AGCO CORP /DE
Form DEF 14A
March 28, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under Rule 14a-12

AGCO CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
April 26, 2007

The Annual Meeting of Stockholders of AGCO Corporation will be held at the offices of the Company, 4205 River Green Parkway, Duluth, Georgia 30096, on Thursday, April 26, 2007, at 9:00 a.m., local time, for the following purposes:

1. To elect four directors to serve for the ensuing three years or until their successors have been duly elected and qualified;

2. To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2007; and

3. To transact any other business that may properly be brought before the meeting.

The Board of Directors has fixed the close of business on March 16, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. A list of stockholders as of the close of business on March 16, 2007 will be available for examination by any stockholder at the Annual Meeting itself as well as for a period of ten days prior to the Annual Meeting at our offices at the above address during normal business hours.

We urge you to mark and execute your proxy card and return it promptly in the enclosed envelope. In the event you are able to attend the meeting, you may revoke your proxy and vote your shares in person.

By Order of the Board of Directors

STEPHEN D. LUPTON
Corporate Secretary

Atlanta, Georgia
March 29, 2007

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AGCO CORPORATION

PROXY STATEMENT FOR THE
ANNUAL MEETING OF STOCKHOLDERS
April 26, 2007

INFORMATION REGARDING PROXIES

This proxy solicitation is made by the Board of Directors of AGCO Corporation, which has its principal executive offices at 4205 River Green Parkway, Duluth, Georgia 30096. By signing and returning the enclosed proxy card, you authorize the persons named as proxies on the proxy card to represent you and vote your shares.

If you attend the meeting, you may vote by ballot. If you are not present at the meeting, your shares can be voted only when represented by a proxy. You may indicate a vote in connection with the election of directors and the ratification of the appointment of the independent registered public accounting firm and your shares will be voted accordingly. If you indicate a preference to abstain from voting, no vote will be recorded. You may withhold your vote from any nominee for director by marking the Withhold box across from his name on the proxy card. You may revoke your proxy before balloting begins by notifying the Corporate Secretary in writing at 4205 River Green Parkway, Duluth, Georgia 30096. In addition, any proxy card signed and returned by you may be revoked at any time before it is voted by signing and duly delivering a proxy card bearing a later date or by attending the meeting and voting in person. If you return a signed proxy card that does not indicate your voting preferences, the persons named as proxies on the proxy card will vote your shares in favor of all of the four nominees described below.

The enclosed form of proxy card is solicited by the Board of Directors of the Company, and the cost of solicitation of proxy cards will be borne by the Company. In order to ensure that a quorum is represented by proxies at the meeting, proxy solicitation also may be made personally or by telephone by officers or employees of the Company, without added compensation. The Company will reimburse brokers, custodians and nominees for their expenses in forwarding proxy material to beneficial owners. The Company may retain an outside firm to aid in the solicitation of proxy cards, the cost of which the Company expects would not exceed $25,000.

This proxy statement and form of proxy card are first being sent to stockholders on or about March 29, 2007. The Company s 2006 Annual Report to its stockholders and its Annual Report on Form 10-K for 2006 also are enclosed and should be read in conjunction with the matters set forth herein.

VOTING SHARES

Only stockholders of record as of the close of business on March 16, 2007 are entitled to notice of and to vote at the Annual Meeting. On March 16, 2007, the Company had outstanding 91,462,609 shares of Common Stock, each of which is entitled to one vote on each matter coming before the meeting. No cumulative voting rights exist, and dissenters rights for stockholders are not applicable to the matters being proposed.

Quorum Requirement

A quorum of the Company s stockholders is necessary to hold a valid meeting. The Company s By-Laws provide that a quorum is present if a majority of the outstanding shares of Common Stock of the Company entitled to vote at the meeting are present in person or represented by proxy. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of elections appointed for the meeting who also will determine whether a quorum is present for the transaction of business. Abstentions and broker non-votes will be treated as shares that are present and entitled to vote for purposes of determining whether a quorum is present. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instruction from the beneficial owner of the shares and no instruction is given.

Vote Necessary for the Election of Directors

Directors are elected by a plurality of the shares of Common Stock actually voted (in person or by proxy) at the Annual Meeting. Withheld votes and abstentions have no effect. Under the New York Stock Exchange, Inc.

