ii) a change in the mix of products sold, particularly due to a lower mix of high margin North American replacement parts, a shift in North American sales from higher margin utility tractors (under 100 horsepower) to high horsepower tractors (over 100 horsepower) and increased sales of combines in Europe, which have lower than average margins.

Selling, general and administrative expenses for the Company's Equipment Operations were \$215.6 million (9.3% of net sales) for 1996 compared to \$190.0 million (9.2% of net sales) for 1995. The increase in selling, general and administrative expenses was primarily due to an increase in sales volume and an increase in the amortization of stock-based compensation expense of \$15.9 million compared to 1995 related to the Company's long-term incentive plan which is tied to stock price appreciation. Included in the stock-based compensation expense for 1996 was accelerated amortization of \$5.8 million related to severance costs associated with the resignation of a Company executive. Excluding the amortization expense related to the long-term incentive plan, the Company's Equipment Operations had selling, general and administrative expenses of \$189.8 million (8.2% of net sales) for 1996 and \$180.0 million (8.7% of net sales) for 1995. The decrease in selling, general and administrative expenses as a percentage of net sales was primarily due to cost reduction initiatives in the Company's European operations. In connection with the Massey Acquisition, the Company implemented a restructuring plan which has eliminated duplicate costs by centralizing certain sales, marketing and administrative functions. See "Charges for Nonrecurring Expenses" for further discussion. On a consolidated basis for 1995, selling, general and administrative expenses were \$203.9 million, which included \$13.8 million related to the operations of Agricredit.

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

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

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

Nonrecurring expenses were \$15.0 million in 1996 compared to \$6.0 million in 1995. The nonrecurring charge recorded in 1996 related to the further restructuring of the Company's European operations, acquired in the Massey Acquisition in June 1994 and the integration and restructuring of the Brazilian operations, acquired in the Maxion Acquisition in June 1996. The 1995 nonrecurring charge primarily related to the initial integration and restructuring of the Company's European operations. See "Charges for Nonrecurring Expenses" for further discussion.

The Company recorded a net income tax provision for the Company's Equipment Operations of \$60.0 million for 1996 compared to \$61.6 million for 1995. On a consolidated basis, the Company recorded an income tax provision of \$65.9 million for 1995, which included \$4.3 million related to the operations

of Agricredit. In 1996 and 1995, the Company's income tax provision approximated statutory rates, although actual income tax payments remained at rates below statutory rates resulting from the utilization of net operating loss carryforwards acquired in the Massey Acquisition. Primarily due to the availability of acquired net operating loss carryforwards, the Company expects to pay taxes in 1997 at effective rates substantially below statutory rates. At December 31, 1996, the Company had net operating loss carryforwards totaling \$171.3 million, primarily in France, Brazil and Argentina.

Equity in net earnings of unconsolidated subsidiary and affiliates for the Company's Equipment Operations was \$17.7 million in 1996 compared to \$11.2 million in 1995. The increase in equity in net earnings of unconsolidated subsidiary and affiliates was primarily due to an increase in the Company's pro-rata share in net earnings of Agricredit from \$6.8 million in 1995 to \$10.4 million in 1996 despite the Company recognizing only 49% of the equity in net earnings of Agricredit from November 1, 1996 to December 31, 1996 as a result of the Agricredit Sale. In addition, the increase in equity in net earnings of unconsolidated subsidiary and affiliates related to the

Company's pro-rata share in net earnings of certain equity investments in the European operations, including its 49% interest in Massey Ferguson Finance which provides retail financing to end users in the United Kingdom, France and Germany. On a consolidated basis, equity in net earnings of unconsolidated subsidiary and affiliates for 1995 was \$4.5 million due to Agricredit being presented on a consolidated basis rather than the equity method of accounting.

Finance Company Operations

On November 1, 1996, the Company sold a 51% interest in Agricredit to Rabobank. The Company received total consideration of approximately \$44.3 million in the transaction, the proceeds of which were used to repay borrowings under the Company's \$650.0 million unsecured revolving credit facility. The Company retained a 49% interest in Agricredit and now operates the finance company with Rabobank as a joint venture. The Agricredit Joint Venture has continued the business of Agricredit and seeks to build a broader asset-based finance business through the addition of other lines of business. The Company's benefits from the transaction also include deleveraging the consolidated balance sheet by approximately \$550.0 million and the redeployment of approximately \$44.3 million of capital. 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.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994

Net Income

The Company recorded net income for the year ended December 31, 1995 of \$129.1 million compared to \$115.5 million for the year ended December 31, 1994. Net income per common share on a fully diluted basis was \$2.30 for 1995 compared to \$2.35 for 1994. Net income for 1995 included nonrecurring expenses of \$6.0 million, or \$0.07 per share on a fully diluted basis, primarily related to the initial integration of the Massey Acquisition (see "Charges for Nonrecurring Expenses"). Net income for 1994 included nonrecurring expenses of \$19.5 million, or \$0.33 per share on a fully diluted basis, associated with the integration of the Massey and White-New Idea Acquisitions and a deferred income tax benefit of \$29.9 million, or \$0.61 per share on a fully diluted basis, relating to the reduction of a portion of the deferred tax valuation allowance. Excluding the nonrecurring expenses and deferred income tax benefit, the improved results in 1995 reflected the impact of the Company's acquisitions, sales growth in existing product lines and improved operating efficiencies.

Retail Sales

Conditions in the United States and Canadian agricultural markets were generally favorable in 1995 compared to 1994. Industry unit retail sales of tractors and combines for 1995 increased 2% and 10%, respectively, over 1994. Unit settlements of hay and forage equipment decreased 6% compared to 1994. The Company believes the increases in the tractor and combine markets were primarily due to high net cash farm incomes, strong commodity prices, high replacement demand and aggressive marketing programs associated with competitors' introduction of new products. The decrease in hay and forage equipment unit settlements reflects the effects of a softening in cattle and dairy commodity prices during 1995.

Company unit settlements of tractors in the United States and Canada increased in line with the industry retail unit sales for 1995 compared to 1994. 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. Company hay and forage equipment settlements were level in comparison to the prior year. This improvement in relation to the industry retail sales also reflected the benefit of an expanded dealer network which resulted from the Company's crossover contract strategy. Company unit settlements of combines in the United States and Canada for 1995 were approximately 8% below the prior year primarily due to aggressive marketing programs to introduce new products by certain of the Company's competitors and the discontinuance of certain retail incentive programs by the Company in the first six months of 1994 to move older, discontinued models.

Industry conditions in Western Europe were favorable in 1995 with retail sales of tractors increasing approximately 7% compared to 1994 primarily due to improved economic conditions, strong commodity prices and high export demand. Retail sales of Massey Ferguson tractors in Western Europe outperformed the industry by increasing approximately 14% over 1994. The Company experienced the most significant market share increases in France, Germany and Spain due to the Company's focus on dealer development and expansion. Additionally, the Company's successful introduction of the new Massey Ferguson high horsepower tractor line contributed to the market share increases, particularly in France. 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 significantly in the Middle East and Eastern Europe compared to 1994 primarily due to favorable government incentive programs and improved funding sources in these regions. These gains were partially offset by decreased retail sales in Africa due to widespread drought conditions.

Revenues

Total revenues for 1995 were \$2,125.0 million representing an increase of \$766.0 million, or 56.4%, over total revenues of \$1,359.0 million for 1994. The increase was primarily attributable to sales in the Company's international markets as a result of the Massey Acquisition with increased net sales of \$712.3 million for 1995. In addition to the full year impact of the Massey Acquisition,

the increase reflects year over year sales increases due to the strong international retail sales achieved in the Company's Massey Ferguson products in 1995. The Company also experienced net sales increases of \$36.8 million in 1995 in North America as a result of an expanded dealer network, the AgEquipment Acquisition, the Landini Distribution Agreement and new product introductions. The North American sales increase was partially offset by a decrease in replacement parts sales compared to 1994 as a result of a late planting season and smooth harvest which decreased demand on an industry-wide basis. Total revenues also increased in 1995 due to an increase in finance income of \$16.9 million associated with the operations of Agricredit. The increase in finance income was primarily due to the growth in the Agricredit credit receivable portfolio as a result of Agricredit's increased penetration into the Company's North American dealer network and its expansion

into the Canadian market. In addition, prior to the acquisition of the remaining 50% interest in Agrico credit on February 10, 1994, the results of Agrico credit were accounted for under the equity method of accounting and, accordingly, were not consolidated with those of the Company.

Costs and Expenses

Cost of goods sold for the Company's Equipment Operations in 1995 was \$1,627.7 million (78.7% of net sales) compared to \$1,042.9 million (79.1% of net sales) in 1994. Gross profit, defined as net sales less cost of goods sold, was \$440.7 million (21.3% of net sales) for 1995 as compared to \$276.3 million (20.9% of net sales) for 1994. The Company's gross profit margin increased in 1995 compared to 1994 despite a decrease in the proportion of higher margin part sales to total net sales. The change in sales mix occurred because the majority of the Company's sales growth in 1995 related to machinery sales. The negative effect of this change in sales mix on the gross profit margin was primarily offset by the Company's ability to record the entire gross profit on Massey Ferguson equipment sold in North America as a result of the Massey Acquisition. Prior to the Massey Acquisition, the gross profit margin on sales of Massey Ferguson equipment in North America was recognized by both the Company and by Varsity. In addition, the Company's gross profit margin benefited from the introduction of the new high horsepower Massey Ferguson tractor line in Western Europe and cost reduction efforts related to the integration of the Company's European operations acquired in the Massey Acquisition.

Selling, general and administrative expenses for 1995 were \$203.9 million (9.6% of total revenues) compared to \$129.5 million (9.5% of total revenues) for 1994. The decrease in selling, general and administrative expenses as a percentage of total revenues was primarily due to cost reduction initiatives in the Company's European operations and lower operating expenses as a percentage of total revenues related to Agrico credit. These improvements as a percentage of total revenues were partially offset by increased amortization of long-term incentive compensation related to restricted stock awards tied to stock price appreciation. In connection with the Massey Acquisition, the Company implemented a restructuring plan which has eliminated duplicate costs by centralizing certain sales, marketing and administrative functions. See "Charges for Nonrecurring Expenses" for further discussion. Excluding Agrico credit, the Company's Equipment Operations had selling, general and administrative expenses of \$190.0 million (9.2% of net sales) and \$117.7 million (8.9% of net sales) for 1995 and 1994, respectively. The increase as a percentage of net sales was primarily the result of the increased amortization of restricted stock awards offset by cost reductions in the Company's European operations as discussed above.

Engineering expenses for the Company's Equipment Operations were \$24.1 million (1.2% of net sales) for 1995 compared to \$19.4 million (1.5% of net sales) for 1994. The higher engineering expenses as a percentage of net sales in 1994 primarily related to the redesign of the Massey Ferguson 6100/8100 series high horsepower tractors introduced in early 1995.

Interest expense, net for 1995 was \$63.2 million compared to \$42.8 million for 1994. The increase in interest expense, net was primarily due to the additional borrowings associated with the Massey and the AgEquipment Acquisitions. The Company financed the entire purchase price for the AgEquipment Acquisition and a portion of the purchase price for the Massey Acquisition with additional indebtedness. In addition, interest expense, net increased at Agrico credit due to the additional borrowings associated with the increase in the credit receivable portfolio and an increase in the rates charged on outstanding borrowings.

Other expense, net was \$9.6 million for 1995 compared to \$3.1 million for 1994. The increase in other expense, net was primarily due to increased amortization of intangible assets as a result of the Massey Acquisition and foreign exchange losses related to the Company's international operations.

Nonrecurring expenses were \$6.0 million in 1995 and \$19.5 million in 1994. The nonrecurring charge recorded in 1995 primarily related to costs associated with the initial integration of the Company's European operations, acquired in the Massey Acquisition in June 1994. The 1994 nonrecurring charge related to the initial integration in Europe and the integration in North America of White-New Idea, which was acquired in December 1993. See "Charges for Nonrecurring Expenses" for further discussion.

