



AGCO Reports Third Quarter Results

October 28, 2014

Third Quarter Net Income of \$65.0 million on Sales of \$2.2 Billion

DULUTH, Ga.--(BUSINESS WIRE)--Oct. 28, 2014-- AGCO, Your Agriculture Company (NYSE:AGCO), a worldwide manufacturer and distributor of agricultural equipment, reported net sales of approximately \$2.2 billion for the third quarter of 2014, a decrease of approximately 13.0% compared to net sales of approximately \$2.5 billion for the third quarter of 2013. Reported net income was \$0.69 per share and adjusted net income, excluding restructuring and other infrequent expenses, was \$0.71 per share for the third quarter of 2014. These results compare to reported and adjusted net income per share of \$1.27 for the third quarter of 2013. Excluding unfavorable currency translation impacts of approximately 0.7%, net sales in the third quarter of 2014 decreased approximately 12.3% compared to the third quarter of 2013.

Net sales for the first nine months of 2014 were approximately \$7.2 billion, a decrease of approximately 8.7% compared to the same period in 2013. Excluding the unfavorable impact of currency translation of approximately 0.7%, net sales for the first nine months of 2014 decreased approximately 8.0% compared to the same period in 2013. For the first nine months of 2014, reported net income was \$3.50 per share and adjusted net income, excluding restructuring and other infrequent expenses, was \$3.52 per share. These results compare to reported and adjusted net income of \$4.61 per share for the first nine months of 2013.

Third Quarter Highlights

- Regional sales results⁽¹⁾: North America -22.2%, Europe/Africa/ Middle East ("EAME") -5.4%, South America -18.4%, Asia/Pacific ("APAC") +8.8%
- Regional operating margin performance: EAME 5.6%, North America 7.0%, South America 8.0%, APAC -0.7%
- Full year earnings per share guidance remains at \$4.10 to \$4.30
- Share repurchase program reduced outstanding shares by 6.4 million during the first nine months of 2014

⁽¹⁾Excludes currency translation impact. See reconciliation of Non-GAAP measures in appendix.

"Our third quarter results were impacted by weaker markets and significant production cuts aimed at controlling our Company and dealer inventories," stated Martin Richenhagen, AGCO's Chairman, President and Chief Executive Officer. "Declines in commodity prices and expectations of lower farm income in 2014 have negatively impacted our business. While we continue to perform well in the market, we are facing softening industry demand in Western Europe and North America and continued weakness in South America. We are taking aggressive actions to control expenses, reduce our production levels and lower our investments in working capital in response to lower market demand. We are balancing near-term cost reductions with continued investment in longer-term growth initiatives."

Market Update

Industry Unit Retail Sales

	<u>Tractors</u>	<u>Combines</u>
	Change from	Change from
Nine months ended September 30, 2014	Prior Year Period	Prior Year Period
North America ⁽¹⁾	Flat	(18)%
South America	(16)%	(23)%
Western Europe	(7)%	(10)%

⁽¹⁾ Excludes compact tractors.

"The record harvest unfolding in the U.S. combined with the healthy crop production across Western Europe and Brazil are resulting in increased estimates for post-harvest grain inventories, which continue to pressure soft commodity prices. Farmer sentiment is being negatively impacted by the outlook for deteriorating farm economics, and we are experiencing softer industry equipment demand in all major markets. Industry demand in North America has weakened with significant declines in sales of high-horsepower tractors, combines and sprayers, partially offset by growth in the lower-horsepower categories due to improved conditions in the region's dairy and livestock sectors. Retail sales of farm equipment have declined across Western Europe. Industry sales have weakened in the largest markets of France and Germany, with modest recovery experienced in the United

Kingdom and parts of Southern Europe. In Brazil, industry sales are lower and have been negatively impacted by weak demand from sugar producers, lower commodity prices and delays in the government financing program earlier in the year. Longer term, we expect grain demand to be supported by the growing population, increasing emerging market protein consumption and biofuel production. Increased demand for grain and attractive levels of farm income are expected to result in healthy long-term prospects for our industry.”

