October 24, 2002

AGCO Reports Third Quarter Results; Earnings Improvement Driven by Sales Growth and Cost Reduction Benefits

DULUTH, Ga., Oct. 24-- AGCO Corporation (NYSE: AG), a worldwide designer, manufacturer and distributor of agricultural equipment, reported net income, excluding restructuring expenses and restricted stock compensation, of $0.22 per share for the third quarter ended September 30, 2002. For the first nine months of 2002, AGCO reported net income, excluding restructuring expenses, restricted stock compensation and the cumulative effect of accounting change of $0.84 per share. Reported earnings per share including all items was $0.13 per share for the third quarter ended September 30, 2002 and a loss of $0.03 per share for the first nine months ended September 30, 2002. These results compare to net income, excluding restructuring expenses and restricted stock compensation of $0.05 per share for the third quarter of 2001 and net income, excluding restructuring expenses, restricted stock compensation and an extraordinary loss, of $0.12 per share for the first nine months of 2001. Reported earnings per share including all items was $0.01 per share for the third quarter of 2001 and a loss of $0.01 per share for the first nine months of 2001.

"We are pleased with the improved sales and operating margins achieved in the quarter," stated Mr. Robert J. Ratliff, Chairman, President and Chief Executive Officer. "Our strong earnings progression in 2002 is the result of effective growth and cost reduction initiatives. We believe we are in position to have a solid fourth quarter and a successful year."

Third Quarter Results

For the third quarter of 2002, AGCO reported net sales of $687.8 million, and net income, excluding restructuring expenses and restricted stock compensation, of $16.6 million, or $0.22 per share. For the third quarter of 2001, AGCO reported net sales of $577.2 million and net income, excluding restructuring expenses and restricted stock compensation, of $3.7 million, or $0.05 per share. The 19% increase in net sales for the third quarter was mainly due to higher sales in Europe and South America, incremental sales of the new Challenger product line and positive currency impacts.

The following is a reconciliation of adjusted earnings to reported earnings for the quarters ended September 30, 2002 and 2001:

	2002		2001	
	(in millions, except per share data)			
	Net Income	Earnings Per Share	Net Income	Earnings Per Share
Adjusted net income	$16.6	$0.22	$3.7	$0.05
Restructuring expenses (1)	6.4	0.08	3.0	0.04
Restricted stock compensation (1)	0.5	0.01	0.3	---
Reported net income	$9.7	$0.13	$0.4	$0.01

(1) After-tax

The restructuring expenses recorded in the third quarter of 2002 relate primarily to the planned closure of the Company's tractor manufacturing facility in Coventry, England announced in June 2002. The restricted stock compensation recorded during the third quarter of 2002 is primarily related to the Company's Long-Term Incentive Plan ("LTIP").

AGCO's third quarter operating income excluding restructuring expenses and restricted stock compensation was $38.5 million in 2002 compared to $22.0 million in 2001. This improvement was primarily due to a 19% increase in net sales and continued margin expansion, resulting from the impact of cost reduction initiatives and increased production. Improved market conditions and performance in Europe and South America contributed to the strong earnings growth. Partially offsetting these factors were start-up losses related to the development of the Challenger product line. Operating earnings for 2002 also benefited by lower amortization of intangible assets of approximately $4.6 million as a result of the accounting change which discontinued the amortization of goodwill.

Year to Date Results

For the first nine months of 2002, AGCO reported net sales of $2,079.0 million and net income, excluding restructuring expenses, restricted stock compensation and a cumulative effect of accounting change of $62.5 million, or $0.84 per share. For the first nine months of 2001, AGCO reported net sales of $1,768.6 million and net income, excluding restructuring expenses, restricted stock compensation and an extraordinary loss, of $7.8 million, or $0.12 per share. Net sales for the first nine months of 2002 increased 18% mainly due to higher sales in Europe and South America and incremental sales resulting from the Ag-Chem acquisition and Challenger product line introduction.

