SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

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

FOR THE TRANSITION PERIOD FROM ________ TO ________

COMMISSION FILE NUMBER: 1-12930

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

DELAWARE	58-1960019
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4205 RIVER GREEN PARKWAY, DULUTH, GEORGIA	30096
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, ($0.01 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

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

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

The aggregate market value of common stock held by non-affiliates of the Registrant as of the close of business on March 12, 2001 was $585,453,526. As of such date, there were 59,591,828 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Stockholders to be held on April 25, 2001 are incorporated by reference in Part III.

PART I

ITEM 1. BUSINESS

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

GENERAL

We are a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. We sell a full range of agricultural equipment, including tractors, combines, self-propelled sprayers, hay tools, forage equipment and implements. Our products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: AGCO(R), AGCO(R) Allis, Fendt, Massey Ferguson(R), Hesston(R), White, GLEANER(R), New Idea(R), AGCOSTAR(R), Tye(R), Farmhand(R), Glencoe(R), Spra-Coupe(R) and Willmar(R). We distribute our products through a combination of approximately 7,750 independent dealers and distributors, associates and licensees. In addition, we provide retail financing in North America, the United Kingdom, France, Germany, Spain, Ireland and Brazil through our finance joint ventures with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," which we refer to in this document as "Rabobank.".

We were 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 our formation in June 1990, we have grown substantially through a series of 18 acquisitions for consideration aggregating approximately $1.4 billion. These acquisitions have allowed us to broaden our product lines, expand our dealer network and establish strong market positions in several new markets throughout North America, South America, Western Europe and the rest of the world. We have achieved significant cost savings and efficiencies from our acquisitions by eliminating duplicate administrative, sales and marketing functions, rationalizing our dealer network, increasing manufacturing capacity utilization and engineering common product platforms for certain products. In addition, we are focusing our efforts on long-term growth and profit improvement initiatives including developing new and innovative products, expanding and strengthening our distribution network, reducing product costs, maintaining a flexible production strategy, and utilizing efficient asset management.

PENDING ACQUISITION OF AG-CHEM

In November 2000, we agreed to acquire Ag-Chem for $247 million in stock and cash, subject to certain closing conditions. Ag-Chem manufactures and distributes off-road equipment primarily for use in fertilizing agricultural crops, applying crop protection chemicals, and to a lesser extent, for industrial waste treatment applications and other industrial uses. Ag-Chem generates a majority of its consolidated revenues from the sale of self-propelled, three- and four-wheeled vehicles and related equipment for use in the application of liquid and dry fertilizers and crop protection chemicals. Ag-Chem manufactures equipment for use both prior to planting crops and after crops emerge from the ground. Ag-Chem sells a majority of its products directly to the end-users of the equipment, which include fertilizer dealers, farm cooperatives, large growers, municipalities, waste disposal contractors and mining and construction companies.

The acquisition agreement provides that we will acquire Ag-Chem in exchange for a combination of cash and shares of our common stock. The value of this combination will be $25.80 per share of Ag-Chem common stock, or approximately $247 million, with at least one half of the consideration to be paid in cash. We anticipate funding the cash component of the purchase price through borrowings under our revolving credit facility. The composition of the combination of our common stock and cash to be paid by us will depend upon the closing price of our common stock on the trading day immediately prior to the closing. We expect to close the acquisition of Ag-Chem in April 2001.

TRANSACTION HISTORY

The following is a description of the major acquisitions that we have completed since our formation:

Hesston Acquisition. In March 1991, we acquired Hesston Corporation, a leading manufacturer and distributor of hay tools, forage equipment and related replacement parts. The assets we acquired also included Hesston's 50% interest in a joint venture, Hay and Forage Industries, or HFI, between Hesston and CNH Global N.V., which manufactures hay and forage equipment for both parties. Hesston's net sales in its full fiscal year preceding the acquisition were approximately $91.0 million. The acquisition enabled us to provide our dealers with a more complete line of farm equipment and to expand our dealer network.

White Tractor Acquisition. In May 1991, we acquired the White Tractor Division of Allied Products Corporation. White Tractor's net sales in our full fiscal year preceding the acquisition were approximately $58.3 million. As a result of our acquisition of White Tractor, we added a new line of tractors to our product offerings and expanded our North America dealer network.

Massey Ferguson North American Acquisition. In January 1993, we entered into an agreement with Varity Corporation to be the exclusive distributor in the United States and Canada of the Massey Ferguson line of farm equipment. Concurrently, we acquired the North American distribution operation of Massey Ferguson Group Limited from Varity. Net sales attributable to Massey's North American distribution operation in the full fiscal year preceding the acquisition were approximately $215.0 million. Our acquisition of Massey North American provided us with access to another leading brand name in the agricultural equipment industry and enabled us to expand our dealer network.

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

Agricredit-North America Acquisition. We acquired Agricredit Acceptance Company, a retail finance company, from Varity in two separate transactions. We acquired an initial 50% joint venture interest in Agricredit in January 1993 and acquired the remaining 50% interest in February 1994. Our acquisition of Agricredit enabled us to provide more competitive and flexible financing alternatives to end users in North America.

Massey Ferguson Acquisition. In June 1994, we acquired Massey from Varity, including Massey's network of independent dealers and distributors and associate and licensee companies outside the United States and Canada. At the time of our the acquisition, Massey was one of the largest manufacturers and distributors of tractors in the world with fiscal 1993 net sales of approximately $898.4 million (including net sales to us of approximately $124.6 million). Our acquisition of Massey significantly expanded our sales and distribution outside North America.

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

Maxion Acquisition. In June 1996, we acquired the agricultural and industrial equipment business of Iochpe-Maxion S.A. Iochpe-Maxion's agricultural equipment business had 1995 sales of approximately $265.0 million and was our Massey Ferguson licensee in Brazil, manufacturing and distributing agricultural tractors and combines under the Massey Ferguson brand name, and industrial loader-backhoes under the Massey Ferguson and Maxion brand names. This acquisition expanded our product offerings and distribution network in South America, particularly in the significant Brazilian agricultural equipment market.

Western Combine Acquisition. In July 1996, we acquired certain assets of Western Combine Corporation and Portage Manufacturing, Inc., our suppliers of Massey Ferguson combines and other harvesting equipment sold in North America. This acquisition provided us with access to advanced technology and increased our profit margin on some of our combines and harvesting equipment sold in North America.

Agricredit-North America Joint Venture. In November 1996, we sold a 51% interest in Agricredit to a wholly-owned subsidiary of Rabobank. We retained a 49% interest in Agricredit and now operate Agricredit with Rabobank as a joint venture. We have similar joint venture arrangements with Rabobank with respect to our retail finance companies located in the United Kingdom, France, Germany, Spain and Brazil. In July 2000, the Agricredit joint venture was renamed AGCO Finance LLC.

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

Fendt Acquisition. In January 1997, we acquired the operations of Xaver Fendt GmbH & Co. KG, commonly referred to as "Fendt." Fendt, which had 1996 sales of approximately $650.0 million, manufactures and distributes tractors through a network of independent agricultural cooperatives, dealers and distributors in Germany and throughout Europe and Australia. With this acquisition, we have a leading market share in Germany and France, two of Europe's largest agricultural equipment markets, with one of the most technologically advanced line of tractors in the world. In December 1997, we sold Fendt's caravan and motor home business in order to focus on our core agricultural equipment business.

Dronningborg Acquisition. In December 1997, we acquired the remaining 68% of Dronningborg Industries a/s, which was our supplier of combine harvesters sold under the Massey Ferguson brand name in Europe. Prior to this acquisition, we owned 32% of this combine manufacturer. Dronningborg develops and manufactures combine harvesters exclusively for us. Our acquisition of Dronningborg enabled us to achieve certain synergies within our worldwide combine manufacturing.

Argentina Engine Joint Venture. In December 1997, we sold 50% of Deutz Argentina's engine production and distribution business to Deutz AG, a global supplier of diesel engines in Cologne, Germany. We retained a 50% interest in the engine business and now operate it with Deutz AG as a joint venture. We believe that this joint venture will allow us to share in research and development costs and provide us with access to advanced technology.

MF Argentina Acquisition. In May 1998, we acquired the distribution rights for the Massey Ferguson brand in Argentina. This acquisition expanded our distribution network in the second largest market in South America.

Spra-Coupe and Willmar Acquisitions. In July 1998, we acquired the Spra-Coupe product line, a brand of agricultural self-propelled sprayers sold primarily in North America. In October 1998, we acquired the Willmar product line, a brand of agricultural self-propelled sprayers, spreaders and loaders sold primarily in North America. These two products lines had combined net sales of approximately $81.8 million in their respective full fiscal years preceding these acquisitions. These acquisitions expanded our product offerings to include a full line of self-propelled sprayers.

HFI Acquisition. In May 2000, we acquired from CNH-Global N.V. its 50% share in HFI. The acquisition terminated the joint venture agreement with CNH, thereby providing us with sole ownership of the facility. HFI develops and manufactures hay and forage equipment and implements that we sell under various brand names. In 1999 and 2000, we announced our plan to close our Coldwater, Ohio, Lockney, Texas and Independence, Missouri manufacturing facilities and move the majority of production from these facilities to HFI.

PRODUCTS

Tractors

Our compact tractors are sold under the AGCO or Massey Ferguson brand name and typically are used on small farms and in specialty agricultural industries, such as dairies, landscaping and residential areas. We also offer a full range of tractors in the utility tractor category, including both two-wheel and all-wheel drive versions. We sell utility tractors under the Massey Ferguson, Fendt, AGCO Allis and White brand names. The utility tractors are typically used on small- and medium-sized farms and in specialty agricultural industries, such as orchards and vineyards. In addition, we offer a full range of tractors in the high horsepower segment ranging primarily from 100 to 425 horsepower. High horsepower tractors typically are used on larger farms and on cattle ranches for hay production. We sell high horsepower tractors under the Massey Ferguson, Fendt, AGCO Allis, White and AGCOSTAR brand names. Tractors accounted for approximately 63% of our net sales in 2000, 64% in 1999 and 62% in 1998.

Combines

We sell combines under the GLEANER, Massey Ferguson, Fendt and AGCO Allis brand names. Depending on the market, GLEANER and Massey Ferguson combines are sold with conventional or rotary technology, while the Fendt and AGCO Allis combines utilize conventional technology. All combines are complemented by a variety of crop-harvesting heads, available in different sizes, which are designed to maximize harvesting speed and efficiency while minimizing crop loss. Combines accounted for approximately 6% of our net sales in 2000, 7% in 1999 and 10% in 1998.

Hay Tools and Forage Equipment, Sprayers, Implements and Other Products

We sell hay tools and forage equipment primarily under the Hesston brand name and, to a lesser extent, the New Idea, Massey Ferguson and AGCO Allis brand names. In addition, we offer self-propelled agricultural sprayers that are less than 500-gallons under the Spra-Coupe brand name and 500- to 1,200-gallon self-propelled agricultural sprayers under the Willmar brand name.

We also distribute a wide range of implements, planters and other equipment for our product lines. Tractor-pulled implements are used in field preparation and crop management. Implements include disk harrows, which improve field performance by cutting through crop residue, leveling seed beds and mixing chemicals with the soil; heavy tillage, which breaks up soil and mixes crop residue into topsoil, with or without prior disking; and field cultivators, which prepare a smooth seed bed and destroy weeds. Tractor-pulled planters apply fertilizer and place seeds in the field. Other equipment primarily includes tractor-pulled manure spreaders, which fertilize fields with controlled application of sludge or solid manure, and loaders, which are used for a variety of tasks including lifting and transporting hay crops. We sell implements, planters and other products under the Hesston, New Idea, Massey Ferguson, AGCO Allis, Tye, Farmhand, Glencoe, Fendt and Willmar brand names. Hay tools and forage equipment, sprayers, implements and other products accounted for approximately 12% of our net sales in 2000, 10% in 1999 and 11% in 1998.

Through our Fieldstar brand precision farming system, we offer software and hardware products that provide farmers with the capability to enhance productivity by utilizing global positioning system (GPS) technology, yield mapping, variable rate planting and application and site specific agriculture. Many of our tractors, combines, planters, sprayers, tillage and other application equipment are equipped to employ the Fieldstar system technology at the customer's option.

Replacement Parts

In addition to sales of new equipment, our replacement parts business is an important source of revenue and profitability for both us and our dealers. We sell replacement parts for products sold under all of our brand names, many of which are proprietary. These parts help keep farm equipment in use, including products no longer in production. Since most of our products can be economically maintained with parts and service for a period of ten to 20 years, each product that enters the marketplace provides us with a potential long-term revenue stream. In addition, sales of replacement parts typically generate higher gross margins and historically have been less cyclical than new product sales. Replacement parts accounted for approximately 19% of our net sales in 2000, 19% in 1999 and 17% in 1998.

MARKETING AND DISTRIBUTION

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

Western Europe

We market fully assembled tractors and other equipment in most major Western European markets directly through a network of approximately 2,900 independent Massey Ferguson and Fendt dealer outlets and agricultural cooperatives. In addition, we sell through independent distributors and associates in certain markets, which distribute through approximately 690 Massey Ferguson and Fendt dealer outlets. In most cases, dealers carry competing or complementary products from other manufacturers. Sales in Western Europe accounted for approximately 49% of our net sales in 2000, 56% in 1999 and 46% in 1998.

North America

We market and distribute farm machinery, equipment and replacement parts to farmers in North America through a network of dealers supporting approximately 6,300 dealer contracts. Each of our approximately 2,300 independent dealers represents one or more of our brand names. Dealers may also handle competitive and dissimilar lines of products. We intend to maintain the separate strengths and identities of our brand names and product lines. Sales in North America accounted for approximately 29% of our net sales in 2000, 26% in 1999 and 32% in 1998.

South America

We market and distribute farm machinery, equipment and replacement parts to farmers in South America through several different networks. In Brazil and Argentina, we distribute products directly to approximately 350 independent dealers, primarily supporting the Massey Ferguson and AGCO Allis brand names. In Brazil, federal laws are extremely protective of dealers and prohibit a manufacturer from selling any of our products within Brazil, except through our dealer network. Additionally, each dealer has the exclusive right to sell one manufacturer's product in a designated territory and, as a result, no dealer may represent more than one manufacturer. Outside of Brazil and Argentina, we sell our products in South America through independent distributors. Sales in South America accounted for approximately 10% of our net sales in 2000, 8% in 1999 and 11% in 1998.

Rest of the World

Outside Western Europe, North America and South America, we operate primarily through a network of approximately 2,200 independent Massey Ferguson and Fendt distributors and dealer outlets, as well as associates and licensees, marketing our products and providing customer service support in approximately 100 countries in Africa, the Middle East, Eastern and Central Europe, Australia and Asia. With the exception of Australia, where we directly support our dealer network, we generally utilize independent distributors, associates and licensees to sell our products. These arrangements allow us to benefit from local market expertise to establish strong market positions with limited investment. In some cases, we also sell agricultural equipment directly to governmental agencies. Sales outside Western Europe, North America and South America accounted for approximately 12% of our net sales in 2000, 10% in 1999 and 11% in 1998.

In Western Europe and the rest of the world, associates and licensees provide a significant distribution channel for our products and a source of low cost production for certain Massey Ferguson products. Associates are entities in which we have an ownership interest, most notably in India. Licensees are entities in which we have no direct ownership interest, most notably in Pakistan and Turkey. The associate or licensee generally has the exclusive right to produce and sell Massey Ferguson equipment in its home country, but may not sell these products in other countries. We generally license to these associates certain technology, as well as the right to use Massey Ferguson's trade names. We sell products to associates and licensees in the form of components used in local manufacturing operations, tractor sets supplied in completely knocked down form for local assembly and distribution, and fully assembled tractors for local distribution only. In certain countries, our arrangements with associates and licensees have evolved to where we principally are 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 for us.

Parts Distribution

In Western Europe, our parts operation is supported by master distribution facilities in Desford, England, Ennery, France, and Marktoberdorf, Germany and regional parts facilities in Spain, Denmark, Germany and Italy. We support our sales of replacement parts in North America through our master parts warehouse in Batavia, Illinois and regional warehouses throughout North America. In the Asia/Pacific region, we support our parts operation through a master distribution facility in Melbourne, Australia. In South America, replacement parts are maintained and distributed primarily from our facilities in Brazil and Argentina.

Dealer Support and Supervision

We believe 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. We provide significant support to our dealers in order to improve the quality of our dealer network. We monitor each dealer's performance and profitability, as well as establish programs that focus on the continual dealer improvement. In North America, we also identify open markets with the greatest potential for each brand and select an existing dealer, or a new dealer, who would best represent the brand in that territory. We protect each existing dealer's territory and will not place the same brand with another dealer within that protected area. Internationally, we also focus on the development of our dealers. We analyze, on an ongoing basis, the regions of each country where market share is not acceptable. Based on this analysis, we may add a dealer in a particular territory, or a nonperforming dealer may be replaced or refocused on performance standards.

We believe that our ability to offer our dealers a full product line of agricultural equipment and related replacement parts as well as our 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 our dealer network. In addition, we maintain dealer advisory groups to obtain dealer feedback on our operations. We believe all of these programs contribute to the good relations we generally enjoy with our dealers.

In addition, we have agreed to provide our dealers with competitive products, terms and pricing. Dealers also are given volume sales incentives, demonstration programs and other advertising to assist sales. Our competitive sales programs, including retail financing incentives, and our policy for maintaining parts and service availability with extensive product warranties are designed to enhance our 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 U.S. and Canada, we engage in the standard industry practice of providing dealers with inventories of farm equipment for extended periods. The terms of our wholesale finance agreements with our dealers vary by region and product line, with fixed payment schedules on all sales. In the U.S. and Canada, dealers typically are not required to make an initial down payment, and our terms allow for an interest-free period generally ranging from one to 12 months, depending on the product. We also provide financing to dealers on used equipment accepted in trade. We retain a security interest in all new and used equipment we finance.

Typically, the sales terms outside the U.S. and Canada are of a shorter duration, generally ranging from 30 to 180 days. In many cases, we retain a security interest in the equipment sold on extended terms. In certain international markets, our sales are backed by letters of credit or credit insurance.

For sales outside the U.S. and Canada, we do not normally charge interest on outstanding receivables with our dealers and distributors. In the U.S. and Canada, where approximately 28% of our net sales were generated in 2000, interest is charged at or above prime lending rates on outstanding receivable balances after interest-free periods. These interest-free periods vary by product and range from one to 12 months with the exception of certain seasonal products that bear interest after various periods depending on the timing of shipment and the dealer's or distributor's sales during the preceding year. For the year ended December 31, 2000, 20.7%, 5.2%, 1.3% and 0.8% of our net sales had maximum interest-free periods ranging from one to six months, seven to 12 months, 13 to 20 months and 21 months or more. Actual interest-free periods are shorter than above because the equipment receivable in the U.S. and Canada is due immediately upon sale by the dealer or distributor to a retail customer. Under normal circumstances, interest is not forgiven and interest-free periods are not extended.

RETAIL FINANCING

Through our retail financing joint ventures located in North America, the United Kingdom, France, Germany, Spain, Ireland and Brazil, we provide a competitive and dedicated financing source to the end users of our products, as well as equipment produced by other manufacturers. These retail finance companies are owned 49% by us and 51% by a wholly-owned subsidiary of Rabobank. We can tailor retail finance programs to prevailing market conditions and such programs can enhance our sales efforts.

MANUFACTURING AND SUPPLIERS

Manufacturing and Assembly

We have consolidated the manufacture of our products in locations where capacity, technology or local costs are optimized. Furthermore, we continue to balance our manufacturing resources with externally-sourced machinery, components and replacement parts to enable us to better control inventory and supply of components. We believe that our manufacturing facilities are sufficient to meet our needs for the foreseeable future.

Western Europe

Our manufacturing operations in Western Europe are performed in tractor manufacturing facilities located in Coventry, England, Beauvais, France and Marktoberdorf, Germany and a combine manufacturing facility in Randers, Denmark. The Coventry facility produces tractors marketed under the Massey Ferguson, AGCO Allis and White brand names ranging from 38 to 110 horsepower that are sold worldwide in fully-assembled form or as CKD kits for final assembly by licensees and associates. The Beauvais facility produces 70 to 225 horsepower tractors marketed under the Massey Ferguson, AGCO Allis and White brand names. The Marktoberdorf facility produces 50 to 260 horsepower tractors marketed under the Fendt brand name. The Randers facility produces conventional combines under the Massey Ferguson and Fendt brand names. We also assemble forklifts for sale to third parties and manufacture hydraulics for our Fendt tractors and for sale to third parties in our Kempten, Germany facility, and assemble cabs for our Fendt tractors in Baumenheim, Germany. We have a joint venture with Renault Agriculture S.A. for the manufacture of driveline assemblies for high horsepower AGCO and Renault tractors at our facility in Beauvais. By sharing overhead and engineering costs, this joint venture has resulted in a decrease in the cost of these components.

North America

In 1999 and 2000, we closed our hay and forage equipment, planter, loader, implement and tractor manufacturing facility in Coldwater, Ohio, our planter and implement manufacturing facility in Lockney, Texas, and our combine manufacturing facility in Independence, Missouri. The majority of the production in these facilities has been relocated to the HFI facility in Hesston, Kansas with the exception of tractor production, which was moved to Beauvais, France, and loaders and certain implements production, which was outsourced. We completed the relocation in the first quarter of 2001.

Accordingly, our current manufacturing operations in North America are in Hesston, Kansas, Willmar, Minnesota and Queretaro, Mexico. The Hesston facility produces hay and forage equipment marketed under the Hesston, New Idea and Massey Ferguson brand names, conventional and rotary combines under the GLEANER and Massey Ferguson brand names, planters under the White brand name and planters and tillage equipment under the Tye brand name. In Willmar, we produce self-propelled sprayers marketed under the Spra-Coupe and Willmar brand names, wheeled loaders marketed under the Willmar and Massey Ferguson brand names, and dry fertilizer spreaders marketed under the Willmar brand name. In Queretaro, we assemble tractors for distribution in the Mexican market.

South America

Our manufacturing operations in South America are located in Brazil. In Canoas, Rio Grande do Sul, Brazil, we manufacture and assemble tractors, ranging from 50 to 200 horsepower and industrial loader-backhoes. The tractors are sold under the Massey Ferguson and AGCO Allis band names primarily in South America. We also manufacture conventional combines marketed under the Massey Ferguson and AGCO Allis brand names in Santa Rosa, Rio Grande do Sul, Brazil. Our Argentina Engine Joint Venture manufactures diesel engines for our equipment and for sale to third parties at a facility in San Luis, Argentina, which is owned by the joint venture.

