UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _________ to _________

Commission File Number: 001-12930

AGCO CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**58-1960019**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4205 River Green Parkway **Duluth, Georgia**	**30096**
(Address of principal executive offices)	(Zip Code)

(770) 813-9200
(Registrants telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Trading Symbol	Name of exchange on which registered
Common stock	AGCO	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

☒ Large accelerated filer o Accelerated filer o Non-accelerated filer ☐ Smaller reporting company ☐Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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, 2021 was approximately $8.2 billion. For this purpose, directors and officers and the entities that they control have been assumed to be affiliates. As of February 22, 2022, 74,536,804 shares of AGCO Corporation’s Common Stock were outstanding.

Documents Incorporated by Reference

Portions of AGCO Corporation’s Proxy Statement for the 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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SIGNATURES

PART I

Item 1. *Business*

AGCO Corporation was incorporated in Delaware in 1991. Unless otherwise indicated, all references in this Form 10-K to "AGCO," "we," "us" or the "Company" include AGCO Corporation and its subsidiaries.

General

We are a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. Our purpose is to provide farmer-focused solutions to sustainably feed our 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®, supported by our Fuse® precision agriculture solutions. We distribute most of our products through approximately 3,200 independent dealers and distributors in approximately 140 countries. We also provide retail and wholesale financing through our finance joint ventures with Coöperatieve Rabobank U.A., which we refer to as "Rabobank."

Products

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

Product	Product Description	Percentage of Net Sales		
		2021[(1)]	2020	2019[(1)]
Tractors	• High horsepower tractors (140 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 130 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	15 %	16 %	15 %
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 %	10 %	11 %
Hay Tools and Forage Equipment, Planters, 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 %	11 %	10 %
	• Planters and other planting equipment (including retrofit equipment); used to plant seeds and apply fertilizer in the field, typically used for row crops, including planting technologies that cover the areas of monitoring and measurement, liquid control and delivery, meter accuracy and seed delivery			
	• 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			
	• 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	4 %	3 %	3 %
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 %	3 %

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

Precision Agriculture

We offer solutions to the farmer to optimize farming performance, while improving ease of use. We provide telemetry-based fleet management tools, including remote monitoring and diagnostics, which help farmers improve uptime, machine and yield optimization, mixed fleet optimization and decision support, with critical data privacy choices and convenient mobile tools that offer access to data and information. These products ultimately result in reduced waste and increased profitability for the farmer as well as help to enable sustainable farming. In addition, our precision agriculture solutions are based on connectivity, automation and digitalization and include satellite-based steering, field data collection, product self-adjustment and yield-mapping. Our Precision Planting® brand provides retrofit solutions to upgrade farmer's existing equipment to improve their planting, liquid application and harvest operations, resulting in yield and cost optimization. Our Fuse® and other precision agriculture solutions support our products, brands and the aftermarket with a comprehensive and customizable suite of solutions, enabling farmers to make individual, data-based decisions in order to reduce costs and maximize efficiency, yields and profitability. These technologies are both developed internally or sourced from third parties and integrated into our products. We believe that these products and related devices are highly valued by professional farmers globally and are integral to the current and future growth of our equipment sales and revenues.

Market Conditions

Demand for agricultural equipment is cyclical, influenced by, among other things, farm income, farm land values, crop yields, weather conditions, the demand for agricultural commodities, commodity and protein prices and general economic conditions, and government policies and subsidies. The COVID-19 pandemic and other economic factors continue to create volatility in the global economy, including employment disruptions, supply chain constraints and logistics interruptions. Elevated agricultural commodity prices have supported favorable farm economics resulting in farmers upgrading and replacing aging fleets. These improved conditions generated growth in industry equipment demand across all the major equipment markets in 2021. Future demand for agricultural equipment will be influenced by the factors noted above. Despite global supply chain and logistics disruptions, farmer economics are healthy and continue to bolster market demand.

2021 Compared to 2020 Financial Highlights

Net income attributable to AGCO Corporation and subsidiaries for 2021 was $897.0 million, or $11.85 per diluted share, compared to $427.1 million, or $5.65 per diluted share for 2020.

Net sales for 2021 were approximately $11,138.3 million, or 21.7% higher than 2020, primarily due to improved market demand. Net sales were impacted by extended COVID-related production shutdowns in both Europe and South America during the first half of 2020. Income from operations was $1,001.4 million in 2021 compared to $599.7 million in 2020. The increase in income from operations in 2021 was primarily the result of improved margins, which benefited from positive pricing impacts and a favorable sales mix that offset substantial inflationary cost pressures. Net income per diluted share was also favorably impacted by the reversal of valuation allowances previously established against our deferred tax assets in both the United States and Brazil during 2021. See “Financial Highlights” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” for additional information.

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.

Marketing and Distribution

Dealers and Distributors

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 product 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 products.

	Independent Dealers and Distributors	Percent of Net Sales[1]		
Geographical Region	**2021**	**2021**	**2020**	**2019**
Europe	725	54 %	57 %	58 %
North America	1,810	24 %	24 %	24 %
South America	250	12 %	9 %	9 %
Rest of World [2]	415	10 %	10 %	9 %

(1) The summation of these individual percentages may not total due to rounding.
(2) Consists of approximately 60 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 digital tools to support the dealer's sales, marketing, warranty and servicing efforts, helps 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.

Resources

Manufacturing and Assembly

We manufacture and assemble our products in 42 locations worldwide, including four locations where we operate joint ventures. Our locations are intended to optimize capacity, technology and 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. Refer to Item 2, "Properties," for a listing of our principal manufacturing locations.

Our AGCO Power 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.

Components and 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 Note 14 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," 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 and 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, although in 2021, we experienced supply chain disruptions for several key components such as the global semiconductor shortage.

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 or group of patents, although several of our trade and brand names are internationally recognized and are vital to our operations. We intend to maintain the separate strengths and identities of our core brand names and product lines.

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.

Wholesale Financing, Sales Terms and Accounts Receivable Sales Agreement

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 various factors including dealers' sales volumes 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 often are 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 we are 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. When we are responsible for installation services, fixed payment schedules may include upfront deposits, progress payments and final payment upon customer acceptance.

We have accounts receivable sales agreements that 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, our AGCO Finance joint ventures may provide wholesale financing directly to dealers in Europe, Brazil and Australia. We also sell certain trade receivables under factoring arrangements to other third-party financial institutions around the world, and we account for the sale of such receivables as off-balance sheet transactions.

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 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.

Seasonality

Generally, retail sales by dealers to farmers are highly seasonal and largely are a function of the timing of the planting and harvesting seasons. To the extent possible, 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.

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 accurately predict. We attempt to comply with all applicable environmental, health and safety laws and regulations. We believe that any expense or liability we may incur in connection with noncompliance with laws or regulations or the cleanup of any of our properties will not have a materially adverse effect on us.

The engines manufactured by our AGCO Power 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 division and our engine suppliers are subject to air quality standards, and production at our facilities and sales of our products 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.

Cybersecurity

As part of its risk oversight role, our Audit Committee oversees cyber risk, information security and technology risk, including management's actions to identify, assess, mitigate and remediate material cybersecurity issues and risks. The Audit Committee receives two formal reports during each fiscal year from our Chief Information Security Officer as well as our Chief Information Officer on our technology and cyber risk profile, enterprise cybersecurity program and key enterprise cybersecurity activities. During 2022, we plan to establish a Cybersecurity Council comprised of members of our senior management team who will be regularly briefed on cybersecurity matters and provide input to our overall approach to cybersecurity. Our formal cybersecurity program is structured and governed around the National Institute of Standards and Technology ("NIST") Cybersecurity Framework, as well as other global standards and best practices. We have a cybersecurity incident response plan in place that provides a documented framework for handling high severity security incidents and includes facilitated coordination across multiple functions of the Company. We invest in threat intelligence and are active participants in industry and government forums to strive to improve our overall capabilities with respect to cybersecurity. We routinely perform reviews of threat intelligence and vulnerability management capabilities, while performing simulations and drills at both technical and management levels. We incorporate external expertise in all aspects of our program utilizing best practice guidance from third-party cybersecurity advisors to provide objective assessments of our capabilities. We maintain a cyber and internet security and privacy liability insurance coverage. We also ensure that we have policies and practices in place to address data privacy regulations. Our cybersecurity program is reviewed and assessed by external information security specialists or by our internal audit group at least annually, with formal reporting of such assessments provided to the Audit Committee. Last, we conduct annual cybersecurity awareness training for employees and targeted training for high-risk functions of the Company. We also conduct phishing exercises and correlated education with our employees.

Regulation and Government Policy

Domestic and foreign political developments and government regulations and policies directly affect the agricultural industry and both directly 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.

Sustainability

Our products span the entire crop cycle, from seeding to storage. We support our farmer customers with high-quality, smart tools and exceptional customer experience to grow their operations profitably and sustainably. Corporate sustainability is a core business imperative that underpins our strategy to build a more valuable enterprise through long-term economic, social and environmental sustainability initiatives in support of our key stakeholders and communities. This aligns with our purpose to provide farmer-focused solutions to sustainably feed our world. We see opportunities in every aspect of our agricultural value chain to address many of today's most significant challenges, including food security, farmer livelihood and resource efficiency. AGCO succeeds when our farmers succeed, and ensuring the sustainability of farmers' operations is essential to their long-term productivity.

We are committed to accelerating progress in integrating sustainability into the design, manufacturing and distribution of smart agricultural solutions across all of our brands and geographical regions. There are many ways we can contribute to sustainability in agriculture, as well as inside our own operations, as further highlighted below.

Our Planet

Farming is deeply vulnerable to the effects of climate change, which can include extreme weather events such as drought in some regions and flooding in others, rising average temperatures, and other challenges. Climate change affects where we work and live, fueled by GHGs, particularly carbon dioxide. Farmers can play a vital role in the critical challenge of

reducing GHGs. More than a fifth of the world's emissions come from the food sector, and almost a third of the world's energy usage is attributable to agriculture and the food industries.

Climate Change

Climate change is a significant topic of discussion and will generate regulatory responses in the U.S. and around the world. 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 are likely to be significant. 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.

During 2021, we assessed climate risks related to AGCO by conducting our first scenario analysis based on guidance set forth in the recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD"), as well as other published frameworks. We believe the TCFD recommended disclosures are an important component in our sustainability program efforts, given the increasing focus by our shareholders, our executive leadership and employees, as well as our customers on climate change and its impacts. We therefore have begun to incorporate the framework into our sustainability program and are working towards addressing the recommendations within the framework that most materially impacts us, while increasing our preparedness for potential physical and transitional impacts associated with climate change risks.

In order to enhance our sustainability efforts, we began benchmarking ourselves against our industry peers, by gathering stakeholders and subject matter experts across various functions within our company, in order to compile a list of potential and prioritized climate change risks and opportunities. We then conducted a scenario analysis using two scenarios to qualitatively and quantitatively assess the strategic and financial impacts of such risks, as well as their potential likelihood. After risks and opportunities were ranked with respect to risk exposure, we held further discussions with subject matter experts within our company to determine preparedness and mitigation steps for such prioritized risks, as well as strategies with respect to potential business opportunities. Risks identified included, but were not limited to, market demand for our products, technological innovation (i.e. lower carbon, energy efficient solutions), reputation, and government policy and legal constraints. Identified possible opportunities ranged from resource efficiency, energy source alternatives, development of new products and services, development of new emerging markets and partnerships and resilience planning.

We anticipate climate-related physical risks affecting our customers to drive the highest impacts to our future business, including ultimate potential impact to our revenue growth and business operations overall. With our farmer-first strategy, we aim to drive success in partnership with our farmer customers, given they are affected first hand by climate change impacts. The agricultural industry is currently responsible for a large proportion of global GHG emissions. Farmers can potentially play a pivotal role in reducing agricultural greenhouse gas emissions through carbon sequestration. In pursuit of identified potential opportunities, our existing and future investments in precision agricultural technologies, on-site renewable energy, energy efficient projects, as well as research and development ("R&D") activities focused on automation, robotics, electrification and future alternative fuels provide significant prospects to capitalize on climate-related opportunities. We currently spend approximately 4% of our net sales with respect to R&D activities, and we are prioritizing and advancing those projects that target these specific areas as further discussed below.

We believe the objectives resulting from our 2021 assessment provide us with a better understanding on how to position AGCO to build resilience to changing climate conditions, but to emerge as a strong partner to our customers and stakeholders in creating future value for our business and farmer customers, while also contributing towards global efforts to combat climate-related impacts. Please also refer to "Environmental Risks" within Item 1A, "Risk Factors" for further information. We also publish further reporting on our corporate website at www.agcocorp.com under the heading "Our Commitment" with respect to climate risks and other sustainability program efforts.

Decarbonizing our Operations and Products

Our current product offerings of tractors and implements reduce fossil fuel consumption and GHG emissions compared to equipment of the past. The most direct and immediate way to support farmers in reducing GHGs is to provide equipment that is more fuel efficient, or that provides alternative routes to low or zero-emission farming. Our aspiration is zero carbon emissions. Solutions are being developed to provide an all-electric tractor, which is in the advanced pilot stage and targeted for commercial launch in the next few years. This tractor has the potential to be especially useful in the livestock, specialty crop and municipality applications. Our engineering teams also are developing a prototype tractor powered by carbon-free, hydrogen-based fuel cell technology as well as experimenting and researching tractors that run on biomethane and natural gas, which are carbon-neutral or reduced emission fuels. Our product development has been focused on reducing tractor fuel

consumption without compromising performance, such as through the efficiency of the our continuously variable transmissions (“CVT”s).

We also are researching ways to limit the emission of nitrogen oxides (“NOx”), gases that at high levels can be harmful to the environment and human health. We are committed in the near term to improve the efficiency of vehicles that rely on internal combustion engines. Our AGCO engines are Tier 4 compliant in the United States and Stage V compliant in Europe. We were one of the first in our industry to adopt Selective Catalytic Reduction (“SCR”) technology SCR systems are highly efficient at treating engine-out exhaust and significantly reduce NOx emissions as well as carbon release.

Building a more circular economy is a win-win for farmers and the environment. It saves farmers money by repurposing and extending the life cycle of their existing equipment, but also reduces the use of precious resources and raw materials in manufacturing. The reuse of manufactured items is a cornerstone of sustainability. We have been active in helping move farms towards a circular economy, through our remanufactured product lines. Remanufacturing promotes resource-preserving practices with energy, emission and waste savings. Across our brands many of our components in our tractors, from electronics to engines to hydraulics, are available as remanufactured items with warranties.

We are committed to achieving highly sustainable manufacturing operations by working to increase the use of renewable electricity through regional and market-specific opportunities, such as green supply contracts. We have on-site solar photovoltaic systems at a number of our facilities and are adding them to other locations. We also are increasing the use of biodiesel in our processes, applying energy and heat recovery technologies, and using biomass-based heating solutions, among other efforts.

We also are integrating sustainability into the way we manage our procurement processes. We are working closely with suppliers to assess and advance joint sustainability efforts through the use of sustainability audits and sharing practices. We encourage innovation and collaborative efforts by hosting workshops that focus on the topic of sustainability with our suppliers and have also established a supplier sustainability and resiliency awards program.

Our Farmers

Advancing Soil Health and Soil-carbon Sequestration

Everything we do revolves around what we can do for farmers, and we are committed to be an innovation leader in sustainable agriculture. Improving soil health using practices such as cover crops, no-till farming, controlled traffic farming, residue management and managing soil compaction all contribute positively to mitigating climate change. Sequestering carbon into agricultural soils and boosting crop yields is a natural positive outcome for both the farmer and the environment. We aim to provide smart products that allow for reduced inputs while supporting carbon sequestration. Over the past several years we have invested in both demonstration farms and agronomy research to test and demonstrate the latest technologies that support core agronomy principles. We are expanding these initiatives towards more sustainability trials including crop covering, herbicide reduction by mechanical weed control and variable rate nitrogen fertilization. We have new products that feature precision agriculture solutions sold through our FUSE® and Precision Planting® brands that support soil health and reduction of the use of chemical inputs. Our FUSE® solutions help to deliver connectivity across an entire fleet of equipment to enable and accelerate precision agriculture; specifically, by optimizing nutrient and pest control use efficiency, as well as managing compaction and machine optimization to favorably impact yields and the environment. Our Precision Planting® technologies address all elements of the planting cycle with products with products that optimize soil preparation, seed placement, fertilization and weeding. Precision Planting® products help to minimize soil disturbance and maximize germination, while optimizing feed and fertilizer rates. Farmers are able to monitor soil conditions in real time, including levels of carbon, organic matter and moisture, as well as integrate satellite data and advance soil modeling tools to make informed and better planting decisions.

Smarter interconnected equipment and the ability to gather, analyze and leverage data enables farming sustainability and improved profitability. Our FUSE® technologies allow for integration of data coming in from sensors on our equipment which can be integrated into networks that monitor how the equipment is functioning as well as crop and field conditions. Changing climate, legal requirements and labor shortages are significant challenges for farmers worldwide. Our FendtONE® solution provides software tools for planning and optimizing farm work processes. On-board diagnostics provide insights into equipment performance, so that managers can adjust the equipment and processes in real time to optimize workflow and correct problems.

Animal Welfare in Food Production

As farmers look for ways to productively raise more animals to meet rising global demands for animal protein, they also want to ensure they are raising healthy animals and doing more to protect animal welfare. AGCO actively participates in efforts to advance industry standards and academic research in animal welfare. We offer a range of products that help farmers monitor, control and accurately report environmental conditions around animals, facilitating practices that reduce stress, discomfort and disease, and promoting good nutrition and normal animal behavior. Our products include aviary climate-control, housing, biosecurity, feeding and watering systems aimed at protecting animal welfare for poultry and egg production farms. These systems provide hens and chicks the freedom of movement along with automated watering, feeding, egg collection, ventilation and cleaning capabilities. We also recently acquired a company that develops and manufactures a robot that moves throughout the barn measuring temperature, air quality, light and noise, enlisting artificial intelligence to spot potential health, welfare and other problems. Digitalization of the farm not only provides valuable insight to inform product and service evolution to the farmer, but it also provides food transparencies that consumers care about. The foundation to our approach to animal welfare seeks to align with the five domains of animal welfare, covering nutrition, environment, health, behavior and the mental and emotional state of the animal. We continue to develop our future strategies around the design, engineering and manufacturing of industry-leading protein solutions, building upon our advanced aviary systems, precision-feeding systems and organic sheds.

Our People and our Communities

We foster a culture centered around a simple, clear purpose: farmer-focused solutions to sustainably feed our world. Our goal is for every AGCO employee to feel connected to that purpose, as well as to each other, and to act in accordance with our core values of transparency, respect, accountability, integrity and team spirit. We believe that working at AGCO should feel rewarding, meaningful, supportive and safe – and that if it does, the results will translate to positive outcomes for farmers, our planet and our success.

As a farmer-focused, purpose-driven company, we keenly feel the value of community, and we look for ways to contribute to the many communities in which we operate. We launched the AGCO Agriculture Foundation (“AAF”) during 2018, as a reaffirmation of our dedication to support farmers as they strive to feed the world. The AAF also demonstrates our support of specific United Nations Sustainable Development Goals aimed at preventing and relieving global hunger, and providing farmer-centric support to farming communities. AAF supports non-profit organizations with projects that contribute to zero hunger, help to build agricultural infrastructure, and provide development programs for farmers and their farming communities.

We believe that a successful sustainability strategy is possible only if supported by sound corporate governance. We are working to further integrate sustainability oversight across our organization as well as management processes and systems. During 2021, we established a sustainability council, which is an executive-level group charged with driving implementation of sustainability policies and initiatives across significant businesses, locations and functions. The council monitors sustainability-related operational risks, opportunities and progress and assists with the removal of any barriers of integrating sustainability into our business. The council is supported by a global sustainability core team who ensure implementation of the council’s decisions and who execute initiatives and programs. “Green leaders” within the core team champion sustainability, drive knowledge and encourage the sharing of best practices throughout the business, providing expertise to sustainability workstreams and day-to-day operations.

Employee Health, Safety and Well-Being

Safety is a top priority at AGCO, and we want to ensure that all of our workplaces protect the health and safety of our employees, as well as prevent long-term occupational health risks. We conduct occupational risk assessments regularly, leveraging our long-term shop floor experience, and are targeting improvement in our accident incident rates in our facilities. During 2021, we refreshed and started to embed a new enterprise-wide model to advance our culture of health and safety, built upon the success of our current health and safety program that was launched in 2014.

For additional information on our sustainability efforts and reporting, refer to the “Sustainability” section on our website located under “Our Commitment.”

Human Capital

We have approximately 23,300 employees worldwide, who are guided by our Company’s clear purpose – Farmer-focused solutions to sustainably feed our world. We are committed to fostering a diverse and inclusive workplace that attracts

and retains exceptional talent. Through ongoing talent development, comprehensive compensation and benefits, and a focus on health, safety and employee well-being, we strive to help our employees in all aspects of their lives so they can do their best work.

Employees are further guided by our global Code of Conduct, which builds on the foundation of our embedded core values: Integrity, Trust, Respect, Team Spirit and Accountability. We also maintain a global and anonymous reporting mechanism for the receipt, retention and treatment of complaints or concerns regarding accounting or other possible violations of our global Code of Conduct.

While fluctuations may occur within our workforce from time to time, we track and attempt to manage our attrition rates, while also ensuring that key positions critical to our performance our appropriately staffed. We also analyze employee departure data so that we can continually improve upon the employee experience. During 2021, our employee turnover rate related to voluntary terminations was approximately 7.7% as compared to 5.3% in 2020.

Unions, Collective Bargaining Agreements and Work Councils

Of our worldwide employees, approximately 5,000 are located in the United States and Canada. Many of our global manufacturing employees, and some other employees, are represented by unions and works councils, and a significant number of our employees are subject to collective bargaining agreements that typically are for terms of three to five years and are renegotiated in connection with renewals. We currently do not expect any significant difficulties in renewing these agreements.

Some examples of key programs and initiatives that we are focused on to enable us to attract, retain and develop our diverse workforce are described below:

Talent

To facilitate talent attraction and retention, we strive to make AGCO an inclusive and safe workplace, with opportunities for our employees to grow and develop in their careers, supported by strong compensation, benefits and health and wellness programs, and by platforms that build connections between our employees and their communities.

Over the past year, our employees have completed online, self-directed instructor-led courses across a broad range of categories – leadership, inclusion and diversity, professional skills, technical competencies and compliance. Compliance training includes education in AGCO's culture and values and compliance with our global Code of Conduct, which, in turn, includes compliance with anti-bribery/corruption laws and policies, compliance with data privacy and cybersecurity protocols, conflicts of interest, discrimination and workplace harassment policies and sexual harassment policies. We are deeply committed to identifying and developing the next generation of top-tier leadership with a special focus on diverse and technologically innovative talent. We conduct annual in-depth talent and succession reviews with our senior leadership team that focus on accelerating talent development, strengthening succession pipelines, and advancing diversity representation for our most critical roles. This analysis will be reviewed by our Board's Talent and Compensation Committee in 2022. Furthermore, we have a performance management process that includes annual goal setting, mid-year reviews and annual performance appraisals. Both employees and managers play an active part in our performance management process, promoting a culture of accountability that fosters employee development.

Rewards

We regularly review surveys of market rates for jobs to ensure our compensation practices are competitive. We continue to strive to offer a variety of working arrangements, including flexible schedules, telecommuting and job sharing, to help employees manage work and life balance.

We are committed to providing total rewards that are market-competitive and performance-based, driving innovation and operational excellence. Our compensation programs, practices, and policies reflect our commitment to reward short- and long-term performance that aligns with, and drives stockholder value. Total direct compensation is generally positioned within a competitive range of the market median, with differentiation based on tenure, skills, proficiency, and performance to attract and retain key talent. In addition to salaries, our compensation programs include annual incentive bonuses, stock awards, and participation in various retirement savings plans, dependent upon the position and level of employee, and the countries in which we operate. We also invest in talent development initiatives to support the ongoing career development of all employees, including learning management and leadership programs targeted towards female and minority populations.

Health, Wellness and Safety

We are also committed to the health, safety and wellness of our employees, striving to "work safe, every day, every way." As previously discussed, our health and safety program focuses on risk reduction and safety management systems that promote preventative measures. In addition, in response to the COVID-19 pandemic, we have implemented and continue to implement significant changes that we have determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. Safety protocols continue to be in place for employees who are required to work onsite, including partitioning screens in factories and enhanced cleaning and sanitation practices. For employees that can work from home, we have deployed new technologies to strengthen virtual connectivity across the globe.

Diversity

We believe that our employees' unique and diverse capabilities positively impact our success. While during 2021 we faced numerous external and internal challenges in light of the global pandemic, we were able to effectively advance our Diversity, Equity and Inclusion ("DE&I") initiatives. We demonstrated our commitment in this regard by creating the role of global director of DE&I. This role's exclusive responsibility is to serve as the catalyst that drives our progressive DE&I footprint and best-in-class performance. During 2021, we also developed and implemented training resources to ensure consistency in inclusion awareness and anti-bias principles from our executive team to the shop floor.

Our commitment to diversity and inclusion starts at the top with a highly skilled and diverse board. Three of our ten board members are women. Women represent approximately 12% of our full-time executive positions at the senior vice president and vice president levels, and approximately 18% of our overall full-time management-level employees. We have been nationally recognized in the United States as a female-friendly employer of choice. We are committed to increasing the percentage of female representation in our full time management-level employee group and our overall global employee base, as well as to further initiatives for compensation equity, employee engagement, development and inclusion. We believe that incorporating DE&I initiatives into our everyday business practices enhances innovation and enables diversity of thought.

Building upon our core values, our employees value learning from different perspectives and welcome the opportunity to work with those of diverse backgrounds. Through our global DE&I initiatives, employees take part in robust training, such as creating an inclusive environment and cultural training. We also provide our employees with employee resource groups ("ERG's"), such as AGCO's Global Women's Network and AGCO's Black Employee Network, to help foster a diverse and inclusive workplace as well as provide for the growth and development of underrepresented groups. Through our DE&I initiatives, we encourage employees to become involved in their communities, contributing time and talent for the improvement of the communities in which they live and work.

During 2021, we initiated a global employee engagement and experience survey for our office employees to establish an employee engagement baseline and seek feedback on the employee experience. Sixty-two percent of this workforce participated in the survey. This survey will recur on an annual basis and will include all of our employees in 2022.

Human Rights Policy

We are committed to respecting human rights in all aspects of our global operations under our global Human Rights Policy. We believe that we have a responsibility to ensure that human rights are understood and observed in every region in which we operate. We strive to foster safe, inclusive and respectful workplaces wherever we do business, including prohibiting human trafficking, slavery, child labor or any other form of forced or involuntary labor. Our commitment to human rights also includes improving agricultural prosperity and supporting marginalized farmers and vulnerable populations in developing countries where our activities contribute to addressing adverse human rights impacts. Through our AGCO Agriculture Foundation, as well as our brand and regional engagement activities, we support a variety of non-profit organizations and local community-based groups.

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; and
- reports on Form SD.

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, on our website, and in materials that we otherwise release to the public. 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, as well as other statements of our beliefs or expectations of net sales, industry conditions, currency translation impacts, market demand, supply chain and logistics disruptions, farm incomes, weather conditions, commodity and protein 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 potential impacts as impacts on 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.

Risks Related to the COVID-19 Pandemic

Our business has been materially impacted by COVID-19, and the impacts are likely to continue for as long as COVID-19 continues to impact our supply chain, labor force and demand for our products.

COVID-19 has negatively impacted our business, initially through closures, higher absentee rates, and reduced production at both our plants and the plants that supply us with parts and components, and more recently through supply chain challenges, including the inability of some of our suppliers to meet demand and logistics and transportation-related companies to deliver products in a timely manner. In addition, we have had to incur various costs related to preventing the spread of COVID-19, including changes to our factories and other facilities and those related to enabling remote work. We expect COVID-19 to continue to impact our business, although the manner and extent to which it impacts us will depend on future developments, including the duration of the pandemic, the timing, distribution and impact of vaccinations, and possible mutations of the virus that are more contagious or resistant to current vaccines. Measures taken by governments around the world, as well as businesses, including us, and the general public in order to limit the spread of COVID-19 will impact our business as well. These measures have included travel bans and restrictions, quarantines, shelter in place orders, curfews, business and government office closures, increased border controls or closures, port closures and transportation restrictions. The impacts of COVID-19 and such measures could include, but are not limited to, the following:

- Overall demand for our products could decline. While most farm-related operations have been deemed "essential" throughout the pandemic and are working to relatively normal levels, the consumption of grain for food, fuel (including ethanol) and livestock feed was negatively impacted during the first half of 2020 and could be impacted again. As discussed below, generally decreased demand for agricultural products negatively impacts demand for our products as well.
- To the extents that factory closures, increased absentee rates, or reduced production, whether on our part or the part of our suppliers, or the failure of our suppliers to meet demand or of shipping companies to timely deliver products, reduces our production of completed products, our sales will be less than they otherwise would have been. In addition, decreases in sales have and can result in increased inventory and related costs.
- Supply chain issues of particular concern include a wide range of parts and components with a portion arising from the global semiconductor shortage. We may continue to face supplier bottlenecks and delays in all regions, as well as continued challenges with freight logistics, and we continue to work to mitigate the impact of these issues in order to meet end-market demand.
- Adverse fluctuations in foreign currency rates, particularly an increase in the value of the U.S. dollar against key market foreign currencies, would negatively impact performance.

- We could incur additional costs due to the adherence to cleaning requirements and social distancing guidelines and increased costs of labor, parts and components and shipping.
- We have severely limited travel by our employees, which to the extent that the limitations continue at current levels, could impact our ability to efficiently manage our business, including our ability to participate in trade shows and effectively market our products.
- Declines in the general economy as a result of COVID-19 could negatively affect the value our pension plan assets, and, if this occurs, it likely will result in increased pension expenses and funding requirements related to our pension plan assets and their fair value.
- Declines in performance as a result of COVID-19 could require us to record significant impairment charges with respect to certain noncurrent assets (such as goodwill and other intangible assets) and equity method investments. We also may be required to write-down inventory that is deemed obsolete due to decreased sales and rising costs that we may not be able to pass on to our customers.
- Should farm economies decline, we could experience slower collections and larger write-offs of accounts receivable. In addition, our AGCO Finance joint ventures also may experience slower collections and larger write-offs of accounts receivable as well, which would result in reduced earnings, if not losses, for us from our investments in our AGCO Finance joint ventures.
- Although we currently believe we have sufficient available funding to support our business, the severity and length of the COVID-19 pandemic could impact our financial condition. This, in turn, could affect our credit ratings and borrowing costs.

Market, Economic and Geopolitical Risks

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, unfavorable weather conditions and lower commodity and protein prices, 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, also are cyclical and generally reflect the economic health of the agricultural industry. The economic health of the agricultural industry is affected by numerous factors, including farm income, farm input costs, farm land values and debt levels, all of which are influenced by levels of commodity and protein prices, acreage planted, crop yields, agricultural product demand (including crops used as renewable energy sources), government policies and government subsidies. The economic health also is influenced by general economic conditions, interest rate and exchange rate levels, and the availability of financing for retail customers, including government financing subsidies to farmers, which can be significant in countries such as Brazil, as discussed elsewhere in this “Risk Factors” section. Trends in the agricultural 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 affect farmers’ buying decisions. Downturns in the agricultural industry due to these or other factors, which could vary by market, can result in decreases in demand for agricultural equipment, which would adversely affect our performance. 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 agricultural industry, 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 financing to retail customers, 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 our AGCO Finance joint ventures or by a bank or other private lender. The 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 financing for our dealers and their retail customers.

If we are unable to obtain other sources of financing, our dealers and their retail customers would be required to utilize other retail financing providers, which may or may not be available. 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 performance would be negatively impacted.

Both AGCO and our AGCO Finance joint ventures have substantial accounts receivable from dealers and retail customers, and we both are adversely impacted when collectability is less than optimal. Overall collectability depends upon the financial strength of the agricultural industry, which in turn depends upon the factors discussed elsewhere in this “Risk Factors” section. The finance joint ventures lease equipment as well and also may 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.

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. We have significant manufacturing operations in France, Germany, Brazil, Italy and Finland, and we 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 performance can be adversely affected by adverse changes, in either the country of origin or the country of destination, in the factors discussed elsewhere in this “Risk Factors” section, particularly the factors that impact the delivered cost of our products. Our business practices in these foreign countries must comply with not just local law, but also 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 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 emerging 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. Declines in demand for agricultural equipment adversely affect our performance. As discussed previously in “Risks Related to the COVID -19 Pandemic,” the pandemic has caused a global recession and increased economic and demand uncertainty. The COVID-19 impacts, in addition to related or unrelated application, modification or adoption of laws, regulations, trade agreements or policies, can adversely affect 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 performance. 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.

As previously discussed, 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 or financing rate subsidies for farmers in the European Union, the United

States or elsewhere would 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, the financing provided by the AGCO Finance joint ventures or by others is supported by a government subsidy or guarantee in some markets, including financing rate subsidies. 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 of December 31, 2021, we had approximately 48 employees in Ukraine, and in 2021, we had net sales of approximately $86 million in Ukraine. As of December 31, 2021, we had less than $10 million in assets in Ukraine. It is unclear what impact the hostilities in Ukraine will have on our net sales or assets, although we assume that our net sales will decline, possibly significantly. We will assess the fair value of our assets in Ukraine for potential impairment on a periodic basis as warranted.

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, we are subject to taxation from multiple tax jurisdictions, and it can be inefficient, from a tax perspective, for us to repatriate or otherwise transfer funds. In addition, we must comply with a greater level of tax-related regulation and reviews by multiple governmental units than do companies with a more simplified structure. Our foreign and U.S. operations also 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.

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 performance 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, which would necessitate our making similar expenditures. 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.

Our expansion plans in emerging markets entail significant risks.

Our long-term strategy includes establishing a greater manufacturing and supply-chain and/or marketing presence in emerging markets such as India, China and Africa. 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 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.

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 and the European Union. The United Kingdom withdrew from the European Union, in a process known as “Brexit”, effective December 31, 2020. While the United Kingdom and the European Union have agreed that there will be no taxes on goods or limits on the amount that can be traded between the two jurisdictions, new documentation requirements, safety checks and procedures at ports and new documentation requirements could lead to disruptions in trade.

Over the longer term, changes in the regulatory environment likely will increase our compliance costs. We may find it more difficult to conduct business in the United Kingdom and the European Union, as Brexit likely will result in increased regulatory complexity and increased restrictions and costs on the movement of capital, goods and personnel. 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, which could materially adversely affect our performance.

There could be a risk that other countries may leave the European Union, leaving uncertainty regarding debt burden of certain Eurozone countries and their ability to meet future financial obligations, as well as uncertainty over the long-term stability of the Euro as a single common currency. These uncertainties and implications could materially adversely impact the financial markets in Europe and globally, as well as our customers, suppliers and lenders.

Inflation can impact our costs and sales.

During 2021, we experienced significant inflation in a range of costs, including for parts and components, transportation, logistics, and energy. While we have been able to pass along most of those costs through increased prices, there can be no assurance that we will be able to continue to do so. If we are not, it will impact our performance and results of operations.

Manufacturing and Operations

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.

If we are unable to deliver precision agriculture and high-tech solutions to our customers, it could materially adversely affect our performance.

Our precision technology products include both hardware and software components that relate to guidance, telemetry, automation, autonomy and connectivity solutions. We have to be able to successfully develop and introduce new solutions that improve profitability and result in sustainable farming techniques in order to remain competitive. We expect to make significant investments in research and development expenses, acquisitions of businesses, collaborative arrangements and other sources of technology to drive these outcomes. Such investments may not produce attractive solutions for our customers. We also may have to depend on third parties to supply certain hardware or software components or data services in our precision technology products.
Our dealers ability to support such solutions also may impact our customers, acceptance and demand of such products.

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 (including relocating production from one facility to another) 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 involve 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 new or expanded 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. During 2021, we experienced significant supply chain interruptions, including delays in timely deliveries of components. At any particular time, we depend on numerous 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 availability and 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.

