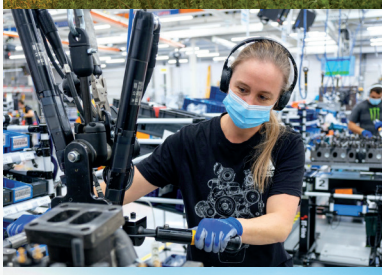
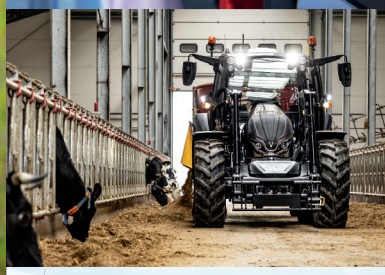
AGCO
Your Agriculture Company





FARMER-FOCUSED SOLUTIONS TO SUSTAINABLY FEED OUR WORLD

2020 ANNUAL REPORT

Chairman's Letter and 2020 Highlights
Notice of Annual Meeting
Proxy Statement for the Annual Meeting of Stockholders
Annual Report on Form 10-K

PASSION FOR OUR FARMERS IS AT THE HEART OF EVERYTHING WE DO

READ MORE ONLINE

ar2020.agcocorp.com

Chairman's Message

DEAR FELLOW SHAREHOLDERS, EMPLOYEES, CUSTOMERS, AND PARTNERS,

ERIC P. HANSOTIA

Chairman, President
and Chief Executive Officer

The world population is estimated to grow close to 10 billion people by 2050, nearly 25 percent more people in the next generation than we have today. Sustainably feeding that growing population is an awesome responsibility that requires our industry's commitment to innovation and the rapid evolution and adoption of smart farming solutions to empower the world's farmers.

At AGCO, we are united by our shared commitment to solving this pressing global challenge. Our Purpose as an organization is to deliver "Farmer-focused solutions to sustainably feed our world." Working together in partnership with our dealers, we deliver the high-quality, smart solutions farmers need to sustain their operations and the environment while increasing yields to feed our growing population.

2020 Performance

As COVID-19 became a global pandemic, it was clear that 2020 would be a year unlike anything most of us had ever encountered. Our immediate and ongoing concern was to protect the health and safety of our employees and to keep our factories up and running to ensure farmers had the products and services they needed to secure the global food supply.

United by our unwavering commitment to serving the world's farmers, our global AGCO team set a vision of success for 2020 that included going above and beyond to ensure each other's safety, keep farmers and dealers operating and minimize negative impacts to our results. A vision we achieved with resounding success.

Our global, front-line manufacturing teams were early adopters of stringent safety protocols, creating a global playbook that has protected our employees well throughout the pandemic.

The supply chain organization teamed with our supply partners around the world to secure components to keep factories operational, and restart quickly if shutdowns occurred due to component shortages or employee health concerns. Their tireless efforts resulted in the quick restart of European operations, enabling a safe and seamless recovery for a critical region.

WATCH THE CEO VIDEO

ar2020.agcocorp.com/chairmans-message

Our Sustainability Priorities

READ ABOUT OUR EFFORTS

ar2020.agcocorp.com/sustainability

Our commercial and field service teams immediately embraced virtual, digital solutions to engage with farmers and dealers, showcase our award-winning, farmer-focused innovations and grow market share.

Thanks to our team's collective efforts, AGCO delivered impressive 2020 results despite the ongoing challenges of the pandemic. AGCO reported 2020 net sales of approximately $9.1 billion, an increase of approximately 1.2% compared to 2019. Adjusted operating margins expanded over 160 basis points to 7.0% due in part to our ongoing cost-control initiatives and improving sales mix. Reported net income per share was $5.65 and adjusted net income per share was $5.61, an increase of approximately 26% from 2019. Our focused execution also allowed us to reduce company and dealer inventories, contributing to free cash flow generation of approximately $627 million, an increase of approximately 48% compared to 2019. These strong results allowed us to maintain our investments in premium technology, enhanced digital capabilities and sustainable, smart farming solutions.

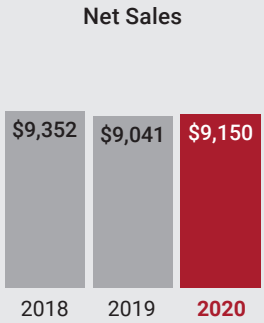
Farmer-First Strategy

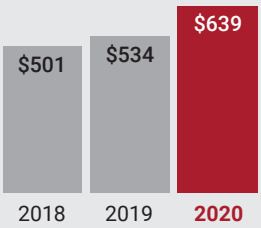
In addition to successfully navigating pandemic-related challenges, throughout 2020, the AGCO leadership team and the Board of Directors created a vision and strategy for the future based on our shared passion for farmers and the important role agriculture plays in securing the global food supply.

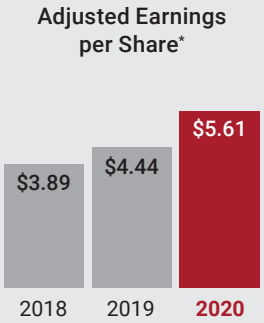
Our strategy is custom built to place farmers at the center of everything we do. Deeply understanding our customers and aligning our business to meet and exceed their expectations will secure future growth and deliver stakeholder value. We will continue to leverage our award-winning, differentiated brand portfolio to deliver the high quality, smart farming solutions farmers need to feed our growing population. We will offer our customers best-in-class digital and in-person experiences while engaging with them throughout the lifecycle, from purchase consideration to replacement. Honoring these commitments will help us achieve our Vision to be farmers' most trusted partner for industry-leading, smart farming solutions.

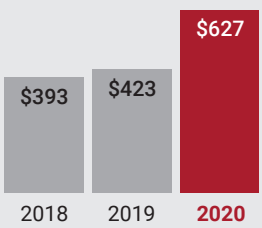
Financial Highlights

(In millions, except for share amounts)









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

Strengthening our commitment to sustainability, we've embedded four environmental and social pillars into our business that create value for our stakeholders. They are: advancing soil health and soil-carbon sequestration, decarbonizing our operations and products, elevating employee health, safety and wellbeing, and prioritizing animal welfare in food production.

Ongoing Commitment to Good Governance

As the needs of our farmers and other stakeholders evolve, so must our strategy and the composition of our Board of Directors. Consistent with our growing focus on digitizing the farm, we recently welcomed two new directors to our Board. Bob De Lange, Group President, Services, Distribution and Digital, at Caterpillar Inc., brings extensive digitalization and distribution experience and Matthew Tsien, Executive Vice President, Chief Technology Officer at General Motors and President of General Motors Ventures, brings important technology and product development expertise to the Board.

In addition to this refreshment program, we executed concrete actions in-line with our commitment to best-in-class corporate governance practices, including (1) the appointment of a new Lead Independent Director, Mike Arnold, the former President and CEO of Ryerson, who brings proven board experience and an operational and leadership track record with global expertise in industrial businesses, and whose role and responsibilities have been enhanced to demonstrate the Board's commitment to strong independent oversight, (2) the rotation of Board leadership roles, and (3) the adoption of term limits for Board leadership positions. Our ongoing Board refreshment program and evolution of our governance practices reflect the valuable input received through our broad-based shareholder engagement efforts and underscore our Board's focus on enhancing value for all shareholders.

Celebrating a Legacy

From our bold start in 1990 to our current position as the only global, full-line agricultural solutions provider in the industry, our 30-year history is marked by ambitious growth, strategic acquisitions and tireless drive to become an industry leader in our chosen markets.

Martin Richenhagen, our recently retired Chairman, President and CEO, was the driving force behind our performance for sixteen of those years. Under his leadership, AGCO evolved into an integrated, global manufacturer of high-tech, sustainable, agricultural solutions. Throughout Martin's tenure, AGCO expanded its product portfolio, entered new markets, consolidated product platforms, modernized facilities and engaged in our communities. His powerful legacy will impact AGCO for years to come!

While 2020 wasn't the year any of us had planned, I am incredibly proud of the results our AGCO team and dealer partners achieved on all fronts. Our employees' above and beyond actions helped farmers secure the global food supply while achieving impressive results for our shareholders. I am honored and humbled to lead this wonderful company, and I look forward to bringing our farmer-first strategy to life in the years ahead.

Together, we will advance the future of AGCO *and* agriculture. Thank you for your continued trust and partnership.

Sincerely,

Eric P. Hansotia
Chairman, President
and Chief Executive Officer

"Deeply understanding our customers and aligning our business to meet and exceed their expectations will secure future growth and deliver stakeholder value."

RECONCILIATION OF NON-GAAP MEASURES

(In millions, except per share amounts)

	Years Ended December 31,								
	2020			2019			2018		
	Income from Operations	Net Income[1],[2]	Net Income per Share[1]	Income from Operations	Net Income[1],[2]	Net Income per Share[1],[2]	Income from Operations	Net Income[1]	Net Income per Share[1]
As reported	$ 599.7	$ 427.1	$ 5.65	$ 348.1	$ 125.2	$ 1.63	$ 489.0	$ 285.5	$ 3.58
Impairment charges	20.0	10.0	0.13	176.6	176.6	2.29	—	—	—
Restructuring expenses	19.7	19.5	0.26	9.0	8.3	0.11	12.0	8.7	0.11
Gain on sale of investment in affiliate	—	(32.5)	(0.43)	—	—	—	—	—	—
Deferred income tax adjustment	—	—	—	—	53.7	0.70	—	—	—
Swiss tax reform	—	—	—	—	(21.8)	(0.28)	—	—	—
Extinguishment of debt	—	—	—	—	—	—	—	24.5	0.31
Tax benefit associated with U.S. tax reform	—	—	—	—	—	—	—	(8.5)	(0.11)
As adjusted	$ 639.4	$ 424.2	$ 5.61	$ 533.7	$ 341.9	$ 4.44	$ 501.0	$ 310.2	$ 3.89

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

(2) Rounding may impact summation of amounts.

	2020	2019	2018
Net cash provided by operating activities	$ 896.5	$ 695.9	$ 595.9
Less:			
Capital expenditures	(269.9)	(273.4)	(203.3)
Free cash flow	$ 626.6	$ 422.5	$ 392.6

FORWARD-LOOKING STATEMENTS

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

Our financial results depend entirely upon the agricultural industry, and factors that adversely affect the agricultural industry generally, including declines in the general economy, adverse weather, increases in farm input costs, and lower commodity prices, will adversely affect us.

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

Our success depends on the introduction of new products, which requires substantial expenditures and may not be well-received in the marketplace. In addition, if we are unable to deliver precision agriculture and high-tech solutions to our customers, it could materially adversely affect our performance. The delivery of such solutions is partially dependent on certain third-party suppliers and their ability to supply components to us, as well as our dealers and their ability to support such solutions.

Most of our sales depend on the retail customers obtaining financing, and any disruption in their ability to obtain financing, whether due to economic downturns or otherwise, will result in the sale of fewer products by us.

A majority of the retail sales of our products is financed by our retail finance joint ventures with Rabobank, and any interruption or decrease on Rabobank's part in funding the venture would adversely impact net sales.

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

A majority of our sales and manufacturing take place outside the United States, and many of our sales involve products that are manufactured in one country and sold in a different country, and, as a result, we are exposed to risks related to foreign laws, taxes and tariffs, trade restrictions, economic conditions, labor supply and relations, political conditions and governmental policies. These risks may delay or reduce our realization of value from our international operations. Among these risks are the uncertain consequences of Brexit, Russian sanctions and tariffs imposed on exports to and imports from China.

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

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

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

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

AGCO
Your Agriculture Company

2021 Proxy Statement and Notice of Annual Meeting of Stockholders

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AGCO
Your Agriculture Company

Notice of Annual Meeting of Stockholders

TIME AND DATE
9:00 a.m., Eastern Time, on Thursday, April 22, 2021

PLACE
AGCO Corporation, 4205 River Green Parkway,
Duluth, Georgia 30096

RECORD DATE
Only stockholders of record as of the close of business on March 12, 2021 are entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment thereof. Attendance at the Annual Meeting is limited to stockholders of record at the close of business on March 12, 2021, and to any invitees of the Company.

INSPECTION OF LIST OF STOCKHOLDERS OF RECORD
A list of stockholders as of the close of business on March 12, 2021 will be available for examination by any stockholder at the Annual Meeting itself as well as for a period of ten days prior to the Annual Meeting at our offices at the above address during normal business hours.

ITEMS OF BUSINESS:

1. To elect ten directors to the Board of Directors for terms expiring at the Annual Meeting in 2022;
2. To consider a non-binding advisory resolution to approve the compensation of the Company's named executive officers;
3. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2021; and
4. To transact any other business that may properly be brought before the meeting.

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

We intend to hold our annual meeting in person. However, we are actively monitoring the COVID-19 pandemic, and we are sensitive to the public health and travel concerns our stockholders may have and the protocols that federal, state and local governments may impose. In the event it is not possible or advisable to hold our annual meeting in person, we will announce alternative arrangements for the meeting as promptly as practicable, which may include holding the meeting solely by means of remote communication. Please monitor our annual meeting website at www.envisionreports.com/AGCO for updated information. If you are planning to attend our meeting, please check the website one week prior to the meeting date. As always, we encourage you to vote your shares prior to the annual meeting.

By Order of the Board of Directors

ROGER N. BATKIN
Corporate Secretary

Atlanta, Georgia
March 22, 2021

Summary

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

ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE

9:00 a.m., Eastern Time, on Thursday, April 22, 2021

PLACE

AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096

RECORD DATE

March 12, 2021

VOTING

Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

VOTING RECOMMENDATIONS

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

DIRECTOR NOMINEES

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

Name	Age	Director Since	Brief Biography	Independent	Committee Membership					
					EC	AC	CC	FC	GC	SP
Roy V. Armes	68	2013	Former Executive Chairman, President and CEO, Cooper Tire and Rubber Company	✔			●		●	
Michael C. Arnold	64	2013	Lead Director of AGCO Corporation, Former President and CEO, Ryerson Inc.	✔	●				●	
Sondra L. Barbour	58	2019	Former Executive Vice President, Lockheed Martin Corporation	✔	●	●	●	●		
P. George Benson	74	2004	Professor of Decision Sciences and Former President, College of Charleston	✔		●	●			
Suzanne P. Clark	53	2017	Chief Executive Officer, U.S. Chamber of Commerce	✔	●		●			●
Bob De Lange	51	2021	Group President, Services, Distribution and Digital, Caterpillar Inc.	✔				●	●	
Eric P. Hansotia	52	2020	Chairman, President and CEO, AGCO Corporation		●					●
George E. Minnich	71	2008	Former Senior Vice President and CFO, ITT Corporation	✔	●	●		●	●	
Mallika Srinivasan	61	2011	Chairman and Managing Director, Tractors and Farm Equipment Limited (India)							●
Matthew Tsien	60	2021	Executive Vice President, Chief Technology Officer at General Motors and President of General Motors Ventures	✔		●	●			

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

GOVERNANCE UPDATE

During 2020 and 2021, we have continued to focus significant attention on a systematic and comprehensive review of our governance practices. Changes to-date include:

- Adoption of a five-year term limit for chairs of our Audit, Governance and Compensation Committees;
- A general refresh of committee assignments in order to bring fresh perspective;
- A strengthening of our Lead Director Duties;
- Adoption of a five-year term limit for our Lead Director;
- An increase in the share ownership requirements for our directors and CEO;
- Continuation of our board refresh process, with the addition of five new independent members within the last three years; including two in the last several months; and
- A tightening or our hedging and pledging policy.

The Governance Committee will continue to review and update our governance practices to serve the best interests of all of our shareholders.

EXECUTIVE COMPENSATION ADVISORY VOTE

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

During 2020, in response to shareholder feedback, the Compensation Committee completed a comprehensive review of our compensation program and made significant changes that will be implemented in 2021. These changes include:

- Changing the Chair of the Compensation Committee;
- Engaging a new independent compensation consultant;
- Substantially revising the structure and metrics for both short-term and long-term compensation programs;
- Significantly modifying executive retirement benefits; and
- Refreshing the peer group of companies used for comparative purposes.

In addition, this proxy statement includes enhanced disclosure with respect to executive compensation.

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of KPMG LLP as our independent registered public accounting firm for 2021. The Audit Committee has appointed KPMG LLP as the Company's independent registered public accounting firm for 2021. KPMG LLP served as the Company's independent registered public accounting firm for 2020 and is considered to be well-qualified. The Company's Audit Committee considered a number of factors when selecting KPMG LLP, including qualifications, staffing considerations, and independence and quality controls.

Set forth below is summary information with respect to KPMG LLP's fees for services provided in 2020 and 2019.

	2020	2019
Type of Fees	**(in thousands)**	
Audit Fees	$ 6,831	$ 7,302
Audit-Related Fees	65	59
Tax Fees	—	188
Other Fees	—	31
Total	$ 6,896	$ 7,580

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Information Regarding the Annual Meeting

INFORMATION REGARDING PROXIES

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

If you attend the meeting, you may vote by ballot. If you do not attend the meeting, your shares can be voted only when represented by a proxy either pursuant to the enclosed proxy card or otherwise. You also may vote over the telephone or electronically via the internet as described on the proxy card provided to you. You may indicate a vote on the enclosed proxy card in connection with any of the listed proposals, and your shares will be voted accordingly. If you indicate a preference to abstain from voting, no vote will be cast. You may revoke your proxy card before balloting begins by notifying the Corporate Secretary in writing at 4205 River Green Parkway, Duluth, Georgia 30096. In addition, you may revoke your proxy card before it is voted by signing and delivering prior to the voting a proxy card bearing a later date or by attending the meeting and voting in person. If you return a signed proxy card that does not indicate your voting preferences, the persons named as proxies on the proxy card will vote your shares (i) in favor of all of the ten director nominees described below; (ii) in favor of the non-binding advisory resolution to approve the compensation of the Company's Named Executive Officers ("NEOs"); (iii) in favor of ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2021; and (iv) in their best judgment with respect to any other business brought before the Annual Meeting.

The enclosed proxy card is solicited by the Board, and the cost of solicitation of proxy cards will be borne by the Company. The Company may retain an outside firm to aid in the solicitation of proxy cards, the cost of which the Company expects would not exceed $25,000. Proxy solicitation also may be made personally or by telephone by directors, officers or employees of the Company, without added compensation. The Company will reimburse brokers, custodians and nominees for their customary expenses in forwarding proxy material to beneficial owners.

This proxy statement and the enclosed proxy card are first being sent to stockholders on or about March 22, 2021. The Company's 2020 Annual Report on Form 10-K is also enclosed and should be read in conjunction with the matters set forth herein.

INFORMATION REGARDING VOTING

Only stockholders of record as of the close of business on March 12, 2021, are entitled to notice of and to vote at the Annual Meeting. On March 12, 2021, the Company had outstanding 75,293,193 shares of common stock, each of which is entitled to one vote on each matter coming before the meeting. No cumulative voting rights exist, and dissenters' rights for stockholders are not applicable to the matters being proposed. For directions to the offices of the Company where the Annual Meeting will be held, you may contact our corporate office at (770) 813-9200.

QUORUM REQUIREMENT

A quorum of the Company's stockholders is necessary to hold a valid meeting. The Company's By-Laws provide that a quorum is present if a majority of the outstanding shares of common stock of the Company entitled to vote at the meeting are present in person or represented by proxy. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of elections appointed for the meeting, who will also determine whether a quorum is present for the transaction of business. Abstentions and "broker non-votes" will be treated as shares that are present and entitled to vote for purposes of determining whether a quorum is present. A broker non-vote occurs on an item when a broker or other nominee is not permitted to vote on that item without instruction from the beneficial owner of the shares and the beneficial owner did not give instruction.

VOTE NECESSARY FOR THE ELECTION OF DIRECTORS

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

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

VOTE NECESSARY TO ADOPT THE NON-BINDING ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF THE COMPANY'S NEOs

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

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

VOTE NECESSARY TO RATIFY THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2021 requires the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting.

Under the NYSE rules, if your broker holds your shares in its name, your broker is permitted to vote your shares with respect to the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2021 even if your broker does not receive voting instructions from you. Abstentions and broker non-votes will not affect the vote on this proposal.

OTHER MATTERS

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

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

We intend to hold our annual meeting in person. However, we are actively monitoring the COVID-19 pandemic, and we are sensitive to the public health and travel concerns our stockholders may have and the protocols that federal, state and local governments may impose. In the event it is not possible or advisable to hold our annual meeting in person, we will announce alternative arrangements for the meeting as promptly as practicable, which may include holding the meeting solely by means of remote communication. Please monitor our annual meeting website at www.envisionreports.com/AGCO for updated information. If you are planning to attend our meeting, please check the website one week prior to the meeting date. As always, we encourage you to vote your shares prior to the annual meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board recommends a vote **"FOR"** the nominees

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

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

For this year's Annual Meeting, the Governance Committee has recommended, and the Board has nominated, the ten individuals named below to serve as directors until the Annual Meeting in 2022 or until their successors have been duly elected and qualified. The following is a brief description of the business experience, qualifications and skills of each of the nominees:

ROY V. ARMES

Age: **68**

Director since **October 2013**

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

Qualifications and Skills:
As CEO of Cooper Tire and Rubber, Mr. Armes oversaw an international tire producer with manufacturing operations in the U.S., Europe and Asia and over 10,000 employees. While at Whirlpool, he served in a variety of leadership positions including being responsible for manufacturing, technical development and marketing in several of AGCO's markets, including Europe. In addition to large public company management and board experience, Mr. Armes brings global manufacturing, strategy, distribution and supply chain expertise to the Board.

