Your Agriculture Company

MY AGCO

INNOVATING THE CUSTOMER EXPERIENCE

2018 ANNUAL REPORT

"Small changes can make big differences.

Technology helps us manage our costs and get better yields per acre."

"The 20|20 monitor and Precision Planting technology on our White Planter are easy to use. They help us plant the right amount of seed, at the right spacing and best depth for even, consistent emergence. We're excited to see the benefits of planting with SmartFirmers when soil moisture, soil temperature, organic matter and CEC vary across a field."

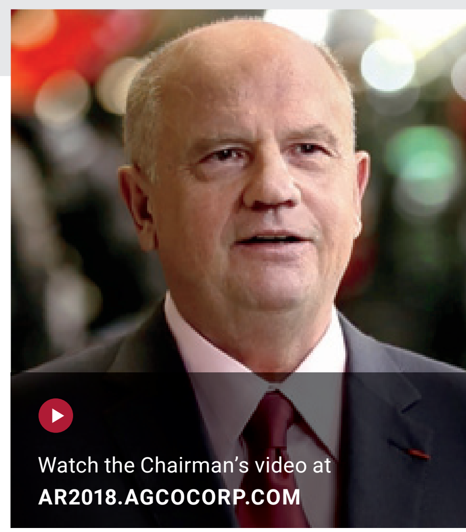
— Karen & Dale Dircksen, Double D Grain Farms LLC, Union City, Ohio, U.S.

Read more about the Dircksens and how they rely on our machinery and smart-farming technology. Their story and additional customer experiences can be found at:

AR2018.AGCOCORP.COM

DEAR FELLOW SHAREHOLDERS, CUSTOMERS, DEALERS AND EMPLOYEES:

As I reflect on our progress over the past year, I first want to say thank you for your continued commitment to and investment in AGCO. I am proud of what we accomplished together during 2018 as we innovate and help farmers improve their efficiency and productivity, and I am also very optimistic about the opportunities ahead. It's exciting and gratifying to see farmers across the world taking our slogan, Your Agriculture Company, to heart, and I credit our people for making that happen.



MARTIN RICHENHAGEN
Chairman, President
and Chief Executive Officer

The value of our brands, our products, our distribution and our customer service was evident as we delivered substantially improved results despite a challenging global agricultural market. As our industry continues to evolve as farmers increasingly adopt smart-farming capabilities, our manufacturing, distribution, sales and product development teams executed exceptionally well to meet evolving customer needs. We are transforming our processes and customer interactions around an increasingly digital model. We are changing not only what we deliver to dealers and farmers, but also how we deliver it.

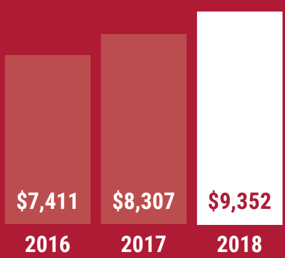
2018 PERFORMANCE

AGCO's 2018 results improved significantly from 2017, and I am pleased to say that we expect our results to be better again in 2019. AGCO produced solid financial results while making important investments to position us for future success. AGCO reported 2018 net sales of approximately $9.4 billion, an increase of approximately 13% compared to 2017. Reported net income was $3.58 per share. Adjusted net income* was $3.89 per share, which increased by approximately 29% from the previous year. We generated approximately $393 million in free cash flow* after funding significant investments in new products and other long-term profitability improvement initiatives. Our free cash flow was largely used to support share repurchases of approximately $184 million in 2018.

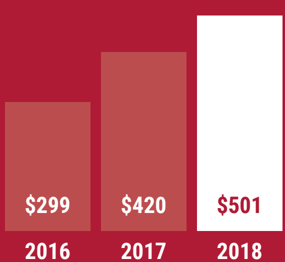
FINANCIAL HIGHLIGHTS

(In millions, except per share amounts)

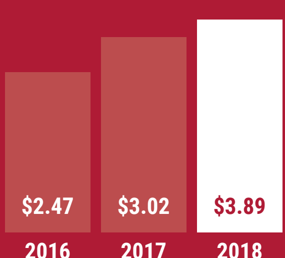
Net Sales



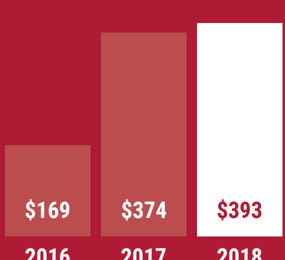
Adjusted Operating Income*



Adjusted Earnings Per Share*



Free Cash Flow*



OUR FOCUS

We put customers at the center of what we do—how we innovate, how we move our business forward and how we help our customers feed a growing world. Each of our leading brands makes customer service a priority, providing professional advice, responsive maintenance and active aftersales support. AGCO will continue to invest in new products, new technology, improved distribution and enhanced digital capabilities over the next few years with a goal to expand our margins and produce higher returns on our invested capital. Our strategy will focus primarily on organic growth through new product development aimed at making farmers more profitable, utilizing smart-farming capable products where it makes commercial and operational sense to do so. We also intend to be opportunistic with bolt-on acquisitions to fill any product niches or expand geographic reach. Our focus on customer service will never waver.

We are growing our business by delivering the broadest product offering in the industry. We provide full-line smart-farming solutions throughout the agricultural production cycle, starting with soil preparation and cutting-edge smart planting, continuing through spraying and harvesting, and ending with grain storage and protein production equipment. Smart farming is capturing data, wirelessly and remotely, from our equipment. Fuse® Smart Farming solutions add value to this data for the farmer by providing a picture of what is happening on the farm and help farmers reduce input costs and make changes that increase productivity. Our IDEAL combine, which will be commercially available for the first time in 2019, is a great example of our focus on smart-farming solutions for the benefit of our customers. It utilizes 43 computers and 40 sensors that together measure crop flow going through the combine. It captures data, provides visualization and will be the only combine in the world where the farmer can watch what is happening to the crop as it goes through the machine. As I mentioned, digitalization is changing the way farmers are managing their operations, and it is changing what they expect from their farm equipment. Our response has been to bring our employees, customers, distributors and key industry players together to develop and deliver mechanization and agronomical solutions tailored to individual farmer needs, powered by data shared in a secure, trusted environment. We expect our digitalization focus to improve our customer experience, service levels and efficiency in the coming years.

Our focus on margin expansion encompasses growing the top line as well as taking costs out of the business. AGCO's global platform and module strategy is intended to leverage common product architectures and integrated solutions across AGCO's different sites and brands. We have connected our global research and development centers, targeting a reduced number of parts with a higher degree of differentiation through more consistent brand strategies and accelerated innovation. Again, with our margin focus, we expect to lower direct material costs as a result of bundled volumes with full transparency on global cost structures. We are addressing all of our tractor ranges through distinct platform initiatives. Our small tractor platform, and the premium-high-horsepower Fendt and Challenger 1000 models have been in the market since 2016. In the next few years, we will begin selling new products from the premium-high-horsepower, combine harvester and mid-range tractor platforms. We also have a number of other cost reduction programs aimed at improving our labor efficiency and lowering our material costs.

OUR PEOPLE

AGCO continues to invest in obtaining and retaining the best people to bring our customers the best products and service in the business. Two of our most important people-centered programs are AGCO Academy and AGCO University. AGCO Academy continues to provide information, coursework and training to keep our dealers current and constantly connected to their retail customers. AGCO University develops our employees for both their future and AGCO's future. AGCO's core values of Team Spirit, Respect, Accountability, Integrity, and Transparency foster inclusion and form the foundation of our diversity and inclusion initiative we call TRAIT. TRAIT embraces the power of unique perspectives and thoughts while creating a culture that drives business success and individual fulfillment. This is good for our people and good for our business.

The AGCO Agriculture Foundation, a private philanthropic organization launched early in 2018, will support non-profit initiatives that contribute to global food security, support sustainable agriculture development and have a positive economic and social impact on communities around the globe, particularly in developing countries.

"AGCO will continue to invest in new products, new technology, improved distribution and enhanced digital capabilities.... And our focus on customer service will never waver."

OUR LEADERSHIP

During 2018, Eric Hansotia was appointed Chief Operating Officer. Eric has been an important part of our senior leadership team for the past five years. Eric's leadership and broad industry knowledge make him uniquely qualified for this important new position. He has made significant contributions to AGCO's success, particularly in the areas of our precision-agriculture and harvesting-product offerings. His strong strategic view on the future trends in global agriculture along with his operational experience will ensure AGCO continues to be successful in meeting the changing needs of our retail customers. I look forward to working closely with Eric on our initiatives to achieve sales growth and improved returns.

We are optimistic about the opportunities in 2019 and beyond. AGCO finished 2018 in a much stronger position than we started, with our businesses delivering on our strategic priorities and generating positive momentum across the board. In closing, I reiterate my gratitude for the commitment and contributions from all of our over 20,000 talented employees across the world and to AGCO's shareholders and customers for their ongoing support.

Sincerely,

Martin Richenhagen

MARTIN RICHENHAGEN
Chairman, President and Chief Executive Officer

* See reconciliations of non-GAAP measures on page 4.

RECONCILIATION OF NON-GAAP MEASURES

(In millions, except per share amounts)

	Years Ended December 31,								
	2018			2017			2016		
	Income from Operations	Net Income[(1),(2)]	Net Income per Share[(1)]	Income from Operations	Net Income[(1)]	Net Income per Share[(1),(2)]	Income from Operations	Net Income[(1)]	Net Income per Share[(1)]
As reported	$ 489.0	$ 285.5	$ 3.58	$ 404.4	$ 186.4	$ 2.32	$ 287.0	$ 160.1	$ 1.96
Restructuring expenses	12.0	8.7	0.11	11.2	8.8	0.11	11.9	9.9	0.12
Non-cash expense related to waived stock compensation	—	—	—	4.8	4.8	0.06	—	—	—
Extinguishment of debt	—	24.4	0.31	—	—	—	—	—	—
Deferred income tax adjustment	—	—	—	—	—	—	—	31.6	0.39
Tax (benefit) provision associated with U.S. tax reform	—	(8.5)	(0.11)	—	42.0	0.52	—	—	—
As adjusted	$ 501.0	$ 310.2	$ 3.89	$ 420.4	$ 242.0	$ 3.02	$ 298.9	$ 201.6	$ 2.47

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

(2) Rounding may impact summation of amounts.

	2018	2017	2016
Net cash provided by operating activities	$ 595.9	$ 577.6	$ 369.5
Less:			
Capital expenditures	(203.3)	(203.9)	(201.0)
Free cash flow	$ 392.6	$ 373.7	$ 168.5

FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements, including the statements in the Chairman's Message and other statements in this report regarding market demand, strategic initiatives, commitments and their effects, and general economic conditions. These statements are subject to risks that could cause actual results to differ materially from those suggested by the statements, including:

Our financial results depend entirely upon the agricultural industry, and factors that adversely affect the agricultural industry generally, including declines in the general economy, increases in farm input costs, lower commodity prices and changes in the availability of credit for our retail customers, will adversely affect us.

The poor performance of the general economy has adversely impacted our sales and may continue to have an adverse impact on our sales in the future, the extent of which we are unable to predict, and there can be no assurance that our results will not continue to be affected by the weakness in global economic conditions.

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

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

Most of our sales depend on the retail customers obtaining financing, and any disruption in their ability to obtain financing, whether due to economic downturns or otherwise, will result in the sale of fewer products by us. A large portion of the retail sales of our products is financed by our retail finance joint ventures with Rabobank, and any difficulty on Rabobank's part to fund the venture would adversely impact sales if our customers would be required to utilize other retail financing providers.

We depend on suppliers for raw materials, components, and parts for our products, and any failure by our suppliers to provide products as needed, or by us to promptly address supplier issues, will adversely impact our ability to timely and efficiently manufacture and sell products.

A majority of our sales and manufacturing take place outside the United States, and, many of our sales involve products that are manufactured in one country and sold in a different country, and as a result, we are exposed to risks related to foreign laws, taxes and tariffs, trade restrictions, 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. Among these risks are the uncertain consequences of Brexit, Russian sanctions and tariffs imposed on exports to and imports from China.

Volatility with respect to currency exchange rates and interest rates can adversely affect our reported results of operations and the competitiveness of our products.

We are subject to extensive environmental laws and regulations, and our compliance with, or our failure to comply with, existing or future laws and regulations could delay production of our products or otherwise adversely affect our business.

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

We disclaim any obligation to update forward-looking statements except as required by law.

AGCO
Your Agriculture Company

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date:	9:00 a.m., Eastern Time, on Thursday, April 25, 2019
Place:	AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096
Items of Business:	1. To elect ten directors to the Board of Directors for terms expiring at the Annual Meeting in 2020; 2. To consider a non-binding advisory resolution to approve the compensation of the Company's named executive officers; 3. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2019; and 4. To transact any other business that may properly be brought before the meeting.
Record Date:	Only stockholders of record as of the close of business on March 15, 2019 are entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment thereof. Attendance at the Annual Meeting is limited to stockholders of record at the close of business on March 15, 2019, and to any invitees of the Company.
Inspection of List of Stockholders of Record:	A list of stockholders as of the close of business on March 15, 2019 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

ROGER N. BATKIN

Corporate Secretary

Atlanta, Georgia

March 25, 2019

SUMMARY

This summary highlights information contained elsewhere in this proxy statement. Since this summary does not contain all of that information, you are encouraged to read the entire proxy statement before voting.

Annual Meeting of Stockholders

- Time and Date: 9:00 a.m., Eastern Time, on Thursday, April 25, 2019
- Place: AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096
- Record Date: March 15, 2019
- Voting: Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

Voting Recommendations

Proposal	Board Vote Recommendation
Election of Directors	FOR EACH NOMINEE
Advisory vote on executive compensation	FOR
Ratification of the selection of KPMG LLP	FOR

Director Nominees

The following table provides summary information about each nominee. Directors are elected annually. AGCO has majority voting in uncontested elections of directors, such as this election. In the event that a nominee does not receive the affirmative vote of a majority of the votes cast in person or by proxy, he or she is required to tender his or her resignation.

Name	Age	Director Since	Brief Biography	Independent	Committee Membership					
					EC	AC	CC	FC	GC	SP
Roy V. Armes	66	2013	Former Executive Chairman, President and CEO, Cooper Tire and Rubber Company	X			X			X
Michael C. Arnold	62	2013	Former President and CEO, Ryerson Inc.	X		X			X	
P. George Benson	72	2004	Professor of Decision Sciences and Former President, College of Charleston	X	X	X			C	
Suzanne P. Clark	51	2017	Senior Executive Vice President of the U.S. Chamber of Commerce	X			X			X
Wolfgang Deml	73	1999	Former President and CEO, BayWa Corporation (Germany)	X	X				X	C
George E. Minnich	69	2008	Former Senior VP and CFO, ITT Corporation	X	X	C	X	X		
Martin H. Richenhagen	66	2004	Chairman, President and CEO, AGCO		C					X
Gerald L. Shaheen	74	2005	Lead Director of AGCO, Former Group President, Caterpillar Inc.	X	X		C	X		X
Mallika Srinivasan	59	2011	Chairman and CEO, Tractors and Farm Equipment Limited (India)							X
Hendrikus Visser	74	2000	Former Chairman, Royal Huisman Shipyards N.V. (Netherlands)	X	X	X		C	X	

EC Executive Committee	FC Finance Committee
AC Audit Committee	GC Governance Committee
CC Compensation Committee	SP Succession Planning Committee
	C Chair

Executive Compensation Advisory Vote

We are asking stockholders to approve on an advisory basis our named executive officer compensation.

The Company's compensation philosophy and program design is intended to pay for performance, support the Company's business strategy and align executives' interests with those of stockholders and employees. A significant portion of the Company's executive compensation opportunity is related to factors that directly and indirectly influence stockholder value, including stock performance, earnings per share, net income, operating expense reduction, operating margin, free cash flow and return on invested capital. The Company believes that as an executive's responsibilities increase, so should the portion of his or her total pay comprised of annual incentive cash bonuses and long-term incentive compensation, which supports and reinforces the Company's pay for performance philosophy.

For more information on the Company's executive compensation programs, please see "Proposal Number 2 — Non-Binding Advisory Resolution to Approve the Compensation of the Company's NEOs" and "Compensation Discussion and Analysis" in this proxy statement.

Independent Registered Public Accounting Firm

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of KPMG LLP as our independent registered public accounting firm for 2019. The Company's Audit Committee considers a number of factors when selecting a firm, including the qualifications, staffing considerations, and the independence and quality controls of the firms considered. The Audit Committee has appointed KPMG LLP as the Company's independent registered public accounting firm for 2019. KPMG LLP served as the Company's independent registered public accounting firm for 2018 and is considered to be well-qualified.

Set forth below is summary information with respect to KPMG LLP's fees for services provided in 2018 and 2017.

Type of Fees	2018	2017
	(in thousands)	
Audit Fees	$ 7,328	$ 6,925
Audit-Related Fees	42	35
Tax Fees	—	1
Other Fees	32	12
Total	$ 7,402	$ 6,973

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

Your Agriculture Company

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

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AGCO CORPORATION

PROXY STATEMENT FOR THE
ANNUAL MEETING OF STOCKHOLDERS
April 25, 2019

INFORMATION REGARDING THE ANNUAL MEETING

INFORMATION REGARDING PROXIES

This proxy solicitation is made by the Board of Directors (the "Board") of AGCO Corporation ("AGCO", "we", us", or the "Company"), 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 at the meeting 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 either pursuant to the enclosed proxy card or otherwise. You may indicate a vote on the enclosed proxy card in connection with any of the listed proposals, and your shares will be voted accordingly. If you indicate a preference to abstain from voting, no vote will be cast. You may revoke your proxy card before balloting begins by notifying the Corporate Secretary in writing at 4205 River Green Parkway, Duluth, Georgia 30096. In addition, you may revoke your proxy card 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 (i) in favor of all of the ten director nominees described below; (ii) in favor of the non-binding advisory resolution to approve the compensation of the Company's Named Executive Officers ("NEOs"); (iii) in favor of ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2019; and (iv) in their best judgment with respect to any other business brought before the Annual Meeting.

The enclosed proxy card is solicited by the Board, and the cost of solicitation of proxy cards will be borne by the Company. 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. 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 customary expenses in forwarding proxy material to beneficial owners.

This proxy statement and the enclosed proxy card are first being sent to stockholders on or about March 25, 2019. The Company's 2018 Annual Report on Form 10-K is also enclosed and should be read in conjunction with the matters set forth herein.

INFORMATION REGARDING VOTING

Only stockholders of record as of the close of business on March 15, 2019, are entitled to notice of and to vote at the Annual Meeting. On March 15, 2019, the Company had outstanding 76,713,331 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. For directions to the offices of the Company where the Annual Meeting will be held, you may contact our corporate office at (770) 813-9200.

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 will also 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 or other nominee 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 majority of the votes cast in person or by proxy at the Annual Meeting. See "Proposal Number 1 — Election of Directors" in this proxy statement for a more detailed description of the majority voting procedures in our By-Laws.

Under the New York Stock Exchange ("NYSE") rules, if your broker holds your shares in its name, your broker is not permitted to vote your shares with respect to the election of directors if your broker does not receive voting instructions from you. Abstentions and broker non-votes will not affect the election outcome.

Vote Necessary to Adopt the Non-Binding Advisory Resolution to Approve the Compensation of the Company's NEOs

Adoption of the non-binding advisory resolution to approve the compensation of the Company's NEOs requires the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting. Because the stockholder vote on this proposal is advisory only, it will not be binding on the Company or the Board. However, the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation as the Compensation Committee deems appropriate.

Under the NYSE rules, if your broker holds your shares in its name, your broker is not permitted to vote your shares with respect to the non-binding advisory resolution to approve the compensation of the Company's NEOs if your broker does not receive voting instructions from you. Abstentions and broker non-votes will not affect the vote on this proposal.

Vote Necessary to Ratify the Appointment of Independent Registered Public Accounting Firm

Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2019 requires the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting.

Under the NYSE rules, if your broker holds your shares in its name, your broker is permitted to vote your shares with respect to the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2019 even if your broker does not receive voting instructions from you. Abstentions and broker non-votes will not affect the vote on this proposal.

Other Matters

With respect to any other matter that may properly come before the Annual Meeting for stockholder consideration, a matter generally will be approved by the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting unless the question is one upon which a different vote is required by express provision of the laws of Delaware, federal law, the Company's Certificate of Incorporation or the Company's By-Laws or, to the extent permitted by the laws of Delaware, the Board has expressly provided that some other vote shall be required, in which case such express provisions shall govern.

Important Notice Regarding the Availability of Proxy Materials

As required by rules adopted by the United Stated Securities and Exchange Commission ("SEC"), the Company is making this proxy statement and its annual report available to stockholders electronically via the Internet. The proxy statement and annual report to stockholders are available at www.agcocorp.com. The proxy statement is available under the heading "SEC Filings" in our website's "Investors" section located under "Company," and the annual report to stockholders is available under the heading "Annual Reports" in our "Investors" section.

PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

The Company's By-Laws provide for a majority voting standard for the election of directors in uncontested elections. If an incumbent director does not receive the requisite majority vote, he or she would continue as a "carry over" director, but is required to tender his or her resignation. In that event, the Governance Committee will determine whether to accept the director's resignation and will submit its recommendation to the Board. In deciding whether to accept a director's resignation, the Board and our Governance Committee may consider any factors that they deem relevant. Our By-Laws also provide that the director whose resignation is under consideration will abstain from the deliberation process with respect to his or her resignation.

In the event that a stockholder proposes a nominee to stand for election with nominees selected by the Board, and the stockholder does not withdraw the nomination prior to the tenth day preceding our mailing the notice of the stockholders meeting (i.e., a "contested election"), then our By-Laws provide that directors will be elected by a plurality vote.

For this year's Annual Meeting, the Governance Committee has recommended, and the Board has nominated, the ten individuals named below to serve as directors until the Annual Meeting in 2020 or until their successors have been duly elected and qualified. The following is a brief description of the business experience, qualifications and skills of each of the ten nominees for directorship:

Roy V. Armes, age 66, has been a director of the Company since October 2013.

- Former Executive Chairman, President and CEO of Cooper Tire and Rubber Company from 2007 to 2016
- Various executive positions with Whirlpool Corporation from 1975 to 2006 including Senior Vice President, Project Management Office; Corporate Vice President and General Director, Whirlpool Mexico; Corporate Vice President, Global Procurement Operations; President/Managing Director, Whirlpool Greater China, Inc. Hong Kong; Vice President, Manufacturing Technology, Whirlpool Asia (Singapore); and Vice President, Manufacturing & Technology, Refrigeration Products, Whirlpool Europe (Comerio, Italy).
- Member of the Board of Directors of The Manitowoc Company, Inc.

Director Qualifications and Skills: Mr. Armes brings extensive leadership experience with manufacturing companies and will provide an important perspective and contribution to the Board. The addition of his global manufacturing experience to the collective knowledge of our Board better positions AGCO for the opportunities facing our industry.

Michael C. Arnold, age 62, has been a director of the Company since October 2013.

- Former President and Chief Executive Officer of Ryerson Inc.
- Former member of the Board of Directors of Gardner Denver, Inc.
- Various senior management positions with The Timken Company from 1979 to 2010 including Executive Vice President; President, Bearings and Power Transmission Group; President, Industrial Group; Vice President, Bearings and Business Process Advancement; Director, Bearings and Business Process Advancement; Director, Manufacturing and Technology, Europe, Africa and West Asia (Europe).

Director Qualifications and Skills: Mr. Arnold brings extensive leadership experience with manufacturing companies and will provide an important perspective and contribution to the Board. The addition of his global manufacturing experience to the collective knowledge of our Board better positions AGCO for the opportunities facing our industry.

P. George Benson, Ph.D, age 72, has been a director of the Company since December 2004.

- Professor of Decision Sciences at College of Charleston in Charleston, South Carolina from 2014 to present
- Former President of College of Charleston in Charleston, South Carolina from 2007 to 2014
- Member of the Board of Directors and Chairman of the Corporate Governance Committee of Crawford & Company (Atlanta, Georgia)
- Lead Director, Chairman of the Corporate Governance Committee and member of the Audit Committee for Primerica, Inc.
- Judge for the Malcolm Baldrige National Quality Award from 1997 to 2000, was Chairman of the Board of Overseers for the Baldrige Award from 2004 to 2007 and is currently Chairman of the Board of Directors for the Foundation for the Baldrige Award
- Former Dean of the Terry College of Business at the University of Georgia from 1998 to 2007

- Former Dean of the Rutgers Business School at Rutgers University from 1993 to 1998
- Former Faculty member 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.

Director Qualifications and Skills: Mr. Benson has significant academic expertise in business, in particular with strategic planning and organizational management systems, that adds a valuable perspective to the Board, especially in the area of improving the delivery of products and services. His ties to the community provide the Board with regional representation and a critical link to the academic and research sectors.

Suzanne P. Clark, age 51, has been a director of the Company since April 2017.

- Senior Executive Vice President of the U.S. Chamber of Commerce from 2014 to present
- Previously served as Chief Operating Officer of the U.S. Chamber of Commerce
- Member of the Board of Directors and Audit Committee of TransUnion
- Led a prominent financial information boutique - Potomac Research Group (PRG)
- Formerly with the Atlantic Media Company as President of the National Journal Group, a premier provider of information, news and analysis for Washington's policy and political communities
- Member of the Board of So Others Might Eat, a Washington, D.C. support system for the homeless
- Former President of International Women's Forum (Washington Chapter), a global group of leading women in business, law, government, technology and the arts
- Named one of Washingtonian Magazine's "100 Most Powerful Women in Washington".

Director Qualifications and Skills: Ms. Clark brings extensive leadership experience, entrepreneurial spirit, and a wealth of political and regulatory knowledge which will provide an important perspective and contribution to the Board.

Wolfgang Deml, age 73, has been a director of the Company since February 1999.

- Former President and Chief Executive Officer of BayWa Corporation, a trading and services company located in Munich, Germany, from 1991 until his retirement in 2008
- Non-Executive Chairman of the Board of Directors and Audit Committee of Hauck & Aufhäuser Privatbankiers AG

Director Qualifications and Skills: Mr. Deml adds extensive experience to the Board given his service as the Chief Executive Officer of an international corporation within our industry. His tenure on our Board provides consistent leadership, and he serves as an ongoing source for industry-specific knowledge, especially in Europe, which is our largest market.

George E. Minnich, age 69, has been a director of the Company since January 2008.

- Former Senior Vice President and Chief Financial Officer of ITT Corporation from 2005 to 2007
- Several senior finance positions at United Technologies Corporation, including Vice President and Chief Financial Officer of Otis Elevator from 2001 to 2005 and Vice President and Chief Financial Officer of Carrier Corporation from 1996 to 2001
- Various positions within Price Waterhouse (now PricewaterhouseCoopers LLP) from 1971 to 1993, serving as an audit partner from 1984 to 1993
- Member of the Boards of Directors and Audit Committees of Belden Inc. and Kaman Corporation and the Chairman of the Audit Committee for Belden Inc.

Director Qualifications and Skills: Mr. Minnich, through his background as a former Audit Partner of Price Waterhouse and Chief Financial Officer of a publicly-traded company, provides the Board with substantial financial expertise. He also brings to the Board a familiarity with the challenges facing large, international manufacturing companies.

Martin H. Richenhagen, age 66, has been Chairman of the Board of Directors since August 2006 and has served as President and Chief Executive Officer of the Company since July 2004.

- Member of the Board of Directors, Chairman of Audit and member of the Officers & Directors Compensation Committee for PPG Industries, Inc.

- Member of the Board of Directors, Compensation and Governance & Nominating Committees for Linde PLC. Mr. Richenhagen also served as a director of Praxair, Inc. from 2015 until the business combination of Praxair, Inc. and Linde AG.
- Member of United States Chamber of Commerce Board of Directors
- Member of the Board of Directors for American Institute for Contemporary German Studies
- Member of the Board of Directors for Metro Atlanta Chamber of Commerce

  Former Member of President's Advisory Council on Doing Business in Africa for the United States Department of Commerce
- Former Chairman of the German American Chambers of Commerce of the United States
- Former Chairman of the Board and Lifetime Honorary Director of the Association of Equipment Manufacturers (AEM)
- Former Executive Vice President of Forbo International SA, a flooring material business based in Switzerland, from 2003 to 2004
- Former Group President of Claas KGaA mbH, a global farm equipment manufacturer and distributor, from 1998 to 2002
- Former Senior Executive Vice President for Schindler Deutschland Holdings GmbH, a worldwide manufacturer and distributor of elevators and escalators, from 1995 to 1998

Director Qualifications and Skills: In addition to his thirteen years of experience as the Company's Chief Executive Officer, Mr. Richenhagen brings to the Board substantial experience in the agricultural equipment industry. His business and leadership acumen as both a former Executive Vice President and current Chief Executive Officer provides the Board with an informed resource for a wide range of disciplines, from sales and marketing to broad business strategies.

Gerald L. Shaheen, age 74, has been a director of the Company since October 2005.

- Member of the Board of Trustees and Audit Committee of the Colonial Williamsburg Foundation
- Chairman of the Advisory Board of the Illinois Neurological Institute
- Board member and past Chairman of the U.S. Chamber of Commerce
- Numerous marketing and general management positions for Caterpillar Inc., both in the United States and Europe, including Group President from 1998 until his retirement in January 2008
- Former Chairman of the Board of Trustees of Bradley University
- Former member of Board of Directors of the Ford Motor Company

Director Qualifications and Skills: Mr. Shaheen's background in management of a global heavy equipment manufacturer brings to the Board particular knowledge of the Company's industry, as well as a necessary perspective of the challenges facing large, publicly-traded companies. His work with the U.S. Chamber of Commerce also provides the Board with a wealth of knowledge related to international commerce and trade issues.

Mallika Srinivasan, age 59, has been a director of the Company since July 2011.

- Chairman and Chief Executive Officer of Tractors and Farm Equipment Limited, the second largest agricultural tractor manufacturer in India, since 2011
- Various positions at Tractors and Farm Equipment Limited since 1981, including Director (1994 to 2011), Vice President (1991 to 1994) and General Manager – Planning & Coordination (1986 to 1991)
- Member of the Boards of Directors of Tata Global Beverages Limited (India) and Tata Steel Limited (India)
- Member of the Board of Medical Research Foundation
- Member of the Board of Trustees for The Child's Trust, Kanchi Kamakoti Child's Trust Hospital
- Former President of the Tractor Manufacturers Association of India, the Madras Management Association and the Madras Chamber of Commerce & Industry
- Former member of the Board of Governors of the Indian Institute of Technology, Madras and the Indian Institute of Management, Tiruchirappalli

Director Qualifications and Skills: Ms. Srinivasan's expertise in strategy, extensive leadership experience in the farm equipment industry and knowledge of operations in India and other developing markets provide an important perspective and contribution to the Board.

Hendrikus Visser, age 74, has been a director of the Company since April 2000.

- Chairman of the Supervisory Board of Sterling Strategic Value, Ltd.
- Former Chairman of Royal Huisman Shipyards N.V.
- Former Chief Financial Officer of NUON N.V. and former member of the Boards of Directors or Executive Boards of major international corporations and institutions, including Rabobank Nederland, the Amsterdam Stock Exchange, Amsterdam Institute of Finance, De Lage Landen, Teleplan International N.V., Vion N.V. and Mediq N.V.

Director Qualifications and Skills: Mr. Visser's substantial experience with and knowledge of financial capital markets, particularly in our Europe/Middle East ("EME") region, including his 15 years of service as Chairman of the Credit Committee of Rabobank Nederland, provides the Board with significant international financial expertise. His tenure with the Board also provides stability in leadership, and he serves as a continued source of regional diversity.

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

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Independence

In accordance with the rules of the NYSE, the Board has adopted categorical standards to assist it in making determinations of its directors' independence. The Board 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 $120,000, 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 or current employee of such a firm who personally works on an audit of the Company or any subsidiary or other affiliate;
- 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; or
- 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 years of such other company, exceeds (or in the current year of such other company is likely to exceed) the greater of $1.0 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; or
- 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 current or former employee or former officer of the Company or an affiliate or receive any compensation from the Company other than for services as a director;
- receive remuneration from the Company or an affiliate, either directly or indirectly, in any capacity other than as a "director," as that term is defined in Section 162(m) of the IRC; or
- have an interest in a transaction required under SEC rules to be described in the Company's proxy statement.

These standards are consistent with the standards set forth in the NYSE rules, the IRC and the Exchange Act. In applying these standards, the Company takes into account the interpretations of, and the other guidance available from, the NYSE. In affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board of Directors considers all factors specifically relevant to determining whether such director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of the Compensation Committee member, including the independence factors set forth in the NYSE rules.

Based upon the foregoing standards, the Board has determined that all of its directors are independent in accordance with these standards except for Mr. Richenhagen and Ms. Srinivasan, and that none of the independent directors has any material relationship with the Company, other than as a director or stockholder of the Company.

On August 29, 2014, the Company and Tractors and Farm Equipment Limited ("TAFE") entered into a Letter Agreement (the "Letter Agreement") regarding the current and future accumulation by TAFE of shares of the Company's common stock and certain governance matters, including the Company's nomination of a director candidate selected by TAFE. TAFE's proposed director candidate for 2019 is Ms. Srinivasan, TAFE's Chairman and Chief Executive Officer, and Ms. Srinivasan has been nominated for election by the Company's Board of Directors. See "Certain Relationships and Related Party Transactions" below for additional information.

Committees of the Board of Directors

The Board has delegated certain functions to six standing committees: an Executive Committee, an Audit Committee, a Compensation Committee, a Finance Committee, a Governance Committee and a Succession Planning Committee. Each of the committees has a written charter. The Board has determined that each member of the Audit, Compensation and Governance Committees is an independent director under the applicable rules of the IRC, NYSE and SEC with respect to such committees. The following is a summary of the principal responsibilities and other information regarding each of the committees:

Committee	Principal Responsibilities
Executive Committee	• Is authorized, between meetings of the Board, to take such actions in the management of the business and affairs of the Company which, in the opinion of the Executive Committee, should not be postponed until the next scheduled meeting of the Board, except as limited by the General Corporation Law of the State of Delaware, the rules of the New York Stock Exchange, the Company's Certificate of Incorporation or By-Laws or other applicable laws or regulations.
Audit Committee	• Assists the Board in its oversight of the integrity of the Company's consolidated 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. • Reviews the Company's internal accounting and financial controls, considers other matters relating to the financial reporting process and safeguards of the Company's assets and produces an annual report of the Audit Committee for inclusion in the Company's proxy statement. • The Board has determined that Mr. Minnich is an "audit committee financial expert," as that term is defined under regulations of the SEC. • The report of the Audit Committee for 2018 is set forth under the caption "Audit Committee Report." • Management periodically meets with the Company's Audit Committee and reviews risks and relevant strategies.
Compensation Committee	• Is charged with executing the Board's overall responsibility for matters related to Chief Executive Officer and other executive compensation, including assisting the Board 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 proxy statement. • Has retained Willis Towers Watson to advise on current trends and best practices in compensation. • The report of the Compensation Committee for 2018 is set forth under the caption "Compensation Committee Report."
Finance Committee	• Assists the Board in the oversight of the financial management of the Company including: ○ the capital structure of the Company; ○ the Company's global financing strategies, objectives and plans; ○ the Company's credit profile and ratings; ○ capital expenditure and investment programs of the Company; ○ the Company's interests in finance joint ventures; and ○ the Company's annual budget process and review.
Governance Committee	• Assists the Board 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, and recommending candidates to the Board for all directorships and for service on the committees of the Board; ○ developing and recommending to the Board a set of corporate governance principles and guidelines applicable to the Company; and ○ overseeing the evaluation of the Board.
Succession Planning Committee	• Assists the Board with respect to selecting, developing, evaluating and retaining the Chief Executive Officer, executive officers and key talent; and • Manages the succession planning process in the event the current Chief Executive Officer cannot continue in the role.

Committee Composition and Meetings

The following table shows the current membership of each committee and the number of meetings held by each committee during 2018. The Company will determine the composition and chair positions of the respective committees for 2019 following the Annual Meeting.

Director	Executive	Audit	Compensation	Finance	Governance	Succession Planning
Roy V. Armes			X			X
Michael C. Arnold		X			X	
P. George Benson	X	X			Chair	
Suzanne P. Clark			X			X
Wolfgang Deml	X				X	Chair
George E. Minnich	X	Chair	X	X		
Martin H. Richenhagen	Chair					X
Gerald L. Shaheen	X		Chair	X		X
Mallika Srinivasan						X
Hendrikus Visser	X	X		Chair	X	
Total meetings in 2018	—	11	6	3	7	2

During 2018, the Board held seven meetings and each director attended at least 75% of the aggregate number of meetings of the Board and respective committees on which he or she served while a member thereof.

Identification and Evaluation of Director Nominees

With respect to the Governance Committee's evaluation of nominee candidates, including those recommended by stockholders, 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 to ensure the entire Board, collectively, embraces a wide variety of characteristics, including:

- career experience, particularly experience that is germane to the Company's business, such as with 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;
- 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 Governance 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. The committee strives to recommend candidates who each bring a unique perspective to the Board in order to contribute to the collective diversity of the Board. Although the Company has not adopted a specific diversity policy, the Board believes that a diversity of experience, gender, race, ethnicity and age contributes to effective governance over the affairs of the Company for the benefit of its stockholders. With respect to the identification of nominee candidates, the committee has not developed a single, formalized process. Instead, its members and the Company's senior management generally recommend candidates whom they are aware of personally or by reputation or may utilize outside consultants to assist in the process.

The 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 requires 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 Global Code of Conduct (the "Code") 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 to the Governance Committee, c/o 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 disclose certain information and give the Company timely notice of such proposal in written form meeting the requirements of the Company's By-Laws no later than 60 days and no earlier than 90 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.

Board Leadership Structure

Mr. Richenhagen, who is also the Chief Executive Officer of the Company, serves as Chairman of the Board, and Mr. Shaheen currently serves as Lead Director of the Board. The Company holds executive sessions of its non-management directors at each regular meeting of its Board. The Lead Director presides over executive sessions and at all meetings of the Board in the absence of the Chairman, provides input to the Chairman on setting Board agendas, generally approves information sent to the Board (including meeting schedules to assure sufficient discussion time for all agenda items), ensures that he is available for consultation and direct communication at the request of major stockholders, leads the performance evaluation process of the Chief Executive Officer and has the authority to call meetings of the independent directors.

The Board reviews the Company's board leadership structure annually. As part of this process, the Board considered the structures used by peer companies, alternative structures and the effectiveness of the Company's current structure. The Board believes that having the Chief Executive Officer serve as Chairman is important because it best reflects the Board's intent that the Chief Executive Officer function as the Company's overall leader, while the Lead Director provides independent leadership to the directors and serves as an intermediary between the independent directors and the Chairman. The resulting structure sends a message to our employees, customers and stockholders that we believe in having strong, unifying leadership at the highest levels of management. At the same time, having a Lead Director with a well-defined role provides an appropriate level of independent oversight and an effective channel for communications when needed.

Risk Oversight

The Company's management maintains a risk assessment process that identifies the risks that face the Company that management considers the most significant. The risk assessment process also considers appropriate strategies to mitigate those risks. Management periodically meets with the Company's Audit Committee and reviews such risks and relevant strategies.

Corporate Governance Principles, Committee Charters and Global Code of Conduct

The Company provides various corporate governance and other information on its website. This information, which is also available in printed form to any stockholder of the Company upon request to the Corporate Secretary, includes the following:

- our corporate governance principles and charters for the Audit, Compensation, Executive, Finance, Governance and Succession Planning Committees of the Board, which are available under the headings "Governance Principles" and "Charters of the Committees of the Board," respectively, in the "Corporate Governance" section of our website located under "Investors;" and

- the Company's Global Code of Conduct, which is available under the heading "Global Code of Conduct" in the "Corporate Governance" section of our website located under "Investors."

In addition, in the event of any waivers of the Global Code of Conduct with respect to certain executive officers, those waivers will be available under the heading "Corporate Governance" section of our website.

Compensation Committee Interlocks and Insider Participation

During 2018, Messrs. Armes, Minnich and Shaheen (Chairman) and Ms. Clark 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 2018. None of the Company's executive officers serve on the board of directors of any company of which any director of the Company serves as executive officer.

Director Compensation

The following table provides information concerning the compensation of the members of the Board for the most recently completed year. As reflected in the table, each non-employee director received an annual base retainer of $100,000 plus $120,000 in restricted shares of the Company's common stock for Board service. Committee chairmen received an additional annual retainer of $15,000 (or $25,000 for the chairman of the Audit Committee and $20,000 for the chairman of the Compensation Committee). Mr. Shaheen, who was the Lead Director in 2018, also received an additional annual $30,000 Lead Director's fee. Effective January 1, 2016, each non-employee director received an additional annual retainer of $6,000 if they served on three or more board committees. Effective January 1, 2019, each non-employee director will receive an annual base retainer of $120,000 plus $150,000 in restricted shares of the Company's common stock for Board service. The Company does not have any consulting arrangements with any of its directors.

2018 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1) ($)	All Other Compensation(2) ($)	Total ($)
Roy V. Armes	100,000	120,000	6,145	226,145
Michael C. Arnold	100,000	120,000	2,308	222,308
P. George Benson	115,000	120,000	3,437	238,437
Suzanne P. Clark	100,000	120,000	3,549	223,549
Wolfgang Deml	115,000	120,000	10,073	245,073
George E. Minnich	131,000	120,000	3,504	254,504
Gerald L. Shaheen	156,000	120,000	3,707	279,707
Mallika Srinivasan	100,000	120,000	—	220,000
Hendrikus Visser	121,000	120,000	8,035	249,035
Total	1,038,000	1,080,000	40,758	2,158,758

(1) The Long-Term Incentive Plan provides for annual restricted stock grants of the Company's common stock to all non-employee directors. For 2018, each non-employee director was granted $120,000 in restricted stock. All restricted stock grants are restricted as to transferability for a period of one year following the award. In the event a director departs from the Board, the non-transferability period expires immediately. The 2018 annual grant occurred on April 26, 2018. The total grant on April 26, 2018 was 17,226 shares, or 1,914 shares per director. The amounts above reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, "Compensation-Stock Compensation" ("ASC 718").

After shares were withheld for income tax purposes, each director held the following shares as of December 31, 2018 related to this grant: Mr. Armes — 1,914 shares; Mr. Arnold — 1,531 shares; Mr. Benson — 1,148 shares; Ms. Clark — 1,339; Mr. Deml — 1,148 shares; Mr. Minnich — 1,148 shares; Mr. Shaheen — 1,148 shares; Ms. Srinivasan — 1,914 shares; and Mr. Visser — 1,339 shares.

(2) Relates to travel expenses incurred by spouses to accompany board members to business-related events in the United States.

Director Attendance at the Annual Meeting

The Board has adopted a policy that all directors on the Board are expected to attend Annual Meetings of the Company's stockholders. All of the directors on the Board attended the Company's previous Annual Meeting held in April 2018.

Stockholder Communication with the Board of Directors

The Company encourages stockholders and other interested persons to communicate with members of the Board. Any person who wishes to communicate with a particular director or the Board as a whole, including the Lead Director or any other independent director, may write to those directors in care of Corporate Secretary, AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096. The correspondence should indicate the writer's interest in the Company and clearly specify whether it is intended to be forwarded to the entire Board or to one or more particular directors. The Corporate Secretary will forward all correspondence satisfying these criteria.

PROPOSAL NUMBER 2

NON-BINDING ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF THE COMPANY'S NEOS

The Board is submitting a "say-on-pay" proposal for stockholder consideration. While the vote on executive compensation is non-binding and solely advisory in nature, the Board and the Compensation Committee will review the voting results and seek to determine the causes of any negative voting result to better understand any issues and concerns that our stockholders may have. We intend to hold annual say-on-pay votes. At the 2018 Annual Meeting, our stockholders expressed their continued support of our executive compensation with over 94% of shares actually voted supporting our executive compensation policies and practices. Stockholders who want to communicate with the Board or management regarding compensation-related matters should refer to "Stockholder Communication with the Board of Directors" in this proxy statement for additional information.

The Board recommends that stockholders vote to approve, on an advisory basis, the compensation paid to the Company's Named Executive Officers ("NEOs"), as described in this proxy statement.

Compensation Philosophy and Program Design

The Company's compensation philosophy and program design is intended to support the Company's business strategy and align executives' interests with those of stockholders and employees (i.e., pay for performance). A significant portion of the Company's executive compensation opportunity is related to factors that directly and indirectly influence stockholder value. The Company believes that as an executive's responsibilities increase, so should the proportion of his or her total pay comprised of annual incentive cash bonuses and long-term incentive ("LTI") compensation, which supports and reinforces the Company's pay for performance philosophy.

Best Practices in Executive Compensation

The Compensation Committee regularly reviews best practices related to executive compensation to ensure alignment with the Company's compensation philosophy, business strategy and stockholder focus. The Company's executive compensation programs consist of the following:

- A formal compensation philosophy approved by the Compensation Committee that targets executive's total compensation levels (including NEOs) at the median (or 50th percentile) of the market and provides opportunity for upside compensation levels for excellent performance;
- A well-defined peer group of similar and reasonably sized industrial and manufacturing comparators to benchmark NEO and other officer compensation;
- An annual incentive compensation plan ("IC Plan") that includes a minimum net income threshold that must be met before a payout is earned, a maximum payout level of 200% of target, and multiple performance measures that drive stockholder value and improvement in operational results, which mitigate too heavy of a focus on any one performance measure in particular;
- A balanced long-term incentive plan ("LTI Plan") consisting of a performance share plan, which comprises approximately 60% of an NEO's target LTI award, restricted stock units ("RSUs"), which comprises approximately 20% of an NEO's target LTI award and a grant of stock-settled stock appreciation rights, which comprises approximately 20% of an NEO's target LTI award. Each LTI vehicle contains a strong performance or retention orientation and aligns closely with stockholder interests;
- Beginning with 2018 awards under the LTI Plan, a so-called "double trigger" equity vesting in the event of change of control;
- A clawback policy, which allows the Company to take remedial action against an executive if the Board determines that an executive's misconduct contributed to the Company having to restate its financial statements;
- Stock ownership requirements that encourage executives to own a specified level of stock, which emphasizes the alignment of their interests with those of stockholders;
- Modest perquisites for executives (including NEOs);
- A plan design that mitigates the possibility of excessive risk that could harm long-term stockholder value;
- For new executive employment agreements beginning in 2017, no gross-ups for excise taxes on severance payments due to a change of control; and
- A conservative approach to share usage associated with our stock compensation plans.

When the Compensation Committee diverges from these practices - one variance is described below - it does so only after careful consideration and input from its compensation consultant. Ultimately, the Compensation Committee has and will continue to take action to structure the Company's executive compensation practices in a manner that is consistent with its compensation philosophy, business strategy and stockholder focus.

Company Performance

The agricultural equipment industry is cyclical, with sales largely dependent on the health of the overall farm economy, particularly commodity prices and farm income. Industry demand was projected to be flat in 2018 compared to 2017, and the performance targets for payments under the IC Plan were level or higher than 2017, other than free cash flow, where the target reflected our financial outlook communicated to investors. Industry conditions ultimately improved in 2018, and AGCO's financial results improved in 2018 as well and the IC performance targets were exceeded.

Compensation actions taken for NEOs in 2018 include:

- Modest merit increases of base compensation;
- IC Plan payouts for corporate goal achievement at 139.25% of target;
- LTI Plan payouts at 156% of target for the 2016-2018 three-year performance cycle;
- A retention-focused equity award for our CEO; and
- Modification of performance metrics to focus on margin improvement.

Over the past several years, the Company engaged in discussions with stockholders regarding the Company's compensation philosophy and programs, and it received comments and feedback on a number of matters. As part of these outreach efforts, we held in-person or telephonic meetings with stockholders representing a significant portion of the Company's outstanding shares. Overall, the feedback was positive. Based upon that feedback, the Compensation Committee has made various changes, for example implementing a so-called "double trigger" equity vesting for awards under the LTI Plan commencing with the 2018-2020 cycle and modifying performance metrics.

The "Compensation Discussion and Analysis" section of this proxy statement and the accompanying tables and narrative provide a comprehensive review of the Company's NEO compensation objectives, programs and rationale. We urge you to read this disclosure before voting on this proposal.

We are asking our stockholders to indicate their support for the Company's NEO compensation as described in this proxy statement. This proposal gives our stockholders the opportunity to express their views on the Company's NEO compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's NEOs and the philosophy, policies and practices thereof described in this proxy statement. Accordingly, we ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

> "RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Proxy Statement for the 2018 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2018 Summary Compensation Table and the other related tables and accompanying narrative set forth in the Proxy Statement."

The Board recommends a vote "FOR"
the non-binding advisory resolution to approve the compensation of the Company's NEOs.

PROPOSAL NUMBER 3

RATIFICATION OF COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2019

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, staffing considerations, and the independence and quality controls of the firms considered. The Audit Committee has appointed KPMG LLP as the Company's independent registered public accounting firm for 2019. KPMG LLP served as the Company's independent registered public accounting firm for 2018 and is considered to be well-qualified.

In view of the difficulty and expense involved in changing independent registered public accounting firms on short notice, should the stockholders not ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for 2019 under this proposal, it is contemplated that the appointment of KPMG LLP for 2019 will be permitted to stand unless the Board finds other compelling reasons for making a change. Disapproval by the stockholders will be considered a recommendation that the Board select another independent registered public accounting firm 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 recommends a vote "FOR"
the ratification of the Company's independent registered public accounting firm for 2019.

OTHER BUSINESS

The Board does not know of any matters to be presented for action at the Annual Meeting other than the election of directors, the non-binding advisory resolution to approve the compensation of the Company's NEOs, and the ratification of the Company's independent registered public accounting firm for 2019. If any other business should properly come before the Annual Meeting, the persons named in the accompanying proxy card intend to vote thereon in accordance with their best judgment.

PRINCIPAL HOLDERS OF COMMON STOCK

The following table sets forth certain information as of March 15, 2019 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 individual and entities listed below, and the percentage given is based on 76,713,331 shares outstanding.

Name and Address of Beneficial Owner	Shares of Common Stock	Percent of Class
Mallika Srinivasan Old No. 35, New No. 77, Nungambakkam High Road Chennai 600 034, India	12,165,219 (1)	15.9%
Tractor and Farm Equipment Limited Old No. 35, New No. 77, Nungambakkam High Road Chennai 600 034, India	12,150,152	15.8%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	5,882,809 (2)	7.7%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	5,848,995 (3)	7.6%

(1) Includes shares held individually (15,067 shares) and through TAFE and TAFE Motors and Tractors Limited (12,150,152 shares). Based upon SEC filings made by Ms. Srinivasan.

(2) BlackRock, Inc. has sole voting power with respect to 5,588,220 of its shares and sole dispositive power with respect to all 5,882,809 of its shares.

(3) The Vanguard Group has sole voting power with respect to 31,806 of its shares, shared voting power with respect to 8,597 of its shares, sole dispositive power with respect to 5,815,338 of its shares and shared dispositive power with respect to 33,657 of its shares.

The following table sets forth information regarding beneficial ownership of the Company's common stock by the Company's directors, the director nominees, the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, the other NEOs and all executive officers and directors as a group, all as of March 15, 2019. Except as otherwise indicated, each such individual has sole voting and investment power with respect to the shares set forth in the table.

Name of Beneficial Owner	Shares of Common Stock(1)	Shares That May be Acquired Within 60 Days	Percent of Class
Roy V. Armes	9,600	—	*
Michael C. Arnold	10,199	—	*
P. George Benson	15,277	—	*
Suzanne P. Clark	1,339	—	*
Wolfgang Deml	22,397	—	*
George E. Minnich	17,868	—	*
Gerald L. Shaheen	16,088	—	*
Mallika Srinivasan(2)	12,165,219	—	15.9%
Hendrikus Visser	22,729	—	*
Andrew H. Beck	132,752	15,928	*
Robert B. Crain	54,104	5,165	*
Martin H. Richenhagen(3)	695,641	60,528	*
Rob Smith	29,628	3,423	*
Hans-Bernd Veltmaat	62,685	5,656	*
All executive officers and directors as a group (19 persons)	13,398,464	118,707	17.6%

* Less than one percent

(1) Includes the following number of restricted shares of the Company's common stock as a result of restricted stock grants under the Company's incentive plans by the following individuals: Mr. Armes — 1,914; Mr. Arnold — 1,531; Mr. Benson — 1,148; Ms. Clark — 1,339; Mr. Deml — 1,148; Mr. Minnich — 1,148; Mr. Shaheen — 1,148; Ms. Srinivasan — 1,914; Mr. Visser — 1,339; All directors as a group — 12,629.

(2) Includes shares held individually (15,067 shares) and through TAFE and TAFE Motors and Tractors Limited (12,150,152 shares). Ms. Srinivasan is the Chairman and Chief Executive Officer of TAFE and the Company owns a 23.75% interest in TAFE.

(3) Includes 193,584 shares that have been pledged as collateral to secure a line of credit.

EXECUTIVE COMPENSATION

The following table sets forth information as of March 15, 2019, with respect to each person who is an executive of the Company.

Name	Age	Positions
Martin H. Richenhagen	66	Chairman of the Board, President and Chief Executive Officer
Roger N. Batkin	50	Senior Vice President — General Counsel and Corporate Secretary
Andrew H. Beck	55	Senior Vice President — Chief Financial Officer
Gary L. Collar	62	Senior Vice President and General Manager, Asia/Pacific/Africa
Robert B. Crain	59	Senior Vice President and General Manager, Americas
Helmut R. Endres	63	Senior Vice President — Engineering
Eric P. Hansotia	50	Senior Vice President — Chief Operating Officer
Lucinda B. Smith	52	Senior Vice President — Global Business Services
Rob Smith	53	Senior Vice President and General Manager, Europe/Middle East
Josip T. Tomasevic	51	Senior Vice President — Chief Procurement Officer
Hans-Bernd Veltmaat	64	Senior Vice President — Chief Supply Chain Officer

Roger N. Batkin has been Senior Vice President — General Counsel and Corporate Secretary since January 2018. From June 2013 to December 2017, Mr. Batkin was Vice President, General Counsel and Corporate Secretary. Mr. Batkin was Vice President, Legal Services and Chief Compliance Officer for Europe/Africa/Middle East and Asia/Pacific from 2010 to 2013. Mr. Batkin was also Director of the Company's U.K. Operations between 2009 and 2013. Prior to joining the Company, Mr. Batkin was an attorney with an international law firm.

Andrew H. Beck has been Senior Vice President — Chief Financial Officer since June 2002. Mr. Beck was Vice President, Chief Accounting Officer from January 2002 to June 2002, Vice President and Controller from 2000 to 2002, Corporate Controller from 1996 to 2000, Assistant Treasurer from 1995 to 1996 and Controller, International Operations from 1994 to 1995.

Gary L. Collar has been Senior Vice President and General Manager Asia/Pacific/Africa since January 2017. Mr. Collar was Senior Vice President and General Manager, Asia/Pacific from January 2012 to December 2016. Mr. Collar was Senior Vice President and General Manager, Europe/Africa/Middle East and Australia/New Zealand from January 2009 until December 2011 and Senior Vice President and General Manager Europe/Africa/Middle East and Asia/Pacific from 2004 to December 2008. Mr. Collar was Vice President, Worldwide Market Development for the Challenger Division from 2002 until 2004. Between 1994 and 2002, Mr. Collar held various senior executive positions with ZF Friedrichshaven A.G., including Vice President Business Development, North America, from 2001 until 2002, and President and Chief Executive Officer of ZF-Unisia Autoparts, Inc., from 1994 until 2001. In addition, Mr. Collar is a member of the Board of Directors for Hillenbrand, a publicly traded company in the United States that designs, develops and manufactures engineered industrial equipment and funeral service products.