Third-Party Suppliers

We believe that managing the level of our company and dealer inventory is critical to maintaining favorable pricing for our products. Unlike many of our competitors, we externally source many of our products, components and replacement parts. Our production strategy minimizes our capital investment requirements and allows us greater flexibility to respond to changes in market conditions.

We purchase some of the products we distribute from third-party suppliers. We purchase standard and specialty tractors from SAME Deutz-Fahr Group S.p.A. and distribute these tractors worldwide under the Massey Ferguson brand name. In addition, we purchase some Massey Ferguson tractor models from a licensee in Turkey and from Iseki & Company, Limited, a Japanese manufacturer. We also purchase other tractors, implements and hay and forage equipment from various third-party suppliers.

In addition to the purchase of machinery, third-party companies supply significant components used in our manufacturing operations, such as engines. We select third-party suppliers that we believe have the lowest cost, highest quality and most appropriate technology. We also assist in the development of these products or component parts based upon our own design requirements. Our past experience with outside suppliers has been favorable. Although we are currently dependent upon outside suppliers for several of our products, we believe that, if necessary, we could identify alternative sources of supply without material disruption to our business.

SEASONALITY

Generally, retail sales by dealers to farmers are highly seasonal and are a function of the timing of the planting and harvesting seasons. To the extent practicable, we attempt to ship products to our dealers and distributors on a level basis throughout the year to reduce the effect of seasonal retail demands on our manufacturing operations and to minimize our investment in inventory. Our financing requirements are subject to variations due to seasonal changes in working capital levels, which typically increase in the first half of the year and then decrease in the second half of the year.

COMPETITION

The agricultural industry is highly competitive. We compete with several large national and international full-line suppliers, as well as numerous short-line and specialty manufacturers with differing manufacturing and marketing methods. Our two principal competitors on a worldwide basis are Deere & Company and CNH Global N.V. In certain Western European and South American countries, we have regional competitors that have significant market share in a single country or a group of countries.

We believe 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. We believe that we have improved, and we continually seek to improve, in each of these areas. Our primary focus is increasing farmers' loyalty to our dealers and overall dealer organizational quality in order to distinguish our company in the marketplace. See "Marketing and Distribution."

ENGINEERING AND RESEARCH

We make significant expenditures for engineering and applied research to improve the quality and performance of our products and to develop new products. Our expenditures on engineering and research were approximately $45.6 million (2.0% of net sales) in 2000, $44.6 million (1.8% of net sales) in 1999 and $56.1 million (1.9% of net sales) in 1998.

INTELLECTUAL PROPERTY

We own and have licenses to the rights under a number of domestic and foreign patents, trademarks, trade names and brand names relating to our products and businesses. We defend our patent, trademark and trade and brand name rights primarily by monitoring competitors' machines and industry publications and conducting other investigative work. We consider our intellectual property rights, including our rights to use the AGCO, AGCO Allis, Massey Ferguson, Fendt, GLEANER, White, Hesston, New Idea, AGCOSTAR, Tye, Farmhand, Glencoe, Willmar, Spra-Coupe and Fieldstar trade and brand names important in the operation of our businesses. However, we do not believe we are 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, Fendt, Glencoe, Spra-Coupe, Willmar and Fieldstar are our registered trademarks.

ENVIRONMENTAL MATTERS AND REGULATION

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

The U.S. Environmental Protection Agency has issued regulations concerning permissible emissions from off-road engines. We do not anticipate that the cost of compliance with the regulations will have a material impact on us.

Our international operations are also subject to environmental laws, as well as various other national and local laws, in the countries in which we manufacture and sell our products. We believe that we are in compliance with these laws in all material respects that and the cost of compliance with these laws in the future will not have a material adverse effect on us.

REGULATION AND GOVERNMENT POLICY

Domestic and foreign political developments and government regulations and policies directly affect the agricultural industry in the U.S. 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 our business.

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

EMPLOYEES

As of December 31, 2000, we employed approximately 9,800 employees, including approximately 2,400 employees in the U.S. and Canada. A majority of our employees at our manufacturing facilities, both domestic and international, are represented by collective bargaining agreements with expiration dates ranging from 2001 to 2005. We currently do not expect any significant difficulties in renewing these agreements.

FINANCIAL INFORMATION ON GEOGRAPHICAL AREAS

For financial information on geographic areas, see pages 56 and 57 of this Form 10-K under the caption "Segment Reporting" which information is incorporated herein by reference.

ITEM 2. PROPERTIES

Our principal properties as of December 31, 2000 were as follows:

LOCATION	DESCRIPTION PROPERTY	LEASED (SQ. FT.)	OWNED (SQ. FT.)
North America:			
Duluth, Georgia	Corporate Headquarters	125,000	
Coldwater, Ohio (A)	Manufacturing		1,490,000
Hesston, Kansas	Manufacturing		1,276,500
Independence, Missouri (A)	Manufacturing		450,000
Lockney, Texas (A)	Manufacturing	190,000	
Queretaro, Mexico	Manufacturing		13,500
Willmar, Minnesota	Manufacturing		223,400
Kansas City, Missouri	Warehouse	425,000	
Batavia, Illinois	Parts Distribution	310,200	
International:			
Coventry, United Kingdom	Regional Headquarters/Manufacturing		4,135,150
Beauvais, France (B)	Manufacturing		2,720,000
Marktoberdorf, Germany	Manufacturing		2,411,000
Baumenheim, Germany	Manufacturing		1,249,000
Kempten, Germany	Manufacturing		582,000
Randers, Denmark	Manufacturing		683,000
Haedo, Argentina	Parts Distribution/Sales Office	32,366	
Noetinger, Argentina (A)	Warehouse		152,820
San Luis, Argentina (C)	Manufacturing		57,860
Canoas, Rio Grande do Sul, Brazil	Regional Headquarters/Manufacturing		452,400
Santa Rosa, Rio Grande do Sul, Brazil	Manufacturing		297,100
Ennery, France	Parts Distribution		861,000
Sunshine, Victoria, Australia	Regional Headquarters		37,200
Tottenham, Victoria, Australia	Parts Distribution		180,000
Stoneleigh, United Kingdom	Training Facility/Office	38,000	

(A) We closed our production facilities in Coldwater, Ohio, Independence, Missouri, Lockney, Texas and Noetinger, Argentina in 2000. The Coldwater, Independence and Noetinger facilities currently are being marketed for sale.
(B) Includes the GIMA Joint Venture, in which we own a 50% interest.
(C) Owned by the Argentina Engine Joint Venture, in which the Company has a 50% interest.

We consider each of our facilities to be in good condition and adequate for its present use. We believe that we have sufficient capacity to meet our current and anticipated manufacturing requirements.

ITEM 3. LEGAL PROCEEDINGS

We are a party to various legal claims and actions incidental to our business. We believe that none of these claims or actions, either individually or in the aggregate, is material to our business or financial condition.

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

Not Applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The table below sets forth information as of March 21, 2001 with respect to each person who is an executive officer of the Company.

NAME	AGE	POSITIONS
Robert J. Ratliff	69	Executive Chairman of the Board
John M. Shumejda	55	President, Chief Executive Officer and Director
Edward R. Swingle	59	Senior Vice President of Sales and Marketing, North and South America
Adri Verhagen	59	Senior Vice President of Sales and Marketing, Europe/Africa/Middle East and East Asia/Pacific
Norman L. Boyd	57	Senior Vice President of Corporate Development
Stephen D. Lupton	56	Senior Vice President and General Counsel
Donald R. Millard	53	Senior Vice President and Chief Financial Officer
Dexter E. Schaible	51	Senior Vice President of Worldwide Engineering and Development

Robert J. Ratliff has been our Executive Chairman of the Board of Directors since January 1999 and our Chairman of the Board of Directors since August 1993, and a Director since June 1990. Mr. Ratliff previously served as our Chief Executive Officer from January 1996 until November 1996 and from August 1997 to February 1999, and our President and Chief Executive Officer from June 1990 to January 1996. Mr. Ratliff is also a director of the National Association of Manufacturers and the Equipment Manufacturers Institute. Mr. Ratliff is a member of the Board of Councilors of the Carter Center.

John M. Shumejda has been a Director since February 1999. He has been our Chief Executive Officer and President since February 1999. He served as our President and Chief Operating Officer from January 1998 to February 1999 and Executive Vice President of Technology and Manufacturing from February 1997 to January 1998. Mr. Shumejda was President of Corporate Operations and Technology from August 1996 to February 1997, Executive Vice President of Technology and Development from January 1996 to August 1996 and Executive Vice President and Chief Operating Officer from January 1993 to January 1996.

Edward R. Swingle has been Senior Vice President of Sales and Marketing, North and South America since June 1999. Mr. Swingle was Senior Vice President of Worldwide Marketing from September 1998 to May 1999, Vice President of Special Projects from July 1998 to September 1998, Vice President of Parts, North America from July 1996 to July 1998, Vice President of Parts, Americas from February 1995 to July 1996 and Vice President of Marketing from May 1993 to February 1995.

Adri Verhagen has been Senior Vice President of Sales and Marketing, Europe/Africa/Middle East and East Asia/Pacific since June 1999. Mr. Verhagen was Vice President of Sales, Europe/Africa/Middle East from September 1998 to May 1999, Director/General Manager, East Asia/Pacific from October 1995 to September 1998 and Managing Director, Massey Ferguson of Australia Ltd. from July 1979 to October 1995.

Norman L. Boyd has been Senior Vice President of Corporate Development since October 1998. Mr. Boyd was Vice President of Europe/Africa/Middle East Distribution from February 1997 to September 1998, Vice President of Marketing, Americas from February 1995 to February 1997 and Manager of Dealer Operations from January 1993 to February 1995.

Stephen D. Lupton has been Senior Vice President and General Counsel since June 1999. Mr. Lupton was Vice President of Legal Services, International from October 1995 to May 1999, and Director of Legal Services, International from June 1994 to October 1995. Mr. Lupton was Director of Legal Services of Massey Ferguson from February 1990 to June 1994.

Donald R. Millard has been Senior Vice President and Chief Financial Officer since October 2000. Mr. Millard was previously President, Chief Executive Officer and a director of Matria Heathcare, Inc. from October 1997 until October 2000. From October 1997 to October 1999 Mr. Millard served as Chief Financial Officer of Matria Healthcare. Mr. Millard also served as Senior Vice President -- Finance, Chief Financial Officer and Treasurer of Matria Healthcare from March 1996 to October 1997. Mr. Millard is a director of First Union Bank, Atlanta, Georgia, Coast Dental Services, Inc. and American HomePatient, Inc.

Dexter E. Schaible has been Senior Vice President of Worldwide Engineering and Development since October 1998. Mr. Schaible was Vice President of Worldwide Product Development from February 1997 to October 1998, Vice President of Product Development from October 1995 to February 1997 and Director of Product Development from September 1993 to October 1995.

PART II

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

Our common stock is listed on the New York Stock Exchange ("NYSE") and trades under the symbol AG. As of the close of business on March 12, 2001, the closing stock price was $10.08, and there were 688 stockholders of record. The following table sets forth, for the periods indicated, the high and low sales prices for our common stock for each quarter within the last two fiscal years, as reported on the NYSE.

(IN DOLLARS)	HIGH	LOW	DIVIDENDS DECLARED
2000			
First Quarter	$13.88	$10.06	$ .01
Second Quarter	14.38	10.56	.01
Third Quarter	13.06	10.00	.01
Fourth Quarter	12.13	9.69	.01

(IN DOLLARS)	HIGH	LOW	DIVIDENDS DECLARED
1999			
First Quarter	$ 8.56	$ 6.06	$ .01
Second Quarter	12.94	6.31	.01
Third Quarter	13.50	8.69	.01
Fourth Quarter	14.13	9.94	.01

We historically have paid a regular dividend of $0.01 per share per quarter. However, under the indenture governing our 8 1/2% Senior Subordinated Notes due 2006, we currently are unable to pay any cash dividends. There can be no assurance that we will pay dividends in the future.

ITEM. 6. SELECTED FINANCIAL DATA

The following tables present our selected consolidated financial data. The data set forth below should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and the related notes. Our operating data for the fiscal years ended December 31, 2000, 1999, 1998, 1997 and 1996 and the selected balance sheet data for the years then ended, are derived from our audited consolidated financial statements, which were audited by Arthur Andersen LLP, independent public accountants. The historical financial data may not be indicative of our future performance.

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
	(IN MILLIONS, EXCEPT PER SHARE DATA)				
OPERATING DATA:					
Net sales	$2,336.1	$2,436.4	$2,970.8	$3,253.9	$2,342.7
Gross profit	376.6	357.7	539.3	668.4	470.0
Income from operations(1)	65.8	40.6	155.7	303.9	201.5
Net income (loss)(1)	$ 3.5	$ (11.5)	$ 60.6	$ 168.7(2)	$ 125.9(2)
Net income (loss) per common share -- diluted(1)	$ 0.06	$ (0.20)	$ 0.99	$ 2.71(2)	$ 2.20(2)
Weighted average shares outstanding -- diluted	59.7	58.7	61.2	62.1	57.4
Dividends declared per common share	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.04

	AS OF DECEMBER 31,				
	2000	1999	1998	1997	1996
	(IN MILLIONS, EXCEPT NUMBER OF EMPLOYEES)				
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 13.3	$ 19.6	$ 15.9	$ 31.2	$ 41.7
Working capital	603.9	764.0	1,029.9	884.3	750.5
Total assets	2,104.2	2,273.2	2,750.4	2,620.9	2,116.5
Total debt	570.2	691.7	924.2	727.4	567.1
Stockholders' equity	789.9	829.1	982.1	991.6	774.6
OTHER DATA:					
Number of employees	9,785	9,287	10,572	11,829	7,801

- ---------------

(1) These amounts include restructuring and other infrequent expenses of $21.9 million, $24.5 million, $40.0 million, $18.2 million, and $22.3 million for the years ended December 31, 2000, 1999, 1998, 1997 and 1996, respectively. The effect of these expenses reduced net income per common share on a diluted basis by $0.22, $0.26, $0.41, $0.19, and $0.25 for the years ended December 31, 2000, 1999, 1998, 1997 and 1996, respectively. See Management's Discussion and Analysis of Financial Condition and Results of Operations -- "Restructuring and Other Infrequent Expenses."

(2) Amounts for the years ended December 31, 1997 and 1996 under net income (loss) include extraordinary losses, net of taxes, for the write-off of unamortized debt costs related to the refinancing of our revolving credit facility of $2.1 million, or $0.03 per share, in 1997 and $3.5 million, or $0.06 per share in 1996.

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

We are a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. We sell a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment and implements. We distribute our products through a combination of approximately 7,750 independent dealers, distributors, associates and licensees. In addition, we provide retail financing in North America, the United Kingdom, France, Germany, Spain, Ireland and Brazil through our finance joint ventures with Rabobank.

RESULTS OF OPERATIONS

We record sales when we ship equipment and replacement parts to our independent dealers, distributors or other customers. To the extent practicable, we attempt to ship products to our dealers and distributors on a level basis throughout the year to reduce the effect of seasonal demands on our manufacturing operations and to minimize our investment in inventory. However, retail sales by dealers to farmers are highly seasonal and are a function of the timing of the planting and harvesting seasons. In certain markets, particularly in North America, there is often a time lag, which varies based on the timing and level of retail demand, between the date we record a sale and the date a dealer sells the equipment to a retail customer. During this time lag between the wholesale and retail sale, dealers may not return equipment to us unless we terminate a dealer's contract or agree to accept returned products. Commissions payable under our salesman incentive programs are paid at the time of retail sale, as opposed to when products are sold to dealers.

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	83.9	85.3	81.8
Gross profit	16.1	14.7	18.2
Selling, general and administrative expenses	9.8	9.6	9.2
Engineering expenses	2.0	1.8	1.9
Restructuring and other infrequent expenses	0.9	1.0	1.4
Amortization of intangibles	0.6	0.6	0.5
Income from operations	2.8	1.7	5.2
Interest expense, net	2.0	2.4	2.3
Other expense, net	1.4	0.6	0.4
Income (loss) before income taxes, equity in net earnings of affiliates	(0.6)	(1.3)	2.5
Provision (benefit) for income taxes	(0.3)	(0.4)	0.9
Income (loss) before equity in net earnings of affiliates	(0.3)	(0.9)	1.6
Equity in net earnings of affiliates	0.4	0.4	0.5
Net income (loss)	0.1%	(0.5)%	2.1%

2000 COMPARED TO 1999

Net income in 2000 was $3.5 million, or $0.06 per diluted share, compared to a loss of $11.5 million, or $0.20 per diluted share, in 1999. Our results included restructuring and other infrequent expenses ("restructuring expenses") of $21.9 million, or $0.22 per diluted share, in 2000 and $24.5 million, or $0.26 per diluted share, in 1999 associated with the closure of manufacturing facilities announced in 1999 and 2000. In addition, the results for 2000 included an $8.0 million loss, or $0.08 per share, associated with the completion of an accounts receivable securitization facility in January 2000 (see "Liquidity and Capital Resources"). Our results improved in 2000 primarily due to improved gross margins resulting from cost of sales reductions achieved through facility rationalizations and other initiatives.

Acquisitions

In May 2000, we acquired from CNH Global N.V. its 50% share in Hay and Forage Industries ("HFI") for $10 million. This acquisition terminated a joint venture agreement pursuant to which we and CNH each owned 50% interests in HFI, thereby providing us with sole ownership. HFI develops and manufactures hay and forage equipment and implements that we sell under various brand names.

Retail Sales

Demand for agricultural equipment in 2000 showed mixed results within the major markets of the world compared to 1999. Low commodity prices caused by high global commodity stocks and lower export demand for farm commodities have continued to adversely affect worldwide demand for new equipment purchases over the past two years.

In the United States and Canada, industry unit retail sales of tractors and combines for 2000 increased approximately 8% and 5%, respectively, compared to 1999. Despite a lack of significant changes in commodity prices, there were moderate improvements in the core agricultural segments of the industry, which may have been influenced by aggressive pricing actions by competitors. Our unit retail sales of tractors and combines in the United States and Canada decreased in 2000 compared to 1999.

In Western Europe, industry unit retail sales of tractors for 2000 declined approximately 8% compared to 1999. The reduction was experienced in all significant Western European markets. Our unit retail sales in Western Europe in 2000 also declined compared to 1999. We have experienced favorable acceptance of new tractor lines introduced in 1999 and 2000. However, retail unit sales of our UK-built products have been negatively impacted by the weakness of the Euro versus the British pound.

Industry unit retail sales of tractors in South America for 2000 increased approximately 16% compared to 1999. In the major market of Brazil, industry retail sales increased approximately 28%, with significant increases since June 2000 due to full availability of a supplemental Brazilian government subsidized retail financing program. In the remaining South American markets, including Argentina, retail unit sales decreased due to economic uncertainty and tightening credit. Our unit retail sales of tractors in South America also increased compared to 1999.

In most other international markets, our net sales were higher than the prior year, particularly in the Middle East and Far East, primarily due to improved industry demand.

Statements of Operations

Net sales for 2000 were $2.3 billion compared to $2.4 billion for 1999. Net sales for 2000 decreased by approximately $181 million as a result of the foreign currency translation effect of the weakening Euro and British pound in relation to the U.S. dollar. Excluding the impact of currency translation, net sales for 2000 were approximately 3% above 1999.

Regionally, net sales in North America increased by $51.7 million, or 8%, compared to 1999. The increase was the result of our efforts in 1999 to lower dealer inventory levels by reducing wholesale shipments to dealers. In the Europe/Africa/Middle East region, net sales in 2000 decreased by $191.1 million, or 13%, compared to 1999, primarily due to the negative impact of foreign currency translation and industry declines in Western Europe. Net sales in South America increased by $37.0 million, or 19%, compared to 1999, due to favorable market conditions in Brazil. In the Asia/Pacific region, net sales increased by $2.1 million, or 2%, compared to 1999, primarily due to improvements in market demand in the Far East markets.

Gross profit was $376.6 million (16.1% of net sales) for 2000 compared to $357.7 million (14.7% of net sales) for 1999. Gross margins improved in 2000 primarily due to cost reduction initiatives, including the impact of facility rationalizations, and lower sales incentive costs, particularly on used equipment. In addition, gross margins were negatively impacted in 1999 by a $5.0 million write-down of production inventory related to closure of our Coldwater, Ohio and Lockney, Texas manufacturing facilities.

Selling, general and administrative expenses ("SG&A expenses") for 2000 were $228.2 million (9.8% of net sales) compared to $233.2 million (9.6% of net sales) for 1999. The increase as a percentage of net sales was due to lower sales volume in 2000 compared to 1999. Engineering expenses for 2000 were $45.6 million (2.0% of net sales) compared to $44.6 million (1.8% of net sales) for 1999. The increase in engineering expenses was primarily due to the addition of HFI's engineering expenses subsequent to our acquisition of HFI.

We recorded restructuring and other infrequent expenses of $21.9 million and $24.5 million in 2000 and 1999, respectively. The restructuring expenses related to the closing of its Coldwater, Ohio, Independence, Missouri, Lockney, Texas and Noetinger, Argentina manufacturing facilities announced in 1999 and 2000. These restructuring expenses related to employee severance, facility closure costs, the write-down of property, plant and equipment and production transition costs. In addition, the restructuring expenses in 2000 were net of a $3.0 million reduction related to a reversal of restructuring reserves established in 1997. See "Restructuring and Other Infrequent Expenses" for additional information.

Income from operations was $65.8 million for 2000 compared to $40.6 million in 1999. Excluding restructuring expenses, operating income was $87.7 (3.8% of net sales) in 2000 compared to $65.1 million (2.7% of net sales) in 1999. Operating income increased primarily as a result of improved gross margins primarily related to cost of sales reductions achieved in 2000. These improvements were partially offset by the impact of currency translation that reduced 2000 operating income by approximately $16.0 million.

Interest expense, net was $46.6 million in 2000 compared to $57.6 million in 1999. The reduction in interest expense is due to a $200 million reduction in outstanding debt as a result of the accounts receivable securitization transaction completed during the first quarter of 2000 (see "Liquidity and Capital Resources").

