UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2022
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
(Registrant's 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 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 o No

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 o No

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.

☒ Large accelerated filer ☐ Accelerated filer ☐ 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. ☐

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

As of August 3, 2022, there were 74,598,077 shares of the registrant’s common stock, par value of $0.01 per share, outstanding.

AGCO CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in millions, except share amounts)

	June 30, 2022	December 31, 2021
ASSETS		
Current Assets:		
Cash, cash equivalents and restricted cash	$ 580.6	$ 889.1
Accounts and notes receivable, net	1,149.3	991.5
Inventories, net	3,382.3	2,593.7
Other current assets	592.1	539.8
Total current assets	5,704.3	5,014.1
Property, plant and equipment, net	1,405.6	1,464.8
Right-of-use lease assets	153.4	154.1
Investments in affiliates	417.0	413.5
Deferred tax assets	203.8	169.3
Other assets	317.8	293.3
Intangible assets, net	388.8	392.2
Goodwill	1,298.2	1,280.8
Total assets	$ 9,888.9	$ 9,182.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 2.0	$ 2.1
Short-term borrowings	320.8	90.8
Accounts payable	1,204.1	1,078.3
Accrued expenses	1,915.0	2,062.2
Other current liabilities	188.6	221.2
Total current liabilities	3,630.5	3,454.6
Long-term debt, less current portion and debt issuance costs	2,018.0	1,411.2
Operating lease liabilities	119.8	115.5
Pension and postretirement health care benefits	203.6	209.0
Deferred tax liabilities	114.2	116.9
Other noncurrent liabilities	419.5	431.1
Total liabilities	6,505.6	5,738.3
Commitments and contingencies (Note 18)		
Stockholders' Equity:		
AGCO Corporation stockholders' equity:		
Preferred stock; $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding in 2022 and 2021	—	—
Common stock; $0.01 par value, 150,000,000 shares authorized, 74,597,462 and 74,441,312 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	0.7	0.7
Additional paid-in capital	13.3	3.9
Retained earnings	5,130.3	5,182.2
Accumulated other comprehensive loss	(1,761.1)	(1,770.9)
Total AGCO Corporation stockholders' equity	3,383.2	3,415.9
Noncontrolling interests	0.1	27.9
Total stockholders' equity	3,383.3	3,443.8
Total liabilities and stockholders' equity	$ 9,888.9	$ 9,182.1

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,	
	2022	2021
Net sales	$ 2,945.2	$ 2,879.3
Cost of goods sold	2,254.7	2,186.9
Gross profit	690.5	692.4
Operating expenses:		
Selling, general and administrative expenses	302.5	276.3
Engineering expenses	107.1	107.2
Amortization of intangibles	15.4	14.2
Restructuring expenses	0.4	4.7
Bad debt expense (credit)	1.6	(0.3)
Income from operations	263.5	290.3
Interest expense, net	5.9	2.2
Other expense, net	21.7	14.6
Income before income taxes and equity in net earnings of affiliates	235.9	273.5
Income tax provision	71.5	7.7
Income before equity in net earnings of affiliates	164.4	265.8
Equity in net earnings of affiliates	13.2	18.6
Net income	177.6	284.4
Net loss (income) attributable to noncontrolling interests	0.1	(1.6)
Net income attributable to AGCO Corporation and subsidiaries	$ 177.7	$ 282.8
Net income per common share attributable to AGCO Corporation and subsidiaries:		
Basic	$ 2.38	$ 3.74
Diluted	$ 2.37	$ 3.73
Cash dividends declared and paid per common share	$ 4.72	$ 4.17
Weighted average number of common and common equivalent shares outstanding:		
Basic	74.6	75.5
Diluted	74.9	75.9

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net sales	$ 5,630.9	$ 5,258.0
Cost of goods sold	4,309.1	3,995.1
Gross profit	1,321.8	1,262.9
Operating expenses:		
Selling, general and administrative expenses	573.6	536.9
Engineering expenses	207.4	203.5
Amortization of intangibles	30.7	31.7
Impairment charge	36.0	—
Restructuring expenses	3.4	6.0
Bad debt expense (credit)	3.2	(0.7)
Income from operations	467.5	485.5
Interest expense, net	6.3	5.6
Other expense, net	39.2	26.1
Income before income taxes and equity in net earnings of affiliates	422.0	453.8
Income tax provision	131.7	51.3
Income before equity in net earnings of affiliates	290.3	402.5
Equity in net earnings of affiliates	24.3	33.3
Net income	314.6	435.8
Net loss (income) attributable to noncontrolling interests	14.9	(2.2)
Net income attributable to AGCO Corporation and subsidiaries	$ 329.5	$ 433.6
Net income per common share attributable to AGCO Corporation and subsidiaries:		
Basic	$ 4.41	$ 5.75
Diluted	$ 4.40	$ 5.71
Cash dividends declared and paid per common share	$ 4.92	$ 4.33
Weighted average number of common and common equivalent shares outstanding:		
Basic	74.6	75.4
Diluted	74.9	75.9

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited and in millions)

	Three Months Ended June 30,	
	2022	2021
Net income	$ 177.6	$ 284.4
Other comprehensive income (loss), net of reclassification adjustments:		
Foreign currency translation adjustments	(124.5)	80.8
Defined benefit pension plans, net of tax	1.7	(6.0)
Deferred gains and losses on derivatives, net of tax	(3.2)	5.6
Other comprehensive (loss) income, net of reclassification adjustments	(126.0)	80.4
Comprehensive income	51.6	364.8
Comprehensive income attributable to noncontrolling interests	—	(2.4)
Comprehensive income attributable to AGCO Corporation and subsidiaries	$ 51.6	$ 362.4

	Six Months Ended June 30,	
	2022	2021
Net income	$ 314.6	$ 435.8
Other comprehensive income, net of reclassification adjustments:		
Foreign currency translation adjustments	13.8	33.5
Defined benefit pension plans, net of tax	3.4	29.1
Deferred gains and losses on derivatives, net of tax	(6.5)	10.3
Other comprehensive income, net of reclassification adjustments	10.7	72.9
Comprehensive income	325.3	508.7
Comprehensive loss (income) attributable to noncontrolling interests	14.0	(2.6)
Comprehensive income attributable to AGCO Corporation and subsidiaries	$ 339.3	$ 506.1

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities:		
Net income	$ 314.6	$ 435.8
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	106.5	109.9
Amortization of intangibles	30.7	31.7
Stock compensation expense	17.6	15.2
Impairment charges	36.0	—
Equity in net earnings of affiliates, net of cash received	(23.7)	(32.6)
Deferred income tax benefit	(0.6)	(65.5)
Other	2.7	9.2
Changes in operating assets and liabilities:		
Accounts and notes receivable, net	(219.5)	(265.5)
Inventories, net	(888.1)	(721.5)
Other current and noncurrent assets	(91.9)	(73.3)
Accounts payable	191.1	320.5
Accrued expenses	(46.2)	(0.8)
Other current and noncurrent liabilities	4.6	112.0
Total adjustments	(880.8)	(560.7)
Net cash used in operating activities	(566.2)	(124.9)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(139.2)	(120.6)
Proceeds from sale of property, plant and equipment	2.1	2.4
Investments in unconsolidated affiliates	(1.5)	(1.0)
(Purchase) sale of businesses, net, and net of cash acquired	(111.3)	5.4
Other	—	(2.4)
Net cash used in investing activities	(249.9)	(116.2)
Cash flows from financing activities:		
Proceeds from indebtedness	1,067.0	909.4
Repayments of indebtedness	(119.8)	(905.4)
Payment of dividends to stockholders	(368.5)	(328.6)
Payment of minimum tax withholdings on stock compensation	(20.8)	(33.6)
Payment of debt issuance costs	(0.2)	—
Distributions to noncontrolling interest	(11.6)	(3.5)
Net cash provided by (used in) financing activities	546.1	(361.7)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(38.5)	(16.1)
Decrease in cash, cash equivalents and restricted cash	(308.5)	(618.9)
Cash, cash equivalents and restricted cash, beginning of period	889.1	1,119.1
Cash, cash equivalents and restricted cash, end of period	$ 580.6	$ 500.2

See accompanying notes to condensed consolidated financial statements.

AGCO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of AGCO Corporation and its subsidiaries (the "Company" or "AGCO") included herein have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary to present fairly the Company's financial position, results of operations, comprehensive income (loss) and cash flows at the dates and for the periods presented. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. Results for interim periods are not necessarily indicative of the results for the year. Certain prior period amounts have been reclassified to conform to the current period presentation.

The Company cannot predict the future impact of the COVID-19 pandemic on its business, including any related impacts on the global economic and political environments, market demand for its products, supply chain disruptions, possible workforce unavailability, exchange rates, commodity prices and availability of financing, and their impact to the Company's net sales, production volumes, costs and overall financial conditions.

New Accounting Pronouncements to be Adopted

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which requires measurement and recognition of expected versus incurred credit losses for financial assets. 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, which 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, likely will 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 likely will impact the Company's "Investments in affiliates" and "Equity in net earnings of affiliates." The adoption of ASU 2016-13 is not expected to have a material impact on the Company's results of operations or 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 annual disclosures.

The Company will adopt the following pronouncement, effective for fiscal years beginning after December 15, 2022, which is not expected to have a material impact on the Company's results of operations, financial condition or cash flows.

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

2. ACQUISITIONS

On May 2, 2022, the Company acquired JCA Industries, Inc. ("JCA") for 63.0 million Canadian dollars (or approximately $49.2 million as of May 2, 2022). JCA is located in Winnipeg, Manitoba, Canada, and specializes in the design of electronic systems and software development to automate and control agricultural equipment. The Company allocated the purchase price to the assets acquired and liabilities assumed based on preliminary estimates of their fair values as of the acquisition date. The acquired net assets primarily consisted of accounts receivable, inventories, other current and noncurrent assets, accounts payable, accrued expenses, other current and noncurrent liabilities, property, plant and equipment, deferred tax liabilities as well as customer relationship, technology and trademark identifiable intangible assets. The Company recorded approximately 43.9 million Canadian dollars (or approximately $34.0 million) of goodwill associated with the acquisition. The results of operations of JCA have been included in the Company's Condensed Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Company's North America geographical reportable segment. Proforma financial information related to the acquisition of JCA was not material to the Company's results of operations.

On January 1, 2022, the Company acquired Appareo Systems, LLC ("Appareo") for approximately $62.1 million, net of approximately $0.5 million of cash. As a result of the acquisition of the remaining 50% interest in IAS, the Company's previous operating joint venture with Appareo, the Company recorded a gain of approximately $3.4 million on the remeasurement of the previously held equity interest within "Other expense, net" in the Company's Condensed Consolidated Statements of Operations. The fair value of the previously held 50% interest in the joint venture as of the acquisition date was approximately $11.2 million. Appareo is headquartered in Fargo, North Dakota and offers engineering, manufacturing, and technology for end-to-end product development. The Company allocated the purchase price to the assets acquired and liabilities assumed based on preliminary estimates of their fair values as of the acquisition date. The acquired net assets primarily consisted of accounts receivable, inventories, other current and noncurrent assets, assets held for sale, lease right-of-use assets and liabilities, accounts payable, accrued expenses, other current and noncurrent liabilities, property, plant and equipment, as well as customer relationship, technology, non-competition agreements and trademark identifiable intangible assets. The Company recorded approximately $20.8 million of goodwill associated with the acquisition. The results of operations of Appareo have been included in the Company's Condensed Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Company's North America geographical reportable segment. Proforma financial information related to the acquisition of Appareo was not material to the Company's results of operations.

The acquired identifiable intangible assets of JCA and Appareo as of the date of their respective acquisitions during the first six months in 2022 are summarized in the following table (in millions):

Intangible Asset	Amount	Weighted-Average Useful Life
Customer relationships	$ 15.4	10 years
Technology	15.4	8 years
Trademarks	5.7	10 years
Non-competition agreements	1.4	5 years
	$ 37.9	

3. RESTRUCTURING EXPENSES AND IMPAIRMENT CHARGES

Restructuring Expenses

In recent years, the Company has announced and initiated several actions to rationalize employee headcount in various manufacturing facilities and administrative offices located in the U.S., Europe, South America, Africa and China in order to reduce costs. Restructuring expenses activity during the three and six months ended June 30, 2022 is summarized as follows (in millions):

	Employee Severance	Other Related Closure Costs	Total
Balance as of December 31, 2021	$ 14.5	$ 0.2	$ 14.7
First quarter 2022 provision	3.0	—	3.0
First quarter 2022 cash activity	(3.4)	—	(3.4)
Foreign currency translation	(0.3)	0.1	(0.2)
Balance as of March 31, 2022	$ 13.8	$ 0.3	$ 14.1
Second quarter 2022 provision	0.8	—	0.8
Second quarter 2022 provision reversal	(0.4)	—	(0.4)
Second quarter 2022 cash activity	(3.3)	—	(3.3)
Foreign currency translation	(0.6)	—	(0.6)
Balance as of June 30, 2022	$ 10.3	$ 0.3	$ 10.6

Impairment Charges

In light of the current conflict between Russia and Ukraine, during the three months ended March 31, 2022, the Company assessed the fair value of its gross assets related to the joint ventures operating in Russia for potential impairment and recorded asset impairment charges of approximately $36.0 million, reflected as “Impairment charges” in its Condensed Consolidated Statements of Operations, with an offsetting benefit of approximately $12.2 million included within “Net loss (income) attributable to noncontrolling interests.” In addition, during the three months ended March 31, 2022, the Company recorded a write-down of its investment in its Russian finance joint venture of approximately $4.8 million, reflected within “Equity in net earnings of affiliates” in its Condensed Consolidated Statements of Operations.

4. STOCK COMPENSATION PLANS

The Company recorded stock compensation expense as follows for the three and six months ended June 30, 2022 and 2021 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cost of goods sold	$ 0.3	$ 0.3	$ 0.6	$ 0.6
Selling, general and administrative expenses	10.3	8.2	17.0	14.7
Total stock compensation expense	$ 10.6	$ 8.5	$ 17.6	$ 15.3

Stock Incentive Plan

Under the Company’s Long-Term Incentive Plan (the “Plan”), up to 10,000,000 shares of AGCO common stock may be issued. As of June 30, 2022, of the 10,000,000 shares reserved for issuance under the Plan, 3,817,951 shares were available for grant, assuming the maximum number of shares are earned related to the performance award grants discussed below. The Plan allows the Company, under the direction of the Board of Directors’ Talent and 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 weighted average grant-date fair value of performance awards granted under the Plan during the six months ended June 30, 2022 and 2021 was $124.12 and $123.26, respectively.

During the six months ended June 30, 2022, the Company granted 274,566 performance awards related to varying performance periods. The compensation expense associated with all awards granted under the Plan 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.

Performance award transactions during the six months ended June 30, 2022 are presented as if the Company were to achieve its maximum levels of performance and assume the 2022 and 2021 performance awards subject to the total shareholder return modifier are achieved at target levels under the plan awards and were as follows:

Shares awarded but not earned at January 1	514,714
Shares awarded	274,566
Shares forfeited	(12,860)
Shares vested	(2,534)
Shares awarded but not earned at June 30	773,886

As of June 30, 2022, 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 $40.6 million, and the weighted average period over which it is expected to be recognized is approximately two years. The compensation cost not yet recognized could be higher or lower based on actual achieved levels of performance.

On July 13, 2022, the Company granted 22,777 performance award shares (subject to the Company achieving future target levels of performance). The 2022 grant of performance award shares is subject to a total shareholder return modifier.

Restricted Stock Unit Awards

The weighted average grant-date fair value of the restricted stock units ("RSUs") granted under the Plan during the six months ended June 30, 2022 and 2021 was $117.08 and $113.63, respectively.

During the six months ended June 30, 2022, the Company granted 91,583 RSU awards. RSUs granted in 2022 and 2021 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 RSU's to certain executives has a three-year cliff vesting requirement subject to adjustment based on a total shareholder return modifier relative to the Company's defined peer group. The compensation expense associated with these awards is being amortized ratably over the requisite service period for the awards that are expected to vest.

RSU transactions during the six months ended June 30, 2022 assume the 2020 RSUs subject to the total shareholder return modifier are achieved at target levels, and were as follows:

RSUs awarded but not vested at January 1	159,228
RSUs awarded	91,583
RSUs forfeited	(3,304)
RSUs vested	(65,025)
RSUs awarded but not vested at June 30	182,482

As of June 30, 2022, the total compensation cost related to the unvested RSUs not yet recognized was approximately $14.9 million, and the weighted average period over which it is expected to be recognized is approximately one and one-half years.

On July 13, 2022, the Company granted 41,963 RSUs under the Plan.