The following is a reconciliation of adjusted earnings per share to reported loss per share for the nine months ended September 30, 2002 and 2001:

	Net Income (Loss)	Earnings (Loss) Per Share	Net Income (Loss)	Earnings (Loss) Per Share
Adjusted net income	$62.5	$0.84	$7.8	$0.12

Restructuring expenses (1)	22.0	0.30	6.5	0.10
Restricted stock compensation (1)	18.8	0.25	1.1	0.02
Income before extraordinary item and cumulative effect of a change in accounting principle	21.7	0.29	0.2	---
Extraordinary item (1)	---	---	(0.8)	(0.01)
Cumulative effect of a change in accounting principle (1)	(24.1)	(0.32)	---	---
Reported net loss	$(2.4)	$(0.03)	$(0.6)	$(0.01)

(1) After tax

The restructuring expenses recorded in the first nine months of 2002 relate primarily to the previously announced closure of the Coventry, England, manufacturing facility as well as other cost reduction initiatives. The restricted stock compensation recorded during the first nine months of 2002 primarily relates to first quarter awards earned under the Company's LTIP. In addition, the Company recorded a non-cash write-down of goodwill related to the adoption of SFAS No. 142 reflected as a cumulative effect of a change in accounting principle.

AGCO's operating income excluding restructuring expenses and restricted stock compensation for the first nine months was $136.4 million in 2002 compared to $66.0 million in 2001. The year-to-date increase was due to the addition of Ag-Chem (acquired in April 2001) in the first quarter 2002 results, higher sales in the majority of markets and margin improvement from cost reduction initiatives and acquisition synergies. Year-to-date gross margins improved from 16.9% to 18.3% from the addition of high margin Ag-Chem sales, the elimination of cost inefficiencies at AGCO's Hesston, Kansas, manufacturing plant of $7.9 million, increased production and other cost reduction programs. These improvements were partially offset by start-up losses relating to the Challenger product line introduction. Operating earnings for 2002 also benefited from lower intangible asset amortization of approximately $12.6 million.

Regional Market Results

North America -- Industry unit retail sales of tractors for the first nine months of 2002 increased approximately 3% over the comparable prior year period resulting from increases in the compact tractor segment, relatively flat demand in the utility tractor segment and a significant decrease in the high horsepower tractor segment. Industry unit retail sales of combines were approximately 25% lower than the prior year. AGCO's unit retail sales of tractors and combines for the first nine months of 2002 were higher than the prior year. AGCO's unit retail sales of combines in 2002 benefited from improved timing of shipments compared to 2001.

Western Europe -- Industry unit retail sales of tractors in Western Europe for the first nine months of 2002 increased approximately 5% over the comparable prior period. Strong increases were experienced in the United Kingdom and Germany, which were negatively impacted by concerns over livestock diseases in 2001. AGCO's unit retail sales for the first nine months of 2002 also increased when compared to the prior year period.

South America -- South American industry unit retail sales of tractors in the first nine months of 2002 increased approximately 17% over the comparable prior year period with strong increases in the Brazilian market. AGCO's South American unit retail sales also increased in the first nine months of 2002 compared to the same period in 2001. The Brazilian market continued to be strong due to full availability of the Brazilian government subsidized retail financing program, FINAME.

Rest of World Markets -- Outside of North America, Western Europe and South America, AGCO's net sales for the first nine months of 2002 were higher than the prior year in most markets.

"North American demand of large tractors, combines and sprayers has been extremely weak despite improving industry fundamentals," stated Mr. Ratliff. "Industry conditions in Western Europe and South America generally have been favorable and have allowed for a positive offset to the soft conditions in North America."

Sunflower Acquisition

On October 22, 2002, AGCO signed an agreement to acquire the assets of Sunflower Manufacturing Co., Inc. ("Sunflower"), a product line of SPX Corporation. Sunflower is a leading producer of tillage, seeding and specialty harvesting equipment, located in Beloit, Kansas, and serving the North American agricultural market. Sunflower's products have been marketed and sold under the highly respected "Sunflower" brand name for over 50 years and have established a reputation for innovation, performance and durability. Long-term plans include expansion of the products into export markets and the addition of new technology and some allied product innovations from AGCO. The recent agreement anticipates a closing soon after regulatory approvals are obtained and provides for a cash purchase price.