MICHAEL C. ARNOLD

Age: **64**

Director since **October 2013**
Lead Director since **January 2021**

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

Qualifications and Skills:
As CEO of Ryerson, Mr. Arnold led the transformation of the business under private equity ownership into a leader in its industry, and then through its successful initial public offering in 2014. At Ryerson and previously Timken, Mr. Arnold was a supplier to the agricultural industry, and at both developed extensive manufacturing and distribution expertise. As an independent director at Gardner Denver, he had an integral role in the sale of Gardner Denver to KKR. Mr. Arnold brings public company board and management, M&A, capital allocation, manufacturing, supply chain, strategy and technology expertise to the Board. In addition, Mr. Arnold has significant international experience, having been responsible for global businesses with facilities worldwide.

SONDRA L. BARBOUR

Age: **58**

Director since **April 2019**

- Former Executive Vice President, Leidos Holdings, Inc. from August 2016 to January 2017
- Former Executive Vice President, Information Systems & Global Solutions, Lockheed Martin Corporation from April 2013 to August 2016
- Various leadership positions at Lockheed Martin Corporation from 1986 to 2013, including Chief Information Officer, Vice President of Corporate Internal Audit, Business Area Chief Information Officer and Vice President of Operations
- Member of the Board of Directors of Perspecta Inc.
- Former member of the Board of Directors of 3M Company
- Member of the Fox School of Business Management Information Systems Advisory Board

Qualifications and Skills:
During her 30-year career with Lockheed Martin, retiring as Executive Vice President of Information Systems & Global Solutions, Ms. Barbour oversaw one of the largest and most sophisticated information technology functions in the world, involving not just the routine IT functions of a 110,000+ employee business, but also supporting the design and manufacturing of fighter jets and other complex defense hardware and the provision of a broad range of technical, scientific, logistics, system integration and cybersecurity services to customers. She also managed Lockheed's internal audit function. Ms. Barbour brings to the Board substantial information technology, internal control and international experience.

P. GEORGE BENSON, Ph.D

Age: **74**

Director since **December 2004**

- Professor of Decision Sciences at College of Charleston in Charleston, South Carolina from 2014 to present
- Former President of College of Charleston in Charleston, South Carolina from 2007 to 2014
- Lead Director, Chairman of the Corporate Governance Committee and member of the Audit Committee for Primerica, Inc.
- Former Member of the Board of Directors and Chairman of the Corporate Governance Committee of Crawford & Company (Atlanta)
- Judge for the Malcolm Baldrige National Quality Award from 1997 to 2000, Chairman of the Board of Overseers for the Baldrige Award from 2004 to 2007, and currently a member of the Board of Directors for the Foundation for the Baldrige Award
- Former Dean of the Terry College of Business at the University of Georgia from 1998 to 2007 and of the Rutgers Business School at Rutgers University from 1993 to 1998, and a faculty member of the Carlson School of Management at the University of Minnesota prior to that

Qualifications and Skills:
Mr. Benson has a distinguished professional background and is a leading expert in decision sciences and, in particular, in strategic planning and organizational management systems. He also has substantial managerial experience from leading a college and serving on multiple boards of directors, including as lead director and the chair of the governance committee at two of them. Mr. Benson brings both theoretical as well as practical managerial, governance and leadership experience to AGCO's Board. His ties to the community provide the Board with regional representation and a critical link to the academic and research sectors.

SUZANNE P. CLARK

Age: **53**

Director since **April 2017**

- Chief Executive Officer of the U.S. Chamber of Commerce since March 2021
- Former President of the U.S. Chamber of Commerce from June 2019 until March 2021
- Former Senior Executive Vice President and former Chief Operating Officer of the U.S. Chamber of Commerce
- Member of the Board of Directors and Audit Committee of TransUnion
- Led a prominent financial information boutique - Potomac Research Group (PRG) from 2010 through September 2014
- Formerly with the Atlantic Media Company as President of the National Journal Group, a premier provider of information, news and analysis for Washington's policy and political communities
- Member of the Board of So Others Might Eat, a Washington, D.C. support system for the homeless
- Former President of International Women's Forum (Washington Chapter), a global group of leading women in business, law, government, technology and the arts

Qualifications and Skills:
As Chief Executive Officer of the U.S. Chamber of Commerce, Ms. Clark has unequaled insight into American industry and commerce as well as the international interests of the Chamber's 300,000 members. Ms. Clark brings to the Board the ability to provide real-time guidance on many of the critical issues being considered in Washington and elsewhere, which could affect AGCO's strategy and operations including sustainability, government regulation and trade and commerce.

BOB De LANGE

Age: **51**

Director since **January 2021**

- Group President, Services, Distribution and Digital of Caterpillar Inc., responsible for management of the Caterpillar brand and distribution network.
- Various leadership positions since joining Caterpillar Inc. in 1993, including Group President of Construction Industries, Vice President, Excavation Division, and Worldwide Product Manager, Earthmoving Division.

Qualifications and Skills:
As a senior executive at Caterpillar, Mr. De Lange has unique experience from working at an international business that bears many similarities to AGCO in the issues that it faces as a result of its manufacture and distribution of highly-engineered equipment through a global manufacturing base and a broad network of distributors. Mr. De Lange brings to the Board direct experience and expertise in digitalization and the development of dealer capability against a background of the product design, supply chain, manufacturing and distribution issues experienced by AGCO.
Mr. De Lange's global experience includes world-wide product management responsibilities with significant work assignments in Europe and Asia.

ERIC P. HANSOTIA

Age: **52**

Director since **October 2020**

Chairman, President and Chief Executive Officer since January 1, 2021

- Senior Vice President — Chief Operating Officer of AGCO from January 2019 to December 2020; Senior Vice President, Global Crop Cycle and Fuse Connected Services, from 2015 to January 2019; and Senior Vice President, Global Harvesting and Advanced Technology Solutions, from 2013 to 2015.
- Prior to joining AGCO, Mr. Hansotia held several positions within John Deere including Senior Vice President, Global Harvesting, from 2012 to 2013, and Vice President, Global Crop Care based in Mannheim, Germany from 2009 to 2012. Prior positions with John Deere included General Manager, Harvester Works from 2005 to 2009; Vice President, Global Forestry from 2004 to 2005; and various roles at John Deere from 1993 to 2004.

Qualifications and Skills:
With almost 30 years of experience in the agricultural equipment industry, including working in Europe, Mr. Hansotia has direct and extensive experience in almost every aspect of our business and has broad industry knowledge in order to be able to address the needs of farmers throughout the world. Mr. Hansotia has extensive experience in the agricultural equipment industry in the areas of engineering, quality, advanced technology, manufacturing and product management. More recently, he has led AGCO's growing focus on precision agriculture, which we view as critical to the success of our farmers and the long-term sustainability of our food supply. Mr. Hansotia brings to the Board a strong strategic view on the future trends in global agriculture, proven global leadership experience as well as valuable subject matter expertise.

GEORGE E. MINNICH

Age: **71**

Director since **January 2008**

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

Qualifications and Skills:
Through his service as the Chief Financial Officer of a leading corporation and a former audit partner, Mr. Minnich has broad experience in a range of important issues that face every public company, including capital structure and allocation, accounting, internal control environment and risk management. Mr. Minnich also has had substantial experience on the audit committees of three publicly-traded companies, having chaired two of them. Mr. Minnich brings to the Board expertise that enables the Board to fulfill several different critical functions.

MALLIKA SRINIVASAN

Age: **61**

Director since **July 2011**

- Chairman and Managing Director of Tractors and Farm Equipment Limited (TAFE), the second largest agricultural tractor manufacturer in India, since December 2019 and previously held various progressing positions at TAFE since 1986
- Director and Chair, Nomination and Renumeration Committee, Tata Steel Limited (India)
- Member of the Global Board of the U.S. India Business Council and the U.S-India CEO Forum
- Former member of the Board of Directors of Tata Global Beverages Limited (India)
- Former President of the Tractor Manufacturers Association of India
- Former member of the Board of Governors of the Indian Institute of Technology, Madras, and the Indian Institute of Management, Tiruchirappalli

Qualifications and Skills:
As the leader of India's second largest tractor manufacturer, Ms. Srinivasan has over 35 years of first-hand experience in the agricultural farm machinery industry in India, emerging markets, and several of other markets served by AGCO. Ms. Srinivasan also has experience as a Director of one of the leading global steel manufacturers, where she serves as Chair of Nomination and Remuneration Committee. Ms. Srinivasan brings to the Board both agricultural equipment and distribution knowledge and expertise together with public company board service.

MATTHEW TSIEN

Age: **60**

Director since **January 2021**

- Executive Vice President, Chief Technology Officer at General Motors and President of General Motors Ventures
- Various leadership positions since joining General Motors in 1976, including Executive Vice President and President of GM China; Vice President Planning, Program Management and Strategic Alliances, China; Executive Vice President, SAIC-GM-Wuling Automotive; Executive Director, Global Technology Engineering; Executive Director, Vehicle Systems, North America Product Development; Chief Technology Officer and Director, Business Planning, GM China

Qualifications and Skills:
Through his 40-year career with General Motors, including in his current role as Executive Vice President and Chief Technology Officer, Mr. Tsien has helped lead one of the largest manufacturers in the U.S. evolve through successive generations of technology and performance requirements. He also has exceptional international experience, including his service as President of GM China, where he held profit and loss responsibility and led 50,000 workers producing automobiles for both the Chinese market and export. Mr. Tsien brings to the Board years of experience in engineering, electrification, connectivity, manufacturing, supply chain management and product design. Mr. Tsien has significant expertise in the management of, and investment in, evolving technologies.

RETIRING DIRECTORS

Three of our directors are not standing for reelection. Mr. Wolfgang Kirsch has been nominated to become Chairman of the Supervisory Board of Fresenius Management SE at the close of its Annual General Meeting in May 2021 and is standing for election to the Supervisory Board of the publicly-listed Fresenius SE & Co. KGaA, with the goal of assuming its chairmanship as well. Mr. Kirsch advised us that the demands of this commitment preclude him from further service to our Board. Messrs. Wolfgang Deml and Gerald L. Shaheen will retire as a result of our mandatory retirement age for directors and after 22 and 16 years, respectively, of service on the Board. Mr. Martin Richenhagen retired from the Board when he retired as Chairman, President and Chief Executive Officer on December 31, 2020. The Board thanks all four directors for their dedicated and excellent service.

Board of Directors and Corporate Governance

DIRECTOR INDEPENDENCE

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

- be an employee of the Company or have an "immediate family member," as that term is defined in the General Commentary to Section 303A.02(b) of the NYSE rules, who is an executive officer of the Company at any time during the preceding three years;
- receive or have an immediate family member who receives or solely own any business that receives during any twelve-month period within the preceding three years direct compensation from the Company or any subsidiary or other affiliate in excess of $120,000, other than for director and committee fees and pension or other forms of deferred compensation for prior service to the Company or, solely in the case of an immediate family member, compensation for services to the Company as a non-executive employee;
- be a current partner or current employee of a firm that is the internal or external auditor of the Company or any subsidiary or other affiliate, or have an immediate family member that is a current partner or current employee of such a firm who personally works on an audit of the Company or any subsidiary or other affiliate;
- have been or have an immediate family member who was at any time during the preceding three years a partner or employee of such an auditing firm who personally worked on an audit of the Company or any subsidiary or other affiliate within that time;
- be employed or have an immediate family member that is employed either currently or at any time within the preceding three years as an executive officer of another company in which any present executive officers of the Company or any subsidiary or other affiliate serve or served at the same time on the other company's Compensation Committee; or
- be a current employee or have an immediate family member that is a current executive officer of a company that has made payments to or received payments from the Company or any subsidiary or other affiliate for property or services in an amount which, in any of the preceding three years of such other company, exceeds (or in the current year of such other company is likely to exceed) the greater of $1.0 million or two percent of the other company's consolidated gross revenues for that respective year.

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

- accept any consulting, advisory or other compensatory fee from the Company or any subsidiary; or
- be an "affiliated person," as that term is used in Section 10A(m)(3)(B)(ii) of the Securities Exchange Act of 1934 (the "Exchange Act"), of the Company or any of its subsidiaries.

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

- be a current or former employee or former officer of the Company or an affiliate or receive any compensation from the Company other than for services as a director;
- receive remuneration from the Company or an affiliate, either directly or indirectly, in any capacity other than as a "director," as that term is defined in Section 162(m) of the Internal Revenue Code; or
- have an interest in a transaction required under SEC rules to be described in the Company's proxy statement.

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

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

The Company and Tractors and Farm Equipment Limited ("TAFE") are parties to a Letter Agreement, dated April 24, 2019, regarding the current and future accumulation by TAFE of shares of the Company's common stock and certain governance matters, including the Company's nomination of a director candidate selected by TAFE. TAFE's proposed director candidate for 2021 is Ms. Srinivasan, TAFE's Chairman and Managing Director, and Ms. Srinivasan will be nominated for election by the Company's Board of Directors. The Company and TAFE have several commercial relationships that are material to TAFE. See "Certain Relationships and Related Party Transactions" below for additional information.

COMMITTEES OF THE BOARD OF DIRECTORS

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

EXECUTIVE COMMITTEE

Chair:

Eric P. Hansotia

Other Members:

Michael C. Arnold
Sondra L. Barbour
Suzanne P. Clark
Wolfgang Deml
George E. Minnich

Principal Responsibilities

- Is authorized, between meetings of the Board, to take such actions in the management of the business and affairs of the Company which, in the opinion of the Executive Committee, should not be postponed until the next scheduled meeting of the Board, except as limited by the General Corporation Law of the State of Delaware, the rules of the NYSE, the Company's Certificate of Incorporation or By-Laws or other applicable laws or regulations.

AUDIT COMMITTEE

Chair:

Sondra L. Barbour

Other Members:

P. George Benson
Wolfgang Kirsch
George E. Minnich
Matthew Tsien

Principal Responsibilities

- Assists the Board in its oversight of the integrity of the Company's consolidated financial statements, the Company's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence and the performance of the Company's internal audit function and independent registered public accounting firm.
- Reviews the Company's internal accounting and financial controls, considers other matters relating to the financial reporting process and safeguards of the Company's assets and produces an annual report of the Audit Committee for inclusion in the Company's proxy statement.
- Reviews with management the Company's risk assessment and risk management framework.
- Reviews information technology system controls and cybersecurity risks, along with measures to mitigate these risks.
- The Board has determined that Mr. Minnich is an "audit committee financial expert," as that term is defined under regulations of the SEC.
- The report of the Audit Committee for 2020 is set forth under the caption "Audit Committee Report."
- Management periodically meets with the Company's Audit Committee and reviews risks and relevant strategies.

COMPENSATION COMMITTEE

Chair:

Suzanne P. Clark

Other Members:

Roy V. Armes
Sondra L. Barbour
P. George Benson
Matthew Tsien

Principal Responsibilities

- Is charged with executing the Board's overall responsibility for matters related to Chief Executive Officer and other executive compensation, including assisting the Board in administering the Company's compensation programs and producing an annual report of the Compensation Committee on executive compensation for inclusion in the Company's proxy statement.
- Has retained Korn Ferry to advise on current trends and best practices in compensation.
- The report of the Compensation Committee for 2020 is set forth under the caption "Compensation Committee Report."

FINANCE COMMITTEE

Chair:

George E. Minnich

Other Members:

Sondra L. Barbour
Bob De Lange
Wolfgang Kirsch
Gerald L. Shaheen

Principal Responsibilities

- Assists the Board in the oversight of the financial management of the Company including:
  - the capital structure of the Company;
  - the Company's global financing strategies, objectives and plans;
  - the Company's credit profile and ratings;
  - capital expenditure and investment programs of the Company;
  - the Company's interests in finance joint ventures; and
  - the Company's annual budget process and review.

GOVERNANCE COMMITTEE

Chair:

Michael C. Arnold

Other Members:

Roy V. Armes
Bob De Lange
George E. Minnich

Principal Responsibilities

- Assists the Board in fulfilling its responsibilities to stockholders by:
  - identifying and screening individuals qualified to become directors of the Company, consistent with independence, diversity and other criteria approved by the Board, and recommending candidates to the Board for all directorships and for service on the committees of the Board;
  - developing and recommending to the Board a set of corporate governance principles and guidelines applicable to the Company;
  - overseeing the evaluation of the Board; and
  - supervising the Company's environmental, social and sustainability initiatives and reporting.

SUCCESSION PLANNING COMMITTEE

Chair:

Wolfgang Deml

Other Members:

Suzanne P. Clark
Eric P. Hansotia
Mallika Srinivasan

Principal Responsibilities

- Assists the Board with respect to selecting, developing, evaluating and retaining the Chief Executive Officer, executive officers and key talent.
- Manages the succession planning process in the event the current Chief Executive Officer cannot continue in the role.

COMMITTEE COMPOSITION AND MEETINGS

The following table shows the current membership of each committee and the number of meetings held by each committee during 2020. The Company will determine the composition and chair positions of the respective committees for 2021 following the Annual Meeting.

Director	Executive	Audit	Compensation	Finance	Governance	Succession Planning
Roy V. Armes			●		●	
Michael C. Arnold	●				●	
Sondra L. Barbour	●	●	●	●		
P. George Benson		●	●			
Suzanne P. Clark	●		●			●
Bob De Lange[1]				●	●	
Wolfgang Deml[2]	●					●
Eric P. Hansotia[3]	●					●
Wolfgang Kirsch[2]		●		●		
George E. Minnich	●	●		●	●	
Gerald L. Shaheen[2]				●		
Mallika Srinivasan						●
Matthew Tsien[4]		●	●			
Total meetings in 2020	—	12	10	5	11	3

● Committee Chair ● Member

(1) Mr. De Lange joined the Board on January 1, 2021.

(2) Messrs. Deml, Kirsch and Shaheen will not stand for re-election as of April 22, 2021.

(3) Mr. Hansotia joined the Board on August 20, 2020.

(4) Mr. Tsien joined the Board on January 22, 2021.

During 2020, the Board held nine meetings and each director attended at least 75% of the aggregate number of meetings of the Board and respective committees on which he or she served while a member thereof.

IDENTIFICATION AND EVALUATION OF DIRECTOR NOMINEES

The Governance Committee has an ongoing process in place to identify potential Board candidates who possess the skills and personal characteristics that will allow the Board and its committees to best fulfill their responsibilities. As part of this process, the Governance Committee develops specific candidate profiles to guide Board refreshment as needs arise. It has retained a leading global search firm to assist in identifying candidates where appropriate. Since 2017, the Board has added five independent directors who each possess the desired expertise and meet the candidate profiles developed by the Committee.

In addition to the specific profiles established for individual searches, there are a number of factors that the Committee generally views as relevant and is likely to consider to ensure the entire Board, collectively, embraces a wide variety of characteristics. These include:

- career experience, particularly experience that is germane to the Company's business, such as with agricultural products and services, international operations, technology, distribution, product development and worldwide product management, sales, marketing, sustainability, legal, human resources and finance experience;
- experience serving on other boards of directors or in the senior management of companies that have faced issues generally of the level of sophistication that the Company faces;
- contribution to diversity of the Board and a commitment to furthering diversity;
- integrity and reputation;
- wisdom and judgment;

- independence;
- willingness and ability to participate fully in the work of the Board and to attend meetings in person; and
- current membership on the Company's Board — our Board values continuity (but not entrenchment).

The Governance Committee does not assign a particular weight to these individual factors. Similarly, the Committee does not expect to see all (or even more than a few) of these factors in any individual candidate. Rather, the Committee looks for a mix of factors that, when considered along with the experience and credentials of the other candidates and existing directors, will provide stockholders with a diverse and experienced Board.

The Committee strives to recommend candidates who bring a unique perspective to the Board in order to contribute to the collective diversity of the Board. The Board believes that a diversity of experience, gender, race, ethnicity (national origin), age and other factors contributes to effective governance over the affairs of the Company for the benefit of its stockholders. The Governance Committee reviews potential Board candidates against the criteria it has established, develops a short list of candidates to recommend to the Board, obtains Board input on the candidates, arranges interviews, and ultimately makes final recommendations to the Board for consideration. The Committee closely monitors the size and composition of the Board and makes recommendations as to the pace of Board refreshment so that it has the benefit of both fresh perspectives and the knowledge that tenure and experience with the Company provide.

