



AGCO

2005

Annual Report



A WORLD OF SOLUTIONS FOR YOUR GROWING NEEDS



Company Profile

AGCO Corporation is a global manufacturer and distributor of agricultural equipment and related replacement parts. We offer a full line of products under multiple brands through one of the largest global distribution networks in the industry, including approximately 3,600 independent dealers and distributors in more than 140 countries. We provide retail financing through AGCO Finance. Since 1990, the Company has grown from its initial revenue of \$220 million to net sales of \$5.4 billion in 2005. With shareholders worldwide, AGCO is traded on the New York Stock Exchange under the symbol "AG."

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

Visit us online at www.agcocorp.com

AGCO Corporation

(in millions, except per share amounts)

Financial Highlights

	2005	2004	2003
Net sales	\$ 5,449.7	\$ 5,273.3	\$ 3,495.3
Income from operations	274.7	323.5	184.3
Net income	31.6	158.8	74.4
Total assets	3,861.2	4,297.3	2,839.4
Stockholders' equity	1,416.0	1,422.4	906.1
Earnings per share⁽¹⁾	\$ 0.35	\$ 1.71	\$ 0.98
Adjusted earnings per share⁽²⁾	\$ 1.46	\$ 1.75	\$ 1.25

⁽¹⁾On a diluted basis.

⁽²⁾For a reconciliation of adjusted earnings per share, see footnote 1 on page 17

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Martin Richenhagen
President and
Chief Executive Officer

To Our Stockholders

March 17, 2006

As one of the world's leading manufacturers and distributors of agricultural equipment, AGCO confronts a quickly changing global market each year. Worldwide industry equipment demand declined in 2005 which presented many challenges for the Company. Nevertheless, AGCO was able to achieve record revenues thanks to our proven business strategies and the hard work of AGCO dealers and personnel. In addition, we had many other achievements in 2005 which gives me great optimism for the future.

In 2005, the largest reductions in industry demand were in Western Europe and South America. In Western Europe, industry demand declined due to drought conditions in southern Europe and uncertainty over changing government support programs. In South America, industry demand declined due to drought conditions in southern Brazil and reduced farm profits resulting from both lower commodity prices and the impact of continued strengthening of the Brazilian currency on exports.

Despite these challenging market conditions, AGCO's net sales increased to approximately \$5.4 billion in 2005. Net sales increased primarily in North America and the Europe/Africa/Middle East region offsetting declines in South America. Outside of North America, Western Europe and South America, AGCO's net sales for the full year of 2005 were approximately 30%



Adjusted Earnings Per Share

higher than 2004 due to higher sales in the Middle East and Eastern Europe. As we review our sales performance in 2005, we see convincing evidence that our products and core brands are very well accepted all over the world.

AGCO's 2005 adjusted earnings per share was \$1.46 compared to \$1.75 in 2004. The significant decline in our profitable South American market was the principal cause of our earnings shortfall in 2005. Weak market conditions, lower production and the negative impact of the strong Brazilian currency severely reduced our South America profitability in 2005. Although we were unable to fully offset this significant obstacle, we demonstrated impressive earnings growth in our Europe/Africa/Middle East region due to stronger operating margins. This proves our initiatives for productivity gains, new products and cost control are taking effect.

Focus on the Customer

Our business strategies are driven by our vision to be the leading provider of "high-tech solutions for professional farmers feeding the world." We are focused on meeting the specific needs of professional farmers and exceeding their expectations with high-quality products, unsurpassed customer support services and the most efficient systems for production and distribution.

As the world's population continues to grow rapidly – increasing global demand for food and alternative fuels from farm products – the amount of land available for agriculture is declining due to a host of factors, including erosion, desertification and encroaching urban settlement and infrastructure. To meet the challenge, professional farmers must become more efficient and productive every year – and AGCO can help.

Today, AGCO provides a full range of high-quality products for professional farmers. This includes a variety of tractors, combines, hay and forage equipment, advanced technology solutions for precision farming, innovative application equipment, industry-leading systems to enhance tractor performance and one of the world's most efficient transmissions for agricultural

equipment. In key markets around the world, we're helping professional farmers increase efficiency and productivity to grow their businesses.

A World of Solutions

Our business operations are organized in four primary markets and we are well positioned to take advantage of opportunities for continued growth.

Europe/Africa/Middle East

Even with the decline in industry demand in Western Europe, AGCO brands were able to prosper in the region with high-quality products and continued growth in our distribution network. This region is our primary market in terms of sales and our three core brands – Fendt®, Massey Ferguson® and Valtra® – are leading brands with distinguished reputations and loyal customers.

The Fendt brand has long been associated with innovative technology and superior engineering that drive increased productivity. The Fendt 900 Series tractors introduced in 2005 continue this proud tradition, offering professional farmers a range of exceptional high-horsepower products with highly efficient transmissions and tractor management systems. With 360 horsepower and a top speed of 60 kilometers/hour, the Fendt 936 Vario tractor is one of the world's most powerful standard configuration tractors and one of the fastest tractors of its type.

In the last two years, Massey Ferguson has relaunched its tractor line to provide the broadest, most innovative range of equipment in its long history. There are now more than forty new and different tractors in eight different ranges with horsepower ratings from 33 to 290 horsepower. The strong acceptance by professional farmers in the past year was an important factor in growing our market presence in the region. Over the last two years, Massey Ferguson has won more European machinery awards than any other manufacturer.