Major Initiatives on Schedule

AGCO has developed a number of initiatives designed to contribute to the Company's long-term profitability. These initiatives are focused on cost reduction, improved distribution, and the introduction of new products. In particular, AGCO's announced closure of its Coventry, England, facility and subsequent consolidation of tractor production into its Beauvais, France, and Canoas, Brazil, tractor manufacturing facilities is projected to increase the utilization of these facilities, reduce currency exposures and significantly lower product and operating costs. In addition, AGCO's initiative to market and distribute its new Challenger branded line of equipment primarily through Caterpillar dealers worldwide is expected to be a significant source of revenue growth. "Our major initiatives remain on track to deliver significant benefits to our future profitability," stated Mr. Ratliff. "We continue to expect the Coventry plant to close by the middle of 2003 and the resulting savings of $20 million to $25 million to be fully realized in 2004. Our Challenger product line development also continues to progress with over $50 million of sales generated to date. In addition, we are on schedule to release a significant number of new products in the next two years which will improve our competitive position and result in improved margins."

Outlook

Industry fundamentals have improved during 2002 with farm commodity prices increasing in reaction to an expected decline in the size of the North America commodity crop. Due to drought conditions in portions of North America, however, demand in North America is not expected to react favorably in 2002 to the improved fundamentals. As a result, worldwide demand for major farm equipment is expected to remain relatively unchanged in 2002 compared to 2001, with gains in Europe offsetting declines in North America. AGCO's net sales are expected to grow approximately 13 to 14% in 2002 compared to 2001 primarily due to impact of Challenger product line introduction, a full year of Ag-Chem sales, and the strengthening of the Euro. Gross margins are expected to continue to improve as a result of cost reduction initiatives, new product offerings and a full year's inclusion of Ag-Chem results with acquisition synergies. These benefits will be partially offset by the negative impact of the Challenger product line introduction in 2002 and production start-up costs related to the Coventry closure. In addition, due to the rise in AGCO's common stock price during the month of October, the Company will record restricted stock compensation expense of approximately $14 million in the fourth quarter of 2002 related to additional awards earned under the LTIP. Of the $14 million expense, approximately $8 million will be a non-cash expense. The Company expects 2002 full year net income per share before restructuring charges, restricted stock compensation expense and the cumulative effect of accounting change to meet the upper-end of its previous guidance of $1.10 per share. Earnings per share on a comparable basis in 2001 was $0.52 per share.

Safe Harbor Statement

Statements which are not historical facts, including earnings and sales projections, cost reduction projections, gross margin improvement, restructuring savings projections, production volume forecasts, industry demand outlook and the projected impact of acquisitions are forward looking and subject to risks which could cause actual results to differ materially from those suggested by the statements. Although the Company believes that the statements it has made are based on reasonable assumptions, they are based on current information and beliefs and, accordingly, the Company can give no assurance that its statements will be achieved. The Company bases its outlook on key operating, economic and agricultural data which are subject to change including, but not limited to: farm cash income, worldwide demand for agricultural products, commodity prices, grain stock levels, weather, crop production, farmer debt levels, existing government programs and farm-related legislation. Additionally, the Company's financial results are sensitive to movement in interest rates and foreign currencies, as well as general economic conditions, pricing and product actions taken by competitors, the success of its facility rationalization process, production disruptions and changes in environmental, international trade and other laws which impact the way in which it conducts its business. Further information concerning factors that could significantly affect the Company's results is included in the Company's filings with the Securities and Exchange Commission. The Company disclaims any responsibility to update any forward-looking statements.

AGCO Corporation, headquartered in Duluth, Georgia, is a global designer, manufacturer and distributor of agricultural equipment and related replacement parts. AGCO products are distributed in 140 countries. AGCO offers a full product line including tractors, combines, hay tools, sprayers, forage equipment and implements through more than 7,350 independent dealers and distributors around the world. AGCO products are distributed under the brand names AGCO, AGCOSTAR, Ag-Chem, Challenger, Farmhand, FENDT, Fieldstar, GLEANER, Glencoe, Hesston, LOR*AL, Massey Ferguson, New Idea, SOILTEQ, Spra-Coupe, Tye, White Planters and Willmar. AGCO provides retail financing through AGCO Finance in North America and through Agricredit in the United Kingdom, France, Germany, Ireland, Spain and Brazil. In 2001, AGCO had sales of $2.5 billion.

