AGCO CORP /DE
Form 10-K
February 26, 2010

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

For the fiscal year ended December 31, 2009

of

AGCO CORPORATION

A Delaware Corporation
IRS Employer Identification No. 58-1960019
SEC File Number 1-12930

4205 River Green Parkway
Duluth, GA 30096
(770) 813-9200

AGCO Corporation s Common Stock and Junior Preferred Stock purchase rights are registered pursuant to Section 12(b) of the Act and are listed on the New York Stock Exchange.

AGCO Corporation is a well-known seasoned issuer.

AGCO Corporation is required to file reports pursuant to Section 13 or Section 15(d) of the Act. AGCO Corporation (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Disclosure of delinquent filers pursuant to Item 405 of Regulation S-K will be contained in a definitive proxy statement, portions of which are incorporated by reference into Part III of this Form 10-K.

AGCO Corporation is not yet required to submit electronically and post on its corporate web site Interactive Data Files required to be submitted and posted pursuant to Rule 405 of regulation S-T.

The aggregate market value of AGCO Corporation s Common Stock (based upon the closing sales price quoted on the New York Stock Exchange) held by non-affiliates as of June 30, 2009 was approximately $2.0 billion. For this purpose, directors and officers have been assumed to be affiliates. As of February 12, 2010, 92,453,742 shares of AGCO Corporation s Common Stock were outstanding.

AGCO Corporation is a large accelerated filer and is not a shell company.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of AGCO Corporation s Proxy Statement for the 2010 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

TABLE OF CONTENTS

Table of Contents

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 and a line of diesel engines. Our products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brands, including: Challenger®, Fendt®, Massey Ferguson® and Valtra®. We distribute most of our products through a combination of approximately 2,700 independent dealers and distributors in more than 140 countries. In addition, we provide retail financing in the United States, Canada, Brazil, Germany, France, the United Kingdom, Australia, Ireland and Austria through our retail finance joint ventures with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., which we refer to as Rabobank.

Products

Tractors

Our compact tractors (under 40 horsepower) are typically 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 (40 to 100 horsepower), including two-wheel and all-wheel drive versions. Our utility tractors are typically used on small- and medium-sized farms and in specialty agricultural industries, including dairy, livestock, orchards and vineyards. In addition, we offer a full range of tractors in the high horsepower segment (primarily 100 to 570 horsepower). High horsepower tractors typically are used on larger farms and on cattle ranches for hay production. Tractors accounted for approximately 66% of our net sales in 2009, 67% in 2008 and 68% in 2007.

Combines

Our combines are sold with a variety of threshing technologies. All combines are complemented by a variety of crop-harvesting heads, available in different sizes, that are designed to maximize harvesting speed and efficiency while minimizing crop loss. Combines accounted for approximately 6% of our net sales in both 2009 and 2008 and 5% in 2007.

Our 50% investment in Laverda S.p.A. (Laverda), an operating joint venture between AGCO and the Italian ARGO group, is located in Breganze, Italy and manufactures harvesting equipment. In addition to producing Laverda branded combines, the Breganze factory manufactures mid-range combine harvesters for our Massey Ferguson, Fendt and Challenger brands for distribution in Europe, Africa and the Middle East. The joint venture also includes Laverda s ownership in Fella-Werke GMBH, a German manufacturer of grass and hay machinery, and its 30% ownership in Gallignani S.p.A., an Italian manufacturer of balers.

Application Equipment

We offer self-propelled, three- and four-wheeled vehicles and related equipment for use in the application of liquid and dry fertilizers and crop protection chemicals. We manufacture chemical sprayer equipment for use both prior to planting crops, known as pre-emergence, and after crops emerge from the ground, known as post-emergence. We also manufacture related equipment, including vehicles used for waste application that are specifically designed for subsurface liquid injection and surface spreading of biosolids, such as sewage

Table of Contents

sludge and other farm or industrial waste that can be safely used for soil enrichment. Application equipment accounted for approximately 4% of our net sales in 2009, 2008 and 2007.

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

Our hay tools and forage equipment include both round and rectangular balers, self-propelled windrowers, disc mowers, spreaders and mower conditioners and are used for the harvesting and packaging of vegetative feeds used in the beef cattle, dairy, horse and alternative fuel industries.

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: disc harrows, which improve field performance by cutting through crop residue, leveling seed beds and mixing chemicals with the soil; heavy tillage, which break up soil and mix crop residue into topsoil, with or without prior discing; 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 loaders, which are used for a variety of tasks including lifting and transporting hay crops.

We provide a variety of precision farming technologies that are developed, manufactured, distributed and supported on a worldwide basis. These technologies provide farmers with the capability to enhance productivity and profitability on the farm. Through the use of global positioning systems, or GPS, our automated steering and guidance products use satellites to help our customers eliminate skips and overlaps to optimize land use. This technology allows for more precise farming practices, from cultivation to planting to nutrient and pesticide applications. AGCO also offers other advanced technology precision farming products that gather information such as yield data, allowing our customers to produce yield maps for the purpose of maximizing planting and fertilizer applications. Many of our tractors, combines, planters and sprayers are equipped with these precision farming technologies at the customer s option. Our suite of farm management software converts a variety of data generated by our machinery into valuable information that can be used to enhance efficiency, productivity and profitability and promote greater environmental stewardship. While these products do not generate significant revenues, we believe that these products and related services are desired and highly valued by professional farmers around the world and are integral to the growth of our machinery sales.

Our AGCO Sisu Power engines division produces diesel engines, gears and generating sets. The diesel engines are manufactured for use in Valtra tractors and certain other branded tractors, combines and sprayers, as well as for sale to third parties. The engine division specializes in the manufacturing of off-road engines in the 50 to 500 horsepower range.

Hay tools and forage equipment, implements, engines and other products accounted for approximately 10% of our net sales in 2009, 11% in 2008 and 10% in 2007.

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, many of which are proprietary, for all of the products we sell. 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 profit margins and historically have been less cyclical than new product sales. Replacement parts accounted for approximately 14% of our net sales in 2009, 12% in 2008 and 13% in 2007.

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.

Table of Contents

Our sales are not dependent on any specific dealer, distributor or group of dealers. We intend to maintain the separate strengths and identities of our core brand names and product lines.

Europe

We market and distribute farm machinery, equipment and replacement parts to farmers in European markets through a network of approximately 1,100 independent dealers and distributors. In certain markets, we also sell Valtra tractors and parts directly to the end user. In some cases, dealers carry competing or complementary products from other manufacturers. Sales in Europe accounted for approximately 54% of our net sales in 2009, 56% in 2008 and 57% in 2007.

North America

We market and distribute farm machinery, equipment and replacement parts to farmers in North America through a network of approximately 1,000 independent dealers, each representing one or more of our brand names. Dealers may also sell competitive and dissimilar lines of products. Sales in North America accounted for approximately 22% of our net sales in 2009, 21% in 2008 and 22% in 2007.

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. In Brazil, dealers are generally exclusive to one manufacturer. Outside of Brazil and Argentina, we sell our products in South America through independent distributors. Sales in South America accounted for approximately 18% of our net sales in both 2009 and 2008 and 16% in 2007.

Rest of the World

Outside Europe, North America and South America, we operate primarily through a network of approximately 250 independent dealers and distributors, as well as associates and licensees, marketing our products and providing customer service support in approximately 85 countries in Africa, the Middle East, Australia and Asia. With the exception of Australia and New Zealand, 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. Sales outside Europe, North America and South America accounted for approximately 6% of our net sales in 2009 and 5% in both 2008 and 2007.

Associates and licensees provide a distribution channel in some markets for our products and/or a source of low-cost production for certain Massey Ferguson and Valtra 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. The associate or licensee generally has the exclusive right to produce and sell Massey Ferguson or Valtra equipment in its home country but may not sell these products in other countries. We generally license to these associates and licensees certain technology, as well as the right to use the Massey Ferguson and Valtra trade names. We also sell products to associates and licensees in the form of components used in local manufacturing operations, tractor kits 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 provide technology, technical assistance and quality control. In these situations, licensee manufacturers sell certain tractor models under the Massey Ferguson and Valtra brand names in the licensed territory and also may become a source of low-cost production for us.

Parts Distribution

Parts inventories are maintained and distributed in a network of master and regional warehouses throughout North America, South America, Western Europe and Australia in order to provide timely response to customer demand for replacement parts. Our primary Western European master distribution warehouses are located in Desford, United Kingdom; Ennery, France; and Suolahti, Finland; and our North American master distribution warehouses are located in Batavia, Illinois and Kansas City, Missouri. Our South American master distribution warehouses are located in Jundiai, São Paulo, Brazil; and in Haedo, 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 and establish programs that focus on continual dealer improvement. Our dealers generally have sales territories for which they are responsible.

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 focusing on business and inventory management, sales, marketing, warranty and servicing matters, and products, helps ensure the vitality and increase the competitiveness of our dealer network. We also maintain dealer advisory groups to obtain dealer feedback on our operations.

We provide our dealers with volume sales incentives, demonstration programs and other advertising support to assist sales. We design our sales programs, including retail financing incentives, and our policies for maintaining parts and service availability with extensive product warranties to enhance our dealers competitive position. In general, either party may cancel dealer contracts within certain notice periods.

Wholesale Financing

Primarily in the United States and Canada, we engage in the standard industry practice of providing dealers with floor plan payment terms for their 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, generally ranging from one to 12 months. In the United States 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 six to 12 months, depending on the product. All equipment sales to dealers in the United States and Canada are immediately due upon a retail sale of the equipment by the dealer. If not previously paid by the dealer, installment payments are required generally beginning after the interest-free period with the remaining outstanding equipment balance generally due within 12 months after shipment. We also provide financing to dealers on used equipment accepted in trade. We retain a security interest in a majority of the new and used equipment we finance.

Typically, sales terms outside the United States 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 in most markets outside of the United States, Canada and the majority of markets in South America, we do not normally charge interest on outstanding receivables from our dealers and distributors. For sales to certain dealers or distributors in the United States, Canada and the majority of markets in South America, where we generated approximately 37.9% of our net sales in 2009, interest is generally charged at or above prime lending rates on outstanding receivable balances after interest-free periods. These interest-free periods vary by product and generally range from one to 12 months, with the exception of certain seasonal products, which bear interest after periods of up to 23 months that vary depending on the time of year of the sale and the dealer s or distributor s sales volume during the preceding year. For the year ended December 31, 2009, 18.5% and 2.9% of our net sales had maximum interest-free periods ranging from one to six months and seven to 12 months, respectively. Net sales with maximum interest-free periods ranging from 13 to 23 months were approximately 0.3% of our net sales during 2009. Actual interest-free periods are shorter than suggested by these percentages because receivables from our dealers and distributors in the United States and Canada are generally due immediately upon sale of the equipment to retail customers. Under normal circumstances, interest is not forgiven and interest-free periods are not extended. We have an agreement to permit transferring, on an ongoing basis, substantially all of our wholesale interest-bearing and non-interest bearing receivables in North America to our U.S. and Canadian retail finance joint ventures, AGCO Finance LLC and AGCO Finance Canada, Ltd. Upon transfer, the receivables maintain standard payment terms, including required regular principal payments on amounts outstanding, and interest charges at market rates. Qualified dealers may obtain additional financing through our U.S. and Canadian retail finance joint ventures at the joint ventures discretion. In addition, AGCO Finance entities provide wholesale financing to dealers in certain markets in Europe and Brazil.