Stock-Settled Appreciation Rights

The compensation expense associated with the stock-settled appreciation rights ("SSARs") is amortized ratably over the requisite service period for the awards that are expected to vest. The Company estimates the fair value of the grants using the Black-Scholes option pricing model. SSAR transactions during the six months ended June 30, 2022 were as follows:

SSARs outstanding at January 1	194,611
SSARs granted	—
SSARs exercised	(38,051)
SSARs canceled or forfeited	—
SSARs outstanding at June 30	156,560

The Company did not grant any SSARs during the six months ended June 30, 2022, and does not currently anticipate granting any SSARs in the future. As of June 30, 2022, the total compensation cost related to the unvested SSARs not yet recognized was approximately $0.6 million, and the weighted average period over which it is expected to be recognized is approximately one and one-half years.

Director Restricted Stock Grants

The Plan provides for annual restricted stock grants of the Company's common stock to all non-employee directors. The 2022 grant was made on April 28, 2022 and equated to 11,664 shares of common stock, of which 10,301 shares of common stock were issued after shares were withheld for taxes. The Company recorded stock compensation expense of approximately $1.5 million during the six months ended June 30, 2022 associated with these grants.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill during the six months ended June 30, 2022 are summarized as follows (in millions):

	North America	South America	Europe/Middle East	Asia/Pacific/Africa	Consolidated
Balance as of December 31, 2021	$ 609.6	$ 81.7	$ 469.5	$ 120.0	$ 1,280.8
Acquisitions	54.8	—	—	—	54.8
Foreign currency translation	(0.1)	4.9	(34.9)	(7.3)	(37.4)
Balance as of June 30, 2022	$ 664.3	$ 86.6	$ 434.6	$ 112.7	$ 1,298.2

Goodwill is tested for impairment on an annual basis and more often if indications of impairment exist. The Company conducts its annual impairment analyses as of October 1 each fiscal year.

Changes in the carrying amount of acquired intangible assets during the six months ended June 30, 2022 are summarized as follows (in millions):

Gross carrying amounts:	**Trademarks and Tradenames**	**Customer Relationships**	**Patents and Technology**	**Land Use Rights**	**Total**
Balance as of December 31, 2021	$ 189.0	$ 568.6	$ 139.9	$ 7.0	$ 904.5
Acquisitions	7.1	15.4	15.4	—	37.9
Foreign currency translation	(5.9)	(11.4)	(6.2)	(0.3)	(23.8)
Balance as of June 30, 2022	$ 190.2	$ 572.6	$ 149.1	$ 6.7	$ 918.6

Accumulated amortization:	**Trademarks and Tradenames**	**Customer Relationships**	**Patents and Technology**	**Land Use Rights**	**Total**
Balance as of December 31, 2021	$ 93.1	$ 409.7	$ 94.7	$ 1.5	$ 599.0
Amortization expense	6.7	18.9	5.0	0.1	30.7
Foreign currency translation	(2.2)	(8.6)	(5.0)	(0.1)	(15.9)
Balance as of June 30, 2022	$ 97.6	$ 420.0	$ 94.7	$ 1.5	$ 613.8

Indefinite-lived intangible assets:	**Trademarks and Tradenames**
Balance as of December 31, 2021	$ 86.7
Foreign currency translation	(2.7)
Balance as of June 30, 2022	$ 84.0

The Company currently amortizes certain acquired intangible assets, primarily on a straight-line basis, over their estimated useful lives, which range from four to 50 years.

6. INDEBTEDNESS

Long-term debt consisted of the following at June 30, 2022 and December 31, 2021 (in millions):

	June 30, 2022	**December 31, 2021**
Credit facility, expires 2023	800.0	—
1.002% Senior term loan due 2025	260.4	283.7
Senior term loans due between 2023 and 2028	332.7	445.9
0.800% Senior notes due 2028	624.8	680.8
Other long-term debt	6.1	7.7
Debt issuance costs	(4.0)	(4.8)
	2,020.0	1,413.3
Current portion of other long-term debt	(2.0)	(2.1)
Total long-term indebtedness, less current portion	$ 2,018.0	$ 1,411.2

Uncommitted Credit Facility

In June 2022, the Company entered into an uncommitted revolving credit facility that allows the Company to borrow up to €100.0 million (or approximately $104.1 million as of June 30, 2022). The credit facility expires on December 31, 2026. Any loans will bear interest at market rates. As of June 30, 2022, the Company had no outstanding borrowings under the revolving credit facility and had the ability to borrow €100.0 million (or approximately $104.1 million).

Short-term Credit Facility

In April 2022, the Company entered into a short-term revolving credit facility of €225.0 million with Coöperatieve

Rabobank U.A., or “Rabobank.” The €225.0 million (or approximately $240.0 million) was borrowed on April 26, 2022, with a maturity date of March 31, 2023. Interest accrues on amounts outstanding under the credit facility, at the Company’s option, at either (1) the secured overnight financing rate (“SOFR”) for borrowings denominated in U.S. dollars or Euro Interbank Offered Rate (“EURIBOR”) for borrowings denominated in Euros plus a margin of 0.75%, 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%, or (iii) one-month adjusted term SOFR plus 1.0%, plus a margin of 0.75%. 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.

0.800% Senior Notes Due 2028

On October 6, 2021, the Company issued €600.0 million (or approximately $624.8 million as of June 30, 2022) 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 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.

Credit Facility

In October 2018, the Company entered into a multi-currency revolving credit facility of $800.0 million. The credit facility expires on 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. As of June 30, 2022 the Company had $800.0 million of outstanding borrowings under the revolving credit facility and therefore had no availability to borrow under the revolving credit facility. As of December 31, 2021 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 credit facility to include incremental term loans (“2020 term loans”) that allowed the Company to borrow aggregate principal amounts of €235.0 million and $267.5 million. The Company borrowed and then repaid amounts under the term loans in 2020 and 2021, respectively. The 2020 term loans matured on April 8, 2022.

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 already are not available for loans denominated in other currencies. The interest rates reflected in the Company’s credit facility were designed to accommodate the discontinuation of LIBOR-based rates and a shift to SOFR or a base rate, and, as such, the Company does not believe that moving to other rates will have a materially adverse effect on the Company’s 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 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 $260.4 million as of June 30, 2022) from the European Investment Bank. The loan matures on January 24, 2025. The Company is permitted to prepay the loan before its maturity date. Interest is payable on the 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, the Company repaid an aggregate amount of €56.0 million (or approximately $61.1 million) upon maturity of two term loan agreements in October 2019. Additionally, the Company 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. On April 19, 2022, the Company repaid €1.0 million (or approximately $1.1 million) of one of its 2016 senior term loans due October 2023. 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, as of June 30, 2022, the Company had indebtedness of €319.5 million (or approximately $332.7 million as of June 30, 2022) through a group of six 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 June 30, 2022, 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 loan with a floating interest rate, interest is payable in arrears on a semi-annual basis, with an interest rate based on the EURIBOR plus a margin of 1.10% and a maturity date of August 2025.

Short-Term Borrowings

As of June 30, 2022 and December 31, 2021, the Company had short-term borrowings due within one year of approximately $320.8 million and $90.8 million, respectively. The balance as of June 30, 2022 related to short-term borrowings includes the short-term revolving credit facility discussed previously of approximately $240.0 million.

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 June 30, 2022 and December 31, 2021, outstanding letters of credit totaled approximately $14.4 million and $14.6 million, respectively.

7. 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 $127.9 million and $114.4 million, respectively, of VAT tax credits, net of reserves, as of June 30, 2022 and December 31, 2021.

8. INVENTORIES

Inventories at June 30, 2022 and December 31, 2021 were as follows (in millions):

	June 30, 2022	December 31, 2021
Finished goods	$ 951.9	$ 718.2
Repair and replacement parts	737.6	697.8
Work in process	625.6	282.8
Raw materials	1,067.2	894.9
Inventories, net	$ 3,382.3	$ 2,593.7

9. PRODUCT WARRANTY

The warranty reserve activity for the three and six months ended June 30, 2022 and 2021, including deferred revenue associated with the Company's extended warranties that have been sold, was as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Balance at beginning of period	$ 614.5	$ 542.0	$ 592.5	$ 521.8
Accruals for warranties issued during the period	61.9	76.8	145.2	170.1
Settlements made (in cash or in kind) during the period	(50.0)	(47.4)	(107.7)	(102.7)
Foreign currency translation	(36.9)	7.9	(40.5)	(9.9)
Balance at June 30	$ 589.5	$ 579.3	$ 589.5	$ 579.3

The Company’s agricultural equipment products generally are warranted against defects in material 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 $499.8 million, $492.7 million and $482.2 million of warranty reserves are included in “Accrued expenses” in the Company’s Condensed Consolidated Balance Sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively. Approximately $89.7 million, $99.8 million and $97.1 million of warranty reserves are included in “Other noncurrent liabilities” in the Company’s Condensed Consolidated Balance Sheets as of June 30, 2022, December 31, 2021, and June 30, 2021, 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 the 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.”

10. 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 SSARs and the vesting of performance share awards and RSUs using the treasury stock method when there is no other circumstance other than the passage of time under which they would not be issued, and 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 for the three and six months ended June 30, 2022 and 2021 is as follows (in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Basic net income per share:				
Net income attributable to AGCO Corporation and subsidiaries	$ 177.7	$ 282.8	$ 329.5	$ 433.6
Weighted average number of common shares outstanding	74.6	75.5	74.6	75.4
Basic net income per share attributable to AGCO Corporation and subsidiaries	$ 2.38	$ 3.74	$ 4.41	$ 5.75
Diluted net income per share:				
Net income attributable to AGCO Corporation and subsidiaries	$ 177.7	$ 282.8	$ 329.5	$ 433.6
Weighted average number of common shares outstanding	74.6	75.5	74.6	75.4
Dilutive SSARs, performance share awards and RSUs	0.3	0.4	0.3	0.5
Weighted average number of common shares and common share equivalents outstanding for purposes of computing diluted net income per share	74.9	75.9	74.9	75.9
Diluted net income per share attributable to AGCO Corporation and subsidiaries	$ 2.37	$ 3.73	$ 4.40	$ 5.71

There were no SSARs outstanding for the three and six months ended June 30, 2022 and 2021 that had an antidilutive impact.

11. INCOME TAXES

At June 30, 2022 and December 31, 2021, the Company had approximately $257.9 million and $246.4 million, respectively, of gross unrecognized income tax benefits, all of which would affect the Company's effective tax rate if recognized. Gross unrecognized income tax benefits as of June 30, 2022 and December 31, 2021 exclude certain indirect favorable effects that relate to other tax jurisdictions of approximately $63.0 million and $70.2 million, respectively. In addition, the gross unrecognized income tax benefits as of June 30, 2022 and December 31, 2021 exclude certain deposits made in a foreign jurisdiction of approximately $43.9 million and $6.7 million, respectively, associated with an ongoing audit. At June 30, 2022 and December 31, 2021, the Company had approximately $12.0 million and $40.1 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, reflected in "Other current liabilities" in the Company's Condensed Consolidated Balance Sheets. At June 30, 2022 and December 31, 2021, the Company had approximately $239.2 million and $196.7 million, respectively, of accrued taxes and approximately $6.7 million and $9.6 million, respectively, of deferred taxes related to uncertain tax positions that it expects to settle or pay beyond 12 months, reflected in "Other noncurrent liabilities" and "Deferred tax liabilities," respectively, in the Company's Condensed Consolidated Balance Sheets. The Company accrues interest and penalties related to unrecognized tax benefits in its provision for income taxes. At June 30, 2022 and December 31, 2021, the Company had accrued interest and penalties related to unrecognized tax benefits of approximately $31.5 million and $32.7 million, respectively. Generally, tax years 2016 through 2021 remain open to examination by taxing authorities in the United States and certain other foreign tax jurisdictions. The Company and its subsidiaries are routinely examined by tax authorities in the United States and in various state, local and foreign jurisdictions. As of June 30, 2022, a number of income tax examinations in foreign jurisdictions are ongoing.

During the three months ended June 30, 2021, the Company's income tax provision included the benefit of a reversal of approximately $67.8 million related to a valuation allowance previously established against the Company's net deferred tax assets in the United States. Improvements in income in the United States during 2021, along with updated future projected income levels, supported the reversal of the valuation allowance.

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

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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 2022 and 2021, the Company designated certain foreign currency contracts as cash flow hedges of expected future sales and purchases. The total notional value of derivatives that were designated as cash flow hedges was approximately $242.7 million as of June 30, 2022. The Company did not have any derivatives that were designated as cash flow hedges related to foreign currency contracts as of December 31, 2021.

Steel Commodity Contracts

During 2022 and 2021, 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 $18.5 million and $31.9 million as of June 30, 2022 and December 31, 2021, respectively.

The following tables summarize 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 the three and six months ended June 30, 2022 and 2021 (in millions):

Three Months Ended June 30,	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss	Recognized in Net Income: Classification of Gain (Loss)	Recognized in Net Income: Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of the Line Item in the Condensed Consolidated Statements of Operations Containing Hedge Gains (Losses)
2022				
Foreign currency contracts[1]	$ (2.7)	Cost of goods sold	$ (1.9)	$ 2,254.7
Commodity contracts[2]	(4.5)	Cost of goods sold	(2.1)	$ 2,254.7
Total	$ (7.2)		$ (4.0)	
2021				
Foreign currency contracts	$ (0.8)	Cost of goods sold	$ (2.4)	$ 2,186.9
Commodity contracts	5.9	Cost of goods sold	1.9	2,186.9
Total	$ 5.1		$ (0.5)	

Six Months Ended June 30,	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss	Recognized in Net Income: Classification of Gain (Loss)	Recognized in Net Income: Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of the Line Item in the Condensed Consolidated Statements of Operations Containing Hedge Gains (Losses)
2022				
Foreign currency contracts[1]	$ (6.5)	Cost of goods sold	$ (2.0)	$ 4,309.1
Commodity contracts[2]	$ (3.1)	Cost of goods sold	(1.1)	$ 4,309.1
Total	$ (9.6)		$ (3.1)	
2021				
Foreign currency contracts	$ (7.6)	Cost of goods sold	$ (6.1)	$ 3,995.1
Commodity contracts	13.7	Cost of goods sold	1.9	3,995.1
Total	$ 6.1		$ (4.2)	

(1) The outstanding contracts as of June 30, 2022 range in maturity through December 2022.
(2) The outstanding contracts as of June 30, 2022 range in maturity through November 2022.

The following table summarizes the activity in accumulated other comprehensive loss related to the derivatives held by the Company during the three months ended June 30, 2022 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated derivative net losses as of March 31, 2022	$ (4.8)	$ (1.1)	$ (3.7)
Net changes in fair value of derivatives	(10.2)	(3.0)	(7.2)
Net losses reclassified from accumulated other comprehensive loss into income	5.4	1.4	4.0
Accumulated derivative net losses as of June 30, 2022	$ (9.6)	$ (2.7)	$ (6.9)

The following table summarizes the activity in accumulated other comprehensive loss related to the derivatives held by the Company during the six months ended June 30, 2022 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated derivative net losses as of December 31, 2021	$ (0.5)	$ (0.1)	$ (0.4)
Net changes in fair value of derivatives	(13.3)	(3.7)	(9.6)
Net losses reclassified from accumulated other comprehensive loss into income	4.2	1.1	3.1
Accumulated derivative net losses as of June 30, 2022	$ (9.6)	$ (2.7)	$ (6.9)

As of June 30, 2022, approximately $0.7 million of derivative realized net losses and approximately $0.7 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 the 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 $258.2 million as of June 30, 2022) 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 the 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	
	June 30, 2022	December 31, 2021
Cross currency swap contract	$ 300.0	$ 300.0

The following table summarizes the changes in the fair value of the cross currency swap contract designated as a net investment hedge during the three and six months ended June 30, 2022 and 2021 (in millions):

	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss for the Three Months Ended			Gain (Loss) Recognized in Accumulated Other Comprehensive Loss for the Six Months Ended		
	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount
June 30, 2022	$ 16.6	$ 4.3	$ 12.3	$ 20.8	$ 5.4	$ 15.4
June 30, 2021	3.8	—	3.8	(0.3)	—	(0.3)

Derivative Transactions Not Designated as Hedging Instruments

During 2022 and 2021, 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 June 30, 2022 and December 31, 2021, the Company had outstanding foreign currency contracts with a notional amount of approximately $3,191.8 million and $3,681.9 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):

		Gain (Loss) Recognized in Net Income for the Three Months Ended		Gain (Loss) Recognized in Net Income for the Six Months Ended	
	Classification of Gain (Loss)	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Foreign currency contracts	Other expense, net	$ 0.4	$ (5.1)	$ (13.4)	$ 29.3

The table below sets forth the fair value of derivative instruments as of June 30, 2022 (in millions):

	Asset Derivatives as of June 30, 2022		Liability Derivatives as of June 30, 2022	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative instruments designated as hedging instruments:				
Foreign currency contracts	Other current assets	$ 3.0	Other current liabilities	$ 8.7
Commodity contracts	Other current assets	0.1	Other current liabilities	3.9
Cross currency swap contract	Other noncurrent assets	33.3	Other noncurrent liabilities	—
Derivative instruments not designated as hedging instruments:				
Foreign currency contracts[(1)]	Other current assets	21.3	Other current liabilities	10.0
Total derivative instruments		$ 57.7		$ 22.6

[(1)] The outstanding contracts as of June 30, 2022 range in maturity through October 2022.