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(NYSE) rules, if your broker holds your shares in its name, your broker is permitted to vote your shares with respect to the election of directors even if your broker does not receive voting instructions from you.

Vote Necessary for the Ratification of the Appointment of Independent Registered Public Accounting Firm

The ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2007 will be approved if a majority of the number of shares of the Company s Common Stock that are present (in person or by proxy) at the Annual Meeting and entitled to vote thereon are voted in favor of ratification. Abstentions will be counted in determining the minimum number of affirmative votes required for approval and, accordingly, will have the effect of a vote against ratification. Broker non-votes will not be counted as votes for or against ratification.

Other Matters

With respect to any other matter that may properly come before the Annual Meeting for stockholder consideration, a matter will be approved if a majority of the number of shares of the Company s Common Stock that are present (in person or by proxy) at the Annual Meeting and entitled to vote thereon are voted in favor of the matter. Abstentions will be counted in determining the minimum number of affirmative votes required for approval thereof and, accordingly, will have the effect of a vote against any such matter. Broker non-votes will not be counted as votes for or against other matters presented for stockholder consideration.

PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

The Board is divided into three classes of directors, designated Class I, Class II and Class III, with each class as nearly equal in number as possible to the other two classes. The three classes serve staggered three-year terms. Stockholders annually elect directors of one of the three classes to serve for three years or until their successors have been duly elected and qualified. At the Annual Meeting, stockholders will elect four directors to serve as Class III directors. The Nominating and Corporate Governance Committee has recommended, and the Board of Directors has nominated, the four individuals named below to serve as Class III directors until the Annual Meeting in 2010 or until their successors have been duly elected and qualified.

The following is a brief description of the business experience of each of the four nominees for Class III directorship:

W. Wayne Booker, age 72, has been a director of the Company since October 2000. Mr. Booker served as Vice Chairman of Ford Motor Company from 1996 until his retirement in 2002. In addition, Mr. Booker was a Vice President of Ford from 1989 until 2001. Prior to his retirement, Mr. Booker served on the boards of several international councils, including the US-China Business Council, the National Committee on US-China Relations, the National Center for APEC and the US-Thailand Business Council. Mr. Booker also serves on the Board of Koc Holding A.S.

Francisco R. Gros, age 64, has been a director of the Company since October 2006. Mr. Gros has been President and Chief Executive Officer of Fosfertil, a company involved in the chemical, fertilizer and logistics industries in Brazil, since 2003. In addition, Mr. Gros was President and Chief Executive Officer of Petróleo Brasileiro S.A. from January 2002 to December 2002, and President and Chief Executive Officer of the Brazilian Development Bank from 2000 to December 2001. Previously, Mr. Gros was also a Managing Director of Morgan Stanley from 1993 to 2000, and was Governor of the Central Bank on two occasions, in 1987 and from 1991 to 1992. Mr. Gros is also the Chairman of the Board for Lojas Renner S.A. and serves on the Boards of Globex Utilidades S.A., Ocean Wilson Holdings, Energias do Brasil S.A. and Farmasa S.A.

Gerald B. Johanneson, age 66, has been a director of the Company since April 1995. Until his retirement in 2003, Mr. Johanneson had been President and Chief Executive Officer of Haworth, Inc. since 1997. He served as

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President and Chief Operating Officer of Haworth, Inc. from 1994 to 1997 and as Executive Vice President and Chief Operating Officer from 1988 to 1994. Mr. Johanneson currently serves on the Board of Haworth, Inc.

Curtis E. Moll, age 67, has been a director of the Company since April 2000. Mr. Moll has been Chairman of the Board and Chief Executive Officer of MTD Products, Inc., a global manufacturing corporation, since 1980. He joined MTD Products as a project engineer in 1963. Mr. Moll is also Chairman of the Board of Shiloh Industries and serves on the Boards of Cleveland Advanced Manufacturing Program, Inc. and the Sherwin-Williams Company.

The four nominees who receive the greatest number of votes cast for the election of directors at the Annual Meeting shall become directors at the conclusion of the tabulation of votes.