In 2005, Valtra launched its N Series tractor with six models ranging from 100 to 150 horsepower. The new series offers optimal versatility, agility and efficiency in its size class. In addition, the N Series reflects Valtra's

unique à-la-carte philosophy, allowing customers to customize their tractors by choosing from a comprehensive range of transmissions, hydraulics, cabs and other options. We also introduced the latest range of our high-performance, low-emission SisuDiesel™ engines.

A key component of our business strategy is an ongoing commitment to cost control and the re-structuring of our combine production facility in Randers, Denmark, is a good example. Simply stated, this facility has been transformed to a more cost-efficient "assembly-only" operation. This gives AGCO a more competitive position in the development of a high-performance combine to accelerate growth in the European combine business and lead the industry in the future.

South America

Despite the sharp decline of industry demand in Brazil last year, Massey Ferguson sustained its leadership in the tractor business and a strong market position in the combine business. There is also increasing demand for advanced technology, including solutions used for precision farming such as the Auto-Guide™ and Fieldstar® systems available from AGCO Global Technologies.

Brazil has pioneered the development of alternative and renewable fuels from agricultural products. It is a world leader in sugar cane production and biofuel has been

one the country's most important fuel sources since the 1970s. In 2005, Valtra became the first and only tractor manufacturer to develop an official program for field evaluation of the use of various biodiesel fuels. The Valtra Biodiesel Project involves universities, suppliers and dealers in order to guarantee rigorous monitoring and reliable data. The project also reflects Valtra's commitment to providing innovative solutions for professional farmers, including new technologies and an expanding range of products.

Although farmers face near-term challenges, the continuing agricultural development of the Mato Grosso area of Brazil should provide significant opportunity for AGCO as the region's leading supplier of innovative, high-horsepower tractors and combines.

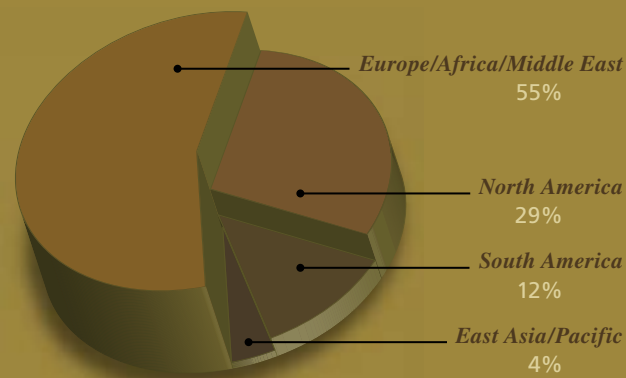
North America

This market, including the U.S., Canada and Mexico, presents the greatest opportunity for AGCO to increase market share and profitability. Today, we are bringing an increasing number of highly respected global brands to this market using our efficient marketing and distribution systems. This provides our dealers and their customers with a wider range of innovative products and expert customer support services. The Challenger® brand, sold through the Caterpillar® distribution system, continues to show positive growth in terms of sales, market share and dealer engagement levels.

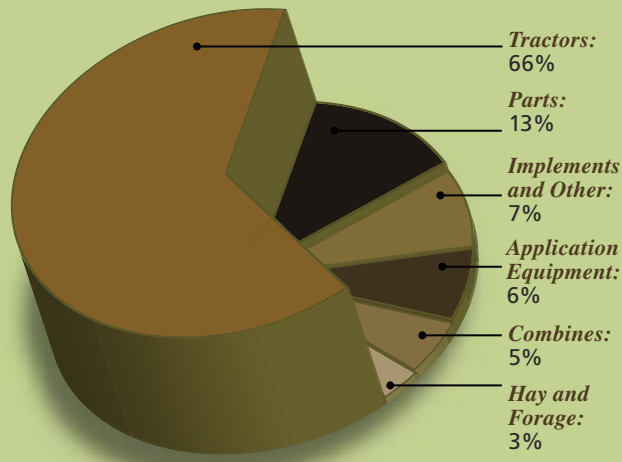
In addition, we continue to improve the dealer network in order to enhance efficiency and consistency. We are creating a system of stronger dealerships to meet the specific requirements of professional farmers. A strong dealer network is the foundation of our future success in markets around the world.

East Asia/Pacific

Market conditions throughout the region improved steadily last year, driven by strong economic growth in China. In the Australian market, AGCO brands are well established and we continued our growth in the business of high-horsepower tractors. We also introduced dedicated resources to focus on precision farming systems that are in high demand by the professional farmer, and acceptance of our products in this crowded but important segment has been favorable.



Sales by Geographic Region



Sales by Product

New Opportunities

There is significant opportunity for growth in Russia, Ukraine, Kazakhstan and other countries of the former Soviet Union. In these areas, there is strong demand for more powerful and efficient agricultural machinery. For Russia and Eastern Europe, we plan to develop distribution for imported product as the professionalism of farmers improves and potentially move to appropriate local production that qualifies for local government subsidies. Challenger products are already driving AGCO's success in this region, building on our valuable alignment with the exceptional network of Caterpillar dealers worldwide.

The agricultural market in China is under growing pressure to increase production to meet rising demand and this has led to increased pressure on farmers and agricultural machinery to provide higher productivity. In 2005, AGCO delivered the first Challenger track tractors and advanced Fendt 926 tractors for use on large-acreage farms. These large tractors were in addition to several hundred Valtra tractors delivered during the year, making AGCO the number one imported tractor into China. In addition, there are more and more of our reliable Hesston® balers at work throughout the country.