Robert B. Crain has been Senior Vice President and General Manager, Americas since January 2015. Mr. Crain was Senior Vice President and General Manager, North America from January 2006 to December 2014. Mr. Crain held several positions within CNH Global N.V. and its predecessors, including Vice President of New Holland's North America Agricultural Business, from 2004 to 2005, Vice President of CNH Marketing North America Agricultural business, from 2003 to 2004 and Vice President and General Manager of Worldwide Operations for the Crop Harvesting Division of CNH Global N.V. from 1999 to 2002. Mr. Crain is also an officer of the Association of Equipment Manufacturers.

Helmut R. Endres has been Senior Vice President — Engineering since December 2011. Between 2006 and 2010, Mr. Endres was Chief Technological Officer and Vice President, Engineering, International Trucks and Engines for Navistar International Corporation. Between 1995 and 2006, Mr. Endres worked at Volkswagen (including the Audi division) in various roles, including Executive Director, Group Powertrain and Director, Gasoline Engines. He was a member of the Audi Executive Board's product Strategy Committee and Chairman of the Volkswagen Group Powertrain Strategy Committee. Between 1982 and 1995, Mr. Endres was with FEV, Inc. in Germany serving in various gasoline and diesel engine engineering roles, including head of the European Business Unit, and leading the Combustion Technologies Divisions.

Eric P. Hansotia has been Senior Vice President — Chief Operating Office since January 2019. He served as Senior Vice President, Global Crop Cycle and Fuse Connected Services, from January 2015 to January 2019 and he served as Senior Vice President, Global Harvesting and Advanced Technology Solutions, from July 2013 to January 2015. Prior to joining AGCO, Mr. Hansotia held several positions within John Deere including Senior Vice President, Global Harvesting, from 2012 to 2013 and Vice President, Global Crop Care based in Mannheim, Germany from 2009 to 2012. Prior positions with John Deere include: from 2005 to 2009 — General Manager, Harvester Works; from 2004 to 2005 — Vice President, Global Forestry; and from 1993 to 2004 — various roles at John Deere.

Lucinda B. Smith has been Senior Vice President — Global Business Services since March 2013 and is responsible for the functional management of all Human Resources and Information Technology organizations worldwide as well as for AGCO's Shared Services Center in Budapest, Hungary. Ms. Smith was Senior Vice President — Human Resources from January 2009 to March 2013; Vice President, Global Talent Management & Rewards from May 2008 to December 2008; and Director of Organizational Development and Compensation from 2006 to 2008. From 2005 to 2006, Ms. Smith was Global Director of Human Resources for AJC International, Inc. Ms. Smith also held various domestic and global human resource management positions at Lend Lease Corporation, Cendian Corporation and Georgia-Pacific Corporation.

Rob Smith has been Senior Vice President and General Manager, Europe/Middle East since January 2017. Mr. Smith was Senior Vice President and General Manager, Europe/Africa/Middle East from September 2013 to December 2016. Mr. Smith was the Vice President & General Manager of the global Engine Components Division for TRW Automotive from 2007 to 2013. He served as the Chairman of the Supervisory Board of TRW Automotive GmbH from 2009 to 2013. Prior to joining TRW, Mr. Smith served as Vice President of the Global Automotive Division at Tyco Electronics from 2005 to 2006, and Vice President & General Manager of Bombardier Transportation's Aftermarket Parts and Material Repair and Overhaul business from 2002 to 2005. From 1993 to 2001, he served in various operations and supply chain roles in the global automotive industry with LucasVarity PLC, Lucas Industries PLC and BMW. In addition, Mr. Smith is a member of the Board of Directors and is the Chairman of the Technology Committee for FL Smidth & Co A/S, a publicly traded Danish leading supplier of equipment and services to the global mining and cement industries.

Josip T. Tomasevic has been Senior Vice President — Chief Procurement Officer since January 2019. From October 2011 to December 2018, Mr. Tomasevic was Vice President — Global Purchasing Materials. Prior to joining the Company, Mr. Tomasevic was Head of Corporate Purchasing at Claas KGaA mbH.

Hans-Bernd Veltmaat has been Senior Vice President — Chief Supply Chain Officer since January 2012. Mr. Veltmaat serves on the Industry Executive Advisory Board for the Executive MBA in Supply Chain Management Program at the Swiss Federal Institute of Technology Zurich. Mr. Veltmaat was Senior Vice President — Manufacturing & Quality from July 2008 to December 2011. Mr. Veltmaat was Group Executive Vice President of Recycling Plants at Alba AG from 2007 to June 2008. From 1996 to 2007, Mr. Veltmaat held various positions with Claas KGaA mbH in Germany, including Group Executive Vice President, a member of the Claas Group Executive Board and Chief Executive Officer of Claas Fertigungstechnik GmbH.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The design and implementation of our compensation programs are intended to provide appropriate rewards and incentives to our NEOs at a reasonable cost to the Company and, at the same time, to do so in a manner consistent with the views expressed by our stockholders. We believe that our current programs, and the actions taken over the last several years, are consistent with this intent. Highlights include:

- A continuation of compensation that is highly weighted - on average, approximately 75% - to variable or "at risk" compensation;
- Targeting compensation at the median (50th percentile) of our peer group;
- A continued focus on aligning incentives with corporate strategy;
- Extensive stockholder outreach and changes reflective of that process, including, beginning in 2018, the implementation of "double trigger" vesting in connection with future equity awards; and
- Elimination of excise tax gross-ups from future employment agreements.

Establishing appropriate executive compensation, particularly incentive compensation, is challenging for us due to the cyclical nature of the agricultural equipment industry. Our objective has been to provide targets that are achievable within the expected industry conditions during the performance period. We believe this approach maximizes our performance at all points in the cycle and, critically, supports retention of executives. Our historical practice has generally been to establish performance targets for a fiscal year at or above the financial outlook communicated to investors at the start of that fiscal year.

Despite these efforts, and as a result of reductions in agricultural equipment industry sales from 2014 to 2017, our approach to compensation did not provide the necessary incentives and rewards to our executives, and, as a result, in 2016 we supplemented our traditional approach to compensation with a Retention and Performance Plan ("RPP") that specifically targeted and rewarded improvements in key metrics. At the same time, we set goals that were better aligned with what reasonably could be achieved. In the past two years, we have seen some stability in agricultural equipment industry sales, and our incentive compensation goals established in 2017 and 2018 generally reflect year-over-year increases that we believe are challenging but also reasonable given current market conditions.

Below we describe our compensation philosophy, the compensation programs provided to our NEOs, and the decision-making process followed in setting compensation for our NEOs during 2018. This discussion should be read in conjunction with the tables and related narratives that follow. Our NEOs for these purposes are:

- Andrew H. Beck, Senior Vice President — Chief Financial Officer
- Robert B. Crain, Senior Vice President and General Manager, Americas
- Martin H. Richenhagen, Chairman of the Board, President and Chief Executive Officer
- Rob Smith, Senior Vice President and General Manager, Europe/Middle East
- Hans-Bernd Veltmaat, Senior Vice President — Chief Supply Chain Officer

At the 2018 Annual Meeting, our stockholders expressed their continued support of our executive compensation programs by approving the non-binding advisory vote on our executive compensation, with over 94% of shares voted supporting our executive compensation policies and practices.

During each of the last three years, we engaged in an outreach program with stockholders to discuss our compensation philosophy and programs and to receive comments and feedback on a number of matters. We value and seriously consider feedback from our stockholders. Our Compensation Committee Chairman participated in some of the meetings to answer questions and to provide his perspective on our compensation plans. Many important topics were discussed, including target-setting and maintaining a competitive pay structure during the industry down cycles. As a result of these outreach efforts, we held in-person or telephonic meetings with stockholders representing a significant portion of our outstanding shares. The majority of stockholder feedback was positive and provided support for our overall compensation policy and decisions. We did make several changes to our compensation policies based on stockholder feedback, such as eliminating from future employment agreements the gross-up for excise taxes on severance payments due to a change in control, adopting a "double trigger" equity vesting in connection with future equity awards, modifying our peer group to better align with our current revenue size, and replacing our earnings per share target with a net income target in our annual Management Incentive Plan.

Consistent with our commitment to executive compensation best practices, some of which are discussed in Proposal No. 2 above, the following executive compensation practices are in place:

- The financial performance objectives in our annual and long-term incentive plans are reviewed and approved annually by the Compensation Committee;
- Our annual and long-term incentive plans consist of multiple performance objectives, mitigating focus on any one objective in particular;
- The vesting period for our NEOs' stock-settled stock appreciation rights is 48 months, and the periods for performance shares and restricted stock units ("RSUs") generally are 36 months;
- Our NEOs (and directors) are subject to stock ownership requirements;
- Compensation levels for our executives (including NEOs) generally are targeted at median levels of market competitiveness;
- Our compensation programs support a conservative approach to share usage associated with our stock compensation plans;
- The design of our compensation programs attempts to mitigate the possibility of excessive risk-taking that could harm the long-term value of AGCO;
- For new executive employment agreements beginning in 2017, we eliminated the gross-up for excise taxes on severance payments due to a change in control;
- We adopted double-trigger equity vesting in the case of a change-in-control for equity awards made in 2018 and in subsequent periods; and
- We have a clawback provision in place that can require the return of any bonus or incentive compensation.

Compensation Philosophy and Governance

It is AGCO's practice to compensate executive officers through a combination of cash and equity compensation, retirement programs and other benefits. Our primary objectives are to provide compensation programs that:

- Are aligned with median market levels and competitive with companies of similar revenue size and complexity;
- Align with stockholder interests;
- Reward performance;
- Attract and retain quality management;
- Encourage executive stock ownership;
- Mitigate excessive risk-taking; and
- Are substantially consistent among our locations worldwide.

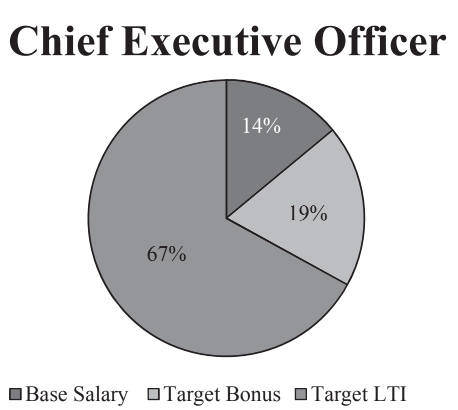
AGCO's compensation philosophy is reviewed regularly and most recently was updated and approved by the Compensation Committee in July 2018. The philosophy is intended to articulate our principles and strategy for total compensation and specific pay program elements. It is closely aligned with our business strategy and reflects performance attributes and, as such, ties executives' interests to those of our stockholders and other employees.

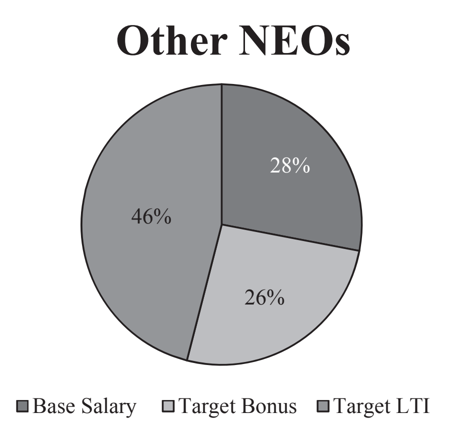
We implement this compensation philosophy through five primary elements of compensation:

Component	Philosophy	Strategy/Competitive Positioning
Base Salary	• Establishes the foundation of total compensation and supports attraction and retention of qualified staff	• Generally targeted at median levels of other industrial companies of similar revenue and complexity
Annual Management Incentive Plan (IC Plan)	• Facilitates alignment of management with corporate objectives to achieve outstanding performance and meet specific AGCO financial goals	• Target award opportunities competitive with median levels of other industrial companies of similar size and complexity, with minimum and maximum award opportunities ranging from 50% to 200% of target, respectively
Long-Term Incentives (LTI Plan)	• Engages management in achieving longer-term performance goals and making decisions in the best interests of stockholders	• Target award opportunities competitive with median levels of other industrial companies of similar size and complexity
Retirement Benefits	• Supports the attraction and retention of key executives	• Competitive with general market practices; in the U.S., retirement benefits for executives consists of 401(k) and non-qualified benefits • For executives who became eligible to participate in the non-qualified benefits prior to August 1, 2015, these benefits consist of the Executive Nonqualified Pension Plan ("ENPP"), which for vesting requires executives to remain employed with the Company until attaining at least age 50 with ten years of service (five years of which must include participation in the ENPP) • For executives promoted or hired after August 1, 2015, those benefits consist of a nonqualified defined contribution plan
Perquisites	• Supports the attraction and retention of key executives	• Minimal use, as appropriate

As discussed elsewhere, on occasion, we have concluded that varying or additional awards were appropriate in light of special circumstances. The 2016 RPP is one example of that, as is the retention award discussed below.

We believe that as an executive's responsibilities increase, so should the proportion of his or her total pay comprised of annual incentive cash bonuses and long-term incentive compensation. As illustrated below, on average over 75% of our NEO compensation was variable or "at risk" and tied to AGCO's performance with the greatest portion associated with long-term incentives:





When establishing compensation and performance criteria, goals are set that we believe reflect key areas of performance supporting our long-term success. We consider factors such as our current performance compared to industry peers, desired levels of performance improvement, and industry trends and conditions when determining performance expectations within our compensation plans.

Compensation Consultant Independence

The Compensation Committee approves all compensation for executive officers, including the structure and design of the compensation programs. The Compensation Committee is responsible for retaining compensation consultants and determining the terms and conditions of their engagement, including fees. Since 2005, the Compensation Committee has engaged Willis Towers Watson, a globally recognized advisory, brokering and solutions company, to advise the Compensation Committee (and at times management) with respect to our compensation programs and to perform various related studies and projects, including market analysis and compensation program design. A Willis Towers Watson representative reports directly to the Compensation Committee as its compensation advisor.

The Compensation Committee annually reviews the role of its compensation advisor and believes that the advisor is fully independent for purposes of providing on-going recommendations regarding executive compensation. In addition, and in conjunction with the SEC requirements that public companies formally review advisor independence, the Compensation Committee concluded that the compensation advisor is independent and provides candid, direct and objective advice to the Compensation Committee. To ensure independence:

- The Compensation Committee directly hired and has the authority to terminate the compensation advisor;
- The compensation advisor reports directly to the Compensation Committee and the chairperson;
- The compensation advisor meets regularly and as needed with the Compensation Committee in executive sessions that are not attended by any of our officers;
- The compensation advisor and the team at Willis Towers Watson have direct access to all members of the Compensation Committee during and between meetings;
- No regular member of the Willis Towers Watson executive compensation team owns any stock of AGCO, other than possibly investments in mutual funds or other funds that are managed without the member's input; and
- The executive compensation advisor and team at Willis Towers Watson do not have any personal or business relationships with any member of the Compensation Committee or executive officer of AGCO.

Willis Towers Watson provides the Compensation Committee with an annual update on its services and related fees. The Compensation Committee determines whether Willis Towers Watson's services are performed objectively and free from the influence of management. With the full knowledge of the Compensation Committee, AGCO has retained a distinct and separate unit of Willis Towers Watson for other services, including broad-based employee retirement and benefit services, and specific projects within multiple countries for various Company subsidiaries, consisting primarily of actuarial services for our defined benefit plans and pension administration services.

The Compensation Committee also closely examines the safeguards and steps Willis Towers Watson takes to ensure that its executive compensation consulting services are objective. For example:

- Willis Towers Watson has separated its executive compensation consulting services into a single, segregated business unit within Willis Towers Watson;
- Willis Towers Watson associates are subject to a comprehensive Code of Conduct and Ethics, which addresses issues including conflicts of interest and associates' ownership and trading of client company stock, among other areas;
- The compensation advisor receives no direct incentives based on other services Willis Towers Watson provides to AGCO;
- The compensation advisor is not the Willis Towers Watson client relationship manager for AGCO; and
- Neither the compensation advisor nor any member of the advisor's team participates in any activities related to the services provided to AGCO by other Willis Towers Watson business units.

For these reasons, the Compensation Committee does not believe that Willis Towers Watson's services for AGCO's employee retirement and benefit plans, or its specific projects, compromise its compensation advisor's ability to provide the Compensation Committee with perspective and advice that is independent and objective.

The total amount of fees for consulting services provided to the Compensation Committee in 2018 by its compensation advisor was approximately $271,000. The total amount of fees paid by AGCO to Willis Towers Watson in 2018 for all other services, excluding Compensation Committee services, was approximately $1,400,000. These other services are mainly related to actuarial services for our defined benefit plans and pension administration services and health and group benefits consulting.

Competitive Analyses

We perform competitive analyses with respect to cash compensation, long-term equity incentives and executive retirement programs. These analyses are conducted periodically and include a comparison to nationally recognized compensation surveys, as well as a comparison to a peer group of other industrial companies. These competitive analyses provide us with information regarding ranges and median compensation levels, as well as the types of compensation practices followed at other companies. The analyses are used to review, monitor and establish appropriate and competitive compensation guidelines, determine the appropriate mix of compensation programs and establish the specific compensation levels for our executives.

The Compensation Committee performed an external market review in 2018 that examined the competitiveness of the Company's NEOs' total compensation. The analysis reviewed the dollar value of the compensation, as well as the mix of compensation between base salary, annual cash incentive bonus and LTI pay. The Compensation Committee's goal is to provide base salary, target total cash compensation (e.g., base salary plus target bonus opportunity) and target total direct compensation (e.g., target total cash plus target LTI opportunity) for each NEO at the market median, which reflects an average of published survey data for companies of similar revenue size and information from peer proxy statements.

The Compensation Committee uses the external market review to help it make informed decisions regarding NEO compensation. For the Chief Executive Officer, the Compensation Committee recognizes the critical nature of this role, his higher level of responsibility within the Company and his more pervasive influence over our performance and, therefore, provides market competitive levels of compensation that differ from levels of compensation paid to other NEOs. Mr. Richenhagen, as Chief Executive Officer of the Company, is placed in his own level based purely on median market information and benchmarking.

It is our philosophy to compensate Senior Vice Presidents ("SVPs") relative to their particular function, scope and industry comparator.

The Compensation Committee, in recognition of the collaborative efforts of the General Managers operating not only their respective businesses, but also our worldwide business, sets the compensation of all General Managers at similar levels. In Mr. Beck's case, the Compensation Committee's view is that the Chief Financial Officer should not be paid significantly more than the General Managers, which is consistent with our compensation philosophy and reinforced by the internal grouping of the Company's executives. However, in recognition that external market data for Mr. Beck's position is higher than external market data for the General Managers, he received a slightly larger LTI award in 2017 and 2018. In the case of Mr. Veltmaat, the pay positioning of his role is targeted to approximate the upper end of the grade range due to the criticality of his role within the organization.

As part of its regular process, the Compensation Committee reviewed our peer group in July 2018 to ensure that the included companies are appropriate comparators for determining whether total compensation for NEOs aligns with market. Industrial and other equipment manufacturers approximately one-half to two times AGCO's revenue size are primarily considered by the Compensation Committee. Prior to the Compensation Committee review, our peer group consisted of 19 companies. Upon review, Agrium was removed due to its acquisition by Potash and Chicago Bridge & Iron was removed due to its acquisition by McDermott International. No other changes were made to the peer group. The Compensation Committee believes that the companies in the current peer group reflect AGCO's size and align with our business and the markets in which we serve and operate as well as recruit talent. The composition of the current peer group (17 companies) is shown below:

- BorgWarner Inc.
- Cummins, Inc.
- Dover Corporation
- Flowserve Corporation
- Illinois Tool Works Inc.
- Ingersoll-Rand Company Limited
- Masco Corporation
- Navistar International Corporation
- Oshkosh Corporation
- PACCAR Inc.
- Parker Hannifin Corporation
- Pentair plc
- Rockwell Automation, Inc.
- Stanley Black & Decker
- Terex Corporation
- Trinity Industries, Inc.
- Textron Inc.

The Compensation Committee will continue to regularly review the composition of the peer group and make updates as needed.

Base Salary

In April 2018, the Compensation Committee provided market-aligned base salary increases to our NEOs. A 3% base salary increase was provided to Martin Richenhagen, our Chief Executive Officer. This was the first increase in Mr. Richenhagen's base salary since 2015. His new base salary is now $1,385,942. Base salary increases for Messrs. Beck, Crain, Smith, and Veltmaat ranged from 2% to 10%.

Annual Cash Incentive Bonuses

Incentive compensation is based on AGCO's performance, as well as the contribution of executive officers through the leadership of their respective regional or functional areas. For 2018, incentive compensation awards for all NEO's and senior vice presidents were based 100% on corporate goals for global alignment purposes. Incentive compensation opportunities are expressed as a percentage of the executive officer's base salary. The annual award opportunities for the NEOs in 2018, all of which relate to corporate goals, are shown in the chart below:

	Opportunity as a Percentage of Base Salary		
Name	**Minimum Award**	**Target Award**	**Maximum Award**
Mr. Beck	50%	100%	200%
Mr. Crain	45%	90%	180%
Mr. Richenhagen	70%	140%	280%
Mr. Smith	45%	90%	180%
Mr. Veltmaat	45%	90%	180%

Under the IC Plan, graduated award payments of 50% of target are made if a minimum of approximately 80% of the target goal is met, increasing to the maximum payout when approximately 140% of the target goal is met. The corporate objectives are set at the beginning of each year and approved by the Compensation Committee based upon a budget approved by the Finance Committee. However, unless a threshold adjusted earnings per share ("EPS") goal is reached, no awards are paid regardless of performance relative to the other target goals. For the year ended December 31, 2018, the corporate objectives were based on targets for net income, free cash flow, operating margin as a percentage of net sales, and quality improvement. The calculation of these measures and corporate weightings are as follows:

- *Net Income:* Net income adjusted to exclude restructuring expenses and certain other approved items (40% weight).
- *Free Cash Flow:* Operating cash flow minus capital expenditures (30% weight).
- *Operating Margin as a Percentage of Net Sales:* The percentage calculated when income from operations is divided by net sales (20% weight). This measure also excludes restructuring expenses and certain other approved items.
- *Quality Improvement:* Product Concern Resolution Efficiency and Repair Frequency (10% weight).

For 2018, targets for each of the measures and AGCO's performance are summarized below:

Measure(1)	Weight	Bonus Objective	Performance	Percent Achieved	Earned Award
Net Income	40%	$279.7	$310.2	111%	51.0%
Free Cash Flow	30%	$225.3	$392.5	174%	60.0%
Operating Margin as a Percentage of Sales	20%	5.3%	5.4%	102%	21.0%
Quality Improvement	10%			89%	7.25%

(1) Dollar amounts stated in millions; performance amounts reflect adjustments made in accordance with the awards.

In setting performance goals each year, the Compensation Committee aims to set performance goals that are calibrated to Company performance expectations. While industry demand was projected to be flat in 2018 compared to 2017, we set our 2018 target performance goals consistent with our forecast for 2018, which was for improved performance. For 2018, the Compensation Committee determined that we performed above target on three of the four performance measures, but that we were slightly below target with respect to the Quality Improvement target (89% achieved). As a result, the corporate portion of bonuses paid to NEOs reflects approximately 139.25% of the established target. All SVPs are measured on corporate goals.

For 2019, the Compensation Committee established operating margin as a percentage of net sales and free cash flow as the performance measures. The increased weighting of the operating margin metric reflects the importance the Company has placed on margin improvement as a key to increasing Company performance and shareholder value. This approach is consistent with the feedback that we received from stockholders.

The IC Plan also provides for payment of a pro rata portion of the participant's bonus upon a change of control, as well as additional bonus payments to certain participants terminated without cause within two years of a change of control. This is further explained in "Severance Benefits and Change of Control."

Long-term Incentives

We provide performance- and retention-based equity opportunities to the NEOs. LTI represents a significant component of total compensation and weighs heavily in the overall pay mix for executives. The overarching principles of the LTI Plan are:

- LTI is performance-based and intended to engage executives in achieving longer-term goals and to make decisions in the best interests of stockholders;
- Target award opportunities are generally competitive with median levels of other companies of similar size, industry and complexity;
- Realizable gains are intended to vary with Company performance and stock price growth; and
- Performance goals are aligned with stockholder interests and support the long-term success of AGCO.

While awards under the LTI Plan generally are made annually, from time to time, the Compensation Committee may also utilize special incentives to support strategic initiatives and to strengthen retention of management.

The following table summarizes the mix, performance measurements and general terms for each form of equity awarded to our NEOs for 2018 under our LTI Plan:

	Performance Share Plan ("PSP")	Stock-Settled Stock Appreciation Rights ("SSARs")	Restricted Stock Units ("RSUs")
LTI Mix	60%	20%	20%
Description	• Performance shares that are earned on the basis of AGCO's performance versus pre-established goals for a three-year cycle	• SSARs provide the right to receive share appreciation over the grant price, payable in whole shares of AGCO common stock	• RSUs are full share equivalents, payable at the end of the vesting period
Performance Measurements	• 50% Earnings Per Share • 50% Return on Invested Capital ("ROIC") • The percentage level achievement is determined annually, with the ultimate award that is earned determined based upon the average of three annual percentages	• Stock price appreciation	• Stock price appreciation, as the total value of RSUs is influenced by stock price
Vesting Period	• Vest in full at the end of the three-year cycle • Number of shares earned depends on performance	• Vest in equal installments over four years	• Vest in equal installments over three years
Restrictions / Expiration	• Converted to AGCO common stock upon vesting	• Expire seven years from the grant date	• N/A
Competitive Positioning	• Target award levels set at median level of market competitiveness	• Median level of market competitiveness	• Median level of market competitiveness

In January 2018, the Compensation Committee approved long-term incentive awards for 2018 eligible plan participants. Long-term incentive awards for the NEOs in 2018 are summarized in the table below under the caption "2018 Grants of Plan-Based Awards."

For grants under the PSP, EPS and average ROIC were chosen as performance measures because they are meaningful measures of our performance and have a strong correlation to generating stockholder value over the long-term.

The Compensation Committee established three levels of performance for each measure: *threshold*, representing the minimum level of performance that warrants a payout; *target*, representing a level of performance where median target compensation levels are appropriate; and *outstanding*, representing a maximum realistic performance level where increased compensation levels are appropriate. The EPS and average ROIC goals are linked within a performance award matrix which is used to determine the number of shares earned in various combinations of performance. The award opportunity levels are expressed as multiples of the executive's "target" award opportunity.

The matrix of award opportunities is illustrated below:

		Earnings Per Share (EPS)			
		Below Threshold	**Threshold**	**Target**	**Outstanding**
ROIC	**Outstanding**	100.0%	116.5%	150.0%	200.0%
	Target	50.0%	66.6%	100.0%	150.0%
	Threshold	16.5%	33.3%	66.6%	116.5%
	Below Threshold	0.0%	16.5%	50.0%	100.0%

If the actual performance of the goal falls in between the established goals for threshold, target and outstanding performance, the associated payout factor will be calculated using a straight-line interpolation between the two goals. Unless the Compensation Committee determines otherwise, the Compensation Committee excludes restructuring and certain other items from the calculation of EPS and ROIC in order to ensure the calculations are equitable and appropriate decisions and actions are not discouraged by their projected impact on the awards.

For the awards granted in 2016 under the PSP, the Compensation Committee determined that, based on the Company's performance for the applicable three-year PSP performance cycle (2016-2018), we achieved above "target" on both the cumulative EPS and ROIC goals, thus producing a payout as shown in the chart below. The information provided below includes adjustments made by the Compensation Committee in accordance with the LTI Plan for certain items.

Measure(1)	**Year**	**Target**	**Actual**	**Earned Award**
EPS	2016	$2.30	$2.47	200%
	2017	$2.53	$3.02	200%
	2018	$2.78	$3.89	200%
ROIC	2016	5.5%	5.5%	100%
	2017	6.1%	5.9%	90%
	2018	6.7%	7.1%	144%
2016 Average				150%
2017 Average				145%
2018 Average				172%
Cumulative				156%

(1) Performance amounts reflect adjustments made in accordance with the awards.

The target award and actual number of shares received by the NEOs for the three-year performance cycle covering 2016-2018 are shown below:

	Three-Year Performance Cycle (2016-2018)	
Name	**Target Award**	**Actual Award**
Mr. Beck	14,700 shares	22,932 shares
Mr. Crain	11,700 shares	18,252 shares
Mr. Richenhagen	83,000 shares	129,480 shares
Mr. Smith	11,700 shares	18,252 shares
Mr. Veltmaat	11,700 shares	18,252 shares

In 2018, the Compensation Committee established award opportunities for executives covering a new three-year PSP performance cycle (2018-2020), as well as a new grant of SSARs and RSUs. The Compensation Committee's strategy is to regularly evaluate the size of award levels by taking into consideration market practices, the industry's cyclicality and other appropriate factors. New targets covering the 2018 -2020 three-year performance cycle were established for EPS and ROIC that take into account current and projected industry conditions so that the goals are realistically aligned with what the Compensation Committee believes is achievable. Target percentage level achievement on the new three-year PSP performance cycle (2018-2020) is based upon averaging the amounts earned during each year in the three-year performance cycle rather than on a cumulative basis during the entire performance cycle.

Targets covering the three-year 2019-2021 performance cycle were established for operating margin as a percentage of net sales and ROIC. This shift reflects the desire to reinforce the importance of margin improvement, which is consistent with stockholder feedback, but at the same time retains an appropriate linkage to earnings.

We consider the target goals for PSP awards for uncompleted cycles to be confidential. Historically, the Compensation Committee has established target goals for our executive officers that the Compensation Committee believed at the time of grant were reasonably achievable.

The Compensation Committee approves all grants of stock-based compensation to the Chief Executive Officer and all other executive officers. The Chief Executive Officer, with the assistance of the Senior Vice President — Global Business Services, assists the Compensation Committee with recommendations for award levels for all other executive officers based on external competitive analyses. Our policy is that SSARs are awarded with exercise prices at or above the fair market value of the Company's common stock on the date of the grant.

Retention Award for CEO

Mr. Richenhagen is 66 years old, and while he has not expressed a specific intent to retire, the Company's Succession Planning Committee and Compensation Committee consider that he is in a position, both financially and personally, where he could retire at any time should he so elect. Both Committees also consider that his continued service as Chief Executive Officer is in the best interests of shareholders, particularly as the Company continues to target cost reductions and margin improvements, initiatives which are being led by Mr. Richenhagen. The Compensation Committee concluded that the most effective way to mitigate the risk that Mr. Richenhagen may retire in the near-term was to make a one-time, time-based retention award. The details are as follows:

- 137,000 RSUs, which the fair value on the grant date of July 25, 2018 was approximately $7.9 million
- Full award vests on December 31, 2020 -- there is no partial vesting before that date
- Double trigger provision (as is more fully described below)

Mr. Richenhagen's focus during this period is expected to be:

- Development and execution of strategic business plan;
- Execution of near-term operational and strategic actions to drive both cost reductions and margin improvements;
- Development of a comprehensive succession plan to ensure leadership continuity; and
- Successful integration of recent acquisitions to improve profitability (e.g., Precision Planting and Lely).

This one-time award subsequently was discussed with shareholders as part of our shareholder engagement process to ensure that they were aware of the circumstances and need for the award.

Clawback of Incentive Compensation

We have a Compensation Adjustment and Recovery Policy. Pursuant to the policy, if the Board learns of any misconduct by an officer of AGCO or one of its subsidiaries that contributed to our having to restate our published financial statements, it shall take, or direct to take, such action as it deems reasonably necessary to remedy the misconduct, prevent its recurrence and, if appropriate, based on all relevant facts and circumstances, take remedial action against the individual in violation of the policy. In determining whether remedial action is appropriate, the Board shall take into account such factors as it deems relevant, including whether the misconduct reflected negligence, recklessness or intentional wrongdoing. Remedial action may include dismissal and initiating legal action against the officer.

In addition, the Board will, to the full extent permitted by governing law, in all appropriate cases, direct us to seek reimbursement of any bonus or incentive compensation awarded to an officer, or effect the cancellation of unvested, restricted or deferred equity awards previously granted to an officer, if: (1) the amount of the bonus or incentive compensation was calculated based upon the achievement of financial results that were subsequently reduced as part of a restatement; (2) the officer engaged in intentional wrongdoing that contributed to the restatement; and (3) the amount of the award would have been lower had the financial results been properly reported.

In determining what action to take or to require to take, the Board may consider, among other things, penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities, the impact upon us in any related proceeding or investigation of taking remedial action against an officer, and the cost and likely outcome of taking remedial action. The Board's power to determine the appropriate remedial action is in addition to, and not in replacement of, remedies imposed by such authorities.

Without by implication limiting the foregoing, following a restatement of the Company's financial statements, we also shall be entitled to recover any compensation received by the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002.

The policy further specifies that the authority vested in the Board under the policy may be exercised by any committee thereof. In addition, this policy will be evaluated after the SEC issues final rules implementing the clawback provisions set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Share Ownership and Retention Requirements

Share ownership by directors and executive officers emphasizes the alignment of their interests with those of stockholders. The Company's stock ownership program requires (i) non-employee directors to own common stock, or other equity equivalents, equal in value to four times the value of the annual retainer, (ii) the Chief Executive Officer to own common stock, or other equity equivalents, equal in value to five times annual salary, and (iii) all other executive officers to own common stock, or other equity equivalents, equal in value to three times their respective annual salaries. Once the minimum ownership level is achieved, an individual will remain qualified if he or she continues to hold at least the number of shares that is initially required regardless of the change in market value of the underlying stock. Any person becoming a director or executive officer has four-years from his or her election to comply with the stock ownership requirements. Our directors and executive officers all currently meet these requirements.

Hedging and Pledging Policy

We have a Hedging and Pledging Policy. Board members and officers are prohibited from, directly or indirectly, (1) pledging a significant number of the Company's equity securities, or (2) hedging with respect to any of the Company's equity securities. For these purposes, (a) "pledging" includes the intentional creation of any form of pledge, security interest, deposit, lien or other hypothecation, including the holding of shares in a margin account, that entitles a third-party to foreclose against, or otherwise sell, any equity securities, whether with or without notice, consent, default or otherwise, but does not include either the involuntary imposition of liens, such as tax liens or liens arising from legal proceedings, or customary purchase and sale agreements, such as Rule 10b5-1 plans, and (b) "significant" means the lesser of 1% of the Company's outstanding equity securities and 50% of the equity securities of the Company owned by the board member or officer. Also for these purposes, "hedging" includes any instrument or transaction, including put options and forward-sale contracts, through which the board member or officer offsets or reduces exposure to the risk of price fluctuations in a corresponding equity security. "Equity securities" include common stock, voting preferred stock and options and other securities exercisable for, or convertible into, settled in, or measured by reference to, any other equity security determined on an as-exercised and as-converted basis. The equity securities attributable to a board member or officer for these purposes shall include equity securities attributable to the board member or officer under either Section 13 or Section 16 of the Securities Exchange Act of 1934. In addition, equity securities that are pledged shall not be counted toward board member and officer ownership requirements.

Compensation Risk Assessment

The Compensation Committee regularly reviews compensation plans and practices to ensure they are appropriately structured and aligned with business objectives, and not designed to encourage executives to take unwarranted risks. Specifically, the overall design of the compensation philosophy and plans mitigate risks because: (1) the financial performance objectives of the short and long-term incentive plans are reviewed and approved annually by the Board; (2) the plans consist of multiple performance objectives, thus lessening the focus on any one in particular; (3) short and long-term incentive payouts are capped for all participants; and (4) the Company has in place a clawback provision that can require the return of bonus and other incentive compensation.

Tax Considerations

Section 162(m) of the IRC generally limits to $1 million the U.S. federal tax deductibility of compensation paid in one year to any employee. Through the end of 2017, performance-based compensation was not subject to this limit on deductibility, provided that such compensation met certain requirements, including stockholder approval of material terms of compensation. The Company generally designed its compensation to meet the requirements for the exception to Section 162(m). Effective for 2018 and subsequent years, Section 162(m) was amended to eliminate the exception for performance-based compensation. As a result, all compensation in excess of $1 million, regardless of how structured, no longer is deductible. The Company did not modify its compensation programs in response to the amendment, but may do so in the future.

Retirement Benefits

We believe that offering competitive retirement benefits is important to attract and retain top executives. Our U.S.-based executives participate in a non-qualified executive defined benefit plan in addition to a traditional defined contribution 401(k) plan. For our Company's 401(k) plan, we generally contributed approximately $12,375 to each eligible executive's 401(k) account during 2018, which was the maximum contribution match allowable under the Company's 401(k) Plan.

For U.S. executives, who became eligible to participate prior to August 1, 2015, we maintain an Executive Nonqualified Pension Plan ("ENPP"), which is designed to provide competitive retirement benefits that will attract and retain our executives. The ENPP provides U.S.-based executive officers with retirement income for a period of 15 years - for the remainder of their lives if they retire from the Company after age 65 - based on a percentage of the average of their highest three non-consecutive years of base salary and bonus during their final 10 years of employment (referred to as their "three-year average compensation"), reduced by the executive officer's social security benefits and 401(k) employer-matching contributions, as if the executive had made the maximum contribution. The benefit paid to the executive officers is 3% of their three-year average compensation multiplied by credited years of service, with a maximum annual benefit of 60% of their three-year average compensation. Benefits under the ENPP vest if the participant has attained age 50 with at least ten years of service (five years of which must include participation in the ENPP), but are not payable until the participant reaches age 65. For executives promoted or hired after August 1, 2015, those benefits consist of a nonqualified defined contribution plan.

Severance Benefits and Change of Control

Reasonable severance benefits are necessary to attract top executives. The levels of severance benefits provided to executives are designed to take into account the difficulty executives may experience with seeking comparable employment.

Employment agreements with the executives provide severance benefits when the termination is without "cause" or for termination with "good reason." The severance benefit depends on whether the termination involved a change of control. For terminations without "cause" or for "good reason" that do not involve a change of control, the severance benefit allows for the executives to receive his or her base salary for a period of up to two years and a pro rata portion of the bonus to which the executive would have been entitled for the year of termination had the executive remained employed for the entire year. Specifically for the NEOs, Messrs. Crain, Smith and Veltmaat may receive their respective base salaries and bonus amounts for one year upon termination. Mr. Beck may receive his base salary and bonus amount for two years upon termination. Mr. Richenhagen will not receive cash severance because his employment agreement stipulates that no cash severance is paid when he reaches the age of 65. A terminated U.S.-based executive also is entitled to receive any vested benefits under the ENPP payable beginning at age 65.

We also believe it is important to provide certain additional benefits upon a change of control in order to protect the executive's retirement benefits and potential income that would be earned associated with our equity incentive plans. In addition, it is our belief that the interests of stockholders will be best served if the interests of our senior management are in alignment. By providing certain change of control benefits, we believe executives will not be reluctant to consider potential change of control transactions that may be in the best interests of stockholders.

The Board has approved post-employment compensation to NEOs for terminations that occur within two years of a change of control. In such case, the executive would receive a lump-sum payment equal to (i) two times his or her base salary in effect at the time of termination, (ii) a pro-rata portion of his or her bonus or other incentive compensation earned for the year of termination and (iii) a bonus equal to two times the three year average of his or her awards received during the prior two completed years and the current year's trend (except that for Mr. Richenhagen, the lump sum payment would equal (i) three times his base salary in effect at the time of termination, (ii) a pro-rata portion of his bonus earned for the year of termination and (iii) a bonus equal to three times the three year average of Mr. Richenhagen's awards received during the prior two completed years and the current year's trend), and the executive would also be entitled to receive specific retirement benefits and the acceleration of vesting of outstanding equity awards.

For awards under our equity incentive plan prior to 2018, the plan allows for all unearned awards to become fully vested and exercisable, and all performance goals applicable to an award will be deemed automatically satisfied with respect to the greater of the target level of compensation expected to be attained pursuant to such award or the level of performance dictated by the trend of the Company's actual performance, so that all of such compensation shall be immediately vested and payable. Effective with equity awards in 2018, the "single trigger" provision, which stated that shares will vest upon a change in control, was replaced with a "double-trigger" provision that states that vesting is contingent on a change in control and either termination of employment or failure of the acquiring company to assume outstanding equity grants or provide participants with the value equal to that of the unvested equity grants.

All benefits under the ENPP that have been earned based on years of service also become vested upon a change of control.

Executives with employment agreements prior to 2017 are entitled to receive a gross-up for excise taxes due on any of the change of control payments described above, other than ordinary income taxes associated with payouts from a change of control. Based upon discussions with stockholders, we have eliminated the gross-up for excise taxes on severance payments due to a change in control for any executive receiving an initial employment agreement in 2017 and beyond.

For purposes of these benefits, a "change of control" occurs, in general, when either (i) one or more persons acquire common stock of the Company that, together with other stock owned by the acquirers, amounts to more than 50% of the total fair market value or total voting power of the stock, (ii) one or more persons acquire during a 12-month period stock of the Company that amounts to 30% or more of the total voting power of the stock, (iii) a majority of the members of our Board of Directors are replaced in any 12-month period by directors who are not endorsed by a majority of the directors then in office, or (iv) with some exceptions, one or more persons acquire assets from the Company that have a total fair market value equal to or greater than 40% of the aggregate fair market value of all of our assets.

Perquisites and Other Benefits

We believe that cash and incentive compensation should be the primary focus of compensation and that perquisites should be modest. Perquisites are periodically reviewed for executives to ensure conformity with this policy. The primary perquisites available to executives are the use of a leased automobile and the reimbursement of dues associated with a social or athletic club. We do not allow executive officers the use of our leased aircraft for personal use. Supplemental life and disability insurance is also provided for executives. The life insurance generally provides for a death benefit of six times the executive officer's base salary.

For executives on international assignments, additional expatriate benefits are designed to compensate the employee for differences in costs of living and taxation between the executive's home country and host country. In addition, financial assistance is provided to the assignee for expenses such as relocation, children's education, tax preparation and home leave travel.

Executives also participate in our other benefit plans on the same general terms as other employees. These plans may include medical, dental and disability insurance coverage.

Post-Employment Compensation

Each of the NEOs is covered by an employment agreement. These agreements provide post-employment compensation and benefits in the event of certain types of termination of employment, including death, disability, involuntary termination without cause, or termination for good reason by the executive. For further detail on the post-employment compensation and benefits each NEO is entitled to in the event of certain types of termination, please refer to the tables below under the caption "Other Potential Post-Employment Payments."

Summary

Overall, we believe our executive compensation programs accomplish the objectives for which they have been designed and are in concert with the compensation philosophy. We believe the competitive compensation that is provided to our executives is reasonable based on competitive market practices and has enabled us to attract and retain a strong management team generating strong results in a challenging industry environment. We further believe that our short-term and long-term incentive programs appropriately reward our executives for their achievement of performance goals and that these programs sufficiently align the interests of the executives with those of the stockholders.

SUMMARY OF 2018 COMPENSATION

The following table provides information concerning the compensation of the NEOs for the Company's three most recently completed years ended December 31, 2016, 2017 and 2018.

In the column "Salary," we disclose the amount of base salary paid to the NEO during the year. In the columns "Stock Awards" and "SSAR Awards," we disclose the award of stock, SSARs or RSUs measured in dollars and calculated in accordance with ASC 718. For SSARs, the ASC 718 aggregate grant date fair value per share is based on certain assumptions that the Company explains in Note 10 to our Consolidated Financial Statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2018. For awards of stock, the ASC 718 aggregate grant date fair value per share is equal to the closing price of our common stock on the date of grant. The amounts disclosed as the aggregate grant date fair value of the stock awards granted under the PSP and RPP are computed at the probable outcome of the performance conditions, or "target" level. The actual amounts that will be earned are dependent upon the achievement of pre-established performance goals. Please also refer to the table below under the caption "2018 Grants of Plan-Based Awards." In the column, "Waived Stock Awards," we disclose the stock awards that have been waived measured in dollars and calculated in accordance with ASC 718.

In the column "Non-Equity Incentive Plan Compensation," we disclose amounts earned under our IC Plan. The amounts included with respect to any particular year are dependent on whether the achievement of the relevant performance measure was satisfied during the year.

In the column "Change in Pension Value and Non-Qualified Earnings," we disclose the aggregate change in the actuarial present value of the NEO's accumulated benefit under all defined benefit and actuarial benefit plans (including supplemental plans) in 2018.

In the column "All Other Compensation," we disclose the sum of the dollar value of all perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000.

The Company currently has employment agreements with Messrs. Beck, Crain, Richenhagen, Smith and Veltmaat. The employment contracts provide for current base salaries at the following annualized rates per annum: Mr. Beck — $641,300; Mr. Crain — $594,104; Mr. Richenhagen — $1,385,942; Mr. Smith — $599,946; and Mr. Veltmaat — $598,230. Messrs. Beck, Crain, Richenhagen, Smith and Veltmaat's employment contracts continue in effect until terminated in accordance with their terms. Actual amounts paid in the year vary slightly due to timing of pay periods. In addition to the specified base salary, the employment contracts provide that each executive officer shall be entitled to participate in benefit plans and other arrangements generally available to senior executive officers of the Company.

2018 SUMMARY COMPENSATION TABLE

Name and Principle Position	Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)	SSAR Awards[2] ($)	Waived Stock Awards[3] ($)	Non-Equity Incentive Plan Compen-sation[4] ($)	Change in Pension Value and Non-Qualified Earnings[5] ($)	All Other Compen-sation[6] ($)	Total ($)
Andrew H. Beck, Senior Vice President — Chief Financial Officer	2016	530,000	—	1,639,338	130,074	—	641,830	556,948	45,514	3,543,704
	2017	569,750	—	1,019,082	188,760	—	954,901	1,046,532	51,759	3,830,784
	2018	626,725	—	968,755	172,592	—	872,714	312,013	42,304	2,995,103
Robert B. Crain, Senior Vice President and General Manager, Americas	2016	560,000	—	1,305,717	103,740	—	337,327	864,660	67,944	3,239,388
	2017	572,600	—	820,237	151,008	—	863,710	803,120	66,897	3,277,572
	2018	589,778	—	767,836	137,816	—	739,139	894,990	52,338	3,181,897
Martin H. Richenhagen, Chairman, President and Chief Executive Officer	2016	1,345,575	—	5,002,803	734,160	4,219,720	2,281,288	2,911,388	105,609	16,600,543
	2017	1,345,575	—	5,747,717	1,063,920	—	3,157,257	3,317,011	93,116	14,724,596
	2018	1,375,851	—	13,437,972	985,320	—	2,682,220	2,077,025	90,231	20,648,619
Rob Smith, Senior Vice President and General Manager, Europe/ Middle East	2016	566,512	—	1,305,717	103,740	—	793,598	183,996	93,375	3,046,938
	2017	579,601	—	820,237	151,008	—	874,271	203,755	112,843	2,741,715
	2018	601,219	—	767,836	137,816	—	753,478	130,322	86,875	2,477,546
Hans-Bernd Veltmaat, Senior Vice President — Chief Supply Chain Officer	2016	575,000	—	1,305,717	103,740	—	626,692	864,660	70,979	3,546,788
	2017	583,625	—	820,237	151,008	—	880,340	950,747	52,843	3,438,800
	2018	595,298	—	767,836	137,816	—	746,056	754,663	60,952	3,062,621

(1) *Stock Awards for 2016*

In 2016, awards were granted under a three-year performance cycle under the PSP where the awards earned are based on the average of each year in the three-year performance cycle, under a one-year performance cycle under the RPP for a performance period that ended in December 2016 and RSUs that vest in equal installments over three years from the date of grant. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718 in relation to both the 2016 three-year performance cycle and the RPP at the probable outcome of the performance conditions, or "target" level, at the date of grant, as well as the grant date fair value of RSUs.

The actual amounts that were earned under the 2016-2018 three-year performance cycle differ as previously disclosed, and were dependent upon the achievement of pre-established performance goals. Assuming the maximum level of performance conditions under the 2016-2018 three-year performance cycle for the PSP, the following would be the value of the award on the date of grant: Mr. Beck — $1,324,470; Mr. Crain — $1,054,170; Mr. Richenhagen — $7,478,300; Mr. Smith — $1,054,170; and Mr. Veltmaat — $1,054,170. The value of the awards on the date of grant at the actual achieved level of performance is as follows: Mr. Beck — $1,030,879; Mr. Crain — $820,496; Mr. Richenhagen — $5,820,603; Mr. Smith — $820,496; and Mr. Veltmaat — $820,496.

Assuming the maximum level of performance conditions under the one-year cycle under the RPP, the following would be the value of the award on the date of grant: Mr. Beck — $1,494,696; Mr. Crain —$1,189,656; Mr. Smith —$1,189,656; and Mr. Veltmaat — $1,189,656. The value of the awards on the date of grant at the actual achieved level of performance is as follows: Mr. Beck — $1,233,124; Mr. Crain —$981,466; Mr. Smith —$981,466; and Mr. Veltmaat — $981,466.

The following were the value of the RSUs on the date of grant: Mr. Beck — $229,755; Mr. Crain — $183,804; Mr. Richenhagen — $1,263,653; Mr. Smith — $183,804; and Mr. Veltmaat —$183,804.

Stock Awards for 2017

In 2017, awards were granted under a three-year performance cycle under the PSP where the awards earned are based on the average of each year in the three-year performance cycle and RSUs that vest in equal installments over three years from the date of grant. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718 in relation to the 2017 three-year performance cycle at the probable outcome of the performance conditions, or "target" level, at the date of grant, as well as the grant date fair value of RSUs. The actual amounts that will be earned under the 2017-2019 three-year performance cycle differ as disclosed above, and are dependent upon the achievement of pre-established performance goals. Assuming the maximum level of performance conditions under the 2017-2019 three-year performance cycle for the PSP, the following would be the value of the award on the date of grant: Mr. Beck — $1,521,018; Mr. Crain — $1,224,234; Mr. Richenhagen — $8,594,370; Mr. Smith — $1,224,234; and Mr. Veltmaat — $1,224,234. The pre-established performance goals for the first and second year of the three-year performance cycle under the PSP were achieved but are not yet vested.

The following were the value of the RSUs on the date of grant: Mr. Beck — $258,573; Mr. Crain — $208,120; Mr. Richenhagen — $1,450,532; Mr. Smith — $208,120; and Mr. Veltmaat —$208,120.

Stock Awards for 2018

In 2018, awards were granted under a three-year performance cycle under the PSP where the awards earned are based on the average of each year in the three-year performance cycle and RSUs that vest in equal installments over three years from the date of grant. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718 in relation to the 2018 three-year performance cycle at the probable outcome of the performance conditions, or "target" level, at the date of grant, as well as the grant date fair value of RSUs. The actual amounts that will be earned under the 2018-2020 three-year performance cycle differ as disclosed above, and are dependent upon the achievement of pre-established performance goals. Assuming the maximum level of performance conditions under the 2018-2020 three-year performance cycle for the PSP, the following would be the value of the award on the date of grant: Mr. Beck — $1,442,280; Mr. Crain — $1,142,400; Mr. Richenhagen — $8,211,000; Mr. Smith — $1,142,400; and Mr. Veltmaat — $1,142,400. The pre-established performance goals for the first year of the three-year performance cycle under the PSP were achieved but are not yet vested.

The following were the value of the RSUs on the date of grant: Mr. Beck — $247,615; Mr. Crain — $196,636; Mr. Richenhagen — $9,332,472, including the one-time, time-based award discussed below; Mr. Smith — $196,636; and Mr. Veltmaat —$196,636.

In 2018, Mr. Richenhagen was granted a one-time, time-based award to encourage him to delay his retirement and in the interim, to oversee an orderly succession process, the integration of recent acquisitions, the launch of new products and the execution of near-term strategic milestones. In the aggregate, he received 137,000 restricted stock units that vest in one installment on December 31, 2020. Vesting of the restricted stock units generally are subject to Mr. Richenhagen's continued employment on the date of vesting, except under certain circumstances such as a change in control of the Company.

(2) SSARs were awarded on January 26, 2016, January 24, 2017 and January 23, 2018. The SSARs vest over four years from the date of grant, or 25% per year. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718.

(3) These awards, which were grants under the PSP - RPP during 2016, were waived by Mr. Richenhagen.

(4) *Non-Equity Incentive Plan Compensation for 2016*. All annual incentive awards for 2016 were performance-based. These payments were earned in 2016 and paid in February or March 2017 under the IC Plan.

Non-Equity Incentive Plan Compensation for 2017. All annual incentive awards for 2017 were performance-based. These payments were earned in 2017 and paid in January or February 2018 under the IC Plan.

Non-Equity Incentive Plan Compensation for 2018. All annual incentive awards for 2018 were performance-based. These payments were earned in 2018 and paid in February 2019 under the IC Plan.

(5) The change in each officer's pension value is the change in the Company's obligation to provide pension benefits (at a future retirement date) from the beginning of the year to the end of the year. The obligation shown in the "2018 Pension Benefits Table" presented below is the value today of a benefit that will be paid at the officer's normal retirement age, based on the benefit formula and his or her current salary and service. The values shown in the Summary Compensation Table represent the change in the pension obligation since the prior year.

Change in pension values during the year may be due to various sources such as:

- *Service accruals:* The benefits payable from the pension plans increase as participants earn additional years of service. Therefore, as each executive officer earns an additional year of service during the year, the benefit payable at retirement increases. Each of the NEOs who participate in a pension plan earned an additional year of benefit service during 2018 except for Mr. Beck who has already earned the maximum benefit service allowed under the plan.
- *Compensation increases/decreases since prior year:* The benefits payable from the pension plans are related to salary. As executive officers' salaries increase (decrease), then the expected benefits payable from the pension plans will increase (decrease) as well.
- *Aging:* The amounts shown above are changes in the present values of retirement benefits that will be paid in the future. As the officers approach retirement, the present value of the liability increases due to the fact that the executive officer is one year closer to retirement than he was at the prior measurement date.
- *Changes in assumptions:* The amounts shown above are changes in the present values of retirement benefits that will be paid in the future. The discount rate used to determine the present value is updated each year based on current economic conditions. This assumption does not impact the actual benefits paid to participants. The discount rate increased from 2017 to 2018, which resulted in a decrease in the present value of the officers' benefits.

- *Plan amendments:* The Company periodically amends the retirement programs in order to remain competitive locally and/or align with our global benefits strategy. There were no such amendments during 2018.

The pension benefits and assumptions used to calculate these values are described in more detail under the caption "Pension Benefits."

(6) The amount shown as "All Other Compensation" includes the following perquisites and personal benefits for the year ended December 31, 2018:

Name	Club Membership ($)	Defined Contribution Match ($)	Life Insurance[(a)] ($)	Car Lease and Maintenance[(b)] ($)	Other[(c)] ($)	Total ($)
Andrew H. Beck	8,658	12,375	5,242	12,707	3,322	42,304
Robert B. Crain	12,158	12,375	7,536	17,323	2,946	52,338
Martin H. Richenhagen	7,834	12,375	39,978	30,044	—	90,231
Rob Smith	—	—	—	25,707	61,168	86,875
Hans-Bernd Veltmaat	7,824	12,375	10,329	25,015	5,409	60,952

(a) These amounts represent the value of the benefit to the executive officer for life insurance policies funded by the Company.

(b) These amounts represent car lease payments made by the Company for cars used by executives and/or their family members, as well as payments for related gas and maintenance costs.