The Board of Directors recommends a vote FOR the nominees set forth above.

DIRECTORS CONTINUING IN OFFICE

The seven individuals named below are now serving as directors of the Company with terms expiring at the Annual Meetings in 2008 and 2009, as indicated.

Directors who are continuing in office as Class I directors whose terms expire at the Annual Meeting in 2008 are listed below:

Herman Cain, age 61, has been a director of the Company since December 2004. Mr. Cain also has served as the Chairman of T.H.E. New Voice, a leadership and consulting firm that he founded, since 2004. Prior to that, he was the Chairman of The Federal Reserve Bank of Kansas City from 1995 to 1996, and a Member from 1992 to 1994. Mr. Cain served as the Chief Executive Officer and President of the National Restaurant Association from 1997 to 1999 and as Chairman and Chief Executive Officer of Godfather s Pizza, Inc. from 1988 to 1996. From 1977 to 1988, Mr. Cain served in various positions with The Pillsbury Company and Burger King Corporation.

Wolfgang Deml, age 61, has been a director of the Company since February 1999. Since 1991, Mr. Deml has been President and Chief Executive Officer of BayWa Corporation, a trading and services company located in Munich, Germany. Mr. Deml is also currently a member of the Supervisory Board of MAN Nutzfahrzeuge AG and the Chairman of the Supervisory Board of VK Mühlen AG.

David E. Momot, age 69, has been a director of the Company since August 2000. Over his 30-year career with General Electric, Mr. Momot served in various manufacturing and general management positions. Most recently, from 1991 to 1997, Mr. Momot held various executive positions at General Electric including Vice President European Operations G.E. Lighting, President and Chief Executive Officer BG Automotive Motors, Inc. and, most recently, Vice President and General Manager Industrial Drive Motors and Generators. Mr. Momot has served on the executive board of the Boy Scouts of America, on various Chambers of Commerce at local and state levels and on several YMCA and church boards.

Martin Richenhagen, age 54, has been Chairman of the Board of Directors since August 2006, a director since March 2004 and has served as President and Chief Executive Officer of the Company since July 2004. From 2003 to 2004, Mr. Richenhagen was Executive Vice President of Forbo International SA, a flooring material business based in Switzerland. From 1998 to 2002, Mr. Richenhagen was Group President of Claas KgaA mbH, a global farm equipment manufacturer and distributor. From 1995 to 1998, Mr. Richenhagen was Senior Executive Vice President for Schindler Deutschland Holdings GmbH, a worldwide manufacturer and distributor of elevators and escalators.

Directors who are continuing in office as Class II directors whose terms expire at the Annual Meeting in 2009 are listed below:

P. George Benson, Ph.D, age 60, has been a director of the Company since December 2004. Mr. Benson is currently President of the College of Charleston, serving in that position since February 2007, and has been a member of the Board of Directors and Audit Committee Chair for Nutrition 21, Inc., respectively, since 1998 and 2002. He also has been a member of the Board of Directors of Crawford & Company (Atlanta, Georgia) since September 2005 and the National Bank of South Carolina since February 2007. Mr. Benson was a judge for the Malcom Baldridge National Quality Award from 1997 to 2000 and recently completed a three-year term on the

Board of Overseers for the Baldridge Award. He was Chairman of the Board of Overseers for the past two years and was elected to the Board of Directors of the Foundation for the Baldridge Award in March 2007. From 1998 to 2006, he served as Dean of the Terry College of Business at the University of Georgia. From 1993 to 1998, Mr. Benson served as Dean of the Rutgers Business School at Rutgers University. Prior to that, Mr. Benson was on the faculty of the Carlson School of Management at the University of Minnesota from 1977 to 1993, where he served as Director of the Operations Management Center from 1992 to 1993 and head of the Decision Sciences Area from 1983 to 1988.

