

RE: DEFINING AGRICULTURE



2008 Annual Report

RE: DEFINING AGRICULTURE

Agriculture around the world is changing.
 Those who adapt, will survive.
 Those who embrace, will prosper.



AGCO is embracing change. Agriculture is changing faster than ever before. Key drivers fueling the future development of our industry include population growth, changing diets, scarcity of land, emerging market expansion, increased mechanization and biofuel production. In these changing times, AGCO is helping farmers to meet these challenges head on.

As a leading global manufacturer of agricultural equipment, AGCO offers a full-line of tractors, combines, self-propelled sprayers, forage and tillage equipment, implements and hay tools. AGCO products are distributed through more than 2,800 independent dealers and distributors in more than 140 countries worldwide.

Our products are sold through four core brands: Challenger®, Fendt®, Massey Ferguson® and Valtra®, providing equipment to help farmers respond to today's high demands. The breadth of our product line, our extensive global reach and our technological solutions help our customers not only survive today's changing landscape, but to also prosper.

Financial highlights

(In millions, except per share amounts)

| | 2008 | 2007 | Change |
|--|------------|------------|--------|
| Net sales..... | \$ 8,424.6 | \$ 6,828.1 | 23.4% |
| Income from operations..... | 565.0 | 394.8 | 43.1% |
| Net income..... | 400.0 | 246.3 | 62.4% |
| Total assets..... | 4,954.8 | 4,787.6 | 3.5% |
| Stockholders' equity..... | 1,957.0 | 2,043.0 | (4.2%) |
| Earnings per share ⁽¹⁾ | \$ 4.09 | \$ 2.55 | 60.4% |
| Adjusted earnings per share ⁽²⁾ | \$ 4.09 | \$ 2.52 | 62.3% |

⁽¹⁾ On a diluted basis.

⁽²⁾ For a reconciliation of adjusted earnings per share, see footnote 1 on page 20.



AGCO is a leading manufacturer of agricultural equipment.

Our brands offer a full-line of products.



AGCO provides high-tech solutions.



Our customers farm in over 140 countries.



Our brands are among the most trusted in our industry.



Our equipment is built to the highest standards of design and manufacturing.



Our products are helping farmers feed the world.



THIS IS AGCO

AGCO is the largest pure play, full-line equipment manufacturer focused exclusively on agriculture. Just as our logo implies, we understand agriculture. Our dedication and synergies across our family of brands result in a unique responsiveness to the many changes affecting our industry and our customers, today.

Our Vision

High-tech solutions for professional farmers feeding the world.

Our Mission

Profitable growth through superior customer service, innovation, quality and commitment.

Our Values

- Exceed customer expectations.
- Be the preferred supplier for our dealers.
- Be the preferred employer in our industry.
- Deliver highest quality products and services.
- Maintain high ethics and act as a good corporate citizen.
- Preserve the traditions and value of our brands.
- Provide superior returns to our stockholders.

RE: Definition "Agriculture"

[āg'rī-kŭl'chər] noun

The science, art or occupation concerned with cultivating land; farming.

Agriculture has evolved into a highly mechanized industry that leverages technology to improve production and profitability.

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CHAIRMAN'S STATEMENT



Fellow Stockholders,

2008 was a successful year for AGCO. We delivered record sales and earnings, introduced significant innovations across our product portfolio and made key investments positioning AGCO for future growth. The year began with a strong global economy, accessible credit, high commodity prices and plenty of optimism. By year-end, we were experiencing disruption in the financial markets unlike any we have seen in decades. The global financial crisis spread to the world economy and today we face a more challenging operating environment.

Looking out beyond the current issues, the opportunities for the global agricultural equipment industry and AGCO are significant. The long-term trends that have increased demand for grains and lowered grain inventories are still intact. The growing population, the increasing need for food, improving diets and rising demand for energy will continue to support healthy, long-term basics for the agricultural industry. As farmers seek to meet growing food demands and to offset higher production costs, the rate of mechanization is increasing, offering significant opportunities. We are working hard to ensure that AGCO remains well-positioned to take advantage of these global trends, while continuing to strengthen our market position in the coming years. The following pages tell the story of a company delivering consistent performance – a company moving forward with a clear strategic agenda.

2008 performance

For 2008, AGCO's sales were \$8.4 billion, up over 23 percent compared to 2007. Earnings per share grew more than 60 percent and exceeded \$4.00 for the first time in AGCO's history. The strength of our markets continued to produce very positive results. In our Europe/Africa/Middle East segment, sales exceeded \$4.9 billion and operating margins reached ten percent for the second consecutive year. Robust sales growth and the positive impact of cost reduction initiatives helped our North American business return to operating profitability in 2008. In South America, Brazil produced record industry tractor sales and generated record AGCO sales of nearly \$1.5 billion. All this was achieved in a year when we made significant investments in research and development and other productivity initiatives.

We have products and the right technology to compete effectively in today's dynamic marketplace. To ensure AGCO continues to improve its competitive position and its performance, we have initiatives in place aimed at growing sales, controlling costs and better utilizing capital. Our strategy is focused on three areas:

- increase investments in research and development to provide new products and leading-edge technology;
- enhance the efficiency and productivity of our manufacturing and purchasing functions; and
- improve distribution to expand our reach and upgrade our customer service to grow our business.

Investing in new products and technology

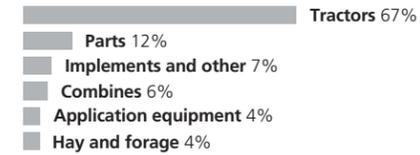
The quality and performance of our products are instrumental to AGCO's vision of providing high-tech solutions to professional farmers. We have steadily increased our research and development spending over the last six years, and compared to 2002, we have tripled it to nearly \$200 million in 2008. We are focusing on new technology for our high-horsepower tractors, introducing new products that fill regional product niches, and building our harvesting business. Our technology initiatives are focused on bringing customer-friendly technologies to help farmers become more productive, more efficient, more environmentally responsible and, ultimately, more profitable.

The new Massey Ferguson 8690 is a great example of our technology investment. The most powerful and technologically advanced tractor ever produced by Massey Ferguson, the 8690 made its public debut at the Innov-Agri farm show in France last November. At 370hp, it is not only the world's most powerful conventional four-wheel drive tractor, it also is the first equipped with industry-leading e³ Selective Catalytic Reduction (SCR) exhaust treatment, making it the cleanest emission tractor in its class, delivering unparalleled fuel economy. The 8690 was named Tractor of the Year 2009 at the EIMA Show in Bologna, Italy and also won the Golden Tractor Design Award. This is an excellent example of AGCO's commitment to strengthen its leadership in technology, performance and environmental responsibility.

ADJUSTED EARNINGS PER SHARE



SALES BY PRODUCT



SALES BY GEOGRAPHIC REGION



* Europe, Africa, Middle East

Improving our efficiency and productivity

Our production teams are focused on improved performance across the Company, reinforcing quality as a core value by utilizing a program called AGCO Improvement Methods, or AIM. This new program uses three proven approaches: Six Sigma; lean manufacturing; and continuous improvement. Many of our factories individually implemented these programs; however, AIM marks the first time AGCO has utilized a consistent approach across all of our factories. These initiatives are providing a solid range of tools to employees, empowering them to drive out excess waste, eliminate non-value-added tasks, and streamline production and administrative processes – all focused on better serving the customer. The financial benefits of lower inventories and reduced expenses are expected to be realized through our implementation of best practices, which are identified as part of a rigorous performance evaluation performed at each location.