Retail Financing

Through our AGCO Finance retail financing joint ventures located in the United States, Canada, Brazil, Germany, France, the United Kingdom, Australia, Ireland and Austria, end users of our products are provided with a competitive and dedicated financing source. These retail finance companies are owned 49% by us and 51% by a wholly-owned subsidiary of Rabobank. The AGCO Finance joint ventures can tailor retail finance programs to prevailing market conditions, and such programs can enhance our sales efforts. Refer to Retail Finance Joint Ventures within Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, for further information.

Manufacturing and Suppliers

Manufacturing and Assembly

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

Europe

Our tractor manufacturing operations in Europe are located in Suolahti, Finland; Beauvais, France; and Marktoberdorf, Germany. In addition, we maintain a combine assembly facility in Randers, Denmark. See further discussion regarding the Randers facility in Recent Restructuring Actions within Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations. The Suolahti facility produces 75 to 220 horsepower tractors marketed under the Valtra and Massey Ferguson brand names. The Beauvais facility produces 70 to 370 horsepower tractors primarily marketed under the Massey Ferguson, Challenger, Valtra and AGCO brand names. The Marktoberdorf facility produces 50 to 370 horsepower tractors marketed under the Fendt brand name. The Randers facility produces conventional combines under the Massey Ferguson, Challenger and Fendt brand names. We also assemble cabs for our Fendt tractors in Baumenheim, Germany. We have a diesel engine manufacturing facility in Linnavuori, Finland. Our 50% investment in Laverda, an operating joint venture between AGCO and the Italian ARGO group, is located in Breganze, Italy and manufactures harvesting equipment. In addition to producing Laverda branded combines, the Breganze factory manufactures mid-range combine harvesters for our Massey Ferguson, Fendt and Challenger. We also have a joint venture with Claas Tractor SAS for the manufacture of driveline assemblies for tractors produced in our facility in Beauvais.

North America

Our manufacturing operations in North America are located in Beloit, Kansas; Hesston, Kansas; Jackson, Minnesota; and Queretaro, Mexico, and produce products for a majority of our brand names in North America as well as for export outside of North America. The Beloit facility produces tillage and seeding equipment. The Hesston facility produces hay and forage equipment, rotary combines and planters. The Jackson facility produces 270 to 570 horsepower track tractors and four-wheeled drive articulated tractors, as well as self-propelled sprayers. In Queretaro, we assemble tractors for distribution in the Mexican market. In addition, we also have three tractor light assembly operations throughout the United States for the final assembly of imported tractors sold in the North American 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 220 horsepower, and industrial loader-backhoes. The tractors are sold primarily under the Massey Ferguson brand name. In Mogi das Cruzes, Brazil, we manufacture and assemble tractors, ranging from 50 to 210 horsepower, marketed primarily under the Valtra and Challenger brand names. We also manufacture diesel engines in the Mogi das Cruzes facility. We manufacture combines marketed under the Massey Ferguson, Valtra and Challenger brand names in Santa Rosa, Rio Grande do Sul, Brazil. In Ibirubá, Rio Grande do Sul, Brazil, we manufacture and distribute a line of farm implements, including drills, planters, corn headers and front loaders.

Third-Party Suppliers

We externally source many of our machinery, components and replacement parts. Our production strategy is intended to optimize our research and development and capital investment requirements and to allow 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 Carraro S.p.A. and distribute these tractors worldwide. In addition, we purchase some tractor models from our licensee in India, Tractors and Farm Equipment Limited, and compact tractors 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 suppliers supply us with significant components used in our manufacturing operations, such as engines and transmissions. We select third-party suppliers that we believe are low cost, high quality and possess the 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 generally been favorable.

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. The fourth quarter is also typically a period for large retail sales because of our customers year end tax planning considerations, the increase in availability of funds from completed harvests and the timing of dealer incentives.

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. See Marketing and Distribution for additional information.

Engineering and Research

We make significant expenditures for engineering and applied research to improve the quality and performance of our products, to develop new products and to comply with government safety and engine emissions regulations. Our expenditures on engineering and research were approximately $191.9 million, or 2.9% of net sales, in 2009, $194.5 million, or 2.3% of net sales, in 2008 and $154.9 million, or 2.3% of net sales, in 2007.

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 our 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.

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. 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 materially adverse effect on us. We believe that we are in compliance in all material respects with all applicable laws and regulations.

The United States 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 AGCO Sisu Power engines division, which specializes in the manufacturing of off-road engines in the 40 to 500 horsepower range, currently complies with Com II, Com IIIa, Tier II and Tier III emissions requirements set by European and United States regulatory authorities. We expect to meet future emissions requirements, such as Tier 4a or Com IIIb requirements effective starting in 2011, through the introduction of new technology to our engines and exhaust after-treatment systems, as necessary. In some markets (such as the United States) we must obtain governmental environmental approvals in order to import our products, and these approvals can be difficult or time consuming to obtain or may not be obtainable at all. For example, our AGCO Sisu Power engine division and our engine suppliers are subject to air quality standards, and production at our facilities could be impaired if AGCO Sisu Power and these suppliers are unable to timely respond to any changes in environmental laws and regulations affecting engine emissions. Compliance with environmental and safety regulations has added, and will continue to add, to the cost of our products and increase the capital-intensive nature of our business.

Climate change as a result of emissions of greenhouse gases is a significant topic of discussion and may generate U.S. and other regulatory responses in the near future, including the imposition of a so-called cap and trade system. It is impracticable to predict with any certainty the impact on our business of climate change or the regulatory responses to it, although we recognize that they could be significant. The most direct impacts are likely to be an increase in energy costs, which would increase our operating costs (through increased utility and transportations costs) and an increase in the costs of the products we purchase from others. In addition, increased energy costs for our customers could impact demand for our equipment. It is too soon for us to predict with any certainty the ultimate impact of additional regulation, either directionally or quantitatively, on our overall business, results of operations or financial condition.

Our international operations also are 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 and that the cost of compliance with these laws in the future will not have a materially adverse effect on us.

Table of Contents

Regulation and Government Policy

Domestic and foreign political developments and government regulations and policies directly affect the agricultural industry in the United States and abroad and indirectly affect the agricultural equipment business. The application, modification or adoption of laws, regulations or policies could have an adverse effect on our business.

We are subject to various 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 laws regulate our contractual relationships with our dealers. These laws impose substantive standards on the relationships between us and our dealers, including events of default, grounds for termination, non-renewal of dealer contracts and equipment repurchase requirements. Such laws could adversely affect our ability to terminate our dealers.

Employees

As of December 31, 2009, we employed approximately 14,500 employees, including approximately 3,700 employees in the United States and Canada. A majority of our employees at our manufacturing facilities, both domestic and international, are represented by collective bargaining agreements and union contracts with terms that expire on varying dates. We currently do not expect any significant difficulties in renewing these agreements.

Available Information

Our Internet address is *www.agcocorp.com*. We make the following reports filed by us available, free of charge, on our website under the heading SEC Filings in the Investors section:

- annual reports on Form 10-K;
- quarterly reports on Form 10-Q;
- current reports on Form 8-K;
- proxy statements for the annual meetings of stockholders; and
- Forms 3, 4 and 5

The foregoing reports are made available on our website as soon as practicable after they are filed with the Securities and Exchange Commission (SEC).

We also provide corporate governance and other information on our website. This information includes:

- charters for the committees of our board of directors, which are available under the heading Committee Charters in the Corporate Governance section of our website s Investors section; and
- our Code of Conduct, which is available under the heading Code of Conduct in the Corporate Governance section of our website s Investors section.

In addition, in the event of any waivers of our Code of Conduct, those waivers will be available under the heading Office of Ethics and Compliance in the Corporate Governance section of our website s Investors section.

Financial Information on Geographical Areas

For financial information on geographic areas, see pages 98 through 100 of this Form 10-K under the caption Segment Reporting, which information is incorporated herein by reference.

Item 1A. ***Risk Factors***

We make forward-looking statements in this report, in other materials we file with the SEC or otherwise release to the public, and on our website. In addition, our senior management might make forward-looking

Table of Contents

statements orally to analysts, investors, the media and others. Statements concerning our future operations, prospects, strategies, products, manufacturing facilities, legal proceedings, financial condition, future economic performance (including growth and earnings) and demand for our products and services, and other statements of our plans, beliefs, or expectations, including the statements contained in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, regarding industry conditions, market demand, farm incomes and land values, weather conditions, farm industry legislation, general economic conditions, availability of financing, the impact of certain recent accounting pronouncements, net sales and income, inventory management and production levels, gross margin improvements, restructuring and other infrequent expenses, engineering expenses and pension costs, compliance with financial covenants, support of lenders, funding of our postretirement plans and pensions, uncertain income tax provisions, impacts of unrecognized actuarial losses related to our postretirement benefit plans, elimination of guarantees of retail finance joint venture debt, conversion features of our notes, or realization of net deferred tax assets, are forward-looking statements. The forward-looking statements we make are not guarantees of future performance and are subject to various assumptions, risks, and other factors that could cause actual results to differ materially from those suggested by these forward-looking statements. These factors include, among others, those set forth below and in the other documents that we file with the SEC. There also are other factors that we may not describe, generally because we currently do not perceive them to be material, that could cause actual results to differ materially from our expectations.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Our financial results depend entirely upon the agricultural industry, and factors that adversely affect the agricultural industry generally, including declines in the general economy, increases in farm input costs, lower commodity prices and changes in the availability of credit for our retail customers, will adversely affect us.

Our success depends heavily on the vitality of the agricultural industry. Historically, the agricultural industry, including the agricultural equipment business, has been cyclical and subject to a variety of economic factors, governmental regulations and legislation, and weather conditions. Sales of agricultural equipment generally are related to the health of the agricultural industry, which is affected by farm income, farm input costs, debt levels and land values, all of which reflect levels of commodity prices, acreage planted, crop yields, agricultural product demand including crops used for renewable energies, government policies and government subsidies. Sales also are influenced by economic conditions, interest rate and exchange rate levels, and the availability of retail financing, as well as the ongoing economic downturn that recently adversely impacted our sales in certain regions and is likely to continue to have an adverse impact on our sales in the future; the extent of which we cannot predict. Trends in the industry, such as farm consolidations, may affect the agricultural equipment market. In addition, weather conditions, such as heat waves or droughts, and pervasive livestock diseases can affect farmers buying decisions. Downturns in the agricultural industry due to these or other factors could vary by market and are likely to result in decreases in demand for agricultural equipment, which would adversely affect our sales, growth, results of operations and financial condition. During previous downturns in the farm sector, we experienced significant and prolonged declines in sales and profitability, and we expect our business to remain subject to similar market fluctuations in the future.