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.

13. CHANGES IN STOCKHOLDERS' EQUITY

The following tables set forth changes in stockholders' equity attributed to AGCO Corporation and its subsidiaries and to noncontrolling interests for the three and six months ended June 30, 2022 (in millions):

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Equity
Balance, March 31, 2022	$ 0.7	$ 2.9	$ 5,306.2	$ (1,635.0)	$ 0.1	$ 3,674.9
Stock compensation	—	10.6	—	—	—	10.6
Issuance of stock awards	—	(0.2)	—	—	—	(0.2)
SSARs exercised	—	—	—	—	—	—
Comprehensive income:						
Net income (loss)	—	—	177.7	—	(0.1)	177.6
Other comprehensive loss, net of reclassification adjustments:						
Foreign currency translation adjustments	—	—	—	(124.6)	0.1	(124.5)
Defined benefit pension plans, net of tax	—	—	—	1.7	—	1.7
Deferred gains and losses on derivatives, net of tax	—	—	—	(3.2)	—	(3.2)
Payment of dividends to stockholders	—	—	(353.6)	—	—	(353.6)
Distributions to noncontrolling interest	—	—	—	—	—	—
Balance, June 30, 2022	$ 0.7	$ 13.3	$ 5,130.3	$ (1,761.1)	$ 0.1	$ 3,383.3

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Equity
Balance, December 31, 2021	$ 0.7	$ 3.9	$ 5,182.2	$ (1,770.9)	$ 27.9	$ 3,443.8
Stock compensation	—	17.6	—	—	—	17.6
Issuance of stock awards	—	(7.2)	(12.9)	—	—	(20.1)
SSARs exercised	—	(1.0)	—	—	—	(1.0)
Comprehensive income:						
Net income (loss)	—	—	329.5	—	(14.9)	314.6
Other comprehensive income, net of reclassification adjustments:						
Foreign currency translation adjustments	—	—	—	12.9	0.9	13.8
Defined benefit pension plans, net of tax	—	—	—	3.4	—	3.4
Deferred gains and losses on derivatives, net of tax	—	—	—	(6.5)	—	(6.5)
Payment of dividends to stockholders	—	—	(368.5)	—	—	(368.5)
Distributions to noncontrolling interest	—	—	—	—	(13.8)	(13.8)
Balance, June 30, 2022	$ 0.7	$ 13.3	$ 5,130.3	$ (1,761.1)	$ 0.1	$ 3,383.3

The following tables set forth changes in stockholders' equity attributed to AGCO Corporation and its subsidiaries and to noncontrolling interests for the three and six months ended June 30, 2021 (in millions):

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Equity
Balance, March 31, 2021	$ 0.8	$ 5.7	$ 4,897.9	$ (1,817.9)	$ 38.2	$ 3,124.7
Stock compensation	—	8.4	—	—	—	8.4
SSARs exercised	—	(2.4)	—	—	—	(2.4)
Comprehensive income:						
Net income	—	—	282.8	—	1.6	284.4
Other comprehensive income, net of reclassification adjustments:						
Foreign currency translation adjustments	—	—	—	80.0	0.8	80.8
Defined benefit pension plans, net of tax	—	—	—	(6.0)	—	(6.0)
Deferred gains and losses on derivatives, net of tax	—	—	—	5.6	—	5.6
Payment of dividends to stockholders	—	—	(316.6)	—	—	(316.6)
Distributions to noncontrolling interest	—	—	—	—	(3.5)	(3.5)
Change in noncontrolling interest	—	—	—	—	(10.6)	(10.6)
Balance, June 30, 2021	$ 0.8	$ 11.7	$ 4,864.1	$ (1,738.3)	$ 26.5	$ 3,164.8

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Equity
Balance, December 31, 2020	$ 0.8	$ 30.9	$ 4,759.1	$ (1,810.8)	$ 38.0	$ 3,018.0
Stock compensation	—	15.2	—	—	—	15.2
Issuance of stock awards	—	(29.5)	—	—	—	(29.5)
SSARs exercised	—	(4.9)	—	—	—	(4.9)
Comprehensive income:						
Net income	—	—	433.6	—	2.2	435.8
Other comprehensive income, net of reclassification adjustments:						
Foreign currency translation adjustments	—	—	—	33.1	0.4	33.5
Defined benefit pension plans, net of tax	—	—	—	29.1	—	29.1
Deferred gains and losses on derivatives, net of tax	—	—	—	10.3	—	10.3
Payment of dividends to stockholders	—	—	(328.6)	—	—	(328.6)
Distributions to noncontrolling interest	—	—	—	—	(3.5)	(3.5)
Change in noncontrolling interest	—	—	—	—	(10.6)	(10.6)
Balance, June 30, 2021	$ 0.8	$ 11.7	$ 4,864.1	$ (1,738.3)	$ 26.5	$ 3,164.8

Total comprehensive income (loss) attributable to noncontrolling interests for the three and six months ended June 30, 2022 and 2021 was as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net (loss) income	$ (0.1)	$ 1.6	$ (14.9)	$ 2.2
Other comprehensive income:				
Foreign currency translation adjustments	0.1	0.8	0.9	0.4
Total comprehensive income (loss)	$ —	$ 2.4	$ (14.0)	$ 2.6

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 six months ended June 30, 2022 (in millions):

	Defined Benefit Pension Plans	Deferred Net (Losses) Gains on Derivatives	Cumulative Translation Adjustment	Total
Accumulated other comprehensive loss, December 31, 2021	$ (230.4)	$ (0.4)	$ (1,540.1)	$ (1,770.9)
Other comprehensive income (loss) before reclassifications	—	(9.6)	12.9	3.3
Net losses reclassified from accumulated other comprehensive loss	3.4	3.1	—	6.5
Other comprehensive income (loss), net of reclassification adjustments	3.4	(6.5)	12.9	9.8
Accumulated other comprehensive loss, June 30, 2022	$ (227.0)	$ (6.9)	$ (1,527.2)	$ (1,761.1)

The following table sets forth reclassification adjustments out of accumulated other comprehensive loss by component attributed to AGCO Corporation and its subsidiaries for the three months ended June 30, 2022 and 2021 (in millions):

	Amount Reclassified from Accumulated Other Comprehensive Loss		
Details about Accumulated Other Comprehensive Loss Components	Three Months Ended June 30, 2022(1)	Three Months Ended June 30, 2021(1)	Affected Line Item within the Condensed Consolidated Statements of Operations
Derivatives:			
Net losses on foreign currency contracts	$ 2.6	$ 3.5	Cost of goods sold
Net losses (gains) on commodity contracts	$ 2.8	$ (1.9)	Cost of goods sold
Reclassification before tax	5.4	1.6	
	(1.4)	(1.1)	Income tax provision
Reclassification net of tax	$ 4.0	$ 0.5	
Defined benefit pension plans:			
Amortization of net actuarial losses	$ 2.2	$ 3.4	Other expense, net(2)
Amortization of prior service cost	—	0.1	Other expense, net(2)
Reclassification before tax	2.2	3.5	
	(0.5)	(1.5)	Income tax provision
Reclassification net of tax	$ 1.7	$ 2.0	
Net losses reclassified from accumulated other comprehensive loss	$ 5.7	$ 2.5	

(1) Losses (gains) included within the Condensed Consolidated Statements of Operations for the three months ended June 30, 2022 and 2021, respectively.
(2) These accumulated other comprehensive loss components are included in the computation of net periodic pension and postretirement benefit cost. See Note 15 for additional information on the Company's defined benefit pension plans.

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss: Six Months Ended June 30, 2022[1]	Amount Reclassified from Accumulated Other Comprehensive Loss: Six Months Ended June 30, 2021[1]	Affected Line Item within the Condensed Consolidated Statements of Operations
Derivatives:			
Net losses on foreign currency contracts	$ 2.7	$ 6.9	Cost of goods sold
Net losses (gains) on commodity contracts	1.5	(1.9)	Cost of goods sold
Reclassification before tax	4.2	5.0	
	(1.1)	(0.8)	Income tax provision
Reclassification net of tax	$ 3.1	$ 4.2	
Defined benefit pension plans:			
Amortization of net actuarial losses	$ 4.4	$ 7.4	Other expense, net[2]
Amortization of prior service cost	0.2	0.6	Other expense, net[2]
Reclassification before tax	4.6	8.0	
	(1.2)	(2.1)	Income tax provision
Reclassification net of tax[3]	$ 3.4	$ 5.9	
Net losses reclassified from accumulated other comprehensive loss	$ 6.5	$ 10.1	

(1) Losses (gains) included within the Condensed Consolidated Statements of Operations for the six months ended June 30, 2022 and 2021, respectively.
(2) These accumulated other comprehensive loss components are included in the computation of net periodic pension and postretirement benefit cost. See Note 15 for additional information on the Company's defined benefit pension plans.

Share Repurchase Program

In November 2021, the Company entered into an accelerated share repurchase ("ASR") agreement with a financial institution to repurchase an aggregate of $60.0 million shares of its common stock. The Company received 393,733 shares in this transaction as of December 31, 2021. On January 19, 2022, the Company received an additional 113,824 shares upon final settlement of its November 2021 ASR agreement. All shares received under the ASR agreement 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 Company's Condensed Consolidated Balance Sheets.

During the three and six months ended June 30, 2022, the Company did not purchase any shares directly or enter into any accelerated share repurchase agreements. As of June 30, 2022, the remaining amount authorized to be repurchased under board-approved share repurchase authorizations was approximately $110.0 million, which has no expiration date.

Dividends

On April 28, 2022, the Company's Board of Directors approved an increase to its quarterly dividend commencing in the second quarter of 2022 by 20% to $0.24 per common share and declared a special variable dividend of $4.50 per common share that was paid during the second quarter of 2022.

14. 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 June 30, 2022 and December 31, 2021, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements was approximately $1.2 billion and $1.3 billion, respectively.

Under the terms of the accounts receivable sales agreements in North America, Europe and Brazil, the Company pays an annual 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 receivable 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, which, in turn, 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 Condensed Consolidated Statements of Operations. The Company does not service the receivables after the sales occur and does not maintain any direct retained interest in the receivables. The Company accounts for the receivable sales agreements 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 June 30, 2022 and December 31, 2021, the cash received from these arrangements was approximately $174.9 million and $215.4 million, respectively.

Losses on sales of receivables associated with the accounts receivable sales agreements discussed above, reflected within “Other expense, net” in the Company’s Condensed Consolidated Statements of Operations, were approximately $10.2 million and $18.1 million, respectively, during the three and six months ended June 30, 2022. Losses on sales of receivables associated with the accounts receivable sales agreements discussed above, reflected within “Other expense, net” in the Company’s Condensed Consolidated Statements of Operations, were approximately $5.1 million and $9.7 million, respectively, during the three and six months ended June 30, 2021.

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 June 30, 2022 and December 31, 2021, these finance joint ventures had approximately $50.7 million and $42.6 million, respectively, of outstanding accounts receivable associated with these arrangements. The Company accounts for these arrangements as off-balance sheet transactions.

In certain foreign countries, the Company invoices its finance joint ventures directly and the finance joint ventures retain a form of title to the goods delivered to dealers until the dealer makes payment so that the finance joint ventures can recover the goods in the event of dealer or end customer default on payment. This occurs as the laws of some foreign countries do not provide for a seller’s retention of a security interest in goods in the same manner as established in the United States Uniform Commercial Code. The only right the finance joint ventures retain with respect to the title are those enabling recovery of the goods in the event of customer default on payment. The dealer or distributor may not return equipment or replacement parts to the Company while its contract with the finance joint venture is in force, and can only return the equipment to the retail finance joint venture with penalties that would generally not make it economically beneficial to do so.

15. PENSION AND POSTRETIREMENT BENEFIT PLANS

Net periodic pension and postretirement benefit cost for the Company’s defined pension and postretirement benefit plans for the three and six months ended June 30, 2022 and 2021 are set forth below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
Pension benefits	**2022**	**2021**	**2022**	**2021**
Service cost	$ 3.3	$ 3.7	$ 6.6	$ 7.8
Interest cost	3.8	3.2	7.8	6.4
Expected return on plan assets	(4.4)	(7.9)	(9.0)	(15.7)
Amortization of net actuarial losses	2.2	3.4	4.4	7.4
Amortization of prior service cost	—	0.1	0.1	0.6
Curtailment[(1)]	—	—	—	$ (1.2)
Net periodic pension cost	$ 4.9	$ 2.5	$ 9.9	$ 5.3

(1) During the six months ended June 30, 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 life-time annuity feature for participants reaching age 65 subsequent to December 31, 2022. This amendment resulted in a curtailment gain related to the ENPP's net prior service credit.

Postretirement benefits	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Service cost	$ —	$ —	$ 0.1	$ 0.1
Interest cost	0.3	0.2	0.5	0.4
Amortization of prior service cost	—	—	0.1	—
Net periodic postretirement benefit cost	$ 0.3	$ 0.2	$ 0.7	$ 0.5

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 Condensed Consolidated Statements of Operations.

The following table summarizes the activity in accumulated other comprehensive loss related to the Company's defined pension and postretirement benefit plans during the six months ended June 30, 2022 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated other comprehensive loss, December 31, 2021	$ (302.4)	$ (72.0)	$ (230.4)
Amortization of net actuarial losses	4.4	1.1	3.3
Amortization of prior service cost	0.2	0.1	0.1
Accumulated other comprehensive loss as of June 30, 2022	$ (297.8)	$ (70.8)	$ (227.0)

During the six months ended June 30, 2022, the Company made approximately $18.9 million of contributions to its defined pension benefit plans. The Company currently estimates its minimum contributions for 2022 to its defined pension benefit plans will aggregate approximately $35.2 million.

During the six months ended June 30, 2022, the Company made approximately $0.7 million of contributions to its postretirement health care and life insurance benefit plans. The Company currently estimates that it will make approximately $1.5 million of contributions to its postretirement health care and life insurance benefit plans during 2022.

16. 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.

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 12 for additional information on the Company's derivative instruments and hedging activities.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and December 31, 2021 are summarized below (in millions):

	As of June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative assets	$ —	$ 57.7	$ —	$ 57.7
Derivative liabilities	—	22.6	—	22.6
	As of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative assets	$ —	$ 27.8	$ —	$ 27.8
Derivative liabilities	—	7.1	—	7.1

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 June 30, 2022, the estimated fair value of the Company's 0.800% senior notes due 2028, based on listed market values, was approximately €480.6 million (or approximately $500.5 million as of June 30, 2022), compared to the carrying value of €600.0 million (or approximately $624.8 million as of June 30, 2022). See Note 6 for additional information on the Company's long-term debt.

17. 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 three and six months ended June 30, 2022 and 2021 and assets as of June 30, 2022 and December 31, 2021 based on the Company's reportable segments are as follows (in millions):

Three Months Ended June 30,	North America	South America	Europe/Middle East	Asia/Pacific/Africa	Consolidated
2022					
Net sales	$ 739.9	$ 519.2	$ 1,467.6	$ 218.5	$ 2,945.2
Income from operations	50.7	85.5	161.2	30.7	328.1
Depreciation	15.0	7.6	25.3	3.9	51.8
Capital expenditures	15.2	11.2	42.5	4.0	72.9
2021					
Net sales	$ 734.7	$ 278.3	$ 1,635.2	$ 231.1	$ 2,879.3
Income from operations	103.7	23.1	201.5	26.6	354.9
Depreciation	15.2	6.7	29.6	3.6	55.1
Capital expenditures	8.8	5.0	40.3	3.0	57.1

Six Months Ended June 30,	North America	South America	Europe/Middle East	Asia/Pacific/Africa	Consolidated
2022					
Net sales	$ 1,440.9	$ 875.6	$ 2,870.7	$ 443.7	$ 5,630.9
Income from operations	105.5	131.6	323.5	64.7	625.3
Depreciation	30.2	14.6	53.5	8.2	106.5
Capital expenditures	30.9	21.2	81.7	5.4	139.2
2021					
Net sales	$ 1,345.8	$ 518.8	$ 2,962.4	$ 431.0	$ 5,258.0
Income from operations	178.6	39.3	345.8	47.6	611.3
Depreciation	30.8	13.3	58.0	7.8	109.9
Capital expenditures	21.1	11.6	83.8	4.1	120.6
Assets					
As of June 30, 2022	$ 1,683.1	$ 1,124.4	$ 2,635.2	$ 652.3	$ 6,095.0
As of December 31, 2021	1,328.1	922.7	2,348.7	610.6	5,210.1

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Segment income from operations	$ 328.1	$ 354.9	$ 625.3	$ 611.3
Impairment charges	—	—	(36.0)	—
Corporate expenses	(38.5)	(37.5)	(70.7)	(73.4)
Amortization of intangibles	(15.4)	(14.2)	(30.7)	(31.7)
Stock compensation expense	(10.3)	(8.2)	(17.0)	(14.7)
Restructuring expenses	(0.4)	(4.7)	(3.4)	(6.0)
Consolidated income from operations	$ 263.5	$ 290.3	$ 467.5	$ 485.5

	June 30, 2022	December 31, 2021
Segment assets	$ 6,095.0	$ 5,210.1
Cash, cash equivalents and restricted cash	580.6	889.1
Investments in affiliates	417.0	413.5
Deferred tax assets, other current and noncurrent assets	1,109.3	996.4
Intangible assets, net	388.8	392.2
Goodwill	1,298.2	1,280.8
Consolidated total assets	$ 9,888.9	$ 9,182.1

18. COMMITMENTS AND CONTINGENCIES

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 it might incur on the resale of this equipment will not be material, due to the fair value of the underlying equipment.