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.
- our ability to successfully carry out our growth strategies for acquired businesses often 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; and
- our approach and strategies with respect to the development and introduction of new precision technology solutions to improve the profitability and sustainability for our farmer customers, including technologies we obtain through acquisitions, investments and joint ventures, may not provide the desired results for our customers.

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.

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, including environmental matters. While these matters generally are not material to our business, it is entirely possible that a matter will arise that is material.

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.

Financial Risks

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. We also 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, it is impossible at this time to foresee all of the possible consequences given the absence of clear agreement in the marketplace as to how to replace LIBOR. In the event that LIBOR is no longer published, interest on our credit facility will be calculated based upon the Secured Overnight Financing Rate (“SOFR”) or a base rate, as defined in the facility agreement, whichever we believe will be the most cost effective. Our credit facility also provides for an expedited amendment process once a replacement for LIBOR is established.

We have significant pension and retiree healthcare 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 and retiree healthcare 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 plans. To the extent that our obligations are unfunded or underfunded, we will have to use cash flow from operations and other sources to fulfill 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. Similarly the amount of our obligations varies depending upon mortality assumptions, discount rates, salary growth, retirement rates and ages, inflation, changes in health care costs and similar factors, which generally are not in our control. We also are subject to laws and regulations governing the administration of our 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 plans and comply with applicable laws and regulations could have an adverse impact to our results of operations. We have 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, "Financial Statements and Supplementary Data," for more information regarding our unfunded or underfunded obligations.

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 also could 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 agricultural industry;
- 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, repurchase shares, pay cash dividends or engage in or enter into certain 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 levels change 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 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. These trade restrictions include withdrawal from or modification of existing trade agreements, negotiation of new trade agreements, or tariffs on the import of agricultural commodities into China, which are critical to our customers. Policies impacting exchange rates and commodity and protein prices or limiting the export of commodities could have a material adverse impact on the international flow of agricultural and other commodities that may result in a corresponding negative impact on the demand for agricultural equipment across the world. Our sales could be negatively impacted by such policies because farm income strongly influences sales of such equipment globally.

In the past, we have had moderate amounts of imports into the U.S. from China. To date, the impact of U.S. import tariffs on China-sourced equipment has not been material to us because we have been able to redirect production and employ

sourcing alternatives for products previously imported into the U.S. from our China manufacturing facility. 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 performance.

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.

Environmental Risks

We increasingly are subject to risks attendant to climate change. Failure to understand and prepare for the risks related to the transition to a lower-carbon economy, and risks related to the physical impacts of climate change could impact our future performance and operations.

It is widely recognized that global climate change is occurring. We are unable to predict with any certainty the impacts upon our business of climate change, although we recognize that they are likely to be significant. Among the risks that we face are (i) increased governmental regulation of both our manufacturing operations and the equipment that we produce, (ii) the possibility that we will not become as resource-efficient in our operations as we need to, including the indirect impacts of supply chain disruptions, (iii) that climate change will reduce demand for our products, (iv) that we will not be able to develop new and improved products that help our farmer customers address climate-related changes and opportunities and that keep our products competitive with the products of others, and (v) the impacts on our physical facilities, including from increased severe weather condition risks. Addressing each of these risks is likely to entail the incurrence of significant costs by us, and we may not be able to address these risks effectively and efficiently, which would impact our performance. In addition, investors increasingly are assessing their investments and investment opportunities based upon how businesses are addressing climate change. Any failure by us to satisfy their assessments could impact the desirability of an investment in AGCO and the share price of our common stock. For a discussion of some of the actions that we have taken, see Item 1, “Business”, above.

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 prevention and 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 and transportation expenses and costs of materials. 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.

We also 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, it could adversely affect our performance.

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 applicable requirements could materially affect our performance.

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 for 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.

Human Capital Risks

Our labor force is heavily unionized, and our 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 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 streamline existing manufacturing facilities, restructure our business or otherwise reduce our labor costs because of limitations on personnel and salary changes and similar restrictions.

Our ability to recruit, develop, train and retain qualified and skilled employees could impact our ability to execute strategies.

Our success is dependent, in part, on our ability to recruit, develop, train and retain qualified employees with the relevant education, background and experience. Equally we must be able to retain such skilled employees through our efforts to develop, train, compensate and engage them. Failure to do so could impair our ability to execute our business strategies and could ultimately impact our performance.

Data Security, Privacy and Cybersecurity Risks

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, Brazil 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 imposed 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, and private lawsuits in the event of a release of personal information are common. While we attempt to comply with all applicable privacy 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 parties.

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 are 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 increasingly are needing to invest additional resources to protect the security of our systems and likely will need to invest even more in the future.

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

Not applicable.

Item 2. ***Properties***

Our principal manufacturing locations and/or properties as of January 31, 2022, 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	522,900	—
Duluth, Georgia	Corporate Headquarters	158,900	—
Hesston, Kansas	Manufacturing	6,300	1,469,100
Jackson, Minnesota	Manufacturing	31,400	1,006,400
International:			
Beauvais, France[(1)]	Manufacturing	—	2,231,300
Breganze, Italy	Manufacturing	11,800	1,562,000
Ennery, France	Parts Distribution	931,100	360,300
Linnavuori, Finland	Manufacturing	15,900	471,900
Hohenmölsen, Germany	Manufacturing	—	437,100
Marktoberdorf, Germany	Manufacturing	270,300	1,523,600
Wolfenbüttel, Germany	Manufacturing	—	546,700
Stockerau, Austria	Manufacturing	26,400	160,700
Thisted, Denmark	Manufacturing	92,400	295,300
Suolahti, Finland	Manufacturing/Parts Distribution	96,100	740,600
Canoas, Brazil	Regional Headquarters/Manufacturing	23,000	1,138,700
Mogi das Cruzes, Brazil	Manufacturing	—	748,700
Santa Rosa, Brazil	Manufacturing	—	515,300
Changzhou, China	Manufacturing	78,900	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 routine audits, 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, 2021, not including interest and penalties, was approximately 131.5 million Brazilian reais (or approximately $23.6 million). The amount ultimately in dispute will be significantly greater because of interest and penalties that will continue to increase as time progresses. 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.

During 2017, we purchased Precision Planting, which provides precision agricultural technology solutions. In 2018, Deere & Company filed separate complaints in the U.S. District Court of Delaware against us and our Precision Planting subsidiary alleging that certain products of those entities infringe certain patents of Deere. The two complaints subsequently were consolidated into a single case, Case No. 1:18-cv-00827-CFC, that currently is scheduled for trial in July 2022. It is our position that no patents have been, or are continuing to be, infringed, and we are vigorously contesting the allegations in the complaint. We have an indemnity right under the purchase agreement related to the acquisition of Precision Planting from its previous owner. Pursuant to that right, the previous owner of Precision Planting currently is responsible for the litigation costs associated with the complaint and is obligated to reimburse AGCO for some or all of the damages in the event of an adverse outcome in the litigation. In the event of an adverse outcome, we estimate that the range of possible damages, based upon the advice of third-party specialists, would be up to approximately $7.0 million. Deere & Company has provided an estimate of its damages that is significantly higher than our estimate and that we believe does not have merit.

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.

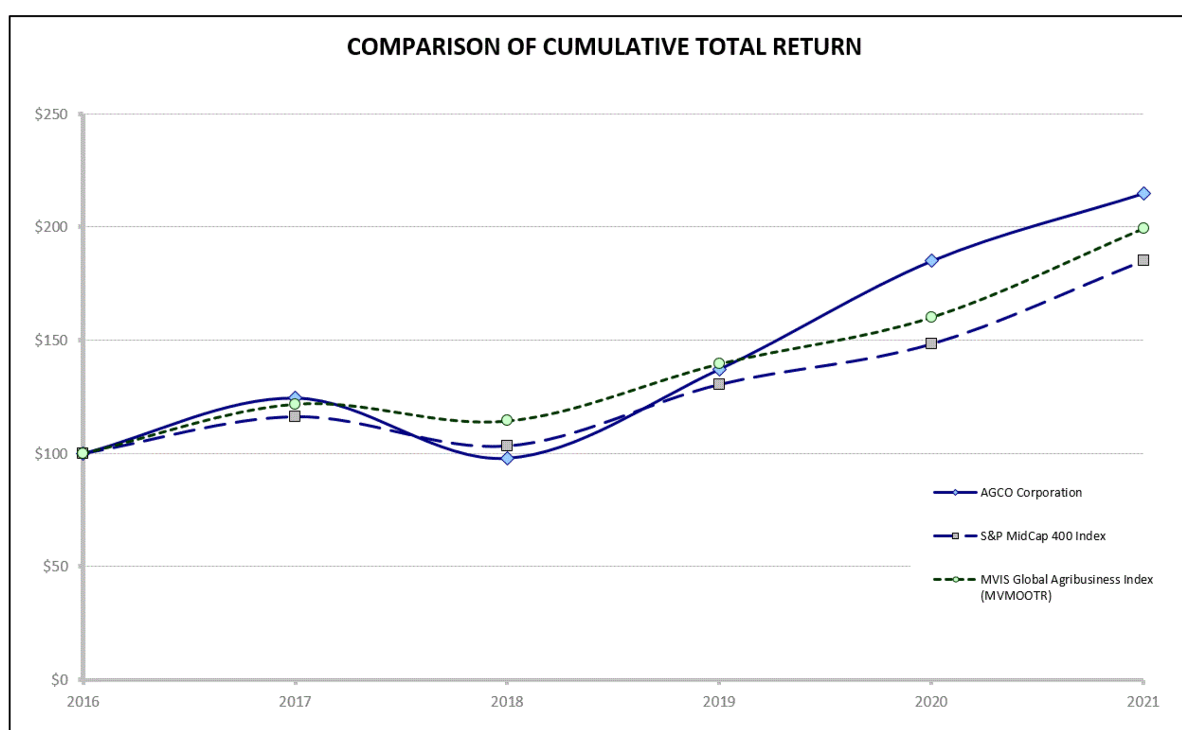
PART II

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 and trades under the symbol AGCO. As of the close of business on February 22, 2022, the closing stock price was $122.34, and there were 408 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, the MVIS Global Agribusiness Index for the five years ended December 31, 2021. Our total returns in the graph are not necessarily indicative of future performance.



	Cumulative Total Return for the Years Ended December 31,					
	2016	2017	2018	2019	2020	2021
AGCO Corporation	$ 100.00	$ 124.50	$ 97.98	$ 137.20	$ 184.90	$ 214.72
S&P Midcap 400 Index	100.00	116.24	103.36	130.44	148.26	184.97
MVIS Global Agribusiness Index	100.00	121.73	114.31	139.46	159.96	199.16

The total return assumes that dividends were reinvested and is based on a $100 investment on December 31, 2016.

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, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)[2]
October 1, 2021 through October 31, 2021	—	$ —	—	$ 170.0
November 1, 2021 through November 30, 2021[1]	393,733	$ 121.91	393,733	$ 110.0
December 1, 2021 through December 31, 2021	—	$ —	—	$ 110.0
Total	393,733	$ 121.91	393,733	$ 110.0

(1) In November 2021, we entered into an ASR agreement with a third-party financial institution to repurchase $60.0 million of our common stock. The ASR agreement resulted in the initial delivery of 393,733 shares of our common stock, representing approximately 80% of the shares expected to be repurchased in connection with the transaction. In January 2022, the remaining 113,824 shares under the ASR agreement were delivered. The average price paid per share related to the ASR agreement reflected in the table above was derived using the fair market value of the shares on the date the initial 393,733 shares were delivered. The amount that may yet be purchased under our share repurchase programs, as presented in the above table, was reduced by the entire $60.0 million payment related to the ASR agreement. Refer to Note 9 to our Condensed Consolidated Financial Statements for a further discussion of this matter.
(2) The remaining authorized amount to be repurchased is $110.0 million, which has no expiration date.

Item 6. ***Reserved***

The information required by Item 301 and Item 302 of Regulation S-K has been omitted as we have elected to adopt the changes to Item 301 and Item 302 of Regulation S-K contained in SEC Release No. 33-10890.

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®, supported by our Fuse® precision agriculture solutions. We distribute most of our products through a combination of approximately 3,200 dealers and distributors as well as associates and licensees. In addition, we provide retail and wholesale financing through our finance joint ventures with Rabobank.

The COVID-19 pandemic and other economic factors continue to create volatility in the global economy, initially through government-mandated facility closures, higher absentee rates, and reduced production at both our factories and the factories that supply us with parts and components; and, more recently, through supply chain disruptions. In addition, we have had to incur various costs related to preventing the spread of COVID-19, including changes to our factories and other facilities and those related to enabling remote work. We expect COVID-19 to continue to impact our business, although the manner and extent to which it impacts us will depend on future developments, including the duration of the pandemic, the timing, distribution and impact of vaccinations, and possible mutations of the virus that are more contagious or resistant to current vaccines. Measures taken by governments around the world, as well as businesses, including us, and the general public in order to limit the spread of COVID-19 will impact our business as well. These factors, along with increasing industrial demand, could negatively affect production levels, particularly caused by delays in the receipts of parts and components. Supply chain issues of particular concern include a wide range of parts and components with a portion arising from the global semiconductor shortage. We may continue to face supplier bottlenecks and delays in all regions as well as challenges with freight logistics, and we continue to work to mitigate the impact of these issues in order to meet increased end-market demand.

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 a function of the timing 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,		
	2021(1)	**2020**(1)	**2019**(1)
Net sales	100.0 %	100.0 %	100.0 %
Cost of goods sold	76.9	77.5	78.1
Gross profit	23.1	22.5	21.9
Selling, general and administrative expenses	9.8	10.9	11.5
Engineering expenses	3.6	3.7	3.8
Amortization of intangibles	0.5	0.7	0.7
Impairment charges	—	0.2	2.0
Restructuring expenses	0.1	0.2	0.1
Bad debt expense	—	0.2	0.1
Income from operations	9.0	6.6	3.9
Interest expense, net	0.1	0.2	0.2
Other expense, net	0.5	0.2	0.7
Income before income taxes and equity in net earnings of affiliates	8.5	6.1	2.9
Income tax provision	1.0	2.1	2.0
Income before equity in net earnings of affiliates	7.5	4.1	0.9
Equity in net earnings of affiliates	0.6	0.5	0.5
Net income	8.1	4.6	1.4
Net (income) loss attributable to noncontrolling interests	—	0.1	—
Net income attributable to AGCO Corporation and subsidiaries	8.1 %	4.7 %	1.4 %

(1) Rounding may impact summation of amounts.

2021 Compared to 2020

Net income attributable to AGCO Corporation and subsidiaries for 2021 was $897.0 million, or $11.85 per diluted share, compared to $427.1 million, or $5.65 per diluted share, for 2020.

Net sales for 2021 were approximately $11,138.3 million, or 21.7% higher than 2020, primarily due to improved market demand. Regionally, net sales were higher in all regions during 2021 compared to 2020. Net sales were negatively impacted by extended COVID-related production shutdowns in both Europe and South America during the first half of 2020. Income from operations was approximately $1,001.4 million in 2021 compared to approximately $599.7 million in 2020. The increase in income from operations during 2021 was primarily the result of higher net sales and production volumes and improved margins, which benefited from positive pricing impacts and a favorable sales mix that offset substantial inflationary material and freight cost pressures along with higher manufacturing costs. Net income per diluted share was favorably impacted by the reversal of valuation allowances previously established against our deferred tax assets in both the United States and Brazil during 2021. In addition, our 2020 income from operations included approximately $20.0 million of a non-cash goodwill impairment charge during the second quarter of 2020 related to a tillage and seeding equipment joint venture in which we formerly owned a 50% interest in our North American ("NA") region.

Regionally, income from operations in our Europe/Middle East ("EME") region increased by approximately $170.1 million in 2021 compared to 2020, driven primarily by higher net sales and increased production volumes as well as positive pricing realization, which offset higher material costs and engineering expenses. In our North American region, income from operations improved by approximately $44.4 million compared to the prior year. Higher net sales and production levels, a

richer product mix and favorable pricing impacts contributed to the improvement in the region and helped to offset material cost inflation. In South America, income from operations increased approximately $102.9 million in 2021 compared to 2020. The increase reflects increased net sales and production volumes, a better sales mix and favorable price realization, offsetting increasing material costs. Income from operations in our Asia/Pacific/African (“APA”) region increased approximately $51.8 million in 2021 compared to 2020, primarily due to higher net sales and an improved product mix.

Industry Market Conditions

Elevated agricultural commodity prices continue to support favorable farm economics resulting in farmers upgrading and replacing aging fleets. These improved conditions generated industry growth across all the major equipment markets during 2021. Future demand for agricultural equipment will be influenced by farm income, which is a function of commodity and protein prices, crop yields and government support.

In North America, industry unit retail sales of utility and high horsepower tractors increased approximately 14% in 2021 compared to 2020. Industry unit retail sales of combines increased approximately 24% in 2021 compared to 2020. Retail sales growth was strongest for high horsepower tractors in 2021 as compared to 2020 where an extended fleet age and favorable commodity prices stimulated demand.

In Western Europe, industry unit retail sales of tractors for 2021 increased approximately 16% compared to 2020. Industry unit retail sales of combines for 2021 increased approximately 3% compared to 2020. Industry sales increased across all major markets compared to 2020. Higher wheat, dairy and livestock prices, combined with improved levels of crop production, generated positive farm economics and farmer sentiment.

In South America, industry unit retail sales of tractors for 2021 increased approximately 22% compared to 2020. Industry unit retail sales of combines for 2021 increased approximately 20% compared to 2020. The improved demand was primarily in the large markets of Brazil and Argentina, as well as in smaller South American markets. Healthy crop production as well as favorable exchange rates supported positive economic conditions for farmers who continue to replace aged equipment.

Results of Operations

Net sales for 2021 were $11,138.3 million compared to $9,149.7 million for 2020, primarily as a result of improved market demand. The following table sets forth, for the year ended December 31, 2021, the impact to net sales of currency translation by geographical segment (in millions, except percentages):

			Change		Change due to Currency Translation	
	2021	**2020**	**$**	**%**	**$**	**%**
North America	$ 2,659.2	$ 2,175.0	$ 484.2	22.3 %	$ 32.4	1.5 %
South America	1,307.7	873.8	433.9	49.7 %	(40.5)	(4.6)%
EME	6,221.7	5,366.9	854.8	15.9 %	155.7	2.9 %
APA	949.7	734.0	215.7	29.4 %	52.1	7.1 %
	$ 11,138.3	$ 9,149.7	$ 1,988.6	21.7 %	$ 199.7	2.2 %

Regionally, net sales in North America increased in 2021 compared to 2020, with growth in sales of tractors and Precision Planting equipment. In the EME region, net sales were higher during 2021 compared to 2020, primarily due to increased sales in all major markets, with the largest increases contributed by growth in tractors, combines and replacement parts. Net sales increased in South America in 2021 compared to 2020, primarily due to higher net sales of tractors, combines, planting equipment, parts as well as grain and protein equipment. In the APA region, net sales increased in 2021 compared to 2020, primarily due to net sales increases in China and Australia, as well as recovery in Africa. We estimate that worldwide average price increases were approximately 6.6% and 1.6% in 2021 and 2020, respectively. Consolidated net sales of tractors and combines, which comprised approximately 61.1% of our net sales in 2021, increased approximately 23.0% in 2021 compared to 2020. Unit sales of tractors and combines increased approximately 16.7% during 2021 compared to 2020. The difference between the unit sales change and the change in net sales was primarily the result of foreign currency translation, pricing and sales mix changes.

The following table sets forth, for the years ended December 31, 2021 and 2020, the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations (in millions, except percentages):

	2021		2020	
	$	% of Net Sales[(1)]	$	% of Net Sales
Gross profit	$ 2,572.3	23.1 %	$ 2,057.5	22.5 %
Selling, general and administrative expenses	1,088.2	9.8 %	1,001.5	10.9 %
Engineering expenses	405.8	3.6 %	342.6	3.7 %
Amortization of intangibles	61.1	0.5 %	59.5	0.7 %
Impairment charge	—	— %	20.0	0.2 %
Restructuring expenses	15.3	0.1 %	19.7	0.2 %
Bad debt expense	0.5	— %	14.5	0.2 %
Income from operations	$ 1,001.4	9.0 %	$ 599.7	6.6 %

(1) Rounding may impact summation of amounts.

Gross profit as a percentage of net sales increased during 2021 compared to 2020 primarily due to the benefit of higher net sales and production levels, as well as positive pricing, which was partially offset by the impact of material cost inflation. Production hours increased across all regions during 2021. Overall, global production hours increased approximately 25% on a global basis during 2021 compared to 2020, primarily as a result of stronger market demand during 2021. Our production facilities continue to face supply chain and logistics disruptions as well as material and freight cost inflation. These disruptions impact our ability to produce and ship units, as well as contribute to labor inefficiencies, and result in carrying higher than anticipated raw material and work in process inventory levels. We expect these conditions to continue, which may impact production levels and net sales and margins in future periods.

Selling, general and administrative expenses (“SG&A expenses”) and engineering expenses, as a percentage of net sales, were lower during 2021 compared to 2020, primarily driven by the increases in net sales. The absolute level of SG&A expenses increased during 2021 following prior year actions to lower expenses while operations were suspended, such as reduced field sales and marketing activities and lower travel expenses. We recorded stock compensation expense of approximately $26.6 million and $36.8 million during 2021 and 2020, respectively, within SG&A expenses, as is more fully explained in Notes 1 and 10 of our Consolidated Financial Statements.

During 2020, we recorded a non-cash goodwill impairment charge of approximately $20.0 million related to a tillage and seeding equipment joint venture in which we formerly owned a 50% interest. The impairment charge was recorded as “Impairment charges” within our Consolidated Statements of Operations, with an offsetting benefit of approximately $10.0 million included within “Net loss attributable to noncontrolling interests.”

We recorded restructuring expenses of approximately $15.3 million and $19.7 million during 2021 and 2020, respectively. The restructuring expenses primarily related to severance and other related costs associated with the rationalization of employee headcount at various manufacturing facilities and administrative offices located in the United States, Europe and South America during 2021 and 2020, as well as the rationalization of our grain storage and protein production systems operations. See Note 3 of our Consolidated Financial Statements.

Interest expense, net was $6.7 million for 2021 compared to $15.0 million for 2020 resulting primarily from higher interest income in 2021 as compared to 2020. See “Liquidity and Capital Resources” for further information on our available funding.

Other expense, net was $50.4 million in 2021 compared to $22.7 million in 2020. We have a minority equity interest in Tractors and Farm Equipment Limited (“TAFE”). During 2020, TAFE repurchased a portion of its common stock from us resulting in a gain of approximately $32.5 million recorded within “Other expense, net.” See Note 14 of our Consolidated Financial Statements for additional information. In addition, 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 $24.5 million and $24.1 million in 2021 and 2020, respectively.

We recorded an income tax provision of $108.4 million in 2021 compared to $187.7 million in 2020. 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, losses in jurisdictions where no income tax benefit is recorded, and provisions for unrecognized income tax benefits related to uncertain tax positions. At December 31, 2021 and 2020, we had gross deferred tax assets of $291.8 million and $360.9 million, respectively, including $69.5 million and $62.9 million, respectively, related to net operating loss carryforwards. At December 31, 2021, we had total valuation allowances as an offset to our gross deferred tax assets of approximately $47.4 million. This valuation allowance included allowances against deferred tax assets (including net operating loss carryforwards) in the U.S. and certain foreign jurisdictions. As of December 31, 2021, our income tax provision included the benefit of reversals of approximately $67.8 million and $55.6 million related to valuation allowances previously established against the Company's net deferred tax assets in the United States and Brazil, respectively. Improvements in income in the United States and Brazil during 2020 and 2021, along with updated future projected income levels, supported the reversal of both of the valuation allowances. At December 31, 2020, we had total valuation allowances as an offset to the gross deferred tax assets of approximately $181.0 million. This valuation allowance included allowances against deferred tax assets (including net operating loss carryforwards) in the United States and certain foreign jurisdictions. Realization of the net deferred tax assets as of December 31, 2021 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 should be able to 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 AGCO Finance joint ventures, was $65.6 million in 2021 compared to $45.5 million in 2020, primarily due to higher net earnings from our AGCO Finance joint ventures. See "Finance Joint Ventures" for further information regarding our finance joint ventures and their results of operations and Note 5 of our Consolidated Financial Statements for further information.

2020 Compared to 2019

A comparison of the results of operations for 2020 versus that of 2019 was included in our Annual Report on Form 10-K for the year ended December 31, 2020.

AGCO 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. 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. In the United States and Canada, we guarantee certain minimum residual values to those joint ventures upon expiration of certain eligible leases between the finance joint ventures and end users. See "Commitments and Off-Balance Sheet Arrangements" and Note 12 to our Consolidated Financial Statements for additional information.

As of December 31, 2021, our capital investment in the finance joint ventures, which is included in "Investment in affiliates" on our Consolidated Balance Sheets, was approximately $359.2 million compared to approximately $395.3 million as of December 31, 2020. The total finance portfolio in our finance joint ventures was approximately $10.9 billion and $10.7 billion as of December 31, 2021 and 2020, respectively. The total finance portfolio as of December 31, 2021 and 2020 included approximately $9.2 billion and $8.8 billion, respectively, of retail receivables and $1.7 billion and $1.9 billion of wholesale receivables from AGCO dealers as of December 31, 2021 and 2020, respectively. 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 2021, we did not make additional investments in our finance joint ventures, and we received dividends of approximately $84.4 million from certain of our finance joint ventures. During 2020, we made approximately $1.9 million of additional investments in our finance joint ventures, and there were no dividends paid from our finance joint ventures. Our finance joint ventures were restricted from paying dividends to us during 2020 as a result of COVID-19 pandemic banking regulations. 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 approximately $64.4 million and $45.0 million for the years ended December 31, 2021 and 2020, respectively, with the increase in earnings primarily due to higher income in our finance joint ventures in the U.S., Canada and France during 2021 as compared to 2020.

Outlook

Our operations are subject to the cyclical nature of the agricultural industry. Sales of our equipment are affected by, among other things, changes in net cash farm income, farm land values, weather conditions, the demand for agricultural commodities, commodity and protein prices and general economic conditions.

Global industry demand for farm equipment is expected to be higher across all major markets during 2022. Our net sales are expected to increase in 2022 compared to 2021, resulting from improved sales volumes and pricing, partially offset by negative foreign currency translation. Gross and operating margins are expected to improve from 2021 levels, reflecting the impact of higher net sales and production volumes as well as pricing initiatives to offset material cost inflation. Engineering expenses and other technology investments are expected to increase in 2022 compared to 2021 to support our product development plans as well as our precision agriculture and digital initiatives.

Our outlook is also based on current estimates of supplier component deliveries, and the ability of the Company's supply chain to deliver parts and components on schedule is currently difficult to predict. If supply chain performance worsens, our results of operations will be adversely impacted. Refer to “Risk Factors” for further discussion of the COVID-19 pandemic and other factors.

Liquidity and Capital Resources

Our financing requirements are subject to variations due to seasonal changes in inventory and receivable levels. In addition, unusual events such as the recent supply chain disruptions can result in increases in inventories and, consequentially, our financing requirements. 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, 2021
1.002% Senior term loan due 2025[1]	283.7
Senior term loans due between 2023 and 2028[1]	445.9
0.800% Senior Notes Due 2028[1]	680.8
Other long-term debt	7.7

(1) The amounts above are gross of debt issuance costs of an aggregate amount of approximately $4.8 million.

On October 6, 2021, we issued €600.0 million (or approximately $680.8 million as of December 31, 2021) of senior notes at an issue price of 99.993%. The notes mature on October 6, 2028, and interest is payable annually, in arrears, at 0.800%. The senior notes contain covenants restricting, among other things, the incurrence of certain secured indebtedness. The senior notes are subject to both optional and mandatory redemption in certain events.

During October 2021, we used the proceeds received from the senior notes to repay our €150.0 million (or approximately $173.4 million as of October 8, 2021) senior term loan due 2022, $370.0 million related to our multi-currency revolving credit facility, and two of our 2016 senior term loans due October 2021 with an aggregate amount outstanding of €192.0 million (or approximately $223.8 million as of October 19, 2021). In August 2021, prior to the issuance of the senior notes, we repaid two of our 2018 senior term loans due August 2021 with an aggregate amount of €72.0 million (or approximately $85.5 million as of August 1, 2021).

In October 2018, we entered into a multi-currency revolving credit facility of $800.0 million. The credit facility matures on 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. As mentioned previously, on October 15, 2021, we repaid $370.0 million of our multicurrency revolving credit facility as a result of the issuance of our 0.800% senior notes due 2028. As of December 31, 2021, we had no outstanding borrowings under the revolving credit facility, and the ability to borrow was approximately $800.0 million under the revolving credit facility.

On April 15, 2020, we borrowed €117.5 million and $133.8 million under a term loan facility that had been added to our multi-currency revolving credit facility. While outstanding, the loans bore interest at one-month LIBOR plus a margin of 1.625%. We repaid the two loans on February 16, 2021 (for an aggregate amount of approximately $276.0 million as of that date). Refer to Note 7 of our Consolidated Financial Statements for further information regarding our current facilities.

As described above, our credit facility allows us to select from among various interest rate options. Due to the phase-out of LIBOR, LIBOR-based rates no longer will be available for borrowings denominated in U.S. dollars after December 31, 2022, and for loans denominated in other currencies after December 31, 2021. The interest rates reflected in the our credit facility were designed to accommodate the discontinuation of LIBOR-based rates and a shift to the "Secured Overnight Financing Rate" ("SOFR") or a base rate, and, as such, we do not believe that moving to the other rates will have a materially adverse effect on our results of operations or financial position. In addition, the credit facility agreement also provides for an expedited amendment process once a replacement for LIBOR is established, which we may elect to utilize to add additional interest-rate alternatives.

On January 25, 2019, we borrowed €250.0 million (or approximately $283.7 million as of December 31, 2021) from the European Investment Bank. The loan matures on January 24, 2025. Interest is payable on the term loan at 1.002% per annum, payable semi-annually in arrears.

In October 2018, we entered into a term loan agreement with Rabobank in the amount of €150.0 million. Interest was 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. As mentioned previously, during October 2021, we repaid this term loan of approximately $173.4 million as of October 8, 2021 with the proceeds from our 0.800% senior notes due 2028.

In October 2016, we borrowed an aggregate amount of €375.0 million through a group of seven related term loan agreements. These agreements had maturities ranging from October 2019 to October 2026. Of the 2016 term loans, we repaid an aggregate amount of €56.0 million (or approximately $61.1 million) of two of these term loans in October 2019. Additionally, as mentioned previously, we repaid €192.0 million (or approximately $223.8 million as of October 19, 2021) upon maturity of two 2016 senior term loans in October 2021. In August 2018, we borrowed an additional aggregate amount of indebtedness of €338.0 million through a group of another seven related term loan agreements. In August 2021, prior to the issuance of the senior notes due 2028, we repaid two of our 2018 senior term loans upon maturity with an aggregate amount of €72.0 million (or approximately $85.5 million as of August 1, 2021). On February 1, 2022, we repaid an additional amount of €72.5 million (or approximately $81.7 million) of one of our 2018 senior term loans due August 2023 with existing cash on hand. The provisions of the term loan agreements are substantially identical in nature with the exception of interest rate terms and maturities. In aggregate, as of December 31, 2021, we had indebtedness of approximately €393.0 million (or approximately $445.9 million as of December 31, 2021) under a total group of eight remaining term loan agreements. As of February 1, 2022, as a result of a further repayment discussed previously, we had indebtedness of €320.5 million (or approximately $361.0 million) through a group of seven remaining term loan agreements. As of December 31, 2021, for the term loans with a fixed interest rate, interest is payable in arrears on an annual basis, with interest rates ranging from 0.90% to 2.26% and maturity dates between August 2023 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 0.90% to 1.25% and maturity dates between August 2023 and August 2025.

As of December 31, 2021 and 2020, we had short-term borrowings due within one year of approximately $90.8 million and $33.8 million, respectively.

We are in compliance with the financial covenants contained in these facilities and 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 contained in Item 8, “Financial Statements and Supplementary Data,” for additional information regarding our current facilities, including the financial covenants contained in each debt instrument.

Our accounts receivable sales agreements in North America, Europe and Brazil permit the sale, on an ongoing basis, of a majority of our receivables to our U.S., Canadian, European and Brazilian finance joint ventures. The sales of all receivables are without recourse to us. We do not service the receivables after the sales occur, 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, 2021 and 2020, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements for the years then ended was approximately $1.3 billion and $1.5 billion, respectively.

In addition, the Company sells certain trade receivables under factoring arrangements to other financial institutions around the world. As of December 31, 2021 and 2020, the cash received from these arrangements for the years then ended was approximately $215.4 million and $199.9 million, 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, 2021 and 2020, these finance joint ventures had approximately $82.1 million and $85.2 million, respectively, of outstanding accounts receivable associated with these arrangements. These arrangements are accounted for as off-balance sheet transactions.

In order to efficiently manage our liquidity, we generally pay vendors in accordance with negotiated terms. To enable vendors to obtain payment in advance of our payment due dates to them, we have established programs in certain markets with financial institutions under which the vendors have the option to be paid by the financial institutions earlier than the payment due dates. When vendors receive early payments they receive discounted amounts and we then pay the financial institutions the face amounts of the invoices on the payment due dates. We do not reimburse vendors for any costs they incur for participation in the programs. Amounts owed to the financial institutions are presented as “Accounts payable” in our Consolidated Balance Sheets. Should we not be able to negotiate extended payment terms with our vendors, or should financial institutions no longer be willing to participate in early payment programs with us, we would expect to have sufficient liquidity to timely pay our vendors without any material impact on us or our financial position.

Our debt to capitalization ratio, which is total indebtedness divided by the sum of total indebtedness and stockholders' equity, was 29.7% at December 31, 2021 compared to 34.8% at December 31, 2020.

Cash Flows

Cash flows provided by operating activities were approximately $660.2 million during 2021 compared to approximately $896.5 million during 2020. The decrease during 2021 was primarily due to an increase in inventories, partially offset by increases in net income and accounts payable as compared to 2020. Supply chain disruptions resulted in higher raw material and work-in-process inventory levels during 2021 as compared to the prior year. Free cash flow, which is defined as "Net cash provided by operating activities" less "Purchases of property, plant and equipment", was approximately $390.4 million during 2021, as compared to approximately $626.6 million during 2020.

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 $1,559.5 million in working capital at December 31, 2021, as compared with $1,005.6 million at December 31, 2020. Accounts receivable and inventories, combined, at December 31, 2021 were approximately $754.8 million higher than at December 31, 2020, primarily due to higher net sales and production levels, as well as the significant impact of supply chain constraints during 2021.

Share Repurchase Program

In August and November 2021, we entered into two accelerated share repurchase ("ASR") agreements with financial institutions to repurchase an aggregate of $135.0 million of shares of our common stock. We received approximately 952,204 shares in these transactions as of December 31, 2021. On January 19, 2022, we received additional 113,824 shares upon final settlement of our November 2021 ASR agreement. In February and March 2020, we entered into two ASR agreements with financial institutions to repurchase an aggregate of $55.0 million of shares of our common stock. We received approximately 970,141 shares in these transactions as of December 31, 2020. 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 a combination of "Additional paid-in capital" and "Retained earnings" within the our Consolidated Balance Sheets.

Contractual Obligations and Cash Requirements

Our material cash requirements include the following contractual and other obligations:

Indebtedness – As of December 31, 2021, we had approximately $44.4 million of payments due during the year ended December 31, 2022, related to indebtedness and certain short-term obligations, in addition to approximately $15.1 million of interest payments associated with indebtedness we expect to pay during 2022. Interest payments generally do not vary materially year to year. Indebtedness amounts reflect the principal amount of our senior term loan, senior notes, credit facility and certain short-term borrowings, gross of any debt issuance costs. Refer to Note 7 of the Consolidated Financial Statements for additional information regarding our indebtedness.

Capital and operating lease obligations – As of December 31, 2021, we had approximately $4.0 million and $45.7 million of payments due during the year ended December 31, 2022, related to capital and operating lease obligations, respectively. Refer to Note 17 of the Consolidated Financial Statements for additional information regarding our lease obligations.

Unconditional purchase obligations – As of December 31, 2021, we had approximately $131.1 million of outstanding purchase obligations payable during the year ended December 31, 2022. These obligations generally do not vary materially year to year.