Regional Results

AGCO Regional Net Sales (in millions)

Three Months Ended September 30,	2014	2013	% change from 2013	% change from 2013 due to currency translation ⁽¹⁾
North America	\$ 531.3	\$ 686.6	(22.6)%	(0.4)%
South America	455.0	572.3	(20.5)%	(2.1)%
Europe/Africa/Middle East	1,026.0	1,086.4	(5.6)%	(0.2)%
Asia/Pacific	142.5	130.6	9.1%	0.3%
Total	<u>\$2,154.8</u>	<u>\$2,475.9</u>	<u>(13.0)%</u>	<u>(0.7)%</u>

Nine Months Ended September 30,	2014	2013	% change from 2013	% change from 2013 due to currency translation ⁽¹⁾
North America	\$1,865.0	\$2,099.7	(11.2)%	(0.9)%
South America	1,248.8	1,578.0	(20.9)%	(7.8)%
Europe/Africa/Middle East	3,783.8	3,878.6	(2.4)%	2.3%
Asia/Pacific	340.9	370.9	(8.1)%	(1.5)%
Total	<u>\$7,238.5</u>	<u>\$7,927.2</u>	<u>(8.7)%</u>	<u>(0.7)%</u>

⁽¹⁾ See Footnotes for additional disclosures

North America

Net sales, excluding unfavorable currency translation impacts, decreased 10.3% in AGCO’s North American region in the first nine months of 2014 compared to the same period in 2013 due to softer market conditions. The most significant decreases were in high-horsepower tractors and implements, with growth in small tractor sales partially offsetting the declines. Lower sales, a weaker sales mix and lower production volumes contributed to a decline in income from operations of \$83.5 million for the first nine months of 2014 compared to the same period in 2013.

South America

Excluding the negative impact of currency translation, net sales in the South American region declined 13.1% in the first nine months of 2014 compared to the same period in 2013. Weaker market demand and lower sales in Brazil and Argentina produced most of the decrease. Income from operations decreased \$85.7 million for the first nine months of 2014 compared to the same period in 2013 due to lower sales and production volumes, as well as a weaker mix of sales.

EAME

AGCO’s EAME net sales decreased 4.7% in the first nine months of 2014 compared to the first nine months of 2013, excluding the impact of favorable currency translation due to weaker end market demand. Sales declines in France, Germany and Eastern Europe were partially offset by growth in Africa and Turkey. EAME operating income decreased \$37.0 million in the first nine months of 2014 compared to the same period in 2013. The negative impact of lower production levels and a weaker sales mix were partially offset by cost reduction initiatives.

Asia/Pacific

Asia/Pacific net sales decreased 6.6% in the first nine months of 2014 compared to the first nine months of 2013, excluding the negative impact of currency translation. Income from operations in the Asia/Pacific region declined \$7.7 million in the first nine months of 2014, compared to the same period in 2013, due to lower sales and increased market development costs in China.

Outlook

Global industry demand is softening compared to 2013 and declines are anticipated across all major global agricultural markets,

particularly in the row crop segment. AGCO is targeting earnings per share of approximately \$4.10 to \$4.30 for the full year of 2014. Net sales are expected to range from \$9.5 billion to \$9.7 billion. The negative impacts of lower sales and production volumes on gross margins are expected to be partially offset by cost reduction initiatives.

"The priority for the remainder of the year continues to be lowering our dealer and company inventories in order to better align us with current market demand," continued Mr. Richenhagen. "Despite the softer market conditions we face today, the healthy, long-term fundamentals of our industry remain intact. We will continue to invest in new product development, distribution enhancements and productivity improvements to enable our growth and improve our profitability."

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AGCO will be hosting a conference call with respect to this earnings announcement at 10:00 a.m. Eastern Time on Tuesday, October 28, 2014. The Company will refer to slides on its conference call. Interested persons can access the conference call and slide presentation via AGCO's website at www.agcocorp.com in the "Events" section on the "Company/Investors" page of our website. A replay of the conference call will be available approximately two hours after the conclusion of the conference call for twelve months following the call. A copy of this press release will be available on AGCO's website for at least twelve months following the call.