Improving our product costs through world class procurement has been another major focus. Operating with a global perspective is now allowing us to leverage the scale of our business with global purchasing initiatives. Our increased sourcing from Asia and Eastern Europe is also gaining traction. In 2009, we expect to triple our purchases from low cost locations. Our expectation is a significant cost saving on resourced components and parts.

Emerging markets and opportunities

Agriculture continues to be an important part of the Brazilian economy and an important source of income growth. Unlike most of the developed agricultural markets, Brazil holds significant opportunity for farming expansion and will benefit from the world's growing demand for both food and fuel. Brazil is already one of the leading exporters of soybeans, sugar and coffee and is a leading producer of sugar cane-based ethanol. Mandates for bio-diesel usage increases are expected to drive more production in the coming years.

The developing markets in the Commonwealth of Independent States provide a significant growth opportunity for AGCO. There is an immense amount of farmland in Russia, Ukraine and Kazakhstan being farmed with inefficient machinery. Over the last several years, renewed economic development has sparked increased demand for agricultural technology. The current financial situation has severely limited the availability of credit in this region. When the credit markets recover, the key to our success in Russia and East and Central Europe will be the expansion of our distribution. We are making significant investments in this region to grow our footprint, increase our dealer training and upgrade our parts and service support to improve the service experience of our customers.

Today, China is one of the world's largest markets for small, low technology agricultural tractors. Economic progress in this region has driven more automation to farms. The sales of high-horsepower tractors, which are AGCO's strength, are still relatively small. Over time, farm consolidation in China is expected to provide an opportunity for larger, more productive farm machinery. We are continuing to explore joint-venture opportunities in China that would give us access to distribution and production capability for both the local market and for sourcing to other regions.

We are fortunate to have over 15,000 dedicated employees committed to delivering products and services to make our customers more efficient and more productive. Our legacy of service is built on a strong foundation of solid values and ethical management. By respecting people and supporting its communities, AGCO has positioned itself as a trusted neighbor and valued employer.

AGCO's robust operational performance and the steps taken to reduce our debt over the last few years have positioned AGCO to better deal with the current turmoil in the financial markets. AGCO Finance, our joint venture with Rabobank, continues to be ready to support our customers' retail financing needs. As we look to the future, our strong balance sheet will provide a solid foundation for profitable growth.

Our success is built on strong partnerships with customers, employees, investors and suppliers. In a world of increasing uncertainty, we believe there is substantial growth still to come. We look forward to delivering innovative products and services that create new opportunities for AGCO, our customers and our dealers. Your support enables us to pursue these opportunities, and I want to thank you for your continued investment in our company.

Martin Richenhagen
Chairman, President and Chief Executive Officer

OUR REGIONS

AGCO is the largest pure play, full-line agricultural equipment manufacturer. Our brands are sold in more than 140 countries through one of the largest distribution networks in the industry.

Strength in our global markets

Established

We have a very strong presence in established markets. Our activities and brand penetration in these markets are supported by the extent and efficiency of our dealer networks. Our objectives are to continue to develop our distribution, to remain responsive to changing customer needs and product demands, and to maintain our focus on helping farmers improve their profitability and performance.

Emerging

Emerging markets present us with opportunities for growth. The strength of our brands, supported by our expanding dealer network, means that we are well aligned to take advantage of these opportunities. Increasing sophistication of farming methods, rates of mechanization growth and demand for agricultural products means there is tremendous potential for our business to remain at the forefront of this expansion.

Global presence

Our global activities are organized into four geographic regions – the largest of which is the Europe, Africa, and Middle East (EAME) region. North America is our second largest region, followed by South America and Asia Pacific, respectively.

In 2008, we continued to develop our presence and expand our activities in the Asia Pacific region. We have factories and assembly facilities in North America, South America and Europe, and announced the formation of an engine assembly joint venture with Concern Tractor Plants (CTP), one of Russia's leading manufacturers of industrial machinery. In addition, we continue to source tractors from India, Japan and Italy and are exploring the possibility of sourcing materials, components and finished products from China.

Global opportunities

Our progress during 2008 has demonstrated that there are tremendous opportunities across our regions. In particular, the drivers for these opportunities are based on:

- world population growth – estimated at 70 million per year – and the associated demand for agricultural products;
- accelerating trends towards renewable energies and alternative fuels; and
- increasing mechanization of farming methods.

Europe, Africa and Middle East

There are growing long-term opportunities in Eastern Europe and particularly in Russia. This region is increasingly implementing Western-style agriculture practices, using modern agricultural equipment to carry out efficient, large-scale farming techniques that result in greater returns from the land. In particular, there is strong demand in these markets for combines and balers.

As the rate of mechanical development and, consequently, the number of farmers with highly mechanized operations increases, there is growing demand for our technologically advanced products. This is especially true in Central and Eastern Europe, where the need for high-horsepower tractors is rising. Our focus is on the development of full line product ranges under each of our four core brands, marketed through our improving distribution channels.



DRIVERS FOR GROWTH



North America

We see our principal opportunities in the development of our products to meet the needs of the smaller-scale and professional farmer segments. We are committed to achieving this by responding to our customers' requirements and continuing the implementation of performance improvement initiatives designed to increase our profitability.

We also have a clearly defined approach to the various market segments and how our products address their needs. We remain focused on providing clearly differentiated offerings to the specific customer segments under our core brand strategy.

In 2008, these initiatives included the creation of three new tractor assembly centers near commercial shipping ports in the United States, including Baltimore, Houston and Seattle/Tacoma. The purpose of this initiative was to reduce freight costs, move tractor customization closer to the customer and improve product quality.

South America

We have a varied and exciting set of operations in South America. Our strong market positions in Argentina and Brazil are helping us make the most of the extensive opportunities in the South American markets.

We are working to leverage the strong dealer networks that we have in place, by enhancing our product and service offerings and by participating in alternative fuel initiatives.

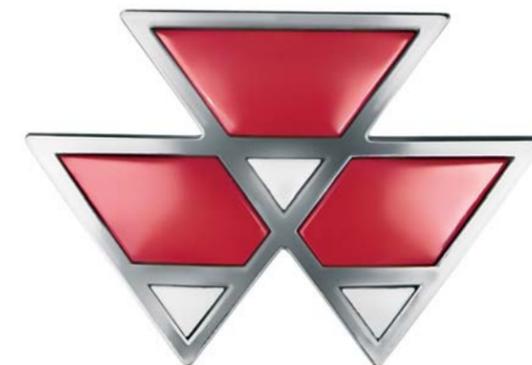
Farmers in South America are becoming increasingly sophisticated and are looking for higher levels of product technology and service. Despite increasing competition, we are maintaining leadership in our category and investing to ensure we continue to build on our strong positions in the South American markets.

Asia Pacific

During 2008, we saw improved market demand in Australia and New Zealand. We are focused on our goal of growing market share while responding to the opportunities in the Far East and China.

Particularly in China, we are working to develop our distribution and sourcing arrangements and establish dealer networks and relationships with third-party distributors. Asia Pacific has the strong potential for market growth since it encompasses the largest populations and fastest-growing economies.

Growth in the region overall is expected to be driven by a growing demand for food and changing diets, which in turn drive the trend towards greater mechanization.



OUR BRANDS

Our comprehensive family of brands includes many of the most recognized and trusted names in agricultural equipment worldwide.



Challenger MT 865

Our brand strategy

Over a period of several years, we have pioneered and refined a multiple brand strategy for the farm equipment business. We offer many options to satisfy global customers' needs and reward their brand loyalty. It remained evident in 2008 that this unique strategy is continuing to deliver very positive results for our customers, dealers and employees.

We are proud of the fact that farmers all over the world can find a comprehensive range of flexible, reliable equipment solutions which have been developed to help them grow their businesses – whatever the nature and scope of their needs.