The Company recorded a net income tax provision of \$65.9 million for 1995 and a net income tax benefit of \$10.6 million in 1994. In 1995, the Company's income tax provision approximated statutory rates. The 1994 net income tax benefit included a \$29.9 million United States deferred income tax benefit related to a reduction of a portion of the deferred tax valuation allowance. The reduction in the valuation allowance was supported by the Company's generation of taxable income in recent years and expectations of taxable income in future periods. The United States income tax benefit was partially offset by a foreign income tax provision of \$19.3 million consisting primarily of a deferred income tax provision which resulted from the realization of deferred tax assets relating to net operating loss carryforwards acquired in the Massey Acquisition. Primarily due to the availability of acquired net operating loss carryforwards, the Company paid taxes in 1994 and 1995 at effective rates substantially below statutory rates.

Equity in net earnings of unconsolidated subsidiary and affiliates on a consolidated basis was \$4.5 million in 1995 and \$3.2 million in 1994. The increase in equity in net earnings of unconsolidated subsidiary and affiliates was primarily due to the inclusion in 1994 of the Company's pro-rata share in net earnings of its 49% interest in Massey Ferguson Finance, acquired in the Massey Acquisition in June 1994. The amount recognized for 1994 includes the Company's pro-rata share of net earnings in Agrico credit from January 1, 1994 through February 10, 1994. From February 11, 1994 through December 31, 1994, the

results of operations of Agricredit were consolidated with the Company's operations and were no longer accounted for under the equity method of accounting.

Finance Company Operations

Agricredit recorded net income of \$6.8 million for 1995 and \$4.9 million for the period from the acquisition date to December 31, 1994. Retail acceptances were approximately \$362.7 million for 1995 compared to \$321.6 million for 1994. The increase was primarily the result of Agricredit's increased penetration into the Company's North American dealer network and its expansion into the Canadian market.

QUARTERLY RESULTS

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

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

	THREE MONTHS ENDED			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
1996:(1)				
Net sales.....	\$453,884	\$584,681	\$588,859	\$690,062
Gross profit(2).....	93,740	115,794	123,540	137,246
Income from operations(2).....	34,592(4)	59,617(4)	54,068(4)	63,675(4)(6)
Income before extraordinary loss.....	20,595(4)	37,508(4)	31,299(4)	39,988(4)(6)(7)
Net income.....	17,092(4)(5)	37,508(4)	31,299(4)	39,988(4)(6)(7)
Net income per common share before extraordinary loss -- fully diluted.....	0.37(4)(5)	0.66(4)	0.54(4)	0.69(4)(6)(7)
1995:				
Revenues.....	\$456,219	\$571,718	\$498,639	\$598,472
Gross profit(2).....	93,198	117,444	112,793	117,276
Income from operations(2).....	41,957(4)	61,973(4)	60,693(4)	55,986(4)
Net income.....	23,384(4)	35,888(4)	36,195(4)	33,675(4)
Net income per common share -- fully diluted(3).....	0.42(4)	0.64(4)	0.64(4)	0.60(4)

- (1) As a result of the Agricredit Sale, the 1996 operating results are restated for each quarter presented to reflect Agricredit on the equity method of accounting.
- (2) Gross profit is defined as net sales less cost of goods sold, and income from operations is defined as net sales less cost of goods sold, selling, general and administrative expenses for the Company's Equipment Operations, engineering expenses and nonrecurring expenses.
- (3) Net income per common share-fully diluted has been restated for 1995 to reflect the two-for-one stock split, effected January 31, 1996.
- (4) The 1996 operating results include nonrecurring expenses of \$5.9 million, or \$0.07 per share, for the three months ended March 31, 1996, \$0.8 million, or \$0.01 per share, for the three months ended June 30, 1996, \$6.2 million, or \$0.07 per share, for the three months ended September 30, 1996 and \$2.1 million, or \$0.02 per share, for the three months ended December 31, 1996. The 1995 operating results include nonrecurring expenses of \$2.0 million, or \$0.02 per share, for the three months ended March 31, 1995, \$1.7 million, or \$0.02 per share, for the three months ended June 30, 1995, \$0.9 million, or \$0.01 per share, for the three months ended September 30, 1995 and \$1.4 million, or \$0.02 per share, for the three months ended December 31, 1995.
- (5) The 1996 operating results include an extraordinary after-tax charge of \$3.5 million, or \$0.06 per share, for the write-off of unamortized debt costs related to the refinancing of the Company's \$550.0 million revolving credit facility for the three months ended March 31, 1996.
- (6) The 1996 operating results include severance costs related to a Company executive of \$7.3 million, or \$0.08 per share, for the three months ended December 31, 1996 which includes accelerated amortization of shares earned under the Company's long-term incentive plan and related cash severance.
- (7) The 1996 operating results include a gain on the sale of a 51% interest in Agricredit of \$4.7 million, or \$0.05 per share, for the three months ended December 31, 1996.

LIQUIDITY AND CAPITAL RESOURCES

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

In March 1996, the Company replaced its \$550.0 million secured revolving credit facility (the "June 1994 Credit Facility"), obtained in conjunction with the Massey Acquisition in June 1994, with a \$650.0 million unsecured revolving credit facility (the "March 1996 Credit Facility"). The March 1996 Credit Facility provided the Company's Equipment Operations with increased borrowing capacity over the June 1994 Credit Facility. As of December 31, 1996, approximately \$317.4 million was outstanding under the March 1996 Credit Facility and available borrowings were approximately \$310.6 million. The Company used borrowings from the March 1996 Credit Facility to finance the Maxion and Deutz Argentina Acquisitions. The Company's borrowings under revolving credit facilities decreased \$60.9 million from December 31, 1995 to December 31, 1996 primarily due to the repayment of outstanding borrowings with proceeds from the Company's issuance of \$250.0 million of 8 1/2% Senior Subordinated Notes in March 1996 and from the sale of a 51% interest in Agricredit to Rabobank. Total long-term debt for the Company's Equipment Operations increased from \$378.3 million at December 31, 1995 to \$567.1 million at December 31, 1996. The increase in long-term debt was due to the financing of the Maxion, Western Combine and Deutz Argentina Acquisitions, partially offset by the use of operating cash flow to repay indebtedness.

On January 14, 1997, the Company replaced the March 1996 Credit Facility

with a new revolving credit facility (the "January 1997 Credit Facility"), which initially provided for borrowings of up to \$1.0 billion. In February 1997, the January 1997 Credit Facility was amended to allow for borrowings of up to \$1.2 billion. The January 1997 Credit Facility will be the Company's primary source of financing for its Equipment Operations and will provide increased borrowing capacity over the March 1996 Credit Facility. Borrowings under the January 1997 Credit Facility may not exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. Lending commitments under the January 1997 Credit Facility reduce to \$1.1 billion on January 1, 1998 and \$1.0 billion on January 1, 1999. If the Company consummates offerings of debt or capital stock prior to such dates, the proceeds of such offerings will be used to reduce the lending commitments, but not below \$1.0 billion. The Company used proceeds from the January 1997 Credit Facility to finance the Fendt Acquisition.

In March 1996, the Company issued \$250.0 million of 8 1/2% Senior Subordinated Notes due 2006 (the "Notes") at 99.139% of their principal amount. The net proceeds from the sale of the Notes were used to repay outstanding indebtedness under the June 1994 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.

On January 22, 1997, the Company filed a registration statement with the Securities and Exchange Commission for the sale of 4.5 million shares of its common stock (the "Offering"). The Company intends to use the proceeds from the Offering to reduce a portion of the borrowings outstanding under the

January 1997 Credit Facility and expects to complete the transaction in March 1997.

Prior to the Agricredit Sale on November 1, 1996, Agricredit obtained funds from a separate \$630.0 million revolving credit facility (the "Agricredit Revolving Credit Agreement") to finance its credit receivable portfolio. Borrowings under the Agricredit Revolving Credit Agreement were based on the amount and quality of outstanding credit receivables and were generally issued for terms with maturities matching anticipated credit receivable liquidations. On November 1, 1996, in connection with the Agricredit Joint Venture, the Agricredit Revolving Credit Agreement was repaid and the Agricredit Joint Venture entered into a new credit agreement.

The Company's working capital requirements for its Equipment Operations are seasonal, with investments in working capital typically building in the first half of the year and then reducing in the second half of the year. As of December 31, 1996, the Company's Equipment Operations had \$750.5 million of working capital compared to \$661.5 million as of December 31, 1995 and \$513.9 million as of December 31, 1994. The increase in working capital in 1996 compared to 1995 was primarily due to working capital acquired in the Maxion and Deutz Argentina Acquisitions. The increase in working capital in 1995 compared to 1994 was primarily due to an increase in dealer receivables resulting from the Company's sales growth in 1995, the AgEquipment Acquisition, the Landini Distribution Agreement and the timing of international sales which were significantly higher in late 1995 than in late 1994.

Cash flow provided by operating activities was \$206.7 million for 1996 compared to \$67.1 million for 1995. The increase in operating cash flow was primarily due to (i) the collection of receivables in 1996 related to unusually high international accounts receivable levels at December 31, 1995, which were collected in 1996 and (ii) strong retail sales in North America during 1996 which resulted in lower levels of dealer inventories relative to billings in 1996 compared to 1995. The cash flow provided by operating activities was primarily used to repay indebtedness and to fund capital expenditures. Cash flow provided by operating activities was \$67.1 million for 1995 compared to \$96.4 million for 1994. The decrease in operating cash flow was primarily due to increases in working capital as discussed above, partially offset by an increase in net income. The cash flow provided by operating activities was primarily used to fund the AgEquipment Acquisition and capital expenditures.

Capital expenditures were \$45.2 million in 1996 compared to \$45.3 million in 1995 and \$20.7 million in 1994. The increase in 1995 compared to 1994 primarily resulted from a full year's impact of capital expenditures recorded in 1995 by the Company's European operations related to its manufacturing operations. For all years, the Company's capital expenditures related to the development of new and existing products as well as the maintenance and improvement of existing facilities. The Company currently estimates that aggregate capital expenditures for 1997 will range from approximately \$70.0 million to \$80.0 million and will primarily be used to support the development and enhancement of new and existing products. The increase in the expected capital expenditures in 1997 is primarily the result of capital expenditures required for the manufacturing operations acquired in the Deutz Argentina and Fendt Acquisitions. The capital expenditures for 1997 are expected to be funded with cash flows from operations.

The Company's debt to capitalization ratio for its Equipment Operations was 42.3% at December 31, 1996 compared to 37.7% at December 31, 1995, assuming conversion of the Convertible Subordinated Debentures at December 31, 1995 (see Note 8 to the Consolidated Financial Statements). The increase in the Company's leverage was due to increased borrowing requirements to fund the Maxion, Western Combine and Deutz Argentina Acquisitions.

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

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

CHARGES FOR NONRECURRING EXPENSES

Maxion Acquisition

The Company identified \$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 \$4.7 million of nonrecurring expenses during 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. 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 \$1.3 million of nonrecurring expenses and complete the integration in 1997. While the Company believes that cost savings from its restructuring plans can be attained, there can be no assurance that all objectives of the restructuring will be achieved.

Massey Acquisition

The Company identified \$19.5 million of nonrecurring expenses primarily related to the initial integration and restructuring of the Company's European

operations, acquired in June 1994 as a result of the Massey Acquisition. The Company recorded a charge of \$13.5 million in the fourth quarter of 1994 to recognize a portion of these costs and recorded the remaining \$6.0 million in 1995. These costs primarily related to the centralization and rationalization of the Company's European operations' administrative, sales and marketing functions. Prior to the Massey Acquisition, Massey's operations were organized in a decentralized business unit structure. The Company's restructuring plan has centralized many functions duplicated under the previous organization. This restructuring has resulted in a reduction in personnel and the elimination of administrative offices, thereby eliminating excessive costs and redundancies in future periods. The combined \$19.5 million charge recorded through December 31, 1995 included estimates for employee severance, contractual obligations arising from the acquisition and certain payroll expenses incurred through December 31, 1995 for employees that have been terminated or will be terminated in future periods. All of the costs associated with the \$19.5 million charge recorded through December 31, 1995 have been incurred.