Please visit our website at www.agcocorp.com .

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

	September 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
Current Assets:		
Cash and cash equivalents	$7.9	$28.9
Accounts and notes receivable, net	471.4	471.9
Inventories, net	734.8	558.8
Other current assets	131.1	122.9
Total current assets	1,345.2	1,182.5
Property, plant and equipment, net	314.1	316.9

Investment in affiliates	78.0	69.6
Other assets	184.2	190.9
Intangible assets, net	374.9	413.4
Total assets	$2,296.4	$2,173.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$292.7	$272.2
Accrued expenses	389.0	350.7
Other current liabilities	24.4	19.9
Total current liabilities	706.1	642.8
Long Term debt	683.7	617.7
Postretirement health care benefits	24.8	25.6
Other noncurrent liabilities	91.1	87.8
Total liabilities	1,505.7	1,373.9
Stockholders' Equity:		
Common stock	0.7	0.7
Additional paid-in capital	575.5	531.5
Retained earnings	642.6	645.0
Unearned compensation	(2.4)	(0.6)
Accumulated other comprehensive loss	(425.7)	(377.2)
Total stockholders' equity	790.7	799.4
Total liabilities and stockholders' equity	$2,296.4	$2,173.3

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,	
	2002	2001
Net sales	$687.8	$577.2
Cost of goods sold	564.2	474.6
Gross profit	123.6	102.6
Selling, general and administrative expenses	70.1	63.8
Engineering expenses	15.4	12.3
Restructuring and other infrequent expenses	9.7	4.9
Amortization of intangibles	0.3	4.9
Income from operations	28.1	16.7
Interest expense, net	13.7	15.6
Other expense, net	4.7	4.8
Income (loss) before income taxes and equity in net earnings of affiliates	9.7	(3.7)
Income tax provision (benefit)	3.1	(1.8)
Income (loss) before equity in net earnings of affiliates	6.6	(1.9)
Equity in net earnings of affiliates	3.1	2.3
Net income	$9.7	$0.4

Net income per common share:		
Basic	$0.13	$0.01
Diluted	$0.13	$0.01
Weighted average number of common and common equivalent shares outstanding:		
Basic	74.4	71.7
Diluted	75.2	72.0

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2002	2001
Net sales	$2,079.0	$1,768.6
Cost of goods sold	1,697.8	1,469.8
Gross profit	381.2	298.8
Selling, general and administrative expenses	230.9	183.7
Engineering expenses	41.4	37.2
Restructuring and other infrequent expenses	33.3	10.5
Amortization of intangibles	1.0	13.6
Income from operations	74.6	53.8
Interest expense, net	42.2	45.0
Other expense, net	13.9	22.5
Income (loss) before income taxes, equity in net earnings of affiliates, extraordinary loss and cumulative effect of a change in accounting principle	18.5	(13.7)
Income tax provision (benefit)	6.3	(5.6)
Income (loss) before equity in net earnings of affiliates, extraordinary loss and cumulative effect of a change in accounting principle	12.2	(8.1)
Equity in net earnings of affiliates	9.5	8.3
Income before extraordinary loss and cumulative effect of a change in accounting principle	21.7	0.2
Extraordinary loss, net of taxes	---	(0.8)
Cumulative effect of a change in accounting principle, net of taxes	(24.1)	---
Net loss	$(2.4)	$(0.6)
Net income (loss) per common share:		
Basic:		
Income before extraordinary loss		

and cumulative effect of a change		
in accounting principle	$0.29	$---
Extraordinary loss	---	(0.01)
Cumulative effect of a change		
in accounting principle, net of taxes	(0.32)	---
Net loss	$(0.03)	$(0.01)
Diluted:		
Income before extraordinary loss		
and cumulative effect of a change		
in accounting principle	$0.29	$---
Extraordinary loss	---	(0.01)
Cumulative effect of a change		
in accounting principle, net of taxes	(0.32)	---
Net loss	$(0.03)	$(0.01)
Weighted average number of common		
and common equivalent shares outstanding:		
Basic	73.8	66.9
Diluted	74.7	67.3