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Safe Harbor Statement

Statements that are not historical facts, including the projections of earnings per share, sales, industry demand, market conditions, population growth, farm income levels, margin improvements, investments in product development, operational and financial initiatives, production volumes, gross margins, market development and performance, and general economic conditions, are forward-looking and subject to risks that could cause actual results to differ materially from those suggested by the statements. 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.

- Our financial results depend entirely upon the agricultural industry, and factors that adversely affect the agricultural industry generally, including declines in the general economy, increases in farm input costs, lower commodity prices, lower farm income and changes in the availability of credit for our retail customers, will adversely affect us.
- A majority of our sales and manufacturing take place outside the United States, and, as a result, we are exposed to risks related to foreign laws, taxes, economic conditions, labor supply and relations, political conditions and governmental policies. These risks may delay or reduce our realization of value from our international operations.
- Most retail sales of the products that we manufacture are financed, either by our joint ventures with Rabobank or by a bank or other private lender. Our joint ventures with Rabobank, which are controlled by Rabobank and are dependent upon Rabobank for financing as well, finance approximately 50% of the retail sales of our tractors and combines in the markets where the joint ventures operate. Any difficulty by Rabobank to continue to provide that financing, or any business decision by Rabobank as the controlling member not to fund the business or particular aspects of it (for example, a particular country or region), would require the joint ventures to find other sources of financing (which may be difficult to obtain), or us to find another source of retail financing for our customers, or our customers would be required to utilize other retail financing providers. As a result of the recent economic downturn, financing for capital equipment purchases generally has become more difficult in certain regions and in some cases, was expensive to obtain. To the extent that financing is not available or available only at unattractive prices, our sales would be negatively impacted.
- Both AGCO and our retail finance joint ventures have substantial account receivables from dealers and end customers, and we would be adversely impacted if the collectability of these receivables was not consistent with historical experience; this collectability is dependent upon the financial strength of the farm industry, which in turn is dependent upon the general economy and commodity prices, as well as several of the other factors listed in this section.
- We have experienced substantial and sustained volatility with respect to currency exchange rate and interest rate changes, including uncertainty associated with the Euro, which can adversely affect our reported results of operations and the competitiveness of our products.
- Our success depends on the introduction of new products, particularly engines that comply with emission requirements, which requires substantial expenditures.
- Our production levels and capacity constraints at our facilities, including those resulting from plant expansions and systems upgrades at our manufacturing facilities, could adversely affect our results.
- Our expansion plans in emerging markets, including establishing a greater manufacturing and marketing presence and growing our use of component suppliers, could entail significant risks.
- We depend on suppliers for components, parts and raw materials for our products, and any failure by our suppliers to provide products as needed, or by us to promptly address supplier issues, will adversely impact our ability to timely and efficiently manufacture and sell products. We also are subject to raw material price fluctuations, which can adversely affect our manufacturing costs.

- We face significant competition, and if we are unable to compete successfully against other agricultural equipment manufacturers, we would lose customers and our net sales and profitability would decline.
- We have a substantial amount of indebtedness, and, as result, we are subject to certain restrictive covenants and payment obligations that may adversely affect our ability to operate and expand our business.

Further information concerning these and other factors is included in AGCO's filings with the Securities and Exchange Commission, including its Form 10-K for the year ended December 31, 2013 and subsequent Form 10-Qs. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

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About AGCO

AGCO, Your Agriculture Company, (NYSE: AGCO), is a global leader focused on the design, manufacture and distribution of agricultural machinery. AGCO supports more productive farming through a full line of tractors, combines, hay tools, sprayers, forage equipment, tillage, implements, grain storage and protein production systems, as well as related replacement parts. AGCO products are sold through five core machinery brands, Challenger®, Fendt®, Massey Ferguson®, Valtra® and GSI®, and are distributed globally through 3,100 independent dealers and distributors in more than 140 countries worldwide. Retail financing is available through AGCO Finance for qualified purchasers. Founded in 1990, AGCO is headquartered in Duluth, Georgia, USA. In 2013, AGCO had net sales of \$10.8 billion. For more information, see <http://www.agcocorp.com>.