(c) The amount for Mr. Beck includes commercial airfare related to attendance by Mr. Beck's wife at a business-related event in the United States — $3,322. The amount for Mr. Crain includes commercial airfare related to attendance by Mr. Crain's wife at business-related events in the United States — $2,946. Mr. Crain's wife accompanied Mr. Crain when the Company's corporate aircraft was used for attendance at corporate functions at no incremental cost. Mr. Richenhagen's wife accompanied Mr. Richenhagen when the Company's corporate aircraft was used for attendance at corporate functions at no incremental cost. The amount for Mr. Smith includes housing allowance — $49,104, tax preparation fees — $6,556 and commercial airfare related to attendance by a guest of Mr. Smith at business-related events in India and the United States — $5,508. The amount for Mr. Veltmaat includes commercial airfare related to attendance by Mr. Veltmaat's wife at a business-related event in the United States — $5,409.

2018 GRANTS OF PLAN-BASED AWARDS

In this table, we provide information concerning each grant of an award made to an NEO in the most recently completed year. This includes the awards under the Company's IC Plan, as well as PSP awards, RSUs and SSARs under the LTI Plan, each of which is discussed in greater detail under the caption "Compensation Discussion and Analysis." The "Threshold," "Target" and "Maximum" columns reflect the range of estimated payouts under the IC Plan and the range of number of shares to be awarded under the PSP. In the fourth-to-last column, we report the number of shares of common stock underlying RSUs granted in the year. In the third- and second-to-last columns, we report the number of shares of common stock underlying SSARs granted in the year and corresponding per share exercise price. In all cases, the exercise price was equal to the closing market price of the Company's common stock on the date of grant. In the last column, we report the aggregate ASC 718 grant date fair value of all stock and SSAR awards made in 2018. Stock awards include the annual PSP award and the RSU award.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)	Under-lying SSARs Compen-sation (#)	Exercise Price of SSAR Awards ($/sh)	Grant Date Fair Value of Stock and SSAR Awards ($)
Name	Award Type	Grant Date	Thres-hold ($)	Target ($)	Maxi-mum ($)	Thres-hold (# of shares)	Target (# of shares)	Maxi-mum (# of shares)				
Andrew H. Beck	IC Plan		313,363	626,725	1,253,450							
	PSP	1/23/18				3,367	10,100	20,200				721,140
	RSU	1/23/18							3,468			247,615
	SSAR	1/23/18								13,400	73.14	172,592
Robert B. Crain	IC Plan		265,400	530,799	1,061,598							
	PSP	1/23/18				2,667	8,000	16,000				571,200
	RSU	1/23/18							2,754			196,636
	SSAR	1/23/18								10,700	73.14	137,816
Martin H. Richenhagen	IC Plan		963,096	1,926,191	3,852,382							
	PSP	1/23/18				19,167	57,500	115,000				4,105,500
	RSU	1/23/18							19,380			1,383,732
	RSU	7/25/18							137,000			7,948,740
	SSAR	1/23/18								76,500	73.14	985,320
Rob Smith	IC Plan		270,549	541,097	1,082,194							
	PSP	1/23/18				2,667	8,000	16,000				571,200
	RSU	1/23/18							2,754			196,636
	SSAR	1/23/18								10,700	73.14	137,816
Hans-Bernd Veltmaat	IC Plan		267,884	535,767	1,071,534							
	PSP	1/23/18				2,667	8,000	16,000				571,200
	RSU	1/23/18							2,754			196,636
	SSAR	1/23/18								10,700	73.14	137,816

(1) Amounts included in the table above represent the potential payout levels related to corporate objectives for the fiscal year 2018 under the Company's IC Plan. The payment for these awards already have been determined and were paid on February 15, 2019 and February 25, 2019 to the NEOs. Refer to Note 3 of the 2018 Summary Compensation Table.

(2) The amounts shown represent the number of shares the executive would receive if the "Threshold," "Target" and "Maximum" levels of performance are reached.

OUTSTANDING EQUITY AWARDS AT YEAR-END 2018

The following table provides information concerning unexercised SSARs and stock (including RSUs) that has not been earned or vested for each NEO outstanding as of the end of the Company's most recently completed year. Each outstanding award is represented by a separate row that indicates the number of securities underlying the award.

For SSAR awards, the table discloses the exercise price and the expiration date. For stock awards, the table provides the total number of shares of stock that have not vested (or have not been earned) and the aggregate market value of shares of stock that have not vested (or have not been earned).

	SSAR Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised SSARs Exercisable (#)	Number of Securities Underlying Unexercised SSARs Unexercisable[1] (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned SSARs (#)	SSAR Exercise Price ($)	SSAR Expiration Date	Number of Shares or Units of Stock That Have Not Vested[2][3] (#)	Market Value of Shares or Units of Stock That Have Not Vested[4] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[5] (#)	Equity Incentive Plan Awards: Value Realized on Vesting[6] ($)
Andrew H. Beck	14,900	—	—	51.84	1/23/2020	—	—	—	—
	14,700	—	—	55.23	1/22/2021	—	—	—	—
	13,350	4,450	—	43.88	1/21/2022	—	—	—	—
	8,150	8,150	—	46.58	1/26/2023	1,700	98,362	—	—
	4,125	12,375	—	63.47	1/24/2024	19,188	1,370,599	4,100	292,863
	—	13,400	—	73.14	1/23/2025	10,202	567,945	6,733	374,826
Robert B. Crain	2,850	—	—	55.23	1/22/2021	—	—	—	—
	3,550	3,550	—	43.88	1/21/2022	—	—	—	—
	3,250	6,500	—	46.58	1/26/2023	1,360	78,690	—	—
	3,300	9,900	—	63.47	1/24/2024	15,444	1,103,165	3,300	235,719
	—	10,700	—	73.14	1/23/2025	8,088	450,259	5,333	296,888
Martin H. Richenhagen	19,750	—	—	55.23	1/22/2021	—	—	—	—
	75,375	25,125	—	43.88	1/21/2022	—	—	—	—
	46,000	46,000	—	46.58	1/26/2023	9,350	540,991	—	—
	23,250	69,750	—	63.47	1/24/2024	108,308	7,736,440	23,166	1,654,747
	—	76,500	—	73.14	1/23/2025	194,714	10,839,728	38,333	2,133,998
Rob Smith	21,039	—	—	63.64	10/23/2020	—	—	—	—
	—	3,550	—	43.88	1/21/2022	—	—	—	—
	—	6,500	—	46.58	1/26/2023	1,360	78,690	—	—
	3,300	9,900	—	63.47	1/24/2024	15,444	1,103,165	3,300	235,719
	—	10,700	—	73.14	1/23/2025	8,088	450,259	5,333	296,888
Hans-Bernd Veltmaat	2,850	—	—	55.23	1/22/2021	—	—	—	—
	10,650	3,550	—	43.88	1/21/2022	—	—	—	—
	6,500	6,500	—	46.58	1/26/2023	1,360	78,690	—	—
	3,300	9,900	—	63.47	1/24/2024	15,444	1,103,165	3,300	235,719
	—	10,700	—	73.14	1/23/2025	8,088	450,259	5,333	296,888

(1) SSAR awards vest ratably, or 25% annually, over four years beginning from the date of grant, which was January 21, 2015 for the 2015 grants, January 26, 2016 for the 2016 grants, January 24, 2017 for the 2017 grants, and January 23, 2018 for the 2018 grants.

(2) RSU awards vest in equal installments over three years beginning from the date of grant, which was January 26, 2016 for the 2016 grants, January 24, 2017 for the 2017 grants, and January 23, 2018 for the 2018 grants.

(3) The pre-established performance goals of certain one-year performance cycles under the PSP were achieved; however, the award is subject to a further vesting period. The number of shares are at the actual level of performance achieved.

(4) The market value of RSU awards that have not vested is based on the closing price of the Company's common stock on December 31, 2018, December 31, 2017 and December 31, 2016, which was $55.67, $71.43 and $57.86, respectively. The market value of the awards earned under the three one-year performance cycles under the PSP are based on the closing price of the Company's common stock on December 31, 2018 and December 31, 2017, which was $55.67 and $71.43, respectively.

(5) The amounts shown represent the number of shares awarded but unearned under the PSP in January 2017 and January 2018, respectively. The actual amounts that will be earned under the PSP are dependent upon the achievement of pre-established performance goals during the respective performance cycles.

(6) Based on the closing price of the Company's common stock on December 31, 2018 and December 31, 2017, which was $55.67 and $71.43, respectively.

SSAR EXERCISES AND STOCK VESTED IN 2018

The following table provides information concerning exercises of SSARs and similar instruments, and vesting of stock awards including restricted stock and similar instruments, during the most recently completed year for each of the NEOs. The table reports the number of securities acquired upon exercise of SSARs; the aggregate dollar value realized upon exercise of SSARs; the number of shares of stock that have vested; and the aggregate dollar value realized upon vesting.

	SSAR Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise(1) (#)	Value Realized on Exercise(2) ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(3) ($)
Andrew H. Beck	1,119	64,326	52,042	3,320,550
Robert B. Crain	—	—	41,469	2,646,124
Martin H. Richenhagen	—	—	156,655	10,049,981
Rob Smith	4,545	311,921	41,469	2,646,124
Hans-Bernd Veltmaat	—	—	41,469	2,646,124

(1) The number of shares acquired on exercise of SSARs is computed by dividing the value realized on exercise by the market price of the underlying securities at exercise. The number of shares acquired upon exercise is inclusive of the following shares withheld for income tax purposes: Mr. Beck — 508 shares and Mr. Smith — 1,592 shares.

(2) The dollar amount realized upon exercise is computed by multiplying the number of shares times the difference between the market price of the underlying securities at exercise and the exercise price of the SSARs.

(3) Shares withheld for income tax purposes related to stock vested were as follows: Mr. Beck — 23,329 shares, Mr. Crain — 18,626 shares, Mr. Richenhagen — 70,723 shares, Mr. Smith — 14,534 shares and Mr. Veltmaat — 18,032 shares.

PENSION BENEFITS

The "2018 Pension Benefits Table" provides further details regarding the executive officers' defined benefit retirement plan benefits. Because the pension amounts shown in the "2018 Summary Compensation Table" and the "2018 Pension Benefits Table" are projections of future retirement benefits, numerous assumptions must be applied. In general, the assumptions should be the same as those used to calculate the pension liabilities in accordance with ASC Topic 715, "Compensation – Retirement Benefits," on the measurement date, although the SEC specifies certain exceptions, as noted in the table below.

Executive Nonqualified Pension Plan

The ENPP provides the Company's U.S.-based executives with retirement income for a period of 15 years based on a percentage of their final average compensation, including base salary and annual incentive bonus, reduced by the executive's social security benefits and savings plan benefits attributable to employer matching contributions. In addition, executives who remain with AGCO until age 65 will have their benefits continue as a lifetime annuity after the 15-year certain period ends (i.e., at age 80).

The key provisions of the ENPP are as follows:

Monthly Benefit. Senior executives with a vested benefit will be eligible to receive the following retirement benefits each month for 15 years beginning on their normal retirement date (age 65): 3% of final average monthly compensation times years of service up to 20 years, reduced by each of (i) the senior executive's U.S. social security benefit or similar government retirement program to which the senior executive is eligible, (ii) the benefits payable from the AGCO Savings Plan (payable as a life annuity) attributable to the Company's matching contributions and earnings thereon (at the maximum level), and (iii) the benefits payable from any retirement plan sponsored by the Company in any foreign country attributable to the Company's contributions.

Final Average Monthly Compensation. The final average monthly compensation is the average of the three years of base salary and annual incentive payments under the IC Plan paid to the executive during the three years in which such sum was the highest from among the ten years prior to his or her death, termination or retirement.

Vesting. Participants become vested after meeting all three of the following requirements: (i) turn age 50; (ii) completing ten years of service with the Company; and (iii) achieving five years of participation in the ENPP. An executive must remain with the Company until age 65 with at least ten years of service (five years must include tenure as an executive officer) to vest in the life annuity portion of this benefit that begins at age 80. Alternatively, all participants will become vested in the plan in the event of a change of control.

Early Retirement Benefits. Participants may not receive retirement benefits prior to normal retirement age.

Swiss Life Collective "BVG" Foundation

The Swiss Life Collective "BVG" Foundation ("BVG") operates a pension fund in Switzerland, for which Mr. Smith is a participant. The BVG ensures the plan meets at least the mandated requirements for minimum pension benefits. This plan is a cash balance formula, with contributions made both by the Company and Mr. Smith. Mr. Smith's total account balance represents contributions and interest made by the Company, as well as from his prior employers. The amounts shown in the tables throughout this proxy reflect the portion of account balance attributable to contributions made while employed by the Company.

The key provisions of the BVG plan are as follows:

Retirement benefit. Upon retirement, participants will receive the value of their cash balance account. They may elect to receive their benefit as a lump sum or as an annuity. The cash balance account grows each year with pay credits (payable by the employee and the employer) and interest.

Pay credits. Each year, a participant's cash balance account is credited with the following percentage of pensionable pay (varies by age):

Age	Credit as a percentage of pay (paid by the Company)	Credit (standard level) as a percentage of pay (paid by employee)
25 - 34	5.5%	2.5%
35 - 44	7.5%	3.5%
45 - 54	11.5%	4.5%
55 - 65	13.5%	5.5%

Pensionable pay. Payable at the annual rate of base pay.

Normal Retirement Age. Age 65 for males; age 64 for females (as in accordance with Swiss law).

Early Retirement Benefits. Participants may elect to retire from the age of 58. Annuity benefits are converted using reduced actuarial equivalence conversion factors.

Swiss Life Additional Capital Plan

Effective January 1, 2012, the BVG also operates an enhanced pension fund for executives in Switzerland, for which Mr. Smith is a participant. This plan is a cash balance formula, with contributions made only by the Company, and contributions are made retroactive to date of hire.

The key provisions of the additional capital plan are as follows:

Retirement benefit. Upon retirement, participants will receive benefits equal to that of their cash balance account. The cash balance account grows each year with pay credits (payable by the employee and the employer) and interest.

Pay credits. Each year, a participant's cash balance account is credited with the following percentage of pensionable pay (varies by age):

Age	Credit as a percentage of pay (paid by the Company)	Credit as a percentage of pay (paid by employee)
35 - 44	11.0%	0.0%
45 - 54	16.0%	0.0%
55 - 65	19.0%	0.0%

Pensionable pay. Bonus pay only.

Normal Retirement Age. Age 65 for males; age 64 for females (as in accordance with Swiss law).

Early Retirement Benefits. Participants may elect to retire from the age of 58.

Vesting. 100% vested (i.e., should Mr. Smith leave the Company he will receive the amount accumulated in the capital plan at that time).

2018 PENSION BENEFITS TABLE

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit(1) ($)	Payments During Last Year ($)
Andrew H. Beck	AGCO Executive Nonqualified Pension Plan	20.00	6,663,267	—
Robert B. Crain	AGCO Executive Nonqualified Pension Plan	13.00	4,425,431	—
Martin H. Richenhagen	AGCO Executive Nonqualified Pension Plan	14.75	23,768,689	—
Rob Smith	Swiss Life Collective “BVG” Foundation	5.33	850,619	—
Hans-Bernd Veltmaat	AGCO Executive Nonqualified Pension Plan	10.50	5,093,736	—

(1) Based on plan provisions in effect as of December 31, 2018. The executive officers participate in pension plans that will provide a monthly annuity benefit upon retirement. The values shown in this column are the estimated lump sum value today of the monthly benefits they will receive in the future (based on their current salary and service, as well as the assumptions and methods prescribed by the SEC). These values are not the monthly or annual benefits that they would receive.

OTHER POTENTIAL POST-EMPLOYMENT PAYMENTS

Each NEO's employment agreement with the Company includes provisions for post-employment compensation related to certain employment termination events. Pursuant to the LTI Plan, all outstanding equity awards prior to 2018 become fully vested and exercisable upon a change of control. Beginning in 2018, all equity awards became subject to a "double trigger" whereby accelerated vesting is contingent on a change in control and either termination of employment or failure of the acquiring company to assume outstanding equity grants or provide participants with the value equal to that of the unvested equity grants. The LTI Plan does not provide for accelerated vesting of equity under other employment termination events. The table below and its accompanying footnotes provides specific detail on the post-employment compensation each NEO is entitled to in the event of certain employment termination events assuming termination on the last day of the prior year (December 31, 2018).

Executive / Termination Scenario(1)	Severance	Bonus	Accelerated Vesting of Equity	Benefits	Retirement Benefits		Death Benefit	Disability Benefit	280G Tax Gross-Up	Estimated Total
Andrew H. Beck										
Change in Control(2)(3)(4)(5)	$ 2,928,897	$ 872,714	$ 3,063,476	$ 100,656	$ 6,119,535	(10)	$ —	$ —	$ —	$ 13,085,278
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 734,060	(10)	$ —	$ —	$ —	$ 734,060
Retirement(6)	$ —	$ —	$ —	$ —	$ —		$ —	$ —	$ —	$ —
Death(7)	$ 160,325	$ 872,714	$ —	$ —	$ 734,060	(10)	$3,847,800	$ —	$ —	$ 5,614,899
Disability(8)	$ —	$ 872,714	$ —	$ —	$ 734,060	(10)	$ —	$ 963,600	$ —	$ 2,570,374
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 734,060	(10)	$ —	$ —	$ —	$ 734,060
Involuntary Without Cause or Good Reason Resignation(9)	$ 1,282,600	$ 872,714	$ —	$ —	$ 734,060	(10)	$ —	$ —	$ —	$ 2,889,374
Robert B. Crain										
Change in Control(2)(3)(4)(5)	$ 2,481,659	$ 739,139	$ 2,447,875	$ 122,244	$ 4,238,771	(11)	$ —	$ —	$ —	$ 10,029,688
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 402,682	(11)	$ —	$ —	$ —	$ 402,682
Retirement(6)	$ —	$ —	$ —	$ —	$ —		$ —	$ —	$ —	$ —
Death(7)	$ 148,526	$ 739,139	$ —	$ —	$ 402,682	(11)	$3,564,624	$ —	$ —	$ 4,854,971
Disability(8)	$ —	$ 739,139	$ —	$ —	$ 402,682	(11)	$ —	$ 913,800	$ —	$ 2,055,621
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 402,682	(11)	$ —	$ —	$ —	$ 402,682
Involuntary Without Cause or Good Reason Resignation(9)	$ 594,104	$ 739,139	$ —	$ —	$ 402,682	(11)	$ —	$ —	$ —	$ 1,735,925
Martin H. Richenhagen										
Change in Control(2)(3)(4)(5)	$ 12,278,592	$ 2,682,220	$ 24,951,412	$ 480,733	$ 23,778,844	(12)	$ —	$ —	$ —	$ 64,171,801
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 1,730,061	(12)	$ —	$ —	$ —	$ 1,730,061
Retirement(6)	$ —	$ —	$ —	$ —	$ 1,730,061		$ —	$ —	$ —	$ 1,730,061
Death(7)	$ 346,486	$ 2,682,220	$ —	$ —	$ 1,730,061	(12)	$8,315,652	$ —	$ —	$ 13,074,419
Disability(8)	$ —	$ 2,682,220	$ —	$ —	$ 1,730,061	(12)	$ —	$5,580,000		$ 9,992,281
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 1,730,061	(12)	$ —	$ —	$ —	$ 1,730,061
Involuntary Without Cause, Good Reason, Resignation or Company's Non-Renewal of Employment Agreement(9)	$ —	$ 2,682,220	$ —	$ —	$ 1,730,061	(12)	$ —	$ —	$ —	$ 4,412,281
Rob Smith										
Change in Control(2)(3)(4)(5)	$ 2,809,410	$ 746,408	$ 2,447,875	$ 21,500	$ 746,235	(13)	$ —	$ —	$ —	$ 6,771,428
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 746,235	(13)	$ —	$ —	$ —	$ 746,235
Retirement(6)	$ —	$ —	$ —	$ —	$ —		$ —	$ —	$ —	$ —
Death(7)	$ 149,987	$ 746,408	$ —	$ —	$ 1,712,066	(13)	$ —	$ —	$ —	$ 2,608,461
Disability(8)	$ —	$ 746,408	$ —	$ —	$ 359,968	(13)	$ —	$ —	$ —	$ 1,106,376
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 746,235	(13)	$ —	$ —	$ —	$ 746,235
Involuntary Without Cause or Good Reason Resignation(9)	$ 599,946	$ 746,408	$ —	$ —	$ 746,235	(13)	$ —	$ —	$ —	$ 2,092,589
Hans-Bernd Veltmaat										
Change in Control(2)(3)(4)(5)	$ 2,698,519	$ 746,056	$ 2,447,875	$ 124,208	$ 5,054,927	(14)	$ —	$ —	$ —	$ 11,071,585
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 380,032	(14)	$ —	$ —	$ —	$ 380,032
Retirement	$ —	$ —	$ —	$ —	$ —		$ —	$ —	$ —	$ —
Death(7)	$ 149,558	$ 746,056	$ —	$ —	$ 380,032	(14)	$3,589,920	$ —	$ —	$ 4,865,566
Disability(8)	$ —	$ 746,056	$ —	$ —	$ 380,032	(14)	$ —	$ 929,400	$ —	$ 2,055,488
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 380,032	(14)	$ —	$ —	$ —	$ 380,032
Involuntary Without Cause or Good Reason Resignation(9)	$ 598,230	$ 746,056	$ —	$ —	$ 380,032	(14)	$ —	$ —	$ —	$ 1,724,318

(1) All termination scenarios assume termination occurs on December 31, 2018, and a stock price of $55.67, which was the closing price of the Company's common stock on the last trading day of the Company's year ended December 31, 2018.

(2) Upon termination within two years following a change of control, the following provisions apply to each of the NEOs:

- Mr. Richenhagen receives a lump sum payment equal to (i) three times his base salary in effect at the time of termination, (ii) a pro-rata portion of his bonus or other incentive compensation earned for the year of termination and (iii) a bonus equal to three times the three-year average of Mr. Richenhagen's awards received during the prior two completed years and the current year's trend. He continues to receive life insurance and health benefits during a three-year period and disability benefits during a two-year period.

- Messrs. Beck, Crain, Smith and Veltmaat receive a lump sum payment equal to (i) two times base salary in effect at the time of termination, (ii) a pro-rata portion of bonus or other incentive compensation earned for the year of termination and (iii) a bonus equal to two times the three-year average of the NEO's awards received during the prior two completed years and the current year's trend. Each of the NEOs continues to receive life insurance, disability and healthcare benefits during a two-year period.
- Messrs. Beck, Crain, Richenhagen and Veltmaat will receive their ENPP retirement benefit payable as a lump sum. This lump sum is calculated in a similar fashion as values disclosed in the Pension Benefits Table, except it is determined based on the plan's actuarial equivalence definition rather than the SEC prescribed assumptions. There is no enhancement to their pension benefit amount in the event of a change in control other than immediate vesting of the benefit.

(3) All outstanding equity awards prior to 2018 held by the NEOs at the time of a change of control become non-cancelable, fully vested and exercisable, and all performance goals associated with any awards are deemed satisfied with respect to the greater of target performance or the level dictated by the trend of the Company's performance to date, so that all compensation is immediately vested and payable.

(4) In the case of a change of control, the retirement benefits are payable as a lump sum six months after termination of employment or, if such termination occurs more than twenty-four months after the change in control, in accordance with the terms of the ENPP. The difference between the "Retirement Benefits" values shown in the table above from the ENPP and the value shown in the "2018 Pension Benefits Table" is due to the fact that the interest and mortality assumptions prescribed by the plan in the event of a change of control are different from the assumptions used in the actuarial valuation. There is no enhancement to the benefit amount under a change of control other than immediate vesting of the benefit.

(5) The change-in-control calculation has factored into it a value for the executive's covenant not to compete.

(6) As of December 31, 2018, Mr. Richenhagen is eligible for retirement benefits. Messrs. Beck, Crain and Veltmaat are vested in their ENPP benefit, but are not eligible to commence their benefits.

(7) Upon death, the following provisions apply to each of the NEOs:

- The estate receives the executive's base salary in effect at the time of death for a period of three months. The estate is also entitled to all sums payable to the executive through the end of the month in which death occurs, including the pro-rata portion of his bonus earned at this time. The "Death Benefit" amount represents the value of the insurance proceeds payable upon death.

(8) Upon disability, the following provisions apply to each of the NEOs:

- Each of the NEOs receives all sums otherwise payable to them by the Company through the date of disability, including the pro-rata portion of the bonus earned. The "Disability Benefit" amount represents the annual value of the insurance proceeds payable to the executive on a monthly basis upon disability.

(9) Unless such termination occurs within two years following a change of control, if employment is terminated without cause or if the executive voluntarily resigns with good reason, the following provisions apply to each of the NEOs:

- For Mr. Richenhagen, he does not receive cash severance because he is over age 65. His employment agreement stipulates that no cash severance is paid when he reaches the age of 65. Mr. Richenhagen does receives a pro-rata portion of his bonus earned for the year of termination, which is payable at the time incentive compensation is generally payable by the Company.
- For Mr. Beck, he receives his base salary in effect at the time of termination for a two-year severance period, paid at the same intervals as if he had remained employed with the Company. He also receives a pro-rata portion of his bonus earned for the year of termination, which is payable at the time incentive compensation is generally payable by the Company.
- For Messrs. Crain, Smith and Veltmaat, each of the NEOs receive their base salary in effect at the time of termination for a one-year severance period, paid at the same intervals as if they had remained employed with the Company. Each NEO also receives a pro-rata portion of their bonus earned for the year of termination, which is payable at the time incentive compensation is generally payable by the Company.

(10) Mr. Beck is currently vested in his ENPP retirement benefit. In the event of Mr. Beck's termination due to a change of control, he will receive a $6,119,535 lump sum payment. In the event of his termination due to any other cause, he will receive a $734,060 annual annuity for 15 years beginning at age 65. The present value of this annuity (plus the value of the life annuity beginning at age 80 if he were to remain employed by the Company until age 65) equals the benefit disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2018.

(11) Mr. Crain is currently vested in his ENPP retirement benefit. In the event of Mr. Crain's termination due to a change of control, he will receive a $4,238,771 lump sum payment. In the event of his termination due to any other cause, he will receive a $402,682 annual annuity for 15 years beginning at age 65. The present value of this annuity (plus the value of the life annuity beginning at age 80 if he were to remain employed by the Company until age 65) equals the benefit disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2018.

(12) Mr. Richenhagen is currently vested in his ENPP retirement benefit. In the event of Mr. Richenhagen's termination due to a change of control, he will receive a $23,778,844 lump sum payment. In the event of Mr. Richenhagen's termination due to any other cause, he will receive $1,730,061 annually as a 15-year certain and life annuity beginning at termination. The present value of this annuity plus the value of the life annuity beginning 15 years later equals the benefit disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2018.

(13) In the event of Mr. Smith's termination due to a change of control, he will receive a $746,235 lump sum payment from his retirement plan. In the event of his termination due to death, he will receive a $1,712,066 lump sum payment. In the event of his termination due to disability, he will receive a $359,968 annual annuity until age 65. In the event of his termination due to any other cause, he will receive a lump sum payment of $746,235, which corresponds to his vested benefits as per December 31, 2018.

(14) Mr. Veltmaat is currently vested in his ENPP retirement benefit. In the event of Mr. Veltmaat's termination due to a change of control, he will receive a $5,054,927 lump sum payment. In the event of his termination due to any other cause, he will receive a $380,032 annual annuity for 15 years beginning at age 65. The present value of this annuity (plus the value of the life annuity beginning at age 80 if he were to remain employed by the Company until age 65) equals the benefits disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2018.

Mr. Richenhagen's employment agreement provides certain restrictive covenants that continue for a period of two years after termination of employment, including a non-competition covenant, a non-solicitation of customers covenant and a non-recruitment of employees covenant. If Mr. Richenhagen breaches his post-employment obligations under these covenants, the Company may terminate the severance period and discontinue any further payments or benefits to Mr. Richenhagen.

2018 CEO PAY RATIO

Our analysis began by determining that we had approximately 21,542 employees as of a November 30, 2018 determination date. Although permitted by the SEC, we did not use the 5% de Minimis rule to exclude or eliminate any employee group. Based on our consistently applied compensation measure of actual total cash compensation, we identified the median employee. The median employee's total 2018 compensation, as determined in a manner consistent with our Summary Compensation Table, was $48,387.

Based on this methodology, we estimate the ratio of CEO pay to median employee pay is 427:1. The 2018 calculation reflects a one-time stock retention award to the CEO. Without this one-time award, the ratio of CEO pay to median employee pay would be 262:1. In 2017, the CEO pay to median employee pay ratio was 297:1.

THE FOLLOWING REPORTS OF THE COMPENSATION COMMITTEE AND THE AUDIT COMMITTEE SHALL NOT BE DEEMED TO BE SOLICITING MATERIAL OR TO BE INCORPORATED BY REFERENCE IN ANY PREVIOUS OR FUTURE DOCUMENTS FILED BY THE COMPANY WITH THE SEC UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934, EXCEPT TO THE EXTENT THAT THE COMPANY EXPRESSLY INCORPORATES SAID REPORTS BY REFERENCE IN ANY SUCH DOCUMENT.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management. Based on such review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement for filing with the SEC.

The Company has engaged Willis Towers Watson to advise management and the Compensation Committee with respect to our compensation programs and to perform various related studies and projects. The aggregate fees billed by Willis Towers Watson for consulting services rendered to the Compensation Committee for 2018 in recommending the amount or form of executive and director compensation were approximately $271,000. The total amount of fees paid by the Company to Willis Towers Watson in 2018 for all other services, excluding Compensation Committee services, was approximately $1,400,000. These other services primarily related to actuarial services in respect of our defined benefit plans, general employee compensation consulting services, benefit plan design services and pension administration services. The Compensation Committee recommended and approved the provision of these additional services to the Company by Willis Towers Watson.

The foregoing report is submitted by the Compensation Committee of the Board.

Gerald L. Shaheen, Chairman

Roy V. Armes

Suzanne P. Clark

George E. Minnich

AUDIT COMMITTEE REPORT

To the Board of Directors:

The Audit Committee consists of the following members of the Board: Michael C. Arnold, P. George Benson, George E. Minnich (Chairman) and Hendrikus Visser. Each of the members is "independent" as defined by the NYSE and SEC.

Management is responsible for the Company's internal controls, financial reporting process and compliance with the laws and regulations and ethical business standards. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements and an audit of the effectiveness of the Company's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue reports thereon. The Audit Committee's responsibility is to monitor and oversee these processes and to report its findings to the Board. The Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm, nor can the Audit Committee certify that the independent registered public accounting firm is "independent" under applicable rules. The Audit Committee serves a board-level oversight role, in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors and the experience of the Audit Committee's members in business, financial and accounting matters.

We have reviewed and discussed with management the Company's audited consolidated financial statements as of and for the year ended December 31, 2018 and management's assessment of the effectiveness of the Company's internal control over financial reporting and KPMG LLP's audit of the Company's internal control over financial reporting as of December 31, 2018.

We have discussed with KPMG LLP the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (United States).

We have received and reviewed the written disclosures and the letter from KPMG LLP required by NYSE listing standards and the applicable requirements of the Public Company Accounting Oversight Board (United States) regarding the independent registered public accounting firm's communications with the audit committee and have discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

We also have considered whether the professional services provided by KPMG LLP, not related to the audit of the consolidated financial statements and internal control over financial reporting referred to above or to the reviews of the interim consolidated financial statements included in the Company's Forms 10-Q for the quarters ended March 31, 2018, June 30, 2018, and September 30, 2018, is compatible with maintaining KPMG LLP's independence.

Based on the reviews and discussions referred to above, we recommended to the Board that the consolidated financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

The foregoing report has been furnished by the Audit Committee of the Board.

George E. Minnich, Chairman

Michael C. Arnold

P. George Benson

Hendrikus Visser

Audit Fees

The aggregate fees billed by KPMG LLP for professional services rendered for the audit of the Company's annual consolidated financial statements for 2018 and 2017, the audit of the Company's internal control over financial reporting for 2018 and 2017, subsidiary statutory audits and the reviews of the financial statements included in the Company's SEC filings on Form 10-K, Form 10-Q and Form 8-K during such years were approximately $7,328,000 and $6,925,000, respectively.

Audit-Related Fees

The aggregate fees billed by KPMG LLP for professional services rendered for 2018 and 2017 for audit-related fees were approximately $42,000 and $35,000, respectively. The amounts for 2018 and 2017 primarily represent fees for audits of employee benefit plans and required auditor certifications for various matters required in certain foreign jurisdictions.

Tax Fees

KPMG LLP did not provide any professional tax services during 2018. The aggregate fees billed by KPMG LLP for 2017 for professional services rendered for tax services primarily related to tax consultations were approximately $1,000.

Financial and Operational Information Systems Design and Implementation Fees

KPMG LLP did not provide any information technology services related to financial and operational information systems design and implementation to the Company or its subsidiaries for 2018 or 2017.

All Other Fees of KPMG LLP

The aggregate of all other fees billed by KPMG LLP for 2018 and 2017 was $32,000 and $12,000, respectively, all of which relate to advisory services in connection with the Company's global procurement reorganization that were rendered by a firm that KPMG LLP acquired in 2012.

A representative of KPMG LLP will be present at the Annual Meeting with the opportunity to make a statement and will be available to respond to appropriate questions.

All of KPMG's services and fees for services, whether audit or non-audit, are preapproved by the Audit Committee. In some instances services and fees initially are preapproved by the Chairman of the Audit Committee and then re-approved subsequently by the Audit Committee. All services performed by KPMG LLP for 2018 were approved by the Chairman of the Audit Committee or the Audit Committee. The Audit Committee has appointed KPMG LLP as the Company's independent registered public accounting firm for 2019, subject to stockholder ratification. KPMG LLP has served as the Company's independent registered public accounting firm since 2002.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company has a written related party transaction policy pursuant to which a majority of the independent directors of an appropriate committee must approve transactions that exceed $120,000 in amount in which any director, executive officer, significant stockholder or certain other persons has or have a material interest.

During 2018, the Company paid approximately $3.5 million to PPG Industries, Inc. for painting materials used in the Company's manufacturing processes. Mr. Richenhagen, who is the Company's Chairman, President and Chief Executive Officer, is currently a member of the board of directors, is the Chairman of the Audit Committee and serves as a member of the Officers & Directors compensation committee of PPG Industries, Inc. In addition, the Company paid approximately $1.6 million during the year ended December 31, 2018 to Praxair, Inc. for propane, gas and welding and laser consumables used in the Company's manufacturing processes. Mr. Richenhagen, who is the Company's Chairman, President and Chief Executive Officer, served as a member of the board of directors of Praxair, Inc. from 2015 until the business combination of Praxair, Inc. and Linde AG and is currently a member of the board of directors and serves on the Compensation and Governance & Nominating committees of Linde PLC, the holding company for the combined business.

Mr. Richenhagen's stepson is the Company's Vice-President, Product Management, Global Electronics and FUSE and his daughter is the Company's Manager, Corporate Social Responsibility. Their combined annual salaries, bonuses and all other compensation was $695,314 and combined grants of stock awards was $107,957 during 2018. The stock awards reflect the aggregate grant date fair value computed in accordance with ASC 718 and the stock awards are based on the "target" level of performance at the date of grant.

Ms. Srinivasan, who is currently a member of the Company's Board of Directors, is the Chairman and Chief Executive Officer of TAFE, in which the Company holds a 23.75% interest. Individually and through TAFE and TAFE Motors and Tractors Limited, Ms. Srinivasan is the beneficial owner of 12,165,219 shares of the Company's common stock. The Company received dividends of approximately $1.8 million from TAFE during 2018. TAFE manufactures and sells Massey Ferguson branded equipment primarily in India and also supplies tractors and components to AGCO for sale in other markets. During 2018, the Company purchased approximately $109.6 million of tractors and components from TAFE and sold approximately $1.8 million of parts to TAFE.

The Company and TAFE are also parties to the Letter Agreement regarding the current and future accumulation by TAFE of shares of our common stock and certain governance matters. The Letter Agreement expires on August 29, 2019. Pursuant to the Letter Agreement, TAFE has agreed not to (i) purchase in excess of 12,170,290 shares of our common stock, subject to certain adjustments; (ii) subject to its rights to make a non-public offer to acquire all or a part of the Company (or propose another transaction that would result in a change of control of the Company), form or act as part of a group with respect to the ownership or voting of our common stock or to otherwise grant a third-party a proxy or other voting rights with respect to our common stock owned by TAFE or its affiliates (other than to or at the request of the Company), provided that TAFE and its affiliates are expressly permitted to act as a group, or (iii) publicly announce its intention to commence, or commence, an offer to acquire all or part of our common stock.

Pursuant to the Letter Agreement, the Company has agreed to: (i) nominate a candidate proposed by TAFE for election to our Board of Directors at each annual meeting, as long as the collective beneficial ownership by TAFE and its affiliates is 5% or more of the then outstanding common stock of the Company, subject to certain adjustments and restrictions; and (ii) provide customary assistance to TAFE in selling its shares, including filing a registration statement with the SEC, if TAFE determines to dispose of any shares of our common stock in a public distribution.

The foregoing description of the Letter Agreement is qualified in its entirety by reference to the Letter Agreement, a copy of which was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 4, 2014.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than ten percent of a registered class of our equity securities to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of the Company's common stock and other equity securities. Such persons are required by the SEC to furnish the Company with copies of all Section 16(a) forms that are filed.

To our knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, for the year ended December 31, 2018, all required Section 16(a) filings applicable to its directors, executive officers and greater-than-ten-percent beneficial owners were properly filed.

ANNUAL REPORT TO STOCKHOLDERS

The Company's 2018 Annual Report to its stockholders and Annual Report on Form 10-K for the year ended December 31, 2018, including consolidated financial statements and schedule thereto, but excluding other exhibits, is being furnished with this proxy statement to stockholders of record as of March 15, 2019.

ANNUAL REPORT ON FORM 10-K

We will provide without charge a copy of our Annual Report filed on Form 10-K for the year ended December 31, 2018, including the consolidated financial statements and schedule thereto, on the written request of the beneficial owner of any shares of our common stock on March 15, 2019. The written request should be directed to: Corporate Secretary, AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

A representative of KPMG LLP, our independent registered public accounting firm for 2018, is expected to attend the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so. The representative also will be available to respond to appropriate questions from stockholders. The Audit Committee has appointed KPMG LLP as our independent registered public accounting firm for 2019, subject to stockholder ratification.

STOCKHOLDERS' PROPOSALS

Any stockholder of the Company who wishes to present a proposal at the 2020 Annual Meeting of stockholders of the Company, and who wishes to have such proposal included in the Company's proxy statement and form of proxy for that meeting, must deliver a copy of such proposal to the Company at its principal executive offices at 4205 River Green Parkway, Duluth, Georgia 30096, Attention: Corporate Secretary, no later than November 25, 2019; however, if next year's Annual Meeting of stockholders is held on a date more than 30 days before or after the corresponding date of the 2019 Annual Meeting, any stockholder who wishes to have a proposal included in our proxy statement for that meeting must deliver a copy of the proposal to the Company at a reasonable time before the proxy solicitation is made. We reserve the right to decline to include in our proxy statement any stockholder's proposal which does not comply with the advance notice provisions of our By-Laws or the rules of the SEC for inclusion therein.

Any stockholder of the Company who wishes to present a proposal at the 2020 Annual Meeting of stockholders of the Company, but not have such proposal included in our proxy statement and form of proxy for that meeting, must deliver a copy of such proposal to the Company at its principal executive offices at 4205 River Green Parkway, Duluth, Georgia 30096, Attention: Corporate Secretary no later than February 25, 2020 and otherwise in accordance with the advance notice provisions of our By-Laws or the persons appointed as proxies may exercise their discretionary voting authority if the proposal is considered at the meeting. The advance notice provisions of our By-Laws provide that for a proposal to be properly brought before a meeting by a stockholder, such stockholder must disclose certain information and must have given the Company notice of such proposal in written form meeting the requirements of our By-Laws no later than 60 days and no earlier than 90 days prior to the anniversary date of the immediately preceding Annual Meeting of stockholders.

ANNUAL REPORT ON FORM 10-K

AGCO
Your Agriculture Company

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

For the fiscal year ended December 31, 2018

of

AGCO CORPORATION

A Delaware Corporation
IRS Employer Identification No. 58-1960019
SEC File Number 1-12930

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

AGCO Corporation's Common Stock is registered pursuant to Section 12(b) of the Act and is listed on the New York Stock Exchange.

AGCO Corporation is a well-known seasoned issuer.

AGCO Corporation is required to file reports pursuant to Section 13 or Section 15(d) of the Act. AGCO Corporation (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Disclosure of delinquent filers pursuant to Item 405 of Regulation S-K will not be contained in a definitive proxy statement, portions of which are incorporated by reference into Part III of this Form 10-K.

AGCO Corporation has submitted electronically every Interactive Data File for the periods required to be submitted pursuant to Rule 405 of Regulation S-T.

The aggregate market value of AGCO Corporation's Common Stock (based upon the closing sales price quoted on the New York Stock Exchange) held by non-affiliates as of June 30, 2018 was approximately $4.0 billion. For this purpose, directors and officers and the entities that they control have been assumed to be affiliates. As of February 22, 2019, 76,512,465 shares of AGCO Corporation's Common Stock were outstanding.

AGCO Corporation is a large accelerated filer and is not a shell company.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of AGCO Corporation's Proxy Statement for the 2019 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

PART I

Item 1. *Business*

AGCO Corporation ("AGCO," "we," "us," or the "Company") was incorporated in Delaware in April 1991. Our executive offices are located at 4205 River Green Parkway, Duluth, Georgia 30096, and our telephone number is (770) 813-9200. Unless otherwise indicated, all references in this Form 10-K to the Company include our subsidiaries.

General

We are a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. We sell a full range of agricultural equipment, including tractors, combines, self-propelled sprayers, hay tools, forage equipment, seeding and tillage equipment, implements, and grain storage and protein production systems. Our products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brands, including Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra®. We distribute most of our products through approximately 4,050 independent dealers and distributors in approximately 140 countries. In addition, we also provide retail and wholesale financing through our finance joint ventures with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., which we refer to as "Rabobank."

Products

The following table sets forth a description of the Company's products and their percentage of net sales:

		Percentage of Net Sales		
Product	**Product Description**	**2018(1)**	**2017**	**2016**
Tractors	• High horsepower tractors (100 to 650 horsepower); typically used on large acreage farms, primarily for row crop production, soil cultivation, planting, land leveling, seeding and commercial hay operations.	57%	57%	57%
	• Utility tractors (40 to 100 horsepower); typically used on small- and medium-sized farms and in specialty agricultural industries, including dairy, livestock, orchards and vineyards			
	• Compact tractors (under 40 horsepower); typically used on small farms and specialty agricultural industries, as well as for landscaping, equestrian and residential uses			
Replacement Parts	• Replacement parts for all of the products we sell, including products no longer in production. Most of our products can be economically maintained with parts and service for a period of ten to 20 years. Our parts inventories are maintained and distributed through a network of master and regional warehouses throughout North America, South America, Europe, Africa, China and Australia in order to provide timely response to customer demand for replacement parts	14%	16%	16%
Grain Storage and Protein Production Systems	• Grain storage bins and related drying and handling equipment systems; seed-processing systems; swine and poultry feed storage and delivery, ventilation and watering systems; and egg production systems and broiler production equipment	10%	13%	12%
Hay Tools and Forage Equipment, Implements & Other Equipment	• Round and rectangular balers, loader wagons, self-propelled windrowers, forage harvesters, disc mowers, spreaders, rakes, tedders, and mower conditioners; used for the harvesting and packaging of vegetative feeds used in the cattle, dairy, horse and renewable fuel industries	12%	7%	7%
	• Implements, including disc harrows, which cut through crop residue, leveling seed beds and mixing chemicals with the soils; heavy tillage, which break up soil and mix crop residue into topsoil, with or without prior discing; field cultivators, which prepare a smooth seed bed and destroy weeds; and drills, which are primarily used for small grain seeding			
	• Planters and other planting equipment; used to plant seeds and apply fertilizer in the field, typically used for row crops			
	• Other equipment, including loaders; used for a variety of tasks, including lifting and transporting hay crops			
Combines	• Combines, sold with a variety of threshing technologies and complemented by a variety of crop-harvesting heads; typically used in harvesting grain crops such as corn, wheat, soybeans and rice	3%	4%	4%
Application Equipment	• Self-propelled, three- and four-wheeled vehicles and related equipment; for use in the application of liquid and dry fertilizers and crop protection chemicals both prior to planting crops ("pre-emergence") and after crops emerge from the ground ("post-emergence")	3%	3%	4%

(1) The summation of these individual percentages does not total due to rounding.

Marketing and Distribution

We distribute products primarily through a network of independent dealers and distributors. Our dealers are responsible for retail sales of equipment to end users and after-sales service and support. Our distributors may sell our products through networks of dealers supported by the distributors, and our distributors also may directly market our products and provide customer service support. Our sales are not dependent on any specific dealer, distributor or group of dealers.

In some countries, we utilize associates and licensees to provide a distribution channel for our products and a source of low-cost production for certain Massey Ferguson and Valtra products. Associates are entities in which we have an ownership interest, most notably in India. Licensees are entities in which we have no ownership interest. The associate or licensee generally has the exclusive right to produce and sell Massey Ferguson or Valtra equipment in its licensed territory under such tradenames, but may not sell these products outside the licensed territory. We generally license certain technology to these licensees and associates, and we may sell them certain components used in local manufacturing operations.

	Independent Dealers and Distributors	Percent of Net Sales		
Geographical region	2018	2018(1)	2017	2016
Europe	1,500	57%	53%	53%
North America	1,875	23%	23%	24%
South America	250	10%	13%	12%
Rest of World(2)	425	9%	11%	11%

(1) The summation of these individual percentages does not total due to rounding.
(2) Consists of approximately 57 countries in Africa, the Middle East, Australia and Asia.

Dealer Support and Supervision

We believe that one of the most important criteria affecting a farmer's decision to purchase a particular brand of equipment is the quality of the dealer who sells and services the equipment. We support our dealers in order to improve the quality of our dealer network. We monitor each dealer's performance and profitability and establish programs that focus on continuous dealer improvement. Our dealers generally have sales territories for which they are responsible.

We believe that our ability to offer our dealers a full product line of agricultural equipment and related replacement parts, as well as our ongoing dealer training and support programs focusing on business and inventory management, sales, marketing, warranty and servicing matters and products, help ensure the vitality and increase the competitiveness of our dealer network. We also maintain dealer advisory groups to obtain dealer feedback on our operations.

We provide our dealers with volume sales incentives, demonstration programs and other advertising support to assist sales. We design our sales programs, including retail financing incentives, and our policies for maintaining parts and service availability with extensive product warranties, to enhance our dealers' competitive position.

Manufacturing and Suppliers

Manufacturing and Assembly

We manufacture and assemble our products in 48 locations worldwide, including six locations where we operate joint ventures. Our locations are intended to optimize capacity, technology or local costs. Furthermore, we continue to balance our manufacturing resources with externally-sourced machinery, components and/or replacement parts to enable us to better control costs, inventory levels and our supply of components. We believe that our manufacturing facilities are sufficient to meet our needs for the foreseeable future. Please refer to Item 2, "Properties," where a listing of our principal manufacturing locations is presented.

Our AGCO Power engines division produces diesel engines, gears and generating sets. The diesel engines are manufactured for use in a portion of our tractors, combines and sprayers, and also are sold to third parties. AGCO Power specializes in the manufacturing of off-road engines in the 75 to 600 horsepower range.

Third-Party Suppliers

We externally source some of our machinery, components and replacement parts from third-party suppliers. Our production strategy is intended to optimize our research and development and capital investment requirements and to allow us greater flexibility to respond to changes in market conditions.

We purchase some fully-manufactured tractors from Tractors and Farm Equipment Limited ("TAFE"), Carraro S.p.A. and Iseki & Company, Limited. We also purchase other tractors, implements and hay and forage equipment from various third-party suppliers. Refer to "Related Parties" within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for further discussion of our relationship with TAFE.

In addition to the purchase of machinery, third-party suppliers supply us with significant components used in our manufacturing operations. We select third-party suppliers that we believe are low cost, high quality and possess the most appropriate technology.

We also assist in the development of these products or component parts based upon our own design requirements. Our past experience with outside suppliers generally has been favorable.

Seasonality

Generally, retail sales by dealers to farmers are highly seasonal and are a function of the timing of the planting and harvesting seasons. To the extent practicable, we attempt to ship products to our dealers and distributors on a level basis throughout the year to reduce the effect of seasonal retail demands on our manufacturing operations and to minimize our investment in inventory. Our financing requirements are subject to variations due to seasonal changes in working capital levels, which typically increase in the first half of the year and then decrease in the second half of the year. The fourth quarter is also typically a period for higher retail sales because of our customers' year-end tax planning considerations, the increase in the availability of funds from completed harvests and the timing of dealer incentives.

Competition

The agricultural industry is highly competitive. We compete with several large national and international full-line suppliers, as well as numerous short-line and specialty manufacturers with differing manufacturing and marketing methods. Our two principal competitors on a worldwide basis are Deere & Company and CNH Industrial N.V. We have regional competitors around the world that have significant market share in a single country or a group of countries.

We believe several key factors influence a buyer's choice of farm equipment, including the strength and quality of a company's dealers, the quality and pricing of products, dealer or brand loyalty, product availability, terms of financing and customer service. See "Marketing and Distribution" for additional information.

Engineering and Research

We make significant expenditures for engineering and applied research to improve the quality and performance of our products, to develop new products and to comply with government safety and engine emissions regulations.

In addition, we also offer a variety of precision farming technologies that provide farmers with the capability to enhance productivity and profitability on the farm. These technologies are installed in our products and include satellite-based steering, field data collection, yield mapping and telemetry-based fleet management systems.

Wholesale Financing

Primarily in the United States and Canada, we engage in the standard industry practice of providing dealers with floor plan payment terms for their inventories of farm equipment for extended periods, generally through our AGCO Finance joint ventures. The terms of our wholesale finance agreements with our dealers vary by region and product line, with fixed payment schedules on all sales, generally ranging from one to 12 months. In the United States and Canada, dealers typically are not required to make an initial down payment, and our terms allow for an interest-free period generally ranging from one to 12 months, depending on the product. Amounts due from sales to dealers in the United States and Canada are immediately due upon a retail sale of the underlying equipment by the dealer, with the exception of sales of grain storage and protein production systems, as discussed further below. If not previously paid by the dealer, installment payments generally are required beginning after the interest-free period with the remaining outstanding equipment balance generally due within 12 months after shipment.

In limited circumstances, we provide sales terms, and in some cases, interest-free periods that are longer than 12 months for certain products. These typically are specified programs, predominantly in the United States and Canada, where interest is charged after a period of up to 24 months, depending on the year of the sale and the dealer or distributor ordering or their sales volume during the preceding year. We also provide financing to dealers on used equipment accepted in trade. We generally obtain a security interest in the new and used equipment we finance.

Typically, sales terms outside the United States and Canada are of a shorter duration, generally ranging from 30 to 180 days. In many cases, we retain a security interest in the equipment sold on extended terms. In certain international markets, our sales are generally backed by letters of credit or credit insurance.

Sales of grain storage and protein production systems both in the United States and in other countries generally are payable within 30 days of shipment. In certain countries, sales of such systems for which the Company is responsible for construction or installation may be contingent upon customer acceptance. Payment terms vary by market and product, with fixed payment schedules on all sales.

We have an agreement to permit transferring, on an ongoing basis, a majority of our wholesale receivables in North America, Europe and Brazil to our AGCO Finance joint ventures in the United States, Canada, Europe and Brazil. Upon transfer, the wholesale receivables maintain standard payment terms, including required regular principal payments on amounts outstanding and interest charges at market rates. Qualified dealers may obtain additional financing through our U.S., Canadian, European and Brazilian finance joint ventures at the joint ventures' discretion. In addition, AGCO Finance joint ventures may provide wholesale financing directly to dealers in Europe, Brazil and Australia.

Retail Financing

Our AGCO Finance joint ventures offer financing to most of the end users of our products. Besides contributing to our overall profitability, the AGCO Finance joint ventures can enhance our sales efforts by tailoring retail finance programs to prevailing market conditions. Our finance joint ventures are located in the United States, Canada, Europe, Brazil, Argentina and Australia and are owned by AGCO and by a wholly-owned subsidiary of Rabobank. Refer to "Finance Joint Ventures" within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for further information.

In addition, Rabobank is the primary lender with respect to our credit facility and our senior term loan, as are more fully described in "Liquidity and Capital Resources" within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical relationship with Rabobank has been strong, and we anticipate its continued long-term support of our business.

Intellectual Property

We own and have licenses to the rights under a number of domestic and foreign patents, trademarks, trade names and brand names relating to our products and businesses. We defend our patent, trademark and trade and brand name rights primarily by monitoring competitors' machines and industry publications and conducting other investigative work. We consider our intellectual property rights, including our right to use our trade and brand names, important in the operation of our businesses. However, we do not believe we are dependent on any single patent, trademark, trade name, brand name or group of patents or trademarks, trade names or brand names. We intend to maintain the separate strengths and identities of our core brand names and product lines.

Environmental Matters and Regulation

We are subject to environmental laws and regulations concerning emissions to the air, discharges of processed or other types of wastewater, and the generation, handling, storage, transportation, treatment and disposal of waste materials. These laws and regulations are constantly changing, and the effects that they may have on us in the future are impossible to predict with accuracy. It is our policy to comply with all applicable environmental, health and safety laws and regulations, and we believe that any expense or liability we may incur in connection with any noncompliance with any law or regulation or the cleanup of any of our properties will not have a materially adverse effect on us.

The engines manufactured by our AGCO Power engine division, which specializes in the manufacturing of non-road engines in the 75 to 600 horsepower range, currently comply with emissions standards and related requirements set by European, Brazilian and U.S. regulatory authorities, including both the United States Environmental Protection Agency and various state authorities. We expect to meet future emissions requirements through the introduction of new technology to our engines and exhaust after-treatment systems, as necessary. In some markets (such as the United States), we must obtain governmental environmental approvals in order to import our products, and these approvals can be difficult or time-consuming to obtain or may not be obtainable at all. For example, our AGCO Power engine division and our engine suppliers are subject to air quality standards, and production at our facilities could be impaired if AGCO Power and these suppliers are unable to timely respond to any changes in environmental laws and regulations affecting engine emissions, including the emissions of greenhouse gases ("GHG"). Compliance with environmental and safety regulations has added, and will continue to add, to the cost of our products and increase the capital-intensive nature of our business.

Climate change, as a result of emissions of GHG, is a significant topic of discussion and may generate U.S. and other regulatory responses. It is impracticable to predict with any certainty the impact on our business of climate change or the regulatory responses to it, although we recognize that they could be significant. The most direct impacts are likely to be an increase in energy costs, which would increase our operating costs (through increased utility and transportation costs) and an increase in the costs of the products we purchase from others. In addition, increased energy costs for our customers could impact demand for our equipment. It is too soon for us to predict with any certainty the ultimate impact of additional regulation, either directionally or quantitatively, on our overall business, results of operations or financial condition.

Regulation and Government Policy

Domestic and foreign political developments and government regulations and policies directly affect the agricultural industry and indirectly affect the agricultural equipment business in the United States and abroad. The application, modification or adoption of laws, regulations or policies could have an adverse effect on our business.