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

- a resume for the candidate detailing the candidate's work experience and academic credentials;
- written confirmation from the candidate that he or she (i) would like to be considered as a candidate and would serve if nominated and elected, (ii) consents to the disclosure of his or her name, (iii) has read the Company's Global Code of Conduct (the "Code") and that during the prior three years has not engaged in any conduct that, had he or she been a director, would have violated the Code or required a waiver, (iv) is, or is not, "independent" as that term is defined in the committee's charter, and (v) has no plans to change or influence the control of the Company;
- the name of the recommending stockholder as it appears in the Company's books, the number of shares of common stock that are owned by the stockholder and written confirmation that the stockholder consents to the disclosure of his or her name. (If the recommending person is not a stockholder of record, he or she should provide proof of share ownership);
- personal and professional references for the candidate, including contact information; and
- any other information relating to the candidate required to be disclosed in solicitations of proxies for election of directors or as otherwise required, in each case, pursuant to Regulation 14A of the Exchange Act.

The foregoing information should be sent to the Governance Committee, c/o Corporate Secretary, AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096, who will forward it to the chairperson of the Committee. The advance notice provisions of the Company's By-Laws provide that for a proposal to be properly brought before a meeting by a stockholder, such stockholder must disclose certain information and give the Company timely notice of such proposal in written form meeting the requirements of the Company's By-Laws no later than 60 days and no earlier than 90 days prior to the anniversary date of the immediately preceding Annual Meeting of stockholders. The Committee does not necessarily respond directly to a submitting stockholder regarding recommendations.

STOCKHOLDER OUTREACH AND GOVERNANCE UPDATE

STOCKHOLDER OUTREACH

During 2020 and 2021 we continued an active stockholder outreach process. The outreach was broad:

- We contacted our 40 largest stockholders, representing approximately 75% of our shares, and requested the opportunity to discuss AGCO with them.
- We held discussions with half of these stockholders, including nine of the largest ten. Our Lead Director or the Chair of our Governance Committee, together with other directors, participated in many of these discussions.
- Some large stockholders are passive investment funds that do not generally meet with stockholders.

The discussions were candid, and the feedback largely was supportive. The four areas of greatest focus were steps taken to review and update alignment on compensation, continuation of the combined CEO/Chairman role together with enhanced independent Lead Director duties (with more of the stockholders supportive of a combined role and Lead Director than not), the ongoing board composition and refreshment process, and our new initiatives on sustainability. The feedback was shared with our Governance Committee, our Compensation Committee, and our Board, and reflected in our approach to these issues. The first three topics are addressed below and elsewhere in this Proxy Statement, with sustainability addressed in our Annual Report on Form 10-K.

GOVERNANCE UPDATE

In the summer of 2020, our Governance Committee began a systematic and comprehensive review of governance practices with the objective being to consider topics at each meeting and, over a reasonable time, to update our practices where the Committee concluded that there were alternative or additional practices that are in the best interests of our stockholders. To assist it in this process, the independent directors identified and retained a recognized independent expert. Subsequently, the Governance Committee considered in depth various governance topics, including:

- *Committee Chair Rotation.* The Governance Committee implemented a term limit of five years for the Chairs of the Audit, Governance and Compensation Committees. While many companies do not have term limits for committee chairs – less than 20% of the S&P 500 have a policy on this – for those that do, almost 60% apply a five-year limit. We believe that the limit will better assure fresh perspectives in each committee's consideration of appropriate topics. The two chairs who had served more than five years as committee chairs were replaced at year-end. We believe that a five-year limit is a best practice.
- *Committee Structure and Refreshment.* We reviewed the board committee structure and considered the suggestion of Ms. Srinivasan that there be a separate Strategy Committee. That suggestion was not adopted based on the strong belief of our directors that strategy is the responsibility of all directors and should not be delegated. We also reviewed board committee membership and rotated committee members to enhance Board knowledge and continue to bring fresh perspectives.
- *Lead Director Duties.* When the Lead Director role initially was implemented, the Company adopted broad duties for the Lead Director consistent with those of other large publicly-traded companies and the views at the time of the largest proxy advisors. The Governance Committee expanded those duties to reflect evolving practice in the area. The expanded duties include, among other things, a clearer role in overseeing meetings of non-management and independent directors, authority to implement decisions and recommendations of independent directors, authority to retain advisors and consultants with respect to all board functions (and not just with respect to compensation and recruiting), and a broader role in reviewing the performance of the Board. We believe that our revised Lead Director duties provide a robust role and reflect best practices.
- *Lead Director Rotation.* Consistent with the discussion above of committee chair rotation, the Governance Committee implemented a limit for the Lead Director role, in the absence of exceptional circumstances, of five years. Almost no data is available with respect to practices elsewhere, but we believe that this is a best practice.
- *Share Ownership Requirements.* The Governance Committee reviewed the share ownership requirements for directors at 17 peer companies. The requirement generally ranged from 3-times to 8-times a director's cash retainer, with 11 companies applying a 5-times requirement and, the next most common, four companies applying a 3-times requirement. Based upon this review, the Governance Committee increased the requirement for our directors from 4-times to 5-times. At the same time, consistent with data on share ownership policies with respect to executive officers, the Governance Committee increased the share ownership requirement for our CEO from 5-times to 6-times base compensation. We believe that the revised ownership requirements reflect best practices.

- *Board Size and Composition.* Consistent with its annual practice, the Governance Committee reviewed the Board's size and structure and considered it relative to the extensive ongoing Board refresh process the Board is pursuing. The Board has added five new independent members in the last three years and believes that the refreshment process should proceed in a manner that gives new Board members the benefit of interacting with those having longer tenure. In addition, with the assistance of McKinsey & Company we recently completed a comprehensive strategy overhaul that was reviewed and adopted by the full Board. The Board tested the criteria it had identified for new Board members against the Company's new strategic plan and determined that the specific expertise it had identified for its ongoing Board search was consistent with the strategic plan and would best serve the Company.
- *Hedging and Pledging.* While we already had a policy prohibiting hedging and limiting pledging, the Governance Committee concluded that a stronger prohibition on pledging was appropriate. Previously, the policy prohibited only the pledging of a "significant" number of shares, which was defined as the lesser of 1% of the Company's outstanding equity securities and 50% of the equity securities of the Company owned by the officer or director. As revised, the policy now prohibits all pledging. At the request of Ms. Srinivasan, as a result of her role at TAFE, the policy was narrowed to cover only securities where the director or officer directly or indirectly controls a majority of the equity securities of the owner of the AGCO securities or otherwise directly controls the equity securities of the Company. We believe that these prohibitions are best practices and, with the exception of the narrowing requested by Ms. Srinivasan, are the most stringent possible.

Independent of the systematic process of considering governance updates, the Governance Committee also considered the separation of the Chairman and CEO roles upon the impending retirement of Mr. Richenhagen. Although the Committee considers the Board and executive leadership structure annually, in this instance, the specific consideration of the combination/separation of the Chairman and CEO roles took place at no fewer than six different Committee meetings over ten months, as well as at executive sessions, full-Board meetings and meetings of the independent directors only. We also solicited input of stockholders with respect to retaining the combined role, and more stockholders were supportive of retaining the combined role than not. The Committee, and ultimately the full Board, considered an extensive range of issues and factors and unanimously concluded, other than Ms. Srinivasan, that it was in the best interests of stockholders to continue with a robust Lead Director structure. The process followed with respect to whether to separate the CEO and Chairman roles was careful, well-considered, and lengthy, with all directors having numerous opportunities to join meetings and share their views. The Governance Committee will continue to review this topic on an annual basis.

As time permits at future meetings the Governance Committee will continue its review of governance practices, including director term limits, director mandatory retirement age, stockholder requirements for calling special meetings, stockholder ability to act by written consent, clawbacks, limitations on other board service (overboarding), proxy access, and other appropriate topics that are brought to the Committee's attention.

BOARD LEADERSHIP STRUCTURE

Mr. Hansotia, who is also the Chief Executive Officer of the Company, serves as Chairman of the Board, Mr. Shaheen served as Lead Director of the Board until December 31, 2020, and, effective January 1, 2021, Mr. Arnold serves as Lead Director of the Board. The Company holds executive sessions of its non-management directors at each regular meeting of its Board. The Lead Director presides over executive sessions and at all meetings of the Board in the absence of the Chairman, provides input to the Chairman on setting Board agendas, generally approves information sent to the Board (including meeting schedules to assure sufficient discussion time for all agenda items), ensures that he is available for consultation and direct communication at the request of major stockholders, leads the performance evaluation process of the Chief Executive Officer and has the authority to call meetings of the independent directors.

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

RISK OVERSIGHT

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

CORPORATE GOVERNANCE PRINCIPLES, COMMITTEE CHARTERS AND GLOBAL CODE OF CONDUCT

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

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

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

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2020, Messrs. Armes and Minnich and Mses. Barbour and Clark (Chair) served as members of the Compensation Committee. No member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries during 2020. None of the Company's executive officers serve on the board of directors of any company of which any director of the Company serves as executive officer, except that Mr. Hansotia serves as one of approximately 109 directors of the U.S. Chamber of Commerce, but is not on its Compensation Committee.

DIRECTOR COMPENSATION

The following table provides information concerning the compensation of the members of the Board for the most recently completed year. As reflected in the table, each non-employee director received an annual base retainer of $120,000 plus $150,000 in restricted shares of the Company's common stock for Board service. Committee chairmen received an additional annual retainer of $15,000 (or $25,000 for the chairman of the Audit Committee and $20,000 for the chairman of the Compensation Committee). Mr. Shaheen, who was the Lead Director in 2020, also received an additional annual $30,000 Lead Director's fee. Each non-employee director received an additional annual retainer of $6,000 if they served on three or more board committees. The Company does not have any consulting arrangements with any of its directors.

2020 DIRECTOR COMPENSATION

Name[1]	Fees Earned or Paid in Cash ($)	Stock Awards[2] ($)	All Other Compensation ($)	Total ($)
Roy V. Armes	120,000	150,000	—	270,000
Michael C. Arnold	132,033	150,000	—	282,033
Sondra L. Barbour	120,000	150,000	—	270,000
P. George Benson	135,000	150,000	—	285,000
Suzanne P. Clark	133,407	150,000	—	283,407
Wolfgang Deml	135,000	150,000	—	285,000
Wolfgang Kirsch	80,440	—	—	80,440
George E. Minnich	151,000	150,000	—	301,000
Gerald L. Shaheen	158,571	150,000	—	308,571
Mallika Srinivasan	120,000	150,000	—	270,000
Total	1,285,451	1,350,000	—	2,635,451

(1) Messrs. De Lange and Tsien did not join the Board until 2021, and Messrs. Richenhagen and Hansotia, as employees of the Company, were not compensated for their service on the Board.

(2) The Long-Term Incentive Plan provides for annual restricted stock grants of the Company's common stock to all non-employee directors. For 2020, each non-employee director was granted $150,000 in restricted stock. All restricted stock grants are restricted as to transferability for a period of one year following the award. In the event a director departs from the Board, the non-transferability period expires immediately. The 2020 annual grant occurred on April 30, 2020. The total grant on April 30, 2020 was 25,542 shares, or 2,838 shares per director. The amounts above reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, "Compensation-Stock Compensation" ("ASC 718").

After shares were withheld for income tax purposes, each director held the following shares as of December 31, 2020 related to this grant: Mr. Armes — 2,838 shares; Mr. Arnold — 2,412 shares; Ms. Barbour — 2,838 shares; Mr. Benson — 1,702 shares; Ms. Clark — 1,986 shares; Mr. Deml — 1,702 shares; Mr. Minnich — 1,844 shares; Mr. Shaheen — 1,702 shares; and Ms. Srinivasan — 2,838 shares.

DIRECTOR ATTENDANCE AT THE ANNUAL MEETING

The Board has adopted a policy that all directors on the Board are expected to attend Annual Meetings of the Company's stockholders. Given the public health and travel concerns associated with the COVID-19 pandemic, all of the incumbent directors on the Board, except for Messrs. Richenhagen and Hansotia who attended in person, attended the Company's previous Annual Meeting held in April 2020 virtually.

STOCKHOLDER COMMUNICATION WITH THE BOARD OF DIRECTORS

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

PROPOSAL 2

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

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

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

Our compensation philosophy, program design and application, and the substantive changes that we made during 2021 are described under "Compensation Discussion and Analysis" and the letter from our Compensation Committee that precedes that discussion.

COMPENSATION PHILOSOPHY AND PROGRAM DESIGN

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

BEST PRACTICES IN EXECUTIVE COMPENSATION

The Compensation Committee regularly reviews best practices related to executive compensation to ensure alignment with the Company's compensation philosophy, business strategy and stockholder focus. The Company's executive compensation programs consist of the following, several features of which were added in response to stockholder feedback:

- A formal compensation philosophy approved by the Compensation Committee that targets executive's total compensation levels (including NEOs) at the median (or 50th percentile) of the market and provides opportunity for upside compensation levels for excellent performance;
- A well-defined peer group of similar and reasonably-sized industrial and manufacturing comparators to benchmark NEO and other officer compensation;
- An annual incentive compensation plan ("IC Plan") that, as revised in 2021, includes targets that are 50% based upon adjusted operating margin and 50% based on return on net assets ("RONA"), both of which are adjusted on a sliding scale to address agricultural equipment industry cyclicality;
- A balanced long-term incentive plan ("LTI Plan") consisting of (i) a performance share plan, which comprises approximately 60% of an NEO's target LTI award and (ii) restricted stock units, which comprise approximately 40% of an NEO's target LTI award. The performance share plan, as revised in 2021, includes targets that are 50% based upon three-year revenue growth relative to industry and 50% based upon three-year RONA (adjusted on an industry sliding scale), both subject to a TSR modifier;
- Beginning with 2018, awards under the LTI Plan, a so-called "double trigger" equity vesting in the event of change of control;
- A clawback policy, which allows the Company to take remedial action against an executive if the Board determines that an executive's misconduct contributed to the Company having to restate its financial statements;
- Stock ownership requirements that encourage executives to own a specified level of stock, which emphasizes the alignment of their interests with those of stockholders;
- Modest perquisites for executives (including NEOs);

- A plan design that mitigates the possibility of excessive risk that could harm long-term stockholder value;
- For new executive employment agreements beginning in 2017 (including Mr. Hansotia's 2021 employment agreement), no gross-ups for excise taxes on severance payments due to a change of control; and
- A conservative approach to share usage associated with our stock compensation plans.

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

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

> "RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2020 Summary Compensation Table and the other related tables and accompanying narrative set forth in this Proxy Statement."

PROPOSAL 3

RATIFICATION OF COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2021

The Board recommends a vote **"FOR"** the ratification of the Company's independent registered public accounting firm for 2021

The Company's independent registered public accounting firm is appointed annually by the Audit Committee. The Audit Committee examined a number of factors when selecting KPMG LLP, including qualifications, staffing considerations, and independence and quality controls. The Audit Committee has appointed KPMG LLP as the Company's independent registered public accounting firm for 2021. KPMG LLP served as the Company's independent registered public accounting firm for 2020 and is considered to be well-qualified.

In view of the difficulty and expense involved in changing independent registered public accounting firms on short notice, should the stockholders not ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for 2021 under this proposal, it is contemplated that the appointment of KPMG LLP for 2021 will be permitted to stand unless the Board finds other compelling reasons for making a change. Disapproval by the stockholders will be considered a recommendation that the Board select another independent registered public accounting firm for the following year.

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

Other Business

The Board does not know of any matters to be presented for action at the Annual Meeting other than the election of directors, the non-binding advisory resolution to approve the compensation of the Company's NEOs, and the ratification of the Company's independent registered public accounting firm for 2021. If any other business should properly come before the Annual Meeting, the persons named in the accompanying proxy card intend to vote thereon in accordance with their best judgment.

Principal Holders of Common Stock

The following table sets forth certain information as of March 12, 2021 regarding persons or groups known to the Company who are, or may be deemed to be, the beneficial owner of more than five percent of the Company's common stock. This information is based upon SEC filings by the individual and entities listed below, and the percentage given is based on 75,293,123 shares outstanding.

Name and Address of Beneficial Owner	Shares of Common Stock	Percent of Class
Mallika Srinivasan Old No. 35, New No. 77, Nungambakkam High Road Chennai 600 034, India	12,170,211[1]	16.2%
Tractor and Farm Equipment Limited Old No. 35, New No. 77, Nungambakkam High Road Chennai 600 034, India	12,150,152	16.1%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	5,577,450[2]	7.4%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	5,251,154[3]	7.0%

[1] Includes shares held individually (20,059 shares) and through TAFE and TAFE Motors and Tractors Limited (12,150,152 shares). Based upon SEC filings made by Ms. Srinivasan.

[2] The Vanguard Group has shared voting power with respect to 42,913 of its shares, sole dispositive power with respect to 5,482,086 of its shares and shared dispositive power with respect to 95,364 of its shares.

[3] BlackRock, Inc. has sole voting power with respect to 5,034,404 of its shares and sole dispositive power with respect to all 5,251,154 of its shares.

The following table sets forth information regarding beneficial ownership of the Company's common stock by the Company's directors, the director nominees, the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, the other NEOs and all executive officers and directors as a group, all as of March 12, 2021. Except as otherwise indicated, each such individual has sole voting and investment power with respect to the shares set forth in the table.

Name of Beneficial Owner	Shares of Common Stock[1]	Shares That May be Acquired Within 60 Days	Percent of Class
Roy V. Armes	14,592	—	*
Michael C. Arnold	14,226	—	*
Sondra L. Barbour	2,838	—	*
P. George Benson	14,271	—	*
Suzanne P. Clark	4,832	—	*
Bob De Lange[2]	—	—	*
Wolfgang Deml[3]	5,791	—	*
Wolfgang Kirsch[3]	—	—	*
George E. Minnich	21,004	—	*
Gerald L. Shaheen[3]	19,082	—	*
Mallika Srinivasan[4]	12,170,211	—	16.2%
Matthew Tsien[5]	—	—	*
Andrew H. Beck	113,251	—	*
Robert B. Crain	49,007	—	*
Eric P. Hansotia	42,634	—	*
Martin H. Richenhagen[6]	388,617	—	*
Hans-Bernd Veltmaat	91,351	—	*
All executive officers and directors as a group (27 persons)	13,098,225	—	17.4%

* Less than one percent

(1) Includes the following number of restricted shares of the Company's common stock as a result of restricted stock grants under the Company's incentive plans by the following individuals: Mr. Armes — 2,838; Mr. Arnold — 2,412; Mr. Benson — 1,702; Ms. Clark — 1,986; Mr. Deml — 1,702; Mr. Minnich — 1,844; Mr. Shaheen — 1,702; Ms. Srinivasan — 2,838; All directors as a group — 19,862.

(2) Mr. De Lange joined the Board on January 1, 2021.

(3) Messrs. Deml, Kirsch and Shaheen will not stand for re-election.

(4) Includes shares held individually (20,059 shares) and through TAFE and TAFE Motors and Tractors Limited (12,150,152 shares). Ms. Srinivasan is the Chairman and Managing Director of TAFE and the Company owns a 20.7037% interest in TAFE.

(5) Mr. Tsien joined the Board on January 22, 2021.

(6) Mr. Richenhagen retired from the Company effective December 31, 2020. Mr. Richenhagen's beneficial ownership of the Company's common stock is as of November 19, 2020, the date of his most recent Form 4 filing.

Executive Compensation

The following table sets forth information as of March 12, 2021, with respect to each person who is an executive of the Company.

Name	Age	Positions
Eric P. Hansotia	52	Chairman of the Board, President and Chief Executive Officer
Bradley C. Arnold	51	Senior Vice President — Product Management
Roger N. Batkin	52	Senior Vice President — General Counsel and Corporate Secretary
Andrew H. Beck	57	Senior Vice President — Chief Financial Officer
Kelvin Bennett	53	Senior Vice President — Engineering
Stefan Caspari	43	Senior Vice President and General Manager, Grain and Protein
Gary L. Collar	64	Senior Vice President and General Manager, Asia/Pacific/Africa
Robert B. Crain	61	Senior Vice President and General Manager, North America
Seth H. Crawford	49	Senior Vice President and General Manager, Precision Ag and Digital
Torsten R.W. Dehner	53	Senior Vice President and General Manager, Europe/Middle East
Luis F.S. Felli	55	Senior Vice President and General Manager, South America
Lucinda B. Smith	54	Senior Vice President — Global Business Services
Josip T. Tomasevic	53	Senior Vice President — Chief Procurement Officer
Hans-Bernd Veltmaat	66	Senior Vice President — Chief Supply Chain Officer

Bradley C. Arnold has been Senior Vice President — Product Management since January 2021. Mr. Arnold was Senior Vice President — Global Crop Cycle and Fuse Connected Services from January 2020 to January 2021, Vice President, Global Crop Cycle and Fuse from January 2019 to December 2019, General Manager of Precision Planting LLC from 2014 to 2019, Commercial Services Director from 2012 to 2014 and Director of International Business Development from 2009 to 2012. Prior to joining Precision Planting LLC, Mr. Arnold held various leadership positions at Caterpillar Inc.

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

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

Kelvin Bennett has been Senior Vice Senior Vice President — Engineering since January 2021. Mr. Bennett was Vice President, Engineering from 2013 to December 2020, Director of Engineering from 2011 to 2013, Chief Engineer from 2009 to 2011, and Engineering Manager from 2007 to 2009. Prior to joining AGCO, Mr. Bennett held various engineering supervisor and managerial position at Clarke (currently Nilfisk Advance) from 2005 to 2007, Dixon (currently Husqvuarna) from 2004 to 2005, and CNH Global N.V. and its predecessors from 1994 to 2004.