Other short-term and long-term obligations – As of December 31, 2021, we had approximately $40.1 million of income tax liabilities related to uncertain income tax provisions connected with ongoing income tax audits in various jurisdictions due during the year ended December 31, 2022. Additionally, we had approximately $37.8 million of estimated future minimum contribution requirements under our U.S. and non-U.S. defined benefit pension and postretirement plans due during the year ended December 31, 2022. Refer to Notes 6 and 8 of the Consolidated Financial Statements for additional information regarding our uncertain tax positions and pension and postretirement plans, respectively. These obligations comprise a majority of our other short-term and long-term obligations.

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 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 obligations would be equivalent to the fair value of the underlying equipment.

At December 31, 2021, we guaranteed indebtedness owed to third parties of approximately $25.2 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 2027. 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 also guarantee indebtedness owed to certain of our finance joint ventures if dealers or end users default on loans. Losses under such guarantees historically have been insignificant and the guarantees are not material. We believe the credit risk associated with all of these guarantees is not material to our financial position or results of operations.

In addition, at December 31, 2021, we had accrued approximately $23.3 million of outstanding guarantees of 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. The maximum potential amount of future payments under the guarantee is approximately $160.7 million.

Other

At December 31, 2021, we had outstanding designated and non-designated foreign exchange contracts with a gross notional amount of approximately $3,681.9 million. The outstanding contracts as of December 31, 2021 range in maturity through October 2022. We also had outstanding designated steel commodity contracts with a gross notional amount of approximately $31.9 million that range in maturity through July 2022. See Note 11 of our Consolidated Financial Statements for additional information.

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 for further information.

Related Parties

In the ordinary course of business, we engage in transactions with related parties. See Note 14 of our Consolidated Financial Statements for information regarding related party transactions and their impact to our consolidated results of operations and financial position.

Foreign Currency Risk Management

We have significant manufacturing locations in the United States, France, Germany, Finland, Italy, China 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 Middle East, Africa, Asia and parts of South America, where net sales are primarily denominated in British pounds, Euros or the United States dollar.

We 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 may be partially hedged from time to time. 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.

The total notional value of our foreign currency instruments was $3,681.9 million and $3,722.4 million as of December 31, 2021 and 2020, respectively, inclusive of both those instruments that are designated and qualified for hedge accounting and non-designated derivative instruments. We enter into 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, and we enter into foreign currency contracts to economically hedge receivables and payables on our balance sheets that are denominated in foreign currencies other than the functional currency. In addition, we use derivative and non-derivative instruments to hedge a portion of our net investment in foreign operations against adverse movements in exchange rates. See Note 11 of our Consolidated Financial Statements for further information about our hedging transactions and derivative 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 $52.6 million as of December 31, 2021. 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. See Notes 7 and 11 of our Consolidated Financial Statements for additional information.

Based on our floating rate debt and our accounts receivable sales facilities outstanding at December 31, 2021, a 10% increase in interest rates, would have increased, collectively, “Interest expense, net” and “Other expense, net” for the year ended December 31, 2021 by approximately $2.1 million.

Recent Accounting Pronouncements

See Note 1 of our Consolidated Financial Statements for 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 contained in Item 8, “Financial Statements and Supplementary Data.” 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 expected 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, 2021, we had recorded an allowance for discounts and sales incentives of approximately $610.3 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 $22.9 million as of December 31, 2021. 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 $22.9 million as of December 31, 2021.

Deferred Income Taxes and Uncertain Income Tax Positions

We recorded an income tax provision of $108.4 million in 2021 compared to $187.7 million in 2020 and $180.8 million in 2019. 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, losses in jurisdictions where no income tax benefit is recorded and provisions for unrecognized income tax benefits related to uncertain tax positions.

As of December 31, 2021, our income tax provision included the benefit of reversals of approximately $67.8 million and $55.6 million related to valuation allowances previously established against the Company’s net deferred tax assets in the United States and Brazil, respectively. Improvements in income in the United States and Brazil during 2020 and 2021, along

with updated future projected income levels, supported the reversal of both of the valuation allowances. In addition, we maintain a valuation allowance to reserve a portion of our 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 may not be realized. We assessed the likelihood that our deferred tax assets should be recovered from estimated future taxable income and the current economic climate, as well as available tax planning strategies and determined that the adjustment to the valuation allowance was appropriate. We believe it is more likely than not that we should be able to realize our remaining net deferred tax assets, net of the valuation allowance, in future years.

At December 31, 2021 and 2020, we had gross deferred tax assets of $291.8 million and $360.9 million, respectively, including $69.5 million and $62.9 million, respectively, related to net operating loss carryforwards. At December 31, 2021 and 2020, we had total valuation allowances as an offset to our gross deferred tax assets of $47.4 million and $181.0 million, respectively. These valuation allowances are held against deferred tax assets (including net operating loss carryforwards) in the United States and certain foreign jurisdictions. Realization of the remaining deferred tax assets as of December 31, 2021 depends 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 should be able to be realized.

We recognize income tax benefits from uncertain tax positions only when there is a more than 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities based on the technical merits of the positions. As of December 31, 2021 and 2020, we had approximately $246.4 million and $227.9 million, respectively, of gross unrecognized tax benefits, all of which would impact our effective tax rate if recognized. As of December 31, 2021 and 2020, we had approximately $40.1 million and $57.1 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, 2021 and 2020, we had accrued interest and penalties related to unrecognized tax benefits of approximately $32.7 million and $39.4 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 senior executives, which is our Executive Nonqualified Pension Plan (“ENPP”). The ENPP also is closed to new entrants, and, during 2021, we amended the ENPP to freeze future salary benefit accruals as of December 31, 2024 and to eliminate a lifetime annuity feature for participants reaching age 65 subsequent to December 31, 2022.

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 contained in Item 8, “Financial Statements and Supplementary Data,” for additional 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, 2021, 2020 and 2019, 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. We use 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 during 2021 to reflect the latest expected improvements in the life expectancy of the plan participants. The mortality rates for the U.S. defined benefit pension plans were also updated during 2021 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, 2021. The effects of a 25 basis point change in certain actuarial assumptions on the 2022 net annual pension and ENPP costs and related benefit obligations as of December 31, 2021 would be as follows:

	Year-end Benefit Obligation		2022 Net Annual Pension Cost	
	25 basis point increase	25 basis point decrease	25 basis point increase	25 basis point decrease
Discount rate:				
U.S. qualified defined benefit pension plans and ENPP	$ (3.6)	$ 3.8	$ (0.2)	$ 0.2
U.K. defined benefit pension plans	(22.2)	23.7	(0.2)	0.2

	2022 Net Annual Pension Cost	
	25 basis point increase	25 basis point decrease
Long-term rate of return on plan assets:		
U.S. qualified defined benefit pension plans and ENPP	$ (0.1)	$ 0.1
U.K. defined benefit pension plans	(1.8)	1.8

Unrecognized actuarial net losses related to our defined benefit pension plans and ENPP were $291.7 million as of December 31, 2021 compared to $385.1 million as of December 31, 2020. The decrease in unrecognized net actuarial losses between years primarily resulted from higher discount rates at December 31, 2021 compared to December 31, 2020, as well as a result of the amendment to our ENPP as previously discussed. 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. 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, 2021, the average amortization periods were as follows:

	ENPP	U.S. Plans	U.K. Plan
Average amortization period of losses related to defined benefit pension plans	7 years	14 years	19 years

Unrecognized prior service cost related to our defined benefit pension plans was $7.1 million as of December 31, 2021 compared to $20.1 million as of December 31, 2020. The decrease in the unrecognized prior service cost between years is due primarily to the amortization of unrecognized prior service cost related to prior plan amendments, as well as the amendment in 2021 previously discussed related to our ENPP. The 2021 amendment resulted in both a curtailment gain and a net prior service credit.

As of December 31, 2021, our unfunded or underfunded obligations related to our defined benefit pension plans and ENPP were approximately $89.2 million, primarily related to our defined benefit pension plans in Europe and the United States. In 2021, we contributed approximately $36.0 million towards those obligations, and we expect to fund approximately $36.3 million in 2022. 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 $21.1 million) towards that obligation through December 2022. The funding arrangement is based upon the current funded 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 for impairment annually as of October 1 using a qualitative assessment or a quantitative one-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 of net assets, no further evaluation is necessary. For reporting units where we perform a one-step quantitative assessment, we compare the fair value of each reporting unit to its respective carrying value of net assets, including goodwill. If the fair value of the reporting unit exceeds its carrying value of net assets, the goodwill is not considered impaired. If the carrying value of net assets is higher than the fair value of the reporting unit, an impairment charge is recorded in the amount by which the carrying value exceeds the reporting unit's fair value.

We utilize a combination of valuation techniques, including an income approach, whereby the present value of future expected operating net cash flows are calculated using a discount rate; and a guideline public company method, whereby EBITDA and revenue multiples are derived from the market prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market. Assumptions included in these approaches can positively and negatively impact the results of our assessments such as interest rates, sales and margin growth rates, tax rates, cost structures, market share, pricing, capital expenditures, working capital levels and the use of control premiums. For all

reporting units, a 10 percent decrease in the estimated fair value would have had no effect on the carrying value of goodwill as of our annual measurement date on October 1, 2021.

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, 2021 indicated that no indicators of impairment existed and no reduction in the carrying amount of goodwill and long-lived assets was required.

The COVID-19 pandemic has adversely impacted the global economy as a whole. Based on macroeconomic conditions throughout 2020, we assessed our goodwill and other intangible assets for indications of impairment as of March 31, 2020, June 30, 2020 and September 30, 2020. As of June 30, 2020, we concluded there were indicators of impairment during the three months ended June 30, 2020 related to one of our smaller reporting units, which was a 50%-owned tillage and seeding equipment joint venture. We consolidated the reporting unit as we were determined to be the primary beneficiary of the joint venture. Deteriorating market conditions for the products the joint venture sold were negatively impacted by the COVID-19 pandemic in the second quarter of 2020, greater than initially expected. As a result, updated strategic reviews with revised forecasts indicated an impairment of the entire goodwill balance of this reporting unit was necessary as of June 30, 2020. During the three months ended June 30, 2020, an impairment charge of approximately $20.0 million was recorded as “Goodwill impairment charge” within our Consolidated Statements of Operations, with an offsetting benefit of approximately $10.0 million included within “Net loss attributable to noncontrolling interests.” The joint venture was sold during 2021.

The results of our goodwill and long-lived assets impairment analyses conducted as of October 1, 2020 indicated that no other indicators of impairment existed and no reduction in the carrying amount of goodwill and long-lived assets was required related to our other reporting units.

Our goodwill impairment analysis conducted as of October 1, 2019 indicated that the carrying value of the net assets of our grain storage and protein production systems business in Europe/Middle East was in excess of the fair value of the reporting unit, and therefore, we recorded a non-cash impairment charge of approximately $173.6 million within “Impairment charges” in our Consolidated Statements of Operations. This impairment charge was a substantial portion of the reporting unit’s goodwill balance.

During the three months ended December 31, 2019, we also recorded a non-cash impairment charge of approximately $3.0 million within “Impairment charges” in our Consolidated Statements of Operations. The impairment charge related to certain long-lived intangible assets associated with our grain storage and protein production systems operations within North America due to the discontinuation of a certain brand name and related products and customers.

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 and protein 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, 2021, we had approximately $1,280.8 million of goodwill. While our annual impairment testing in 2021 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 $114.4 million and $91.2 million, respectively, of VAT tax credits, net of reserves, as of December 31, 2021 and 2020.

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, 2021 are included in this Item:

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Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019	48
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2021, 2020 and 2019	49
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Consolidated Statements of Stockholders’ Equity for the years ended December 31, 2021, 2020 and 2019	51
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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, 2021 and 2020, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes and financial statement schedule II — Valuation and Qualifying Accounts (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, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, 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, 2021, 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 February 25, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

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 consolidated 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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the reserve and allowance for volume discount and sales incentive programs in certain geographic regions

As discussed in Note 1 to the consolidated financial statements, the Company provides various volume discount and sales incentive programs with respect to its products. As of December 31, 2021, the Company had accrued volume discounts and sales incentives of approximately $602.3 million and an allowance for sales incentive discounts of approximately $8.0 million. Sales incentive programs include reductions in invoice prices, reductions in retail financial rates, dealer commissions and dealer incentive allowances. Volume discounts and sales incentives are recorded at the time of sale as a reduction of revenue using the expected value method.

We identified the assessment of the reserve and allowance for volume discount and sales incentive programs in certain geographic regions as a critical audit matter. Auditor judgment was required to evaluate certain assumptions which had a higher degree of measurement uncertainty. Significant assumptions included estimated incentive rates,

which were the estimated rates at which programs were applied to eligible products, and estimated achievement by dealers of specified cumulative targeted purchase levels.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company’s reserve and allowance for volume discount and sales incentive process, including controls related to the development of the significant assumptions. For certain volume discount and sales incentive programs, we compared the program details to dealer communications and the significant assumptions to historical results for similar programs. We assessed the Company’s historical ability to estimate significant assumptions by comparing the prior year estimated amounts to actual discounts and sales incentives realized by the customers. We evaluated the significant assumptions by comparing them to actual results, including the results of transactions occurring after year-end.

Assessment of gross unrecognized income tax benefits in certain jurisdictions

As discussed in Note 6 to the consolidated financial statements, the Company has recorded a liability for gross unrecognized income tax benefits of approximately $246.4 million as of December 31, 2021. The Company recognizes income tax benefits from uncertain tax positions only when there is a more than 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities based on the technical merits of the positions.

We identified the assessment of gross unrecognized income tax benefits in certain jurisdictions as a critical audit matter. Complex auditor judgment and specialized skills were required in evaluating the Company’s interpretation and application of tax laws and the estimate of the amount of tax benefits expected to be realized.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company’s gross unrecognized income tax benefit process. This included controls related to the Company’s consideration of information that could affect the recognition or measurement of income tax benefits from uncertain tax positions and the interpretation and application of tax laws. We involved tax professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company’s interpretation and application of tax laws
- developing an expectation of the Company’s tax positions and comparing the results to the Company’s assessment

Assessment of goodwill impairment for certain reporting units

As discussed in Note 1 to the consolidated financial statements, the Company evaluates goodwill for impairment annually as of October 1 and when events or circumstances indicate that fair value of a reporting unit may be below its carrying value. As of December 31, 2021, the Company has $1,280.8 million of goodwill. The Company performs its goodwill impairment analyses using either a qualitative or a quantitative assessment. The fair values of the reporting units are determined based on a combination of valuation techniques, including an income approach and guideline public company method. Based on the Company’s analysis, the Company determined that the fair values of certain reporting units were in excess of the carrying values and therefore did not record any goodwill impairment for these reporting units.

We identified the assessment of goodwill impairment for certain reporting units as a critical audit matter because a high degree of subjective auditor judgment was required to evaluate the fair value of the reporting units. The fair value model used the following significant assumptions for which there was limited observable market information: forecasted revenue growth and discount rates. The determined fair values were sensitive to changes in these significant assumptions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company’s goodwill impairment process, including controls over the significant assumptions. We performed sensitivity analyses over the significant assumptions to assess their impact on the Company’s fair value determination. We compared the Company’s forecasted revenue growth used in the valuation model against underlying business strategies and growth plans. We compared the Company’s historical revenue forecasts to actual results to assess the Company’s ability to forecast. In addition, we involved valuation professionals with specialized skills and knowledge who assisted in:

- comparing the Company’s discount rate inputs to publicly available information for comparable entities to test the selected discount rate

- recomputing the estimate of fair value for the reporting units using the Company's significant assumptions and comparing the result to the Company's fair value estimate

/s/ KPMG LLP

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

Atlanta, Georgia
February 25, 2022

AGCO CORPORATION

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

	Years Ended December 31,		
	2021	2020	2019
Net sales	$ 11,138.3	$ 9,149.7	$ 9,041.4
Cost of goods sold	8,566.0	7,092.2	7,057.1
Gross profit	2,572.3	2,057.5	1,984.3
Operating expenses:			
Selling, general and administrative expenses	1,088.2	1,001.5	1,040.3
Engineering expenses	405.8	342.6	343.4
Amortization of intangibles	61.1	59.5	61.1
Impairment charges	—	20.0	176.6
Restructuring expenses	15.3	19.7	9.0
Bad debt expense	0.5	14.5	5.8
Income from operations	1,001.4	599.7	348.1
Interest expense, net	6.7	15.0	19.9
Other expense, net	50.4	22.7	67.1
Income before income taxes and equity in net earnings of affiliates	944.3	562.0	261.1
Income tax provision	108.4	187.7	180.8
Income before equity in net earnings of affiliates	835.9	374.3	80.3
Equity in net earnings of affiliates	65.6	45.5	42.5
Net income	901.5	419.8	122.8
Net (income) loss attributable to noncontrolling interests	(4.5)	7.3	2.4
Net income attributable to AGCO Corporation and subsidiaries	$ 897.0	$ 427.1	$ 125.2
Net income per common share attributable to AGCO Corporation and subsidiaries:			
Basic	$ 11.93	$ 5.69	$ 1.64
Diluted	$ 11.85	$ 5.65	$ 1.63
Cash dividends declared and paid per common share	$ 4.74	$ 0.63	$ 0.63
Weighted average number of common and common equivalent shares outstanding:			
Basic	75.2	75.0	76.2
Diluted	75.7	75.6	77.0

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Years Ended December 31,		
	2021	**2020**	**2019**
Net income	$ 901.5	$ 419.8	$ 122.8
Other comprehensive gain (loss), net of reclassification adjustments:			
Defined benefit pension plans, net of taxes:			
Prior service credit (cost) arising during the year	10.0	0.3	(4.7)
Net loss recognized due to settlement	0.1	0.3	0.6
Net loss recognized due to curtailment	6.3	—	—
Net actuarial gain (loss) arising during the year	53.6	(32.7)	(23.3)
Amortization of prior service cost included in net periodic pension cost	0.6	2.1	1.6
Amortization of net actuarial losses included in net periodic pension cost	12.3	13.1	11.8
Derivative adjustments:			
Net changes in fair value of derivatives	5.1	5.1	(2.6)
Net gains reclassified from accumulated other comprehensive loss into income	(3.0)	(6.3)	(0.1)
Foreign currency translation adjustments	(45.5)	(201.8)	(20.6)
Other comprehensive gain (loss), net of reclassification adjustments	39.5	(219.9)	(37.3)
Comprehensive income	941.0	199.9	85.5
Comprehensive (income) loss attributable to noncontrolling interests	(4.1)	11.6	(0.1)
Comprehensive income attributable to AGCO Corporation and subsidiaries	$ 936.9	$ 211.5	$ 85.4

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 889.1	$ 1,119.1
Accounts and notes receivable, net	991.5	856.0
Inventories, net	2,593.7	1,974.4
Other current assets	539.8	418.9
Total current assets	5,014.1	4,368.4
Property, plant and equipment, net	1,464.8	1,508.5
Right-of-use lease assets	154.1	165.1
Investments in affiliates	413.5	442.7
Deferred tax assets	169.3	77.6
Other assets	293.3	179.8
Intangible assets, net	392.2	455.6
Goodwill	1,280.8	1,306.5
Total assets	$ 9,182.1	$ 8,504.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 2.1	$ 325.9
Short term borrowings	90.8	33.8
Accounts payable	1,078.3	855.1
Accrued expenses	2,062.2	1,916.7
Other current liabilities	221.2	231.3
Total current liabilities	3,454.6	3,362.8
Long-term debt, less current portion and debt issuance costs	1,411.2	1,256.7
Operating lease liabilities	115.5	125.9
Pensions and postretirement health care benefits	209.0	253.4
Deferred tax liabilities	116.9	112.4
Other noncurrent liabilities	431.1	375.0
Total liabilities	5,738.3	5,486.2
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 2021 and 2020	—	—
Common stock; $0.01 par value, 150,000,000 shares authorized, 74,441,312 and 74,962,231 shares issued and outstanding at December 31, 2021 and 2020, respectively	0.7	0.8
Additional paid-in capital	3.9	30.9
Retained earnings	5,182.2	4,759.1
Accumulated other comprehensive loss	(1,770.9)	(1,810.8)
Total AGCO Corporation stockholders' equity	3,415.9	2,980.0
Noncontrolling interests	27.9	38.0
Total stockholders' equity	3,443.8	3,018.0
Total liabilities and stockholders' equity	$ 9,182.1	$ 8,504.2

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 Gains (Losses) on Derivatives	Accumulated Other Comprehensive Loss		
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
Net income (loss)	—	—	—	125.2	—	—	—	—	(2.4)	122.8
Payment of dividends to shareholders	—	—	—	(48.0)	—	—	—	—	—	(48.0)
Issuance of restricted stock	14,105	—	1.0	—	—	—	—	—	—	1.0
Issuance of stock awards	608,444	—	(13.3)	(9.7)	—	—	—	—	—	(23.0)
SSARs exercised	106,514	—	(3.1)	(1.7)	—	—	—	—	—	(4.8)
Stock compensation	—	—	40.3	—	—	—	—	—	—	40.3
Investment by noncontrolling interests	—	—	—	—	—	—	—	—	2.0	2.0
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(0.4)	(0.4)
Changes in noncontrolling interest	—	—	—	—	—	—	—	—	(9.1)	(9.1)
Purchases and retirement of common stock	(1,794,256)	—	(30.4)	(99.6)	—	—	—	—	—	(130.0)
Defined benefit pension plans, net of taxes:										
Prior service cost arising during year	—	—	—	—	(4.7)	—	—	(4.7)	—	(4.7)
Net loss recognized due to settlement	—	—	—	—	0.6	—	—	0.6	—	0.6
Net actuarial loss arising during year	—	—	—	—	(23.3)	—	—	(23.3)	—	(23.3)
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	1.6	—	—	1.6	—	1.6
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	11.8	—	—	11.8	—	11.8
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	(2.7)	(2.7)	—	(2.7)
Change in cumulative translation adjustment	—	—	—	—	—	(23.1)	—	(23.1)	2.5	(20.6)
Balance, December 31, 2019	75,471,562	0.8	4.7	4,443.5	(296.4)	(1,297.5)	(1.3)	(1,595.2)	53.2	2,907.0
Net income (loss)	—	—	—	427.1	—	—	—	—	(7.3)	419.8
Payment of dividends to shareholders	—	—	—	(48.0)	—	—	—	—	—	(48.0)
Issuance of restricted stock	19,862	—	1.1	—	—	—	—	—	—	1.1
Issuance of stock awards	374,212	—	(7.3)	(8.4)	—	—	—	—	—	(15.7)
SSARs exercised	66,736	—	(4.1)	(0.1)	—	—	—	—	—	(4.2)
Stock compensation	—	—	39.9	(3.4)	—	—	—	—	—	36.5
Investment by noncontrolling interests	—	—	—	—	—	—	—	—	0.2	0.2
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(3.3)	(3.3)
Changes in noncontrolling interest	—	—	—	—	—	—	—	—	(0.5)	(0.5)
Purchases and retirement of common stock	(970,141)	—	(3.4)	(51.6)	—	—	—	—	—	(55.0)
Defined benefit pension plans, net of taxes:										
Prior service credit arising during year	—	—	—	—	0.3	—	—	0.3	—	0.3
Net loss recognized due to settlement	—	—	—	—	0.3	—	—	0.3	—	0.3
Net actuarial loss arising during year	—	—	—	—	(32.7)	—	—	(32.7)	—	(32.7)
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	2.1	—	—	2.1	—	2.1
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	13.1	—	—	13.1	—	13.1
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	(1.2)	(1.2)	—	(1.2)
Change in cumulative translation adjustment	—	—	—	—	—	(197.5)	—	(197.5)	(4.3)	(201.8)
Balance, December 31, 2020	74,962,231	0.8	30.9	4,759.1	(313.3)	(1,495.0)	(2.5)	(1,810.8)	38.0	3,018.0
Net income	—	—	—	897.0	—	—	—	—	4.5	901.5
Payment of dividends to shareholders	—	—	—	(358.5)	—	—	—	—	—	(358.5)
Issuance of restricted stock	8,912	—	1.3	—	—	—	—	—	—	1.3
Issuance of stock awards	362,034	—	(29.5)	—	—	—	—	—	—	(29.5)
SSARs exercised	60,339	—	(5.4)	—	—	—	—	—	—	(5.4)
Stock compensation	—	—	26.1	—	—	—	—	—	—	26.1
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(3.6)	(3.6)
Sale of noncontrolling interests	—	—	—	—	—	—	—	—	(10.6)	(10.6)
Purchases and retirement of common stock	(952,204)	(0.1)	(19.5)	(115.4)	—	—	—	—	—	(135.0)
Defined benefit pension plans, net of taxes:										
Prior service credit arising during year	—	—	—	—	10.0	—	—	10.0	—	10.0
Net loss recognized due to settlement	—	—	—	—	0.1	—	—	0.1	—	0.1
Net loss recognized due to curtailment	—	—	—	—	6.3	—	—	6.3	—	6.3
Net actuarial gain arising during year	—	—	—	—	53.6	—	—	53.6	—	53.6
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	0.6	—	—	0.6	—	0.6
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	12.3	—	—	12.3	—	12.3
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	2.1	2.1	—	2.1
Change in cumulative translation adjustment	—	—	—	—	—	(45.1)	—	(45.1)	(0.4)	(45.5)
Balance, December 31, 2021	74,441,312	$ 0.7	$ 3.9	$ 5,182.2	$ (230.4)	$ (1,540.1)	$ (0.4)	$ (1,770.9)	$ 27.9	$ 3,443.8

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net income	$ 901.5	$ 419.8	$ 122.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	220.7	212.5	210.9
Impairment charges	—	20.0	176.6
Amortization of intangibles	61.1	59.5	61.1
Stock compensation expense	27.4	37.6	41.3
Equity in net earnings of affiliates, net of cash received	(1.9)	(43.7)	—
Deferred income tax (benefit) provision	(117.9)	3.4	15.1
Other	20.5	(7.4)	6.9
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Accounts and notes receivable, net	(207.7)	(90.5)	63.8
Inventories, net	(762.6)	119.7	(216.3)
Other current and noncurrent assets	(268.0)	(49.8)	(14.4)
Accounts payable	292.2	(59.1)	35.7
Accrued expenses	241.2	185.3	114.5
Other current and noncurrent liabilities	253.7	89.2	77.9
Total adjustments	(241.3)	476.7	573.1
Net cash provided by operating activities	660.2	896.5	695.9
Cash flows from investing activities:			
Purchases of property, plant and equipment	(269.8)	(269.9)	(273.4)
Proceeds from sale of property, plant and equipment	6.3	1.9	4.9
Purchase of businesses, net of cash acquired	(22.6)	(2.8)	—
Sale of, distributions from (investments in) unconsolidated affiliates, net	13.1	29.1	(3.1)
Other	(15.4)	—	—
Net cash used in investing activities	(288.4)	(241.7)	(271.6)
Cash flows from financing activities:			
Proceeds from indebtedness	2,497.6	1,195.6	2,082.7
Repayments of indebtedness	(2,501.4)	(1,045.6)	(2,191.1)
Purchases and retirement of common stock	(135.0)	(55.0)	(130.0)
Payment of dividends to stockholders	(358.5)	(48.0)	(48.0)
Payment of minimum tax withholdings on stock compensation	(34.9)	(19.8)	(28.1)
Payment of debt issuance costs	(3.8)	(1.4)	(0.5)
(Distributions to) investments by noncontrolling interests, net	(3.5)	(3.1)	1.6
Net cash (used in) provided by financing activities	(539.5)	22.7	(313.4)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(62.3)	8.8	(4.2)
(Decrease) increase in cash, cash equivalents and restricted cash	(230.0)	686.3	106.7
Cash, cash equivalents and restricted cash, beginning of year	1,119.1	432.8	326.1
Cash, cash equivalents and restricted cash, end of year	$ 889.1	$ 1,119.1	$ 432.8

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 3,200 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 CoöperatieveRabobank U.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.

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.

The Company cannot predict the ongoing impact of the COVID-19 pandemic due to volatility in global economic and political environments, the cyclicality of market demand for its products, supply chain disruptions, possible workforce unavailability, exchange rate and commodity and protein price volatility and availability of financing, and their impact to the Company's net sales, production volumes, costs and overall financial condition and available funding. The Company may be required to record impairment charges in the future with respect to noncurrent assets such as goodwill and other intangible assets and equity method investments, whose fair values may be negatively affected by the COVID-19 pandemic. The Company also may be required to write-down obsolete inventory due to decreased customer demand and sales orders. The Company monitors the collection of accounts receivable, as well as the operating results of its finance joint ventures around the world. In the event economic conditions were to deteriorate, the Company and its finance joint ventures may not collect accounts receivable at expected levels, and the operating results of its finance joint ventures may be negatively impacted, thus negatively impacting the Company's results of operations and financial condition. The Company also regularly assesses its compliance with debt covenants, cash flow hedging forecasts as compared to actual transactions, the fair value of pension assets, accounting for incentive and stock compensation accruals, revenue recognition and discount reserve setting as well as the realization of deferred tax assets in light of the COVID-19 pandemic.

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 changed the functional currency of its wholly-owned subsidiary from the Argentinian peso to the U.S. dollar effective July 1, 2018.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents reported in the Consolidated Balance Sheets as of December 31, 2021, 2020 and 2019 and cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019 are as follows (in millions):

	December 31, 2021	December 31, 2020	December 31, 2019
Cash[(1)]	$ 833.0	$ 1,022.0	$ 412.3
Cash equivalents[(2)]	49.2	89.7	17.3
Restricted cash[(3)]	6.9	7.4	3.2
Total	$ 889.1	$ 1,119.1	$ 432.8

(1) Consisted primarily of cash on hand and bank deposits.
(2) Consisted primarily of money market deposits, certificates of deposits and overnight investments. The Company considers all investments with an original maturity of three months or less to be cash equivalents.
(3) Consisted primarily of cash in escrow or held as guarantee to support specific requirements.

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 days 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 days 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 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. When the Company is responsible for installation services, fixed payment schedules may include upfront deposits, progress payments and final payment upon customer acceptance.

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

Year Ended December 31, 2021	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated	
0 to 6 months	$ 1,909.7	$ 1,307.7	$ 6,217.6	$ 949.7	$ 10,384.7	93.2 %
7 to 12 months	739.7	—	4.1	—	743.8	6.7 %
13 to 24 months	9.8	—	—	—	9.8	0.1 %
	$ 2,659.2	$ 1,307.7	$ 6,221.7	$ 949.7	$ 11,138.3	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 expected 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, 2021 and 2020 were as follows (in millions):

	2021	2020
Sales incentive discounts	$ 8.0	$ 12.9
Doubtful accounts	32.6	36.4
	$ 40.6	$ 49.3

The Company accounts for its provision for doubtful accounts in accordance with Accounting Standards Update (“ASU”) 2016-13, “Measurement of Credit Losses on Financial Instruments,” (“ASU 2016-13”).

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 and other financial institutions (see 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 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 net realizable value, using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At December 31, 2021 and 2020, the Company had recorded $202.6 million and $209.2 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, 2021 and 2020 were as follows (in millions):

	2021	2020
Finished goods	$ 718.2	$ 641.3
Repair and replacement parts	697.8	652.3
Work in process	282.8	175.1
Raw materials	894.9	505.7
Inventories, net	$ 2,593.7	$ 1,974.4

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 $114.4 million and $91.2 million, respectively, of VAT tax credits, net of reserves, as of December 31, 2021 and 2020.

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 two 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 primarily charged to expense as incurred.

Property, plant and equipment, net at December 31, 2021 and 2020 consisted of the following (in millions):

	2021	2020
Land	$ 141.0	$ 147.2
Buildings and improvements	875.9	899.7
Machinery and equipment	2,702.3	2,772.0
Furniture and fixtures	171.1	168.0
Gross property, plant and equipment	3,890.3	3,986.9
Accumulated depreciation and amortization	(2,425.5)	(2,478.4)
Property, plant and equipment, net	$ 1,464.8	$ 1,508.5

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 one-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 the carrying value of their net assets, no further evaluation is necessary. For reporting units where the Company performs a one-step quantitative assessment, the Company compares 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 of net assets, including goodwill. If the fair value of the reporting unit exceeds its carrying value of net assets, the goodwill is not considered impaired. If the carrying value of net assets is higher than the fair value of the reporting unit, an impairment charge is recorded in the amount by which the carrying value exceeds the reporting unit's fair value in accordance with ASU 2017-04.

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 our goodwill and long-lived assets impairment analyses conducted as of October 1, 2021 indicated that no indicators of impairment existed and no reduction in the carrying amount of goodwill and long-lived assets was required.

The COVID-19 pandemic has adversely impacted the global economy as a whole since its inception. Based on macroeconomic conditions throughout 2020, the Company assessed its goodwill and other intangible assets for indications of impairment, and as of June 30, 2020, the Company concluded there were indicators of impairment during the three months ended June 30, 2020 related to one of its smaller reporting units, which was a 50%-owned tillage and seeding equipment joint venture. As a result, the entire goodwill balance of this reporting unit was impaired, and during the three months ended June 30,

2020, the Company recorded a non-cash impairment charge of approximately $20.0 million as “Impairment charges” within the Company’s Consolidated Statements of Operations, with an offsetting benefit of approximately $10.0 million included within “Net (income) loss attributable to noncontrolling interests.” During the three months ended June 30, 2021, the Company sold its 50% interest in the joint venture.

The Company’s goodwill impairment analysis conducted as of October 1, 2020 indicated that no other indicators of impairment existed and no reduction in the carrying amount of goodwill and long-lived assets was required related to the Company’s other reporting units.

The Company’s goodwill impairment analysis conducted as of October 1, 2019, indicated that the carrying value of the net assets of the Company’s grain storage and protein production systems operations in Europe/Middle East was in excess of the fair value of the reporting unit, and therefore, the Company recorded a non-cash impairment charge of approximately $173.6 million within “Impairment charges” in the Company’s Consolidated Statements of Operations.

During the three months ended December 31, 2019, the Company also recorded a non-cash impairment charge of approximately $3.0 million within “Impairment charges” in the Company’s Consolidated Statements of Operations. The impairment charge related to certain long-lived assets associated with the Company’s grain storage and protein production systems operations within North America, due to the discontinuation of a certain brand name and related product, and customers.

The Company’s accumulated goodwill impairment is approximately $354.1 million related to impairment charges the Company recorded during 2019, 2012 and 2006 pertaining to its grain storage and protein production systems business in Europe/Middle East, its Chinese harvesting reporting unit and its former sprayer reporting unit, respectively. The Company’s grain storage and protein production systems Europe/Middle East reporting unit operates within the Europe/Middle East geographical reportable segment. 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, 2021, 2020 and 2019 are summarized as follows (in millions):

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Balance as of December 31, 2018	$ 611.1	$ 116.7	$ 649.6	$ 118.1	$ 1,495.5
Impairment charge	—	—	(173.6)	—	(173.6)
Sale of a joint venture	(5.1)	—	—	—	(5.1)
Foreign currency translation	—	(4.5)	(12.7)	(1.3)	(18.5)
Balance as of December 31, 2019	606.0	112.2	463.3	116.8	1,298.3
Acquisition	7.2	—	—	—	7.2
Impairment charge	(20.0)	—	—	—	(20.0)
Foreign currency translation	0.2	(24.7)	38.0	7.5	21.0
Balance as of December 31, 2020	593.4	87.5	501.3	124.3	1,306.5
Acquisitions	16.2	—	0.6	—	16.8
Foreign currency translation	—	(5.8)	(32.4)	(4.3)	(42.5)
Balance as of December 31, 2021	$ 609.6	$ 81.7	$ 469.5	$ 120.0	$ 1,280.8

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

Intangible Assets	Weighted-Average Useful Life
Patents and technology	11 years
Customer relationships	13 years
Trademarks and trade names	20 years
Land use rights	45 years

For the years ended December 31, 2021, 2020 and 2019, acquired intangible asset amortization was $60.9 million, $59.5 million and $61.1 million, respectively. The Company estimates amortization of existing intangible assets will be $57.5 million in 2022, $53.8 million in 2023, $52.5 million in 2024, $48.4 million in 2025, and $19.7 million in 2026.

