

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1998

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12930

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

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

4205 River Green Parkway  
Duluth, Georgia 30096  
(Address of principal executive  
offices including zip code)

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

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

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

Common stock par value \$.01 per share: 62,991,311 shares outstanding as of  
March 31, 1998.

AGCO CORPORATION AND SUBSIDIARIES

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Part I. Financial Information  
Item 1. Financial Statements

AGCO CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in millions)

	March 31, 1998	December 31, 1997
	----- (Unaudited)	-----
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents . . . . .	\$ 6.4	\$ 31.2
Accounts and notes receivable, net of allowances . . . . .	1,072.3	978.7
Receivables from affiliates . . . . .	24.4	18.5
Inventories, net . . . . .	709.5	622.7
Other current assets . . . . .	64.7	63.7
	-----	-----
Total current assets . . . . .	1,877.3	1,714.8
Property, plant and equipment, net . . . . .	400.1	403.7
Investments in affiliates . . . . .	91.5	87.6
Other assets . . . . .	77.9	75.8
Intangible assets, net . . . . .	336.8	339.0
	-----	-----
Total assets . . . . .	\$ 2,783.6	\$ 2,620.9
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable . . . . .	\$ 303.5	\$ 350.1
Payables to affiliates . . . . .	16.3	17.4
Accrued expenses . . . . .	402.9	430.0
Other current liabilities . . . . .	31.8	33.0
	-----	-----
Total current liabilities . . . . .	754.5	830.5
Long-term debt . . . . .	957.4	727.4
Postretirement health care benefits . . . . .	24.5	24.5
Other noncurrent liabilities . . . . .	48.4	46.9
	-----	-----
Total liabilities . . . . .	1,784.8	1,629.3
Stockholders' Equity :		
Common Stock: \$0.01 par value, 150,000,000 shares authorized, and 62,991,311 and 62,972,423 shares issued and outstanding at March 31, 1998 and December 31, 1997, respectively . . . . .	0.6	0.6
Additional paid-in capital . . . . .	515.2	515.0
Retained earnings . . . . .	609.7	577.6
Unearned compensation . . . . .	(17.6)	(20.0)
Cumulative translation adjustment . . . . .	(109.1)	(81.6)
	-----	-----
Total stockholders' equity . . . . .	998.8	991.6
	-----	-----
Total liabilities and stockholders' equity . . . . .	\$ 2,783.6	\$ 2,620.9
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	1998	1997
Net sales . . . . .	\$ 701.5	\$ 704.3
Cost of goods sold. . . . .	557.0	570.0
Gross margin. . . . .	144.5	134.3
Engineering expenses . . . . .	13.6	13.2
Selling, general and administrative expenses. . . . .	63.0	61.9
Nonrecurring expenses. . . . .	-	2.6
Income from operations. . . . .	67.9	56.6
Interest expense, net . . . . .	15.0	13.2
Other expense, net . . . . .	5.4	4.6
Income before income taxes, equity in net earnings of affiliates and extraordinary loss. . . . .	47.5	38.8
Provision for income taxes. . . . .	17.6	13.6
Income before equity in net earnings of affiliates and extraordinary loss . . . . .	29.9	25.2
Equity in net earnings of affiliates. . . . .	2.8	2.6
Income before extraordinary loss. . . . .	32.7	27.8
Extraordinary loss, net of taxes. . . . .	-	(2.1)
Net income. . . . .	\$ 32.7	\$ 25.7
Net income per common share:		
Basic:		
Income before extraordinary loss . . . . .	\$ 0.53	\$ 0.49
Extraordinary loss . . . . .	-	(0.04)
Net income . . . . .	\$ 0.53	\$ 0.45
Diluted:		
Income before extraordinary loss . . . . .	\$ 0.52	\$ 0.47
Extraordinary loss . . . . .	-	(0.03)
Net income . . . . .	\$ 0.52	\$ 0.44
Weighted average number of common and common equivalent shares outstanding:		
Basic. . . . .	61.5	57.3
Diluted. . . . .	63.3	59.0
Dividends declared per common share . . . . .	\$ 0.01	\$ 0.01