Stefan Caspari has been Senior Vice President and General Manager, Grain and Protein since January 2020. Mr. Caspari was Vice President and General Manager, Grain and Protein from April 2019 to December 2019, Vice President, Fuse Connected Services and Technology from 2017 to April 2019, Vice President, Global Strategy and Integration from 2015 to 2017 and Director, Strategy and Integration for Europe/Middle East from 2014 to 2016. Prior to joining AGCO, Mr. Caspari held several leadership positions at Zurich Insurance Group Ltd. and Arthur D. Little consulting firm.

Gary L. Collar has been Senior Vice President and General Manager, Asia/Pacific/Africa since January 2017. Mr. Collar was Senior Vice President and General Manager, Asia/Pacific from 2012 to 2016. Mr. Collar was Senior Vice President and General Manager, Europe/Africa/Middle East and Australia/New Zealand from 2009 until 2011 and Senior Vice President and General Manager Europe/Africa/Middle East and Asia/Pacific from 2004 to 2008. Mr. Collar was Vice President, Worldwide Market Development for the Challenger Division from 2002 until 2004. Between 1994 and 2002, Mr. Collar held various senior executive positions with ZF Friedrichshaven A.G., including Vice President Business Development, North America, from 2001

until 2002, and President and Chief Executive Officer of ZF-Unisia Autoparts, Inc., from 1994 until 2001. In addition, Mr. Collar is a member of the Board of Directors for Hillenbrand, Inc., a publicly traded company in the United States that designs, develops and manufactures engineered industrial equipment and funeral service products.

Robert B. Crain has been Senior Vice President and General Manager, North America since January 2020. Mr. Crain was Senior Vice President and General Manager, Americas from 2015 to December 2019, and Senior Vice President and General Manager, North America from 2006 to 2014. Mr. Crain held several positions within CNH Global N.V. and its predecessors, including Vice President of New Holland's North America Agricultural Business, from 2004 to 2005, Vice President of CNH Marketing North America Agricultural business, from 2003 to 2004 and Vice President and General Manager of Worldwide Operations for the Crop Harvesting Division of CNH Global N.V. from 1999 to 2002. Mr. Crain is also Vice Chairman of the Association of Equipment Manufacturers and serves on the Board of Directors of Pacific Ag Rentals.

Seth H. Crawford has been Senior Vice President and General Manager, Precision Ag and Digital since January 2021. Mr. Crawford joined AGCO in 2019 as Vice President, FUSE Connected Services and Technology. Prior to joining AGCO, Mr. Crawford held several positions within John Deere from 1997 to 2019, including Director, Global Customer and Product Support, as well as various senior marketing roles including Worldwide Marketing Director, Construction and Forestry Division, and Marketing Director-Ag & Turf Division, Europe, Russia, North Africa and the Middle East.

Torsten R.W. Dehner has been Senior Vice President and General Manager, Europe/Middle East since January 2020. Mr. Dehner was Vice President, Global Parts and Europe/Middle East Parts and Services from 2018 to December 2019, Vice President, Purchasing and Materials, Europe/Middle East - Commodity Director Powertrain & Perifery from 2015 to 2018, and Vice President, Purchasing and Materials, Europe/Middle East from 2010 to 2015. Prior to joining AGCO, Mr. Dehner held a number of leadership positions at Behr GmbH & Co. KG.

Luis F.S. Felli has been Senior Vice President and General Manager, South America since January 2020. Mr. Felli joined AGCO in 2018 as President, AGCO, South America. Prior to joining AGCO, Mr. Felli held several leadership positions including General Director of Unipar Indupa S.A.I.C. from February 2017 to November 2017, Commercial Operations Director for Eldorado Brasil Celulose S.A. from 2013 to 2017, Operations Vice President for Atvos Agroindustrial Investimentos S.A. from 2008 to 2013, and Executive Vice President for Braskem S.A. from 2006 to 2008. Mr. Felli began his career at FMC Corporation.

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

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

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

Letter from our Compensation Committee

HIGHLIGHTS FROM 2020:

- New Compensation Committee Chair – **Suzanne Clark**
- New independent Compensation Committee consultant – **Korn Ferry**
- Continuation of investor outreach focusing on pay for performance and other prior concerns
- Refreshed Executive Compensation structure, resulting in key changes to short-term and long-term incentive programs and retirement benefits
- New CEO compensation established within market norms

Dear Fellow Stockholders,

Attracting and retaining the right leadership for AGCO is one of the Board's most important responsibilities. As the Compensation Committee, we are committed to ensuring that AGCO's leadership team is incented to perform by compensation programs aligned to both our strategy and the creation of long-term stockholder value. With this as our foundation, we have taken a number of actions this year to refine our compensation philosophy and address more comprehensively the impact of cyclicality on setting effective targets.

FRESH PERSPECTIVES. In 2020 we determined that to support an enhanced approach to executive compensation, we needed to bring new views and ideas. In support of this, the Board appointed a new Compensation Committee Chair. In addition, after a thorough selection process, and consideration of several firms, we engaged Korn Ferry as our new compensation consultant. To date, the Committee, with management support and Korn Ferry consultation, has made several key changes to revise our compensation programs to reflect the refined philosophy and input from our stockholders.

STOCKHOLDER ENGAGEMENT AND FEEDBACK. Stockholders' support of our compensation program at our 2020 annual meeting increased significantly over 2019, with 77% voting in favor of our "say-on-pay" proposal. We nonetheless were not satisfied with this outcome and viewed it as an opportunity for continued improvement through further understanding of our stockholders' views. After contacting stockholders representing approximately 75% of our outstanding shares, we held discussions with half of our 40 largest stockholders, including nine of the ten largest. Two themes emerged from these conversations. We should more closely tie compensation to share performance and business strategy and align compensation to reduce the impact of industry cyclicality on payouts. This valuable feedback has shaped our ongoing approach to compensation practices.

KEY COMPENSATION PROGRAM CHANGES. Effective for 2021, we have:

- Changed our performance metrics for short-term and long-term incentive awards
- Introduced a sliding scale approach to adjust annual performance targets with reference to our business cycle
- Adopted a new relative Total Shareholder Return (TSR) modifier applicable to Performance Shares (PSUs)
- Frozen the Executive Nonqualified Pension Plan (ENPP), with a transition to a defined contribution plan consistent with current market practices

As we continue to review and evolve our compensation programs, we remain committed to gathering and incorporating stockholder feedback and welcome your input. We are confident that the changes we have implemented will support AGCO's attraction and retention of key talent and drive robust business results and stockholder value.

DELIVERING RESULTS. While 2020 provided unforeseen challenges, we are proud of the strong results AGCO achieved for the year. Although a number of companies adjusted performance payouts in light of the COVID-19 pandemic, AGCO quickly established robust safety protocols for frontline workers and engaged effectively with suppliers to drive supply chain continuity which positively impacted our operational and financial performance. Our 2020 performance on key measures that underpin our short- and long-term incentive program – including operating margin, free cash flow and return on invested capital – improved compared to 2019, notwithstanding challenges brought by the pandemic. No consideration or adjustments to incentive targets were necessary. As a result, the compensation awarded to executives for their 2020 performance rewards our executives and their respective teams for their achievements, as discussed in detail in our Compensation Discussion and Analysis.

The Compensation Committee looks forward to implementing the changes to the compensation program and obtaining further stockholder feedback during 2021.

COMPENSATION COMMITTEE

Suzanne P. Clark (Chair)
Roy V. Armes
Sondra L. Barbour
P. George Benson

Compensation Discussion & Analysis

NAMED EXECUTIVE OFFICERS (NEOs)

Andrew H. Beck
Senior Vice President, Chief Financial Officer

Robert B. Crain
Senior Vice President and General Manager, North America

Eric P. Hansotia
Chairman, President and Chief Executive Officer

Martin H. Richenhagen
Retired Chairman, President and Chief Executive Officer

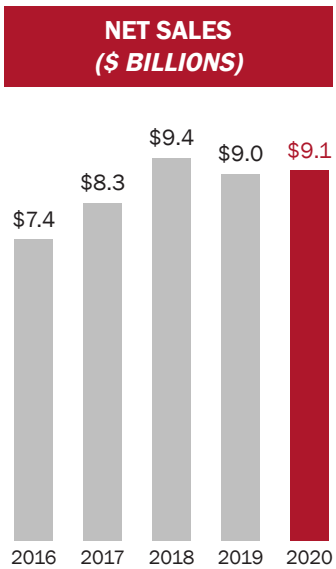
Hans-Bernd Veltmaat
Senior Vice President, Chief Supply Chain Officer

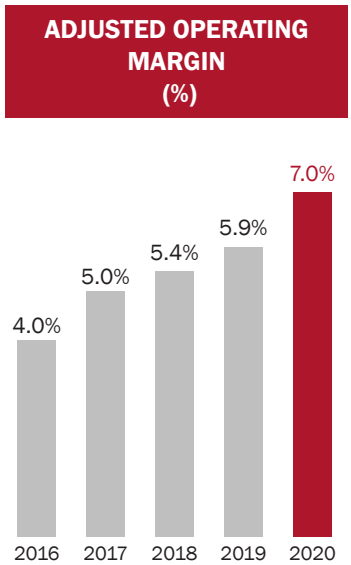
CEO SUCCESSION

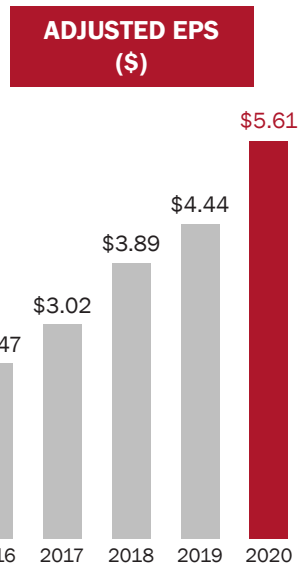
At the end of 2020, Martin Richenhagen retired as Chairman, President and Chief Executive Officer of AGCO. Eric Hansotia replaced him in those roles. Mr. Hansotia has had an outstanding 7-year tenure at AGCO, including, since 2019, as Chief Operating Officer. He has been responsible for leading our initiatives through the COVID-19 pandemic and made significant progress in overseeing our smart farming and precision agriculture solutions. Prior to joining AGCO, Mr. Hansotia spent 20 years in various leadership positions at Deere & Company.

EXECUTIVE SUMMARY

OUR 2020 BUSINESS PERFORMANCE AND FINANCIAL HIGHLIGHTS







MARKET CONDITIONS

During 2020, the COVID-19 pandemic had a minimal impact on global crop production. However, the consumption of grain for food, fuel and livestock feed was negatively impacted by the economic constraints caused by the pandemic in the first half of the year. During the second half of 2020, grain consumption started to recover, consistent with improving economic activities and increased grain exports to China, thus reducing forecasts for ending grain inventories and raising soft commodity prices. Consequently, global industry demand for farm equipment was mixed during 2020 but with improvements in the second half across major markets. Future demand for agricultural equipment will be influenced by farm income, which largely is a function of commodity and protein prices, crop yields and government support.

FINANCIAL PERFORMANCE

The health and safety of our employees, dealers and farmer customers have been our top priority throughout the COVID-19 pandemic. We drove record free cash flow and improved operating margins, while managing a difficult supply chain during 2020.

Net sales for 2020 were approximately $9.1 billion, which, excluding the impact of negative currency translation, were approximately 3.0% higher than 2019. Adjusted operating margin as a percentage of net sales increased from 5.9% in 2019 to 7.0% in 2020, with 2020 margins positively impacted by pricing, a favorable sales mix inclusive of new product introductions, cost containment and productivity initiatives. Adjusted net income per share increased from $4.44 per share in 2019 to $5.61 per share in 2020. In addition, free cash flow, which is defined as net cash provided by operating activities less capital expenditures, was approximately $626.6 million in 2020 compared to approximately $422.5 million in 2019. Our record-breaking free cash flow performance in 2020 benefited from our focus on working capital discipline, including the reduction of both Company and dealer inventory levels. Adjusted operating margin, adjusted EPS, free cash flow and net sales excluding the impact of currency translation, are non-GAAP measures and we provide reconciliation to the closest GAAP measure in the appendix at the end of this proxy statement.

OVERVIEW

Given the significant challenges created from the COVID-19 pandemic, the Compensation Committee considers our performance during 2020 to be outstanding, supported by improvement in adjusted operating margins and earning per share in relatively flat industry conditions. This assessment is further supported by comparisons to the results of our two larger industry competitors in 2020, where our operating margin improvement was better than both on a consolidated basis and better than one competitor for agricultural equipment segment margins. The Compensation Committee considers the incentive compensation awards earned by executive management during 2020 to be well aligned with our operational performance.

2020 STOCKHOLDER ENGAGEMENT

RESPONSIVENESS TO STOCKHOLDER FEEDBACK

Following the 2019 annual meeting, at the direction of the Compensation Committee, AGCO undertook a broad outreach to stockholders, contacting holders of approximately 80% of our outstanding shares. Investors' feedback was focused specifically on the one-time equity award made to our CEO in 2018 and the structure of AGCO's restricted stock unit (RSU) awards, while generally supporting of other elements of our executive compensation program. In response to those comments, the Compensation Committee committed not to award non-plan bonuses to its Chief Executive Officer. Additionally, AGCO introduced a relative performance metric (relative operating margin improvement) as a payout modifier on 2020 grants of RSUs to enhance pay for performance.

Further, following the 2020 annual stockholders meeting, AGCO's Board and certain senior members of management conducted further stockholder outreach to discuss and obtain feedback to inform of our new executive compensation program for 2021 as well as various governance matters. We contacted our largest stockholders representing approximately 75% of our shares. The Chair of the Committee participated in this process along with our current and previous lead independent directors, our Chief Executive Officer, and our Chief Financial Officer. The full Board had robust discussions and thoughtfully considered our stockholders' feedback. Below is a summary of the key messages that we received, and the actions taken in response:

WHAT WE WERE TOLD	RESPONSE
More closely tie compensation plans to performance and business strategy	Adjusted metrics for the annual incentive and selected new metrics for the long-term incentive (LTI) emphasizing relative performance Performance share unit grants under the LTI include relative TSR as a payout modifier
Align compensation to reduce the impact of industry volatility	Established performance targets for both short-term and long-term incentives based on a new sliding scale model to account for business cyclicality
Ensure compensation programs are within market levels	Froze the executive defined benefit retirement plan *(plan was closed in August 2015 to new entrants)* with a transition to an executive defined contribution plan
Disclose compensation plan targets	Enhanced disclosure includes annual incentive (STI) threshold and maximum targets

CHANGES TO INCENTIVE PROGRAM FOR 2021

REDESIGNED 2021 EXECUTIVE COMPENSATION PROGRAM

In response to stockholder feedback, the Compensation Committee made significant changes to both short- and long-term incentive programs, as well as reduction of executive retirement benefits to reflect market practices. We also increased disclosures relating to threshold, target and maximum targets and achievements. Specific changes are highlighted below.

2021 PAY CHANGES AND INCENTIVE PROGRAM OVERVIEW

	Compensation Vehicle	Measurement Period	Old metric	New metric	Link to Performance and Strategy
Short-Term Incentive (STI) Program	Annual Incentives	One year	*Adjusted operating margin as a % of net sales (70%);*	Adjusted Operating Margin (50%) *(sliding scale relative to industry)*	Aligns pay with performance and uses sliding scale approach for performance targets to manage cyclicality
			Free cash flow (30%)	Return on Net Assets (RONA) (50%) *(sliding scale relative to industry)*	Margin improvement and sound asset management are key to improving financial performance

	Compensation Vehicle	Measurement Period	Old metric	Old mix	New metric	New mix	Link to Performance and Strategy
Long-Term Incentive (LTI) Program	Performance Share Plan (PSP)	Three years	*Operating margin (50%);*		3-year Revenue growth relative to Industry (50%)		Aligns pay with performance and uses sliding scale approach for performance targets to manage cyclicality
			Return on Invested Capital (50%)	*60%*	3-year Return on Net Assets (RONA) (50%) (sliding scale)	60%	Revenue and RONA metrics balance between growth and asset return discipline
					Both subject to relative TSR modifier (+/- 20%)		Relative Revenue target and TSR modifier creates stronger pay-for-performance alignment
	Restricted Stock Units (RSUs)	Three years	*Satisfaction of vesting period*	*20%*	3-year ratable vesting period	40%	Promotes retention of key talent
	Stock Settled Stock Appreciation Rights (SSARs)	Four years	*Stock price appreciation*	*20%*	Discontinued	N/A	Moved to simpler design with two elements

RELATIONSHIP BETWEEN COMPENSATION METRICS AND FINANCIAL PERFORMANCE

DRIVERS OF OPERATING MARGIN (SHORT-TERM INCENTIVE)

- Focus on profitability
- Cost control/expense management
- Streamline operations
- Near-term business execution

DRIVERS OF RETURN ON NET ASSETS (SHORT-TERM AND LONG-TERM INCENTIVES)

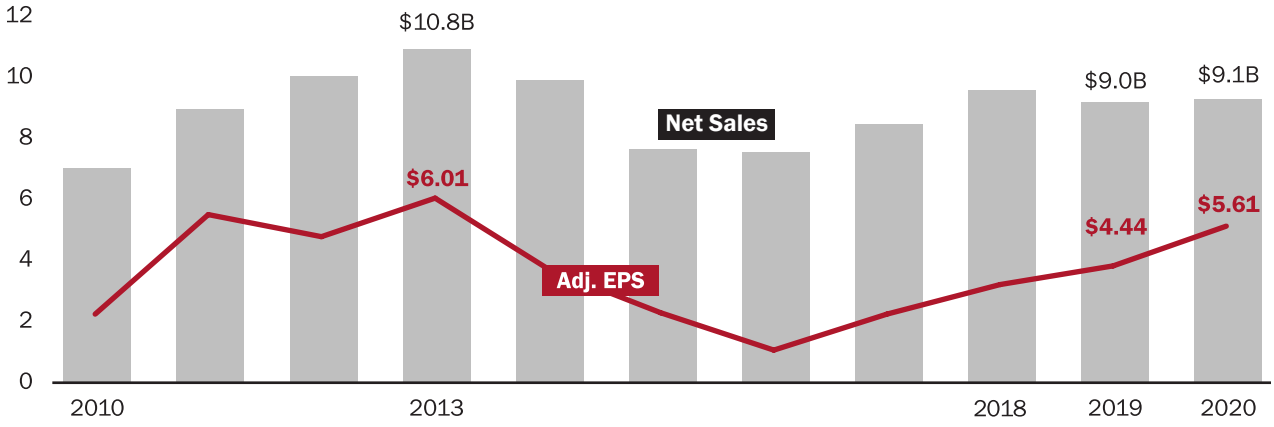
- Focus on profitability
- Efficient use of long-term assets
- Working capital efficiency
- Accountability for acquisition returns

DRIVERS OF 3-YEAR REVENUE GROWTH VS. INDUSTRY (LONG-TERM INCENTIVE, PSUS)

- Market share
- Successful execution of business strategy
- Focus on customer trends and requirements

FINANCIAL PERFORMANCE AND COMPENSATION METRICS – IMPACT OF CYCLICALITY

NET SALES AND ADJUSTED EPS 2010-2020



Our success depends in large part on the strength of the agricultural equipment industry. Historically, demand for agricultural equipment has been cyclical and generally reflected the economic health of the agricultural industry, which is impacted by a variety of economic and other factors such as commodity prices, farm income and government support. Accordingly, our financial results, including net sales, margins, earnings and cash flows, are heavily dependent on industry conditions in a given year. As reflected above, the global agricultural equipment cycle peaked in 2013 and declined significantly starting in 2014 and began improving in 2017. In 2020, industry conditions improved modestly driven by higher commodity prices in the second half of the year.

Establishing appropriate performance targets is particularly challenging due to the cyclicality of our industry – a cyclicality that often does not reflect the performance of the overall economy. Our objective is to provide targets that, with appropriate performance, are challenging but reasonable within the expected industry conditions over the duration of a performance period. Since industry conditions are difficult to forecast, our compensation payouts historically have varied significantly, largely due to unforeseen changes in conditions.

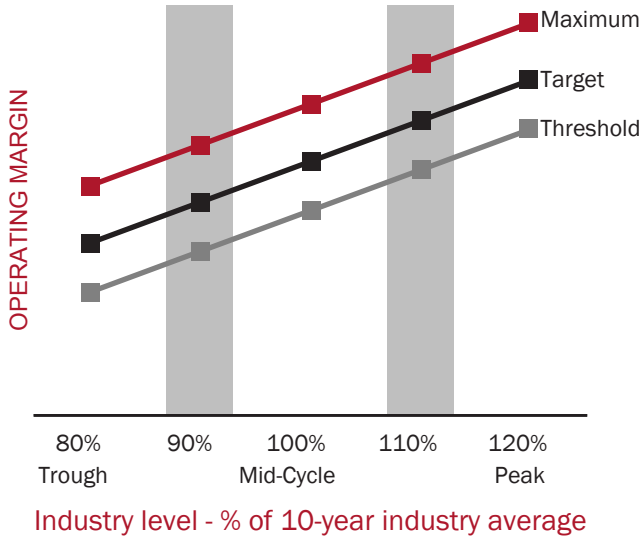
The compensation structure for 2021 has been redesigned to better address industry cyclicality. Targets for both short-term and long-term performance compensation are on a sliding scale, dependent on changes to industry conditions. This redesigned structure is expected to result in compensation awards being better aligned with performance under management's control rather than industry cyclicality.