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Please visit our website at www.agcocorp.com

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

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 320.9	\$ 1,047.2
Accounts and notes receivable, net	1,083.6	940.6
Inventories, net	2,315.1	2,016.1
Deferred tax assets	225.7	241.2
Other current assets	<u>260.1</u>	<u>272.0</u>
Total current assets	4,205.4	4,517.1
Property, plant and equipment, net	1,525.3	1,602.3
Investment in affiliates	432.2	416.1
Deferred tax assets	22.0	24.4
Other assets	132.9	134.6
Intangible assets, net	569.6	565.6
Goodwill	<u>1,226.5</u>	<u>1,178.7</u>
Total assets	<u>\$ 8,113.9</u>	<u>\$ 8,438.8</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 88.4	\$ 110.5
Convertible senior subordinated notes	—	201.2
Accounts payable	819.5	960.3
Accrued expenses	1,227.7	1,389.2
Other current liabilities	<u>228.0</u>	<u>150.8</u>
Total current liabilities	2,363.6	2,812.0
Long-term debt, less current portion	1,332.8	938.5
Pensions and postretirement health care benefits	215.5	246.4
Deferred tax liabilities	251.8	251.2
Other noncurrent liabilities	<u>156.9</u>	<u>145.9</u>
Total liabilities	<u>4,320.6</u>	<u>4,394.0</u>

Stockholders' Equity:

AGCO Corporation stockholders' equity:

Common stock	0.9	1.0
Additional paid-in capital	742.5	1,117.9
Retained earnings	3,703.9	3,402.0
Accumulated other comprehensive loss	(687.4)	(510.7)
Total AGCO Corporation stockholders' equity	3,759.9	4,010.2
Noncontrolling interests	33.4	34.6
Total stockholders' equity	3,793.3	4,044.8
Total liabilities and stockholders' equity	\$ 8,113.9	\$ 8,438.8

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,	
	2014	2013
Net sales	\$ 2,154.8	\$ 2,475.9
Cost of goods sold	1,732.9	1,919.7
Gross profit	421.9	556.2
Selling, general and administrative expenses	221.7	258.1
Engineering expenses	78.2	87.3
Restructuring and other infrequent expenses	2.9	—
Amortization of intangibles	10.4	11.8
Income from operations	108.7	199.0
Interest expense, net	13.9	14.1
Other expense, net	10.1	11.3
Income before income taxes and equity in net earnings of affiliates	84.7	173.6
Income tax provision	34.2	62.5
Income before equity in net earnings of affiliates	50.5	111.1
Equity in net earnings of affiliates	12.0	14.1
Net income	62.5	125.2
Net loss attributable to noncontrolling interests	2.5	1.0
Net income attributable to AGCO Corporation and subsidiaries	\$ 65.0	\$ 126.2
Net income per common share attributable to AGCO Corporation and subsidiaries:		
Basic	\$ 0.70	\$ 1.30
Diluted	\$ 0.69	\$ 1.27
Cash dividends declared and paid per common share	\$ 0.11	\$ 0.10
Weighted average number of common and common equivalent shares outstanding:		
Basic	93.5	97.4
Diluted	93.8	99.5

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,

	2014	2013
Net sales	\$ 7,238.5	\$ 7,927.2
Cost of goods sold	5,670.2	6,127.6
Gross profit	1,568.3	1,799.6
Selling, general and administrative expenses	751.0	793.5
Engineering expenses	252.9	266.7
Restructuring and other infrequent expenses	2.9	—
Amortization of intangibles	30.4	35.9
Income from operations	531.1	703.5
Interest expense, net	43.5	40.2
Other expense, net	34.2	25.2
Income before income taxes and equity in net earnings of affiliates	453.4	638.1
Income tax provision	163.8	219.8
Income before equity in net earnings of affiliates	289.6	418.3
Equity in net earnings of affiliates	38.1	37.1
Net income	327.7	455.4
Net loss attributable to noncontrolling interests	5.1	2.5
Net income attributable to AGCO Corporation and subsidiaries	\$ 332.8	\$ 457.9
Net income per common share attributable to AGCO Corporation and subsidiaries:		
Basic	\$ 3.53	\$ 4.71
Diluted	\$ 3.50	\$ 4.61
Cash dividends declared and paid per common share	\$ 0.33	\$ 0.30
Weighted average number of common and common equivalent shares outstanding:		
Basic	94.2	97.2
Diluted	95.2	99.3