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	1998	1997
Cash flows from operating activities:		
Net income . . . . .	\$ 32.7	\$ 25.7
Adjustments to reconcile net income to net cash used for operating activities:		
Extraordinary loss, net of taxes . . . . .	-	2.1
Depreciation and amortization . . . . .	13.8	12.3
Equity in net earnings of affiliates, net of cash received . . . . .	(2.8)	(2.6)
Deferred income tax provision . . . . .	0.1	4.1
Amortization of intangibles . . . . .	3.0	3.1
Amortization of unearned compensation . . . . .	2.4	1.9
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Accounts and notes receivable, net . . . . .	(119.5)	(79.2)
Inventories, net . . . . .	(91.9)	(90.5)
Other current and noncurrent assets . . . . .	(8.7)	2.2
Accounts payable . . . . .	(44.9)	(8.5)
Accrued expenses . . . . .	(31.7)	(45.8)
Other current and noncurrent liabilities . . . . .	1.1	5.7
Total adjustments . . . . .	(279.1)	(195.2)
Net cash used for operating activities . . . . .	(246.4)	(169.5)
Cash flows from investing activities:		
Purchase of businesses, net of cash acquired . . . . .	-	(283.8)
Proceeds from sale of businesses . . . . .	9.3	-
Purchase of property, plant and equipment . . . . .	(13.8)	(7.6)
Net cash used for investing activities . . . . .	(4.5)	(291.4)
Cash flows from financing activities:		
Proceeds from long-term debt, net . . . . .	227.0	310.8
Payment of debt issuance costs . . . . .	-	(3.4)
Proceeds from issuance of common stock . . . . .	0.1	141.4
Dividends paid on common stock . . . . .	(0.6)	(0.6)
Net cash provided by financing activities . . . . .	226.5	448.2
Effect of exchange rate changes on cash and cash equivalents . . . . .	(0.4)	(3.4)
Decrease in cash and cash equivalents . . . . .	(24.8)	(16.1)
Cash and cash equivalents, beginning of period . . . . .	31.2	41.7
Cash and cash equivalents, end of period . . . . .	\$ 6.4	\$ 25.6

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of AGCO Corporation and subsidiaries (the "Company" or "AGCO") included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, to present fairly the Company's financial position, results of operations and cash flows at the dates and for the periods presented. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997. Interim results of operations are not necessarily indicative of results to be expected for the fiscal year.

2. CHARGES FOR NONRECURRING EXPENSES

The results of operations for the three months ended March 31, 1997 included a charge for nonrecurring expenses of \$2.6 million, or \$.03 per common share on a diluted basis. The nonrecurring charge included \$1.4 million related to the restructuring of the Company's European operations, acquired in the acquisition of Massey Ferguson (the "Massey Acquisition") in June 1994, and \$1.2 million for the integration of the operations of Deutz Argentina S.A. ("Deutz Argentina") and Xaver Fendt GmbH & Co. KG ("Fendt"), which were acquired in December 1996 and January 1997, respectively. The nonrecurring charge consisted primarily of employee related costs.

3. LONG-TERM DEBT

Long-term debt consisted of the following at March 31, 1998 and December 31, 1997 (in millions):

	March 31, 1998	December 31, 1997
Revolving credit facility . . . . .	\$ 691.2	\$ 460.7
Senior subordinated notes . . . . .	248.1	248.1
Other long-term debt . . . . .	18.1	18.6
	\$ 957.4	\$ 727.4
	\$ 957.4	\$ 727.4

The Company's revolving credit facility allows for borrowings of up to \$1.1 billion. Lending commitments under the revolving credit facility reduce from the current commitment of \$1.1 billion as of March 31, 1998 to \$1.0 billion on January 1, 1999. In addition, borrowings under the revolving credit facility may not exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. As of March 31, 1998, approximately \$691.2 million was outstanding under the revolving credit facility and available borrowings were approximately \$365.8 million.