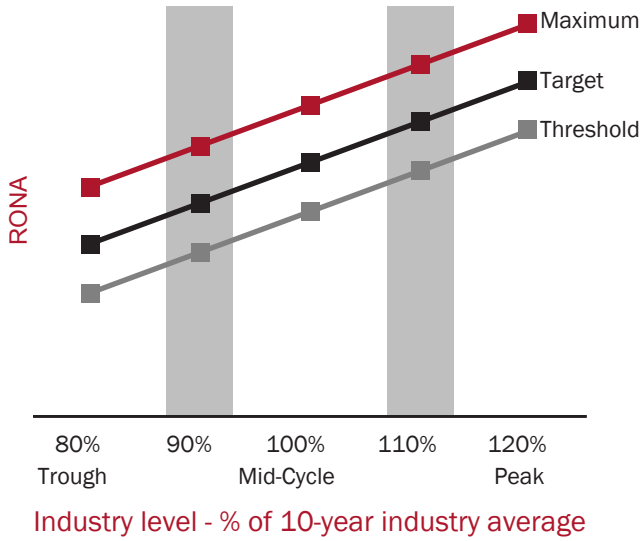
ADJUSTING FOR CYCLICALITY IN GOAL-SETTING

Beginning in 2021, the targets for both operating margins and RONA are on a sliding scale tied to the 10-year industry average sales data for the agricultural equipment industry. The target adjustments are based upon comparing the current fiscal year's industry sales to the 10-year average. In periods where the industry experiences an increase in sales, our targets will shift upward to account for the industry improvement. In periods where the industry experiences a decrease in sales, our targets will shift downward to account for industry decline. By adjusting targets to changes in the industry cycle, the targets remain demanding but reasonable regardless of industry conditions, rewarding management for good decisions that take advantage of improving demand, and controlling costs and working capital when demand declines. By normalizing targets for cyclical industry conditions, executives will be rewarded for operational performance and quick response to changing demand.

HOW WILL SLIDING SCALE GOALS WORK?

As an example of how our sliding scale will work in practice, below are visual representations of both the Operating Margin and RONA goals as they will adjust along the 10-year industry sales average axis.





2020 PERFORMANCE EVALUATION AND COMPENSATION

While a number of companies adjusted performance payouts in light of the global COVID-19 pandemic, we worked diligently in partnership with the Compensation Committee to gauge impact to our operations. Given our ability to quickly establish robust safety protocols for our frontline workers and engage effectively with suppliers to recover from production disruptions experienced in the second quarter of 2020, our Compensation Committee determined that no adjustments were necessary. Our strong financial performance resulted in payouts above the original incentive targets.

Our business performance results were reflected in the 2020 pay decisions made by the Compensation Committee as summarized below:

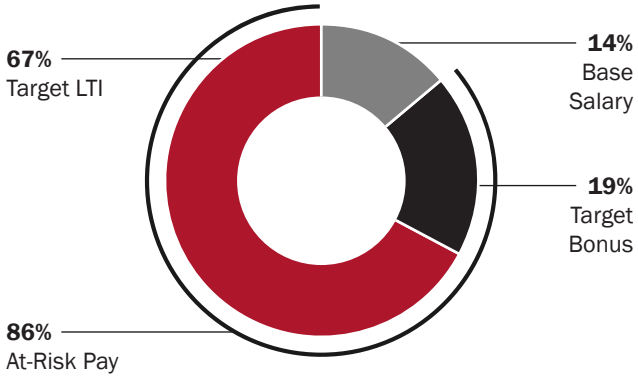
Base Salary	No increases were made to base salary of Named Executive Officers in 2020 (although Mr. Hansotia did receive a raise in 2021 in connection with his promotion).
Short-Term Incentive	Annual incentive awards for 2020 paid out at 181% of target.
Long-Term Incentive	2020 grant was made at target levels of performance for NEOs based on midpoint of range for each respective role.

COMPONENTS OF 2020 EXECUTIVE COMPENSATION

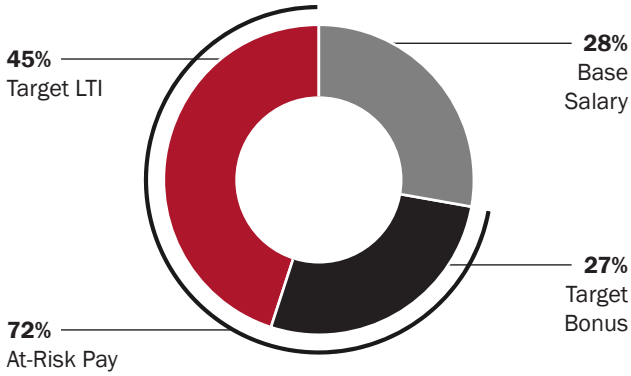
Pay Element	Purpose	Performance Period	Performance Measures	Payout
Base Salary	Market-competitive base salary reflecting contribution, background, knowledge, skills and performance	N/A	N/A	Cash
Incentive Compensation (IC) Plan	Annual cash incentive based on achievements of key financial targets	1 year	Adjusted Operating Margin as a % of Net Sales (70%) Free Cash Flow (30%)	Cash
Performance Share Plan "PSP" (60%)	Based on AGCO's performance vs. pre-established goals aligned with generating stockholder value over the long-term	3 years	Adjusted Operating Margin (50%) Return on Invested Capital (50%)	Stock
Restricted Stock Units "RSUs" (20%)	Employee Retention	3-year cliff vesting	Stock Price Appreciation, as the ultimate award as value reflects stock price Adjusted Operating Margin improvement relative to an industry peer group modifier	Stock
Stock-settled Stock Appreciation Rights "SSARs" (20%)	Align NEOs interests with long-term interests of stockholders	4 years	Stock Price Appreciation	Stock

We believe that as an executive's responsibilities increase, so should the portion of his or her total pay comprised of incentive compensation. As illustrated below, in 2020, on average, over 70% of our NEO compensation was variable or "at risk" and tied to AGCO's performance, with the greatest portion associated with long-term incentives:

CHIEF EXECUTIVE OFFICER



OTHER NEOs



2020 BASE SALARY

Base salary for NEOs establishes the foundation of total compensation and supports attraction and retention of qualified executives. Each NEO's base salary is generally targeted at median levels of executives with similar roles and responsibilities at other industrial companies of similar revenue and complexity.

Base salary increases are primarily performance driven, but adjustments may be made to recognize additional responsibilities or market inequities. As previously discussed, none of the NEOs received any pay increases during 2020 due to COVID-19 pandemic uncertainty, although Mr. Hansotia did receive a raise in 2021 in connection with his promotion.

	2019	2020	% Change
Mr. Beck	$ 660,539	$ 660,539	—
Mr. Crain	$ 605,986	$ 605,986	—
Mr. Hansotia	$ 727,100	$ 727,100	—
Mr. Richenhagen	$ 1,385,942	$ 1,385,942	—
Mr. Veltmaat	$ 616,177	$ 616,177	—

2020 ANNUAL INCENTIVE

Annual incentives are intended to facilitate alignment of management with corporate objectives in order to achieve outstanding performance and to meet specific AGCO financial targets. Incentive plan performance measures and targets are evaluated annually to ensure they support our strategic business objectives.

Incentive compensation is based on our performance, as well as the contribution of executive officers through the leadership of their respective regional or functional areas. For 2020, incentive compensation awards for all NEO's and senior vice presidents were based 100% on corporate goals for global alignment purposes. Incentive compensation opportunities are expressed as a percentage of each executive officer's base salary. The annual award opportunities for the NEOs in 2020 were:

2020 ANNUAL INCENTIVE OPPORTUNITIES

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

The corporate objectives and targets are set at the beginning of each year and approved by the Compensation Committee based upon a budget approved by the Finance Committee. The plan also provided that unless a threshold adjusted earnings per EPS goal is reached, no awards are paid regardless of performance relative to the other goals. Unless determined otherwise, the Compensation Committee excludes restructuring and certain other items from the calculation of adjusted operating margin as a percentage of net sales in order to ensure the calculations are equitable and reflect normalized operating results.

The charts below summarize the performance measures, weightings, and results that the Compensation Committee approved for the 2020 annual incentive.

DESCRIPTION OF PERFORMANCE MEASURES

PERFORMANCE MEASURE	DEFINITION	RATIONALE
Adjusted Operating Margin as a Percentage of Net Sales	Adjusted income from operations divided by net sales. This measure excludes restructuring expenses and certain other items approved by the Compensation Committee.	Margin improvement links to earnings and is key to increasing company performance and stockholder value.
Free Cash Flow	Net cash provided by operating activities less capital expenditures.	Free Cash Flow is a measure of a company's ability to generate cash and is an important indicator of stockholder value.

2020 ANNUAL INCENTIVE PERFORMANCE MEASURES AND RESULTS

Measure[1]	Weight	Bonus Objective[2]	Percent Achieved	Earned Award
Adjusted Operating Margin as a Percentage of Net Sales	70%	Threshold 5.2%; Target 6.5%; Maximum 7.2%; Performance 7.0%	129%	121%
Free Cash Flow	30%	Threshold $260.0; Target $325.0; Maximum $455.0; Performance $626.6	193%	60%

(1) Dollar amounts stated in millions; performance amounts reflect adjustments approved by the Compensation Committee.

(2) EPS threshold of (60% of EPS) must be met before any award is paid out. For 2020, this threshold was $3.06 and was fully met with an EPS of $5.61.

From 2019 to 2020, the target for adjusted operating margin as a percentage of net sales increased from 6.0% to 6.5%. In establishing performance goals each year, the Compensation Committee sets goals that are calibrated to Company performance expectations, incorporating rigor and stretch in these goals to drive outstanding performance. Free cash flow during 2019 was positively impacted by reductions in working capital. When targets were set for purposes of 2020 annual incentive performance measures, we did not anticipate similar levels of reductions in working capital to occur, and, therefore, the target for 2020 was set at an amount lower than our 2019 actual free cash flow.

2020 ANNUAL INCENTIVE PAYOUTS

As discussed, the agricultural equipment industry is cyclical, with sales largely dependent on the health of the overall farm economy, which is influenced by commodity prices, farm income and other factors. The Compensation Committee believes that management exhibited strong performance during 2020 given that, although industry demand was mixed across our key markets, an improved sales mix and cost containment actions resulted in improved operating margins in 2020 compared to 2019.

For 2020, the Compensation Committee determined that AGCO performed above target with respect to adjusted operating margin as a percentage of net sales as well as free cash flow. As a result, the corporate portion of bonuses paid to NEOs reflects, overall, approximately 181% of the established target.

Name	As a % of Salary	Actual Amount
Mr. Beck	181%	$1,193,924
Mr. Crain	163%	$ 985,787
Mr. Hansotia	181%	$1,314,233
Mr. Richenhagen	253%	$3,507,127
Mr. Veltmaat	163%	$1,002,365

LONG-TERM INCENTIVE

LTI is intended to engage executives in achieving longer-term performance goals and to make decisions in the best interest of the stockholders. LTI performance goals are reviewed annually to ensure they are appropriately aligned with stockholder interests and the strategic business objectives of AGCO.

In January 2020, the Compensation Committee approved long-term incentive awards for 2020 eligible plan participants. The target award levels for each award type were set at median level of market competitiveness.

The following table summarizes the mix and performance measurements for each form of equity awarded to our NEOs for 2020 under our LTI Plan:

AWARD TYPE	MEASUREMENT	RATIONALE
Performance Share Plan ("PSP"): 60%	• 50% Operating Margin • 50% Return on Invested Capital ("ROIC")	Both metrics are meaningful measures of our performance and have a strong correlation to generating stockholder value over the long-term
Restricted Stock Units ("RSUs"): 20%	• Stock price appreciation	Alignment with long-term stockholder value
Stock-Settled Stock Appreciation Rights ("SSARs"): 20%	• Stock price appreciation, as the ultimate award value is influenced by the stock price	Alignment with long-term stockholder value

In response to stockholder feedback (namely to include a relative measure in compensation design) the following adjustments were made to the RSU awards in 2020:

- The plan provides that RSU awards are further adjusted within a range of -25% to +25% based upon the change in our operating margin relative to an 11-company agricultural equipment and industrial company peer group.
- RSUs are subject to cliff-vesting at the end of the three-year cycle to emphasize longer-term operating margin performance relative to the peer group.

2018 – 2020 PERFORMANCE SHARE PLAN

Targets set for the 2018-2020 Performance Share plan were set at the beginning of the three-year period. At the conclusion of the cycle, the Compensation Committee determined that, based on the Company's performance, we achieved above "target" on both the cumulative EPS and ROIC goals.

- As the goals were established during a low point in the global agricultural market and performed above expected levels, we substantially outperformed the Company's "outstanding" level performance goals for EPS and ROIC.

- The weighted average performance for the 2018-2020 three-year PSP performance cycle was 200% for each of the three years.

The target award and actual number of shares received by the NEOs for the three-year PDP performance cycle (2018-2020) are shown below:

	Three-Year Performance Cycle (2018-2020)	
Name	Target Award (100%)	Actual Award (200%)
Mr. Beck	10,100	20,200
Mr. Crain	8,000	16,000
Mr. Hansotia	3,800	7,600
Mr. Richenhagen	57,500	115,000
Mr. Veltmaat	8,000	16,000

2020-2022 PERFORMANCE SHARE PLAN (PSP)

We consider the target goals for PSP awards for uncompleted cycles to be confidential. The Compensation Committee believes it is important to establish incentive targets that incorporate stretch performance expectations and reward for exceeding defined performance and results. Disclosures of these goals prematurely may mislead investors as they may not fully appreciate the "stretch" nature of the goals.

- The targets for operating margin as a percentage of net sales and ROIC reflect current and projected industry conditions.
- The applicable threshold and outstanding levels of performance achievement are defined for each measure.
- Target percentage level achievement on the three-year PSP performance cycle is based upon averaging the amounts earned each year in the three-year performance cycle.

MATRIX OF AWARD OPPORTUNITIES FOR AWARDS GRANTED IN 2020

	Operating Margin as a percentage of Net Sales			
	Below Threshold	Threshold	Target	Outstanding
Outstanding	100.0%	116.5%	150.0%	200.0%
Target	50.0%	66.6%	100.0%	150.0%
Threshold	16.5%	33.3%	66.6%	116.5%
Below Threshold	—%	16.5%	50.0%	100.0%

If the actual performance of the goal falls in between the established goals for threshold, target and outstanding performance, the associated payout factor will be calculated using a straight-line interpolation between the two goals. Unless determined otherwise, the Compensation Committee excludes restructuring and certain other items from the calculations of adjusted operating margin as a percentage of net sales and ROIC in order to ensure the calculations are equitable and reflect normalized operating results and actions are not discouraged by their projected impact on the awards (this approach also applies to annual incentive compensation calculation of operating margin).

THE COMPENSATION COMMITTEE

The Compensation Committee approves all compensation for executive officers, including the structure and design of the compensation programs. We perform competitive market analysis with respect to cash compensation, long-term equity incentives and executive retirement programs in order to enable the Committee to review, monitor and establish appropriate and competitive compensation guidelines, determine the appropriate mix of compensation programs and establish the specific compensation levels for our executives. The Compensation Committee also exercises its judgment as to what is in the best interests of the Company and its stockholders.

The process for compensation decisions made by the Compensation Committee involves:

- Reviewing the prior year say-on-pay voting results,
- Considering feedback received from stockholders throughout the year,
- Obtaining recommendations and market data from our independent compensation consultant,

- Assessing business climate and industry factors, and
- Evaluating NEO performance in alignment with Company goals.

PAY GOVERNANCE AND PAY FOR PERFORMANCE PHILOSOPHY

The compensation provided to our senior leaders is guided by pay-for-performance and the following principles:

Philosophy	Approach
Align with Stockholders Interests	Compensation paid should align directly with the long-term interests of our stockholders, and our executives should share with them in the performance and value of our common stock.
Support Business Strategy	Compensation should be based on challenging Company performance and strategic goals, which are within our executive's control and reward performance aligned with AGCO's strategy, values, and desired behaviors.
Pay for Performance	Target compensation should have an appropriate mix of short-term and long-term pay elements. In general, compensation is highly weighted - on average, over 70% - to variable or "at risk" compensation.
Encourage Executive Stock Ownership	Executives should meet minimum requirements for share ownership.
Competitive Compensation - Attract and Retain Quality Management	Executive pay is market competitive, but also performance-based and structured so that it addresses retention, recruitment, market scarcity and other business concerns.

WHAT WE DO:

- ✔ Compensation Committee composed entirely of independent directors who are advised by an independent compensation consultant
- ✔ Compensation Committee annually reviews financial performance objectives in our annual and long-term incentive plans
- ✔ Annual and long-term incentive plans with performance objectives aligned to business goals
- ✔ Long-term vesting period for equity awards
- ✔ Compensation programs support a conservative approach to share usage
- ✔ Double-trigger equity vesting in the event of change-in-control
- ✔ Require substantial stock ownership for all executive officers
- ✔ Clawback provisions in plans

WHAT WE DON'T DO:

- X No tax gross-ups on change-in-control benefits (for all employment contracts since 2017 including the new CEO contract)
- X Encourage excessive or unnecessary risk-taking
- X Reprice equity awards without shareholder approval
- X Allow directors or executives to engage in hedging or pledging of AGCO's securities (UPDATED)

COMPENSATION CONSIDERATIONS

The Compensation Committee reviews recommendations from management, and with input from its independent compensation consultant, considers various factors when making executive compensation decisions, including:

- The cyclical nature of the business
- Agricultural equipment industry outlook
- Performance relative to peers and competitors
- Current competitive market conditions
- Key areas management can influence results over the short- and long-term
- Development and retention of top talent

CHANGE IN INDEPENDENT COMPENSATION CONSULTANT

The Compensation Committee decided to retain a new compensation consultant in order to receive a fresh perspective on our executive compensation programs. After a thorough review of potential advisors, the Compensation Committee engaged Korn Ferry in June 2020. The Compensation Committee undertook, with the assistance of Korn Ferry, a comprehensive review of our compensation programs. Korn Ferry assisted the Compensation Committee in reviewing our executive compensation program and providing comparative market data and trends on compensation practices and programs based on an analysis of our peer companies. The Compensation Committee evaluated Korn Ferry's independence pursuant to SEC and NYSE requirements and determined that there are no conflicts of interest pertaining to the work performed by Korn Ferry.

CEO EMPLOYMENT AGREEMENT

In connection with his promotion to Chairman, President and Chief Executive Officer, effective January 1, 2021, AGCO entered into an amended and restated employment agreement with Mr. Hansotia. The agreement generally is consistent with Mr. Hansotia's prior employment agreement, and, among other things, provides for:

- An increase in his annual base salary to $1,150,000 (from $727,100)
- Participation in annual and long-term incentive programs
- Severance benefits of two years (three years in the event of a change in control) in the event of a termination without "cause" or by Mr. Hansotia for "good reason"
- Enhanced severance benefits in the event of a termination in the event of a change of control – a so-called "double trigger"
- Retirement benefits per the Executive Non-qualified Pension Plan (ENPP)
- A company car and reimbursement for customary expenses
- Reimbursement of the cost of one club membership
- Term life insurance equal in value to six-times his base salary
- The lesser of $100,000 of use or up to 50 hours of flight time annually for personal use of the Company-provided aircraft based on any incremental cost to the Company as determined under Securities and Exchange Commission disclosure rules

The agreement also contains customary non-compete, non-solicitation and confidentiality provisions. In connection with the amendment and restatement of his contract, Mr. Hansotia's right to a tax gross-up was deleted.

In negotiating Mr. Hansotia's agreement, the Compensation Committee was assisted by its independent compensation consultant and believes that the final agreement is consistent with market practices. In addition, the Compensation Committee took into account Mr. Hansotia's permitted use of the Company-provided aircraft in establishing his compensation.

BENCHMARKING COMPENSATION TO PEERS

The Compensation Committee's goal is to provide base salary, target total cash compensation (base salary plus target bonus opportunity) and target total direct compensation (target total cash plus target LTI opportunity) for each NEO that is competitive with the median levels of other industrial companies of similar size and complexity.

The Compensation Committee annually reviews the peer group for compensation comparisons and makes updates as needed to ensure that the included companies are appropriate comparators for determining whether total compensation for NEOs aligns with market. In determining the appropriate peer group, the Compensation Committee considers the attributes of company size as well as similarity of industry and business, as outlined in the table below.