The Company's successful implementation of its restructuring plan has resulted in significant savings in the Company's European operations. The majority of these savings resulted from personnel reductions, facilities rationalizations, and other savings which primarily resulted from the centralization of the Company's European operations' administrative, sales and marketing functions. In addition, the Company has achieved material cost savings from the redesign of certain components, an increased use of common components throughout the Massey product line and more effective purchasing from the centralization of that function. In addition, material cost savings have been achieved from the Company's strategic alliance with Renault Agriculture S.A. (the "GIMA Joint Venture") to produce driveline assemblies for both companies. By sharing overhead and engineering costs, the GIMA Joint Venture resulted in decreased costs for these components.

In 1996, the Company recorded approximately \$10.3 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. These costs primarily related to the centralization of certain parts warehousing, administrative, sales and marketing functions. The Company expects to record an additional \$7.5 million of nonrecurring expenses and to complete the restructuring in 1997. Savings from the further restructuring of the Company's European operations are expected to result primarily from reduced selling, general and administrative expenses primarily relating to the Company's parts warehousing, finance, dealer communications, sales and marketing functions. 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.

White-New Idea Acquisition

In the first quarter of 1994, the Company recorded a \$6.0 million charge for nonrecurring expenses related to the integration of White-New Idea, which was acquired in December 1993. The nonrecurring charge included employee severance and relocation expenses, costs associated with operating duplicate parts distribution operations, costs for dealer signs and other nonrecurring costs related to the integration.

Savings from the integration of White-New Idea resulted primarily from the elimination of three of White-New Idea's four parts distribution facilities and the consolidation of the Company's and White-New Idea's parts distribution operations. In addition, certain efficiencies and cost savings were achieved in sales, marketing and administrative functions resulting from the integration of these operations in the first quarter of 1994.

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.

The outlook for worldwide sales of agricultural equipment expenditures remains positive. In North America, as a result of low worldwide grain stocks, high commodity prices and government payments to farmers under the new U.S. Farm Bill, net cash farm income has remained at high levels and farmer balance sheets remain strong, which the Company believes will enable farmers to make necessary purchases of equipment in 1997. These factors should increase farmers' confidence and result in continued replacement demand for agricultural equipment.

The Western European agricultural market continues to benefit from increased export demand and high commodity prices. These items should continue to support the farmers' replacement demand. Over the longer term, demand for farm equipment in some parts of Europe is expected to exhibit a slow, modest decline due to a shift to fewer but larger farms. This consolidation is expected to be offset, to some extent, by increased sales of more expensive higher horsepower equipment to support larger farms.

Beginning in the second half of 1995, the Brazilian agricultural equipment market experienced a significant decline due to high farm debt levels and the Brazilian Central Bank's suspension of all loans for agricultural purposes under the FNAME loan program. Although the loan program has been reinstated, the high farm debt levels have negatively impacted farm equipment sales in 1996 and may impact results in 1997. In general, outside of North America and Western Europe, continued general economic improvement, the increasing affluence of the population in certain developing countries and the increased availability of funding sources should positively support equipment demand. As a result of these favorable market conditions, the Company's production levels in 1997 are forecasted to be modestly higher than the prior year.

FOREIGN CURRENCY RISK MANAGEMENT

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

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

ACCOUNTING CHANGES

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

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

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," which requires accrual of postemployment benefits for former or inactive employees after employment but before retirement. The adoption of this new standard did not have a material effect on the Company's financial position or results of operations.

FORWARD LOOKING STATEMENTS

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

AGCO CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	CONSOLIDATED		
	YEAR ENDED DECEMBER 31,		
	1996	1995	1994
Revenues:			
Net sales.....	\$2,317,486	\$2,068,427	\$1,319,271
Finance income.....	--	56,621	39,741
	-----	-----	-----
	2,317,486	2,125,048	1,359,012
	-----	-----	-----
Costs and Expenses:			
Cost of goods sold.....	1,847,166	1,627,716	1,042,930
Selling, general and administrative expenses...	215,636	203,861	129,538
Engineering expenses.....	27,705	24,077	19,358
Interest expense, net.....	32,684	63,211	42,836
Other expense (income), net.....	7,639	9,602	3,141
Nonrecurring expenses.....	15,027	6,000	19,500
	-----	-----	-----
	2,145,857	1,934,467	1,257,303
	-----	-----	-----
Income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss.....	171,629	190,581	101,709
Provision (benefit) for income taxes.....	59,963	65,897	(10,610)
	-----	-----	-----
Income before equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss.....	111,666	124,684	112,319
Equity in net earnings of unconsolidated subsidiary and affiliates.....	17,724	4,458	3,215
	-----	-----	-----
Income before extraordinary loss.....	129,390	129,142	115,534
Extraordinary loss, net of taxes.....	(3,503)	--	--
	-----	-----	-----
Net income.....	125,887	129,142	115,534
Preferred stock dividends.....	--	2,012	5,421
	-----	-----	-----
Net income available for common stockholders.....	\$ 125,887	\$ 127,130	\$ 110,113
	=====	=====	=====
Net income per common share:			
Primary:			
Income before extraordinary loss.....	\$ 2.34	\$ 2.76	\$ 3.07
Extraordinary loss.....	(0.06)	--	--
	-----	-----	-----
Net income.....	\$ 2.28	\$ 2.76	\$ 3.07
	=====	=====	=====
Fully diluted:			
Income before extraordinary loss.....	\$ 2.26	\$ 2.30	\$ 2.35
Extraordinary loss.....	(0.06)	--	--
	-----	-----	-----
Net income.....	\$ 2.20	\$ 2.30	\$ 2.35
	=====	=====	=====
Weighted average number of common and common equivalent shares outstanding:			
Primary.....	55,186	46,126	35,920
	=====	=====	=====
Fully diluted.....	57,441	56,684	49,170
	=====	=====	=====

AGCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

EQUIPMENT OPERATIONS			FINANCE COMPANY	
YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31, 1995	FOR THE PERIOD FROM FEBRUARY 11, 1994 TO DECEMBER 31, 1994
1996	1995	1994		
\$2,317,486	\$2,068,427	\$1,319,271	\$ --	\$ --
--	--	--	56,621	39,741
2,317,486	2,068,427	1,319,271	56,621	39,741
1,847,166	1,627,716	1,042,930	--	--
215,636	190,025	117,683	13,836	11,855
27,705	24,077	19,358	--	--
32,684	31,490	24,104	31,721	18,732
7,639	9,654	1,978	(52)	1,163
15,027	6,000	19,500	--	--
2,145,857	1,888,962	1,225,553	45,505	31,750
171,629	179,465	93,718	11,116	7,991
59,963	61,563	(13,733)	4,334	3,123
111,666	117,902	107,451	6,782	4,868
17,724	11,240	8,083	--	--
129,390	129,142	115,534	6,782	4,868
(3,503)	--	--	--	--
125,887	129,142	115,534	6,782	4,868
--	2,012	5,421	--	--
\$ 125,887	\$ 127,130	\$ 110,113	\$ 6,782	\$ 4,868

See accompanying notes to consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	CONSOLIDATED	
	DECEMBER 31, 1996	DECEMBER 31, 1995
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents.....	\$ 41,707	\$ 27,858
Accounts and notes receivable, net of allowances.....	856,985	785,801
Receivables from unconsolidated subsidiary and affiliates.....	12,486	4,029
Credit receivables, net.....	--	185,401
Inventories, net.....	473,844	360,969
Other current assets.....	81,440	60,442
	-----	-----
Total current assets.....	1,466,462	1,424,500
Noncurrent credit receivables, net.....	--	397,177
Property, plant and equipment, net.....	292,437	146,521
Investments in unconsolidated subsidiary and affiliates.....	80,501	45,963
Other assets.....	71,488	44,510
Intangible assets, net.....	205,643	104,244
	-----	-----
Total assets.....	\$2,116,531	\$2,162,915
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt.....	\$ --	\$ 361,376
Accounts payable.....	361,512	325,701
Payables to unconsolidated subsidiary and affiliates.....	14,567	4,837
Accrued expenses.....	316,958	233,848
Other current liabilities.....	22,951	13,217
	-----	-----
Total current liabilities.....	715,988	938,979
	-----	-----
Long-term debt.....	567,055	531,336
Convertible subordinated debentures.....	--	37,558
Postretirement health care benefits.....	24,445	23,561
Other noncurrent liabilities.....	34,378	42,553
	-----	-----
Total liabilities.....	1,341,866	1,573,987
Commitments and Contingencies (Note 14)		
Stockholders' Equity:		
Common stock; \$0.01 par value, 150,000,000 shares authorized, 57,260,151 and 50,557,040 shares issued and outstanding in 1996 and 1995, respectively.....	573	506
Additional paid-in capital.....	360,119	307,189
Retained earnings.....	411,422	287,706
Unearned compensation.....	(17,779)	(22,587)
Additional minimum pension liability.....	--	(2,619)
Cumulative translation adjustment.....	20,330	18,733
	-----	-----
Total stockholders' equity.....	774,665	588,928
	-----	-----
Total liabilities and stockholders' equity.....	\$2,116,531	\$2,162,915
	=====	=====

AGCO CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS -- (CONTINUED)
 (IN THOUSANDS, EXCEPT SHARE DATA)

EQUIPMENT OPERATIONS		FINANCE COMPANY
DECEMBER 31, 1996	DECEMBER 31, 1995	DECEMBER 31, 1995
\$ 41,707	\$ 20,023	\$ 7,835
856,985	785,801	--
12,486	4,029	4,686
--	--	185,401
473,844	360,969	--
81,440	56,950	3,492
1,466,462	1,227,772	201,414
--	--	397,177
292,437	146,172	349
80,501	105,913	--
71,488	44,510	--
205,643	104,244	--
\$2,116,531	\$1,628,611	\$598,940
=====	=====	=====
\$ --	\$ --	\$361,376
361,512	319,711	5,990
14,567	9,523	--
316,958	223,839	10,009
22,951	13,217	--
715,988	566,290	377,375
567,055	378,336	153,000
--	37,558	--
24,445	23,561	--
34,378	33,938	8,615
1,341,866	1,039,683	538,990
573	506	1
360,119	307,189	48,834
411,422	287,706	11,150
(17,779)	(22,587)	--
--	(2,619)	--
20,330	18,733	(35)
774,665	588,928	59,950
\$2,116,531	\$1,628,611	\$598,940
=====	=====	=====

See accompanying notes to consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

Balance, December 31, 1993.....	
Net income.....	
Issuance of common stock, net of offering expenses.....	
Issuance of restricted stock.....	
Three-for-two common stock split.....	
Conversions of preferred stock into common stock.....	
Stock options granted.....	
Stock options exercised.....	
Common stock dividends.....	
Preferred stock dividends.....	
Amortization of unearned compensation.....	
Additional minimum pension liability.....	
Change in cumulative translation adjustment.....	
Balance, December 31, 1994.....	
Net income.....	
Issuance of restricted stock.....	
Two-for-one common stock split.....	
Conversions of subordinated debentures into common stock.....	
Conversions of preferred stock into subordinated debentures.....	
Conversions of preferred stock into common stock.....	
Stock options exercised.....	
Common stock dividends.....	
Preferred stock dividends.....	
Amortization of unearned compensation.....	
Additional minimum pension liability.....	
Change in cumulative translation adjustment.....	
Balance, December 31, 1995.....	
Net income.....	
Issuance of restricted stock.....	
Conversions of subordinated debentures into common stock.....	
Stock options exercised.....	
Common stock dividends.....	
Amortization of unearned compensation.....	
Additional minimum pension liability.....	
Change in cumulative translation adjustment.....	
Balance, December 31, 1996.....	

AGCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY -- (CONTINUED)
(IN THOUSANDS, EXCEPT SHARE DATA)

PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPENSATION	ADDITIONAL MINIMUM PENSION LIABILITY	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL
SHARES	AMOUNT	SHARES	AMOUNT						
368,000	\$ 4	8,989,779	\$ 90	\$160,447	\$ 51,837	\$ (292)	\$ (155)	\$ 298	\$212,229
--	--	--	--	--	115,534	--	--	--	115,534
--	--	4,237,500	42	151,562	--	--	--	--	151,604
--	--	243,000	3	11,542	--	(11,545)	--	--	--
--	--	7,227,398	72	(72)	--	--	--	--	--
(66,442)	(1)	876,641	9	(8)	--	--	--	--	--
--	--	--	--	352	--	(352)	--	--	--
--	--	115,291	1	741	--	--	--	--	742
--	--	--	--	--	(467)	--	--	--	(467)
--	--	--	--	--	(5,421)	--	--	--	(5,421)
--	--	--	--	--	--	1,595	--	--	1,595
--	--	--	--	--	--	--	(183)	--	(183)
--	--	--	--	--	--	--	--	1,033	1,033
301,558	3	21,689,609	217	324,564	161,483	(10,594)	(338)	1,331	476,666
--	--	--	--	--	129,142	--	--	--	129,142
--	--	454,000	5	19,165	--	(19,170)	--	--	--
--	--	25,278,520	253	(253)	--	--	--	--	--
--	--	2,315,661	23	29,267	--	--	--	--	29,290
(267,453)	(3)	--	--	(66,845)	--	--	--	--	(66,848)
(34,105)	--	673,094	7	(7)	--	--	--	--	--
--	--	146,156	1	1,298	--	--	--	--	1,299
--	--	--	--	--	(907)	--	--	--	(907)
--	--	--	--	--	(2,012)	--	--	--	(2,012)
--	--	--	--	--	--	7,177	--	--	7,177
--	--	--	--	--	--	--	(2,281)	--	(2,281)
--	--	--	--	--	--	--	--	17,402	17,402
--	--	50,557,040	506	307,189	287,706	(22,587)	(2,619)	18,733	588,928
--	--	--	--	--	125,887	--	--	--	125,887
--	--	474,500	5	13,690	--	(13,695)	--	--	--
--	--	5,916,319	59	37,499	--	--	--	--	37,558
--	--	312,292	3	1,741	--	--	--	--	1,744
--	--	--	--	--	(2,171)	--	--	--	(2,171)
--	--	--	--	--	--	18,503	--	--	18,503
--	--	--	--	--	--	--	2,619	--	2,619
--	--	--	--	--	--	--	--	1,597	1,597
--	\$ --	57,260,151	\$573	\$360,119	\$411,422	\$(17,779)	\$ --	\$20,330	\$774,665

See accompanying notes to consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	CONSOLIDATED		
	YEAR ENDED DECEMBER 31,		
	1996	1995	1994
Cash flows from operating activities:			
Net income.....	\$ 125,887	\$ 129,142	\$ 115,534
Adjustments to reconcile net income to net cash provided by operating activities:			
Extraordinary loss, net of taxes.....	3,503	--	--
Gain on sale of Agricredit.....	(4,745)	--	--
Depreciation and amortization.....	29,199	24,288	15,713
Equity in net earnings of unconsolidated subsidiary and affiliates, net of cash received.....	(17,724)	(4,458)	(3,031)
Deferred income tax provision (benefit).....	20,097	32,915	(40,958)
Amortization of intangibles.....	5,761	4,007	2,044
Amortization of unearned compensation.....	18,503	7,177	1,595
Provision for losses on credit receivables.....	--	4,279	4,691
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Accounts and notes receivable, net.....	3,743	(131,341)	(84,458)
Inventories, net.....	(22,646)	(32,273)	30,683
Other current and noncurrent assets.....	(14,099)	2,794	247
Accounts payable.....	(9,384)	8,076	32,498
Accrued expenses.....	54,306	16,624	19,039
Other current and noncurrent liabilities.....	14,259	5,898	2,767
Total adjustments.....	80,773	(62,014)	(19,170)
Net cash provided by operating activities.....	206,660	67,128	96,364
Cash flows from investing activities:			
Purchase of businesses, net of cash acquired.....	(347,075)	(27,044)	(324,249)
Purchase of property, plant and equipment.....	(45,180)	(45,259)	(20,661)
Credit receivables originated.....	--	(393,510)	(327,636)
Principal collected on credit receivables.....	--	286,009	224,289
Proceeds from disposition of (investments in) unconsolidated subsidiary and affiliates.....	45,216	1,070	--
Net cash used for investing activities.....	(347,039)	(178,734)	(448,257)
Cash flows from financing activities:			
Proceeds from long-term debt.....	977,737	1,467,499	1,619,507
Payment on long-term debt.....	(803,196)	(1,352,620)	(1,367,368)
Payment of debt issuance costs.....	(12,473)	--	--
Proceeds from issuance of common stock.....	1,744	1,299	133,721
Dividends received from (paid to) finance company.....	--	--	--
Dividends paid on common stock.....	(2,171)	(907)	(467)
Dividends paid on preferred stock.....	--	(2,420)	(5,511)
(Payments) proceeds on short-term borrowings from unconsolidated subsidiary.....	--	--	(3,440)
Net cash provided by financing activities.....	161,641	112,851	376,442
Effect of exchange rate changes on cash and cash equivalents.....	422	787	1,063
Increase (decrease) in cash and cash equivalents.....	21,684	2,032	25,612
Cash and cash equivalents, beginning of period.....	20,023	25,826	214
Cash and cash equivalents, end of period.....	\$ 41,707	\$ 27,858	\$ 25,826

AGCO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS -- (CONTINUED)
(IN THOUSANDS)

EQUIPMENT OPERATIONS			FINANCE COMPANY	
YEAR ENDED DECEMBER 31,			YEAR ENDED	FOR THE PERIOD FROM
1996	1995	1994	DECEMBER 31, 1995	FEBRUARY 11, 1994 TO DECEMBER 31, 1994
\$ 125,887	\$ 129,142	\$ 115,534	\$ 6,782	\$ 4,868
3,503	--	--	--	--
(4,745)	--	--	--	--
29,199	24,166	15,659	122	54
(17,724)	(11,240)	(7,899)	--	--
20,097	33,920	(38,961)	(1,005)	(1,997)
5,761	4,007	2,044	--	--
18,503	7,177	1,595	--	--
--	--	--	4,279	4,691
3,743	(144,469)	(92,063)	--	--
(22,646)	(32,273)	30,683	--	--
(14,099)	3,048	306	(254)	(59)
(9,384)	32,812	30,711	(11,608)	9,392
54,306	14,349	17,108	2,275	1,931
14,259	5,162	1,862	736	905
80,773	(63,341)	(38,955)	(5,455)	14,917
206,660	65,801	76,579	1,327	19,785
(347,075)	(27,044)	(311,448)	--	--
(45,180)	(45,161)	(20,525)	(98)	(136)
--	--	--	(393,510)	(327,636)
--	--	--	286,009	224,289
45,216	1,070	(23,226)	--	--
(347,039)	(71,135)	(355,199)	(107,599)	(103,483)
977,737	366,143	790,007	1,101,356	829,500
(803,196)	(354,640)	(593,468)	(997,980)	(773,900)
(12,473)	--	--	--	--
1,744	1,299	133,721	--	--
--	500	--	(500)	--
(2,171)	(907)	(467)	--	--
--	(2,420)	(5,511)	--	--
--	(7,249)	(25,095)	7,249	21,655
161,641	2,726	299,187	110,125	77,255
422	787	1,063	--	--
21,684	(1,821)	21,630	3,853	(6,443)
20,023	21,844	214	3,982	10,425
\$ 41,707	\$ 20,023	\$ 21,844	\$ 7,835	\$ 3,982

See accompanying notes to consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

AGCO Corporation (the "Company") is a leading manufacturer and distributor of agricultural equipment throughout the world. The Company sells a full range of agricultural equipment and related replacement parts, including tractors, combines, hay tools and forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: Massey Ferguson, AGCO Allis, GLEANER, Hesston, White, SAME, White-New Idea, Black Machine, AGCOSTAR, Landini, Tye, Farmhand, Glencoe, Maxion, IDEAL, Western Combine, PMI, Deutz and Fendt. The Company distributes its products through a combination of over 7,500 independent dealers, wholly-owned distribution companies, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France and Germany through its finance joint ventures with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank").

Basis of Presentation

Effective November 1, 1996, the Company sold a 51% interest in Agricredit Acceptance Company ("Agricredit"), the Company's wholly-owned retail finance subsidiary in North America (Note 2). Accordingly, the Company's consolidated financial statements as of and for the year ended December 31, 1996 reflect Agricredit on the equity method of accounting for the entire period presented. As of and for the year ended December 31, 1995 and for the period after February 11, 1994, the date the Company acquired the remaining 50% interest in Agricredit (Note 2), the consolidated financial statements reflect Agricredit on a consolidated basis with the Company's other majority-owned subsidiaries.

The consolidated financial statements include, on a separate, supplemental basis, the Company's Equipment Operations, and for 1995 and for the period from February 11, 1994 to December 31, 1994, its Finance Company. "Equipment Operations" reflect the consolidation of all operations of the Company and its majority-owned subsidiaries with the exception of Agricredit, which is included using the equity method of accounting. For the year ended December 31, 1995 and for the period from February 11, 1994 to December 31, 1994, the results of operations of Agricredit are included under the caption "Finance Company." All significant intercompany transactions for the year ended December 31, 1995 and for the period from February 11, 1994 to December 31, 1994, 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.

Revenue Recognition

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

Foreign Currency Translation

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

Use of Estimates

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

Transactions with Affiliates

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

Cash and Cash Equivalents

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

Accounts and Notes Receivable

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

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

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, 1996 and 1995 were as follows (in thousands):

	1996	1995
	-----	-----
Sales incentive discounts.....	\$45,809	\$39,433
Doubtful accounts.....	30,017	23,114
	-----	-----
	\$75,826	\$62,547
	=====	=====

Inventories

Inventories consist primarily of 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 December 31, 1996 and 1995 were as follows (in thousands):

	1996	1995
	-----	-----
Finished goods.....	\$171,105	\$121,034
Repair and replacement parts.....	222,601	196,863
Work in process, production parts and raw materials.....	134,734	84,505
	-----	-----
Gross inventories.....	528,440	402,402
Allowance for surplus and obsolete inventories.....	(54,596)	(41,433)
	-----	-----
Inventories, net.....	\$473,844	\$360,969
	=====	=====

Property, Plant and Equipment

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

The property, plant and equipment balances at December 31, 1996 and 1995 were as follows (in thousands):

	1996	1995
	-----	-----
Land.....	\$ 32,537	\$ 13,260
Buildings and improvements.....	93,203	42,877
Machinery and equipment.....	206,098	110,726
Furniture and fixtures.....	31,218	23,572
	-----	-----
Gross property, plant and equipment.....	363,056	190,435
Accumulated depreciation and amortization.....	(70,619)	(43,914)
	-----	-----
Property, plant and equipment, net.....	\$292,437	\$146,521
	=====	=====

Intangible Assets

Intangible assets at December 31, 1996 and 1995 consisted of the following (in thousands):

	1996	1995
	-----	-----
Excess of cost over net assets acquired.....	\$162,485	\$ 52,001
Trademarks.....	66,042	70,000
Other.....	5,232	4,598
Accumulated amortization.....	(20,835)	(12,750)
	-----	-----
	212,924	113,849
	-----	-----
Excess of net assets acquired over cost.....	(23,235)	(23,235)

Accumulated amortization.....	15,954	13,630
	-----	-----
	(7,281)	(9,605)
	-----	-----
Intangible assets, net.....	\$205,643	\$104,244
	=====	=====

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. The Company also assigned values to certain trademarks which were acquired in connection with the Massey Acquisition (Note 2). The trademarks are being amortized to income on a straight-line basis over 40 years. The excess of net assets acquired over cost is being amortized on a straight-line basis over 10 years and has been reflected along with the related accumulated amortization as a reduction to intangible assets. The net amortization expense, included in other expense, net in the accompanying consolidated statements of income was \$5,761,000, \$4,007,000 and \$2,044,000 for the years ended December 31, 1996, 1995 and 1994, respectively.