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,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 327.7	\$ 455.4
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	180.4	153.8
Deferred debt issuance cost amortization	2.2	2.6
Amortization of intangibles	30.4	35.9
Amortization of debt discount	—	6.9
Stock compensation	(11.0)	33.9
Equity in net earnings of affiliates, net of cash received	(28.6)	(22.5)
Deferred income tax provision	1.7	28.1
Other	2.3	0.2
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Accounts and notes receivable, net	(151.4)	(245.5)
Inventories, net	(422.7)	(507.9)
Other current and noncurrent assets	(0.8)	(22.8)
Accounts payable	(74.7)	95.3

Accrued expenses	(96.9)	98.0
Other current and noncurrent liabilities	26.1	57.6
Total adjustments	<u>(543.0)</u>	<u>(286.4)</u>
Net cash (used in) provided by operating activities	<u>(215.3)</u>	<u>169.0</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(229.3)	(263.8)
Proceeds from sale of property, plant and equipment	2.2	2.9
Purchase of businesses, net of cash acquired	(130.4)	(0.1)
Sale of (investment in) unconsolidated affiliates, net	—	0.1
Net cash used in investing activities	<u>(357.5)</u>	<u>(260.9)</u>
Cash flows from financing activities:		
Purchases and retirement of common stock	(340.9)	(1.0)
Proceeds from debt obligations, net	450.6	4.1
Repurchase or conversion of convertible senior subordinated notes	(201.2)	—
Payment of dividends to stockholders	(30.9)	(29.1)
Payment of minimum tax withholdings on stock compensation	(11.9)	(16.3)
Purchase of or distribution to noncontrolling interests	(6.1)	(2.6)
Payment of debt issuance costs	(1.3)	—
Net cash used in financing activities	<u>(141.7)</u>	<u>(44.9)</u>
Effects of exchange rate changes on cash and cash equivalents	<u>(11.8)</u>	<u>(24.0)</u>
Decrease in cash and cash equivalents	(726.3)	(160.8)
Cash and cash equivalents, beginning of period	1,047.2	781.3
Cash and cash equivalents, end of period	<u>\$ 320.9</u>	<u>\$ 620.5</u>

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. STOCK COMPENSATION EXPENSE (CREDIT)

The Company recorded stock compensation expense (credit) as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Cost of goods sold	\$ (1.8)	\$ 0.4	\$ (1.0)	\$ 2.3
Selling, general and administrative expenses	(21.0)	5.5	(9.8)	31.9
Total stock compensation expense (credit)	<u>\$ (22.8)</u>	<u>\$ 5.9</u>	<u>\$ (10.8)</u>	<u>\$ 34.2</u>

During the three months ended September 30, 2014, the Company recorded a credit of approximately \$24.1 million for the reversal of previously recorded long-term stock compensation expense.

2. INDEBTEDNESS

Indebtedness at September 30, 2014 and December 31, 2013 consisted of the following:

	September 30, 2014	December 31, 2013
1¼% Convertible senior subordinated notes due 2036	\$ —	\$ 201.2
4½% Senior term loan due 2016	252.6	275.0
5%% Senior notes due 2021	300.0	300.0
Credit facility expires 2019	735.0	360.0
Other long-term debt	133.6	114.0
	<u>1,421.2</u>	<u>1,250.2</u>

Less: Current portion of long-term debt	(88.4)	(110.5)
1¼% Convertible senior subordinated notes due 2036	—	(201.2)
Total indebtedness, less current portion	<u>\$ 1,332.8</u>	<u>\$ 938.5</u>

Holders of the Company's 1¼% convertible senior subordinated notes had the ability to convert the notes if, during any fiscal quarter, the closing sales price of the Company's common stock exceeded 120% of the conversion price of \$40.27 per share for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter. In May 2014, the Company announced its election to redeem all of its outstanding 1¼% convertible senior subordinated notes with an effective date of June 20, 2014. Substantially all of the holders of the notes converted their notes with settlement dates during July 2014 and the Company repurchased the remaining notes not converted. Due to the ability of the holders of the notes to convert the notes during the three months ending March 31, 2014, the Company classified the notes as a current liability as of December 31, 2013.