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 approximately 60 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 2021 and 2020 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, 2019	$ 199.3	$ 579.0	$ 151.1	$ 8.5	$ 937.9
Foreign currency translation	6.7	6.4	6.9	0.6	20.6
Balance as of December 31, 2020	206.0	585.4	158.0	9.1	958.5
Acquisitions	0.7	3.2	6.1	—	10.0
Sale of business	(1.3)	(4.4)	(17.1)	—	(22.8)
Foreign currency translation	(5.5)	(10.8)	(6.3)	0.2	(22.4)
Balance as of December 31, 2021	$ 199.9	$ 573.4	$ 140.7	$ 9.3	$ 923.3

Accumulated Amortization	Trademarks and Trade Names	Customer Relationships	Patents and Technology	Land Use Rights	Total
Balance as of December 31, 2019	$ 83.3	$ 347.4	$ 88.7	$ 3.1	$ 522.5
Amortization expense	10.1	39.9	9.4	0.1	59.5
Foreign currency translation	2.0	3.0	5.1	0.2	10.3
Balance as of December 31, 2020	95.4	390.3	103.2	3.4	592.3
Amortization expense	10.8	37.4	12.5	0.2	60.9
Sale of business	(1.3)	(4.4)	(15.2)	—	(20.9)
Foreign currency translation	(1.7)	(8.0)	(5.0)	0.2	(14.5)
Balance as of December 31, 2021	$ 103.2	$ 415.3	$ 95.5	$ 3.8	$ 617.8

Indefinite-Lived Intangible Assets	Trademarks and Trade Names
Balance as of December 31, 2019	$ 86.3
Foreign currency translation	3.1
Balance as of December 31, 2020	89.4
Foreign currency translation	(2.7)
Balance as of December 31, 2021	$ 86.7

During the year ended December 31, 2021, the Company acquired approximately $16.3 million of functional intellectual property licenses associated with various component technology related to the Company’s products. The Company is amortizing these licenses over a period of five years, and recorded amortization expense of approximately $0.2 million during 2021, resulting in a remaining unamortized amount of approximately $16.1 million as of December 31, 2021, reflected within “Other assets” in the Company's Consolidated Balance Sheets.

Accrued Expenses

Accrued expenses at December 31, 2021 and 2020 consisted of the following (in millions):

	2021	2020
Reserve for volume discounts and sales incentives	$ 602.3	$ 582.9
Warranty reserves	492.7	431.6
Accrued employee compensation and benefits	322.3	329.2
Accrued taxes	282.5	249.6
Other	362.4	323.4
Balance at the end of the year	$ 2,062.2	$ 1,916.7

Warranty Reserves

The warranty reserve activity for the years ended December 31, 2021, 2020 and 2019 consisted of the following (in millions):

	2021	2020	2019
Balance at beginning of the year	$ 521.8	$ 392.8	$ 360.9
Acquisitions	—	0.2	—
Accruals for warranties issued during the year	344.9	310.2	234.1
Settlements made (in cash or in kind) during the year	(241.8)	(204.3)	(198.7)
Foreign currency translation	(32.4)	22.9	(3.5)
Balance at the end of the year	$ 592.5	$ 521.8	$ 392.8

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 $99.8 million and $90.2 million of warranty reserves are included in "Other noncurrent liabilities" in the Company's Consolidated Balance Sheets as of December 31, 2021 and 2020, 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.

Revenue

The Company accounts for revenue recognition pursuant to ASU 2014-09, "Revenue from Contracts with Customers." 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.

As previously discussed, 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 expected 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 activities after the customer has obtained control are accounted for as fulfillment costs and are expensed and accrued 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.

As afforded under the practical expedient in ASU 2014-09, the Company does 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 and maintenance contracts and certain precision technology services. Generally, almost all of the grain storage and protein production systems contracts with customers that relate to "over time" revenue recognition have contract durations of less than 12 months. Extended warranty, maintenance services contracts and certain precision technology services generally have contract durations of more 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 and maintenance contracts, which extends coverage beyond the base warranty period, or covers maintenance over a specified 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 or revenue is deferred for free contracts at the inception of the extended warranty contract or maintenance 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 not significant.

Precision Technology Services Revenue. The Company sells a combination of precision 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. Payment is received or revenue is deferred for free subscriptions at inception of the precision technology subscription period, which is recognized as a contract liability for the amount in excess of the revenue recognized. The revenue associated with the sale of precision technology services is not significant. The costs of the software directly associated with the installation and functionality of precision technology products and services, including amortization and hosting costs, are reflected within "Cost of goods sold" and "Engineering expenses" within the Company's Consolidated Statements of Operations.

See Note 16 for additional information regarding the Company’s sources of revenue and associated contract liabilities and performance obligations.

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 2021, 2020 and 2019:

	Years Ended December 31,		
	2021	**2020**	**2019**
Cost of goods sold	$ 1.0	$ 1.1	$ 1.7
Selling, general and administrative expenses	26.6	36.8	40.0
Total stock compensation expense	$ 27.6	$ 37.9	$ 41.7

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, 2021, 2020 and 2019 totaled approximately $54.2 million, $45.3 million and $42.3 million, respectively.

Shipping and Handling Expenses

All shipping and handling fees charged to customers are included as a component of net sales, and are associated with freight activities after the customer has obtained control. Shipping and handling costs are accounted for as fulfillment costs and are expensed and accrued at the time revenue is recognized within “Cost of goods sold,” with the exception of certain handling costs included in “Selling, general and administrative expenses” in the amount of $43.6 million, $38.0 million and $38.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Interest Expense, Net

Interest expense, net for the years ended December 31, 2021, 2020 and 2019 consisted of the following (in millions):

	2021	**2020**	**2019**
Interest expense	$ 25.4	$ 24.9	$ 28.8
Interest income	(18.7)	(9.9)	(8.9)
	$ 6.7	$ 15.0	$ 19.9

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. See 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 subsidiaries and weighted average common shares outstanding for purposes of calculating basic and diluted net income per share during the years ended December 31, 2021, 2020 and 2019 is as follows (in millions, except per share data):

	2021	2020	2019
Basic net income per share:			
Net income attributable to AGCO Corporation and subsidiaries	$ 897.0	$ 427.1	$ 125.2
Weighted average number of common shares outstanding	75.2	75.0	76.2
Basic net income per share attributable to AGCO Corporation and subsidiaries	$ 11.93	$ 5.69	$ 1.64
Diluted net income per share:			
Net income attributable to AGCO Corporation and subsidiaries	$ 897.0	$ 427.1	$ 125.2
Weighted average number of common shares outstanding	75.2	75.0	76.2
Dilutive SSARs, performance share awards and restricted stock units	0.5	0.6	0.8
Weighted average number of common shares and common share equivalents outstanding for purposes of computing diluted net income per share	75.7	75.6	77.0
Diluted net income per share attributable to AGCO Corporation and subsidiaries	$ 11.85	$ 5.65	$ 1.63

There were no SSARs outstanding for the year ended December 31, 2021 that had an antidilutive impact. SSARs to purchase approximately 0.3 million shares and 0.2 million shares of the Company’s common stock for the years ended December 31, 2020 and 2019, respectively, were outstanding but 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 income (loss) and the related tax effects for the years ended December 31, 2021, 2020 and 2019 are as follows (in millions):

	AGCO Corporation and Subsidiaries			Noncontrolling Interests
	2021			2021
	Before-tax Amount	Income Taxes	After-tax Amount	After-tax Amount
Defined benefit pension plans	$ 110.1	$ (27.2)	$ 82.9	$ —
Net gain on derivatives	2.5	(0.4)	2.1	—
Foreign currency translation adjustments	(45.1)	—	(45.1)	(0.4)
Total components of other comprehensive income	$ 67.5	$ (27.6)	$ 39.9	$ (0.4)

	AGCO Corporation and Subsidiaries			Noncontrolling Interests
	2020			2020
	Before-tax Amount	Income Taxes	After-tax Amount	After-tax Amount
Defined benefit pension plans	$ (19.3)	$ 2.4	$ (16.9)	$ —
Net loss on derivatives	(1.5)	0.3	(1.2)	—
Foreign currency translation adjustments	(197.5)	—	(197.5)	(4.3)
Total components of other comprehensive loss	$ (218.3)	$ 2.7	$ (215.6)	$ (4.3)

	AGCO Corporation and Subsidiaries			Noncontrolling Interests
	2019			2019
	Before-tax Amount	Income Taxes	After-tax Amount	After-tax Amount
Defined benefit pension plans	$ (13.4)	$ (0.6)	$ (14.0)	$ —
Net loss on derivatives	(3.1)	0.4	(2.7)	—
Foreign currency translation adjustments	(23.1)	—	(23.1)	2.5
Total components of other comprehensive loss	$ (39.6)	$ (0.2)	$ (39.8)	$ 2.5

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 gross profit is sensitive to the cost of steel and other raw materials. From time to time, the Company enters into derivative instruments to hedge a portion of its commodity purchases against adverse movements in commodity prices.

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

Recent Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848).” The amendments in this update provide optional expedients and exceptions for applying Generally Accepted Accounting Principles (“GAAP”) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. In January 2021, the FASB issued ASU 2021-01, which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The amendments in these updates are effective for all entities as of March 12, 2020 through December 31, 2022. The Company has adopted this guidance and the adoption did not have a material impact on the Company's results of operations, financial condition and cash flows.

The Company adopted the following pronouncements, none of which had a material impact to the Company’s results of operations, financial condition and cash flows.

- ASU 2019-12 – “Simplifying the Accounting for Income Taxes” was adopted as of January 1, 2021.
- ASU 2020-01 – “Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)” was adopted as of January 1, 2021.
- ASU 2020-08 – “Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs” was adopted as of January 1, 2021.

New Accounting Pronouncements to be Adopted

In June 2016, the FASB issued ASU 2016-13, which requires measurement and recognition of expected versus incurred credit losses for financial assets held. In November 2019, the FASB issued ASU 2019-10, “Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates,” which delays the effective date of ASU 2016-13 for smaller reporting companies and other non-SEC reporting entities. This applies to the Company’s equity method finance joint ventures who are now required to adopt ASU 2016-13 for annual periods beginning after December 15, 2022 and interim periods within those annual periods. The standard, and its subsequent modification, will likely impact the results of operations and financial condition of the Company’s finance joint ventures. Therefore, adoption of the standard by the Company’s finance joint ventures will likely impact the Company’s “Investment in affiliates” and “Equity in net earnings of affiliates.” The Company’s finance joint ventures are currently evaluating the impact of ASU 2016-13 to their results of operations and financial condition.

In November 2021, the FASB issued ASU 2021-10, “Government Assistance (Topic 832): Disclosure by Business Entities about Government Assistance,” which improves the transparency of government assistance received by most business entities by requiring the disclosure of: (1) the types of government assistance received; (2) the accounting for such assistance; and (3) the effect of the assistance on a business entity's financial statements. This guidance will be effective for annual periods beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the impact of the new guidance on the Company's results of operations, financial condition and cash flows.

Additionally, the Company will adopt the following pronouncement, which is not expected to have a material impact the Company's results of operations, financial condition and cash flows.

- ASU 2021-08 – “Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers”

2. Acquisitions

On January 01, 2022 the Company acquired Appareo Systems, LLC (“Appareo”) for approximately $61.4 million, net of cash acquired of approximately $0.5 million, as well as indebtedness payable to the Company's former 50% joint venture with Appareo of approximately $0.9 million. Appareo is headquartered in Fargo, North Dakota and specializes in the research, development, design, and manufacture of tangible technology focused on communication, monitoring, sensing, tracking and controlling devices and systems used in the agricultural and aviation industries as well as other off-road businesses. The Company is in the process of determining the allocation of the purchase price to the fair values of the assets acquired and liabilities assumed.

On December 01, 2021, the Company acquired Creatives Sites Media, Inc. (“CSM”) for approximately $5.7 million. CSM is headquartered in Bloomington, Illinois and creates and designs customized mobile-enabled technology applications and websites. The acquired net assets were insignificant. The Company recorded approximately $5.7 million of goodwill associated with the acquisition. The associated goodwill has been included in the Company’s North American geographical reportable segment.

On September 10, 2021, the Company acquired Farm Robotics and Automation S.L. (“Faromatics”) for approximately €4.6 million (or approximately $5.5 million) net of approximately €0.1 million (or approximately $0.1 million) of cash and €0.8 million (or approximately $0.9 million) of escrowed cash which could be payable by the Company within 18 months of the acquisition date. Faromatics is headquartered in Barcelona, Spain, and manufactures and sells ChickenBoy®, the world's first ceiling-suspended robot that monitors broiler chickens and helps farmers increase animal welfare and farm productivity. The Company recorded approximately €4.4 million (or approximately $5.2 million) of technology and approximately €1.8 million (or approximately $2.2 million) of goodwill associated with the acquisition. The associated goodwill has been included in the Company’s North American and Europe/Middle East geographical reportable segments.

On August 13, 2021, the Company acquired Headsight, LLC (“Headsight”) for approximately $16.8 million. Headsight is headquartered in Bremen, Indiana and manufactures header height sensors used in corn and grain harvesting operations. The Company recorded approximately $4.8 million of customer relationship, technology and trademark identifiable intangible assets and approximately $8.9 million of goodwill associated with the acquisition. The associated goodwill has been included in the Company’s North American geographical reportable segment.

The acquired identifiable intangible assets of Headsight and Faromatics as of the date of their respective acquisitions during 2021 are summarized in the following table (in millions):

Intangible Asset	Amount	Weighted-Average Useful Life
Customer relationships	$ 3.2	7 years
Technology	6.1	10 - 15 years
Trademarks	0.7	7 years
	$ 10.0	

The Company allocated the purchase price of the assets acquired and liabilities assumed of the CSM, Faromatics and Headsight acquisitions based on estimates of their fair values of their respective acquisition dates. The acquired net assets related to these acquisitions generally consisted of accounts receivable, inventories, lease right-of-use assets and liabilities, property, plant and equipment, accounts payable and accrued expenses. Proforma financial information related to these acquisitions was not material to the Company's results of operations.

On September 10, 2020, the Company acquired 151 Research, Inc. for approximately $2.8 million. 151 Research develops intelligent security, remote monitoring and management and enhanced imaging solutions for grain storage operations. The acquired net assets were insignificant. The Company recorded goodwill of approximately $7.2 million associated with the acquisition. In addition, the Company agreed to further contingent consideration related to the acquisition and recorded a liability of approximately $4.4 million to reflect estimated achievement of agreed-upon targets as of the acquisition date. During 2021, the Company paid approximately $0.5 million of contingent consideration and updated the estimated achievement of related agreed-upon targets, resulting in a reversal of approximately $3.3 million of the liability. The remaining $0.8 million of contingent consideration as of December 31, 2021, included approximately $0.2 million of positive foreign currency translation impacts.

3. Restructuring Expenses

The Company has announced and initiated actions over the course of several years to rationalize employee headcount at various manufacturing facilities and various administrative offices located in Europe, South America, Africa, China and the United States, as well as the rationalization of its grain storage and protein production system operations. These rationalizations were taken to reduce costs in response to fluctuating global market demand. During 2021, the Company recorded severance and related costs associated with these rationalizations in connection with the termination of approximately 150 employees.

The components of the restructuring expenses are summarized as follows (in millions):

	Employee Severance	Facility Closure Costs	Write-down of Property, Plant and Equipment	Other Related Closure Costs	Loss on Sale of Joint Venture	Total
Balance as of December 31, 2018	$ 7.1	$ —	$ —	$ —	$ —	$ 7.1
2019 provision	5.6	0.5	1.5	—	2.1	9.7
Less: Non-cash expense	—	—	(1.5)	—	(2.1)	(3.6)
Cash expense	5.6	0.5	—	—	—	6.1
2019 provision reversal	(0.7)	—	—	—	—	(0.7)
2019 cash activity	(6.8)	(0.5)	—	—	—	(7.3)
Foreign currency translation	(0.4)	—	—	—	—	(0.4)
Balance as of December 31, 2019	4.8	—	—	—	—	4.8
2020 provision	11.3	4.5	2.5	1.8	—	20.1
Less: Non-cash expense	—	—	(2.5)	—	—	(2.5)
Cash expense	11.3	4.5	—	1.8	—	17.6
2020 provision reversal	(0.4)	—	—	—	—	(0.4)
2020 cash activity	(4.5)	(0.6)	—	—	—	(5.1)
Foreign currency translation	(0.1)	—	—	—	—	(0.1)
Balance as of December 31, 2020	11.1	3.9	—	1.8	—	16.8
2021 provision	18.4	—	0.2	1.5	—	20.1
Less: Non-cash expense	—	—	(0.2)	—	—	(0.2)
Cash expense	18.4	—	—	1.5	—	19.9
2021 provision reversal	(2.2)	—	—	(0.1)	(2.5)	(4.8)
2021 cash activity	(12.3)	(3.9)	—	(2.9)	2.5	(16.6)
Foreign currency translation	(0.5)	—	—	(0.1)	—	(0.6)
Balance as of December 31, 2021	$ 14.5	$ —	$ —	$ 0.2	$ —	$ 14.7

During the three months ended December 31, 2019, the Company exited and sold its 50% interest in its USC, LLC joint venture to its joint venture partner for approximately $5.1 million. The operations of the joint venture were part of the Company's grain storage and production system operations, and the decision to sell the joint venture was as a result of the overall rationalization of the business. The Company recorded a loss of approximately $2.1 million associated with the sale, which was reflected within “Restructuring expenses” in the Company’s Consolidated Statements of Operations. As a result of the final payments received from the former joint venture partner related to the sale during 2021 the Company recorded a gain of approximately $2.5 million, also reflected within “Restructuring expenses” in the Company’s Condensed Consolidated Statements of Operations.

4. Accounts Receivable Sales Agreements

The Company has 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, 2021 and 2020, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements was approximately $1.3 billion and $1.5 billion, respectively.

Under the terms of the accounts receivable sales agreements in North America, Europe and Brazil, the Company pays an annual fee related to the servicing of the receivables sold. The Company also pays the respective AGCO Finance entities a subsidized interest payment with respect to the accounts receivable sales agreements, calculated based upon LIBOR plus a margin on any non-interest bearing accounts receivable outstanding and sold under the accounts receivables sales agreements. Following the phase out of LIBOR-denominated rates, the Company expects this funding to be based upon the interest rate charged by Rabobank to its affiliate, and such affiliate then lends to the AGCO Finance entities plus an agreed-upon margin. 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.

In addition, the Company sells certain trade receivables under factoring arrangements to other financial institutions around the world. As of December 31, 2021 and 2020, the cash received from these arrangements was approximately $215.4 million and $199.9 million, respectively.

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 $24.5 million, $24.1 million and $42.4 million during 2021, 2020 and 2019, 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, 2021 and 2020, these finance joint ventures had approximately $82.1 million and $85.2 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.

5. Investments in Affiliates

Investments in affiliates as of December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Finance joint ventures	$ 359.2	$ 395.3
Manufacturing joint ventures	31.0	31.8
Other affiliates	23.3	15.6
	$ 413.5	$ 442.7

The Company's finance joint ventures provide retail financing and wholesale financing to its dealers. 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).

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) 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, precision agriculture technology providers, distributors and licensees.

The Company's equity in net earnings of affiliates for the years ended December 31, 2021, 2020 and 2019 were as follows (in millions):

	2021	2020	2019
Finance joint ventures	$ 64.4	$ 45.0	$ 41.5
Manufacturing and other joint ventures	1.2	0.5	1.0
	$ 65.6	$ 45.5	$ 42.5

Summarized combined financial information of the Company's finance joint ventures as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were as follows (in millions):

	As of December 31,	
	2021	2020
Total assets	$ 7,863.6	$ 8,033.4
Total liabilities	7,130.5	7,226.7
Partners' equity	733.1	806.7

	For the Years Ended December 31,		
	2021	2020	2019
Revenues	$ 411.1	$ 402.2	$ 417.6
Costs	228.1	274.0	299.9
Income before income taxes	$ 183.0	$ 128.2	$ 117.7

At December 31, 2021 and 2020, the Company's receivables from affiliates were approximately $55.1 million and $47.5 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 $365.6 million and $375.5 million as of December 31, 2021 and 2020, respectively. During 2021, the Company received dividends of approximately $84.4 million from certain finance joint ventures. Approximately $22.7 million of these dividends were a return of investment in excess of earnings related to a certain finance joint venture.

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, 2021, 2020 and 2019 (in millions):

	2021	2020	2019
United States	$ 46.8	$ (73.4)	$ (53.1)
Foreign	897.5	635.4	314.2
Income before income taxes and equity in net earnings of affiliates	$ 944.3	$ 562.0	$ 261.1

The provision for income taxes by location of the taxing jurisdiction for the years ended December 31, 2021, 2020 and 2019 consisted of the following (in millions):

	2021	2020	2019
Current:			
United States	$ 3.4	$ 4.1	$ (4.4)
Foreign	222.9	180.2	170.1
	226.3	184.3	165.7
Deferred:			
United States	(70.0)	1.3	1.3
Foreign	(47.9)	2.1	13.8
	(117.9)	3.4	15.1
	$ 108.4	$ 187.7	$ 180.8

The Company’s income tax provision as of December 31, 2021 includes the benefit of the reversals of approximately $67.8 million and $55.6 million related to valuation allowances previously established against the Company’s net deferred tax assets in the United States and Brazil, respectively. The Company recorded the reversal of a portion of the United States valuation allowance during the three months ended June 30, 2021, and the reversal of a portion of its Brazilian valuation allowance during the three months ended December 31, 2021. Improvements in income in the United States and Brazil during 2020 and 2021, along with updated future projected income levels, supported the reversal of both valuation allowances during those respective periods in 2021. During the three months ended September 30, 2019, the Company recorded a non-cash deferred income tax charge of approximately $53.7 million to establish a valuation allowance against its Brazilian net deferred income tax assets.

Swiss tax reform was enacted during 2019 and eliminated certain preferential tax items as well as implemented new tax rates at both the federal and cantonal levels. During the three months ended December 31, 2019, the Company recognized a one-time income tax gain of approximately $21.8 million associated with the changing of Swiss federal and cantonal tax rates as well as recognition of a deferred tax asset associated with the estimated value of a tax basis step-up of the Company’s Swiss subsidiary’s assets.

A reconciliation of income taxes computed at the United States federal statutory income tax rate (21% for 2021, 2020, and 2019) to the provision for income taxes reflected in the Company's Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019 is as follows (in millions):

	2021	2020	2019
Provision for income taxes at United States federal statutory rate	$ 198.3	$ 118.0	$ 54.8
State and local income taxes, net of federal income tax effects	2.2	(3.5)	(2.5)
Taxes on foreign income which differ from the United States statutory rate	16.2	13.9	6.7
Tax effect of permanent differences	(6.4)	13.4	63.9
Change in valuation allowance	(130.8)	16.3	84.6
Change in tax contingency reserves	36.6	37.2	3.2
Research and development tax credits	(7.4)	(9.0)	(7.1)
Impacts related to changes in tax laws	—	—	(21.8)
Other	(0.3)	1.4	(1.0)
	$ 108.4	$ 187.7	$ 180.8

The significant components of the deferred tax assets and liabilities at December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Deferred Tax Assets:		
Net operating loss carryforwards	$ 69.5	$ 62.9
Sales incentive discounts	40.1	50.8
Inventory valuation reserves	33.6	35.9
Pensions and postretirement health care benefits	18.5	55.8
Warranty and other reserves	102.9	126.3
Research and development tax credits	3.8	12.9
Foreign tax credits	9.4	5.9
Other	14.0	10.4
Total gross deferred tax assets	291.8	360.9
Valuation allowance	(47.4)	(181.0)
Total deferred tax assets	244.4	179.9
Deferred Tax Liabilities:		
Tax over book depreciation and amortization	159.3	167.5
Investment in affiliates	24.4	33.1
Other	8.3	14.1
Total deferred tax liabilities	192.0	214.7
Net deferred tax assets (liabilities)	$ 52.4	$ (34.8)
Amounts recognized in Consolidated Balance Sheets:		
Deferred tax assets - noncurrent	$ 169.3	$ 77.6
Deferred tax liabilities - noncurrent	(116.9)	(112.4)
	$ 52.4	$ (34.8)

As reflected in the preceding table, the Company recorded a net deferred tax asset of $52.4 million as of December 31, 2021 and a net deferred tax liability of $34.8 million as of December 31, 2020, and had a valuation allowance against its gross deferred tax assets of approximately $47.4 million and $181.0 million as of December 31, 2021 and 2020, respectively.

The Company maintains a valuation allowance to reserve a portion of 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 may not be realized. The Company assessed the likelihood that its deferred tax assets would be recovered from estimated future taxable income and the current economic climate, as well as available tax planning strategies, and determined that all adjustments to the valuation allowance were appropriate. The Company believes it is more likely than not that it will realize its remaining net deferred tax assets, net of the valuation allowance, in future years.

The Company had net operating loss carryforwards of $235.6 million as of December 31, 2021, with expiration dates as follows: 2022 - $14.2 million; 2023 - $23.9 million; 2024 and thereafter - $51.0 million and unlimited - $146.5 million. The net operating loss carryforwards of $235.6 million are entirely in tax jurisdictions outside of the United States. The amount of the Company's U.S. state net operating loss carryforwards is not material.

The Company paid income taxes of $247.3 million, $181.4 million and $144.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company recognizes income tax benefits from uncertain tax positions only when there is a more than 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities based on the technical merits of the positions. At December 31, 2021 and 2020, the Company had $246.4 million and $227.9 million, respectively, of unrecognized income tax benefits, all of which would affect the Company's effective tax rate if recognized. At December 31, 2021 and 2020, the Company had approximately $40.1 million and $57.1 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 $4.8 million and $7.1 million of interest and penalties related to unrecognized tax benefits in its provision for income taxes during 2021 and 2020, respectively. At December 31, 2021 and 2020, the Company had accrued interest and penalties related to unrecognized tax benefits of $32.7 million and $39.4 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, 2021 and 2020 is as follows (in millions):

	2021	2020
Gross unrecognized income tax benefits at the beginning of the year	$ 227.9	$ 210.7
Additions for tax positions of the current year	43.0	32.0
Additions for tax positions of prior years	8.4	9.4
Reductions for tax positions of prior years for:		
Changes in judgments	3.2	9.1
Settlements during the year	(19.1)	(52.9)
Lapses of applicable statute of limitations	(0.6)	(0.2)
Foreign currency translation and other	(16.4)	19.8
Gross unrecognized income tax benefits at the end of the year	$ 246.4	$ 227.9

The reconciliation of gross unrecognized income tax benefits above for 2021 and 2020 excludes certain indirect favorable effects that relate to other tax jurisdictions of approximately $70.2 million and $64.1 million, respectively. The change in certain indirect favorable effects between 2021 and 2020 includes approximately $9.9 million related to additions and reductions for tax positions of current and prior years, changes in judgments and lapses of statutes of limitations. In addition, the gross unrecognized income tax benefits as of December 31, 2021 exclude certain deposits made in a foreign jurisdiction of approximately $6.7 million associated with an ongoing audit.

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, 2021, a number of income tax examinations in foreign jurisdictions, as well as the United States, 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. In certain foreign jurisdictions, there are either statutory expirations or the Company's settlement expectations such that approximately

$40.1 million could be concluded within the next 12 months. Although there are ongoing examinations in various federal and state jurisdictions, the 2017 through 2021 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 2016 through 2021 tax years generally remain subject to examination by their respective tax authorities. In Brazil, the Company is contesting disallowed deductions related to amortization of certain goodwill amounts (see Note 12).

7. Indebtedness

Long-term debt consisted of the following at December 31, 2021 and 2020 (in millions):

	December 31, 2021	December 31, 2020
Senior term loan due 2022	$ —	$ 184.0
Credit facility, expires 2023	—	277.9
1.002% Senior term loan due 2025	283.7	306.7
Senior term loans due between 2023 and 2028[(1)]	445.9	806.0
0.800% Senior Notes Due 2028	680.8	—
Other long-term debt	7.7	10.5
Debt issuance costs	(4.8)	(2.5)
	1,413.3	1,582.6
Less: Senior term loans due 2021, net of debt issuance costs	—	(323.6)
Current portion of other long-term debt	(2.1)	(2.3)
Total long-term indebtedness, less current portion	$ 1,411.2	$ 1,256.7

(1) Maturity dates are reflected as of December 31, 2021.

At December 31, 2021, the aggregate scheduled maturities of long-term debt, excluding the current portion of long-term debt, are as follows (in millions):

2023	$ 281.7
2024	2.3
2025	355.1
2026	59.7
Thereafter	712.4
	$ 1,411.2

Cash payments for interest were approximately $23.8 million, $23.6 million and $26.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Current Indebtedness

0.800% Senior Notes Due 2028

On October 6, 2021, the Company issued €600.0 million (or approximately $680.8 million as of December 31, 2021) of senior notes at an issue price of 99.993%. The notes mature on October 6, 2028, and interest is payable annually, in arrears, at 0.800%. The senior notes contain covenants restricting, among other things, the incurrence of certain secured indebtedness. The senior notes are subject to both optional and mandatory redemption in certain events.

During October 2021, the Company used the proceeds received from the senior notes to repay its €150.0 million (or approximately $173.4 million as of October 8, 2021) senior term loan due 2022, $370.0 million related to its multi-currency revolving credit facility, and two of its 2016 senior term loans due October 2021 with an aggregate amount outstanding of

€192.0 million (or approximately $223.8 million as of October 19, 2021). In August 2021, prior to the issuance of the senior notes, the Company repaid two of its 2018 senior term loans due August 2021 with an aggregate amount of €72.0 million (or approximately $85.5 million as of August 1, 2021).

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 mentioned previously, on October 15, 2021, the Company repaid $370.0 million of its multicurrency revolving credit facility as a result of the issuance of our 0.800% senior notes due 2028. As of December 31, 2021 and 2020, the Company had no outstanding borrowings under the revolving credit facility and had the ability to borrow approximately $800.0 million under the facility.

On April 9, 2020, the Company entered into an amendment to its $800.0 million multi-currency revolving credit facility to include incremental term loans ("2020 term loans") that allow the Company to borrow an aggregate principal amount of €235.0 million and $267.5 million, respectively (or an aggregate amount of approximately $534.1 million as of December 31, 2021). Amounts can be drawn incrementally at any time prior to maturity, but must be drawn down proportionately. Amounts drawn must be in a minimum principal amount of $100.0 million and integral multiples of $50.0 million in excess thereof. Once amounts have been repaid, those amounts are not permitted to be re-drawn. The maturity date of the 2020 term loans is April 8, 2022. Interest accrues on amounts outstanding under the 2020 term loans, at the Company's option, at either (1) LIBOR plus a margin based on the Company's credit rating ranging from 1.125% to 2.125% until April 8, 2021 and ranging from 1.375% to 2.375% thereafter, 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 based on the Company's credit rating ranging from 0.125% to 1.375% until April 8, 2021 and ranging from 0.375% to 1.375% thereafter. The 2020 term loans contain 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. On April 15, 2020, the Company borrowed €117.5 million and $133.8 million of 2020 term loans. The Company simultaneously repaid €100.0 million (or approximately $108.7 million) of its revolving credit facility from the borrowings received. There were no other borrowings on the 2020 term loans subsequent to the initial borrowings in April 2020. On February 16, 2021, the Company repaid the 2020 term loans of €117.5 million and $133.8 million (or an aggregate amount of approximately $276.0 million as of February 16, 2021). As of December 31, 2021, the Company had the ability to borrow approximately €117.5 million and $133.7 million of 2020 term loans (or an aggregate amount of approximately $267.0 million).

As described above, the Company's credit facility allows it to select from among various interest rate options. Due to the phase-out of LIBOR, LIBOR-based rates no longer will be available for borrowings denominated in U.S. dollars after December 31, 2022, and for loans denominated in other currencies after December 31, 2021. The rates reflected in the Company's credit facility were designed to accommodate the discontinuation of LIBOR-based rates, and a shift to the "Secured Overnight Financing Rate" ("SOFR") or a base rate, and, as such, the Company does not believe that moving to the other rates will have a materially adverse effect on the Company's results of operations. In addition, the credit facility agreement also provides for an expedited amendment process once a replacement for LIBOR is established, which the Company may elect to utilize to add additional interest-rate alternatives.

1.002% Senior Term Loan Due 2025

On January 25, 2019, the Company borrowed €250.0 million (or approximately $283.7 million as of December 31, 2021) from the European Investment Bank. The loan matures on January 24, 2025. The Company is permitted 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.

Senior Term Loans Due Between 2023 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 €338.0 million through

a group of another seven related term loan agreements. Of the 2016 term loans, an aggregate amount of €56.0 million (or approximately $61.1 million) was repaid upon maturity of two term loan agreements in October 2019. Additionally, as mentioned previously, the Company repaid €192.0 million (or approximately $223.8 million as of October 19, 2021) upon maturity of two of its 2016 senior term loans in October 2021. In August 2021, prior to the issuance of the senior notes due 2028, the Company repaid two of its 2018 senior term loans upon maturity with an aggregate amount of €72.0 million (or approximately $85.5 million as of August 1, 2021). On February 1, 2022, the Company repaid €72.5 million (or approximately $81.7 million) of one of its 2018 senior term loans due August 2023 with existing cash on hand.

In aggregate, the Company had indebtedness of €393.0 million (or approximately $445.9 million as of December 31, 2021) through a group of eight remaining related term loan agreements. As of February 1, 2022, as a result of a further repayment discussed previously, the Company had indebtedness of €320.5 million (or approximately $361.0 million) through a group of seven remaining related term loan agreements. The provisions of the term loan agreements are substantially identical, with the exception of interest rate terms and maturities. As of December 31, 2021, for the term loans with a fixed interest rate, interest is payable in arrears on an annual basis, with interest rates ranging from 0.90% to 2.26% and maturity dates between August 2023 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 0.90% to 1.25% and maturity dates between August 2023 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 are subject to acceleration in the event of default.

Former Indebtedness

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. The Company was permitted to prepay the term loan before its maturity date of October 28, 2022. Interest was 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 had to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio. As mentioned previously, during October 2021, the Company repaid its senior term loan of €150.0 million (or approximately $173.4 million as of October 8, 2021) with the proceeds from its 0.800% senior notes due 2028.

Short-Term Borrowings

As of December 31, 2021 and 2020, the Company had short-term borrowings due within one year of approximately $90.8 million and $33.8 million, respectively.

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, 2021 and 2020, outstanding letters of credit totaled $14.6 million and $14.4 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”) that provides certain 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 and has at least ten years of service (including five years as a participant in the ENPP), but are not payable until the participant reaches age 65. The lifetime annuity benefit generally is available only to vested participants who retire on or after reaching age 65 and was eliminated during 2021 for participants reaching age 65 subsequent to December 31, 2022. The ENPP is an unfunded, nonqualified defined benefit pension plan.

Net annual pension costs for the years ended December 31, 2021, 2020 and 2019 for the Company’s defined benefit pension plans and ENPP are set forth below (in millions):

Pension benefits	2021	2020	2019
Service cost	$ 15.0	$ 16.2	$ 15.5
Interest cost	12.6	16.5	20.7
Expected return on plan assets	(31.3)	(28.4)	(28.1)
Amortization of net actuarial losses	16.5	15.5	14.3
Amortization of prior service cost	0.7	2.1	1.6
Net loss recognized due to settlement	0.1	0.2	0.5
Curtailment gain [(1)]	(1.2)	—	—
Net annual pension cost	$ 12.4	$ 22.1	$ 24.5

(1) During 2021, the Company amended its Executive Nonqualified Pension Plan (“ENPP”) to freeze the plan as of December 31, 2024 to future salary benefit accruals, and to eliminate a lifetime annuity feature for participants reaching age 65 subsequent to December 31, 2022. This amendment resulted in a curtailment gain as well as a net prior service credit.

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.

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, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
All plans:			
Weighted average discount rate	1.5 %	2.0 %	2.8 %
Weighted average expected long-term rate of return on plan assets	3.9 %	4.1 %	4.6 %
Rate of increase in future compensation	1.5%-5.0%	1.8%-5.0%	1.8%-5.0%
U.S.-based plans:			
Weighted average discount rate	2.75 %	3.45 %	4.35 %
Weighted average expected long-term rate of return on plan assets[(1)]	5.0 %	5.0 %	5.5 %
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 Swiss cash balance plan, the interest crediting rate of 1.0% for both 2021 and 2020 was set equal to the current annual minimum rate set by the government for the mandatory portion of the account balance. Above mandatory amounts have an interest crediting rate of 0.25% for 2021 and 0.0% for 2020.