4. EXTRAORDINARY LOSS

During the first quarter of 1997, as part of the refinancing of the Company's revolving credit facility in January 1997, the Company recorded an extraordinary loss of \$2.1 million, net of taxes of \$1.4 million, for the write-off of unamortized debt costs.

5. NET INCOME PER COMMON SHARE

Effective December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share" which specifies the computation, presentation and disclosure requirements for earnings per share. All prior period earnings per share data has been restated to conform with the provisions of SFAS 128. The per share amounts reported under SFAS 128 are not materially different than those calculated and presented under the previous method of calculation as specified under Accounting Principles Board Opinion No. 15.

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 common share assumes exercise of outstanding stock options and vesting of restricted stock.

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

Basic Earnings Per Share	Three Months Ended March 31,	
	1998	1997
	-----	-----
Weighted average number of common shares outstanding . . . . .	61.5	57.3
	=====	=====
Income before extraordinary loss . . . . .	\$ 32.7	\$ 27.8
Extraordinary loss . . . . .	-	(2.1)
	-----	-----
Net income . . . . .	\$ 32.7	\$ 25.7
Net income per common share:		
Income before extraordinary loss . . . . .	\$ 0.53	\$ 0.49
Extraordinary loss . . . . .	-	(0.04)
	-----	-----
Net income . . . . .	\$ 0.53	\$ 0.45
	=====	=====
Diluted Earnings Per Share		
Weighted average number of common shares outstanding . . . . .	61.5	57.3
Shares issued upon assumed vesting of restricted stock . . . . .	1.5	1.3
Shares issued upon assumed exercise of outstanding stock options . . . . .	0.3	0.4
	-----	-----
Weighted average number of common and common equivalent shares outstanding . . . . .	63.3	59.0
	=====	=====
Income before extraordinary loss . . . . .	\$ 32.7	\$ 27.8
Extraordinary loss . . . . .	-	(2.1)
	-----	-----
Net income . . . . .	\$ 32.7	\$ 25.7
Net income per common share:		
Income before extraordinary loss . . . . .	\$ 0.52	\$ 0.47
Extraordinary loss . . . . .	-	(0.03)
	-----	-----
Net income . . . . .	\$ 0.52	\$ 0.44
	=====	=====

6. 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 March 31, 1998 and December 31, 1997 were as follows (in millions):

	March 31, 1998	December 31, 1997
	-----	-----
Finished goods . . . . .	\$ 318.0	\$ 267.7
Repair and replacement parts . . . . .	257.9	250.2
Work in process, production parts and raw materials. . . . .	213.7	184.5
	-----	-----
Gross inventories . . . . .	789.6	702.4
Allowance for surplus and obsolete inventories . . . . .	(80.1)	(79.7)
	-----	-----
Inventories, net . . . . .	\$ 709.5	\$ 622.7
	=====	=====

7. COMPREHENSIVE INCOME

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," which requires companies to disclose components of comprehensive income, defined as the total of net income and all other nonowner changes in equity. This statement requires disclosure only; therefore, its adoption had no effect on the Company's financial position or results of operations.

Total comprehensive income for the three months ended March 31, 1998 and 1997 was as follows (in millions):

	Three Months Ended March 31,	
	1998	1997
	-----	-----
Net income. . . . .	\$ 32.7	\$ 25.7
Other comprehensive income, net of tax:		
Foreign currency translation adjustments. . . . .	(17.3)	(20.5)
	-----	-----
Total comprehensive income. . . . .	\$ 15.4	\$ 5.2
	=====	=====