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2002	2001
Cash flows from operating activities:		
Net loss	$(2.4)	$(0.6)
Adjustments to reconcile net loss to		
net cash (used in) provided by		
operating activities		
Extraordinary loss, net of taxes	---	0.8
Cumulative effect of a change in		
accounting principle, net of taxes	24.1	---
Depreciation and amortization	39.5	39.0
Amortization of intangibles	1.0	13.6
Restricted stock compensation	15.4	1.2
Equity in net earnings of affiliates,		
net of cash received	(2.7)	2.5
Deferred income tax benefit	(15.7)	(32.9)
Loss on write-down of property,		
plant and equipment	11.6	---
Changes in operating assets and		
liabilities net of effect		
from purchase of businesses:		
Accounts and notes receivable, net	(4.0)	175.4
Inventories, net	(165.6)	(41.5)
Other current and noncurrent assets	(4.9)	(0.3)
Accounts payable	4.1	(34.5)
Accrued expenses	39.9	(20.6)
Other current and noncurrent liabilities	(15.1)	(6.7)
Total adjustments	(72.4)	96.0
Net cash (used in) provided by		
operating activities	(74.8)	95.4
Cash flows from investing activities:		

Purchase of property, plant and equipment	(32.3)	(23.5)
Purchase of businesses, net of cash acquired	(12.7)	(147.5)
Proceeds from sales of property, plant and equipment	13.8	2.5
Investment in unconsolidated affiliates	(1.1)	(0.5)
Net cash used for investing activities	(32.3)	(169.0)
Cash flows from financing activities:		
Proceeds from long-term debt, net	82.2	83.7
Proceeds from issuance of preferred and common stock	5.6	5.3
Payment of debt and common stock issuance costs	(0.1)	(12.8)
Dividends paid on common stock	---	(0.6)
Net cash provided by financing activities	87.7	75.6
Effect of exchange rate changes on cash and cash equivalents	(1.6)	(1.4)
(Decrease) increase in cash and cash equivalents	(21.0)	0.6
Cash and cash equivalents, beginning of period	28.9	13.3
Cash and cash equivalents, end of period	$7.9	$13.9

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, in millions, except per share data)

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of AGCO Corporation and subsidiaries (the "Company" or "AGCO") included herein have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary to present fairly the Company's financial position, results of operations and cash flows at the dates and for the periods presented. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. Certain reclassifications of previously reported financial information were made to conform to the current presentation. Results for interim periods are not necessarily indicative of the results for the year.

2. ACQUISITIONS

Challenger

On March 5, 2002, the Company completed its agreement with Caterpillar, Inc. ("Caterpillar") to acquire the design, assembly and marketing of the new MT Series of Caterpillar's Challenger tractor line. The Company issued approximately 1.0 million shares of common stock in the transaction valued at approximately $21.0 million based on the closing price of the Company's common stock on the acquisition date. In addition, the Company purchased approximately $13.0 million of initial production inventory from Caterpillar in connection with a supply agreement with Caterpillar. The addition of the Challenger tractor line provides the Company with a technological leader in high horsepower track-type tractors that will be marketed on a worldwide basis primarily through the Caterpillar distribution organization. Furthermore, the Company will provide Caterpillar dealers with additional products that will broaden their equipment offerings and enhance their competitive position. The results of operations for this product line have been included in the Company's results as of the date of the acquisition. The acquired assets consist of technology, trademarks, trade names, inventory, and property, plant and equipment. There were no accounts receivable acquired or liabilities assumed in the transaction since all rights and obligations relating to past sales of the prior series of the Challenger product line remain with Caterpillar. Since the preliminary fair value of the assets acquired is in excess of the purchase price, the Company did not record any goodwill associated with the acquisition.

Ag-Chem

On April 16, 2001, the Company completed the acquisition of Ag-Chem Equipment Co., Inc. ("Ag-Chem"), a leading manufacturer and distributor of self-propelled fertilizer and chemical sprayers for pre-emergent and post- emergent applications.