Net annual postretirement benefit costs, and the weighted average discount rate used to determine them, for the years ended December 31, 2021, 2020 and 2019 are set forth below (in millions, except percentages):

Postretirement benefits	2021	2020	2019
Service cost	$ 0.1	$ 0.1	$ 0.1
Interest cost	0.9	1.2	1.3
Amortization of net actuarial losses	0.1	0.1	—
Amortization of prior service cost	0.1	0.1	0.1
Net annual postretirement benefit cost	$ 1.2	$ 1.5	$ 1.5
Weighted average discount rate	3.8 %	4.5 %	5.2 %

The following tables set forth reconciliations of the changes in benefit obligation, plan assets and funded status as of December 31, 2021 and 2020 (in millions):

	Pension and ENPP Benefits		Postretirement Benefits	
Change in benefit obligation	**2021**	**2020**	**2021**	**2020**
Benefit obligation at beginning of year	$ 1,033.7	$ 917.3	$ 26.4	$ 29.4
Service cost	15.0	16.2	0.1	0.1
Interest cost	12.6	16.5	0.9	1.2
Plan participants' contributions	1.4	1.3	—	—
Actuarial losses (gains)	(70.7)	86.8	(3.7)	(1.1)
Amendments	(13.6)	(0.3)	0.4	—
Curtailment	(9.7)	—	—	—
Settlements	(0.2)	(0.3)	—	—
Benefits paid	(47.2)	(44.6)	(1.3)	(1.5)
Foreign currency exchange rate changes	(16.5)	40.8	(0.2)	(1.7)
Benefit obligation at end of year	$ 904.8	$ 1,033.7	$ 22.6	$ 26.4

	Pension and ENPP Benefits		Postretirement Benefits	
Change in plan assets	**2021**	**2020**	**2021**	**2020**
Fair value of plan assets at beginning of year	$ 808.6	$ 711.0	$ —	$ —
Actual return on plan assets	27.7	76.6	—	—
Employer contributions	36.0	32.4	1.3	1.5
Plan participants' contributions	1.4	1.3	—	—
Benefits paid	(47.2)	(44.6)	(1.3)	(1.5)
Settlements	(0.2)	(0.3)	—	—
Foreign currency exchange rate changes	(10.7)	32.2	—	—
Fair value of plan assets at end of year	$ 815.6	$ 808.6	$ —	$ —
Funded status	$ (89.2)	$ (225.1)	$ (22.6)	$ (26.4)
Unrecognized net actuarial losses (gains)	291.7	385.1	(1.1)	2.6
Unrecognized prior service cost	7.1	20.1	3.2	2.9
Accumulated other comprehensive loss	(298.8)	(405.2)	(2.1)	(5.5)
Net amount recognized	$ (89.2)	$ (225.1)	$ (22.6)	$ (26.4)

Amounts recognized in Consolidated Balance Sheets:				
Other long-term asset	$ 109.4	$ 13.2	$ —	$ —
Other current liabilities	(7.1)	(6.7)	(1.5)	(1.4)
Accrued expenses	(3.6)	(3.2)	—	—
Pensions and postretirement health care benefits (noncurrent)	(187.9)	(228.4)	(21.1)	(25.0)
Net amount recognized	$ (89.2)	$ (225.1)	$ (22.6)	$ (26.4)

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, 2021 and 2020 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated other comprehensive loss as of December 31, 2019	$ (393.2)	$ (96.8)	$ (296.4)
Prior service credit arising during the year	0.3	—	0.3
Net loss recognized due to settlement	0.3	—	0.3
Net actuarial loss arising during the year	(37.8)	(5.1)	(32.7)
Amortization of prior service cost	2.2	0.1	2.1
Amortization of net actuarial losses	15.7	2.6	13.1
Accumulated other comprehensive loss as of December 31, 2020	$ (412.5)	$ (99.2)	$ (313.3)
Prior service credit arising during the year	13.1	3.1	10.0
Net loss recognized due to settlement	0.1	—	0.1
Net loss recognized due to curtailment	8.5	2.2	6.3
Net actuarial gain arising during the year	71.0	17.4	53.6
Amortization of prior service cost	0.8	0.2	0.6
Amortization of net actuarial losses	16.6	4.3	12.3
Accumulated other comprehensive loss as of December 31, 2021	$ (302.4)	$ (72.0)	$ (230.4)

The unrecognized net actuarial losses included in accumulated other comprehensive loss related to the Company’s defined benefit pension plans and ENPP as of December 31, 2021 and 2020 are set forth below (in millions):

	2021	2020
Unrecognized net actuarial losses	$ 291.7	$ 385.1

The decrease in unrecognized net actuarial losses between years primarily resulted from higher discount rates at December 31, 2021 compared to December 31, 2020, as well as a result of the amendment to the Company's ENPP as previously discussed. 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. 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, 2021, the average amortization periods were as follows:

	ENPP	U.S. Plans	U.K. Plan
Average amortization period of losses related to defined benefit pension plans	7 years	14 years	19 years

The following table summarizes the unrecognized prior service cost related to the Company’s defined benefit pension plans as of December 31, 2021 and 2020 (in millions):

	2021	2020
Unrecognized prior service cost	$ 7.1	$ 20.1

The decrease in the unrecognized prior service cost between years is due primarily to the amortization of unrecognized prior service cost related to prior plan amendments. The decrease also reflects the 2021 plan amendment to the Company's

ENPP, as previously discussed. The amortization of unrecognized prior service cost during 2020 also included the initial amortization impacts of an amendment to the Company's ENPP during 2019.

The following table summarizes the unrecognized net actuarial (gains) losses included in the Company's accumulated other comprehensive loss related to the Company's U.S. and Brazilian postretirement health care benefit plans as of December 31, 2021 and 2020 (in millions):

	2021	2020
Unrecognized net actuarial (gains) losses[1]	$ (1.1)	$ 2.6

(1) Includes a gain of approximately $0.2 million and a loss of $1.0 million, respectively, related to the Company's U.S. postretirement benefit plans.

The unrecognized net actuarial gains related to the Company's U.S. and Brazilian postretirement benefit plans was primarily due to liability gain due to the experience of the plans and assumption changes as of December 31, 2021 as compared to December 31, 2020. 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, 2021, the average amortization period was 10 years for the Company's U.S. postretirement benefit plans.

As of December 31, 2021 and 2020, the net prior service cost related to the Company's Brazilian postretirement health care benefit plans was as follows (in millions):

	2021	2020
Net prior service cost	$ 3.2	$ 2.9

The following table summarizes the fair value of plan assets, aggregate projected benefit obligation and accumulated benefit obligation as of December 31, 2021 and 2020 for defined benefit pension plans, ENPP and other postretirement plans with accumulated benefit obligations in excess of plan assets (in millions):

	2021	2020
All plans:		
Fair value of plan assets	$ 43.4	$ 41.6
Projected benefit obligation	264.1	306.2
Accumulated benefit obligation	246.6	269.4
U.S.-based plans and ENPP:		
Fair value of plan assets	$ 4.9	$ 5.1
Projected benefit obligation	130.9	157.4
Accumulated benefit obligation	125.4	135.4

The amounts for 2021 and 2020 disclosed above do not include the fair value of plan assets, the projected benefit obligation or the accumulated benefit obligation related to the Company's U.K. plan. The Company's U.K. plan's fair value of plan assets was in excess of the plan's accumulated benefit obligation as of December 31, 2021 and 2020.

The Company’s accumulated comprehensive loss as of December 31, 2021 and 2020 reflects a reduction in equity related to the following items (in millions):

	2021	2020
All plans:[1]		
Reduction in equity, net of taxes of $72.0 and $98.6 at December 31, 2021 and 2020, respectively	$ 300.9	$ 410.8
GIMA joint venture:[2]		
Reduction in equity, net of taxes of $0.5 and $0.6 at December 31, 2021 and 2020, respectively	1.5	1.7

(1) Primarily related to the Company’s U.K. pension plan.
(2) These amounts 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 of approximately $0.1 million in 2020.

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, some of 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. Some of these assumptions also are subject to the outcome of certain legal cases, which are currently unknown. 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, 2021 and 2020 are as follows:

	2021	2020
All plans:		
Weighted average discount rate	1.9 %	1.5 %
Rate of increase in future compensation	1.50%-5.0%	1.50%-5.0%
U.S.-based plans:		
Weighted average discount rate	3.05 %	2.75 %
Rate of increase in future compensation[1]	4.25 %	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, 2021 and 2020 was 4.1% and 3.8%, respectively.

For the years ended December 31, 2021, 2020 and 2019, 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, 2021, the Company assumed a 6.8% health care cost trend rate for 2022 decreasing to 5.0% by 2029. For measuring the expected U.S. postretirement benefit obligation at December 31, 2020, the Company assumed a 7.0% health care cost trend rate for 2021 decreasing to 5.0% by 2029. For measuring the Brazilian postretirement benefit plan obligation at December 31, 2021, the Company assumed a 9.96% health care cost trend rate for 2022, decreasing to 4.28% by 2033. For measuring the Brazilian postretirement benefit plan obligation at December 31, 2020, the Company assumed a 9.96% health care cost trend rate for 2021, decreasing to 4.28% by 2032.

The Company currently estimates its minimum contributions and benefit payments to its U.S.-based underfunded defined benefit pension plans and unfunded ENPP for 2022 will aggregate approximately $5.0 million. The Company currently estimates its minimum contributions for underfunded plans and benefit payments for unfunded plans for 2022 to its non-U.S.-based defined benefit pension plans will aggregate approximately $31.3 million, of which approximately $21.1 million relates to its U.K. pension plan. The Company currently estimates its benefit payments for 2022 to its U.S.-based postretirement health care and life insurance benefit plans will aggregate approximately $1.5 million and its benefit payments for 2022 to its Brazilian postretirement health care benefit plans will aggregate less than $0.1 million.

During 2021, approximately $47.4 million of benefit payments were made related to the Company’s defined benefit pension plans and ENPP. At December 31, 2021, the aggregate expected benefit payments for the Company’s defined benefit pension plans and ENPP are as follows (in millions):

2022	$ 53.2
2023	51.6
2024	51.8
2025	52.2
2026	52.5
2027 through 2031	279.1
	$ 540.4

During 2021, approximately $1.3 million of benefit payments were made related to the Company’s U.S. and Brazilian postretirement benefit plans. At December 31, 2021, the aggregate expected benefit payments for the Company’s U.S. and Brazilian postretirement benefit plans are as follows (in millions):

2022	$ 1.5
2023	1.6
2024	1.6
2025	1.6
2026	1.6
2027 through 2031	7.5
	$ 15.4

Investment Strategy and Concentration of Risk

The weighted average asset allocation of the Company's U.S. pension benefit plans as of December 31, 2021 and 2020 are as follows:

Asset Category	2021	2020
Equity securities	14 %	36 %
Fixed income securities	75 %	57 %
Other investments	11 %	7 %
Total	100 %	100 %

The weighted average asset allocation of the Company's non-U.S. pension benefit plans as of December 31, 2021 and 2020 are as follows:

Asset Category	2021	2020
Equity securities	14 %	41 %
Fixed income securities	80 %	53 %
Other investments	6 %	6 %
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. Equity funds are valued using the net asset value of the fund, which is based on the fair value of the underlying securities.
- *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, 2021 is as follows (in millions):

	Total	Level 1	Level 2	Level 3
Equity securities:				
Global equities	$ 102.5	$ 18.2	$ 84.3	$ —
U.S. large cap equities	5.6	5.6	—	—
Total equity securities	108.1	23.8	84.3	—
Fixed income:				
Aggregate fixed income	615.9	615.9	—	—
Total fixed income share[(1)]	615.9	615.9	—	—
Alternative investments:				
Private equity fund	3.5	—	—	3.5
Hedge funds measured at net asset value[(4)]	41.7	—	—	—
Total alternative investments[(2)]	45.2	—	—	3.5
Miscellaneous funds[(3)]	40.2	—	—	40.2
Cash and equivalents measured at net asset value[(4)]	6.2	—	—	—
Total assets	$ 815.6	$ 639.7	$ 84.3	$ 43.7

(1) 50% of "fixed income" securities are in government treasuries; 20% are in foreign securities; 13% are in investment-grade corporate bonds; 8% are in high-yield securities; 6% are in other various fixed income securities and 3% are in asset-backed and mortgage-backed securities.
(2) 42% of “alternative investments” are in relative value funds; 28% are in long-short equity funds; 14% are in event-driven funds; 8% are in credit funds; and 8% are distributed in hedged and non-hedged 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, 2021 (in millions):

	Total	Alternative Investments	Miscellaneous Funds
Beginning balance as of December 31, 2020	$ 38.7	$ 2.1	$ 36.6
Actual return on plan assets:			
(a) Relating to assets still held at reporting date	3.3	1.4	1.9
(b) Relating to assets sold during period	—	—	—
Purchases, sales and /or settlements	4.7	—	4.7
Foreign currency exchange rate changes	(3.0)	—	(3.0)
Ending balance as of December 31, 2021	$ 43.7	$ 3.5	$ 40.2

The fair value of the Company's pension assets as of December 31, 2020 is as follows (in millions):

	Total	Level 1	Level 2	Level 3
Equity securities:				
Global equities	$ 235.3	$ 156.5	$ 78.8	$ —
Non-U.S. equities	4.7	4.7	—	—
U.K. equities	65.2	65.2	—	—
U.S. large cap equities	5.2	5.2	—	—
U.S. small cap equities	3.9	3.9	—	—
Total equity securities	314.3	235.5	78.8	—
Fixed income:				
Aggregate fixed income	162.9	162.9	—	—
International fixed income	249.5	249.5	—	—
Total fixed income share[(1)]	412.4	412.4	—	—
Alternative investments:				
Private equity fund	2.1	—	—	2.1
Hedge funds measured at net asset value[(4)]	38.5	—	—	—
Total alternative investments[(2)]	40.6	—	—	2.1
Miscellaneous funds[(3)]	36.6	—	—	36.6
Cash and equivalents measured at net asset value[(4)]	4.7	—	—	—
Total assets	$ 808.6	$ 647.9	$ 78.8	$ 38.7

(1) 44% of "fixed income" securities are in investment-grade corporate bonds; 20% are in government treasuries; 11% are in high-yield securities; 10% are in foreign securities; 6% are in asset-backed and mortgage-backed securities; and 9% are in other various fixed income securities.
(2) 42% of "alternative investments" are in relative value funds; 25% are in long-short equity funds; 14% are in event-driven funds; 5% are distributed in hedged and non-hedged funds; and 14% 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, 2020 (in millions):

	Total	Alternative Investments	Miscellaneous Funds
Beginning balance as of December 31, 2019	$ 33.1	$ 2.3	$ 30.8
Actual return on plan assets:			
(a) Relating to assets still held at reporting date	0.1	(0.2)	0.3
(b) Relating to assets sold during period	—	—	—
Purchases, sales and /or settlements	2.4	—	2.4
Foreign currency exchange rate changes	3.1	—	3.1
Ending balance as of December 31, 2020	$ 38.7	$ 2.1	$ 36.6

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 strategies and target allocations of retirement fund investments for the Company's U.S.-based pension plans and the non-U.S. based pension plans are as follows:

	U.S. Pension Plans	Non-U.S. Pension Plans[1]
Overall investment strategies:[2]		
Assets for the near-term benefit payments	80.0 %	82.5 %
Assets for longer-term growth	20.0 %	17.5 %
Total	100.0 %	100.0 %
Target allocations:		
Equity securities	17.0 %	12.5 %
Fixed income securities	75.0 %	82.5 %
Alternative investments	3.0 %	5.0 %
Cash and cash equivalents	5.0 %	— %
Total	100.0 %	100.0 %

(1) The majority of the Company's non-U.S. pension fund investments are related to the Company's pension plan in the United Kingdom.
(2) The overall U.S. and non-U.S. pension funds invest in a broad diversification of asset types.

The Company has noted that over very long periods, this mix of investments would achieve an average return on its U.S.-based pension plans of approximately 4.87%. In arriving at the choice of an expected return assumption of 4.25% for its U.S. plans for the year ended December 31, 2022, 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 Company has noted that over very long periods, this mix of investments would achieve an average return on its non-U.S. based pension plans of approximately 2.50%. In arriving at the choice of an expected return assumption of 2.25% for its U.K.-based plans for the year ended December 31, 2022, 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 and executives, 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 $16.9 million, $15.4 million and $15.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

9. Stockholders’ Equity

Common Stock

At December 31, 2021, the Company had 150,000,000 authorized shares of common stock with a par value of $0.01 per share, with approximately 74,441,312 shares of common stock outstanding and approximately 4,000,968 shares reserved for issuance under the Company’s 2006 Long-Term Incentive Plan (the “Plan”) (See Note 10).

Share Repurchase Program

In August and November 2021, the Company entered into two accelerated share repurchase ("ASR") agreements with financial institutions to repurchase an aggregate of $135.0 million of shares of its common stock. The Company received approximately 952,204 shares associated with these transactions as of December 31, 2021. On January 19, 2022, the Company received additional 113,824 shares upon final settlement of its November 2021 ASR agreement. In February and March 2020, the Company entered into two ASR agreements with financial institutions to repurchase an aggregate of $55.0 million of shares of its common stock. The Company received approximately 970,141 shares in these transactions as of December 31, 2020. 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 a combination of “Additional paid-in capital” and “Retained earnings” within our Consolidated Balance Sheets.

As of December 31, 2021, the remaining amount authorized to be repurchased under board-approved share repurchase authorizations was approximately $110.0 million, which has no expiration date.

Dividends

The Company’s Board of Directors has declared and the Company has paid cash dividends per common share during the following years:

	2021[1][2]	2020[2]	2019[2]
Dividends declared and paid per common share	$ 4.74	$ 0.63	$ 0.63

(1) The Company’s Board of Directors declared and the Company has paid quarterly cash dividends of $0.20 per common share beginning in the second quarter of 2021, from $0.16 per common share in the first quarter of 2021. On January 20, 2022, the Company's Board of Directors approved a quarterly dividend of $0.20 per common share outstanding commencing in the first quarter of 2022. In addition, the Company's Board of Directors also declared and the Company paid a special cash dividend of $4.00 per common share during 2021 totaling approximately $301.5 million.

(2) The Company’s Board of Directors declared and the Company has paid quarterly cash dividends of $0.16 per common share beginning in the second quarter of 2019, from $0.15 per common share in the first quarter of 2019, through the first quarter of 2021.

Accumulated Other Comprehensive Loss

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, 2021 and 2020 (in millions):

	Defined Benefit Pension Plans	Cumulative Translation Adjustment	Deferred Net Gains (Losses) on Derivatives	Total
Accumulated other comprehensive loss, December 31, 2019	$ (296.4)	$ (1,297.5)	$ (1.3)	$ (1,595.2)
Other comprehensive (loss) income before reclassifications	(32.1)	(197.5)	5.1	(224.5)
Net losses (gains) reclassified from accumulated other comprehensive loss	15.2	—	(6.3)	8.9
Other comprehensive loss, net of reclassification adjustments	(16.9)	(197.5)	(1.2)	(215.6)
Accumulated other comprehensive loss, December 31, 2020	(313.3)	(1,495.0)	(2.5)	(1,810.8)
Other comprehensive income (loss) before reclassifications	70.0	(45.1)	5.1	30.0
Net losses (gains) reclassified from accumulated other comprehensive income (loss)	12.9	—	(3.0)	9.9
Other comprehensive income (loss), net of reclassification adjustments	82.9	(45.1)	2.1	39.9
Accumulated other comprehensive loss, December 31, 2021	$ (230.4)	$ (1,540.1)	$ (0.4)	$ (1,770.9)

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, 2021 and 2020 (in millions):

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss: Year ended December 31, 2021[1]	Amount Reclassified from Accumulated Other Comprehensive Loss: Year ended December 31, 2020[1]	Affected Line Item within the Consolidated Statements of Operations
Derivatives:			
Net losses (gains) on foreign currency contracts	$ 11.4	$ (6.4)	Cost of goods sold
Net gains on commodity contracts	(17.2)	—	Cost of goods sold
Reclassification before tax	(5.8)	(6.4)	
	2.8	0.1	Income tax provision
Reclassification net of tax	$ (3.0)	$ (6.3)	
Defined benefit pension plans:			
Amortization of net actuarial losses	$ 16.6	$ 15.7	Other expense, net[2]
Amortization of prior service cost	0.8	2.2	Other expense, net[2]
Reclassification before tax	17.4	17.9	
	(4.5)	(2.7)	Income tax provision
Reclassification net of tax	$ 12.9	$ 15.2	
Net losses reclassified from accumulated other comprehensive loss	$ 9.9	$ 8.9	

(1) (Gains) losses included within the Consolidated Statements of Operations for the years ended December 31, 2021 and 2020, 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's common stock may be issued. As of December 31, 2021, of the 10,000,000 shares reserved for issuance under the Plan, approximately 4,000,968 shares remained 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, 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 return on invested capital, operating margins, return on net assets and revenue growth, 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 or over the three-year cycle in aggregate, with the ultimate award that is earned determined based upon the average of the three annual percentages. The 2021 grant of performance award shares is subject to a total

shareholder return modifier. 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.

During 2021, the Company granted 281,310 performance awards related to varying performance periods. Compensation expense recorded during 2021, 2020 and 2019 with respect to awards granted was based upon the fair value as of the grant date. For the 2021 awards that included a market condition, the Company measured the fair value using a Monte Carlo simulation. The weighted average grant-date fair value of performance awards granted under the Plan during 2021, 2020 and 2019 was as follows:

	Years Ended December 31,		
	2021	2020	2019
Weighted average grant-date fair value	$ 123.33	$ 70.84	$ 61.01

Performance award transactions during 2021 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	582,952
Shares awarded	281,310
Shares forfeited	(40,350)
Shares earned	(309,198)
Shares awarded but not earned at December 31	514,714

Based on the level of performance achieved as of December 31, 2021, 330,174 shares were earned under the related performance period, including 97,818 shares earned as of December 31, 2020 related to certain retirees and other individuals. 330,174 shares were issued in February 2022, net of 125,363 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. In addition, assuming the maximum target levels of performance achieved, there were 59,182 shares earned as of December 31, 2021 related to certain retirees and other individuals that will be issued at the end of the relevant performance periods based on the ultimate level of performance achieved with respect to those periods.

As of December 31, 2021, 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, was approximately $20.6 million, and the weighted average period over which it is expected to be recognized is approximately one and one-half 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, 2021, the Company granted 92,848 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 2020 grant of RSUs to certain executives has a three-year cliff vesting requirement subject to adjustment based on a total shareholders return metric relative to the Company's defined peer group. The compensation expense associated with all RSU 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 years ended December 31, 2021, 2020 and 2019 were $113.91, $70.83 and $61.01, respectively. RSU transactions during the year ended December 31, 2021 were as follows:

Shares awarded but not vested at January 1	143,287
Shares awarded	92,848
Shares forfeited	(9,797)
Shares vested	(67,110)
Shares awarded but not vested at December 31	159,228

A majority of the 67,110 shares vested with respect to RSU awards during 2021 were issued in January 2021. 3,830 shares earned during 2021 related to certain retirees. During January 2022, 44,991 RSUs shares were issued, net of 23,726 shares that were withheld for taxes. 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. As of December 31, 2021, the total compensation cost related to the unvested RSUs not yet recognized was approximately $8.5 million, and the weighted average period over which it is expected to be recognized is approximately one and one-half years.

Stock-settled Appreciation Rights

Certain executives and key managers were eligible to receive grants of SSARs through the year ended December 31, 2020. The Company did not grant any SSARs during the year ended December 31, 2021. 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 $0.8 million, $1.9 million and $2.4 million associated with SSAR awards during 2021, 2020 and 2019, 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, 2020 and 2019:

	2020	2019
Weighted average grant-date fair value	$ 12.31	$ 11.34
Weighted average assumptions under Black-Scholes option model:		
Expected life of awards (years)	3.0	3.0
Risk-free interest rate	1.5 %	2.6 %
Expected volatility	24.1 %	24.2 %
Expected dividend yield	0.9 %	1.0 %

SSAR transactions during the year ended December 31, 2021 were as follows:

SSARs outstanding at January 1	403,150
SSARs granted	—
SSARs exercised	(194,661)
SSARs canceled or forfeited	(13,878)
SSARs outstanding at December 31	194,611
SSAR price ranges per share:	
Granted	$ —
Exercised	43.88 - 73.14
Canceled or forfeited	46.58 - 73.14
Weighted average SSAR exercise prices per share:	
Granted	$ —
Exercised	64.41
Canceled or forfeited	68.51
Outstanding at December 31	68.33

At December 31, 2021, the weighted average remaining contractual life of SSARs outstanding was approximately four years. As of December 31, 2021, the total compensation cost related to unvested SSARs not yet recognized was approximately $0.8 million and the weighted-average period over which it is expected to be recognized is approximately one and one-half 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, 2021:

	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, 2021	Weighted Average Exercise Price
$46.58 - $63.47	80,523	3.51	$ 61.91	38,923	$ 60.91
$72.74 - $73.14	114,088	4.41	$ 72.86	35,013	$ 72.99
	194,611			73,936	$ 66.63

The total fair value of SSARs vested during 2021 was approximately $1.5 million. There were 120,675 SSARs that were not vested as of December 31, 2021. The total intrinsic value of outstanding and exercisable SSARs as of December 31, 2021 was $9.3 million and $3.7 million, respectively. The total intrinsic value of SSARs exercised during 2021 was approximately $13.6 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 $3.3 million for the year ended December 31, 2021. The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs and vesting of RSU awards and vesting of performance awards under the Plan was approximately $2.5 million for the year ended December 31, 2020. The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs and vesting of RSU awards and vesting of performance awards under the Plan was approximately $2.7 million for the year ended December 31, 2019. 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, 2021, 2020 and 2019.

On January 20, 2022, the Company granted 137,283 performance award shares (subject to the Company achieving future target levels of performance) and 91,583 RSUs under the Plan. The 2022 grant of performance award shares is subject to a total shareholder return modifier.

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 2021 grant was made on April 22, 2021 and equated to 9,117 shares of common stock, of which 7,899 shares of common stock were issued, after shares were withheld for taxes. The Company recorded stock compensation expense of approximately $1.4 million during 2021 associated with these grants.

11. Derivative Instruments and Hedging Activities

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. 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, LIBOR or other applicable benchmark interest rates such as SOFR upon the discontinuation of LIBOR. 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 is exposed to commodity risk from steel and other raw material purchases where a portion of the contractual purchase price is linked to a variable rate based on publicly available market data. From time to time, the Company enters into cash flow hedges to mitigate its exposure to variability in commodity prices.

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 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 2021, 2020 and 2019, the Company designated certain foreign currency contracts as cash flow hedges of expected future sales and purchases. The Company did not have any derivatives that were designated as cash flow hedges related to foreign currency contracts as of December 31, 2021. The total notional value of derivatives that were designated as cash flow hedges was $395.8 million as of December 31, 2020.

Steel Commodity Contracts

In December 2020, the Company designated certain steel commodity contracts as cash flow hedges of expected future purchases of steel. The total notional value of derivatives that were designated as cash flow hedges was approximately $31.9 million and $14.7 million as of December 31, 2021 and 2020, respectively.

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 2021, 2020 and 2019 (in millions):

		Recognized in Net Income		
	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss	Classification of Gain (Loss)	Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of the Line Item in the Consolidated Statements of Operations Containing Hedge Gains (Losses)
2021				
Foreign currency contracts	$ (7.4)	Cost of goods sold	$ (10.2)	$ 8,566.0
Commodity contracts[1]	12.5	Cost of goods sold	13.2	$ 8,566.0
Total	$ 5.1		$ 3.0	
2020				
Foreign currency contracts	$ 4.6	Cost of goods sold	$ 6.3	$ 7,092.2
Commodity contracts[1]	0.5	Cost of goods sold	—	$ 7,092.2
Total	$ 5.1		$ 6.3	
2019				
Foreign currency contracts	$ (2.6)	Cost of goods sold	$ 0.1	$ 7,057.1

(1) The outstanding contracts as of December 31, 2021 range in maturity through July 2022.

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, 2021, 2020 and 2019 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated derivative net gains as of December 31, 2018	$ 1.6	$ 0.2	$ 1.4
Net changes in fair value of derivatives	(3.0)	(0.4)	(2.6)
Net gains reclassified from accumulated other comprehensive loss into income	(0.1)	—	(0.1)
Accumulated derivative net losses as of December 31, 2019	$ (1.5)	$ (0.2)	$ (1.3)
Net changes in fair value of derivatives	4.9	(0.2)	5.1
Net gains reclassified from accumulated other comprehensive loss into income	(6.4)	(0.1)	(6.3)
Accumulated derivative net losses as of December 31, 2020	$ (3.0)	$ (0.5)	$ (2.5)
Net changes in fair value of derivatives	8.3	3.2	5.1
Net gains reclassified from accumulated other comprehensive loss into income	(5.8)	(2.8)	(3.0)
Accumulated derivative net losses as of December 31, 2021[1]	$ (0.5)	$ (0.1)	$ (0.4)

[1] As of December 31, 2021, approximately $0.2 million of derivative realized net losses and approximately $1.5 million of derivative realized net gains, before taxes, remain in accumulated other comprehensive loss related to foreign currency contracts and commodity contracts, respectively, associated with inventory that had not yet been sold.

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.

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 expired on January 19, 2021. At maturity of the cross currency swap contract, the Company delivered the notional amount of approximately €245.7 million (or approximately $297.1 million as of January 19, 2021) and received $300.0 million from the counterparties, resulting in a gain of approximately $2.9 million that was recognized in accumulated other comprehensive loss. The Company received quarterly interest payments from the counterparties based on a fixed interest rate until maturity of the cross currency swap.

On January 29, 2021, the Company entered into a new 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 29, 2028. At maturity of the cross currency swap contract, the Company will deliver the notional amount of approximately €247.9 million (or approximately $281.3 million as of December 31, 2021) 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, 2021	December 31, 2020
Cross currency swap contract	$ 300.0	$ 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):

	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss for the Years Ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Foreign currency denominated debt	$ —	$ 1.7	$ 2.5
Cross currency swap contract	11.0	(25.5)	9.3

Derivative Transactions Not Designated as Hedging Instruments

During 2021, 2020 and 2019, 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, 2021 and 2020, the Company had outstanding foreign currency contracts with a notional amount of approximately $3,681.9 million and $3,326.6 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 Gain (Loss)	December 31, 2021	December 31, 2020	December 31, 2019
Foreign currency contracts	Other expense, net	$ 54.8	$ 3.7	$ 20.4

The table below sets forth the fair value of derivative instruments as of December 31, 2021 (in millions):

	Asset Derivatives as of December 31, 2021		Liability Derivatives as of December 31, 2021	
	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	$ —
Commodity contracts	Other current assets	0.2	Other current liabilities	2.0
Cross currency swap contract	Other noncurrent assets	12.5	Other noncurrent liabilities	—
Derivative instruments not designated as hedging instruments:				
Foreign currency contracts [1]	Other current assets	15.1	Other current liabilities	5.1
Total derivative instruments		$ 27.8		$ 7.1

[1] The outstanding contracts as of December 31, 2021 range in maturity through October 2022.

The table below sets forth the fair value of derivative instruments as of December 31, 2020 (in millions):

	Asset Derivatives as of December 31, 2020		Liability Derivatives as of December 31, 2020	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative instruments designated as hedging instruments:				
Foreign currency contracts	Other current assets	$ 1.0	Other current liabilities	$ 4.5
Commodity contracts	Other current assets	0.5	Other current liabilities	—
Cross currency swap contract	Other noncurrent assets	1.5	Other noncurrent liabilities	—
Derivative instruments not designated as hedging instruments:				
Foreign currency contracts	Other current assets	12.3	Other current liabilities	22.2
Total derivative instruments		$ 15.3		$ 26.7

12. Commitments and Contingencies

The future payments required under the Company’s significant commitments, excluding indebtedness, as of December 31, 2021 are as follows (in millions):

Interest payments on indebtedness – As of December 31, 2021, the Company had interest payments of approximately $15.1 million due during the year ended December 31, 2022. Interest payments generally do not vary materially year to year. Indebtedness amounts reflect the principal amount of the Company's senior term loan, senior notes, credit facility and certain short-term borrowings, gross of any debt issuance costs. Refer to Note 7 of the Consolidated Financial Statements for additional information regarding indebtedness.

Unconditional purchase obligations – As of December 31, 2021, the Company had approximately $131.1 million of outstanding purchase obligations payable during the year ended December 31, 2022. These obligations generally do not vary materially year to year.

Other short-term and long-term obligations – As of December 31, 2021, the Company had approximately $40.1 million of income tax liabilities related to uncertain income tax provisions connected with ongoing income tax audits in various jurisdictions that it expects to pay or settle within the next 12 months. These liabilities and related income tax audits are subject to statutory expiration. Additionally, the Company had approximately $37.8 million of estimated future minimum contribution requirements under its U.S. and non-U.S. defined benefit pension and postretirement plans due during the year ended December 31, 2022. Refer to Notes 6 and 8 of the Consolidated Financial Statements for additional information regarding the Company's uncertain tax positions and pension and postretirement plans, respectively. These obligations comprise a majority of the Company's other short-term and long-term obligations.

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, 2021, the Company has outstanding guarantees of indebtedness owed to related and third parties of approximately $25.2 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 2027. 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 also guarantees indebtedness owed to certain of its finance joint ventures if dealers

or end users default on loans. Losses under such guarantees historically have been insignificant and the guarantees are not material. The Company believes the credit risk associated with these guarantees is not material.

In addition, at December 31, 2021, the Company had accrued approximately $23.3 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. The maximum potential amount of future payments under the guarantee is approximately $160.7 million.

Other

At December 31, 2021, the Company had outstanding designated and non-designated foreign exchange contracts with a gross notional amount of approximately $3,681.9 million. The outstanding contracts as of December 31, 2021 range in maturity through October 2022. The Company also had outstanding designated steel commodity contracts with a gross notional amount of approximately $31.9 million that range in maturity through July 2022 (see 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.

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, 2021, not including interest and penalties, was approximately 131.5 million Brazilian reais (or approximately $23.6 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.

During 2017, the Company purchased Precision Planting, which provides precision agricultural technology solutions. In 2018, Deere & Company filed separate complaints in the U.S. District Court of Delaware against the Company and its Precision Planting subsidiary alleging that certain products of those entities infringe certain patents of Deere. The two complaints subsequently were consolidated into a single case, Case No. 1:18-cv-00827-CFC (CONSOLIDATED), that currently is scheduled for trial in July 2022. It is the Company's position that no patents have been, or are continuing to be, infringed, and the Company is vigorously contesting the allegations in the complaint. The Company has an indemnity right under the purchase agreement related to the acquisition of Precision Planting from its previous owner. Pursuant to that right, the previous owner of Precision Planting currently is responsible for the litigation costs associated with the complaint and is obligated to reimburse AGCO for some or all of the damages in the event of an adverse outcome in the litigation. In the event of an adverse outcome, the Company estimates that the range of possible damages, based upon the advice of third-party specialists, would be up to approximately $7.0 million. Deere & Company has provided an estimate of its damages that is significantly higher than the Company estimates and that the Company believes does not have merit.

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, commodity 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, 2021 and 2020 are summarized below (in millions):

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Derivative assets	$ —	$ 27.8	$ —	$ 27.8
Derivative liabilities	—	7.1	—	7.1

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Derivative assets	$ —	$ 15.3	$ —	$ 15.3
Derivative liabilities	—	26.7	—	26.7

Cash and cash equivalents, accounts and notes receivable, net 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 1.002% senior term loan due 2025 and senior term loans due between 2023 and 2028 approximate fair value based on the borrowing rates currently available to the Company for loans with similar terms and average maturities. At December 31, 2021, the estimated fair value of the Company's 0.800% senior notes due 2028, based on listed market values, was approximately €595.1 million (or approximately $675.2 million as of December 31, 2021), compared to the carrying value of €600.0 million (or approximately $680.8 million as of December 31, 2021). See Note 7 for additional information on the Company’s long-term debt.