Other expense, net was $33.1 million in 2000 compared to $15.2 million in 1999. The increase in other expense is related to losses on sales of receivables in connection with the establishment of the securitization facility in January 2000. We recorded losses totaling $20.3 million in 2000 including a loss of $7.1 million related to the initial funding of the securitization facility and $13.2 million related to subsequent sales of receivables on a revolving basis.

We recorded an income tax benefit of $7.6 million in 2000 compared to an income tax benefit of $10.2 million in 1999. The tax benefit in 2000 included the recognition of a United States tax credit carryback of approximately $2.0 million. At December 31, 2000, we had deferred tax assets of $180.6 million, including $139.0 million related to net operating loss carryforwards. We have established valuation allowances of $71.8 million primarily related to net operating loss carryforwards where there is an uncertainty regarding their realizability. These net operating losses are primarily in foreign jurisdictions where it is more likely than not that the losses will expire unused.

Equity in earnings of affiliates was $9.8 million in 2000 compared to $10.5 million in 1999. Equity in earnings of our retail finance affiliates, which represent the largest component of these earnings, was lower in 2000 due to portfolio declines.

1999 COMPARED TO 1998

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

Acquisitions

In May 1998, we acquired the distribution rights for the Massey Ferguson brand in Argentina. This acquisition expanded our distribution network in the second largest market in South America.

In July 1998, we acquired the Spra-Coupe product line, a brand of agricultural self-propelled sprayers sold primarily in North America. In October 1998, we acquired the Willmar product line, a brand of agricultural self-propelled sprayers, spreaders and loaders sold primarily in North America. The Spra-Coupe and Willmar acquisitions expanded our product offerings to include a full line of self-propelled sprayers.

Retail Sales

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

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

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

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

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

Statement of Operations

Net sales for 1999 were $2.4 billion compared to $3.0 billion in 1998. This decline primarily reflects lower retail demand in the majority of markets throughout the world. In addition, net sales for 1999 were negatively impacted by foreign currency translation due to the weakening of the Euro and the Brazilian real against the U.S. dollar. Foreign currency translation had the effect of reducing net sales by approximately $135.1 million in 1999 compared to 1998. Net sales for 1999 were positively impacted by approximately $36.0 million due to our 1998 acquisitions of Massey Ferguson Argentina, Spra-Coupe and Willmar, which were only partially included in the 1998 results. Excluding the impact of currency translation and acquisitions, net sales decreased approximately 15% compared to 1998.

On a regional basis, net sales in North America decreased $332.3 million, or 34%, compared to 1998, primarily due to unfavorable market conditions and our planned efforts to lower dealer inventories by generating wholesale sales to dealers at a rate less than retail demand. The decline was partially offset by the impact of the Willmar and Spra-Coupe acquisitions. In the Europe/Africa/Middle East region, net sales in 1999 decreased $91.9 million, or 6%, compared to 1998 primarily due to lower sales outside Western Europe and the negative impact of foreign currency translation. Net sales for 1999 in South America decreased $118.5 million, or 37%, compared to 1998, primarily due to unfavorable industry conditions outside of Brazil and the negative impact of foreign currency translation due to the devaluation of the Brazilian real in January 1999. In the East Asia/Pacific region, net sales in 1999 increased $8.3 million, or 9%, compared to 1998, primarily due to improving market conditions in Asia.

Gross profit was $357.7 million (14.7% of net sales) for 1999 compared to $539.3 million (18.2% of net sales) for 1998. Gross profit margins declined due to reduced production overhead absorption, lower price realization in certain markets and an unfavorable mix of higher margin products. We reduced 1999 worldwide tractor and combine unit production by 16% compared to 1998 in response to the weakening industry demand. Price realization in 1999 was impacted by a more competitive global market environment and higher levels of used dealer inventories in the North American market. We increased our sales incentives costs in order to reduce used inventory levels and sell older discontinued products. Gross profit in 1999 also included a one-time write-down of production inventory of approximately $5.0 million which was recorded to cost of goods sold and was related to the planned closure of our Coldwater, Ohio and Lockney, Texas manufacturing facilities.

SG&A expenses were $233.2 million (9.6% of net sales) compared to $274.3 million (9.2% of net sales) in 1998. Engineering expenses were $44.6 million (1.8% of net sales) compared to $56.1 million (1.9% of net sales) in 1998. The $52.6 million decrease in SG&A and engineering expenses in 1999 was primarily a result of our expense reduction initiatives implemented in late 1998, which included reductions in our worldwide workforce and decreases in discretionary spending levels. See "Restructuring and Other Infrequent Expenses" where the initiatives are discussed.

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

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

Income from operations was $40.6 million for 1999 compared to $155.7 million in 1998. Excluding restructuring expenses in both years, income from operations was $65.1 million in 1999 (2.7% of net sales) compared to $195.7 million (6.6% of net sales) in 1998. Operating income was negatively impacted in 1999 by lower sales and gross profit margins, partially offset by lower SG&A expenses.

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

Other expense, net was $15.2 million in 1999 compared to $13.7 million in 1998. The increase in other expense, net is primarily attributable to lower miscellaneous income and higher discounts on sales of receivables.

We recorded an income tax benefit of $10.2 million in 1999 compared to a provision of $27.5 million in 1998. Our effective tax rate increased in 1999 compared to 1998 due to an increase in losses incurred in certain foreign tax jurisdictions for which no immediate tax benefit was recognized.

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

QUARTERLY RESULTS

The following table presents unaudited interim operating results. We believe that the following information includes all adjustments (consisting only of normal, recurring adjustments) that we consider necessary for a fair presentation, in accordance with generally accepted accounting principles. The operating results for any period are not necessarily indicative of results for any future period.

	THREE MONTHS ENDED			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
	(IN MILLIONS, EXCEPT PER SHARE DATA)			
2000:				
Net sales	$534.8	$640.8	$521.1	$639.4
Gross profit	77.1	105.0	90.3	104.2
Income (loss) from operations (1)	2.0	22.2	13.1	28.5
Net income (loss) (1)	(10.7)	4.1	2.4	7.7
Net income (loss) per common share -- diluted (1)	(0.18)	0.07	0.04	0.13
1999:				
Net sales	$566.7	$689.8	$577.1	$602.8
Gross profit	79.0	111.7	97.9	69.1
Income (loss) from operations (1)	5.1	39.5	25.9	(29.9)
Net income (loss) (1)	(7.2)	15.5	7.5	(27.3)
Net income (loss) per common share -- diluted (1)	(0.12)	0.26	0.13	(0.46)

- ---------------

(1) For 2000, quarters ending March 31, June 30, September 30 and December 31 include restructuring and other infrequent expenses of $1.9, $13.1, $4.5 and $2.4, respectively, thereby reducing net income per common share on a diluted basis by $0.02, $0.13, $0.05 and $0.02, respectively. The 1999 operating results include restructuring and other infrequent expenses of $24.5 million, or $0.26 per share, for the three months ended December 31, 1999.

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

RESTRUCTURING AND OTHER INFREQUENT EXPENSES

In the second quarter of 2000, we announced our plan to permanently close our combine manufacturing facility in Independence, Missouri and relocate existing production to our Hesston, Kansas manufacturing facility. The closure of the Independence facility is a continuation of our strategy to reduce excess manufacturing capacity in our North America plants which began in 1999 with the announced closure of our Coldwater, Ohio and Lockney, Texas manufacturing facilities. Due to declines in industry demand since 1998, we determined that closure of these facilities and redeployment of the majority of production to other existing facilities and the remaining production to third-party suppliers was necessary to address the excess capacity in our U.S. manufacturing plants. The manufacturing facility rationalization is expected to result in significant cost savings and will improve the overall competitiveness of implements, hay equipment, high horsepower tractors and combines produced in these plants. We also announced closure of our Noetinger, Argentina manufacturing facility in 1999. This closure is consistent with our strategy to consolidate production in South America. In 1998, the combine production in Noetinger was moved to our combine manufacturing plant in Brazil. The remaining implement production and other activities in Noetinger were determined to be insufficient to support the cost of the facility. As a result, we determined that closure of the facility and the outsourcing of future implement production would reduce costs of sales in South America. We closed the Coldwater plant in 1999 and the Independence, Lockney and Noetinger plants in 2000. The rationalization of these production facilities is expected to generate annual cost savings of $20 million to $25 million from the elimination of production overhead costs and other efficiencies. We believe that we realized approximately half of these savings in 2000 and expect to fully realize these savings in 2001. In connection with these closures, we recorded restructuring and other infrequent expenses of $24.9 million in 2000 and $24.5 million in 1999. The components of the expenses are summarized in the following table:

	1999 EXPENSE	2000 EXPENSE	EXPENSES INCURRED	BALANCE AT DECEMBER 31, 2000
	(IN MILLIONS)			
Employee severance	$ 1.9	$ 6.9	$ 6.9	$1.9
Facility closure costs	7.7	5.4	9.2	3.9
Write-down of property, plant and equipment, net of recoveries	14.9	1.3	16.2	--
Production transition costs	--	11.3	11.3	--
	$24.5	$24.9	$43.6	$5.8

The severance costs relate to the termination of approximately 1,050 employees, substantially all of which had been terminated at December 31, 2000. The facility closure costs include employee costs and other exit costs to be incurred after operations ceased in addition to noncancelable operating lease obligations. The write-down of property, plant and equipment consisted of $0.5 million in 2000 and $7.0 million in 1999 related to machinery and equipment and $0.8 million in 2000 and $7.9 million in 1999 for building and improvements and was based on the estimated fair value of the assets compared to their carrying value. The production transition costs represent costs to relocate and integrate production into other existing facilities. The remaining costs accrued at December 31, 2000 are expected to be incurred in 2001. We expect to record an additional $3.0 million in restructuring and other infrequent expenses in 2001 related to these closures. In addition to the restructuring and other infrequent expenses, we recorded a one-time $5.0 million write-down of production inventory in 1999, which was charged to cost of goods sold and was directly related to the closures.

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

	1998 EXPENSE	EXPENSES INCURRED	BALANCE AT DECEMBER 31, 2000
	(IN MILLIONS)		
Severance	$29.0	$27.8	$1.2
Pension and postretirement benefits	7.2	7.2	--
Write-down of assets	3.8	3.8	--
	$40.0	$38.8	$1.2

The pension and postretirement benefits were related to costs associated with the terminated employees. The write-down of assets related to the cancellation of systems projects in order to reduce headcount and future expenses. We expect the remaining reserve balance to be utilized in 2001.

In 1997, we recorded restructuring and other infrequent expenses of $18.2 million which consisted of (1) $15.0 million related to the restructuring of our European operations and the integration of the Deutz Argentina and Fendt operations, acquired in December 1996 and January 1997, respectively, and (2) $3.2 million related to executive severance. The costs associated with the restructuring and integration activities primarily related to the centralization and rationalization of certain manufacturing, selling and administrative functions in addition to the rationalization of a small portion of our European dealer network. These restructuring and integration activities resulted in cost savings related to manufacturing costs and selling, general and administrative expenses that we believe we have achieved. In addition, the European dealer rationalization is expected to improve long-term sales in certain markets. The components of the expense are as follows:

	1997 EXPENSE	EXPENSES INCURRED	RESERVES RELEASED	BALANCE AT DECEMBER 31, 2000
		(IN MILLIONS)		
Executive severance	$ 3.2	$ 3.2	$ --	$ --
Other severance	9.5	9.5	--	--
Other restructuring costs	0.5	0.5	--	--
Dealer termination costs	5.0	2.0	3.0	--
	$18.2	$15.2	$3.0	$ --

In 2000, we reversed $3.0 million of restructuring expenses related to dealer termination costs. While it is possible we could still incur costs associated with these dealer terminations, we believe that it is no longer probable these costs will be incurred.

AG-CHEM ACQUISITION

In November 2000, we entered into an agreement to acquire Ag-Chem Equipment Co., Inc., a leading manufacturer and distributor of self-propelled fertilizer and chemical sprayers for pre-emergent and post-emergent applications. Ag-Chem had fiscal 2000 sales of $299 million. The agreement provides Ag-Chem shareholders with a combination of cash and our common stock valued at $25.80 per Ag-Chem common share (for total consideration of approximately $247 million), with the precise proportions being determined based upon the closing price for our common stock immediately prior to the closing. At or above $8.38 per share, the transaction is structured so that Ag-Chem shareholders receive between 50% and 60% of the purchase price in cash (between $124 million and $148 million in the aggregate) and the remainder in stock. Below that price, we generally can elect the amount of cash used, subject to a minimum of $12.90 per Ag-Chem share ($124 million in the aggregate). The transaction is subject to approval from Ag-Chem shareholders and is expected to close in April 2001. Ag-Chem's net sales and income from operations are heavily concentrated in February, March and April of each year, and these sales and income will not, for the most part, be reflected in our 2001 results.

LIQUIDITY AND CAPITAL RESOURCES

Our financing requirements are subject to variations due to seasonal changes in inventory and dealer and distributor receivable levels. Internally generated funds are supplemented when necessary from external sources, primarily our revolving credit facility. The current lending commitment under our existing revolving credit facility is $765 million. Borrowings under the existing revolving credit facility are limited to the sum of 90% of eligible accounts receivable and 60% of eligible inventory. As of December 31, 2000, $314.2 million was outstanding under the existing revolving credit facility. Available borrowings are subject to receivable and inventory borrowing base requirements and the maintenance of the financial covenants included in the agreement.

In January 2000, we entered into a $250 million securitization facility whereby certain U.S. wholesale accounts receivables are sold on a revolving basis through a wholly-owned special purpose subsidiary to a third party. We initially funded $200 million under the securitization facility and have maintained this level of funding through subsequent receivables sales. The proceeds from the funding were used to reduce outstanding borrowings under the existing revolving credit facility. Our lending commitment under the existing revolving credit facility was permanently reduced to $800 million, representing a decrease of $200 million as a result of the initial proceeds received from the securitization, was reduced by $35 million in connection with a subsequent increase in the U.S. securitization facility (in 2001), and will be further reduced by any additional funding received from the U.S. securitization facility. In conjunction with the closing of the U.S. securitization facility, we recorded an initial one-time $8.0 million loss in the first quarter of 2000.

In March 1996, we issued $250.0 million of 8 1/2% senior subordinated notes due 2006 at 99.139% of their principal amount. The indenture governing the notes contains numerous covenants, including limitations on our ability to incur additional indebtedness, to make investments, to make "restricted payments" (including dividends), and to create liens. The indenture also requires us to offer to repurchase the notes in the event of a change in control. Subsequent to year-end, we were issued a notice of default by the trustee of the notes regarding the violation of a covenant restricting the payments of dividends during periods in 1999, 2000 and 2001 when an interest coverage ratio was not met. During that period, we paid approximately $4.8 million in dividends based upon our interpretation that we did not need to meet the interest coverage ratio but, instead, an alternative total debt test. We issued preferred stock, which is convertible to common stock, in a private placement with net proceeds that exceed the amount of dividend payments, interest on those payments and related expenses. We subsequently received sufficient waivers from the holders of the notes for any violation of the covenant that might have resulted from the dividend payments. In connection with the receipt of waivers, we paid a waiver fee of approximately $2.5 million, which will be expensed in the first quarter of 2001. Currently, we are prohibited from paying dividends until such time as the interest coverage ratio in the indenture is met.

We currently are in the process of modifying our capital structure in order to most efficiently meet our funding needs and replace our existing revolving credit facility, which expires in January 2002. In addition, although we currently are in compliance with the financial covenants under all of our indebtedness, the financial covenants in our existing revolving credit facility become more stringent at the end of the second quarter of 2001. As a result, we currently do not anticipate being able to fulfill two of the financial covenants contained in the facility, a limitation on the ratio of funded debt to EBITDA and a minimum fixed charge coverage ratio. To address these issues, we have entered into a commitment letter with Rabobank for a new revolving credit facility, which we expect to close early in the second quarter of 2001. The new facility is expected to permit borrowings of up to $350 million, to have a 4 1/2 year term, and to be secured by a majority of our assets, including a portion of the capital stock of certain foreign subsidiaries. In addition, we are in the process of offering $250 million in fixed rate senior notes for sale in a private placement. The notes will mature in seven years and will have terms substantially similar to our currently outstanding 8 1/2% senior subordinated notes, except that they will not be subordinated. Finally, we intend to enter into a new $100 million accounts receivable securitization facility in Europe. These facilities and the notes are expected to provide us with sufficient working capital on an ongoing basis to meet the needs of our business.

Our working capital requirements are seasonal, with investments in working capital typically building in the first half of the year and then decreasing in the second half of the year. We had $603.9 million of working capital at December 31, 2000, compared to $764.0 million at December 31, 1999. The decrease in working capital was primarily due to lower accounts receivable related to the $200 million sale of accounts receivable through the U.S. securitization facility.

Cash flow provided by operating activities was $174.4 million in 2000, $233.7 million in 1999, and $11.2 million in 1998. The decrease in operating cash flow in 2000 was primarily due to a reduction in our accounts receivable and inventory levels. The accounts receivable reduction was created by the $200 million sale of accounts receivable through the U.S. securitization facility, offset by other receivable increases due to higher fourth quarter sales in 2000, higher dealer inventories of certain new products introduced in late 2000 and planned increases in dealer inventories of certain products affected by manufacturing facility rationalizations. The increase in operating cash flow in 1999 was primarily due to a reduction in accounts receivable and inventory levels. In response to the industry decline, we decreased production levels in order to reduce the level of dealer and our inventories.

Capital expenditures were $57.7 million, $44.2 million and $61.0 million in 2000, 1999 and 1998, respectively. Our capital expenditures are primarily to support the development and enhancement of new and existing products as well as facility and equipment improvements. The level of capital expenditures vary from year to year based on requirements to support new products, equipment replacements and equipment and facility improvements. We currently estimate that capital expenditures for 2001 will range from approximately $50 million to $60 million. Capital expenditures are expected to be funded from cash flows from operations.

Our debt to capitalization ratio (total long-term debt divided by the sum of total long-term debt and stockholders' equity) was 41.9% at December 31, 2000 compared to 45.5% at December 31, 1999. The decrease is attributable to a reduction of indebtedness of $121.5 million primarily from proceeds from the securitization facility offset to some extent by the negative cumulative translation adjustment to equity of $40.5 million, primarily related to the weakening of the Euro in relation to the U.S. dollar.

We believe that through our access to credit markets, available cash and internally generated funds we will able to support our working capital, capital expenditures and debt service requirements for the foreseeable future. In addition, from time to time we review and will continue to review acquisition and joint venture opportunities as well as changes in the capital markets. If we were to consummate a significant acquisition or elect to take advantage of favorable opportunities in the capital markets, we may supplement availability or revise the terms under our revolving credit facility or complete public or private offerings of equity or debt securities.

OUTLOOK

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

Global demand for agricultural equipment in 2000 remained relatively weak due to low commodity prices and weak industry fundamentals. No meaningful changes in these factors are expected in 2001. As a result, we expect industry retail demand in 2001 to be flat in the major markets of the world, with the exception of Western Europe. Due to farm consolidation, CAP reform, and concerns over BSE (mad cow disease) and other livestock diseases, industry demand in Western Europe is currently expected to be 5% below 2000. The extent of the BSE and other livestock diseases in Europe and the measures taken to control its spreading could negatively impact this forecast. Based on our current industry forecast and impacts of cost reduction initiatives, operating margins and overall profitability in 2001 are expected to improve compared to 2000.

FOREIGN CURRENCY RISK MANAGEMENT

We have significant manufacturing operations in the United States, the United Kingdom, France, Germany, Denmark and Brazil, and we purchase a portion of our tractors, combines and components from third-party foreign suppliers, primarily in various European countries and in Japan. We also sell products in over 140 countries throughout the world. The majority of our revenue outside the United States is denominated in the currency of the customer location with the exception of sales in the Middle East, Africa and Asia which is primarily denominated in British pounds, Euros or U.S. dollars (See "Segment Reporting" in the Notes to Consolidated Financial Statements for sales by customer location). Our most significant transactional foreign currency exposures are the British pound in relation to the Euro and the British pound, Euro and the Canadian dollar in relation to the U.S. dollar. Fluctuations in the value of foreign currencies create exposures which can adversely affect our results of operations.

We attempt to manage our transactional foreign exchange exposure by hedging identifiable foreign currency cash flow commitments arising from receivables, payables, and committed purchases and sales. Where naturally offsetting currency positions do not occur, we hedge certain of our exposures through the use of foreign currency forward contracts. Our hedging policy prohibits foreign currency forward contracts for speculative trading purposes. Our translation exposure resulting from translating the financial statements of foreign subsidiaries into U.S. dollars is not hedged. Our most significant translation exposures are the British pound, the Euro and the Brazilian real in relation to the U.S. dollar. When practical, this translation impact is reduced by financing local operations with local borrowings.

The following is a summary of foreign currency forward contracts used to hedge currency exposures. All contracts have a maturity of less than one year. The net notional amounts and fair value gains or losses as of December 31, 2000 stated in U.S. dollars are as follows:

	NET NOTIONAL AMOUNT BUY/(SELL)	AVERAGE CONTRACT RATE*	FAIR VALUE GAIN/(LOSS)
	(IN MILLIONS)		
Australian dollar	$ 3.0	1.88	$ 0.2
British pound	(78.4)	0.68	(1.8)
Danish krone	(17.4)	8.08	(0.4)
Euro dollar	50.8	1.16	5.0
French franc	(31.0)	7.06	(0.4)
German mark	1.1	2.15	--
Greek drachma	(2.5)	375.35	(0.1)
Japanese yen	13.1	109.15	(0.6)
Norwegian krone	(6.2)	8.81	--
Swedish krona	(3.3)	9.40	--
Mexican peso	3.0	9.50	--
Canadian dollar	(34.7)	1.52	(0.5)
Swiss franc	(0.2)	1.63	--
	$(102.7)		$ 1.4

- ---------------

* per U.S. dollar

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

INTEREST RATES

We manage interest rate risk through the use of fixed rate debt and interest rate swap contracts. We have fixed rate debt from our $250 million 8 1/2% senior subordinated notes due 2006. In addition, we entered into an interest rate swap contract to further minimize the effect of potential interest rate increases on floating rate debt in a rising interest rate environment. At December 31, 2000, we had an interest rate swap contract outstanding with a notional amount of $88.3 million which expires on December 31, 2001. The interest rate swap has the effect of converting a portion of our floating rate indebtedness to a fixed rate of 5.3%. Our floating rate exposure is related primarily to our revolving credit facility, which is tied to changes in U.S. and European LIBOR rates, and our securitization facility, for which losses on sales of receivables vary based on U.S. LIBOR rates. Assuming a 10% increase in interest rates, our interest expense, net, including the effect of the interest rate swap contract for 2000, would have increased by approximately $2.1 million.