Gerald L. Shaheen, age 62, has been a director of the Company since October 2005. Mr. Shaheen is currently a Group President of Caterpillar Inc., serving in that position since 1998. Since joining Caterpillar in 1967, Mr. Shaheen has held numerous marketing and general management positions, both in the United States and Europe. Mr. Shaheen is also a Board member and Chairman of the Board of Trustees of Bradley University and the U.S. Chamber of Commerce, as well as a Board member of the Association of Equipment Manufacturers, the National Chamber Foundation and the Mineral Information Institute, Inc. He also serves on the Board of Directors of National City Corporation, where he chairs the Nominating and Board of Directors Governance Committee, and on the Board of Trustees of the National Multiple Sclerosis Society, Greater Illinois Chapter, and Peoria NEXT.

Hendrikus Visser, age 62, has been a director of the Company since April 2000. Mr. Visser is Chairman of Bever Holding N.V. and Royal Huisman Shipyards N.V., and serves on the boards of Sovion N.V. and Friesland Bank N.V. Foundation OPG N.V. He was the Chief Financial Officer of NUON N.V. and has served on the boards of major international corporations and institutions including Rabobank Nederland, the Amsterdam Stock Exchange, Amsterdam Institute of Finance and De Lage Landen.

BOARD OF DIRECTORS AND CERTAIN COMMITTEES OF THE BOARD

During 2006, the Board of Directors held six meetings. The Company holds executive sessions of its non-management directors at each meeting of its Board of Directors. Mr. Johanneson currently presides over those meetings as Lead Director. The Company encourages stockholders and other interested persons to communicate with Mr. Johanneson and the other members of the Board of Directors. Any person who wishes to communicate with a particular director or the Board of Directors as a whole, including the Lead Director or any independent director, may send such correspondence to Stephen Lupton, Corporate Secretary, AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096. Such correspondence should indicate interest in the Company and clearly specify whether it is intended to be forwarded to the entire Board of Directors or to one or more particular directors. Mr. Lupton will forward all correspondence satisfying these criteria.

In accordance with the rules of the NYSE, the Company s Board of Directors has adopted categorical standards to assist it in making determinations of its directors independence. The Board of Directors has determined that in order to be considered independent, a director must not:

- be an employee of the Company or have an immediate family member, as that term is defined in the General Commentary to Section 303A.02(b) of the NYSE rules, who is an executive officer of the Company at any time during the preceding three years;

- receive or have an immediate family member who receives or solely own any business that receives during any twelve-month period within the preceding three years direct compensation from the Company or any subsidiary or other affiliate in excess of $100,000, other than for director and committee fees and pension or other forms of deferred compensation for prior service to the Company or, solely in the case of an immediate family member, compensation for services to the Company as a non-executive employee;

be a current partner or current employee of a firm that is the internal or external auditor of the Company or any subsidiary or other affiliate or have an immediate family member that is a current partner of such a firm or that is a current employee of such a firm who participates in such firm s audit, assurance or tax compliance (but not tax planning) practice;

have been or have an immediate family member who was at any time during the preceding three years a partner or employee of such an auditing firm who personally worked on an audit of the Company or any subsidiary or other affiliate within that time;

be employed or have an immediate family member that is employed either currently or at any time within the preceding three years as an executive officer of another company in which any present executive officers of the Company or any subsidiary or other affiliate serve or served at the same time on the other company s Compensation Committee; and

be a current employee or have an immediate family member that is a current executive officer of a company that has made payments to or received payments from the Company or any subsidiary or other affiliate for property or services in an amount which, in any of the preceding three fiscal years of such other company, exceeds (or in the current fiscal year of such other company is likely to exceed) the greater of $1 million or two percent of the other company s consolidated gross revenues for that respective year.

In addition, in order to be independent for purposes of serving on the Audit Committee, a director may not:

accept any consulting, advisory or other compensatory fee from the Company or any subsidiary; and

be an affiliated person, as that term is used in Section 10A(m)(3)(B)(ii) of the Securities Exchange Act of 1934 (the Exchange Act), of the Company or any of its subsidiaries.

Finally, in order to be independent for purposes of serving on the Compensation Committee, a director may not:

be a former employee or officer of the Company or receive any compensation from the Company other than for services as a director; and

have an interest in a transaction required under United States Securities and Exchange Commission (SEC) rules to be described in the Company s proxy statement.

These standards are consistent with the standards set forth in the NYSE rules and the Exchange Act. In applying these standards, the Company takes into account the interpretations of, and the other guidance available from, the NYSE.