The agricultural equipment industry is highly seasonal, and seasonal fluctuations significantly impact results of operations and cash flows.

The agricultural equipment business is highly seasonal, which causes our quarterly results and our available cash flow to fluctuate during the year. The fourth quarter is also typically a large period for retail sales because of our customers year end tax planning considerations, the increase in availability of funds from completed harvests and the timing of dealer incentives. In addition, farmers purchase 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.

Table of Contents

Most of our sales depend on the retail customers obtaining financing, and any disruption in their ability to obtain financing, whether due to the current economic downturn or otherwise, will result in the sale of fewer products by us. In addition, the collectability of receivables that are created from our sales, as well as from such retail financing, is critical to our business.

Most retail sales of the products that we manufacture are financed, either by our joint ventures with Rabobank or by a bank or other private lender. During 2009, our joint ventures with Rabobank, which are controlled by Rabobank and are dependent upon Rabobank for financing as well, financed approximately 50% of the retail sales of our tractors and combines in the markets where the joint ventures operate. Any difficulty by Rabobank to continue to provide that financing, or any business decision by Rabobank as the controlling member not to fund the business or particular aspects of it (for example, a particular country or region), would require the joint ventures to find other sources of financing (which may be difficult to obtain), or us to find another source of retail financing for our customers, or our customers would be required to utilize other retail financing providers. As a result of the ongoing economic downturn, financing for capital equipment purchases generally has become more difficult and expensive to obtain. To the extent that financing is not available or available only at unattractive prices, our sales would be negatively impacted.

In some cases, the financing provided by our joint venture with Rabobank or by others is supported by a government subsidy or guarantee. The programs under which those subsidies and guarantees are provided generally are of limited duration and subject to renewal and contain various caps and other limitations. In some markets, i.e., Brazil, this support is quite significant. In the event the governments that provide this support elect not to renew these programs, and were financing not available, whether through our joint ventures or otherwise, it is likely that our sales would decline.

In addition, both AGCO and our retail finance joint ventures have substantial accounts receivable from dealers and end customers, and we would be adversely impacted if the collectability of these receivables was not consistent with historical experience; this collectability is dependent on the financial strength of the farm industry, which in turn is dependent upon the general economy and commodity prices, as well as several of the other factors discussed in this Risk Factors section.

Our success depends on the introduction of new products, which requires substantial expenditures.

Our long-term results depend upon our ability to introduce and market new products successfully. The success of our new products will depend on a number of factors, including:

- innovation;
- customer acceptance;
- the efficiency of our suppliers in providing component parts;
- the economy;
- the performance and quality of our products relative to those of our competitors; and
- the strength of our dealer networks.

As both we and our competitors continuously introduce new products or refine versions of existing products, we cannot predict the level of market acceptance or the amount of market share our new products will achieve. Any manufacturing delays or problems with our new product launches could adversely affect our operating results. We have experienced delays in the introduction of new products in the past, and we cannot assure you that we will not experience delays in the future. In addition, introducing new products could result in a decrease in revenues from our existing products. Consistent with our strategy of offering new products and product refinements, we expect to continue to use a substantial amount of capital for further product development and refinement. We may need more capital for product development and refinement than is available to us, which could adversely affect our business, financial condition or results of operations.

Table of Contents

We face significant competition and, if we are unable to compete successfully against other agricultural equipment manufacturers, we would lose customers and our net sales and profitability would decline.

The agricultural equipment business is highly competitive, particularly in North America, Europe and Latin America. We compete with several large national and international companies that, like us, offer a full line of agricultural equipment. We also compete with numerous short-line and specialty manufacturers and suppliers of farm equipment products. Our two key competitors, Deere & Company and CNH Global N.V., are substantially larger than we are and have greater financial and other resources. In addition, in some markets, we compete with smaller regional competitors with significant market share in a single country or group of countries. Our competitors may substantially increase the resources devoted to the development and marketing, including discounting, of products that compete with our products. We maintain an independent dealer and distributor network in the markets where we sell products. The financial and operational capabilities of our dealers and distributors are critical for our ability to compete in these markets. If we are unable to compete successfully against other agricultural equipment manufacturers, we could lose dealers and their end customers and our net sales and profitability may decline. In addition, competitive pressures in the agricultural equipment business may affect the market prices of new and used equipment, which, in turn, may adversely affect our sales margins and results of operations.

Rationalization or restructuring of manufacturing facilities may cause production capacity constraints and inventory fluctuations.

The rationalization of our manufacturing facilities has at times resulted in, and similar rationalizations or restructurings in the future may result in, temporary constraints upon our ability to produce the quantity of products necessary to fill orders and thereby complete sales in a timely manner. A prolonged delay in our ability to fill orders on a timely basis could affect customer demand for our products and increase the size of our product inventories, causing future reductions in our manufacturing schedules and adversely affecting our results of operations. Moreover, our continuous development and production of new products will often involve the retooling of existing manufacturing facilities. This retooling may limit our production capacity at certain times in the future, which could adversely affect our results of operations and financial condition.

We depend on suppliers for raw materials, components and parts for our products, and any failure by our suppliers to provide products as needed, or by us to promptly address supplier issues, will adversely impact our ability to timely and efficiently manufacture and sell products. We also are subject to raw material price fluctuations, which can adversely affect our manufacturing costs.

Our products include components and parts manufactured by others. As a result, our ability to timely and efficiently manufacture existing products, to introduce new products and to shift manufacturing of products from one facility to another depends on the quality of these components and parts and the timeliness of their delivery to our facilities. At any particular time, we depend on many different suppliers, and the failure by one or more of our suppliers to perform as needed will result in fewer products being manufactured, shipped and sold. If the quality of the components or parts provided by our suppliers is less than required and we do not recognize that failure prior to the shipment of our products, we will incur higher warranty costs. The timely supply of component parts for our products also depends on our ability to manage our relationships with suppliers, to identify and replace suppliers that fail to meet our schedules or quality standards, and to monitor the flow of components and accurately project our needs. A significant increase in the price of any component or raw material could adversely affect our profitability. We cannot avoid exposure to global price fluctuations, such as occurred in the past with the costs of steel and related products, and our profitability depends on, among other things, our ability to raise equipment and parts prices sufficiently enough to recover any such material or component cost increases.

Table of Contents

A majority of our sales and manufacturing take place outside the United States, and, as a result, we are exposed to risks related to foreign laws, taxes, economic conditions, labor supply and relations, political conditions and governmental policies. These risks may delay or reduce our realization of value from our international operations.

For the year ended December 31, 2009, we derived approximately $5,526.8 million, or 83%, of our net sales from sales outside the United States. The primary foreign countries in which we do business are Germany, France, Brazil, the United Kingdom, Finland and Canada. In addition, we have significant manufacturing operations in France, Germany, Brazil and Finland. Our results of operations and financial condition may be adversely affected by the laws, taxes, economic conditions, labor supply and relations, political conditions, and governmental policies of the foreign countries in which we conduct business. Our businesses practices in these foreign countries must comply with U.S. law, including the Foreign Corrupt Practices Act (FCPA). We have a compliance program in place designed to reduce the likelihood of potential violations of the FCPA. If violations were to occur, they could subject us to fines and other penalties as well as increased compliance costs. Some of our international operations also are subject to various risks that are not present in domestic operations, including restrictions on dividends and the repatriation of funds. Foreign developing markets may present special risks, such as unavailability of financing, inflation, slow economic growth and price controls.

Domestic and foreign political developments and government regulations and policies directly affect the international agricultural industry, which affects the demand for agricultural equipment. If demand for agricultural equipment declines, our sales, growth, results of operations and financial condition may be adversely affected. The application, modification or adoption of laws, regulations, trade agreements or policies adversely affecting the agricultural industry, including the imposition of import and export duties and quotas, expropriation and potentially burdensome taxation, could have an adverse effect on our business. The ability of our international customers to operate their businesses and the health of the agricultural industry, in general, are affected by domestic and foreign government programs that provide economic support to farmers. As a result, farm income levels and the ability of farmers to obtain advantageous financing and other protections would be reduced to the extent that any such programs are curtailed or eliminated. Any such reductions would likely result in a decrease in demand for agricultural equipment. For example, a decrease or elimination of current price protections for commodities or of subsidy payments for farmers in the European Union, the United States, Brazil or elsewhere in South America could negatively impact the operations of farmers in those regions, and, as a result, our sales may decline if these farmers delay, reduce or cancel purchases of our products.

We recently have experienced substantial and sustained volatility with respect to currency exchange rate and interest rate changes which can adversely affect our reported results of operations and the competitiveness of our products.

We conduct operations in many areas of the world involving transactions denominated in a variety of currencies. Our production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. In addition, we are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues and to risks associated with translating the financial statements of our foreign subsidiaries from local currencies into United States dollars. Similarly, changes in interest rates affect our results of operations by increasing or decreasing borrowing costs and finance income. Our most significant transactional foreign currency exposures are the Euro, the Brazilian real and the Canadian dollar in relation to the United States dollar, and the Euro in relation to the British pound. Where naturally offsetting currency positions do not occur, we attempt to manage these risks by economically hedging some, but not all, of our exposures through the use of foreign currency forward exchange or option contracts. As with all hedging instruments, there are risks associated with the use of foreign currency forward exchange contracts, interest rate swap agreements and other risk management contracts. While the use of such hedging instruments provides us with protection from certain fluctuations in currency exchange and interest rates, we potentially forego the benefits that might result from

12

Table of Contents

favorable fluctuations in currency exchange and interest rates. In addition, any default by the counterparties to these transactions could adversely affect us. Despite our use of economic hedging transactions, currency exchange rate or interest rate fluctuations may adversely affect our results of operations, cash flow or financial condition.

We are subject to extensive environmental laws and regulations, and our compliance with, or our failure to comply with, existing or future laws and regulations could delay production of our products or otherwise adversely affect our business.

We are subject to increasingly stringent environmental laws and regulations in the countries in which we operate. These regulations govern, among other things, emissions into the air, discharges into water, the use, handling and disposal of hazardous substances, waste disposal and the remediation of soil and groundwater contamination. Our costs of complying with these or any other current or future environmental regulations may be significant. For example, the European Union and the United States have adopted more stringent environmental regulations regarding emissions into the air, and it is possible that the U.S. Congress will pass emissions-related legislation in connection with concerns regarding greenhouse gases. As a result, we will likely incur increased engineering expenses and capital expenditures to modify our products to comply with these regulations. Further, we may experience production delays if we or our suppliers are unable to design and manufacture components for our products that comply with environmental standards established by regulators. For instance, we are currently working with federal and state regulators in the United States with respect to approvals for our latest generation of certain high horsepower tractors. While there is a risk that such approval will be delayed, we do not believe the impact of a delayed approval will be material to our business or results of operations. We may also be adversely impacted by costs, liabilities or claims with respect to our operations under existing laws or those that may be adopted in the future. If we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines or sanctions and our business and results of operations could be adversely affected. For instance, we will be required to meet future emissions requirements, such as Tier 4a or ComIIIb requirements effective starting in 2011. We expect to meet these requirements through the introduction of new technology to our engines and exhaust after-treatment systems, as necessary. Failure to meet such requirements could materially affect our business and results of operations.