3. INVENTORIES

Inventories at September 30, 2014 and December 31, 2013 were as follows:

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Finished goods	\$ 907.9	\$ 775.7
Repair and replacement parts	607.0	550.2
Work in process	205.5	109.0
Raw materials	594.7	581.2
Inventories, net	<u>\$ 2,315.1</u>	<u>\$ 2,016.1</u>

4. ACCOUNTS RECEIVABLE SALES AGREEMENTS

At September 30, 2014 and December 31, 2013, the Company had accounts receivable sales agreements that permit the sale, on an ongoing basis, of a majority of its wholesale receivables in North America and Europe to its 49% owned U.S., Canadian and European retail finance joint ventures. As of September 30, 2014 and December 31, 2013, the cash received from receivables sold under the U.S., Canadian and European accounts receivable sales agreements was approximately \$1.2 billion and \$1.3 billion, respectively.

Losses on sales of receivables associated with the accounts receivable financing facilities discussed above, reflected within "Other expense, net" in the Company's Condensed Consolidated Statements of Operations, were approximately \$4.8 million and \$19.0 million during the three and nine months ended September 30, 2014, respectively. Losses on sales of receivables associated with the accounts receivable financing facilities discussed above, reflected within "Other expense, net" in the Company's Condensed Consolidated Statements of Operations, were approximately \$6.7 million and \$18.8 million during the three and nine months ended September 30, 2013, respectively.

The Company's retail finance joint ventures in Brazil and Australia also provide wholesale financing to the Company's dealers. As of September 30, 2014 and December 31, 2013, these retail finance joint ventures had approximately \$56.5 million and \$68.2 million, respectively, of outstanding accounts receivable associated with these arrangements. In addition, the Company sells certain trade receivables under factoring arrangements to other financial institutions around the world.

5. NET INCOME PER SHARE

The Company's 1¼% convertible senior subordinated notes provided for (i) the settlement upon conversion in cash up to the principal amount of the converted notes with any excess conversion value settled in shares of the Company's common stock, and (ii) the conversion rate to be increased under certain circumstances if the notes were converted in connection with certain change of control transactions. Dilution of weighted shares outstanding depended on the Company's stock price for the excess conversion value using the treasury stock method. A reconciliation of net income attributable to AGCO Corporation and subsidiaries and weighted average common shares outstanding for purposes of calculating basic and diluted net income per share for the three and nine months ended September 30, 2014 and 2013 is as follows:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Basic net income per share:				
Net income attributable to AGCO Corporation and subsidiaries	<u>\$ 65.0</u>	<u>\$ 126.2</u>	<u>\$ 332.8</u>	<u>\$ 457.9</u>
Weighted average number of common shares outstanding	<u>93.5</u>	<u>97.4</u>	<u>94.2</u>	<u>97.2</u>

Basic net income per share attributable to AGCO Corporation and subsidiaries	<u>\$ 0.70</u>	<u>\$ 1.30</u>	<u>\$ 3.53</u>	<u>\$ 4.71</u>
Diluted net income per share:				
Net income attributable to AGCO Corporation and subsidiaries	<u>\$ 65.0</u>	<u>\$ 126.2</u>	<u>\$ 332.8</u>	<u>\$ 457.9</u>
Weighted average number of common shares outstanding	93.5	97.4	94.2	97.2
Dilutive stock-settled appreciation rights and performance share awards	0.2	0.7	0.3	0.9
Weighted average assumed conversion of contingently convertible senior subordinated notes	<u>0.1</u>	<u>1.4</u>	<u>0.7</u>	<u>1.2</u>
Weighted average number of common shares and common share equivalents outstanding for purposes of computing diluted net income per share	<u>93.8</u>	<u>99.5</u>	<u>95.2</u>	<u>99.3</u>
Diluted net income per share attributable to AGCO Corporation and subsidiaries	<u>\$ 0.69</u>	<u>\$ 1.27</u>	<u>\$ 3.50</u>	<u>\$ 4.61</u>