Growth through Synergy

At AGCO, we are committed to achieving growth through positive synergy – that is, a more efficient, more productive interaction of AGCO companies and competencies leading to new opportunities in the global marketplace.

For example, in 2005, we integrated specific business support activities and distribution for Valtra and Fendt in the Scandinavian region. Valtra migrated from a direct distribution system to participate in distribution partnerships. The result was a more efficient delivery system for products and parts and more product offerings for AGCO dealers and their customers.

State-of-the-art production techniques and manufacturing expertise developed by Valtra facilities in Finland were used to enhance production processes at the AGCO manufacturing facility in Beauvais, France. There was significant improvement last year in material flow, assembly processes and inventory reduction in Beauvais. The overall result was greater factory consistency of pace and build for improved productivity.

For 2006 and beyond, our objective is to improve margins and asset returns through the achievement of our cost reduction and inventory management initiatives. In addition, we have a significant range of new products that will be introduced throughout the year to further enhance our competitive position in key markets.

We are also dedicated to improving the quality of our products and enhancing our distribution and customer support networks in all markets.

While we remain committed to our multiple-brand strategy, we have consolidated brands in the last year. We will continue to simplify all aspects of our business and reduce internal complexity in order to enhance efficiency and profitability while providing outstanding service.

To ensure the success of ongoing strategic initiatives, we have made key additions to our management team recruited worldwide who will drive our strategic planning

and integration processes, helping us to identify and implement our most vital global initiatives.

Thinking "Outside the Box"

In 2005, we simplified the design of our corporate logo. The new design reflects our position as an innovative global leader in our industry and symbolizes our commitment to thinking "outside the box." The new color unites our proud heritage (in the traditional orange of AGCO Tractor products) and our continuing success today (in the hot red of Massey Ferguson products). The graphic box surrounding our familiar "farm-field" triangle is gone. Yes, we are thinking "outside the box" to develop innovative solutions, drive corporate growth through synergy and pursue new opportunities worldwide. I am confident that by thinking outside the box, we will deliver exceptional value to our customers, dealers and stockholders.

Martin Richenhagen
President and
Chief Executive Officer



Farming family in South America shown with one of their Massey Ferguson 265 tractors.

Growing With AGCO

Professional farmers and their families around the world count on AGCO to help them grow their businesses. We offer a full line of reliable agricultural equipment and unsurpassed customer support services. Experienced Field Service and Call Center personnel are always available to provide a fast, knowledgeable response to customer and dealer issues.

AGCO dealers offer their customers generations of experience, expert routine service, valuable warranty coverage and high-quality parts supporting all of the AGCO brands – as well as for most competitive models of farm equipment. Dealers can also provide a wide range of innovative financing programs through AGCO Finance to help customers acquire the right solutions to meet business and cash flow requirements.



*SisuDiesel Citius
Tier III Engine.*



*Massey Ferguson
8480 at work.*

High-Tech Solutions for Professional Farmers

AGCO offers professional farmers an increasing range of innovative, reliable products, including tractors, combines, hay and forage tools, application equipment, implements and new technologies for precision farming.

With our leading-edge solutions, farmers with large-acreage operations have the tools they need to increase productivity, reduce costs and comply with environmental regulations. AGCO's high-horsepower tractors also feature advanced hydraulics, powerful engines with improved fuel economy, and ergonomic design of the operator environment for unsurpassed comfort, convenience and quiet.

High Efficiency for Higher Productivity

Continuously variable transmission (CVT) technology for agricultural equipment was developed by Fendt. AGCO continues to be an industry leader in the development of this innovative technology – one of the world's most efficient transmissions.

Today, CVT technology is available in multiple brands of high-horsepower tractors, including AGCO RT and DT Series tractors with PowerMaxx CVT™, Challenger MT500B Series tractors with TechStar CVT and, in Europe, Massey Ferguson 8400 Series tractors with Dyna-VT transmission. This transmission combines both hydraulic and mechanical power to provide smooth shifting through "infinite" speeds. Two infinitely variable speed ranges, for field or transport applications, provide operators with exceptional flexibility on the job.

High-performance, low-emission AGCO engines, manufactured by SisuDiesel, offer efficiency and power. With Electronic Engine Management (EEM), operators can achieve maximum power with minimum fuel. In addition, EEM allows operators to increase productivity by using pre-set engine speeds for specific applications, such as a field speed, road speed, round baling speed, round baling wrapping speed or tying speed.



AGCO DT240A pulling a White™ Planters 8500 Series.

Fendt 936 Vario


With 360 horsepower and speeds up to 60 kilometers/hour, the all-new Fendt 936 Vario is one of the most powerful and advanced tractors in its class. To run with the 60km/h speed, Fendt has developed a new front axle with independent suspension and worked with manufacturers to develop a new tire that also provides a 25% increase in contact area.

All Fendt 900 Series tractors also feature the Vario Tractor Management System (TMS), one of the most

advanced transmission systems in the industry. Working in conjunction with the electronic diesel control system, the TMS system automatically matches engine speed and transmission ratio to ground speed setting and power demands. The Variotronic TI Headland Management System offers the professional farmer even more control and convenience. Simply stated, it allows the operator to combine up to 13 different steps into one of four automatic functions by "teaching" the tractor what you want it to do.



Fendt 936 transporting on an open highway in Germany.



Challenger's new MT975B articulated tractor.