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 (see 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 2021, the Company did not make additional investments in its finance joint ventures. During 2020, the Company made a total of approximately $1.9 million of additional investments in its finance joint venture in the Netherlands. During 2019, the Company did not make additional investments in its finance joint ventures. During 2021, the Company received approximately $84.4 million dividends from certain of its finance joint ventures. During 2020, the Company did not receive dividends from its finance joint ventures. During 2019, the Company received approximately $40.5 million dividends from certain of its 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 (see Note 4). The Company maintains a remarketing agreement with its U.S. finance joint venture and has outstanding guarantees of minimum residual values that may be owed to its finance joint ventures in the U.S. and Canada upon the expiration of certain eligible operating leases and has guarantees with its other finance joint ventures which were not material (see 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 (see Note 1).

The Company has a minority equity interest in Tractors and Farm Equipment Limited ("TAFE"), which manufactures and sells Massey Ferguson-branded equipment primarily in India, and also supplies tractors and components to the Company for sale in other markets. On October 15, 2020, TAFE repurchased 461,000 shares of its common stock from the Company for approximately $33.9 million, resulting in an approximate remaining 20.7% ownership interest. Mallika Srinivasan, who is the Chairman and Managing Director of TAFE, is currently a member of the Company's Board of Directors. As of December 31, 2021, TAFE beneficially owned 12,150,152 shares of the Company's common stock, not including shares of the Company's common stock received by Ms. Srinivasan for service as a director. The Company and TAFE are parties to an agreement pursuant to which, among other things, TAFE has agreed not to purchase in excess of 12,150,152 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 2021, 2020 and 2019, the Company purchased approximately $137.6 million, $78.9 million and $92.7 million, respectively, of tractors and components from TAFE. During 2021, 2020 and 2019, the Company sold approximately $1.4 million, $1.3 million and $1.5 million, respectively, of parts to TAFE. The Company received dividends from TAFE of approximately $2.0 million, $1.8 million and $2.0 million during 2021, 2020 and 2019, respectively.

15. Segment Reporting

The Company’s four reportable segments distribute a full range of agricultural equipment and related replacement parts. The Company evaluates segment performance primarily based on income from operations. Sales for each segment are based on the location of the third-party customer. The Company’s selling, general and administrative expenses and engineering expenses are generally 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, 2021, 2020 and 2019 based on the Company’s reportable segments are as follows (in millions):

Years Ended December 31,	North America	South America	Europe/Middle East	Asia/Pacific/Africa	Consolidated
2021					
Net sales	$ 2,659.2	$ 1,307.7	$ 6,221.7	$ 949.7	$ 11,138.3
Income from operations	238.1	132.2	755.4	113.9	1,239.6
Depreciation	60.8	26.5	116.5	16.9	220.7
Assets	1,328.1	922.7	2,348.7	610.6	5,210.1
Capital expenditures	41.2	32.5	184.6	11.5	269.8
2020					
Net sales	$ 2,175.0	$ 873.8	$ 5,366.9	$ 734.0	$ 9,149.7
Income from operations	193.7	29.3	585.3	62.1	870.4
Depreciation	61.3	25.8	110.5	14.9	212.5
Assets	1,051.9	687.6	2,238.7	536.2	4,514.4
Capital expenditures	42.2	18.8	201.8	7.1	269.9
2019					
Net sales	$ 2,191.8	$ 802.2	$ 5,328.8	$ 718.6	$ 9,041.4
Income (loss) from operations	121.6	(39.4)	638.2	43.4	763.8
Depreciation	61.6	32.4	102.7	14.2	210.9
Assets	1,125.6	758.0	2,187.7	430.2	4,501.5
Capital expenditures	52.1	32.9	173.5	14.9	273.4

A reconciliation from the segment information to the consolidated balances for income from operations and total assets is set forth below (in millions):

	2021	2020	2019
Segment income from operations	$ 1,239.6	$ 870.4	$ 763.8
Corporate expenses	(135.2)	(134.7)	(129.0)
Amortization of intangibles	(61.1)	(59.5)	(61.1)
Stock compensation expense	(26.6)	(36.8)	(40.0)
Impairment charges	—	(20.0)	(176.6)
Restructuring expenses	(15.3)	(19.7)	(9.0)
Consolidated income from operations	$ 1,001.4	$ 599.7	$ 348.1
Segment assets	$ 5,210.1	$ 4,514.4	$ 4,501.5
Cash and cash equivalents	889.1	1,119.1	432.8
Investments in affiliates	413.5	442.7	380.2
Deferred tax assets, other current and noncurrent assets	996.4	665.9	645.2
Intangible assets, net	392.2	455.6	501.7
Goodwill	1,280.8	1,306.5	1,298.3
Consolidated total assets	$ 9,182.1	$ 8,504.2	$ 7,759.7

Property, plant and equipment, right-of-use lease assets and amortizable intangible assets by country as of December 31, 2021 and 2020 was as follows (in millions):

	2021	2020
United States	$ 499.1	$ 541.2
Germany	446.7	456.6
Finland	189.5	191.4
Brazil	144.9	150.4
France	133.2	137.6
Italy	112.7	129.0
China	91.6	98.9
Denmark	84.7	101.9
Other	222.0	232.8
	$ 1,924.4	$ 2,039.8

16. Revenue

Contract Liabilities

Contract liabilities relate to the following: (1) unrecognized revenues where advance payment of consideration precedes the Company's performance with respect to extended warranty and maintenance contracts and where the performance obligation is satisfied over time, (2) 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 (3) unrecognized revenues where advance payment consideration precedes the Company's performance with respect to precision technology services and where the performance obligation is satisfied over time.

Significant changes in the balance of contract liabilities for the years ended December 31, 2021 and 2020 were as follows (in millions):

	Year Ended December 31, 2021	Year Ended December 31, 2020
Balance at beginning of period	$ 172.0	$ 104.0
Advance consideration received	227.8	192.7
Revenue recognized during the period for extended warranty contracts, maintenance services and technology services	(64.0)	(46.6)
Revenue recognized during the period related to grain storage and protein production systems	(103.5)	(85.6)
Foreign currency translation	(6.1)	7.5
Balance as of December 31	$ 226.2	$ 172.0

The contract liabilities are classified as either "Other current liabilities" and "Other noncurrent liabilities" or "Accrued expenses" in the Company's Consolidated Balance Sheets. In 2021, the Company recognized approximately $80.7 million of revenue that was recorded as a contract liability at the beginning of 2021. In 2020, the Company recognized approximately $44.0 million of revenue that was recorded as a contract liability at the beginning of 2020.

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, 2021 are $73.2 million in 2022, $62.5 million in 2023, $35.4 million in 2024, $16.9 million in 2025 and $7.6 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, 2021 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Primary geographical markets:					
United States	$ 2,116.2	$ —	$ —	$ —	$ 2,116.2
Canada	436.7	—	—	—	436.7
Germany	—	—	1,332.0	—	1,332.0
France	—	—	1,129.1	—	1,129.1
United Kingdom and Ireland	—	—	635.3	—	635.3
Finland and Scandinavia	—	—	836.3	—	836.3
Other Europe	—	—	2,104.6	—	2,104.6
South America	—	1,294.8	—	—	1,294.8
Middle East and Algeria	—	—	184.4	—	184.4
Africa	—	—	—	152.3	152.3
Asia	—	—	—	436.5	436.5
Australia and New Zealand	—	—	—	360.9	360.9
Mexico, Central America and Caribbean	106.3	12.9	—	—	119.2
	$ 2,659.2	$ 1,307.7	$ 6,221.7	$ 949.7	$ 11,138.3
Major products:					
Tractors	$ 940.4	$ 664.6	$ 4,338.2	$ 443.7	$ 6,386.9
Replacement parts	379.1	131.8	1,070.5	106.5	1,687.9
Grain storage and protein production systems	534.9	140.1	174.0	227.1	1,076.1
Combines, application equipment and other machinery	804.8	371.2	639.0	172.4	1,987.4
	$ 2,659.2	$ 1,307.7	$ 6,221.7	$ 949.7	$ 11,138.3

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Net sales for the year ended December 31, 2020 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Primary geographical markets:					
United States	$ 1,763.2	$ —	$ —	$ —	$ 1,763.2
Canada	325.9	—	—	—	325.9
Germany	—	—	1,280.6	—	1,280.6
France	—	—	1,080.2	—	1,080.2
United Kingdom and Ireland	—	—	557.8	—	557.8
Finland and Scandinavia	—	—	698.5	—	698.5
Other Europe	—	—	1,613.1	—	1,613.1
South America	—	865.4	—	—	865.4
Middle East and Algeria	—	—	136.7	—	136.7
Africa	—	—	—	58.3	58.3
Asia	—	—	—	373.1	373.1
Australia and New Zealand	—	—	—	302.6	302.6
Mexico, Central America and Caribbean	85.9	8.4	—	—	94.3
	$ 2,175.0	$ 873.8	$ 5,366.9	$ 734.0	$ 9,149.7
Major products:					
Tractors	$ 692.0	$ 469.8	$ 3,814.3	$ 296.1	$ 5,272.2
Replacement parts	338.4	84.0	936.1	87.2	1,445.7
Grain storage and protein production systems	471.0	82.8	122.2	226.0	902.0
Combines, application equipment and other machinery	673.6	237.2	494.3	124.7	1,529.8
	$ 2,175.0	$ 873.8	$ 5,366.9	$ 734.0	$ 9,149.7

AGCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Net sales for the year ended December 31, 2019 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Primary geographical markets:					
United States	$ 1,787.4	$ —	$ —	$ —	$ 1,787.4
Canada	302.0	—	—	—	302.0
Germany	—	—	1,194.3	—	1,194.3
France	—	—	1,097.6	—	1,097.6
United Kingdom and Ireland	—	—	561.9	—	561.9
Finland and Scandinavia	—	—	772.8	—	772.8
Other Europe	—	—	1,629.0	—	1,629.0
South America	—	789.7	—	—	789.7
Middle East and Algeria	—	—	73.2	—	73.2
Africa	—	—	—	116.2	116.2
Asia	—	—	—	344.7	344.7
Australia and New Zealand	—	—	—	257.7	257.7
Mexico, Central America and Caribbean	102.4	12.5	—	—	114.9
	$ 2,191.8	$ 802.2	$ 5,328.8	$ 718.6	$ 9,041.4
Major products:					
Tractors	$ 662.4	$ 447.7	$ 3,772.0	$ 300.6	$ 5,182.7
Replacement parts	310.2	88.2	874.8	74.6	1,347.8
Grain storage and protein production systems	547.9	79.5	172.8	234.6	1,034.8
Combines, application equipment and other machinery	671.3	186.8	509.2	108.8	1,476.1
	$ 2,191.8	$ 802.2	$ 5,328.8	$ 718.6	$ 9,041.4

17. **Leases**

The Company leases certain land, buildings, machinery, equipment, vehicles and office and computer equipment under finance and operating leases. The Company accounts for these leases pursuant to ASU 2016-02, "Leases". Under the standard, lessees are required to record an asset (ROU asset or finance lease asset) and a lease liability. ROU assets represent the Company's right to use an underlying asset during the lease term while lease liabilities represent the Company's obligation to make lease payments during the lease term. The standard allows for two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases result in the recognition of a single lease expense on a straight-line basis over the lease term whereas finance leases result in an accelerated expense. ASU 2016-02 also contains guidance regarding the identification of embedded leases in service and supply contracts, as well as the identification of lease and nonlease components of an arrangement. All leases greater than 12 months result in the recognition of an ROU asset and liability at the lease commencement date based on the present value of the lease payments over the lease term. The present value of the lease payments is calculated using the applicable weighted-average discount rate. The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the currency denomination of the lease, the contractual lease term and the Company's applicable borrowing rate.

The Company does not recognize an ROU asset or lease liability with respect to operating leases with an initial term of 12 months or less and recognizes expense on such leases on a straight-line basis over the lease term. The Company accounts for lease components separately from nonlease components other than for real estate and office equipment. The Company evaluated its supplier agreements for the existence of leases and determined these leases comprised an insignificant portion of its supplier agreements. As such, these leases were not material to the Company's Consolidated Balance Sheets. The Company has certain leases that contain one or more options to terminate or renew that can extend the lease term up to 15 years. Options that the company is reasonably certain to exercise are included in the lease term. The depreciable life of ROU assets and leasehold improvements are limited by the expected lease term. The Company has certain lease agreements that include variable rental payments that are adjusted periodically for inflation based on the index rate as defined by the applicable government authority. Generally, the Company's lease agreements do not contain any residual value guarantees or restrictive covenants.

Total lease assets and liabilities at December 31, 2021 and 2020 were as follows (in millions):

Lease Assets	Classification	As of December 31, 2021	As of December 31, 2020
Operating ROU assets	Right-of-use lease assets	$ 154.1	$ 165.1
Finance lease assets	Property, plant and equipment, net[1]	10.6	15.1
Total lease assets		$ 164.7	$ 180.2

Lease Liabilities	Classification	As of December 31, 2021	As of December 31, 2020
Current:			
Operating	Accrued expenses	$ 42.3	$ 43.5
Finance	Other current liabilities	3.8	3.0
Noncurrent:			
Operating	Operating lease liabilities	115.5	125.9
Finance	Other noncurrent liabilities	6.0	9.8
Total lease liabilities		$ 167.6	$ 182.2

(1) Finance lease assets are recorded net of accumulated depreciation of $7.8 million and $15.6 million as of December 31, 2021 and 2020, respectively.

Total lease costs for 2021 and 2020 are set forth below (in millions):

	Classification	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating lease cost	Selling, general and administrative expenses	$ 59.0	$ 54.0
Variable lease cost	Selling, general and administrative expenses	1.0	1.7
Short-term lease cost	Selling, general and administrative expenses	18.7	11.0
Finance lease cost:			
Amortization of lease assets	Depreciation expense[1]	2.4	3.7
Interest on lease liabilities	Interest expense, net	0.3	0.6
Total lease cost		$ 81.4	$ 71.0

(1) Depreciation expense was included in both cost of goods sold and selling, general and administrative expenses.

Lease payment amounts for operating and finance leases with remaining terms greater than one year as of December 31, 2021 were as follows (in millions):

	December 31, 2021	
	Operating Leases	Finance Leases
2022	$ 45.7	$ 4.0
2023	36.2	0.9
2024	24.5	0.6
2025	17.3	0.4
2026	12.3	0.2
Thereafter	39.1	6.3
Total lease payments	175.1	12.4
Less: imputed interest[1]	(17.3)	(2.5)
Present value of lease liabilities	$ 157.8	$ 9.9

(1) Calculated using the implicit interest rate for each lease.

Lease payment amounts for operating and finance leases with remaining terms greater than one year as of December 31, 2020 were as follows (in millions):

	December 31, 2020	
	Operating Leases	Finance Leases
2021	$ 47.6	$ 3.3
2022	37.7	1.4
2023	28.6	1.1
2024	18.9	0.8
2025	13.6	0.6
Thereafter	44.5	9.1
Total lease payments	190.9	16.3
Less: imputed interest[1]	(21.5)	(3.5)
Present value of lease liabilities	$ 169.4	$ 12.8

(1) Calculated using the implicit interest rate for each lease.

The following table summarizes the weighted-average remaining lease term and weighted-average discount rate:

	As of December 31, 2021	As of December 31, 2020
Weighted-average remaining lease term:		
Operating leases	7 years	7 years
Finance leases	12 years	15 years
Weighted-average discount rate:		
Operating leases	3.1 %	3.5 %
Finance leases	2.4 %	2.7 %

The following table summarizes the supplemental cash flow information for 2021 and 2020 (in millions):

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 59.8	$ 54.1
Operating cash flows from finance leases	0.2	0.4
Financing cash flows from finance leases	2.6	3.8
Leased assets obtained in exchange for lease obligations:		
Operating leases	$ 50.6	$ 30.8
Finance leases	0.9	0.9

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, 2021, 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, 2021. Based on this assessment, management believes that, as of December 31, 2021, 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, 2021 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, 2021. 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, 2021, 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, 2021, 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, 2021 and 2020, 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, 2021, and the related notes and financial statement schedule II — Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated February 25, 2022 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
February 25, 2022

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 2022 Annual Meeting of Stockholders, which we intend to file in March 2022.

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 2022 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 2022 Annual Meeting of Stockholders in the section entitled "Executive Compensation" 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 2022 Annual Meeting of Stockholders in the sections entitled "Board of Directors and Corporate Governance," "2021 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.

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Awards Under the Plans	(b) Weighted-Average Exercise Price of Outstanding Awards Under the Plans	(c) 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	868,553	$ 90.29	4,000,968
Equity compensation plans not approved by security holders	—	—	—
Total	868,553	$ 90.29	4,000,968

(b) Security Ownership of Certain Beneficial Owners and Management

The information required by this Item set forth in our Proxy Statement for the 2022 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 2022 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 Proxy Statement for the 2022 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	Amended and Restated By-Laws	January 27, 2021, Form 8-K, Exhibit 3.1
4.1	Description of Securities	March 1, 2021, Form 10-K, Exhibit 4.1
4.2	Indenture, dated as of October 6, 2021	October 7, 2021, Form 8-K, Exhibit 4.1
10.1	2006 Long-Term Incentive Plan*	September 30, 2017, Form 10-Q, Exhibit 10.5
10.2	2006 Form of Stock Appreciation Rights Agreement*	March 31, 2006, Form 10-Q, Exhibit 10.4
10.3	2019 Form of Stock Appreciation Rights Agreement*	January 22, 2019, Form 8-K, Exhibit 10.2
10.4	2018 Form of Restricted Stock Units Agreement*	June 30, 2018, Form 10-Q, Exhibit 10.1
10.5	2019 Form of Restricted Stock Units Agreement*	January 22, 2019, Form 8-K, Exhibit 10.1
10.6	2021 Form of Performance Share Agreement*	January 27, 2021, Form 8-K, Exhibit 10.1
10.7	Amended and Restated Management Incentive Program*	June 30, 2019, Form 10-Q, Exhibit 10.3
10.8	Amended and Restated Executive Nonqualified Pension Plan*	April 12, 2021, Form 8-K, Exhibit 10.1
10.9	Executive Nonqualified Defined Contribution Plan*	December 31, 2015, Form 10-K, Exhibit 10.9
10.10	Amended and Restated Employment and Severance Agreement with Eric P. Hansotia*	Filed herewith
10.11	Employment and Severance Agreement with Andrew H. Beck*	March 31, 2010, Form 10-Q, Exhibit 10.2
10.12	Employment and Severance Agreement with Robert B. Crain*	December 31, 2017, Form 10-K, Exhibit 10.13
10.13	Employment and Severance Agreement with Torsten Dehner*	Filed herewith
10.14	Employment and Severance Agreement with Hans-Bernd Veltmaat*	December 31, 2009, Form 10-K, Exhibit 10.17

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
10.15	Debt Agreement dated December 18, 2014	December 31, 2014, Form 10-K, Exhibit 10.15
10.16	Credit Agreement dated as of October 17, 2018	September 30, 2018, Form 10-Q, Exhibit 10.1
10.17	Amendment, dated as of April 9, 2020, to the Credit Agreement dated as of October 17, 2018	April 13, 2020, Form 8-K, Exhibit 10.1
10.18	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
10.19	Amended and Restated Letter Agreement, dated April 24, 2019, between AGCO Corporation and Tractors and Farm Equipment Limited	March 31, 2019, Form 10-Q, Exhibit 10.1
10.20	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
10.21	Letter Agreement, dated August 3, 2007, between AGCO Corporation and Tractors and Farm Equipment Limited	September 4, 2014, Form 8-K, Exhibit 10.3
10.22	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
10.23	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
10.24	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
10.25	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
10.26	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 Eric P. Hansotia	Filed herewith
31.2	Certification of Andrew H. Beck	Filed herewith
32.1	Certification of Eric P. Hansotia and Andrew H. Beck	Furnished herewith

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
101	The following audited financial information from this Annual Report on Form 10-K for the year ended December 31, 2021, are formatted in Inline XBRL: (i) Consolidated Statements of Operations; (ii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.	Filed herewith
104	Cover Page Interactive Data File - the cover page from this Annual Report on Form 10-K for the year ended December 31, 2021 is formatted in Inline XBRL	Filed herewith

Item 16. ***Form 10-K Summary***

None.

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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/ ERIC P. HANSOTIA
Eric P. Hansotia
Chairman of the Board, President and Chief Executive Officer

Dated: February 25, 2022

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/ ERIC P. HANSOTIA Eric P. Hansotia	Chairman of the Board, President and Chief Executive Officer	February 25, 2022
/s/ ANDREW H. BECK Andrew H. Beck	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 25, 2022
/s/ LARA T. LONG Lara T. Long	Vice President, Chief Accounting Officer (Principal Accounting Officer)	February 25, 2022
/s/ MICHAEL C. ARNOLD * Michael C. Arnold	Director	February 25, 2022
/s/ SONDRA L. BARBOUR * Sondra L. Barbour	Director	February 25, 2022
/s/ P. GEORGE BENSON * P. George Benson	Director	February 25, 2022
/s/ SUZANNE P. CLARK * Suzanne P. Clark	Director	February 25, 2022
/s/ BOB DE LANGE * Bob De Lange	Director	February 25, 2022
/s/ GEORGE E. MINNICH * George E. Minnich	Director	February 25, 2022
/s/ NIELS PÖRKSEN * Niels PÖrksen	Director	February 25, 2022
/s/ MALLIKA SRINIVASAN * Mallika Srinivasan	Director	February 25, 2022
/s/ MATTHEW TSIEN * Matthew Tsien	Director	February 25, 2022
*By: /s/ ANDREW H. BECK Andrew H. Beck Attorney-in-Fact		February 25, 2022

ANNUAL REPORT ON FORM 10-K
ITEM 15 (A)(2)
FINANCIAL STATEMENT SCHEDULE
YEAR ENDED DECEMBER 31, 2021

SCHEDULE II

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 End of Perioc
Year ended December 31, 2021						
Allowances for doubtful accounts	$ 36.4	$ 0.2	$ 0.5	$ (2.8)	$ (1.7)	$ 3
Year ended December 31, 2020						
Allowances for doubtful accounts	$ 28.8	$ —	$ 14.5	$ (6.8)	$ (0.1)	$ 3
Year ended December 31, 2019						
Allowances for doubtful accounts	$ 31.7	$ —	$ 5.8	$ (8.3)	$ (0.4)	$ 2

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, 2021						
Accruals of severance, relocation and other closure costs	$ 16.8	$ 19.9	$ (2.3)	$ (19.1)	$ (0.6)	$ 14.7
Year ended December 31, 2020						
Accruals of severance, relocation and other closure costs	$ 4.8	$ 17.6	$ (0.4)	$ (5.1)	$ (0.1)	$ 16.8
Year ended December 31, 2019						
Accruals of severance, relocation and other closure costs	$ 7.1	$ 6.1	$ (0.7)	$ (7.3)	$ (0.4)	$ 4.8

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, 2021						
Deferred tax valuation allowance	$ 181.0	$ 0.4	$ (130.8)	$ —	$ (3.3)	$ 47.3
Year ended December 31, 2020						
Deferred tax valuation allowance	$ 169.1	$ 0.9	$ 28.7	$ —	$ (17.7)	$ 181.0
Year ended December 31, 2019						
Deferred tax valuation allowance	$ 83.9	$ —	$ 87.1	$ —	$ (1.9)	$ 169.1

[1] There were no amounts credited or charged through other comprehensive income during 2021. Amounts credited through other comprehensive income (loss) during the years ended December 31, 2020 and 2019 were approximately $12.4 million and approximately $2.5 million, respectively.

AGCO
Your Agriculture Company

Exhibit 10.10

EMPLOYMENT AND SEVERANCE AGREEMENT
AS AMENDED AND RESTATED
(As amended through February 23, 2022)

This Employment and Severance Agreement (the "**Agreement**"), originally effective as of April 5, 2013, and amended and restated as of the 1st day of January, 2021, and further amended as of February 23, 2022, by and between **AGCO CORPORATION**, a Delaware corporation (the "**Company**"), and Eric Hansotia (the "**Executive**").

WITNESSETH:

In consideration of the mutual covenants and agreements hereinafter set forth, the Company and the Executive do hereby agree as follows:

1. **EMPLOYMENT**.

(a) The Company hereby employs the Executive, and the Executive hereby agrees to serve the Company, upon the terms and conditions set forth in this Agreement.

(b) The employment term commenced on July 1, 2013, and shall continue in effect until terminated in accordance with Section 5 of this Agreement.

2. **POSITION AND DUTIES**.

The Executive shall serve as President and Chief Executive Officer of the Company and shall perform such duties and responsibilities as may from time to time be prescribed by the Company's board of directors (the "**Board**"), provided that such duties and responsibilities are consistent with the Executive's position. The Executive shall perform and discharge faithfully, diligently and to the best of his ability such duties and responsibilities and shall devote all of his working time and efforts to the business and affairs of the Company and its affiliates; provided, with the consent of the Chair of the Governance Committee of the Company, the Executive may serve on boards of directors of other corporations. During the three (3) years following a Change in Control (as defined herein), the Executive's position (including offices, titles and reporting requirements), duties, and responsibilities shall not be reduced, and the Executive shall not be required to work at a location other than the location at which the Executive was based at the time of the Change in Control.

3. **COMPENSATION**.

(a) BASE SALARY. The Company shall pay to the Executive an annual base salary ("**Base Salary**") of U.S. $1,150,000, payable in equal semi-monthly installments throughout the term of such employment subject to Section 5 hereof (except that the first and last semi-monthly installments may be prorated, if necessary) and subject to applicable tax and payroll deductions. The Company shall consider increases in the Executive's Base Salary annually, and any such increase in salary implemented by the Company shall become the Executive's Base Salary for purposes of this Agreement.

(b) INCENTIVE COMPENSATION. Provided Executive has duly performed his obligations pursuant to this Agreement, the Executive shall be entitled to participate in the Management Incentive Plan and the Long-Term Incentive Plan that is implemented by the Company, subject to the terms and conditions of such plans.

(c) SUPPLEMENTAL EMPLOYEE RETIREMENT PROGRAM. During the term of this Agreement, the Executive shall be entitled to participate in the AGCO Corporation Supplemental Executive Retirement Plan ("**SERP**"), subject to the terms and conditions of the SERP.

(d) OTHER BENEFITS. During the term of this Agreement, the Executive shall be entitled to participate in the employee benefit plans and arrangements which are available to senior executive officers of the Company, including, without limitation, group health and life insurance, pension and savings, and expense reimbursement, subject to the terms and conditions of such plans and arrangements.

(e) FRINGE BENEFITS. The Company shall pay or reimburse the Executive promptly for all reasonable and necessary expenses incurred by him in connection with his duties hereunder, upon submission by the Executive to the Company of such written evidence of such expenses as the Company may require. Throughout the term of this Agreement, the Company:

(i) subject to the Company's right to change its overall policy with respect to providing vehicles to senior executives, will provide the Executive with the use of a vehicle for purposes within the scope of his employment and shall pay, or reimburse Executive for, all expenses for fuel, maintenance and insurance in connection with such use of the automobile. The Company shall make any such reimbursement or payments under this Section 3(e)(i) as soon as administratively practicable following submission of such written evidence of such expenses as the Company may require, but in no event will such reimbursements or payments be made later than the last day of the Executive's taxable year next following the Executive's taxable year in which the Executive incurs the expense.

(ii) shall pay, or reimburse the Executive for, the cost of a single country club member fees, dues and business-related expenses. The Company shall make any such reimbursement or payments under this Section 3(e)(ii) as soon as administratively practicable following submission of such written evidence of such expenses as the Company may require, but in no event will such reimbursements or payments be made later than the last day of the Executive's taxable year next following the Executive's taxable year in which the Executive incurs the expense.

(iii) will purchase for the Executive and pay all of the premiums for an individual life insurance policy on the life of the Executive with death proceeds equal to six (6) times the Executive's Base Salary. The Executive will be the owner of such policy and may name the beneficiary therefor. The Company shall have no obligation to provide this insurance coverage following the termination of Executive's employment, notwithstanding any other provision of this Agreement.

(iv) agrees that the Executive shall be entitled to six (6) weeks of vacation in any year of the term of employment hereunder, subject to the terms of the Company's vacation policy.

(v) will provide up to 50 hours of flight time annually for personal use of the Company-provided aircraft, based on any incremental cost to the Company as determined under Securities and Exchange Commission disclosure rules. Family members and friends may accompany the Executive on personal and business trips, provided that they may not use the Company-provided aircraft if not accompanying the Executive. The Executive will not be grossed-up for any

personal taxes resulting from personal use by the Executive or use by his family members and friends of Company provided aircraft.

(f) MODIFICATION OF BENEFITS. Without by implication limiting the foregoing, during the three (3) years following a Change in Control, the Executive's compensation, including Base Salary, incentive compensation opportunity, SERP opportunity, other benefits and fringe benefits shall not be reduced. Notwithstanding the foregoing, the Company shall be entitled to modify the group health benefits provided such modifications are applicable to all similarly situated executive officers and management employees. To the extent that the Company is not able to continue life, group health or similar benefits as a result of the terms of the applicable plans or insurance policies, the Company shall pay the Executive the cost, no less frequently than monthly, that the Executive must incur to obtain such benefits privately.

(g) Notwithstanding the other provisions of this Agreement, all compensation or payments hereunder shall be subject to any "clawback" or similar or obligation currently in effect or required to be implemented by the Company by applicable law or stock exchange rule.

4. **RESTRICTIVE COVENANTS**

(a) ACKNOWLEDGMENTS. The Executive acknowledges that as an Executive Officer of the Company (i) he frequently will be exposed to certain "Trade Secrets" and "Confidential Information" of the Company (as those terms are defined in Subsection 4(b)), (ii) his responsibilities on behalf of the Company will extend to all geographical areas where the Company is doing business, and (iii) any competitive activity on his part during the term of his employment and for a reasonable period thereafter would necessarily involve his use of the Company's Trade Secrets and Confidential Information and, therefore, would unfairly threaten the Company's legitimate business interests, including its substantial investment in the proprietary aspects of its business and the goodwill associated with its customer base. Moreover, the Executive acknowledges that, in the event of the termination of his employment with the Company, he would have sufficient skills to find alternative, commensurate work in his field of expertise that would not involve a violation of any of the provisions of this Section 4. Therefore, the Executive acknowledges and agrees that it is reasonable for the Company to require him to abide by the covenants set forth in this Section 4. The parties acknowledge and agree that if the nature of the Executive's responsibilities for or on behalf of the Company and the geographical areas in which the Executive must fulfill them materially change, the parties will execute appropriate amendments to the scope of the covenants in this Section 4.

(b) DEFINITIONS.

(i) "**Business of Company**" means designing, manufacturing, marketing, and distributing agricultural equipment.

(ii) "**Material Contact**" as used in the non-solicitation provision below means personal contact, or the supervision of the efforts of those who have personal contact, with an existing or potential Customer or Vendor in an effort to further or create a business relationship between the Company and such existing or potential Customer or Vendor.

(iii) "**Confidential Information**" means information about the Company, its Executives, and Customers, which is not generally known outside of the Company, which the Executive learns of in connection with the Executive's employment with the Company, and which would be useful to competitors of the Company or potentially harmful to the Company's reputation. Confidential Information includes, but is not limited to: (1) business and employment policies,

marketing methods and the targets of those methods, finances, business plans, promotional materials and price lists; (2) the terms upon which the Company hires employees and provides services to its Customers; (3) the nature, origin, composition and development of the Company's products and services; and (4) the manner in which the Company provides products and services to its Customers.

(iv) "**Trade Secrets**" means Confidential Information which meets the additional requirements of the Georgia Trade Secrets Act.

(v) "**Territory**" means those countries and areas as more particularly set forth on *Exhibit A* attached hereto.

(c) COVENANT OF CONFIDENTIALITY. During the term of this Agreement, the Executive agrees only to use and disclose Confidential Information in connection with his duties hereunder and to otherwise maintain the secrecy of the same. The Executive agrees that for a period of five (5) years following the cessation of his employment for any reason, he shall not directly or indirectly divulge or make use of any Confidential Information or Trade Secrets of the Company without prior written consent of the Company. The Executive further agrees that if he is questioned about information subject to this Agreement by anyone not authorized to receive such information, he will promptly notify the General Counsel. This Agreement does not limit the remedies available under common or statutory law, which may impose longer duties of non-disclosure. To the extent not prohibited by applicable law, the Executive will immediately notify the General Counsel if he receives any subpoenas which could require the disclosure of Confidential Information, so that the Company may take whatever actions it deems necessary to protect its interests. For the avoidance of doubt, nothing herein shall limit Executive's ability to report violations of law to the Securities and Exchange Commission or other governmental authority or to respond to inquiries from a governmental authority.

(d) COVENANT OF NON-COMPETITION. The Executive agrees that while employed by the Company and for a period of twenty-four (24) months following the cessation of his employment for any reason, he will not compete with the Business of Company by performing services of the same or similar type as those he performed for the Company as an employee, contractor, consultant, officer, director or agent for any person or entity engaged in the Business of Company. Likewise, during such twenty-four (24)-month period, the Executive will not perform activities of the type which in the ordinary course of business would involve the utilization of Confidential Information or Trade Secrets protected from disclosure by Section 4(c) of this Agreement; provided, the Executive still must comply with the restrictions in Section 4(c). This paragraph restricts competition only within the Territory.

(e) COVENANT OF NON-SOLICITATION. The Executive agrees that while employed by the Company and for a period of twenty-four (24) months following the cessation of his employment for any reason, he will not directly or indirectly solicit or attempt to solicit any business in competition with the Business of Company from any of the Customers with whom the Executive had Material Contact within the last 18 months of his employment with the Company. The Executive further agrees that for a period of twenty-four (24) months following the cessation of his employment, he will not directly or indirectly solicit or attempt to solicit any Vendors of the Company with whom he had Material Contact during the last 18 months of his employment with the Company to provide services to any person or entity which competes with the Business of Company.

(f) COVENANT OF NON-RECRUITMENT. The Executive agrees that while employed by the Company and for a period of twenty-four (24) months following the

cessation of his employment for any reason, he will not directly or indirectly solicit or attempt to solicit any other employee of the Company for the purpose of encouraging, enticing, or causing said employee to voluntarily terminate employment with the Company.

(g) COVENANT TO RETURN PROPERTY AND INFORMATION. The Executive agrees to return all of the Company's property within seven (7) days following the cessation of his employment for any reason. Such property includes, but is not limited to, the original and any copy (regardless of the manner in which it is recorded) of all information provided by the Company to the Executive, or which the Executive has developed or collected in the scope of his employment with the Company, as well as all Company-issued equipment, supplies, accessories, vehicles, keys, instruments, tools, devices, computers, cell phones, pagers, materials, documents, plans, records, notebooks, drawings, or papers.

(h) ASSIGNMENT OF WORK PRODUCT AND INVENTIONS. The Executive hereby assigns and grants to the Company (and will upon request take any actions needed to formally assign and grant to the Company and/or obtain patents, trademark registrations or copyrights belonging to the Company) the sole and exclusive ownership of any and all inventions, information, reports, computer software or programs, writings, technical information or work product collected or developed by the Executive, alone or with others, during the term of the Executive's employment. This duty applies whether or not the forgoing inventions or information are made or prepared in the course of employment with the Company, so long as such inventions or information relate to the Business of Company and have been developed in whole or in part during the term of the Executive's employment. The Executive agrees to advise the Company in writing of each invention that Executive, alone or with others, makes or conceives during the term of Executive's employment. Inventions which the Executive developed before the Executive came to work for the Company, if any, are as follows: None.

(i) REMEDIES FOR VIOLATION OF RESTRICTIVE COVENANTS. The Executive acknowledges that the Company would suffer irreparable harm if the Executive fails to comply with the foregoing, and that the Company would be entitled to any appropriate relief, including money damages, injunctive and other equitable relief and attorneys' fees. The Executive agrees that the pendency of any claim whatsoever against the Company shall not constitute a defense to the enforcement of these restrictive covenants.