Share Repurchase Program

In July 2012, the Company's Board of Directors approved a share repurchase program under which the Company can repurchase up to \$50.0 million of its common stock. This share repurchase program does not have an expiration date. In December 2013, the Company's Board of Directors approved an additional share repurchase program under which the Company can repurchase up to \$500.0 million of its common stock through an expiration date of June 2015.

During the nine months ended September 30, 2014, the Company entered into accelerated repurchase agreements ("ASRs") with a financial institution to repurchase an aggregate of \$290.0 million of shares of the Company's common stock. The Company has received approximately 5,389,119 shares during the nine months ended September 30, 2014 related to these ASRs. All shares received under the ASRs were retired upon receipt, and the excess of the purchase price over par value per share was recorded to "Additional paid-in capital" within the Company's Condensed Consolidated Balance Sheets.

Additionally, during the three months ended September 30, 2014, through open market transactions, the Company repurchased 1,049,376 shares of its common stock for approximately \$50.9 million at an average price paid of \$48.46 per share. Repurchased shares were retired on the date of purchase, and the excess of the purchase price over par value per share was recorded to "Additional paid-in capital" within the Company's Condensed Consolidated Balance Sheets.

Of the \$550.0 million in approved share repurchase programs, the remaining amount authorized to be repurchased is approximately \$190.5 million.

6. SEGMENT REPORTING

The Company's four reportable segments distribute a full range of agricultural equipment and related replacement parts. The Company evaluates segment performance primarily based on income from operations. Sales for each segment are based on the location of the third-party customer. 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 income from operations for one segment may not be comparable to another segment. Segment results for the three and nine months ended September 30, 2014 and 2013 are as follows:

<u>Three Months Ended</u> <u>September 30,</u>	<u>North</u> <u>America</u>	<u>South</u> <u>America</u>	<u>Europe/Africa/</u> <u>Middle East</u>	<u>Asia/</u> <u>Pacific</u>	<u>Consolidated</u>
2014					
Net sales	\$ 531.3	\$ 455.0	\$ 1,026.0	\$142.5	\$ 2,154.8
Income (loss) from operations	37.3	36.4	57.0	(1.0)	129.7
2013					
Net sales	\$ 686.6	\$ 572.3	\$ 1,086.4	\$130.6	\$ 2,475.9
Income (loss) from operations	78.1	71.9	98.4	(2.6)	245.8
<u>Nine Months Ended</u> <u>September 30,</u>	<u>North</u> <u>America</u>	<u>South</u> <u>America</u>	<u>Europe/Africa/</u> <u>Middle East</u>	<u>Asia/</u> <u>Pacific</u>	<u>Consolidated</u>
2014					
Net sales	\$1,865.0	\$1,248.8	\$ 3,783.8	\$340.9	\$ 7,238.5
Income (loss) from operations	188.3	94.2	366.0	(5.6)	642.9
2013					

Net sales	\$2,099.7	\$1,578.0	\$ 3,878.6	\$370.9	\$ 7,927.2
Income from operations	271.8	179.9	403.0	2.1	856.8

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,	
	2014	2013	2014	2013
Segment income from operations	\$ 129.7	\$ 245.8	\$ 642.9	\$ 856.8
Corporate expenses	(28.7)	(29.5)	(88.3)	(85.5)
Stock compensation (expense) credit	21.0	(5.5)	9.8	(31.9)
Restructuring and other infrequent expenses	(2.9)	—	(2.9)	—
Amortization of intangibles	(10.4)	(11.8)	(30.4)	(35.9)
Consolidated income from operations	<u>\$ 108.7</u>	<u>\$ 199.0</u>	<u>\$ 531.1</u>	<u>\$ 703.5</u>

RECONCILIATION OF NON-GAAP MEASURES

This earnings release discloses adjusted income from operations, net income and earnings per share, all of which exclude amounts that differ from the most directly comparable measure calculated in accordance with U.S. generally accepted account principles ("GAAP"). A reconciliation of each of those measures to the most directly comparable GAAP measure is included below.