Our labor force is heavily unionized, and our contractual and legal obligations under collective bargaining agreements and labor laws subject us to the risks of work interruption or stoppage and could cause our costs to be higher.

Most of our employees, most notably at our manufacturing facilities, are represented by collective bargaining agreements and union contracts with terms that expire on varying dates. Several of our collective bargaining agreements and union contracts are of limited duration and, therefore, must be re-negotiated frequently. As a result, we could incur significant administrative expenses associated with union representation of our employees. Furthermore, we are at greater risk of work interruptions or stoppages than non-unionized companies, and any work interruption or stoppage could significantly impact the volume of goods we have available for sale. In addition, collective bargaining agreements, union contracts and labor laws may impair our ability to reduce our labor costs by streamlining existing manufacturing facilities and in restructuring our business because of limitations on personnel and salary changes and similar restrictions.

We have significant pension obligations with respect to our employees and our available cash flow may be adversely affected in the event that payments became due under any pension plans that are unfunded or underfunded. Declines in the market value of the securities used to fund these obligations result in increased pension expense in future periods.

A portion of our active and retired employees participate in defined benefit pension plans under which we are obligated to provide prescribed levels of benefits regardless of the value of the underlying assets, if any, of the applicable pension plan. To the extent that our obligations under a plan are unfunded or underfunded, we will have to use cash flow from operations and other sources to pay our obligations either as they become due or over some shorter funding period. In addition, since the assets that we already have provided to fund these obligations are invested in debt instruments and other securities, the value of these assets varies due to market factors. Recently, these fluctuations have been significant and adverse, and there can be no assurances that they will not be significant in the future. As of December 31, 2009, we had approximately $286.7 million in unfunded or underfunded obligations related to our pension and other postretirement health care benefits.

Our business routinely is subject to claims and legal actions, some of which could be material.

We routinely are a party to claims and legal actions incidental to our business. These include claims for personal injuries by users of farm equipment, disputes with distributors, vendors and others with respect to commercial matters, and disputes with taxing and other governmental authorities regarding the conduct of our business.

We have a substantial amount of indebtedness, and, as a result, we are subject to certain restrictive covenants and payment obligations that may adversely affect our ability to operate and expand our business.

We have a substantial amount of indebtedness. As of December 31, 2009, we had total long-term indebtedness, including current portions of long-term indebtedness, of approximately $647.1 million, total stockholders equity of approximately $2,400.8 million and a ratio of total indebtedness to equity of approximately 0.27 to 1.0. We also had short-term obligations of $167.6 million, capital lease obligations of $4.1 million, unconditional purchase or other long-term obligations of $436.9 million, and amounts funded under an accounts receivable securitization facility of $149.9 million. In addition, we had guaranteed indebtedness owed to third parties and our retail finance joint ventures of approximately $74.1 million, primarily related to dealer and end-user financing of equipment.

Holders of our 13/4% convertible senior subordinated notes due 2033 and our 11/4% convertible senior subordinated notes due 2036 may convert the notes if, during any fiscal quarter, the closing sales price of our common stock exceeds 120% of the conversion price of $22.36 per share for our 13/4% convertible senior subordinated notes and $40.73 per share for our 11/4% convertible senior subordinated notes for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter. As of December 31, 2009, the closing sales price of our common stock had exceeded 120% of the conversion price of the 13/4% convertible senior subordinated notes for at least 20 trading days in the 30 consecutive trading days ending December 31, 2009, and, therefore, we classified the notes as a current liability. In accordance with Accounting Standards Update No. 2009-04, Accounting for Redeemable Equity Instruments, we also classified the equity component of the 13/4% convertible senior subordinated notes as temporary equity. Future classification of both notes between current and long-term debt and classification of the equity component of both notes as temporary equity is dependent on the closing sales price of our common stock during future quarters. In the event the notes are converted in the future, we believe we could repay the notes with available cash on hand, funds from our $300.0 million multi-currency revolving credit facility or a combination of these sources.

Our substantial indebtedness could have important adverse consequences. For example, it could:

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of our cash flow to fund future working capital, capital expenditures, acquisitions and other general corporate purposes;

increase our vulnerability to general adverse economic and industry conditions;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

restrict us from introducing new products or pursuing business opportunities;

place us at a competitive disadvantage compared to our competitors that have relatively less indebtedness;

limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds, pay cash dividends or engage in or enter into certain transactions; and

prevent us from selling additional receivables to our commercial paper conduits.

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 2. ***Properties***

Our principal properties as of January 31, 2010, were as follows:

Location	**Description of Property**	**Leased (Sq. Ft.)**	**Owned (Sq. Ft.)**
United States:			
Batavia, Illinois	Parts Distribution	310,200	
Beloit, Kansas	Manufacturing		192,200
Duluth, Georgia	Corporate Headquarters	125,000	
Hesston, Kansas	Manufacturing		1,288,300
Jackson, Minnesota	Manufacturing		596,000
Kansas City, Missouri	Parts Distribution/Warehouse	593,600	
International:			
Neuhausen, Switzerland	Regional Headquarters	20,200	
Stoneleigh, United Kingdom	Sales and Administrative Office	85,000	
Desford, United Kingdom	Parts Distribution	298,000	
Beauvais, France(1)	Manufacturing		1,144,400
Ennery, France	Parts Distribution		417,500
Marktoberdorf, Germany	Manufacturing	129,000	972,900
Baumenheim, Germany	Manufacturing		561,000
Hohenmoelsen, Germany	Manufacturing		318,300
Randers, Denmark	Manufacturing	145,100	143,400
Linnavuori, Finland	Manufacturing		257,700
Suolahti, Finland	Manufacturing/Parts Distribution		550,900
Sunshine, Victoria, Australia	Regional Headquarters/Parts Distribution		94,600
Haedo, Argentina	Parts Distribution/Sales Office	32,000	
Canoas, Rio Grande do Sul, Brazil	Regional Headquarters/ Manufacturing/Parts Distribution		615,300
Santa Rosa, Rio Grande do Sul, Brazil	Manufacturing		386,500
Mogi das Cruzes, Brazil	Manufacturing/Parts Distribution		722,200
Ibirubá, Rio Grande do Sul, Brazil	Manufacturing		136,800

(1) Includes our joint venture with GIMA, in which we own 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.

Table of Contents

Item 3. *Legal Proceedings*

In September 2009, we resolved inquiries by the SEC and the Department Of Justice (DOJ) relating to our sales of equipment to the Iraq government between 2000 and 2002 under the United Nations Oil for Food Program. As part of this resolution, we entered into a consent agreement with the SEC and a deferred prosecution agreement with the DOJ and paid approximately $19.9 million to the government consisting of disgorgement of profits arising from the sales together with related fines, penalties and interest. We also paid $0.6 million to the Danish authorities to resolve a related inquiry. No further governmental inquiries are pending against AGCO relating to the United Nations Oil for Food Program.

On June 27, 2008, the Republic of Iraq filed a civil action in a federal court in New York, Case No. 08 CIV 59617, naming as defendants three of our foreign subsidiaries that participated in the United Nations Oil for Food Program. Ninety-one other entities or companies were also named as defendants in the civil action due to their participation in the United Nations Oil for Food Program. The complaint purports to assert claims against each of the defendants seeking damages in an unspecified amount. Although our subsidiaries intend to vigorously defend against this action, it is not possible at this time to predict the outcome of this action or its impact, if any, on us, although if the outcome was adverse, we could be required to pay damages.

In August 2008, as part of a routine audit, the Brazilian taxing authorities disallowed deductions relating to the amortization of certain goodwill recognized in connection with a reorganization of our Brazilian operations and the related transfer of certain assets to our Brazilian subsidiaries. The amount of the tax disallowance through December 31, 2009, not including interest and penalties, was approximately 90.6 million Brazilian reais (or approximately $51.9 million). The amount ultimately in dispute will be greater because of interest and penalties. We have been advised by our legal and tax advisors that our position with respect to the deductions is allowable under the tax laws of Brazil. We are contesting the disallowance and believe that it is not likely that the assessment, interest or penalties will be required to be paid. However, the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which could take several years.

We are a party to various other 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.

PART II

Item 5. ***Market For Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock is listed on the New York Stock Exchange (NYSE) and trades under the symbol AGCO. As of the close of business on February 12, 2010, the closing stock price was $33.79, and there were 478 stockholders of record (this number does not include stockholders who hold their stock through brokers, banks and other nominees). 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 years, as reported on the NYSE.

	High	Low
2009		
First Quarter	$ 28.13	$ 15.10
Second Quarter	30.79	20.63
Third Quarter	33.50	25.06
Fourth Quarter	32.78	26.15

	High	Low
2008		
First Quarter	$ 70.50	$ 54.35
Second Quarter	70.51	50.70
Third Quarter	63.06	40.99
Fourth Quarter	41.30	19.35

DIVIDEND POLICY

We currently do not pay dividends. We cannot provide any assurance that we will pay dividends in the foreseeable future. Although we are in compliance with all provisions of our debt agreements, both our credit facility and the indenture governing our senior subordinated notes contain restrictions on our ability to pay dividends in certain circumstances.

Item 6. *Selected Financial Data*

The following tables present our selected consolidated financial data. The data set forth below should be read together with Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, and our historical Consolidated Financial Statements and the related notes. The Consolidated Financial Statements as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 and the reports thereon are included in Item 8 in this Form 10-K. The historical financial data may not be indicative of our future performance.

	Years Ended December 31,				
	2009	**2008(4)**	**2007(4)**	**2006(2)(4)**	**2005(2)(4)**
	(In millions, except per share data)				
Operating Data:					
Net sales	$ 6,630.4	$ 8,424.6	$ 6,828.1	$ 5,435.0	$ 5,449.7
Gross profit	1,072.5	1,499.7	1,191.0	927.8	933.6
Income from operations	219.3	565.0	394.8	68.9	274.7
Net income (loss)	135.7	385.9	232.9	(71.4)	28.4
Net income attributable to noncontrolling interests					
Net income (loss) attributable to AGCO Corporation and subsidiaries	$ 135.7	$ 385.9	$ 232.9	$ (71.4)	$ 28.4
Net income (loss) per common share diluted(3)	$ 1.44	$ 3.95	$ 2.41	$ (0.79)	$ 0.31
Weighted average shares outstanding diluted(3)	94.1	97.7	96.6	90.8	90.7

	As of December 31,				
	2009	**2008(4)**	**2007(4)**	**2006(2)(4)**	**2005(2)(4)**
	(In millions, except number of employees)				
Balance Sheet Data:					
Cash and cash equivalents	$ 652.7	$ 512.2	$ 582.4	$ 401.1	$ 220.6
Working capital(1)	1,070.8	1,026.7	709.6	715.7	825.8
Total assets	5,062.2	4,954.8	4,787.6	4,114.5	3,861.2
Total long-term debt, excluding current portion(1)	454.0	625.0	294.1	523.1	805.1
Stockholders equity	2,400.8	2,020.0	2,120.1	1,584.1	1,457.5
Other Data:					
Number of employees	14,456	15,606	13,720	12,804	13,023

(1) Holders of our $201.3 million 13/4% convertible senior subordinated notes due 2033 and our $201.3 million 11/4% convertible senior subordinated notes due 2036 may convert the notes if, during any fiscal quarter, the closing sales price of our common stock exceeds 120% of the conversion price of $22.36 per share for our 13/4% convertible senior subordinated notes and $40.73 per share for our 11/4% convertible senior subordinated notes for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal

quarter. As of December 31, 2009, the criteria was met for our 11/4% convertible senior subordinated notes, and, therefore, we classified these notes as current liabilities. As of December 31, 2008, this criteria was not met with respect to either of the notes, and, therefore, we classified both notes as long-term debt. As of December 31, 2007, the criteria was met for both notes, and, therefore, we classified both notes as current liabilities. As of December 31, 2006, the criteria was met for our 13/4% convertible senior subordinated notes, and, therefore, we classified these notes as a current liability.