The Ag-Chem acquisition was accounted for as a purchase in accordance with Accounting Principles Board ("APB") No. 16, and, accordingly, the purchase price has been allocated to the assets acquired and the liabilities assumed based on their fair values as of the acquisition date. In connection with the acquisition of Ag-Chem, the Company established $3.1 million in liabilities primarily related to severance, employee relocation and other costs associated with the planned closure of Ag-Chem's Benson, Minnesota manufacturing facility, Minnetonka, Minnesota administrative office and fifteen parts and service facilities.

During the first quarter of 2002, all costs in connection with the liabilities established had been incurred. Accordingly, the Company adjusted its purchase price allocation to reflect a reduction in these established liabilities of $0.4 million.

3. RESTRUCTURING AND OTHER INFREQUENT EXPENSES

During the second quarter of 2002, the Company announced and initiated a restructuring plan related to the closure of its tractor manufacturing facility in Coventry, England and the relocation of existing production at Coventry to the Company's Beauvais, France and Canoas, Brazil manufacturing facilities. In connection with the restructuring plan, the Company has recorded approximately $30.2 million of restructuring and other infrequent expenses during the nine months ended September 30, 2002. The components of the restructuring expenses are summarized in the following table:

	2002 Expense	Expenses Incurred	Balance at September 30, 2002
Cash:			
Employee severance	$8.4	$---	$8.4
Employee retention payments	8.9	---	8.9
Facility closure costs	1.7	---	1.7
Noncash:			
Write-down of property, plant and equipment	11.2	11.2	---
Facility closure costs	$30.2	$11.2	$19.0

The severance costs relate to the termination of approximately 1,100 employees, following the completion of production in the Coventry facility. No employees have been terminated as of September 30, 2002. The employee retention payments relate to incentives paid to Coventry employees who remain employed until certain future termination dates and are accrued over the term of the retention period. The facility closure costs include certain noncancelable operating lease termination and other facility exit costs. The write-down of property, plant and equipment represents the impairment of machinery and equipment resulting from the facility closure and was based on the estimated fair value of the assets compared to their carrying value. The estimated fair value of the equipment was determined based on current conditions in the market. The machinery, equipment and tooling will be disposed of after production ceases and the buildings, land and improvements will be marketed for sale. The $19.0 million of restructuring costs accrued at September 30, 2002 are expected to be incurred during the remainder of 2002 and 2003. The Company also recorded approximately $0.9 million of inventory reserves reflected in costs of goods sold, related to inventory that was identified as obsolete as a result of the closure.

Further, in connection with the Coventry closure, the Company has applied to the High Court in London, England, for clarification of a rule of its U.K. pension plan which governs the circumstances in which full pensions are payable without reduction for early retirement. While the Company and its advisors are of the view that no such unreduced pensions are payable in the context of the closure, it is accepted that clarification from the High Court is advisable. In the event of an adverse ruling, the estimated impact on the pension plan would be an increase in plan liabilities of between $50 million and $60 million.

In addition, the Company recorded restructuring and other infrequent expenses of $3.0 million for the nine months ended September 30, 2002. The expense for the nine months primarily relates to severance costs and certain lease termination and other exit costs associated with the rationalization of the Company's European engineering and marketing personnel and certain German manufacturing facilities, as well as the restructuring of the Company's North American information systems function. The $2.2 million of severance costs recorded associated with these activities relate to the termination of approximately 90 employees in total. At September 30, 2002, approximately $1.4 million of the amount accrued had been incurred. The remaining balance of $1.6 million is expected to be incurred during the remainder of 2002.

In 2001, the Company announced its plans to rationalize certain facilities as part of the Ag-Chem acquisition integration. The Company consolidated AGCO's Willmar, Minnesota manufacturing facility and Ag-Chem's Benson, Minnesota manufacturing facility into Ag-Chem's Jackson, Minnesota manufacturing plant. In addition, the Company closed Ag-Chem's Minnetonka, Minnesota administrative offices and relocated all functions to the Jackson facility. The Company also closed fifteen parts and service facilities and integrated parts warehousing and logistics into AGCO's North America parts distribution system.