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

GENERAL

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

RESULTS OF OPERATIONS

NET INCOME

The Company recorded net income for the three months ended March 31, 1998 of \$32.7 million compared to \$25.7 million for the same period in 1997. Net income per common share on a diluted basis was \$0.52 and \$0.44 for the first quarter of 1998 and 1997, respectively. Net income for the three months ended March 31, 1997 included nonrecurring expenses of \$2.6 million, or \$0.03 per share on a diluted basis, 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. (see "Charges for Nonrecurring Expenses"). In addition, net income for the first quarter of 1997 included an extraordinary after-tax charge of \$2.1 million, or \$0.03 per share on a diluted basis, for the write-off of unamortized debt costs related to the refinancing in January 1997 of the Company's revolving credit facility (see "Liquidity and Capital Resources"). The Company's improved results in 1998 primarily reflected improved operating margins, which resulted from cost reduction activities, particularly in South America, new products introduced in North America and the acquisition of Dronningborg Industries a/s ("Dronningborg") in December 1997, partially offset by the translation effect of the strengthening dollar against most European currencies.

RETAIL SALES

In the United States and Canada, industry unit retail sales of tractors, combines and hay and forage equipment for the three months ended March 31, 1998 increased approximately 10%, 39% and 14%, respectively, over the same period in 1997. The Company believes general market conditions continue to be positive due to favorable economic conditions. The Company believes the significant increase in the retail sales of combines was

partially due to the timing of shipments in 1997 by certain competitors which diverted their first quarter production to international markets. Company unit retail sales of tractors in the United States and Canada increased 7% for the first three months of 1998 compared to 1997 primarily due to increased sales of Massey Ferguson midrange and high horsepower tractors. Company unit retail sales of combines increased 3% for the first quarter of 1998 compared to 1997. Company unit retail sales of hay and forage equipment decreased 2% for the first three months of 1998 compared to the prior year primarily due to aggressive competitor discount programs during the first quarter of 1998.

In Western Europe, industry unit retail sales of tractors decreased approximately 5% for the three months ended March 31, 1998 compared to the same period in the prior year resulting from decreases in retail sales in the U.K, France, and Spain primarily a result of farm consolidation in Western Europe and the strength of the British pound against other European currencies. Company unit retail sales of tractors in Western Europe increased approximately 2%. The Company experienced increases in retail sales in France and Germany which were partially offset by declines in most other Western European markets.

Industry unit retail sales of tractors in South America increased approximately 17% for the first quarter of 1998 over the prior year. This increase was primarily due to a recovery in Brazil resulting from increasingly favorable economic conditions. Company retail unit sales of tractors in South America remained flat compared to the same period in 1997 and were negatively impacted by competitor discounting which the Company chose not to match.

In other international markets, industry unit retail sales of tractors decreased compared to the prior year, particularly in East Asia/Pacific markets, due to the recent economic crisis in the region, and in the Middle East. The Company also experienced decreases in retail sales in these regions.

#### NET SALES

Net sales for the first quarter of 1998 were \$701.5 million compared to net sales of \$704.3 million for the same period in 1997. The decrease in net sales for the first quarter reflects the sale of the Fendt Caravan business in December 1997, the disposition of 50% of the Deutz Argentina engine business in December 1997, and the negative translation effect of the strengthening dollar against most European currencies. Excluding the impact of these items, net sales for the first quarter of 1998 increased approximately 7% over 1997. On a regional basis, net sales in North America increased \$43.0 million, or 23.3%, for the three months ended March 31, 1998 compared to the same period in 1997 primarily due to favorable industry conditions and the successful acceptance of new products. Net sales in South America increased \$6.3 million, or 8.5%, for the three months ended March 31, 1998 compared to the same period in the prior year primarily due to improved sales of combines. Net sales decreased \$30.4 million, or 8.6%, in Western Europe for the three months ended March 31, 1998 compared to the same period in 1997 primarily due to the unfavorable industry conditions in the region and due to the sale of the Fendt caravan business in December 1997. In the remaining international markets, net sales decreased \$21.7 million, or 24.0%, compared to the three months ended March 31, 1997, primarily due to decreased sales in the Asian markets due to the recent economic difficulties in the region.