(2) During the fourth quarter of 2006, we concluded that the goodwill associated with our Sprayer business was impaired. We recorded a write-down of the total amount of such goodwill of approximately $171.4 million. During the fourth quarter of 2005, we recognized a non-cash income tax charge of approximately $90.8 million related to increasing the valuation allowance for our U.S. deferred income tax assets.

(3) Our 11/4% and 13/4% convertible senior subordinated notes also potentially will impact the dilution of weighted shares outstanding for the excess conversion value using the treasury stock method. For the years ended December 31, 2006 and 2005, approximately 1.2 million and 4.4 million shares, respectively, were excluded from the diluted weighted average shares outstanding calculation related to the assumed conversion of our 13/4% convertible senior subordinates notes, as the impact would have been antidilutive.

(4) Operating data and balance sheet data presented above have been retroactively restated for the years ended December 31, 2008, 2007, 2006 and 2005 to reflect adjustments made for the equity components of our convertible senior subordinated notes and our noncontrolling interests. Refer to Notes 1 and 7 of our Consolidated Financial Statements for further discussion.

Table of Contents

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 and a line of diesel engines. Our products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brand names, including: Challenger®, Fendt®, Massey Ferguson® and Valtra®. We distribute most of our products through a combination of approximately 2,700 dealers, distributors, associates and licensees. In addition, we provide retail financing in the United States, Canada, Brazil, Germany, France, the United Kingdom, Australia, Ireland and Austria through our retail finance joint ventures with Rabobank.

Results of Operations

We sell our equipment and replacement parts to our independent dealers, distributors and other customers. A large majority of our sales are to independent dealers and distributors that sell our products to the end user. To the extent practicable, we attempt to sell 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 linked to 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 our sale of the equipment to the dealer and the dealer s sale to a retail customer.

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:

	Years Ended December 31,		
	2009	2008	2007
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	83.8	82.2	82.6
Gross profit	16.2	17.8	17.4
Selling, general and administrative expenses	9.5	8.6	9.1
Engineering expenses	2.9	2.3	2.3
Restructuring and other infrequent expenses (income)	0.2		
Amortization of intangibles	0.3	0.2	0.2
Income from operations	3.3	6.7	5.8
Interest expense, net	0.7	0.4	0.6
Other expense, net	0.3	0.2	0.6
Income before income taxes and equity in net earnings of affiliates	2.3	6.1	4.6
Income tax provision	0.9	2.0	1.6
Income before equity in net earnings of affiliates	1.4	4.1	3.0
Equity in net earnings of affiliates	0.6	0.5	0.4
Net income	2.0	4.6	3.4

Net income attributable to noncontrolling intests			
Net income attributable to AGCO Corporation and subsidiaries	2.0%	4.6%	3.4%

2009 Compared to 2008

Net income for 2009 was $135.7 million, or $1.44 per diluted share, compared to net income for 2008 of $385.9 million, or $3.95 per diluted share.

19

Net sales for 2009 were approximately $1,794.2 million, or 21.3%, lower than 2008 primarily due to sales declines in most of our geographical segments as well as the unfavorable impact of currency translation. The volatility in commodity prices and the expectation of lower farm income contributed to a weaker demand in most of our major markets. Income from operations was $219.3 million in 2009 compared to $565.0 million in 2008. The decrease in income from operations and operating margins during 2009 was due primarily to lower net sales, reduced production volumes and a weaker product mix, partially offset by cost containment initiatives.

In our Europe/Africa/Middle East operations, income from operations decreased approximately $294.8 million in 2009 compared to 2008, primarily due to decreased net sales, lower production levels, unfavorable currency translation impacts and increased engineering expenses. Income from operations in our South American operations decreased approximately $69.6 million in 2009 compared to 2008, primarily due to lower net sales, lower production levels, unfavorable currency translation impacts and a shift in sales mix in Brazil from higher horsepower tractors to lower horsepower tractors. In North America, income from operations increased approximately $13.3 million in 2009 compared to 2008, primarily due to improved margins from new products, productivity initiatives and lower selling, general and administrative (SG&A) expenses, partially offset by higher levels of engineering costs and the impact of lower production. Income from operations in our Asia/Pacific region decreased approximately $7.1 million in 2009 compared to 2008, primarily due to lower gross margins and unfavorable currency translation impacts.

Retail Sales

Worldwide industry equipment demand for farm equipment decreased in 2009 in most major markets. The current global economic downturn, volatility in farm commodity prices and prospects for lower farm income in 2009 have contributed to the decreased demand for equipment.

In the United States and Canada, industry unit retail sales of tractors decreased approximately 21% in 2009 compared to 2008, resulting from decreases in industry unit retail sales of compact, utility and high horsepower tractors. Industry unit retail sales of combines increased approximately 15% in 2009 when compared to the prior year. In North America, our unit retail sales of tractors as well as combines decreased in 2009 compared to 2008 levels. In Europe, industry unit retail sales of tractors decreased approximately 18% in 2009 compared to 2008 due to lower retail volumes in most major European markets. Industry unit retail sales in Western Europe declined approximately 13% in 2009 compared to 2008. Despite strong harvests across most of Western Europe, lower commodity prices and the outlook of reduced farmer profitability generated softer demand. Industry unit retail sales in Eastern Europe and Russia declined significantly compared to 2008 levels due to ongoing credit constraints. Our unit retail sales of tractors for 2009 in Europe were also lower when compared to 2008. In South America, industry unit retail sales of tractors in 2009 decreased approximately 17% compared to 2008. Weak industry conditions in Argentina and other markets outside of Brazil contributed to most of the decline in industry demand in the region. Retail sales of tractors in the major market of Brazil increased approximately 5% during 2009. A Brazilian government-funded financing program for small tractors, as well as a new government-sponsored low-interest financing program for all equipment, has supported sales in the Brazilian market, primarily in the low horsepower sector. Industry unit retail sales of combines during 2009 were approximately 36% lower than the prior year, with a decrease in Brazil of approximately 14% compared to 2008. Our unit retail sales of tractors and combines in South America were also lower in 2009 compared to 2008. In other international markets, our net sales for 2009 were approximately 4.7% higher than the prior year, due primarily to higher sales in Australia and New Zealand resulting from improved harvests.

Results of Operations

Net sales for 2009 were $6,630.4 million compared to $8,424.6 million for 2008. The decrease was primarily attributable to net sales decreases in most of our geographical regions as well as unfavorable foreign currency translation impacts. Foreign currency translation negatively impacted net sales by approximately $404.4 million, primarily due to the weakening of the Euro and the Brazilian real during the first nine months

Table of Contents

of 2009 compared to 2008. The following table sets forth, for the year ended December 31, 2009, the impact to net sales of currency translation by geographical segment (in millions, except percentages):

			Change		Change due to Currency Translation	
	2009	2008	$	%	$	%
North America	$ 1,442.7	$ 1,794.3	$ (351.6)	(19.6)%	$ (37.0)	(2.1)%
South America	1,167.1	1,496.5	(329.4)	(22.0)%	(61.1)	(4.1)%
Europe/Africa/ Middle East	3,782.1	4,905.4	(1,123.3)	(22.9)%	(296.7)	(6.1)%
Asia/Pacific	238.5	228.4	10.1	4.5%	(9.6)	(4.2)%
	$ 6,630.4	$ 8,424.6	$ (1,794.2)	(21.3)%	$ (404.4)	(4.8)%

The following is a reconciliation of net sales for the year ended December 31, 2009 at actual exchange rates compared to 2008 adjusted exchange rates (in millions):

	Year Ended December 31,		
	2009 at Actual Exchange Rates	2009 at Adjusted Exchange Rates[1]	Change due to Currency Translation
North America	$ 1,442.7	$ 1,479.7	(2.1)%
South America	1,167.1	1,228.2	(4.1)%
Europe/Africa/Middle East	3,782.1	4,078.8	(6.1)%
Asia/Pacific	238.5	248.1	(4.2)%
	$ 6,630.4	$ 7,034.8	(4.8)%

(1) Adjusted exchange rates are 2008 exchange rates.

Regionally, net sales in North America decreased during 2009 compared to 2008 primarily due to weaker market demand and efforts to reduce dealer inventory levels. In the Europe/Africa/Middle East region, net sales decreased in 2009 compared to 2008 primarily due to sales declines in Germany, France and Scandinavia, as well as Eastern and Central Europe and Russia. In South America, net sales decreased during 2009 compared to 2008 primarily as a result of weaker market conditions in the region, particularly in Argentina, and a shift in sales mix to lower horsepower tractors in the region. In the Asia/Pacific region, net sales increased in 2009 compared to 2008 due to sales growth in Australia and New Zealand. We estimate that worldwide average price increases in 2009 and 2008 were approximately 3% and 4%, respectively. Consolidated net sales of tractors and combines, which consisted of approximately 72% of our net sales in 2009, decreased approximately 22% in 2009 compared to 2008. Unit sales of tractors and combines decreased approximately 20% during 2009 compared to 2008. The difference between the unit sales decrease and the decrease in net sales was primarily the result of foreign currency translation, pricing and sales mix changes.

The following table sets forth, for the years ended December 31, 2009 and 2008, the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations (in millions, except percentages):

	2009		2008	
	$	**% of Net Sales**	**$**	**% of Net Sales**
Gross profit	$ 1,072.5	16.2%	$ 1,499.7	17.8%
Selling, general and administrative expenses	630.1	9.5%	720.9	8.6%
Engineering expenses	191.9	2.9%	194.5	2.3%
Restructuring and other infrequent expenses	13.2	0.2%	0.2	
Amortization of intangibles	18.0	0.3%	19.1	0.2%
Income from operations	$ 219.3	3.3%	$ 565.0	6.7%

Table of Contents

Gross profit as a percentage of net sales decreased during 2009 as compared to 2008 primarily due to lower production volumes and a weaker sales mix, partially offset by the impact of reduced workforce levels and cost control initiatives. Sales mix impacted margins primarily in South America due to a shift in demand toward low horsepower tractors away from high horsepower tractors and combines. Unit production of tractors and combines during 2009 was approximately 24% lower than 2008. We recorded approximately $0.1 million and $1.5 million of stock compensation expense within cost of goods sold, during 2009 and 2008, respectively, as is more fully explained in Note 1 to our Consolidated Financial Statements.