One of our key business initiatives is to ensure that knowledge-sharing between our brands is carried out efficiently, so that the migration of different brands' market-leading technologies, experience and best practices are shared to the benefit of all core brands and product lines. We are highly focused on leveraging these positive synergies to enhance efficiency, improve productivity and capitalize on new opportunities for growth worldwide.

Challenger

Challenger is our brand for the Caterpillar dealer network's agricultural equipment business. We started in 2002 with the well-respected track tractors and built a full-line of wheel tractors, combines and hay equipment for the CAT dealers.

Challenger unites high-specifications with superior reliability, innovative designs, and groundbreaking technology and stands for professional-grade farm equipment and quality in-field service and parts support.

Its tractor product line includes both wheeled and track-type designs, CAT engines, as well as innovative suspension systems to meet the varying needs of professional farmers around the world. Challenger markets the world's largest production agricultural tractors at 570hp, in both tracked and wheeled models.

Its revolutionary track system utilizes tough rubber tracks and an innovative suspension system, offering professional farmers the traction and flotation of steel tracks combined with the ride and speed of rubber tires – indeed the Challenger MT875B track tractor holds a world record by cultivating 1,590 acres in 24 hours with a single operator pulling a 46-foot-wide disc.

Challenger is our fastest-growing equipment brand in North America and is growing in Europe and South America – continuing to win new customers by demonstrating superior performance, reliability, power and support.

Fendt

Fendt, based in Germany, is a market leader in Europe with a strong reputation for superior technology and engineering. Fendt is a leading brand for customers seeking innovative, high-tech solutions. Used worldwide, Fendt's equipment is widely considered to be a global technology leader for agricultural equipment.

For example, Fendt is world-renowned for successfully implementing its award-winning CVT (continuously variable transmission) technology to tractors, including the highest horsepower ranges. Today, Fendt has more than 50,000 CVT-equipped tractors operating worldwide with remarkable reliability and efficiency, delivering increased farmer productivity.

Fendt's cutting-edge technology is also demonstrated by its industry-leading innovation in front-axle suspension for tractors. For example, the high-horsepower Fendt 900 Vario with ranges up to 360hp, offers powerful, time-saving and cost-saving technological solutions for field and road applications. In addition, Fendt offers the advanced braking systems, and operator controls, such as the innovative Vario joystick and the Fendt Tractor Management System, that provide more precise and flexible control of hydraulics, power take-off and headland management systems.



Fendt 820

Challenger

FENDT



MASSEY FERGUSON

VALTRA

Massey Ferguson

Massey Ferguson, with more than 160 years of innovation and experience, is one of the world's leading tractor brands, offering one of the most complete lines of agricultural tractors in the industry. Extending from the ruggedly simple to high-horsepower/high-specification tractors, Massey Ferguson's product line also includes vineyard, fruit, utility and compact tractors for demanding specialty applications. Massey Ferguson is also a force in the global harvesting business.

Massey Ferguson is continually updating and refining its product range. Technology enhancements are central to this development, and examples of this include the recent introduction of specialty tractors with pressurized cabs and air-filtration systems and the Auto-Guide satellite-based steering system on high-horsepower tractors. Manufactured in Europe, and North and South America, Massey Ferguson's combines and balers are specifically tailored to meet local harvesting conditions.

Massey Ferguson is a truly global brand, recognized around the world not only for its heritage and experience, but also for its technological leadership and comprehensive product range.



Massey Ferguson 8680

Valtra

Based in Finland, and with a growing reputation in South America, Valtra is characterized by its customized performance. Valtra has a dominant market position in the Nordic region through its innovative machinery solutions and high levels of customer service.

The cornerstone of Valtra's success is its modular system of tractor assembly that enables the production of tailor-made equipment to meet specific customer needs. Valtra's operations are unique to individual requirements, and Valtra builds machines to a farmer's order and individual specifications. To meet these needs, the customer and sales person agree on the tractor specifications, choosing from Valtra's broad list of options.

The ability to build against confirmed customer orders represents significant opportunities for the future, since it is highly efficient and benefits both the customer and manufacturer. Valtra also offers customers the opportunity to visit their Suolahti, Finland, factory and observe their own tractor being built.



Valtra T202

OUR SUPPORT

AGCO provides a variety of services and components that support our brands. This support provides peace of mind to farmers who invest in our agricultural equipment.



AGCO Advanced Technology Solutions

Advanced Technology Solutions (ATS) is a dedicated team that delivers leading-edge, user-friendly and value-added technology product solutions. ATS increases customer satisfaction and loyalty while delivering on the AGCO vision of "Providing High-tech Solutions for Professional Farmers Feeding the World."

Advanced Technology Solutions is focused on machine control, machine management and precision farming in the professional farming segment. The majority of products within this segment are compatible with and utilize ATS products.

Customers of ATS technology tend to be large operation farmers, fleet owners and custom harvesters looking to maximize their efficiency and profitability. They are using our proven technology to save fuel, improve production, manage chemicals and fertilizer application, increase crop yield and ensure compliance with environmental regulations.

By utilizing partnerships with leading technology suppliers, AGCO delivers high performing and industry-leading products that provide global customers with the opportunity to be more effective, efficient, environmentally responsible and profitable.



AGCO Finance

AGCO Finance specializes in providing loan and lease financing to retail customers buying our farm equipment. In today's global marketplace, professional farmers' consideration of financing and leasing options can form as much a part of their buying criteria as mechanical features and benefits when they acquire farm equipment.

Our joint venture partner, Rabobank Group, is widely regarded as one of the world's safest banks and is rated AAA by the major credit rating agencies. It has been able to provide the necessary continuing liquidity to fund our growing retail sales. Geographically diverse, AGCO Finance operates in 15 countries in North America, South America, Europe and Australia/New Zealand. All regions achieved portfolio growth in 2008.

AGCO Finance offers comprehensive financing programs based on innovative financial products to meet individual needs. We are very aware that every customer's financial situation is different, and we therefore offer flexible options so that our finance programs will enable customers to obtain agricultural equipment that has the power, efficiency and technology to help them operate their businesses profitably.



AGCO Parts

An important part of every farmer's decision-making process when purchasing agricultural equipment is the availability, cost and quality of parts. The AGCO Parts network currently has in excess of 1.4 million part numbers, available for immediate dispatch from our distribution centers around the world.

AGCO Parts supports the parts, maintenance and accessories needed across all of our brands. The importance of the efficiency and responsiveness of our service is critical as farmers depend on us to act quickly and accurately to keep their operations productive. All parts that we supply are made to exact standards, are tested extensively and come with a 12-month warranty.

In 2008, we successfully executed an aggressive global parts project by implementing new systems and processes in purchasing, forecasting, planning and pricing, which resulted in the creation of a new organization. In addition, we have launched a web-based parts catalog viewer in North America that is making it easier to do business with AGCO. AGCOPartsBooks.com is available 24 hours a day, 7 days a week, and is significantly enhancing our state-of-the-art catalog system.



AGCO Service

Delivering a positive experience to our customer when a machine requires repair is the key focus of our dedicated workforce of technical service support professionals around the globe. Whether our field service staff is providing assistance at the farmstead or our technical support staff is helping from our strategic technical support office locations around the world, the men and women of AGCO Service work each day to provide quality, timely and reliable technical service support to our dealers and customers.

In 2008, AGCO Service expanded its capabilities and effectiveness by introducing new tools to our dealers on a regional and global scale. AGCO SOURCE, our web-based technical knowledge database, was deployed with the purpose of providing technical information to our dealers 24 hours a day, 7 days a week, 365 days a year. This simple to use, multi-brand, multi-lingual system provides dealership technicians with critical technical advice aimed at getting the customer's machine repaired quickly and correctly the first time.