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

Accrued Expenses

Accrued expenses at December 31, 1996 and 1995 consisted of the following (in thousands):

	1996	1995
	-----	-----
Reserve for volume discounts and sales incentives.....	\$ 69,099	\$ 62,557
Warranty reserves.....	47,147	39,883
Accrued employee compensation and benefits.....	46,985	28,940
Accrued taxes.....	51,484	23,041
Other.....	102,243	79,427
	-----	-----
	\$316,958	\$233,848
	=====	=====

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 provides for future warranty costs based upon the relationship of sales in prior periods to actual warranty costs.

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Insurance Reserves

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

Extraordinary Loss

In March 1996, as part of the refinancing of the Company's \$550,000,000 secured revolving credit facility with a five-year \$650,000,000 unsecured revolving credit facility (Note 7), the Company recorded an extraordinary loss of \$3,503,000, net of taxes of \$2,239,000, for the write-off of unamortized debt costs related to the \$550,000,000 revolving credit facility.

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 (Note 13). Fully diluted net income per common share assumes (i) conversion of the Convertible Subordinated Debentures (Note 8) into common stock after the Exchange (Note 8) and the elimination of interest expense related to the Convertible Subordinated Debentures, net of applicable income taxes and (ii) conversion of the Preferred Stock (Note 11) into common stock and the elimination of the preferred stock dividend requirements prior to the Exchange.

All references in the financial statements and the accompanying notes to the financial statements to the weighted average number of common shares outstanding and net income per common share have been restated to reflect all stock splits (Note 12).

Financial Instruments

The carrying amounts reported in the Company's consolidated balance sheets for cash and cash equivalents, accounts and notes receivable, receivables from unconsolidated subsidiary and affiliates, accounts payable and payables to unconsolidated subsidiary and affiliates approximate fair value due to the immediate or short-term maturity of these financial instruments. The carrying amount of long-term debt under the Company's revolving credit facility (Note 7) approximates fair value based on the borrowing rates currently available to the Company for loans with similar terms and average maturities. At December 31, 1996, the estimated fair value of the Company's 8 1/2% Senior Subordinated Notes (Note 7), based on its listed market value, was \$252,600,000 compared to the carrying value of \$247,957,000.

The Company enters into foreign exchange forward contracts to hedge the foreign currency exposure of certain receivables, payables and expected purchases and sales. These contracts are for periods consistent with the exposure being hedged and generally have maturities of one year or less. Gains and losses on foreign exchange forward contracts are deferred and recognized in income in the same period as the hedged transaction. The Company's foreign exchange forward contracts do not subject the Company's results of operations to risk due to exchange rate fluctuations because gains and losses on these contracts generally offset gains and losses on the exposure being hedged. The Company does not enter into any foreign exchange forward contracts for speculative trading purposes. At December 31, 1996 and 1995, the Company had foreign exchange forward contracts with notional amounts of \$218,127,000 and \$179,072,000, respectively. The deferred gains or losses from these contracts were not material at December 31, 1996 and 1995.

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

Accounting Changes

In October 1995, the Financial Accounting Standards Board issued Statement No. 123, "Accounting for Stock-Based Compensation", which requires companies to estimate the value of all stock-based compensation using a recognized pricing model. The Company has adopted the disclosure requirements of this statement and has chosen to continue to apply the accounting provisions of Accounting Principles Board Opinion No. 25 to stock-based employee compensation arrangements as allowed by Statement No. 123 (Note 13). As a result, the adoption of this new standard did not have an effect on the Company's financial position or results of operations for the year ended December 31, 1996.

Effective January 1996, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which established accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill related to those assets to be held and

used, as well as for long-lived assets and certain identifiable intangibles to be disposed. The adoption of this standard did not have a material effect on the Company's financial position.

2. ACQUISITIONS AND DISPOSITIONS

On December 27, 1996, the Company acquired the operations of Deutz Argentina S.A. ("Deutz Argentina") for approximately \$62,500,000 (the "Deutz Argentina Acquisition"). The purchase price was financed primarily by borrowings under the Company's \$650,000,000 revolving credit facility (the "March 1996 Credit Facility" -- Note 7). The acquired assets and assumed liabilities consisted primarily of accounts receivable, inventories, property, plant and equipment (including three manufacturing and assembly facilities), accounts payable and accrued liabilities. Deutz Argentina is a manufacturer and distributor of a broad range of agricultural equipment, engines

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

and light trucks in Argentina and other South American markets.

Effective November 1, 1996, the Company entered into an agreement with De Lage Landen International, B.V., a wholly-owned subsidiary of Rabobank, to be its joint venture partner in Agricredit, the Company's wholly-owned 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 \$44,300,000 in the transaction and recorded a gain, before taxes, of approximately \$4,745,000. Under the Agricredit Joint Venture, Rabobank has a 51% interest in Agricredit and the Company retained a 49% interest in the finance company. Substantially all of the net assets of Agricredit were transferred to the Agricredit Joint Venture. Proceeds from the transaction were used to repay outstanding borrowings under the Company's March 1996 Credit Facility.

Effective July 8, 1996, the Company acquired certain assets of Western Combine Corporation and Portage Manufacturing, Inc., the Company's suppliers of Massey Ferguson combines and certain other harvesting equipment sold in North America (the "Western Combine Acquisition"). The acquired assets consisted primarily of inventories, manufacturing equipment and technology. The purchase price of approximately \$19,443,000 was financed primarily by borrowings under the Company's March 1996 Credit Facility.

Effective June 28, 1996, the Company acquired certain assets and liabilities of the agricultural and industrial equipment business of Iochpe-Maxion S.A. (the "Maxion Agricultural Equipment Business") for approximately \$260,000,000 (the "Maxion Acquisition"). The purchase price, which is subject to adjustment, was financed primarily by borrowings under the Company's March 1996 Credit Facility. The acquired assets and assumed liabilities consisted 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 and industrial equipment in Brazil and other South American markets.

Effective March 31, 1995, the Company acquired substantially all the net assets of AgEquipment Group, a manufacturer and distributor of agricultural implements and tillage equipment (the "AgEquipment Acquisition"). The acquired assets and assumed liabilities consisted primarily of dealer accounts receivable, inventories, machinery and equipment, trademarks and trade names, accounts payable and accrued liabilities. The purchase price was approximately \$25,100,000 and was financed through borrowings under the Company's \$550,000,000 revolving credit facility (the "June 1994 Credit Facility" -- Note 7).

On June 29, 1994, the Company acquired from Varity Corporation ("Varity") the outstanding stock of Massey Ferguson Group Limited, certain assets of MF GmbH, a German operating subsidiary, the Massey Ferguson trademarks and certain other related assets for aggregate consideration consisting of \$310,000,000 in cash and 500,000 shares of common stock of the Company (the "Massey Acquisition"). The acquired assets and assumed liabilities consisted primarily of accounts receivable, inventories, property, plant and equipment (including two manufacturing facilities), trademarks, stock in associated companies, accounts payable and accrued liabilities. The total purchase price was approximately \$328,625,000. The cash portion of the purchase price for the Massey Acquisition and the related transaction costs were financed through the public offering of 3,737,500 shares of common stock at \$37.50 per share resulting in proceeds of \$132,980,000, net of underwriters' discount and offering expenses (the "1994 Offering"), and incremental borrowings of \$177,020,000 under the June 1994 Credit Facility. The 1994 Offering and the execution of the June 1994 Credit Facility were completed concurrently with the Massey Acquisition.

Effective February 10, 1994, the Company acquired the remaining 50% interest in Agricredit from Varity. Prior to that date, the Company owned a 50% interest in Agricredit through a joint venture with Varity which was accounted for using the equity method of accounting since the original date of investment in 1993. The acquired assets and assumed liabilities consisted primarily of credit receivables, accounts payable, accrued liabilities and borrowings under a revolving credit agreement. The purchase price for the remaining 50% interest was \$23,226,000 and was financed through borrowings under the Company's revolving credit facility in place at that time.

The above acquisitions were accounted for as purchases in accordance with Accounting Principles Board Opinion No. 16, and accordingly, each purchase price has been allocated to the assets acquired and the liabilities assumed based on the estimated fair values as of the acquisition dates. The purchase price allocations for the Maxion and the Deutz Argentina Acquisitions are preliminary and subject to adjustment. In 1995, the purchase price allocation for the Massey Acquisition was completed, with the exception of the recognition of acquired deferred income tax assets. The total purchase price allocation for the Massey Acquisition, excluding the recognition of deferred income tax assets, resulted in an increase in goodwill of \$6,733,000. In addition, the Company has recognized \$79,753,000 of deferred income tax assets resulting in a decrease in goodwill and values assigned to certain trademarks acquired in the Massey Acquisition. These adjustments were a result of the completion of certain asset and liability valuations related primarily to property, plant and equipment and certain allowance and reserve accounts. The purchase price allocations for the Maxion and Deutz Argentina Acquisitions will be completed in 1997. The results of operations for these acquisitions are included in the Company's consolidated financial statements as of and from the respective dates of acquisition. The

Deutz Argentina Acquisition had no effect on the Company's results of operations for the year ended December 31, 1996.

The following unaudited pro forma data summarizes the results of operations for the year ended December 31, 1996 and 1995 as if the Maxion Acquisition and the Agricredit Joint Venture, including 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

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

the Company would actually have been had the transactions occurred on the dates indicated or what the results of operations may be in any future period.

	YEAR ENDED DECEMBER 31,	
	1996	1995
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Net sales.....	\$2,410,621	\$2,316,019
Net income.....	86,109	35,131
Net income per common share -- fully diluted (1).....	\$ 1.51	\$ 0.64

(1) Net income per common share-fully diluted for the year ended December 31, 1996 excludes an extraordinary loss, net of taxes, of \$3,503,000, or \$0.06 per share on a fully diluted basis.

3. CHARGES FOR NONRECURRING EXPENSES

The results of operations for 1996 included a charge for nonrecurring expenses of \$15,027,000, or \$0.17 per common share on a fully diluted basis. This nonrecurring charge related to the further restructuring of the Company's European operations, acquired in the Massey Acquisition (Note 2) in June 1994, and the integration and restructuring of the Company's Brazilian operations, acquired in the Maxion Acquisition (Note 2) in June 1996.

The nonrecurring charge for the further restructuring of the Company's European operations included costs associated with the centralization of certain parts warehousing, administrative, sales and marketing functions. The \$10,357,000 nonrecurring charge recorded through December 31, 1996 included \$6,385,000 for employee related costs consisting primarily of severance costs and \$3,972,000 for other nonrecurring costs. Of the total \$10,357,000 charge, \$6,702,000 has been incurred at December 31, 1996. The remaining accrual of \$3,655,000 primarily consists of employee severance costs which relate to the planned reduction of 118 employees, of which 96 employees have been terminated at December 31, 1996.

The nonrecurring charge for the integration and restructuring of the Company's Brazilian operations included costs associated with the rationalization of manufacturing, sales, and administrative functions. The \$4,670,000 recorded through December 31, 1996 included \$2,656,000 for employee related costs, including severance costs, and \$2,014,000 for other nonrecurring costs. Included in the \$2,656,000 of employee related costs was \$1,315,000 of payroll costs incurred through December 31, 1996 for personnel that have been terminated. Of the total \$4,670,000 charge, \$3,635,000 has been incurred through December 31, 1996. The employee severance costs relate to the reduction of approximately 220 employees at December 31, 1996.

The results of operations for the years ended December 31, 1995 and 1994 included charges for nonrecurring expenses primarily related to the integration and restructuring of the Company's European operations, acquired in the Massey Acquisition. The Company recorded nonrecurring expenses of \$13,500,000, or \$0.21 per common share on a fully diluted basis, in the fourth quarter of 1994 and recorded an additional \$6,000,000, or \$0.07 per common share on a fully diluted basis, in 1995. The nonrecurring charge included costs primarily associated with the centralization and rationalization of the Company's European operations' administrative, sales and marketing functions and other nonrecurring costs. The combined \$19,500,000 charge recorded through December 31, 1995 included \$10,148,000 for employee related costs which primarily were severance costs, \$3,300,000 for fees associated with the termination of the credit facility existing at that time which was replaced by the June 1994 Credit Facility, in conjunction with the Massey Acquisition, and \$6,052,000 for other nonrecurring costs. All of the costs associated with the \$19,500,000 charge recorded through December 31, 1995 have been incurred.