SG&A expenses as a percentage of net sales increased during 2009 compared to 2008, primarily due to the decline in net sales. We recorded approximately $8.2 million and $32.0 million of stock compensation expense, within SG&A, during 2009 and 2008, respectively, as is more fully explained in Note 1 to our Consolidated Financial Statements. Engineering expenses decreased slightly but increased as a percentage of sales during 2009 as compared to 2008. We maintained the level of engineering expenses relative to the prior year to fund projects related to new product development and Tier 4 emission requirements.

We recorded restructuring and other infrequent expenses of approximately $13.2 million and $0.2 million during 2009 and 2008, respectively. The restructuring and other infrequent expenses recorded in 2009 related primarily to severance and other related costs associated with rationalization of our operations in France, the United Kingdom, Finland, Germany, the United States and Denmark. The restructuring and other infrequent expenses recorded in 2008 related primarily to severance and employee relocation costs associated with rationalization of our Valtra sales office located in France.

Interest expense, net was $43.3 million for 2009 compared to $33.2 million for 2008. The increase was primarily due to lower interest income as a result of lower interest rates and lower amounts of invested cash.

Other expense, net was $22.2 million in 2009 compared to $20.1 million in 2008. Losses on sales of receivables primarily under our securitization facilities were $15.6 million in 2009 compared to $27.3 million in 2008. The decrease was primarily due to a reduction in interest rates in 2009 compared to 2008. In addition, there were foreign exchange losses in 2009 compared to foreign exchange gains in 2008.

We recorded an income tax provision of $56.5 million in 2009 compared to $164.6 million in 2008. Our tax provision is impacted by the differing tax rates in the various tax jurisdictions where we operate, permanent differences for items treated differently for financial accounting and income tax purposes, and losses in jurisdictions where no income tax benefit is recorded. Our 2009 income tax rate reconciliation provided in Note 6 to our Consolidated Financial Statements includes a $39.5 million favorable change in valuation allowance which was fully offset by a write-off of certain foreign tax assets reflected in tax effects of permanent differences . Due to the fact that these tax assets had not been expected to be utilized in future years, we had previously maintained a valuation allowance against the tax assets. Accordingly, this write-off resulted in no impact to our income tax provision for the year ended December 31, 2009.

A valuation allowance is established when it is more likely than not that some portion or all of a company s deferred tax assets will not be realized. We assessed the likelihood that our deferred tax assets would be recovered from estimated future taxable income and available income tax planning strategies. At December 31, 2009 and 2008, we had gross deferred tax assets of $485.0 million and $471.4 million, respectively, including $215.0 million and $210.8 million, respectively, related to net operating loss carryforwards. At December 31, 2009 and 2008, we had recorded total valuation allowances as an offset to the gross deferred tax assets of $261.7 million and $294.4 million, respectively, primarily related to net operating loss carryforwards in Brazil, Denmark, Switzerland, The Netherlands and the United States. Realization of the remaining deferred tax assets as of December 31, 2009 will depend on generating sufficient taxable income in future periods, net of reversing deferred tax liabilities. We believe it is more likely than not that the remaining net deferred tax assets will be realized.

As of December 31, 2009 and 2008, we had approximately $21.8 million and $20.1 million, respectively, of unrecognized tax benefits, all of which would impact our effective tax rate if recognized. As of December 31, 2009 and 2008, we had approximately $3.5 million and $7.6 million, respectively, of current accrued taxes related to uncertain income tax positions connected with ongoing tax audits in various jurisdictions that we expect to settle or pay in the next 12 months. We recognize interest and penalties related to uncertain income tax positions in income tax expense. As of December 31, 2009 and 2008, we had accrued interest and penalties related to unrecognized tax benefits of approximately $1.9 million and $1.8 million, respectively. See Note 6 to our Consolidated Financial Statements for further discussion of our uncertain income tax positions.

Equity in net earnings of affiliates was $38.4 million in 2009 compared to $38.8 million in 2008. An increase in earnings associated with our retail finance joint ventures was offset by a decrease in earnings associated with our Laverda operating joint venture during 2009 as compared to 2008. Refer to Retail Finance Joint Ventures for further information regarding our retail finance joint ventures and their results of operations.

2008 Compared to 2007

Net income for 2008 was $385.9 million, or $3.95 per diluted share, compared to net income for 2007 of $232.9 million, or $2.41 per diluted share.

Net sales for 2008 were approximately $1,596.5 million, or 23.4%, higher than 2007 primarily due to improved industry conditions in most major global agricultural equipment markets and the positive impact of foreign currency translation. Sales growth was achieved in all of our geographic operating segments. Income from operations was $565.0 million in 2008 compared to $394.8 million in 2007. The increase in income from operations and operating margins during 2008 was due primarily to sales volume growth, price increases, improved product mix and cost control initiatives, partially offset by higher material costs.

In our Europe/Africa/Middle East operations, income from operations improved approximately $119.1 million in 2008 compared to 2007, primarily due to increased sales volumes, favorable currency translation impacts, improved product mix and margin improvements achieved through cost reduction initiatives. Income from operations in our South American operations increased approximately $32.9 million in 2008 compared to 2007, primarily due to higher sales volume resulting from stronger market conditions, particularly in the major market of Brazil, as well as favorable currency translation impacts. In North America, income from operations increased approximately $44.3 million in 2008 compared to 2007, primarily due to higher sales as a result of strong industry demand for large farm equipment and operating efficiencies. Income from operations in our Asia/Pacific region increased approximately $8.4 million in 2008 compared to 2007, primarily due to sales growth in the Australian and New Zealand markets.

Retail Sales

Worldwide industry equipment demand for farm equipment increased in 2008 in most major markets. Healthy farm income driven by higher farm commodity prices contributed to the improved demand for equipment, particularly in the large farm equipment sector. In 2008, farm commodity prices continued to be supported as a result of strong global demand and historically low inventories of commodities.

In the United States and Canada, industry unit retail sales of tractors decreased approximately 7% in 2008 compared to 2007, due to decreases in the compact and utility tractor segments, offset by increases in the high horsepower tractor segment. Industry unit retail sales of combines increased approximately 22% in 2008 when compared to the prior year. In North America, our unit retail sales of compact and high horsepower tractors as well as combines increased while our unit retail sales of utility tractors decreased in 2008 compared to 2007 levels. In Europe, industry unit retail sales of tractors increased approximately 7% in 2008 compared to 2007. Demand was strongest in the high horsepower segment and in the markets of France, Germany, Central and Eastern Europe, and Russia, which offset weaker markets in Spain, Finland and Scandinavia. Our unit retail sales of tractors for 2008 in Europe were also higher when compared to 2007. In South America, industry unit retail sales of tractors in 2008 increased approximately 30% compared to 2007. Retail sales of tractors in the major market of Brazil increased approximately 39% during 2008. Industry unit retail sales of combines during 2008 were approximately 50% higher than the prior year, with an increase in Brazil of approximately 88% compared to the prior year. Improved commodity prices contributed to the strength of the row crop and sugar cane sectors in Brazil, resulting in increased industry demand. Our unit retail sales of tractors and combines in South America were also higher in 2008 compared to 2007. In other international markets, our net sales for 2008 were approximately 10.3% higher than the prior year, due primarily to higher sales in Australia and New Zealand resulting from improved harvests.

The rate of retail sales increases declined in most major markets in the fourth quarter of 2008 as lower commodity prices and tightened credit availability began to impact sales demand, particularly in South America, Eastern Europe and Russia.

Results of Operations

Net sales for 2008 were $8,424.6 million compared to $6,828.1 million for 2007. The increase was primarily attributable to net sales growth in all four of our geographical regions as well as positive currency translation impacts. Currency translation positively impacted net sales by approximately $247.9 million, primarily due to the strength of the Brazilian real and the Euro in the first nine months of the year. The following table sets forth, for the year ended December 31, 2008, the impact to net sales of currency translation by geographical segment (in millions, except percentages):

			Change		Change due to Currency Translation	
	2008	**2007**	**$**	**%**	**$**	**%**
North America	$ 1,794.3	$ 1,488.1	$ 306.2	20.6%	$ (11.6)	(0.8)%
South America	1,496.5	1,090.6	405.9	37.2%	76.8	7.0%
Europe/Africa/Middle East	4,905.4	4,067.1	838.3	20.6%	181.3	4.5%
Asia/Pacific	228.4	182.3	46.1	25.3%	1.4	0.8%
	$ 8,424.6	$ 6,828.1	$ 1,596.5	23.4%	$ 247.9	3.6%

The following is a reconciliation of net sales for the year ended December 31, 2008 at actual exchange rates compared to 2007 adjusted exchange rates (in millions):

	Year Ended December 31,		
	2008 at Actual Exchange Rates	**2008 at Adjusted Exchange Rates(1)**	**Change due to Currency Translation**
North America	$ 1,794.3	$ 1,805.9	(0.8)%
South America	1,496.5	1,419.7	7.0%
Europe/Africa/Middle East	4,905.4	4,724.1	4.5%
Asia/Pacific	228.4	227.0	0.8%
	$ 8,424.6	$ 8,176.7	3.6%

(1) Adjusted exchange rates are 2007 exchange rates.

Regionally, net sales in North America increased during 2008 compared to 2007 primarily due to strong industry conditions supporting increased sales of high horsepower tractors, combines, hay equipment and sprayers. In the Europe/Africa/Middle East region, net sales increased in 2008 primarily due to sales growth in France, Germany, the United Kingdom, Austria, Eastern and Central Europe, and Russia. In South America, net sales increased during 2008 compared to 2007 primarily as a result of stronger market conditions in the region, particularly in the major market of Brazil. In the Asia/Pacific region, net sales increased in 2008 compared to 2007 due to sales growth in Australia and New Zealand. We estimate that worldwide consolidated average price increases during 2008 contributed approximately 4% to the increase in net sales. Consolidated net sales of tractors and combines, which consisted of approximately 72% of our net sales in 2008, increased approximately 23% in 2008 compared to 2007. Unit sales of tractors and combines increased approximately 11% during 2008 compared to 2007. The difference between the unit sales increase and the increase in net sales was the result of foreign currency translation, pricing and sales mix changes.

Table of Contents

The following table sets forth, for the years ended December 31, 2008 and 2007, the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations (in millions, except percentages):

	2008		2007	
	$	% of Net Sales	$	% of Net Sales
Gross profit	$ 1,499.7	17.8%	$ 1,191.0	17.4%
Selling, general and administrative expenses	720.9	8.6%	625.7	9.1%
Engineering expenses	194.5	2.3%	154.9	2.3%
Restructuring and other infrequent expenses (income)	0.2		(2.3)	
Amortization of intangibles	19.1	0.2%	17.9	0.2%
Income from operations	$ 565.0	6.7%	$ 394.8	5.8%

Gross profit as a percentage of net sales increased during 2008 as compared to 2007 primarily due to the benefits of higher production, and cost reduction initiatives, partially offset by negative currency impacts and raw material cost inflation. Unit production of tractors and combines during 2008 was approximately 18% higher than 2007. In response to increases in manufacturing input costs driven primarily by increases in steel and energy costs, we instituted a series of price increases during 2008. These pricing actions helped to partially offset the impact of rising manufacturing input costs. Gross margins in 2008 and 2007 in North America were also affected by the weak United States dollar on products imported from our European and Brazilian manufacturing facilities. We recorded approximately $1.5 million and $1.0 million of stock compensation expense, within cost of goods sold, during 2008 and 2007, respectively.