EURO CURRENCY

We have established the capability to trade in the common European currency in all European locations. In addition, we have substantially completed the transition to transacting and accounting for our European business in Euros. We do not currently expect our competitive position (including pricing, purchasing contracts and systems modifications) to be materially affected by the change to the Euro.

ACCOUNTING CHANGES

In June 1999, the Financial Accounting Standards Board issued SFAS No. 137, providing for a one year delay of the effective date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. SFAS No. 133 requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting treatment is met. In June 2000, the FASB issued SFAS No. 138 that amends the accounting and reporting of derivatives under

SFAS No. 133 to exclude, among other things, contracts for normal purchases and normal sales. We adopted SFAS No. 133 on January 1, 2001. We have evaluated the effect of this statement on our derivative instruments, which are primarily interest rate swaps and foreign currency forward contracts and have determined the cumulative effect as of January 1, 2001 resulted in a fair value asset, net of taxes, of approximately $.5 million.

In December 1999, the SEC released Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." SAB 101 does not change existing accounting literature on revenue recognition but rather explains the SEC's general framework for revenue recognition. The SEC subsequently released SAB 101B deferring implementation of SAB 101 to the fourth quarter of 2000. We have evaluated SAB 101 and believe that we are in compliance with this bulletin. As a result, this bulletin had no effect on our results of operations or financial position.

In May 2000, the Emerging Issues Task Force reached a final consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives," effective in the fourth quarter of 2000. Issue No. 00-14 addresses the recognition, measurement and income statement classification for sales incentives offered. It requires that an entity recognize the cost of the sales incentive at the later of the date at which the related revenue is recorded or the date at which the sales incentive is offered. Issue No. 00-14 also requires that the reduction in or refund of the selling price of the product resulting from any sales incentive be classified as a reduction of revenue. We are in compliance with Issue No. 00-14 and it had no material effect on our expense classifications, operations or financial position.

In September 2000, the EITF reached a final consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." Issue No. 00-10 is also effective in the fourth quarter of 2000 and addresses the income statement classification of amounts charged to customers for shipping and handling, as well as costs incurred related to shipping and handling. The EITF concluded that amounts billed to a customer in a sale transaction related to shipping and handling should be classified as revenue. The EITF also concluded that if costs incurred related to shipping and handling are significant and not included in cost of sales, an entity should disclose both the amount of such costs and the line item on the income statement that includes them. In connection with this Issue, we reclassified certain revenue, cost of goods sold and SG&A expense amounts in all periods presented in our Statements of Operations. The reclassifications resulted in an increase in net sales of approximately $28.1, $25.4 and $31.0 for 2000, 1999 and 1998, respectively, an increase in cost of goods sold of $24.8, $21.8 and $27.4 for 2000, 1999 and 1998, respectively, and an increase to SG&A expenses of $3.3, $3.6 and $3.6 for 2000, 1999 and 1998, respectively. These reclassifications had no effect on our results of operations or financial position.

Also in September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities -- a Replacement of FASB Statement No. 125." SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures. This statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. SFAS No. 140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. The adoption of SFAS No. 140 had no effect on our results of operations or financial position.

FORWARD LOOKING STATEMENTS

Certain statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this annual report on Form 10-K are forward looking, including certain statements set forth under the headings "Results of Operations" and "Liquidity and Capital Resources." Forward looking statements include our expectations with respect to factors that affect net sales and income, restructuring and other infrequent expenses, future capital expenditures, fulfillment of working capital needs, and plans with respect to acquisitions. Although we believe that the statements it has made are based on reasonable assumptions, they are based on current information and beliefs and, accordingly, we can give no assurance that its statements will be achieved. In addition, these statements are subject to factors that could cause actual results to differ materially from those suggested by the forward looking statements. These factors include, but are not limited to, general economic and capital market conditions, the demand for agricultural products, world grain stocks, crop production, commodity prices, farm income, farm land values, government farm programs and legislation, pervasive livestock diseases, the levels of new and used field inventories, weather conditions, interest and foreign currency exchanges rates, the conversion to the Euro, pricing and product actions taken by competitors, customer access to credit, production disruptions, supply and capacity constraints, cost reduction and control initiatives, research and development efforts, labor relations, dealer and distributor actions, technological difficulties, changes in environmental, international trade and other laws, and political and economic uncertainty in various ares of the world. Further information concerning factors that could significantly affect our results is included in our filings with the Securities and Exchange Commission. We disclaim any responsibility to update any forward looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Quantitative and Qualitative Disclosures about Market Risk information required by this Item set forth under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Foreign Currency Risk Management," "-- Interest Rates" and "-- Euro Currency" on pages 24 and 25 under Item 7 of this Form 10-K is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements of AGCO and its subsidiaries for the year ended December 31, 2000 are included in this item:

The information under the heading "Quarterly Results" of Item 7 on page 20 of this Form 10-K is incorporated herein by reference.

The financial statements of AGCO Finance LLC (Agricredit Acceptance LLC) included as Exhibit 99.1 to this Form 10-K are incorporated herein by reference.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To AGCO Corporation:

We have audited the accompanying consolidated balance sheets of AGCO CORPORATION AND SUBSIDIARIES as of December 31, 2000 and 1999 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AGCO Corporation and subsidiaries as of December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
March 29, 2001

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Net sales	$2,336.1	$2,436.4	$2,970.8
Cost of goods sold	1,959.5	2,078.7	2,431.5
Gross profit	376.6	357.7	539.3
Selling, general and administrative expenses	228.2	233.2	274.3
Engineering expenses	45.6	44.6	56.1
Restructuring and other infrequent expenses	21.9	24.5	40.0
Amortization of intangibles	15.1	14.8	13.2
Income from operations	65.8	40.6	155.7
Interest expense, net	46.6	57.6	67.7
Other expense, net	33.1	15.2	13.7
Income (loss) before income taxes and equity in net earnings of affiliates	(13.9)	(32.2)	74.3
Income tax provision (benefit)	(7.6)	(10.2)	27.5
Income (loss) before equity in net earnings of affiliates	(6.3)	(22.0)	46.8
Equity in net earnings of affiliates	9.8	10.5	13.8
Net income (loss)	$ 3.5	$ (11.5)	$ 60.6
Net income (loss) per common share:			
Basic	$ 0.06	$ (0.20)	$ 1.01
Diluted	$ 0.06	$ (0.20)	$ 0.99
Weighted average shares outstanding:			
Basic	59.2	58.7	59.7
Diluted	59.7	58.7	61.2

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE AMOUNTS)

	DECEMBER 31, 2000	DECEMBER 31, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13.3	$ 19.6
Accounts and notes receivable, net	602.9	758.2
Inventories, net	531.1	561.1
Other current assets	93.0	77.2
Total current assets	1,240.3	1,416.1
Property, plant and equipment, net	316.2	310.8
Investments in affiliates	85.3	93.6
Other assets	176.0	140.1
Intangible assets, net	286.4	312.6
Total assets	$2,104.2	$2,273.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 244.4	$ 244.2
Accrued expenses	357.6	378.1
Other current liabilities	34.4	29.8
Total current liabilities	636.4	652.1
Long-term debt	570.2	691.7
Postretirement health care benefits	27.5	25.4
Other noncurrent liabilities	80.2	74.9
Total liabilities	1,314.3	1,444.1
Commitments and Contingencies (Note 11)		
Stockholders' Equity:		
Common stock; $0.01 par value, 150,000,000 shares authorized, 59,589,428 and 59,579,559 shares issued and outstanding in 2000 and 1999, respectively	0.6	0.6
Additional paid-in capital	427.1	427.7
Retained earnings	622.9	621.9
Unearned compensation	(1.4)	(5.1)
Accumulated other comprehensive income (loss)	(259.3)	(216.0)
Total stockholders' equity	789.9	829.1
Total liabilities and stockholders' equity	$2,104.2	$2,273.2

See accompanying notes to consolidated financial statements.

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

	COMMON STOCK					ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPENSATION	ADDITIONAL MINIMUM PENSION LIABILITY	CUMULATIVE TRANSLATION ADJUSTMENT	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
Balance, December 31, 1997	62,972,423	$0.6	$515.0	$577.6	$(20.0)	$ 0.0	$ (81.6)	$ (81.6)
Net income	--	--	--	60.6	--	--	--	--
Repurchases of common stock	(3,487,200)	--	(88.1)	--	--	--	--	--
Stock options exercised	50,698	--	0.4	--	--	--	--	--
Common stock dividends ($0.04 per common share)	--	--	--	(2.4)	--	--	--	--
Amortization of unearned compensation	--	--	--	--	8.9	--	--	--
Change in cumulative translation adjustment	--	--	--	--	--	--	11.1	11.1
Balance, December 31, 1998	59,535,921	0.6	427.3	635.8	(11.1)	--	(70.5)	(70.5)
Net loss	--	--	--	(11.5)	--	--	--	--
Issuance of restricted stock	26,500	--	0.2	--	(0.2)	--	--	--
Stock options exercised	17,138	--	0.2	--	--	--	--	--
Common stock dividends ($0.04 per common share)	--	--	--	(2.4)	--	--	--	--
Amortization of unearned compensation	--	--	--	--	6.2	--	--	--
Change in cumulative translation adjustment	--	--	--	--	--	--	(145.5)	(145.5)
Balance, December 31, 1999	59,579,559	0.6	427.7	621.9	(5.1)	--	(216.0)	(216.0)
Net income	--	--	--	3.5	--	--	--	--
Forfeitures of restricted stock	(29,833)	--	(0.9)	--	0.2	--	--	--
Stock options exercised	39,702	--	0.3	--	--	--	--	--
Common stock dividends ($0.04 per common share)	--	--	--	(2.5)	--	--	--	--
Amortization of unearned compensation	--	--	--	--	3.5	--	--	--
Additional minimum pension liability	--	--	--	--	--	(2.8)	--	(2.8)
Change in cumulative translation adjustment	--	--	--	--	--	--	(40.5)	(40.5)
Balance, December 31, 2000	59,589,428	$0.6	$427.1	$622.9	$ (1.4)	$(2.8)	$(256.5)	$(259.3)

	TOTAL STOCKHOLDERS' EQUITY	COMPREHENSIVE INCOME (LOSS)
Balance, December 31, 1997	$ 991.6	
Net income	60.6	$ 60.6
Repurchases of common stock	(88.1)	
Stock options exercised	0.4	
Common stock dividends ($0.04 per common share)	(2.4)	
Amortization of unearned compensation	8.9	
Change in cumulative translation adjustment	11.1	11.1
Balance, December 31, 1998	982.1	71.7
Net loss	(11.5)	(11.5)

Issuance of restricted stock..................	--	
Stock options exercised..............	0.2	
Common stock dividends ($0.04 per common share)...............	(2.4)	
Amortization of unearned compensation...........	6.2	
Change in cumulative translation adjustment.............	(145.5)	(145.5)
	-------	-------
Balance, December 31, 1999.....................	829.1	(157.0)
		=======
Net income...............	3.5	3.5
Forfeitures of restricted stock..................	(0.7)	
Stock options exercised..............	0.3	
Common stock dividends ($0.04 per common share)...............	(2.5)	
Amortization of unearned compensation...........	3.5	
Additional minimum pension liability......	(2.8)	(2.8)
Change in cumulative translation adjustment.............	(40.5)	(40.5)
	-------	-------
Balance, December 31, 2000.....................	$ 789.9	$ (39.8)
	=======	=======

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Cash flows from operating activities:			
Net income (loss)	$ 3.5	$ (11.5)	$ 60.6
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	51.6	55.8	57.6
Amortization of intangibles	15.1	14.8	13.2
Amortization of unearned compensation	3.0	6.2	8.9
Equity in net earnings of affiliates, net of cash received	(0.1)	2.4	(3.3)
Deferred income tax benefit	(37.6)	(47.2)	(22.4)
Loss on write-down of property, plant and equipment	1.3	14.9	--
Changes in operating assets and liabilities, net of effects from purchase/sale of businesses:			
Accounts and notes receivable, net	127.8	194.3	17.7
Inventories, net	23.7	72.1	(17.3)
Other current and noncurrent assets	(9.9)	(20.3)	(1.2)
Accounts payable	(0.6)	(38.5)	(87.7)
Accrued expenses	(7.8)	(3.5)	(15.0)
Other current and noncurrent liabilities	4.4	(5.8)	0.1
Total adjustments	170.9	245.2	(49.4)
Net cash provided by operating activities	174.4	233.7	11.2
Cash flows from investing activities:			
Purchase of property, plant and equipment	(57.7)	(44.2)	(61.0)
Proceeds from sale/leaseback of property	--	18.7	--
Sale/(purchase) of businesses, net	(10.0)	6.0	(60.6)
Investments in unconsolidated affiliates	(2.0)	(1.1)	--
Net cash used for investing activities	(69.7)	(20.6)	(121.6)
Cash flows from financing activities:			
Proceeds from long-term debt	413.3	536.1	984.4
Repayments of long-term debt	(520.8)	(740.8)	(798.9)
Proceeds from issuance of common stock	0.3	--	0.4
Repurchases of common stock	--	--	(88.1)
Dividends paid on common stock	(2.5)	(2.4)	(2.4)
Net cash provided by (used for) financing activities	(109.7)	(207.1)	95.4
Effect of exchange rate changes on cash and cash equivalents	(1.3)	(2.3)	(0.3)
Increase (decrease) in cash and cash equivalents	(6.3)	3.7	(15.3)
Cash and cash equivalents, beginning of period	19.6	15.9	31.2
Cash and cash equivalents, end of period	$ 13.3	$ 19.6	$ 15.9

See accompanying notes to consolidated financial statements.

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

AGCO Corporation ("AGCO" or the "Company") is a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. The Company sells a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names: AGCO Allis, Massey Ferguson, Hesston, White, GLEANER, New Idea, AGCOSTAR, Tye, Farmhand, Glencoe, Fendt, Spra-Coupe and Willmar. The Company distributes its products through a combination of approximately 7,750 independent dealers, distributors, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France, Germany, Spain, Ireland and Brazil through its retail finance joint ventures with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" (the "Retail Finance Joint Ventures").

BASIS OF PRESENTATION

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

Certain prior period amounts have been reclassified to conform with the current period presentation. These reclassifications include the reclassification of shipping and handling fees and costs in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs."

REVENUE RECOGNITION

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

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

In other international markets, equipment sales are payable in full within 30 to 180 days of shipment. Payment terms for some highly seasonal products have a specific due date during the year regardless of the shipment date. Sales of replacement parts are generally payable within 30 days of shipment with terms for some larger seasonal stock orders generally payable within 6 months of shipment.

In certain markets, particularly in North America, there is a time lag, which varies based on the timing and level of retail demand, between the date the Company records a sale and when the dealer sells the equipment to a retail customer.

FOREIGN CURRENCY TRANSLATION

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

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

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

ACCOUNTS AND NOTES RECEIVABLE

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

For sales outside of the United States and Canada, the Company does not normally charge interest on outstanding receivables with its dealers and distributors. In the United States and Canada, where approximately 28% of the Company's net sales were generated in 2000, interest is charged at or above prime lending rates on outstanding receivable balances after interest-free periods. These interest-free periods vary by product and range from 1 to 12 months with the exception of certain seasonal products which bear interest after various periods depending on the timing of shipment and the dealer or distributor's sales during the preceding year. For the year ended December 31, 2000, 20.7%, 5.2%, 1.3% and 0.8% of the Company's net sales had maximum interest-free periods ranging from 1 to 6 months, 7 to 12 months, 13 to 20 months and 21 months or more, respectively. Actual interest-free periods are shorter than above because the equipment receivable in the United States and Canada is due immediately upon sale of the equipment by the dealer or distributor to a retail customer. Under normal circumstances, interest is not forgiven and interest-free periods are not extended.

Accounts and notes receivable are shown net of allowances for sales incentive discounts available to dealers and for doubtful accounts. Accounts and notes receivable allowances at December 31, 2000 and 1999 were as follows (in millions):

	2000	1999
Sales incentive discounts	$54.9	$53.6
Doubtful accounts	43.4	43.0
	$98.3	$96.6

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

INVENTORIES

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

Inventory balances at December 31, 2000 and 1999 were as follows (in millions):

	2000	1999
Finished goods	$233.0	$248.4
Repair and replacement parts	222.2	229.3
Work in process, production parts and raw materials	143.6	154.6
Gross inventories	598.8	632.3
Allowance for surplus and obsolete inventories	(67.7)	(71.2)
Inventories, net	$531.1	$561.1

PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment at December 31, 2000 and 1999 consisted of the following (in millions):

	2000	1999
Land	$ 39.1	$ 40.0
Buildings and improvements	104.6	101.3
Machinery and equipment	258.0	263.1
Furniture and fixtures	55.3	47.4
Gross property, plant and equipment	457.0	451.8
Accumulated depreciation and amortization	(140.8)	(141.0)
Property, plant and equipment, net	$ 316.2	$ 310.8

INTANGIBLE ASSETS

Intangible assets at December 31, 2000 and 1999 consisted of the following (in millions):

	2000	1999
Goodwill	$285.0	$284.4
Trademarks	66.0	66.0
Other	4.9	4.0
Accumulated amortization	(69.5)	(41.8)
Intangible assets, net	$286.4	$312.6

The excess of cost over net assets acquired ("goodwill") is being amortized to income on a straight-line basis over periods ranging from 10 to 40 years. The Company also assigned values to certain acquired trademarks which are being amortized to income on a straight-line basis over 40 years.

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

LONG-LIVED ASSETS

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

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCRUED EXPENSES

Accrued expenses at December 31, 2000 and 1999 consisted of the following (in millions):

	2000	1999
Reserve for volume discounts and sales incentives	$ 87.5	$ 88.2
Warranty reserves	58.7	66.1
Accrued employee compensation and benefits	58.2	49.9
Accrued taxes	30.0	46.8
Other	123.2	127.1
	$357.6	$378.1

WARRANTY RESERVES

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

INSURANCE RESERVES

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

RESEARCH AND DEVELOPMENT EXPENSES

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

ADVERTISING COSTS

The Company expenses all advertising costs as incurred. Cooperative advertising costs are normally expensed at the time the revenue is earned. Advertising expenses for the years ended December 31, 2000, 1999, and 1998 totaled approximately $7.9 million, $7.6 million and $9.5 million, respectively.

SHIPPING AND HANDLING EXPENSES

The Company accounts for shipping and handling fees and costs in accordance with EITF 00-10. All shipping and handling fees charged to customers are included as a component of net sales. Shipping and handling costs are included as a part of cost of goods sold, with the exception of certain handling costs included in selling, general and administrative expenses in the amount of $11.1 million, $11.9 million and $12.6 million for 2000, 1999 and 1998, respectively.

INTEREST EXPENSE, NET

Interest expense, net for the years ended December 31, 2000, 1999 and 1998 consisted of the following:

	2000	1999	1998
Interest expense	$ 60.3	$ 71.4	$ 81.5
Interest income	(13.7)	(13.8)	(13.8)
	$ 46.6	$ 57.6	$ 67.7

NET INCOME PER COMMON SHARE

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

A reconciliation of net income (loss) and the weighted average number of common and common equivalent shares outstanding used to calculate basic and diluted net income (loss) per common share for the years ended December 31, 2000, 1999 and 1998 is as follows (in millions, except per share data):

	2000	1999	1998
Basic Earnings Per Share			
Weighted average number of common shares outstanding	59.2	58.7	59.7
Net income (loss)	$ 3.5	$(11.5)	$60.6
Net income (loss) per share	$0.06	$(0.20)	$1.01
Diluted Earnings Per Share			
Weighted average number of common shares outstanding	59.2	58.7	59.7
Shares issued upon assumed vesting of restricted stock	0.4	--	1.3
Shares issued upon assumed exercise of outstanding stock options	0.1	--	0.2
Weighted average number of common and common equivalent shares outstanding	59.7	58.7	61.2
Net income (loss)	$ 3.5	$(11.5)	$60.6
Net income (loss) per share	$0.06	$(0.20)	$0.99

Stock options to purchase 1.4 million, 1.1 million, and 0.5 million shares during 2000, 1999 and 1998, respectively, were outstanding but not included in the calculation of weighted average shares outstanding because the option exercise prices were higher than the market price of the Company's common stock during the related periods.

COMPREHENSIVE INCOME

The Company reports comprehensive income, defined as the total of net income and all other nonowner changes in equity and the components thereof in the Consolidated Statements of Stockholders' Equity.

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, 2000, the estimated fair value of the Company's 8.5% Senior Subordinated Notes (Note 7), based on its listed market value, was $223.9 million compared to the carrying value of $248.6 million.

The Company enters into foreign exchange forward contracts to hedge the foreign currency exposure of certain receivables, payables and committed purchases and sales. These contracts are for periods consistent with the exposure being hedged and generally have maturities of one year or less. At December 31, 2000 and 1999, the Company had foreign exchange forward contracts outstanding with gross notional amounts of $244.7 million and $348.2 million, respectively. Gains and losses on foreign exchange forward contracts are deferred and recognized in income in the same period as the hedged transaction. As such, the Company has foreign forward exchange contracts with a market value gain of approximately $1.4 million at December 31, 2000. These foreign exchange forward contracts do not subject the Company's results of operations to risk due to exchange rate fluctuations because gains and losses on these contracts generally offset gains and losses on the exposure being hedged. The Company does not enter into any foreign exchange forward contracts for speculative trading purposes.

The Company entered into an interest rate swap contract to further minimize the effect of potential interest rate increases on floating rate debt. At December 31, 2000, the Company had an Euro denominated interest rate swap contract outstanding with a notional amount of $88.3 million. This contract has the effect of converting a portion of the Company's floating rate Euro denominated indebtedness under its revolving credit facility (Note 7) to a fixed interest rate of 5.3%. The interest rate swap contract expires on December 31, 2001. The fair value of the Company's interest rate swap agreement is the estimated amount that the Company would receive or pay to terminate the agreement at the reporting date, taking into account interest and currency rates. At December 31, 2000, the Company estimates that the interest rate swap agreement has a market value of approximately $0.8 million. The Company anticipates holding the interest rate swap agreement through maturity.