At June 30, 2022, the Company has outstanding guarantees of indebtedness owed to related and third parties of approximately $27.1 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 has obligations to guarantee 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 June 30, 2022, the Company had accrued approximately $20.2 million of outstanding guarantees of 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 these guarantees is approximately $183.8 million.

Leases

Lease payment amounts for operating and finance leases with remaining terms greater than one year as of June 30, 2022 and December 31, 2021 were as follows (in millions):

	June 30, 2022		December 31, 2021	
	Operating Leases(1)	Finance Leases	Operating Leases(1)	Finance Leases
2022	$ 23.2	$ 3.0	$ 45.7	$ 4.0
2023	40.5	0.8	36.2	0.9
2024	29.6	0.5	24.5	0.6
2025	20.8	0.4	17.3	0.4
2026	15.2	0.2	12.3	0.2
Thereafter	50.3	5.8	39.1	6.3
Total lease payments	179.6	10.7	175.1	12.4
Less: imputed interest(2)	(19.4)	(2.2)	(17.3)	(2.5)
Present value of leased liabilities	$ 160.2	$ 8.5	$ 157.8	$ 9.9

(1) Operating lease payments include options to extend or terminate at the Company's sole discretion, which are included in the determination of lease term when they are reasonably certain to be exercised.
(2) Calculated for each lease using either the implicit interest rate or the incremental borrowing rate when the implicit interest rate is not readily available.

Other

At June 30, 2022, the Company had outstanding designated and non-designated foreign exchange contracts with a gross notional amount of approximately $3,434.5 million. The outstanding contracts as of June 30, 2022 range in maturity through December 2022. The Company also had outstanding designated steel commodity contracts with a gross notional amount of approximately $18.5 million that range in maturity through November 2022.

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 accounts for the sale of such receivables 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 June 30, 2022, not including interest and penalties, was approximately 131.5 million Brazilian reais (or approximately $25.0 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 (“Deere”) filed separate complaints in the U.S. District Court of Delaware against the Company and Precision Planting alleging that certain products of those entities infringed certain patents of Deere. The two complaints subsequently were consolidated into a single case, Case No. 1:18-cv-00827-CFC. In July 2022, the case was tried before a jury, which determined that the Company and Precision Planting had not infringed the Deere patents. The case currently is subject to customary post-trial procedures, including the right of the parties to appeal. 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.

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, are material to its business or financial statements as a whole, including its results of operations and financial condition.

19. 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 of consideration precedes the Company's performance with respect to technology services and where the performance obligation is satisfied over time.

Significant changes in the balance of contract liabilities for the three and six months ended June 30, 2022 and 2021 were as follows (in millions):

	Three Months Ended June 30,	
	2022	2021
Balance at beginning of period	$ 232.4	$ 186.3
Advance consideration received	31.5	59.0
Revenue recognized during the period for extended warranty contracts, maintenance services and technology services	(20.4)	(13.3)
Revenue recognized during the period related to grain storage and protein production systems	(13.9)	(32.6)
Foreign currency translation	(11.9)	1.8
Balance at June 30	$ 217.7	$ 201.2

	Six Months Ended June 30,	
	2022	2021
Balance at beginning of period	$ 226.2	$ 172.0
Advance consideration received	74.5	116.1
Revenue recognized during the period for extended warranty contracts, maintenance services and technology services	(39.0)	(26.3)
Revenue recognized during the period related to grain storage and protein production systems	(28.5)	(59.8)
Foreign currency translation	(15.5)	(0.8)
Balance at June 30	$ 217.7	$ 201.2

The contract liabilities are classified as either "Accrued expenses" or "Other current liabilities" and "Other noncurrent liabilities" in the Company's Condensed Consolidated Balance Sheets. During the three and six months ended June 30, 2022, we recognized approximately $28.3 million and $52.4 million, respectively, of revenue that was recorded as a contract liability at the beginning of 2022. During the three and six months ended June 30, 2021, we recognized approximately $17.4 million and $43.2 million, respectively, of revenue that was recorded as a contract liability at the beginning of 2021.

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 June 30, 2022 are $42.3 million for the remainder of 2022, $68.8 million in 2023, $44.4 million in 2024, $21.7 million in 2025 and $13.0 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 three months ended June 30, 2022 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America	South America	Europe/Middle East[(1)]	Asia/Pacific/Africa	Consolidated[(1)]
Primary geographical markets:					
United States	$ 583.4	$ —	$ —	$ —	$ 583.4
Canada	125.8	—	—	—	125.8
South America	—	515.5	—	—	515.5
Germany	—	—	288.1	—	288.1
France	—	—	257.6	—	257.6
United Kingdom and Ireland	—	—	157.8	—	157.8
Finland and Scandinavia	—	—	196.1	—	196.1
Other Europe	—	—	521.3	—	521.3
Middle East and Algeria	—	—	46.6	—	46.6
Africa	—	—	—	34.5	34.5
Asia	—	—	—	97.3	97.3
Australia and New Zealand	—	—	—	86.7	86.7
Mexico, Central America and Caribbean	30.7	3.7	—	—	34.4
	$ 739.9	$ 519.2	$ 1,467.6	$ 218.5	$ 2,945.2
Major products:					
Tractors	$ 263.4	$ 291.3	$ 976.5	$ 112.4	$ 1,643.6
Replacement parts	119.5	36.6	270.8	23.1	450.0
Grain storage and protein production systems	155.5	41.6	45.7	43.6	286.4
Combines, application equipment and other machinery	201.5	149.7	174.5	39.4	565.1
	$ 739.9	$ 519.2	$ 1,467.6	$ 218.5	$ 2,945.2

(1) Rounding may impact the summation of amounts.

Net sales for the three months ended June 30, 2021 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America(1)	South America(1)	Europe/Middle East(1)	Asia/Pacific/Africa	Consolidated(1)
Primary geographical markets:					
United States	$ 570.9	$ —	$ —	$ —	$ 570.9
Canada	138.9	—	—	—	138.9
South America	—	276.0	—	—	276.0
Germany	—	—	348.4	—	348.4
France	—	—	294.8	—	294.8
United Kingdom and Ireland	—	—	167.0	—	167.0
Finland and Scandinavia	—	—	221.2	—	221.2
Other Europe	—	—	558.8	—	558.8
Middle East and Algeria	—	—	45.0	—	45.0
Africa	—	—	—	36.1	36.1
Asia	—	—	—	116.6	116.6
Australia and New Zealand	—	—	—	78.4	78.4
Mexico, Central America and Caribbean	25.0	2.3	—	—	27.3
	$ 734.7	$ 278.3	$ 1,635.2	$ 231.1	$ 2,879.3
Major products:					
Tractors	$ 243.2	$ 126.3	$ 1,069.1	$ 96.1	$ 1,534.7
Replacement parts	122.4	33.5	298.2	25.4	479.5
Grain storage and protein production systems	158.0	32.1	56.9	68.8	315.8
Combines, application equipment and other machinery	211.1	86.5	210.9	40.8	549.3
	$ 734.7	$ 278.3	$ 1,635.2	$ 231.1	$ 2,879.3

(1) Rounding may impact the summation of amounts.

Net sales for the six months ended June 30, 2022 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America(1)	South America	Europe/Middle East(1)	Asia/Pacific/Africa	Consolidated
Primary geographical markets:					
United States	$ 1,153.7	$ —	$ —	$ —	$ 1,153.7
Canada	226.9	—	—	—	226.9
South America	—	868.4	—	—	868.4
Germany	—	—	605.3	—	605.3
France	—	—	529.2	—	529.2
United Kingdom and Ireland	—	—	303.2	—	303.2
Finland and Scandinavia	—	—	393.1	—	393.1
Other Europe	—	—	959.9	—	959.9
Middle East and Algeria	—	—	80.0	—	80.0
Africa	—	—	—	70.5	70.5
Asia	—	—	—	201.9	201.9
Australia and New Zealand	—	—	—	171.3	171.3
Mexico, Central America and Caribbean	60.3	7.2	—	—	67.5
	$ 1,440.9	$ 875.6	$ 2,870.7	$ 443.7	$ 5,630.9
Major products:					
Tractors	$ 515.3	$ 497.9	$ 1,891.6	$ 237.8	$ 3,142.6
Replacement parts	214.1	74.8	556.8	49.8	895.5
Grain storage and protein production systems	286.7	81.6	77.0	81.1	526.4
Combines, application equipment and other machinery	424.9	221.3	345.2	75.0	1,066.4
	$ 1,440.9	$ 875.6	$ 2,870.7	$ 443.7	$ 5,630.9

(1) Rounding may impact the summation of amounts.

Net sales for the six months ended June 30, 2021 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America(1)	South America	Europe/Middle East(1)	Asia/Pacific/Africa	Consolidated(1)
Primary geographical markets:					
United States	$ 1,069.6	$ —	$ —	$ —	$ 1,069.6
Canada	230.5	—	—	—	230.5
South America	—	514.6	—	—	514.6
Germany	—	—	693.9	—	693.9
France	—	—	510.3	—	510.3
United Kingdom and Ireland	—	—	295.4	—	295.4
Finland and Scandinavia	—	—	378.6	—	378.6
Other Europe	—	—	982.3	—	982.3
Middle East and Algeria	—	—	101.9	—	101.9
Africa	—	—	—	61.9	61.9
Asia	—	—	—	218.9	218.9
Australia and New Zealand	—	—	—	150.2	150.2
Mexico, Central America and Caribbean	45.8	4.2	—	—	50.0
	$ 1,345.8	$ 518.8	$ 2,962.4	$ 431.0	$ 5,258.0
Major products:					
Tractors	$ 433.5	$ 237.4	$ 1,950.5	$ 190.1	$ 2,811.5
Replacement parts	207.5	62.5	559.2	48.9	878.2
Grain storage and protein production systems	264.4	53.7	85.9	125.7	529.7
Combines, application equipment and other machinery	440.4	165.2	366.7	66.3	1,038.6
	$ 1,345.8	$ 518.8	$ 2,962.4	$ 431.0	$ 5,258.0

(1) Rounding may impact the summation of amounts.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

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 prices and general economic conditions. We record sales when we sell equipment and replacement parts to our independent dealers, distributors and other customers. To the extent possible, 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 manufacturing operations and to minimize our investment in inventories. However, retail sales by dealers to farmers are highly seasonal and largely are a function of the timing of the planting and harvesting seasons. As a result, our net sales historically have been the lowest in the first quarter and have increased in subsequent quarters.

The COVID-19 pandemic and other economic and geopolitical factors, including inflation and the conflict in Ukraine, continue to create volatility in the global economy, including employment disruptions, supply chain constraints and delays in deliveries, as well as logistics interruptions. These factors, along with increasing industrial demand, are negatively affecting production levels, particularly as a result of delays in the receipts of parts and components. Supply chain issues of particular concern include a wide range of parts and components, including semiconductors. We may continue to face supplier bottlenecks and delays in all regions as well as challenges with logistics, and we continue to work to mitigate the impact of these issues in order to meet end-market demand.

On May 5, 2022, we discovered that we had been subject to a ransomware cyberattack. The attack resulted in the temporary closure of most of our production sites and parts operations. A majority of the affected locations resumed operations within approximately two weeks after the attack was discovered. As a result of the temporary closures, our production, sales and income from operations were negatively impacted during the second quarter of 2022. Please see further discussion below.

RESULTS OF OPERATIONS

For the three months ended June 30, 2022, we generated net income of approximately $177.7 million, or $2.37 per share, compared to approximately $282.8 million, or $3.73 per share, for the same period in 2021. For the six months ended June 30, 2022, we generated net income of approximately $329.5 million, or $4.40 per share, compared to approximately $433.6 million, or $5.71 per share, for the same period in 2021.

Net sales during the three and six months ended June 30, 2022 were approximately $2,945.2 million and $5,630.9 million, respectively, which were approximately 2.3% and 7.1% higher than the same periods in 2021. These increases were primarily the result of robust end-market demand and favorable pricing during the three and six months ended June 30, 2022 compared to the same periods in 2021, which helped to offset the negative impacts of currency translation, supply chain constraints and the second quarter cyberattack. Regionally, net sales were higher in all regions for the three and six months ended June 30, 2022 compared to 2021 excluding currency translation, as presented below.

Income from operations for the three months ended June 30, 2022 was approximately $263.5 million compared to approximately $290.3 million for the same period in 2021. Income from operations for the six months ended June 30, 2022 was approximately $467.5 million compared to approximately $485.5 million for the same period in 2021. These decreases were primarily the result of negative currency impacts, lower production volumes as a result of the second quarter cyberattack, as well as higher production costs associated with supply chain disruptions and the cyberattack. Income from operations for the six months ended June 30, 2022 were also impacted by impairment charges recorded during the first quarter related to our joint ventures in Russia of approximately $36.0 million, as discussed below.

During the three and six months ended June 30, 2022, income from operations in all regions was negatively impacted by supply chain disruptions and the second quarter cyberattack which affected sales and production levels as well as production costs. In addition, income from operations in our Europe/Middle East region decreased for the three and six months ended June 30, 2022 compared to the same periods in 2021 due to negative currency impacts. In our North American region, income from operations decreased for the three and six months ended June 30, 2022 compared to the same periods in 2021. These decreases were also the result of a weaker sales mix. In our South American region, income from operations increased in the three and six months ended June 30, 2022 compared to the same periods in 2021. These increases reflect significant increases in end-market demand, positive pricing and a favorable sales mix. In our Asia/Pacific/Africa ("APA") region, income from operations increased for the three and six months ended June 30, 2022 compared to the same periods in 2021, primarily due to a favorable sales mix and higher net sales during the six months ended June 30, 2022.

Industry Market Conditions

Agricultural commodity prices continue to support favorable farm fundamentals resulting in strong demand for machinery. Despite favorable demand, supply chain constraints and limited global industry production have negatively impacted the level of retail sales in the first six months of 2022. 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 for the first six months of 2022 decreased approximately 7% compared to the same period in 2021. Industry unit retail sales of combines for the first six months of 2022 decreased approximately 8% compared to the same period in 2021. Lower sales of smaller tractors, which declined from record levels in 2021, were partially offset by increased sales of higher horsepower units.

In Western Europe, industry unit retail sales of tractors decreased approximately 10% for the first six months of 2022 compared to the same period in 2021. Industry unit retail sales of combines for the first six months of 2022 decreased approximately 16% compared to the first six months of 2021. Industry retail tractor sales were restricted by supply chain challenges during the first six months of 2022 compared to the same period in 2021.

In South America, industry unit retail sales of tractors increased approximately 7% for the first six months of 2022 compared to the same period in 2021. Industry unit retail sales of combines for the first six months of 2022 decreased approximately 5% compared to the first six months of 2021. The improved demand in tractors was primarily in Brazil and Argentina. Healthy crop production levels as well as elevated commodity prices are supporting positive economic conditions for farmers who continue to replace aged fleets.