Based upon the foregoing standards, the Board of Directors has determined that all of its directors are independent in accordance with these standards except for Mr. Richenhagen and that none of the independent directors has any material relationship with the Company, other than as a director or shareholder of the Company. Messrs. Deml and Shaheen each have business relationships with the Company as described under the caption Certain Relationships and Related Party Transactions. The Board of Directors has determined that these relationships are not material for the following reasons:

The net sales of the Company to BayWa Corporation, for which Mr. Deml serves as the President and Chief Executive Officer, during the preceding three fiscal years of that company did not exceed, and are not likely to exceed in the current fiscal year of that company, the greater of $1 million or two percent of that company s consolidated gross revenues; and

The payments by the Company to Caterpillar Inc., for which Mr. Shaheen serves as one of the Group Presidents, for license fees and purchased raw materials during the preceding three fiscal years of that company did not exceed, and are not likely to exceed in the current fiscal year of that company, the greater of $1 million or two percent of that company s consolidated gross revenues.

The Board of Directors has adopted a policy that all directors on the Board of Directors are expected to attend Annual Meetings of the Company s stockholders. All of the directors on the Board of Directors attended the Company s previous Annual Meeting held in April 2006 except for Mr. Cain.

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Director Compensation

The following table provides information concerning the compensation of the members of the Company s Board of Directors for the most recently completed fiscal year. Each non-employee director receives an annual base retainer of $40,000 plus $25,000 in Restricted Common Stock for Board service as well as $5,000 for each committee on which he serves. Each director also receives an additional fee of $2,000 for each Board meeting attended (or $1,000 if the Board meeting is held via teleconference) and $1,000 for each committee meeting attended (or $500 if the committee meeting is held via teleconference). Committee chairmen receive an additional annual retainer of $10,000 (or $15,000 for the chairman of the Audit Committee) and an additional fee of $500 for each committee meeting attended.
Mr. Johanneson, who is the Lead Director, also receives an additional $25,000 Lead Director s fee. The Company does not have any consulting arrangements with any of its directors.

2006 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards[8] ($)	All Other Compensation ($)	Total ($)
P. George Benson[1]	95,500	25,000	4,435	124,935
W. Wayne Booker[1]	94,500	25,000	2,957	122,457
Herman Cain[1]	66,000	25,000	26,192	117,192
Wolfgang Deml	76,250	25,000		101,250
Francisco R. Gros[2]	21,500			21,500
Gerald B. Johanneson (Lead Director)[3]	91,750	25,000		116,750
Curtis E. Moll	75,500	25,000		100,500
David E. Momot	87,500	25,000		112,500
Robert J. Ratliff[4][5]	127,125	25,000	794,943	947,068
Wolfgang Sauer[6]	24,209	25,000		49,209
Gerald L. Shaheen[7]	101,668	25,000		126,668
Hendrikus Visser	80,500	25,000		105,500
	$ 942,002	$ 275,000	$ 828,527	$ 2,045,529

(1) Messrs. Benson, Booker and Cain used the Company s corporate aircraft for personal use during 2006. The costs reported in All Other Compensation reflect our aggregate incremental costs for such items as fuel, maintenance, pilot/crew, engine depreciation and catering costs. In addition, Mr. Ratliff s wife accompanied him on the Company s corporate aircraft to a Board of Directors meeting, as well as another AGCO business-related meeting. We did not include compensation cost associated with the use of the Company s corporate aircraft in these instances as there was no incremental cost associated with that use.

(2) Mr. Gros was appointed a director effective October 1, 2006.

(3) Mr. Johanneson was appointed Lead Director effective January 1, 2007.

(4) Mr. Ratliff was Chairman of the Board until his retirement in August 2006 and received a fee for his services as Chairman.