The following is a reconciliation of adjusted income from operations, net income and earnings per share to reported income from operations, net income and earnings per share for the three months ended September 30, 2014 and 2013 (in millions, except per share data):

	Three months ended September 30,					
	2014			2013		
	Income From Operations	Net Income ⁽¹⁾	Earnings Per Share ⁽¹⁾	Income From Operations	Net Income ⁽¹⁾	Earnings Per Share ⁽¹⁾
As adjusted	\$ 111.6	\$ 66.9	\$ 0.71	\$ 199.0	\$ 126.2	\$ 1.27
Restructuring and other infrequent expenses ⁽²⁾	2.9	1.9	0.02	—	—	—
As reported	<u>\$ 108.7</u>	<u>\$ 65.0</u>	<u>\$ 0.69</u>	<u>\$ 199.0</u>	<u>\$ 126.2</u>	<u>\$ 1.27</u>

⁽¹⁾ Net income and earnings per share amounts are after tax.

⁽²⁾ The restructuring and other infrequent expenses recorded during the three months ended September 30, 2014 relate to severance costs associated with the Company's rationalization of its operations in North America and South America.

The following is a reconciliation of adjusted income from operations, net income and earnings per share to reported income from operations, net income and earnings per share for the nine months ended September 30, 2014 and 2013 (in millions, except per share data):

	Nine months ended September 30,					
	2014			2013		
	Income From Operations	Net Income ⁽¹⁾	Earnings Per Share ⁽¹⁾	Income From Operations	Net Income ⁽¹⁾	Earnings Per Share ⁽¹⁾
As adjusted	\$ 534.0	\$ 334.7	\$ 3.52	\$ 703.5	\$ 457.9	\$ 4.61
Restructuring and other infrequent expenses ⁽²⁾	2.9	1.9	0.02	—	—	—
As reported	<u>\$ 531.1</u>	<u>\$ 332.8</u>	<u>\$ 3.50</u>	<u>\$ 703.5</u>	<u>\$ 457.9</u>	<u>\$ 4.61</u>

⁽¹⁾ Net income and earnings per share amounts are after tax.

⁽²⁾ The restructuring and other infrequent expenses recorded during the nine months ended September 30, 2014 relate to severance costs associated with the Company's rationalization of its operations in North America and Sout America.

This earnings release discloses the percentage change in regional net sales due to the impact of currency translation. The following table sets forth, for the three and nine months ended September 30, 2014, the impact to net sales of currency translation by geographical segment (in millions, except percentages):

	Three Months Ended September 30,			Change due to currency translation	
	2014	2013	% change from 2013	\$	%
North America	\$ 531.3	\$ 686.6	(22.6)%	\$ (3.0)	(0.4)%
South America	455.0	572.3	(20.5)%	(12.0)	(2.1)%
Europe/Africa/Middle East	1,026.0	1,086.4	(5.6)%	(2.7)	(0.2)%
Asia/Pacific	142.5	130.6	9.1%	0.4	0.3%
	<u>\$ 2,154.8</u>	<u>\$ 2,475.9</u>	<u>(13.0)%</u>	<u>\$ (17.3)</u>	<u>(0.7)%</u>

	Nine Months Ended September 30,			Change due to currency translation	
	2014	2013	% change from 2013	\$	%
North America	\$ 1,865.0	\$ 2,099.7	(11.2)%	\$ (18.8)	(0.9)%
South America	1,248.8	1,578.0	(20.9)%	(122.8)	(7.8)%
Europe/Africa/Middle East	3,783.8	3,878.6	(2.4)%	89.9	2.3%
Asia/Pacific	340.9	370.9	(8.1)%	(5.6)	(1.5)%
	<u>\$ 7,238.5</u>	<u>\$ 7,927.2</u>	<u>(8.7)%</u>	<u>\$ (57.3)</u>	<u>(0.7)%</u>



Source: AGCO

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