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

Gains or losses are reported as part of sales or cost of sales depending on whether the underlying contract was a sale or purchase of goods. If the contract does not qualify as a firm commitment in accordance with SFAS No. 52, the unrealized gains or losses on the derivative instrument are recorded immediately in earnings at fair value. If the transactional hedge is terminated, the gain or loss is recognized in income when the underlying transaction is recognized. At December 31, 2000 and 1999, all outstanding contracts were related to firm commitments.

ACCOUNTING CHANGES

In June 1999, the Financial Accounting Standards Board ("FASB") issued SFAS No. 137, providing for a one year delay of the effective date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. SFAS No. 133 requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting treatment is met. In June 2000, the FASB issued SFAS No. 138 that amends the accounting and reporting of derivatives under SFAS No. 133 to exclude, among other things, contracts for normal purchases and normal sales. The Company adopted SFAS No. 133 on January 1, 2001. The Company has evaluated the effect of this statement on the Company's derivative instruments, which are primarily interest rate swaps and foreign currency forward contracts and has determined the cumulative effect as of January 1, 2001 resulted in a fair value asset, net of taxes, of approximately $0.5 million.

In December 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." SAB 101 does not change existing accounting literature on revenue recognition but rather explains the SEC's general framework for revenue recognition. The SEC subsequently released SAB 101B deferring implementation of SAB 101 to the fourth quarter of 2000. The Company has evaluated SAB 101 and believes that it is in compliance with this bulletin. As a result, this bulletin had no effect on results of operations or financial position of the Company.

In May 2000, the EITF reached a final consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives," effective in the fourth quarter of 2000. EITF 00-14 addresses the recognition, measurement and income statement classification for sales incentives offered. It requires that an entity recognize the cost of the sales incentive at the latter of the date at which the related revenue is recorded or the date at which the sales incentive is offered. EITF 00-14 also requires that the reduction in or refund of the selling price of the product resulting from any sales incentive be classified as a reduction of revenue. The Company is in compliance with this Issue and it had no material effect on the Company's expense classifications, operations or financial position.

In September 2000, the EITF reached a final consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." EITF 00-10 is also effective in the fourth quarter of 2000 and addresses the income statement classification of amounts charged to customers for shipping and handling, as well as costs incurred related to shipping and handling. The EITF concluded that amounts billed to a customer in a sale transaction related to shipping and handling should be classified as revenue. The EITF also concluded that if costs incurred related to shipping and handling are significant and not included in cost of sales, an entity should disclose both the amount of such costs and the line item on the income statement that includes them. In connection with this Issue, the Company reclassified certain revenue, cost of goods sold and SG&A expense amounts in all periods presented in its Statements of Operations. The reclassifications resulted in an increase in net sales of approximately $28.1, $25.4 and $31.0 for 2000, 1999 and 1998, respectively, an increase in cost of goods sold of $24.8, $21.8 and $27.4 for 2000, 1999 and 1998, respectively, and an increase to SG&A expenses of $3.3, $3.6 and $3.6 for 2000, 1999 and 1998, respectively. These reclassifications had no effect on the Company's results of operations or financial position.

Also in September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities -- a Replacement of FASB Statement No. 125." SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures. This statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. SFAS No. 140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. The adoption of SFAS No. 140 had no effect on the Company's results of operations or financial position.

2. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

In May 2000, the Company acquired from CNH Global N.V. ("CNH") its 50% share in Hay and Forage Industries ("HFI") for $10 million. This agreement terminated a joint venture agreement in which CNH and AGCO each owned 50% interests in HFI, thereby providing AGCO with sole ownership of the facility. HFI, located in Hesston, Kansas develops and manufactures hay and forage equipment and implements that AGCO sells under various brand names. The acquired assets and liabilities primarily consisted of technology, production inventories, property, plant and equipment related to its manufacturing operations, accounts payable and accrued liabilities. The financial statements of HFI, which were previously accounted for under the equity method of accounting, were consolidated with the Company's financial statements as of the date of the acquisition.

Effective October 1, 1998, the Company acquired the net assets of the Willmar product line, a brand of agricultural self-propelled sprayers, spreaders and loaders for approximately $33 million. The acquired assets and liabilities primarily consisted of trademarks and trade names, technology, accounts receivable, inventories, property, plant and equipment related to its manufacturing operations, accounts payable and accrued expenses. Effective July 1, 1998, the Company acquired certain net assets related to the Spra-Coupe product line, a brand of self-propelled sprayers for approximately $37.2 million. The acquired assets and liabilities primarily consisted of trademarks and trade names, technology, accounts receivable, inventories, production tooling and accrued liabilities.

The Company's acquisitions were accounted for as purchases in accordance with Accounting Principles Board Opinion ("APB") No. 16, and, accordingly, each purchase price has been allocated to the assets acquired and the liabilities assumed based on the estimated fair values as of the acquisition dates. The purchase price allocation for certain past acquisitions included liabilities associated with certain costs to integrate the acquired businesses into the Company's operations. In connection with the acquisition of Xaver Fendt GmbH in 1997, the Company established liabilities primarily related to severance and other costs associated with the planned closure of certain sales and marketing offices and parts distribution operations. The Spra-Coupe and Willmar acquisition liabilities related to employee relocation and other costs to integrate production into one manufacturing facility. The activity related to these liabilities is summarized in the following table.

	LIABILITIES ESTABLISHED	INCURRED 1997	INCURRED 1998	INCURRED 1999	INCURRED 2000	BALANCE AT DECEMBER 31, 2000
Deutz Argentina headcount reduction.....................	$ 2.8	$2.8	$ --	$ --	$ --	$ --
Fendt sales office closure......	2.6	--	1.1	0.9	0.6	--
Fendt parts distribution closure.......................	4.5	--	--	0.9	0.3	3.3
Willmar/Spra-Coupe integration..................	0.6	--	0.2	0.2	0.2	--
	$10.5	$2.8	$1.3	$2.0	$1.1	$3.3

DISPOSITIONS

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

PENDING ACQUISITION

In November 2000, AGCO entered into an agreement to acquire Ag-Chem Equipment Company, Inc. ("Ag-Chem"), a leading manufacturer and distributor of self-propelled fertilizer and chemical sprayers for pre-emergent and post-emergent applications. Ag-Chem had sales of $299 million for the year ended September 30, 2000. The merger agreement provides that AGCO will acquire Ag-Chem and all of the outstanding Ag-Chem common stock in exchange for a combination of cash and shares of AGCO common stock. The value of this combination will be $25.80 per share of Ag-Chem common stock for total merger consideration of approximately $247 million. The combination of cash and stock is dependent on the value of AGCO common stock at the closing date, but the amount of common stock that AGCO will issue is limited to 11,800,000 shares. The transaction is subject to approval from Ag-Chem shareholders and is expected to close in April of 2001.

3. RESTRUCTURING AND OTHER INFREQUENT EXPENSES

The Company recorded restructuring and other infrequent expenses of $21.9 million, $24.5 million and $40 million in 2000, 1999 and 1998, respectively. The 2000 expense consisted of $24.9 million associated with the closure of certain manufacturing facilities in the United States and Argentina and a credit of $3.0 million related to the reversal of reserves established in 1997. The 1999 expense also related to the manufacturing facility closures. The 1998 expense was primarily related to the reduction in the Company's worldwide workforce.

MANUFACTURING FACILITY CLOSURES

In the second quarter of 2000, the Company announced its plan to permanently close its combine manufacturing facility in Independence, Missouri and relocate existing production to the Company's Hesston, Kansas manufacturing facility. In the fourth quarter of 1999, the Company announced closure of the Company's Coldwater, Ohio; Lockney, Texas; and Noetinger, Argentina manufacturing facilities. The majority of production in these facilities is being relocated to other existing AGCO facilities and the remaining production is being outsourced to third party suppliers. The Company closed the Coldwater plant in 1999 and the Independence, Lockney and Noetinger plants in 2000. The Company believes that closure of these facilities did not have a significant impact on 2000 or 1999 revenues. In connection with these closures, the Company recorded restructuring and other infrequent expenses of $24.9 million in 2000 and $24.5 million in 1999. The components of the expenses are summarized in the following table:

	1999 EXPENSES	2000 EXPENSES	EXPENSES INCURRED	BALANCE AT DECEMBER 31, 2000
Employee severance	$ 1.9	$ 6.9	$ 6.9	$1.9
Facility closure costs	7.7	5.4	9.2	3.9
Write-down of property, plant and equipment, net of recoveries	14.9	1.3	16.2	--
Production transition costs	--	11.3	11.3	--
	$24.5	$24.9	$43.6	$5.8

The severance costs relate to the termination of approximately 1,050 employees, substantially all of which had been terminated at December 31, 2000. The facility closure costs include employee costs and other exit costs to be incurred after operations ceased in addition to noncancelable operating lease obligations. The write-down of property, plant and equipment represents the impairment of assets resulting from the facility closures and was based on the estimated fair value of the assets compared to their carrying value. The write-down consisted of $0.5 million in 2000 and $7.0 million in 1999 related to machinery and equipment and $0.8 million in 2000 and $7.9 million in 1999 for building and improvements. The write-down, net of recoveries, consisted of $11.6 related to Coldwater, $1.9 million related to Independence and $2.7 million related to Noetinger. The estimated fair value of the equipment and buildings was determined based on current conditions in the applicable markets The machinery, equipment and tooling have been or will be disposed of within a year and the buildings and improvements are currently being marketed for sale. The production transition costs, which are being expensed as incurred, represent costs to relocate and integrate production into other existing AGCO facilities. The remaining costs accrued at December 31, 2000 are expected to be incurred in 2001.

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

1998 EXPENSE

In 1998, the Company recorded restructuring and other infrequent expenses of $40.0 million primarily related to severance and related costs associated with the reduction in the Company's worldwide permanent workforce of approximately 1,400 employees. The components of the restructuring expenses are as follows:

	1998 EXPENSE	EXPENSES INCURRED	BALANCE AT DECEMBER 31, 2000
Severance	$29.0	$27.8	$1.2
Pension and postretirement benefits	7.2	7.2	--
Write-down of assets	3.8	3.8	--
	$40.0	$38.8	$1.2

The pension and postretirement benefits were related to costs associated with the terminated employees. The write-down of assets related to the cancellation of systems projects in order to reduce headcount and future expenses. The Company expects the remaining reserve balance to be utilized in 2001.

1997 EXPENSE

In 1997, the Company recorded restructuring and other infrequent expenses of $18.2 million which consisted of (i) $15.0 million related to the restructuring of the Company's European operations and the integration of the Deutz Argentina and Fendt operations, acquired in December 1996 and January 1997, respectively, and (ii) $3.2 million related to executive severance. The costs associated with the restructuring and integration activities primarily related to the centralization and rationalization of certain manufacturing, selling and administrative functions in addition to the rationalization of a small portion of the Company's European dealer network. The components of the expense are as follows:

	1997 EXPENSE	EXPENSES INCURRED	RESERVES RELEASED	BALANCE AT DECEMBER 31, 2000
Executive severance	$ 3.2	$ 3.2	$ --	$ --
Other severance	9.5	9.5	--	--
Other restructuring costs	0.5	0.5	--	--
Dealer termination costs	5.0	2.0	3.0	--
	$18.2	$15.2	$3.0	$ --

In 2000, the Company reversed $3.0 million of restructuring expenses related to dealer termination costs. While it is possible the Company could still incur costs associated with these dealer terminations, the Company believes that it is no longer probable these costs will be incurred.

4. ACCOUNTS RECEIVABLE SECURITIZATION

In January 2000, the Company entered into a $250 million asset backed securitization facility whereby certain U.S. wholesale accounts receivables are sold on a revolving basis through a wholly-owned special purpose subsidiary to a third party (the "Securitization Facility"). The Company initially funded $200 million under the Securitization Facility and has maintained this level of funding through subsequent receivable sales. The proceeds from the funding were used to reduce outstanding borrowings under the Company's revolving credit facility. In conjunction with the closing of the securitization transaction, the Company recorded an initial one-time $8.0 million loss in the first quarter of 2000. The initial loss consists of $7.1 million for the difference between the current and future value of the receivables sold and related transaction expenses and $0.9 million for the write-off of certain unamortized debt issuance costs due to the reduction in the lending commitment of the Company's revolving credit facility. The Company recorded losses totaling $20.3 million in 2000, including the loss of $7.1 million related to the initial funding of the Securitization Facility and $13.2 million related to subsequent sales of receivables provided on a revolving basis. The losses are determined by calculating the estimated present value of the receivables sold compared to their carrying amount. The present value is based on historical collection experience and a discount rate representing a spread over LIBOR as prescribed under the terms of the Securitization Facility. For 2000, the losses were based on an average liquidation period of the portfolio of approximately 6.2 months and an average discount rate, net of estimated interest income, of 5.2%.

The Securitization Facility allows for the Company to sell eligible U.S. wholesale accounts receivables on a revolving basis. At December 31, 2000, the unpaid balance of accounts receivable sold were approximately $267.4 million. Of this amount, approximately $6.2 million was past due at December 31, 2000. The Company continues to service these receivables and maintains a retained interest in the receivables. The Company received approximately $2.6 million in servicing fees in 2000. The Company has not recorded a servicing asset or liability since the cost to service the receivables approximates the servicing income. The retained interest totaling approximately $67.4 million represents the excess of receivables sold to the wholly-owned special purpose entity over the amount funded to the Company. The retained interests in the receivables sold is included in the caption "Accounts and notes receivable, net" in the accompanying Consolidated Balance Sheet as of December 31, 2000. The fair value of the retained interest is approximately $65.4 million compared to the carrying amount of $67.4 million and is based on the present value of the receivables calculated in a method consistent with the losses on sales of receivables discussed above net of anticipated credit losses of approximately $7.6 million. Assuming an increase in the average liquidation period from 6.2 months to 8 months and 10 months, the fair value of the retained interest would be lower by $0.8 million and $1.7 million, respectively. Assuming an increase in discount rates, net of estimated interest income, from 5.2% to 6.2% and 7.2%, the fair value of the retained interest would be lower by $0.4 million and $0.8 million, respectively. The receivables sold are collateralized by security interests in the equipment sold to dealers. Credit losses on the receivables sold in 2000 were approximately $0.4 million. For 2000, the Company received approximately $487.3 million from the wholly-owned special purpose entity. This amount consisted of $200 million from the initial sale, $206.2 million related to proceeds from subsequent sales of receivables, $2.6 million from servicing fees and $78.5 from collections of receivables related to the Company's retained interest.

5. INVESTMENTS IN AFFILIATES

Investments in affiliates as of December 31, 2000 and 1999 were as follows (in millions):

	2000	1999
Retail finance joint ventures	$67.7	$63.0
Manufacturing joint ventures	7.6	21.5
Other	10.0	9.1
	$85.3	$93.6

The manufacturing joint ventures as of December 31, 2000 consisted of joint ventures with unrelated manufacturers to produce transmissions in Europe and engines in South America. At December 31, 1999, manufacturing joint ventures also included HFI, which was consolidated with the Company's financial statements since the HFI acquisition (Note 2). The other joint ventures represent minority investments in farm equipment manufacturers and licensees.

The Company's equity in net earnings of affiliates for 2000, 1999 and 1998 were as follows (in millions):

	2000	1999	1998
Retail Finance Joint Ventures	$10.3	$11.0	$11.4
Other	(0.5)	(0.5)	2.4
	$ 9.8	$10.5	$13.8

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

Summarized combined financial information of the Retail Finance Joint Ventures as of and for the years ended presented were as follows (in millions):

	AS OF DECEMBER 31,	
	2000	1999
Total assets	$1,311.0	$1,402.8
Total liabilities	1,176.0	1,276.5
Partner's equity	135.0	126.3

	FOR THE YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Revenues	$145.2	$144.1	$136.6
Costs	112.8	109.3	102.2
Income before income taxes	$ 32.4	$ 34.8	$ 34.4

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

6. INCOME TAXES

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

The sources of income (loss) before income taxes, equity in net earnings of affiliates were as follows for the years ended December 31, 2000, 1999 and 1998 (in millions):

	2000	1999	1998
United States	$(109.3)	$(96.9)	$(9.4)
Foreign	95.4	64.7	83.7
Income (loss) before income taxes, equity in net earnings of affiliates	$ (13.9)	$(32.2)	$74.3

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The provision (benefit) for income taxes by location of the taxing jurisdiction for the years ended December 31, 2000, 1999 and 1998 consisted of the following (in millions):

	2000	1999	1998
Current:			
United States:			
Federal	$ (7.4)	$ (3.3)	$ 0.6
State	(0.2)	--	0.2
Foreign	37.6	40.3	49.1
	30.0	37.0	49.9
Deferred:			
United States:			
Federal	(33.4)	(31.2)	(6.1)
State	(5.2)	(4.1)	(0.8)
Foreign	1.0	(11.9)	(15.5)
	(37.6)	(47.2)	(22.4)
Provision (benefit) for income taxes	$ (7.6)	$(10.2)	$ 27.5

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

A reconciliation of income taxes computed at the United States federal statutory income tax rate (35%) to the provision (benefit) for income taxes reflected in the Consolidated Statements of Operations for the years ended December 31, 2000, 1999 and 1998 is as follows (in millions):

	2000	1999	1998
Provision (benefit) for income taxes at United States federal statutory rate of 35%	$(4.9)	$(11.3)	$26.0
State and local income taxes, net of federal income tax benefit	(4.3)	(3.9)	(0.4)
Taxes on foreign income which differ from the United States statutory rate	0.6	(0.7)	(0.3)
Foreign losses with no tax benefit	4.2	6.2	4.3
Benefit of foreign sales corporation	--	(0.5)	(1.3)
Other	(3.2)	--	(0.8)
	$(7.6)	$(10.2)	$27.5

For 2000, the Company has included in "Other" the recognition of a United States tax credit carryback of approximately $2.0 million.

The significant components of the net deferred tax assets at December 31, 2000 and 1999 were as follows (in millions):

	2000	1999
Deferred Tax Assets:		
Net operating loss carryforwards	$139.0	$116.9
Sales incentive discounts	22.8	18.8
Inventory valuation reserves	8.3	10.1
Postretirement benefits	8.2	8.2
Other	74.1	76.3
Valuation allowance	(71.8)	(78.8)
Total deferred tax assets	180.6	151.5
Deferred Tax Liabilities:		
Tax over book depreciation	24.2	46.2
Tax over book amortization of goodwill	17.9	18.1
Other	16.3	5.0
Total deferred tax liabilities	58.4	69.3
Net deferred tax assets	122.2	82.2
Less: Current portion of deferred tax asset	(33.1)	(22.3)
Noncurrent net deferred tax assets	$ 89.1	$ 59.9

At December 31, 2000, the Company has recorded a net deferred tax asset of $122.2 million which is included in "Other current assets" and "Other assets" in the Consolidated Balance Sheet. Realization of the asset is dependent on generating sufficient taxable income in future periods. Management believes that it is more likely than not that the deferred tax asset will be realized. As reflected in the preceding table, the Company established a valuation allowance of $71.8 million and $78.8 million as of December 31, 2000 and 1999, respectively. The majority of the valuation allowance relates to net operating loss carryforwards in certain foreign entities where there is an uncertainty regarding their realizability and will more likely than not expire unused. The Company has net operating loss carryforwards of $354.8 million as of December 31, 2000, with expiration dates as follows: 2001 -- $25.9 million, 2002 -- $14.9 million, 2003 -- $16.6 million, 2004 -- $39.0 million, 2005 -- $24.1 million and thereafter and unlimited -- $234.3 million. The Company paid income taxes of $49.3 million, $6.1 million and $87.8 million for the years ended December 31, 2000, 1999 and 1998, respectively.

7. LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2000 and 1999 (in millions):

	2000	1999
Revolving credit facility	$314.2	$431.4
Senior Subordinated Notes	248.6	248.5
Other long-term debt	7.4	11.8
Total long-term debt	$570.2	$691.7

The revolving credit facility is a multi-currency, unsecured line of credit with a current lending commitment of $800 million expiring January 2002. The lending commitment is subject to reduction by an amount equal to additional funding from the Securitization Facility (Note 4). Aggregate borrowings outstanding under the revolving credit facility are subject to a borrowing base limitation and may not at any time exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. Interest accrues on borrowings outstanding under the revolving credit facility primarily at LIBOR plus an applicable margin, as defined. For the year ended December 31, 2000, interest rates on the outstanding borrowings, including the effect of the interest rate swap contract (Note 1), ranged from 6.6% to 9.5%, and the weighted average interest rate was 6.5%. Excluding the impact of the interest rate swap, the weighted average interest rate was 6.6%. The revolving credit facility contains certain covenants, including covenants restricting the incurrence of indebtedness and the making of certain restrictive payments, including dividends. In addition, the Company must maintain certain financial covenants including, among others, a debt to capitalization ratio, a fixed charge coverage ratio and a ratio of debt to cash flow, as defined. Availability under the revolving credit facility is subject to receivable and inventory borrowing base requirements and maintaining all financial covenants included in the agreement. Approximately $189.9 million and $210.9 million of the revolving credit facility were payable in Euros and approximately $70.7 million and $89.5 million were denominated in Canadian dollars at December 31, 2000 and 1999, respectively.

Although the Company is in compliance with all financial covenants, the financial covenants in the revolving credit facility become more stringent at the end of the second quarter of 2001. As a result, the Company does not anticipate being able to fulfill two of the financial covenants contained in the facility, a limitation on the ratio of funded debt to EBITDA and a minimum fixed charge coverage ratio. To address this issue, the Company has entered into a commitment letter with Rabobank for a new revolving credit facility, which the Company expects to close early in the second quarter of 2001. The new facility is expected to permit borrowings of up to $350 million, to have a 4 1/2 year term, and to be secured by a majority of the Company's assets, including a portion of the capital stock of certain foreign subsidiaries. In addition, the Company is in the process of offering $250 million in fixed rate senior notes for sale in a private placement. The notes will mature in seven years and will have terms substantially similar to the currently outstanding 8 1/2% senior subordinated notes, except that they will not be subordinated. In addition, the Company intends to enter into a new $100 million accounts receivable securitization facility in Europe.