AGCO also launched the Electronic Diagnostic Tool (EDT) program, which provides our dealer technicians a common platform diagnostic tool used to service all brands of AGCO. With its touch-screen, simple-to-use interface and end-to-end diagnostic solution capability, EDT advances AGCO Service's capability to deliver a positive repair experience to a customer's machine.

Our team goal is to provide a value-added technical support foundation that our dealers and customers can rely on when they need it.



AGCO SISU POWER

With manufacturing facilities currently in Finland and Brazil, AGCO SISU POWER is our engine business specializing in the design and manufacture of durable, powerful engines with industry-leading environmental performance. It designs and builds a comprehensive sub-10 liter, off-highway engine family.

AGCO SISU POWER is a single global business unit with plans to expand our production network into the emerging market sector of Eastern Europe and Asia. In particular, we are setting up a joint-venture with Concern Tractor Plants (CTP) for engine assembly in Russia to supply a full product range of engines.

AGCO SISU POWER launched this year the only 7-cylinder engine in the worldwide, off-road market, again demonstrating our innovation and leadership in emission technology. Our cutting edge approach was further underlined by the introduction of AGCO SISU POWER e³ Selective Catalytic Reduction (SCR) Technology, an after-treatment system providing an effective method for emission control while significantly improving fuel economy. A key aim was to maintain our competitive edge while focusing R&D investment on fuel economy and alternative fuels.



7-cylinder AGCO SISU POWER engine



e³ SCR Technology

OUR PEOPLE

The experience, expertise and dedication of our people are key elements in our continuing objective of achieving profitable growth around the world.

Investing in our people

With over 15,000 employees around the world, AGCO develops human resources programs at all levels designed to attract, recruit and retain talented people.

As a technical, knowledge-based business, we aim to maintain a culture of high performance by providing our employees with opportunities for personal and professional development. Our organization supports a global strategy of matrix management and teamwork in order to leverage success across regions and brands.

In order to drive and support our strategy and to maximize the skills and capabilities of our people, we have a well-established knowledge management system. The AGCO knowledge base is an ever-expanding training and development model for our employees and network of independent dealers.

AGCO Academy

Advances in technology and design require ongoing training. The AGCO Academy provides coursework and education in sales and service to our network of technicians and independent dealers.

AGCO University

In order to develop and promote our global talent, we have developed AGCO University. This employee educational program is designed to strengthen skills in management and leadership through AGCO University classroom and e-learning courses.

The purpose of AGCO University is to create a structural conduit to provide our people with skills, education and continuing development.



OUR PEOPLE

Success stories...

AGCO improvement methods

In order to increase profit margins and customer satisfaction, AGCO works continuously to improve and innovate products and processes.

AGCO Improvement Methods (AIM) uses a variety of improvement methods to manage projects that eliminate waste and reduce costs. In addition, many projects are focused on improving product features most valued by our customers.

"The success of the AIM initiative is the result of synergy, team work and is a sign of cultural change. Seeking out a 'better way' is starting to be a part of everybody's job. It is important to understand that this initiative is not only focused on financial results but also investing in employee development and process improvement. We believe this is the foundation of a real and sustainable business system."

Anderson de Mendonca
Director of Quality and Continuous Improvement
South America

Comprehensive training improves customer productivity

Dedication and hard work, along with several new product introductions, are the key drivers behind the East Asia Pacific region's strong growth in 2008. The sales and marketing team provided a program of training focused on new models. Attended by a record number of dealers and customers, this training resulted in strong appreciation by both audiences.

In 2008, the region was particularly focused on supporting customers with their harvest equipment. The Service Support and Parts team spent many hours in the field training customers. This was time well-invested as sales for the next harvest increased.

"In Australia we set a new record for volume of parts sales and still maintained a high fill rate. As a result, customers obtained the parts they needed on time. There are still great opportunities to grow, and we hope to achieve this by continuing to offer training, thereby continuing to improve our customers' productivity with AGCO products."

Warwick McCormick
Vice President and Managing Director
East Asia Pacific

Sharing knowledge across continents brings growth opportunities in North America

Wilfred Boyle, AGCO's Director of Engineering Special Corporate Projects and Murli Krishnan, Chief Engineer at our Indian licensee, Tractors and Farm Equipment Ltd. (TAFE), have successfully combined their teams' knowledge and experience to deliver a range of economy tractors for markets in the U.S. and Canada.

The new tractors were based on TAFE's successful range of Massey Ferguson heritage models sold in India. A range of technical, mechanical and design features were added to create the MF 2600 Series.

"This fast-tracked project has been extremely effective, and its success is due not only to the tremendous heritage of experience within Massey Ferguson, but also to the teamwork and determination demonstrated by everyone involved. This was truly an inspiring process, and the ongoing potential for the 2600 Series is clear."

Wilfred Boyle
Director of Engineering Special Corporate Projects
North America

Murli Krishnan
Chief Engineer
TAFE, India

Import tractor assembly centers

In 2008, AGCO established three new tractor assembly centers near U.S. commercial shipping ports: Baltimore, Houston and Seattle/Tacoma.

These centers established more cost-effective import tractor distribution, improvement in product quality and the capability to perform tractor customization at locations closer to the receiving dealer and retail customers. The team met or exceeded all scheduling and operational requirements.

"Working together as a single, cross-functional unit, the team selected the three sites, added necessary assembly infrastructure and began operations less than six months after project start. It was clearly a great source of pride for the team, and will provide many benefits to AGCO, its dealers and North American farmers for years to come."

Doug Rehor
Director of Cost Improvements
North America

New shift model increases efficiency and cuts costs

As part of ongoing efficiency optimization strategy, Dorothea Skupin, Production Manager at Fendt's component manufacturing center in Marktobendorf, Germany, initiated a review of its shift organization. During early 2008, the new system began testing, and within six months, the benefits became clear.

Capacity improved by over 12 percent, and with the introduction of new machine technology, significant cost savings have been achieved.

"The engineering and technical teams worked together on this project, and we are absolutely delighted with the results. Not only have we increased production capacity and reduced costs, but the new model has proved easier for all the shift workers – so there are benefits all around."

Dorothea Skupin
Production Manager
Fendt, Germany



OUR CUSTOMERS

Customers are at the center of everything we do and at the heart of our values and vision.

Strengthening our services

Providing product and service solutions that exceed expectations are key measures of commitment to our customers. During 2008, we continued to drive a range of initiatives to strengthen our dealer network around the world.

Our leading market share positions in key agricultural markets of the world have been achieved by our strong focus on customer service, leading-edge technology and an independent dealer network of more than 2,800 dealers.

Our commitment to our customers, and the pride that we have in their satisfaction, can best be demonstrated by the experience of individual farmers.



OUR CUSTOMERS

Success stories...

Fendt tractors serve double duty for Quebec family partnership

The Bousquet family runs a successful business in Quebec, which they founded in 1977. The operations are divided between farming and commercial snow removal. Of the ten tractors the family uses for farming and snow removal, three are Fendt 900 Series models, while the rest are Massey Ferguson models.

“When you combine the service with the quality of the Fendt tractors, you can’t find a better machine, whether it’s used for planting corn or moving snow.”

Pierre Bousquet
Ferme Grand Rang Inc.
Canada

Norwegian mechanic keeps Valtra customers loyal

Valtra’s mechanic, Eivind Sandvik, in Sunnfjord, Norway, is a great asset. With a customer portfolio of more than 150 tractor owners in nine counties, there is a lot for him to do. In the village of Guddal – or “Valtravillage” as it’s now known to locals because the majority of the farmers own Valtra tractors – Eivind is a popular character. Einar Moen, general manager for the Valtra dealership is very forthcoming with praise for him.