The results of operations for the year ended December 31, 1994 also included charges for nonrecurring expenses of \$6,000,000, or \$0.12 per common share on a fully diluted basis, relating to the integration of the White-New Idea Farm Equipment Division ("White-New Idea"), acquired from Allied Products Corporation in December 1993. The nonrecurring charge included \$2,700,000 for employee severance and relocation expenses, \$1,000,000 for costs associated with operating duplicate parts distribution facilities, \$800,000 for certain data processing expenses, \$700,000 for dealer signs, and \$800,000 for other nonrecurring costs. All of the costs associated with the integration of White-New Idea were incurred in 1994 and 1995.

4. AGRICREDIT

The Company acquired a 50% joint venture interest in Agricredit from Varity in 1993 (Note 2) and the operations for the finance company were reflected in the Company's consolidated financial statements using the equity method of accounting for the period ended December 31, 1993. The Company acquired the remaining 50% interest in Agricredit from Varity on February 10, 1994 and accordingly, the Company's consolidated financial statements reflect

Agricredit on a consolidated basis with the Company's other majority-owned subsidiaries as of December 31, 1994 and 1995 and for the period from February 11, 1994 through December 31, 1994 and for the year ended December 31, 1995. Effective November 1, 1996, the Company sold a 51% joint venture interest in Agricredit. Accordingly, the Company's consolidated financial statements as of and for the year ended December 31, 1996 reflect the operations of Agricredit on the equity method of accounting for the entire period presented. The following is certain information related to Agricredit for the periods that the Agricredit operations were accounted for on a consolidated basis. See Note 5 for information related to Agricredit for the periods in which it was accounted for under the equity method of accounting.

Revenue Recognition

Agricredit recognizes finance income on credit receivables utilizing the effective interest method. Accrual of interest and finance fees is suspended when collection is deemed doubtful. Direct costs incurred in origination of the credit receivables are amortized to income over the expected term of the credit receivables using methods that approximate the effective interest method.

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Financial Instruments

At December 31, 1995, the estimated fair value of Agricredit's credit receivables was \$573,851,000 compared to the carrying value of \$582,578,000. The fair value of credit receivables was based on the discounted values of their related cash flows at current market interest rates. Long-term debt associated with Agricredit approximated fair value at December 31, 1995 based on borrowing rates available to Agricredit for loans with similar terms and average maturities.

In 1995, Agricredit entered into interest rate swap agreements in order to reduce its exposure to portions of its revolving credit agreement which carried floating rates of interest and in order to more closely match the interest rates of the borrowings to those of the credit receivables being funded. The differential to be paid or received on the swap agreements was recognized as an adjustment to interest expense. At December 31, 1995, the total notional principal amount of the interest rate swap agreements was \$25,652,000, having fixed rates ranging from 8.03% to 8.22% and terminating in 1998. The notional amount of the swap agreements do not represent amounts exchanged by the parties and therefore, are not representative of the Company's risk. The credit and market risk under the swap agreements is not considered significant and the fair values and carrying values were not material at December 31, 1995.

Credit Receivables

Agricredit's credit receivables consisted of the following at December 31, 1995 (in thousands):

	1995

Retail notes.....	\$ 498,732
Sales finance contracts.....	199,087
Wholesale notes.....	16,588

Gross credit receivables.....	714,407
Less:	
Unearned finance income.....	(119,015)
Allowance for credit losses.....	(12,814)

Net credit receivables.....	582,578
Less: current portion.....	(185,401)

Noncurrent credit receivables, net.....	\$ 397,177
	=====

At December 31, 1995, contractual maturities of gross credit receivables were as follows (in thousands):

	1995

1996.....	\$243,873
1997.....	191,572
1998.....	139,462
1999.....	91,191
2000.....	40,713
Thereafter.....	7,596

	\$714,407
	=====

The maximum maturities for retail notes and sales finance contracts is 7 years, while the maximum maturity for wholesale notes is 1 year. Interest rates on the credit receivables vary depending on prevailing market interest rates and certain sales incentive programs offered by the Company. Although the Company has a diversified receivable portfolio, credit receivables have significant concentrations of credit risk in the agricultural business sector. At December 31, 1995, approximately 78% of the net credit receivables related to the financing of products sold by the Company's dealers and distributors to end users. Agricredit retains as collateral a security interest in the equipment financed.

The allowance for credit losses was \$12,814,000 at December 31, 1995. In addition, the Company had deposits withheld from dealers and manufacturers available for potential credit losses of \$8,615,000 at December 31, 1995. An analysis of the allowance for credit losses is as follows (in thousands):

	1995

Balance, beginning of year.....	\$10,042
Provision for credit losses.....	4,279

Charge-offs.....	(3,425)
Recoveries.....	1,918

Balance, end of year.....	\$12,814
	=====

Long-Term Debt

Prior to the Agrifund Joint Venture on November 1, 1996, Agrifund obtained funds from a separate \$630,000,000 revolving credit facility (the "Agrifund Revolving Credit Agreement") to finance its credit receivable portfolio. In 1996, the terms of the Agrifund Revolving Credit Agreement were amended and restated to increase Agrifund's available borrowings from \$545,000,000 to \$630,000,000. Borrowings under the Agrifund Revolving Credit Agreement were based on the amount and quality of outstanding credit receivables and were generally issued with maturities matching anticipated credit receivable liquidations, and at December 31, 1995, the terms ranged from 1 to 31 months. Interest rates on the notes outstanding at December 31, 1995 ranged from 5.1% to 9.1%, with a weighted average interest rate of 6.8%. The Agrifund Revolving Credit Agreement contained certain financial covenants which Agrifund and the Company were required to maintain including a minimum specified net worth and, specifically for the Company, a ratio of debt to net worth, as defined. At December 31, 1995, \$514,376,000 was outstanding under the Agrifund Revolving Credit Agreement and available borrowings were \$24,986,000. On November 1, 1996, the Agrifund Revolving Credit Agreement was repaid and the Agrifund Joint Venture entered into a new credit agreement.

5. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

At December 31, 1996 and 1995, the Company's investments in unconsolidated affiliates primarily consisted of (i) a 49% investment in Massey Ferguson Finance, consisting of retail finance subsidiaries in the United Kingdom, France and Germany, which are owned by the Company and Rabobank, (ii) its 50% investment in Hay and Forage Industries ("HFI"), a joint venture with Case Corporation ("Case"), which designs and manufactures hay and forage equipment for distribution by the Company and Case, (iii) its 50% investment in a joint venture with Renault Agriculture S.A. ("GIMA"), which manufactures driveline assemblies for Massey Ferguson and Renault tractors, and (iv) certain other minority investments

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

in farm equipment manufacturers and licensees. In addition, as a result of the Agrifund Joint Venture, investments in unconsolidated affiliates at December 31, 1996 included the Company's 49% equity investment in Agrifund.

Investments in unconsolidated affiliates, accounted for under the equity method, as of December 31, 1996 and 1995 were as follows (in thousands):

	1996	1995
	-----	-----
Agrifund.....	\$28,032	\$ --
Massey Ferguson Finance.....	20,390	13,523
HFI.....	12,029	12,029
GIMA.....	5,346	5,651
Other.....	14,704	14,760
	-----	-----
	\$80,501	\$45,963
	=====	=====

The Company's equity in net earnings of unconsolidated affiliates for 1996, 1995, and 1994 were as follows (in thousands):

	1996	1995	1994
	-----	-----	-----
Agrifund.....	\$10,384	\$ --	\$ 566
Massey Ferguson Finance.....	4,400	3,459	1,370
Other.....	2,940	999	1,279
	-----	-----	-----
	\$17,724	\$4,458	\$3,215
	=====	=====	=====

Both HFI and GIMA sell their products to the joint venture partners at prices which result in them operating at or near breakeven on an annual basis. Equity in net earnings of unconsolidated affiliates for 1994 included the equity in net earnings of Agrifund prior to February 10, 1994, the date the remaining 50% interest was acquired by the Company (Note 2). The Company also has various minority interest investments which are accounted for under the cost method.

Summarized financial information of Agrifund as of and for the year ended December 31, 1996 is as follows (in thousands):

	DECEMBER 31, 1996

Current assets.....	\$ 220,699
Noncurrent assets.....	453,018

Total assets.....	\$ 673,717
	=====
Current liabilities.....	\$ 533,362
Noncurrent liabilities.....	83,147
Partners' equity.....	57,208

Total liabilities and partners' equity.....	\$ 673,717
	=====
	FOR THE YEAR ENDED DECEMBER 31, 1996

Interest and finance fees.....	\$69,507
Expenses.....	58,107

Net income.....	\$11,400
	=====

The Company's equity in net earnings of Agrifund for the year ended December 31, 1996 of \$10,384,000 represents 100% of the net earnings of Agrifund prior to the completion of the Agrifund Joint Venture on November 1, 1996 and 49% of Agrifund's net earnings thereafter.

6. INCOME TAXES

The Company accounts for income taxes under the provisions of Statement of

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

The sources of income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss were as follows for the years ended December 31, 1996, 1995 and 1994 (in thousands):

	1996	1995	1994
	-----	-----	-----
United States.....	\$ 31,904	\$ 41,893	\$ 50,404
Foreign.....	139,725	148,688	51,305
	-----	-----	-----
Income before income taxes, equity in net earnings of unconsolidated subsidiary and affiliates and extraordinary loss.....	<u>\$171,629</u>	<u>\$190,581</u>	<u>\$101,709</u>
	=====	=====	=====

The provision (benefit) for income taxes by location of the taxing jurisdiction for the years ended December 31, 1996, 1995 and 1994 consisted of the following (in thousands):

	1996	1995	1994
	-----	-----	-----
Current:			
United States:			
Federal.....	\$ 9,715	\$15,769	\$ 23,123
State.....	461	1,521	3,300
Foreign.....	29,690	15,692	3,925
	-----	-----	-----
	39,866	32,982	30,348
	-----	-----	-----
Deferred:			
United States:			
Federal.....	(1,096)	(2,485)	(51,872)
State.....	63	297	(4,498)
Foreign.....	21,130	35,103	15,412
	-----	-----	-----
	20,097	32,915	(40,958)
	-----	-----	-----
Provision (benefit) for income taxes.....	<u>\$59,963</u>	<u>\$65,897</u>	<u>\$(10,610)</u>
	=====	=====	=====

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

A reconciliation of income taxes computed at the United States federal statutory income tax rate (35% in 1996, 1995 and 1994) to the provision (benefit) for income taxes reflected

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

in the consolidated statements of income for the years ended December 31, 1996, 1995 and 1994 is as follows (in thousands):

	1996	1995	1994
	-----	-----	-----
Provision for income taxes at United States federal statutory rate.....	\$60,070	\$66,703	\$ 35,598
State and local income taxes, net of federal income tax benefit.....	341	1,182	2,145
Taxes on foreign income which differ from the United States statutory rate.....	(818)	(1,246)	572
Reduction in valuation allowance.....	--	(234)	(49,734)
Other.....	370	(508)	809
	-----	-----	-----
	\$59,963	\$65,897	\$(10,610)
	=====	=====	=====

For the years ended December 31, 1996 and 1995, the Company's provision for income taxes approximated statutory rates. For the year ended December 31, 1994, the Company's United States current income tax provision was offset by the recognition of deferred income tax benefits through a reduction of a portion of the valuation allowance. In 1994, the reduction in the valuation allowance resulted in a United States net income tax benefit of \$29,947,000, or \$0.61 per common share on a fully diluted basis. The reduction in the valuation allowance was supported by the generation of taxable income in recent years and expectations for taxable income in future periods.

For the years ended December 31, 1996 and 1995, the Company's foreign income tax provision primarily related to the Company's European operations acquired in the Massey Acquisition. The deferred income tax provision resulted from the realization of deferred tax assets acquired in the Massey Acquisition primarily consisting of net operating loss carryforwards.