SG&A expenses as a percentage of net sales decreased during 2008 compared to 2007, primarily as a result of higher sales volumes in 2008 and cost control initiatives. We recorded approximately $32.0 million and $25.0 million of stock compensation expense, within SG&A, during 2008 and 2007, respectively. Engineering expenses increased during 2008 as a result of continued spending to fund new products, product improvements and cost reduction projects.

The restructuring and other infrequent expenses recorded in 2008 related primarily to severance and employee relocation costs associated with rationalization of our Valtra sales office located in France. The restructuring and other infrequent income recorded in 2007 primarily related to a $3.2 million gain on the sale of a portion of the buildings, land and improvements associated with our Randers, Denmark facility. This gain was partially offset by $0.9 million of charges primarily related to severance and employee relocation costs associated with the rationalization of our Valtra sales office located in France as well as our rationalization of certain parts, sales and marketing and administrative functions in Germany.

Interest expense, net was $33.2 million for 2008 compared to $37.5 million for 2007. The decrease was primarily due to a reduction in debt levels and increased interest income earned during 2008 compared to 2007.

Other expense, net was $20.1 million in 2008 compared to $43.4 million in 2007. Losses on sales of receivables primarily under our securitization facilities were $27.3 million in 2008 compared to $36.1 million in 2007. The decrease during 2008 was primarily due to lower interest rates in 2008 compared to 2007, partially offset by higher outstanding funding under the securitizations in 2008 compared to 2007. There was also an increase in foreign exchange gains in 2008 compared to 2007.

We recorded an income tax provision of $164.6 million in 2008 compared to $111.4 million in 2007. We assessed the likelihood that our deferred tax assets would be recovered from estimated future taxable income and available income tax planning strategies. Our effective tax rate was positively impacted during 2008 primarily due to reductions in statutory tax rates in the United Kingdom and Germany and a decrease in losses incurred in the United States. At December 31, 2008 and 2007, we had gross deferred tax assets of $471.4 million and $479.l million, respectively, including $210.8 million and $247.8 million, respectively, related to net operating loss carryforwards. At December 31, 2008 and 2007, we had recorded total valuation allowances as an offset to the gross deferred tax assets of $294.4 million and $315.3 million, respectively, primarily related to net operating loss carryforwards in Brazil, Denmark, The Netherlands and the United States.

At December 31, 2008 and 2007, we had approximately $20.1 million and $22.7 million, respectively, of unrecognized tax benefits, all of which would impact our effective tax rate if recognized. As of December 31, 2008 and 2007, we had approximately $7.6 million and $14.0 million, respectively, of current accrued taxes related to uncertain income tax positions connected with ongoing tax audits in various jurisdictions that we expected to settle or pay in the next 12 months. We recognize interest and penalties related to uncertain income tax positions in income tax expense. As of December 31, 2008 and 2007, we had accrued interest and penalties related to unrecognized tax benefits of approximately $1.8 million and $1.1 million, respectively.

Equity in net earnings of affiliates was $38.8 million in 2008 compared to $30.4 million in 2007. The increase in 2008 was primarily due to income associated with our investment in the Laverda operating joint venture acquired in September 2007, as well as increased 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, necessary to present fairly our results of operations for the periods presented. 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)			
2009:				
Net sales	$ 1,579.0	$ 1,795.2	$ 1,403.7	$ 1,852.5
Gross profit	272.3	291.5	241.4	267.3
Income from operations[1]	58.6	77.8	34.0	48.9
Net income[1]	34.3	57.0	10.0	34.4
Net (income) loss attributable to noncontrolling interests	(0.6)	0.4	1.1	(0.9)
Net income attributable to AGCO Corporation and subsidiaries	33.7	57.4	11.1	33.5
Net income per common share attributable to AGCO Corporation and subsidiaries diluted[1]	0.36	0.61	0.12	0.35
2008:				
Net sales	$ 1,786.6	$ 2,395.4	$ 2,085.4	$ 2,157.2
Gross profit	315.2	428.2	380.1	376.2
Income from operations[1]	94.2	189.1	141.7	140.0
Net income[1][2]	58.8	129.6	99.0	98.5
Net income attributable to noncontrolling interests[2]				
Net income attributable to AGCO Corporation and subsidiaries[2]	58.8	129.6	99.0	98.5
Net income per common share attributable to AGCO Corporation and subsidiaries diluted[1][2]	0.59	1.31	1.01	1.05

(1)

For 2009, the quarters ended March 31, June 30, September 30 and December 31 included restructuring and other infrequent expenses of $0.0 million, $2.8 million, $1.0 million and $9.4 million, respectively, thereby impacting net income per common share on a diluted basis by $0.00, $0.02, $0.01, $0.07, respectively.

For 2008, the quarters ended March 31, June 30, September 30 and December 31 included restructuring and other infrequent expenses (income) of $0.1 million, $0.1 million, $0.1 million and $(0.1) million, respectively, with no impact to net income per common share on a diluted basis.

(2) Amounts presented above for the three months ended March 31, June 30, September 30, and December 31, 2008 have been retroactively restated to reflect adjustments made for the amortization of the debt discounts related to our convertible senior subordinated notes. Refer to Notes 1 and 7 of our Consolidated Financial Statements for further discussion.

Table of Contents

Retail Finance Joint Ventures

Our AGCO Finance retail finance joint ventures provide retail financing and wholesale financing to our dealers in the United States, Canada, Brazil, Germany, France, the United Kingdom, Australia, Ireland, Austria and Argentina. The joint ventures are owned 49% by AGCO and 51% by a wholly owned subsidiary of Rabobank, a AAA rated financial institution based in The Netherlands. 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. Under the various joint venture agreements, Rabobank or its affiliates provide financing to the joint ventures, primarily through lines of credit. We do not guarantee the debt obligations of the joint ventures other than a portion of the retail portfolio in Brazil that is held outside the joint venture by Rabobank Brazil, which was approximately $3.7 million as of December 31, 2009, and will gradually be eliminated over time. As of December 31, 2009, our capital investment in the retail finance joint ventures, which is included in Investment in affiliates on our Consolidated Balance Sheets, was approximately $258.7 million compared to $187.8 million as of December 31, 2008. The total finance portfolio in our retail finance joint ventures was approximately $6.3 billion and $4.8 billion as of December 31, 2009 and 2008, respectively. The total finance portfolio as of December 31, 2009 included approximately $5.6 billion of retail receivables and $0.7 billion of wholesale receivables from AGCO dealers. The total finance portfolio as of December 31, 2008 included approximately $4.6 billion of retail receivables and $0.2 billion of wholesale receivables from AGCO dealers. The wholesale receivables were either sold directly to AGCO Finance without recourse from our operating companies or AGCO Finance provided the financing directly to the dealers. On December 22, 2009, we terminated our U.S. and Canadian accounts receivable securitization facilities and replaced them with new accounts receivable sales agreements that will permit the transfer, on an ongoing basis, of substantially all of our wholesale interest-bearing and non-interest bearing receivables in North America to AGCO Finance LLC and AGCO Finance Canada, Ltd., our U.S. and Canadian retail finance joint ventures. During 2009, our share in the earnings of the retail finance joint ventures, included in Equity in net earnings of affiliates on our Consolidated Statements of Operations, was $36.4 million compared to $29.7 million in 2008. The increase during 2009 was due primarily to higher finance revenues generated as a result of higher average retail finance portfolios, particularly in Europe and Brazil.

The retail finance portfolio in our retail finance joint venture in Brazil was $1.7 billion as of December 31, 2009 compared to $1.2 billion as of December 31, 2008. As a result of weak market conditions in Brazil in 2005 and 2006, a substantial portion of this portfolio has been included in a payment deferral program directed by the Brazilian government. The impact of the deferral program has resulted in higher delinquencies and lower collateral coverage for the portfolio. While the joint venture currently considers its reserves for loan losses adequate, it continually monitors its reserves considering borrower payment history, the value of the underlying equipment financed and further payment deferral programs implemented by the Brazilian government. To date, our retail finance joint ventures in markets outside of Brazil have not experienced any significant changes in the credit quality of their finance portfolios as a result of the recent global economic challenges. However, there can be no assurance that the portfolio credit quality will not deteriorate, and, given the size of the portfolio relative to the joint ventures level of equity, a significant adverse change in the joint ventures performance would have a material impact on the joint ventures and on our operating results.

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, farm industry related legislation, availability of financing and general economic conditions.

Worldwide industry demand is expected to be mixed in the first six months of 2010, with stronger market conditions in Brazil expected to offset weaker conditions in North America and Europe. Demand in North America and Western Europe is expected to stabilize during 2010, making comparisons to 2009 more favorable in the second half of the year. Continued economic weakness in Eastern and Central Europe and Russia is expected to keep industry demand at very low levels in those markets throughout 2010.

Table of Contents

Our net sales in 2010 are expected to be flat compared to 2009. We are targeting gross margin improvements to be offset by higher engineering expenses for new product development and Tier 4 emission requirements, as well as higher pension costs. Net income is projected to be flat to slightly higher than 2009.

Liquidity and Capital Resources

Our financing requirements are subject to variations due to seasonal changes in inventory and receivable levels. Internally generated funds are supplemented when necessary from external sources, primarily our revolving credit facility and accounts receivable securitization facilities.

We believe that these facilities, together with available cash and internally generated funds, will be sufficient to support our working capital, capital expenditures and debt service requirements for the foreseeable future:

Our $300 million revolving credit facility which expires in May 2013 (no amounts were outstanding as of December 31, 2009).

Our 200.0 million (or approximately $286.5 million as of December 31, 2009) 67/8% senior subordinated notes, which mature in 2014.

Our $201.3 million 13/4% convertible senior subordinated notes may be required to be repurchased on December 31, 2010, or could be converted earlier based on the closing sales price of our common stock (see further discussion below). Our $201.3 million 11/4% convertible senior subordinated notes may be required to be repurchased on December 15, 2013, or could be converted earlier based on the closing sales price of our common stock (see further discussion below).

Our 140.0 million (or approximately $200.6 million as of December 31, 2009) securitization facility in Europe, which expires in October 2011. As of December 31, 2009, outstanding funding related to this facility was approximately 104.6 million (or approximately $149.9 million).

Our new accounts receivable sales agreements in the United States and Canada with AGCO Finance LLC and AGCO Finance Canada, Ltd., with total funding of up to $600.0 million for U.S. wholesale accounts receivable and up to C$250.00 million (or approximately $234.7 million as of December 31, 2009) for Canadian wholesale accounts receivable. As of December 31, 2009, approximately $444.6 million of proceeds had been received under these agreements.