We have manufacturing facilities or other physical presence in approximately 32 countries and sell our products in approximately 140 countries. This subjects us to a range of trade, product, foreign exchange, employment, tax and other laws and regulations, in addition to the environmental regulations discussed previously, in a significant number of jurisdictions. Many jurisdictions and a variety of laws regulate the contractual relationships with our dealers. These laws impose substantive standards on the relationships between us and our dealers, including events of default, grounds for termination, non-renewal of dealer contracts and equipment repurchase requirements. Such laws could adversely affect our ability to terminate our dealers.

In addition, each of the jurisdictions within which we operate or sell products has an important interest in the success of its agricultural industry and the consistency of the availability of reasonably priced food sources. These interests result in active political involvement in the agricultural industry, which, in turn, can impact our business in a variety of ways.

Employees

As of December 31, 2018, we employed approximately 21,200 employees, including approximately 4,700 employees in the United States and Canada. A majority of our employees at our manufacturing facilities, both domestic and international, are represented by collective bargaining agreements and union contracts with terms that expire on varying dates. We currently do not expect any significant difficulties in renewing these agreements.

Available Information

Our Internet address is *www.agcocorp.com*. We make the following reports filed by us available, free of charge, on our website under the heading "SEC Filings" in our website's "Investors" section:

- annual reports on Form 10-K;
- quarterly reports on Form 10-Q;
- current reports on Form 8-K;
- proxy statements for the annual meetings of stockholders;
- reports on Form SD; and
- Forms 3, 4 and 5

These reports are made available on our website as soon as practicable after they are filed with the Securities and Exchange Commission ("SEC"). The SEC also maintains a website (www.sec.gov) that contains our reports and other information filed with the SEC.

We also provide corporate governance and other information on our website. This information includes:

- charters for the standing committees of our board of directors, which are available under the heading "Charters of the Committees of the Board" in the "Governance, Committees, & Charters" section of the "Corporate Governance" section of our website located under "Investors," and
- our Global Code of Conduct, which is available under the heading "Global Code of Conduct" in the "Corporate Governance" section of our website located under "Investors."

In addition, in the event of any waivers of our Global Code of Conduct, those waivers will be available under the heading "Corporate Governance" of our website. None of these materials, including the other materials available on our website, is incorporated by reference into this Form 10-K unless expressly provided.

Item 1A. *Risk Factors*

We make forward-looking statements in this report, in other materials we file with the SEC or otherwise release to the public and on our website. In addition, our senior management makes forward-looking statements orally to analysts, investors, the media and others. Statements, including the statements contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," concerning our future operations, prospects, strategies, products, manufacturing facilities, legal proceedings, financial condition, financial performance (including growth and earnings) and demand for our products and services, and other statements of our plans, beliefs or expectations, net sales, industry conditions, currency translation impacts, market demand, farm incomes, weather conditions, commodity prices, general economic conditions, availability of financing, working capital, capital expenditures, debt service requirements, margins, production volumes, cost reduction initiatives, investments in product development, compliance with financial covenants, support from lenders, recovery of amounts under guarantee, uncertain income tax provisions, funding of our pension and postretirement benefit plans, or realization of net deferred tax assets, are forward-looking statements. The forward-looking statements we make are not guarantees of future performance and are subject to various assumptions, risks and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These factors include, among others, those set forth below and in the other documents that we file with the SEC. There also are other factors that we may not describe, generally because we currently do not perceive them to be material, or likely to become material, that could cause actual results to differ materially from our expectations.

These risks could impact our business in a number of ways, including by negatively impacting our future results of operations, cash flows and financial condition. For simplicity, below we collectively refer to these impacts as our "performance."

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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, weather conditions, lower commodity prices and changes in the availability of financing for our dealers and their retail customers, will adversely affect us.

Our success depends entirely on the vitality of the agricultural industry. Historically, the agricultural industry has been cyclical and subject to a variety of economic and other factors. Sales of agricultural equipment, in turn, is also cyclical and generally are related to the economic health of the agricultural industry. The health of the agricultural industry is affected by numerous factors, including farm income, farm input costs, land values and debt levels, all of which are influenced by levels of commodity prices, acreage planted, crop yields, agricultural product demand (including crops used as renewable energy sources), government policies and government subsidies. Sales also are influenced by economic conditions, interest rate and exchange rate levels, and the availability of financing for retail customers, including financing subsidies to farmers. Trends in the industry, such as farm consolidations, may affect the agricultural equipment market. In addition, weather conditions, such as floods, heat waves or droughts, and pervasive livestock or crop diseases can affect farmers' buying decisions. Downturns in the agricultural industry due to these or other factors, which could vary by market, are likely to result in decreases in demand for agricultural equipment, which would adversely affect our sales, growth, results of operations and financial condition. Moreover, the unpredictable nature of many of these factors and the resulting volatility in demand make it difficult for us to accurately predict sales and optimize production. This, in turn, can result in higher costs, including inventory carrying costs and underutilized manufacturing capacity. During previous downturns in the farm sector, we experienced significant and prolonged declines in our performance, and we expect our business to remain subject to similar market fluctuations in the future.

The agricultural equipment industry is highly seasonal, and seasonal fluctuations significantly impact our performance.

The agricultural equipment business is highly seasonal, which causes our quarterly results and our cash flow to fluctuate during the year. Farmers generally purchase agricultural equipment in the Spring and Fall in conjunction with the major planting and harvesting seasons. In addition, the fourth quarter typically is a significant period for retail sales because of year-end tax planning considerations, the increase in availability of funds from completed harvests and the timing of dealer incentives. Our net sales and income from operations historically have been the lowest in the first quarter and have increased in subsequent quarters as dealers anticipate increased retail sales in subsequent quarters.

Most of our sales depend on the availability of retail customers obtaining financing, and any disruption in their ability to obtain financing, whether due to economic downturns or otherwise, will result in the sale of fewer products by us. In addition, the collectability of receivables that are created from our sales, as well as from such retail financing, is critical to our business.

Most retail sales of our products are financed, either by AGCO Finance joint ventures or by a bank or other private lender. Our AGCO Finance joint ventures, which are controlled by Rabobank and are dependent upon Rabobank for financing as well, finance approximately 40% to 50% of the retail sales of our tractors and combines in the markets where the joint ventures operate. Any difficulty by Rabobank in continuing 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 would require us to find other sources of retail financing for our dealers and their retail customers, or our dealers and their retail customers would be required to utilize other retail financing providers. In an economic downturn, we expect that financing for capital equipment purchases generally would become more difficult or more 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 AGCO Finance joint ventures have substantial accounts receivable from dealers and retail customers, and we both would be adversely impacted if the collectability of these receivables was not consistent with historical experience. This collectability is dependent on 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 discussed in this “Risk Factors” section. In addition, the AGCO Finance joint ventures may experience credit losses that exceed expectations and adversely affect their financial condition and results of operations. The finance joint ventures may also experience residual value losses that exceed expectations caused by lower pricing for used equipment and higher than expected returns at lease maturity. To the extent that defaults and losses are higher than expected, our equity in the net earnings of the finance joint ventures would be less, or there could be losses, which could materially impact our performance.

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

Our long-term results depend upon our ability to introduce and market new products successfully. The success of our new products will depend on a number of factors, including:

- innovation;
- customer acceptance;
- the efficiency of our suppliers in providing component parts and of our manufacturing facilities in producing final products; and
- the performance and quality of our products relative to those of our competitors.

As both we and our competitors continuously introduce new products or refine versions of existing products, we cannot predict the level of market acceptance or the amount of market share our new products will achieve. We have experienced delays in the introduction of new products in the past, and we may experience delays in the future. Any delays or other problems with our new product launches will adversely affect our performance. In addition, introducing new products can result in decreases in revenues from our existing products. Consistent with our strategy of offering new products and product refinements, we expect to make substantial investments in product development and refinement. We may need more funding for product development and refinement than is readily available, which could adversely affect our business.

Our expansion plans in emerging markets entail significant risks.

Our strategy includes establishing a greater manufacturing and/or marketing presence in emerging markets such as China, Africa and Russia. In addition, we have been expanding our use of component suppliers in these markets. As we progress with these efforts, it will involve a significant investment of capital and other resources and entail various risks. These include risks attendant to obtaining necessary governmental approvals and the construction of the facilities in a timely manner and within cost estimates, the establishment of supply channels, the commencement of efficient manufacturing operations, and, ultimately, the acceptance of the products by retail customers. While we expect the expansion to be successful, should we encounter difficulties involving these or similar factors, it may not be as successful as we anticipate.

We face significant competition, and, if we are unable to compete successfully against other agricultural equipment manufacturers, we will lose dealers and their retail customers and our net sales and profitability will decline.

The agricultural equipment business is highly competitive, particularly in our major markets. Our two key competitors, Deere & Company and CNH Industrial N.V., are substantially larger than we are and have greater financial and other resources. In addition, in some markets, we compete with smaller regional competitors with significant market share in a single country or group of countries. Our competitors may substantially increase the resources devoted to the development and marketing, including discounting, of products that compete with our products. In addition, competitive pressures in the agricultural equipment business may affect the market prices of new and used equipment, which, in turn, may adversely affect our performance.

We maintain an independent dealer and distribution network in the markets where we sell products. The financial and operational capabilities of our dealers and distributors are critical to our ability to compete in these markets. In addition, we compete with other manufacturers of agricultural equipment for dealers. If we are unable to compete successfully against other agricultural equipment manufacturers, we could lose dealers and their retail customers and performance may decline.

Rationalization or restructuring of manufacturing facilities, and plant expansions and system upgrades at our manufacturing facilities, may cause production capacity constraints and inventory fluctuations.

The rationalization of our manufacturing facilities has at times resulted in, and similar rationalizations or restructurings in the future may result in, temporary constraints upon our ability to produce the quantity of products necessary to fill orders and thereby complete sales in a timely manner. In addition, system upgrades at our manufacturing facilities that impact ordering, production scheduling, manufacturing and other related processes are complex, and could impact or delay production. A prolonged delay in our ability to fill orders on a timely basis could affect customer demand for our products and increase the size of our product inventories, causing future reductions in our manufacturing schedules and adversely affecting our performance. Moreover, our continuous development and production of new products often involves the retooling of existing manufacturing facilities. This retooling may limit our production capacity at certain times in the future, which could adversely affect our performance. In addition, the expansion and reconfiguration of existing manufacturing facilities, as well as the start-up of new manufacturing operations in emerging markets, such as China and Russia, could increase the risk of production delays, as well as require significant investments.

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.

Our products include components and parts manufactured by others. As a result, our ability to timely and efficiently manufacture existing products, to introduce new products and to shift manufacturing of products from one facility to another depends on the quality of these components and parts and the timeliness of their delivery to our facilities. At any particular time, we depend on many different suppliers, and the failure by one or more of our suppliers to perform as needed will result in fewer products being manufactured, shipped and sold. If the quality of the components or parts provided by our suppliers is less than required and we do not recognize that failure prior to the shipment of our products, we will incur higher warranty costs. The timely supply of component parts for our products also depends on our ability to manage our relationships with suppliers, to identify and replace suppliers that fail to meet our schedules or quality standards, and to monitor the flow of components and accurately project our needs. The shift from our existing suppliers to new suppliers, including suppliers in emerging markets, also may impact the quality and efficiency of our manufacturing capabilities, as well as warranty costs.

Changes in the prices of certain raw materials, components and parts could result in production disruptions or increased costs and lower profits on the sale of our products. Changes in the availability and price of these raw materials, components and parts, which have fluctuated significantly in the past and are more likely to fluctuate during times of economic volatility, as well as regulatory instability or change in tariffs, can significantly increase the costs of production. This, in turn, could have a material negative effect on performance, particularly if, due to pricing considerations or other factors, we are unable to recover the increased costs through pricing from our dealers.

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 as well as U.S. laws governing who we sell to and how we conduct business. These risks may delay or reduce our realization of value from our international operations.

A majority of our sales are derived from sales outside the United States. The foreign countries in which our sales are the greatest are Germany, France, Brazil, the United Kingdom, Finland and Canada. In addition, we have significant manufacturing operations in France, Germany, Brazil, Italy and Finland and have established manufacturing operations in emerging markets, such as China. Many of our sales involve products that are manufactured in one country and sold in a different country and therefore, our results of operations and financial condition will be adversely affected by adverse changes in laws, taxes and tariffs, trade restrictions, economic conditions, labor supply and relations, political conditions and governmental policies of the countries in which we conduct business. Our business practices in these foreign countries generally must comply with U.S. law, including limitations on where and to whom we may sell products and the Foreign Corrupt Practices Act (“FCPA”). We have a compliance program in place designed to reduce the likelihood of potential violations of these laws, but it is difficult to identify and prevent violations. Significant violations could subject us to fines and other penalties as well as increased compliance costs. Some of our international operations also are, or might become, subject to various risks that are not present in domestic operations, including restrictions on dividends and the repatriation of funds. Foreign developing markets may present special risks, such as unavailability of financing, inflation, slow economic growth, price controls and difficulties in complying with U.S. regulations.

Domestic and foreign political developments and government regulations and policies directly affect the international agricultural industry, which affects the demand for agricultural equipment. If demand for agricultural equipment declines, our performance will be adversely affected. The application, modification or adoption of laws, regulations, trade agreements or policies adversely affecting the agricultural industry, including the imposition of import and export duties and quotas, expropriation and potentially burdensome taxation, could have an adverse effect on our business. Trade restrictions, including potential withdrawal from or modification of existing trade agreements, negotiation of new trade agreements, and imposition of new (and retaliatory) tariffs against certain countries or covering certain products, could limit our ability to capitalize on current and future growth opportunities in the international markets in which we operate and impair our ability to expand our business by offering new technologies, products and services. These changes also can impact the cost of the products we manufacture, including the cost of steel. These trade restrictions and changes in, or uncertainty surrounding, global trade policy may affect our competitive position.

The health of the agricultural industry and the ability of our international dealers and retail customers to operate their businesses, in general, are affected by domestic and foreign government programs that provide economic support to farmers. As a result, farm income levels and the ability of farmers to obtain advantageous financing and other protections would be reduced to the extent that any such programs are curtailed or eliminated. Any such reductions likely would result in a decrease in demand for agricultural equipment. For example, a decrease or elimination of current price protections for commodities or of subsidy payments for farmers in the European Union, the United States, Brazil or elsewhere in South America could negatively impact the operations of farmers in those regions, and, as a result, our sales may decline if these farmers delay, reduce or cancel purchases of our products. In emerging markets, some of these (and other) risks can be greater than they might be elsewhere. In addition, in some cases, the financing provided by our joint ventures with Rabobank or by others is supported by a government subsidy or guarantee. The programs under which those subsidies and guarantees are provided generally are of limited duration and subject to renewal and contain various caps and other limitations. In some markets, for example Brazil, this support is quite significant. In the event the governments that provide this support elect not to renew these programs, and were financing not available on reasonable terms, whether through our joint ventures or otherwise, our performance would be negatively impacted.

As a result of the multinational nature of our business and the acquisitions that we have made over time, our corporate and tax structures are complex, with a significant portion of our operations being held through foreign holding companies. As a result, it can be inefficient, from a tax perspective, for us to repatriate or otherwise transfer funds, and we may be subject to a greater level of tax-related regulation and reviews by multiple governmental units than would companies with a more simplified structure. In addition, our foreign and U.S. operations routinely sell products to, and license technology to other operations of ours. The pricing of these intra-company transactions is subject to regulation and review as well. While we make every effort to comply with all applicable tax laws, audits and other reviews by governmental units could result in our being required to pay additional taxes, interest and penalties.

Brexit and political uncertainty in the United Kingdom and the European Union could disrupt our operations and adversely affect our performance.

We have significant operations in the United Kingdom. The United Kingdom's intention to exit from the European Union, or Brexit, has caused significant political uncertainty in both the United Kingdom and the European Union. The impact of Brexit and the resulting turmoil on the political and economic future of the United Kingdom and the European Union is uncertain, and we may be adversely affected in ways we cannot currently anticipate. The ultimate effects of Brexit will depend on any agreements the United Kingdom makes to retain access to the European Union markets, and vice versa, either during a transitional period or more permanently. Brexit also may result in significant changes in the British regulatory environment, which would likely increase our compliance costs. We may find it more difficult to conduct business in the United Kingdom and the European Union, as Brexit may result in increased regulatory complexity, increased restrictions on the movement of capital, goods and personnel. Depending on the outcome of negotiations between the United Kingdom and the European Union regarding the terms of Brexit, we may decide to relocate or otherwise alter certain of our European or United Kingdom operations to respond to the new business, legal, regulatory, tax and trade environments. Brexit may adversely affect our relationships with our dealers and their retail customers, suppliers and employees and our performance could be adversely affected.

We can experience substantial and sustained volatility with respect to currency exchange rates and interest rates, which can adversely affect our reported results of operations and the competitiveness of our products.

We conduct operations in a variety of currencies. Our production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. In addition, we are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we denominate sales and to risks associated with translating the financial statements of our foreign subsidiaries from local currencies into United States dollars. Similarly, changes in interest rates affect us by increasing or decreasing borrowing costs and finance income. Our most significant transactional foreign currency exposures are the Euro, the Brazilian real and the Canadian dollar in relation to the United States dollar, and the Euro in relation to the British pound. Where naturally offsetting currency positions do not occur, we attempt to manage these risks by economically hedging some, but not necessarily all, of our exposures through the use of foreign currency forward exchange or option contracts. As with all hedging instruments, there are risks associated with the use of foreign currency forward exchange or option contracts, interest rate swap agreements and other risk management contracts. While the use of such hedging instruments provides us with protection for a finite period of time from certain fluctuations in currency exchange and interest rates, when we hedge we forego part or all the benefits that might result from favorable fluctuations in currency exchange and interest rates. In addition, any default by the counterparties to these transactions could adversely affect us. Despite our use of economic hedging transactions, currency exchange rate or interest rate fluctuations may adversely affect our performance.

In July 2017, the Financial Conduct Authority in the UK, the governing body responsible for regulating the London Interbank Offered Rate ("LIBOR"), announced that it no longer will compel or persuade financial institutions and panel banks to make LIBOR submissions after 2021. This decision is expected to result in the end of the use of LIBOR as a reference rate for commercial loans and other indebtedness. We have both LIBOR-denominated and EURIBOR-denominated indebtedness or derivative instruments. The transition to alternatives to LIBOR could be modestly disruptive to the credit markets, and while we do not believe that the impact would be material to us, we do not have insight into what the impacts might be.

We are subject to extensive environmental laws and regulations, including increasingly stringent engine emissions standards, and our compliance with, or our failure to comply with, existing or future laws and regulations could delay production of our products or otherwise adversely affect our business.

We are subject to increasingly stringent environmental laws and regulations in the countries in which we operate. These regulations govern, among other things, emissions into the air, discharges into water, the use, handling and disposal of hazardous substances, waste disposal and the remediation of soil and groundwater contamination. Our costs of complying with these or any other current or future environmental regulations may be significant. For example, several countries have adopted more stringent environmental regulations regarding emissions into the air, and it is possible that new emissions-related legislation or regulations will be adopted in connection with concerns regarding GHG. The regulation of GHG emissions from certain stationary or mobile sources could result in additional costs to us in the form of taxes or emission allowances, facilities improvements and energy costs, which would increase our operating costs through higher utility, transportation and materials costs. Increased input costs, such as fuel and fertilizer, and compliance-related costs also could impact retail customer operations and demand for our equipment. Because the impact of any future GHG legislative, regulatory or product standard requirements on our global businesses and products is dependent on the timing and design of mandates or standards, we are unable to predict its potential impact at this time.

In addition, we may be subject to liability in connection with properties and businesses that we no longer own or operate. We may be adversely impacted by costs, liabilities or claims with respect to our operations under existing laws or those that may be adopted in the future that could apply to both future and prior conduct. If we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines or sanctions, or we may not be able to sell our products and, therefore, our performance could be adversely affected.

In addition, the products that we manufacture or sell, particularly engines, are subject to increasingly stringent environmental regulations, including those that limit GHG emissions. As a result, on an ongoing basis we incur significant engineering expenses and capital expenditures to modify our products to comply with these regulations. Further, we may experience production delays if we or our suppliers are unable to design and manufacture components for our products that comply with environmental standards. For instance, as we are required to meet more stringent engine emission reduction standards that are applicable to engines we manufacture or incorporate into our products, we expect to meet these requirements through the introduction of new technology to our products, engines and exhaust after-treatment systems, as necessary. Failure to meet such requirements could materially affect our business and results of operations.

We are subject to SEC disclosure obligations relating to “conflict minerals” (columbite-tantalite, cassiterite (tin), wolframite (tungsten) and gold) that are sourced from the Democratic Republic of Congo or adjacent countries. Complying with these requirements has and will require us to incur additional costs, including the costs to determine the sources of any conflict minerals used in our products and to modify our processes or products, if required. As a result, we may choose to modify the sourcing, supply and pricing of materials in our products. In addition, we may face reputational and regulatory risks if the information that we receive from our suppliers is inaccurate or inadequate, or our process in obtaining that information does not fulfill the SEC’s requirements. We have a formal policy with respect to the use of conflict minerals in our products that is intended to minimize, if not eliminate, conflict minerals sourced from the covered countries to the extent that we are unable to document that they have been obtained from conflict-free sources.

Our labor force is heavily unionized, and our contractual and legal obligations under collective bargaining agreements and labor laws subject us to the risks of work interruption or stoppage and could cause our costs to be higher.

Most of our employees, most notably at our manufacturing facilities, are subject to collective bargaining agreements and union contracts with terms that expire on varying dates. Several of our collective bargaining agreements and union contracts are of limited duration and, therefore, must be re-negotiated frequently. As a result, we incur various administrative expenses associated with union representation of our employees. Furthermore, we are at greater risk of work interruptions or stoppages than non-unionized companies, and any work interruption or stoppage could significantly impact the volume of products we have available for sale. In addition, collective bargaining agreements, union contracts and labor laws may impair our ability to reduce our labor costs by streamlining existing manufacturing facilities or restructuring our business because of limitations on personnel and salary changes and similar restrictions.

We have significant pension obligations with respect to our employees, and our cash flow available for other purposes may be adversely affected in the event that payments became due under any pension plans that are unfunded or underfunded. Declines in the market value of the securities used to fund these obligations will result in increased pension expense in future periods.

A portion of our active and retired employees participate in defined benefit pension plans under which we are obligated to provide prescribed levels of benefits regardless of the value of the underlying assets, if any, of the applicable pension plans. To the extent that our obligations under a plan are unfunded or underfunded, we will have to use cash flow from operations and other sources to pay our obligations either as they become due or over some shorter funding period. In addition, since the assets that we already have provided to fund these obligations are invested in debt instruments and other securities, the value of these assets varies due to market factors. Historically, these fluctuations have been significant and sometimes adverse, and there can be no assurances that they will not be significant or adverse in the future. We are also subject to laws and regulations governing the administration of our pension plans in certain countries, and the specific provisions, benefit formulas and related interpretations of such laws, regulations and provisions can be complex. Failure to properly administer the provisions of our pension plans and comply with applicable laws and regulations could have an adverse impact to our results of operations. As of December 31, 2018, we had substantial unfunded or underfunded obligations related to our pension and other postretirement health care benefits. See the notes to our Consolidated Financial Statements contained in Item 8 for more information regarding our unfunded or underfunded obligations.

Our business routinely is subject to claims and legal actions, some of which could be material.

We routinely are a party to claims and legal actions incidental to our business. These include claims for personal injuries by users of farm equipment, disputes with distributors, vendors and others with respect to commercial matters, and disputes with taxing and other governmental authorities regarding the conduct of our business. While these matters generally are not material, it is entirely possible that a matter will arise that is material to our business.

In addition, we use a broad range of technology in our products. We developed some of this technology, we license some of this technology from others, and some of the technology is embedded in the components and parts that we purchase from suppliers. From time-to-time, third parties make claims that the technology that we use violates their patent rights. While to date none of these claims have been significant, we cannot provide any assurances that there will not be significant claims in the future or that currently existing claims will not prove to be more significant than anticipated.

We have a substantial amount of indebtedness, and, as a result, we are subject to certain restrictive covenants and payment obligations that may adversely affect our ability to operate and expand our business.

Our credit facility and certain other debt agreements have various financial and other covenants that require us to maintain certain total debt to EBITDA and interest coverage ratios. In addition, the credit facility and certain other debt agreements contain other restrictive covenants, such as ones that limit the incurrence of indebtedness and the making of certain payments, including dividends, and are subject to acceleration in the event of default. If we fail to comply with these covenants and are unable to obtain a waiver or amendment, an event of default would result.

If any event of default were to occur, our lenders could, among other things, declare outstanding amounts due and payable, and our cash may become restricted. In addition, an event of default or declaration of acceleration under our credit facility or certain other debt agreements could also result in an event of default under our other financing agreements.

Our substantial indebtedness could have other important adverse consequences such as:

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of our cash flow to fund future working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restricting us from being able to introduce new products or pursuing business opportunities;
- placing us at a competitive disadvantage compared to our competitors that may have less indebtedness; and
- limiting, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds, pay cash dividends or engage in or enter into certain transactions.

Our business increasingly is subject to regulations relating to privacy and data protection, and if we violate any of those regulations we could be subject to significant claims, penalties and damages.

Increasingly, the United States, the European Union and other governmental entities are imposing regulations designed to protect the collection, maintenance and transfer of personal information. For example, the European Union adopted the General Data Protection Regulation (the "GDPR") that imposes stringent data protection requirements and greater penalties for non-compliance beginning in May 2018. The GDPR also protects a broader set of personal information than traditionally has been protected in the United States and provides for a right of "erasure." Other regulations govern the collection and transfer of financial data and data security generally. These regulations generally impose penalties in the event of violations. While we attempt to comply with all applicable cybersecurity regulations, their implementation is complex, and, if we are not successful, we may be subject to penalties and claims for damages from regulators and the impacted individuals.

Cybersecurity breaches and other disruptions to our information technology infrastructure could interfere with our operations and could compromise confidential information, exposing us to liability that could cause our business and reputation to suffer.

We rely upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing and collection of payments from dealers or other purchasers of our equipment. We also use information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, we collect and store sensitive data, including intellectual property and proprietary business information, in data centers and on information technology networks. The secure operation of these information technology networks and the processing and maintenance of this information is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by cyber criminals or breaches due to employee error or malfeasance or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures, terrorist acts or, natural disasters or other catastrophic events. The occurrence of any of these events could compromise our networks, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, and could disrupt our operations and damage our reputation, which could adversely affect our performance. In addition, as security threats continue to evolve and increase in frequency and sophistication, we may need to invest additional resources to protect the security of our systems.

We may encounter difficulties in integrating businesses we acquire and may not fully achieve, or achieve within a reasonable time frame, expected strategic objectives and other expected benefits of the acquisitions.

From time-to-time we seek to expand through acquisitions of other businesses. We expect to realize strategic and other benefits as a result of our acquisitions, including, among other things, the opportunity to extend our reach in the agricultural industry and provide our dealers and their retail customers with an even wider range of products and services. However, it is impossible to predict with certainty whether, or to what extent, these benefits will be realized or whether we will be able to integrate acquired businesses in a timely and effective manner. For example:

- the costs of integrating acquired businesses and their operations may be higher than we expect and may require significant attention from our management;
- the businesses we acquire may have undisclosed liabilities, such as environmental liabilities or liabilities for violations of laws, such as the FCPA, that we did not expect; and
- our ability to successfully carry out our growth strategies for acquired businesses will be affected by, among other things, our ability to maintain and enhance our relationships with their existing customers, our ability to provide additional product distribution opportunities to them through our existing distribution channels, changes in the spending patterns and preferences of customers and potential customers, fluctuating economic and competitive conditions and our ability to retain their key personnel.

Our ability to address these issues will determine the extent to which we are able to successfully integrate, develop and grow acquired businesses and to realize the expected benefits of these transactions. Our failure to do so could have a material adverse effect on our performance following the transactions.

Changes to United States tax, tariff, trade and import/export regulations may have a negative effect on global economic conditions, financial markets and our business.

There have been ongoing discussions and significant changes to United States trade policies, treaties, tariffs and taxes. Although the level changes from period to period, we generally have substantial imports into the United States of products and components that are either produced in our foreign locations or are purchased from foreign suppliers, and also have substantial exports of products and components that we manufacture in the United States. The impact of any changes to current trade, tariff or tax policies relating to imports and exports of goods is dependent on factors such as the treatment of exports as a credit to imports, and the introduction of any tariffs or taxes relating to imports from specific countries. The most significant changes recently have been the imposition of tariffs by the United States on imports from China and the imposition by China of tariffs on imports from the United States. In the past, we have had moderate amounts of imports into the U.S. from China. To date, the impact of announced China tariffs has not been material to us because we have been able to redirect and employ sourcing alternatives for products coming into the United States. In addition, we do not export significant amounts from the United States into China. It is unclear what other changes might be considered or implemented and what response to any such changes may be by the governments of other countries. Any changes that increase the cost of international trade or otherwise impact the global economy, including through the increase in domestic prices for raw materials, could have a material adverse effect on our business, financial condition and results of operations. For example, the United States, Canada and Mexico have renegotiated the North America Free Trade Agreement, and the impacts of the changes brought about by the new agreement, named the United States, Mexico, Canada Agreement (the “USMCA”), for which the language has not yet been ratified, are not currently known. We continue to monitor closely the status and implementation of the USMCA.

We have joint ventures in the Netherlands and Russia with an entity that currently is operating under a time-limited general license from the U.S. Department of Treasury authorizing the maintenance or wind-down of operations and existing contracts. In the event that the license expires without further relief being granted or without other authorization from the U.S. Department of the Treasury, we may no longer be able to continue the joint ventures' commercial operations, and we would be required to assess the fair value of certain assets related to the joint ventures for potential impairment. Our most recent preliminary assessment indicated that impairment, if any, would not be material.

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 2. *Properties*

Our principal manufacturing locations and/or properties as of January 31, 2019, were as follows:

Location	Description of Property	Leased (Sq. Ft.)	Owned (Sq. Ft.)
United States:			
Assumption, Illinois	Manufacturing/Sales and Administrative Office		933,900
Batavia, Illinois	Parts Distribution	310,200	
Duluth, Georgia	Corporate Headquarters	159,000	
Hesston, Kansas	Manufacturing	6,300	1,461,800
Jackson, Minnesota	Manufacturing	51,400	986,400
International:			
Beauvais, France(1)	Manufacturing	14,300	1,596,200
Breganze, Italy	Manufacturing	11,800	1,562,000
Ennery, France	Parts Distribution	839,600	360,300
Linnavuori, Finland	Manufacturing	211,700	396,300
Hohenmölsen, Germany	Manufacturing		437,000
Marktoberdorf, Germany	Manufacturing	219,800	1,472,200
Wolfenbüttel, Germany	Manufacturing		546,700
Stockerau, Austria	Manufacturing		160,700
Biatorbagy, Hungary	Manufacturing	287,300	
Thisted, Denmark	Manufacturing	147,500	295,300
Suolahti, Finland	Manufacturing/Parts Distribution	97,500	561,400
Canoas, Brazil	Regional Headquarters/Manufacturing	12,900	1,120,000
Mogi das Cruzes, Brazil	Manufacturing		727,200
Santa Rosa, Brazil	Manufacturing		508,900
Changzhou, China	Manufacturing	241,100	767,000

(1) Includes our joint venture, GIMA, in which we own a 50% interest.

We consider each of our facilities to be in good condition and adequate for its present use. We believe that we have sufficient capacity to meet our current and anticipated manufacturing requirements.

Item 3. ***Legal Proceedings***

In August 2008, as part of a routine audit, the Brazilian taxing authorities disallowed deductions relating to the amortization of certain goodwill recognized in connection with a reorganization of our Brazilian operations and the related transfer of certain assets to our Brazilian subsidiaries. The amount of the tax disallowance through December 31, 2018, not including interest and penalties, was approximately 131.5 million Brazilian reais (or approximately $33.9 million). The amount ultimately in dispute will be significantly greater because of interest and penalties. We have been advised by our legal and tax advisors that our position with respect to the deductions is allowable under the tax laws of Brazil. We are contesting the disallowance and believe that it is not likely that the assessment, interest or penalties will be required to be paid. However, the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which could take several years.

We are a party to various other legal claims and actions incidental to our business. We believe that none of these claims or actions, either individually or in the aggregate, is material to our business or financial statements as a whole, including our results of operations and financial condition.

Item 4. ***Mine Safety Disclosures***

Not Applicable.

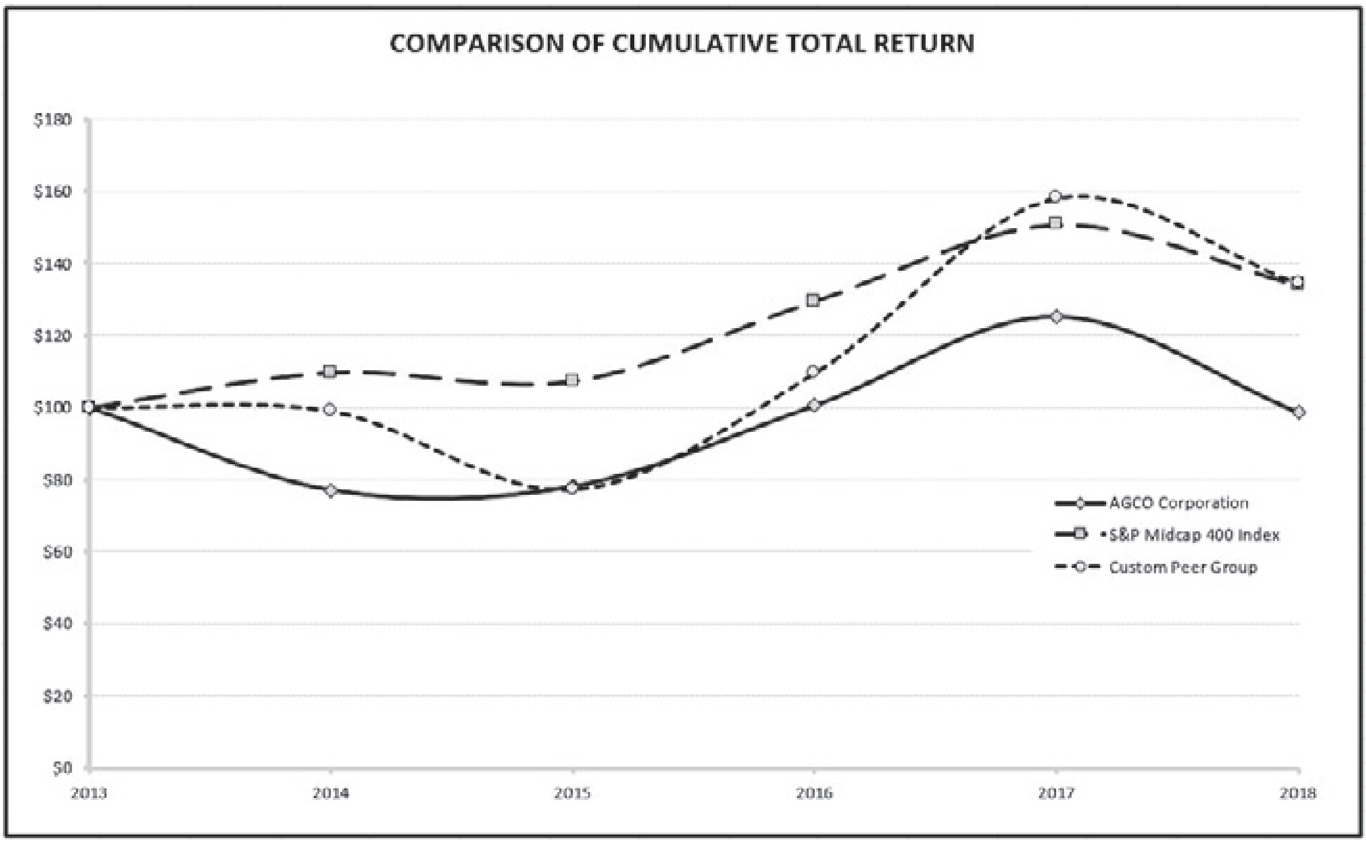
PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock is listed on the New York Stock Exchange ("NYSE") and trades under the symbol AGCO. As of the close of business on February 22, 2019, the closing stock price was $66.95, and there were 324 stockholders of record (this number does not include stockholders who hold their stock through brokers, banks and other nominees).

Performance Graph

The following presentation is a line graph of our cumulative total shareholder return on our common stock on an indexed basis as compared to the cumulative total return of the S&P Mid-Cap 400 Index and a self-constructed peer group ("Peer Group") for the five years ended December 31, 2018. Our total returns in the graph are not necessarily indicative of future performance.



	Cumulative Total Return for the Years Ended December 31					
	2013	2014	2015	2016	2017	2018
AGCO Corporation	$ 100.00	$ 77.04	$ 78.11	$ 100.63	$ 125.28	$ 98.60
S&P Midcap 400 Index	100.00	109.77	107.38	129.65	150.71	134.01
Peer Group Index	100.00	99.50	77.12	109.87	158.99	135.19

The total return assumes that dividends were reinvested and is based on a $100 investment on December 31, 2013.

The Peer Group Index is a self-constructed peer group of companies that includes: Caterpillar Inc., CNH Industrial NV, Cummins Inc., Deere & Company, Eaton Corporation Plc., Ingersoll-Rand Plc., Navistar International Corporation, PACCAR Inc., Parker-Hannifin Corporation and Terex Corporation.

Issuer Purchases of Equity Securities

The table below sets forth information with respect to purchases of our common stock made by or on behalf of us during the three months ended December 31, 2018:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)(1)(3)
October 1, 2018 through October 31, 2018(2)	197,848	$ 59.75	197,848	$ 247.1
November 1, 2018 through November 30, 2018(3)	1,422,222	$ 57.18	1,422,222	$ 147.1
December 1, 2018 through December 31, 2018(3)	326,733	$ 57.18	326,733	$ 147.1
Total	1,946,803	$ 58.01	1,946,803	$ 147.1

(1) The remaining authorized amount to be repurchased is $147.1 million, of which $115.7 million expires in December 2019 and $31.4 million has no expiration date.

(2) In August 2018, we entered into an accelerated share repurchase ("ASR") agreement with a third-party financial institution to repurchase $50.0 million of our common stock. The ASR agreement resulted in the initial delivery of 638,978 shares of our common stock, representing approximately 80% of the shares expected to repurchased in connection with the transaction. In October 2018, the remaining 197,848 shares under the ASR agreement were delivered. As reflected in the table above, the average price paid per share for the ASR agreement was the volume-weighted average stock price of our common stock over the term of the ASR agreement. Refer to Note 9 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for a further discussion of this matter.

(3) In November 2018, we entered into an ASR agreement with a third-party financial institution to repurchase $100.0 million of shares of our common stock. The ASR agreement resulted in the initial delivery of 1,422,222 shares of our common stock, representing 80% of the shares expected to be repurchased in connection with the transaction. In December 2018, the remaining 326,733 shares under the ASR agreement were delivered. As reflected in the table above, the average price paid per share for the ASR agreement was the volume-weighted average stock price of our common stock over the term of the ASR agreement. Refer to Note 9 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for a further discussion of this matter.

Item 6. *Selected Financial Data*

The following tables present our selected consolidated financial data. The data set forth below should be read together with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our historical Consolidated Financial Statements and the related notes. The Consolidated Financial Statements as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 and the reports thereon are included in Item 8, "Financial Statements and Supplementary Data." The historical financial data may not be indicative of our future performance.

	Years Ended December 31,				
	2018	2017	2016	2015	2014
	(In millions, except per share data)				
Operating Data:					
Net sales	$ 9,352.0	$ 8,306.5	$ 7,410.5	$ 7,467.3	$ 9,723.7
Gross profit	1,996.7	1,765.3	1,515.5	1,560.6	2,066.3
Income from operations	489.0	404.4	287.0	358.6	651.0
Net income	283.7	189.3	160.2	264.0	404.2
Net loss (income) attributable to noncontrolling interests	1.8	(2.9)	(0.1)	2.4	6.2
Net income attributable to AGCO Corporation and subsidiaries	$ 285.5	$ 186.4	$ 160.1	$ 266.4	$ 410.4
Net income per common share — diluted	$ 3.58	$ 2.32	$ 1.96	$ 3.06	$ 4.36
Cash dividends declared and paid per common share	$ 0.60	$ 0.56	$ 0.52	$ 0.48	$ 0.44
Weighted average shares outstanding — diluted	79.7	80.2	81.7	87.1	94.2

	As of December 31,				
	2018	2017	2016	2015	2014
	(In millions, except number of employees)				
Balance Sheet Data:					
Cash and cash equivalents	$ 326.1	$ 367.7	$ 429.7	$ 426.7	$ 363.7
Total assets	7,626.4	7,971.7	7,168.4	6,497.7	7,364.5
Total long-term debt, excluding current portion and debt issuance costs	1,275.3	1,618.1	1,610.0	925.2	993.3
Stockholders' equity	2,993.5	3,095.3	2,837.2	2,883.3	3,496.9
Other Data:					
Number of employees	21,232	20,462	19,795	19,588	20,828

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

We are a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. We sell a full range of agricultural equipment, including tractors, combines, self-propelled sprayers, hay tools, forage equipment, seeding and tillage equipment, implements, and grain storage and protein production systems. Our products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brand names, including: Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra®. We distribute most of our products through a combination of approximately 4,050 dealers and distributors as well as associates and licensees. In addition, we provide retail financing through our finance joint ventures with Rabobank.

Financial Highlights

We sell our equipment and replacement parts to our independent dealers, distributors and other customers. A large majority of our sales are to independent dealers and distributors that sell our products to end users. To the extent practicable, we attempt to sell products to our dealers and distributors on a level basis throughout the year to reduce the effect of seasonal demands on our manufacturing operations and to minimize our investment in inventories. However, retail sales by dealers to farmers are highly seasonal and are linked to the planting and harvesting seasons. In certain markets, particularly in North America, there is often a time lag, which varies based on the timing and level of retail demand, between our sale of the equipment to the dealer and the dealer's sale to a retail customer.

The following table sets forth, for the periods indicated, the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations:

	Years Ended December 31,		
	2018(1)	2017(1)	2016(1)
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	78.6	78.7	79.5
Gross profit	21.4	21.3	20.5
Selling, general and administrative expenses	11.4	11.6	11.7
Engineering expenses	3.8	3.9	4.0
Restructuring expenses	0.1	0.1	0.2
Amortization of intangibles	0.7	0.7	0.7
Bad debt expense	0.1	0.1	—
Income from operations	5.3	4.9	3.9
Interest expense, net	0.6	0.5	0.7
Other expense, net	0.8	0.9	0.4
Income before income taxes and equity in net earnings of affiliates	3.9	3.4	2.8
Income tax provision	1.2	1.6	1.2
Income before equity in net earnings of affiliates	2.7	1.8	1.5
Equity in net earnings of affiliates	0.4	0.5	0.6
Net income	3.0	2.3	2.2
Net loss (income) attributable to noncontrolling interests	—	—	—
Net income attributable to AGCO Corporation and subsidiaries	3.1%	2.2%	2.2%

(1) Rounding may impact summation of amounts.

2018 Compared to 2017

Net income attributable to AGCO Corporation and subsidiaries for 2018 was $285.5 million, or $3.58 per diluted share, compared to $186.4 million, or $2.32 per diluted share for 2017.

Net sales for 2018 were approximately $9,352.0 million, or 12.6% higher than 2017, primarily due to sales growth in all regions and the positive impact of acquisitions. Income from operations was $489.0 million in 2018 compared to $404.4 million in 2017. The increase in income from operations during 2018 was primarily a result of higher net sales and improved operating margins.

Regionally, income from operations in the Europe/Middle East ("EME") region increased by approximately $107.8 million in 2018 compared to 2017, driven primarily by higher net sales and improved margins. In our North American region, income from operations improved by approximately $36.2 million. Higher net sales levels as well as the benefit from our Precision Planting acquisition completed in September 2017 contributed to the improvement in the region. In South America, income from operations decreased approximately $25.5 million in 2018 compared to 2017. The decline was due to lower margins resulting from material cost inflation and higher costs associated with localizing newer product technology into our Brazilian factories. Income from operations in our Asia/Pacific/Africa ("APA") region increased approximately $0.8 million in 2018 compared to 2017, primarily due to the growth in net sales.

Industry Market Conditions

Robust global crop production has kept commodity prices at relatively low levels and pressured farm income during 2018. Global industry demand for farm equipment was mixed across key markets during 2018, with future demand dependent on factors such as commodity price development, as well as government trade and farm support policies. In North America, retail sales increased in 2018 in the row crop segment as farmers replaced their equipment after years of weaker demand. In addition, industry unit retail sales of lower-horsepower tractors remained strong in 2018. Industry unit retail sales of tractors increased by approximately 2%, while industry unit retail sales of combines increased approximately 10% in 2018 compared to 2017. Industry retail sales of tractors in Western Europe decreased slightly during 2018 where demand was lower across most European markets, offset by growth in the United Kingdom. Farm income was impacted by a weak wheat harvest due to a dry, hot summer, pressuring the arable farming segment demand. Industry unit retail sales of combines in Western Europe increased approximately 13% during 2018 over prior year. Industry retail sales in South America were mixed during the full year of 2018. Equipment demand in Brazil improved in the second half of 2018 after more positive terms for the government's financing programs were announced. Market growth in Brazil was offset by weak demand in Argentina due to a poor first harvest and weak general economic conditions. Industry unit retail sales of tractors in South America were flat and industry unit retail sales of combines increased by approximately 9% in 2018 compared to 2017.

Results of Operations

Net sales for 2018 were $9,352.0 million compared to $8,306.5 million for 2017, with growth achieved in all regions, on a constant currency basis. Net sales growth was also the result of the positive impacts of acquisitions and foreign currency translation. The following table sets forth, for the year ended December 31, 2018, the impact to net sales of currency translation and acquisitions by geographical segment (in millions, except percentages):

			Change		**Change due to Currency Translation**		**Change due to Acquisitions**	
	2018	**2017**	**$**	**%**	**$**	**%**	$	%
North America	$ 2,180.1	$ 1,876.7	$ 303.4	16.2 %	$ 0.9	— %	$ 107.7	5.7%
South America	959.0	1,063.5	(104.5)	(9.8)%	(152.4)	(14.3)%	12.6	1.2%
EME	5,385.1	4,614.3	770.8	16.7 %	158.5	3.4 %	104.1	2.3%
APA	827.8	752.0	75.8	10.1 %	(0.6)	(0.1)%	12.6	1.7%
	$ 9,352.0	$ 8,306.5	$ 1,045.5	12.6 %	$ 6.4	0.1 %	$ 237.0	2.9%

Regionally, net sales in North America increased during 2018 compared to 2017, with sales growth driven by the positive impacts of our Precision Planting acquisition as well as increased sales of tractors, sprayers, hay tools and grain storage equipment. Net sales grew in South America in 2018 compared to 2017, excluding the negative impact of currency translation. Sales growth in Brazil, primarily in the second half of 2018, was partially offset by sales declines in Argentina. In the EME region, net sales increased during 2018 compared to 2017, with growth strongest in the key markets of the United Kingdom, Germany and France. In the APA region, net sales increased in 2018 compared to 2017, primarily due to a growth in sales in China and Australia. We estimate that worldwide average price increases were approximately 1.4% and 1.1% in 2018 and 2017, respectively. Consolidated net sales of tractors and combines, which comprised approximately 61% of our net sales in 2018, increased approximately 11% in 2018 compared to 2017. Unit sales of tractors and combines increased approximately 7.6% during 2018 compared to 2017. The unit sales increase and the increase in net sales can differ due to foreign currency translation, pricing and sales mix changes.

The following table sets forth, for the years ended December 31, 2018 and 2017, the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations (in millions, except percentages):

	2018		2017	
	$	% of Net Sales(1)	$	% of Net Sales
Gross profit	$ 1,996.7	21.4%	$ 1,765.3	21.3%
Selling, general and administrative expenses	1,069.4	11.4%	964.7	11.6%
Engineering expenses	355.2	3.8%	323.4	3.9%
Restructuring expenses	12.0	0.1%	11.2	0.1%
Amortization of intangibles	64.7	0.7%	57.0	0.7%
Bad debt expense	6.4	0.1%	4.6	0.1%
Income from operations	$ 489.0	5.3%	$ 404.4	4.9%

(1) Rounding may impact summation of amounts.

Gross profit as a percentage of net sales increased during 2018 compared to 2017, primarily due to higher sales and production volumes as well as pricing and cost containment initiatives, partially offset by increased material costs (including steel) and negative currency impacts. Production hours increased approximately 7% during 2018 compared to 2017. We recorded stock compensation expense of approximately $2.3 million and $2.8 million during 2018 and 2017, respectively, within cost of goods sold, as is more fully explained in Note 10 of our Consolidated Financial Statements.

Selling, general and administrative expenses ("SG&A expenses") and engineering expenses increased in dollars but were lower as a percentage of net sales during 2018 compared to 2017. The increases in SG&A and engineering expenses were primarily the result of labor cost increases, the impact of acquisitions and negative foreign currency translation impacts during 2018. Engineering expenses also increased during 2018 to support investments in future new product introductions. We recorded stock compensation expense of approximately $44.3 million and $35.6 million during 2018 and 2017, respectively, within SG&A expenses, as is more fully explained in Note 10 of our Consolidated Financial Statements.

We recorded restructuring expenses of approximately $12.0 million and $11.2 million during 2018 and 2017, respectively. The restructuring expenses primarily related to severance and related costs associated with the rationalization of employee headcount at various manufacturing facilities and administrative offices located in Europe, China, South America and the United States.

Interest expense, net was $53.8 million for 2018 compared to $45.1 million for 2017. During 2018, we repurchased approximately $300.0 million of our outstanding 5⅞% senior notes. The repurchase resulted in a loss on extinguishment of debt of approximately $24.5 million, including associated fees, offset by approximately $4.7 million of accelerated amortization of a deferred gain related to a terminated interest rate swap instrument associated with the senior notes. In addition, we repaid our outstanding term loan under our former revolving credit and term loan facility. We recorded approximately $0.7 million associated with the write-off of deferred debt issuance costs and a loss of approximately $3.9 million from a terminated interest rate swap instrument related to the term loan. See "Liquidity and Capital Resources" for further information.

Other expense, net was $74.9 million in 2018 compared to $75.5 million in 2017. Losses on sales of receivables, primarily related to our accounts receivable sales agreements with our finance joint ventures in North America, Europe and Brazil, were approximately $36.0 million and $39.2 million in 2018 and 2017, respectively. "Other expense, net" also includes hedging costs and foreign exchange losses which included losses associated with the devaluation of the Argentine peso incurred during 2018.

We have a wholly-owned subsidiary in Argentina that manufactures and distributes agricultural equipment and replacement parts within Argentina. As of June 30, 2018, on the basis of currently available data related to inflation indices and as a result of the devaluation of the Argentine peso relative to the United States dollar, the Argentinian economy was determined to be highly inflationary. A highly inflationary economy is one where the cumulative inflation rate for the three years preceding the beginning of the reporting period, including interim reporting periods, is in excess of 100 percent. As a result of this designation and based on the guidance in ASC 830, "Foreign Currency Matters," we changed the functional currency of our wholly-owned subsidiary from the Argentinian peso to the U.S. dollar effective July 1, 2018. For the six months ended December 31, 2018, our wholly-owned subsidiary in Argentina had net sales of approximately $92.2 million, and it had total assets of approximately $104.5 million as of December 31, 2018. The monetary assets and liabilities were remeasured based on current published exchange rates.

We recorded an income tax provision of $110.9 million in 2018 compared to $133.6 million in 2017. Our tax provision and effective tax rate are impacted by the differing tax rates of the various tax jurisdictions in which we operate, permanent differences for items treated differently for financial accounting and income tax purposes and for losses in jurisdictions where no income tax benefit is recorded. During 2017, we recorded a tax provision of approximately $42.0 million resulting from an estimate of the impact of the U.S. tax reform legislation enacted on December 22, 2017. During 2018, we finalized our calculations related to the U.S. tax reform legislation and recorded a tax benefit of approximately $8.5 million. At December 31, 2018 and 2017, we had gross deferred tax assets of $350.2 million and $354.9 million, respectively, including $74.5 million and $83.4 million, respectively, related to net operating loss carryforwards. At December 31, 2018, we had total valuation allowances as an offset to our gross deferred tax assets of approximately $83.9 million, which included allowances against net operating loss carryforwards in Brazil, China, the United Kingdom and the Netherlands, as well as allowances against our net deferred taxes in the U.S. At December 31, 2017, we had total valuation allowances as an offset to the gross deferred tax assets of approximately $81.9 million, primarily related to net operating loss carryforwards in Brazil, China, the United Kingdom and the Netherlands, as well as allowances against our net deferred taxes in the U.S. Realization of the remaining deferred tax assets as of December 31, 2018 will depend on generating sufficient taxable income in future periods, net of reversing deferred tax liabilities. We believe it is more likely than not that the remaining net deferred tax assets will be realized. Refer to Note 6 of our Consolidated Financial Statements for further information.

Equity in net earnings of affiliates, which is primarily comprised of income from our finance joint ventures, was $34.3 million in 2018 compared to $39.1 million in 2017, primarily due to lower net earnings from certain finance joint ventures and other affiliates. Refer to “Finance Joint Ventures” for further information regarding our finance joint ventures and their results of operations and to Note 5 of our Consolidated Financial Statements.

2017 Compared to 2016

Net income attributable to AGCO Corporation and subsidiaries for 2017 was $186.4 million, or $2.32 per diluted share, compared to net income for 2016 of $160.1 million, or $1.96 per diluted share for 2016.

Net sales for 2017 were approximately $8,306.5 million, or 12.1% higher than 2016, primarily due to sales growth in all regions, the positive impact of acquisitions and the benefit of currency translations impacts. Income from operations was $404.4 million in 2017 compared to $287.0 million in 2016. The increase in income from operations in 2017 was primarily a result of higher net sales and improved margins resulting from higher production levels and other cost reduction initiatives.

Regionally, income from operations in the EME region increased by approximately $93.1 million in 2017 compared to 2016, driven primarily by higher net sales and improved margins resulting from increased production levels. In our North American region, income from operations improved by approximately $25.3 million. Higher net sales, improved factory productivity and expense reduction efforts resulted in the improvement in operating margins. In South America, income from operations decreased approximately $5.0 million in 2017 compared to 2016. The decline was due to lower margins resulting from decreased production levels, material cost inflation and costs associated with transitioning our higher horsepower products to new tier 3 emission technology. Income from operations in our APA region increased approximately $29.1 million in 2017 compared to 2016 primarily due to the growth in net sales and improved margins.

Industry Market Conditions

In North America, tractor and combine demand improved over 2016 levels, but demand in the other row crop segments remains weak. Specifically, industry unit retail sales of higher horsepower tractors were relatively flat, while industry unit retail sales of combines increased approximately 10% in 2017 compared to 2016. In addition, industry unit retail sales of lower-horsepower tractors grew modestly, while unit retail sales of hay and forage equipment deteriorated. Industry retail sales in Western Europe improved during 2017 with the strongest growth in Germany, Italy and the United Kingdom. Recovery in the dairy sector helped to support retail sales and improve overall confidence in the region. Lower commodity prices however pressured market demand in the arable farming segment. Industry unit retail sales of tractors increased approximately 4% in 2017 compared to 2016 in the region, while combine industry unit retail sales decreased approximately 6% over the same period. Industry retail sales in South America rose during the full year of 2017 as demand in Brazil grew strongly from depressed first half levels experienced in 2016. Brazilian sales slowed in the second half of 2017 as ongoing political and economic uncertainty dampened farmer confidence. The Argentine market was robust in 2017 as supportive government policies stimulated growth. Industry unit retail sales of tractors and combines both increased in the region by approximately 13% in 2017 compared to 2016.