(j) SEVERABILITY. In the event that any one or more of the provisions of these restrictive covenants shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in these restrictive covenants shall be held to be excessively broad as to duration, activity or subject, the parties authorize the Court in which such action is pending to modify said covenants and enforce them to the extent that the Court deems reasonable.

5. **TERMINATION**.

(a) DEATH. Executive's employment shall terminate upon the death of the Executive, *provided,* however, that for purposes of the payment of Base Salary to the Executive, the death of the Executive shall be deemed to have occurred ninety (90) days from the last day of the month in which the death of the Executive shall have occurred, and the payment terms of Section 5(f) that relate to the payment of Base Salary following death shall apply.

(b) DISABILITY. Executive's employment and all obligations of the Company hereunder shall terminate upon a finding that the Executive is disabled under the Company's group long term disability plan.

(c) CAUSE. The Company may terminate the Executive's employment hereunder for Cause by giving written Notice of Termination (as defined in Section 5(e)) to the Executive. For the purposes of this Agreement, the Company shall have "**Cause**" to terminate the Executive's employment hereunder upon: (i) the conviction of Executive of, or the entry of a plea of guilty, first offender probation before judgment, or *nolo contendere* by Executive to, any felony; (ii) fraud, misappropriation or embezzlement by Executive; (iii) Executive's willful failure or gross negligence in the performance of his assigned duties for the Company, which failure or negligence continues for more than or was not remedied within thirty (30) calendar days following Executive's receipt of written notice of such willful failure or gross negligence; (iv) Executive's failure to follow reasonable and lawful directives of the Board or his breach of his fiduciary duty to the Company, which failure is not remedied within thirty (30) calendar days following Executive's receipt of written notice of such failure; (v) any act or omission of Executive that has a demonstrated and material adverse impact on the Company's business or reputation for honesty and fair dealing, other than an act or failure to act by Executive in good faith and without reason to believe that such act or failure to act would adversely impact on the Company's business or reputation for honesty and fair dealing; or (vi) the breach by Executive of any material term of this Agreement, which breach continues for more than or was not remedied within thirty (30) calendar days following Executive's receipt of written notice of such breach.

(d) WITHOUT CAUSE; GOOD REASON.

(i) The Company may terminate the Executive's employment hereunder without Cause, by giving written Notice of Termination to the Executive.

(ii) The Executive may terminate his employment hereunder, with or without Good Reason (as defined below), by giving written Notice of Termination to the Company.

(iii) For the purposes of this Agreement, the Executive shall have "**Good Reason**" to terminate his employment hereunder upon the occurrence of any one or more of the following events to the extent that there is, or would be if not corrected, a material negative change in the Executive's employment relationship with Corporation: (a) a material reduction in the Executive's aggregate Base Salary and incentive compensation opportunity taken as a whole, excluding any reductions in incentive or equity compensation opportunity caused by the performance of the Company or the Executive, including but not limited to, the failure by the Executive to achieve performance targets established from time to time by the Board and/or under the Management Incentive Plan or Long Term Incentive Plan or from below budget performance by the Company; (b) the Company's failure to make payments of Base Salary and incentive compensation; (c) any material breach in the terms of the Agreement by the Company; or (d) a requirement that the Executive report to any person other than the Board of the Company, or following a Change in Control, the board of the ultimate parent company of the Company; provided, the Executive shall have Good Reason under this Agreement only if the Executive provides the Company notice of a condition described in clause (a), (b), (c) or (d) within ninety (90) days of the initial existence of such condition; the Company subsequently fails to cure the condition within thirty (30) days of such notice, and termination of employment by the Executive for

Good Reason occurs within sixty (60) days after the Company's period for curing such condition has expired.

(e) NOTICE OF TERMINATION. Any termination by the Company pursuant to the Subsections (b), (c) or (d)(i) above or by the Executive pursuant to Subsection (d)(ii) above, shall be communicated by written Notice of Termination from the party issuing such notice to the other party hereto. For purposes of this Agreement, a "**Notice of Termination**" shall mean a notice which shall indicate the specific termination provision of this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination. A date of termination specified in the Notice of Termination (other than pursuant to Subsection (d)(ii) above) shall not be dated earlier than ninety (90) days from the date such Notice is delivered or mailed to the applicable party (except in the event of notice under Subsection (c), which may specify an earlier termination date) and not later than two (2) years after the initial existence of the failure.

(f) OBLIGATION TO PAY. Subject to Sections 6, 16 and 17 below, the Company shall (i) pay the compensation specified in this Subsection 5(f) to the Executive as set forth below for the period specified in this Subsection 5(f), (ii) continue to provide, no less frequently than monthly, life insurance benefits during the remainder of the applicable period, including the Severance Period set forth in this Subsection 5(f), and (iii) if and to the extent the Executive (or Executive's representatives or dependents) timely elects COBRA continuation coverage for himself, his spouse and/or his dependents, pay the Executive, no less frequently than monthly, the cost of COBRA premiums for a period of 18 months or such lesser period as the Executive continues to have COBRA continuation coverage, subject in the case of (ii) and (iii) to the same payments by the Executive that the Executive was required to make prior to termination. Notwithstanding the foregoing, the Company shall be entitled to modify the group health benefits provided such modifications are applicable to all similarly situated executive officers and management employees. To the extent that the Company is not able to continue life or group health benefits as a result of the terms of the applicable plans or insurance policies, the Company shall pay the Executive the cost, no less frequently than monthly, that the Executive must incur to obtain such benefits privately. Any other vested benefits or other amounts, including both cash and stock components, which pursuant to the terms of any Company plans, policies or programs have been earned or become payable, but which have not yet been paid to the Executive, including without limitation under the Company's Long-Term Incentive Plan and Deferred Compensation Plan, will be paid in accordance with terms and conditions of such plans, policies or programs.

If the Executive's employment shall terminate by reason of death, the estate of the Executive shall be paid (i) an amount equal to the Executive's Base Salary (at the rate in effect on the date of such termination) through the end of the third month after the month in which the death of the Executive occurred at such intervals as the same would have been paid had the Executive remained in the active service of the Company, and (ii) the Executive's Base Salary through the date of termination and all reimbursements and bonus amounts accrued or accruable to the Executive through the end of the month in which the death of the Executive occurred, on the same basis as if the Executive had continued employment through such times, and the Company shall have no further obligations to the Executive under this Agreement.

If the Executive's employment is terminated by reason of disability as determined under the Company's long term disability plan, the Executive or the person charged with legal responsibility for the Executive's estate shall be paid (i) Executive's Base Salary through the date of termination and (ii) all reimbursements and bonus amounts accrued to the Executive through the date Executive's employment is terminated, on the same basis as if the Executive had continued employment through the date of disability, and the Company shall have no further obligations to the Executive under this Agreement. Any such payments made for the period that

occurs after the Executive has a Separation from Service (as defined in Section 16) (*e.g.,* due to the ninety (90)-day notice period of a Notice of Termination) will continue to be paid at such intervals as the same would have been paid had the Executive remained in the active service of the Company.

If the Executive's employment shall be terminated for Cause or the Executive shall voluntarily resign without Good Reason, he shall be paid (i) his Base Salary through the date of termination specified in the Notice of Termination and (ii) all reimbursements accrued to the Executive through the date Executive's employment is terminated (but excluding any bonuses accrued through such date), and the Company shall have no further obligations to the Executive under this Agreement.

Unless such termination occurs within two (2) years following a Change in Control, if the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason (a "**Non-Change in Control Termination**"), subject to Sections 6, 16 and 17 below, the Company shall pay (x) an amount equal to the Executive's Base Salary (at the rate in effect on the date of such termination or at the rate in effect on the date before any reduction in Base Salary that resulted in a Good Reason termination) for a period of two (2) years from the date of such termination (such two (2) year period being referred to hereinafter as the "**Severance Period**") at such intervals as the same would have been paid had the Executive remained in the active service of the Company, plus (y) a bonus in an amount equal to the three (3) year average of the awards earned in, and received or receivable by the Executive for, the prior two (2) completed years and the current year's trend (based upon results through the calendar month most recently completed prior to the termination, extrapolated for the complete year) multiplied by two (2) times, which amount shall be paid in a lump sum within thirty (30) days after the date of such termination; *provided*, *however*, that notwithstanding the foregoing, the Executive shall not be entitled to any severance payments under clauses (x) and (y) of this sentence upon and after reaching age 65. The Executive shall have no further right to receive any other compensation, benefits or perquisites after the date of termination of employment except as determined under the terms of this Agreement or any applicable employee benefit plans or programs of the Company or under applicable law.

If within two (2) years following a Change in Control the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason (a "**Change in Control Termination**"), subject to Sections 6, 16 and 17 below, the Company shall immediately pay, and in all events within thirty (30) days after the date of termination, the Executive the sum of (x) three (3) times the Executive's Base Salary (at the rate in effect on the date of such termination or at the rate in effect on the date before any reduction in Base Salary that resulted in a Good Reason termination), (y) a pro rata portion of the bonus or other incentive benefits to which the Executive would have been entitled for the year of termination had the Executive remained employed for the entire year with performance assumed to be at current year's trend (based upon results through the calendar month most recently completed prior to the termination, extrapolated for the complete year), plus (z) a bonus in an amount equal to the three (3) year average of the awards earned in, and received or receivable by the Executive for, the prior two (2) completed years and the current year's trend (based upon results through the month most recently complete prior to the termination, extrapolated for the complete year) multiplied by three (3) times. Any payment due to the Executive with respect to clause (y) that is calculated based upon the Company's Management Incentive Plan shall be reduced by any similar amounts received by the Executive under such plan for the year of termination. Notwithstanding the foregoing in clause (z) above, if the Executive incurs a Change in Control Termination in 2021 or 2022, the following applicable amount shall be substituted for the amount otherwise determined in clause (z): (i) if the Executive's employment terminates in 2021, the amount 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 with performance assumed to be at current

year's trend (based upon results through the calendar month most recently completed prior to the termination, extrapolated for the complete year), times three (3); and (ii) if the Executive's employment terminates in 2022, three (3) times the average of the sum of (A) the amount of the bonus that the Executive earned in 2021, and (B) two (2) times the amount 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 with performance assumed to be at current year's trend (based upon results through the calendar month most recently completed prior to the termination, extrapolated for the complete year).

Also, notwithstanding the foregoing, in the event of a Change in Control Termination, the Company shall continue the Executive's life and group health coverage for a period of three (3) years, subject to the same payments by the Executive that the Executive was required to make prior to termination. Notwithstanding the foregoing, the Company shall be entitled to modify the group health benefits provided such modifications are applicable to all similarly situated management employees. To the extent that the Company is not able to continue life or group health benefits as a result of the terms of the applicable plans or insurance policies, the Company shall pay the Executive the cost, no less frequently than monthly, that the Executive must incur to obtain such benefits privately, subject to the same payments by the Executive that the Executive was required to make prior to termination.

For the purposes of this Agreement, the term "**Change in Control**" shall mean change in the ownership of the Company, change in the effective control of the Company, or change in ownership of a substantial portion of the Company's assets, as described in Code Section 409A, including (subject to the terms of Code Section 409A) each of the following: (i) a change in the ownership of the Company occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, possess more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company (unless any one person, or more than one person acting as a group, who is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company, acquires additional stock); (ii) change in the effective control of the Company occurs on the date that either: any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty percent (30%) or more of the total voting power of the stock of such Company or a majority of members of the Company's Board is replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board prior to the date of the appointment or election of such new directors; or (iii) a change in the ownership of a substantial portion of the Company's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total fair market value equal to forty percent (40%) or more of the total fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions unless the assets are transferred to: a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock; an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly by the Company; a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all of the outstanding stock of the Company; or an entity, at least fifty percent (50%) of the total value or voting power is owned, directly or indirectly, by a person, or more than one person acting as a group, that owns directly or indirectly, fifty percent (50%) or more of the total value of voting power of all of the outstanding stock of the Company.

The Executive shall have no further right to receive any other compensation, benefits or perquisites after the date of termination of employment except as determined under the terms

of this Agreement or any applicable employee benefit plans or programs of the Company or under applicable law.

6. **CONDITIONS APPLICABLE TO SEVERANCE PERIOD; MITIGATION OF DAMAGES**

(a) If during the Severance Period, the Executive breaches his obligations under Section 4 above, the Company may, upon written notice to the Executive, terminate the Severance Period and cease to make any further payments or provide any benefits described in Subsection 5(f) and/or require the Executive to return the gross amount of any payments previously received under this Agreement that the Executive was not otherwise entitled to receive.

(b) The Executive shall not be required to mitigate the amount of any payment provided for in Subsection 5(f) by seeking other employment; provided, except in the case of a Change in Control Termination, any such payments shall be reduced by any amounts which the Executive receives or is entitled to receive from another employer with respect to the Severance Period. The Executive shall promptly notify the Company in writing in the event that other employment is obtained during the Severance Period.

7. **NOTICES**. For the purpose of this Agreement, notices and all other communications to either party hereunder provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or mailed by certified first-class mail, postage prepaid, addressed:

in the case of the Company to:

AGCO Corporation
4205 River Green Parkway
Duluth, Georgia 30096
Attention: General Counsel

in the case of the Executive to:

Eric Hansotia
3108 W. Addison Drive
Alpharetta, Georgia 30022

or to such other address as either party shall designate by giving written notice of such change to the other party.

8. **ARBITRATION**. Any claim, controversy, or dispute arising between the parties with respect to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to and resolved by binding arbitration. The arbitration shall be conducted pursuant to the terms of the Federal Arbitration Act and (except as otherwise specified herein) the Commercial Arbitration Rules of the American Arbitration Association in effect at the time the arbitration is commenced. The venue for the arbitration shall be the Atlanta, Georgia offices of the American Arbitration Association. Either party may notify the other party at any time of the existence of an arbitrable controversy by delivery in person or by certified mail of a Notice of Arbitrable Controversy. Upon receipt of such a Notice, the parties shall attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such Notice. Notice to the Company and the Executive shall be sent to the addresses specified in Section 7 above. If the dispute cannot be resolved within the fifteen (15) day period, either party may file a written

Demand for Arbitration with the American Arbitration Association's Atlanta, Georgia Regional Office, and shall send a copy of the Demand for Arbitration to the other party. The arbitration shall be conducted before a panel of three (3) arbitrators. The arbitrators shall be selected as follows: (a) The party filing the Demand for Arbitration shall simultaneously specify his or its arbitrator, giving the name, address and telephone number of said arbitrator; (b) The party receiving such notice shall notify the party demanding the arbitration of his or its arbitrator, giving the name, address and telephone number of the arbitrator within five (5) days of the receipt of such Demand for Arbitration; (c) A neutral person shall be selected through the American Arbitration Association's arbitrator selection procedures to serve as the third arbitrator. The arbitrator designated by any party need not be neutral. In the event that any person fails or refuses timely to name his arbitrator within the time specified in this Section 8, the American Arbitration Association shall (immediately upon notice from the other party) appoint an arbitrator. The arbitrators thus constituted shall promptly meet, select a chairperson, fix the time, date(s), and place of the hearing, and notify the parties. To the extent practical, the arbitrators shall schedule the hearing to commence within sixty (60) days after the arbitrators have been impaneled. A majority of the panel shall render an award within ten (10) days of the completion of the hearing, which award may include an award of interest, legal fees and costs of arbitration. The panel of arbitrators shall promptly transmit an executed copy of the award to the respective parties. The award of the arbitrators shall be final, binding and conclusive upon the parties hereto. Each party shall have the right to have the award enforced by any court of competent jurisdiction.

Executive initials:____ Company initials:____

9. **NO WAIVER**. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is approved by the Board and agreed to in a writing signed by the Executive and such officer as may be specifically authorized by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of any other provisions or conditions of this Agreement at the same or at any prior or subsequent time.

10. **SUCCESSORS AND ASSIGNS**. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, and the Executive's rights under this Agreement shall inure to the benefit of and be binding upon his heirs and executors. Neither this Agreement or any rights or obligations of the Executive herein shall be transferable or assignable by the Executive.

11. **VALIDITY**. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. The parties intend for each of the covenants contained in Section 4 to be severable from one another.

12. **SURVIVAL**. The provisions of Section 4 hereof shall survive the termination of Executive's employment and shall be binding upon the Executive's personal or legal representative, executors, administrators, successors, heirs, distributees, devisees and legatees, and the provisions of Section 5 hereof relating to payments and termination of the Executive's employment hereunder shall survive such termination and shall be binding upon the Company.

13. **COUNTERPARTS**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

14. **ENTIRE AGREEMENT**. This Agreement constitutes the full agreement and understanding of the parties hereto with respect to the subject matter hereof, and all prior or contemporaneous agreements or understandings are merged herein. The parties to this Agreement each acknowledge that both of them and their respective agents and advisors were active in the negotiation and drafting of the terms of this Agreement.

15. **GOVERNING LAW**. The validity, construction and enforcement of this Agreement, and the determination of the rights and duties of the parties hereto, shall be governed by the laws of the State of Georgia.

16. **DEFERRED COMPENSATION PLAN OMNIBUS PROVISIONS**.

This Agreement and the amounts payable hereunder are intended to be exempt from, or in compliance with, Code Section 409A; and this Agreement should be construed accordingly. Notwithstanding any other provision of this Agreement, it is intended that any payment or benefit which is provided pursuant to, or in connection with, this Agreement which is considered to be "nonqualified deferred compensation" for purposes of Code Section 409A, and not exempt from Code Section 409A, shall be provided and paid in a manner, and at such time, only in connection with a permissible payment event contained in Section 409A (*e.g.*, death or Separation from Service), and in such form, as complies with the applicable requirements of Code Section 409A, to avoid the unfavorable tax consequences provided therein for non-compliance. For purposes of this Agreement, each payment made hereunder shall be considered a separate payment for purposes of Code Section 409A. If Executive is a "specified employee" (as defined in Code Section 409A) and any of the Company's stock is publicly traded on an established securities market or otherwise, then payment of any amount or provision of any benefit under this Agreement, which is considered to be "nonqualified deferred compensation" for purposes of Code Section 409A, is not exempt from Code Section 409A, and is payable upon a Separation from Service, shall be deferred for the six (6)-month period immediately following the date of the Executive's Separation from Service, as required by Code Section 409A(the "**409A Deferral Period**"). In the event such payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the payments shall be made as otherwise scheduled. In the event benefits are required to be deferred, any such benefit may be provided during the 409A Deferral Period at Executive's expense, with Executive having a right to reimbursement from the Company once the 409A Deferral Period ends, and the balance of the benefits shall be provided as otherwise scheduled. Any reference to a payment being exempt (or not exempt) from Code Section 409A refers to any applicable exemption available under Code Section 409A, including, without limitation, the short-term deferral rule and severance pay exemptions as provided in Code Section 409A and the Treasury Regulations. For purposes of this Agreement, any termination of employment will be read to mean a "Separation from Service" within the meaning of Code Section 409A, which generally means, in part, that it is reasonably anticipated that the Executive will perform no further services after such date or that the level of bona fide services the Executive would perform after that date (whether as an employee or independent contractor other than a member of the Board) would permanently decrease to less than fifty percent (50%) of the average level of bona fide services performed over the immediately preceding thirty-six (36)-month period. Additionally, to the extent any amounts payable under this Agreement would constitute exempt separation pay if they were to not exceed two times the limit under Code Section 401(a)(17), the amount of the payments that do not exceed two times the limit under Section 401(a)(17) of the Code shall be deemed to be the amounts paid earliest in time. The amount of such payments or expense reimbursements or the provision of in-kind benefits during any calendar year shall not affect the reimbursements or in-kind benefits provided in any other calendar year, and the right to any such payments or in-kind benefits shall not be subject to liquidation or exchange for another benefit or payment. As required by Code Section 409A, but in no way to detract from or excuse the payment deadlines

set forth in the operative provisions above in this Agreement, the payment date for any reimbursements shall in no event be later than the last day of the calendar year immediately following the calendar year in which the reimbursed expense was incurred.

17. **GOLDEN PARACHUTE PROVISIONS**. Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "**Payment**") would be subject to the excise tax (the "**Excise Tax**") imposed by Section 4999 of the Code, then, prior to the making of any Payment to the Executive, a calculation shall be made comparing (i) the net benefit to the Executive of the Payment after payment of the Excise Tax to (ii) the net benefit to the Executive if the Payment had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payment shall be limited to the extent necessary to avoid being subject to the Excise Tax (the "**Reduced Amount**"). In that event, adjustments shall be made in the following order: (i) the cash payments provided pursuant to Section 5(f) that are exempt from Code Section 409A shall first be reduced (if necessary, to zero); (ii) then, if further reductions are necessary, benefits provided under Section 5(f) that are exempt from Code Section 409A shall be reduced (if necessary, to zero); (iii) then, if still further reductions are necessary, the cash payments provided pursuant to Section 5(f) that are not exempt from Code Section 409A shall be reduced (if necessary, to zero); (iv) then, if still further reductions are necessary, all of the benefits provided under Section 5(f) that are not exempt from Code Section 409A shall be reduced (if necessary, to zero); (v) then, if still further reductions are necessary, any equity awards that are part of the excess parachute payment and that are exempt from Code Section 409A shall be reduced (if necessary, to zero); and (vi) finally, if still further reductions are necessary, any equity awards that are part of the excess parachute payment and that are not exempt from Code Section 409A shall be reduced (if necessary, to zero). The determination of whether an Excise Tax would be imposed, the amount of such Excise Tax, and the calculation of the amounts referred to in clauses (i) and (ii) of the foregoing sentence shall be made by an independent accounting firm selected by Company and reasonably acceptable to the Executive, at the Company's expense (the "**Accounting Firm**"), and the Accounting Firm shall provide detailed supporting calculations. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

18. **COOPERATION**. At the Company's expense, the Executive agrees to cooperate with the Company following the Executive's termination for any reason to transition the Executive's duties and responsibilities. At the Company's expense, the Executive also agrees to cooperate with the Company in connection with any litigation, investigation or other legal matters involving the Company.

19. **PARTIES IN INTEREST**. Nothing in this Agreement shall be construed to be to the benefit of any third party, nor is it intended that any provision herein shall be for the benefit of any third party.

20. **OTHER CONTRACTUAL OBLIGATIONS**. The Executive agrees and covenants that the Executive will not be in violation of any legal or contractual duty to which the Executive is subject, including any restriction on working with a competitor, soliciting certain customers or using or disclosing confidential information or trade secrets, by performing services pursuant to this Agreement. The Executive agrees that, should the Executive be found to have violated a legal or contractual duty as a result of performing services for the Company, the Executive will indemnify and hold harmless the Company for any damages, costs or attorney fees the Company incurs as a result of any legal proceeding, or threats thereof, brought against the Company for the performance of such services by the Executive.

21. **NOTIFICATION OF NEW EMPLOYER**. The Executive agrees that, in the event that the Executive leaves the employment of the Company for any reason, the Executive, for so long as any of the provisions of Section 4 remain applicable, will provide a copy of Section 4 to his new employer and consents to the notification of the Executive's new employer of the rights and obligations set forth in Section 4.

22. **MODIFICATION AND AMENDMENT**. No provision of this Agreement may be modified or amended unless such modification or amendment is approved by the Board and agreed to in a writing signed by the Executive and the Company. No evidence of any purported modification or amendment shall be offered or received in evidence in any proceeding between the parties hereto arising out of or affecting this Agreement or the rights or obligations or any party hereunder, unless such modification or amendment complies with the foregoing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

AGCO CORPORATION

By: /s/ Roger Batkin
Name: Roger Batkin
Title: Senior Vice President, General Counsel and Corporate Secretary

EXECUTIVE

/s/ Eric Hansotia
Name: Eric Hansotia

Exhibit A

Territory for Purposes of Employment and Severance Agreement

[Territories]

AFGHANISTAN
ALBANIA
ALGERIA
ANGOLA
ANTIGUA AND BARBUDA
ARGENTINA
AUSTRALIA
AUSTRIA
AZORES
BAHRAIN
BANGLADESH
BARBADOS, WEST INDIES
BELGIUM
BENIN
BOLIVIA
BOSNIA
BRAZIL
BULGARIA
BURUNDI
CAMEROON
CANADA
CENTRAL AFRICAN REPUBLIC
CHILE
CHINA
COLOMBIA
CONGO
CONGO, DEM REP
COSTA RICA
CROATIA
CYPRUS
CZECH REPUBLIC
DENMARK
DJIBOUTI
ECUADOR
EGYPT
EL SALVADOR
ESTONIA
ETHIOPIA
FIJI
FINLAND
FRANCE
FRENCH GUIANA
FRENCH POLYNESIA
GABON
GAMBIA
GEORGIA
GERMANY

GHANA
GREECE
GUADELOUPE
GUATEMALA
GUYANA
HAITI
HONDURAS
HONG KONG
HUNGARY
I.RO. IRAN
ICELAND
INDIA
INDONESIA
IRAQ
IRELAND
ISRAEL
ITALY
IVORY COAST
JAMAICA, WEST INDIES
JAPAN
JORDAN
KAZAKHSTAN
KENYA
KUWAIT
LATVIA
LEBANON
LIBYA
LITHUANIA
LUXEMBOURG
MACEDONIA
MACEDONIA
MADAGASCAR
MALAWI
MALAYSIA
MALI
MARTINIQUE
MAURITIUS
MEXICO
MOROCCO
MOZAMBIQUE
MYANMAR
NEPAL
NETHERLANDS
NEW CALEDONIA
NEW ZEALAND
NIGERIA
NORWAY
OMAN
PAKISTAN
PALESTINE
PAPUA NEW GUINEA
PERU
PHILIPPINES
POLAND

PORTUGAL
PUERTO RICO
QATAR
REP. OF PANAMA
REP. OF ZAMBIA
ROMANIA
RUSSIA
RWANDA
SAMOA
SAUDI ARABIA
SENEGAL
SERBIA AND MONTENEGRO
SEYCHELLES
SINGAPORE
SLOVAKIA
SLOVENIA
SOLOMON ISLANDS
SOUTH AFRICA
SOUTH KOREA
SPAIN
SRI LANKA
SUDAN
SURINAME
SWEDEN
SWITZERLAND
SYRIA
TAIWAN
TANZANIA
THAILAND
THE DEM. REP. OF THE CONGO
TOGO
TONGA
TRINIDAD AND TOBAGO
TUNISIA
TURKEY
UGANDA
UKRAINE
UNITED ARAB EMIRATES
UNITED KINGDOM
UNITED STATES OF AMERICA
URUGUAY
VIETNAM
ZIMBABWE

Exhibit 10.13

Employment Agreement

between

AGCO International GmbH
Victor von Bruns-Strasse 17
CH-8212 Neuhausen am Rheinfall "**Company"**

and

Torsten Dehner
Jakobstrasse 3, D-70839 Gerlingen "**Executive**"

Recitals

(A) On April 2nd 2018, the Executive and the Company entered into an employment agreement ("**Old Employment Agreement**").

(B) The Parties wish to fully replace the Old Employment Agreement as per January 1, 2020 ("**Commencement Date**").

In consideration of the mutual covenants and agreements hereinafter set forth, the Company and the Executive do hereby agree as follows ("**Agreement**"):

1. Old Employment Agreement

The Old Employment Agreement shall be fully replaced by this Agreement as per the Commencement Date.

2. Employment

(a) As of the Commencement Date, the Company hereby employs the Executive, and the Executive hereby agrees to serve the Company, upon the terms and conditions set forth in this Agreement, subject to the Executive holding a valid work certificate and a residence permit.

(b) The Parties agree that there is no probation period as of the Commencement Date.

(c) The years of service of the Executive with the Company or another company of the AGCO Group (as defined below) preceding this Agreement shall be added to the years of service under this Agreement for benefits that depend on the number of years of service of the Executive. The employment term shall commence on and shall continue in effect until terminated in accordance with Section 16 or any other provision of the Agreement.

(d) The Executive's principal place of work shall be at the Company's offices or such other premises as the Company may use from time to time. Notwithstanding the principal place of work, the Executive's duties require the Executive to regularly travel on business for the Company and/or the AGCO Group to other locations both in Switzerland and abroad.

3. Position and Duties

The Executive shall serve as Senior Vice President, General Manager, Europe/ Middle East, and shall perform such duties and responsibilities as may from time to time be

prescribed by the Chairman, President and CEO of AGCO Corporation, Delaware ("**AGCO**"), the Chief Operating Officer of AGCO or the Board of Directors of AGCO. During the term of employment, the Executive shall also be appointed a Managing Officer of the Company and the Executive shall also, if so requested and without additional compensation, serve as a legal director or officer of any subsidiary legal entity of AGCO. The Executive shall perform and discharge faithfully, diligently and to the best of his ability such duties and responsibilities and shall devote all of his working time and efforts to the business and affairs of AGCO and its affiliates. During the two (2) years following a Change in Control (as defined herein), the Executive's position (including offices, titles and reporting requirements), duties, and responsibilities shall not be reduced, and the Executive shall not be required to work at a location other than the location at which the Executive was based at the time of the Change in Control.

4. Compensation

4.1 Base Salary

The Company shall pay to the Executive an annual base salary ("**Base Salary**") of CHF 480,000 (gross) payable in equal monthly installments throughout the term of such employment subject to Section 12 hereof and subject to applicable tax and payroll deductions. The Company shall consider increases in the Executive's Base Salary annually, and any such increase in salary implemented by the Company shall become the Executive's Base Salary for purposes of this Agreement.

4.2 Incentive Compensation

Provided Executive has duly performed his obligations pursuant to this Agreement, the Executive shall be eligible to participate in the AGCO Management Incentive Plan with a bonus target level of 90% of the Base Salary, subject to the terms and conditions of the AGCO Management Incentive Plan as implemented from time to time. Any bonus payment under the AGCO Management Incentive Plan shall be gross and subject to applicable tax and payroll deductions. Any bonus payment shall be a special and a fully discretionary ex gratia award in accordance with Article 322d Swiss Code of Obligations (*Gratifikation*) that AGCO shall make on a fully voluntary basis. The Executive acknowledges and agrees that the Executive has no legal claim for a bonus in itself, in any particular form and/or in any particular amount. The award of a bonus (if any) is entirely at the sole discretion of the Compensation Committee of the Board of Directors of AGCO. The benefits payable under the AGCO Management Incentive Plan shall be

paid by the Company to the Executive. The fact that the Executive receives a bonus payment for a certain period does not establish any entitlement to a bonus in itself, in any particular form and/or in any particular amount for a subsequent period.

4.3 Long Term Incentive

Provided Executive has duly performed his obligations pursuant to this Agreement, the Executive shall be eligible to participate in the AGCO 2006 Long Term Incentive Program as restated and amended ("AGCO Long Term Incentive Program"), commencing with the 2020-2023 award cycle at the Senior Vice President Level, subject to the terms and conditions of the AGCO Long Term Incentive Program as implemented by AGCO from time to time. Any previously earned entitlements under the AGCO Long Term Incentive Program from the Executive's previous positions in the Company shall continue. Any award made under the AGCO Long Term Incentive Program shall be gross and subject to applicable tax and payroll deductions. Each such award shall be a special and a fully discretionary ex gratia award in accordance with Article 322d Swiss Code of Obligations (*Gratifikation*) offered and made by AGCO on a fully voluntary basis. The Executive acknowledges and agrees that the Executive has no legal claim for such an award in itself, in any particular form and/or in any particular amount. The award (if any) is entirely at the sole discretion of the Compensation Committee of the Board of Directors of AGCO. The fact that the Executive receives an award for a certain period does not establish any entitlement to an award in itself, in any particular form and/or in any particular amount for a subsequent period.

The Executive acknowledges and agrees that the eligibility to participate in the AGCO Long Term Incentive Program shall not constitute a promise of employment during the term of the AGCO Long Term Incentive Program.

4.4 Modification of Benefits

Without by implication limiting the foregoing, during the two (2) years following a Change in Control, the Executive's compensation, including Base Salary, incentive compensation opportunity, pension plan opportunity, other benefits and fringe benefits shall not be reduced.

5. Expenses

The Company shall pay or reimburse the Executive in accordance with the applicable expense policy promptly for all reasonable and necessary expenses incurred by him in

connection with his duties hereunder, upon submission by the Executive to the Company of such written evidence of such expenses as the Company may require.

6. Vacation

(a) The Executive shall be entitled to 25 days of paid vacation per annum (pro rata in case the employment starts or ends during a calendar year) in addition to the public holidays as applicable in the jurisdiction of the registered place of incorporation of the Company, subject to the terms of the Company's vacation policy.

(b) Vacation shall be taken at times agreed with the Company. The Executive shall give sufficient notice of intention to take holidays to the Company, of which the written approval to the specific dates is required. At least two weeks of vacation per year of service shall be granted and taken consecutively.

(c) The Company may require the Executive to take vacation at times designated by the Company, provided that such paid vacation are announced at least 3 months in advance.

7. Company Car

The Company will grant to the Executive a company car for business and private use at the Senior Vice President Level, under and in accordance with the applicable car scheme in place from time to time, with all expenses paid (i.e., including insurance premiums, fees, spare parts, maintenance, repairs and fuel). The Executive acknowledges and agrees that he shall be fully responsible for his share of any social security charges and any other charges and/or taxes due under applicable law resulting from the benefit of the private use of the company car.

8. Hours of Work

The hours of work are such as may be required for the proper performance of the Executive's duties, normally between 8 a.m. and 6 p.m. (excluding breaks), and at such other times as may be appropriate without any additional remuneration or the grant of extra time off or other compensation.

9. [Deliberately left blank]

10. Restrictive Covenants

10.1 Acknowledgments

The Executive acknowledges that (i) he frequently will be exposed to certain Confidential Information (as defined in Section 10.2), (ii) his responsibilities will extend to all geographical areas where AGCO is doing business, and (iii) any competitive activity on his part during the term of his employment and for a reasonable period thereafter would necessarily involve his use of Confidential Information and, therefore, would unfairly threaten the AGCO 's legitimate business interests, including its substantial investment in the proprietary aspects of its business and the goodwill associated with its customer base. Moreover, the Executive acknowledges that, in the event of the termination of his employment with the Company, he would have sufficient skills to find alternative, commensurate work in his field of expertise that would not involve a violation of any of the provisions of this Section 10. Therefore, the Executive acknowledges and agrees that it is reasonable for the Company to require him to abide by the covenants set forth in this Section 10. The parties acknowledge and agree that if the nature of the Executive's responsibilities for or on behalf of AGCO and the geographical areas in which the Executive must fulfill them materially change, the parties will execute appropriate amendments to the scope of the covenants in this Section 10.

10.2 Definitions

(a) "**AGCO Business**" means designing, manufacturing, marketing, and distributing agricultural equipment.

(b) "**Material Contact**" as used in the non-solicitation provision below means personal contact or the supervision of the efforts of those who have personal contact with an existing or potential customer or vendor in an effort to further or create a business relationship between the Company, any other affiliate of AGCO (such affiliates, AGCO, and the Company, collectively, "**AGCO Group**") and such existing or potential customer or vendor.

(c) "**Confidential Information**" means information about the AGCO Group, its Executives, and customers which is not generally known outside of the AGCO Group, which the Executive learns of in connection with the Executive's employment with the Company, and which would be useful to competitors of the AGCO Group or potentially harmful to AGCO Group's reputation. Confidential Information includes,

but is not limited to: (1) technical, business and trade information of the AGCO Group such as marketing methods and the targets of those methods, finances, business plans, promotional materials and price lists; (2) the terms upon which AGCO Group hires executives and provides services to its customers; (3) the nature, origin, composition and development of AGCO Group's products and services; and (4) the manner in which AGCO Group provides products and services to its customers.

(d) "**Territory**" means those countries and areas as more particularly set forth on Exhibit A attached hereto.

10.3 Covenant of Confidentiality

During the term of this Agreement, the Executive agrees only to use and disclose Confidential Information in connection with his duties hereunder and to otherwise maintain the secrecy of the same. The Executive agrees that for a period of five years following the cessation of his employment for any reason, he shall not directly or indirectly divulge any Confidential Information without prior written consent of the Company. The Executive further agrees that if he is questioned about information subject to this Agreement by anyone not authorized to receive such information, he will promptly notify the Chairman of the Board of Directors of AGCO. This Agreement does not limit the remedies available under common or statutory law, which may impose longer duties of non-disclosure. The Executive will immediately notify the Chairman of the Board of Directors of AGCO if he receives any subpoenas which could require the disclosure of Confidential Information, so that the Company may take whatever actions it deems necessary to protect its interests.