## COSTS AND EXPENSES

Gross profit was \$144.5 million (20.6% of net sales) for the first quarter of 1998 compared to \$134.3 million (19.1% of net sales) for the same period in the prior year. Gross margins were favorably impacted by cost reduction efforts, particularly in the Company's South American operations, new products introduced in North America and the acquisition of Dronningborg in December 1997 which resulted in improved combine margins in Western Europe.

Selling, general and administrative expenses for the first quarter of 1998 were \$63.0 million (9.0% of net sales) compared to \$61.9 million (8.8% of net sales) for the same period in 1997. The increase in selling, general and administrative expenses as a percentage of net sales compared to the first quarter of 1997 was primarily due to increased operating expenses resulting from the acquisition of Dronningborg. Engineering expenses were \$13.6 million (1.9% of net sales) for the first quarter of 1998 compared to \$13.2 million (1.9% of net sales) for the same period in 1997.

The nonrecurring charge recorded in the first quarter of 1997 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. See "Charges for Nonrecurring Expenses" for further discussion.

Operating income, excluding nonrecurring charges, was \$67.9 million (9.7% of net sales) for the first quarter of 1998 compared to \$59.2 million (8.4% of net sales) for the same period in 1997. The increase in operating income as a percentage of net sales was primarily due to the improvement in gross margins as discussed above.

Interest expense, net was \$15.0 million for the first quarter of 1998 compared to \$13.2 million for the same period in the prior year. The higher interest expense, net for the three months ended March 31, 1998 primarily resulted from the higher level of borrowings at March 31, 1998 compared to the prior year to fund both the Dronningborg acquisition and higher levels of working capital.

Other expense, net was \$5.4 million for the first quarter of 1998 compared to \$4.6 million for the same period in 1997. The Company experienced an increase in other expense, net relating to foreign exchange losses.

The Company recorded an income tax provision of \$17.6 million and \$13.6 million for the first quarter of 1998 and 1997, respectively. The Company's effective tax rate increased during the first quarter of 1998 compared to the same period in 1997 due to a change in the mix of income to jurisdictions with higher tax rates.

Equity in net earnings of affiliates was \$2.8 million and \$2.6 million for the first quarter of 1998 and 1997, respectively. The increase in equity in net earnings of affiliates primarily related to increased earnings for the Company's retail finance affiliates.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's financing requirements are subject to variations due to seasonal changes in inventory and dealer receivable levels. Internally generated funds are supplemented when necessary from external sources, primarily the Company's revolving credit facility. Lending commitments under the Company's revolving credit facility reduce from the current commitment of \$1.1 billion as of March 31, 1998 to \$1.0 billion on January 1, 1999. In addition, borrowings under the Company's revolving credit facility may not exceed the sum of 90% of eligible accounts receivable and 60% of eligible inventory. As receivables and inventories fluctuate, borrowings under the revolving credit facility fluctuate as well. As of March 31, 1998, approximately \$691.2 million was outstanding under the Company's revolving credit facility and available borrowings were approximately \$365.8 million.

The Company's working capital requirements are seasonal, with investments in working capital typically building in the first half of the year and then reducing in the second half of the year. As of March 31, 1998, the Company had \$1,122.8 million of working capital, an increase of \$238.5 million over working capital of \$884.3 million as of December 31, 1997. The increase in working capital was primarily due to working capital acquired in the Dronningborg acquisition and normal seasonal requirements, particularly in receivables and inventories.

Cash flow used for operating activities was \$246.4 million and \$169.5 million for the three months ended March 31, 1998 and 1997, respectively. The increase in cash flow used for operating activities compared to the prior year was primarily due to increases in receivables and inventories and decreases in accounts payable. The increase in receivables compared to the prior year was primarily the result of higher levels of dealer inventories in North America due to the delivery of new products in the first quarter of 1998 prior to the retail selling season. The increase in inventory compared to the prior year primarily resulted from seasonal increases in combine inventory related to production at Dronningborg. The decrease in payables primarily related to lower production in the Company's European production facilities in order to compensate for relatively high levels of inventory at December 31, 1997.