Challenger MT900B Series Tractors

Challenger continues to expand its line-up with groundbreaking products, further positioning the company as a rapidly growing, formidable player in the agriculture equipment market. Recently, Challenger introduced the industry's largest production 4-wheel-drive articulated tractor as part of the MT900B Series. The new series includes four models from 430 to 570 engine horsepower – one of the most powerful tractors on the world market. These heavy-duty machines are ideal for pulling large implements such as deep rippers, large harrows, air seeders, or towed scrapers.

AGCO and Caterpillar design teams collaborated to develop the MT900B Series, providing farmers and custom operators another reliable high-horsepower option from their Caterpillar dealer. Common features on all four models include a rugged Caterpillar ACERT™ technology engine, a CAT® engineered and tested 16-forward and 4-reverse powershift transmission and the

exclusive Challenger Tractor Management Center that gives the operator unparalleled control of the machine and its operation.

High-Tech Solutions for Precision Farming

Global Technologies by AGCO offers an increasing variety of leading-edge, integrated solutions for precision farming. These include proven technology to help farmers save fuel, manage chemical and fertilizer applications, increase crop yield and produce documentation required by government environmental regulations.

For example, Auto-Guide™ is an advanced steering system that uses GPS technology to help farmers easily navigate across fields with pinpoint accuracy. By minimizing overlaps and underlaps, farmers can save on the cost of fuel, fertilizer, seed and chemicals. Plus, Auto-Guide allows the tractor to work at higher speeds, day or night, to enhance productivity.



AGCO Global Technologies' Fieldstar monitor, with yield map shown.

Another solution, Fieldstar®, provides data logging, implement control and monitoring, plus the PC software is available to analyze data, draw maps and create variable treatment plans. Fieldstar helps farmers gather valuable information during planting, spraying, spreading and harvesting for analysis of equipment and crop (yield mapping) results. Farmers can vary inputs (seed, fertilizer, chemicals) according to crop requirements and also produce documentation that verifies areas of application.

High-Class Combine

Professional farmers around the world are seeking larger, more efficient combines to cover more acreage more quickly – and AGCO is responding with the industry-leading Class VIII combine. The power, capacity and efficiency of this heavy-duty machine make it unique in today's global marketplace.

A big new addition to the Challenger, Gleaner and Massey Ferguson product lines, the Class VIII combine features a 425 horsepower engine, a generous 230-gallon fuel tank and a massive 350-bushel grain tank. Moreover, this combine can unload at an industry-leading 4.5 bushels per second. That's fast enough to shave up to 45 minutes off the daily unloading time compared to similarly sized competitive models. In addition, our Class VIII combine features the largest rotor in the industry, measuring 31.5 inches in diameter and 140 inches in length, allowing it to be operated at higher ground speeds for maximum productivity.

Innovative Application Equipment

AGCO continues to supply professional farmers with innovative application equipment and the popularity of sprayer brands like Spra-Coupe has given AGCO the leading position in the self-propelled sprayer market in North America.

For nearly 40 years, Spra-Coupe® has been producing high-performance row-crop sprayers and the Spra-Coupe 7000 Series is the latest success. Powerful diesel engines provide plenty of power for the field-friendly, low-impact sprayers and extra torque for turns, soft ground and hills. The lightweight design produces

minimal disturbance of crops or soils while the throttle-mounted joystick gives complete control of all major spray and machine operations.

Winning Technology

In 2005, AGCO products won some of the most prestigious accolades in the industry. These include:

- Massey Ferguson 6497 tractor with Dyna-6 transmission awarded Machine of the Year (150-200 hp class), one of the industry's most important honors, at prestigious Agritechnica show in Hanover, Germany.
- Massey Ferguson 8480 awarded European Tractor of the Year at Agritechnica.
- Fendt 936 Vario tractor recognized for innovative technology and awarded the Gold Medal at Agritechnica – the highest award given at the exhibition. The tractor was also chosen as Machine of the Year in the high-horsepower class.
- Valtra awarded MasterCana Award for Best Tractor Manufacturer and Best After Sales Service in the sugar cane business segment – one of the most prestigious awards in this important agricultural market and the fifth year in a row that Valtra do Brazil has won it.
- AE-50 certification by the American Society of Agricultural Engineers for
 - AGCO Global Technologies Yield Sensor
 - Hesston 9040 Advanced Conditioner System (ACS) Auger Header, Challenger AHB TwinMax Auger Header.

Spra-Coupe 7000 Series row-crop sprayer.



The new Challenger 680B Class VIII combine.



AGCO Corporation brings together some of the most trusted brands in the industry. With a full line of agricultural equipment featuring leading-edge technology, we're meeting the needs of professional farmers worldwide.

The AGCO Family of Brands

	North America	South America	Europe Africa Middle East	East Asia Pacific
AGCO® (Tractors: Compacts to High-Horsepower; Implements)	•			
Challenger® (Tractors: Compacts to High-Horsepower, Track; Hay Tools; Combines; Application Equipment)	•	•	•	•
Fendt® (Tractors; Combines)	•		•	•
Gleaner® (Combines)	•			•
Hesston® (Hay Tools)	•			
Massey Ferguson® (Tractors: Compacts to High-Horsepower; Hay Tools; Combines; Implements; Material Handling; Grounds Care)	•	•	•	•
New Idea® (Hay Tools)	•			
RoGator® (Application Equipment)	•	•	•	•
Spra-Coupe® (Application Equipment)	•	•	•	•
Sunflower® (Tillage and Planting Equipment)	•			
TerraGator® (Application Equipment)	•	•	•	•
Valtra® (Tractors)	•	•	•	•
White™ Planters (Planting Equipment)	•			

Note: Product offerings may vary by region.