The components of the restructuring and other infrequent expenses are summarized in the following table:

	Reserve Balance at December 31, 2001	2002 Expense	Expenses Incurred	Reserve Balance at September 30, 2002
Employee severance	$0.6	$0.2	$0.6	$0.2
Employee retention payments	0.2	(0.2)	---	---
Facility closure costs	0.1	---	0.1	---
Facility relocation and transition costs	---	0.1	0.1	---
	$0.9	$0.1	$0.8	$0.2

All employees identified in the restructuring plan had been terminated as of the end of the first quarter of 2002. The employee retention payments related to incentives to be paid to Ag-Chem and AGCO employees who remained employed until certain future termination dates and were accrued over the term of the retention period. In the first quarter of 2002, the Company reversed approximately $0.2 million of retention payments, which were not earned or required. The facility closure costs included employee relocation costs and other future exit costs to be incurred at the Company's Willmar location after operations ceased. The facility relocation and transition costs are being expensed as incurred and represent costs to relocate inventory and machinery and costs to integrate operations into the remaining facilities. The $0.2 million of costs accrued at September 30, 2002 are expected to be incurred in 2002.

In 2000, the Company permanently closed its combine manufacturing facility in Independence, Missouri and its Lockney, Texas and Noetinger, Argentina implement manufacturing facilities. In 1999, the Company permanently closed its Coldwater, Ohio manufacturing facility. The majority of production in these facilities has been relocated to existing Company facilities or outsourced to third parties. The Company did not record any additional restructuring and other infrequent expenses in 2002 related to these closures. The Company incurred approximately $0.5 million of expenses charged to accrued restructuring costs related to these closures during the nine months ended September 30, 2002. The remaining accrued restructuring costs of $0.5 million primarily relate to noncancelable lease termination costs and will be incurred through 2005.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142 ("SFAS 142") "Goodwill and Other Intangible Assets." SFAS No. 142 requires companies to cease amortizing goodwill and other indefinite- lived intangible assets on December 31, 2001 that were in existence at June 30, 2001. Any goodwill and other indefinite-lived intangible assets resulting from acquisitions completed after June 30, 2001 will not be amortized. SFAS No. 142 also establishes a new method of testing goodwill and other indefinite-lived intangible assets for impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. SFAS No. 142 requires that an initial impairment assessment be performed on all goodwill and indefinite-lived intangible assets. This assessment involves determining an estimate of the fair value of the Company's reporting units including trademarks in order to evaluate whether an impairment of the current carrying amount of goodwill and other indefinite-lived intangible assets exists. Fair values are derived based on an evaluation of past and expected future performance of the Company's reporting units.

The goodwill in each of the Company's segments was tested for impairment during the first quarter of 2002 as required by SFAS No. 142. The Company utilized a combination of valuation techniques including a discounted cash flow approach, a market multiple approach and a comparable transaction approach. Based on this evaluation, the Company determined that goodwill associated with its Argentina and North America reporting units was impaired. As a result, the Company recorded a pre-tax write-down of goodwill of $27.7 million. This write-down was recognized as a cumulative effect of a change in accounting principle of $24.1 million, net of $3.6 million of taxes, in the first quarter of 2002.

Prior to the adoption of SFAS No. 142, the Company amortized goodwill and other indefinite lived intangible assets over periods ranging from 10 to 40 years. The following is a reconciliation of the Company's income before cumulative effect of a change in accounting principle and net income as if goodwill were accounted for in accordance with SFAS No. 142 in prior periods.

	Nine Months Ended September 30, 2002	2001
Reported income (loss) before cumulative effect of a change in accounting principle	$21.7	$(0.6)
Add: Goodwill amortization	---	7.5
Add: Indefinite lived trademark amortization	---	0.8
Adjusted income before cumulative effect of a change in accounting principle	21.7	7.7
Cumulative effect of a change in accounting principle, net of taxes	(24.1)	---
Adjusted net (loss) income	$(2.4)	$7.7
Net income (loss) per common share:		
Basic:		
Reported income (loss) before cumulative effect of a change in accounting principle	$0.29	$(0.01)
Add: Goodwill amortization	---	0.11
Add: Indefinite lived trademark amortization	---	0.01
Adjusted income before cumulative effect of a change in accounting principle	0.29	0.11
Cumulative effect of a change in accounting principle, net of taxes	(0.32)	---
Adjusted net (loss) income	$(0.03)	$0.11
Diluted:		
Reported income (loss) before cumulative effect of a change in accounting principle	$0.29	$(0.01)
Add: Goodwill amortization	---	0.11
Add: Indefinite lived trademark amortization	---	0.01
Adjusted income before cumulative effect of a change in accounting principle	0.29	0.11