“Eivind radiates calm and creates trust, which is very valuable. A good mechanic is essential for a good sale.”

Einar Moen
General Manager
Valtra dealership

Terje Moller, the former personnel manager of Rolls-Royce and now a dairy farmer in the village, owns a Valtra A95.

“You have to understand that our faith in Eivind as a mechanic is one reason we in the village stick to the Valtra brand.”

Terje Moller
Dairy farmer
Norway

Taking part in field trials in Denmark impresses farming brothers

Farming in Denmark, brothers Peter and Mogens Jensen took part in Massey Ferguson’s extensive pre-production field trials for the award-winning new 370hp MF 8690. So impressed by the machine’s performance, they immediately ordered two – one each – for permanent use on their 1,920 acres enterprise near Randers.

In sowing winter wheat, use of the MF 8690 increased their average speed of operation by 25 percent with no increase in fuel consumption, thanks to the tractor’s AGCO SISU POWER e³ Selective Catalytic Reduction Emissions Technology.

“Top features we look for in a tractor are good suspension and renowned engine and transmission technology – in fact we want a machine with the highest possible technology all around.”

Peter Jensen
Farmer
Denmark

Challenger tractors help UK farmer to cut costs and improve yields

A shift to using just two Challenger track tractors for all the crop establishment work on 4,700 acres has helped UK farmer, Andrew Gloag, cut costs while improving timeliness and maintaining yield.

“The main driver for change has always been timeliness,” stresses Andrew, who runs a 570hp Challenger MT875B with Auto-Guide and a 320hp MT765B. “Getting the job done with the right machinery at the right time is the most important defining factor in the success of farming operations today.”

“The latest cost-effective technology allows us and our farming partners to benefit from the economies of large-scale farming while maintaining yields and improving efficiency.”

Andrew Gloag
Farmer
UK

Challengers are twice the speed

Hector Barrauca and his family are Argentinean combine contractors. Their operation center is in La Carlota, south of Cordoba Province, Argentina.

Hector began his farming career working with his father on the small family-run farm and is now a farmer and harvest contractor of more than 19,768 acres. The stars of his machinery fleet are two 670 Challenger combines. These machines performed twice as fast as the other combines he owns.

“The Challenger 670 has an enormous threshing capacity and it delivers the entire machine and crop information we need and our clients demand. If we did not use this technology, we could not compete in the contractors market.”

Hector Barrauca
Farmer and harvest contractor
Argentina

OUR STRATEGY

We continue to realize our strategic objectives by implementing initiatives to build profitable growth: Strength, Performance and Simplicity.

Strategic building blocks

Strength targets increasing sales and market position by extending our global reach and capitalizing on our established brands and strong dealers. We are continuously enhancing and expanding our product portfolio. In addition, we are focused on growing our core brands and entering new markets.

Performance focuses on improving our processes, controlling our costs, optimizing our manufacturing capacities and leveraging sourcing opportunities. We are also continuously developing our employees and enhancing the work environment to make AGCO a globally preferred employer.

Simplicity is about the streamlining of our production facilities and the management of our working capital and assets. We focus on order-driven production, better management of inventories and actively managing the degree of vertical integration.

Success

We have made significant progress with our strategic initiatives and surpassed our financial targets over the last two years. Despite the worldwide financial and economic challenges, we expect the fundamentals of our industry to remain positive. Demand drivers such as population growth, limited land for agricultural production and an accelerating trend towards renewable energies are supporting commodity prices and higher levels of farm income. We are expecting increasing competition across the entire industry and a movement towards high technology. Emerging markets and expanding opportunities are mainly in South America, Eastern Europe and Asia. Our updated strategy will position us for continued success in this dynamic industry.



Strength initiatives

In 2008, we offered our customers the strongest product line-up in our history. Our increased focus on research and development introduced more than 100 new products. We increased our capabilities in this area by moving to a global product management process. This process is being used to develop leading agriculture equipment, differentiating products across our family of brands, and leveraging technology advantages by building synergies.

We continued to improve our capabilities in the area of harvesting and farming technologies. During 2007, we acquired the Brazilian planters company SFIL and made an investment in the Italian combine producer Laverda. In 2008, we collaborated with Topcon and Sauer-Danfoss providing an industry-leading positioning and steering technology for our equipment targeted at the professional farming segment.

We continued to deliver on our emerging market strategy by forming a joint venture with one of Russia's leading industrial equipment producers, CTP, to assemble engines. In our established markets, we continued our efforts to strengthen our dealer network. We set-up three assembly centers in North America to reduce costs and streamline logistics for AGCO and our dealers.



Performance initiatives

To improve our performance, we have reviewed our manufacturing strategy and begun to implement initiatives aimed at improving the efficiency of our production footprint. Through our AGCO Production System, launched in 2008, we constantly monitor our operations to optimize resources, simplify processes and eliminate waste. Our AGCO Improvement Methods initiative, first launched in Brazil, engages our employees and provides tools and training required to implement Six Sigma, Lean Manufacturing and Continuous Improvement Principles. The program continues to be leveraged globally, allowing AGCO to improve every day using the expertise of our employees.

Through our purchasing initiatives, we continued to shift sourcing volumes to best cost countries. We established a team of sourcing professionals in several Asian countries, including China and India. The progress made in 2008 gives us confidence that we have significant opportunity to positively impact our cost base.

Simplicity initiatives

To increase simplicity and improve the utilization of our asset base, we have introduced a new Enterprise Resource Planning (ERP) system for our aftermarket parts activities in Europe and North America. The program's goal is to increase the level of service to our dealers by simplifying our operating processes and reducing our parts inventory. Other functions and processes are planned to be added in the next phase of the ERP system.

We have programs in place to optimize our asset base, including our working capital initiatives. During the last year, we have clearly defined our core processes throughout our manufacturing operations. Our objective is to become world class at these core processes, and we are making investment and operational decisions accordingly.

Our strong financial performance and the progress made with our strategic initiatives demonstrates our commitment. Our entire management team is focused on reaching the next level.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT



Board of Directors

1. **P. George Benson**
President of the College of Charleston
Audit, Executive and Governance Committees
2. **Herman Cain**
President and CEO
T.H.E. New Voice, Inc.
Compensation and Succession Planning Committees
3. **Wolfgang Deml**
Former President and CEO
BayWa Corporation
Governance and Succession Planning Committees
4. **Francisco R. Gros**
Former CEO of OGX Petróleo e Gás Participações, S.A.
Audit and Governance Committees
5. **Gerald B. Johanneson**
Former President and CEO
Haworth, Inc.
Executive, Governance and Succession Planning Committees
6. **George E. Minnich**
Former Senior Vice President and CFO of ITT Corporation
Audit, Compensation and Executive Committees
7. **Curtis E. Moll**
Chairman and CEO
MTD Holdings, Inc.
Audit and Compensation Committees
8. **David E. Momot**
Former Vice President
General Electric
Audit and Compensation Committees
9. **Gerald L. Shaheen**
Former Group President
Caterpillar Inc.
Executive and Succession Planning Committees
10. **Hendrikus Visser**
Chairman of Royal Huisman Shipyards N.V.
Audit and Governance Committees
11. **Martin H. Richenhagen**
Chairman, President and Chief Executive Officer
AGCO
Executive and Succession Planning Committees