A Gleaner R75 combine working in a wheat field.



Pure Agribusiness That's Earth-friendly

AGCO is unique in our industry as a “pure” agribusiness company. That is, we focus on providing innovative and reliable solutions to professional farmers worldwide. Our passion is the advancement of agriculture – a vital, working partnership between mankind and nature. In all our activities, we seek to improve farmers’ productivity and also sustain our natural resources.

Today, AGCO is a leader in our industry in the development of Earth-friendly products and production. For example, we offer one of the world’s most efficient transmissions in tractors to help reduce emissions and conserve fuel. Our high-performance, low-emission SisuDiesel engines comply with the most rigorous environmental standards. Also, these engines are fully approved for B5 biodiesel fuel (containing 5% plant- or animal-based methyl esters, not simply pressed oils) – and AGCO researchers are actively exploring the use of higher blends, from B10 to B100.

AGCO Global Technologies offers a wide array of high-tech, integrated solutions for precision farming. These include

proven technology to help farmers save fuel, manage chemical and fertilizer applications, increase crop yield and ensure compliance with environmental regulations.

Every AGCO manufacturing plant complies with all environmental regulations; however, we are constantly seeking a higher standard of Earth-friendly performance. In 2005, we made significant environmental improvements at our facility in Randers, Denmark. This is now a more cost-efficient “assembly-only” facility with no “front shops” – we don’t even paint. Utility consumption was reduced nearly 75%, noise levels dropped nearly 80% and waste water (from paint shops) and paint solvents were reduced 100%. With an innovative wastewater treatment/recycle system at our facility in Canoas, Brazil, we expect to reduce industrial water consumption by nearly 70%.

For today’s growing world and the generations to come, AGCO will continue to work in ways to protect the natural environment from harmful influences, to conserve natural resources and to promote environmental awareness.



*Massey Ferguson 5455
shown with a 1070 loader.*



Gary L. Collar
Senior Vice President and
General Manager – EAME

Stephen D. Lupton
Senior Vice President –
Corporate Development
and General Counsel

Garry L. Ball
Senior Vice President –
Engineering

David L. Caplan
Senior Vice President –
Materials Management,
Worldwide

Robert B. Crain
Senior Vice President and
General Manager,
North America

Randall G. Hoffman
Senior Vice President –
Global Sales and Marketing

Strategies for Success

With strategic corporate initiatives, AGCO is working to deliver increasing value to our customers, dealers, employees and stockholders. These include:

Multiple Brands and Products

AGCO pioneered the multiple-brand strategy in the farm equipment business and this proven strategy continues to deliver rewarding results. Moreover, no other agricultural equipment company in the world has the same variety and quality of product offerings, including tractors, combines, hay and forage tools, application equipment, implements and new technologies.

In our multiple brand offerings, products are differentiated by component specification, design and

cosmetics and price. With multiple brands and product differentiation, we can offer more options to satisfy our customers' needs and brand loyalty in diverse markets around the world. In addition, this strategy strengthens our distribution network by enabling dealers to offer an increasing variety of trusted brands and reliable products to improve sales volume and profitability in a competitive marketplace.

Research and Development

Our product development is focused on delivering innovative, high-value equipment that supports our multi-brand and segmentation strategies. In 2005, we increased our engineering expense nearly 20% to accelerate new product introductions, common product platform designs and the expansion of our production of SisuDiesel engines. We plan to capitalize on our leading-edge transmissions and efficient

engines to increase the value of our products for professional farmers and lower the cost of ownership. Our plans are to double production of engines over the next three years and investments are underway to increase production capacity to support this growth. In addition, construction has begun on a new Research and Development Center for Valtra at its factory in Suolahti, Finland.

Cost Control and Productivity Improvements

Reducing costs and maximizing efficiencies in production are an ongoing commitment. In 2005, we achieved significant improvement in this regard at our combine-assembly facility in Randers, Denmark, and our tractor manufacturing facility in Beauvais, France. We plan to implement similar "best practices" for optimal efficiency at other manufacturing facilities in the near future.



Andrew H. Beck
*Senior Vice President –
 Chief Financial Officer*

Norman L. Boyd
*Senior Vice President –
 Human Resources*

Dexter E. Schaible
*Senior Vice President –
 Product Management, Engines
 and Global Technology*

Martin H. Richenhagen
*President and
 Chief Executive Officer*

Frank C. Lukaes
*Senior Vice President –
 Manufacturing Technologies
 and Quality*

Hubertus M. Muehlhaeuser
*Senior Vice President –
 Strategy and Integration*

With productivity improvements, we can continue to deliver reliable equipment at a competitive value to professional farmers worldwide. For example, we are working to improve asset utilization through reductions of working capital, outsourcing initiatives and plans that achieve optimal vertical integration for each of our plants. We are dedicated to achieving optimal efficiency in our materials purchasing systems worldwide. We continue to streamline our operations, such as information systems and the number of equipment models or versions of products offered. In addition, we expect to minimize the number of platforms we use in our products without compromising our customers' requirements or true brand differentiation. AGCO's use of common platforms creates a competitive advantage in the global marketplace and significantly lowers our cost of design and manufacture.