PEER GROUP – SELECTION PROCESS

REVIEW OF CURRENT COMPENSATION PEER GROUP

REVIEW CRITERIA

Our 2020 assessment of potential peer companies involved a series of key guidelines and parameters along with sound judgment to arrive at an appropriate compensation peer group. Note that not all compensation peer companies match all criteria, and not all criteria are of equal importance.

Review Items	Review Criteria	Consideration
Size	• Revenue falls within a range of ~0.3x to ~3x AGCO's FY19 annual revenues	• For many companies, revenue is a proxy for business complexity and has the highest correlation to executive pay opportunity • Market cap is also a useful reference (when combined with revenue). We typically consider potential peers that fall within a wider range of ~0.2x to ~5x of the Company market cap
Similar Industry	Compete within the following similar industries: • Machinery • Building Products • Aerospace and Defense	• Industry serves as a good reference for a company's competition for business, capital, and talent • For AGCO, there are a limited number of public Ag/Farm Machinery companies, so we expanded our search to include other machinery and equipment companies
Business Similarity	• Manufacturer of heavy-duty equipment and/or parts • International sales of more than 30% of total sales • Digitalization as a key initiative • Does not rely on one single dealer or distributor (sales no more than 10% of total sales)	• These factors may impact the Company's organization structure, market risk, KPIs, sales forces, and other factors, which will eventually impact the Company's pay program design

The Compensation Committee reviewed our peer group in July 2020. Four companies were removed, and five were added to the peer group. The composition of the current peer group (18 companies) is shown below:

BorgWarner Inc.	Wabtec Corporation*	Xylem Inc.*
Cummins, Inc.	Thor Industries*	Rockwell Automation, Inc.
Dana Incorporated*	Navistar International Corporation	Stanley Black & Decker
Dover Corporation	Oshkosh Corporation	Terex Corporation
Flowserve Corporation	PACCAR Inc.	Trane Technologies PLC.*
Illinois Tool Works Inc.	Parker Hannifin Corporation	Textron Inc.

* Newly added companies

EXECUTIVE COMPENSATION AND RISK MANAGEMENT

The Compensation Committee regularly reviews compensation plans and practices to ensure they are appropriately structured and aligned with business objectives, and not designed to encourage executives to take unwarranted risks. Specifically, the overall design of the compensation philosophy and plans mitigate risks because:

- the financial performance objectives of the short- and long-term incentive plans are reviewed and approved annually by the Board;
- the plans consist of multiple performance objectives, thus lessening the focus on any one in particular;
- short- and long-term incentive payouts are capped for all participants; and
- the Company has in place a clawback provision that can require the return of incentive compensation.

STOCK OWNERSHIP REQUIREMENTS

The Company requires its directors and officers to own AGCO shares as it emphasizes the alignment of their interests with those of stockholders. The Board reviewed and updated the share ownership requirements effective 2021. The ownership program covers all directors and executive officers. The requirements are as follows:

- Chief Executive Officer to own common stock, or other equity equivalents, equal in value to six times annual salary
- Other Executive Officers to own common stock, or other equity equivalents, equal in value to three times their respective annual salaries
- Non-employee directors to own common stock, or other equity equivalents, equal in value to five times the value of the annual retainer

Any person becoming a director or executive officer has five years from his or her election or promotion, or from an increase in the requirement, to comply with the stock ownership requirements. A person is considered to be in compliance once the minimum ownership level is reached (if he or she continues to hold at least the number of shares that initially was required regardless of the change in market value of the underlying equity securities). Our directors and executive officers all met the requirements that were applicable as of December 31, 2020.

OTHER COMPENSATION, BENEFITS AND CONSIDERATIONS

POST-TERMINATION AND CHANGE IN CONTROL BENEFITS

Employment agreements with the executives provide severance benefits when the termination is without “cause” or for termination with “good reason.” The size of the severance benefits depends on whether the termination involved a change of control.

SEVERANCE BENEFITS WITHOUT A CHANGE OF CONTROL

For terminations by the Company without “cause” or by an executive for “good reason” that do not involve a change of control, the severance benefit includes:

- The executives will receive his or her base salary for a period of one or two years and a pro rata portion of the annual incentive to which the executive would have been entitled for the year of termination had the executive remained employed for the entire year.
- Specifically, for the NEOs, Messrs. Crain and Veltmaat will receive their respective base salaries and annual incentives for one year upon termination, and Messrs. Hansotia and Beck will receive their respective base salaries and annual incentives for two years upon termination.
- A terminated executive also is entitled to receive any vested benefits under the ENPP payable beginning at age 65.

SEVERANCE BENEFITS TRIGGERED ON TERMINATION FOLLOWING A CHANGE OF CONTROL

For terminations by the Company without "cause" or by an executive for "good reason" that follow a change of control the severance benefit includes:

- For Mr. Hansotia, three times, and for the other NEOs two times their respective base salaries in effect at the time of termination.
- For all NEOs, a pro-rata portion of their respective annual incentives earned for the year of termination.
- For Mr. Hansotia three times, and for the other NEOs two times, the three-year average of their respective annual incentives received during the prior two completed years and the current year's trend.

In addition to the cash severance payments, certain vesting benefits exist:

- Effective with equity awards in 2018, the "single trigger" provision, which stated that shares will vest upon a change in control, was replaced with a "double-trigger" provision that states that vesting is contingent on a change in control and either termination of employment or failure of the acquiring company to assume outstanding equity grants or provide participants with the value equal to that of the unvested equity grants.
- All benefits under the ENPP that have been earned based on years of service also become vested upon a change of control.

Executives with employment agreements prior to 2017 are entitled to receive a gross-up for excise taxes due on any of the change of control payments described above, other than ordinary income taxes associated with payouts from a change of control. Based upon discussions with stockholders, we eliminated the gross-up for excise taxes on severance payments due to a change in control for any executive receiving an employment agreement in 2017 and beyond. Under the provision of Mr. Hansotia's new employment contract, there is no excise tax gross-up for severance payments.

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

RETIREMENT AND OTHER BENEFITS

Executive officers participate in our various employee benefit plans designed to provide retirement income. Our qualified and nonqualified pension plans provide a retirement income base, and our qualified and nonqualified 401(k) plans permit additional retirement savings. To encourage retirement savings under the qualified and nonqualified 401(k) plans, we provide an employer matching contribution (as noted below).

PLAN TYPE	DESCRIPTION	STATUS
AGCO 401(k) Plan	For the Company's 401(k) plan, we generally contributed approximately $12,825 to each eligible executive's 401(k) account during 2020, which was the maximum contribution match allowable under the Company's 401(k) plan.	Active
Executive Nonqualified Pension Plan (ENPP)	The ENPP provides the Company's eligible US-based executives with retirement income for a period of 15 years based on a percentage of their final average compensation, including base salary and annual incentive bonus, reduced by the executive's social security benefits and 401(k) plan benefits attributable to employer matching contributions. In addition, two executives (but none of the NEOs), provided they remain with AGCO until age 65, will have their benefits continue as a lifetime annuity after the 15-year certain period ends (i.e., at age 80).	ENPP frozen as of December 31, 2024 Lifetime Annuity eliminated *(if not eligible by 12/31/2021)*

PLAN TYPE	DESCRIPTION	STATUS
Executive Defined Contribution (DC)	The DC plan provides deferred compensation to a select group of US-based executives. The Company annually contributes 10% of the executive officer's salary and incentive compensation, less any matching contributions we made during the year with respect to the executive's contributions to the Company's 401(k) plan. Executives who currently participate in the ENPP are transitioning to the DC plan in connection with the freeze of the ENPP.	Active

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

Mr. Richenhagen did not receive retirement payments, other than under the ENPP, because his employment agreement stipulated that no retirement payments would be paid if he retired after the age of 65.

FREEZING OF SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In response to stockholder feedback and benchmarking of retirement plan offerings within our relative peer group, effective March 10, 2021, the lifetime annuity offering of the Executive Nonqualified Pension Plan (ENPP), has been eliminated for any employees not eligible prior to December 31, 2021 in accordance with the plan requirements.

In addition, the ENPP will be frozen as of December 31, 2024. No further accruals to the executive retirement benefit for compensation or service changes will be made after that date. As of January 1, 2025, any remaining participants will be transitioned to our Executive Defined Contribution plan.

LIMITED PERQUISITES

We believe that cash and incentive compensation should be the primary focus of compensation and that perquisites should be modest.

- The primary perquisites available to executives are the use of a leased automobile and the reimbursement of dues associated with a social or athletic club.
- Supplemental life and disability insurance is also provided for executives. The life insurance generally provides for a death benefit of six times the executive officer's base salary.
- For executives on international assignments, certain additional expatriate and relocation benefits are provided.
- Mr. Hansotia is allowed limited use of our leased aircraft for personal use. The cost of this use was considered as part of the establishment of Mr. Hansotia's compensation. No other executives are allowed personal use.

CLAWBACK POLICY

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

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

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

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

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

HEDGING AND PLEDGING POLICY

Our updated Hedging and Pledging Policy prohibits Board members and officers from directly or indirectly, pledging with respect to any equity securities of the Company, or hedging with respect to any equity securities of the Company. For these purposes, "pledging" includes the intentional creation of any form of pledge, security interest, deposit, lien or other hypothecation, including the holding of shares in a margin account, that entitles a third-party to foreclose against, or otherwise sell, any equity securities, whether with or without notice, consent, default or otherwise, but does not include either the involuntary imposition of liens, such as tax liens or liens arising from legal proceedings, or customary purchase and sale agreements, such as Rule 10b5-1 plans, and "hedging" includes any instrument or transaction, including put options and forward-sale contracts, through which the Insider offsets or reduces exposure to the risk of price fluctuations in a corresponding equity security. For these purposes, "equity securities" include the Company's common stock, preferred stock and options and other securities exercisable for, or convertible into, settled in, or measured by reference to, any other equity security determined on an as-exercised and as-converted basis. The equity securities attributable to a board member or officer for these purposes shall include equity securities attributable to the board member or officer under either Section 13 or Section 16 of the Exchange Act, provided that equity securities owned by entities shall be included only if the board member or officer directly or indirectly controls a majority of the equity securities of the entity or otherwise directly controls those equity securities of the Company. Pledges of equity securities made by board members or officers prior to December 3, 2020 (each a "Grandfathered Pledge") in compliance with the Company's prior pledging policy may remain pledged until such time when the Grandfathered Pledges are terminated. Equity securities that are pledged shall not be counted toward the ownership requirements under other policies of the Company.

Summary of 2020 Compensation

The following table provides information concerning the compensation of the NEOs for the Company's three most recently completed years ended December 31, 2018, 2019 and 2020.

In the column "Salary," we disclose the amount of base salary paid to the NEO during the year.

In the columns "Stock Awards" and "SSAR Awards," we disclose the award of stock, SSARs or RSUs measured in dollars and calculated in accordance with ASC 718. For SSARs, the ASC 718 aggregate grant date fair value per share is based on certain assumptions that the Company explains in Note 9 to our Consolidated Financial Statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2020. For awards of stock, the ASC 718 aggregate grant date fair value per share is equal to the closing price of our common stock on the date of grant. The amounts disclosed as the aggregate grant date fair value of the stock awards granted under the PSP are computed at the probable outcome of the performance conditions, or "target" level. The actual amounts that will be earned are dependent upon the achievement of pre-established performance goals. Please also refer to the table below under the caption "2020 Grants of Plan-Based Awards."

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

In the column "Change in Pension Value and Non-Qualified Earnings," we disclose the aggregate change in the actuarial present value of the NEO's accumulated benefit under all defined benefit and actuarial benefit plans (including supplemental plans) in 2020.

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

The Company currently has employment agreements with Messrs. Beck, Crain, Hansotia and Veltmaat, and, until his retirement, Mr. Richenhagen. The employment agreements provide for current base salaries at the following annualized rates per annum: Mr. Beck — $660,539; Mr. Crain — $605,986; Mr. Hansotia — $727,100 for 2020, $1,150,000 for 2021; Mr. Richenhagen — $1,385,942 for 2020 and none for 2021; and Mr. Veltmaat — $616,177. Messrs. Beck, Crain, Hansotia and Veltmaat's employment agreements continue in effect until terminated in accordance with their terms. Actual amounts paid in the year vary slightly due to timing of pay periods. In addition to the specified base salary, the employment agreements provide that each executive officer shall be entitled to participate in benefit plans and other arrangements generally available to senior executive officers of the Company.

2020 Summary Compensation Table

Name and Principle Position	Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)	SSAR Awards[2] ($)	Non-Equity Incentive Plan Compensation[3] ($)	Change in Pension Value and Non-Qualified Earnings[4] ($)	All Other Compensation[5] ($)	Total ($)
Andrew H. Beck, Senior Vice President — Chief Financial Officer	2018	626,725	—	968,755	172,592	872,714	312,013	42,304	2,995,103
	2019	655,729	—	1,030,093	206,388	852,448	2,073,667	42,098	4,860,423
	2020	660,539	—	861,779	156,337	1,193,924	2,215,920	40,663	5,129,162
Robert B. Crain, Senior Vice President and General Manager, North America	2018	589,778	—	767,836	137,816	739,139	894,990	52,338	3,181,897
	2019	603,016	—	827,784	165,564	705,528	1,884,396	53,670	4,239,958
	2020	605,986	—	690,841	125,562	985,788	1,915,155	48,901	4,372,233
Eric P. Hansotia, Chairman, President and Chief Executive Officer	2018	489,720	—	365,996	64,400	511,451	263,406	51,280	1,746,253
	2019	710,575	—	1,054,619	210,924	923,747	667,792	47,840	3,615,497
	2020	727,100	—	890,269	160,030	1,314,233	1,341,879	55,813	4,489,324
Martin H. Richenhagen, Retired Chairman, President and Chief Executive Officer	2018	1,375,851	—	13,437,972	985,320	2,682,220	2,077,025	90,231	20,648,619
	2019	1,385,942	—	5,855,740	1,179,360	2,522,415	4,226,060	118,215	15,287,732
	2020	1,385,942	—	4,950,270	892,475	3,507,127	2,957,462	159,022	13,852,298
Hans-Bernd Veltmaat, Senior Vice President — Chief Supply Chain Officer	2018	595,298	—	767,836	137,816	746,056	754,663	60,952	3,062,621
	2019	611,690	—	827,784	165,564	715,678	1,540,452	49,895	3,911,063
	2020	616,177	—	690,841	125,562	1,002,366	1,010,333	64,249	3,509,528

(1) *Stock Awards for 2018*

In 2018, awards were granted under the 2018-2020 three-year performance cycle under the PSP, where the awards earned are based on the average of each year in the three-year performance cycle, and RSUs that vested in equal installments over three years from the date of grant. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718 in relation to the 2018-2020 three-year performance cycle at the probable outcome of the performance conditions, or "target" level, at the date of grant, and the grant date fair value of RSUs.

The values of the awards on the date of grant at the actual achieved level of performance, which was the maximum level of performance, are as follows: Mr. Beck — $1,442,280; Mr. Crain — $1,142,400; Mr. Hansotia — $542,640; Mr. Richenhagen — $8,211,000; and Mr. Veltmaat — $1,142,400.

The following were the value of the RSUs on the date of grant: Mr. Beck — $247,615; Mr. Crain — $196,636; Mr. Hansotia — $94,676; Mr. Richenhagen — $9,332,472, including a one-time, time-based award discussed below; and Mr. Veltmaat —$196,636. Mr. Richenhagen vested proratably with respect to his 2018 RSU grants through the date of his retirement on December 31, 2020 pursuant to the terms of our RSU agreements. Mr. Richenhagen forfeited 539 RSUs associated with his 2018 RSU grants due to the proration of vesting through his retirement date, representing a value of approximately $30,006 on the date of grant.

In 2018, Mr. Richenhagen was granted a one-time, time-based award. In the aggregate, he received 137,000 restricted stock units that vested in one installment on December 31, 2020.

Stock Awards for 2019

In 2019, awards were granted under the 2019-2021 three-year performance cycle under the PSP, where the awards earned are based on the average of each year in the three-year performance cycle, and RSUs that vest in equal installments over three years from the date of grant. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718 in relation to the 2019-2021 three-year performance cycle at the probable outcome of the performance conditions, or "target" level, at the date of grant, and the grant date fair value of RSUs.

Assuming the maximum level of performance, the following would be the values of the award on the date of grant: Mr. Beck — $1,537,452; Mr. Crain — $1,232,402; Mr. Hansotia — $1,574,058; Mr. Richenhagen — $8,724,430; and Mr. Veltmaat — $1,232,402. The pre-established performance goals for the first and second year of the three-year performance cycle under the PSP were achieved at 144% and 150%, respectively, or above "target" but are not yet vested. Mr. Richenhagen vested proratably with respect to his PSP grants (two years of the 2019-2021 three-year performance cycle) through the date of his retirement on December 31, 2020. Mr. Richenhagen forfeited 23,833 PSP awards associated with PSP grants during 2019 representing a value of approximately $2,908,103 on the date of grant, assuming the maximum level of performance conditions, as a result of the proration of vesting in the PSP awards through his retirement date. The number of shares that Mr. Richenhagen will ultimately receive related to these awards will depend upon the actual level of performance achieved at the end of the respective three-year performance period.

The following were the value of the RSUs on the date of grant: Mr. Beck — $261,367; Mr. Crain — $211,583; Mr. Hansotia — $267,590; Mr. Richenhagen — $1,493,525; and Mr. Veltmaat —$211,583. Mr. Richenhagen vested proratably with respect to his 2019 RSU grants through the date of his retirement on December 31, 2020 pursuant to the terms of our RSU agreements. Mr. Richenhagen forfeited 8,840 RSUs associated with his 2019 RSU grants due to the proration of vesting through his retirement date, representing a value of approximately $539,328 on the date of grant.

Stock Awards for 2020

In 2020, awards were granted under the 2020-2022 three-year performance cycle under the PSP ,where the awards earned are based on the average of each year in the three-year performance cycle, and RSUs, where the awards were granted with a three-year cliff-vesting period beginning on the date of grant, subject to adjustment based on a performance metric relative to the Company's defined peer group. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718 in relation to the 2020-2022 three-year performance cycle at the probable outcome of the performance conditions, or "target" level, at the date of grant, and the grant date fair value of RSUs.

Assuming the maximum level of performance, the following would be the values of the award on the date of grant: Mr. Beck — $1,289,834; Mr. Crain — $1,034,702; Mr. Hansotia — $1,332,356; Mr. Richenhagen — $7,370,480; and Mr. Veltmaat — $1,034,702. The pre-established performance goals for the first year of the three-year performance cycle under the PSP were achieved at 175%, or above "target" but are not yet vested. Mr. Richenhagen forfeited 34,666 PSP awards associated with PSP grants during 2020 representing a value of approximately $4,913,559 on the date of grant, assuming the maximum level of performance conditions, as a result of the proration of vesting in the PSP awards through his retirement date. The number of shares that Mr. Richenhagen will ultimately receive related to these awards will depend upon the actual level of performance achieved at the end of the respective three-year performance period.

The following were the value of the RSUs on the date of grant: Mr. Beck — $216,862; Mr. Crain — $173,490; Mr. Hansotia — $224,091; Mr. Richenhagen — $1,265,030; and Mr. Veltmaat —$173,490. Mr. Richenhagen forfeited 12,396 RSUs associated with his 2020 RSU grants due to the proration of vesting through his retirement date, representing a value of approximately $878,505 on the date of grant.

(2) SSARs were awarded on January 23, 2018, January 22, 2019 and January 22, 2020. The SSARs vest over four years from the date of grant, or 25% per year. The amounts above reflect the aggregate grant date fair value computed in accordance with ASC 718. Mr. Richenhagen, pursuant to the terms of our SSAR agreements prior to 2019, forfeited approximately 23,250 SSARs and 38,250 SSARs, respectively, associated with SSAR grants during 2017 and 2018 as a result of his retirement representing a value of approximately $265,980 and $492,660, respectively. Pursuant to the terms of our SSAR agreements for grants made in 2019 and onward, Mr. Richenhagen vested proratably with respect to his SSAR grants in 2019 and 2020 through the date of his retirement on December 31, 2020. Mr. Richenhagen forfeited 54,167 SSARs and 58,885 SSARs, respectively, associated with SSAR grants during 2019 and 2020, due to the proration of vesting through his retirement date representing a value of approximately $614,254 and $724,874, respectively.

(3) All annual incentive awards were performance-based. Payments were earned based upon the performance in the year of the award and paid the following February of each respective year.

(4) The change in each officer's pension value is the change in the Company's obligation to provide pension benefits (at a future retirement date) from the beginning of the year to the end of the year. The obligation shown in the "2020 Pension Benefits Table" presented below is the value today of a benefit that will be paid at the officer's normal retirement age, based on the benefit formula and his or her current salary and service. The values shown in the Summary Compensation Table represent the change in the pension obligation since the prior year.