The significant components of the net deferred tax assets at December 31, 1996 and 1995 were as follows (in thousands):

	1996	1995
	-----	-----
Deferred Tax Assets:		
Net operating loss carryforwards.....	\$ 63,199	\$ 51,260
Sales incentive discounts.....	18,262	15,727
Inventory valuation reserves.....	11,093	11,327
Postretirement benefits.....	9,534	8,256
Other.....	48,600	41,488
Valuation allowance.....	(63,664)	(42,109)
	-----	-----
Total deferred tax assets.....	87,024	85,949
	-----	-----
Deferred Tax Liabilities:		
Tax over book depreciation.....	2,857	145
Tax over book amortization of goodwill.....	6,592	5,805
Other.....	5,391	5,590
	-----	-----
Total deferred tax liabilities.....	14,840	11,540
	-----	-----
Net deferred tax assets.....	72,184	74,409
Less: current portion.....	(48,084)	(51,214)
	-----	-----
Noncurrent net deferred tax assets.....	\$ 24,100	\$ 23,195
	=====	=====

As reflected in the preceding table, the Company established a valuation allowance of \$63,664,000 and \$42,109,000 for the years ended December 31, 1996 and 1995, respectively, due to the uncertainty regarding the realizability of certain deferred tax assets. Included in the valuation allowance at December 31, 1996 and 1995 was \$12,702,000 and \$27,778,000, respectively, of deferred tax assets primarily related to net operating loss carryforwards acquired in the Massey Acquisition which will reduce goodwill and values assigned to trademarks if realized. The increase in the valuation allowance in 1996 is primarily the result of the Company's valuation allowance for net operating loss carryforwards acquired in the Deutz Argentina Acquisition.

The Company had United States net operating loss carryforwards of approximately \$11,400,000 at December 31, 1996 which expire in years 2004 and 2005. The Company's United States net operating loss carryforwards are subject to an annual limitation of \$1,280,000 to reduce income taxes in future years. The Company has foreign net operating loss carryforwards of \$159,856,000, which are principally in France, Brazil and Argentina. The foreign net operating loss carryforwards have expiration dates as follows: 1997 -- \$12,848,000, 1998 -- \$3,692,000, 1999 -- \$13,087,000, 2000 -- \$30,834,000, 2001 -- \$35,122,000, thereafter and unlimited -- \$64,273,000.

The Company paid income taxes of \$23,120,000, \$22,558,000 and \$24,861,000

for the years ended December 31, 1996, 1995, and 1994, respectively.

7. LONG-TERM DEBT

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

	1996	1995
	-----	-----
Revolving Credit Facility-Equipment Operations.....	\$317,439	\$378,336
Senior Subordinated Notes.....	247,957	--
Other Long-Term Debt.....	1,659	--
	-----	-----
Total Long-Term Debt-Equipment Operations.....	567,055	378,336
Total Long-Term Debt-Agricredit (Note 4).....	--	514,376
	-----	-----
Total Long-Term Debt-Consolidated.....	567,055	892,712
Less: current portion.....	--	(361,376)
	-----	-----
	\$567,055	\$531,336
	=====	=====

In March 1996, the Company replaced its \$550,000,000 secured revolving credit facility (the "June 1994 Credit Facility"), obtained in conjunction with the Massey Acquisition, with a five-year \$650,000,000 unsecured revolving credit facility (the "March 1996 Credit Facility"). Aggregate borrowings outstanding under the March 1996 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 March 1996 Credit Facility primarily at LIBOR plus an applicable margin, as defined. At December 31, 1996, interest rates on the outstanding borrowings ranged from 6.2% to 8.3%, with a

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

weighted average interest rate during 1996 of 6.3%. The March 1996 Credit Facility contains certain covenants, including covenants restricting the incurrence of indebtedness and the making of certain restrictive payments, including dividends. In addition, the Company must maintain certain financial covenants including, among others, a debt to capitalization ratio, an interest coverage ratio and a ratio of debt to cash flow, as defined. At December 31, 1996, \$317,439,000 was outstanding under the March 1996 Credit Facility and available borrowings were \$327,740,000.

In March 1996, the Company issued \$250,000,000 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 June 1994 Credit Facility.

Prior to November 1, 1996, Agrico credit obtained funds from the Agrico credit Revolving Credit Agreement to finance its credit receivable portfolio (Note 4). In connection with the Agrico credit Joint Venture, the Agrico credit Revolving Credit Agreement was repaid and the Agrico credit Joint Venture entered into a new credit agreement.

At December 31, 1996, the aggregate scheduled maturities of long-term debt is primarily in year 2001 and thereafter. The scheduled maturities in years 1997 through 2000 are not material.

Cash payments for interest were \$54,066,000, \$77,281,000 and \$56,868,000 for the years ended December 31, 1996, 1995 and 1994, 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, 1996, outstanding letters of credit totaled \$35,080,000, of which \$4,821,000 was issued under the March 1996 Credit Facility. At December 31, 1995, outstanding letters of credit totaled \$19,945,000, of which \$9,525,000 was issued under the June 1994 Credit Facility.

8. CONVERTIBLE SUBORDINATED DEBENTURES

In June 1995, the Company exchanged all of its outstanding 2,674,534 depositary shares (the "Exchange"), each representing 1/10 of a share of Convertible Preferred Stock (Note 11), into \$66,848,000 of 6.5% Convertible Subordinated Debentures due 2008 (the "Convertible Subordinated Debentures"). The effect of this transaction resulted in a reduction to stockholders' equity and an increase to liabilities in the amount of \$66,848,000. 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 redemption, all of the outstanding Convertible Subordinated Debentures were converted into common stock.

9. EMPLOYEE BENEFIT PLANS

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

Net periodic pension cost for the United States plans for the years ended December 31, 1996, 1995 and 1994 included the following components (in thousands):

1996	1995	1994
-----	-----	-----

Service cost.....	\$ 571	\$ 480	\$ 590
Interest cost.....	2,732	2,633	2,482
Actual (return) loss on plan assets.....	(4,592)	(4,629)	787
Net amortization and deferral.....	2,439	2,941	(2,588)
	-----	-----	-----
	\$ 1,150	\$ 1,425	\$ 1,271
	=====	=====	=====

The following assumptions were used to measure the projected benefit obligation for the United States plans at December 31, 1996, 1995 and 1994:

	1996	1995	1994
	----	----	----
Discount rate to determine the projected benefit obligation.....	7.50%	7.25%	8.75%
Expected long-term rate of return on plan assets used to determine net periodic pension cost.....	8.00%	8.00%	8.00%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The following table sets forth the United States defined benefit plans' funded status at December 31, 1996 and 1995 (in thousands):

	1996		1995	
	HOURLY	SALARY	HOURLY	SALARY
Actuarial present value of benefit obligation:				
Vested benefit obligation.....	\$30,764	\$7,725	\$28,997	\$7,598
	=====	=====	=====	=====
Accumulated benefit obligation.....	\$31,559	\$7,875	\$29,336	\$7,764
	=====	=====	=====	=====
Projected benefit obligation.....	\$32,742	\$7,875	\$29,336	\$7,833
Plan assets at fair value, primarily listed stock and U.S. bonds.....	26,632	8,958	21,961	7,922
	-----	-----	-----	-----
Projected benefit obligation (in excess of) less than plan assets.....	(6,110)	1,083	(7,375)	89
Unrecognized net loss (gain).....	334	(431)	2,619	487
Unrecognized prior service cost.....	3,140	--	1,666	--
Adjustment required to recognize minimum liability.....	(2,291)	--	(4,285)	--
	-----	-----	-----	-----
(Accrued) prepaid pension cost.....	\$(4,927)	\$ 652	\$(7,375)	\$ 576
	=====	=====	=====	=====

Net periodic pension cost for the U.K. Plans for the years ended December 31, 1996, 1995 and the period from the Massey Acquisition date (June 29, 1994) to December 31, 1994 included the following components (in thousands):

	1996	1995	1994
Service cost.....	\$ 4,665	\$ 3,319	\$ 1,690
Interest cost.....	19,613	16,944	8,478
Actual return on plan assets.....	(33,353)	(29,752)	(5,127)
Net amortization and deferral.....	10,418	10,110	(4,598)
	-----	-----	-----
	\$ 1,343	\$ 621	\$ 443
	=====	=====	=====

The following assumptions were used to measure the projected benefit obligation for the U.K. Plans:

	1996	1995	1994
Discount rate to determine the projected benefit obligation.....	8.50%	8.75%	9.25%
Rate of increase in future compensation levels used to determine the projected benefit obligation.....	5.00%	5.00%	5.50%
Expected long-term rate of return on plan assets used to determine net periodic pension cost.....	9.75%	10.00%	10.50%

The following table sets forth the U.K. Plans' funded status at December 31, 1996 and 1995 (in thousands):

	1996	1995
Actuarial present value of benefit obligation:		
Vested benefit obligation.....	\$245,057	\$203,292
	=====	=====
Accumulated benefit obligation.....	\$249,387	\$206,890
	=====	=====
Projected benefit obligation.....	\$258,847	\$214,753
Plan assets at fair value, primarily listed stock and bonds.....	268,279	217,426
	-----	-----
Projected benefit obligation less than plan assets.....	9,432	2,673
Unrecognized net loss.....	2,386	3,647
	-----	-----
Prepaid pension cost.....	\$ 11,818	\$ 6,320
	=====	=====

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

The Company maintains a separate defined contribution 401(k) savings plan covering certain salaried employees. Under the plan, the Company contributes a specified percentage of each eligible employee's compensation. The Company contributed \$1,570,000, \$1,301,000 and \$1,272,000 for the years ended December 31, 1996, 1995 and 1994, respectively.

10. POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

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

Net periodic postretirement benefit cost for the years ended December 31, 1996, 1995 and 1994 included the following components (in thousands):

	1996	1995	1994
	-----	-----	-----
Service cost.....	\$ 909	\$ 890	\$1,008
Interest cost on accumulated postretirement benefit obligation.....	1,263	1,287	1,178
Net amortization of transition obligation and prior service cost.....	(688)	(688)	(688)
Net amortization of unrecognized net gain.....	(403)	(495)	(482)
	-----	-----	-----
	\$1,081	\$ 994	\$1,016
	=====	=====	=====

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table sets forth the postretirement benefit plans' funded status at December 31, 1996 and 1995 (in thousands):

	1996		1995	
	HOURLY	SALARY	HOURLY	SALARY
Accumulated postretirement benefit obligation:				
Retiree.....	\$ 3,600	\$1,328	\$ 3,191	\$ 985
Fully eligible active plan participants.....	2,224	1,262	1,521	1,213
Other active participants.....	8,434	1,786	9,552	2,058
	-----	-----	-----	-----
	14,258	4,376	14,264	4,256
Plan assets at fair value.....	--	--	--	--
	-----	-----	-----	-----
Accumulated postretirement benefit obligation in excess of plan assets.....	14,258	4,376	14,264	4,256
Unrecognized prior service cost.....	1,487	--	2,723	--
Unrecognized transition obligation.....	--	(429)	--	(456)
Unrecognized net gain.....	4,015	738	2,541	233
	-----	-----	-----	-----
	\$19,760	\$4,685	\$19,528	\$4,033
	=====	=====	=====	=====

For measuring the expected postretirement benefit obligation, a 10.5% health care cost trend rate was assumed for 1996, decreasing 0.75% per year to 6% and remaining at that level thereafter. The weighted average discount rate used to determine the accumulated postretirement benefit obligation was 7.5% at December 31, 1996.

Increasing the assumed health care cost trend rates by one percentage point each year and holding all other assumptions constant would increase the accumulated postretirement benefit obligation at December 31, 1996 by \$1,736,000 and increase the aggregate of the service and interest cost components of the net periodic postretirement benefit cost by \$229,000.

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," which requires accrual of postemployment benefits for former or inactive employees after employment but before retirement. Adoption of this new standard did not have a material effect on the Company's financial position or operating results.