Employee Training

In 2005, we introduced two new programs that will enhance our most important competitive advantage: AGCO managers, employees and dealers.

AGCO University is based on successful models from other major corporations, such as Disney University, General Electric University, University of Toyota and others. It establishes a structured approach to outstanding leadership training. With AGCO University, we will provide employees with valuable skills, education and management development. This will "strengthen the bench" of the Company's executive management team, ensure successful succession plans and better aligned management development with the strategic goals of the Company. AGCO University will also provide exceptional project management training for a worldwide initiative that

seeks to standardize and harmonize our business processes and systems.

Similarly, AGCO Academy will provide critical training for our dealers and employees in the area of sales and technical ability. These two programs reflect important core values at AGCO: our dedication to employee development and world-class customer service.



James M. Seaver, a founder of the Company, retired in December 2005, as Senior Vice President & General Manager – Americas. We are grateful for his visionary leadership and exceptional contributions to the Company.

Hesston 4760 Large Square Baler being pulled by a Massey Ferguson 8250.



Forward-Looking Statements

Statements which are not historical facts, including projections of future sales, net income, earnings, operating margins, production levels, market share, distribution networks, inventory reductions, working capital utilization, interest costs, product introductions and market demand and conditions, are forward-looking and subject to risks which could cause actual results to differ materially from those suggested by the statements. These forward-looking statements involve a number of risks and uncertainties. The following are among the factors that could cause actual results to differ materially from the results discussed in or implied by the forward-looking statements. Further information concerning these and other factors is included in the Company's filings with the Securities and Exchange Commission, including its Form 10-K for the year ended December 31, 2005. The Company disclaims any obligation to update any forward-looking statements.

Our financial results depend significantly upon the agricultural industry, and factors that adversely affect the agricultural industry generally will adversely affect us.

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

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

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.

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

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.

Currency exchange rate and interest rate changes can adversely affect the profitability 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.

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.

We have significant pension obligations with respect to our employees.

We are subject to fluctuations in raw material prices and availability, which may cause delays in the production of our products or otherwise adversely affect our manufacturing costs.

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.

Selected Financial Information

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

Years Ended December 31,	2005	2004	2003	2002	2001
Operating Results					
Net sales	\$ 5,449.7	\$ 5,273.3	\$ 3,495.3	\$ 2,922.7	\$ 2,545.9
Gross profit	933.6	952.9	616.4	531.8	439.2
Percent of net sales	17.1%	18.1%	17.6%	18.2%	17.3%
Income from operations	274.7	323.5	184.3	103.5	97.1
Percent of net sales	5.0%	6.1%	5.3%	3.5%	3.8%
Net income (loss)	31.6	158.8	74.4	(84.4)	22.6
Net income (loss) per common share – diluted ⁽¹⁾	\$ 0.35	\$ 1.71	\$ 0.98	\$ (1.14)	\$ 0.33
Weighted average shares outstanding – diluted	90.7	95.6	75.8	74.2	68.5
Dividends declared per common share	\$ –	\$ –	\$ –	\$ –	\$ 0.01
Cash flows from operations	\$ 246.3	\$ 265.9	\$ 88.0	\$ 73.2	\$ 225.4
Balance Sheet Data					
Working capital	\$ 825.8	\$ 1,045.5	\$ 755.4	\$ 599.4	\$ 539.7
Total assets	3,861.2	4,297.3	2,839.4	2,349.0	2,173.3
Long-term debt, less current portion	841.8	1,151.7	711.1	636.9	617.7
Total liabilities	2,445.2	2,874.9	1,933.3	1,631.4	1,373.9
Stockholders' equity	1,416.0	1,422.4	906.1	717.6	799.4
Other Data					
Number of employees	13,023	14,313	11,278	11,555	11,325

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

	2005	2004	2003	2002	2001
Net income (loss) per common share – diluted	\$ 0.35	\$ 1.71	\$ 0.98	\$ (1.14)	\$ 0.33
Restructuring and other infrequent expenses(2)	–	0.04	0.26	0.38	0.12
Restricted stock compensation(2)	–	–	0.01	0.39	0.06
Bond redemption costs(2)	0.16	–	–	–	–
Deferred income tax valuation allowance adjustment	0.95	–	–	1.21	–
Cumulative effect of a change in accounting principle(2)	–	–	–	0.33	–
Net income per common share – adjusted	<u>\$ 1.46</u>	<u>\$ 1.75</u>	<u>\$ 1.25</u>	<u>\$ 1.17</u>	<u>\$ 0.51</u>

(2) After tax.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data)

<i>Years Ended December 31,</i>	2005	2004	2003
Net sales	\$ 5,449.7	\$ 5,273.3	\$ 3,495.3
Cost of goods sold	<u>4,516.1</u>	<u>4,320.4</u>	<u>2,878.9</u>
Gross profit	933.6	952.9	616.4
Selling, general and administrative expenses (includes restricted stock compensation expense of \$0.4 million, \$0.5 million and \$0.6 million for the years ended December 31, 2005, 2004 and 2003, respectively)	520.7	509.8	331.4
Engineering expenses	121.7	103.7	71.4
Restructuring and other infrequent expenses	-	0.1	27.6
Amortization of intangibles	<u>16.5</u>	<u>15.8</u>	<u>1.7</u>
Income from operations	274.7	323.5	184.3
Interest expense, net	80.0	77.0	60.0
Other expense, net	<u>34.6</u>	<u>22.1</u>	<u>26.0</u>
Income before income taxes and equity in net earnings of affiliates	160.1	224.4	98.3
Income tax provision	<u>151.1</u>	<u>86.2</u>	<u>41.3</u>
Income before equity in net earnings of affiliates	9.0	138.2	57.0
Equity in net earnings of affiliates	<u>22.6</u>	<u>20.6</u>	<u>17.4</u>
Net income	<u>\$ 31.6</u>	<u>\$ 158.8</u>	<u>\$ 74.4</u>
Net income per common share:			
Basic	<u>\$ 0.35</u>	<u>\$ 1.84</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 1.71</u>	<u>\$ 0.98</u>
Weighted average number of common and common equivalent shares outstanding:			
Basic	<u>90.4</u>	<u>86.2</u>	<u>75.2</u>
Diluted	<u>90.7</u>	<u>95.6</u>	<u>75.8</u>