In 1996, the Company issued $250.0 million of 8.5% Senior Subordinated Notes due 2006 (the "Notes") at 99.139% of their principal amount. The Notes are unsecured obligations of the Company and are redeemable at the option of the Company, in whole or in part, at any time on or after March 15, 2001 initially at 104.25% of their principal amount, plus accrued interest, declining ratably to 100% of their principal amount plus accrued interest, on or after March 15, 2003. The indenture governing the Notes contains numerous covenants, including limitations on the Company's ability to incur additional indebtedness, to make investments, to make "restricted payments" (including dividends), and to create liens. The indenture also requires the Company to offer to repurchase the Notes in the event of a change in control. Subsequent to year-end, the Company was issued a notice of default by the trustee of the Notes regarding the violation of a covenant restricting the payments of dividends during periods in 1999, 2000 and 2001 when an interest coverage ratio was not met. During that period, the Company paid approximately $4.8 million in dividends based upon the Company's interpretation that it did not need to meet the interest coverage ratio but, instead, an alternative total debt test. The Company subsequently received sufficient waivers from the holders of the Notes for any violation of the covenant that might have resulted from the dividend payments. In connection with the receipt of waivers, the Company paid a waiver fee of approximately $2.5 million, which will be expensed in the first quarter of 2001. Currently, the Company is prohibited from paying dividends until such time as the interest coverage ratio in the indenture is met.

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

At December 31, 2000, the aggregate scheduled maturities of long-term debt are as follows (in millions):

2002	$315.5
2003	1.0
2004	1.1
2005	0.8
2006	249.2
2007 and thereafter	2.6
	$570.2

Cash payments for interest were $46.5 million, $71.8 million and $77.4 million for the years ended December 31, 2000, 1999 and 1998, 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, 2000, outstanding letters of credit totaled $10.0 million, of which $0.6 million were issued under the revolving credit facility.

8. EMPLOYEE BENEFIT PLANS

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

Net annual pension and postretirement cost and the measurement assumptions for the plans for the years ended December 31, 2000, 1999 and 1998 are set forth below (in millions):

PENSION BENEFITS	2000	1999	1998
Service cost	$ 8.1	$ 8.0	$ 8.4
Interest cost	27.4	25.9	25.1
Expected return on plan assets	(30.6)	(27.9)	(29.7)
Amortization of prior service cost	0.2	0.5	0.5
Amortization of net loss	0.6	1.1	--
Special termination benefits	0.5	--	6.7
Curtailment loss	1.4	--	--
Net annual pension costs	$ 7.6	$ 7.6	$ 11.0
Weighted average discount rate	6.4%	6.4%	6.1%
Weighted average expected long-term rate of return on plan assets	7.3%	7.3%	7.6%
Rate of increase in future compensation	4.0-5.0%	4.0%	4.0%

POSTRETIREMENT BENEFITS	2000	1999	1998
Service cost	$ 0.4	$ 0.9	$ 0.9
Interest cost	1.4	1.5	1.3
Amortization of transition and prior service cost	--	(0.1)	(0.6)
Amortization of unrecognized net gain	(0.4)	(0.1)	(0.8)
Special termination benefits	--	--	0.5
Curtailment gain	(1.4)	--	--
Net annual postretirement costs	$ --	$ 2.2	$ 1.3
Weighted average discount rate	7.7%	7.8%	7.0%

The following tables set forth reconciliations of the changes in benefit obligations, plan assets and funded status as of December 31, 2000 and 1999 (in millions):

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
CHANGE IN BENEFIT OBLIGATION	2000	1999	2000	1999
Benefit obligation at beginning of year	$461.1	$443.4	$21.3	$22.3
Service cost	8.1	8.0	0.4	0.9
Interest cost	27.4	25.9	1.4	1.5
Plan participant contributions	2.3	2.5	--	--
Actuarial (gain) loss	(2.1)	21.2	(2.4)	(2.1)
Acquisitions	--	--	3.6	--
Curtailments	2.0	--	(1.7)	--
Special termination benefits	0.5	--	--	--
Benefits paid	(22.6)	(27.7)	(1.6)	(1.3)
Foreign currency exchange rate changes	(32.4)	(12.2)	--	--
Benefit obligation at end of year	$444.3	$461.1	$21.0	$21.3

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
CHANGE IN PLAN ASSETS	2000	1999	2000	1999
Fair value of plan assets at beginning of year	$426.8	$384.7	$ --	$ --
Actual return of plan assets	57.0	59.1	--	--
Employer contributions	9.8	16.7	1.6	1.3
Plan participant contributions	2.3	2.5	--	--
Benefits paid	(22.6)	(27.7)	(1.6)	(1.3)
Foreign currency exchange rate changes	(30.3)	(8.5)	--	--
Fair value of plan assets at end of year	$443.0	$426.8	$ --	$ --
Funded status	$ (1.2)	$(34.3)	$(21.0)	$(21.3)
Unrecognized net obligation	--	0.7	0.3	0.4
Unrecognized net loss (gain)	14.1	46.7	(6.8)	(4.9)
Unrecognized prior service cost	--	1.7	0.2	0.4
Net amount recognized	$ 12.9	$ 14.8	$(27.3)	$(25.4)
Amounts recognized in Consolidated Balance Sheets:				
Prepaid benefit cost	$ 33.3	$ 31.4	$ --	$ --
Accrued benefit liability	(17.6)	(17.6)	(27.3)	(25.4)
Intangible asset	--	1.0	--	--
Additional minimum pension liability	(2.8)	--	--	--
Net amount recognized	$ 12.9	$ 14.8	$(27.3)	$(25.4)

The aggregate projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $52.2 million, $52.2 million and $31.9 million, respectively, as of December 31, 2000 and $32.2 million, $30.2 million and $11.9 million, respectively, as of December 31, 1999.

For measuring the expected postretirement benefit obligation, a 7.5% health care cost trend rate was assumed for 2000, decreasing 0.75% per year to 5.0-6.0% and remaining at that level thereafter. For 1999, a 8.25% health care cost trend rate was assumed. Changing the assumed health care cost trend rates by one percentage point each year and holding all other assumptions constant would have the following effect to service and interest cost and the accumulated postretirement benefit obligation at December 31, 2000 (in millions):

	ONE PERCENTAGE POINT INCREASE	ONE PERCENTAGE POINT DECREASE
Effect on service and interest cost	$ --	$ --
Effect on accumulated benefit obligation	$1.6	$(1.3)

The Company maintains defined contribution plans covering certain employees primarily in the United States and United Kingdom. Under the plans, the Company contributes a specified percentage of each eligible employee's compensation. The Company contributed $1.6 million, $1.5 million and $1.6 million for the years ended December 31, 2000, 1999 and 1998, respectively.

9. COMMON STOCK

At December 31, 2000, the Company had 150.0 million authorized shares of common stock with a par value of $0.01, with 59.6 million shares of common stock outstanding, 0.1 million shares reserved for issuance under the Company's 1991 Stock Option Plan (Note 10), 0.1 million shares reserved for issuance under the Company's Nonemployee Director Stock Incentive Plan (Note 10) and 3.5 million shares reserved for issuance under the Company's Long-Term Incentive Plan (Note 10).

In December 1997, the Company's Board of Directors authorized the repurchase of up to $150.0 million of its outstanding common stock. In 1998, the Company repurchased approximately 3.5 million shares of its common stock at a cost of approximately $88.1 million. In 1999 and 2000, the Company did not repurchase any of its common stock. The purchases are made through open market transactions, and the timing and number of shares purchased depend on various factors, such as price and other market conditions.

In April, 1994, the Company designated 300,000 shares of Junior Cumulative Preferred Stock ("Junior Preferred Stock") in connection with the adoption of a Stockholders' Rights Plan (the "Rights Plan"). Under the terms of the Rights Plan, one-third of a preferred stock purchase right (a "Right") is attached to each outstanding share of the Company's common stock. The Rights Plan contains provisions that are designed to protect stockholders in the event of certain unsolicited attempts to acquire the Company. Under the terms of the Rights Plan, each Right entitles the holder to purchase one one-hundredth of a share of Junior Preferred Stock, par value of $0.01 per share, at an exercise price of $200 per share. The Rights are exercisable a specified number of days following (i) the acquisition by a person or group of persons of 20% or more of the Company's common stock or (ii) the commencement of a tender or exchange offer for 20% or more of the Company's common stock. In the event the Company is the surviving company in a merger with a person or group of persons that owns 20% or more of the Company's outstanding stock, each Right will entitle the holder (other than such 20% stockholder) to receive, upon exercise, common stock of the Company having a value equal to two times the Right's exercise price. In addition, in the event the Company sells or transfers 50% or more of its assets or earning power, each Right will entitle the holder to receive, upon exercise, common stock of the acquiring company having a value equal to two times the Right's exercise price. The Rights may be redeemed by the Company at $0.01 per Right prior to their expiration on April 27, 2004.

10. STOCK INCENTIVE PLANS

NONEMPLOYEE DIRECTOR STOCK INCENTIVE PLAN

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

At December 31, 2000, there were 10,500 shares awarded but not earned under the Director Plan and 10,500 shares that have been earned but not vested under the Director Plan.

LONG-TERM INCENTIVE PLAN

The Company's Long-Term Incentive Plan (the "LTIP") provides for restricted stock awards to executives based on increases in the price of the Company's common stock. The awarded shares may be earned over a five-year performance period in specified increments for each 20% increase in the average market value of the Company's common stock over the established initial base price. For all restricted stock awards prior to 2000, earned 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 earned award vesting at the end of the third, fourth and fifth year after each award is earned. In 2000, the LTIP was amended to replace the vesting schedule with a nontransferability period for all future grants. Accordingly for restricted stock awards in 2000 and all future awards, earned shares are subject to a non-transferability period which expires over a five-year period with the transfer restrictions lapsing in one-third increments at the end of the third, fourth, and fifth year after each award is earned. During the non-transferability period, participants will be restricted from selling, assigning, transferring, pledging or otherwise disposing of any earned shares, but earned shares are not subject to forfeiture. In the event a participant terminates employment with the Company, the non-transferability period is extended by two years. When the earned shares have vested and are no longer subject to forfeiture, the Company is obligated to pay a cash bonus equal to 40% of the value of the shares on the date the shares are earned in order 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. For awards granted in 2000 and in the future, the Company will record the entire compensation expense relating to the earned shares and related cash bonus in the period in which the award is earned. The Company recognized compensation expense associated with the LTIP of $3.8 million, $8.5 million and $12.0 million for the years ended December 31, 2000, 1999 and 1998, respectively, consisting of amortization of the stock awards and the related cash bonus.

Additional information regarding the LTIP for the years ended December 31, 2000, 1999 and 1998 is as follows:

	2000	1999	1998
Shares awarded but not earned at January 1	1,046,000	927,500	965,000
Shares awarded	2,075,000	150,000	--
Shares forfeited or expired unearned	(1,191,000)	(16,500)	(37,500)
Shares earned	--	(15,000)	--
Shares awarded but not earned at December 31	1,930,000	1,046,000	927,500
Shares available for grant	1,600,000	1,234,000	1,367,500
Total shares reserved for issuance	3,530,000	2,280,000	2,295,000
Shares vested during year	411,667	441,166	375,833

In 2000, the LTIP was amended to increase the number of shares authorized for issuance by 1,250,000 shares.

STOCK OPTION PLAN

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

Stock option transactions during the three years ended December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Options outstanding at January 1	1,855,919	1,238,294	797,968
Options granted	802,000	701,700	586,700
Options exercised	(39,702)	(17,138)	(50,698)
Options canceled	(184,720)	(66,937)	(95,676)
Options outstanding at December 31	2,433,497	1,855,919	1,238,294
Options available for grant at December 31	123,438	740,718	1,375,481
Option price ranges per share:			
Granted	$11.63-13.13	$ 11.00	$ 8.31-27.00
Exercised	1.52-11.00	1.52-11.00	1.52-27.00
Canceled	14.63-31.25	14.63-31.25	11.75-31.25
Weighted average option prices per share:			
Granted	$ 11.69	$ 11.00	$ 22.08
Exercised	8.12	3.09	9.52
Canceled	18.66	23.15	23.78
Outstanding at December 31	15.19	16.90	20.39

At December 31, 2000, the outstanding options had a weighted average remaining contractual life of approximately 7.8 years and there were 1,192,605 options currently exercisable with option prices ranging from $1.52 to $31.25 and with a weighted average exercise price of $16.92.

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OF SHARES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE AS OF DECEMBER 31, 2000	WEIGHTED AVERAGE EXERCISE PRICE
$1.52-$1.52	34,772	0.8	$ 1.52	34,772	$ 1.52
$2.50-$3.75	57,700	1.7	$ 2.63	57,700	$ 2.63
$6.25-$6.25	14,300	2.5	$ 6.25	14,300	$ 6.25
$11.00-$14.69	1,587,749	8.7	$11.72	562,029	$12.25
$18.25-$27.00	617,816	6.9	$23.13	426,936	$23.37
$31.25-$31.25	121,160	6.4	$31.25	96,868	$31.25
	2,433,497			1,192,605	

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

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

	2000	1999	1998
Director Plan	$ --	$13.61	$43.47
LTIP	8.50	12.13	--
Option Plan	6.23	7.07	12.18

There were no awards under the LTIP in 1998 or in the Director Plan in 2000.

The fair value of the grants and awards are amortized over the vesting period for stock options and earned awards under the Director Plan and LTIP and over the performance period for unearned awards under the Director Plan and LTIP. Based on applying the provisions of SFAS No. 123, pro forma net income, net income per common share and the assumptions under the Black-Scholes pricing model were as follows (in millions, except per share data):

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Net income (loss)	$ (2.5)	$(14.0)	$57.4
Net income (loss) per common share -- diluted	$(0.04)	$(0.24)	$0.94
Weighted average assumptions under Black-Scholes:			
Expected life of options (years)	5.6	7	7
Risk free interest rate	5.8%	5.9%	5.6%
Expected volatility	44.0%	61.0%	46.0%
Expected dividend yield	0.3%	0.4%	0.2%

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.

11. COMMITMENTS AND CONTINGENCIES

The Company leases land, buildings, machinery, equipment and furniture under various noncancelable operating lease agreements. At December 31, 2000, future minimum lease payments under noncancelable operating leases were as follows (in millions):

2001	$13.0
2002	11.2
2003	9.8
2004	8.1
2005	7.2
Thereafter	29.6
	$78.9

Total lease expense under noncancelable operating leases was $17.4 million, $14.5 million and $15.9 million, for the years ended December 31, 2000, 1999 and 1998, respectively.

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

At December 31, 2000, the Company was obligated under certain circumstances to purchase through the year 2005 up to $19.6 million of equipment upon expiration of certain operating leases between AGCO Finance LLC and Agricredit Acceptance Canada Ltd, the Company's retail finance joint ventures in North America, and end users. Management believes that any losses which might be incurred on the resale of this equipment will not materially impact the Company's financial position or results of operations.

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

12. RELATED PARTY TRANSACTIONS

In addition to its retail finance joint ventures, Rabobank Nederland is the principal agent and participant in the Company's revolving credit agreement and the Securitization Facility. All transactions with the joint ventures and Rabobank have been on an arms-length basis and have been based on prevailing market conditions.

In 2000, the Company entered into supply agreements with SAME Deutz-Fahr Group S.p.A. ("SDF") whereby SDF supplies certain orchard and vineyard tractors and AGCO supplies SDF with combines in the European market beginning in 2001. At December 31, 2000, SDF owns approximately 10% of AGCO's common stock, but has no involvement in AGCO management. In management's opinion, all transactions between the Company and SDF are done on an arms-length basis.

13. SEGMENT REPORTING

The Company has four geographic reportable segments: North America, South America, Europe/Africa/Middle East and Asia/Pacific. Each segment distributes a full range of agricultural equipment and related replacement parts. The accounting policies of the segments are the same as described in the summary of significant accounting policies. The Company evaluates segment performance based on income from operations. Sales for each segment are based on the location of the third-party customer. All intercompany transactions between segments have been eliminated. The Company's selling, general and administrative expenses and engineering expenses are charged to each segment based on the region where the expenses are incurred. As a result, the components of operating income for one segment may not be comparable to another segment. Segment results for 2000, 1999 and 1998 are as follows (in millions):

	NORTH AMERICA	SOUTH AMERICA	EUROPE/AFRICA/ MIDDLE EAST	ASIA/ PACIFIC	CONSOLIDATED
2000					
Net Sales	$684.9	$235.6	$1,317.2	$98.4	$2,336.1
Income (loss) from operations	(15.3)	4.3	101.4	16.2	106.6
Depreciation and amortization	14.0	5.6	29.5	2.5	51.6
Assets	517.6	209.3	685.6	27.3	1,439.8
Capital expenditures	24.4	4.3	29.0	--	57.7
1999					
Net Sales	$633.2	$198.6	$1,508.3	$96.3	$2,436.4
Income (loss) from operations	(25.3)	(14.1)	114.2	13.6	88.4
Depreciation and amortization	12.7	6.1	35.0	2.0	55.8
Assets	667.4	189.0	728.1	32.8	1,617.3
Capital expenditures	4.9	7.6	31.7	--	44.2
1998					
Net Sales	$965.5	$317.1	$1,600.2	$88.0	$2,970.8
Income from operations	57.0	13.5	134.6	15.8	220.9
Depreciation and amortization	14.3	8.9	32.9	1.5	57.6
Assets	876.7	260.9	922.5	30.2	2,090.3
Capital expenditures	14.5	6.4	40.1	--	61.0

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

	2000	1999	1998
Segment income from operations	$ 106.6	$ 88.4	$ 220.9
Restricted stock compensation expense	(3.8)	(8.5)	(12.0)
Restructuring and other infrequent expenses	(21.9)	(24.5)	(40.0)
Amortization of intangibles	(15.1)	(14.8)	(13.2)
Consolidated income from operations	$ 65.8	$ 40.6	$ 155.7
Segment assets	$1,439.8	$1,617.3	$2,090.3
Cash and cash equivalents	13.3	19.6	15.9
Receivables from affiliates	10.4	12.8	15.2
Investments in affiliates	85.3	93.6	95.2
Other current and noncurrent assets	269.0	217.3	163.3
Intangible assets	286.4	312.6	370.5
Consolidated total assets	$2,104.2	$2,273.2	$2,750.4

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Net sales by customer location for the years ended December 31, 2000, 1999 and 1998 were as follows (in millions):

	2000	1999	1998
Net Sales:			
United States	$ 540.2	$ 495.6	$ 778.9
Canada	114.8	95.1	146.1
Germany	371.5	440.4	450.4
France	266.9	315.8	322.3
United Kingdom and Ireland	109.0	135.4	120.9
Other Europe	418.2	481.4	541.7
South America	235.6	198.6	317.1
Middle East	114.3	97.7	116.1
Asia	57.6	48.7	37.0
Australia	40.8	47.6	51.0
Africa	37.3	37.6	48.8
Mexico, Central America and Caribbean	29.9	42.5	40.5
	$2,336.1	$2,436.4	$2,970.8

Net sales by product for the years ended December 31, 2000, 1999 and 1998 were as follows (in millions):

	2000	1999	1998
Net sales:			
Tractors	$1,474.5	$1,550.3	$1,852.3
Combines	145.4	162.3	293.5
Other machinery	269.4	251.3	316.7
Replacement parts	446.8	472.5	508.3
	$2,336.1	$2,436.4	$2,970.8

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

Not applicable.

PART III

The information called for by Items 10, 11, 12 and 13, if any, will be contained in our Proxy Statement for the 2001 Annual Meeting of Stockholders which we intend to file on or about April 4, 2001.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

The information with respect to directors required by this item set forth in our Proxy Statement for the 2001 Annual Meeting of Stockholders in the sections entitled "Election of Directors" and "Directors Continuing in Office" is incorporated herein by reference. The information under the heading "Executive Officers of the Registrant" set forth on pages 12 and 13 of this Form 10-K is incorporated herein by reference. The information with respect to executive officers required by this item set forth in our Proxy Statement for the 2001 Annual Meeting of Stockholders in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information with respect to executive compensation required by this item set forth in our Proxy Statement for the 2001 Annual Meeting of Stockholders in the sections entitled "Board of Directors and Certain Committees of the Board," "Compensation Committee Interlocks and Insider Participation" and "Executive Compensation" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item set forth in our Proxy Statement for the 2001 Annual Meeting of Stockholders in the section entitled "Principal Holders of Common Stock" is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item set forth in our Proxy Statement for the 2001 Annual Meeting of Stockholders in the section entitled "Certain Relationships and Related Transactions" is incorporated herein by reference.

PART IV

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

(a) The following documents are filed as part of this Form 10-K:

(1) The consolidated financial statements, notes to consolidated financial statements and the Report of Independent Public Accountants for AGCO Corporation and its subsidiaries are presented on pages 28 through 57 under Item 8 of this Form 10-K.

(2) The financial statements, notes to financial statements and the Independent Auditors' Report for AGCO Finance LLC (formerly known as Agricredit Acceptance LLC) included as Exhibit 99.1.

(3) Financial Statement Schedules:

The following Report of Independent Public Accountants and the Consolidated Financial Statement Schedule of AGCO Corporation and its subsidiaries are included herein on pages II-1 through II-3.