STATEMENTS OF OPERATIONS

Net sales for the three months ended June 30, 2022 were approximately $2,945.2 million compared to approximately $2,879.3 million for the same period in 2021. Net sales for the six months ended June 30, 2022 were approximately $5,630.9 million compared to approximately $5,258.0 million for the same period in 2021. The following tables set forth, for the three and six months ended June 30, 2022, the impacts to net sales of currency translation by geographical segment (in millions, except percentages):

	Three Months Ended June 30,		Change		Change Due to Currency Translation	
	2022	2021	$	%	$	%
Europe/Middle East	$ 1,467.6	$ 1,635.2	$ (167.6)	(10.3)%	$ (220.7)	(13.5)%
North America	739.9	734.7	5.2	0.7 %	(5.3)	(0.7)%
South America	519.2	278.3	240.9	86.6 %	26.0	9.3 %
Asia/Pacific/Africa	218.5	231.1	(12.6)	(5.5)%	(16.5)	(7.1)%
	$ 2,945.2	$ 2,879.3	$ 65.9	2.3 %	$ (216.5)	(7.5)%

	Six Months Ended June 30,		Change		Change Due to Currency Translation	
	2022	2021	$	%	$	%
Europe/Middle East	$ 2,870.7	$ 2,962.4	$ (91.7)	(3.1)%	$ (344.5)	(11.6)%
North America	1,440.9	1,345.8	95.1	7.1 %	(6.9)	(0.5)%
South America	875.6	518.8	356.8	68.8 %	41.4	8.0 %
Asia/Pacific/Africa	443.7	431.0	12.7	2.9 %	(26.0)	(6.0)%
	$ 5,630.9	$ 5,258.0	$ 372.9	7.1 %	$ (336.0)	(6.4)%

Regionally, net sales in our EME region were lower during the three and six months ended June 30, 2022 compared to the same periods in 2021. These decreases were primarily due to negative foreign currency translation and lower volumes due to decreased production, offset by positive pricing impacts. Net sales in North America increased during the three and six months ended June 30, 2022 compared to the same periods in 2021. These increases were primarily related to the impact of favorable pricing to mitigate inflationary cost pressures, as well as increased tractor sales, offset by lower net sales of combines and sprayers. Net sales in South America increased during the three and six months ended June 30, 2022 compared to the same periods in 2021. Net sales increased across all South American markets, primarily as a result of higher net sales of high horsepower and mid-size tractors, as well as sprayers and grain and protein production equipment. In our APA region, net sales increased during the six months ended June 30, 2022 compared to the same periods in 2021, primarily driven by net sales increases in Australia and Japan, partially offset by lower net sales in China related to COVID-19 shut downs.

We estimate our worldwide average price increases were approximately 8.7% and 8.4%, respectively, during the three and six months ended June 30, 2022 compared to the same prior year periods. Consolidated net sales of tractors and combines, which combined comprised approximately 59.5% and 59.3% of our net sales for the three and six months ended June 30, 2022, respectively, increased approximately 4.5% and 10.4% compared to the same periods in 2021. Unit sales of tractors and combines increased approximately 13.3% and 12.5%, respectively, for the three and six months ended June 30, 2022 compared to the same periods in 2021. 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 tables set forth, for the periods indicated, the percentage of net sales of certain items in our Condensed Consolidated Statements of Operations (in millions, except percentages):

	Three Months Ended June 30,			
	2022		2021	
	$	% of Net Sales	$	% of Net Sales[(1)]
Gross profit	$ 690.5	23.4 %	$ 692.4	24.0 %
Selling, general and administrative expenses	302.5	10.3 %	276.3	9.6 %
Engineering expenses	107.1	3.6 %	107.2	3.7 %
Amortization of intangibles	15.4	0.5 %	14.2	0.5 %
Restructuring expenses	0.4	— %	4.7	0.2 %
Bad debt expense	1.6	0.1 %	(0.3)	— %
Income from operations	$ 263.5	8.9 %	$ 290.3	10.1 %

	Six Months Ended June 30,			
	2022		2021	
	$	% of Net Sales	$	% of Net Sales[(1)]
Gross profit	$ 1,321.8	23.5 %	$ 1,262.9	24.0 %
Selling, general and administrative expenses	573.6	10.2 %	536.9	10.2 %
Engineering expenses	207.4	3.7 %	203.5	3.9 %
Amortization of intangibles	30.7	0.5 %	31.7	0.6 %
Impairment charges	36.0	0.6 %	—	— %
Restructuring expenses	3.4	0.1 %	6.0	0.1 %
Bad debt (credit) expense	3.2	0.1 %	(0.7)	— %
Income from operations	$ 467.5	8.3 %	$ 485.5	9.2 %

Gross profit as a percentage of net sales decreased for both the three and six months ended June 30, 2022 compared to the same periods in 2021. These decreases were primarily as a result of material, freight and labor cost inflation, mostly offset by mitigating favorable pricing impacts. In addition, gross margins were negatively impacted by lower production and production inefficiencies resulting from the cyberattack during the second quarter of 2022.

Global production hours decreased approximately 8.3% and 1.3%, respectively, in the three and six months ended June 30, 2022 compared to the same periods in 2021. These decreases were primarily due to supply chain challenges and the impact of the cyberattack on production. Our production facilities continue to face supply chain and logistics disruptions as well as material, labor and freight cost inflation. These disruptions have impacted our ability to produce and ship units, which has also contributed to labor inefficiencies, and resulted in higher than anticipated raw material and work in process inventory levels. We expect these factors to continue, which may impact production levels and net sales and margins in future periods.

We recorded approximately $0.3 million and $0.6 million of stock compensation expense within cost of goods sold during the three and six months ended June 30, 2022, respectively, compared to approximately $0.3 million and $0.6 million for the comparable periods in 2021. See below and refer to Note 4 to our Condensed Consolidated Financial Statements for additional information on stock compensation expense.

Selling, general and administrative expenses (“SG&A expenses”) as a percentage of net sales were higher for the three months ended June 30, 2022 compared to the same period in 2021. SG&A expenses as a percentage of net sales for the six months ended June 30, 2022 compared to the same period in 2021 were relatively flat. We recorded approximately $10.3 million and $17.0 million of stock compensation expense within SG&A expenses during the three and six months ended June 30, 2022, respectively, compared to approximately $8.2 million and $14.7 million, respectively, during the same periods in 2021. Refer to Note 4 to our Condensed Consolidated Financial Statements for additional information on stock compensation expense.

The restructuring expenses of approximately $0.4 million and $3.4 million, respectively, recorded during the three and six months ended June 30, 2022 primarily related to severance and other related costs associated with the rationalization of certain European manufacturing operations. Refer to Note 3 to our Condensed Consolidated Financial Statements for additional information.

Interest expense, net were approximately $5.9 million and $6.3 million, respectively, for the three and six months ended June 30, 2022 compared to approximately $2.2 million and $5.6 million, respectively, for the comparable periods in 2021, resulting primarily from increased debt levels and higher higher interest rates in 2022 compared to 2021. See “Liquidity and Capital Resources” for further information.

Other expense, net were approximately $21.7 million and $39.2 million, respectively, for the three and six months ended June 30, 2022 compared to approximately $14.6 million and $26.1 million, respectively, for the comparable periods in 2021. Losses on sales of receivables, primarily related to our accounts receivable sales agreements with our finance joint ventures in North America, Europe and Brazil and included in “Other expense, net,” were approximately $10.2 million and $18.1 million, respectively, for the three and six months ended June 30, 2022 compared to approximately $5.1 million and $9.7 million, respectively, for the comparable periods in 2021. This increase in losses for the six months ended June 30, 2022 was primarily a result of higher sales of accounts receivables and higher interest rates as compared to 2021.

We recorded an income tax provision of approximately $71.5 million and $131.7 million, respectively, for the three and six months ended June 30, 2022 compared to approximately $7.7 million and $51.3 million, respectively, for the comparable periods in 2021. Our effective tax rate varies from period to period due to the mix of taxable income and losses in the various tax jurisdictions in which we operate. We maintain a valuation allowance to reserve against our net deferred tax assets in certain foreign jurisdictions. During the three months ended June 30, 2021, our income tax provision included the benefit of a reversal of approximately $67.8 million related to a valuation allowance previously established against our net deferred tax assets in the United States. Improvements in income in the United States during 2021, along with updated future projected income levels, supported the reversal of the valuation allowance.

Equity in net earnings of affiliates, which is primarily comprised of income from our AGCO Finance joint ventures, were approximately $13.2 million and $24.3 million, respectively, for the three and six months ended June 30, 2022 compared to approximately $18.6 million and $33.3 million, respectively, for the comparable periods in 2021. The decrease for the six months ended was primarily due to a write-down of our investment in our Russian finance joint venture of approximately $4.8 million recorded during the first quarter of 2022, as well as lower earnings in our European finance joint ventures. Refer to “Finance Joint Ventures” for further information regarding our finance joint ventures and their results of operations.

Net loss attributable to noncontrolling interests was approximately $0.1 million and $14.9 million, respectively, during the three and six months ended June 30, 2022 compared to net income attributable to noncontrolling interests of approximately $1.6 million and $2.2 million, respectively, in the same periods in 2021. The losses during 2022 related to our Russia joint venture partner's share of the impairment charges we recorded in the first quarter of 2022.

Cyberattack

On May 5, 2022, we discovered that we had been subject to a ransomware cyberattack. The attack resulted in the temporary closure of most of our production sites and parts operations. A majority of the affected locations resumed operations within approximately two weeks after the attack was discovered.

There was some data exfiltration as a result of the attack, and a portion of the exfiltrated data subsequently was released publicly. We do not have significant retail operations, and we do not believe that the exfiltrated data included privacy-protected consumer data. While we currently do not believe that the exfiltration of data was consequential, we continue to evaluate the scope and consequences of the exfiltration.

Based on our current assessment, we do not believe the cost of remediation to the impacted systems will be material. We are in the process of identifying and implementing appropriate changes to our systems to reduce the likelihood that future attacks and efforts to exfiltrate data will be successful. To date, the cost of those efforts has not been consequential. We have cyber insurance coverage and we plan to file a claim associated with the attack.

Because we already were experiencing supply chain issues at the time of the attack, we cannot accurately estimate the amount of lost revenue or operating income attributable to the attack. We currently expect to be able to substantially mitigate the effects of the attack by increasing production over the remainder of 2022.

Russian Joint Ventures

We previously invested in two joint ventures that operated in Russia primarily for the manufacture and distribution of equipment and parts. Beginning in 2018, our Russian joint venture partner became subject to sanctions by the United States. Subsequent to the commencement of these sanctions, we obtained a time-limited general license from the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of Treasury that permitted us to continue our participation but which, following the most recent extension, expired on May 25, 2022. Following that expiration, we “blocked” our interest in one of the joint ventures through a process acceptable to OFAC, which had the effect of suspending our role in that joint venture. On July 8, 2022, OFAC issued a license authorizing us to divest and transfer our equity interests in both joint ventures to a third party. We are actively working to conclude our interests in the joint ventures. During the three months ended March 31, 2022, we assessed the fair value of our gross assets related to the joint ventures for potential impairments and recorded asset impairment charges of approximately $36.0 million. Our sales in Russia and Ukraine were $153.2 million and $86.2 million, respectively, during the year ended December 31, 2021. Our sales subsequent to that date also have not been material. Refer to Note 3 of our Condensed Consolidated Financial Statements for additional information.

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, Off-Balance Sheet Arrangements and Contingencies” and Note 18 for additional information.

As of June 30, 2022, our investment in the finance joint ventures, which is included in “Investment in affiliates” on our Condensed Consolidated Balance Sheets, was approximately $371.7 million compared to $359.2 million as of December 31, 2021. The total finance portfolio in our finance joint ventures was approximately $10.5 billion and $10.9 billion as of June 30, 2022 and December 31, 2021, respectively. The total finance portfolio as of June 30, 2022 included approximately $9.1 billion of retail receivables and $1.4 billion of wholesale receivables from our dealers. The total finance portfolio as of December 31, 2021 included approximately $9.2 billion of retail receivables and $1.7 billion of wholesale receivables from our dealers. The wholesale receivables either were sold directly to AGCO Finance without recourse from our operating companies or AGCO Finance provided the financing directly to the dealers. During 2022, we made no additional investments in our finance joint ventures and there were no dividends paid from our finance joint ventures. For the six months ended June 30, 2022, our share in the earnings of the finance joint ventures, included in “Equity in net earnings of affiliates” within our Condensed Consolidated Statements of Operations, was approximately $24.6 million compared to approximately $32.3 million for the same period in 2021. In addition, during the six months ended June 30, 2022, we recorded a write-down of our investment in our Russian finance joint venture of approximately $4.8 million, reflected within “Equity in net earnings of affiliates” in our Condensed Consolidated Statements of Operations.

LIQUIDITY AND CAPITAL RESOURCES

Our financing requirements generally are subject to variations due to seasonal changes in inventory and receivable levels. Internally generated funds are supplemented when necessary from external sources, primarily our credit facilities and accounts receivable sales agreement facilities. We believe that the following facilities and 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):

	June 30, 2022[1]
Credit facility, expires 2023	800.0
1.002% Senior term loan due 2025	260.4
Senior term loans due between 2023 and 2028	332.7
0.800% Senior notes due 2028	624.8
Other long-term debt	6.1

(1) The amounts above are gross of debt issuance costs of an aggregate amount of approximately $4.0 million.

In June 2022, we entered into an uncommitted revolving credit facility that allows us to borrow up to €100.0 million (or approximately $104.1 million as of June 30, 2022). The credit facility expires on December 31, 2026. Any loans will bear interest at market rates. As of June 30, 2022, we had no outstanding borrowings under the revolving credit facility and had the ability to borrow €100.0 million (or approximately $104.1 million).

In April 2022, we entered into a short-term revolving credit facility of €225.0 million with Coöperatieve Rabobank U.A., or “Rabobank”. The €225.0 million (or approximately $240.0 million) was borrowed on April 26, 2022, with a maturity date of March 31, 2023. Interest accrues on amounts outstanding under the credit facility, at our option, at either (1) the secured overnight financing rate (“SOFR”) for borrowings denominated in U.S. dollars or Euro Interbank Offered Rate (“EURIBOR”) for borrowings denominated in Euros plus a margin of 0.75%, 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%, or (iii) one-month adjusted term SOFR plus 1.0%, plus a margin of 0.75%. The credit facility contains covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends. We also have to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio.

On October 6, 2021, we issued €600.0 million (or approximately $624.8 million as of June 30, 2022) 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.

In October 2018, we entered into a multi-currency revolving credit facility of $800.0 million. The credit facility expires 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. The revolving credit facility requires that we are in compliance with applicable sanctions at the time of each draw. As of June 30, 2022, we had $800.0 million of outstanding borrowings under the revolving credit facility and therefore had no availability to borrow 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 6 to the Condensed Consolidated Financial Statements for additional 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 already are not available for loans denominated in other currencies. The interest rates reflected in our credit facility were designed to accommodate the discontinuation of LIBOR-based rates, and a shift to SOFR or a base rate, and, as such, we do not believe that moving to 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 $260.4 million as of June 30, 2022) 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 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. 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. The provisions of the term loan agreements are identical in nature with the exception of interest rate terms and maturities. In October 2019, we repaid an aggregate amount of €56.0 million (or approximately $61.1 million) of two of the 2016 term loans. Additionally, 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. On April 19, 2022, we repaid €1.0 million (or approximately $1.1 million) of one of our 2016 senior term loans due October 2023. In August 2021, 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 €72.5 million (or approximately $81.7 million) of one of our 2018 senior term loans due August 2023 with existing cash on hand. In aggregate, as of June 30, 2022 we have indebtedness of approximately €319.5 million (or approximately $332.7 million) under a total group of seven term loan agreements with remaining maturities ranging from August 2023 to August 2028. As of June 30, 2022, 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 loan with a floating interest rate, interest is payable in arrears on a semi-annual basis, with an interest rate based on the EURIBOR plus a margin of 1.10% and a maturity date of August 2025.

As of June 30, 2022 and December 31, 2021, we had short-term borrowings due within one year of approximately $320.8 million and $90.8 million, respectively. The balance as of June 30, 2022 related to short-term borrowings includes the short-term revolving credit facility discussed previously of approximately $240.0 million.

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.

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 June 30, 2022 and December 31, 2021, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements was approximately $1.2 billion and $1.3 billion, respectively.

In addition, we sell certain trade receivables under factoring arrangements to other financial institutions around the world. As of June 30, 2022 and December 31, 2021, the cash received from these arrangements was approximately $174.9 million and $215.4 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 are also without recourse to us. As of June 30, 2022 and December 31, 2021, these finance joint ventures had approximately $50.7 million and $42.6 million, respectively, of outstanding accounts receivable associated with these arrangements. These arrangements are accounted for as off-balance sheet transactions. In addition, we sell certain trade receivables under factoring arrangements to other financial institutions around the world. These arrangements are also 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 Condensed 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 40.7% and 29.7% at June 30, 2022 and December 31, 2021, respectively.

Cash Flows

Cash flows used in operating activities were approximately $566.2 million for the first six months of 2022 compared to cash flows used in operating activities of $124.9 million for the same period in 2021. The increase in cash flow used in operating activities during the six months ended June 30, 2022 was primarily as a result of a larger increase in inventories and a lower increase in accounts payable as compared to the same period in 2021. Supply chain disruptions and lower second quarter production levels have resulted in significantly higher raw material and work-in-process inventory levels during the first six months in 2022 as compared to the same period of prior year.