Results of Operations

Net sales for 2017 were $8,306.5 million compared to $7,410.5 million for 2016, primarily due to stable growth in all regions, acquisitions and the favorable impact of foreign currency translation. The following table sets forth, for the year ended December 31, 2017, the impact to net sales of currency translation by geographical segment (in millions, except percentages):

			Change		Change due to Currency Translation		Change due to Acquisitions	
	2017	2016	$	%	$	%	$	%
North America	$ 1,876.7	$ 1,807.7	$ 69.0	3.8%	$ 4.7	0.3%	$ 38.8	2.1%
South America	1,063.5	917.5	146.0	15.9%	41.3	4.5%	4.1	0.4%
EME	4,614.3	4,089.7	524.6	12.8%	57.6	1.4%	110.6	2.7%
APA	752.0	595.6	156.4	26.3%	13.9	2.3%	24.1	4.0%
	$ 8,306.5	$ 7,410.5	$ 896.0	12.1%	$ 117.5	1.6%	$ 177.6	2.4%

Regionally, net sales in North America increased during 2017 compared to 2016, driven by positive acquisition impacts. Mixed industry demand and dealer inventory reduction efforts pressured sales volumes in the region. Tractor sales growth due to new product introductions was mostly offset by sales declines in hay tools, sprayers and grain storage equipment. Net sales grew in South America in 2017 compared to 2016. The increase was driven by robust demand in Argentina as well as modest growth in Brazil. In the EME region, net sales increased during 2017 compared to 2016, with growth strongest in the key markets of the United Kingdom, Germany and Italy. In the APA region, net sales increased in 2017 compared to 2016, primarily due to a growth in sales in China and Australia. We estimate that worldwide average price increases were approximately 1.1% and 1.5% in 2017 and 2016, respectively. Consolidated net sales of tractors and combines, which comprised approximately 62% of our net sales in 2017, increased approximately 13% in 2017 compared to 2016. Unit sales of tractors and combines increased approximately 3.6% during 2017 compared to 2016. The unit sales increase and the increase in net sales can differ due to foreign currency translation, pricing and sales mix changes.

The following table sets forth, for the years ended December 31, 2017 and 2016, the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations (in millions, except percentages):

	2017		2016	
	$	% of Net Sales	$	% of Net Sales
Gross profit	$ 1,765.3	21.3%	$ 1,515.5	20.5%
Selling, general and administrative expenses	964.7	11.6%	864.6	11.7%
Engineering expenses	323.4	3.9%	297.6	4.0%
Restructuring expenses	11.2	0.1%	11.9	0.2%
Amortization of intangibles	57.0	0.7%	51.2	0.7%
Bad debt expense	4.6	0.1%	3.2	—%
Income from operations	$ 404.4	4.9%	$ 287.0	3.9%

Gross profit as a percentage of net sales increased during 2017 compared to 2016, primarily due to higher sales and production volumes, reduced warranty costs and the benefits from material cost containment and productivity initiatives. Production hours increased approximately 3% during 2017 compared to 2016. We recorded stock compensation expense of approximately $2.8 million and $1.5 million during 2017 and 2016, respectively, within cost of goods sold, as is more fully explained in Note 10 of our Consolidated Financial Statements.

SG&A expenses and engineering expenses increased in dollars but were relatively flat as a percentage of net sales during 2017 compared to 2016. The increases in SG&A and engineering expenses were primarily the result of labor cost increases and the impact of acquisitions as well as negative foreign currency translation impacts during 2017. Engineering expenses also increased during 2016 to support investments in future new product introductions. We recorded stock compensation expense of approximately $35.6 million and $16.9 million during 2017 and 2016, respectively, within SG&A expenses, as is more fully explained in Note 10 of our Consolidated Financial Statements.

We recorded restructuring expenses of approximately $11.2 million and $11.9 million during 2017 and 2016, respectively. The restructuring expenses recorded in 2017 and 2016 primarily related to severance and related costs associated with the rationalization of employee headcount at various manufacturing facilities and administrative offices located in Europe, China, South America and the United States.

Interest expense, net was $45.1 million for 2017 compared to $52.1 million for 2016. See "Liquidity and Capital Resources" for further information.

Other expense, net was $75.5 million in 2017 compared to $30.0 million in 2016. Losses on sales of receivables, primarily related to our accounts receivable sales agreements with our finance joint ventures in North America, Europe and Brazil, were approximately $39.2 million and $19.5 million in 2017 and 2016, respectively, due to an increase in the volume of receivables sold during 2017 as compared to 2016. In addition, higher hedging costs and foreign exchange losses in 2017 as compared to 2016 contributed to the increase in other expense, net.

We recorded an income tax provision of $133.6 million in 2017 compared to $92.2 million in 2016. Our tax provision and effective tax rate are impacted by the differing tax rates of the various tax jurisdictions in which we operate, permanent differences for items treated differently for financial accounting and income tax purposes and for losses in jurisdictions where no income tax benefit is recorded. During 2017, we recorded a tax provision of approximately $42.0 million resulting from an estimate of the impact of the U.S. tax reform legislation enacted on December 22, 2017. During 2016, we recorded a non-cash deferred tax adjustment to establish a valuation allowance against our U.S. net deferred income tax assets. A valuation allowance is established when it is more likely than not that some portion or all of a company's deferred tax assets will not be realized. We assessed the likelihood that our deferred tax assets would be recovered from estimated future taxable income and available income tax planning strategies at that time and concluded a valuation allowance should be established. At December 31, 2017 and 2016, we had gross deferred tax assets of $354.9 million and $447.4 million, respectively, including $83.4 million and $85.5 million, respectively, related to net operating loss carryforwards. At December 31, 2017, we had total valuation allowances as an offset to our gross deferred tax assets of approximately $81.9 million, which included allowances against net operating loss carryforwards in Brazil, China, Russia and the Netherlands, as well as allowances against our net deferred taxes in the U.S., as previously discussed. At December 31, 2016, we had total valuation allowances as an offset to the gross deferred tax assets of approximately $116.0 million, primarily related to net operating loss carryforwards in Brazil, China, Russia and the Netherlands, as well as allowances against our net deferred taxes in the U.S.

Equity in net earnings of affiliates, which is primarily comprised of income from our finance joint ventures, was $39.1 million in 2017 compared to $47.5 million in 2016 primarily due to lower net earnings from certain finance joint ventures and other affiliates. Refer to "Finance Joint Ventures" for further information regarding our finance joint ventures and their results of operations and to Note 5 of our Consolidated Financial Statements.

Quarterly Results

The following table presents unaudited interim operating results. We believe that the following information includes all adjustments, consisting only of normal recurring adjustments, necessary to present fairly our results of operations for the periods presented.

	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In millions, except per share data)			
2018:				
Net sales	$ 2,007.5	$ 2,537.6	$ 2,214.7	$ 2,592.2
Gross profit	428.0	556.3	473.7	538.7
Income from operations	50.5	168.1	111.3	159.1
Net income	25.0	90.4	70.7	97.6
Net (income) loss attributable to noncontrolling interests	(0.7)	1.0	0.4	1.1
Net income attributable to AGCO Corporation and subsidiaries	24.3	91.4	71.1	98.7
Net income per common share attributable to AGCO Corporation and subsidiaries — diluted	0.30	1.14	0.89	1.26
2017:				
Net sales	$ 1,627.6	$ 2,165.2	$ 1,986.3	$ 2,527.4
Gross profit	330.3	475.4	428.6	531.0
Income from operations	15.7	148.3	97.1	143.3
Net (loss) income	(8.2)	91.6	60.8	45.1
Net income attributable to noncontrolling interests	(1.9)	(0.1)	(0.1)	(0.8)
Net (loss) income attributable to AGCO Corporation and subsidiaries	(10.1)	91.5	60.7	44.3
Net (loss) income per common share attributable to AGCO Corporation and subsidiaries — diluted	(0.13)	1.14	0.76	0.55

Finance Joint Ventures

Our AGCO Finance joint ventures provide both retail financing and wholesale financing to our dealers in the United States, Canada, Europe, Brazil, Argentina and Australia. The joint ventures are owned by AGCO and by a wholly-owned subsidiary of Rabobank, a financial institution based in the Netherlands. The majority of the assets of the finance joint ventures consist of finance receivables. The majority of the liabilities consist of notes payable and accrued interest. Under the various joint venture agreements, Rabobank or its affiliates provide financing to the finance joint ventures, primarily through lines of credit. We do not guarantee the debt obligations of the joint ventures. As of December 31, 2018, our capital investment in the finance joint ventures, which is included in "Investment in affiliates" on our Consolidated Balance Sheets, was approximately $358.7 million compared to $373.7 million as of December 31, 2017. The total finance portfolio in our finance joint ventures was approximately $8.8 billion as of December 31, 2018 and 2017, respectively. The total finance portfolio as of December 31, 2018 and 2017 included approximately $7.2 billion and $7.3 billion, respectively, of retail receivables and $1.6 billion and $1.5 billion, respectively, of wholesale receivables from AGCO dealers. The wholesale receivables either were sold directly to AGCO Finance without recourse from our operating companies or AGCO Finance provided the financing directly to the dealers. During 2018 and 2017, we did not make additional investments in our finance joint ventures. During 2018 and 2017, we received dividends of approximately $29.4 million and $78.5 million, respectively, from certain of our finance joint ventures. Our share in the earnings of the finance joint ventures, included in "Equity in net earnings of affiliates" within our Consolidated Statements of Operations, was $34.7 million and $39.1 million for the years ended December 31, 2018 and 2017, respectively, with the decrease in earnings primarily due to lower income in the U.S. and Brazilian finance joint ventures during 2018 as compared to 2017.

Outlook

Our operations are subject to the cyclical nature of the agricultural industry. Sales of our equipment have been and are expected to continue to be affected by changes in net cash farm income, farm land values, weather conditions, the demand for agricultural commodities, farm industry related legislation and policies, availability of financing and general economic conditions.

Global industry demand is projected to improve modestly during 2019. Our net sales are expected to increase in 2019 compared to 2018, primarily due to improved sales volumes and positive pricing impacts, offset by unfavorable foreign currency translation. Gross and operating margins are expected to improve from 2018 levels, reflecting the positive impact of pricing and cost reduction efforts.

Recent Acquisitions

On October 2, 2017, we acquired the forage division of the Lely Group ("Lely") for approximately €80.2 million (or approximately $94.6 million), net of cash acquired of approximately €10.1 million (or approximately $11.9 million). The Lely acquisition, with manufacturing locations in northern Germany, allowed the Company to expand its product offering of hay and forage equipment, including balers, loader wagons and other harvesting tools. The acquisition was financed through our credit facility (see Note 7 of our Consolidated Financial Statements for further information). We allocated the purchase price to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. The acquired net assets primarily consisted of accounts receivable, inventories, accounts payable and accrued expenses, property, plant and equipment, and customer relationship, technology and trademark indentifiable intangible assets. We recorded approximately $7.6 million of customer relationship, technology and trademark identifiable intangible assets and approximately $25.8 million of goodwill associated with the acquisition.

On September 1, 2017, we acquired Precision Planting LLC ("Precision Planting") for approximately $198.1 million, net of cash acquired of approximately $1.6 million. Precision Planting, headquartered in Tremont, Illinois, is a leading manufacturer of high-tech planting equipment. The acquisition of Precision Planting provided us an opportunity to expand our precision farming technology offerings on a global basis. The acquisition was financed through our credit facility (see Note 7 of our Consolidated Financial Statements for further information). We allocated the purchase price to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. The acquired assets primarily consisted of accounts receivable, inventories, accounts payable and accrued expenses, property, plant and equipment, and customer relationship, technology and trademark identifiable intangible assets. We recorded approximately $64.4 million of customer relationship, technology and trademark identifiable intangible assets and approximately $67.2 million of goodwill associated with the acquisition.

On September 12, 2016, we acquired Cimbria Holdings Limited ("Cimbria") for DKK 2,234.9 million (or approximately $337.5 million), net of cash acquired of approximately DKK 83.4 million (or approximately $12.6 million). Cimbria, headquartered in Thisted, Denmark, is a leading manufacturer of products and solutions for the processing, handling and storage of seed and grain. The acquisition was financed through our credit facility (see Note 7 of our Consolidated Financial Statements for further information). We allocated the purchase price to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. The acquired assets primarily consisted of accounts receivable, inventories, accounts payable and accrued expenses, customer advances, property, plant and equipment, and customer relationship, technology and trademark identifiable intangible assets. We recorded approximately $128.9 million of customer relationship, technology and trademark identifiable intangible assets and approximately $237.9 million of goodwill associated with the acquisition.

On February 2, 2016, we acquired Tecno Poultry Equipment S.p.A ("Tecno") for approximately €58.7 million (or approximately $63.8 million). We acquired cash of approximately €17.6 million (or approximately $19.1 million) associated with the acquisition. Tecno, headquartered in Ronchi Di Villafranca, Italy, manufactures and supplies poultry housing and related products, including egg collection equipment and trolley feeding systems. The acquisition was financed through our credit facility (refer to Note 7 of our Consolidated Financial Statements for further information). We allocated the purchase price to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. The acquired net assets primarily consisted of accounts receivable, inventories, accounts payable and accrued expenses, deferred revenue, property, plant and equipment and customer relationship, technology and trademark identifiable intangible assets. We recorded approximately $27.5 million of customer relationship, technology and trademark identifiable intangible assets and approximately $20.4 million of goodwill associated with the acquisition.

Liquidity and Capital Resources

Our financing requirements are subject to variations due to seasonal changes in inventory and receivable levels. Internally generated funds are supplemented when necessary from external sources, primarily our credit facility and accounts receivable sales agreement facilities. We believe that the following facilities, together with available cash and internally generated funds, will be sufficient to support our working capital, capital expenditures and debt service requirements for the foreseeable future (in millions):

	December 31, 2018
Senior term loan due 2022	$ 171.5
Credit facility, expires 2023	114.4
Senior term loans due between 2019 and 2028	815.3
1.056% Senior term loan due 2020	228.7
Other long-term debt	132.2
Debt issuance costs	(2.6)
	$ 1,459.5

In October 2018, we entered into a term loan agreement with Rabobank in the amount of €150.0 million (or approximately $171.5 million as of December 31, 2018). We have the ability to prepay the term loan before its maturity date on October 28, 2022. Interest is payable on the term loan quarterly in arrears at an annual rate equal to the EURIBOR plus a margin ranging from 0.875% to 1.875% based on our credit rating. We also have to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio. In connection with this new term loan agreement, in October 2018, we repaid our €100.0 million (or approximately $113.2 million) term loan outstanding under a former term loan agreement with Rabobank that was entered into in April 2016.

In October 2018, we entered into a multi-currency revolving credit facility of $800.0 million. The maturity date of the credit facility is October 17, 2023. Interest accrues on amounts outstanding under the credit facility, at our option, at either (1) LIBOR plus a margin ranging from 0.875% to 1.875% based on our credit rating, or (2) the base rate, which is equal to the higher of (i) the administrative agent’s base lending rate for the applicable currency, (ii) the federal funds rate plus 0.5%, and (iii) one-month LIBOR for loans denominated in U.S. dollars plus 1.0%, plus a margin ranging from 0.0% to 0.875% based on our credit rating. The credit facility contains covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends. We also have to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio. In connection with the closing of this new credit facility in October 2018, we repaid our outstanding €312.0 million (or approximately $360.8 million) term loan under our former revolving credit and term loan facility. We recorded approximately $0.9 million associated with the write-off of deferred debt issuance costs associated with the repayment. In addition, we recorded a loss of approximately $3.9 million related to the termination of our interest rate swap instrument associated with the former facility’s term loan.

In August 2018, we borrowed an additional aggregate amount of indebtedness of €338.0 million (or approximately $394.7 million) through a group of seven related term loan agreements. Proceeds from the borrowings were used to repay borrowings under our former revolving credit facility. The provisions of the term loan agreements are identical in nature with the exception of interest rate terms and maturities. The maturities of the term loan agreements range from August 1, 2021 to August 1, 2028.

In October 2016, we borrowed an aggregate amount of €375.0 million through a group of seven related term loan agreements. These agreements have maturities ranging from October 2019 to October 2026. Of those term loans, an aggregate amount of €55.8 million (or $63.8 million) as of December 31, 2018 have maturity dates of October 2019.

In May 2018, we completed a cash tender offer to purchase any and all of our outstanding $5^7/_8$% senior notes at a cash purchase price of $1,077.50 per $1,000.00 of senior notes. As a result of the tender offer, we repurchased approximately $185.9 million of principal amount of the senior notes for approximately $200.3 million, plus accrued interest. The repurchase resulted in a loss on extinguishment of debt of approximately $15.7 million, including associated fees. In October 2018, we repurchased the remaining principal amount of the senior notes of approximately $114.1 million for approximately $122.5 million, plus accrued interest. The repurchase resulted in a loss on extinguishment of debt of approximately $8.8 million, including associated fees. As a result of the repurchase of the $5^7/_8$% senior notes, we recorded a cumulative amount of approximately $4.7 million of accelerated amortization of a deferred gain related to a terminated interest rate swap instrument associated with the senior notes. The losses on extinguishment as well as the accelerated amortization were reflected in "Interest expense, net," for the year ended December 31, 2018.

In December 2018, we entered into a term loan agreement with the European Investment Bank ("EIB"), which provided us with the ability to borrow up to €250.0 million. The €250.0 million (or approximately $284.6 million) of funding was received on January 25, 2019 with a maturity date of January 24, 2025. We have the ability to prepay the term loan before its maturity date. Interest is payable on the term loan at 1.002% per annum, payable semi-annually in arrears. We have another term loan with the EIB in the amount of €200.0 million (or approximately $228.7 million as of December 31, 2018) that was entered into in December 2014. It has a maturity date of January 15, 2020.

While we are in compliance with the financial covenants contained in these facilities and currently expect to continue to maintain such compliance, should we ever encounter difficulties, our historical relationship with our lenders has been strong and we anticipate their continued long-term support of our business. Refer to Note 7 to the Consolidated Financial Statements for further information regarding our current facilities.

Our accounts receivable sales agreements in North America, Europe and Brazil permit the sale, on an ongoing basis, of a majority of our receivables in North America, Europe and Brazil to our U.S., Canadian, European and Brazilian finance joint ventures. The sale of all receivables are without recourse to us. We do not service the receivables after the sale occurs, and we do not maintain any direct retained interest in the receivables. These agreements are accounted for as off-balance sheet transactions and have the effect of reducing accounts receivable and short-term liabilities by the same amount. As of December 31, 2018 and 2017, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements was approximately $1.4 billion and $1.3 billion, respectively.

Our finance joint ventures in Europe, Brazil and Australia also provide wholesale financing directly to our dealers. The receivables associated with these arrangements also are without recourse to us. As of December 31, 2018 and 2017, these finance joint ventures had approximately $82.5 million and $41.6 million, respectively, of outstanding accounts receivable associated with these arrangements. These arrangements are accounted for as off-balance sheet transactions. In addition, we sell certain trade receivables under factoring arrangements to other financial institutions around the world. These arrangements also are accounted for as off-balance sheet transactions.

Our debt to capitalization ratio, which is total indebtedness divided by the sum of total indebtedness and stockholders' equity, was 32.8% at December 31, 2018 compared to 35.7% at December 31, 2017.

Cash Flows

Cash flows provided by operating activities were $595.9 million during 2018 compared to $577.6 million during 2017 and $369.5 million during 2016. The increase during 2018 was primarily due to an increase in net income as well as an increase in accrued expenses, offset by an increase in inventories. In addition, we received a decreased amount of dividends from our finance joint ventures in 2018 as compared to 2017. The increase in cash flows provided by operating activities during 2017 as compared to 2016 was primarily due to an increase in net income as well as an increase in accounts payable and accrued expenses, offset by an increase in inventories.

Our working capital requirements are seasonal, with investments in working capital typically building in the first half of the year and then reducing in the second half of the year. We had $770.7 million in working capital at December 31, 2018, as compared with $977.1 million at December 31, 2017. Accounts receivable and inventories, combined, at December 31, 2018 were $103.3 million lower than at December 31, 2017. Excluding the negative impact of currency translation, inventories increased as of December 31, 2018 as compared to December 31, 2017 as a result of acquisition impacts, higher production and increased inventory required to transition production to products meeting new emissions standards in Europe and Brazil.

Share Repurchase Program

During 2018 and 2016, we repurchased 3,120,184 and 4,413,250 shares of our common stock, respectively, for approximately $184.3 million and $212.5 million, respectively, either through Accelerated Share Repurchase ("ASR") agreements with financial institutions or through open market transactions. During 2017, we received approximately 70,464 shares associated with the remaining balance of shares to be delivered under an ASR agreement that was completed in November 2016. All shares received under the ASR agreements 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 our Consolidated Balance Sheets.

During 2019, we entered into an ASR agreement with a financial institution to repurchase an aggregate of $30.0 million shares of our common stock. We received approximately 379,927 shares to date in this transaction. The specific number of shares we will ultimately repurchase will be determined at the completion of the term of the ASR based on the daily volume-weighted average share price of our common stock less an agreed-upon discount. Upon settlement of the ASR, we may be entitled to receive additional shares of common stock or, under certain circumstances, be required to remit a settlement amount. We expect that additional shares will be received by us upon final settlement of our current ASR agreement, which expires during the second quarter of 2019. All shares received under the ASR agreement discussed above were retired upon receipt and the excess of the purchase price over par value per share was recorded to “Additional paid-in capital” within our Consolidated Balance Sheets.

Contractual Obligations

The future payments required under our significant contractual obligations, excluding foreign currency option and forward contracts, as of December 31, 2018 are as follows (in millions):

	Payments Due By Period				
	Total	2019	2020 to 2021	2022 to 2023	2024 and Beyond
Indebtedness[1]	$ 1,459.5	$ 184.2	$ 534.1	$ 571.1	$ 170.1
Interest payments related to indebtedness[2]	59.0	15.0	22.0	13.4	8.6
Capital lease obligations	15.5	4.6	5.9	1.5	3.5
Operating lease obligations	252.0	46.7	72.1	47.7	85.5
Unconditional purchase obligations	97.8	79.1	17.7	1.0	—
Other short-term and long-term obligations[3]	322.4	98.9	137.2	48.9	37.4
Total contractual cash obligations	$ 2,206.2	$ 428.5	$ 789.0	$ 683.6	$ 305.1

	Amount of Commitment Expiration Per Period				
	Total	2019	2020 to 2021	2022 to 2023	2024 and Beyond
Standby letters of credit and similar instruments	$ 14.1	$ 14.1	$ —	$ —	$ —
Guarantees	54.2	36.9	9.9	6.7	0.7
Total commercial commitments and letters of credit	$ 68.3	$ 51.0	$ 9.9	$ 6.7	$ 0.7

(1) Indebtedness amounts reflect the principal amount of our senior term loan, senior notes and credit facility.

(2) Estimated interest payments are calculated assuming current interest rates over minimum maturity periods specified in debt agreements. Debt may be repaid sooner or later than such minimum maturity periods.

(3) Other short-term and long-term obligations include estimates of future minimum contribution requirements under our U.S. and non-U.S. defined benefit pension and postretirement plans. These estimates are based on current legislation in the countries we operate within and are subject to change. Other short-term and long-term obligations also include income tax liabilities related to uncertain income tax positions connected with ongoing income tax audits in various jurisdictions.

Commitments and Off-Balance Sheet Arrangements

Guarantees

We maintain a remarketing agreement with our finance joint venture in the United States, whereby we are obligated to repurchase up to $6.0 million of repossessed equipment each calendar year. We believe that any losses that might be incurred on the resale of this equipment will not materially impact our financial position or results of operations, due to the fact that the repurchase obligation would be equivalent to the fair value of the underlying equipment.

At December 31, 2018, we guaranteed indebtedness owed to third parties of approximately $40.6 million, primarily related to dealer and end-user financing of equipment. Such guarantees generally obligate us to repay outstanding finance obligations owed to financial institutions if dealers or end users default on such loans through 2023. Losses under such guarantees historically have been insignificant. In addition, we generally would expect to be able to recover a significant portion of the amounts paid under such guarantees from the sale of the underlying financed farm equipment, as the fair value of such equipment is expected to offset a substantial portion of the amounts paid. We believe the credit risk associated with these guarantees is not material to our financial position or results of operations.

In addition, at December 31, 2018, we had accrued approximately $13.6 million of outstanding guarantees of minimum residual values that may be owed to our finance joint ventures in the United States and Canada due upon expiration of certain eligible operating leases between the finance joint ventures and end users.

Other

At December 31, 2018, we had outstanding designated and non-designated foreign exchange contracts with a gross notional amount of approximately $1,462.8 million. The outstanding contracts as of December 31, 2018 range in maturity through December 2018.

As discussed in "Liquidity and Capital Resources," we sell a majority of our wholesale accounts receivable in North America, Europe and Brazil to our U.S., Canadian, European and Brazilian finance joint ventures. We also sell certain accounts receivable under factoring arrangements to financial institutions around the world. We have determined that these facilities should be accounted for as off-balance sheet transactions.

Contingencies

We are party to various claims and lawsuits arising in the normal course of business. We closely monitor these claims and lawsuits and frequently consult with our legal counsel to determine whether they may, when resolved, have a material adverse effect on our financial position or results of operations and accrue and/or disclose loss contingencies as appropriate (see Note 12 of our Consolidated Financial Statements and Item 3, "Legal Proceedings").

Related Parties

Rabobank is a 51% owner in our finance joint ventures. See "Finance Joint Ventures." Rabobank is also the principal agent and participant in our credit facility.

Our finance joint ventures provide retail and wholesale financing to our dealers. In addition, we transfer, on an ongoing basis, a majority of our wholesale receivables in North America, Europe and Brazil to our U.S., Canadian, European and Brazilian finance joint ventures. See Note 4 of our Consolidated Financial Statements for further discussion of these agreements. We maintain a remarketing agreement with our U.S. finance joint venture, AGCO Finance LLC, as discussed above under "Commitments and Off-Balance Sheet Arrangements." In addition, as part of sales incentives provided to end users, we may from time to time subsidize interest rates of retail financing provided by our finance joint ventures. The cost of those programs is recognized at the time of sale to our dealers.

TAFE, in which we hold a 23.75% interest, manufactures and sells Massey Ferguson-branded equipment primarily in India, and also supplies tractors and components to us for sale in other markets. Mallika Srinivasan, who is the Chairman and Chief Executive Officer of TAFE, is currently a member of our Board of Directors. As of December 31, 2018, TAFE owned 12,150,152 shares of our common stock. We and TAFE are parties to an agreement pursuant to which, among other things, TAFE has agreed not to purchase in excess of 12,170,290 shares of our common stock, subject to certain adjustments, and we have agreed to annually nominate a TAFE representative to our Board of Directors. During 2018, 2017 and 2016, we purchased approximately $109.6 million, $102.0 million and $128.5 million, respectively, of tractors and components from TAFE. During

2018, 2017 and 2016, we sold approximately $1.8 million, $1.2 million and $1.1 million, respectively, of parts to TAFE. We received dividends from TAFE of approximately $1.8 million, during both 2018 and 2017, and $1.6 million during 2016.

During 2018, 2017 and 2016, we paid approximately $3.5 million, $7.2 million and $3.1 million, respectively, to PPG Industries, Inc. for painting materials used in our manufacturing processes. Our Chairman, President and Chief Executive Officer is currently a member of the board of directors of PPG Industries, Inc.

During 2018, 2017 and 2016, we paid approximately $1.6 million, $1.5 million and $2.0 million, respectively, to Praxair, Inc. for propane, gas and welding, and laser consumables used in our manufacturing processes. Our Chairman, President and Chief Executive Officer is currently a member of the board of directors of Praxair, Inc.

Foreign Currency Risk Management

We have significant manufacturing operations in the United States, France, Germany, Finland and Brazil, and we purchase a portion of our tractors, combines and components from third-party foreign suppliers, primarily in various European countries and in Japan. We also sell products in approximately 140 countries throughout the world. The majority of our net sales outside the United States are denominated in the currency of the customer location, with the exception of sales in the Middle East, Africa, Asia and parts of South America, where net sales are primarily denominated in British pounds, Euros or United States dollars. See Note 16 of our Consolidated Financial Statements for net sales by customer location. Our most significant transactional foreign currency exposures are the Euro, the Brazilian real and the Canadian dollar in relation to the United States dollar, and the Euro in relation to the British pound. Fluctuations in the value of foreign currencies create exposures, which can adversely affect our results of operations.

We attempt to manage our transactional foreign currency exposure by hedging foreign currency cash flow forecasts and commitments arising from the anticipated settlement of receivables and payables and from future purchases and sales. Where naturally offsetting currency positions do not occur, we hedge certain, but not all, of our exposures through the use of foreign currency contracts. Our translation exposure resulting from translating the financial statements of foreign subsidiaries into United States dollars is not hedged. Our most significant translation exposures are the Euro, the British pound and the Brazilian real in relation to the United States dollar. When practical, this translation impact is reduced by financing local operations with local borrowings. Our hedging policy prohibits use of foreign currency contracts for speculative trading purposes.

All derivatives are recognized on our Consolidated Balance Sheets at fair value. On the date a derivative contract is entered into, we designate the derivative as either (1) a cash flow hedge of a forecasted transaction, (2) a fair value hedge of a recognized liability, (3) a hedge of a net investment in a foreign operation, or (4) a non-designated derivative instrument. We currently engage in derivatives that are cash flow hedges of forecasted transactions as well as non-designated derivative instruments. The total notional value of our foreign currency instruments was $1,462.8 million and $1,798.2 million as of December 31, 2018 and 2017, inclusive of both those instruments that are designated and qualified for hedge accounting and non-designated derivative instruments. We also enter into derivative and non-derivative instruments to hedge a portion of our net investment in foreign operations against adverse movements in exchange rates. Refer to Note 11 of our Consolidated Financial Statements for additional information about our hedging transactions and derivative financial instruments.

Assuming a 10% change relative to the currency of the hedge contracts, the fair value of the foreign currency instruments could be negatively impacted by approximately $27.1 million as of December 31, 2018. Due to the fact that these instruments are primarily entered into for hedging purposes, the gains or losses on the contracts would largely be offset by losses and gains on the underlying firm commitment or forecasted transaction.

Interest Rate Risk

Our interest expense is, in part, sensitive to the general level of interest rates. We manage our exposure to interest rate risk through our mix of floating rate and fixed rate debt. From time to time, we enter into interest rate swap agreements to manage our exposure to interest rate fluctuations. Refer to Notes 7 and 11 of our Consolidated Financial Statements for additional information about our interest rate swap agreements.

Based on our floating rate debt and our accounts receivable sales facilities outstanding at December 31, 2018, a 10% increase in interest rates, would have increased, collectively, “Interest expense, net” and “Other expense, net” for the year ended December 31, 2018 by approximately $5.1 million.

Recent Accounting Pronouncements

See Note 1 of our Consolidated Financial Statements for more information regarding recent accounting pronouncements and their impact to our consolidated results of operations and financial position.

Critical Accounting Estimates

We prepare our Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles. In the preparation of these financial statements, we make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant accounting policies followed in the preparation of the financial statements are detailed in Note 1 of our Consolidated Financial Statements. We believe that our application of the policies discussed below involves significant levels of judgment, estimates and complexity.

Due to the levels of judgment, complexity and period of time over which many of these items are resolved, actual results could differ from those estimated at the time of preparation of the financial statements. Adjustments to these estimates would impact our financial position and future results of operations.

Discount and Sales Incentive Allowances

We provide various volume bonus and sales incentive programs with respect to our products. These sales incentive programs include reductions in invoice prices, reductions in retail financing rates, dealer commissions and dealer incentive allowances. In most cases, incentive programs are established and communicated to our dealers on a quarterly basis. The incentives are paid either at the time of the cash settlement of the receivable (which is generally at the time of retail sale), at the time of retail financing, at the time of warranty registration, or at a subsequent time based on dealer purchase volumes. The incentive programs are product line specific and generally do not vary by dealer. The cost of sales incentives associated with dealer commissions and dealer incentive allowances is estimated based upon the terms of the programs and historical experience, is based on a percentage of the sales price, and estimates for sales incentives are made and recorded at the time of sale for existing incentive programs using the expected value method. These estimates are reassessed each reporting period and are revised in the event of subsequent modifications to incentive programs, as they are communicated to dealers. The related provisions and accruals are made on a product or product-line basis and are monitored for adequacy and revised at least quarterly in the event of subsequent modifications to the programs. Interest rate subsidy payments, which are a reduction in retail financing rates, are recorded in the same manner as dealer commissions and dealer incentive allowances. Volume discounts are estimated and recognized based on historical experience, and related reserves are monitored and adjusted based on actual dealer purchase volumes and the dealers' progress towards achieving specified cumulative target levels. Estimates of these incentives are based on the terms of the programs and historical experience. All incentive programs are recorded and presented as a reduction of revenue, due to the fact that we do not receive a distinct good or service in exchange for the consideration provided. In the United States and Canada, reserves for incentive programs related to accounts receivable not sold to our U.S. and Canadian finance joint ventures are recorded as "accounts receivable allowances" within our Consolidated Balance Sheets due to the fact that the incentives are paid through a reduction of future cash settlement of the receivable. Globally, reserves for incentive programs that will be paid in cash or credit memos, as is the case with most of our volume discount programs, as well as sales incentives associated with accounts receivable sold to our finance joint ventures, are recorded within "Accrued expenses" within our Consolidated Balance Sheets.

At December 31, 2018, we had recorded an allowance for discounts and sales incentives of approximately $561.9 million that will be paid either through a reduction of future cash settlements of receivables and through credit memos to our dealers or through reductions in retail financing rates paid to our finance joint ventures. If we were to allow an additional 1% of sales incentives and discounts at the time of retail sale for those sales subject to such discount programs, our reserve would increase by approximately $19.7 million as of December 31, 2018. Conversely, if we were to decrease our sales incentives and discounts by 1% at the time of retail sale, our reserve would decrease by approximately $19.7 million as of December 31, 2018.

Deferred Income Taxes and Uncertain Income Tax Positions

We recorded an income tax provision of $110.9 million in 2018 compared to $133.6 million in 2017 and $92.2 million in 2016. Our tax provision and effective tax rate is impacted by the differing tax rates of the various tax jurisdictions in which we operate, permanent differences for items treated differently for financial accounting and income tax purposes, and for losses in jurisdictions where no income tax benefit is recorded.

On December 22, 2017, the Tax Cuts and Jobs Act ("the 2017 Tax Act") was enacted in the United States. During the three months ended December 31, 2017, we recorded a tax provision of approximately $42.0 million in accordance with Staff Accounting Bulletin No. 118, which provided SEC Staff guidance for the application of Accounting Standards Codification ("ASC") 740 "Income Taxes," in the reporting period in which the 2017 Tax Act was enacted. The $42.0 million tax provision included a provisional income tax charge related to a one-time transition tax associated with the mandatory deemed repatriation of unremitted foreign earnings. The tax provision also included a provisional income tax charge associated with the income tax consequences related to the expected future repatriation of certain underlying foreign earnings, as historically, we have considered them to be permanently reinvested. The remaining balance of the tax provision primarily related to the remeasurement of certain net deferred tax assets using the lower enacted U.S. Corporate tax rate (from 35 percent to 21 percent), as well as other miscellaneous related impacts. During the three months ended December 31, 2018, we finalized our calculations related to the 2017 Tax Act and recorded an income tax benefit of approximately $8.5 million.

During the second quarter of 2016, we established a valuation allowance to fully reserve our net deferred tax assets in the United States. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. We assessed the likelihood that our deferred tax assets would be recovered from estimated future taxable income and available tax planning strategies and determined that the adjustment to the valuation allowance was appropriate. In making this assessment, all available evidence was considered including the current economic climate, as well as reasonable tax planning strategies. We believe it is more likely than not that we will realize our remaining net deferred tax assets, net of the valuation allowance, in future years.

At December 31, 2018 and 2017, we had gross deferred tax assets of $350.2 million and $354.9 million, respectively, including $74.5 million and $83.4 million, respectively, related to net operating loss carryforwards. At December 31, 2018 and 2017, we had total valuation allowances as an offset to our gross deferred tax assets of $83.9 million and $81.9 million, respectively, which included allowances against net operating loss carryforwards in China, Brazil, the United Kingdom and the Netherlands, as well as allowances against our net deferred taxes in the U.S., as previously discussed. Realization of the remaining deferred tax assets as of December 31, 2018 will depend on generating sufficient taxable income in future periods, net of reversing deferred tax liabilities. We believe it is more likely than not that the remaining net deferred tax assets will be realized.

As of December 31, 2018 and 2017, we had approximately $166.1 million and $163.4 million, respectively, of unrecognized tax benefits, all of which would impact our effective tax rate if recognized. As of December 31, 2018 and 2017, we had approximately $58.5 million and $61.8 million, respectively, of current accrued taxes related to uncertain income tax positions connected with ongoing tax audits in various jurisdictions that we expect to settle or pay in the next 12 months. We recognize interest and penalties related to uncertain income tax positions in income tax expense. As of December 31, 2018 and 2017, we had accrued interest and penalties related to unrecognized tax benefits of approximately $27.2 million and $23.0 million, respectively. See Note 6 of our Consolidated Financial Statements for further discussion of our uncertain income tax positions.

Pensions

We sponsor defined benefit pension plans covering certain employees, principally in the United Kingdom, the United States, Germany, Switzerland, Finland, France, Norway and Argentina. Our primary plans cover certain employees in the United States and the United Kingdom.

In the United States, we sponsor a funded, qualified defined benefit pension plan for our salaried employees, as well as a separate funded qualified defined benefit pension plan for our hourly employees. Both plans are closed to new entrants and frozen, and we fund at least the minimum contributions required under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code to both plans. In addition, we maintain an unfunded, nonqualified defined benefit pension plan for certain U.S.-based senior executives, which is our Executive Nonqualified Pension Plan ("ENPP"). The ENPP is also closed to new entrants.

In the United Kingdom, we sponsor a funded defined benefit pension plan that provides an annuity benefit based on participants' final average earnings and service. Participation in this plan is limited to certain older, longer service employees and existing retirees. This plan is closed to new participants.

See Note 8 of our Consolidated Financial Statements for more information regarding costs and assumptions for employee retirement benefits.

Nature of Estimates Required. The measurement date for all of our benefit plans is December 31. The measurement of our pension obligations, costs and liabilities is dependent on a variety of assumptions provided by management and used by our actuaries. These assumptions include estimates of the present value of projected future pension payments to all plan participants, taking into consideration the likelihood of potential future events such as salary increases and demographic experience. These assumptions may have an effect on the amount and timing of future contributions.

Assumptions and Approach Used. The assumptions used in developing the required estimates include, but are not limited to, the following key factors:

- Discount rates
- Salary growth
- Retirement rates and ages
- Inflation
- Expected return on plan assets
- Mortality rates

For the years ended December 31, 2018, 2017 and 2016, we used a globally consistent methodology to set the discount rate in the countries where our largest benefit obligations exist. In the United States, the United Kingdom and the Euro Zone, we constructed a hypothetical bond portfolio of high-quality corporate bonds and then applied the cash flows of our benefit plans to those bond yields to derive a discount rate. The bond portfolio and plan-specific cash flows vary by country, but the methodology in which the portfolio is constructed is consistent. In the United States, the bond portfolio is large enough to result in taking a "settlement approach" to derive the discount rate, in which high-quality corporate bonds are assumed to be purchased and the resulting coupon payments and maturities are used to satisfy our U.S. pension plans' projected benefit payments. In the United Kingdom and the Euro Zone, the discount rate is derived using a "yield curve approach," in which an individual spot rate, or zero coupon bond yield, for each future annual period is developed to discount each future benefit payment and, thereby, determine the present value of all future payments. The Company uses a spot yield curve to determine the discount rate applicable in the United Kingdom to measure the U.K. pension plan's service cost and interest cost. Under the settlement and yield curve approaches, the discount rate is set to equal the single discount rate that produces the same present value of all future payments.

The other key assumptions and methods were set as follows:

- Our inflation assumption is based on an evaluation of external market indicators.
- The salary growth assumptions reflect our long-term actual experience, the near-term outlook and assumed inflation.
- The expected return on plan asset assumptions reflects asset allocations, investment strategy, historical experience and the views of investment managers, and reflects a projection of the expected arithmetic returns over ten years.
- Determination of retirement rates and ages as well as termination rates, based on actual plan experience, actuarial standards of practice and the manner in which our defined benefit plans are being administered.
- The mortality rates for the U.K. defined benefit pension plan was updated in 2018 to reflect expected improvements in the life expectancy of the plan participants. The mortality rates for the U.S. defined benefit pension plans were updated in 2018 to reflect the Society of Actuaries' most recent findings on the topic of mortality.
- The fair value of assets used to determine the expected return on assets does not reflect any delayed recognition of asset gains and losses.

The effects of actual results differing from our assumptions are accumulated and amortized over future periods and, therefore, generally affect our recognized expense in such periods.

Our U.S. and U.K. defined benefit pension plans, including our ENPP, comprised approximately 85% of our consolidated projected benefit obligation as of December 31, 2018. If the discount rate used to determine the 2018 projected benefit obligation for our U.S. qualified defined benefit pension plans and our ENPP was decreased by 25 basis points, our projected benefit obligation would have increased by approximately $3.7 million at December 31, 2018, and our 2019 pension expense would increase by approximately $0.4 million. If the discount rate used to determine the 2018 projected benefit obligation for our U.S. qualified defined benefit pension plans and our ENPP was increased by 25 basis points, our projected benefit obligation would have decreased by approximately $3.5 million at December 31, 2018, and our 2019 pension expense would decrease by approximately $0.3 million. If the discount rate used to determine the projected benefit obligation for our U.K. defined benefit pension plan was decreased by 25 basis points, our projected benefit obligation would have increased by approximately $21.2 million at December 31, 2018, and our 2019 pension expense would increase by approximately $0.2 million. If the discount rate used to determine the projected benefit obligation for our U.K. defined benefit pension plan was increased by 25 basis points, our projected benefit obligation would have decreased by approximately $20.5 million at December 31, 2018, and our 2019 pension expense would decrease by approximately $0.2 million. In addition, if the expected long-term rate of return on plan assets related to our U.K. defined benefit pension plan was increased or decreased by 25 basis points, our 2019 pension expense would decrease or increase by approximately $1.4 million each, respectively. The impact to our U.S. defined benefit pension plans for a 25-basis-point change in our expected long-term rate of return would decrease or increase our 2019 pension expense by approximately $0.1 million, respectively.

Unrecognized actuarial net losses related to our defined benefit pension plans and ENPP were $356.7 million as of December 31, 2018 compared to $360.1 million as of December 31, 2017. The decrease in unrecognized net actuarial losses between years primarily resulted from higher discount rates at December 31, 2018 compared to December 31, 2017. The unrecognized net actuarial losses will be impacted in future periods by actual asset returns, discount rate changes, currency exchange rate fluctuations, actual demographic experience and certain other factors. For some of our defined benefit pension plans, these losses, to the extent they exceed 10% of the greater of the plan's liabilities or the fair value of assets ("the gain/loss corridor"), will be amortized on a straight-line basis over the periods discussed as follows. For our U.S. salaried, U.S. hourly and U.K. defined benefit pension plans, the population covered is predominantly inactive participants, and losses related to those plans, to the extent they exceed the gain/loss corridor, will be amortized over the average remaining lives of those participants while covered by the respective plan. As of December 31, 2018, the average amortization period was 16 years for our U.S. defined benefit pension plans and 19 years for our U.K. defined benefit pension plan. For our ENPP, the population is predominantly active participants, and losses related to the plan will be amortized over the average future working lifetime of the active participants expected to receive benefits. As of December 31, 2018, the average amortization period was eight years for our ENPP. Unrecognized prior service cost related to our defined benefit pension plans was $19.5 million as of December 31, 2018 compared to $12.2 million as of December 31, 2017. The increase in the unrecognized prior service cost between years is primarily due to the newly required uniformity of guaranteed minimum pension benefits for men and women related to our U.K. defined benefit plan, which resulted in an estimation of increased benefits for prior participant service. The requirement was as a result of a judgment by the U.K. High Court in October 2018 which provided clarity on the need to provide uniformity of benefits. The cost of this estimated impact will be amortized over a straight-line basis over the average remaining service period of active employees expected to receive benefits, or the average remaining lives of inactive participants, covered by the U.K. defined benefit plan.

As of December 31, 2018, our unfunded or underfunded obligations related to our defined benefit pension plans and ENPP were approximately $206.0 million, primarily related to our defined benefit pension plans in the United Kingdom and the United States. In 2018, we contributed approximately $36.8 million towards those obligations, and we expect to fund approximately $30.5 million in 2019. Future funding is dependent upon compliance with local laws and regulations and changes to those laws and regulations in the future, as well as the generation of operating cash flows in the future. We currently have an agreement in place with the trustees of the U.K. defined benefit plan that obligates us to fund approximately £15.6 million per year (or approximately $19.9 million) towards that obligation through December 2021. The funding arrangement is based upon the current underfunded status and could change in the future as discount rates, local laws and regulations, and other factors change.

See Note 8 of our Consolidated Financial Statements for more information regarding the investment strategy and concentration of risk.

Goodwill, Other Intangible Assets and Long-Lived Assets

We test goodwill for impairment, at the reporting unit level, annually and when events or circumstances indicate that fair value of a reporting unit may be below its carrying value. A reporting unit is an operating segment or one level below an operating segment, for example, a component. We combine and aggregate two or more components of an operating segment as a single reporting unit if the components have similar economic characteristics. Our reportable segments are not our reporting units.

Goodwill is evaluated annually as of October 1 for impairment using a qualitative assessment or a quantitative two-step assessment. If we elect to perform a qualitative assessment and determine the fair value of our reporting units more likely than not exceeds their carrying value, no further evaluation is necessary. For reporting units where we perform a two-step quantitative assessment, the first step requires us to compare the fair value of each reporting unit to its respective carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value of the reporting unit, the second step of the quantitative assessment is required to measure the amount of impairment, if any. The second step of the quantitative assessment results in a calculation of the implied fair value of the reporting unit's goodwill, which is determined as the excess of the fair value of a reporting unit over the fair values assigned to its assets and liabilities. If the implied fair value of goodwill is less than the carrying value of the reporting unit's goodwill, the difference is recognized as an impairment loss.

We utilize a combination of valuation techniques, including a discounted cash flow approach and a market multiple approach, when making quantitative goodwill assessments.

We review our long-lived assets, which include intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The evaluation for recoverability is performed at a level where independent cash flows may be attributed to either an asset or asset group. If we determine that the carrying amount of an asset or asset group is not recoverable based on the expected undiscounted future cash flows of the asset or asset group, an impairment loss is recorded equal to the excess of the carrying amounts over the estimated fair value of the long-lived assets. Estimates of future cash flows are based on many factors, including current operating results, expected market trends and competitive influences. We also evaluate the amortization periods assigned to our intangible assets to determine whether events or changes in circumstances warrant revised estimates of useful lives. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less estimated costs to sell.

We make various assumptions, including assumptions regarding future cash flows, market multiples, growth rates and discount rates, in our assessments of the impairment of goodwill, other indefinite-lived intangible assets and long-lived assets. The assumptions about future cash flows and growth rates are based on the current and long-term business plans of the reporting unit or related to the long-lived assets. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the reporting unit or long-lived assets. These assumptions require significant judgments on our part, and the conclusions that we reach could vary significantly based upon these judgments.

The results of our goodwill and long-lived assets impairment analyses conducted as of October 1, 2018, 2017 and 2016 indicated that no reduction in the carrying amount of goodwill and long-lived assets was required.

Our goodwill impairment analysis conducted as of October 1, 2018 indicated that the fair value in excess of the carrying value related to our GSI EME reporting unit was less than 10%. The percentage of the fair value in excess of the carrying value decreased slightly compared to our 2017 annual analysis, and more recent analyses during 2018. The operations of the GSI reporting unit include the manufacturing and distribution of grain storage and protein production equipment. During 2018, we experienced weak industry conditions as well as operational inefficiencies related to our new manufacturing operations in Europe, which impacted the operating margins of the GSI EME operations. Manufacturing and system initiatives are in process to address such inefficiencies in order to reduce costs and improve the output of the manufacturing operations. If market conditions and our overall results do not improve, we may incur an impairment charge related to our GSI EME reporting unit in the future, to be determined under a two-step quantitative assessment as described above. The amount of goodwill allocated to GSI EME reporting unit as of October 1, 2018 was approximately $243.9 million.

Numerous facts and circumstances are considered when evaluating the carrying amount of our goodwill. The fair value of a reporting unit is impacted by the reporting unit's expected financial performance, which is dependent upon the agricultural industry and other factors that could adversely affect the agricultural industry, including but not limited to, declines in the general economy, increases in farm input costs, weather conditions, lower commodity prices and changes in the availability of credit. The estimated fair value of the individual reporting units is assessed for reasonableness by reviewing a variety of indicators evaluated over a reasonable period of time.

As of December 31, 2018, we had approximately $1,495.5 million of goodwill. While our annual impairment testing in 2018 supported the carrying amount of this goodwill, we may be required to re-evaluate the carrying amount in future periods, thus utilizing different assumptions that reflect the then current market conditions and expectations, and, therefore, we could conclude that an impairment has occurred.

Recoverable Indirect Taxes

Our Brazilian operations incur value added taxes ("VAT") on certain purchases of raw materials, components and services. These taxes are accumulated as tax credits and create assets that are reduced by the VAT collected from our sales in the Brazilian market. We regularly assesses the recoverability of these tax credits, and establishes reserves when necessary against them, through analyses that include, amongst others, the history of realization, the transfer of tax credits to third parties as authorized by the government, anticipated changes in the supply chain and the future expectation of tax debits from our ongoing operations. We believe that these tax credits, net of established reserves are realizable. Our assessment of realization of these tax assets involves significant judgments on our part, and the conclusions that we reach could vary significantly based upon these judgments. We recorded approximately $156.0 million and $152.3 million, respectively, of VAT tax credits, net of reserves, as of December 31, 2018 and 2017.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

The Quantitative and Qualitative Disclosures about Market Risk information required by this Item set forth under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations - Foreign Currency Risk Management" and "Interest Rate Risk" under Item 7 of this Form 10-K are incorporated herein by reference.