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

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

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

EXHIBIT NUMBER		DESCRIPTION OF EXHIBIT
3.1	--	Certificate of Incorporation of the Registrant incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996.
3.2	--	By-Laws of the Registrant incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
4.1	--	Rights Agreement, as amended, between and among AGCO Corporation and SunTrust Bank, as rights agent, dated as of April 27, 1994 incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 and the Company's Form 8-A/A dated August 8, 1999.
4.2	--	Indenture between AGCO Corporation and SunTrust Bank, as Trustee, dated as of March 20, 1996, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
10.1	--	1991 Stock Option Plan, as amended, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.*
10.2	--	Form of Stock Option Agreements (Statutory and Nonstatutory) incorporated by reference to the Company's Registration Statement on Form S-1 (No. 33-43437) dated April 16, 1992.*
10.3	--	Amended and Restated Long-Term Incentive Plan (LTIP III).*
10.4	--	Nonemployee Director Stock Incentive Plan, as amended incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.*
10.5	--	Management Incentive Compensation Plan incorporated by reference to the Company's Annual Report on Form 10-K for the Year ended December 31, 1995.*
10.6	--	Second Amended and Restated Credit Agreement dated as of March 12, 1999 among AGCO Corporation and certain of its affiliates and various lenders, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.
10.7	--	Employment and Severance Agreement by and between AGCO Corporation and Robert J. Ratliff incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.*
10.8	--	Employment and Severance Agreement by and between AGCO Corporation and John M. Shumejda incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.*
10.9	--	Employment and Severance Agreement by and between AGCO Corporation and Edward R. Swingle incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.*
10.10	--	Employment and Severance Agreement by and between AGCO Corporation and Norman L. Boyd.*
10.11	--	Employment and Severance Agreement by and between AGCO Corporation and Aaron D. Jones.*

EXHIBIT NUMBER		DESCRIPTION OF EXHIBIT
10.12	--	Receivables Purchase Agreement dated as of January 27, 2000 among AGCO Corporation, AGCO Funding Corporation and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., as administrative agent, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
12.0	--	Statement re: Computation of Earnings to Combined Fixed Charges.
21.0	--	Subsidiaries of the Registrant.
23.1	--	Consent of Arthur Andersen LLP, independent public accountants.
23.2	--	Consent of KPMG LLP for the financial statements of AGCO Finance LLC (formerly Agricredit Acceptance LLC).
24.0	--	Power of Attorney.
99.1	--	Financial statements of AGCO Finance LLC (formerly Agricredit Acceptance LLC).

----

* Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K.

None.

SIGNATURES

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

AGCO Corporation

By: /s/ JOHN M. SHUMEJDA

John M. Shumejda
President and Chief Executive Officer

Dated: April 2, 2001

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

SIGNATURE	TITLE	DATE
/s/ ROBERT J. RATLIFF* Robert J. Ratliff	Chairman of the Board	April 2, 2001
/s/ JOHN M. SHUMEJDA John M. Shumejda	President and Chief Executive Officer, Director (Principal Executive Officer)	April 2, 2001
/s/ DONALD R. MILLARD Donald R. Millard	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 2, 2001
/s/ HENRY J. CLAYCAMP* Henry J. Claycamp	Director	April 2, 2001
/s/ WOLFGANG DEML* Wolfgang Deml	Director	April 2, 2001
/s/ GERALD B. JOHANNESON* Gerald B. Johanneson	Director	April 2, 2001
/s/ ANTHONY D. LOEHNIS* Anthony D. Loehnis	Director	April 2, 2001
/s/ WOLFGANG SAUER* Wolfgang Sauer	Director	April 2, 2001
/s/ W. WAYNE BOOKER* W. Wayne Booker	Director	April 2, 2001
/s/ CURTIS E. MOLL* Curtis E. Moll	Director	April 2, 2001
/s/ DAVID E. MOMOT* David E. Momot	Director	April 2, 2001
/s/ HENDRIKUS VISSER* Hendrikus Visser	Director	April 2, 2001

*By: /s/ STEPHEN D. LUPTON

Stephen D. Lupton
Attorney-in-Fact

ANNUAL REPORT ON FORM 10-K

ITEM 14(A)(2)

FINANCIAL STATEMENT SCHEDULE
YEAR ENDED DECEMBER 31, 2000

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To AGCO Corporation:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of AGCO CORPORATION AND SUBSIDIARIES as of December 31, 2000 and 1999 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000 and have issued our report thereon dated March 29, 2001. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule II-Valuation and Qualifying Accounts is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Anderson LLP

Atlanta, Georgia
March 29, 2001

SCHEDULE II

AGCO CORPORATION AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS: ACQUIRED BUSINESSES	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED (CREDITED) TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Year ended December 31, 2000 Allowances for sales incentive discounts	$53.6	$ --	$ 79.6	$ --	$ (78.3)	$54.9
Year ended December 31, 1999 Allowances for sales incentive discounts	$58.4	$ --	$ 80.3	$ --	$ (85.1)	$53.6
Year ended December 31, 1998 Allowances for sales incentive discounts	$53.1	$1.4	$108.0	$ --	$(104.1)	$58.4

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS: ACQUIRED BUSINESSES	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED (CREDITED) TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Year ended December 31, 2000 Allowances for doubtful receivables	$43.0	$ --	$ 2.5	$ --	$ (2.1)	$43.4
Year ended December 31, 1999 Allowances for doubtful receivables	$49.4	$ --	$ 3.8	$ --	$ (10.2)	$43.0
Year ended December 31, 1998 Allowances for doubtful receivables	$44.1	$0.6	$ 10.7	$ --	$ (6.0)	$49.4

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ACQUIRED BUSINESSES	CHARGED TO COSTS AND EXPENSES	REVERSAL OF ACCRUAL	DEDUCTIONS	BALANCE AT END OF PERIOD
Year ended December 31, 2000 Accruals of severance, relocation and other integration costs	$22.2	$ --	$ 24.9	$(3.0)	$ (33.8)	$10.3
Year ended December 31, 1999 Accruals of severance, relocation and other integration costs	$35.0	$ --	$ 9.6(a)	$ --	$ (22.4)	$22.2
Year ended December 31, 1998 Accruals of severance, relocation and other integration costs	$12.4	$6.5	$ 32.8(b)	$ --	$ (16.7)	$35.0

(a) Excludes restructuring and other infrequent expenses related to the writedown of property, plant and equipment of $14.9 million.
(b) Excludes restructuring and other infrequent expenses related to pension and postretirement benefit expenses of $7.2 million

EXHIBIT 10.3

AGCO CORPORATION
AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN (LTIP III)

SECTION I

PURPOSE

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

The original Plan was adopted in 1993 and amended in 1997, with such adoption and amendment approved by the Company's stockholders.

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

SECTION II

ADMINISTRATION

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

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

SECTION III

SHARES SUBJECT TO THE PLAN

a. Awards for a total of 6,000,000 shares of the Company's $.01 par value Common Stock (the "Common Stock") may be granted pursuant to the terms of the Plan. The Common Stock subject to the Plan may be unissued shares of Common Stock or shares of issued Common Stock held in the Company's treasury, or both. No individual may receive awards for over 1,000,000 shares of Common Stock over the life of the Plan.

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

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

SECTION IV

DURATION, AMENDMENT, AND TERMINATION

a. Unless sooner terminated by the Board of Directors, the Plan will terminate on December 31, 2009. The termination or any amendment of the Plan may not impair or adversely affect, without the consent of the participants, the rights of holders of outstanding awards. The Boards of Directors may amend or terminate the Plan at any time, and from time to time.

b. The Board of Directors may, from time to time, amend the Plan without stockholder approval except to the extent that stockholder approval is required in order to comply with any applicable provision of the Code, ERISA or the rules of the New York Stock Exchange or in order for compensation provided hereunder to be treated as qualified performance-based compensation under applicable Treasury Regulations.

SECTION V

ELIGIBILITY

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

SECTION VI

TERMS AND CONDITIONS OF AWARDS

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

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

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

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

d. Absent any action by the Committee to the contrary, when an increment of a Contingent Award is earned, it will be awarded in the form of Common Stock ("Earned Shares").

e. The LTIP requires stock price appreciation to earn awards, and the actual value of the award is determined at the time the award is earned. During the performance period, participants shall neither receive dividends on, nor have voting rights with respect to, their Contingent Award, and in addition, they may not sell, transfer, pledge or otherwise dispose of such Contingent Award. After shares become Earned Shares, participants shall receive dividends on their Earned Shares and have full voting rights with respect to their Earned Shares, but they may not sell, transfer, pledge or otherwise dispose of or encumber such Earned Shares except as provided in Section XII(c).

f. In order to earn any increment of an award, the participant must continue to be employed by the Company or a participating subsidiary, through the date on which the applicable stock price increase (for the required twenty (20) day period) is achieved. Upon termination of a participant's employment for any reason, such participant's opportunity to earn any increment of an award, which is unearned as of such date, shall be forfeited.

SECTION VII

CASH BONUS AWARDS

a. When an increment of a Contingent Award is earned, a cash payment designed to satisfy a portion of the federal and state income tax obligations of the participant is then payable by the Company to the participant. Cash bonus awards will be made on or as soon as practicable following the last day of the month that each award is earned. The cash bonus award shall be an amount equal to 40% of the value of the Earned Shares on the date the stock award is earned.

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

SECTION VIII

DEATH, DISABILITY OR RETIREMENT OF PARTICIPANT

a. Upon the death or total disability of a participant, or upon retirement at no earlier than age 65, the restrictions on resales of Earned Shares, described in Section XII, shall lapse and be of no further force or effect.

b. Any unpaid cash bonus award associated with any Earned Shares, shall be made to the estate of the deceased or the disabled or retired participant.

SECTION IX

ADJUSTMENTS

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

SECTION X

FEDERAL INCOME TAX CONSEQUENCES

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

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

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

SECTION XI

CHANGE IN CONTROL

a. In the event of a Change in Control (as defined herein), the Company will require any successor to fulfill the terms and conditions of the Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. However, effective with the Change in Control, the restrictions on resales of Earned Shares, described in Section XII, shall lapse and be of nor further force or effect.

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

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

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

(3) A change in the ownership of a substantial portion of a corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total fair market value equal to or more than one-third of the total fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions unless the assets are transferred to: a stockholder of the corporation (immediately before the

asset transfer) in exchange for or with respect to its stock; an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly by the corporation; a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all of the outstanding stock of the corporation; or an entity, at least fifty percent (50%) of the total value or voting power is owned, directly or indirectly, by a person, or more than one person acting as a group, that owns directly or indirectly, fifty percent (50%) or more of the total value of voting power of all of the outstanding stock of the corporation.

SECTION XII

RESTRICTIONS ON RESALES

a. An employee shall have no right to sell, assign, transfer, pledge or otherwise dispose of or encumber interest in any right to receive shares of Common Stock granted under the LTIP except by will or the laws of descent and distribution; provided, that, with respect to any Earned Shares, the restrictions set forth in this sentence shall lapse pursuant to the following schedule: one-third of such Earned Shares may be disposed of on or after the third anniversary of the date they were earned; an additional one-third may be disposed of on the fourth anniversary thereof; and as of the fifth anniversary of such earned date, the entire number of Earned Shares may be disposed of by the participant; provided, further, that if the participant's employment is terminated for any reason, other than those specified in Section VIII hereof, the schedule set forth in the preceding portion of this sentence shall be revised such that the transfer restrictions shall lapse in one-third increments on each of the fifth, sixth, and seventh anniversaries, respectively, of the applicable earned date.

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

c. Notwithstanding anything to the contrary herein, a participant may sell, assign, transfer or otherwise dispose of all or any portion of the participants' interest in any Earned Shares to any of the following: a revocable living trust primarily for the benefit of the participant, an irrevocable trust in which the participant is the settlor, or a partnership in which the participant is a general partner, and in any event in compliance with applicable federal and state securities laws.

SECTION XIII

MISCELLANEOUS

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

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

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

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

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

f. Participation in the Plan shall not give any participant any right to remain in the employ of the Company, or any of its subsidiaries. Further, the adoption of this Plan shall not be deemed to give any employee of the Company or any other individual any right to be selected as a participant or to be granted an award.

SECTION XIV

EFFECTIVE DATE

a. The Effective Date of this Amended and Restated Plan shall be February 1, 2000, subject to stockholder approval, and shall be applicable only to awards granted after such Effective Date. The provisions of the prior Amended and Restated Plan shall be effective for all prior grants. No awards will be granted under the Plan after the expiration of ten years from the Effective Date.

EXHIBIT 10.10

EMPLOYMENT AND SEVERANCE AGREEMENT

This Employment and Severance Agreement (the "Agreement") entered into this 1st day of September 1999 by and between AGCO CORPORATION, a Delaware corporation (the "Company"), and Norm L. Boyd (the "Executive"),

WITNESSETH:

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

1. EMPLOYMENT.

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

(b) The employment term shall commence on September 1, 1999 and shall continue in effect until terminated in accordance with Section 5 or any other provision of the Agreement.

2. POSITION AND DUTIES.

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

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay to the Executive an annual base salary ("Base Salary") of Two Hundred Nine Thousand Dollars ($209,000), payable in equal semi-monthly installments throughout the term of such employment subject to Section 5 hereof and subject to applicable tax and payroll deductions. The Company shall consider increases in the Executive's Base Salary annually, and any such increase in salary implemented by the Company shall become the Executive's Base Salary for purposes of this Agreement.

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

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

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

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

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

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

(i) "COMPETITIVE POSITION" shall mean (i) the Executive's direct or indirect equity ownership (excluding equity ownership of less than one percent (1%) or control of all or any portion of a Competitor, or (ii) any employment, consulting, partnership, advisory, directorship, agency, promotional or independent contractor arrangement between the Executive and any Competitor whereby the Executive is required to perform executive level services substantially similar to those that he will perform for the Company as an 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: (i) with regard to information constituting a Trade Secret, at all times during the Executive's employment with the Company and all times thereafter during which such information continues to constitute a Trade Secret; and (ii) with regard to any Confidential Information, at all times during the Executive's employment with the Company and for three (3) years after the termination of the Executive's employment with the Company, the Executive shall regard and treat all information constituting a Trade Secret or Confidential Information as strictly confidential and wholly owned by the Company and will not, for any reason in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, appropriate or otherwise communicate any such information to any party for any purpose other than strictly in accordance with the express terms of this Agreement and other than as may be required by law.

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

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

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

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

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

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

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

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

5. 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 shall be certified in writing to the Company and to the Executive and 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: (i) the Executive's habitual drunkenness or chronic substance abuse; (ii) a willful failure by the Executive to materially perform and discharge the duties and responsibilities of the Executive hereunder; (iii) any breach by the Executive of the provisions of Section 4 hereof; (iv) any misconduct by the Executive that is materially injurious to the Company; or (v) a conviction of a felony involving the personal dishonesty or moral turpitude of the Executive.

(d) WITHOUT CAUSE; GOOD REASON.

(i) The Company may terminate the Executive's employment hereunder without Cause, by giving written Notice of termination to the Executive.

(ii) The Executive may terminate his employment hereunder, by giving written Notice of Termination to the Company. For the purposes of this Agreement, the Executive shall have "Good Reason" to terminate his employment hereunder upon (and without the written consent of the Executive) (a) a reduction in the Executive's base salary or 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 material breach by the Company of this Agreement.

(e) NOTICE OF TERMINATION. Any termination by the Company pursuant to the Subsections (b), (c) or (d)(i) above or by the Executive pursuant to Subsection (d)(ii) above, shall be communicated by written Notice of Termination from the party issuing such notice to the other party hereto. 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 the Notice of Termination shall not be dated earlier than ninety (90) days from the date such Notice is delivered or mailed to the applicable party.

(f) OBLIGATION TO PAY. Except upon voluntary termination by the Executive without Good Reason and subject to Section 6 below, the Company shall pay the compensation specified in this Subsection 5(f) to the Executive for the period specified in this Subsection 5(f). The Company also will continue insurance benefits during the remainder of the applicable period, including the Severance Period set forth in this Subsection 5(f). 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. If the Executive's employment shall be terminated by the Company, without cause, or by the Executive for Good Reason, the Company shall (x) continue to pay the Executive the Base Salary (at the rate in effect on the date of such termination) for a period of two (2) years beginning as of the date of such termination (such two (2) year period being referred to hereinafter as the "Severance Period") at such intervals as the same would have been paid had the Executive remained in the active service of the Company, and (y) pay the Executive a pro rata portion of the bonus or other incentive benefits to which the Executive would have been entitled for the year of termination, had the Executive remained employed for the entire year, which incentive compensation shall be payable at the time incentive compensation is payable generally under the applicable incentive plans. The executive shall have no further right to receive any other compensation benefits or perquisites after the date of termination of employment except as determined under the terms of the employee benefit plans or programs of the Company or under applicable law.

6. CONDITIONS APPLICABLE TO SEVERANCE PERIOD; MITIGATION OF DAMAGES

(a) If during the Severance Period, the Executive breaches his obligations under Section 4 above, the Company may, upon written notice to the Executive, terminate the Severance Period and cease to make any further payments or provide any benefits described in Subsection 5(f).

(b) Although the Executive shall not be required to mitigate the amount of any payment provided for in Subsection 5(f) by seeking other employment, any such payments shall be reduced by any amounts which the Executive receives or is entitled to receive from another employer with respect to the Severance Period. The Executive shall promptly notify the Company in writing in the event that other employment is obtained during the Severance Period.

7. 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
4205 River Green Parkway
Duluth, Georgia 30096
Attention: R. J. Ratliff

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.

8. 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 7 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 8, 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: ----------------- Company initials: ---------

9. 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.

10. 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.

11. 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.

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

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

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

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

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

AGCO CORPORATION

By: --

Name: --

Title: ------------------------------------

EXECUTIVE OFFICER

EXHIBIT 10.11

EMPLOYMENT AND SEVERANCE AGREEMENT

This Employment and Severance Agreement (the "Agreement") entered into this 1st day of September 1999 by and between AGCO CORPORATION, a Delaware corporation (the "Company"), and Aaron D. Jones (the "Executive"),

WITNESSETH:

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

1. EMPLOYMENT.

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

(b) The employment term shall commence on September 1, 1999 and shall continue in effect until terminated in accordance with Section 5 or any other provision of the Agreement.

2. POSITION AND DUTIES.

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

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay to the Executive an annual base salary ("Base Salary") of Two Hundred Twenty Thousand, One Hundred Sixty-Four Dollars ($220,164), payable in equal semi-monthly installments throughout the term of such employment subject to Section 5 hereof and subject to applicable tax and payroll deductions. The Company shall consider increases in the Executive's Base Salary annually, and any such increase in salary implemented by the Company shall become the Executive's Base Salary for purposes of this Agreement.

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

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

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

Executive under any such Company plans or arrangements shall be deemed to be in lieu of compensation to the Executive hereunder.

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

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

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

(i) "COMPETITIVE POSITION" shall mean (i) the Executive's direct or indirect equity ownership (excluding equity ownership of less than one percent (1%) or control of all or any portion of a Competitor, or (ii) any employment, consulting, partnership, advisory, directorship, agency, promotional or independent contractor arrangement between the Executive and any Competitor whereby the Executive is required to perform executive level services substantially similar to those that he will perform for the Company as an 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: (i) with regard to information constituting a Trade Secret, at all times during the Executive's employment with the Company and all times thereafter during which such information continues to constitute a Trade Secret; and (ii) with regard to any Confidential Information, at all times during the Executive's employment with the Company and for three (3) years after the termination of the Executive's employment with the Company, the Executive shall regard and treat all information constituting a Trade Secret or Confidential Information as strictly confidential and wholly owned by the Company and will not, for any reason in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, appropriate or otherwise communicate any such information to any party for any purpose other than strictly in accordance with the express terms of this Agreement and other than as may be required by law.

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

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

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

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

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

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

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

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

5. 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 shall be certified in writing to the Company and to the Executive and 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: (i) the Executive's habitual drunkenness or chronic substance abuse; (ii) a willful failure by the Executive to materially perform and discharge the duties and responsibilities of the Executive hereunder; (iii) any breach by the Executive of the provisions of Section 4 hereof; (iv) any misconduct by the Executive that is materially injurious to the Company; or (v) a conviction of a felony involving the personal dishonesty or moral turpitude of the Executive.

(d) WITHOUT CAUSE; GOOD REASON.

(i) The Company may terminate the Executive's employment hereunder without Cause, by giving written Notice of termination to the Executive.

(ii) The Executive may terminate his employment hereunder, by giving written Notice of Termination to the Company. For the purposes of this Agreement, the Executive shall have "Good Reason" to terminate his employment hereunder upon (and without the written consent of the Executive) (a) a reduction in the Executive's base salary or 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 material breach by the Company of this Agreement.

(e) NOTICE OF TERMINATION. Any termination by the Company pursuant to the Subsections (b), (c) or (d)(i) above or by the Executive pursuant to Subsection (d)(ii) above, shall be communicated by written Notice of Termination from the party issuing such notice to the other party hereto. 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 the Notice of Termination shall not be dated earlier than ninety (90) days from the date such Notice is delivered or mailed to the applicable party.

(f) OBLIGATION TO PAY. Except upon voluntary termination by the Executive without Good Reason and subject to Section 6 below, the Company shall pay the compensation specified in this Subsection 5(f) to the Executive for the period specified in this Subsection 5(f). The Company also will continue insurance benefits during the remainder of the applicable period, including the Severance Period set forth in this Subsection 5(f). 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. If the Executive's employment shall be terminated by the Company, without cause, or by the Executive for Good Reason, the Company shall (x) continue to pay the Executive the Base Salary (at the rate in effect on the date of such termination) for a period of two (2) years beginning as of the date of such termination (such two (2) year period being referred to hereinafter as the "Severance Period") at such intervals as the same would have been paid had the Executive remained in the active service of the Company, and (y) pay the Executive a pro rata portion of the bonus or other incentive benefits to which the Executive would have been entitled for the year of termination, had the Executive remained employed for the entire year, which incentive compensation shall be payable at the time incentive compensation is payable generally under the applicable incentive plans. The executive shall have no further right to receive any other compensation benefits or perquisites after the date of termination of employment except as determined under the terms of the employee benefit plans or programs of the Company or under applicable law.

6. CONDITIONS APPLICABLE TO SEVERANCE PERIOD; MITIGATION OF DAMAGES

(a) If during the Severance Period, the Executive breaches his obligations under Section 4 above, the Company may, upon written notice to the Executive, terminate the Severance Period and cease to make any further payments or provide any benefits described in Subsection 5(f).

(b) Although the Executive shall not be required to mitigate the amount of any payment provided for in Subsection 5(f) by seeking other employment, any such payments shall be reduced by any amounts which the Executive receives or is entitled to receive from another employer with respect to the Severance Period. The Executive shall promptly notify the Company in writing in the event that other employment is obtained during the Severance Period.

7. 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
4205 River Green Parkway
Duluth, Georgia 30096
Attention: R. J. Ratliff

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.

8. 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 7 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 8, 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: ----------------- Company initials: ---------

9. 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.

10. 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.

11. 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.