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 approximately $2,073.8 million in working capital at June 30, 2022 as compared to $1,559.5 million at December 31, 2021 and $1,108.9 million at June 30, 2021. Accounts receivable and inventories, combined, as of June 30, 2022 were approximately $946.4 million and $765.6 million higher, respectively, than at December 31, 2021 and June 30, 2021. Accounts receivable and inventories, combined, at June 30, 2022 were higher than at December 31, 2021 and June 30, 2021 primarily due to the impact of supply chain constraints.

Capital expenditures for the first six months of 2022 were approximately $139.2 million compared to $120.6 million for the same period in 2021. We anticipate capital expenditures for the full year of 2022 will be approximately $325.0 million and will be used primarily to upgrade our system capabilities, improve our factory productivity, and to support the development and enhancement of new and existing products, including investments in smart farming, precision agriculture and digital technologies.

Share Repurchase and Dividends

During the three and six months ended June 30, 2022, we did not purchase any shares directly or enter into any accelerated share repurchase agreements. As of June 30, 2022, the remaining amount authorized to be repurchased under board-approved share repurchase authorizations was approximately $110.0 million, which has no expiration date. In addition, on April 28, 2022, our Board of Directors approved an increase to our quarterly dividend commencing in the second quarter of 2022 by 20% to $0.24 per common share and declared a special variable dividend of $4.50 per common share that was paid during the second quarter of 2022.

COMMITMENTS, OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENCIES

We are party to a number of commitments and other financial arrangements, which may include off-balance sheet arrangements. At June 30, 2022, we guaranteed indebtedness owed to third parties of approximately $27.1 million, primarily related to dealer and end-user financing of equipment. In addition, we had accrued approximately $20.2 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 $183.8 million. We also sell a majority of our wholesale receivables in North America, Europe and Brazil to our U.S., Canadian, European and Brazilian finance joint ventures. At June 30, 2022, we had outstanding designated and non-designated foreign currency contracts with a gross notional amount of approximately $3.4 billion. Refer to “Liquidity and Capital Resources” and “Item 3. Quantitative and Qualitative Disclosures about Market Risk-Foreign Currency Risk Management,” as well as to Notes 12, 14 and 18 to our Condensed Consolidated Financial Statements, for further discussion of these matters.

Contingencies

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.

Refer to Note 18 to our Condensed Consolidated Financial Statements for further discussion of these matters.

OUTLOOK

Global industry demand for farm equipment generally is expected to be higher in 2022 compared to 2021 with improved demand in North America and South America, and relatively flat demand in Europe. Our net sales are expected to increase in 2022 compared to 2021, resulting from an increase in forecasted industry demand, as well as positive pricing, partially offset by unfavorable currency translation. Operating margins are expected to improve from 2021 levels, reflecting increased net sales and production volumes and favorable pricing, net of material and labor cost inflation. The improved profitability is expected to fund increases in engineering expenses and other technology investments 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. If supply chain performance worsens, our results of operations will be adversely impacted. Refer to “Risk Factors” in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2021 for further discussion of the COVID-19 pandemic.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates estimates, including those related to discount and sales incentive allowances, deferred income taxes and uncertain income tax positions, pensions, goodwill, other intangible and long-lived assets, and recoverable indirect taxes. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. A description of critical accounting policies and related judgments and estimates that affect the preparation of our Condensed Consolidated Financial Statements is set forth in our Annual Report on Form 10-K for the year ended December 31, 2021.

FORWARD-LOOKING STATEMENTS

Certain statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q are forward-looking, including certain statements set forth under the headings "Liquidity and Capital Resources" and "Outlook." Forward-looking statements reflect assumptions, expectations, projections, intentions or beliefs about future events. These statements, which may relate to such matters as earnings, net sales, margins, industry demand, market conditions, commodity prices, farm incomes, foreign currency translation, general economic outlook, dividends, share repurchases, availability of financing, product development and enhancement, factory productivity, production and sales volumes, benefits from cost reduction initiatives, material costs, pricing impacts, tax rates, compliance with loan covenants, capital expenditures, working capital and debt service requirements and the impacts of the COVID-19 pandemic are "forward-looking statements" within the meaning of the federal securities laws. These statements do not relate strictly to historical or current facts, and you can identify certain of these statements, but not necessarily all, by the use of the words "anticipate," "assumed," "indicate," "estimate," "believe," "predict," "forecast," "rely," "expect," "continue," "grow" and other words of similar meaning. Although we believe that the expectations and assumptions reflected in these statements are reasonable in view of the information currently available to us, there can be no assurance that these expectations will prove to be correct.

These forward-looking statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in or implied by the forward-looking statements. Adverse changes in any of the following factors could cause actual results to differ materially from the forward-looking statements:

- general economic and capital market conditions;
- availability of credit to our retail customers;
- the worldwide demand for agricultural products;
- grain stock levels and the levels of new and used field inventories;
- cost of steel and other raw materials;
- energy costs;
- performance and collectability of the accounts receivable originated or owned by AGCO or our finance joint ventures;
- government policies and subsidies;
- uncertainty regarding changes in the international tariff regimes and product embargoes and their impact on the cost of the products that we sell;
- weather conditions;
- interest and foreign currency exchange rates;
- pricing and product actions taken by competitors;
- commodity prices, acreage planted and crop yields;
- farm income, land values, debt levels and access to credit;
- pervasive livestock diseases;
- production disruptions, including due to component and raw material availability;
- production levels and capacity constraints at our facilities, including those resulting from plant expansions and systems upgrades;
- integration of recent and future acquisitions;
- our expansion plans in emerging markets;
- supply constraints, including energy shortages;
- our cost reduction and control initiatives;
- our research and development efforts;
- dealer and distributor actions;
- regulations affecting privacy and data protection;
- technological difficulties;
- the impact of the COVID-19 pandemic on product demand and production;
- the occurrence of future cyberattacks, including ransomware attacks; and
- the war in Ukraine.

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. Recently suppliers of several key parts and components have not been able to meet our demand and we have had to decrease our production levels. In addition, the potential of natural gas shortages in Europe, as well as predicted overall shortages in other energy sources, could also negatively impact our production and that of our supply chain in the future. It is unclear when these supply chain disruptions will be restored or what the ultimate impact on production, and consequently sales, will be.

As previously discussed, we have joint ventures with a sanctioned entity that operate in Russia, and we participated in these joint ventures under time-limited general licenses from OFAC of the U.S. Department of the Treasury that expired on May 25, 2022. Following that expiration, we "blocked" our interest in one of the joint ventures through a process acceptable to OFAC, which had the effect of terminating our role in that joint venture. On July 8, 2022, OFAC issued a license authorizing us to divest and transfer our equity interests in both joint ventures to a third party. We are actively working to conclude our interests in the joint ventures. Accordingly, there could be other consequences related to the conclusion of the joint ventures that we do not foresee.

Any forward-looking statement should be considered in light of such important factors. For additional factors and additional information regarding these factors, see "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2021.

New factors that could cause actual results to differ materially from those described above emerge from time to time, and it is not possible for us to predict all of such factors or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and we disclaim any obligation to update the information contained in such statement to reflect subsequent developments or information except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk Management

For quantitative and qualitative disclosures about market risks, see "Quantitative and Qualitative Disclosures About Market Risks" in Item 7A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2021. As of the second quarter of 2022, there has been no material change in our exposure to market risks.

ITEM 4. CONTROLS AND PROCEDURES

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 June 30, 2022, 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.

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. 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.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation described above that occurred during the three months ended June 30, 2022 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to various other legal claims and actions incidental to our business. These items are more fully discussed in Note 18 to our Condensed Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

There have been no material changes to our risks and uncertainties disclosed under “Risk Factors” in Item 1A of Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

There were no purchases of our common stock made by or on behalf of us during the three months ended June 30, 2022.

ITEM 6. EXHIBITS

(The Company is not filing, under Item 4, 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
10.1	Credit Agreement dated as of June 27, 2022	Filed herewith
10.2	Annual Incentive Plan	Filed herewith
10.3	Employment and Severance Agreement with Damon J. Audia	June 15, 2022, Form 8-K, Exhibit 10.1
31.1	Certification of Eric P. Hansotia	Filed herewith
31.2	Certification of Damon J. Audia	Filed herewith
32.1	Certification of Eric P. Hansotia and Damon J. Audia	Furnished herewith
101	The following unaudited financial information from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, are formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Income; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements	Filed herewith
104	Cover Page Interactive Data File - the cover page from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 is formatted in Inline XBRL	Filed herewith

SIGNATURES

Pursuant to the requirements 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
Registrant

Date: August 9, 2022

/s/ Damon J. Audia

Damon J. Audia
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Lara T. Long

Lara T. Long
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

AGCO INTERNATIONAL GMBH

AND

UNICREDIT BANK AG, LONDON BRANCH
AS BANK

UNCOMMITTED MONEY MARKET LOAN FACILITY

DATED
June 27, 2022

CONTENTS

Clause Page

This Agreement is dated and made between:

(1) AGCO International GmbH with its principal place of business at Victor Von Bruns-Strasse 17, 8212 Neuhausen am Rheinfall, Switzerland, Swiss company registration no. CHE-1113.744.501 (the "**Borrower**"); and

(2) UniCredit Bank AG, London Branch, the branch office of UniCredit Bank AG (a company limited by shares incorporated under the laws of Germany registered in the commercial register of the local court of Munich under number HRB42148) with registered branch number BR001757 and whose registered address is Moor House, 120 London Wall, London EC2Y 5ET (the "**Bank**").

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions:

In this Agreement:

"**€**", "**EUR**" and "**euro**" denote the single currency of the Participating Member States.

"**£**", "**GBP**" and "**sterling**" denote the lawful currency of the United Kingdom.

"**$**", "**USD**" and "**dollars**" denote the lawful currency of the United States of America.

"**Affiliate**" means, in relation to a person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Aggregate Outstandings**" means, at any time, the aggregate of the equivalents (as calculated by the Bank) in the Base Currency of the amounts outstanding under the Facility, calculated, where applicable, by reference to the Base Currency Equivalent of the amount in question and so that, where the calculation is made for the purpose of determining whether or not a Loan may be made, such calculation shall be made as if the relevant Loan had taken place.

"**Anti-Corruption Laws**" means all laws, rules, and regulations applicable to, and binding on, the Borrower or any of its Subsidiaries concerning or relating to bribery or corruption.

"**Bail-in Legislation**" means in relation to a member state of the European Economic Area which has implemented, or which at an time implements, the BRRD, the BRRD, the SRMR, the relevant national implementing laws, regulations, rules, regulatory technical standards or requirements.

"**Bail-in Powers**" means any write-down and conversion powers which can be exercised by the Relevant Resolution Authority in a resolution scenario under the Bail-in Legislation, including, without limitation:

(i) the power to reduce, including to reduce to zero, the principal amount of or outstanding amount due in respect of eligible liabilities, of an institution under resolution;

(ii) the power to convert eligible liabilities of an institution under resolution into ordinary shares or other instruments of ownership of that institution or entity subject to Bail-In Legislation, a relevant parent institution or a bridge institution to which assets, rights or liabilities of the institution or the entity subject to Bail-In Legislation are transferred;

(iii) the power to cancel debt instruments issued by an institution under resolution except for secured liabilities subject to general exclusion from bail-in tools pursuant to the BRRD; and

(iv) the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for secured liabilities subject to general exclusion from bail-in tools pursuant to the BRRD.

"Base Currency" means euro.

"Base Currency Equivalent" means, at any time in respect of any amount denominated or expressed in a currency other than the Base Currency, that amount converted into the Base Currency at the Spot Rate.

"Base Rate" means in respect of any Loan, the rate notified to the Borrower by the Bank in writing (including, for the avoidance of doubt, by e-mail) prior to drawdown of that Loan as being the Bank's base lending rate and if that rate is less than zero, the Base Rate shall be deemed to be zero.

"Blocking Law" means:

(a) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the EU or the United Kingdom (including as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018));

(b) section 7 of the German Foreign Trade Ordinance (Außenwirtschaftsverordnung); or

(c) any similar blocking or anti-boycott laws or regulations.

"Break Costs" means the amount (if any) by which:

(a) the interest which the Bank should have received for the period from the date of receipt of all or any part of a Loan or other unpaid sum to the last day of the current Interest Period in respect of that Loan or other unpaid sum, had the principal amount or unpaid sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which the Bank would be able to obtain by placing an amount equal to the principal amount or unpaid sum received by it on deposit with a leading bank for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"BRRD" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended.

"BRRD Liability" means a liability of the Bank under this Agreement in respect of which the relevant write down and conversion powers may be exercised.

"Business Day" means:

(a) a day (other than Saturday or Sunday) on which banks are open for general business in London and Zurich, Switzerland; and

(b) in relation to any date for payment or purchase of a currency other than the Base Currency, any day on which the principal financial centre of the country of that currency is open for general business.

"Drawdown Request" means a notice delivered (whether verbally or in writing) by the Borrower to the Bank which complies with the conditions set out in Clause 5 (Loan).

"Expiry Date" means 31st December 2026 (or such other date on which the Bank notifies the Borrower in writing that the Agreement is terminated).

"Facility" means the uncommitted money market loan facility made available under this Agreement, as described in Clause 2 (The Facility).

"Facility Amount" means €100,000,000, to the extent not utilised in any manner, cancelled or reduced under this Agreement.

"Finance Document" means this Agreement, any written Drawdown Request, any Guarantee, and any other document designated as such by the Bank and the Borrower.

"Group" means the Parent and each of its Subsidiaries for the time being.

"Guarantee" if applicable, means the guarantee issued by the Guarantor in favour of the Bank guaranteeing the obligations of the Borrower under this Agreement entered into on or around the date of this Agreement.

"Guarantor" means AGCO Corporation.

"Holding Company" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"Interest Period" means:

(a) in respect of dollars, two weeks / one month / three months;

(b) in respect of euro, one week / one month / three months; and

(c) in respect of sterling, one week / one month / two months / three months.

"Loan" means a loan made or to be made under this Facility or the principal amount outstanding for the time being of that loan.

"Material Adverse Effect" means a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole;

(b) the ability of the Borrower and the Group taken as a whole to perform the payment obligations under any Finance Document; or

(c) the validity or enforceability of any Finance Document or the rights or remedies of the Bank under any Finance Document.

"Money Laundering Laws" has the meaning give to it in Clause 13.10 (Anti-Money laundering).

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Optional Currency" if applicable, means any currency which is readily available in the amount required and freely convertible into the Base Currency in the wholesale market for that currency.

"Parent" means AGCO Corporation.

"Participating Member State" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"Relevant Market" means:

(a) in relation to euro, the European interbank market; and

(b) in relation to dollars, the London interbank market.

"Relevant Resolution Authority" means the resolution authority with the ability to exercise any Bail-in Powers in relation to the BRRD Liability of this Agreement.

"Restricted Party" means a person:

(a) listed on, or owned or controlled (as such terms are used in the relevant guidance to applicable Sanctions or by any Sanctions Authority) by a person who is listed on, any Sanctions List;

(b) located in or organised under the laws of a country or territory which is a subject of country-wide or territory-wide Sanctions, (at the time of this Agreement, Cuba, Iran, North Korea, Syria, the Crimea region, Sevastopol, Luhansk and Donezk);

(c) a government, or agency or instrumentality owned or controlled by a government, of a country or territory referred to in paragraph (b) above; or

(d) otherwise the subject of Sanctions.

"Qualifying Bank" means a person or entity (including any commercial bank or financial institution (irrespective of its jurisdiction of organization)) which effectively conducts banking activities with its own infrastructure and staff as its principal business purpose and which has a banking license in full force and effect issued in accordance with the banking laws in force in its jurisdiction of incorporation, or if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch.

"Restricted Transaction" has the meaning given to it in Clause 14.7.2.

"Sanctions" means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, imposed, enacted or enforced by a Sanctions Authority.

"Sanctions Authority" means:

(a) the Security Council of the United Nations;

(b) the United States of America;

(c) the United Kingdom;

(d) the European Union; and

(e) the governments and official institutions or agencies of any of paragraphs (a) through (d) above, including OFAC, the United States Department of State, Her Majesty's Treasury and the Department of International Trade of the United Kingdom.

"Sanctions List" means any of the lists of specially designated nationals or designated or sanctioned persons issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time, including the Specially Designated Nationals and Blocked Persons list maintained by OFAC and the Consolidated List of Financial Sanctions Targets issued by Her Majesty's Treasury.

"Spot Rate" means in respect of any day, the Bank's spot rate of exchange for the purchase of the relevant currency with the Base Currency at or about 11 a.m. on a particular day.

"Subsidiary" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

"Swiss Federal Tax Administration" means the tax authorities referred to in Article 34 of the Swiss Federal Act on Withholding Tax of 13 October 1965 (Bundesgesetz über die Verrechnungssteuer, SR 642.21).