(5) Amounts for Mr. Ratliff in All Other Compensation include $382,021 in payments from the Company s former Supplemental Executive Retirement Plan (SERP) during 2006. In addition, Mr. Ratliff has an interest-free loan from the Company in the amount of $4.0 million. The loan proceeds were used to purchase life insurance policies owned by Mr. Ratliff. The Company maintains a collateral assignment in the policies. In lieu of making the interest payments under the loans, the loan interest is reported as compensation. The Company reimburses Mr. Ratliff for his annual tax liability associated with this additional compensation. The total compensation related to the $4.0 million loan and related interest and tax gross ups was approximately

$343,666 during 2006. The Company also maintains a $2.0 million life insurance policy on Mr. Ratliff, and pays annual premiums of approximately $69,256 per year related to the policy, which is also reported as compensation. This policy is owned by Mr. Ratliff, and the Company has no collateral assignment with respect to the policy.

(6) Mr. Sauer retired from the Board in April 2006.

(7) Mr. Shaheen s 2006 fees include $10,918 of 2005 director fees that were not paid until 2006.

(8) The Company s 2006 Long-term Incentive Plan (the 2006 Plan) allows for an annual grant of $25,000 in restricted stock to each director. The shares are restricted as to transferability for a period of three years following the award. In the event a director departs from the Board, the non-transferability period expires immediately. The 2006 annual grant occurred on April 27, 2006, the date of the Company s 2006 annual stockholders meeting. The total grant equated to 11,550 shares, or 1,050 shares per director. After shares were withheld for income tax purposes, each director received the following shares: Mr. Ratliff 630 shares; Mr. Johanneson 682 shares; Mr. Benson 630 shares; Mr. Booker 1,050 shares; Mr. Cain 1,050 shares; Mr. Deml 585 shares; Mr. Moll 1,050 shares; Mr. Momot 1,050 shares; Mr. Shaheen 635 shares; Mr. Visser 735 shares; and Mr. Sauer 735 shares. Aggregate shares held by each director as of December 31, 2006 were as follows: Benson 830 shares; Booker 5,550 shares; Cain 1,050 shares; Deml 7,400 shares; Gros 0 shares; Johanneson 10,682 shares; Moll 5,550 shares; Momot 18,050 shares; Shaheen 635 shares; and Visser 1,930 shares.

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Committees of the Board of Directors

The Board of Directors has delegated certain functions to the following standing committees of the Board:

The Executive Committee is authorized, between meetings of the Board, to perform all of the functions of the Board of Directors except as limited by the General Corporation Law of the State of Delaware or by the Company s Certificate of Incorporation or By-Laws. The Executive Committee held no meetings in 2006 and currently is comprised of Messrs. Benson, Booker, Johanneson, Richenhagen (Chairman) and Shaheen.

The Audit Committee oversees the integrity of the Company s financial statements, the Company s compliance with legal and regulatory requirements, the independent registered public accounting firm s qualifications and independence, and the performance of the Company s internal audit function and independent registered public accounting firm. The Committee s functions also include the review of the Company s internal accounting and financial controls, considering other matters relating to the financial reporting process and safeguarding of the Company s assets and producing an annual report of the Audit Committee for inclusion in the Company s annual proxy statement. The Audit Committee has a written charter to govern its operations. The Audit Committee held eight meetings in 2006 and currently is comprised of Messrs. Benson, Booker (Chairman), Gros, Moll, Momot and Visser. The Board of Directors has determined that Mr. Booker is an audit committee financial expert, as that term is defined under regulations of the SEC. All of the members of the Audit Committee are independent in accordance with the NYSE and SEC rules governing audit committee member independence. The report of the Audit Committee for 2006 is set forth under the caption Audit Committee Report.

The Compensation Committee is charged with executing the Board of Director s overall responsibility for matters related to Chief Executive Officer and other executive compensation, including assisting the Board of Directors in administering the Company s compensation programs and producing an annual report of the Compensation Committee on executive compensation for inclusion in the Company s annual proxy statement. The Compensation Committee has a written charter to govern its operations. The Compensation Committee held six meetings in 2006 and currently is comprised of Messrs. Booker, Cain, Momot, and Shaheen (Chairman). All of the members of the Compensation Committee are independent in accordance with the NYSE rules governing Compensation Committee member independence. The Compensation Committee has retained Watson Wyatt to advise it on current trends and best practices in compensation. The report of the Compensation Committee for 2006 is set forth under the caption Compensation Committee Report.