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

- *Service accruals:* The benefits payable from the pension plans increase as participants earn additional years of service. Therefore, as each executive officer earns an additional year of service during the year, the benefit payable at retirement increases. Each of the NEOs who participate in a pension plan earned an additional year of benefit service during 2020 except for Mr. Beck who has already earned the maximum benefit service allowed under the plan.
- *Compensation increases/decreases since prior year:* The benefits payable from the pension plans are related to salary. As executive officers' salaries increase (decrease), then the expected benefits payable from the pension plans will increase (decrease) as well. Mr. Hansotia's increase in the change in pension value was impacted by his new position and higher compensation.
- *Aging:* The amounts shown above are changes in the present values of retirement benefits that will be paid in the future. As the officers approach retirement, the present value of the liability increases due to the fact that the executive officer is one year closer to retirement than he was at the prior measurement date. Once an executive officer is over 65, the present value of the retirement benefits decreases.
- *Changes in assumptions:* The amounts shown above are changes in the present values of retirement benefits that will be paid in the future. The discount rate used to determine the present value is updated each year based on current economic conditions. This assumption does not impact the actual benefits paid to participants. The discount rate decreased from 2019 to 2020, which contributed to an increase in the present value of the officers' benefits. The change in pension value is subject to many external variables discussed above, such as discount rates, that are not related to Company performance.
- *Plan amendments:* The Company periodically amends the retirement programs in order to remain competitive locally and/or align with our global benefits strategy. There were no such amendments during 2020.

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

(5) The amount shown as "All Other Compensation" includes the following perquisites and personal benefits for the year ended December 31, 2020:

Name	Club Membership ($)	Defined Contribution Match ($)	Life Insurance[a] ($)	Car Lease and Maintenance[b] ($)	Other[c] ($)	Total ($)
Andrew H. Beck	9,444	12,825	8,070	10,324	—	40,663
Robert B. Crain	9,832	12,825	9,175	17,069	—	48,901
Eric P. Hansotia	13,577	12,825	4,968	18,911	5,532	55,813
Martin H. Richenhagen	8,424	12,825	49,840	47,926	40,007	159,022
Hans-Bernd Veltmaat	8,424	12,825	12,871	29,829	300	64,249

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

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

(c) The amount for Mr. Hansotia includes commercial airfare related to attendance by Mr. Hansotia's wife at a business-related event — $5,532. The amount for Mr. Richenhagen includes financial advisory fees — $24,848, a retirement gift to him from employees — $11,639 and passport fees for Mr. Richenhagen's family members — $3,520. Mr. Richenhagen's wife accompanied Mr. Richenhagen when the Company's corporate aircraft was used for attendance at corporate functions at no incremental cost. The amount for Mr. Veltmaat includes commercial airfare-related costs related to an expected attendance by Mr. Veltmaat's wife at a business-related event — $300.

2020 Grants of Plan-Based Awards

In this table, we provide information concerning each grant of an award made to an NEO in the most recently completed year. This includes the awards under the Company's IC Plan, as well as PSP awards, RSUs and SSARs under the LTI Plan, each of which is discussed in greater detail under the caption "Compensation Discussion and Analysis." The "Threshold," "Target" and "Maximum" columns reflect the range of estimated payouts under the IC Plan and the range of number of shares to be awarded under the PSP. In the fourth-to-last column, we report the number of shares of common stock underlying RSUs granted in the year. In the third- and second-to-last columns, we report the number of shares of common stock underlying SSARs granted in the year and corresponding per share exercise price. In all cases, the exercise price was equal to the closing market price of the Company's common stock on the date of grant. In the last column, we report the aggregate ASC 718 grant date fair value of all stock and SSAR awards made in 2020. Stock awards include the annual PSP award and the RSU award.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]						
Name	Award Type	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (# of shares)	Target (# of shares)	Maximum (# of shares)	All Other Stock Awards: Number of Shares of Stock or Units (#)	Underlying SSARs Compensation (#)	Exercise Price of SSAR Awards ($/sh)	Grant Date Fair Value of Stock and SSAR Awards ($)
Andrew H. Beck	IC Plan		330,270	660,539	1,321,078							
	PSP	1/22/20				3,033	9,100	18,200				644,917
	RSU	1/22/20							3,060			216,862
	SSAR	1/22/20								12,700	72.74	156,337
Robert B. Crain	IC Plan		272,694	545,387	1,090,775							
	PSP	1/22/20				2,433	7,300	14,600				517,351
	RSU	1/22/20							2,448			173,490
	SSAR	1/22/20								10,200	72.74	125,562
Eric P. Hansotia	IC Plan		363,550	727,100	1,454,200							
	PSP	1/22/20				3,133	9,400	18,800				666,178
	RSU	1/22/20							3,162			224,091
	SSAR	1/22/20								13,000	72.74	160,030
Martin H. Richenhagen[3]	IC Plan		970,159	1,940,319	3,880,638							
	PSP	1/22/20				17,333	52,000	104,000				3,685,240
	RSU	1/22/20							17,850			1,265,030
	SSAR	1/22/20								72,500	72.74	892,475
Hans-Bernd Veltmaat	IC Plan		277,280	554,559	1,109,119							
	PSP	1/22/20				2,433	7,300	14,600				517,351
	RSU	1/22/20							2,448			173,490
	SSAR	1/22/20								10,200	72.74	125,562

(1) Amounts included in the table above represent the potential payout levels related to corporate objectives for the fiscal year 2020 under the Company's IC Plan. The payment for these awards already have been determined and were paid on February 26, 2021 to the NEOs. Refer to Note 3 of the 2020 Summary Compensation Table.

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

(3) Mr. Richenhagen forfeited 34,666 PSP awards associated with PSP grants during 2020 representing a value of approximately $2,456,779 on the date of grant, assuming the target level of performance conditions, as a result of the proration of vesting in the PSP awards through his retirement date. The number of shares that Mr. Richenhagen will ultimately receive related to these awards will depend upon the actual level of performance achieved at the end of the 2020-2022 three-year performance period. Mr. Richenhagen also forfeited 12,396 RSUs associated with his 2020 RSU grants due to the proration of vesting through his retirement date, representing a value of approximately $878,505 on the date of grant. Pursuant to the terms of our SSAR agreements for grants made in 2020, Mr. Richenhagen vested proratably with respect to his 2020 SSAR grants through the date of his retirement on December 31, 2020. Mr. Richenhagen forfeited 58,885 SSARs, associated with SSAR grants during 2020, due to the proration of vesting through his retirement date representing a value of approximately $724,874.

Outstanding Equity Awards at Year-End 2020

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

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

	SSAR Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised SSARs Exercisable (#)	Number of Securities Underlying Unexercised SSARs Unexercisable[1] (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned SSARs (#)	SSAR Exercise Price ($)	SSAR Expiration Date	Number of Shares or Units of Stock That Have Not Vested[2][3] (#)	Market Value of Shares or Units of Stock That Have Not Vested[4] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[5] (#)	Equity Incentive Plan Awards: Value Realized on Vesting[6] ($)
Andrew H. Beck	12,375	4,125	—	63.47	1/24/2024	—	—	—	—
	6,700	6,700	—	73.14	1/23/2025	1,156	64,355	—	—
	4,550	13,650	—	62.85	1/22/2026	13,888	1,072,848	4,200	324,450
	—	12,700	—	72.74	1/22/2027	6,853	706,476	6,066	625,344
Robert B. Crain	—	3,300	—	63.47	1/24/2024	—	—	—	—
	—	5,350	—	73.14	1/23/2025	918	51,105	—	—
	—	10,950	—	62.85	1/22/2026	11,155	861,724	3,367	260,101
	—	10,200	—	72.74	1/22/2027	5,491	566,067	4,866	501,636
Eric P. Hansotia	4,650	1,550	—	63.47	1/24/2024	—	—	—	—
	2,500	2,500	—	73.14	1/23/2025	442	24,606	—	—
	4,650	13,950	—	62.85	1/22/2026	14,218	1,098,341	4,300	332,175
	—	13,000	—	72.74	1/22/2027	7,080	729,877	6,266	645,962
Martin H. Richenhagen	23,833	—	—	62.85	12/31/2021	—	—	—	—
	16,615	—	—	72.74	12/31/2021	—	—	—	—
Hans-Bernd Veltmaat	9,900	3,300	—	63.47	1/24/2024	—	—	—	—
	5,350	5,350	—	73.14	1/23/2025	918	51,105	—	—
	3,650	10,950	—	62.85	1/22/2026	11,155	861,724	3,367	260,101
	—	10,200	—	72.74	1/22/2027	5,491	566,067	4,866	501,636

(1) SSAR awards vest ratably, or 25% annually, over four years beginning from the date of grant, which was January 24, 2017 for the 2017 grants, January 23, 2018 for the 2018 grants, January 22, 2019 for the 2019 grants and January 22, 2020 for the 2020 grants. Mr. Richenhagen, pursuant to the terms of our SSAR agreements prior to 2019, forfeited approximately 23,250 SSARs and 38,250 SSARs, respectively, associated with SSAR grants during 2017 and 2018 as a result of his retirement. Pursuant to the terms of our SSAR agreements for grants made in 2019 and onward, Mr. Richenhagen vested proratably with respect to his SSAR grants in 2019 and 2020 through the date of his retirement on December 31, 2020. Mr. Richenhagen forfeited 54,167 SSARs and 58,885 SSARs, respectively, associated with SSAR grants during 2019 and 2020, due to the proration of vesting through his retirement date.

(2) The 2020 RSU awards were granted with a three-year cliff vesting period beginning on the date of grant, January 22, 2020. The 2018 and 2019 RSUs awards vest in equal installments over three years beginning from the date of grant, which was January 23, 2018 for 2018 grants and January 22, 2019 for 2019 grants. Mr. Richenhagen vested proratably with respect to his RSU grants in 2018, 2019 and 2020 through the date of his retirement on December 31, 2020 pursuant to the terms of our RSU agreements. Mr. Richenhagen forfeited 539 RSUs, 8,840 RSUs and 12,396 RSUs, respectively, associated with grants during 2018, 2019 and 2020, due to the proration of vesting through his retirement date.

(3) The pre-established performance goals of certain one-year performance cycles under the PSP related to the 2019 and 2020 PSP grants were achieved above the "target" level of performance; however, the award is subject to further vesting periods and future actual levels of performance achieved for unearned one-year performance cycles. The number of shares included above are reflected using the weighted average of the actual level of performance achieved for one-year performance cycles under the PSP that have been earned, and at "target" level of performance for one-year performance cycles under the PSP that have not been earned. Mr. Richenhagen retired from the Company effective on December 31, 2020. Pursuant to the terms of PSP agreements, Mr. Richenhagen vested proratably with respect to his PSP grants (two years for his 2019 PSP grant and one year for his 2020 PSP grant) through the date of his retirement on December 31, 2020. Mr. Richenhagen forfeited 23,833 PSP awards and 34,666 PSP awards, respectively, associated with PSP grants during 2019 and 2020, due to proration of vesting through his retirement date. The number of shares he will ultimately receive related to these awards will depend upon the actual level of performance achieved at the end of the respective three-year performance periods.

(4) The market value of RSU awards that have not vested is based on the closing price of the Company's common stock on December 31, 2020, December 31, 2019 and December 31, 2018, which was $103.09, $77.25 and $55.67, respectively. The market value of the awards earned under the three one-year performance cycles under the PSP are based on the closing price of the Company's common stock on December 31, 2020 and December 31, 2019, which was $103.09 and $77.25, respectively.

(5) The amounts shown represent the number of shares awarded but unearned at "target" level of performance under the PSP in January 2019 and January 2020, respectively. The actual amounts that will be earned under the PSP are dependent upon the achievement of pre-established performance goals during the respective performance cycles.

(6) Based on the closing price of the Company's common stock on December 31, 2020 and December 31, 2019, which was $103.09 and $77.25, respectively.

SSAR Exercises and Stock Vested in 2020

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

	SSAR Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise[1] (#)	Value Realized on Exercise[2] ($)	Number of Shares Acquired on Vesting[3] (#)	Value Realized on Vesting[4] ($)
Andrew H. Beck	17,115	1,552,211	24,178	2,726,819
Robert B. Crain	7,591	730,612	19,196	2,162,869
Eric P. Hansotia	6,424	582,698	10,014	1,087,191
Martin H. Richenhagen	33,547	3,042,523	287,841	33,835,001
Hans-Bernd Veltmaat	9,986	905,781	19,196	2,162,869

(1) The number of shares acquired on exercise of SSARs is computed by dividing the value realized on exercise by the market price of the underlying securities at exercise. The number of shares acquired upon exercise includes the following shares withheld for income tax purposes: Mr. Beck — 7,720 shares, Mr. Crain — 3,427 shares, Mr. Hansotia — 2,529 shares, Mr. Richenhagen — 15,133 shares and Mr. Veltmaat — 4,505 shares. Mr. Richenhagen, pursuant to the terms of our SSAR agreements prior to 2019, forfeited approximately 23,250 SSARs and 38,250 SSARs, respectively, associated with SSAR grants during 2017 and 2018 as a result of his retirement. Pursuant to the terms of our SSAR agreements for grants made in 2019 and onward, Mr. Richenhagen vested proratably with respect to his SSAR grants in 2019 and 2020 through the date of his retirement on December 31, 2020. This resulted in the prorated vesting of 23,833 SSARs and 16,615 SSARs related to 2019 and 2020 SSAR grants, respectively. Mr. Richenhagen forfeited 54,167 SSARs and 58,885 SSARs, respectively, associated with SSAR grants during 2019 and 2020, due to the proration of vesting through his retirement date.

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

(3) Mr. Richenhagen retired from the Company effective December 31, 2020. Pursuant to the terms of our PSP award agreements, he vested and earned 47,667 shares related to two years of his 2019 PSP grant and 17,334 shares related to one year of his 2020 grant at the "target" level of performance. The awards are subject to further vesting periods and the number of shares he will ultimately receive in 2022 and 2023, respectively, will depend on the actual level of performance achieved at the end of the respective three-year performance periods. Furthermore, Mr. Richenhagen vested in 5,454 RSU awards related to his 2020 RSU grant, which is subject to a 3-year cliff vesting period ending in January 2023, as well as subject to adjustment based on a performance metric relative to the Company's defined peer group. These PSP and RSU awards not acquired were not included in the table above. Mr. Richenhagen forfeited 23,833 PSP awards and 34,666 PSP awards, respectively, associated with PSP grants during 2019 and 2020, due to proration of vesting through his retirement date. Mr. Richenhagen forfeited 539 RSUs, 8,840 RSUs and 12,396 RSUs, respectively, associated with RSU grants during 2018, 2019 and 2020, due to the proration of vesting through his retirement date.

(4) Shares withheld for income tax purposes related to stock vested were as follows: Mr. Beck — 10,948 shares, Mr. Crain — 8,702 shares, Mr. Hansotia — 2,460 shares, Mr. Richenhagen — 129,879 shares and Mr. Veltmaat — 5,816 shares.

Pension Benefits

The "2020 Pension Benefits Table" provides further details regarding the executive officers' defined benefit retirement plan benefits. Because the pension amounts shown in the "2020 Summary Compensation Table" and the "2020 Pension Benefits Table" are projections of future retirement benefits, numerous assumptions must be applied. In general, the assumptions should be the same as those used to calculate the pension liabilities in accordance with ASC Topic 715, "Compensation – Retirement Benefits," on the measurement date, although the SEC specifies certain exceptions, as noted in the table below.

EXECUTIVE NONQUALIFIED PENSION PLAN

Only executives promoted or hired prior to August 1, 2015 participate in the ENPP, and executives promoted or hired on or after August 1, 2015 participate in a nonqualified defined contribution plan. During 2021, the ENPP was "frozen" and further salary benefit accruals under the ENPP will end on December 31, 2024. In addition, the annuity feature was terminated for all participants other than the for two executives who will have reached age 65 prior to or in 2021. Subsequent to December 31, 2024, the remaining participants in the ENPP will transition to the nonqualified defined contribution plan.

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

The key provisions of the ENPP are as follows:

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

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

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

Early Retirement Benefits. Participants do not receive benefits under the ENPP prior to normal retirement age.

NONQUALIFIED DEFINED CONTRIBUTION PLAN

For executive officers promoted or hired after August 1, 2015, we annually contribute 10% (15% in the case of Mr. Hansotia when he becomes a participant) of the executive officer's salary plus their annual incentive compensation, less any contributions made during the year with respect to the AGCO 401(k) plan. As discussed above, participants in the ENPP as of December 31, 2024 will transition into this plan.

2020 Pension Benefits Table

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit[1] ($)	Payments During Last Year ($)
Andrew H. Beck	AGCO Executive Nonqualified Pension Plan	20.00	10,952,584	—
Robert B. Crain	AGCO Executive Nonqualified Pension Plan	15.00	8,224,982	—
Eric P. Hansotia	AGCO Executive Nonqualified Pension Plan	7.50	2,658,958	—
Martin H. Richenhagen	AGCO Executive Nonqualified Pension Plan	16.75	30,952,211	—
Hans-Bernd Veltmaat	AGCO Executive Nonqualified Pension Plan	12.50	7,644,521	—

[1] Based on plan provisions in effect as of December 31, 2020. The executive officers' pension plan will provide a monthly annuity benefit upon retirement. The values shown in this column are the estimated lump sum value today of the monthly benefits they will receive in the future (based on their current salary and service, as well as the assumptions and methods prescribed by the SEC). These values are not the monthly or annual benefits that they would receive.

Pension values may fluctuate significantly from year to year depending on a number of factors, including age, years of service, average annual earnings and the assumptions used to determine the present value, such as the discount rate. For 2020, the discount rate assumption used to determine the actuarial present value of accumulated pension benefits was lower than in 2019. The Company cautions that the values reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column in the Summary Compensation Table, as well as the amounts above in the Present Value of Accumulated Benefit column, are theoretical as those amounts are calculated pursuant to SEC requirements and are based on assumptions used in preparing the Company's audited financial statements for the applicable fiscal years. The Company's retirement plans utilize a different method of calculating actuarial present value for the purpose of determining a lump sum payment, if any. The change in pension value from year to year as reported in the table is subject to market volatility and may not represent the value that an NEO will actually accrue or receive under the Company's retirement plans during any given year.

Other Potential Post-Employment Payments

Each NEO's employment agreement with the Company includes provisions for post-employment compensation related to certain employment termination events. For Mr. Hansotia, his post-employment compensation discussed below reflects the terms of his employment agreement prior to the execution of his employment agreement as CEO on January 1, 2021. For Mr. Richenhagen, his post-employment compensation reflects the terms of his employment agreement; however, Mr. Richenhagen retired from the Company on December 31, 2020, and accordingly, he is not eligible to receive any of the payments described below other than the retirement benefits.

Pursuant to the LTI Plan, all outstanding equity awards prior to 2018 become fully vested and exercisable upon a change of control. Beginning in 2018, all equity awards became subject to a "double trigger" whereby accelerated vesting is contingent on a change in control and either termination of employment or failure of the acquiring company to assume outstanding equity grants or provide participants with the value equal to that of the unvested equity grants. The LTI Plan does not provide for accelerated vesting of equity under other employment termination events. The table below and its accompanying footnotes provides specific detail on the post-employment compensation each NEO is entitled to in the event of certain employment termination events assuming termination on the last day of the prior year (December 31, 2020).