Item 8. ***Financial Statements and Supplementary Data***

The following Consolidated Financial Statements of AGCO and its subsidiaries for each of the years in the three-year period ended December 31, 2018 are included in this Item:

The information under the heading "Quarterly Results" of Item 7 of this Form 10-K is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AGCO Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AGCO Corporation and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement schedule (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition in 2018 due to the adoption of Accounting Standards Codification 606, Revenue from Contracts with Customers.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Atlanta, Georgia
March 1, 2019

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Years Ended December 31,		
	2018	2017	2016
Net sales	$ 9,352.0	$ 8,306.5	$ 7,410.5
Cost of goods sold	7,355.3	6,541.2	5,895.0
Gross profit	1,996.7	1,765.3	1,515.5
Operating expenses:			
Selling, general and administrative expenses	1,069.4	964.7	864.6
Engineering expenses	355.2	323.4	297.6
Restructuring expenses	12.0	11.2	11.9
Amortization of intangibles	64.7	57.0	51.2
Bad debt expense	6.4	4.6	3.2
Income from operations	489.0	404.4	287.0
Interest expense, net	53.8	45.1	52.1
Other expense, net	74.9	75.5	30.0
Income before income taxes and equity in net earnings of affiliates	360.3	283.8	204.9
Income tax provision	110.9	133.6	92.2
Income before equity in net earnings of affiliates	249.4	150.2	112.7
Equity in net earnings of affiliates	34.3	39.1	47.5
Net income	283.7	189.3	160.2
Net loss (income) attributable to noncontrolling interests	1.8	(2.9)	(0.1)
Net income attributable to AGCO Corporation and subsidiaries	$ 285.5	$ 186.4	$ 160.1
Net income per common share attributable to AGCO Corporation and subsidiaries:			
Basic	$ 3.62	$ 2.34	$ 1.97
Diluted	$ 3.58	$ 2.32	$ 1.96
Cash dividends declared and paid per common share	$ 0.60	$ 0.56	$ 0.52
Weighted average number of common and common equivalent shares outstanding:			
Basic	78.8	79.5	81.4
Diluted	79.7	80.2	81.7

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Years Ended December 31,		
	2018	**2017**	**2016**
Net income	$ 283.7	$ 189.3	$ 160.2
Other comprehensive (loss) income, net of reclassification adjustments:			
Defined benefit pension plans, net of taxes:			
Prior service cost arising during the year	(7.0)	—	(2.6)
Net loss recognized due to settlement	0.9	0.2	0.4
Net gain recognized due to curtailment	—	—	(0.1)
Net actuarial (loss) gain arising during the year	(4.2)	6.6	(62.9)
Amortization of prior service cost included in net periodic pension cost	1.3	1.3	1.1
Amortization of net actuarial losses included in net periodic pension cost	11.7	11.3	8.6
Derivative adjustments:			
Net changes in fair value of derivatives	(1.1)	2.0	(7.7)
Net losses reclassified from accumulated other comprehensive loss into income	7.2	2.0	1.0
Foreign currency translation adjustments	(206.8)	57.8	82.4
Other comprehensive (loss) income, net of reclassification adjustments	(198.0)	81.2	20.2
Comprehensive income	85.7	270.5	180.4
Comprehensive loss (income) attributable to noncontrolling interests	6.0	(4.1)	(1.7)
Comprehensive income attributable to AGCO Corporation and subsidiaries	$ 91.7	$ 266.4	$ 178.7

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 326.1	$ 367.7
Accounts and notes receivable, net	880.3	1,019.4
Inventories, net	1,908.7	1,872.9
Other current assets	422.3	367.7
Total current assets	3,537.4	3,627.7
Property, plant and equipment, net	1,373.1	1,485.3
Investment in affiliates	400.0	409.0
Deferred tax assets	104.9	112.2
Other assets	142.4	147.1
Intangible assets, net	573.1	649.0
Goodwill	1,495.5	1,541.4
Total assets	$ 7,626.4	$ 7,971.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 184.2	$ 95.4
Accounts payable	865.9	917.5
Accrued expenses	1,522.4	1,407.9
Other current liabilities	194.2	229.8
Total current liabilities	2,766.7	2,650.6
Long-term debt, less current portion and debt issuance costs	1,275.3	1,618.1
Pensions and postretirement health care benefits	223.2	247.3
Deferred tax liabilities	116.3	130.5
Other noncurrent liabilities	251.4	229.9
Total liabilities	4,632.9	4,876.4
Commitments and contingencies (Note 12)		
Stockholders' Equity:		
AGCO Corporation stockholders' equity:		
Preferred stock; $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding in 2018 and 2017	—	—
Common stock; $0.01 par value, 150,000,000 shares authorized, 76,536,755 and 79,553,825 shares issued and outstanding at December 31, 2018 and 2017, respectively	0.8	0.8
Additional paid-in capital	10.2	136.6
Retained earnings	4,477.3	4,253.8
Accumulated other comprehensive loss	(1,555.4)	(1,361.6)
Total AGCO Corporation stockholders' equity	2,932.9	3,029.6
Noncontrolling interests	60.6	65.7
Total stockholders' equity	2,993.5	3,095.3
Total liabilities and stockholders' equity	$ 7,626.4	$ 7,971.7

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss				Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount			Defined Benefit Pension Plans	Cumulative Translation Adjustment	Deferred (Losses) Gains on Derivatives	Accumulated Other Comprehensive Loss		
Balance, December 31, 2015	83,814,809	$ 0.8	$ 301.7	$ 3,996.0	$ (249.0)	$ (1,209.2)	$ (2.0)	$ (1,460.2)	$ 45.0	$ 2,883.3
Net income	—	—	—	160.1	—	—	—	—	0.1	160.2
Payment of dividends to shareholders	—	—	—	(42.5)	—	—	—	—	—	(42.5)
Issuance of restricted stock	15,395	—	0.8	—	—	—	—	—	—	0.8
Issuance of stock awards	27,333	—	(0.9)	—	—	—	—	—	—	(0.9)
SSARs exercised	21,106	—	(0.9)	—	—	—	—	—	—	(0.9)
Stock compensation	—	—	17.3	—	—	—	—	—	—	17.3
Investment by noncontrolling interests	—	—	—	—	—	—	—	—	12.2	12.2
Changes in noncontrolling interest	—	—	(2.2)	—	—	—	—	—	2.2	—
Purchases and retirement of common stock	(4,413,250)	—	(212.5)	—	—	—	—	—	—	(212.5)
Defined benefit pension plans, net of taxes:										
Prior service cost arising during year	—	—	—	—	(2.6)	—	—	(2.6)	—	(2.6)
Net loss recognized due to settlement	—	—	—	—	0.4	—	—	0.4	—	0.4
Net gain recognized due to curtailment	—	—	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Net actuarial loss arising during year	—	—	—	—	(62.9)	—	—	(62.9)	—	(62.9)
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	1.1	—	—	1.1	—	1.1
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	8.6	—	—	8.6	—	8.6
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	(6.7)	(6.7)	—	(6.7)
Change in cumulative translation adjustment	—	—	—	—	—	80.8	—	80.8	1.6	82.4
Balance, December 31, 2016	79,465,393	0.8	103.3	4,113.6	(304.5)	(1,128.4)	(8.7)	(1,441.6)	61.1	2,837.2
Net income	—	—	—	186.4	—	—	—	—	2.9	189.3
Payment of dividends to shareholders	—	—	—	(44.5)	—	—	—	—	—	(44.5)
Issuance of restricted stock	12,066	—	0.8	—	—	—	—	—	—	0.8
Issuance of stock awards	54,309	—	(2.2)	—	—	—	—	—	—	(2.2)
SSARs exercised	92,521	—	(4.4)	—	—	—	—	—	—	(4.4)
Stock compensation	—	—	39.1	—	—	—	—	—	—	39.1
Investment by noncontrolling interests	—	—	—	—	—	—	—	—	0.5	0.5
Purchases and retirement of common stock	(70,464)	—	—	—	—	—	—	—	—	—
Adjustment related to the adoption of ASU 2016-09	—	—	—	(1.7)	—	—	—	—	—	(1.7)
Defined benefit pension plans, net of taxes:										
Net loss recognized due to settlement	—	—	—	—	0.2	—	—	0.2	—	0.2
Net actuarial gain arising during year	—	—	—	—	6.6	—	—	6.6	—	6.6
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	1.3	—	—	1.3	—	1.3
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	11.3	—	—	11.3	—	11.3
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	4.0	4.0	—	4.0
Change in cumulative translation adjustment	—	—	—	—	—	56.6	—	56.6	1.2	57.8
Balance, December 31, 2017	79,553,825	0.8	136.6	4,253.8	(285.1)	(1,071.8)	(4.7)	(1,361.6)	65.7	3,095.3
Net income (loss)	—	—	—	285.5	—	—	—	—	(1.8)	283.7
Payment of dividends to shareholders	—	—	—	(47.1)	—	—	—	—	—	(47.1)
Issuance of restricted stock	12,629	—	0.8	—	—	—	—	—	—	0.8
Issuance of stock awards	75,604	—	(3.1)	—	—	—	—	—	—	(3.1)
SSARs exercised	14,881	—	(0.6)	—	—	—	—	—	—	(0.6)
Stock compensation	—	—	45.5	—	—	—	—	—	—	45.5
Investment by noncontrolling interests	—	—	—	—	—	—	—	—	1.0	1.0
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(0.1)	(0.1)
Purchases and retirement of common stock	(3,120,184)	—	(169.0)	(15.3)	—	—	—	—	—	(184.3)
Adjustment related to the adoption of ASU 2014-09	—	—	—	0.4	—	—	—	—	—	0.4
Defined benefit pension plans, net of taxes:										
Prior service cost arising during year	—	—	—	—	(7.0)	—	—	(7.0)	—	(7.0)
Net loss recognized due to settlement	—	—	—	—	0.9	—	—	0.9	—	0.9
Net actuarial loss arising during year	—	—	—	—	(4.2)	—	—	(4.2)	—	(4.2)
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	1.3	—	—	1.3	—	1.3
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	11.7	—	—	11.7	—	11.7
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	6.1	6.1	—	6.1
Change in cumulative translation adjustment	—	—	—	—	—	(202.6)	—	(202.6)	(4.2)	(206.8)
Balance, December 31, 2018	76,536,755	$ 0.8	$ 10.2	$ 4,477.3	$ (282.4)	$ (1,274.4)	$ 1.4	$ (1,555.4)	$ 60.6	$ 2,993.5

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	$ 283.7	$ 189.3	$ 160.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	225.2	222.8	223.4
Amortization of intangibles	64.7	57.0	51.2
Stock compensation expense	46.3	38.2	18.1
Proceeds from termination of hedging instrument	—	—	7.3
Equity in net earnings of affiliates, net of cash received	(3.2)	41.2	(1.4)
Deferred income tax (benefit) provision	(14.7)	(14.1)	2.1
Loss on extinguishment of debt	24.5	—	—
Other	2.6	3.0	2.3
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Accounts and notes receivable, net	63.3	(34.7)	(4.5)
Inventories, net	(214.3)	(196.0)	(33.1)
Other current and noncurrent assets	(85.6)	(36.6)	(98.7)
Accounts payable	(24.3)	123.5	62.8
Accrued expenses	161.3	149.0	47.0
Other current and noncurrent liabilities	66.4	35.0	(67.2)
Total adjustments	312.2	388.3	209.3
Net cash provided by operating activities	595.9	577.6	369.5
Cash flows from investing activities:			
Purchases of property, plant and equipment	(203.3)	(203.9)	(201.0)
Proceeds from sale of property, plant and equipment	3.2	4.1	2.4
Purchase of businesses, net of cash acquired	—	(293.1)	(383.8)
Investment in consolidated affiliates, net of cash acquired	—	—	(11.8)
Investments in unconsolidated affiliates	(5.8)	(0.8)	(4.5)
Other	0.4	—	0.4
Net cash used in investing activities	(205.5)	(493.7)	(598.3)
Cash flows from financing activities:			
Proceeds from debt obligations	5,257.5	3,513.9	3,117.9
Repayments of debt obligations	(5,433.6)	(3,639.7)	(2,622.4)
Purchases and retirement of common stock	(184.3)	—	(212.5)
Payment of dividends to stockholders	(47.1)	(44.5)	(42.5)
Payment of minimum tax withholdings on stock compensation	(4.0)	(6.9)	(2.0)
Payment of debt issuance costs	(2.7)	—	(2.5)
Investments by noncontrolling interests, net	0.9	0.5	0.4
Net cash (used in) provided by financing activities	(413.3)	(176.7)	236.4
Effects of exchange rate changes on cash and cash equivalents	(18.7)	30.8	(4.6)
(Decrease) increase in cash and cash equivalents	(41.6)	(62.0)	3.0
Cash and cash equivalents, beginning of year	367.7	429.7	426.7
Cash and cash equivalents, end of year	$ 326.1	$ 367.7	$ 429.7

See accompanying notes to Consolidated Financial Statements.

1. Operations and Summary of Significant Accounting Policies

Business

AGCO Corporation and subsidiaries ("AGCO" or the "Company") is a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. The Company sells a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment, seeding and tillage equipment, implements, and grain storage and protein production systems. The Company's products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brand names including: Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra®. The Company distributes most of its products through a combination of approximately 4,050 independent dealers and distributors as well as the Company utilizes associates and licensees to provide a distribution channel for its products. In addition, the Company provides retail financing through its finance joint ventures with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., or "Rabobank."

Basis of Presentation and Consolidation

The Company's Consolidated Financial Statements represent the consolidation of all wholly-owned companies, majority-owned companies and joint ventures in which the Company has been determined to be the primary beneficiary. The Company consolidates a variable interest entity ("VIE") if the Company determines it is the primary beneficiary. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits that potentially could be significant to the VIE. The Company also consolidates all entities that are not considered VIEs if it is determined that the Company has a controlling voting interest to direct the activities that most significantly impact the joint venture or entity. The Company records investments in all other affiliate companies using the equity method of accounting when it has significant influence. Other investments, including those representing an ownership interest of less than 20%, are recorded at cost. All significant intercompany balances and transactions have been eliminated in the Consolidated Financial Statements. Certain prior period amounts have been reclassified to conform to the current period presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates made by management primarily relate to accounts and notes receivable, inventories, deferred income tax valuation allowances, uncertain tax positions, goodwill and other identifiable intangible assets, and certain accrued liabilities, principally relating to reserves for volume discounts and sales incentives, warranty obligations, product liability and workers' compensation obligations, and pensions and postretirement benefits.

Foreign Currency Translation

The financial statements of the Company's foreign subsidiaries are translated into United States currency in accordance with Accounting Standards Codification ("ASC") 830, "Foreign Currency Matters." Assets and liabilities are translated to United States dollars at period-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are included in "Accumulated other comprehensive loss" in stockholders' equity within the Company's Consolidated Balance Sheets. Gains and losses, which result from foreign currency transactions, are included in the accompanying Consolidated Statements of Operations.

The Company has a wholly-owned subsidiary in Argentina that manufactures and distributes agricultural equipment and replacement parts within Argentina. As of June 30, 2018, on the basis of currently available data related to inflation indices and as a result of the devaluation of the Argentine peso relative to the United States dollar, the Argentinian economy was determined to be highly inflationary. A highly inflationary economy is one where the cumulative inflation rate for the three years preceding the beginning of the reporting period, including interim reporting periods, is in excess of 100 percent. As a result of this designation and based on the guidance in ASC 830, the Company changed the functional currency of its wholly-owned subsidiary from the Argentinian peso to the U.S. dollar effective July 1, 2018. For the year-ended ended

December 31, 2018, the Company's wholly-owned subsidiary in Argentina had net sales of approximately $92.6 million and total assets of approximately $104.5 million as of December 31, 2018. The monetary assets and liabilities denominated in the Argentine peso were approximately $28.0 million and approximately $13.6 million, respectively, as of December 31, 2018. The monetary assets and liabilities were remeasured based on current published exchange rates.

Cash and Cash Equivalents

Cash at December 31, 2018 and 2017 of $290.5 million and $317.0 million, respectively, consisted primarily of cash on hand and bank deposits. The Company considers all investments with an original maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 2018 and 2017 of $35.6 million and $50.7 million, respectively, consisted primarily of money market deposits, certificates of deposits and overnight investments.

Accounts and Notes Receivable

Accounts and notes receivable arise from the sale of equipment and replacement parts to independent dealers, distributors or other customers. In the United States and Canada, amounts due from sales to dealers are immediately due upon a retail sale of the underlying equipment by the dealer with the exception of sales of grain storage and protein production systems as discussed further below. If not previously paid by the dealer in the United States and Canada, installment payments are required generally beginning after the interest-free period with the remaining outstanding equipment balance generally due within 12 months after shipment or delivery. These interest-free periods vary by product and generally range from one to 12 months. In limited circumstances, the Company provides sales terms, and in some cases, interest-free periods that are longer than 12 months for certain products. These are typically specified programs predominately in the United States and Canada, that allow for interest-free periods and due dates of up to 24 months for certain products depending on the year of the sale and the dealer or distributor's ordering or sales volume during the preceding year. Interest generally is charged at or above prime lending rates on the outstanding receivable balances after shipment or delivery and after interest-free periods. Sales terms of some highly seasonal products provide for payment and due dates based on a specified date during the year regardless of the shipment date. Equipment sold to dealers in the United States and Canada is paid in full on average within 12 months of shipment. Sales of replacement parts generally are payable within 30 days of shipment, with terms for some larger, seasonal stock orders generally requiring payment within six months of shipment. Under normal circumstances, equipment may not be returned. In certain regions, with respect to most equipment sales, including the United States and Canada, the Company is obligated to repurchase equipment and replacement parts upon cancellation of a dealer or distributor contract. These obligations are required by national, state or provincial laws and require the Company to repurchase a dealer or distributor's unsold inventory, including inventories for which the receivable already has been paid. Actual interest-free periods are shorter than described above because the equipment receivable from dealers or distributors in some countries, such as in the United States and Canada, is generally due immediately upon sale of the equipment to a retail customer as discussed above. Receivables can also be paid prior to terms specified in sales agreements. Under normal circumstances, interest is not forgiven and interest-free periods are not extended.

In other international markets, equipment sales generally are payable in full within 30 to 180 days of shipment or delivery. Payment terms for some highly seasonal products have a specified due date during the year regardless of the shipment or delivery date. For sales in most markets outside of the United States and Canada, the Company generally does not charge interest on outstanding receivables with its dealers and distributors. Sales of replacement parts generally are payable within 30 to 90 days of shipment, with terms for some larger, seasonal stock orders generally payable within six months of shipment.

In certain markets, there is a time lag, which varies based on the timing and level of retail demand, between the date the Company records a sale and when the dealer sells the equipment to a retail customer.

Sales of grain storage and protein production systems generally are payable within 30 days of shipment. In certain countries, sales of such systems in which the Company is responsible for construction or installation may be contingent upon customer acceptance, payment terms vary by market and product, with fixed payment schedules on all sales.

The following summarizes by geographic region, as a percentage of our consolidated net sales, amounts with maximum interest-free periods as presented below (in millions):

Year Ended December 31, 2018	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated	
0 to 6 months	$ 1,639.6	$ 959.0	$ 5,368.0	$ 827.8	$ 8,794.4	94.0%
7 to 12 months	523.1	—	17.1	—	540.2	5.8%
13 to 24 months	17.4	—	—	—	17.4	0.2%
	$ 2,180.1	$ 959.0	$ 5,385.1	$ 827.8	$ 9,352.0	100.0%

The Company has an agreement to permit transferring, on an ongoing basis, a majority of its wholesale interest-bearing and non-interest bearing accounts receivable in North America, Europe and Brazil to its U.S., Canadian, European and Brazilian finance joint ventures. Qualified dealers may obtain additional financing through the Company's U.S., Canadian, European and Brazilian finance joint ventures at the joint ventures' discretion.

The Company provides various volume bonus and sales incentive programs with respect to its products. These sales incentive programs include reductions in invoice prices, reductions in retail financing rates, dealer commissions and dealer incentive allowances. In most cases, incentive programs are established and communicated to the Company's dealers on a quarterly basis. The incentives are paid either at the time of the cash settlement of the receivable (which is generally at the time of retail sale), at the time of retail financing, at the time of warranty registration, or at a subsequent time based on dealer purchase volumes. The incentive programs are product-line specific and generally do not vary by dealer. The cost of sales incentives associated with dealer commissions and dealer incentive allowances is estimated based upon the terms of the programs and historical experience, is based on a percentage of the sales price, and estimates for sales incentives are made and recorded at the time of sale for existing incentive programs using the expected value method. These estimates are reassessed each reporting period and are revised in the event of subsequent modifications to incentive programs, as they are communicated to dealers. The related provisions and accruals are made on a product or product-line basis and are monitored for adequacy and revised at least quarterly in the event of subsequent modifications to the programs. Interest rate subsidy payments, which are a reduction in retail finance rates, are recorded in the same manner as dealer commissions and dealer incentive allowances. Volume discounts are estimated and recognized based on historical experience, and related reserves are monitored and adjusted based on actual dealer purchase volumes and the dealer's progress towards achieving specified cumulative target levels. All incentive programs are recorded and presented as a reduction of revenue, due to the fact that the Company does not receive a distinct good or service in exchange for the consideration provided. In the United States and Canada, reserves for incentive programs related to accounts receivable not sold to Company's U.S. and Canadian finance joint ventures are recorded as "accounts receivable allowances" within the Company's Consolidated Balance Sheets due to the fact that the incentives are paid through a reduction of future cash settlement of the receivable. Globally, reserves for incentive programs that will be paid in cash or credit memos, as is the case with most of the Company's volume discount programs, as well as sales with incentives associated with accounts receivable sold to its finance joint ventures, are recorded within "Accrued expenses" within the Company's Consolidated Balance Sheets.

Accounts and notes receivable are shown net of allowances for sales incentive discounts available to dealers and for doubtful accounts. Cash flows related to the collection of receivables are reported within "Cash flows from operating activities" within the Company's Consolidated Statements of Cash Flows. Accounts and notes receivable allowances at December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
Sales incentive discounts	$ 24.2	$ 33.1
Doubtful accounts	31.7	38.7
	$ 55.9	$ 71.8

In the United States and Canada, sales incentives can be paid through future cash settlements of receivables and through credit memos to Company's dealers or through reductions in retail financing rates paid to the Company's finance joint ventures. Outside of the United States and Canada, sales incentives can be paid through cash or credit memos to the Company's dealers or through reductions in retail financing rates paid to the Company's finance joint ventures. The Company transfers certain accounts receivable under its accounts receivable sales agreements with its finance joint ventures (Note 4). The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables under the provisions of Accounting Standards Update ("ASU") 2009-16, "Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets." Cash payments made to the Company's finance joint ventures for sales incentive discounts provided to dealers related to outstanding accounts receivables sold are recorded within "Accrued expenses".

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out method. Market is current replacement cost (by purchase or by reproduction, dependent on the type of inventory). In cases where market exceeds net realizable value (i.e., estimated selling price less reasonably predictable costs of completion and disposal), inventories are stated at net realizable value. Market is not considered to be less than net realizable value reduced by an allowance for an approximately normal profit margin. At December 31, 2018 and 2017, the Company had recorded $156.6 million and $165.7 million, respectively, as an adjustment for surplus and obsolete inventories. These adjustments are reflected within "Inventories, net" within the Company's Consolidated Balance Sheets.

Inventories, net at December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
Finished goods	$ 660.4	$ 684.1
Repair and replacement parts	587.3	605.9
Work in process	217.5	178.7
Raw materials	443.5	404.2
Inventories, net	$ 1,908.7	$ 1,872.9

Cash flows related to the sale of inventories are reported within "Cash flows from operating activities" within the Company's Consolidated Statements of Cash Flows.

Recoverable Indirect Taxes

The Company's Brazilian operations incur value added taxes ("VAT") on certain purchases of raw materials, components and services. These taxes are accumulated as tax credits and create assets that are reduced by the VAT collected from the Company's sales in the Brazilian market. The Company regularly assesses the recoverability of these tax credits, and establishes reserves when necessary against them, through analyses that include, amongst others, the history of realization, the transfer of tax credits to third parties as authorized by the government, anticipated changes in the supply chain and the future expectation of tax debits from the Company's ongoing operations. The Company believes that these tax credits, net of established reserves, are realizable. The Company had recorded approximately $156.0 million and $152.3 million, respectively, of VAT tax credits, net of reserves, as of December 31, 2018 and 2017.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the estimated useful lives of ten to 40 years for buildings and improvements, three to 15 years for machinery and equipment and three to ten years for furniture and fixtures. Expenditures for maintenance and repairs are charged to expense as incurred.

Property, plant and equipment, net at December 31, 2018 and 2017 consisted of the following (in millions):

	2018	2017
Land	$ 125.3	$ 130.6
Buildings and improvements	769.0	792.0
Machinery and equipment	2,374.7	2,391.6
Furniture and fixtures	148.6	147.6
Gross property, plant and equipment	3,417.6	3,461.8
Accumulated depreciation and amortization	(2,044.5)	(1,976.5)
Property, plant and equipment, net	$ 1,373.1	$ 1,485.3

Goodwill, Other Intangible Assets and Long-Lived Assets

The Company tests goodwill for impairment, at the reporting unit level, annually and when events or circumstances indicate that fair value of a reporting unit may be below its carrying value. A reporting unit is an operating segment or one level below an operating segment, for example, a component. The Company combines and aggregates two or more components of an operating segment as a single reporting unit if the components have similar economic characteristics. The Company's reportable segments are not its reporting units.

Goodwill is evaluated annually as of October 1 for impairment using a qualitative assessment or a quantitative two-step assessment. If the Company elects to perform a qualitative assessment and determines the fair value of its reporting units more likely than not exceed their carrying value, no further evaluation is necessary. For reporting units where the Company performs a two-step quantitative assessment, the first step requires the Company to compare the fair value of each reporting unit, which is determined based on a combination of a discounted cash flow valuation approach and a market multiple valuation approach, to its respective carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value of the reporting unit, the second step of the quantitative process is required to measure the amount of impairment, if any. The second step of the quantitative assessment results in a calculation of the implied fair value of the reporting unit's goodwill, which is determined as the excess of the fair value of a reporting unit over the fair values assigned to its assets and liabilities. If the implied fair value of goodwill is less than the carrying value of the reporting unit's goodwill, the difference is recognized as an impairment loss.

The Company reviews its long-lived assets, which include intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The evaluation for recoverability is performed at a level where independent cash flows may be attributed to either an asset or asset group. If the Company determines that the carrying amount of an asset or asset group is not recoverable based on the expected undiscounted future cash flows of the asset or asset group, an impairment loss is recorded equal to the excess of the carrying amounts over the estimated fair value of the long-lived assets. Estimates of future cash flows are based on many factors, including current operating results, expected market trends and competitive influences. The Company also evaluates the amortization periods assigned to its intangible assets to determine whether events or changes in circumstances warrant revised estimates of useful lives. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less estimated costs to sell.

The results of the Company's goodwill and long-lived assets impairment analyses conducted as of October 1, 2018, 2017 and 2016 indicated that no reduction in the carrying amount of the Company's goodwill and long-lived assets was required.

The Company's accumulated goodwill impairment is approximately $180.5 million related to impairment charges the Company recorded during 2012 and 2006 pertaining to its Chinese harvesting reporting unit and former sprayer reporting unit, respectively. The Chinese harvesting business operates within the Asia/Pacific/Africa geographical reportable segment and the former sprayer reporting unit operates within the North American geographical reportable segment.

Changes in the carrying amount of goodwill during the years ended December 31, 2018, 2017 and 2016 are summarized as follows (in millions):

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Balance as of December 31, 2015	$ 518.7	$ 114.4	$ 411.2	$ 70.2	$ 1,114.5
Acquisitions	25.2	—	196.4	47.6	269.2
Foreign currency translation	—	24.4	(25.7)	(6.0)	(7.3)
Balance as of December 31, 2016	543.9	138.8	581.9	111.8	1,376.4
Acquisitions	67.2	—	17.4	—	84.6
Foreign currency translation	—	(2.4)	71.7	11.1	80.4
Balance as of December 31, 2017	611.1	136.4	671.0	122.9	1,541.4
Adjustments	—	—	8.4	—	8.4
Foreign currency translation	—	(19.7)	(29.8)	(4.8)	(54.3)
Balance as of December 31, 2018	$ 611.1	$ 116.7	$ 649.6	$ 118.1	$ 1,495.5

The Company amortizes certain acquired identifiable intangible assets primarily on a straight-line basis over their estimated useful lives, which range from three to 50 years. The acquired intangible assets have a weighted average useful life as follows:

Intangible Asset	Weighted-Average Useful Life
Patents and technology	12 years
Customer relationships	13 years
Trademarks and trade names	19 years
Land use rights	45 years

For the years ended December 31, 2018, 2017 and 2016, acquired intangible asset amortization was $64.7 million, $57.0 million and $51.2 million, respectively. The Company estimates amortization of existing intangible assets will be $61.2 million in 2019, $60.3 million in 2020, $58.3 million in 2021, $57.8 million in 2022, and $55.6 million in 2023.

The Company has previously determined that two of its trademarks have an indefinite useful life. The Massey Ferguson trademark has been in existence since 1952 and was formed from the merger of Massey-Harris (established in the 1890's) and Ferguson (established in the 1930's). The Massey Ferguson brand is currently sold in approximately 110 countries worldwide, making it one of the most widely sold tractor brands in the world. The Company also has identified the Valtra trademark as an indefinite-lived asset. The Valtra trademark has been in existence since the late 1990's, but is a derivative of the Valmet trademark which has been in existence since 1951. The Valmet name transitioned to the Valtra name over a period of time in the marketplace. The Valtra brand is currently sold in over 75 countries around the world. Both the Massey Ferguson brand and the Valtra brand are primary product lines of the Company's business, and the Company plans to use these trademarks for an indefinite period of time. The Company plans to continue to make investments in product development to enhance the value of these brands into the future. There are no legal, regulatory, contractual, competitive, economic or other factors that the Company is aware of or that the Company believes would limit the useful lives of the trademarks. The Massey Ferguson and Valtra trademark registrations can be renewed at a nominal cost in the countries in which the Company operates.

Changes in the carrying amount of acquired intangible assets during 2018 and 2017 are summarized as follows (in millions):

	Trademarks and Trade Names	Customer Relationships	Patents and Technology	Land Use Rights	Total
Gross carrying amounts:					
Balance as of December 31, 2016	$ 179.2	$ 558.0	$ 122.1	$ 8.5	$ 867.8
Acquisitions	19.5	24.4	28.1	—	72.0
Foreign currency translation	9.7	18.0	9.8	0.6	38.1
Balance as of December 31, 2017	208.4	600.4	160.0	9.1	977.9
Foreign currency translation	(5.0)	(14.1)	(4.2)	(0.5)	(23.8)
Balance as of December 31, 2018	$ 203.4	$ 586.3	$ 155.8	$ 8.6	$ 954.1

	Trademarks and Trade Names	Customer Relationships	Patents and Technology	Land Use Rights	Total
Accumulated amortization:					
Balance as of December 31, 2016	$ 49.7	$ 233.0	$ 59.5	$ 2.7	$ 344.9
Amortization expense	10.3	38.5	8.0	0.2	57.0
Foreign currency translation	1.4	8.2	5.9	0.1	15.6
Balance as of December 31, 2017	61.4	279.7	73.4	3.0	417.5
Amortization expense	13.7	40.7	10.1	0.2	64.7
Foreign currency translation	(1.7)	(9.6)	(2.8)	(0.2)	(14.3)
Balance as of December 31, 2018	$ 73.4	$ 310.8	$ 80.7	$ 3.0	$ 467.9

	Trademarks and Trade Names
Indefinite-lived intangible assets:	
Balance as of December 31, 2016	$ 84.4
Foreign currency translation	4.2
Balance as of December 31, 2017	88.6
Foreign currency translation	(1.7)
Balance as of December 31, 2018	$ 86.9

Accrued Expenses

Accrued expenses at December 31, 2018 and 2017 consisted of the following (in millions):

	2018	2017
Reserve for volume discounts and sales incentives	$ 537.7	$ 489.1
Warranty reserves	308.6	273.6
Accrued employee compensation and benefits	286.2	283.3
Accrued taxes	137.8	135.4
Other	252.1	226.5
	$ 1,522.4	$ 1,407.9

Warranty Reserves

The warranty reserve activity for the years ended December 31, 2018, 2017 and 2016 consisted of the following (in millions):

	2018	2017	2016
Balance at beginning of the year	$ 316.0	$ 255.6	$ 230.3
Acquisitions	—	5.1	3.7
Accruals for warranties issued during the year	230.5	215.9	214.6
Settlements made (in cash or in kind) during the year	(174.7)	(183.1)	(188.7)
Foreign currency translation	(10.9)	22.5	(4.3)
Balance at the end of the year	$ 360.9	$ 316.0	$ 255.6

The Company's agricultural equipment products generally are under warranty against defects in materials and workmanship for a period of one to four years. The Company accrues for future warranty costs at the time of sale based on historical warranty experience. Approximately $52.3 million and $42.4 million of warranty reserves are included in "Other noncurrent liabilities" in the Company's Consolidated Balance Sheets as of December 31, 2018 and 2017, respectively.

The Company recognizes recoveries of the costs associated with warranties it provides when the collection is probable. When specifics of the recovery have been agreed upon with the Company's suppliers through confirmation of liability for the recovery, the Company records the recovery within "Accounts and notes receivable, net." Estimates of the amount of warranty claim recoveries to be received from the Company's suppliers based upon contractual supplier arrangements are recorded within "Other current assets."

Insurance Reserves

Under the Company's insurance programs, coverage is obtained for significant liability limits as well as those risks required to be insured by law or contract. It is the policy of the Company to self-insure a portion of certain expected losses primarily related to workers' compensation and comprehensive general liability, product and vehicle liability. Provisions for losses expected under these programs are recorded based on the Company's estimates of the aggregate liabilities for the claims incurred.

Stock Incentive Plans

Stock compensation expense was recorded as follows (in millions). Refer to Note 10 for additional information regarding the Company's stock incentive plans during 2018, 2017 and 2016:

	Years Ended December 31,		
	2018	2017	2016
Cost of goods sold	$ 2.3	$ 2.8	$ 1.5
Selling, general and administrative expenses	44.3	35.6	16.9
Total stock compensation expense	$ 46.6	$ 38.4	$ 18.4

Research and Development Expenses

Research and development expenses are expensed as incurred and are included in engineering expenses in the Company's Consolidated Statements of Operations.

Advertising Costs

The Company expenses all advertising costs as incurred. Cooperative advertising costs normally are expensed at the time the revenue is earned. Advertising expenses for the years ended December 31, 2018, 2017 and 2016 totaled approximately $42.3 million, $40.0 million and $44.9 million, respectively.

Shipping and Handling Expenses

All shipping and handling fees charged to customers are included as a component of net sales. Shipping and handling costs are included as a part of cost of goods sold, with the exception of certain handling costs included in selling, general and administrative expenses in the amount of $37.9 million, $35.4 million and $30.5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Interest Expense, Net

Interest expense, net for the years ended December 31, 2018, 2017 and 2016 consisted of the following (in millions):

	2018	2017	2016
Interest expense	$ 61.9	$ 54.5	$ 65.4
Interest income	(8.1)	(9.4)	(13.3)
	$ 53.8	$ 45.1	$ 52.1

The Company repurchased its $5^{7}/8$% senior notes due December 1, 2021 during 2018, and as a result, recorded approximately $24.5 million in a loss on extinguishment of debt reflected in “Interest expense, net”. This was offset by approximately $4.7 million of accelerated amortization of a deferred gain related to a terminated interest rate swap agreement associated with the senior notes. Refer to Note 7 for further information.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Refer to Note 6 for additional information regarding the Company’s income taxes.

Net Income Per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during each period. Diluted net income per common share assumes the exercise of outstanding stock-settled stock appreciation rights (“SSARs”) and the vesting of performance share awards and restricted stock units using the treasury stock method when the effects of such assumptions are dilutive.

A reconciliation of net income attributable to AGCO Corporation and its subsidiaries and weighted average common shares outstanding for purposes of calculating basic and diluted net income per share during the years ended December 31, 2018, 2017 and 2016 is as follows (in millions, except per share data):

	2018	2017	2016
Basic net income per share:			
Net income attributable to AGCO Corporation and subsidiaries	$ 285.5	$ 186.4	$ 160.1
Weighted average number of common shares outstanding	78.8	79.5	81.4
Basic net income per share attributable to AGCO Corporation and subsidiaries	$ 3.62	$ 2.34	$ 1.97
Diluted net income per share:			
Net income attributable to AGCO Corporation and subsidiaries	$ 285.5	$ 186.4	$ 160.1
Weighted average number of common shares outstanding	78.8	79.5	81.4
Dilutive SSARs, performance share awards and restricted stock units	0.9	0.7	0.3
Weighted average number of common shares and common share equivalents outstanding for purposes of computing diluted net income per share	79.7	80.2	81.7
Diluted net income per share attributable to AGCO Corporation and subsidiaries	$ 3.58	$ 2.32	$ 1.96

SSARs to purchase 0.5 million shares, 0.3 million shares and 1.1 million shares of the Company's common stock were outstanding for the years ended December 31, 2018, 2017 and 2016, respectively, but were not included in the calculation of weighted average common and common equivalent shares outstanding because they had an antidilutive impact.

Comprehensive Income (Loss)

The Company reports comprehensive income (loss), defined as the total of net income (loss) and all other non-owner changes in equity, and the components thereof in its Consolidated Statements of Stockholders' Equity and Consolidated Statements of Comprehensive Income. The components of other comprehensive (loss) income and the related tax effects for the years ended December 31, 2018, 2017 and 2016 are as follows (in millions):

	AGCO Corporation and Subsidiaries			Noncontrolling Interests
	2018			2018
	Before-tax Amount	Income Taxes	After-tax Amount	After-tax Amount
Defined benefit pension plans	$ 0.8	$ 1.9	$ 2.7	$ —
Net gain on derivatives	7.6	(1.5)	6.1	—
Foreign currency translation adjustments	(202.6)	—	(202.6)	(4.2)
Total components of other comprehensive loss	$ (194.2)	$ 0.4	$ (193.8)	$ (4.2)

	AGCO Corporation and Subsidiaries			Noncontrolling Interests
	2017			2017
	Before-tax Amount	Income Taxes	After-tax Amount	After-tax Amount
Defined benefit pension plans	$ 24.2	$ (4.8)	$ 19.4	$ —
Net gain on derivatives	4.1	(0.1)	4.0	—
Foreign currency translation adjustments	56.6	—	56.6	1.2
Total components of other comprehensive income	$ 84.9	$ (4.9)	$ 80.0	$ 1.2

	AGCO Corporation and Subsidiaries			Noncontrolling Interests
	2016			2016
	Before-tax Amount	Income Taxes	After-tax Amount	After-tax Amount
Defined benefit pension plans	$ (68.2)	$ 12.7	$ (55.5)	$ —
Net loss on derivatives	(6.8)	0.1	(6.7)	—
Foreign currency translation adjustments	80.8	—	80.8	1.6
Total components of other comprehensive income	$ 5.8	$ 12.8	$ 18.6	$ 1.6

Derivatives

The Company uses foreign currency contracts to hedge the foreign currency exposure of certain receivables and payables. The contracts are for periods consistent with the exposure being hedged and generally have maturities of one year or less. These contracts are classified as non-designated derivative instruments. The Company also enters into foreign currency contracts designated as cash flow hedges of expected sales. The Company's foreign currency contracts mitigate risk due to exchange rate fluctuations because gains and losses on these contracts generally offset losses and gains on the exposure being hedged. The notional amounts of the foreign currency contracts do not represent amounts exchanged by the parties and, therefore, are not a measure of the Company's risk. The amounts exchanged are calculated on the basis of the notional amounts and other terms of the contracts. The credit and market risks under these contracts are not considered to be significant.

The Company's interest expense is, in part, sensitive to the general level of interest rates, and the Company manages its exposure to interest rate risk through the mix of floating rate and fixed rate debt. From time to time, the Company enters into interest rate swap agreements in order to manage the Company's exposure to interest rate fluctuations.

The Company uses non-derivative and, periodically, derivative instruments to hedge a portion of the Company's net investment in foreign operations against adverse movements in exchange rates.

The Company's hedging policy prohibits it from entering into any foreign currency contracts for speculative trading purposes. Refer to Note 11 for additional information regarding the Company's derivative instruments and hedging activities.

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-14, "Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans" ("ASU 2018-14"). The standard revises the annual disclosure requirements by removing disclosures no longer considered cost beneficial, clarifying specific requirements of disclosures and adding certain disclosures identified as relevant. ASU 2018-14 is effective for annual periods beginning after December 15, 2020. The standard should be applied on a retrospective basis to all periods presented. Early adoption is permitted. The Company early adopted the standard for the year ended December 31, 2018. The standard did not have an impact on the Company's results of operations, financial condition and cash flows.

In August 2018, the FASB issued ASU 2018-13, "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). The standard revises the disclosure requirements by removing disclosures no longer considered cost beneficial, modifying specific requirements of disclosures and adding certain disclosures identified as relevant. ASU 2018-13 is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Early adoption is permitted. Certain amendments of the standard should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments of the standard should be applied retrospectively to all periods presented. The standard will not have an impact on the Company's results of operations, financial condition and cash flows.

In February 2018, the FASB issued ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ("ASU 2018-02"), which allows for the election to reclassify the disproportionate income tax effects of the Tax Cuts and Jobs Act (the "2017 Tax Act") on items within accumulated other comprehensive income (loss) to retained earnings. These disproportionate income tax effect items are referred to as "stranded tax effects." The amendments within ASU 2018-02 only relate to the reclassification of the income tax effects of the 2017 Tax Act. Certain disclosures are required in the period of adoption as to whether an entity has elected to reclassify the stranded tax effects. ASU 2018-02 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The standard should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. corporate income tax rate in the 2017 Tax Act is recognized. Early adoption is permitted for any interim or annual period. The Company is currently evaluating the impact of adopting this standard on the Company's results of operations, financial condition and cash flows, but does not expect the impact to be material.

In August 2017, the FASB issued ASU 2017-12, "Targeted Improvements to Accounting for Hedging Activities" ("ASU 2017-12"), which aligns an entity's risk management activities and financial reporting for hedge relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The amendments include 1) the ability to apply hedge accounting for risk components in hedging relationships involving nonfinancial risk and interest rate risk, 2) new alternatives for measuring the hedged item for fair value hedges of interest rate risk, 3) elimination of the requirement to separately measure and report hedge ineffectiveness, 4) requirement to present the earnings effect of the hedging instrument in the same income statement line in which the earnings effect of the hedged item is reported and 5) less stringent requirements for effectiveness testing, hedge documentation and applying the critical terms match method. ASU 2017-12 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods using a prospective approach. Early adoption is permitted for any interim or annual period. The amendments should be applied to existing hedging relationships on the date of adoption. The Company adopted the standard on January 1, 2018. The standard did not have a material impact on the Company's results of operations, financial condition and cash flows.

In March 2017, the FASB issued ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" ("ASU 2017-07"), which requires the service cost component of net periodic pension and postretirement benefit cost be included in the same line item as other compensation costs arising from services rendered by employees. The other components of net periodic pension and postretirement benefit cost are required to be classified outside the subtotal of income from operations. Of the components of net periodic pension and postretirement benefit cost, only the service cost component will be eligible for asset capitalization. ASU 2017-07 is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods, using a retrospective approach for the presentation of the service cost component and other components of net periodic pension and postretirement benefit cost in the statement of operations; and a prospective approach for the capitalization of the service cost component of net periodic pension and postretirement benefit cost in assets. Early adoption is permitted for any interim or annual period. ASU 2017-07 allows a practical expedient for applying the retrospective presentation requirements.The Company adopted ASU 2017-07 on January 1, 2018 and restrospectively applied the standard to the presentation of the other components of net periodic pension and postretirement benefit costs in the Company's Consolidated Statements of Operations. As part of the adoption, the Company elected to use the practical expedient, which allowed the Company to use the information previously disclosed as the basis for applying the retrospective presentation requirements of the standard. For the year ended December 31, 2017 and 2016, the Company reclassified approximately $1.1 million of expense and $1.4 million of income related to the other components of net periodic pension and postretirement costs from "Selling, general and administrative expenses" and "Engineering expenses" to "Other expenses, net" as a result of the retrospective application of ASU 2017-07.

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which eliminates Step 2 from the goodwill impairment test. Under the standard, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, resulting in an impairment charge that is the amount by which the carrying amount exceeds the reporting unit's fair value. The impairment charge, however, should not exceed the total amount of goodwill allocated to a reporting unit. The impairment assessment under ASU 2017-04 applies to all reporting units, including those with a zero or negative carrying amount. ASU 2017-04 is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods using a prospective approach. Early adoption is permitted for any interim or annual goodwill impairment test performed on testing dates after January 1, 2017. The Company expects to adopt ASU 2017-04 effective January 1, 2020 and will apply the standard to all impairment tests performed thereafter.

In November 2016, the FASB issued ASU 2016-18, "Restricted Cash" ("ASU 2016-18"). which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017, and interim period within those annual periods using a retrospective approach. Early adoption is permitted in any interim or annual period. The Company adopted ASU 2016-18 on January 1, 2018. The adoption did not have a material impact on its cash flows.

In October 2016, the FASB issued ASU 2016-16, "Intra-Entity Transfers of Assets Other Than Inventory" ("ASU 2016-16"), which requires recognition of the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Consequently, the standard eliminates the exception to the recognition of current and deferred income taxes for an intra-entity asset transfer other than for inventory until the asset has been sold to an outside party. ASU 2016-16 is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods using a modified retrospective approach. Early adoption is permitted in any interim or annual period. The Company adopted ASU 2016-16 on January 1, 2018. The adoption did not have a material impact on its results of operations, financial condition and cash flows.

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which requires measurement and recognition of expected versus incurred credit losses for financial assets held. ASU 2016-13 is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods as the adoption of the standard relates to the Company. However, the standard does not have to be adopted by the Company's finance joint ventures until annual periods beginning after December 15, 2020, and interim periods within those annual periods. This standard will likely impact the results of operations and financial condition of the Company's finance joint ventures and as a result, will likely impact the Company's "Investment in affiliates" and "Equity in net earnings of affiliates" upon adoption. The Company's finance joint ventures are currently evaluating the standard's impact to their results of operations and financial condition.

In February 2016, the FASB issued ASU 2016-02, "Leases" ("ASU 2016-02"), which superseded the existing lease guidance under current U.S. GAAP. ASU 2016-02 is based on the principle that entities should recognize assets and liabilities arising from leases. The new standard does not significantly change the lessees' recognition, measurement and presentation of expenses and cash flows from the previous accounting standard and leases continue to be classified as finance or operating. ASU 2016-02's primary change is the requirement for entities to recognize a lease liability for payments and a right-of-use ("ROU") asset representing the right to use the leased asset during the term of an operating lease arrangement. Lessees were permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of 12 months or less. Lessors' accounting under the new standard was largely unchanged from the previous accounting standard. In addition, ASU 2016-02 expanded the disclosure requirements of lease arrangements. The new standard was effective for reporting periods beginning after December 15, 2018, and interim periods within those annual periods. Upon adoption, lessees and lessors were required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB issued ASU 2018-11, "Targeted Improvements", which allowed for a new, optional transition method that provided the option to use the effective date as the date of initial application on transition. Under this option, the comparative periods would continue to apply the legacy guidance in ASC 840, including the disclosure requirements, and a cumulative effect adjustment would be recognized in the period of adoption rather than the earliest period presented. Under this transition option, comparative reporting would not be required and the provisions of the standard would be applied prospectively to leases in effect at the date of adoption. The Company has completed the design of new processes and internal controls, which included the implementation of a software solution and the evaluation of the Company's population of leased assets to assess the effect of the new guidance on the Company's financial statements. The Company adopted the new guidance effective January 1, 2019 using a modified retrospective approach through a cumulative effect adjustment to "Retained earnings" as of the beginning of the period of adoption. The new standard provided a number of optional practical expedients in transition. The Company elected the "package of practical expedients" which permitted the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The new standard has a material impact on the Company's Consolidated Balance Sheets related to the recognition of new ROU assets and lease liabilities for operating leases, as well as providing new disclosures about the Company's leasing activities. The Company does not expect material changes in its leasing activities subsequent to adoption. Based on the Company's current lease portfolio, the adoption of the standard as of January 1, 2019 is expected to result in ROU assets and liabilities ranging from $195.0 million to $215.0 million. The Company has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases. The Company elected the practical expedient to separate lease and non-lease components for a majority of its leases, other than real estate and office equipment leases.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which provides a single, comprehensive revenue recognition model for all contracts with customers with a five-step analysis in determining when and how revenue is recognized. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Additional disclosures also are required to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, including significant judgments and changes in those judgments. Entities have the option to apply the new standard under a full retrospective approach to each prior reporting period presented, or a modified retrospective approach with the cumulative effect of initial adoption and application within the Consolidated Statement of Stockholders' Equity. The Company adopted ASU 2014-09 with an application date of January 1, 2018 using the modified retrospective approach. Under this method, the Company recognized the cumulative effect of initially applying ASU 2014-09 as an adjustment to the opening balance of stockholders' equity as of January 1, 2018 within "Retained earnings." The cumulative effect was approximately $0.4 million, which was related to the recognition of contract assets and contract liabilities for the value of the expected replacement parts returns. The comparative information has not been adjusted and continues to be reported under ASU 2009-13, "Revenue Recognition." The details of the significant changes and quantitative impact of the changes are discussed below. The Company has enhanced its accounting policies and practices, business processes, systems and controls, as well as designed and implemented specific internal controls over the implementation and adherence to the standard, including new disclosure requirements.

The Company has various promotional and annual return programs with respect to the sale of replacement parts whereby the Company's dealers, distributors and other customers can return specified replacement parts pursuant to such programs. The Company previously recognized revenue for the sale of replacement parts and recorded a corresponding provision for the amount of expected returns at the time of sale. Pursuant to the adoption of ASU 2014-09, the Company recognized a contract asset for the right to recover returned replacement parts at cost, reflected within "Other current assets" in the Company's Consolidated Balance Sheets. Conversely, the provision for expected returns is recorded at the sales value of expected returns, reflected as a contract liability within "Accrued expenses." The Company's estimates of returns are based on the terms of the promotional and annual return programs and anticipated returns in the future.

The following table summarizes the impact of adopting ASU 2014-09 on the Company' s Consolidated Balance Sheet as of December 31, 2018 (in millions):

	As Reported	Balances Without Adoption of ASU 2014-09	Increase (Decrease) Due to Adoption
Assets			
Accounts and notes receivable, net	$ 880.3	$ 880.1	$ 0.2
Other current assets	422.3	410.9	11.4
Total current assets	3,537.4	3,525.8	11.6
Other assets	142.4	141.6	0.8
Total assets	$ 7,626.4	$ 7,614.0	$ 12.4
Liabilities and Stockholders' Equity			
Accrued expenses	$ 1,522.4	$ 1,508.3	$ 14.1
Total current liabilities	2,766.7	2,752.6	14.1
Other noncurrent liabilities	251.4	249.1	2.3
Total liabilities	4,632.9	4,616.5	16.4
Retained earnings	4,477.3	4,481.3	(4.0)
Total stockholder's equity	2,993.5	2,997.5	(4.0)
Total liabilities and stockholder's equity	$ 7,626.4	$ 7,614.0	$ 12.4

The impact of adopting ASU 2014-09 on the Consolidated Statement of Operations and Consolidated Statement of Cash Flows for the year ended December 31, 2018 was not material.

2. Acquisitions

On October 2, 2017, the Company acquired the hay and forage division of the Lely Group ("Lely") for approximately €80.2 million (or approximately $94.6 million), net of cash acquired of approximately €10.1 million (or approximately $11.9 million). The Lely acquisition, with manufacturing locations in northern Germany, will allow the Company to expand its product offering of hay and forage equipment, including balers and loader wagons. The acquisition was financed by the Company's credit facility (Note 7).

The fair values of the assets acquired and liabilities assumed as of the acquisition date are presented in the following table (in millions):

Current assets	$ 87.0
Property, plant and equipment	17.8
Intangible assets	7.6
Goodwill	25.8
Total assets acquired	138.2
Current liabilities	23.5
Long-term liabilities	8.2
Total liabilities assumed	31.7
Net assets acquired	$ 106.5

The acquired identifiable intangible assets of Lely as of the date of the acquisition are summarized in the following table (in millions):

Intangible Asset	Amount	Weighted-Average Useful Life
Customer relationships	$ 3.0	5 years
Technology	3.0	12 years
Trademarks	1.6	10 years
	$ 7.6	

The results of operations of Lely have been included in the Company's Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Company's Europe/Middle East geographical reportable segment. Proforma results related to the acquisition were not material.

On September 1, 2017, the Company acquired Precision Planting LLC ("Precision Planting") for approximately $198.1 million, net of cash acquired of approximately $1.6 million. Precision Planting, headquartered in Tremont, Illinois, is a leading manufacturer of high-tech planting equipment. The acquisition of Precision Planting provided the Company an opportunity to expand its precision farming technology offerings on a global basis. The acquisition was financed by the Company's credit facility (Note 7).

The fair values of the assets acquired and liabilities assumed as of the acquisition date are presented in the following table (in millions):

Current assets	$	59.5
Property, plant and equipment		20.8
Intangible assets		64.4
Goodwill		67.2
Total assets acquired		211.9
Current liabilities		12.2
Total liabilities assumed		12.2
Net assets acquired	$	199.7

The acquired identifiable intangible assets of Precision Planting as of the date of the acquisition are summarized in the following table (in millions):

Intangible Asset	Amount	Weighted-Average Useful Life
Customer relationships	$ 21.4	14 years
Technology	25.1	10 years
Trademarks	17.9	20 years
	$ 64.4	

The results of operations of Precision Planting have been included in the Company's Consolidated Financial Statements as of and from the date of acquisition. The associated tax deductible goodwill has been included in the Company's North America geographical reportable segment. Proforma results related to the acquisition were not material.

On September 12, 2016, the Company acquired Cimbria Holdings Limited ("Cimbria") for DKK 2,234.9 million (or approximately $337.5 million), net of cash acquired of approximately DKK 83.4 million (or approximately $12.6 million). Cimbria, headquartered in Thisted, Denmark, is a leading manufacturer of products and solutions for the processing, handling and storage of seed and grain. The acquisition was financed by the Company's credit facility (Note 7).

The fair values of the assets acquired and liabilities assumed as of the acquisition date are presented in the following table (in millions):

Current assets	$	74.2
Property, plant and equipment		21.9
Intangible assets		128.9
Goodwill		237.9
Total assets acquired		462.9
Current liabilities		63.8
Deferred tax liabilities		38.5
Long-term debt and other noncurrent liabilities		10.5
Total liabilities assumed		112.8
Net assets acquired	$	350.1

The acquired identifiable intangible assets of Cimbria as of the date of the acquisition are summarized in the following table (in millions):

Intangible Asset	Amount	Weighted-Average Useful Life
Customer relationships	$ 50.4	9 years
Technology	22.5	10 years
Trademarks	56.0	20 years
	$ 128.9	

The results of operations of Cimbria have been included in the Company's Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Company's Europe/Middle East and Asia/Pacific/Africa geographical reportable segments.

On February 2, 2016, the Company acquired Tecno Poultry Equipment S.p.A ("Tecno") for approximately €58.7 million (or approximately $63.8 million). The Company acquired cash of approximately €17.6 million (or approximately $19.1 million) associated with the acquisition. Tecno, headquartered in Ronchi Di Villafranca, Italy, manufactures and supplies poultry housing and related products, including egg collection equipment and trolley feeding systems. The acquisition was financed through the Company's credit facility (Note 7). The Company allocated the purchase price to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. The acquired net assets primarily consisted of accounts receivable, inventories, accounts payable and accrued expenses, deferred revenue, property, plant and equipment, and customer relationship, technology and trademark identifiable intangible assets. The Company recorded approximately $27.5 million of customer relationship, technology and trademark identifiable intangible assets and approximately $20.4 million of goodwill associated with the acquisition. The results of operations of Tecno have been included in the Company's Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Company's Europe/Middle East and North America geographical reportable segments.

The acquired identifiable intangible assets of Tecno as of the date of the acquisition are summarized in the following table (in millions):

Intangible Asset	Amount	Weighted-Average Useful Life
Customer relationships	$ 15.7	10 years
Technology	7.9	10 years
Trademarks	3.9	10 years
	$ 27.5	

3. Restructuring Expenses

Beginning in 2014 through 2018, the Company announced and initiated several actions to rationalize employee headcount at various manufacturing facilities and various administrative offices located in Europe, South America, China and the United States in order to reduce costs in response to softening global market demand and lower production volumes. The aggregate headcount reduction was approximately 3,370 employees between 2014 and 2017. During 2018, the Company recorded severance and related costs associated with further rationalizations in connection with the termination of approximately 520 employees. The components of the restructuring expenses are summarized as follows (in millions):

	Write-down of Property, Plant and Equipment	Employee Severance	Facility Closure Costs	Total
Balance as of December 31, 2015	$ —	$ 16.9	$ —	$ 16.9
2016 provision	—	11.0	1.0	12.0
2016 provision reversal	—	(0.1)	—	(0.1)
2016 cash activity	—	(13.1)	(0.2)	(13.3)
Foreign currency translation	—	(0.2)	—	(0.2)
Balance as of December 31, 2016	—	14.5	0.8	15.3
2017 provision	0.2	12.4	—	12.6
Less: Non-cash expense	(0.2)	—	—	(0.2)
Cash expense	—	12.4	—	12.4
2017 provision reversal	—	(1.4)	—	(1.4)
2017 cash activity	—	(16.0)	(0.8)	(16.8)
Foreign currency translation	—	1.4	—	1.4
Balance as of December 31, 2017	—	10.9	—	10.9
2018 provision	0.3	13.8	—	14.1
Less: Non-cash expense	(0.3)	—	—	(0.3)
Cash expense	—	13.8	—	13.8
2018 provision reversal	—	(2.1)	—	(2.1)
2018 cash activity	—	(14.4)	—	(14.4)
Foreign currency translation	—	(1.1)	—	(1.1)
Balance as of December 31, 2018	$ —	$ 7.1	$ —	$ 7.1

4. Accounts Receivable Sales Agreements

At December 31, 2018 and 2017, 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, Europe and Brazil to its U.S., Canadian, European and Brazilian finance joint ventures. As of December 31, 2018 and 2017, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements was approximately $1.4 billion and $1.3 billion, respectively.

Under the terms of the accounts receivable sales agreements in North America, Europe and Brazil, the Company pays an annual servicing fee related to the servicing of the receivables sold. The Company also pays the respective AGCO Finance entities an interest payment calculated based upon LIBOR plus a margin on any non-interest bearing accounts receivable outstanding and sold under the sales agreements. These fees are reflected within losses on the sales of receivables included within "Other expense, net" in the Company's Consolidated Statements of Operations. The Company does not service the receivables after the sale occurs and does not maintain any direct retained interest in the receivables. The Company reviewed its accounting for the accounts receivable sales agreements and determined that these facilities should be accounted for as off-balance sheet transactions.

Losses on sales of receivables associated with the accounts receivable financing facilities discussed above, reflected within "Other expense, net" in the Company's Consolidated Statements of Operations, were approximately $36.0 million, $39.2 million and $19.5 million during 2018, 2017 and 2016, respectively.

The Company's finance joint ventures in Europe, Brazil and Australia also provide wholesale financing directly to the Company's dealers. The receivables associated with these arrangements are without recourse to the Company. The Company does not service the receivables after the sale occurs and does not maintain any direct retained interest in the receivables. As of December 31, 2018 and 2017, these finance joint ventures had approximately $82.5 million and $41.6 million, respectively, of outstanding accounts receivable associated with these arrangements. The Company reviewed its accounting for these arrangements and determined that these arrangements should be accounted for as off-balance sheet transactions.

In addition, the Company sells certain trade receivables under factoring arrangements to other financial institutions around the world. The Company reviewed the sale of such receivables and determined that these arrangements should be accounted for as off-balance sheet transactions.