The Nominating and Corporate Governance Committee assists the Board of Directors in fulfilling its responsibilities to stockholders by identifying and screening individuals qualified to become directors of the Company, consistent with independence, diversity and other criteria approved by the Board of Directors, recommending candidates to the Board of Directors for all directorships and for service on the committees of the Board, developing and recommending to the Board of Directors a set of corporate governance principles and guidelines applicable to the Company, and overseeing the evaluation of the Board of Directors and the Company s management. The Nominating and Corporate Governance Committee has a written charter to govern its operations. The Nominating and Corporate Governance Committee held seven meetings in 2006 and currently is comprised of Messrs. Benson (Chairman), Deml, Gros, Johanneson, Moll and Visser. All of the members of the Nominating and Corporate Governance Committee are independent in accordance with the NYSE rules governing nominating/corporate governance committee member independence.

With respect to the committee s evaluation of nominee candidates, the committee has no formal requirements or minimum standards for the individuals that are nominated. Rather, the committee considers each candidate on his or her own merits. However, in evaluating candidates, there are a number of factors that the committee generally views as relevant and is likely to consider, including:

career experience, particularly experience that is germane to the Company s business, such as agricultural products and services, legal, human resources, finance and marketing experience;

experience in serving on other boards of directors or in the senior management of companies that have faced issues generally of the level of sophistication that the Company faces;

contribution to diversity of the Board of Directors;

integrity and reputation;

whether the candidate has the characteristics of an independent director;

academic credentials;

other obligations and time commitments and the ability to attend meetings in person; and

current membership on the Company s board our board values continuity (but not entrenchment).

The committee does not assign a particular weight to these individual factors. Similarly, the committee does not expect to see all (or even more than a few) of these factors in any individual candidate. Rather, the committee looks for a mix of factors that, when considered along with the experience and credentials of the other candidates and existing directors, will provide stockholders with a diverse and experienced Board of Directors. With respect to the identification of nominee candidates, the committee has not developed a formalized process. Instead, its members and the Company s senior management generally recommend candidates whom they are aware of personally or by reputation. The Company historically has not utilized a recruiting firm to assist in the process but recently has retained a nationally recognized recruiting firm to help identify potential candidates.

The Nominating and Corporate Governance Committee welcomes recommendations for nominations from the Company s stockholders and evaluates stockholder nominees in the same manner that it evaluates a candidate recommended by other means. In order to make a recommendation, the committee asks that a stockholder send the committee:

a resume for the candidate detailing the candidate s work experience and academic credentials;

written confirmation from the candidate that he or she (1) would like to be considered as a candidate and would serve if nominated and elected, (2) consents to the disclosure of his or her name, (3) has read the Company s Code of Ethics and that during the prior three years has not engaged in any conduct that, had he or she been a director, would have violated the Code or required a waiver, (4) is, or is not, independent as that term is defined in the committee s charter, and (5) has no plans to change or influence the control of the Company;

the name of the recommending stockholder as it appears in the Company s books, the number of shares of Common Stock that are owned by the stockholder and written confirmation that the stockholder consents to the disclosure of his or her name. (If the recommending person is not a stockholder of record, he or she should provide proof of share ownership);

personal and professional references for the candidate, including contact information; and

any other information relating to the candidate required to be disclosed in solicitations of proxies for election of directors, or as otherwise required, in each case pursuant to Regulation 14A of the Exchange Act.

The foregoing information should be sent in accordance with the advance notice provisions of the Company s By-Laws to the Nominating and Corporate Governance Committee, c/o Stephen Lupton, Corporate Secretary, AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096, who will forward it to the chairperson of the committee. The advance notice provisions of the Company s By-laws provide that for a proposal to be properly brought before a meeting by a stockholder, such stockholder must have given the Company notice of such proposal in written form meeting the requirements of the Company s By-laws no later than sixty days and no earlier than ninety days prior to the anniversary date of the immediately preceding annual meeting of stockholders. The committee does not necessarily respond directly to a submitting stockholder regarding recommendations.