Senior Management

12. **Garry L. Ball**
Senior Vice President
Engineering
13. **Andrew H. Beck**
Senior Vice President
Chief Financial Officer
14. **Norman L. Boyd**
Senior Vice President
Executive Development
15. **David L. Caplan**
Senior Vice President
Materials Management,
Worldwide
16. **Andre M. Carioba**
Senior Vice President
General Manager,
South America
17. **Robert B. Crain**
Senior Vice President
General Manager,
North America
18. **Randall G. Hoffman**
Senior Vice President
Global Sales, Marketing
and Product Management
19. **Gary L. Collar**
Senior Vice President
General Manager, Europe/
Africa/Middle East;
Australia, New Zealand
20. **Debra E. Kuper**
Vice President
General Counsel and
Corporate Secretary
21. **Hubertus M. Mühlhäuser**
Senior Vice President
Strategy & Integration
General Manager,
Eastern Europe and Asia
22. **Lucinda B. Smith**
Senior Vice President
Human Resources
23. **Hans-Bernd Veltmaat**
Senior Vice President
Manufacturing and Quality

FORWARD-LOOKING STATEMENTS



This annual report includes forward-looking statements, including the statements in the Chairman's Statement and other statements herein regarding growth, market conditions, strategic initiatives and their effects, components and parts purchases, and general economic conditions. These statements are subject to risk that could cause actual results to differ materially from those suggested by the statements, including:

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.

The recent poor performance of the general economy may result in a decline in demand for our products. However, we are unable to predict with accuracy the amount or duration of this decline, and our forward-looking statements reflect merely our best estimates at the current time.

Our success depends on the introduction of new products, which requires substantial expenditures and may not be well received in the market place.

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

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. A large portion of the retail sales of our products are financed by our retail finance joint venture with Rabobank, and any difficulty on Rabobank's part to fund the venture would adversely impact sales if our customers would be required to utilize other retail financing providers.

The collectability of receivables that are created from our sales, as well as from financing obtained by our customers through our retail financing joint ventures, is critical to our business.

We depend on suppliers for 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.

A majority of our sales and manufacturing takes place outside of 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.

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

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 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.

We are subject to raw material price fluctuations, which can adversely affect our manufacturing costs.

In connection with our outstanding indebtedness, we are subject to certain restrictive covenants and payment obligations that may adversely affect our ability to operate and expand our business.

SELECTED FINANCIAL INFORMATION

(in millions, except percentages, per share amounts and employees)

| Years Ended December 31, | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|------------|------------|------------|------------|------------|
| Operating Results | | | | | |
| Net sales | \$ 8,424.6 | \$ 6,828.1 | \$ 5,435.0 | \$ 5,449.7 | \$ 5,273.3 |
| Gross profit | 1,499.7 | 1,191.0 | 927.8 | 933.6 | 952.9 |
| Percent of net sales | 17.8% | 17.4% | 17.1% | 17.1% | 18.1% |
| Income from operations | 565.0 | 394.8 | 68.9 | 274.7 | 323.5 |
| Percent of net sales | 6.7% | 5.8% | 1.3% | 5.0% | 6.1% |
| Net income (loss) | 400.0 | 246.3 | (64.9) | 31.6 | 158.8 |
| Net income (loss) per common share – diluted ⁽¹⁾ | \$ 4.09 | \$ 2.55 | \$ (0.71) | \$ 0.35 | \$ 1.71 |
| Weighted average shares outstanding – diluted | 97.7 | 96.6 | 90.8 | 90.7 | 95.6 |
| Cash flows from operations | \$ 291.3 | \$ 504.3 | \$ 442.2 | \$ 246.3 | \$ 265.9 |
| Balance Sheet Data | | | | | |
| Working capital | \$ 1,026.7 | \$ 638.4 | \$ 685.4 | \$ 825.8 | \$ 1,045.5 |
| Total assets | 4,954.8 | 4,787.6 | 4,114.5 | 3,861.2 | 4,297.3 |
| Long-term debt, less current portion | 682.0 | 294.1 | 577.4 | 841.8 | 1,151.7 |
| Total liabilities | 2,997.8 | 2,744.6 | 2,620.9 | 2,445.2 | 2,874.9 |
| Stockholders' equity | 1,957.0 | 2,043.0 | 1,493.6 | 1,416.0 | 1,422.4 |
| Other Data | | | | | |
| Number of employees | 15,606 | 13,720 | 12,804 | 13,023 | 14,313 |

(1) The Company makes reference to adjusted earnings per share, as reconciled below:

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---------|---------|-----------|---------|---------|
| Net income (loss) per common share – diluted | \$ 4.09 | \$ 2.55 | \$ (0.71) | \$ 0.35 | \$ 1.71 |
| Restructuring and other infrequent expenses (income) ⁽²⁾ | — | (0.03) | 0.01 | — | 0.04 |
| Goodwill impairment charge ⁽²⁾ | — | — | 1.81 | — | — |
| Bond redemption costs ⁽²⁾ | — | — | — | 0.15 | — |
| Deferred income tax valuation allowance adjustment | — | — | — | 0.95 | — |
| Weighted average share impact | — | — | 0.01 | — | — |
| Net income per common share – adjusted | \$ 4.09 | \$ 2.52 | \$ 1.12 | \$ 1.46 | \$ 1.75 |

(2) After tax.

Rounding may impact the summation of certain line items.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data)

| Years Ended December 31, | 2008 | 2007 | 2006 |
|--|-------------------|------------|------------|
| Net sales | \$ 8,424.6 | \$ 6,828.1 | \$ 5,435.0 |
| Cost of goods sold | 6,924.9 | 5,637.1 | 4,507.2 |
| Gross profit | 1,499.7 | 1,191.0 | 927.8 |
| Selling, general and administrative expenses | 720.9 | 625.7 | 541.7 |
| Engineering expenses | 194.5 | 154.9 | 127.9 |
| Restructuring and other infrequent expenses (income) | 0.2 | (2.3) | 1.0 |
| Goodwill impairment charge | — | — | 171.4 |
| Amortization of intangibles | 19.1 | 17.9 | 16.9 |
| Income from operations | 565.0 | 394.8 | 68.9 |
| Interest expense, net | 19.1 | 24.1 | 55.2 |
| Other expense, net | 20.1 | 43.4 | 32.9 |
| Income (loss) before income taxes and equity in net earnings of affiliates | 525.8 | 327.3 | (19.2) |
| Income tax provision | 164.6 | 111.4 | 73.5 |
| Income (loss) before equity in net earnings of affiliates | 361.2 | 215.9 | (92.7) |
| Equity in net earnings of affiliates | 38.8 | 30.4 | 27.8 |
| Net income (loss) | \$ 400.0 | \$ 246.3 | \$ (64.9) |
| Net income (loss) per common share: | | | |
| Basic | \$ 4.36 | \$ 2.69 | \$ (0.71) |
| Diluted | \$ 4.09 | \$ 2.55 | \$ (0.71) |
| Weighted average number of common and common equivalent shares outstanding: | | | |
| Basic | 91.7 | 91.5 | 90.8 |
| Diluted | 97.7 | 96.6 | 90.8 |

The Consolidated Statements of Operations should be read in conjunction with the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's audited Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements, which are included in the Company's Annual Report on Form 10-K.

CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

| December 31, | 2008 | 2007 |
|---|-------------------|------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 512.2 | \$ 582.4 |
| Restricted cash | 33.8 | — |
| Accounts and notes receivable, net | 815.6 | 766.4 |
| Inventories, net | 1,389.9 | 1,134.2 |
| Deferred tax assets | 56.6 | 52.7 |
| Other current assets | 197.1 | 186.0 |
| Total current assets | 3,005.2 | 2,721.7 |
| Property, plant and equipment, net | 811.1 | 753.0 |
| Investment in affiliates | 275.1 | 284.6 |
| Deferred tax assets | 29.9 | 89.1 |
| Other assets | 69.6 | 67.9 |
| Intangible assets, net | 176.9 | 205.7 |
| Goodwill | 587.0 | 665.6 |
| Total assets | \$ 4,954.8 | \$ 4,787.6 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Current portion of long-term debt | \$ 0.1 | \$ 0.2 |
| Convertible senior subordinated notes | — | 402.5 |
| Accounts payable | 1,027.1 | 827.1 |
| Accrued expenses | 799.8 | 773.2 |
| Other current liabilities | 151.5 | 80.3 |
| Total current liabilities | 1,978.5 | 2,083.3 |
| Long-term debt, less current portion | 682.0 | 294.1 |
| Pensions and postretirement health care benefits | 173.6 | 150.3 |
| Deferred tax liabilities | 108.1 | 163.6 |
| Other noncurrent liabilities | 55.6 | 53.3 |
| Total liabilities | 2,997.8 | 2,744.6 |
| Stockholders' Equity: | | |
| Preferred stock; \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding in 2008 and 2007 | — | — |
| Common stock; \$0.01 par value, 150,000,000 shares authorized, 91,844,193 and 91,609,895 shares issued and outstanding in 2008 and 2007, respectively | 0.9 | 0.9 |
| Additional paid-in capital | 973.2 | 942.7 |
| Retained earnings | 1,419.3 | 1,020.4 |
| Accumulated other comprehensive (loss) income | (436.4) | 79.0 |
| Total stockholders' equity | 1,957.0 | 2,043.0 |
| Total liabilities and stockholders' equity | \$ 4,954.8 | \$ 4,787.6 |

The Consolidated Balance Sheets should be read in conjunction with the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's audited Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements, which are included in the Company's Annual Report on Form 10-K.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions, except share amounts)

| | | | | Accumulated Other Comprehensive Income (Loss) | | | | | | | Total Stockholders' Equity | Comprehensive Income (Loss) |
|--|--------------|--------|-------------------------------|---|--------------------------|----------------------------------|---|--|--|------------|----------------------------------|--------------------------------|
| | Common Stock | | Additional Paid-In Capital | Retained Earnings | Unearned Compensation | Defined Benefit Pension Plans | Cumulative Translation Adjustment | Deferred Gains (Losses) on Derivatives | Accumulated Other Comprehensive Income (Loss) | | | |
| | Shares | Amount | | | | | | | | | | |
| Balance, December 31, 2005 | 90,508,221 | \$ 0.9 | \$ 894.7 | \$ 825.4 | \$ (0.1) | \$ (150.1) | \$ (158.7) | \$ 3.9 | \$ (304.9) | \$ 1,416.0 | | |
| Cumulative effect of adjustments from the adoption of SAB No. 108, net of taxes | — | — | — | 13.6 | — | — | — | — | — | 13.6 | | |
| Adjusted balance, January 1, 2006 | 90,508,221 | 0.9 | 894.7 | 839.0 | (0.1) | (150.1) | (158.7) | 3.9 | (304.9) | 1,429.6 | | |
| Net loss | — | — | — | (64.9) | — | — | — | — | — | (64.9) | \$ (64.9) | |
| Issuance of restricted stock | 8,832 | — | 0.2 | — | — | — | — | — | — | 0.2 | | |
| Stock options exercised | 660,850 | — | 10.8 | — | — | — | — | — | — | 10.8 | | |
| Stock compensation | — | — | 3.3 | — | — | — | — | — | — | 3.3 | | |
| Reclassification due to the adoption of SFAS No. 123R | — | — | (0.1) | — | 0.1 | — | — | — | — | — | | |
| Additional minimum pension liability, net of taxes | — | — | — | — | — | 6.6 | — | — | 6.6 | 6.6 | 6.6 | |
| Deferred gains and losses on derivatives, net | — | — | — | — | — | — | — | 0.1 | 0.1 | 0.1 | 0.1 | |
| Deferred gains and losses on derivatives held by affiliates, net | — | — | — | — | — | — | — | (2.0) | (2.0) | (2.0) | (2.0) | |
| Adjustments related to the adoption of SFAS No. 158, net of taxes | — | — | — | — | — | (26.8) | — | — | (26.8) | (26.8) | (26.8) | |
| Change in cumulative translation adjustment | — | — | — | — | — | — | 136.7 | — | 136.7 | 136.7 | 136.7 | |
| Balance, December 31, 2006 | 91,177,903 | 0.9 | 908.9 | 774.1 | — | (170.3) | (22.0) | 2.0 | (190.3) | 1,493.6 | 76.5 | |
| Net income | — | — | — | 246.3 | — | — | — | — | — | 246.3 | 246.3 | |
| Issuance of restricted stock | 6,346 | — | 0.2 | — | — | — | — | — | — | 0.2 | | |
| Stock options and SSARs exercised | 425,646 | — | 8.0 | — | — | — | — | — | — | 8.0 | | |
| Stock compensation | — | — | 25.6 | — | — | — | — | — | — | 25.6 | | |
| Defined benefit pension plans, net of taxes: | | | | | | | | | | | | |
| Prior service cost arising during year | — | — | — | — | — | 1.4 | — | — | 1.4 | 1.4 | 1.4 | |
| Net actuarial gain arising during year | — | — | — | — | — | 71.1 | — | — | 71.1 | 71.1 | 71.1 | |
| Amortization of prior service cost included in net periodic pension cost | — | — | — | — | — | 0.1 | — | — | 0.1 | 0.1 | 0.1 | |
| Amortization of net actuarial losses included in net periodic pension cost | — | — | — | — | — | 10.6 | — | — | 10.6 | 10.6 | 10.6 | |
| Deferred gains and losses on derivatives, net | — | — | — | — | — | — | — | 7.7 | 7.7 | 7.7 | 7.7 | |
| Deferred gains and losses on derivatives held by affiliates, net | — | — | — | — | — | — | — | (4.4) | (4.4) | (4.4) | (4.4) | |
| Change in cumulative translation adjustment | — | — | — | — | — | — | 182.8 | — | 182.8 | 182.8 | 182.8 | |
| Balance, December 31, 2007 | 91,609,895 | 0.9 | 942.7 | 1,020.4 | — | (87.1) | 160.8 | 5.3 | 79.0 | 2,043.0 | 515.6 | |
| Net income | — | — | — | 400.0 | — | — | — | — | — | 400.0 | 400.0 | |
| Issuance of restricted stock | 136,457 | — | 1.6 | — | — | — | — | — | — | 1.6 | | |
| Issuance of performance award stock | 62,387 | — | (2.6) | — | — | — | — | — | — | (2.6) | | |
| Stock options and SSARs exercised | 35,454 | — | (0.3) | — | — | — | — | — | — | (0.3) | | |
| Stock compensation | — | — | 31.8 | — | — | — | — | — | — | 31.8 | | |
| Defined benefit pension plans, net of taxes: | | | | | | | | | | | | |
| Prior service cost arising during year | — | — | — | — | — | (0.2) | — | — | (0.2) | (0.2) | (0.2) | |
| Net actuarial loss arising during year | — | — | — | — | — | (57.6) | — | — | (57.6) | (57.6) | (57.6) | |
| Amortization of net actuarial losses included in net periodic pension cost | — | — | — | — | — | 5.6 | — | — | 5.6 | 5.6 | 5.6 | |
| Effects of changing pension plan measurement date pursuant to SFAS No. 158: | | | | | | | | | | | | |
| Service cost, interest cost and expected return on plan assets for October 1 – December 31, 2007 | — | — | — | (0.2) | — | — | — | — | — | (0.2) | | |
| Amortization of net actuarial losses for October 1 – December 31, 2007 | — | — | — | (0.9) | — | 0.9 | — | — | 0.9 | — | 0.9 | |
| Deferred gains and losses on derivatives, net | — | — | — | — | — | — | — | (44.4) | (44.4) | (44.4) | (44.4) | |
| Deferred gains and losses on derivatives held by affiliates, net | — | — | — | — | — | — | — | (1.0) | (1.0) | (1.0) | (1.0) | |
| Change in cumulative translation adjustment | — | — | — | — | — | — | (418.7) | — | (418.7) | (418.7) | (418.7) | |
| Balance, December 31, 2008 | 91,844,193 | \$ 0.9 | \$ 973.2 | \$ 1,419.3 | \$ — | \$ (138.4) | \$ (257.9) | \$ (40.1) | \$ (436.4) | \$ 1,957.0 | \$ (115.4) | |