5. Investments in Affiliates

Investments in affiliates as of December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
Finance joint ventures	$ 358.7	$ 373.7
Manufacturing joint ventures	26.3	20.1
Other affiliates	15.0	15.2
	$ 400.0	$ 409.0

The Company's finance joint ventures are located in the United States, Canada, Europe, Brazil, Argentina and Australia, and provide retail financing and wholesale financing to the Company's retail customers and dealers, respectively. Refer to Note 14 for further information. The Company's manufacturing joint ventures consist of Groupement International De Mecanique Agricole SA ("GIMA") (a joint venture with a third-party manufacturer to purchase, design and manufacture components for agricultural equipment in France), a joint venture with third-party manufacturer to assemble tractors in Algeria and a joint venture with a third-party manufacturer to manufacture protein production equipment in China. The other joint ventures represent investments in farm equipment manufacturers, an electronic and software system manufacturer, distributors and licensees.

The Company's equity in net earnings of affiliates for the years ended December 31, 2018, 2017 and 2016 were as follows (in millions):

	2018	2017	2016
Finance joint ventures	$ 34.7	$ 39.9	$ 45.5
Manufacturing and other joint ventures	(0.4)	(0.8)	2.0
	$ 34.3	$ 39.1	$ 47.5

Summarized combined financial information of the Company's finance joint ventures as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 were as follows (in millions):

	As of December 31,	
	2018	2017
Total assets	$ 7,643.5	$ 8,440.0
Total liabilities	6,911.5	7,677.3
Partners' equity	732.0	762.7

	For the Years Ended December 31,		
	2018	2017	2016
Revenues	$ 305.2	$ 305.7	$ 297.4
Costs	201.1	183.0	159.0
Income before income taxes	$ 104.1	$ 122.7	$ 138.4

The majority of the assets of the Company's finance joint ventures represent finance receivables. The majority of the liabilities represent notes payable and accrued interest. Under the various joint venture agreements, Rabobank or its affiliates provide financing to the joint venture companies. AGCO has a 49% interest in the Company's finance joint ventures (Note 14).

At December 31, 2018 and 2017, the Company's receivables from affiliates were approximately $12.9 million and $23.4 million, respectively. The receivables from affiliates are reflected within "Accounts and notes receivable, net" within the Company's Consolidated Balance Sheets.

The portion of the Company's retained earnings balance that represents undistributed retained earnings of equity method investees was approximately $326.9 million and $321.9 million as of December 31, 2018 and 2017, respectively.

6. Income Taxes

The sources of income before income taxes and equity in net earnings of affiliates were as follows for the years ended December 31, 2018, 2017 and 2016 (in millions):

	2018	2017	2016
United States	$ (126.0)	$ (141.6)	$ (150.0)
Foreign	486.3	425.4	354.9
Income before income taxes and equity in net earnings of affiliates	$ 360.3	$ 283.8	$ 204.9

The provision (benefit) for income taxes by location of the taxing jurisdiction for the years ended December 31, 2018, 2017 and 2016 consisted of the following (in millions):

	2018	2017	2016
Current:			
United States:			
Federal	$ (9.1)	$ 20.3	$ (24.3)
State	1.2	0.6	0.2
Foreign	133.5	126.8	114.2
	125.6	147.7	90.1
Deferred:			
United States:			
Federal	—	0.9	21.9
State	—	—	—
Foreign	(14.7)	(15.0)	(19.8)
	(14.7)	(14.1)	2.1
	$ 110.9	$ 133.6	$ 92.2

On December 22, 2017, The Tax Cuts and Jobs Act ("the 2017 Tax Act") was enacted in the United States. During the three months ended December 31, 2017, the Company recorded a tax provision of approximately $42.0 million in accordance with Staff Accounting Bulletin No. 118, which provided SEC Staff guidance for the application of ASC 740 "Income Taxes," in the reporting period in which the 2017 Tax Act was enacted. The $42.0 million tax provision recorded included a provisional income tax charge related to a one-time transition tax associated with the mandatory deemed repatriation of unremitted foreign earnings. The tax provision also included a provisional income tax charge associated with the income tax consequences related to the expected future repatriation of certain underlying foreign earnings, as historically, the Company had considered them to be permanently reinvested. The remaining balance of the tax provision primarily related to the remeasurement of certain net deferred tax assets using the lower enacted U.S. Corporate tax rate, as well as other miscellaneous related impacts. During the three months ended December 31, 2018, the Company finalized its calculations related to the 2017 Tax Act and recorded an income tax benefit of approximately $8.5 million.

A reconciliation of income taxes computed at the United States federal statutory income tax rate (21% for 2018 (from 35 percent to 21 percent), and 35% for 2017 and 2016) to the provision for income taxes reflected in the Company's Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016 is as follows (in millions):

	2018	2017	2016
Provision for income taxes at United States federal statutory rate	$ 75.7	$ 99.3	$ 71.7
State and local income taxes, net of federal income tax effects	(6.0)	(5.7)	(6.0)
Taxes on foreign income which differ from the United States statutory rate	(0.3)	(57.7)	(44.5)
Tax effect of permanent differences	26.7	60.6	14.4
Change in valuation allowance	24.6	(1.4)	37.9
Change in tax contingency reserves	8.5	3.8	23.4
Research and development tax credits	(8.5)	(5.0)	(3.8)
Impacts related to the 2017 Tax Act	(8.4)	42.0	—
Other	(1.4)	(2.3)	(0.9)
	$ 110.9	$ 133.6	$ 92.2

The significant components of the deferred tax assets and liabilities at December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
Deferred Tax Assets:		
Net operating loss carryforwards	$ 74.5	$ 83.4
Sales incentive discounts	58.8	60.2
Inventory valuation reserves	36.3	34.4
Pensions and postretirement health care benefits	47.6	52.2
Warranty and other reserves	98.6	92.2
Research and development tax credits	3.1	2.9
Foreign tax credits	9.7	10.4
Other	21.6	19.2
Total gross deferred tax assets	350.2	354.9
Valuation allowance	(83.9)	(81.9)
Total net deferred tax assets	266.3	273.0
Deferred Tax Liabilities:		
Tax over book depreciation and amortization	214.3	229.1
Investment in affiliates	42.8	53.9
Other	20.6	8.3
Total deferred tax liabilities	277.7	291.3
Net deferred tax liabilities	$ (11.4)	$ (18.3)
Amounts recognized in Consolidated Balance Sheets:		
Deferred tax assets - noncurrent	$ 104.9	$ 112.2
Deferred tax liabilities - noncurrent	(116.3)	(130.5)
	$ (11.4)	$ (18.3)

The Company recorded a net deferred tax liability of $11.4 million and $18.3 million as of December 31, 2018 and December 31, 2017, respectively. As reflected in the preceding table, the Company had a valuation allowance against its gross deferred tax assets of approximately $83.9 million and $81.9 million as of December 31, 2018 and 2017, respectively.

The Company maintains a valuation allowance to fully reserve its net deferred tax assets in the United States and certain foreign jurisdictions. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assessed the likelihood that its deferred tax assets would be recovered from estimated future taxable income and available tax planning strategies and determined that all adjustments to the valuation allowance were appropriate. In making this assessment, all available evidence was considered including the current economic climate, as well as reasonable tax planning strategies. The Company believes it is more likely than not that the Company will realize its remaining net deferred tax assets, net of the valuation allowance, in future years.

The Company had net operating loss carryforwards of $249.6 million as of December 31, 2018, with expiration dates as follows: 2019 - $19.5 million; 2020 - $18.8 million; 2021 - $22.9 million and thereafter or unlimited - $188.4 million. The net operating loss carryforwards of $249.6 million were entirely in tax jurisdictions outside of the United States.

The Company paid income taxes of $101.6 million, $111.2 million and $106.2 million for the years ended December 31, 2018, 2017 and 2016, respectively.

At December 31, 2018 and 2017, the Company had $166.1 million and $163.4 million, respectively, of unrecognized income tax benefits, all of which would affect the Company’s effective tax rate if recognized. At December 31, 2018 and 2017, the Company had approximately $58.5 million and $61.8 million, respectively, of accrued or deferred taxes related to uncertain income tax positions connected with ongoing income tax audits in various jurisdictions that it expects to settle or pay in the next 12 months. The Company accrued approximately $5.6 million and $4.6 million of interest and penalties related to unrecognized tax benefits in its provision for income taxes during 2018 and 2017, respectively. At December 31, 2018 and 2017, the Company had accrued interest and penalties related to unrecognized tax benefits of $27.2 million and $23.0 million, respectively.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits as of and during the years ended December 31, 2018 and 2017 is as follows (in millions):

	2018	2017
Gross unrecognized income tax benefits	$ 163.4	$ 139.9
Additions for tax positions of the current year	3.8	16.4
Additions for tax positions of prior years	13.1	4.8
Reductions for tax positions of prior years for:		
Changes in judgments	(1.6)	1.4
Settlements during the year	(0.7)	(0.4)
Lapses of applicable statute of limitations	(4.4)	(14.4)
Foreign currency translation	(7.5)	15.7
Gross unrecognized income tax benefits	$ 166.1	$ 163.4

The Company and its subsidiaries file income tax returns in the United States and in various state, local and foreign jurisdictions. The Company and its subsidiaries are routinely examined by tax authorities in these jurisdictions. As of December 31, 2018, a number of income tax examinations in foreign jurisdictions were ongoing. It is possible that certain of these ongoing examinations may be resolved within 12 months. Due to the potential for resolution of federal, state and foreign examinations, and the expiration of various statutes of limitation, it is reasonably possible that the Company's gross unrecognized income tax benefits balance may materially change within the next 12 months. Due to the number of jurisdictions and issues involved and the uncertainty regarding the timing of any settlements, the Company is unable at this time to provide a reasonable estimate of such change that may occur within the next 12 months. Although there are ongoing examinations in various federal and state jurisdictions, the 2015 through 2018 tax years generally remain subject to examination in the United States by applicable authorities. In the Company's significant foreign jurisdictions, primarily the United Kingdom, France, Germany, Switzerland, Finland and Brazil, the 2013 through 2018 tax years generally remain subject to examination by their respective tax authorities. In Brazil, the Company is contesting disallowed deductions related to the amortization of certain goodwill amounts (Note 12).

7. Indebtedness

Long-term debt consisted of the following at December 31, 2018 and 2017 (in millions):

	December 31, 2018	December 31, 2017
1.056% Senior term loan due 2020(1)	$ 228.7	$ 239.8
Senior term loan due 2022(1)	171.5	119.9
Credit facility, expires 2023(1)	114.4	471.2
Senior term loans due between 2019 and 2028(1)	815.3	449.7
5 7/8% Senior notes due 2021	—	305.3
Other long-term debt	132.2	131.6
Debt issuance costs	(2.6)	(4.0)
	1,459.5	1,713.5
Less: Current portion of other long-term debt	(120.4)	(95.4)
Senior term loans due 2019	(63.8)	—
Total indebtedness, less current portion	$ 1,275.3	$ 1,618.1

(1) Maturity dates are reflected as of December 31, 2018.

At December 31, 2018, the aggregate scheduled maturities of long-term debt, excluding the current portion of long-term debt, are as follows (in millions):

2020	$ 230.9
2021	303.2
2022	173.6
2023	397.5
Thereafter	170.1
	$ 1,275.3

Cash payments for interest were approximately $35.2 million, $55.2 million and $58.8 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Current Indebtedness

1.056% Senior Term Loan

In December 2014, the Company entered into a term loan with the European Investment Bank ("EIB"), which provided the Company with the ability to borrow up to €200.0 million. The €200.0 million (or approximately $228.7 million as of December 31, 2018) of funding was received on January 15, 2015 with a maturity date of January 15, 2020. The Company has the ability to prepay the term loan before its maturity date. Interest is payable on the term loan at 1.056% per annum, payable quarterly in arrears. The term loan contain covenants regarding, among other things, the incurrence of indebtedness and the making of certain payments, as well as commitments regarding amounts of future research and development expenses in Europe, and is subject to acceleration in the events of default. The Company also has to fulfill financial covenants with respect to a net leverage ratio and interest coverage ratio.

Senior Term Loan Due 2022

In October 2018, the Company entered in a term loan agreement with Rabobank in the amount of €150.0 million (or approximately $171.5 million as of December 31, 2018). The Company has the ability to prepay the term loan before its maturity date on October 28, 2022. Interest is payable on the term loan quarterly in arrears at an annual rate, equal to the EURIBOR plus a margin ranging from 0.875% to 1.875% based on the Company's credit rating. The Company also has to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio.

Credit Facility

In October 2018, the Company entered into a multi-currency revolving credit facility of $800.0 million. The maturity date of the credit facility is October 17, 2023. Interest accrues on amounts outstanding under the credit facility, at the Company's option, at either (1) LIBOR plus a margin ranging from 0.875% to 1.875% based on the Company's credit rating, or (2) the base rate, which is equal to the higher of (i) the administrative agent's base lending rate for the applicable currency, (ii) the federal funds rate plus 0.5%, and (iii) one-month LIBOR for loans denominated in U.S. dollars plus 1.0%, plus a margin ranging from 0.0% to 0.875% based on the Company's credit rating. The credit facility contains covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends. The Company also has to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio. As of December 31, 2018, the Company had approximately $114.4 million of outstanding borrowings under the credit facility and the ability to borrow approximately $685.6 million under the facility.

The Company's former revolving credit and term loan facility consisted of an $800.0 million multi-currency revolving credit facility and a €312.0 million term loan facility. The maturity date of the former credit facility was June 26, 2020. Under the former credit facility agreement, interest accrued on amounts outstanding, at the Company's option, depending on the currency borrowed, at either (1) LIBOR or EURIBOR plus a margin ranging from 1.0% to 1.75% based on the Company's leverage ratio, or (2) the base rate, which is equal to the higher of (i) the administrative agent's base lending rate for the applicable currency, (ii) the federal funds rate plus 0.5%, and (iii) one-month LIBOR for loans denominated in U.S. dollars plus 1.0% plus a margin ranging from 0.0% to 0.25% based on the Company's leverage ratio. The credit facility contained covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends, and was subject to acceleration in the event of a default. The Company also had to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio. As is more fully described in Note 11, the Company entered into an interest rate swap in 2015 to convert the term loan facility's floating interest rate to a fixed interest rate of 0.33% plus the applicable margin over the remaining life of the term loan facility. In connection with the closing of new credit facility in October 2018, the Company repaid its outstanding €312.0 million (or approximately $360.8 million) term loan under the former revolving credit and term loan facility. The Company recorded approximately $0.9 million in "Interest expense, net,"associated with the write-off of deferred debt issuance costs associated with the repayment. As of December 31, 2017, $471.2 million was outstanding under the Company's former multi-currency revolving credit facility with approximately $97.0 million outstanding under the multi-currency revolving credit facility and €312.0 million (or approximately $374.2 million) outstanding under the term loan facility.

During 2015, the Company designated its €312.0 million term loan facility as a hedge of its net investment in foreign operations to offset foreign currency translation gains or losses on the net investment. See Note 11 for additional information about the net investment hedge.

Senior Term Loans Due Between 2019 and 2028

In October 2016, the Company borrowed an aggregate amount of €375.0 million through a group of seven related term loan agreements, and in August 2018, the Company borrowed an additional aggregate amount of indebtedness of €338.0 million through a group of another seven related term loan agreements. Proceeds from the borrowings were used to repay borrowings under the Company's former revolving credit facility.

In aggregate, the Company has indebtedness of €713.0 million (or approximately $815.3 million as of December 31, 2018) through a group of fourteen related term loan agreements as discussed above. The provisions of the term loan agreements are identical in nature, with the exception of interest rate terms and maturities. The Company has the ability to prepay the term loans before their maturity dates. For the term loans with a fixed interest rate, interest is payable in arrears on an annual basis, with interest rates ranging from 0.70% to 2.26% and a maturity date between October 2019 and August 2028. For the term loans with a floating interest rate, interest is payable in arrears on a semi-annual basis, with interest rates based on the EURIBOR plus a margin ranging from 0.70% to 1.25% and a maturity date between October 2019 and August 2025. The term loans contain covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends, and is subject to acceleration in the event of default.

Former Indebtedness

In April 2016, the Company entered into two term loan agreements with Rabobank, in the amount of €100.0 million and €200.0 million, respectively. The provisions of the two term loans were identical in nature. In December 2017, the Company repaid its €200.0 million (or approximately $239.8 million) term loan and in October 2018, in connection with the new term loan agreement with Rabobank discussed above, the Company repaid its €100.0 million (or approximately $113.2 million) term loan. The Company had the ability to prepay the term loans before their maturity date on April 26, 2021. Interest was payable on the term loans per annum, paid quarterly in arrears, equal to the EURIBOR plus a margin ranging from 1.0% to 1.75% based on the Company's net leverage ratio. The Company also had to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio.

5⅞% Senior Notes

The Company's 5⅞% senior notes due December 1, 2021 constituted senior unsecured indebtedness. Interest was payable on the notes semi-annually in arrears. At any time prior to September 1, 2021, the Company could redeem the notes, in whole or in part from time to time, at its option, at a redemption price equal to the greater of (i) 100% of the principal amount plus accrued and unpaid interest, including additional interest, if any, to, but excluding, the redemption date, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) discounted to the redemption date at the treasury rate plus 0.5%, plus accrued and unpaid interest, including additional interest, if any. Beginning September 1, 2021, the Company could redeem the notes, in whole or in part from time to time, at its option, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, including additional interest, if any. As is more fully described in Note 11, the Company entered into an interest rate swap in 2015 to convert the senior notes' fixed interest rate to a floating interest rate over the remaining life of the senior notes. During the second quarter of 2016, the Company terminated the interest rate swap. As a result, the Company recorded a deferred gain of approximately $7.3 million associated with the termination, which was being amortized as a reduction to "Interest expense, net" over the remaining term of the 5⅞% senior notes through December 1, 2021.

In May 2018, the Company completed a cash tender offer to purchase any and all of its outstanding 5⅞% senior notes at a cash purchase price of $1,077.50 per $1,000.00 of senior notes. As a result of the tender offer, the Company repurchased approximately $185.9 million of principal amount of the senior notes for approximately $200.3 million, plus accrued interest. The repurchase resulted in a loss on extinguishment of debt of approximately $15.7 million, including associated fees. In October 2018, the Company repurchased the remaining principal amount of the senior notes of approximately $114.1 million for approximately $122.5 million, plus accrued interest. The repurchase resulted in a loss on extinguishment of debt of approximately $8.8 million, including associated fees. As a result of the repurchase of the 5⅞% senior notes, the Company recorded a cumulative amount of approximately $4.7 million of accelerated amortization of the deferred gain related to the terminated interest rate swap instrument associated with the senior notes. The losses on extinguishment as well as the accelerated amortization were reflected in "Interest expense, net," for the year ended December 31, 2018.

As of December 31, 2017, the unamortized portion of the deferred gain was approximately $5.3 million. The amortization for 2018 and 2017 was approximately $5.3 million and $1.3 million, respectively.

Subsequent Indebtedness

In December 2018, the Company entered into a term loan with the EIB, which provided the Company with the ability to borrow up to €250.0 million. The €250.0 million (or approximately $284.6 million) of funding was received on January 25, 2019 with a maturity date of January 24, 2025. The Company has the ability to prepay the term loan before its maturity date. Interest is payable on the term loan at 1.002% per annum, payable semi-annually in arrears. The term loan contain covenants regarding, among other things, the incurrence of indebtedness and the making of certain payments, as well as commitments regarding amounts of future research and development expenses in Europe, and is subject to acceleration in the events of default. The Company also has to fulfill financial covenants with respect to a net leverage ratio and interest coverage ratio.

Standby Letters of Credit and Similar Instruments

The Company has arrangements with various banks to issue standby letters of credit or similar instruments, which guarantee the Company's obligations for the purchase or sale of certain inventories and for potential claims exposure for insurance coverage. At December 31, 2018 and 2017, outstanding letters of credit totaled $14.1 million and $15.2 million, respectively.

8. Employee Benefit Plans

The Company sponsors defined benefit pension plans covering certain employees, principally in the United Kingdom, the United States, Germany, Switzerland, Finland, France, Norway and Argentina. The Company also provides certain postretirement health care and life insurance benefits for certain employees, principally in the United States and Brazil.

The Company also maintains an Executive Nonqualified Pension Plan ("ENPP"), which provides certain U.S.-based senior executives with retirement income for a period of 15 years or up to a lifetime annuity, if certain requirements are met. Benefits under the ENPP vest if the participant has attained age 50 with at least ten years of service (five years of which include years of participation in the ENPP), but are not payable until the participant reaches age 65. The lifetime annuity benefit generally will be available only to participants who retire on or after reaching normal retirement age and otherwise have a vested benefit under the ENPP. The ENPP is an unfunded, nonqualified defined benefit pension plan.

Net annual pension costs for the years ended December 31, 2018, 2017 and 2016 for the Company's defined benefit pension plans and ENPP are set forth below (in millions):

Pension benefits	2018	2017	2016
Service cost	$ 16.6	$ 17.1	$ 16.2
Interest cost	19.9	20.6	24.6
Expected return on plan assets	(34.0)	(35.9)	(38.8)
Amortization of net actuarial losses	13.8	13.4	10.0
Amortization of prior service cost	1.2	1.2	1.0
Net loss recognized due to settlement	0.9	0.2	0.4
Net gain recognized due to curtailment	—	—	(0.1)
Net annual pension cost	$ 18.4	$ 16.6	$ 13.3

The components of net periodic pension and postretirement benefits cost, other than the service cost component, are included in "Other expense, net" in the Company's Consolidated Statements of Operations. Refer to Note 1 for further information.

The weighted average assumptions used to determine the net annual pension costs for the Company's defined benefit pension plans and ENPP for the years ended December 31, 2018, 2017 and 2016 are as follows:

	2018	2017	2016
All plans:			
Weighted average discount rate	2.5%	2.7%	3.6%
Weighted average expected long-term rate of return on plan assets	5.4%	5.8%	6.8%
Rate of increase in future compensation	1.8%-5.0%	1.5%-5.0%	2.0%-5.0%
U.S.-based plans:			
Weighted average discount rate	3.70%	4.25%	4.60%
Weighted average expected long-term rate of return on plan assets[(1)]	6.0%	6.0%	6.0%
Rate of increase in future compensation[(2)]	5.0%	5.0%	5.0%

(1) Applicable for U.S. funded, qualified plans.
(2) Applicable for U.S. unfunded, nonqualified plan.

For the Company's cash balance plans with promised interest crediting rates, the weighted-average interest crediting rate was 1.0% and 0.75% for 2018 and 2017, respectively.

Net annual postretirement benefit costs, and the weighted average discount rate used to determine them, for the years ended December 31, 2018, 2017 and 2016 are set forth below (in millions, except percentages):

Postretirement benefits	2018	2017	2016
Service cost	$ 0.1	$ 0.1	$ —
Interest cost	1.4	1.4	1.4
Amortization of net actuarial losses	0.1	0.1	—
Amortization of prior service cost	0.2	0.2	0.2
Net annual postretirement benefit cost	$ 1.8	$ 1.8	$ 1.6
Weighted average discount rate	4.9%	5.3%	5.1%

The following tables set forth reconciliations of the changes in benefit obligation, plan assets and funded status as of December 31, 2018 and 2017 (in millions):

	Pension and ENPP Benefits		Postretirement Benefits	
Change in benefit obligation	**2018**	**2017**	**2018**	**2017**
Benefit obligation at beginning of year	$ 916.7	$ 849.8	$ 30.2	$ 28.6
Service cost	16.6	17.1	0.1	0.1
Interest cost	19.9	20.6	1.4	1.4
Plan participants' contributions	1.2	1.1	—	—
Actuarial (gains) losses	(55.2)	0.5	(4.2)	1.8
Amendments	8.5	—	—	—
Settlements	(1.5)	(0.7)	—	—
Benefits paid	(45.9)	(42.6)	(1.4)	(1.6)
Other	1.9	—	—	—
Foreign currency exchange rate changes	(39.1)	70.9	(0.8)	(0.1)
Benefit obligation at end of year	$ 823.1	$ 916.7	$ 25.3	$ 30.2

	Pension and ENPP Benefits		Postretirement Benefits	
Change in plan assets	**2018**	**2017**	**2018**	**2017**
Fair value of plan assets at beginning of year	$ 691.8	$ 601.7	$ —	$ —
Actual return on plan assets	(32.4)	47.3	—	—
Employer contributions	36.8	30.3	1.4	1.6
Plan participants' contributions	1.2	1.1	—	—
Benefits paid	(45.9)	(42.6)	(1.4)	(1.6)
Settlements	(1.5)	(0.7)	—	—
Foreign currency exchange rate changes	(32.9)	54.7	—	—
Fair value of plan assets at end of year	$ 617.1	$ 691.8	$ —	$ —
Funded status	$ (206.0)	$ (224.9)	$ (25.3)	$ (30.2)
Unrecognized net actuarial losses (gains)	356.7	360.1	(0.6)	3.8
Unrecognized prior service cost	19.5	12.2	3.1	3.2
Accumulated other comprehensive loss	(376.2)	(372.3)	(2.5)	(7.0)
Net amount recognized	$ (206.0)	$ (224.9)	$ (25.3)	$ (30.2)
Amounts recognized in Consolidated Balance Sheets:				
Other long-term asset	$ 0.1	$ —	$ —	$ —
Other current liabilities	(3.8)	(3.9)	(1.5)	(1.6)
Accrued expenses	(2.9)	(2.3)	$ —	$ —
Pensions and postretirement health care benefits (noncurrent)	(199.4)	(218.7)	(23.8)	(28.6)
Net amount recognized	$ (206.0)	$ (224.9)	$ (25.3)	$ (30.2)

The following table summarizes the activity in accumulated other comprehensive loss related to the Company's ENPP and defined pension and postretirement benefit plans during the years ended December 31, 2018 and 2017 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated other comprehensive loss as of December 31, 2016	$ (404.8)	$ (100.3)	$ (304.5)
Net loss recognized due to settlement	0.3	0.1	0.2
Net actuarial gain arising during the year	9.0	2.4	6.6
Amortization of prior service cost	1.4	0.1	1.3
Amortization of net actuarial losses	13.5	2.2	11.3
Accumulated other comprehensive loss as of December 31, 2017	$ (380.6)	$ (95.5)	$ (285.1)
Prior service cost arising during the year	(8.5)	(1.5)	(7.0)
Net loss recognized due to settlement	1.0	0.1	0.9
Net actuarial loss arising during the year	(7.0)	(2.8)	(4.2)
Amortization of prior service cost	1.4	0.1	1.3
Amortization of net actuarial losses	13.9	2.2	11.7
Accumulated other comprehensive loss as of December 31, 2018	$ (379.8)	$ (97.4)	$ (282.4)

As of December 31, 2018, the Company's accumulated other comprehensive loss included unrecognized net actuarial losses of approximately $356.7 million compared to $360.1 million as of December 31, 2017 related to the Company's defined benefit pension plans and ENPP. The decrease in unrecognized net actuarial losses between years primarily resulted from higher discount rates at December 31, 2018 compared to December 31, 2017. The unrecognized net actuarial losses will be impacted in future periods by actual asset returns, discount rate changes, currency exchange rate fluctuations, actual demographic experience and certain other factors. For some of the Company's defined benefit pension plans, these losses, to the extent they exceed 10% of the greater of the plan's liabilities or the fair value of assets ("the gain/loss corridor"), will be amortized on a straight-line basis over the periods discussed as follows. For the Company's U.S. salaried, U.S. hourly and U.K. defined benefit pension plans, the population covered is predominantly inactive participants, and losses related to those plans, to the extent they exceed the gain/loss corridor, will be amortized over the average remaining lives of those participants while covered by the respective plan. As of December 31, 2018, the average amortization period was 16 years for the Company's U.S. defined benefit pension plans and 19 years for the Company's U.K. defined benefit pension plan. For the Company's ENPP, the population is predominantly active participants, and losses related to the plan will be amortized over the average future working lifetime of the active participants expected to receive benefits. As of December 31, 2018, the average amortization period was eight for the Company's ENPP. Unrecognized prior service cost related to the Company's defined benefit pension plans was approximately $19.5 million as of December 31, 2018 compared to approximately $12.2 million as of December 31, 2017. The increase in the unrecognized prior service cost between years is due primarily to the newly required uniformity of guaranteed minimum pension benefits for men and women related to the Company's U.K. defined benefit plan, which resulted in an estimation of increased benefits for prior participant service. This requirement was as a result of a judgment by the U.K. High Court in October 2018 which provided clarity on the need to provide uniformity of benefits. The cost of this estimated impact will be amortized over a straight-line basis over the average remaining service period of active employees expected to receive benefits, or the average remaining lives of inactive participants, covered by the U.K. defined benefit plan.

As of December 31, 2018, the Company's accumulated other comprehensive loss related to the Company's U.S. and Brazilian postretirement health care benefit plans included unrecognized net actuarial gains of approximately $0.6 million as of December 31, 2018 compared to unrecognized net actuarial losses of approximately $3.8 million as of December 31, 2017, of which a loss of approximately $0.3 million and approximately $3.4 million, respectively, related to the Company's U.S. postretirement benefit plans. The change from unrecognized net actuarial gains as of December 31, 2018 from unrecognized net actuarial losses in the prior year related to the Company's Brazilian postretirement health care benefit plans primarily was due to lower discount rates as well as plan experience. The decrease in unrecognized net actuarial losses related to the Company's U.S. postretirement benefit plans was primarily due to higher discount rates as of December 31, 2018 as compared to the previous year. The unrecognized net actuarial gains or losses will be impacted in future periods by discount rate changes, actual demographic experience, actual health care inflation and certain other factors. These gains or losses, to the extent they exceed the gain/loss corridor, will be amortized on a straight-line basis over the average remaining service period of active employees expected to receive benefits, or the average remaining lives of inactive participants, covered under the postretirement benefit plans. As of December 31, 2018, the average amortization period was 12 years for the Company's U.S. postretirement benefit plans. As of December 31, 2018, the net prior service cost related to the Company's U.S. and Brazilian postretirement health care benefit plans was approximately $3.1 million compared to approximately $3.2 million as of December 31, 2017.

The aggregate projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit pension plans, ENPP and other postretirement plans with accumulated benefit obligations in excess of plan assets were $847.3 million, $798.5 million and $616.0 million, respectively, as of December 31, 2018, and $946.0 million, $891.2 million and $690.8 million, respectively, as of December 31, 2017. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the Company's U.S.-based defined benefit pension plans and ENPP with accumulated benefit obligations in excess of plan assets were $124.7 million, $107.8 million and $36.8 million, respectively, as of December 31, 2018, and $129.6 million, $111.5 million and $36.6 million, respectively, as of December 31, 2017. The Company's accumulated comprehensive loss as of December 31, 2018 reflects a reduction in equity of $378.7 million, net of taxes of $97.0 million, primarily related to the Company's U.K. pension plan, in which the projected benefit obligation exceeded the plan assets. In addition, the Company's accumulated comprehensive loss as of December 31, 2018 reflects a reduction in equity of approximately $1.1 million, net of taxes of $0.4 million, related to the Company's GIMA joint venture. The amount represents 50% of GIMA's unrecognized net actuarial losses and unrecognized prior service cost associated with its pension plan. In addition, GIMA recognized a net actuarial loss due to settlements during 2018 of approximately $0.1 million. The Company's accumulated comprehensive loss as of December 31, 2017 reflected a reduction in equity of $379.3 million, net of taxes of $95.0 million, primarily related to the Company's U.K. pension plan, in which the projected benefit obligation exceeded the plan assets. In addition, the Company's accumulated comprehensive loss as of December 31, 2017 reflected a reduction in equity of approximately $1.3 million, net of taxes of $0.5 million, related to the Company's GIMA joint venture. This amount represented 50% of GIMA's unrecognized net actuarial losses and unrecognized prior service cost associated with its pension plan. In addition, GIMA recognized a net actuarial loss due to settlements during 2017 of approximately $0.1 million.

The Company's defined benefit pension obligation has been reflected based on the manner in which its defined benefit plans are being administered. The obligation and resulting liability is calculated employing both actuarial and legal assumptions. These assumptions include, but are not limited to, future inflation, the return on pension assets, discount rates, life expectancy and potential salary increases. There are also assumptions related to the manner in which individual benefit plan benefits are calculated, which are legal in nature and include, but are not limited to, member eligibility, years of service and the uniformity of both guaranteed minimum pension benefits and member normal retirement ages for men and women. In the event that any of these assumptions or the administration approach are proven to be different from the Company's current interpretations and approach, there could be material increases in the Company's defined benefit pension obligation and the related amounts and timing of future contributions to be paid by the Company.

The weighted average assumptions used to determine the benefit obligation for the Company's defined benefit pension plans and ENPP as of December 31, 2018 and 2017 are as follows:

	2018	2017
All plans:		
Weighted average discount rate	2.8%	2.5%
Rate of increase in future compensation	1.75%-5.0%	1.75%-5.0%
U.S.-based plans:		
Weighted average discount rate	4.35%	3.7%
Rate of increase in future compensation(1)	5.0%	5.0%

(1) Applicable for U.S. unfunded, nonqualified plan.

The weighted average discount rate used to determine the benefit obligation for the Company's postretirement benefit plans for the years ended December 31, 2018 and 2017 was 5.2% and 4.9%, respectively.

For the years ended December 31, 2018, 2017 and 2016, the Company used a globally consistent methodology to set the discount rate in the countries where its largest benefit obligations exist. In the United States, the United Kingdom and the Euro Zone, the Company constructed a hypothetical bond portfolio of high-quality corporate bonds and then applied the cash flows of the Company's benefit plans to those bond yields to derive a discount rate. The bond portfolio and plan-specific cash flows vary by country, but the methodology in which the portfolio is constructed is consistent. In the United States, the bond portfolio is large enough to result in taking a "settlement approach" to derive the discount rate, in which high-quality corporate bonds are assumed to be purchased and the resulting coupon payments and maturities are used to satisfy the Company's U.S. pension plans' projected benefit payments. In the United Kingdom and the Euro Zone, the discount rate is derived using a "yield curve approach," in which an individual spot rate, or zero coupon bond yield, for each future annual period is developed to discount each future benefit payment and, thereby, determine the present value of all future payments. The Company uses a spot yield curve to determine the discount rate applicable in the United Kingdom to measure the U.K. pension plan's service cost and interest cost. Under the settlement and yield curve approaches, the discount rate is set to equal the single discount rate that produces the same present value of all future payments.

For measuring the expected U.S. postretirement benefit obligation at December 31, 2018, the Company assumed a 6.5% health care cost trend rate for 2019 decreasing to 5.0% by 2025. For measuring the expected U.S. postretirement benefit obligation at December 31, 2017, the Company assumed a 6.75% health care cost trend rate for 2018 decreasing to 5.0% by 2025. For measuring the Brazilian postretirement benefit plan obligation at December 31, 2018, the Company assumed an 10.8% health care cost trend rate for 2019, decreasing to 5.0% by 2030. For measuring the Brazilian postretirement benefit plan obligation at December 31, 2017, the Company assumed an 11.0% health care cost trend rate for 2018, decreasing to 5.3% by 2029.

The Company currently estimates its minimum contributions and benefit payments to its U.S.-based underfunded defined benefit pension plans and unfunded ENPP for 2019 will aggregate approximately $1.6 million. The Company currently estimates its minimum contributions for underfunded plans and benefit payments for unfunded plans for 2019 to its non-U.S.-based defined benefit pension plans will aggregate approximately $28.9 million, of which approximately $19.9 million relates to its U.K. pension plan. The Company currently estimates its benefit payments for 2019 to its U.S.-based postretirement health care and life insurance benefit plans will aggregate approximately $1.5 million and its benefit payments for 2019 to its Brazilian postretirement health care benefit plans will aggregate less than $0.1 million.

During 2018, approximately $47.4 million of benefit payments were made related to the Company's defined benefit pension plans and ENPP. At December 31, 2018, the aggregate expected benefit payments for the Company's defined benefit pension plans and ENPP are as follows (in millions):

2019	$	46.4
2020		47.9
2021		51.2
2022		50.7
2023		51.6
2024 through 2028		280.6
	$	528.4

During 2018, approximately $1.4 million of benefit payments were made related to the Company's U.S. and Brazilian postretirement benefit plans. At December 31, 2018, the aggregate expected benefit payments for the Company's U.S. and Brazilian postretirement benefit plans are as follows (in millions):

2019	$	1.5
2020		1.6
2021		1.6
2022		1.6
2023		1.7
2024 through 2028		8.5
	$	16.5

Investment Strategy and Concentration of Risk

The weighted average asset allocation of the Company's U.S. pension benefit plans as of December 31, 2018 and 2017 are as follows:

Asset Category	2018	2017
Large and small cap domestic equity securities	19%	31%
International equity securities	8%	12%
Domestic fixed income securities	57%	43%
Other investments	16%	14%
Total	100%	100%

The weighted average asset allocation of the Company's non-U.S. pension benefit plans as of December 31, 2018 and 2017 are as follows:

Asset Category	2018	2017
Equity securities	39%	40%
Fixed income securities	54%	53%
Other investments	7%	7%
Total	100%	100%

The Company categorizes its pension plan assets into one of three levels based on the assumptions used in valuing the asset. See Note 13 for a discussion of the fair value hierarchy as per the guidance in ASC 820, "Fair Value Measurements" ("ASC 820"). The Company's valuation techniques are designed to maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses the following valuation methodologies to measure the fair value of its pension plan assets:

Equity Securities: Equity securities are valued on the basis of the closing price per unit on each business day as reported on the applicable exchange.

Fixed Income: Fixed income securities are valued using the closing prices in the active market in which the fixed income investment trades. Fixed income funds are valued using the net asset value of the fund, which is based on the fair value of the underlying securities.

Cash: These investments primarily consist of short-term investment funds which are valued using the net asset value.

Alternative Investments: These investments are reported at fair value as determined by the general partner of the alternative investment. The "market approach" valuation technique is used to value investments in these funds. The funds typically are open-end funds as they generally offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by each fund's governing documents. The amount of liquidity provided to investors in a particular fund generally is consistent with the liquidity and risk associated with the underlying portfolio (i.e., the more liquid the investments in the portfolio, the greater the liquidity provided to investors). Liquidity of individual funds varies based on various factors and may include "gates," "holdbacks" and "side pockets" imposed by the manager of the fund, as well as redemption fees that may also apply. Investments in these funds typically are valued utilizing the net asset valuations provided by their underlying investment managers, general partners or administrators. The funds consider subscription and redemption rights, including any restrictions on the disposition of the interest, in its determination of the fair value.

Insurance Contracts: Insurance contracts are valued using current prevailing interest rates.

The fair value of the Company's pension assets as of December 31, 2018 is as follows (in millions):

	Total	Level 1	Level 2	Level 3
Equity securities:				
Global equities	$ 104.4	$ 104.4	$ —	$ —
Non-U.S. equities	3.0	3.0	—	—
U.K. equities	112.4	112.4	—	—
U.S. large cap equities	4.5	4.5	—	—
U.S. small cap equities	2.4	2.4	—	—
Preferred securities	0.2	0.2		
Total equity securities	226.9	226.9	—	—
Fixed income:				
Aggregate fixed income	131.5	131.5	—	—
International fixed income	189.3	189.3	—	—
Total fixed income share(1)	320.8	320.8	—	—
Alternative investments:				
Private equity fund	2.3	—	—	2.3
Hedge funds measured at net asset value(4)	31.8	—	—	—
Total alternative investments(2)	34.1	—	—	2.3
Miscellaneous funds(3)	28.2	—	—	28.2
Cash and equivalents measured at net asset value(4)	7.1	—	—	—
Total assets	$ 617.1	$ 547.7	$ —	$ 30.5

(1) 36% of "fixed income" securities are in investment-grade corporate bonds; 27% are in government treasuries; 17% are in foreign securities; 13% are in high-yield securities; and 7% are in other various fixed income securities.
(2) 44% of "alternative investments" are in relative value funds; 22% are in long-short equity funds; 22% are in event-driven funds; 7% are distributed in hedged and non-hedged funds; and 5% are in credit funds.
(3) "Miscellaneous funds" is comprised of insurance contracts in Finland, Norway and Switzerland.
(4) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy.

The following is a reconciliation of Level 3 assets as of December 31, 2018 (in millions):

	Total	Alternative Investments	Miscellaneous Funds
Beginning balance as of December 31, 2017	$ 27.8	$ 2.4	$ 25.4
Actual return on plan assets:			
(a) Relating to assets still held at reporting date	0.8	(0.2)	1.0
(b) Relating to assets sold during period	—	—	—
Purchases, sales and /or settlements	3.2	0.1	3.1
Foreign currency exchange rate changes	(1.3)	—	(1.3)
Ending balance as of December 31, 2018	$ 30.5	$ 2.3	$ 28.2

The fair value of the Company's pension assets as of December 31, 2017 is as follows (in millions):

	Total	Level 1	Level 2	Level 3
Equity securities:				
Global equities	$ 121.7	$ 121.7	$ —	$ —
Non-U.S. equities	4.3	4.3	—	—
U.K. equities	129.9	129.9	—	—
U.S. large cap equities	6.9	6.9	—	—
U.S. small cap equities	4.4	4.4	—	—
Total equity securities	267.2	267.2	—	—
Fixed income:				
Aggregate fixed income	136.0	136.0	—	—
International fixed income	214.4	214.4	—	—
Total fixed income share(1)	350.4	350.4	—	—
Alternative investments:				
Private equity fund	2.4	—	—	2.4
Hedge funds measured at net asset value(4)	34.8	—	—	—
Total alternative investments(2)	37.2	—	—	2.4
Miscellaneous funds(3)	25.4	—	—	25.4
Cash and equivalents measured at net asset value(4)	11.6	—	—	—
Total assets	$ 691.8	$ 617.6	$ —	$ 27.8

(1) 30% of "fixed income" securities are in investment-grade corporate bonds; 29% are in government treasuries; 15% are in foreign securities; 13% are in high-yield securities; and 13% are in other various fixed income securities.
(2) 39% of "alternative investments" are in relative value funds; 26% are in long-short equity funds; 21% are in event-driven funds; 8% are distributed in hedged and non-hedged funds; and 6% are in credit funds.
(3) "Miscellaneous funds" is comprised of insurance contracts in Finland, Norway and Switzerland.
(4) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy.

The following is a reconciliation of Level 3 assets as of December 31, 2017 (in millions):

	Total	Alternative Investments	Miscellaneous Funds
Beginning balance as of December 31, 2016	$ 23.8	$ 2.4	$ 21.4
Actual return on plan assets:			
(a) Relating to assets still held at reporting date	(2.3)	(0.1)	(2.2)
(b) Relating to assets sold during period	—	—	—
Purchases, sales and /or settlements	3.4	0.1	3.3
Foreign currency exchange rate changes	2.9	—	2.9
Ending balance as of December 31, 2017	$ 27.8	$ 2.4	$ 25.4

All tax-qualified pension fund investments in the United States are held in the AGCO Corporation Master Pension Trust. The Company's global pension fund strategy is to diversify investments across broad categories of equity and fixed income securities with appropriate use of alternative investment categories to minimize risk and volatility. The primary investment objective of the Company's pension plans is to secure participant retirement benefits. As such, the key objective in the pension plans' financial management is to promote stability and, to the extent appropriate, growth in funded status.

The investment strategy for the plans' portfolio of assets balances the requirement to generate returns with the need to control risk. The asset mix is recognized as the primary mechanism to influence the reward and risk structure of the pension fund investments in an effort to accomplish the plans' funding objectives. The overall investment strategy for the U.S.-based pension plans is to achieve a mix of approximately 15% of assets for the near-term benefit payments and 85% for longer-term growth. The overall U.S. pension funds invest in a broad diversification of asset types. The Company's U.S. target allocation of retirement fund investments is 21.5% large- and small-cap domestic equity securities, 8.5% international equity securities, 55% broad fixed income securities, 10% in alternative investments and 5% in cash and cash equivalents. The Company has noted that over very long periods, this mix of investments would achieve an average return of approximately 5.75%. In arriving at the choice of an expected return assumption of 5.5% for its U.S. plans for the year ended December 31, 2019, the Company has tempered this historical indicator with lower expectations for returns and changes to investments in the future as well as the administrative costs of the plans. The overall investment strategy for the non-U.S. based pension plans is to achieve a mix of approximately 30% of assets for the near-term benefit payments and 70% for longer-term growth. The overall non-U.S. pension funds invest in a broad diversification of asset types. The Company's non-U.S. target allocation of retirement fund investments is 40% equity securities, 55% broad fixed income investments and 5% in alternative investments. The majority of the Company's non-U.S. pension fund investments are related to the Company's pension plan in the United Kingdom. The Company has noted that over very long periods, this mix of investments would achieve an average return of approximately 5.2%. In arriving at the choice of an expected return assumption of 4.75% for its U.K.-based plans for the year ended December 31, 2019, the Company has tempered this historical indicator with lower expectations for returns and changes to investments in the future as well as the administrative costs of the plans.

Equity securities primarily include investments in large-cap and small-cap companies located across the globe. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, agency mortgages, asset-backed securities and government securities. Alternative and other assets include investments in hedge fund of funds that follow diversified investment strategies. To date, the Company has not invested pension funds in its own stock and has no intention of doing so in the future.

Within each asset class, careful consideration is given to balancing the portfolio among industry sectors, geographies, interest rate sensitivity, dependence on economic growth, currency and other factors affecting investment returns. The assets are managed by professional investment firms, who are bound by precise mandates and are measured against specific benchmarks. Among asset managers, consideration is given, among others, to balancing security concentration, issuer concentration, investment style and reliance on particular active investment strategies.

The Company participates in a small number of multiemployer plans in the Netherlands and Sweden. The Company has assessed and determined that none of the multiemployer plans which it participates in are individually, or in the aggregate, significant to the Company's Consolidated Financial Statements. The Company does not expect to incur a withdrawal liability or expect to significantly increase its contributions over the remainder of the multiemployer plans' contract periods.

The Company maintains separate defined contribution plans covering certain employees, primarily in the United States, the United Kingdom and Brazil. Under the plans, the Company contributes a specified percentage of each eligible employee's compensation. The Company contributed approximately $15.8 million, $15.1 million and $14.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

9. Stockholders' Equity

Common Stock

At December 31, 2018, the Company had 150,000,000 authorized shares of common stock with a par value of $0.01 per share, with approximately 76,536,755 shares of common stock outstanding and approximately 3,436,426 shares reserved for issuance under the Company's 2006 Long-Term Incentive Plan (the "Plan") (Note 10).

Share Repurchase Program

During 2012 through 2016, the Company's Board of Directors approved several share repurchase authorizations under which the Company is permitted to repurchase up to $1,350.0 million of shares of its common stock.

During 2018 and 2016, the Company repurchased 3,120,184 and 4,413,250 shares of its common stock, respectively, for approximately $184.3 million and $212.5 million, respectively, either through Accelerated Share Repurchase ("ASR") agreements with financial institutions or through open market transactions. During 2017, the Company received approximately 70,464 shares associated with the remaining balance of shares to be delivered under an ASR agreement that was completed in November 2016. All shares received under the ASR agreements 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 Consolidated Balance Sheets.

During 2019, the Company entered into an ASR agreement with a financial institution to repurchase an aggregate of $30.0 million shares of its common stock. The Company received approximately 379,927 shares to date in this transaction. The specific number of shares the Company will ultimately repurchase will be determined at the completion of the term of the ASR based on the daily volume-weighted average share price of the Company's common stock less an agreed-upon discount. Upon settlement of the ASR, the Company may be entitled to receive additional shares of common stock or, under certain circumstances, be required to remit a settlement amount. The Company expects that additional shares will be received by the Company upon final settlement of its current ASR agreement, which expires during the second quarter of 2019. All shares received under the ASR agreement discussed above 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 Consolidated Balance Sheets.

As of December 31, 2018, the remaining amount authorized to be repurchased is approximately $147.1 million, of which $115.7 million expires in December 2019 and $31.4 million has no expiration date.

Dividends

The Company's Board of Directors has declared and the Company has paid quarterly cash dividends of $0.13 per common share beginning the first quarter of 2016, $0.14 per common share beginning the first quarter of 2017 and $0.15 per common share beginning the first quarter of 2018, respectively, and on January 25, 2019, the Company's Board of Directors approved a quarterly dividend of $0.15 per common share beginning the first quarter of 2019.

The following table sets forth changes in accumulated other comprehensive loss by component, net of tax, attributed to AGCO Corporation and its subsidiaries for the years ended December 31, 2018 and 2017 (in millions):

	Defined Benefit Pension Plans	Cumulative Translation Adjustment	Deferred Net Gains (Losses) on Derivatives	Total
Accumulated other comprehensive loss, December 31, 2016	$ (304.5)	$ (1,128.4)	$ (8.7)	$ (1,441.6)
Other comprehensive income before reclassifications	6.8	56.6	2.0	65.4
Net losses reclassified from accumulated other comprehensive loss	12.6	—	2.0	14.6
Other comprehensive income, net of reclassification adjustments	19.4	56.6	4.0	80.0
Accumulated other comprehensive loss, December 31, 2017	(285.1)	(1,071.8)	(4.7)	(1,361.6)
Other comprehensive loss before reclassifications	(10.3)	(202.6)	(1.1)	(214.0)
Net losses reclassified from accumulated other comprehensive loss	13.0	—	7.2	20.2
Other comprehensive income (loss), net of reclassification adjustments	2.7	(202.6)	6.1	(193.8)
Accumulated other comprehensive loss, December 31, 2018	$ (282.4)	$ (1,274.4)	$ 1.4	$ (1,555.4)

The following table sets forth reclassification adjustments out of accumulated other comprehensive loss by component attributed to AGCO Corporation and its subsidiaries for the years ended December 31, 2018 and 2017 (in millions):

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss: Year ended December 31, 2018(1)	Amount Reclassified from Accumulated Other Comprehensive Loss: Year ended December 31, 2017(1)	Affected Line Item within the Consolidated Statements of Operations
Derivatives:			
Net losses (gains) on foreign currency contracts	$ 2.3	$ (0.2)	Cost of goods sold
Net losses on interest rate swap contract	6.3	2.4	Interest expense, net
Reclassification before tax	8.6	2.2	
	(1.4)	(0.2)	Income tax provision
Reclassification net of tax	$ 7.2	$ 2.0	
Defined benefit pension plans:			
Amortization of net actuarial losses	$ 13.9	$ 13.5	Other expense, net(2)
Amortization of prior service cost	1.4	1.4	Other expense, net(2)
Reclassification before tax	15.3	14.9	
	(2.3)	(2.3)	Income tax provision
Reclassification net of tax	$ 13.0	$ 12.6	
Net losses reclassified from accumulated other comprehensive loss	$ 20.2	$ 14.6	

(1) Losses (gains) included within the Consolidated Statements of Operations for the years ended December 31, 2018 and 2017, respectively.
(2) These accumulated other comprehensive loss components are included in the computation of net periodic pension and postretirement benefit cost. See Note 8 to the Company's Consolidated Financial Statements.

10. Stock Incentive Plan

Under the Plan, up to 10,000,000 shares of AGCO common stock may be issued. As of December 31, 2018, of the 10,000,000 shares reserved for issuance under the Plan, approximately 3,436,426 shares were available for grant, assuming the maximum number of shares are earned related to the performance award grants discussed below. The Plan allows the Company, under the direction of the Board of Directors' Compensation Committee, to make grants of performance shares, stock appreciation rights, stock options, restricted stock units and restricted stock awards to employees, officers and non-employee directors of the Company.

Long-Term Incentive Plan and Related Performance Awards

The Company's primary long-term incentive plan is a performance share plan that provides for awards of shares of the Company's common stock based on achieving financial targets, such as targets for earnings per share, return on invested capital, operating margins and selling, general and administrative expenses and overhead levels, as determined by the Company's Board of Directors. The stock awards under the Plan are earned over a performance period, and the number of shares earned is determined based on annual cumulative or average results for the specified period, depending on the measurement. Performance periods for the Company's primary long-term incentive plan are consecutive and overlapping three-year cycles, and performance targets are set at the beginning of each cycle. The primary long-term incentive plan provides for participants to earn 33% to 200% of the target awards depending on the actual performance achieved, with no shares earned if performance is below the established minimum target. Awards earned under the Plan are paid in shares of common stock at the end of each three-year performance period. The percentage level achievement is determined annually, with the ultimate award that is earned determined based upon the average of the three annual percentages. The compensation expense associated with these awards is amortized ratably over the vesting or performance period based on the Company's projected assessment of the level of performance that will be achieved and earned.

Compensation expense recorded during 2018, 2017 and 2016 with respect to awards granted was based upon the stock price as of the grant date. The weighted average grant-date fair value of performance awards granted under the Plan during 2018, 2017 and 2016 was as follows:

	Years Ended December 31,		
	2018	2017	2016
Weighted average grant-date fair value	$ 71.40	$ 61.94	$ 47.93

During 2018, the Company granted 441,740 performance awards related to varying performance periods assuming the maximum target level of performance is achieved.

Performance award transactions during 2018 were as follows and are presented as if the Company were to achieve its maximum levels of performance under the plan:

Shares awarded but not earned at January 1	1,645,078
Shares awarded	441,740
Shares forfeited or unearned	(81,932)
Shares earned and vested	(1,066,024)
Shares awarded but not earned at December 31	938,862

Based on the level of performance achieved as of December 31, 2018, 839,090 shares were earned under the related performance period and 521,888 shares were issued in February 2019, net of 317,202 shares that were withheld for taxes related to the earned awards. The Plan allows for the participant to have the option of forfeiting a portion of the shares awarded in lieu of a cash payment contributed to the participant's tax withholding to satisfy the participant's statutory minimum federal, state and employment taxes which would be payable at the time of grant.

During 2017, the Company recorded approximately $4.8 million of accelerated stock compensation expense associated with a stock award declined by the Company's Chief Executive Officer.

As of December 31, 2018, the total compensation cost related to unearned performance awards not yet recognized, assuming the Company's current projected assessment of the level of performance that will be achieved and earned, was approximately $31.6 million, and the weighted average period over which it is expected to be recognized is approximately two years. This estimate is based on the current projected levels of performance of outstanding awards. The compensation cost not yet recognized could be higher or lower based on actual achieved levels of performance.

Restricted Stock Units

During the year ended December 31, 2018, the Company granted 247,404 restricted stock unit ("RSU") awards. These awards entitle the participant to receive one share of the Company's common stock for each RSU granted and vest one-third per year over a three-year requisite service period. The compensation expense associated with these awards is being amortized ratably over the requisite service period for the awards that are expected to vest. The weighted average grant-date fair value of the RSUs granted under the Plan during the year ended December 31, 2018 and 2017 was $63.99 and $61.99, respectively. RSU transactions during the year ended December 31, 2018 were as follows:

Shares awarded but not vested at January 1	237,468
Shares awarded	247,404
Shares forfeited	(11,695)
Shares vested	(120,202)
Shares awarded but not vested at December 31	352,975

As of December 31, 2018, the total compensation cost related to the unvested RSUs not yet recognized was approximately $14.2 million, and the weighted average period over which it is expected to be recognized is approximately two years.

Stock-settled Appreciation Rights

In addition to the performance share plans, certain executives and key managers are eligible to receive grants of SSARs. The SSARs provide a participant with the right to receive the aggregate appreciation in stock price over the market price of the Company's common stock at the date of grant, payable in shares of the Company's common stock. The participant may exercise his or her SSARs at any time after the grant is vested but no later than seven years after the date of grant. The SSARs vest ratably over a four-year period from the date of grant. SSAR awards made to certain executives and key managers under the Plan are made with the base price equal to the price of the Company's common stock on the date of grant. The Company recorded stock compensation expense of approximately $2.4 million, $3.0 million and $3.8 million associated with SSAR awards during 2018, 2017 and 2016, respectively. The compensation expense associated with these awards is being amortized ratably over the vesting period. The Company estimated the fair value of the grants using the Black-Scholes option pricing model.