The Succession Planning Committee s function is to ensure a continued source of capable, experienced managers is present to support the Company s future success. The Succession Planning Committee meets regularly with senior members of management in an effort to assist executive management in their plans for senior management succession, to review the backgrounds and experience of senior management, and to assist in the creation of tailored individual personal and professional development plans. The Succession Planning Committee has a written charter to govern its operations. The Succession Planning Committee held six meetings in 2006 and currently is comprised of Messrs. Cain, Deml, Johanneson (Chairman), Richenhagen and Shaheen.

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During fiscal 2006, each director attended at least 75% of the aggregate number of meetings of the Board and respective committees on which he served while a member thereof, with the exception of Mr. Cain who, due to health reasons, attended only 60% of the meetings.

We provide various corporate governance and other information on the Company s website at www.agcocorp.com. This information, which is also available in printed form to any shareholder of the Company upon request to the Corporate Secretary, includes the following:

our corporate governance guidelines and charters for the audit, compensation, nominating and corporate governance, and succession planning committees of the Board of Directors, which are available in the Corporate Governance section of our website s Investors & Media section; and

the Company s Code of Ethics, which is available under the heading Office of Ethics and Compliance in the Corporate Governance section of our website s Investors & Media section.

In addition, should there be any waivers of the Company s Code of Ethics, those waivers will be available in the Office of Ethics and Compliance section of our website.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2006, Messrs. Booker, Cain, Momot, Shaheen (Chairman) and, until October 2006, Visser served as members of the Compensation Committee. No member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries during fiscal 2006. Mr. Shaheen has a business relationship with the Company as described under the caption Certain Relationships and Related Party Transactions.

PROPOSAL NUMBER 2

RATIFICATION OF COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2007

The Company s independent registered public accounting firm is appointed annually by the Audit Committee. The Audit Committee examines a number of factors when selecting a firm, including the qualifications, independence and quality controls of the firms considered. The decision also takes into account the proposed audit scope, staffing considerations and estimated audit fees for the upcoming fiscal year. The Audit Committee has appointed KPMG LLP as the Company s independent registered public accounting firm for 2007. KPMG LLP served as the Company s independent registered public accounting firm for 2006 and is considered by management to be well-qualified.

In view of the difficulty and expense involved in changing auditors on short notice, should the stockholders not ratify the selection of KPMG LLP as the Company s independent registered public accounting firm for 2007 under this proposal, it is contemplated that the appointment of KPMG LLP for the 2007 fiscal year will be permitted to stand unless the Board of Directors finds other compelling reasons for making a change. Disapproval by the stockholders will be considered a recommendation that the Board of Directors select other auditors for the following year.

Representatives of KPMG LLP are expected to be present at the Annual Meeting and will be given the opportunity to make a statement, if they desire, and to respond to appropriate questions.

The Board of Directors recommends a vote FOR the approval of the ratification of the Company s Independent Registered Public Accounting Firm for 2007.

OTHER BUSINESS

The Board of Directors does not know of any matters to be presented for action at the meeting other than the election of directors and the ratification of the Company s independent registered public accounting firm for 2007. If any other business should properly come before the meeting, the persons named in the accompanying proxy card intend to vote thereon in accordance with their best judgment.

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PRINCIPAL HOLDERS OF COMMON STOCK

The following table sets forth certain information as of March 16, 2007, regarding persons or groups known to the Company who are, or may be deemed to be, the beneficial owner of more than five percent of the Company s Common Stock. This information is based upon SEC filings by the entity listed below, and the percentage given is based on 91,462,609 shares outstanding.

Name and Address of Beneficial Owner	Shares of Common Stock	Percent of Class
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109	11,843,771	12.95%
Goldman Sachs Asset Management, L.P. 32 Old Slip New York, New York 10005	10,782,636	11.79%
NWQ Investment Management Company, LLC 2049 Century Park East, 16th Floor Los Angeles, California 90067	10,342,184	11.31%
Snow Capital Management, L.P. 2100 Georgetowne Drive, Suite 400 Sewickley, Pennsylvania 15143	5,255,682	5.75%

The following table sets forth information regarding beneficial ownership of the Company s Common Stock by the Company s directors, the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, the other named executive officers and all executive officers and directors as a group, all as of March 16, 2007. Unless otherwise indicated in the footnotes, each such individual has sole voting and investment power with respect to the shares set forth in the table.