Cumulative effect of a change in accounting principle, net of taxes	(0.32)	---
Adjusted net (loss) income	$(0.03)	$0.11

5. LONG-TERM DEBT

Long-term debt consisted of the following at September 30, 2002 and December 31, 2001:

	September 30, 2002	December 31, 2001
Revolving credit facility	$172.1	$89.0
9-1/2 Senior notes due 2008	250.0	250.0
8-1/2 Senior subordinated notes due 2006	249.0	248.9
Other long-term debt	12.6	29.8
Total long-term debt	$683.7	$617.7

6. INVENTORIES

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

Inventory balances at September 30, 2002 and December 31, 2001 were as follows:

	September 30, 2002	December 31, 2001
Finished goods	$329.0	$210.7
Repair and replacement parts	231.1	201.5
Work in process, production parts and raw materials	174.7	146.6
Inventories, net	$734.8	$558.8

7. ACCOUNTS RECEIVABLE SECURITIZATION

At September 30, 2002, the Company has accounts receivable securitization facilities in the United States, Canada, and Europe totaling approximately $419.0 million. Under these facilities, wholesale accounts receivable are sold on a revolving basis to commercial paper conduits either on a direct basis or through a wholly-owned special purpose U.S. subsidiary. Outstanding funding under these facilities totaled $388.8 million at September 30, 2002 and $402.0 million at December 31, 2001. The funded balance has the effect of reducing accounts receivable and short-term liabilities by the same amount. Losses on sales of receivables primarily from securitization facilities included in other expense, net for the nine months ended September 30, 2002 and 2001 were $11.1 million and $18.6 million, respectively.

8. SEGMENT REPORTING

The Company has five reportable segments: North America; South America; Europe/Africa/Middle East; Asia/Pacific; and Sprayer Division. Each regional segment distributes a full range of agricultural equipment and related replacement parts. The Sprayer division manufactures and distributes self- propelled agricultural sprayers and replacement parts. The Company evaluates segment performance primarily based on income from operations. Sales for each regional segment are based on the location of the third-party customer. All intercompany transactions between the segments have been eliminated. The Company's selling, general and administrative expenses and engineering expenses are charged to each segment based on the region and division where the expenses are incurred. As a result, the components of operating income for one segment may not be comparable to another segment. Segment results for the three months and nine months ended September 30, 2002 and 2001 are as follows:

Three months ended September 30,	North America	South America	Europe/ Africa /Middle East	Asia/ Pacific	Sprayer Division	Consolidated
2002						
Net sales	$196.7	$69.5	$349.4	$29.9	$42.3	$687.8
Income (loss) from operations	(3.4)	8.2	31.4	5.1	(2.5)	38.8
2001						
Net sales	$175.7	$65.5	$270.5	$26.7	$38.8	$577.2
Income (loss)						

from operations	4.8	7.4	17.0	4.2	(6.5)	26.9

Nine Months Ended September 30,	North America	South America	Europe/ Africa /Middle East	Asia/ Pacific	Sprayer Division	Consolidated
2002						
Net sales	$548.2	$199.6	$1,052.0	$75.8	$203.4	$2,079.0
Income (loss)						
from operations	(2.9)	20.9	92.6	12.9	13.9	137.4
2001						
Net sales	$481.6	$184.2	$914.6	$70.1	$118.1	$1,768.6
Income (loss)						
from operations	(9.7)	15.3	67.3	10.9	(4.2)	79.6

A reconciliation from the segment information to the consolidated balances for income from operations is set forth below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Segment income from operations	$38.8	$26.9	$137.4	$79.6
Restricted stock compensation expense	(0.7)	(0.4)	(28.5)	(1.7)
Restructuring and other				
infrequent expenses	(9.7)	(4.9)	(33.3)	(10.5)
Amortization of intangibles	(0.3)	(4.9)	(1.0)	(13.6)
Consolidated income from operations	$28.1	$16.7	$74.6	$53.8

Source: AGCO Corporation