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)

<i>December 31,</i>	2005	2004
Assets		
Current Assets:		
Cash and cash equivalents	\$ 220.6	\$ 325.6
Accounts and notes receivable, net	655.7	823.2
Inventories, net	1,062.5	1,069.4
Deferred tax assets	39.7	127.5
Other current assets	<u>107.7</u>	<u>58.8</u>
Total current assets	2,086.2	2,404.5
Property, plant and equipment, net	561.4	593.3
Investment in affiliates	164.7	114.5
Deferred tax assets	84.1	146.1
Other assets	56.6	70.1
Intangible assets, net	211.5	238.2
Goodwill	<u>696.7</u>	<u>730.6</u>
Total assets	<u>\$ 3,861.2</u>	<u>\$ 4,297.3</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 6.3	\$ 6.9
Accounts payable	590.9	601.9
Accrued expenses	561.8	660.3
Other current liabilities	<u>101.4</u>	<u>89.9</u>
Total current liabilities	1,260.4	1,359.0
Long-term debt, less current portion	841.8	1,151.7
Pensions and post-retirement health care benefits	241.7	247.3
Other noncurrent liabilities	<u>101.3</u>	<u>116.9</u>
Total liabilities	<u>2,445.2</u>	<u>2,874.9</u>
Stockholders' Equity:		
Preferred stock; \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding in 2005 and 2004	-	-
Common stock; \$0.01 par value, 150,000,000 shares authorized, 90,508,221 and 90,394,292 shares issued and outstanding in 2005 and 2004, respectively	0.9	0.9
Additional paid-in capital	894.7	893.2
Retained earnings	825.4	793.8
Unearned compensation	(0.1)	(0.2)
Accumulated other comprehensive loss	<u>(304.9)</u>	<u>(265.3)</u>
Total stockholders' equity	<u>1,416.0</u>	<u>1,422.4</u>
Total liabilities and stockholders' equity	<u>\$ 3,861.2</u>	<u>\$ 4,297.3</u>

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)

	Common Stock		Additional Paid-In Capital	Retained Earnings
	Shares	Amount		
Balance, December 31, 2002	75,197,285	\$ 0.8	\$ 587.6	\$ 560.6
Net income	—	—	—	74.4
Issuance of restricted stock	14,150	—	0.3	—
Stock options exercised	198,220	—	2.4	—
Amortization of unearned compensation	—	—	—	—
Additional minimum pension liability, net	—	—	—	—
Deferred gains and losses on derivatives, net	—	—	—	—
Deferred gains and losses on derivatives held by affiliates, net	—	—	—	—
Change in cumulative translation adjustment	—	—	—	—
Balance, December 31, 2003	75,409,655	0.8	590.3	635.0
Net income	—	—	—	158.8
Issuance of common stock, net of offering expenses	14,720,000	0.1	299.4	—
Issuance of restricted stock	7,487	—	0.2	—
Stock options exercised	257,150	—	3.3	—
Amortization of unearned compensation	—	—	—	—
Additional minimum pension liability, net	—	—	—	—
Deferred gains and losses on derivatives held by affiliates, net	—	—	—	—
Change in cumulative translation adjustment	—	—	—	—
Balance, December 31, 2004	90,394,292	0.9	893.2	793.8
Net income	—	—	—	31.6
Issuance of restricted stock	4,449	—	0.1	—
Stock options exercised	109,480	—	1.4	—
Amortization of unearned compensation	—	—	—	—
Additional minimum pension liability, net	—	—	—	—
Deferred gains and losses on derivatives held by affiliates, net	—	—	—	—
Change in cumulative translation adjustment	—	—	—	—
Balance, December 31, 2005	90,508,221	\$ 0.9	\$ 894.7	\$ 825.4

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.