11. PREFERRED STOCK

At December 31, 1996, the Company had 1,000,000 authorized shares of preferred stock with a par value of \$0.01 per share. In May 1993, the Company completed an offering of 3,680,000 depositary shares, each representing 1/10 of a share of \$16.25 Cumulative Convertible Exchangeable Preferred Stock (the "Convertible Preferred Stock") at \$25.00 per depositary share (the "Convertible Preferred Stock Offering"). The net proceeds to the Company from the Convertible Preferred Stock Offering, after deducting the underwriters' discount and offering expenses, were \$87,967,000. Dividends on the Convertible Preferred Stock were cumulative from the date of original issue and were payable quarterly at \$1.625 per annum per depositary share. Shares of the Convertible Preferred Stock were convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price of \$6.33. In June 1995, the Company exchanged all of its outstanding 2,674,534 depositary shares of Convertible Preferred Stock into \$66,848,000 of Convertible Subordinated Debentures (Note 8).

In April 1994, the Company designated 300,000 shares as Junior Cumulative Preferred Stock (the "Junior Preferred Stock") in connection with the adoption of a Stockholders' Rights Plan (the "Rights Plan" -- Note 12). No shares of Junior Preferred Stock have been issued.

12. COMMON STOCK

At December 31, 1996, the Company had 150,000,000 authorized shares of common stock with a par value of \$0.01, with 57,260,151 shares of common stock outstanding, 1,228,728 shares reserved for issuance under the Company's 1991 Stock Option Plan (Note 13), 81,000 shares reserved for issuance under the Company's Nonemployee Director Stock Incentive Plan (Note 13) and 1,657,500 shares reserved for issuance under the Company's Long-Term Incentive Plan (Note 13).

In April 1994, the Company adopted the Rights Plan. Under the terms of the Rights Plan, one-third of a preferred stock purchase right (a "Right") is attached to each outstanding share of the Company's common stock. The Rights Plan contains provisions that are designed to protect stockholders in the event of certain unsolicited attempts to acquire the Company. Under the terms of the Rights Plan, each Right entitles the holder to purchase one one-hundredth of a share of Junior Preferred Stock, par value of \$0.01 per share, at an exercise price of

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

\$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.

On January 31, 1996, the Company effected a two-for-one stock split of the Company's outstanding common stock in the form of a stock dividend payable to stockholders of record on January 15, 1996. On December 15, 1994, the Company effected a three-for-two split of the Company's outstanding common stock in the form of a 50% stock dividend payable to stockholders of record on December 1, 1994. All references to common share and per share information and the weighted average number of common and common equivalent shares outstanding, with the exception of stock offering information, have been restated to reflect both stock splits.

13. STOCK PLANS

In April 1995, the Company adopted a nonemployee director stock incentive plan (the "Director Plan"), and reserved 100,000 common shares for issuance under the Director Plan. At December 31, 1996, 19,000 shares have been awarded to plan participants. 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, 1996, 19,000 shares awarded under the Director Plan had been earned and 1,000 shares have vested.

In April 1994 and subsequently amended in April 1996, the Company adopted a long-term incentive plan for executive officers (the "LTIP") and reserved 3,750,000 common shares for issuance under the LTIP. 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 \$25,757,000, \$9,763,000 and \$1,508,000 for the years ended December 31, 1996, 1995 and 1994, respectively, consisting of amortization of the stock award and the related cash bonus.

Additional information regarding the LTIP for the years ended December 31, 1996, 1995 and 1994 is as follows:

	1996	1995	1994
	-----	-----	-----
Shares awarded but not earned at January 1.....	--	891,000	1,620,000
Shares awarded, net of forfeitures	2,070,000	--	--
Shares earned.....	(472,500)	(891,000)	(729,000)
	-----	-----	-----
Shares awarded but not earned at December 31.....	1,597,500	--	891,000
Shares available for grant.....	60,000	180,000	180,000
	-----	-----	-----
Total shares reserved.....	1,657,500	180,000	1,071,000
	=====	=====	=====
Shares vested.....	792,500	--	--
	=====	=====	=====

In September 1991 and subsequently amended in May 1993, the Company adopted a stock option plan (the "Option Plan") for officers, employees, directors and others and reserved 2,400,000 shares of common stock for distribution under the Option Plan. Options granted under the Option Plan may be either nonqualified or incentive stock options as determined by the board of directors. 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Stock option transactions during the three years ended December 31, 1996 were as follows:

	1996	1995	1994
Options outstanding at January 1.....	899,190	1,198,400	1,043,722
Options granted.....	229,720	20,000	508,650
Options exercised.....	(312,292)	(292,312)	(345,872)
Options canceled.....	(29,368)	(26,898)	(8,100)
Options outstanding at December 31.....	787,250	899,190	1,198,400
Options available for grant at December 31....	441,478	641,830	634,938
Option price ranges per share:			
Granted.....	\$25.50	\$14.69-18.25	\$11.75-16.96
Exercised.....	1.52-25.50	1.52-18.25	1.52-14.63
Canceled.....	14.63-25.50	1.52-14.63	2.50-3.75
Weighted average option prices per share:			
Granted.....	\$25.50	\$16.47	\$14.41
Exercised.....	5.58	4.43	2.14
Canceled.....	18.94	10.00	3.19
Outstanding at December 31.....	14.14	8.43	7.35

At December 31, 1996, the outstanding options had a weighted average remaining contractual life of approximately 7.9 years and there were 426,292 options currently exercisable with option prices ranging from \$1.52 to \$25.50 and with a weighted average exercise price of \$9.67.

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

	YEAR ENDED DECEMBER 31,	
	1996	1995
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Net income.....	\$123,928	\$129,130
Net income per common share -- fully diluted.....	\$ 2.17	\$ 2.30

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.

14. COMMITMENTS AND CONTINGENCIES

The Company leases land, buildings, machinery, equipment and furniture under various noncancelable operating lease agreements. At December 31, 1996, future minimum lease payments under noncancelable operating leases were as follows (in thousands):

1997.....	\$12,262
1998.....	9,023
1999.....	7,041
2000.....	4,784
2001.....	3,498
Thereafter.....	15,655

\$52,263
=====

Total lease expense under noncancelable operating leases was \$16,181,000, \$15,069,000, and \$7,250,000 for the years ended December 31, 1996, 1995 and 1994, respectively.

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

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

15. SEGMENT REPORTING

The Company's operations consist of the following geographic segments as set forth below (in thousands):

	YEAR ENDED DECEMBER 31, 1996			
	UNITED STATES AND CANADA	SOUTH AMERICA	WESTERN EUROPE AND OTHER INTERNATIONAL	CONSOLIDATED(1)
Revenues:				
Net sales to unaffiliated customers...	\$850,015	\$ 85,151	\$1,382,320	\$2,317,486
Net sales between geographic segments.....	38,548	2,898	149,331	--
Total revenues.....	\$888,563	\$ 88,049	\$1,531,651	\$2,317,486
Income from operations(2).....	\$ 46,777	\$ (6,784)	\$ 166,256	\$ 206,191
Identifiable assets.....	\$867,934	\$404,291	\$1,258,015	\$2,116,531

	YEAR ENDED DECEMBER 31, 1995		
	UNITED STATES AND CANADA	WESTERN EUROPE AND OTHER INTERNATIONAL	CONSOLIDATED(1)
Revenues:			
Net sales to unaffiliated customers.....	\$ 807,499	\$1,260,928	\$2,068,427
Net sales between geographic segments.....	20,218	203,882	--
Finance income.....	827,717	1,464,810	2,068,427
	56,621	--	56,621
Total revenues.....	\$ 884,338	\$1,464,810	\$2,125,048
Income from operations(2).....	\$ 65,175	\$ 163,948	\$ 227,666
Identifiable assets.....	\$1,406,778	\$ 943,588	\$2,162,915

	YEAR ENDED DECEMBER 31, 1994		
	UNITED STATES AND CANADA	WESTERN EUROPE AND OTHER INTERNATIONAL	CONSOLIDATED(1)
Revenues:			
Net sales to unaffiliated customers.....	\$ 770,661	\$548,610	\$1,319,271
Net sales between geographic segments.....	1,276	61,930	--
Finance income.....	771,937	610,540	1,319,271
	39,741	--	39,741
Total revenues.....	\$ 811,678	\$610,540	\$1,359,012
Income from operations(2).....	\$ 81,736	\$ 47,484	\$ 126,910
Identifiable assets.....	\$1,192,788	\$738,268	\$1,823,294

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

(2) Income from operations represents revenues less cost of goods sold, selling, general and administrative expenses, engineering expenses, nonrecurring expenses, interest expense for Agrifac for the years ended December 31, 1995 and 1994, and intangible asset amortization.

Net sales by customer location for the years ended December 31, 1996, 1995 and 1994 were as follows (in thousands):

	1996	1995	1994
	-----	-----	-----
Net Sales:			
Europe.....	\$1,021,016	\$ 947,628	\$ 389,687
United States.....	681,064	660,879	626,205
Canada.....	153,773	134,458	130,316
Asia.....	122,519	135,031	42,907
South America.....	100,216	20,011	14,906
Africa.....	80,643	71,672	44,053
Middle East.....	72,473	41,203	34,846
Australia.....	67,000	39,477	23,132
Mexico, Central America and Caribbean.....	18,782	18,068	13,219
	-----	-----	-----
	\$2,317,486	\$2,068,427	\$1,319,271
	=====	=====	=====

Total export sales from the United States were \$194,472,000 in 1996, \$157,663,000 in 1995 and \$138,540,000 in 1994 with the large majority of products sold in Canada. In 1996, the remaining sales to customers outside the United States were sourced from the Company's operations in Europe and Brazil. In 1995 and 1994, the remaining sales to customers outside the United States were sourced solely from the Company's operations in Europe.

16. SUBSEQUENT EVENTS

On January 14, 1997, the Company replaced the March 1996 Credit Facility with a new revolving credit facility (the "January 1997 Credit Facility"), which initially provided for borrowings of up to \$1.0 billion. In February 1997, the January 1997 Credit Facility was amended to allow for borrowings of up to \$1.2 billion. Borrowings under the January 1997 Credit Facility may not exceed the sum of 90% of eligible accounts receivable and 60%

AGCO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

of eligible inventory. Lending commitments under the January 1997 Credit Facility reduce to \$1.1 billion on January 1, 1998 and \$1.0 billion on January 1, 1999. If the Company consummates offerings of debt or capital stock prior to such dates, the proceeds of such offerings will be used to reduce the lending commitments, but not below \$1.0 billion.

On January 20, 1997, the Company acquired the operations of Xaver Fendt GmbH & Co. KG ("Fendt") for approximately \$283,500,000 plus approximately \$38,304,000 of assumed working capital debt (the "Fendt Acquisition"). The Fendt Acquisition was financed by borrowings under the Company's January 1997 Credit Facility. The transaction consists of the purchase of the outstanding stock of Fendt and its interests in other subsidiaries. Fendt's primary business is the manufacture and sale of tractors through a network of independent agricultural cooperatives, dealers and distributors in Germany and throughout Europe and Australia.

On January 22, 1997, the Company filed a registration statement with the Securities and Exchange Commission for the sale of 4,500,000 shares of its common stock (the "Offering"). The Company intends to use the proceeds from the Offering to reduce a portion of the borrowings outstanding under the January 1997 Credit Facility and expects the transaction to be completed in March 1997.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
AGCO Corporation:

We have audited the accompanying consolidated balance sheets of AGCO CORPORATION AND SUBSIDIARIES as of December 31, 1996 and 1995 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AGCO Corporation and subsidiaries as of December 31, 1996 and 1995 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 5, 1997

SUBSIDIARIES OF THE REGISTRANT

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

SUBSIDIARIES OF THE REGISTRANT (CONTINUED)

Fendt Australia Pty Ltd.	Australia
Fendt SARL France	France
Wohungsbau GmbH	Germany
Fendt Italiana	Italy
Araus SA	Argentina
Terramec SA	Argentina
Actium	Germany
Indamo SA	Argentina

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

/s/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP

Atlanta, Georgia
March 26, 1997

YEAR		
	DEC-31-1996	
	JAN-01-1996	
	DEC-31-1996	41,707
		0
	856,985	0
	473,844	
	1,466,462	292,437
		0
	2,116,531	
	715,988	567,055
	0	0
		573
	774,092	
2,116,531		2,317,486
	2,317,486	1,847,166
	1,847,166	
	27,705	
	5,736	
	32,684	
	171,629	
	59,963	
	129,390	
	0	
	(3,503)	0
	125,887	
	2.28	
	2.20	