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

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

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

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

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

AGCO CORPORATION

By:

Name:

Title:

EXECUTIVE OFFICER

EXHIBIT 12.0

AGCO CORPORATION AND SUBSIDIARIES

STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
(IN MILLIONS, EXCEPT RATIO DATA)

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Fixed Charges Computation:					
Interest expense	$56.6	$ 69.1	$ 79.7	$ 69.1	$ 45.2
Interest component of rent expense(a)	5.8	4.8	5.3	5.6	5.4
Proportionate share of fixed charges of 50%-owned affiliates	1.4	2.5	2.8	1.8	2.0
Amortization of debt cost	3.7	2.3	1.7	1.6	1.4
Total fixed charges	$67.5	$ 78.7	$ 89.5	$ 78.1	$ 54.0
Earnings Computation:					
Pretax earnings	$(4.2)	$(19.2)	$ 84.8	$245.7	$171.6
Fixed charges	67.5	78.7	89.5	78.1	54.0
Total earnings as adjusted	$63.3	$ 59.5	$174.3	$323.8	$225.6
Ratio of earnings to combined fixed charges	--(b)	--(b)	1.9:1	4.2:1	4.2:1

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

(b) The dollar amount of the deficiency, based on a one-to-one coverage ratio, is $19.2 million for 1999 and $4.2 million for 2000.

EXHIBIT 21.0

SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY	STATE OR JURISDICTION OF INCORPORATION
AGCO Corporation	Delaware
AGCO AB	Sweden
AGCO Acceptance Corporation	Delaware
AGCO Argentina SA	Argentina
AGCO Australia, Ltd.	Australia
AGCO Canada, Ltd.	Canada
AGCO Danmark AS	Denmark
AGCO de Mexico SA de CV	Mexico
AGCO do Brazil	Brazil
AGCO Export Corp.	Barbados
AGCO France SA	France
AGCO GmbH & Co.	Germany
AGCO Holding BV	Netherlands
AGCO Iberia SA	Spain
AGCO International, Ltd.	United Kingdom
AGCO Ltd.	United Kingdom
AGCO Manufacturing Ltd.	United Kingdom
AGCO Pension Trust Ltd.	United Kingdom
AGCO Romania SRL	Romania
AGCO SA	France
AGCO Services, Ltd.	United Kingdom
AGCO Vertriebs GmbH	Germany
AGCO Verwaltungs GmbH	Germany
Agricredit Acceptance Canada, Ltd.	Canada
Araus SA	Argentina
Dania Finans A/S	Denmark
Dronningborg Industries AS	Denmark
Eikmaskin AS	Norway
Fendt GmbH	Germany
Fendt Italiana GmbH	Italy
Hesston Ventures Corp.	Kansas
Indamo SA	Argentina
Kemptener Maschinenfabrik GmbH	Germany
Massey Ferguson Corp.	Delaware
Massey Ferguson de Mexico, SA de CV	Mexico
Massey Ferguson Europa BV	Netherlands
Massey Ferguson Executive Pension Trust Ltd.	United Kingdom
Massey Ferguson SPA	Italy
Massey Ferguson Staff Pension Trust Ltd.	United Kingdom
Massey Ferguson Works Pension Trust Ltd.	United Kingdom
Terramec SA	Argentina
Wohungsbau GmbH	Germany
Agri Acquisition Corp.	Delaware
AGCO Ventures LLC	Delaware
Farmec S.p.A.	Italy
Hay & Forage Industries	Delaware

EXHIBIT 23.1

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

Arthur Andersen LLP
/s/ Arthur Andersen LLP

Atlanta, Georgia
March 29, 2001

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

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

We consent to the inclusion of our reports dated January 26, 2001 and January 28, 2000, with respect to the financial statements of AGCO Finance LLC as of and for the years ended December 31, 2000 and 1999 and the financial statements of Agricredit Acceptance LLC as of and for the years ended December 31, 1999 and 1998, respectively, which reports appear in the December 31, 2000 annual report on Form 10-K of AGCO Corporation.

/s/ KPMG LLP

KPMG LLP

Des Moines, Iowa
March 30, 2001

EXHIBIT 24.0

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below, hereby constitutes and appoints John M. Shumejda, Donald R. Millard and Stephen D. Lupton his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the annual report on Form 10-K of AGCO Corporation for the fiscal year ended December 31, 2000 and any or all amendments or supplements thereto, and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing necessary or appropriate to be done with respect to the Form 10-K or any amendments or supplements thereto in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Date: March 29, 2001

/s/ W. Wayne Booker

W. Wayne Booker

/s/ Henry J. Claycamp

Henry J. Claycamp

/s/ Wolfgang Deml

Wolfgang Deml

/s/ Gerald B. Johanneson

Gerald B. Johanneson

/s/ Anthony D. Loehnis

Anthony D. Loehnis

/s/ Curtis E. Moll

Curtis E. Moll

/s/ D. E. Momot

David E. Momot

/s/ Robert J. Ratliff

Robert J. Ratliff

/s/ Wolfgang Sauer

Wolfgang Sauer

/s/ John M. Shumejda

John M. Shumejda

/s/ Hendrikus Visser

Hendrikus Visser

EXHIBIT 99.1

AGCO FINANCE LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

INDEPENDENT AUDITORS' REPORT

The Managing Board of
AGCO Finance LLC:

We have audited the accompanying balance sheets of AGCO Finance LLC as of December 31, 2000 and 1999, and the related statements of operations, changes in members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Finance LLC as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Des Moines, Iowa
January 26, 2001

AGCO FINANCE LLC

BALANCE SHEETS

	2000	1999
	(IN THOUSANDS)	
ASSETS		
Finance receivables, net	$646,684	$746,809
Wholesale notes receivable	48,365	58,681
Crop input receivables	15,256	26,911
	710,305	832,401
Allowance for credit losses	(17,046)	(16,055)
Net receivables	693,259	816,346
Cash and cash equivalents	5,693	6,527
Due from AGCO Corporation	3,735	2,282
Due from affiliates	2,550	3,279
Prepaid expenses and other assets	2,460	1,505
Property, plant and equipment, net of accumulated depreciation	--	1,916
Total assets	$707,697	$831,855
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Notes payable and accrued interest	$610,259	$733,723
Accounts payable and accrued liabilities	10,872	11,293
Dealer and manufacturers reserves	9,321	9,875
Total liabilities	630,452	754,891
Members' equity:		
Members' equity	46,843	46,843
Retained Earnings	30,402	30,121
Total members' equity	77,245	76,964
Contingencies		
Total liabilities and members' equity	$707,697	$831,855

See accompanying notes to financial statements.

AGCO FINANCE LLC

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
	(IN THOUSANDS)	
Interest Income:		
Finance and other receivables	$59,115	$61,195
Incentive reimbursements from AGCO Corporation	19,595	22,728
Short-term investments and trading securities	1,646	(699)
Total interest income	80,356	83,224
Interest expense	42,466	44,197
Dealer volume bonus	1,117	1,026
Net margin	36,773	38,001
Provision for credit losses	4,564	5,075
Net margin after provision for credit losses	32,209	32,926
General and administrative expense	15,928	14,904
Net income	$16,281	$18,022

See accompanying notes to financial statements.

AGCO FINANCE LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2000 AND 1999

	MEMBERS' EQUITY	RETAINED EARNINGS	TOTAL
	(IN THOUSANDS)		
Balance at December 31, 1998	$46,843	$ 30,849	$ 77,692
Net income	--	18,022	18,022
Dividend	--	(18,750)	(18,750)
Balance at December 31, 1999	46,843	30,121	76,964
Net income	--	16,281	16,281
Dividend	--	(16,000)	(16,000)
Balance at December 31, 2000	$46,843	$ 30,402	$ 77,245

See accompanying notes to financial statements.

AGCO FINANCE LLC

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
	(IN THOUSANDS)	
Cash flows from operating activities:		
Net income	$ 16,281	$ 18,022
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	283	395
Provision for credit losses	4,564	5,075
Changes in:		
Due to/from affiliates	(724)	(3,957)
Prepaid expenses and other others	(954)	1,549
Dealer and manufacturers reserves	(554)	367
Accrued interest payable	(1,983)	(340)
Accounts payable and accrued liabilities	(421)	259
Net cash provided by operating activities	16,492	21,370
Cash flows from investing activities:		
Purchase of property, plant and equipment	(177)	(1,027)
Proceeds from sale of property, plant and equipment	1,809	--
Finance receivables, wholesale notes and crop input receivables originated	(449,442)	(531,420)
Principal collected on finance receivables, wholesale notes and crop input receivables	567,965	553,705
Net cash provided by investing activities	120,155	21,258
Cash flows from financing activities:		
Proceeds from issuance of notes payable	32,535	106,995
Principal payments on notes payable	(154,016)	(130,507)
Dividend paid	(16,000)	(18,750)
Net cash used in financing activities	(137,481)	(42,262)
(Decease) increase in cash and cash equivalents	(834)	366
Cash and cash equivalents at beginning of year	6,527	6,161
Cash and cash equivalents at end of year	$ 5,693	$ 6,527
Supplemental disclosures of cash flow information -- Cash paid for interest	$ 43,641	$ 44,419

See accompanying notes to financial statements.

AGCO FINANCE LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

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

The Company restructured its business, assets and operations as of July 1, 2000, selling its property, plant and equipment at net book value to a new company, also known as Agricredit Acceptance LLC (Agricredit), which is a wholly owned subsidiary of DLL. On July 1, 2000 Agricredit also hired substantially all employees of the Company. The Company then entered into a servicing agreement with Agricredit to provide substantially all general and administrative services to the Company (see note 2).

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The most significant estimate made by management relates to the Company's allowance for credit losses.

INTEREST AND FINANCE FEES

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

ORIGINATION COSTS

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

CASH AND CASH EQUIVALENTS

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

AGCO FINANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT

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

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

For the years ended December 31, 2000 and 1999, depreciation expense was $283,000 and $395,000, respectively. On June 30, 2000, the Company sold all property, plant and equipment to Agricredit.

ALLOWANCE FOR CREDIT LOSSES

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

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

DEALER AND MANUFACTURERS RESERVES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

AGCO FINANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

Statement of Financial Accounting Standards (SFAS 133), Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133, and SFAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, are effective for the Company as of January 1, 2001. These statements require that an entity recognize all derivatives as either assets or liabilities measured at fair value. The accounting for changes in the fair value of a derivative depends on the use of the derivative. Adoption of these new accounting standards by the Company will result in an adjustment to other accumulated comprehensive loss (a component of members' equity) of approximately $3.2 million to recognize the accumulated loss based on the market value of the interest rate swaps on January 1, 2001. The adoption will also impact assets and liabilities recorded on the balance sheet.

INCOME TAXES

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

(2) TRANSACTIONS WITH AFFILIATES

The accompanying statements of operations reflect interest income from AGCO for incentive reimbursements related to finance and wholesale receivables with below-market interest rates or interest-waiver periods, which totaled $19,595,000 and $22,728,000 for the years ended December 31, 2000 and 1999, respectively.

In connection with the origination of certain receivables the Company, at the selling dealer's request, pays AGCO directly for the underlying equipment being financed in order to satisfy outstanding obligations between the dealers and AGCO. Such payments for the years ended December 31, 2000 and 1999 totaled $141,342,000 and $150,995,000, net of discounts.

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

The Company has an agreement to provide management services to a DLL affiliated company. The agreement provides for a management fee based upon the affiliated company's number of contracts and dollar amount of receivables outstanding. The fees paid to the Company by the affiliated company totaled $2,321,000 and $1,919,000 for the years ended December 31, 2000 and 1999, respectively. The fees received have been offset against general and administrative expense in the accompanying statements of operations. See note 7 also for affiliated notes payable, interest rate swap agreements, and related interest expense.

For the period July 1, 2000 through December 31, 2000 the Company paid Agricredit a servicing agreement (see note 1) fee based on Agricredit's good faith estimate of the costs incurred, which totaled $8,200,000, and is included in general and administrative expense in the accompanying statements of operations. The monthly servicing fee for calendar year 2001 and each calendar year thereafter will be determined based on the monthly average receivables outstanding prior to projected allowance for credit losses, but excluding projected charge-offs.

AGCO FINANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

(3) FINANCE RECEIVABLES

Finance receivables consist of the following at December 31, 2000 and 1999 (in thousands):

	2000	1999
Retail notes	$ 533,950	$ 557,817
Sales finance contracts	234,768	315,533
	768,718	873,350
Unearned interest and discounts	(122,034)	(126,541)
	$ 646,684	$ 746,809

Interest rates on retail notes and sales finance contracts including affiliated discounts ranged from 9.0% to 13.0% with a weighted average rate of 10.03% at December 31, 2000.

Non-accrual finance receivables, net of related unearned interest and discounts, totaled $17,758,000 and $19,517,000 at December 31, 2000 and 1999, respectively. The allowance for losses related to these finance receivables was $7,062,000 and $7,353,000 at December 31, 2000 and 1999, respectively. The average amount of non-accrual finance receivables, net of related unearned interest and discounts, for the years ended December 31, 2000 and 1999 were $18,638,000 and $17,714,000, respectively. The accrual of interest and finance fees, which was suspended on these receivables, was $977,000 and $1,000,000 for the years ended December 31, 2000 and 1999, respectively.

At December 31, 2000, contractual maturities of gross finance receivables are as follows (in thousands):

2001	$276,692
2002	205,895
2003	152,658
2004	85,518
2005	40,623
Thereafter	7,332
	$768,718

The Company provides financing for agricultural and industrial equipment to customers throughout the United States; the receivables are secured by the equipment financed and additional property if considered necessary by management. Although the Company has a diversified receivable portfolio, a substantial portion of its debtors' ability to repay their borrowings is dependent upon the agricultural business economic sector. In addition, at December 31, 2000 and 1999, approximately 80% of the net finance receivables relate to the financing of products sold by AGCO dealers and distributors.

Concentrations of gross finance receivables by type of equipment financed at December 31, 2000 and 1999 are as follows (in thousands):

	2000	1999
Tractor	$338,216	$399,095
Combine	184,844	200,951
Industrial	22,957	27,818
Forestry	31,102	37,359
Other	191,599	208,127
	$768,718	$873,350

AGCO FINANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

(4) WHOLESALE NOTES RECEIVABLE

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

(5) CROP INPUT RECEIVABLES

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

(6) ALLOWANCE FOR CREDIT LOSSES

The following is a summary of the activity in the allowance for credit losses on finance and other receivables for the years ended December 31, 2000 and 1999, (in thousands):

	2000	1999
Balance at beginning of period	$16,055	$16,142
Provision for credit losses	4,564	5,075
Charge-offs	(6,688)	(6,081)
Recoveries	3,115	919
Balance at end of period	$17,046	$16,055

(7) NOTES PAYABLE

Under a revolving credit agreement with Rabobank Nederland, the parent of DLL, dated June 30, 2000 (the Credit Agreement), the Company can borrow a maximum of $1,500,000,000. The commitment under the Credit Agreement is reduced by 105% of the outstanding borrowings ($1,000,000,000 at December 31, 2000) of its sister company, Agricredit Acceptance Canada, Ltd., up to $100,000,000 Canadian dollars. The notes funded under the Credit Agreement at December 31, 2000, have maturities ranging from 30 to 32 days. The interest rate on the notes is established, subject to the terms of the note, at the lender's base lending rate (based on LIBOR) plus .10%. Interest rates on the notes payable outstanding at December 31, 2000, ranged from 6.7475 to 6.75%, with a weighted-average interest rate of 6.7476%. The Credit Agreement contains certain financial covenants that the Company must maintain, including minimum specified net worth and borrowing base requirements. As of December 31, 2000 and 1999, $610,007,000 and $731,487,500, respectively, was outstanding under the Credit Agreement and unused commitment was $769,096,000 and $210,544,000, respectively, reduced for the borrowings of Agricredit Acceptance Canada Ltd.

Of the total outstanding borrowings at December 31, 2000, $610,007,000 was funded by De Lage Landen Ireland Company (DLL Ireland). The Credit Agreement was amended and restated as of June 30, 2000 and subsequently expired on July 31, 2000; however, the Credit Agreement allows for automatic extension for an additional thirty day periods unless Rabobank Nederland in its sole discretion elects not to grant such extension. The notes payable under the amended and restated Credit Agreement are secured by the finance receivables, wholesale notes receivable, and crop input receivables.

The Company has entered into interest rate swap agreements with DLL Ireland on portions of its short-term borrowings. The swap agreements require the payment of fixed rates and receipt of floating rates of interest based on LIBOR. The Company enters into the swap agreements in order to more closely match the interest rates and maturities of the borrowings to those of the receivables being funded. The differential to be paid or received on the swap agreements is recognized as an adjustment to interest expense. At December 31, 2000, the total notional principal amounts of the agreements were $604 million paying fixed rates ranging from 4.61% to 7.53% and with notional principal amounts of $323 million, $244 million, $34 million, and $3 million, terminating in 2001, 2002, 2003, and 2004, respectively. For the years ended December 31, 2000 and 1999, the swaps increased the Company's interest expense by $2,283,000 and $3,518,000, respectively. The interest expense resulted from the Company exchanging its short term borrowing rate to approximately a two year borrowing rate to better match the maturity of the fixed rate notes receivable.

As part of its interest rate risk management policy, the Company previously entered into certain interest rate swap agreements which were not hedges of specific assets, liabilities, or commitments and were accounted for as trading securities. In December 1999, the Company terminated these swaps and recorded a reduction of fair value of $2,200,000. Interest income exclusive of fair value adjustments for these swaps the years ended December 31, 2000 and 1999 was $0 and $1,129,000, respectively.

The following is a summary of aggregate annual maturities of notes payable and accrued interest payable on notes payable and interest rate swap agreements at December 31, 2000 (in thousands):

Notes payable in 2001	$610,007
Accrued interest payable on notes payable and interest rate swap agreements	252
	$610,259

In December 1999, the Company entered into a Deposit Agreement with DLL Ireland. Under the terms of the Deposit Agreement, DLL Ireland has agreed to advance monies under the Credit Agreement to the Company provided such proceeds are deposited with DLL Ireland. The amount of borrowing outstanding and the related deposit at December 31, 2000 totaled $98,472,000. Right of offset exists under the Deposit Agreement; therefore, these amounts are not reflected in the Company's balance sheet. During 2000, the deposit account bore a weighted average fixed interest rate of 6.29%. The interest rate on the borrowings is adjusted monthly and was 6.81% at December 31, 2000. The deposit and the related borrowings will be reduced in annual amounts ranging from $8,000,000 to $11,500,000 in August of each year for the next 10 years.

(8) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

- Finance receivables. The fair value of finance receivables is calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the portfolio. The estimated maturity is based on historical experience with repayments, modified, as required, by an estimate of the effect of current economic and lending conditions. The effect of nonperforming finance receivables is considered in assessing the credit risk inherent in the fair value estimate. At December 31, 2000 and 1999 the Company estimated the fair

AGCO FINANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

value of its net finance receivable portfolio to be approximately $661,678,000 and $756,370,000, respectively.

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

- Notes payable. Rates currently available for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. At December 31, 2000 and 1999 the Company estimated the fair value of notes payable (including accrued interest payable) to be approximately $609,971,000 and $731,359,000, respectively.

- Interest rate swaps. The estimated fair value of the Company's interest rate swap agreements related to notes payable, and the depository account was at an unrealized loss of approximately $3,177,000 and $740,000 at December 31, 2000 and 1999, respectively.

LIMITATIONS

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

(9) PENSION PLAN

The Company sponsors a defined contribution savings plan for its eligible employees. Under the plan employees can contribute 2% to 12% of their base pay and the Company will contribute up to 3% if the employee contributed at least 3%. The Company contributions vest immediately to the employee. In addition, the plan has a profit sharing component whereby the Company can contribute, to the Plan from 0% to 3% of the employee's base salary based on established profitability criteria for the Company. For the years ended December 31, 2000 and 1999, the expense under the plan was $199,000 and $365,000, respectively.

(10) CONTINGENCIES

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

AGRICREDIT ACCEPTANCE LLC

FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 1998

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

INDEPENDENT AUDITORS' REPORT

The Managing Board of
Agricredit Acceptance LLC:

We have audited the accompanying balance sheets of Agricredit Acceptance LLC as of December 31, 1999 and 1998, and the related statements of operations, changes in members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Agricredit Acceptance LLC as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

KPMG LLP

Des Moines, Iowa
January 28, 2000

AGRICREDIT ACCEPTANCE LLC

BALANCE SHEETS
DECEMBER 31, 1999 AND 1998

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

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1999 AND 1998

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

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 1999 AND 1998

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

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999 AND 1998

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

See accompanying notes to financial statements.

AGRICREDIT ACCEPTANCE LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

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

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The most significant estimate made by management relates to the Company's allowance for credit losses.

INTEREST AND FINANCE FEES

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

ORIGINATION COSTS

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

CASH AND CASH EQUIVALENTS

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

ALLOWANCE FOR CREDIT LOSSES

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

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

DEALER AND MANUFACTURERS RESERVES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

INCOME TAXES

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

AGRICREDIT ACCEPTANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

NEW ACCOUNTING STANDARDS

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

(2) TRANSACTIONS WITH AFFILIATES

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

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

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

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

(3) FINANCE RECEIVABLES

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

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

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

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

AGRICREDIT ACCEPTANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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

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

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

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

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

(4) CROP INPUT RECEIVABLES

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

(5) WHOLESALE NOTES RECEIVABLE

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

(6) ALLOWANCE FOR CREDIT LOSSES

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

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

(7) NOTES PAYABLE

Under a revolving credit agreement with Rabobank Nederland, the parent of DLL, dated November 1, 1996 (the Credit Agreement), the Company can borrow a maximum of $1,000,000,000. The commitment under the Credit Agreement is reduced by 105% of the outstanding borrowings of its sister company, Agricredit Acceptance Canada, Ltd., up to $100,000,000 Canadian dollars. The notes funded under the Credit Agreement at December 31, 1999, have maturities ranging from 4 to 31 days. The interest rate on the notes is established, subject to the terms of the note, at the lender's base lending rate (based on LIBOR) plus .10%. Interest rates on the notes payable outstanding at December 31, 1999, ranged from 6.0234% to 6.5812%, with a weighted-average interest rate of 6.3491%. The Credit Agreement contains certain financial covenants that the Company must maintain, including minimum specified net worth and borrowing base requirements. As of December 31, 1999 and 1998, $731,487,500 and $755,000,000, respectively, was outstanding under the Credit Agreement and unused commitment was $210,544,000 and $215,786,000, respectively, reduced for the borrowings of Agricredit Acceptance Canada Ltd.

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

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

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

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

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

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

(8) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

LIMITATIONS

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other

AGRICREDIT ACCEPTANCE LLC

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(9) PENSION PLAN

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

(10) CONTINGENCIES

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