Accumulated Other Comprehensive Loss

Unearned Compensation	Additional Minimum Pension Liability	Cumulative Translation Adjustment	Deferred Gains (Losses) on Derivatives	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Comprehensive Income (Loss)
\$ (0.7)	\$ (93.9)	\$ (332.2)	\$ (4.6)	\$ (430.7)	\$ 717.6	
—	—	—	—	—	74.4	\$ 74.4
—	—	—	—	—	0.3	
—	—	—	—	—	2.4	
0.2	—	—	—	—	0.2	
—	(34.5)	—	—	(34.5)	(34.5)	(34.5)
—	—	—	(0.8)	(0.8)	(0.8)	(0.8)
—	—	—	2.7	2.7	2.7	2.7
—	—	143.8	—	143.8	143.8	143.8
(0.5)	(128.4)	(188.4)	(2.7)	(319.5)	906.1	185.6
—	—	—	—	—	158.8	158.8
—	—	—	—	—	299.5	
—	—	—	—	—	0.2	
—	—	—	—	—	3.3	
0.3	—	—	—	—	0.3	
—	(18.9)	—	—	(18.9)	(18.9)	(18.9)
—	—	—	3.8	3.8	3.8	3.8
—	—	69.3	—	69.3	69.3	69.3
(0.2)	(147.3)	(119.1)	1.1	(265.3)	1,422.4	213.0
—	—	—	—	—	31.6	31.6
—	—	—	—	—	0.1	
—	—	—	—	—	1.4	
0.1	—	—	—	—	0.1	
—	(2.8)	—	—	(2.8)	(2.8)	(2.8)
—	—	—	2.8	2.8	2.8	2.8
—	—	(39.6)	—	(39.6)	(39.6)	(39.6)
\$ (0.1)	\$ (150.1)	\$ (158.7)	\$ 3.9	\$ (304.9)	\$ 1,416.0	\$ (8.0)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

Years Ended December 31,

	2005	2004	2003
Cash flows from operating activities:			
Net income	\$ 31.6	\$ 158.8	\$ 74.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	89.4	84.3	58.8
Deferred debt issuance cost amortization	7.2	13.2	5.4
Amortization of intangibles	16.5	15.8	1.7
Restricted stock compensation	0.2	0.3	0.5
Equity in net earnings of affiliates, net of cash received	(14.5)	(6.1)	(0.8)
Deferred income tax provision (benefit)	107.9	14.5	(12.3)
Gain on sale of property, plant and equipment	(3.0)	(8.7)	-
Write-down of property, plant and equipment	0.3	9.5	1.6
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Accounts and notes receivable, net	103.6	(39.9)	11.5
Inventories, net	(42.1)	(65.1)	13.8
Other current and noncurrent assets	(22.3)	(10.5)	(20.4)
Accounts payable	39.8	53.2	(16.5)
Accrued expenses	(44.6)	38.5	(50.9)
Other current and noncurrent liabilities	(23.7)	8.1	21.2
Total adjustments	214.7	107.1	13.6
Net cash provided by operating activities	246.3	265.9	88.0
Cash flows from investing activities:			
Purchases of property, plant and equipment	(88.4)	(78.4)	(78.7)
Proceeds from sales of property, plant and equipment	10.5	46.0	14.9
Sale/(purchase) of businesses, net of cash acquired	0.4	(765.7)	1.5
(Investments in)/proceeds from sale of unconsolidated affiliates, net	(23.4)	1.0	4.5
Net cash used in investing activities	(100.9)	(797.1)	(57.8)
Cash flows from financing activities:			
Proceeds from debt obligations	670.2	1,450.5	1,372.8
Repayments of debt obligations	(901.1)	(1,036.9)	(1,288.5)
Proceeds from issuance of common stock	1.4	303.0	2.5
Payment of debt issuance costs	-	(21.1)	(9.8)
Net cash (used in) provided by financing activities	(229.5)	695.5	77.0
Effects of exchange rate changes on cash and cash equivalents	(20.9)	14.3	5.5
(Decrease) increase in cash and cash equivalents	(105.0)	178.6	112.7
Cash and cash equivalents, beginning of year	325.6	147.0	34.3
Cash and cash equivalents, end of year	\$ 220.6	\$ 325.6	\$ 147.0

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.



Board of Directors

(Standing, left to right)

Wolfgang Deml

President and Chief Executive Officer, BayWa Corporation
Strategic Planning and Succession Planning Committees

Curtis E. Moll

Chairman of the Board and Chief Executive Officer, MTD Products, Inc.
Audit and Governance Committees

Dr. Wolfgang Sauer

Principal, WS Consult S/C Ltda.
Compensation and Succession Planning Committees

Gerald B. Johanneson

Former President and Chief Executive Officer, Haworth, Inc.
Executive, Strategic Planning, and Succession Planning Committees

Herman Cain

Chairman of T.H.E. New Voice, Inc.
Compensation and Succession Planning Committees

P. George Benson

Dean, Terry College of Business, University of Georgia
Audit, Executive and Governance Committees

Hendrikus Visser

Former Executive Board Member of Rabobank Nederland and Nuon, N.V.
Audit, Compensation and Governance Committees

(Seated, left to right)

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Group President, Caterpillar Inc.
Compensation, Executive and Strategic Planning Committees

David E. Momot

Former Vice President, General Electric
Audit, Compensation and Governance Committees

W. Wayne Booker

Former Vice Chairman, Ford Motor Company
Audit, Compensation and Executive Committees

Martin H. Richenhagen

President & Chief Executive Officer, AGCO Corporation
Executive, Strategic Planning, and Succession Planning Committees

Robert J. Ratliff

Chairman of the Board, AGCO Corporation
Executive, Strategic Planning, and Succession Planning Committees

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 2005 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 2005 as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Stockholder Information

Corporate Headquarters

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

Transfer Agent & Registrar

SunTrust Bank Atlanta
P.O. Box 4625
Mail Code 0258
Atlanta, Georgia USA 30302

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 USA

Annual Meeting

The annual meeting of the Company's stockholders will be held at 9:00 a.m. ET, on April 27, 2006 at the offices of AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia USA 30096.

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.



Corporate Headquarters • 4205 River Green Parkway • Duluth, Georgia 30096
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