"**Swiss Withholding Tax**" means the tax levied pursuant to the Swiss Federal Act on Withholding Tax (Bundesgesetz über die Verrechnungssteuer vom 13. Oktober 1965, SR 642.21), together with the related ordinances, regulations and the guidelines, all as amended and applicable from time to time.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

1.2 Construction

Unless a contrary indication appears, any reference in this Agreement to:

(a) this "**Agreement**" or any other agreement or instrument is a reference to this Agreement or other agreement or instrument as amended, novated, supplemented, extended or restated;

(b) "**assets**" includes present and future properties, revenues and rights of every description;

(c) "**Bank**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;

(d) a "**certified copy**" of a document to be produced by or in relation to a company are references to a copy of that document which has been certified by an authorised officer of the Borrower as being true, complete and up-to-date;

(e) a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(f) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(g) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(h) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

(i) a provision of law or regulation is a reference to that provision as amended or re-enacted; and

(j) a time of day is a reference to London time.

1.2.2 Section, Clause, Schedule and Annex headings are for ease of reference only.

1.2.3 Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

1.3 Third party rights

A person who is not a party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

2. THE FACILITY

Subject to the terms of this Agreement, the Bank provides the Borrower with an uncommitted money market loan facility in an aggregate amount equal to the Facility Amount.

3. BANK'S DISCRETION

The Bank shall be entitled to either make available, or decline to make available, any Loan requested by the Borrower in accordance with this Agreement and, notwithstanding any other provision of the Finance Documents, nothing in any Finance Document shall commit the Bank to make available any Loan requested by the Borrower in accordance with this Agreement.

4. CONDITIONS PRECEDENT

4.1 Initial Conditions Precedent

The Borrower may not deliver a Drawdown Request unless the Bank has received the documents and other evidence specified in Annex 1 in form and substance satisfactory to it.

5. LOAN

5.1 Without prejudice to Clause 3 (Bank's Discretion), the Borrower may request that the Bank makes a Loan available to it by providing the Bank not less than 1 Business Day's prior notice.

5.2 A Drawdown Request may be made by the Borrower verbally or in writing to the Bank's Corporate Treasury Sales (Dealer) or in accordance with such other notice details as the Bank may from time to time advise to the Borrower in writing. The Bank may accept and rely on telephone or electronic mail communications received by the Bank purporting to be given by a duly authorised officer of the Borrower.

5.3 Each Drawdown Request shall be irrevocable and must specify (whether verbally or in writing):

5.3.1 the requested date on which that Loan is to be made (which must be a Business Day and must be prior to the Expiry Date);

5.3.2 the amount of the requested drawdown of that Loan (which must be at least €1 million (or its equivalent in any applicable Optional Currency (as calculated in accordance with the Base Currency Equivalent)) or, if less, the Facility Amount);

5.3.3 the currency of that Loan (which must either be the Base Currency or an Optional Currency); and

5.3.4 the requested Interest Period of that Loan (which must comply with the Interest Periods available for selection in respect of that currency as set out in the definition of Interest Period).

5.4 Only one Loan may be requested in each Drawdown Request.

5.5 A Loan has one Interest Period only.

5.6 The proceeds of each Loan shall be credited to such account(s) as the Borrower shall from time to time advise the Bank in writing.

6. FACILITY AMOUNT

6.1 The Facility shall be immediately cancelled on the Expiry Date.

Notwithstanding any other rights or remedies available to the Bank and the Borrower's other obligations under the Finance Documents, the Bank may, at any time, by written notice to the Borrower cancel the whole or any part of the Facility, whereupon it shall immediately be cancelled; and/or

6.1.1 declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

6.1.2 declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Bank.

6.2 If, at any time, the Bank determines for any reason (including, without limitation, as a result of a change in the Base Currency Equivalent of any Loan) that the Aggregate Outstandings exceed the Facility Amount (such difference being the "Excess"), the Bank may (without prejudice to any of its other rights under this Agreement) by notice to the Borrower require that the Borrower prepays all or part of the Loans in an amount equal to the Excess within three Business Days of the Bank providing written notice to the Borrower.

7. REPAYMENT

7.1 The Borrower shall repay each Loan on the last day of its Interest Period.

7.2 Subject always to Clause 10.1, the Borrower may prepay any Loan in whole or in part, subject to a minimum amount of €1,000,000, by giving the Bank not less than 5 Business Days' notice.

7.3 The Borrower may make a maximum of 5 prepayments per calendar year, or such additional number of prepayments as may be agreed between the Borrower and the Bank.

7.4 Any repayment or prepayment under this Agreement shall be made together with accrued interest on the amount repaid or prepaid and, subject to any Break Costs, without premium or penalty.

8. PREPAYMENT AND CANCELLATION

8.1 Illegality

If, in any applicable jurisdiction, it becomes unlawful for the Bank to perform any of its obligations as contemplated by any Finance Document or to fund or maintain its participation in any Loan:

8.1.1 the Bank shall promptly notify the Borrower upon becoming aware of that event;

8.1.2 upon the Bank notifying the Borrower, the Facility will be immediately cancelled; and

8.1.3 the Borrower shall repay each Loan on the last day of the Interest Period occurring after the Bank has notified the Borrower, or, if earlier, the date specified by the Bank in the notice delivered to the Borrower.

9. INTEREST

9.1 The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period.

9.2 The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is equal to the Base Rate.

9.3 If the Borrower fails to pay any amount payable by it under any Finance Document by its due date, the Bank shall charge interest on the overdue amount at 2% per annum higher than the rate which would have otherwise been payable if the overdue amount constituted a Loan under this Agreement, from the due date up to the date of actual payment (both before and after judgment). Any interest accruing under this Clause 9.3 shall be immediately payable by the Borrower on demand by the Bank.

10. COSTS

10.1 Break Costs

If any part of any Loan is prepaid or repaid prior to the last day of an Interest Period, the Borrower will pay to the Bank the Break Costs on demand.

11. PAYMENTS

11.1 Payments

All payments by the Borrower under any Finance Document shall be made, without set-off or counterclaim and, subject to Clause 11.2 (Grossing-up), free and clear of any deductions or withholdings in the Base Currency, in same day funds or where the payment is required by any Finance Document to be made in an Optional Currency, in immediately available funds (or such others funds as may then be customary for the settlement of international banking transactions in the relevant currency) on the due date to the account notified to the Borrower by the Bank for this purpose.

11.2 Grossing-up

If at any time the Borrower is required by law to make any deduction or withholding in respect of any Taxes from any payment under any Finance Document or in respect of a Loan, the sum due from the Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives on the relevant due date and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which the Bank would have received had no such deduction or withholding been required to be made. The Borrower shall promptly deliver to the Bank receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any such deduction or withholding.

11.3 Business Days

11.3.1 Any payment under any Finance Document which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

11.3.2 During any extension of the due date for payment of any principal or unpaid sum under any Finance Document, interest is payable on the principal or unpaid sum at the rate payable on the original due date.

11.4 Accounts

In any litigation or arbitration proceedings arising out of or in connection with any Finance Document, the entries made in the accounts maintained by the Bank are prima facie evidence of the matters to which they relate.

11.5 Certificates and Determinations

Any certification or determination by the Bank of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

11.6 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and the amount of any such interest, commission or fee is calculated on the basis of the actual number of days elapsed and a year of 360 days (or, in any case where the practice in the Relevant Market differs, in accordance with that market practice).

11.7 Set-Off

11.7.1 The Bank may set off any matured obligation due from the Borrower under any Finance Document (to the extent beneficially owned by the Bank) against any matured obligation owed by the Bank to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

11.7.2 All payments to be made by the Borrower under any Finance Document shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

11.8 Final Maturity

Without prejudice to Clause 6.1, the Borrower shall repay all outstanding Loans and all interest, fees and other sums (if any) then owing to Bank no later than the Expiry Date.

12. INCREASED COSTS AND INDEMNITIES

12.1 Increased costs

(i) Not Used.

12.2 Exception to Increased costs

Nothing in Clause 12.1 (Increased costs) shall entitle the Bank to compensation for any such increased cost, reduction, payment or foregone return to the extent that the same is the subject of an additional payment under Clause 11.2 (Grossing-up).

12.3 Indemnities

Currency indemnity

12.3.1 If any sum due from the Borrower under any Finance Document (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of:

(a) making or filing a claim or proof against the Borrower;

(b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall as an independent obligation, within three Business Days of demand, indemnify the Bank against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

12.3.2 The Borrower waives any right it may have in any jurisdiction to pay any amount under any Finance Document in a currency or currency unit other than that in which it is expressed to be payable.

12.4 Other indemnities

12.4.1 The Borrower shall, within three Business Days of demand, indemnify the Bank against any cost, loss or liability incurred by it as a result of:

(a) a failure by the Borrower to pay any amount due under any Finance Document on its due date;

(b) without prejudice to Clause 3 (Bank's Discretion), funding, or making arrangements to fund a Loan requested by the Borrower but not made by reason of the operation of any one or more of the provisions of any Finance Document (other than by reason of default or negligence by the Bank alone); or

(c) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement in connection with (a) and (b) above.

12.4.2 The obligations of the Borrower under this Clause will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause (without limitation and whether or not known to it or any other person) including:

(a) any time, waiver or consent granted to, or composition with, the Borrower;

(b) the release of any other person under the terms of any composition or arrangement with any creditor or any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Borrower or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Borrower;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of, or any increase in, any facility or the addition of any new facility under this Agreement or other document;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

13. REPRESENTATIONS

The Borrower makes the representations and warranties set out in this Clause 13 on the date of this Agreement.

13.1 Status

13.1.1 It is a company with limited liability, duly incorporated and validly existing under the law of Switzerland.

13.1.2 It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

13.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations.

13.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

13.3.1 any law or regulation applicable to it;

13.3.2 its or any of its Subsidiaries' constitutional documents; or

13.3.3 any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

13.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents and the transactions contemplated by those Finance Documents.

13.5 Validity and admissibility in evidence

All authorisations required or desirable:

13.5.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents; and

13.5.2 to make the Finance Documents admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

13.6 No default

No event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which might have a Material Adverse Effect.

13.7 Pari passu ranking

Its payment obligations under the applicable Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

13.8 No proceedings

13.8.1 No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has or have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

13.8.2 No judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief) been made against it or any of its Subsidiaries.

13.9 Anti-bribery and anti-corruption

It and, to its knowledge, each of its Subsidiaries, has conducted and is conducting its and their business in compliance with all Anti-Corruption Laws.

13.10 Anti-Money laundering

13.10.1 It and, to its knowledge, each of its Subsidiaries, has conducted and is conducting its business in compliance with applicable financial recordkeeping and reporting requirements and money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency applicable to, and binding on, it or any of its Subsidiaries (collectively, the "Money Laundering Laws");

13.10.2 no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving it or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to its knowledge, threatened; and

13.10.3 no funds or other consideration that it contributes in connection with any transaction under any Finance Document will have been derived from any activity that is deemed criminal under Money Laundering Laws.

13.11 Sanctions

To the best of its knowledge, neither it, nor any of its Subsidiaries, nor its or their directors, officers, agents, employees or Affiliates:

13.11.1 is in breach of any Sanctions;

13.11.2 is a Restricted Party or acts directly or indirectly on behalf of a Restricted Party; or

13.11.3 has received written notice of any claim, action, demand, proceedings or (to the best of its knowledge) investigation by a Sanctions Authority with respect to non-compliance with Sanctions,

other than to the extent that giving, complying with or receiving the benefit of such representation/warranty would result in a violation of any applicable Blocking Law.

13.12 Ownership

It is wholly beneficially and legally owned by the Parent.

13.13 Repetition

The representations set out in Clauses 13.1 (Status) to 13.12 (Ownership) are deemed to be repeated by the Borrower by reference to the facts and circumstances then existing on the date of that Drawdown Request and the first day of each Interest Period.

14. UNDERTAKINGS

The undertakings in this Clause 14 remain in force from the date of this Agreement for so long as a Loan is outstanding under this Agreement or any part of the Facility Amount is available for drawing.

14.1 Notifications

The Borrower shall promptly:

14.1.1 supply to the Bank all documents dispatched by the Borrower to its creditors generally at the same time as they are dispatched;

14.1.2 upon becoming aware of them, notify the Bank of the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;

14.1.3 upon becoming aware of them, notify the Bank of the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group, and which might have a Material Adverse Effect;

14.1.4 provide the Bank with such further information regarding the financial condition, business and operations of any member of the Group as the Bank may reasonably request;

14.1.5 notify the Bank if:

(a) any of its financial indebtedness is not paid when due nor within any originally applicable grace period;

(b) any of its financial indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or

(c) any of its creditors becomes entitled to declare any of the Borrower's financial indebtedness due and payable prior to its specified maturity as a result of an event of default (however described);

14.1.6 notify the Bank if:

(a) it is or becomes insolvent or ceases or threatens to cease to carry on its business in the normal course;

(b) any bona fide action is taken (whether by the Borrower or any other person) which is likely to result in the instigation of a process for or analogous to the receivership, administration, liquidation or dissolution of the Borrower; or

(c) any of the assets or undertaking of the Borrower is subject to execution or attachment;

14.1.7 notify the Bank if the Guarantee or any other guarantee, security or other document or arrangement relied upon by the Bank in connection with the Facility ceases to be continuing, or ceases to remain in full force and effect;

14.1.8 notify the Bank of any breach by it of any provision of the Finance Documents;

14.1.9 notify the Bank if any representation or statement made or deemed to be made by it in the Finance Documents or any other document delivered by or on behalf of it under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; and

14.1.10 notify the Bank if any of the events referred to in Clauses 14.1.5 to 14.1.9 above occurs in respect of any of Subsidiary of the Borrower or in respect of any Guarantor.

14.2 "Know your customer" checks

14.2.1 If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of the Borrower (or of a Holding Company of the Borrower) after the date of this Agreement; or

(c) a proposed assignment or transfer by the Bank of any of its rights and obligations under this Agreement to a party that is not the Bank prior to such assignment or transfer, obliges the Bank (or, in the case of paragraph (c) above, any prospective new lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Bank (for itself or, in the case of the event described in paragraph (c) above, on behalf of any prospective new lender) in order for the Bank or, in the case of the event described in paragraph (c) above, any prospective new lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

General Undertakings

14.3 Authorisations

The Borrower shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Bank of,

any authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence of the Finance Documents.

14.4 Compliance with laws

The Borrower shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents.

14.5 Change of business

The Borrower shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the date of this Agreement to the extent that such change would detrimentally affect the performance of its obligations hereunder.

14.6 Anti-bribery; anti-corruption; anti-money laundering

The Borrower shall and shall procure that each of its Subsidiaries shall:

14.6.1 conduct its business in compliance with Anti-Corruption Laws and Money Laundering Laws; and

14.6.2 not knowingly use all or part of any proceeds of a Loan, or lend, permit, contribute or otherwise make available such proceeds to any person in furtherance of any offer, payment, promise to pay, or authorisation of the payment or giving of money, or anything else of value, to any person in violation of any Anti-Corruption Laws and Money Laundering Laws.

14.7 Sanctions

The Borrower shall (and shall require that each member of the Group and each of its and their directors, officers, agents, employees or Affiliates will):

14.7.1 comply in all respects with applicable Sanctions except where failure to do so would not reasonably be expected to result in a Material Adverse Effect;

14.7.2 not knowingly use the proceeds of a Loan, directly or indirectly, for the purpose of, making a loan to, investing in or contributing to any trade, business or other activities with any Restricted Party (a "Restricted Transaction"), insofar as such contribution would violate any applicable Sanctions by the Borrower or the Bank, unless such Restricted Transaction is authorised by the applicable Sanctions Authority (and so long as Bank can benefit from such authorisation); and

14.7.3 not knowingly fund all or part of any payment due to the Bank under any Finance Document out of proceeds derived (directly or indirectly) from business or transactions with a Restricted Party or from any action which is prohibited by Sanctions,

other than to the extent that giving, complying with or receiving the benefit of such undertaking/covenant would result in a violation of any applicable Blocking Law.

14.8 Change of Ownership

The Borrower shall promptly notify the Bank if it is no longer wholly beneficially and legally owned by the Parent.

15. NOTICES

15.1 Subject to Clause 5.2, any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by email or letter.

15.2 The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with the Finance Documents is that identified with its name below, or any substitute address or email address or department or officer as the Borrower may notify to the Bank (or the Bank may notify to the Borrower) by not less than five Business Days' notice.

15.3 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

15.3.1 if by way of email, when received in legible form; or

15.3.2 if by way of letter, when it has been left at the relevant address or three Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 15.2, if addressed to that department or officer.