In addition, although we are in complete compliance with the financial covenants contained in these facilities and currently expect to continue to maintain such compliance, should we ever encounter difficulties, our historical relationship with our lenders has been strong and we anticipate their continued long-term support of our business. However, it is impossible to predict the length or severity of the current tightened credit environment, which may impact our ability to obtain additional financing sources or our ability to renew or extend the maturity of our existing financing sources.

Current Facilities

Our $201.3 million of 13/4% convertible senior subordinated notes due December 31, 2033, issued in June 2005, provide for (i) the settlement upon conversion in cash up to the principal amount of the converted notes with any excess conversion value settled in shares of our common stock, and (ii) the conversion rate to be increased under certain circumstances if the notes are converted in connection with certain change of control transactions occurring prior to December 10, 2010. The notes are unsecured obligations and are convertible into cash and shares of our common stock upon satisfaction of certain conditions. Interest is payable on the notes at 13/4% per annum, payable semi-annually in arrears in cash on June 30 and December 31 of each year. The notes are convertible into shares of our common stock at an effective price of $22.36 per share, subject to adjustment. This reflects an initial conversion rate for the notes of 44.7193 shares of common stock per $1,000 principal amount of notes. Beginning January 1, 2011, we may redeem any of the notes at a redemption price of 100% of their principal amount, plus accrued interest. Holders of the notes may require us to repurchase the notes at a repurchase price of 100% of their principal amount, plus accrued interest, on December 31, 2010,

Table of Contents

2013, 2018, 2023 and 2028. See Note 7 to our Consolidated Financial Statements for a full description of these notes.

Our $201.3 million of 11/4% convertible senior subordinated notes due December 15, 2036, issued in December 2006, provide for (i) the settlement upon conversion in cash up to the principal amount of the notes with any excess conversion value settled in shares of our common stock, and (ii) the conversion rate to be increased under certain circumstances if the notes are converted in connection with certain change of control transactions occurring prior to December 15, 2013. Interest is payable on the notes at 11/4% per annum, payable semi-annually in arrears in cash on June 15 and December 15 of each year. The notes are convertible into shares of our common stock at an effective price of $40.73 per share, subject to adjustment. This reflects an initial conversion rate for the notes of 24.5525 shares of common stock per $1,000 principal amount of notes. Beginning December 15, 2013, we may redeem any of the notes at a redemption price of 100% of their principal amount, plus accrued interest. Holders of the notes may require us to repurchase the notes at a repurchase price of 100% of their principal amount, plus accrued interest, on December 15, 2013, 2016, 2021, 2026 and 2031. See Note 7 to our Consolidated Financial Statements for a full description of these notes.

As of December 31, 2009, the closing sales price of our common stock had exceeded 120% of the conversion price of $22.36 per share for our 13/4% convertible senior subordinated notes for at least 20 trading days in the 30 consecutive trading days ending December 31, 2009, and, therefore, we classified the notes as a current liability. In the event the notes were converted, we believe we could repay the notes with available cash on hand, funds from our $300.0 million multi-currency revolving credit facility or a combination of these sources. As of December 31, 2008, the closing sales price of our common stock did not exceed 120% of the conversion price of $22.36 and $40.73 per share, respectively, for our 13/4% convertible senior subordinated notes and our 11/4% convertible senior subordinated notes for at least 20 trading days in the 30 consecutive trading days ending December 31, 2008, and, therefore, we classified both notes as long-term debt. Future classification of the 13/4% convertible senior subordinated notes and 11/4% convertible senior subordinated notes between current and long-term debt is dependent on the closing sales price of our common stock during future quarters.

The 13/4% convertible senior subordinated notes and the 11/4% convertible senior subordinated notes will impact the diluted weighted average shares outstanding in future periods depending on our stock price for the excess conversion value using the treasury stock method. Refer to Notes 1 and 7 of the Company s Consolidated Financial Statements for further discussion.

Our $300.0 million unsecured multi-currency revolving credit facility matures on May 16, 2013. Interest accrues on amounts outstanding under the facility, at our option, at either (1) LIBOR plus a margin ranging between 1.00% and 1.75% based upon our total debt ratio or (2) the higher of the administrative agent s base lending rate or one-half of one percent over the federal funds rate plus a margin ranging between 0.0% and 0.50% based upon our total debt ratio. The facility contains covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends, and is subject to acceleration in the event of a default, as defined in the facility. We also must fulfill financial covenants in respect of a total debt to EBITDA ratio and an interest coverage ratio, as defined in the facility. As of December 31, 2009 and 2008, we had no outstanding borrowings under the facility. As of December 31, 2009 and 2008, we had availability to borrow approximately $290.7 million and $291.3 million, respectively, under the facility.

Our 200.0 million 67/8% senior subordinated notes due 2014 are unsecured obligations and are subordinated in right of payment to any existing or future senior indebtedness. Interest is payable on the notes semi-annually on April 15 and October 15 of each year. As of and subsequent to April 15, 2009, we may redeem the notes, in whole or in part, initially at 103.438% of their principal amount, plus accrued interest, declining to 100% of their principal amount, plus accrued interest, at any time on or after April 15, 2012. The notes include covenants restricting the incurrence of indebtedness and the making of certain restricted payments, including dividends.

Under our European securitization facility, we sell accounts receivable in Europe on a revolving basis to commercial paper conduits through a qualifying special purpose entity (QSPE) in the United Kingdom. The

European facility expires in October 2011, but is subject to annual renewal. On December 31, 2009, we expanded our European facility by 40.0 million so that the total amount of the facility was 140.0 million (or approximately $200.6 million). The outstanding funded balance of approximately 104.6 million (or approximately $149.9 million) as of December 31, 2009 has the effect of reducing accounts receivable and short-term liabilities by the same amount. Our risk of loss under the securitization facilities is limited to a portion of the unfunded balance of receivables sold, which is approximately 10% of the funded amount. We maintain reserves for doubtful accounts associated with this risk where necessary. If the facilities were terminated, we would not be required to repurchase previously sold receivables but would be prevented from selling additional receivables to the commercial paper conduits.

This facility allow us to sell accounts receivables through financing conduits, which obtain funding from commercial paper markets. Future funding under the securitization facility depends upon the adequacy of receivables, a sufficient demand for the underlying commercial paper and the maintenance of certain covenants concerning the quality of the receivables and our financial condition. In the event commercial paper demand is not adequate, our securitization facility provides for liquidity backing from various financial institutions, including Rabobank. These liquidity commitments would provide us with interim funding to allow us to find alternative sources of working capital financing, if necessary.

On December 22, 2009, we terminated our U.S. and Canadian accounts receivable securitization facilities of $280.0 million and $70.0 million, respectively, which had outstanding funding of approximately $280.0 million and $65.0 million, respectively. We replaced these securitization facilities with new accounts receivable sales agreements that will permit the transfer, on an ongoing basis, of substantially all of our wholesale interest-bearing and non-interest bearing receivables in North America to AGCO Finance LLC and AGCO Finance Canada, Ltd., our U.S. and Canadian retail finance joint ventures. We have a 49% ownership in these joint ventures. This agreement also replaces a May 2005 agreement whereby we previously sold interest-bearing receivables to AGCO Finance LLC and AGCO Finance Canada, Ltd. on an ongoing basis. The new accounts receivable sales agreements provide for funding up to $600.0 million of U.S. accounts receivable and up to C$250.0 million (or approximately $234.7 million as of December 31, 2009) of Canadian accounts receivable, both of which may be increased in the future at the discretion of AGCO Finance LLC and AGCO Finance Canada, Ltd., respectively. The transfer of the receivables is without recourse to us. These agreements are accounted for as off-balance sheet transactions and, similar to our securitization facility, have the effect of reducing accounts receivable and short-term liabilities by the same amount.

As of December 31, 2009, net cash received from receivables sold under the U.S. and Canadian accounts receivable sales agreements with AGCO Finance LLC and AGCO Finance Canada, Ltd. was approximately $444.6 million. As of December 31, 2008, the balance of interest-bearing receivables that had been transferred to AGCO Finance LLC and AGCO Finance Canada, Ltd. under our former arrangement to transfer wholesale interest-bearing receivables was approximately $59.0 million. The net cash impact from the proceeds of the sale of accounts receivable under the new sales agreements less the $345.0 million previously funded through our former securitization facilities was approximately $40.6 million and was reflected within Net cash provided by Operating Activities within our Consolidated Statement of Cash Flows for the year ended December 31, 2009.

Our AGCO Finance retail joint ventures in Europe, Brazil and Australia also provide wholesale financing to our dealers. The receivables associated with these arrangements are also without recourse to us. As of December 31, 2009, these retail finance joint ventures had approximately $176.9 million of outstanding accounts receivable associated with these arrangements. These arrangements are accounted for as off-balance sheet transactions. In addition, we sell certain trade receivables under factoring arrangements to other financial institutions around the world. These arrangements are also accounted for as off-balance sheet transactions.

Cash Flows

Cash flow provided by operating activities was $351.7 million during 2009, compared to $291.3 million during 2008. The increase in cash flow provided by operating activities during 2009 was primarily due to a reduction in our net working capital. We lowered inventory and accounts receivable levels by approximately

Table of Contents

$558.7 million from 2008 year-end levels. This reduction and positive impact to our cash flow was partially offset by lower net income as well as a reduction in accounts payable resulting from significant production cuts throughout 2009. The reduction in accounts receivable levels also includes the net cash impact from the proceeds of the sale of accounts receivable under the new accounts receivable sales agreements discussed above less the $345.0 million previously funded through our former securitization facilities, which was approximately $40.6 million.

Our 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. We had $1,070.8 million in working capital at December 31, 2009, as compared with $1,026.7 million at December 31, 2008. Accounts receivable and inventories, combined, at December 31, 2009 were $286.5 million lower than at December 31, 2008. Accounts payable as of December 31, 2009 were $382.8 million lower than at December 31, 2008.

Capital expenditures for 2009 were $215.3 million compared to $251.3 million during 2008. Capital expenditures during 2009 were used to support our manufacturing operations, systems initiatives, and the development and enhancement of new and existing products.

Our debt to capitalization ratio, which is total indebtedness divided by the sum of total indebtedness and stockholders equity, was 21.4% at December 31, 2009 compared to 24.8% at December 31, 2008.

Contractual Obligations

The future payments required under our significant contractual obligations, excluding foreign currency option and forward contracts, as of December 31, 2009 are as follows (in millions):

	Payments Due By Period				
	Total	2010	2011 to 2012	2013 to 2014	2015 and Beyond
Indebtedness[1]	$ 689.2	$ 201.4	$	$ 286.5	$ 201.3
Interest payments related to long-term debt[1]	98.9	25.7	44.4	28.8	
Capital lease obligations	4.1	2.1	1.8	0.2	
Operating lease obligations	154.2	41.5	51.0	21.2	40.5
Unconditional purchase obligations	82.3	58.6	23.7		
Other shor					