10.4 Covenant of Non-Competition

The Executive agrees that while employed by the Company and for a period of twenty-four (24) months following the cessation of his employment for any reason, he will not compete with the AGCO Business by performing services of the same or similar type as those he performed for the Company as an executive, contractor, consultant, officer, director or agent for any person or entity engaged in the AGCO Business. This paragraph restricts competition only within the Territory.

10.5 Covenant of Non-Solicitation

The Executive agrees that while employed by the Company and for a period of twenty-four (24) months following the cessation of his employment for any reason, he will not directly or indirectly solicit or attempt to solicit any business in competition with the

AGCO Business from any of the customers with whom the Executive had Material Contact within the last 18 months of his employment with the Company. The Executive further agrees that for a period of twenty-four (24) months following the cessation of his employment, he will not directly or indirectly solicit or attempt to solicit any vendors of the Company with whom he had Material Contact during the last 18 months of his employment with the Company to provide services to any person or entity which competes with the AGCO Business.

10.6 Covenant of Non-Recruitment

The Executive agrees that while employed by the Company and for a period of twenty-four (24) months following the cessation of his employment for any reason, he will not directly or indirectly solicit or attempt to solicit any other employee of the Company for the purpose of encouraging, enticing, or causing said employee to voluntarily terminate employment with the Company.

10.7 Remedies for Violation of Restrictive Covenants

For each violation of the covenants defined by and/or set forth in Sections 10.2, 10.4, 10.5 and 10.6, the Executive shall pay to the Company an amount corresponding to CHF100,000 as liquidated damages (*Konventionalstrafe*) plus such additional damages as may be incurred by AGCO Group. The payment of this sum shall not operate as a waiver of the above obligations. The Company shall, in addition to all other damages, be entitled to obtain a court's order for specific performance, as well as adequate injunctive relief or any other adequate judicial measure, to immediately stop such violation

10.8 Severability

In the event that any one or more of the provisions of these restrictive covenants shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in these restrictive covenants shall be held to be excessively broad as to duration, activity or subject, the parties authorize the Court in which such action is pending to modify said covenants and enforce them to the extent that the Court deems reasonable.

11. Intellectual Property

(a) All intellectual property, including inventions and designs, and other proprietary work effort which the Executive either alone or in conjunction with others invents,

conceives, makes or produces while employed by the Company (whether during working hours or not) and which directly or indirectly:

(i) relate to matters within the scope of the Executive's duties or field of responsibility; or

(ii) are based on the Executive's knowledge of the actual or anticipated business or interests of the Company or any of the AGCO Group; or

(iii) are aided by the use of time, materials, facilities or information of the Company or any of the AGCO Group

and all legal rights therein shall be the sole and exclusive property of the Company.

(b) The Executive shall communicate promptly and confidentially in writing to those persons authorised for the purpose by the Board of Directors and to no other persons all such inventions, designs and work effort of a proprietary nature.

(c) The Company reserves the right to acquire any invention, design and proprietary work effort invented, conceived, made or produced by the Executive merely on occasion of his/her employment activity, but not during the performance of his/her contractual duties. The Company shall inform the Executive in writing within six months upon receipt of the Executive's notice pursuant to Section (b) whether it wishes to acquire the rights to such invention, design, or proprietary work effort or whether such invention, design or proprietary work effort will be released to the Executive.

(d) The Executive shall execute and perform at the expense of the Company both during the continuance of his/her employment hereunder and at all times thereafter all such applications, assignments, documents, acts and things as may reasonably be required by the Company for the purpose of obtaining and enforcing in such countries as the Company may direct all necessary legal protection in respect of inventions, designs and other proprietary work effort owned by the Company and for vesting the same in the Company or as the Company may direct.

12. Executive's General Obligations

(a) The Executive shall faithfully and diligently perform his tasks, in compliance with the instructions given to him by the Chairman, President and CEO of AGCO, the Chief Operating Office of AGCO and the Board of Directors of AGCO. At the time of entering into this Agreement, the Executive reports to the Chief Operating Officer of AGCO.

(b) The Executive shall devote his full working time to the Company and shall not undertake other professional activities, whether paid or unpaid, and/or accept other employments, positions, or any corporate function (e.g. board membership) during the term of this Agreement, except as provided for in this Agreement or as disclosed and accepted at the time this Agreement is entered into. The Executive must obtain the written approval of the Company before acceptance of such position. The Company is free to decline giving such written approval without an obligation to state reasons.

(c) Prior accepting any political office or engaging in any other activity in the public interest (e.g., charity work), the Executive must seek and duly consider the opinion of the Company.

13. Incapacity to Work (Sick Pay / Pay in case of Accident)

(a) Should the Executive be incapacitated due to illness, accident or the like to perform his duties under this Agreement, the Executive shall notify the Employer immediately and shall provide a medical certificate evidencing such incapacity as of the fourth calendar day of absence for the full period of absence. The Employer reserves the right to require the Executive, at any time, to undergo a medical examination conducted by the Employer's medical doctor, at the Employer's expense, and to provide a medical certificate. The Executive hereby authorizes such medical doctor to disclose and discuss with the Company the results of its examination relating to the Executive's incapacity to work.

(b) During absence from work due to illness, accident or the like, the Executive shall be paid in accordance with the regulations as per the sick pay insurance and/or accident insurance in place.

(c) The Company will pay the full insurance premiums for sick pay coverage and accident insurance premiums for occupational and non-occupational accident.

14. Pension and Capital Plan

14.1 Pension Plan for Base Salary

(a) The Executive is required to join the pension plan of the Company. Affiliation, membership and coverage are governed by the relevant regulations, a copy of which will be handed over to the Executive.

(b) The Company and the Executive shall pay the contributions to the pension plan for the Base Salary pursuant to the choice of Executive as per the form outlining the options for the Executive retirement credits. The Executive's contributions will be deducted from the monthly salary payment.

14.2 Supplemental Pension Plan for Bonus Payments

(a) The Executive is required to join the supplemental pension plan, of the Company. Affiliation, membership and coverage are governed by the relevant regulations, a copy of which will be handed over to the Executive.

(b) Bonus payments will be covered under this additional pension plan. The Company and the Executive shall pay the appropriate contributions to the pension plan following receipt of such bonus monies.

15. Health Insurance, Travel Insurance

(a) The Executive is eligible to enroll in the Company's health insurance plan, subject to the terms and conditions thereof. The Company will, on a monthly basis, reimburse to the Executive the health insurance premiums of the Executive and his family (limited to his spouse or partner and his children) under a Swiss health insurance scheme and such reimbursement shall also apply if the Executive and his family (limited to his spouse or partner and his children) have a German health insurance. The Executive acknowledges and agrees that he shall be fully responsible for his share of any social security charges and any other charges and/or taxes due under applicable law in relation to the reimbursement of such health insurance premiums and that the Company shall deduct the social security charges and any other charges and/or taxes due under applicable law in relation to the reimbursement of such health insurance premiums from Executive's Base Salary.

(b) The Company undertakes, at the Company's expense and for the benefit of the Executive, to take out travel insurance with USD 1 million accident coverage (subject to amendment from time to time by the Company), subject to the terms and conditions of such travel insurance policy.

(c) Notwithstanding the foregoing, the Company shall be entitled to modify the group health benefits provided such modifications are applicable to all similarly situated management executives. To the extent that the Company is not able to continue life, group health or similar benefits as a result of the terms of the applicable plans or

insurance policies, the Company shall pay the Executive the cost, no less frequently than monthly, that the Executive must incur to obtain such benefits privately.

16. Termination

16.1 Death

This Agreement shall terminate upon the death of the Executive, provided, however, that for purposes of the payment of Base Salary to the Executive, the Company shall continue to pay the Base Salary to the Executive's estate for an additional ninety (90) days from the last day of the month in which the death of the Executive shall have occurred.

16.2 Retirement

This Agreement shall terminate upon the Executive reaching the Swiss statutory retirement age.

16.3 Cause

The Company may terminate the Executive's employment hereunder for Cause by giving written Notice of Termination to the Executive. For the purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon: (i) the conviction of Executive of, or the entry of a plea of guilty, first offender probation before judgment, or *nolo contendere* by Executive to, any felony; (ii) fraud, misappropriation or embezzlement by Executive; (iii) Executive's willful failure or gross negligence in the performance of his assigned duties for the Company, which failure or negligence continues for more than or was not remedied within thirty (30) calendar days following Executive's receipt of written notice of such willful failure or gross negligence; (iv) Executive's willful failure to follow reasonable and lawful directives of the Board or his breach of his fiduciary duty to the Company, which failure is not remedied within thirty (30) calendar days following Executive's receipt of written notice of such failure; (v) any act or omission of Executive that has a demonstrated and material adverse impact on the Company's business or reputation for honesty and fair dealing, other than an act or failure to act by Executive in good faith and without reason to believe that such act or failure to act would adversely impact on the Company's business or reputation for honesty and fair dealing; or (vi) the breach by Executive of any material term of this Agreement, which breach continues for more than or was not remedied within thirty (30) calendar days following Executive's receipt of written notice of such breach.

16.4 Without Cause; Good Reason

(a) This Agreement may be terminated by the Company without Cause, or by the Executive without Good Reason, by giving written Notice of Termination (as defined in Section 16.5).

(b) The Executive may terminate his employment hereunder for Good Reason, by giving written Notice of Termination to the Company. For the purposes of this Agreement, the Executive shall have "Good Reason" to terminate his employment hereunder upon certain circumstances: (a) a substantial reduction in the Executive's aggregate Base Salary and annual incentive compensation taken as a whole, excluding any reductions caused by the performance of the Company or the Executive, including but not limited to, the failure by the Executive to achieve performance targets established from time to time by the AGCO Board of Directors and/or under the Management Incentive Plan or AGCO Long Term Incentive Program or from below budget performance by AGCO , or (b) the Company's failure to make payments of Base Pay and incentive compensation, but only upon notice of such failure given by the Executive within ninety (90) days of the initial existence of the failure and the subsequent failure of the Company to cure the non-payment within thirty (30) days of such notice.

16.5 Notice of Termination

Any termination by the Company pursuant to the Section 16.3 above or by the Executive pursuant to Section 16.4(b) above, shall be communicated by written Notice of Termination from the party issuing such notice to the other party hereto. For the purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision of this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination. A date of termination specified in the Notice of Termination under Section 16.3 or Section 16.4(b) shall not be dated earlier than ninety (90) days from the date such Notice of Termination is delivered or mailed to the applicable party but not later than two (2) years after the initial existence of the relevant failure. A date of termination specified in the Notice of Termination under Section 16.4(a) shall not be dated earlier than one

hundred and eighty (180) days from the date such Notice of Termination is delivered or mailed to the applicable party.

16.6 Obligation to Pay

(a) If the Executive's employment shall be terminated by reason of death, the estate of the Executive shall be paid all sums otherwise payable to the Executive through the end of the third month after the month in which the death of the Executive occurred, including all bonus or other incentive benefits accrued or accruable to the Executive through the end of the month in which the death of the Executive occurred, on the same basis as if the Executive had continued employment through such times, and the Company shall have no further obligations to the Executive under this Agreement.

(b) If the Executive's employment shall be terminated for Cause, the Company shall pay the Executive his Base Salary (ie annual base salary as previously defined in Section 4.1) through the date of termination specified in the Notice of Termination and reimbursements otherwise payable to the Executive, and the Company shall have no further obligations to the Executive under this Agreement.

(c) Unless a termination occurs within two (2) years following a Change in Control, if the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason (a "**Non-Change in Control Termination**"), the Company shall (x) pay the Executive a sum in the amount of the Base Salary for one year (at the rate in effect on the date of such termination), and (y) pay the Executive a pro rata portion of the bonus or other incentive benefits to which the Executive would have been entitled for the year of termination had the Executive remained employed for the entire year, which incentive compensation shall be payable at the time incentive compensation is payable generally under the applicable incentive plans; provided, however, that notwithstanding the foregoing, the Executive shall not be entitled to any severance payments under clauses (x) and (y) (together the “**Severance Payment**”) of this sentence upon and after reaching age 65. The Parties acknowledge and agree that the Severance Payment is an extraordinary payment, which, given its nature, is no part of the Executive's salary and is not pensionable. The Company shall deduct from the Severance Payment the social security charges and any other charges and/or taxes due under applicable law.

(d) The part of the Severance Payment in the amount of the Base Salary as per Section 16.6 (c) will become due in three equal installments. The first installment will be due with the last salary payment prior to the lapse of the notice period, the second installment three months and the third installment six months after the last salary

payment was due. The part of the Severance Payment in the amount of a pro rata portion of an incentive or bonus payment as per Section 16.6 (c) will become due at such time as such payments are customarily made by the Company. At the Company's sole discretion, the Company may, without any obligation, make early payments of any part of the Severance Payment with the effect of full discharge. In case of late payment of any part of the Severance Payment, no interest of any kind will accrue. The Executive shall have no further right to receive any other compensation, benefits or perquisites after the date of termination of employment except as determined under the terms of this Agreement.

(e) If within two (2) years following a Change in Control the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason (a "**Change in Control Termination**"), the Company shall immediately, and in all events within thirty (30) days after the date of termination, pay the Executive the sum of (x) two (2) times the Base Salary (at the rate in effect on the date of such termination), (y) a pro rata portion of the bonus or other incentive benefits to which the Executive would have been entitled for the year of termination had the Executive remained employed for the entire year, plus (z) a bonus in an amount equal to the three (3) year average of the awards received by the participant during the prior two (2) completed years and the current year's trend (based upon results through the month most recently complete prior to the termination, extrapolated for the complete year) multiplied by two (2) times. Any payment due to the Executive with respect to clause (y) and (z) that is calculated based upon the AGCO Management Incentive Plan shall be reduced by any similar amounts received by the Executive under such plan. Also, notwithstanding the foregoing, in the event of a Change in Control Termination, the Company shall continue the Executive's life and group health coverage for a period of two (2) years, subject to the same payments by the Executive that the Executive was required to make prior to termination. Notwithstanding the foregoing, the Company shall be entitled to modify the group health benefits provided such modifications are applicable to all similarly situated management executives. To the extent that the Company is not able to continue life or group health benefits as a result of the terms of the applicable plans or insurance policies, the Company shall pay the Executive the cost, no less frequently than monthly, that the Executive must incur to obtain such benefits privately.

(f) For the purposes of this Agreement, the term "Change in Control" shall mean change in the ownership of AGCO, change in the effective control of AGCO or change in ownership of a substantial portion of AGCO 's assets, including each of the following:

(i) a change in the ownership of AGCO occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of AGCO that, together with stock held by such person or group, possess more than fifty percent (50%) of the total fair market value or total voting power of the stock of AGCO (unless any one person, or more than one person acting as a group, who is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of AGCO , acquires additional stock); (ii) change in the effective control of AGCO is presumed (which presumption may be rebutted by the Compensation Committee of the AGCO Board of Directors) to occur on the date that either: any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of AGCO possessing thirty percent (30%) or more of the total voting power of the stock of AGCO; (iii) a majority of members of the AGCO 's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of AGCO 's Board of Directors prior to the date of the appointment or election of such new directors; or (iv) a change in the ownership of a substantial portion of AGCO 's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from AGCO that have a total fair market value equal to forty percent (40%) or more of the total fair market value of all of the assets of AGCO immediately prior to such acquisition or acquisitions unless the assets are transferred to: a stockholder of AGCO (immediately before the asset transfer) in exchange for or with respect to its stock; an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly by AGCO ; a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all of the outstanding stock of AGCO ; or an entity, at least fifty percent (50%) of the total value or voting power is owned, directly or indirectly, by a person, or more than one person acting as a group, that owns directly or indirectly, fifty percent (50%) or more of the total value of voting power of all of the outstanding stock of AGCO .

16.7 Covenant to Return Property and Information

The Executive agrees to return all of the Company's property within seven (7) days following the cessation of his employment for any reason. Such property includes, but is not limited to, the original and any copy (regardless of the manner in which it is

recorded) of all information provided by the Company to the Executive, or which the Executive has developed or collected in the scope of his employment with the Company, as well as all Company-issued equipment, supplies, accessories, vehicles, keys, instruments, tools, devices, computers, cell phones, pagers, materials, documents, plans, records, notebooks, drawings, or papers together with the company car referred to under Section 7.

17. Conditions Applicable to Severance Payment; Mitigation of Damages

(a) If the Executive breaches his obligations under Section 10 above, the Company may, in addition to the remedies under Section 10.7, upon written notice to the Executive, cease to make any further payments or provide any benefits described in Section 16.6.

(b) In the case of a Change in Control Termination, the Executive shall be required to mitigate the amount of any payment provided for in Section 16.6 by seeking other employment and any such payments shall be reduced by any amounts which the Executive receives or is entitled to receive from another employer within one year after the end of the employment relationship (after social security contributions, but pre-income tax and irrespective of the issue, if and when Employee receives actual payment). The Executive shall promptly notify the Company in writing in the event that other employment is obtained or remunerated self-employed services are provided. The Executive is not required to mitigate the amount of any payment provided for in Section 16.6 if the termination of employment is not due to a Change in Control Termination. However, if the Executive will start other gainful employment or will provide remunerated, self-employed services within one year after the end of the employment relationship, the Executive must promptly notify the Company. Any such earnings of the Executive for services provided within one year after the end of the employment relationship (after social security contributions, but pre-income tax and irrespective of the issue, if and when Executive receives actual payment) entitle the Company to reduce any outstanding portion of the Severance Payment correspondingly or, as the case may be, obligate the Executive to reimburse the Company.

18. General Provisions

(a) This Agreement and the policies, rules, and/or regulations listed in Section 18(b) constitutes the full agreement and understanding among the Parties with respect to the employment of the Executive with the Company as of the Commencement Date, and

shall supersede all prior oral and written agreements or understandings of the Parties relating hereto. Any representation or statement (in whatever form) made to the Executive in connection with the Executive's employment as of the Commencement Date not incorporated in this Agreement shall not be valid and have no effect. The parties to this Agreement each acknowledge that both of them and their respective agents and advisors were active in the negotiation and drafting of the terms of this Agreement.

(b) The following policies, rules, and/or regulations, each as amended from time to time, shall be incorporated into this Agreement by reference, and the Executive acknowledges to have received a copy of, and hereby agrees to, all such policies, rules, and/or regulations:

(i) AGCO Management Incentive Plan;

(ii) AGCO Long Term Incentive Program;

(iii) Expense Reimbursement Policy;

(iv) Global Code of Conduct;

(v) Current Sick Pay and Accident Insurance Coverage;

(vi) Current Pension Plan;

(vii) Health Insurance Plan (if applicable);

(viii) Travel Insurance Plan

(c) No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is approved by the Board of Directors of AGCO and agreed to in a writing signed by the Executive and such officer as may be specifically authorized by the Board of Directors of AGCO. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of any other provisions or conditions of this Agreement at the same or at any prior or subsequent time.

(d) The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company and the Executive's rights under this Agreement shall inure to the benefit of and be binding upon his heirs and executors. Neither this Agreement or any rights or obligations of the Executive herein shall be transferable or assignable by the Executive.

(e) The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. The parties intend for each of the covenants contained in Section 10 to be severable from one another.

(f) The provisions of Section 10 hereof shall survive the termination of Executive's employment and shall be binding upon the Executive's personal or legal representative, executors, administrators, successors, heirs, distributees, devisees and legatees and the provisions of Section 16 hereof relating to payments and termination of the Executive's employment hereunder shall survive such termination and shall be binding upon the Company.

19. Governing Law and Jurisdiction

(a) This Agreement, including the jurisdiction clause, shall be governed by, interpreted and construed in accordance with the substantive laws of Switzerland.

(b) Exclusive jurisdiction for all disputes arising out of or in connection with this Agreement shall be with the ordinary courts at the registered place of incorporation of the Company.

______________________________	______________________________
Place, Date **AGCO International GmbH**	Place, Date **Torsten Dehner**
______________________________	______________________________
Name, job title	
______________________________	
Name, job title	

Exhibit A: Territory

CODE	COUNTRY	AGCO RECOGNISED DISTRIBUTION/REPRESENTATIVE
AF	AFGHANISTAN	Y
AL	ALBANIA	Y
DZ	ALGERIA	Y
AO	ANGOLA	Y
AG	ANTIGUA AND BARBUDA	Y
AR	ARGENTINA	Y
AU	AUSTRALIA	Y
AT	AUSTRIA	Y
AY	AZORES	Y
BH	BAHRAIN	Y
BD	BANGLADESH	Y
BB	BARBADOS, WEST INDIES	Y
BE	BELGIUM	Y
BJ	BENIN	Y
BO	BOLIVIA	Y
BA	BOSNIA	Y
BR	BRAZIL	Y
BG	BULGARIA	Y
BI	BURUNDI	Y
CM	CAMEROON	Y
CA	CANADA	Y
CF	CENTRAL AFRICAN REPUBLIC	Y
CL	CHILE	Y
CN	CHINA	Y
CO	COLOMBIA	Y
CG	CONGO	Y
CD	CONGO, DEM REP	Y
CR	COSTA RICA	Y
HR	CROATIA	Y
CY	CYPRUS	Y
CZ	CZECH REPUBLIC	Y
DK	DENMARK	Y
DJ	DJIBOUTI	Y
EC	ECUADOR	Y

EG	EGYPT	Y
SV	EL SALVADOR	Y
EE	ESTONIA	Y
ET	ETHIOPIA	Y
FJ	FIJI	Y

CODE	COUNTRY	AGCO RECOGNISED DISTRIBUTION/REPRESENTATIVE
FI	FINLAND	Y
FR	FRANCE	Y
GF	FRENCH GUIANA	Y
PF	FRENCH POLYNESIA	Y
GA	GABON	Y
GM	GAMBIA	Y
GE	GEORGIA	Y
DE	GERMANY	Y
GH	GHANA	Y
GR	GREECE	Y
GP	GUADELOUPE	Y
GT	GUATEMALA	Y
GY	GUYANA	Y
HAT	HAITI	Y
HN	HONDURAS	Y
HK	HONG KONG	Y
HU	HUNGARY	Y
IR	I.R.O. IRAN	Y
IS	ICELAND	Y
IN	INDIA	Y
ID	INDONESIA	Y
IQ	IRAQ	Y
IE	IRELAND	Y
IL	ISRAEL	Y
IT	ITALY	Y
CI	IVORY COAST	Y
JM	JAMAICA, WEST INDIES	Y
JP	JAPAN	Y
JO	JORDAN	Y
KZ	KAZAKHSTAN	Y
KE	KENYA	Y
KW	KUWAIT	Y
LV	LATVIA	Y
LB	LEBANON	Y
LY	LIBYA	Y
LT	LITHUANIA	Y
LU	LUXEMBOURG	Y
MK	MACEDONIA	Y
MG	MADAGASCAR	Y

MW	MALAWI	Y
MY	MALAYSIA	Y
ML	MALI	Y

CODE	COUNTRY	AGCO RECOGNISED DISTRIBUTION/REPRESENTATIVE
MQ	MARTINIQUE	Y
MU	MAURITIUS	Y
MX	MEXICO	Y
MA	MOROCCO	Y
MZ	MOZAMBIQUE	Y
MM	MYANMAR	Y
NP	NEPAL	Y
NL	NETHERLANDS	Y
NC	NEW CALEDONIA	Y
NZ	NEW ZEALAND	Y
NG	NIGERIA	Y
NO	NORWAY	Y
OM	OMAN	Y
PK	PAKISTAN	Y
PS	PALESTINE	Y
PG	PAPUA NEW GUINEA	Y
PE	PERU	Y
PH	PHILIPPINES	Y
PL	POLAND	Y
PT	PORTUGAL	Y
PR	PUERTO RICO	Y
QA	QATAR	Y
PA	REP. OF PANAMA	Y
ZM	REP. OF ZAMBIA	Y
RO	ROMANIA	Y
RU	RUSSIA	Y
RW	RWANDA	Y
WS	SAMOA	Y
SA	SAUDI ARABIA	Y
SN	SENEGAL	Y
CS	SERBIA AND MONTENEGRO	Y
SC	SEYCHELLES	Y
SG	SINGAPORE	Y
SK	SLOVAKIA	Y
SI	SLOVENIA	Y
SB	SOLOMON ISLANDS	Y
ZA	SOUTH AFRICA	Y
KR	SOUTH KOREA	Y
ES	SPAIN	Y

LK	SRI LANKA	Y
SD	SUDAN	Y
SR	SURINAME	Y
SE	SWEDEN	Y

CODE	COUNTRY	AGCO RECOGNISED DISTRIBUTION/REPRESENTATIVE
CH	SWITZERLAND	Y
SY	SYRIA	Y
TW	TAIWAN	Y
TZ	TANZANIA	Y
TH	THAILAND	Y
CD	THE DEM. REP. OF THE CONGO	Y
TG	TOGO	Y
TO	TONGA	Y
TT	TRINIDAD AND TOBAGO	Y
TN	TUNISIA	Y
TR	TURKEY	Y
UG	UGANDA	Y
UA	UKRAINE	Y
AE	UNITED ARAB EMIRATES	Y
GB	UNITED KINGDOM	Y
US	UNITED STATES	Y
UY	URUGUAY	Y
VN	VIETNAM	Y
ZW	ZIMBABWE	Y

A G C O C O R P O R A T I O N

DIRECTOR COMPENSATION
for
NON - EMPLOYEE DIRECTORS
(as of January 1, 2022)

Retainers (1)	**USD**
Annual Lead Director Retainer (paid only to Lead Director):	40,000
Annual Director Base Retainer (applies to all Directors):	120,000
Annual Committee Chairperson Retainer: (except Audit Committee and Talent and Compensation Committee Chair)	15,000
Annual Audit Committee Chairperson Retainer:	25,000
Annual Talent and Compensation Committee Chairperson Retainer:	20,000
Additional Annual Retainer for Board Members serving on three committees (excluding the Executive Committee):	6,000
Additional Compensation	
Annual AGCO Stock Grant Award **(2)**	165,000

In addition, the Company will reimburse directors for the reasonable out-of-pocket expense incurred in the attendance of the meeting.

A G C O C O R P O R A T I O N

DIRECTOR COMPENSATION
for
NON - EMPLOYEE DIRECTORS
(as of January 1, 2022)

Notes:

1) Payments of annual retainers are made in accordance with the following provisions:

   I) Annual Retainers are paid quarterly in four installments (for ease of calculation purposes quarters are divided into 90 days with a 360 day year).
   II) Annual Retainers accrue as of the first day of each calendar quarter based on the Board and Committee Membership Roster in effect on that date.
   III) Annual Retainers are paid in advance during the first month of the given calendar quarter (e.g., January for the first quarter).
   IV) Changes to Board and Committee Memberships (including Chairpersons) will be reviewed and adjustments made to current quarter's retainer amounts (up or down).
   V) Any changes in the Retainer amounts due for the current quarter will be reflected in the ensuing quarter's retainer payment.

2) Terms applicable to the Stock Grant Award are defined in the Plan Document. The stock grant equivalent to USD 165,000 is based on closing price on the day of the Annual Shareholders' meeting.

AGCO CORP /DE
12/31/2021

Exhibit 21.1[1]

Wholly Owned Subsidiaries of AGCO Corporation	**Country of Jurisdiction**
AGCO Argentina SA	Argentina
Indamo SA	Argentina
AGCO Australia Ltd	Australia
Sparex Australia PTY Ltd	Australia
AGCO Austria GmbH	Austria
Cimbria Heid GmbH	Austria
Sparex Maschinensubehor Handelsgesellschaft m.b.H	Austria
Sparex Belgium BVBA	Belgium
AGCO do Brasil Soluções Agrícolas Ltda	Brazil
GSI Brasil Industria e Comercio de Equipamentos Agropecuarios Ltd	Brazil
Tecnoagro Maquinas Agrícolas Ltda	Brazil
AGCO Canada Ltd	Canada
GSI Electronique Inc	Canada
Sparex Canada Ltd	Canada
Cimbria HMD SRO	Czech Republic
AGCO (Changzhou) Agricultural Machinery Co. Ltd	China
AGCO (Jining) Agricultural Machinery Co., Ltd	China
AGCO GSI (Changzhou) Agriculture Equipment Co., Ltd	China
AGCO (China) Investment Co., Ltd	China
The GSI Group (Shanghai) Co. Ltd	China
AGCO A/S	Denmark
AGCO Danmark A/S	Denmark
A/S Cimbria	Denmark
Cimbria Unigrain A/S	Denmark
Cimbria Manufacturing A/S	Denmark
Sparex Limited ApS	Denmark
XBA BidCo ApS	Denmark
XBA FinCo ApS	Denmark
XBA MidCo ApS	Denmark
AGCO Power Oy	Finland
AGCO Suomi Oy	Finland
Valtra OY AB	Finland
AGCO Distribution SAS	France
AGCO France SAS	France
AGCO SAS	France
C-Lines International SAS	France
Sparex S.A.R.L.	France
AGCO Deutschland GmbH	Germany
AGCO GmbH	Germany
AGCO Hohenmölsen GmbH	Germany
Fendt GmbH	Germany
Fendt Immobilien GmbH	Germany
Sparex Handels-Und Vertriebs GmbH	Germany
Unterstutzungskasse der Fella-Werke Gesellschaft mit beschankter Haftung	Germany
Valtra Deutschland GmbH	Germany

AGCO Holdings (Hong Kong) Ltd	Hong Kong
C-Lines Asia Limited	Hong Kong
AGCO Hungary Kft	Hungary
GSI Hungary Kft	Hungary
AGCO Trading (India) Private Ltd	India
AGCO Ireland Limited	Ireland
Sparex (Tractor Accessories) Ltd	Ireland
AGCO Italia SpA	Italy
Cimbria SRL	Italy
Farmec Srl	Italy
Laverda AGCO SPA	Italy
Tecno Poultry Equipment S.P.A.	Italy
Cimbria East Africa Limited	Kenya
AGCO GSI Asia Sdn Bhd	Malaysia
AGCO GSI (Malaysia) Sdn. Bhd.	Malaysia
Cimbria Far East SDN. BHD	Malaysia
AGCO Sales & Services Sdn Bhd	Malaysia
MY C-Lines SDN BHD	Malaysia
AGCO Mexico S de RL de CV	Mexico
GSI Cumberland De Mexico, S. De RL De CV	Mexico
Impulsora Inqro S.A. de C.V.	Mexico
Sparex Mexicana S.A. de CV	Mexico
Agri Park Distribution Co., Ltd	Morocco
Ag-Chem Europe Fertilizer Equipment BV	Netherlands
Ag-Chem Europe Industrial Equipment BV	Netherlands
AGCO Holding BV	Netherlands
AGCO International Holdings BV	Netherlands
AGCO Netherlands BV	Netherlands
Forage Company BV	Netherlands
Sparex Limited Vestiging Holland BV	Netherlands
Valtra International BV	Netherlands
AGCO New Zealand Limited	New Zealand
Sparex New Zealand Ltd	New Zealand
Eikmaskin AS	Norway
AGCO Sp Z.o.o	Poland
Sparex Polska Sp. Z.o.o.	Poland
Sparex Portugal Importacao e Comercio de Pecas Lda	Portugal
AGCO LLC	Russia
Cimbria LLC	Russia
AGCO Holdings (Singapore) Pte. Ltd	Singapore
AGCO Holdings South Africa	South Africa
AGCO South Africa Pty Ltd	South Africa
C-Lines South Africa (Proprietary) Limited	South Africa
Sparex (Proprietary) Ltd	South Africa
AGCO Iberia SA	Spain
Sparex Agrirepuestos SL	Spain
Farm Robotics and Automation S.L.	Spain
AGCO AB	Sweden
AGCO International GmbH	Switzerland
AGCO Tarim Makineleri Ticaret Ltd Sirketi	Turkey
Sparex Tarim Parca Sanayi Ve Ticaret Limited Sirketi	Turkey

AGCO Ukraine LLC	Ukraine
AGCO Funding Company	United Kingdom
AGCO International Ltd	United Kingdom
AGCO Ltd	United Kingdom
AGCO Manufacturing Ltd	United Kingdom
AGCO Pension Trust Ltd	United Kingdom
AGCO Services Ltd	United Kingdom
Cimbria Holdings Limited	United Kingdom
Cimbria (UK) Limited	United Kingdom
Massey Ferguson Staff Pension Trust Ltd	United Kingdom
Massey Ferguson Works Pension Trust Ltd	United Kingdom
Sparex Holdings Ltd	United Kingdom
Sparex International Ltd	United Kingdom
Sparex Ltd	United Kingdom
Spenco Engineering Company Ltd	United Kingdom
AgRevolution, LLC	United States
Assumption Leasing Company, Inc.	United States
Export Market Services LLC	United States
Intersystems Holdings, Inc.	United States
Intersystems International LLC	United States
Massey Ferguson Corp.	United States
Precision Planting LLC	United States
Sparex, Inc.	United States
The GSI Group, LLC	United States
AGCO Zambia Ltd	Zambia

50% or Greater Joint Venture Interests of the Registrant

Deutz AGCO Motores SA	Argentina
CP GSI Machinery Co Ltd	China
Groupement International De Mecanique Agricole SA	France
AGCO-RM (Distribution) Holding BV	Netherlands
AGCO Machinery LLC	Russia
Intelligent Agricultural Solutions, LLC	United States

(1) This exhibit does not include minority investments.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-178399 and No. 333-142711) on Form S-8 of our reports dated February 25, 2022, with respect to the consolidated financial statements and financial statement schedule II – Valuation and Qualifying Accounts of AGCO Corporation and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Atlanta, Georgia
February 25, 2022

Exhibit 24.1

Power of Attorney

Know all men by these presents**,** that each person whose signature appears below, hereby constitutes and appoints Andrew H. Beck, Roger N. Batkin and Lara T. Long his/her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign the annual report on Form 10-K of AGCO Corporation for the fiscal year ended December 31, 2021 and any or all amendments or supplements thereto, and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing necessary or appropriate to be done with respect to the Form 10-K or any amendments or supplements thereto in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Date
/s/ Eric P. Hansotia Eric P. Hansotia	February 25, 2022
/s/ Michael C. Arnold Michael C. Arnold	February 25, 2022
/s/ Sondra L. Barbour Sondra L. Barbour	February 25, 2022
/s/ P. George Benson P. George Benson	February 25, 2022
/s/ Suzanne P. Clark Suzanne P. Clark	February 25, 2022
/s/ Bob De Lange Bob De Lange	February 25, 2022
/s/ George E. Minnich George E. Minnich	February 25, 2022
/s/ Niels Pörksen Niels Pörksen	February 25, 2022
/s/ Mallika Srinivasan Mallika Srinivasan	February 25, 2022
/s/ Matthew Tsien Matthew Tsien	February 25, 2022

Exhibit 31.1

Certification Pursuant to § 302 of the Sarbanes-Oxley Act of 2002

I, Eric P. Hansotia, certify that:

1. I have reviewed this Annual Report on Form 10-K of AGCO Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 25, 2022

/s/ Eric P. Hansotia

Eric P. Hansotia
Chairman of the Board, President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to § 302 of the Sarbanes-Oxley Act of 2002

I, Andrew H. Beck, certify that:

1. I have reviewed this Annual Report on Form 10-K of AGCO Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 25, 2022

/s/ Andrew H. Beck

Andrew H. Beck

Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, as the Chairman of the Board, President and Chief Executive Officer and as the Senior Vice President and Chief Financial Officer of AGCO Corporation, respectively, certify that, to the best of their knowledge and belief, the Annual Report on Form 10-K for the year ended December 31, 2021 that accompanies this certification fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and the information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of AGCO Corporation at the dates and for the periods indicated. The foregoing certifications are made pursuant to 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and shall not be relied upon for any other purpose.

/s/ Eric P. Hansotia
Eric P. Hansotia
Chairman of the Board, President and Chief Executive Officer
February 25, 2022

/s/ Andrew H. Beck
Andrew H. Beck
Senior Vice President and Chief Financial Officer
February 25, 2022

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to AGCO Corporation and will be retained by AGCO Corporation and furnished to the Securities and Exchange Commission or its staff upon request.