The Consolidated Statements of Stockholders' Equity should be read in conjunction with the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's audited Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements, which are included in the Company's Annual Report on Form 10-K.



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

| Years Ended December 31, | 2008 | 2007 | 2006 |
|---|----------------|----------------|----------------|
| Cash flows from operating activities: | | | |
| Net income (loss) | \$ 400.0 | \$ 246.3 | \$ (64.9) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 127.4 | 115.6 | 98.6 |
| Deferred debt issuance cost amortization | 3.2 | 4.7 | 6.4 |
| Goodwill impairment charge | — | — | 171.4 |
| Amortization of intangibles | 19.1 | 17.9 | 16.9 |
| Stock compensation | 33.3 | 25.7 | 3.5 |
| Equity in net earnings of affiliates, net of cash received | (11.0) | (3.5) | (8.8) |
| Deferred income tax provision | 7.3 | 2.5 | 10.6 |
| Gain on sale of property, plant and equipment | (0.2) | (2.9) | (0.8) |
| Write-down of property, plant and equipment | — | — | 0.3 |
| Changes in operating assets and liabilities, net of effects from purchase of businesses: | | | |
| Accounts and notes receivable, net | (208.4) | (3.0) | 32.5 |
| Inventories, net | (374.2) | 10.7 | 66.2 |
| Other current and noncurrent assets | (75.6) | (41.4) | (26.5) |
| Accounts payable | 284.4 | 54.1 | 55.1 |
| Accrued expenses | 127.4 | 86.4 | 44.3 |
| Other current and noncurrent liabilities | (41.4) | (8.8) | 37.4 |
| Total adjustments | (108.7) | 258.0 | 507.1 |
| Net cash provided by operating activities | 291.3 | 504.3 | 442.2 |
| Cash flows from investing activities: | | | |
| Purchases of property, plant and equipment | (251.3) | (141.4) | (129.1) |
| Proceeds from sale of property, plant and equipment | 4.9 | 6.0 | 3.9 |
| Purchase of businesses, net of cash acquired | — | (17.8) | — |
| Investments in unconsolidated affiliates, net | (0.6) | (68.0) | (2.9) |
| Restricted cash and other | (32.5) | (2.7) | — |
| Net cash used in investing activities | (279.5) | (223.9) | (128.1) |
| Cash flows from financing activities: | | | |
| Proceeds from debt obligations | 76.5 | 208.8 | 538.2 |
| Repayments of debt obligations | (38.1) | (329.5) | (708.2) |
| Proceeds from issuance of common stock | 0.3 | 8.2 | 10.8 |
| Payment of minimum tax withholdings on stock compensation | (3.2) | — | — |
| Payment of debt issuance costs | (1.4) | (0.3) | (4.9) |
| Net cash provided by (used in) financing activities | 34.1 | (112.8) | (164.1) |
| Effects of exchange rate changes on cash and cash equivalents | (116.1) | 13.7 | 30.5 |
| (Decrease) increase in cash and cash equivalents | (70.2) | 181.3 | 180.5 |
| Cash and cash equivalents, beginning of year | 582.4 | 401.1 | 220.6 |
| Cash and cash equivalents, end of year | \$ 512.2 | \$ 582.4 | \$ 401.1 |

The Consolidated Statements of Cash Flows should be read in conjunction with the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's audited Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements, which are included in the Company's Annual Report on Form 10-K.



COMPANY INFORMATION

Corporate Headquarters

4205 River Green Parkway
Duluth, Georgia 30096 U.S.A.
770-813-9200

Transfer Agent & Registrar

Computershare Investor Services, LLC
250 Royall Street
Canton, MA 02021 U.S.A.

Stock Exchange

AGCO Corporation common stock (trading symbol "AG") is traded on the New York Stock Exchange.

Independent Registered Public Accounting Firm

KPMG LLP
Atlanta, Georgia U.S.A.

Annual Meeting

The annual meeting of the Company's stockholders will be held at 9:00 a.m. ET, on April 23, 2009 at the offices of AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096 U.S.A.

Form 10-K

The Form 10-K annual report to the Securities and Exchange Commission is available on our corporate web site (www.agcocorp.com), under "Investors & Media," or upon request from the Investor Relations Department at corporate headquarters. The most recent certifications by AGCO Corporation's Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of the Company's public disclosures are included as exhibits to the Company's Annual Report on Form 10-K for fiscal year 2008 filed with the Securities and Exchange Commission. In addition, AGCO's Chief Executive Officer submitted to the New York Stock Exchange the Annual CEO Certification for 2008 as required by Section 303A.12(a) of the NYSE Listed Company Manual.

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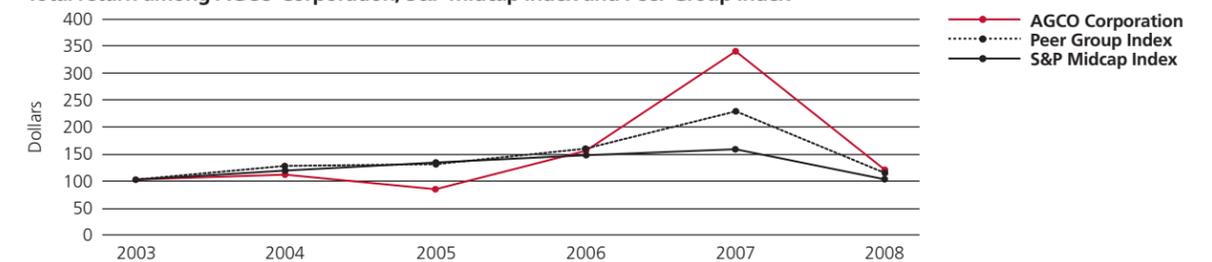
Incorporated in Delaware.

An Equal Opportunity Employer.

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Comparison of 5-year cumulative Total return among AGCO Corporation, S&P Midcap Index and Peer Group Index



Performance graph

The graph shown (above) is a line graph presentation of the Company's cumulative stockholder returns on an indexed basis as compared to the S&P Mid-Cap 400 Index and a self-constructed peer group of the companies listed in footnote 1 to the performance graph ("Peer Group"). Returns for the Company in the graph are not necessarily indicative of future performance.

Assumes \$100 invested on January 1, 2004. Assumes dividend reinvested. Fiscal year ending December 31, 2008.

⁽¹⁾ Based on information for a self-constructed peer group of companies which includes the following: Caterpillar Inc., CNH Global NV, Cummins Inc., Deere & Company, Eaton Corporation, Ingersoll-Rand Company, Navistar International Corporation, PACCAR Inc, Parker-Hannifin Corporation and Terex Corporation.