The weighted average grant-date fair value of SSAR awards granted under the Plan and the weighted average assumptions under the Black-Scholes option model were as follows for the years ended December 31, 2018, 2017 and 2016:

	Years Ended December 31,		
	2018	2017	2016
Weighted average grant-date fair value	$ 12.88	$ 11.45	$ 7.98
Weighted average assumptions under Black-Scholes option model:			
Expected life of awards (years)	3.0	3.0	3.0
Risk-free interest rate	2.2%	1.5%	1.1%
Expected volatility	23.7%	25.9%	25.9%
Expected dividend yield	0.8%	0.9%	1.1%

SSAR transactions during the year ended December 31, 2018 were as follows:

SSARs outstanding at January 1		1,060,192
SSARs granted		157,700
SSARs exercised		(109,950)
SSARs canceled or forfeited		(8,350)
SSARs outstanding at December 31		1,099,592
SSAR price ranges per share:		
Granted	$	73.14
Exercised		43.39 - 63.47
Canceled or forfeited		43.88 - 63.47
Weighted average SSAR exercise prices per share:		
Granted	$	73.14
Exercised		51.01
Canceled or forfeited		53.68
Outstanding at December 31		55.58

At December 31, 2018, the weighted average remaining contractual life of SSARs outstanding was approximately four years. As of December 31, 2018, the total compensation cost related to unvested SSARs not yet recognized was approximately $3.8 million and the weighted-average period over which it is expected to be recognized is approximately two years.

The following table sets forth the exercise price range, number of shares, weighted average exercise price, and remaining contractual lives by groups of similar price as of December 31, 2018:

	SSARs Outstanding			SSARs Exercisable	
Range of Exercise Prices	**Number of Shares**	**Weighted Average Remaining Contractual Life (Years)**	**Weighted Average Exercise Price**	**Exercisable as of December 31, 2018**	**Weighted Average Exercise Price**
$43.88-$52.85	528,600	3.3	$ 45.90	318,675	$ 46.06
$55.07-$73.14	570,992	4.6	$ 64.54	202,192	$ 58.88
	1,099,592			520,867	$ 51.03

The total fair value of SSARs vested during 2018 was approximately $2.8 million. There were 578,725 SSARs that were not vested as of December 31, 2018. The total intrinsic value of outstanding and exercisable SSARs as of December 31, 2018 was $5.2 million and $3.1 million, respectively. The total intrinsic value of SSARs exercised during 2018 was approximately $1.5 million.

The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs, vesting of RSU awards and vesting of performance awards under the Plan was approximately $1.6 million for the year ended December 31, 2018. The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs and vesting of RSU awards under the Plan was approximately $0.1 million for the year ended December 31, 2017. The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs and vesting of RSU awards under the Plan was less than $0.1 million for the year ended December 31, 2016. The Company realized an insignificant tax benefit from the exercise of SSARs, vesting of performance awards and vesting of RSU awards in certain foreign jurisdictions during the years ended December 31, 2018, 2017 and 2016.

On January 22, 2019, the Company granted 273,665 performance award shares (subject to the Company achieving future target levels of performance), 243,600 SSARs and 131,116 RSUs under the Plan.

Director Restricted Stock Grants

Pursuant to the Plan, all non-employee directors receive annual restricted stock grants of the Company's common stock. All restricted stock grants made to the Company's directors are restricted as to transferability for a period of one year. In the event a director departs from the Company's Board of Directors, the non-transferability period expires immediately. The plan allows each director to have the option of forfeiting a portion of the shares awarded in lieu of a cash payment contributed to the participant's tax withholding to satisfy the statutory minimum federal, state and employment taxes that would be payable at the time of grant. The 2018 grant was made on April 26, 2018 and equated to 17,226 shares of common stock, of which 12,629 shares of common stock were issued, after shares were withheld for taxes. The Company recorded stock compensation expense of approximately $1.1 million during 2018 associated with these grants.

11. Derivative Instruments and Hedging Activities

The Company has significant manufacturing operations in the United States, France, Germany, Finland and Brazil, and it purchases a portion of its tractors, combines and components from third-party foreign suppliers, primarily in various European countries and in Japan. The Company also sells products in approximately 140 countries throughout the world. The Company's most significant transactional foreign currency exposures are the Euro, Brazilian real and the Canadian dollar in relation to the United States dollar, and the British pound in relation to the Euro. The Company attempts to manage its transactional foreign exchange exposure by hedging foreign currency cash flow forecasts and commitments arising from the anticipated settlement of receivables and payables and from future purchases and sales. Where naturally offsetting currency positions do not occur, the Company hedges certain, but not all, of its exposures through the use of foreign currency contracts. The Company's translation exposure resulting from translating the financial statements of foreign subsidiaries into United States dollars may be partially hedged from time to time. The Company's most significant translation exposures are the Euro, the British pound and the Brazilian real in relation to the United States dollar. When practical, the translation impact is reduced by financing local operations with local borrowings.

The Company uses floating rate and fixed rate debt to finance its operations. The floating rate debt obligations expose the Company to variability in interest payments due to changes in the EURIBOR and LIBOR benchmark interest rates. The Company believes it is prudent to limit the variability of a portion of its interest payments, and to meet that objective, the Company periodically enters into interest rate swaps to manage the interest rate risk associated with the Company's borrowings. The Company designates interest rate contracts used to convert the interest rate exposure on a portion of the Company's debt portfolio from a floating rate to a fixed rate as cash flow hedges, while those contracts converting the Company's interest rate exposure from a fixed rate to a floating rate are designated as fair value hedges.

To protect the value of the Company's investment in foreign operations against adverse changes in foreign currency exchange rates, the Company from time to time, may hedge a portion of the Company's net investment in the foreign subsidiaries by using a cross currency swap. The component of the gains and losses on the Company's net investment in the designated foreign operations driven by changes in foreign exchange rates are economically offset by movements in the fair value of the cross currency swap contracts.

The Company's senior management establishes the Company's foreign currency and interest rate risk management policies. These policies are reviewed periodically by the Finance Committee of the Company's Board of Directors. The policies allow for the use of derivative instruments to hedge exposures to movements in foreign currency and interest rates. The Company's policies prohibit the use of derivative instruments for speculative purposes.

All derivatives are recognized on the Company's Consolidated Balance Sheets at fair value. On the date the derivative contract is entered into, the Company designates the derivative as either (1) a cash flow hedge of a forecasted transaction, (2) a fair value hedge of a recognized liability, (3) a hedge of a net investment in a foreign operation, or (4) a non-designated derivative instrument.

The Company formally documents all relationships between hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking various hedge transactions. The Company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flow of hedged items or the net investment hedges in foreign operations. When it is determined that a derivative is no longer highly effective as a hedge, hedge accounting is discontinued on a prospective basis.

The Company categorizes its derivative assets and liabilities into one of three levels based on the assumptions used in valuing the asset or liability. See Note 13 for a discussion of the fair value hierarchy as per the guidance in ASC 820. The Company's valuation techniques are designed to maximize the use of observable inputs and minimize the use of unobservable inputs.

Counterparty Risk

The Company regularly monitors the counterparty risk and credit ratings of all the counterparties to the derivative instruments. The Company believes that its exposures are appropriately diversified across counterparties and that these counterparties are creditworthy financial institutions. If the Company perceives any risk with a counterparty, then the Company would cease to do business with that counterparty. There have been no negative impacts to the Company from any non-performance of any counterparties.

Derivative Transactions Designated as Hedging Instruments

Cash Flow Hedges

Foreign Currency Contracts

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates. The changes in the fair values of these cash flow hedges are recorded in accumulated other comprehensive loss and are subsequently reclassified into "Cost of goods sold" during the period the sales and purchases are recognized. These amounts offset the effect of the changes in foreign currency rates on the related sale and purchase transactions.

During 2018, 2017 and 2016, the Company designated certain foreign currency contracts as cash flow hedges of expected future sales and purchases. The total notional value of derivatives that were designated as cash flow hedges was $127.0 million and $96.8 million as of December 31, 2018 and 2017, respectively.

Interest Rate Swap Contract

The Company monitors the mix of short-term and long-term debt regularly. From time to time, the Company manages the risk to interest rate fluctuations through the use of derivative financial instruments. During 2015, the Company entered into an interest rate swap instrument with a notional amount of €312.0 million and an expiration date of June 26, 2020. The swap was designated and accounted for as a cash flow hedge. Under the swap agreement, the Company paid a fixed interest rate of 0.33% plus the applicable margin, and the counterparty to the agreement paid a floating interest rate based on the three-month EURIBOR. Changes in the fair value of the interest rate swap were recorded in accumulated other comprehensive loss and were subsequently reclassified into "Interest expense, net" as a rate adjustment in the same period in which the related interest on the Company's floating rate term loan facility affected earnings. As a result of the Company's new credit facility agreement entered into in October 2018 and the repayment of the €312.0 million (or approximately $360.8 million) term loan under the Company's former revolving credit facility, as well as the change in the mix of the Company's short-term and long-term debt, the Company terminated the interest rate swap instrument and recorded a loss of approximately $3.9 million which was recorded in "Interest expense, net" for the year ended December 31, 2018. Refer to Note 7 for further information.

The following table summarizes the after-tax impact that changes in the fair value of derivatives designated as cash flow hedges had on accumulated other comprehensive loss and net income during 2018, 2017 and 2016 (in millions):

	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss	Recognized in Net Income: Classification of Gain (Loss)	Recognized in Net Income: (Loss) Gain Reclassified from Accumulated Other Comprehensive Loss into Income	Recognized in Net Income: Total Amount of the Line Item in the Condensed Consolidated Statements of Operations Containing Hedge Gains (Losses)
2018				
Foreign currency contracts[(1)]	$ 0.4	Cost of goods sold	$ (2.2)	$ 7,355.3
Interest rate swap contract	(1.5)	Interest expense, net	(5.0)	53.8
Total	$ (1.1)		$ (7.2)	
2017				
Foreign currency contracts	$ 2.7	Cost of goods sold	$ 0.4	$ 6,541.2
Interest rate swap contract	(0.7)	Interest expense, net	(2.4)	45.1
Total	$ 2.0		$ (2.0)	
2016				
Foreign currency contracts	$ (2.6)	Cost of goods sold	$ 1.0	$ 5,895.0
Interest rate swap contract	(5.1)	Interest expense, net	(2.0)	52.1
Total	$ (7.7)		$ (1.0)	

(1) The outstanding contracts as of December 31, 2018 range in maturity through December 2019.

The following table summarizes the activity in accumulated other comprehensive loss related to the derivatives held by the Company during the years ended December 31, 2018, 2017 and 2016 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated derivative net losses as of December 31, 2015	$ (3.3)	$ (1.3)	$ (2.0)
Net changes in fair value of derivatives	(7.8)	(0.1)	(7.7)
Net losses reclassified from accumulated other comprehensive loss into income	1.0	—	1.0
Accumulated derivative net losses as of December 31, 2016	(10.1)	(1.4)	(8.7)
Net changes in fair value of derivatives	1.9	(0.1)	2.0
Net losses reclassified from accumulated other comprehensive loss into income	2.2	0.2	2.0
Accumulated derivative net losses as of December 31, 2017	(6.0)	(1.3)	(4.7)
Net changes in fair value of derivatives	(1.0)	0.1	(1.1)
Net losses reclassified from accumulated other comprehensive loss into income	8.6	1.4	7.2
Accumulated derivative net gains as of December 31, 2018	$ 1.6	$ 0.2	$ 1.4

Fair Value Hedges

The Company uses interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that results from fluctuations in benchmark interest rates. During 2016, the Company terminated an interest rate swap transaction with a notional amount of $300.0 million and received cash proceeds of approximately $7.3 million. The resulting gain was deferred and was being amortized as a reduction to "Interest expense, net" over the remaining term of the Company's $5^7/_8$% senior notes through December 1, 2021. During 2018, the remaining unamortized gain was recognized primarily through accelerated amortization due to the repurchase of the $5^7/_8$% senior notes as is more fully described in Note 7.

Net Investment Hedges

The Company uses non-derivative and derivative instruments, to hedge a portion of its net investment in foreign operations against adverse movements in exchange rates. For instruments that are designated as hedges of net investments in foreign operations, changes in the fair value of the derivative instruments are recorded in foreign currency translation adjustments, a component of accumulated other comprehensive loss, to offset changes in the value of the net investments being hedged. When the net investment in foreign operations is sold or substantially liquidates, the amounts recorded in accumulated other comprehensive loss are reclassified to earnings. To the extent foreign currency denominated debt is de-designated from a net investment hedge relationship, changes in the value of the foreign currency denominated debt are recorded in earnings through the maturity date.

During 2015, the Company designated its €312.0 million term loan facility with a maturity date of June 26, 2020 as a hedge of its net investment in foreign operations to offset foreign currency translation gains or losses on the net investment. In October 2018, the Company repaid the term loan facility and the foreign currency denominated debt was de-designated as a net investment hedge. Refer to Note 7 for further information.

In January 2018, the Company entered into a cross currency swap contract as a hedge of its net investment in foreign operations to offset foreign currency translation gains or losses on the net investment. The cross currency swap has an expiration date of January 19, 2021. At maturity of the cross currency swap contract, the Company will deliver the notional amount of approximately €245.7 million (or approximately $281.0 million as of December 31, 2018) and will receive $300.0 million from the counterparties. The Company will receive quarterly interest payments from the counterparties based on a fixed interest rate until maturity of the cross currency swap.

The following table summarizes the notional values of the instrument designated as a net investment hedge (in millions):

	Notional Amount as of	
	December 31, 2018	December 31, 2017
Foreign currency denominated debt	$ —	$ 374.2
Cross currency swap contract	300.0	—

The following table summarizes the after-tax impact of changes in the fair value of the instrument designated as a net investment hedge (in millions):

	(Loss) Gain Recognized in Accumulated Other Comprehensive Loss for the Years Ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Foreign currency denominated debt	$ (14.4)	$ (45.0)	$ 12.7
Cross currency swap contract	17.7	—	—

Derivative Transactions Not Designated as Hedging Instruments

During 2018, 2017 and 2016, the Company entered into foreign currency contracts to economically hedge receivables and payables on the Company and its subsidiaries' balance sheets that are denominated in foreign currencies other than the functional currency. These contracts were classified as non-designated derivative instruments. Gains and losses on such contracts are substantially offset by losses and gains on the remeasurement of the underlying asset or liability being hedged and are immediately recognized into earnings. As of December 31, 2018 and 2017, the Company had outstanding foreign currency contracts with a notional amount of approximately $1,335.8 million and $1,701.4 million, respectively.

The following table summarizes the impact that changes in the fair value of derivatives not designated as hedging instruments had on net income (in millions):

		For the Years Ended		
	Classification of (Loss) Gain	December 31, 2018	December 31, 2017	December 31, 2016
Foreign currency contracts	Other expense, net	$ (1.4)	$ 38.3	$ (5.7)

The table below sets forth the fair value of derivative instruments as of December 31, 2018 (in millions):

	Asset Derivatives as of December 31, 2018		Liability Derivatives as of December 31, 2018	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative instruments designated as hedging instruments:				
Foreign currency contracts	Other current assets	$ 1.9	Other current liabilities	$ 0.4
Cross currency swap contract	Other noncurrent assets	17.7	Other noncurrent liabilities	—
Derivative instruments not designated as hedging instruments:				
Foreign currency contracts	Other current assets	5.1	Other current liabilities	6.2
Total derivative instruments		$ 24.7		$ 6.6

The table below sets forth the fair value of derivative instruments as of December 31, 2017 (in millions):

	Asset Derivatives as of December 31, 2017		Liability Derivatives as of December 31, 2017	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative instruments designated as hedging instruments:				
Foreign currency contracts	Other current assets	$ —	Other current liabilities	$ 1.2
Interest rate contract	Other noncurrent assets	—	Other noncurrent liabilities	4.8
Derivative instruments not designated as hedging instruments:				
Foreign currency contracts	Other current assets	7.8	Other current liabilities	11.0
Total derivative instruments		$ 7.8		$ 17.0

12. Commitments and Contingencies

The future payments required under the Company's significant commitments, excluding indebtedness, as of December 31, 2018 are as follows (in millions):

	Payments Due By Period						
	2019	2020	2021	2022	2023	Thereafter	Total
Interest payments related to indebtedness(1)	$ 15.0	$ 11.4	$ 10.6	$ 8.2	$ 5.2	$ 8.6	$ 59.0
Capital lease obligations	4.6	3.9	2.0	0.9	0.6	3.5	15.5
Operating lease obligations	46.7	39.5	32.6	26.0	21.7	85.5	252.0
Unconditional purchase obligations(2)	79.1	10.8	6.9	1.0	—	—	97.8
Other short-term and long-term obligations(3)	98.9	83.7	53.5	22.1	26.8	37.4	322.4
Total contractual cash obligations	$ 244.3	$ 149.3	$ 105.6	$ 58.2	$ 54.3	$ 135.0	$ 746.7

(1) Estimated interest payments are calculated assuming current interest rates over minimum maturity periods specified in debt agreements. Debt may be repaid sooner or later than such minimum maturity periods (unaudited).

(2) Unconditional purchase obligations exclude routine purchase orders entered into in the normal course of business.

(3) Other short-term and long-term obligations include estimates of future minimum contribution requirements under the Company's U.S. and non-U.S. defined benefit pension and postretirement plans. These estimates are based on current legislation in the countries the Company operates within and are subject to change. Other short-term and long-term obligations also include income tax liabilities related to uncertain income tax positions connected with ongoing income tax audits in various jurisdictions (unaudited).

	Amount of Commitment Expiration Per Period						
	2019	2020	2021	2022	2023	Thereafter	Total
Guarantees	$ 36.9	$ 4.7	$ 5.2	$ 3.6	$ 3.1	$ 0.7	$ 54.2

Off-Balance Sheet Arrangements

Guarantees

The Company maintains a remarketing agreement with its U.S. finance joint venture, AGCO Finance LLC, whereby the Company is obligated to repurchase up to $6.0 million of repossessed equipment each calendar year. The Company believes that any losses that might be incurred on the resale of this equipment will not materially impact the Company's financial position or results of operations, due to the fair value of the underlying equipment.

At December 31, 2018, the Company has outstanding guarantees of indebtedness owed to third parties of approximately $40.6 million, primarily related to dealer and end-user financing of equipment. Such guarantees generally obligate the Company to repay outstanding finance obligations owed to financial institutions if dealers or end users default on such loans through 2023. Losses under such guarantees historically have been insignificant. In addition, the Company generally would expect to be able to recover a significant portion of the amounts paid under such guarantees from the sale of the underlying financed farm equipment, as the fair value of such equipment is expected to be sufficient to offset a substantial portion of the amounts paid. The Company believes the credit risk associated with these guarantees is not material to its financial position or results of operations.

In addition, at December 31, 2018, the Company had accrued approximately $13.6 million of outstanding guarantees of minimum residual values that may be owed to its finance joint ventures in the United States and Canada due upon expiration of certain eligible operating leases between the finance joint ventures and end users.

Other

At December 31, 2018, the Company had outstanding designated and non-designated foreign exchange contracts with a gross notional amount of approximately $1,462.8 million. The outstanding contracts as of December 31, 2018 range in maturity through December 2018 (Note 11).

The Company sells a majority of its wholesale receivables in North America, Europe and Brazil to its U.S., Canadian, European and Brazilian finance joint ventures. The Company also sells certain accounts receivable under factoring arrangements to financial institutions around the world. The Company reviewed the sale of such receivables and determined that these facilities should be accounted for as off-balance sheet transactions.

Total lease expense under noncancelable operating leases was $72.1 million, $73.0 million and $76.8 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Contingencies

In August 2008, as part of routine audits, the Brazilian taxing authorities disallowed deductions relating to the amortization of certain goodwill recognized in connection with a reorganization of the Company's Brazilian operations and the related transfer of certain assets to the Company's Brazilian subsidiaries. The amount of the tax disallowance through December 31, 2018, not including interest and penalties, was approximately 131.5 million Brazilian Reais (or approximately $33.9 million). The amount ultimately in dispute will be significantly greater because of interest and penalties. The Company has been advised by its legal and tax advisors that its position with respect to the deductions is allowable under the tax laws of Brazil. The Company is contesting the disallowance and believes that it is not likely that the assessment, interest or penalties will be required to be paid. However, the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which could take several years.

The Company is a party to various other legal claims and actions incidental to its business. The Company believes that none of these claims or actions, either individually or in the aggregate, is material to its business or financial statements as a whole, including its results of operations and financial condition.

13. Fair Value of Financial Instruments

The Company categorizes its assets and liabilities into one of three levels based on the assumptions used in valuing the asset or liability. Estimates of fair value for financial assets and liabilities are based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. In accordance with this guidance, fair value measurements are classified under the following hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Model-derived valuations in which one or more significant inputs are unobservable.

The Company categorizes its pension plan assets into one of the three levels of the fair value hierarchy. See Note 8 for a discussion of the valuation methods used to measure the fair value of the Company's pension plan assets.

The Company enters into foreign currency and interest rate swap contracts. The fair values of the Company's derivative instruments are determined using discounted cash flow valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. Inputs used in these discounted cash flow valuation models for derivative instruments include the applicable exchange rates, forward rates or interest rates. Such models used for option contracts also use implied volatility. See Note 11 for a discussion of the Company's derivative instruments and hedging activities.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 and 2017 are summarized below (in millions):

	As of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Derivative assets	$ —	$ 24.7	$ —	$ 24.7
Derivative liabilities	$ —	$ 6.6	$ —	$ 6.6

	As of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Derivative assets	$ —	$ 7.8	$ —	$ 7.8
Derivative liabilities	$ —	$ 17.0	$ —	$ 17.0

Cash and cash equivalents, accounts and notes receivable, and accounts payable are valued at their carrying amounts in the Company's Consolidated Balance Sheets, due to the immediate or short-term maturity of these financial instruments.

The carrying amounts of long-term debt under the Company's 1.056% senior term loan, senior term loans due 2022, credit facility and senior term loans due between 2019 and 2028 (Note 7) approximate fair value based on the borrowing rates currently available to the Company for loans with similar terms and average maturities.

14. Related Party Transactions

Rabobank, a financial institution based in the Netherlands, is a 51% owner in the Company's finance joint ventures, which are located in the United States, Canada, Europe, Brazil, Argentina and Australia. Rabobank is also the principal agent and participant in the Company's revolving credit facility (Note 7). The majority of the assets of the Company's finance joint ventures represents finance receivables. The majority of the liabilities represents notes payable and accrued interest. Under the various joint venture agreements, Rabobank or its affiliates provide financing to the joint venture companies, primarily through lines of credit. During both 2018 and 2017, the Company did not make additional investments in its finance joint ventures. During 2016, the Company made a total of approximately $2.8 million of additional investments in its retail finance joint venture in the Netherlands, primarily related to additional capital required as a result of increased retail finance portfolios during 2016. During 2018 and 2017, the Company received dividends of approximately $29.4 million and $78.5 million, respectively, from certain of the Company's finance joint ventures.

The Company's finance joint ventures provide retail financing and wholesale financing to its dealers. The terms of the financing arrangements offered to the Company's dealers are similar to arrangements the finance joint ventures provide to unaffiliated third parties. In addition, the Company transfers, on an ongoing basis, a majority of its wholesale receivables in North America, Europe and Brazil to its U.S., Canadian, European and Brazilian finance joint ventures (Note 4). The Company maintains a remarketing agreement with its U.S. finance joint venture (Note 12). In addition, as part of sales incentives provided to end users, the Company may from time to time subsidize interest rates of retail financing provided by its finance joint ventures. The cost of those programs is recognized at the time of sale to the Company's dealers.

Tractors and Farm Equipment Limited ("TAFE"), in which the Company holds a 23.75% interest, manufactures and sells Massey Ferguson-branded equipment primarily in India, and also supplies tractors and components to the Company for sale in other markets. Mallika Srinivasan, who is the Chairman and Chief Executive Officer of TAFE, is currently a member of the Company's Board of Directors. As of December 31, 2018, TAFE owned 12,150,152 shares of the Company's common stock. The Company and TAFE are parties to an agreement pursuant to which, among other things, TAFE has agreed not to purchase in excess of 12,170,290 shares of the Company's common stock, subject to certain adjustments, and the Company has agreed to annually nominate a TAFE representative to its Board of Directors. During 2018, 2017 and 2016, the Company purchased approximately $109.6 million, $102.0 million and $128.5 million, respectively, of tractors and components from TAFE. During 2018, 2017 and 2016, the Company sold approximately $1.8 million, $1.2 million and $1.1 million, respectively, of parts to TAFE. The Company received dividends from TAFE of approximately $1.8 million, during both 2018 and 2017, and $1.6 million during 2016.

During 2018, 2017 and 2016, the Company paid approximately $3.5 million, $7.2 million and $3.1 million, respectively, to PPG Industries, Inc. for painting materials used in the Company's manufacturing processes. The Company's Chairman, President and Chief Executive Officer is currently a member of the board of directors of PPG Industries, Inc.

During 2018, 2017 and 2016, the Company paid approximately $1.6 million, $1.5 million and $2.0 million, respectively, to Praxair, Inc. for propane, gas and welding, and laser consumables used in the Company's manufacturing processes. The Company's Chairman, President and Chief Executive Officer is currently a member of the board of directors of Praxair, Inc.

15. Segment Reporting

Effective January 1, 2017, the Company modified its system of reporting, resulting from changes to its internal management and organizational structure, which changed its reportable segments from North America; South America; Europe/Africa/Middle East; and Asia/Pacific to North America; South America; Europe/Middle East; and Asia/Pacific/Africa. The Asia/Pacific/Africa reportable segment includes the regions of Africa, Asia, Australia and New Zealand, and the Europe/Middle East segment no longer includes certain markets in Africa. Effective January 1, 2017, these reportable segments are reflective of how the Company's chief operating decision maker reviews operating results for the purposes of allocating resources and assessing performance. Disclosures for the years ended December 31, 2018, 2017 and 2016 have been adjusted to reflect the change in reportable segments.

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 years ended December 31, 2018, 2017 and 2016 based on the Company's current reportable segments are as follows (in millions):

Years Ended December 31,	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
2018					
Net sales	$ 2,180.1	$ 959.0	$ 5,385.1	$ 827.8	$ 9,352.0
Income (loss) from operations	103.1	(10.1)	601.1	49.6	743.7
Depreciation	67.6	30.5	111.3	15.8	225.2
Assets	1,032.1	736.1	1,905.8	501.1	4,175.1
Capital expenditures	43.3	30.4	120.3	9.3	203.3
2017					
Net sales	$ 1,876.7	$ 1,063.5	$ 4,614.3	$ 752.0	$ 8,306.5
Income from operations	66.9	15.4	493.3	48.8	624.4
Depreciation	61.5	30.5	113.0	17.8	222.8
Assets	1,064.1	752.1	2,074.4	499.4	4,390.0
Capital expenditures	59.1	43.0	92.9	8.9	203.9
2016					
Net sales	$ 1,807.7	$ 917.5	$ 4,089.7	$ 595.6	$ 7,410.5
Income from operations	41.6	20.4	400.2	19.7	481.9
Depreciation	62.5	22.9	116.6	21.4	223.4
Assets	978.5	739.4	1,635.2	426.3	3,779.4
Capital expenditures	45.3	56.0	90.1	9.6	201.0

A reconciliation from the segment information to the consolidated balances for income from operations and total assets is set forth below (in millions):

	2018	2017	2016
Segment income from operations	$ 743.7	$ 624.4	$ 481.9
Corporate expenses	(133.7)	(116.2)	(114.9)
Stock compensation expense	(44.3)	(35.6)	(16.9)
Restructuring expenses	(12.0)	(11.2)	(11.9)
Amortization of intangibles	(64.7)	(57.0)	(51.2)
Consolidated income from operations	$ 489.0	$ 404.4	$ 287.0
Segment assets	$ 4,175.1	$ 4,390.0	$ 3,779.4
Cash and cash equivalents	326.1	367.7	429.7
Investments in affiliates	400.0	409.0	414.9
Deferred tax assets, other current and noncurrent assets	656.6	614.6	560.7
Intangible assets, net	573.1	649.0	607.3
Goodwill	1,495.5	1,541.4	1,376.4
Consolidated total assets	$ 7,626.4	$ 7,971.7	$ 7,168.4

Property, plant and equipment and amortizable intangible assets by country as of December 31, 2018 and 2017 was as follows (in millions):

	2018	2017
United States	$ 593.6	$ 647.9
Germany	371.5	405.5
Brazil	187.7	217.9
Finland	130.0	149.9
China	109.4	127.7
Denmark	108.7	125.7
Italy	115.1	123.0
France	75.6	66.0
Other	167.7	182.1
	$ 1,859.3	$ 2,045.7

16. Revenue

Revenue is recognized when the Company satisfies the performance obligation by transferring control over goods or services to a dealer, distributor or other customer. The amount of revenue recognized is measured as the consideration the Company expects to receive in exchange for those goods or services pursuant to a contract with the customer. A contract exists once the Company receives and accepts a purchase order under a dealer sales agreement, or once the Company enters into a contract with an end user. The Company does not recognize revenue in cases where collectability is not probable, and defers the recognition until collection is probable or payment is received.

The Company generates revenue from the manufacture and distribution of agricultural equipment and replacement parts. Sales of equipment and replacement parts, which represents a majority of the Company's net sales, are recorded by the Company at the point in time when title and control have been transferred to an independent dealer, distributor or other customer. Title generally passes to the dealer or distributor upon shipment or specified delivery, and the risk of loss upon damage, theft or destruction of the equipment is the responsibility of the dealer, distributor or designated third-party carrier. The Company believes control passes and the performance obligation is satisfied at the point of the stated shipping or delivery term with respect to such sales.

The amount of consideration the Company receives and the revenue recognized varies with certain sales incentives the Company offers to dealers and distributors. Estimates for sales incentives are made at the time of sale for existing incentive programs using the expected value method. These estimates are revised in the event of subsequent modification to the incentive program. All incentive programs are recorded and presented as a reduction of revenue, due to the fact that the Company does not receive a distinct good or service in exchange for the consideration provided.

Dealers or distributors may not return equipment or replacement parts while its contract with the Company is in force, except for under established promotional and annual replacement parts return programs. At the time of sale, the Company estimates the amount of returns based on the terms of promotional and annual return programs and anticipated returns in the future.

Sales and other related taxes are excluded from the transaction price. Shipping and handling costs associated with freight are accounted for as fulfillment costs and are expensed at the time revenue is recognized in “Cost of goods sold” and “Selling, general and administrative expenses” in the Company’s Consolidated Statements of Operations.

The Company applied the practical expedient in ASU 2014-09 to not adjust the amount of revenue to be recognized under a contract with a dealer, distributor or other customer for the time value of money when the difference between the receipt of payment and the recognition of revenue is less than one year.

Although, substantially all revenue is recognized at a point in time, a relatively insignificant amount of installation revenue associated with the sale of grain storage and protein production systems is recognized on an “over time” basis as discussed below. The Company also recognizes revenue “over time” with respect to extended warranty or maintenance contracts and certain technology services. Generally, all of the contracts with customers that relate to “over time” revenue recognition have contract durations of less than 12 months.

Grain Storage and Protein Production Systems Installation Revenue. In certain countries, the Company sells grain storage and protein production systems where the Company is responsible for construction and installation, and the sale is contingent upon customer acceptance. Under these conditions, the revenues are recognized over the term of the contract when the Company can objectively determine control has been transferred to the customer in accordance with agreed-upon specifications in the contract. For these contracts, the Company may be entitled to receive an advance payment, which is recognized as a contract liability for the amount in excess of the revenue recognized. The Company uses the input method using costs incurred to date relative to total estimated costs at completion to measure the progress toward satisfaction of the performance obligation. Revenues are recorded proportionally as costs are incurred. Costs include labor, material and overhead. The estimation of the progress toward completion is subject to various assumptions. As part of the estimation process, the Company reviews the length of time to complete the performance obligation, the cost of materials and labor productivity. If a significant change in one of the assumptions occurs, then the Company will recognize an adjustment under the cumulative catch-up method and the impact of the adjustment on the revenue recorded to date is recognized in the period the adjustment is identified.

Extended Warranty Contracts. The Company sells separately priced extended warranty contracts, which extends coverage beyond the base warranty period. Revenue is recognized for the extended warranty contract on a straight-line basis, which the Company believes approximates the costs expected to be incurred in satisfying the obligations, over the extended warranty period. The extended warranty period ranges from one to five years. Payment is received at the inception of the extended warranty contract, which is recognized as a contract liability for the amount in excess of the revenue recognized. The revenue associated with the sale of extended warranty contracts is insignificant.

Technology Services Revenue. The Company sells a combination of technology products and services. When the bundled package of technology products and services is sold, the portion of the consideration received related to the services component is recognized over time as the Company satisfies the future performance obligation. Revenue is recognized for the hardware component when control is transferred to the dealer or distributor. The revenue associated with the sale of technology services is insignificant.

Contract Assets and Liabilities

Contract assets relate to the Company’s right to recover returned replacement parts. When the refund for the returned replacement part is settled with the dealer or distributor, the contract asset is then transferred to inventory. Contract liabilities relate to the following: (1) the obligation to refund dealers or distributors for the expected return of replacement parts, (2) unrecognized revenues where advance payment of consideration precedes the Company’s performance with respect to extended warranty contracts and where the performance obligation is satisfied over time, (3) unrecognized revenues where advance payment of consideration precedes the Company's performance with respect to certain grain storage and protein production systems and where the performance obligation is satisfied over time and (4) unrecognized revenues where advance payment consideration precedes the Company's performance with respect to technology services and where the performance obligation is satisfied over time.

Significant changes in the balance of contract assets and liabilities for the year ended December 31, 2018 were as follows (in millions):

Contract Assets

	Year Ended December 31, 2018(1)
Balance at beginning of period	$ 10.1
Additions for expected returns of replacement parts sold during the period	21.0
Transfer of returned replacement parts to inventory	(18.8)
Foreign currency translation	(0.1)
Balance as of December 31, 2018	$ 12.2

Contract Liabilities

	Year Ended December 31, 2018(1)
Balance at beginning of period	$ 104.4
Advance consideration received	124.9
Accrual for expected reimbursement of replacement parts sold during the period	52.3
Revenue recognized during the period for extended warranty contracts	(29.0)
Revenue recognized during the period related to installation of grain storage and protein production systems	(100.9)
Replacement part settlements made during the period	(45.7)
Foreign currency translation	(1.0)
Balance as of December 31, 2018	$ 105.0

(1) The beginning of the period is from the date of adoption of ASU 2014-09 or January 1, 2018.

The contract assets are classified as "Other current assets" and "Other assets", and the contract liabilities are classified as either "Other current and noncurrent liabilities" or "Accrued expenses" in the Company's Consolidated Balance Sheets.

Remaining Performance Obligations

The estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2018 are $29.6 million in 2019, $21.1 million in 2020, $11.8 million in 2021, $5.8 million in 2022 and $1.8 million thereafter, and relate primarily to extended warranty contracts. The Company applied the practical expedient in ASU 2014-09 and has not disclosed information about remaining performance obligations that have original expected durations of 12 months or less.

Disaggregated Revenue

Net sales for the year ended December 31, 2018 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America	South America	Europe/ Middle East(1)	Asia/ Pacific/Africa	Consolidated(1)
Primary geographical markets:					
United States	$ 1,723.6	$ —	$ —	$ —	$ 1,723.6
Canada	329.0	—	—	—	329.0
Germany	—	—	1,213.6	—	1,213.6
France	—	—	1,002.9	—	1,002.9
United Kingdom and Ireland	—	—	614.4	—	614.4
Finland and Scandinavia	—	—	826.5	—	826.5
Other Europe	—	—	1,627.8	—	1,627.8
South America	—	943.1	—	—	943.1
Middle East and Algeria	—	—	100.0	—	100.0
Africa	—	—	—	135.5	135.5
Asia	—	—	—	414.5	414.5
Australia and New Zealand	—	—	—	277.8	277.8
Mexico, Central America and Caribbean	127.5	15.9	—	—	143.4
	$ 2,180.1	$ 959.0	$ 5,385.1	$ 827.8	$ 9,352.0
Major products:					
Tractors	$ 665.8	$ 599.1	$ 3,743.0	$ 353.2	$ 5,361.1
Replacement parts	298.7	91.0	880.3	76.0	1,346.0
Grain storage and protein production systems	570.3	70.1	187.6	285.5	1,113.5
Combines	63.1	104.0	143.2	9.4	319.7
Application equipment	225.6	34.1	27.3	18.7	305.7
Other machinery	356.6	60.7	403.8	85.0	906.1
	$ 2,180.1	$ 959.0	$ 5,385.1	$ 827.8	$ 9,352.0

(1) Rounding may impact summation of amounts.

Net sales for the year ended December 31, 2017 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America(1)	South America	Europe/ Middle East	Asia/ Pacific/Africa(1)	Consolidated
Primary geographical markets:					
United States	$ 1,445.7	$ —	$ —	$ —	$ 1,445.7
Canada	296.9	—	—	—	296.9
Germany	—	—	997.4	—	997.4
France	—	—	815.7	—	815.7
United Kingdom and Ireland	—	—	512.6	—	512.6
Finland and Scandinavia	—	—	721.3	—	721.3
Other Europe	—	—	1,396.0	—	1,396.0
South America	—	1,039.2	—	—	1,039.2
Middle East and Algeria	—	—	171.3	—	171.3
Africa	—	—	—	138.1	138.1
Asia	—	—	—	366.4	366.4
Australia and New Zealand	—	—	—	247.4	247.4
Mexico, Central America and Caribbean	134.2	24.3	—	—	158.5
	$ 1,876.7	$ 1,063.5	$ 4,614.3	$ 752.0	$ 8,306.5
Major products:					
Tractors	$ 624.8	$ 673.5	$ 3,149.7	$ 337.2	$ 4,785.2
Replacement parts	287.0	108.4	835.3	74.3	1,305.0
Grain storage and protein production systems	537.2	72.9	182.9	256.6	1,049.6
Combines	67.4	131.9	139.2	10.5	349.0
Application equipment	166.4	26.1	32.1	10.6	235.2
Other machinery	193.9	50.7	275.1	62.8	582.5
	$ 1,876.7	$ 1,063.5	$ 4,614.3	$ 752.0	$ 8,306.5

(1) Rounding may impact summation of amounts.

Net sales for the year ended December 31, 2016 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America	South America[(1)]	Europe/ Middle East[(1)]	Asia/ Pacific/Africa	Consolidated
Primary geographical markets:					
United States	$ 1,404.6	$ —	$ —	$ —	$ 1,404.6
Canada	286.7	—	—	—	286.7
Germany	—	—	891.2	—	891.2
France	—	—	746.9	—	746.9
United Kingdom and Ireland	—	—	440.7	—	440.7
Finland and Scandinavia	—	—	677.7	—	677.7
Other Europe	—	—	1,127.9	—	1,127.9
South America	—	893.9	—	—	893.9
Middle East and Algeria	—	—	205.4	—	205.4
Africa	—	—	—	116.2	116.2
Asia	—	—	—	266.8	266.8
Australia and New Zealand	—	—	—	212.6	212.6
Mexico, Central America and Caribbean	116.4	23.5	—	—	139.9
	$ 1,807.7	$ 917.5	$ 4,089.7	$ 595.6	$ 7,410.5
Major products:					
Tractors	$ 506.2	$ 594.3	$ 2,846.4	$ 278.2	$ 4,225.1
Replacement parts	288.3	88.0	771.0	64.0	1,211.3
Grain storage and protein production systems	574.6	66.1	85.2	166.6	892.5
Combines	64.0	93.8	123.4	21.6	302.8
Application equipment	190.8	23.7	34.8	7.9	257.2
Other machinery	183.8	51.6	228.9	57.3	521.6
	$ 1,807.7	$ 917.5	$ 4,089.7	$ 595.6	$ 7,410.5

(1) Rounding may impact summation of amounts.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that the Company's disclosure controls or the Company's internal controls will prevent all errors and all fraud. However, our principal executive officer and principal financial officer have concluded the Company's disclosure controls and procedures are effective at the reasonable assurance level. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. We will conduct periodic evaluations of our internal controls to enhance, where necessary, our procedures and controls.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2018, have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements for external purposes in accordance with generally accepted accounting principles. In assessing the effectiveness of the Company's internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "*Internal Control — Integrated Framework* (2013)."

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018. Based on this assessment, management believes that, as of December 31, 2018, the Company's internal control over financial reporting is effective based on the criteria referred to above.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2018 has been audited by KPMG LLP, an independent registered public accounting firm, which also audited the Company's Consolidated Financial Statements as of and for the year ended December 31, 2018. KPMG LLP's report on internal control over financial reporting is set forth below.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. However, as a result of the Company's processes to comply with the Sarbanes-Oxley Act of 2002, enhancements to the Company's internal control over financial reporting were implemented as management addressed and remediated deficiencies that had been identified.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AGCO Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited AGCO Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and our report dated March 1, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Atlanta, Georgia
March 1, 2019

Item 9B. ***Other Information***

None.

PART III

The information called for by Items 10, 11, 12, 13 and 14, if any, will be contained in our Proxy Statement for the 2019 Annual Meeting of Stockholders, which we intend to file in March 2019.

Item 10 ***Directors, Executive Officers and Corporate Governance***

The information with respect to directors and committees required by this Item set forth in our Proxy Statement for the 2019 Annual Meeting of Stockholders in the sections entitled Proposal Number 1 "Election of Directors" and "Board of Directors and Corporate Governance" is incorporated herein by reference. The information with respect to executive officers required by this Item set forth in our Proxy Statement for the 2019 Annual Meeting of Stockholders in the sections entitled "Executive Compensation" and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

See the information under the heading "Available Information" set forth in Part I of this Form 10-K. The code of conduct referenced therein applies to our principal executive officer, principal financial officer, principal accounting officer and controller and the persons performing similar functions.

Item 11. ***Executive Compensation***

The information with respect to executive compensation and its establishment required by this Item set forth in our Proxy Statement for the 2019 Annual Meeting of Stockholders in the sections entitled "Board of Directors and Corporate Governance," "2018 CEO Pay Ratio," "Executive Compensation" and "Compensation Committee Report" is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

(a) Securities Authorized for Issuance Under Equity Compensation Plans

AGCO maintains its Plan pursuant to which we may grant equity awards to eligible persons. For additional information, see Note 10, "Stock Incentive Plan," in the Notes to Consolidated Financial Statements included in this filing. The following table gives information about equity awards under our Plan.

	(a)	(b)	(c)
Plan Category	**Number of Securities to be Issued upon Exercise of Outstanding Awards Under the Plans**	**Weighted-Average Exercise Price of Outstanding Awards Under the Plans**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)**
Equity compensation plans approved by security holders	2,391,429	$ 60.63	3,436,426
Equity compensation plans not approved by security holders	—	—	—
Total	2,391,429	$ 60.63	3,436,426

(b) Security Ownership of Certain Beneficial Owners and Management

The information required by this Item set forth in our Proxy Statement for the 2019 Annual Meeting of Stockholders in the section entitled "Principal Holders of Common Stock" is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Party Transactions, and Director Independence***

The information required by this Item set forth in our Proxy Statement for the 2019 Annual Meeting of Stockholders in the section entitled "Certain Relationships and Related Party Transactions" is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services***

The information required by this Item set forth in our 2019 Proxy Statement for the Annual Meeting of Stockholders in the sections entitled "Audit Committee Report" and "Board of Directors and Corporate Governance" is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this Form 10-K:

(1) The Consolidated Financial Statements, Notes to Consolidated Financial Statements, Report of Independent Registered Public Accounting Firm for AGCO Corporation and its subsidiaries are presented under Item 8 of this Form 10-K.

(2) Financial Statement Schedules:

The following Consolidated Financial Statement Schedule of AGCO Corporation and its subsidiaries is included herein and follows this report.

Schedule	Description
Schedule II	Valuation and Qualifying Accounts

Schedules other than that listed above have been omitted because the required information is contained in Notes to the Consolidated Financial Statements or because such schedules are not required or are not applicable.

(3) The following exhibits are filed or incorporated by reference as part of this report. Each management contract or compensation plan required to be filed as an exhibit is identified by an asterisk (*). The exhibits below may not include all instruments defining the rights of holders of long-term debt where the debt does not exceed 10% of the Company's total assets. The Company agrees to furnish copies of those instruments to the Commission upon request.

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
3.1	Certificate of Incorporation	June 30, 2002, Form 10-Q, Exhibit 3.1
3.2	By-Laws	December 10, 2014, Form 8-K, Exhibit 3.1
10.1	2006 Long-Term Incentive Plan*	September 30, 2017, Form 10-Q, Exhibit 10.5
10.2	2006 Form of Non-Qualified Stock Option Award Agreement*	March 31, 2006, Form 10-Q, Exhibit 10.2
10.3	2006 Form of Incentive Stock Option Award Agreement*	March 31, 2006, Form 10-Q, Exhibit 10.3
10.4	2006 Form of Stock Appreciation Rights Agreement*	March 31, 2006, Form 10-Q, Exhibit 10.4
10.5	2019 Form of Stock Appreciation Rights Agreement*	January 22, 2019, Form 8-K, Exhibit 10.2
10.6	2016 Form of Restricted Stock Units Agreement*	January 27, 2016, Form 8-K, Exhibit 10.1
10.7	2018 Form of Restricted Stock Units Agreement*	June 30, 2018, Form 10-Q, Exhibit 10.1
10.8	2019 Form of Restricted Stock Units Agreement*	January 22, 2019, Form 8-K, Exhibit 10.1
10.9	2006 Form of Performance Share Award*	March 31, 2006, Form 10-Q, Exhibit 10.6
10.10	2019 Form of Performance Share Agreement*	January 22, 2019, Form 8-K, Exhibit 10.3
10.11	Amended and Restated Management Incentive Plan*	March 25, 2013, Form DEF14A, Appendix A
10.12	Amended and Restated Executive Nonqualified Pension Plan*	October 2, 2015, Form 8-K, Exhibit 99.1
10.13	Executive Nonqualified Defined Contribution Plan*	December 31, 2015, Form 10-K, Exhibit 10.9
10.14	Employment and Severance Agreement with Martin Richenhagen*	December 31, 2009, Form 10-K, Exhibit 10.12
10.15	Employment and Severance Agreement with Andrew H. Beck*	March 31, 2010, Form 10-Q, Exhibit 10.2

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
10.16	Employment and Severance Agreement with Eric P. Hansotia*	Filed herewith
10.17	Employment and Severance Agreement with Robert B. Crain*	December 31, 2017, Form 10-K, Exhibit 10.13
10.18	Employment and Severance Agreement with Rob Smith*	December 31, 2015, Form 10-K, Exhibit 10.13
10.19	Employment and Severance Agreement with Hans-Bernd Veltmaat*	December 31, 2009, Form 10-K, Exhibit 10.17
10.20	Debt Agreement dated December 18, 2014	December 31, 2014, Form 10-K, Exhibit 10.15
10.21	Credit Agreement dated as of October 17, 2018	September 30, 2018, Form 10-Q, Exhibit 10.1
10.22	Letter Agreement, dated November 5, 2015, between AGCO International GmbH and TAFE International LLC, Turkey and Tractors and Farm Equipment Limited	September 30, 2015, Form 10-Q, Exhibit 10.1
10.23	Letter Agreement, dated August 29, 2014, between AGCO Corporation and Tractors and Farm Equipment Limited	September 4, 2014, Form 8-K, Exhibit 10.1
10.24	Farm and Machinery Distributor Agreement, dated January 1, 2012, between AGCO International GmbH and Tractors and Farm Equipment Limited	September 4, 2014, Form 8-K, Exhibit 10.2
10.25	Letter Agreement, dated August 3, 2007, between AGCO Corporation and Tractors and Farm Equipment Limited	September 4, 2014, Form 8-K, Exhibit 10.3
10.26	Letter Agreement for Far East Markets, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.1
10.27	Letter Agreement for Mexico, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.2
10.28	Letter Agreement for Australia/New Zealand, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.3
10.29	Amendment to the Letter Agreement for Africa, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.4
10.30	Consultancy Agreement, dated December 8, 2014, between AGCO Do Brasil Comércio E Industria Ltda and André Carioba*	December 10, 2014, Form 8-K, Exhibit 10.1
10.31	Current Director Compensation*	Filed herewith
21.1	Subsidiaries of the Registrant	Filed herewith
23.1	Consent of KPMG LLP	Filed herewith
24.1	Powers of Attorney	Filed herewith
31.1	Certification of Martin Richenhagen	Filed herewith
31.2	Certification of Andrew H. Beck	Filed herewith
32.1	Certification of Martin Richenhagen and Andrew H. Beck	Filed herewith

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGCO Corporation

By: /s/ MARTIN RICHENHAGEN

Martin Richenhagen

Chairman of the Board, President and Chief Executive Officer

Dated: March 1, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

Signature	Title	Date
/s/ MARTIN RICHENHAGEN Martin Richenhagen	Chairman of the Board, President and Chief Executive Officer	March 1, 2019
/s/ ANDREW H. BECK Andrew H. Beck	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 1, 2019
/s/ LARA T. LONG Lara T. Long	Vice President, Chief Accounting Officer (Principal Accounting Officer)	March 1, 2019
/s/ ROY V. ARMES * Roy V. Armes	Director	March 1, 2019
/s/ MICHAEL C. ARNOLD * Michael C. Arnold	Director	March 1, 2019
/s/ P. GEORGE BENSON * P. George Benson	Director	March 1, 2019
/s/ SUZANNE P. CLARK * Suzanne P. Clark	Director	March 1, 2019
/s/ WOLFGANG DEML * Wolfgang Deml	Director	March 1, 2019
/s/ GEORGE E. MINNICH * George E. Minnich	Director	March 1, 2019
/s/ GERALD L. SHAHEEN * Gerald L. Shaheen	Director	March 1, 2019
/s/ MALLIKA SRINIVASAN * Mallika Srinivasan	Director	March 1, 2019
/s/ HENDRIKUS VISSER * Hendrikus Visser	Director	March 1, 2019

*By: /s/ ANDREW H. BECK — March 1, 2019

Andrew H. Beck

Attorney-in-Fact

AGCO CORPORATION AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(In millions)

Description	Balance at Beginning of Period	Additions: Acquired Businesses	Additions: Charged to Costs and Expenses	Deductions	Foreign Currency Translation	Balance at End of Period
Year ended December 31, 2018						
Allowances for doubtful accounts	$ 38.7	$ —	$ 6.4	$ (11.4)	$ (2.0)	$ 31.7
Year ended December 31, 2017						
Allowances for doubtful accounts	$ 33.7	$ 2.2	$ 4.6	$ (3.8)	$ 2.0	$ 38.7
Year ended December 31, 2016						
Allowances for doubtful accounts	$ 29.3	$ 2.2	$ 3.2	$ (0.7)	$ (0.3)	$ 33.7

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Reversal of Accrual	Deductions	Foreign Currency Translation	Balance at End of Period
Year ended December 31, 2018						
Accruals of severance, relocation and other integration costs	$ 10.9	$ 13.8	$ (2.1)	$ (14.4)	$ (1.1)	$ 7.1
Year ended December 31, 2017						
Accruals of severance, relocation and other integration costs	$ 15.3	$ 12.4	$ (1.4)	$ (16.8)	$ 1.4	$ 10.9
Year ended December 31, 2016						
Accruals of severance, relocation and other integration costs	$ 16.9	$ 12.0	$ (0.1)	$ (13.3)	$ (0.2)	$ 15.3

Description	Balance at Beginning of Period	Additions: Acquired Businesses	Additions: Charged (Credited) to Costs and Expenses[(1)]	Deductions	Foreign Currency Translation	Balance at End of Period
Year ended December 31, 2018						
Deferred tax valuation allowance	$ 81.9	$ —	$ 6.3	$ —	$ (4.3)	$ 83.9
Year ended December 31, 2017						
Deferred tax valuation allowance	$ 116.0	$ —	$ (38.4)	$ —	$ 4.3	$ 81.9
Year ended December 31, 2016						
Deferred tax valuation allowance	$ 75.8	$ —	$ 37.9	$ —	$ 2.3	$ 116.0

(1) Amount charged through other comprehensive income during the year ended December 31, 2018 was $18.3 million.

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OUR LEADERSHIP

BOARD OF DIRECTORS

ROY V. ARMES
Former Executive Chairman,
President and CEO
Cooper Tire and Rubber Company

MICHAEL C. ARNOLD
Former President and CEO
Ryerson Inc.

P. GEORGE BENSON
Professor of Decision Sciences
and former President
College of Charleston

SUZANNE P. CLARK
Senior Executive Vice President
U.S. Chamber of Commerce

WOLFGANG DEML
Former President and
Chief Executive Officer
BayWa Corporation

GEORGE E. MINNICH
Former Senior Vice
President and CFO
ITT Corporation

MARTIN H. RICHENHAGEN
Chairman, President and
Chief Executive Officer
AGCO

GERALD L. SHAHEEN
Former Group President
Caterpillar Inc.

MALLIKA SRINIVASAN
Chairman and CEO
Tractors and Farm
Equipment Limited (TAFE)

HENDRIKUS VISSER
Former Chairman
Royal Huisman Shipyards N.V.

SENIOR MANAGEMENT

ROGER N. BATKIN
Senior Vice President,
General Counsel
and Corporate Secretary

ANDREW H. BECK
Senior Vice President,
Chief Financial Officer

GARY L. COLLAR
Senior Vice President,
General Manager,
Asia/Pacific and Africa

ROBERT B. CRAIN
Senior Vice President,
General Manager,
Americas

HELMUT R. ENDRES
Senior Vice President,
Engineering

ERIC P. HANSOTIA
Senior Vice President,
Chief Operating Officer

MARTIN H. RICHENHAGEN
Chairman, President and
Chief Executive Officer

LUCINDA B. SMITH
Senior Vice President,
Global Business Services

ROB SMITH
Senior Vice President,
General Manager,
Europe and Middle East

JOSIP T. TOMASEVIC
Senior Vice President,
Chief Procurement Officer

HANS-BERND VELTMAAT
Senior Vice President,
Chief Supply Chain Officer

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS
4205 River Green Parkway
Duluth, Georgia 30096 U.S.
+1-770-813-9200

TRANSFER AGENT & REGISTRAR
You can contact Computershare
through the following methods:

Overnight Mail Delivery
462 South 4th Street, Suite 1600
Louisville, KY 40202 U.S.

Regular Mail Delivery
P.O. Box 505000
Louisville, KY 40233 U.S.

Telephone
+1-800-962-4284

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
Atlanta, Georgia U.S.

FORM 10-K
The Form 10-K Annual Report filed with the Securities and Exchange Commission is available in the "Investors" Section of our corporate website (www.agcocorp.com), under the heading "SEC Filings," or upon request from the Investor Relations Department at our corporate headquarters.

ANNUAL MEETING
The annual meeting of the Company's stockholders will be held at 9:00 a.m. ET on April 25, 2019 at the offices of AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096 U.S.

AGCO
Your Agriculture Company

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+1-770-813-9200
www.agcocorp.com

For a truly interactive experience online, visit our annual report at:

AR2018.AGCOCORP.COM