15.4 Any communication or document which becomes effective, in accordance with Clause 15.3 above, after 5:00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

16. ASSIGNMENT AND TRANSFER

16.1 The Borrower may not assign any of its rights or transfer any its rights or obligations under the Finance Documents without the prior written consent of the Bank.

16.2 Without the prior written consent of the Borrower, the Bank shall not be entitled to assign any of its rights or transfer by novation any of its rights and obligations except in the following circumstances:

16.2.1 the assignment or transfer is to a Qualifying Bank;

16.2.2 all the following conditions are met: (i) the relationship between the Bank and the other person is that of a debtor and creditor (including in the bankruptcy or similar event of the Bank or Borrower); and (ii) the other person will have no proprietary interest in the benefit of this Agreement or in any monies received by the Bank under or in relation to this Agreement; and (iii) the other person will under no circumstances (y) be subrogated to, or substituted in respect of, the Bank's claims under this Agreement; and (z) have otherwise any contractual relationship with, or rights against, the Borrower under or in relation to this Agreement; or

16.2.3 the Bank provides a tax ruling of the Swiss Federal Tax Administration confirming that, upon completion of the contemplated transfer, the Borrower shall not be required to withhold the Swiss Withholding Tax from payments hereunder.

17. DISCLOSURE OF INFORMATION

The Bank may disclose to a potential transferee or assignee or to any other person who may propose entering into contractual relations with the Bank in relation to the Finance Documents such information about the Borrower, the Borrower's financial affairs and the terms of the Finance Documents as it shall consider appropriate (subject to applicable law).

18. PARTIAL INVALIDITY

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

19. RIGHTS AND REMEDIES

No failure to exercise or delay by the Bank in exercising any right or remedy under this Agreement shall operate as a waiver of any such right or remedy or constitute an election to affirm this Agreement. No election to affirm this Agreement shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

20. ENTIRE AGREEMENT

This Agreement constitute the entire agreement between the parties in relation to the Facility and supersedes any previous agreement, whether express or implied, regarding the Facility.

21. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

22. GOVERNING LAW AND JURISDICTION

22.1 This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

22.2 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "Dispute").

22.2.1 The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

22.2.2 Notwithstanding Clause 22.2.1 above, the Bank shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Bank may take concurrent proceedings in any number of jurisdictions.

23. CONTRACTUAL RECOGNITION OF BAIL IN

23.1 The Borrower accepts and agrees that a BRRD Liability of the Bank arising under or in connection to this Agreement, including liabilities arising out from any judgement or settlement relating to this Agreement, (i) may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and (ii) acknowledges, accepts, and agrees:

(a) to be bound by the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of the Bank under this Agreement, that (without limitation) may include and result in any of the following, or some combination thereof:

   (i) the reduction of all, or a portion of, or cancellation of the principal amount or outstanding amount due, including any accrued but unpaid interest, in respect of the BRRD Liability;

   (ii) the conversion of all, or a portion, of the BRRD Liability into shares or other instruments of ownership;

(b) to be aware of the Bail-in Powers of the Relevant Resolution Authority in accordance with the relevant national law transposing those powers;

(c) that the terms of this Agreement may be varied as necessary to give effect to the exercise of the Bail-in Powers by the Relevant Resolution Authority and that such variations shall be binding on the Borrower irrespective of its consent;

(d) that the ordinary shares or other instruments of ownership may be issued or conferred on the Borrower as a result of the exercise of the Bail-in Powers; and

(e) that this Clause is exhaustive on the matters set forth herein to the exclusion of any other agreements, arrangements or undertaking between the parties to this Agreement relating to the subject matter of this Agreement.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Annex 1

<u>Initial Conditions Precedent</u>

(a) a certified copy of the Borrower's constitutional documents (being pdf-scans of a legalized copy of the current articles of incorporation (Statuten) of the Borrower and of a legalized commercial register extract (Handelsregisterauszug));

(b) evidence of the individual's authority to execute the Finance Documents on behalf of the Borrower or the Guarantor (as appropriate) and to perform the transactions contemplated by them;

(c) a specimen of the signature of each person authorised to sign the Finance Documents to which it is a party on behalf of the Borrower;

(d) a certificate of the Borrower (signed by an authorised signatory) confirming that borrowing the Facility Amount would not cause any borrowing or similar limit binding on it to be exceeded;

(e) a certified copy of the Borrower's most recent financial statements;

(f) an executed copy of the Guarantee;

(g) all documents requested by the Bank to enable it to comply with all required "know your customer" or other similar checks pursuant to any applicable law or regulation; and

(h) any other opinions, valuations, certificates, assurances or other documents which the Bank may reasonably require.

SIGNATURES TO UNCOMMITTED MONEY MARKET LOAN FACILITY

Signed for and on behalf of UniCredit Bank AG, London Branch as the Bank

………………………………………………. Authorised Signatory of the Bank

James Buckle………………………………………. Name

A. J. Holmes………………………………………. Authorised Signatory of the Bank

Alan John Holmes…………………………………. Name

Attention: UniCredit Bank AG, London Branch

Address: Moor House, 120 London Wall, London EC2Y 5ET

Email: james.buckle@unicredit.eu

Signed for and on behalf of AGCO International GmbH in accordance with its board resolution

……………………………………………………. Managing Officer/Authorized Signatory

…Frédéric Devienne..……………………. Name

Attention: AGCO International GmbH

Address: Victor von Bruns-Str. 17, 8212 Neuhausen am Rheinfall, Switzerland

Email: Frederic.Devienne@agcocorp.com

……………………………………………………. Managing Officer/Authorized Signatory

…Konstantin Meier-Kulenkampff……….. Name

Attention: AGCO International GmbH

Address: Victor von Bruns-Str. 17, 8212 Neuhausen am Rheinfall, Switzerland

Email: Konstantin.Meier-Kulenkampff@agcocorp.com

Exhibit 10.2

AGCO CORPORATION
ANNUAL INCENTIVE PLAN

As amended through July 18, 2022

I. PURPOSE; EFFECTIVE DATE; PLAN YEAR

1.1 Purpose. Consistent with AGCO's compensation philosophy, the purpose of this Annual Incentive Plan, which is the successor to the Management Incentive Plan ("Plan"), is to facilitate alignment of management with corporate objectives and shareholder interests, in order to achieve outstanding performance and to meet specific AGCO Corporation ("Corporation") financial goals. It is the intention of the Corporation to establish an incentive compensation plan where payments are competitive, tied to performance and offer shareholder protection, and assist with the attraction and retention of key management staff.

1.2 Effective Date. The Plan, as amended, will be deemed effective as of January 1, 2022.

1.3 Plan Year. The "Plan Year" shall be the 12-month period ending December 31 of each year.

II. ADMINISTRATION OF THE PLAN

Subject to the provisions of the Plan, unless determined otherwise by the Corporation's Board of Directors, the Talent & Compensation Committee of the Board of Directors ("Committee") shall have the sole authority and discretion:

- To construe and interpret the Plan;
- To establish, amend, change, add to, alter and/or and rescind rules, regulations and guidelines for administration of the Plan;
- To make all designations and determinations specified in the Plan;
- Except as noted herein, to determine the amount of awards and payments to be made under the Plan and the status and rights of any Participant to payments under the Plan; and
- To decide all questions concerning the Plan and to make all other determinations and to take all other steps necessary or advisable for the administration of the Plan.

III. PLAN FUNDING

The Plan will be funded annually as a part of the Corporation's annual budgeting process.

IV. ELIGIBILITY

Participation is limited to key full-time personnel of the Corporation and its subsidiaries who have the ability to materially impact the financial success of the Corporation and have an acceptable performance review or rating. The Committee must approve all awards to elected officers of the Corporation, and management of the Corporation may approve the remainder. The Plan replaces any other type of bonus or non-qualified profit sharing program that a participant may have participated in previously.

V. AWARD OPPORTUNITY

Target incentive awards will be a percentage of a participant's salary for the Plan Year. The Committee may change the target award levels from time-to-time as it deems advisable. Initial target award levels (as of 2022) are:

- CEO: 150%
- CFO: 100%
- SVPs: 90%
- Other Participants: Not more than 40%

VI. PERFORMANCE CRITERIA AND GOALS

6.1 Performance Criteria. Awards under the Plan may be based upon corporate, regional/functional or personal goals. Generally, two to seven performance measures will be used to measure performance, and will differ depending on participant's position with the Corporation. The Committee may change the performance criteria from time-to-time as it deems advisable. The initial performance criteria (as of 2022) are:

Global/Corporate	Regional Participants
• Corporate: – Operating margin as a percentage of net sales – Return on net asset (RONA) – Net promoter score – Employee engagement	• Corporate: – Operating margin as a percentage of net sales – RONA • Regional: – Regional operating margin as a percentage of net sales – Regional RONA

Performance Definitions. Specific definitions initially (as of 2022) shall be:

- Employee Engagement: The level of our employees' commitment and connection to our organization. Employee Engagement is measured through an annual survey; the survey measures our employees' collective level of engagement via their responses to four questions that comprise our "employee engagement index."

- Net Promoter Score: Overall customer satisfaction index that measures after-sales service, sales experience and product quality.

Functional/Regional: Must be approved by the appropriate Senior Vice President, CEO or CFO.

6.2 Weighting of Measures. The weighting will differ depending on a participant's position with the Corporation. The Committee may change the weighting from time-to-time as it deems advisable. The initial weighting (as of 2022) will be:

Global/Corporate	Regional Participants
• *Corporate Performance (100%)* – Operating margin as a % of sales: 40% – RONA: 40% – Customer satisfaction: 10% – Employee experience: 10%	• *Corporate Performance (75%)* – Operating margin as a % of sales: 40% – RONA: 40% – Customer satisfaction: 10% – Employee engagement: 10% • *Regional Performance (25%)* – Regional operating margin as a % of sales: 50% – Regional RONA: 50%

6.3 Performance Goals. The Committee shall approve annual written objective performance goals reflecting corporate performance not later than 90 days after the commencement of the Plan Year to which the goals relate. Such performance goals must be uncertain of achievement at the time that they are established and determinable by a third party with knowledge of the relevant facts.

VII. PLAN TRIGGER; PAYMENT OF AWARDS; ADJUSTMENTS; DISCRETIONARY AWARDS

7.1 Plan Trigger. Incentive awards will not be paid for any category of performance measurement where the minimum threshold is not met. Notwithstanding the foregoing, the Committee may waive one or more minimum threshold requirements.

7.2 Payment of Awards. Based on year-end audited results and other designated measurements, the Corporation will determine the award achieved for each incentive category or measure, with the total earned performance award being the sum of these measures (i.e., corporate and functional/regional). Payments shall be made not later than March 15th of the year following the Plan Year for participants that are U.S. taxpayers and not later than March 31st of the year following the Plan Year for non-U.S. taxpayers. The achievement of the plan triggers and payouts must be approved in advance by the Committee. The target incentive award is determined by a percentage of the actual gross base salary earned by the employee during the relevant plan year (exclusive of bonus or other W-2 adjustments for moving expense, perquisites or other fringe benefits). The range of awards will vary based on performance from 0% to 300% of target bonus levels. The initial range (as of 2022) shall be:

Performance Level as a % of Goal	Payout Level as a % of Target Bonus			
	CEO	CFO	SVP	OTHER(No more than)
Minimum: 80%	75%	50%	45%	40%
Target: 100%	150%	100%	90%	80%
Maximum: 140%	300%	200%	180%	160%

Notwithstanding the foregoing, in no event may a participant receive more than $4,000,000 in a plan year.

Other payment considerations include:

- Calculations shall be based upon gross salary excluding bonuses, severance, equity and other incentive awards, the Corporation's contributions to retirement plans, perquisites and similar items.

- Amounts between levels will be determined through linear interpolation.

- Employees hired subsequent to October 31 of a Plan Year will not participate until the following Plan Year.

- If a participant is transferred into another position that is also eligible for the Plan, the participant's award will be pro-rated based on the number of months during a Plan Year in each position.

- If a participant is promoted to a higher level position during a Plan Year, the participant's award will be based on the number of months worked in each position and the base pay and target award for each position.

- If a participant is hired during a Plan Year, the participant's award will be based on the number of complete months/pay period the participant was employed during the year.

- If a participant terminates employment at any time before the award is paid due to death, approved retirement or disability, the participant (or the participant's designated beneficiary) will receive a pro-rata share, based on gross base salary to the date of termination and actual performance, when awards are paid to other participants.

- If a participant terminates his or her employment at any time before the award is paid, for reasons other than death, approved retirement or disability, then the participant will forfeit any award.

- If a participant is terminated without cause at any time before the award is paid, including due to death, approved retirement or disability, then the participant will receive a pro-rata share based on gross base salary to the date of termination and actual performance, when awards are paid to other participants.

- If a participant is terminated for cause at any time before the award is paid, the participant will forfeit payment of the award.

- Unless expressly approved otherwise, leaves of absence will result in a pro rata reduction of the award based upon the number of days absent, except for parental, military (up to two weeks) and short-term disability leaves in accordance with applicable policies, which shall not result in a reduction.

7.3 Adjustments. The Committee has the authority to make adjustments to the plan's performance measures in the event of certain circumstances or uncontrollable events, which include, but are not limited to:

- Significant one-time unexpected restructuring expenses
- Significant unplanned costs associated with a merger or acquisition
- Significant unplanned net income adjustments for debt refinancing
- Significant unplanned or unexpected taxes and/or legal charges associated with changes in legislation
- Changes in generally accepted accounting principles (GAAP) or the impact of any extraordinary items as determined under GAAP

7.4 Discretionary Awards. As appropriate, the Committee may make special awards for participants (at the time of grant in lieu of performance-based awards or at any time in addition to any other awards). Notwithstanding the foregoing, discretionary awards are separate and distinct awards and shall not be contingent upon the failure to pay any other performance-based award.

7.5 Change in Control. In the event of a change in control, the following payments shall be made. Promptly following the date of a change in control (but in all events within 30 days thereafter), each participant will be paid a pro rata portion of his or her bonus, based on actual performance as of such date extrapolated for a full Plan year. Such extrapolation shall be based upon results through the month most recently complete prior to the change in control. The pro rata portion shall be determined using a fraction where the numerator is the number of days from the beginning of the Plan year until and including the date of the change in control and the denominator is 365.

If within two years following a change in control a participant who is identified in writing by the Committee as being expressly subject to this paragraph is terminated without cause, the participant will receive (i) a pro-rata share of his or her bonus, based on gross base salary to the date of termination and actual performance as of the date of termination extrapolated for a full Plan year and (ii) an amount equal to the average of the awards actually earned by the participant during the prior two completed Plan years and the current year's bonus extrapolated actual performance. Any such extrapolation shall be based upon results through the month most recently completed prior to the termination. Such payments shall be made promptly after the termination (but in all events within 30 days thereafter). The pro rata calculation shall be made in the same manner as described in the immediately preceding paragraph, except that the numerator shall be determined until and including the date of termination.

To the extent that a payment is due to a participant under any other section of this plan with respect to a year that includes the portion of the year covered by this section, the Company shall be entitled to receive a credit against such subsequent payment for payments made pursuant to this section.

For the purposes of this plan, 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 Section 280G of the Code, including 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 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 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 is presumed (which presumption may be rebutted by the Committee) 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 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of such Company; (iii) a majority of members of the Company's Board is replaced during any 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 (iv) 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 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 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, 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, 50% or more of the total value or voting power of all of the outstanding stock of the Company; or an entity, at least 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, 50% or more of the total value of voting power of all of the outstanding stock of the Company.

VIII. MISCELLANEOUS PROVISIONS

8.1 Successors. All obligations of the Corporation under the Plan with respect to awards granted hereunder shall be binding on any successor to the Corporation, whether the existence of such successor is the result of a direct or indirect purchase of all or substantially all of the business and/or assets of the Corporation, or a merger, consolidation, or otherwise.

8.2 No Lien. This Plan does not give a Participant any interest, lien, or claim against any specific asset of the Corporation. Participants and beneficiaries shall have only the rights of a general unsecured creditor of the Corporation.

8.3 Termination and Amendment. The Plan may be terminated or amended by the Committee at any time, provided, however, that a termination or amendment shall not materially negatively impact awards that are outstanding as of the time of termination or amendment except as required by law.

8.4 No Employment Rights. No participant has any right to be retained in the employ of the Corporation or any subsidiary by virtue of participation in the Plan.

8.5 Governing Law. The Plan and awards hereunder shall be governed by and construed according to the laws of the State of Georgia.

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 Quarterly Report on Form 10-Q 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: August 9, 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 Quarterly Report on Form 10-Q 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: August 9, 2022

/s/ Damon J. Audia

Damon J. Audia

Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

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 Quarterly Report on Form 10-Q for the period ended June 30, 2022, which 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 periodic 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
August 9, 2022

/s/ Damon J. Audia
Damon J. Audia
Senior Vice President and Chief Financial Officer
August 9, 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.