Capital expenditures for the three months ended March 31, 1998 were \$13.8 million compared to \$7.6 million for the same period in 1997. The Company anticipates that additional capital expenditures for the remainder of 1998 will range from approximately \$50.0 million to \$60.0 million and will primarily be used to support the development and enhancement of new and existing products.

In April 1998, the Company's Board of Directors declared a dividend of \$0.01 per share of common stock for the second quarter of 1998. The declaration and payment of future dividends will be at the sole discretion of the Board of Directors and will depend upon the Company's results of operations, financial condition, cash requirements, future prospects, limitations imposed by the Company's credit facilities and other factors deemed relevant by the Company's Board of Directors.

The Company believes that available borrowings under the Company's revolving credit facility, available cash and internally generated funds will be sufficient to support its working capital, capital expenditures and debt service requirements for the foreseeable future.

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

#### CHARGES FOR NONRECURRING EXPENSES

The Company recorded \$2.6 million of nonrecurring expenses during the three months ended March 31, 1997 related to the restructuring of the Company's European operations and the integration of the operations of Deutz Argentina and Fendt, acquired in December 1996 and January 1997, respectively, (see Note 2 of the Notes to the Condensed Consolidated Financial Statements). The costs related to the restructuring of the Company's European operations primarily related to the centralization of certain administrative functions. The costs related to the integration of the Deutz Argentina and Fendt operations primarily related to the rationalization of manufacturing and administrative functions. While the Company believes that cost savings from its restructuring and integration plans can be attained, there can be no assurance that all objectives will be achieved.

#### FORWARD LOOKING STATEMENTS

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

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY RISK MANAGEMENT

The Company has significant manufacturing operations in the United States, the United Kingdom, France, Germany, Denmark, Brazil and Argentina, and it purchases a portion of its tractors, combines and components from third party foreign suppliers primarily in various European countries and in Japan. The Company also sells products in over 140 countries throughout the world. Fluctuations in the value of foreign currencies create exposures which can adversely affect the Company's results of operations.

The Company attempts to manage its foreign exchange exposure by hedging identifiable foreign currency commitments arising from receivables, payables, and expected purchases and sales. Where naturally offsetting currency positions do not occur, the Company hedges certain of its exposures through the use of foreign currency forward contracts. The Company's hedging policy prohibits foreign currency forward contracts for speculative trading purposes.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27.1 - Financial Data Schedule - March 31, 1998  
(electronic filing purposes only).

27.2 - Restated Financial Data Schedule - March 31,  
1997 (electronic filing purposes only)

(b) Reports on Form 8-K

None

SIGNATURES

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

AGCO CORPORATION  
Registrant

Date: May 15, 1998  
-----

/s/ Chris E. Perkins  
-----

Chris E. Perkins  
Vice President and Chief  
Financial Officer



EXHIBIT INDEX

Exhibit Number	Sequentially Description	Numbered Page
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27.1	Financial Data Schedule March 31, 1998 (electronic filing purposes only).	
27.2	Restated Financial Data Schedule March 31, 1997 (electronic filing purposes only).	

1,000,000 5

3-MOS  
DEC-31-1998  
JAN-01-1998  
MAR-31-1998

		6
	0	
	1,072	
	0	
	709	
	1,877	400
	0	
	2,784	
755		957
0		0
		1
	998	
2,784		702
	702	557
	557	
	14	
	(1)	
	15	
	48	
	18	
	33	
	0	
	0	0
	33	
	0.53	
	0.52	

(EPS - Primary) denotes Basic EPS

1,000

3-MOS  
DEC-31-1997  
JAN-01-1997  
MAR-31-1997  
25,629  
0  
996,991  
0  
620,933  
1,729,626  
319,873  
0  
2,597,220  
721,514  
893,183  
0  
0  
624  
910,872  
2,597,220  
704,329  
569,980  
569,980  
13,253  
1,317  
13,147  
38,854  
13,634  
27,807  
0  
(2,080)  
0  
25,727  
0.45  
0.44

(EPS - Primary) Denotes Basic EPS