Executive / Termination Scenario[1]	Severance	Bonus	Accelerated Vesting of Equity	Benefits	Retirement Benefits	Death Benefit	Disability Benefit	280G Tax Gross-Up	Estimated Total
Andrew H. Beck									
Change in Control[2][3][4][5]	$ 3,267,136	$ 1,193,924	$ 5,711,792	$ 96,820	$ 10,946,996[10]	$ —	$ —	$ —	$ 21,216,668
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 846,556[10]	$ —	$ —	$ —	$ 846,556
Retirement[6]	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Death[7]	$ 165,135	$ 1,193,924	$ —	$ —	$ 846,556[10]	$ 3,963,234	$ —	$ —	$ 6,168,849
Disability[8]	$ —	$ 1,193,924	$ —	$ —	$ 846,556[10]	$ —	$ 916,200	$ —	$ 2,956,680
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 846,556[10]	$ —	$ —	$ —	$ 846,556
Involuntary Without Cause or Good Reason Resignation[9]	$ 1,321,078	$ 1,193,924	$ —	$ —	$ 846,556[10]	$ —	$ —	$ —	$ 3,361,558
Robert B. Crain									
Change in Control[2][3][4][5]	$ 2,832,276	$ 985,788	$ 4,580,565	$ 94,022	$ 8,529,986[11]	$ —	$ —	$ —	$ 17,022,637
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 560,010[11]	$ —	$ —	$ —	$ 560,010
Retirement[6]	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Death[7]	$ 151,497	$ 985,788	$ —	$ —	$ 560,010[11]	$ 3,635,916	$ —	$ —	$ 5,333,211
Disability[8]	$ —	$ 985,788	$ —	$ —	$ 560,010[11]	$ —	$ 829,200	$ —	$ 2,374,998
Involuntary Without Cause	$ —	$ —	$ —	$ —	$ 560,010[11]	$ —	$ —	$ —	$ 560,010
Involuntary Without Cause or Good Reason Resignation[9]	$ 605,986	$ 985,788	$ —	$ —	$ 560,010[11]	$ —	$ —	$ —	$ 2,151,784
Eric P. Hansotia									
Change in Control[2][3][4][5]	$ 3,287,155	$ 1,314,233	$ 5,552,682	$ 91,040	$ 2,527,088[12]	$ —	$ —	$ 688,423	$ 13,460,621
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Retirement[6]	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Death[7]	$ 181,775	$ 1,314,233	$ —	$ —	$ —	$ 4,362,600	$ —	$ —	$ 5,858,608
Disability[8]	$ —	$ 1,314,233	$ —	$ —	$ —	$ —	$ 1,058,400	$ —	$ 2,372,633
Involuntary With Cause	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Involuntary Without Cause or Good Reason Resignation[9]	$ 727,100	$ 1,314,233	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,041,333

Executive / Termination Scenario[1]	Severance	Bonus	Accelerated Vesting of Equity	Benefits	Retirement Benefits	Death Benefit	Disability Benefit	280G Tax Gross-Up	Estimated Total
Martin H. Richenhagen									
Change in Control[2][3][4][5]	$12,869,588	$ 3,507,127	$32,568,055	$ 492,554	$ 32,862,882[13]	$ —	$ —	$ —	$ 82,300,206
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 2,045,226[13]	$ —	$ —	$ —	$ 2,045,226
Retirement[6]	$ —	$ —	$ —	$ —	$ 2,045,226[13]	$ —	$ —	$ —	$ 2,045,226
Death[7]	$ 346,486	$ 3,507,127	$ —	$ —	$ 2,045,226[13]	$ 8,586,656	$ —	$ —	$ 14,485,495
Disability[8]	$ —	$ 3,507,127	$ —	$ —	$ 2,045,226[13]	$ —	$ 2,871,600	$ —	$ 8,423,953
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 2,045,226[13]	$ —	$ —	$ —	$ 2,045,226
Involuntary Without Cause, Good Reason, Resignation or Company's Non- Renewal of Employment Agreement[9]	$ —	$ 3,507,127	$ —	$ —	$ 2,045,226[13]	$ —	$ —	$ —	$ 5,552,353
Hans-Bernd Veltmaat									
Change in Control[2][3][4][5]	$ 2,875,087	$ 1,002,366	$ 4,580,565	$ 85,874	$ 8,081,205[14]	$ —	$ —	$ —	$ 16,625,097
Voluntary Termination Without Good Reason	$ —	$ —	$ —	$ —	$ 477,463[14]	$ —	$ —	$ —	$ 477,463
Retirement[6]	$ —	$ —	$ —	$ —	$ 477,463	$ —	$ —	$ —	$ 477,463
Death[7]	$ 154,044	$ 1,002,366	$ —	$ —	$ 477,463[14]	$ 3,697,062	$ —	$ —	$ 5,330,935
Disability[8]	$ —	$ 1,002,366	$ —	$ —	$ 477,463[14]	$ —	$ 841,800	$ —	$ 2,321,629
Involuntary With Cause	$ —	$ —	$ —	$ —	$ 477,463[14]	$ —	$ —	$ —	$ 477,463
Involuntary Without Cause or Good Reason Resignation[9]	$ —	$ 1,002,366	$ —	$ —	$ 477,463[14]	$ —	$ —	$ —	$ 1,479,829

(1) All termination scenarios assume termination occurs on December 31, 2020, and a stock price of $103.09, which was the closing price of the Company's common stock on the last trading day of the Company's year ended December 31, 2020. As noted elsewhere, Mr. Richenhagen retired from the Company effective December 31, 2020, and therefore is not eligible to receive any of the benefits other than those listed under "Retirement Benefits."

The employment agreements with executives generally contain certain restrictive covenants that continue for a period of two years after termination of employment, including a non-competition covenant, a non-solicitation of customers covenant and a non-recruitment of employees covenant.

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

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

- Messrs. Beck, Crain, Hansotia and Veltmaat receive a lump sum payment equal to (i) two times base salary in effect at the time of termination, (ii) a pro-rata portion of bonus or other incentive compensation earned for the year of termination and (iii) a bonus equal to two times the three-year average of the NEO's awards received during the prior two completed years and the current year's trend. Each of the NEOs continues to receive life insurance, disability and healthcare benefits during a two-year period.

- Messrs. Beck, Crain, Hansotia, Richenhagen and Veltmaat will receive their ENPP retirement benefit payable as a lump sum. This lump sum is calculated in a similar fashion as values disclosed in the Pension Benefits Table, except it is determined based on the plan's actuarial equivalence definition rather than the SEC prescribed assumptions. There is no enhancement to their pension benefit amount in the event of a change in control other than immediate vesting of the benefit.

(3) All outstanding equity awards prior to 2018 held by the NEOs at the time of a change of control become non-cancelable, fully vested and exercisable, and all performance goals associated with any awards are deemed satisfied with respect to the greater of target performance or the level dictated by the trend of the Company's performance to date, so that all compensation is immediately vested and payable. Beginning in 2018, all equity awards became subject to a "double trigger" whereby accelerated vesting is contingent on a change in control and either termination of employment or failure of the acquiring company to assume outstanding equity grants or provide participants with the value equal to that of the unvested equity grants.

(4) In the case of a change of control, the retirement benefits are payable as a lump sum six months after termination of employment or, if such termination occurs more than twenty-four months after the change in control, in accordance with the terms of the ENPP. The difference between the "Retirement Benefits" values shown in the table above from the ENPP and the value shown in the "2020 Pension Benefits Table" is due to the fact that the interest and mortality assumptions prescribed by the plan in the event of a change of control are different from the assumptions used in the actuarial valuation. There is no enhancement to the benefit amount under a change of control other than immediate vesting of the benefit.

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

(6) As of December 31, 2020, Messrs. Richenhagen and Veltmaat are eligible for retirement benefits. Messrs. Beck and Crain are vested in their ENPP benefit, but are not eligible to commence their benefits. Mr. Hansotia is not vested in his ENPP benefit.

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

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

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

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

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

- For Messrs. Richenhagen and Veltmaat, they do not receive cash severance because they are over age 65. Their employment agreements stipulate that no cash severance is paid when they reach the age of 65. Both receive a pro-rata portion of their bonus earned for the year of termination, which is payable at the time incentive compensation is generally payable by the Company.

- For Mr. Beck, he receives his base salary in effect at the time of termination for a two-year severance period, paid at the same intervals as if he had remained employed with the Company. He also receives a pro-rata portion of his bonus earned for the year of termination, which is payable at the time incentive compensation is generally payable by the Company.

- For Messrs. Crain and Hansotia, each of the NEOs receive their base salary in effect at the time of termination for a one-year severance period, paid at the same intervals as if they had remained employed with the Company. Each NEO also receives a pro-rata portion of their bonus earned for the year of termination, which is payable at the time incentive compensation is generally payable by the Company.

(10) Mr. Beck is currently vested in his ENPP retirement benefit. In the event of Mr. Beck's termination due to a change of control, he will receive a $10,946,996 lump sum payment. In the event of his termination due to any other cause, he will receive a $846,556 annual annuity for 15 years beginning at age 65. The present value of this annuity (plus the value of the life annuity beginning at age 80 if he were to remain employed by the Company until age 65) equals the benefit disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2020.

(11) Mr. Crain is currently vested in his ENPP retirement benefit. In the event of Mr. Crain's termination due to a change of control, he will receive a $8,529,986 lump sum payment. In the event of his termination due to any other cause, he will receive a $560,010 annual annuity for 15 years beginning at age 65. The present value of this annuity (plus the value of the life annuity beginning at age 80 if he were to remain employed by the Company until age 65) equals the benefits disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2020.

(12) Mr. Hansotia is not currently vested in his ENPP retirement benefit. In the event of Mr. Hansotia's termination due to a change of control, he will receive a $2,527,088 lump sum payment. In the event of his termination due to any other cause on December 31, 2020, he would not receive an ENPP retirement benefit.

(13) Mr. Richenhagen is currently vested in his ENPP retirement benefit. In the event of Mr. Richenhagen's termination due to a change of control, he will receive a $32,862,882 lump sum payment. In the event of Mr. Richenhagen's termination due to any other cause, he will receive $2,045,226 annually as a 15-year certain and life annuity beginning at termination. The present value of this annuity plus the value of the life annuity beginning 15 years later equals the benefit disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2020.

(14) Mr. Veltmaat is currently vested in his ENPP retirement benefit. In the event of Mr. Veltmaat's termination due to a change of control, he will receive a $8,081,205 lump sum payment. In the event of his termination due to any other cause, he will receive a $477,463 annually as a 15-year certain and life annuity beginning at termination. The present value of this annuity plus the value of the life annuity beginning 15 years later equals the benefit disclosed in the Pension Benefits Table, based on the assumptions and methods defined by the SEC. In other words, there is no enhancement that would be added to his pension benefit if he had been terminated on December 31, 2020.

2020 CEO Pay Ratio

Our analysis began by determining that we had approximately 21,575 employees as of a November 30, 2020 determination date. Although permitted by the SEC, we did not use the 5% de Minimis rule to exclude or eliminate any employee group. Based on our consistently applied compensation measure of actual total cash compensation, we identified the median employee. The median employee's total 2020 compensation, as determined in a manner consistent with our Summary Compensation Table, was $51,345.

Based on this methodology, we estimate the ratio of CEO pay to median employee pay is 270:1. In 2019, the CEO pay to median employee pay ratio was 315:1.

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

Compensation Committee Report

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

During 2020, the Compensation Committee decided to retain a new compensation consultant to receive a fresh perspective on our executive compensation programs. After a thorough review of potential advisors, the Compensation Committee elected to engage Korn Ferry to serve as its new independent compensation adviser beginning June 2020 to advise management and the Compensation Committee with respect to the Company's compensation programs and to undertake various related studies and projects. The Compensation Committee evaluated Korn Ferry's independence pursuant to SEC and NYSE requirements and determined that no conflicts of interest arose from the work to be performed by Korn Ferry. Prior to June 2020, the Company engaged Willis Towers Watson in the compensation consultant capacity.

The aggregate fees billed by Korn Ferry for consulting services rendered to the Compensation Committee between June 2020 – December 2020 related to the recommendation of the amount or form of executive and director compensation were approximately $115,000. The total amount of fees paid by the Company to Korn Ferry in 2020 for all other services, excluding Compensation Committee services, was approximately $100,000. These other services primarily related to executive search fees and job pricing efforts. The Compensation Committee recommended and approved the provision of these additional services to the Company by Korn Ferry.

The aggregate fees billed by Willis Towers Watson for consulting services rendered to the Compensation Committee between January 2020 - June 2020 related to the recommendation of the amount or form of executive and director compensation were approximately $176,000. The total amount of fees paid by the Company to Willis Towers Watson in 2020 for all other services, excluding Compensation Committee services, was approximately $1,420,000. These other services primarily related to actuarial services in respect of our defined benefit plans, general employee compensation consulting services, benefit plan design services and pension administration services. The Compensation Committee recommended and approved the provision of these additional services to the Company by Willis Towers Watson.

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

Suzanne P. Clark, Chair
Roy V. Armes
Sondra L. Barbour
George E. Minnich

Audit Committee Report

To the Board of Directors:

The Audit Committee consists of the following members of the Board: Sondra L. Barbour (Chair), P. George Benson, George E. Minnich and Wolfgang Kirsch. Each of the members is "independent" as defined by the NYSE and SEC.

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

We have reviewed and discussed with management the Company's audited consolidated financial statements as of and for the year ended December 31, 2020 and management's assessment of the effectiveness of the Company's internal control over financial reporting and KPMG LLP's audit of the Company's internal control over financial reporting as of December 31, 2020.

We have discussed with KPMG LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (United States) and the U.S. Securities and Exchange Commission.

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

We also have considered whether the professional services provided by KPMG LLP, not related to the audit of the consolidated financial statements and internal control over financial reporting referred to above or to the reviews of the interim consolidated financial statements included in the Company's Forms 10-Q for the quarters ended March 31, 2020, June 30, 2020, and September 30, 2020, is compatible with maintaining KPMG LLP's independence.

Based on the reviews and discussions referred to above, we recommended to the Board that the consolidated financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

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

Sondra L. Barbour, Chair
P. George Benson
Wolfgang Kirsch
George E. Minnich

AUDIT FEES

The aggregate fees billed by KPMG LLP for professional services rendered for the audit of the Company's annual consolidated financial statements for 2020 and 2019, the audit of the Company's internal control over financial reporting for 2020 and 2019, subsidiary statutory audits and the reviews of the financial statements included in the Company's SEC filings on Form 10-K, Form 10-Q and Form 8-K during such years were approximately $6,831,000 and $7,302,000, respectively.

AUDIT-RELATED FEES

The aggregate fees billed by KPMG LLP for professional services rendered for 2020 and 2019 for audit-related fees were approximately $65,000 and $59,000, respectively. The amounts for 2020 and 2019 primarily represent fees for audits of employee benefit plans and required auditor certifications for various matters required in certain foreign jurisdictions.

TAX FEES

KPMG LLP did not provide any professional tax services during 2020. The aggregate fees billed by KPMG LLP for professional services rendered for 2019 for tax services were approximately $188,000.

FINANCIAL AND OPERATIONAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

KPMG LLP did not provide any information technology services related to financial and operational information systems design and implementation to the Company or its subsidiaries during 2020 or 2019.

ALL OTHER FEES OF KPMG LLP

KPMG LLP did not provide any other services during 2020. The aggregate of all other fees billed by KPMG LLP for 2019 was $31,000, all of which related to advisory services in connection with the Company's global procurement reorganization that were rendered by a firm that KPMG LLP acquired in 2012.

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

All of KPMG's services and fees for services, whether audit or non-audit, are preapproved by the Audit Committee. In some instances services and fees initially are preapproved by the Chair of the Audit Committee and then re-approved subsequently by the Audit Committee. All services performed by KPMG LLP for 2020 were approved by the Chair of the Audit Committee and the Audit Committee. The Audit Committee has appointed KPMG LLP as the Company's independent registered public accounting firm for 2021, subject to stockholder ratification. KPMG LLP has served as the Company's independent registered public accounting firm since 2002.

Certain Relationships and Related Party Transactions

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

During 2020, the Company paid approximately $3.3 million to PPG Industries, Inc. for painting materials used in the Company's manufacturing processes. Mr. Richenhagen, who was the Company's Chairman, President and Chief Executive Officer until he retired effective December 31, 2020, is currently, and was during 2020, a member of the board of directors and serves as a member of the Officers & Directors Compensation and the Technology and Environment Committees of PPG Industries, Inc. Effective April 16, 2020, Mr. Richenhagen's role as Chairman and member of the Audit Committee of PPG Industries, Inc. ceased. In addition, the Company paid approximately $5.6 million during the year ended December 31, 2020 to Linde PLC (the parent company of Praxair, Inc.) for propane, gas and welding and laser consumables used in the Company's manufacturing processes. Mr. Richenhagen served as a member of the board of directors of Praxair, Inc. until the business combination of Praxair, Inc. and Linde AG, and is currently a member of the board of directors and serves on the Compensation and Governance & Nominating Committees of Linde PLC, the holding company for the combined business.

Mr. Richenhagen's stepson is the Company's Senior Vice-President and General Manager, Grain and Protein, and his daughter is the Company's Director of the AGCO Agriculture Foundation. Their combined annual salaries, bonuses and all other compensation was $1,361,950 and combined grants of stock awards were $479,803 during 2020. The stock awards reflect the aggregate grant date fair value computed in accordance with ASC 718 and the stock awards are based on the "target" level of performance at the date of grant.

Ms. Srinivasan, who is currently a member of the Company's Board of Directors, is the Chairman and Managing Director of TAFE. On October 15, 2020, TAFE repurchased 461,000 shares of its common stock from the Company for approximately $33.9 million, resulting in an approximate remaining 20.7037% ownership interest. Through TAFE and TAFE Motors and Tractors Limited, Ms. Srinivasan is the beneficial owner of 12,150,152 shares of the Company's common stock, not including shares of the Company's common stock received by Ms. Srinivasan for service as a director. The Company received dividends of approximately $1.8 million from TAFE during 2020. Pursuant to various arrangements that are terminable upon notice, TAFE manufactures and sells Massey Ferguson branded equipment (primarily in India) and also supplies tractors and components to AGCO for sale in other markets. During 2020, the Company purchased approximately $78.9 million of tractors and components from TAFE and sold approximately $1.3 million of parts to TAFE.

The Company and TAFE are parties to a Letter Agreement regarding the current and future accumulation by TAFE of shares of our common stock and certain governance matters. The Letter Agreement expires on April 24, 2024. Pursuant to the Letter Agreement, TAFE has agreed not to (i) purchase in excess of 12,150,152 shares of our common stock, subject to certain adjustments; (ii) subject to its rights to make a non-public offer to acquire all or a part of the Company (or propose another transaction that would result in a change of control of the Company), form or act as part of a group with respect to the ownership or voting of our common stock or to otherwise grant a third-party a proxy or other voting rights with respect to our common stock owned by TAFE or its affiliates (other than to or at the request of the Company), provided that TAFE and its affiliates are expressly permitted to act as a group; or (iii) publicly announce its intention to commence, or commence, an offer to acquire all or part of our common stock.

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

The foregoing description of the Letter Agreement is qualified in its entirety by reference to the Letter Agreement, a copy of which was included as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 25, 2019.

Annual Report to Stockholders

The Company's 2020 Annual Report to its stockholders and Annual Report on Form 10-K for the year ended December 31, 2020, including consolidated financial statements and schedule thereto, but excluding other exhibits, is being furnished with this proxy statement to stockholders of record as of March 12, 2021.

Annual Report on Form 10-K

We will provide without charge a copy of our Annual Report filed on Form 10-K for the year ended December 31, 2020, including the consolidated financial statements and schedule thereto, on the written request of the beneficial owner of any shares of our common stock on March 12, 2021. The written request should be directed to: Corporate Secretary, AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096.

Independent Registered Public Accounting Firm

A representative of KPMG LLP, our independent registered public accounting firm for 2020, is expected to attend the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so. The representative also will be available to respond to appropriate questions from stockholders. The Audit Committee has appointed KPMG LLP as our independent registered public accounting firm for 2021, subject to stockholder ratification.

Stockholders' Proposals

Any stockholder of the Company who wishes to present a proposal at the 2022 Annual Meeting of stockholders of the Company, and who wishes to have such proposal included in the Company's proxy statement and form of proxy for that meeting, must deliver a copy of such proposal to the Company at its principal executive offices at 4205 River Green Parkway, Duluth, Georgia 30096, Attention: Corporate Secretary, no later than November 22, 2021; however, if next year's Annual Meeting of stockholders is held on a date more than 30 days before or after the corresponding date of the 2021 Annual Meeting, any stockholder who wishes to have a proposal included in our proxy statement for that meeting must deliver a copy of the proposal to the Company at a reasonable time before the proxy solicitation is made. We reserve the right to decline to include in our proxy statement any stockholder's proposal which does not comply with the advance notice provisions of our By-Laws or the rules of the SEC for inclusion therein.

Any stockholder of the Company who wishes to present a proposal at the 2022 Annual Meeting of stockholders of the Company, but not have such proposal included in our proxy statement and form of proxy for that meeting, must deliver a copy of such proposal to the Company at its principal executive offices at 4205 River Green Parkway, Duluth, Georgia 30096, Attention: Corporate Secretary no later than February 21, 2022 and otherwise in accordance with the advance notice provisions of our By-Laws or the persons appointed as proxies may exercise their discretionary voting authority if the proposal is considered at the meeting. The advance notice provisions of our By-Laws provide that for a proposal to be properly brought before a meeting by a stockholder, such stockholder must disclose certain information and must have given the Company notice of such proposal in written form meeting the requirements of our By-Laws no later than 60 days and no earlier than 90 days prior to the anniversary date of the immediately preceding Annual Meeting of stockholders.

Reconciliation of Non-GAAP Measures

The following is a reconciliation of reported income from operations, net income and net income per share to adjusted income from operations, net income and net income per share for the years ended December 31, 2020, 2019, 2018, 2017 and 2016 (in millions, except per share data).

	Years Ended December 31,								
	2020			2019			2018		
	Income from Operations	Net Income[1][2]	Net Income per Share[1]	Income from Operations	Net Income[1][2]	Net Income per Share[1][2]	Income from Operations	Net Income[1]	Net Income per Share[1]
As reported	$ 599.7	$ 427.1	$ 5.65	$ 348.1	$ 125.2	$ 1.63	$ 489.0	$ 285.5	$ 3.58
Impairment Charges	20.0	10.0	0.13	176.6	176.6	2.29	—	—	—
Restructuring expenses	19.7	19.5	0.26	9.0	8.3	0.11	12.0	8.7	0.11
Gain on sale of investment in affiliate	—	(32.5)	(0.43)	—	—	—	—	—	—
Deferred income tax adjustment	—	—	—	—	53.7	0.70	—	—	—
Swiss tax reform	—	—	—	—	(21.8)	(0.28)	—	—	—
Extinguishment of debt	—	—	—	—	—	—	—	24.5	0.31
Tax benefit associated with U.S. tax reform	—	—	—	—	—	—	—	(8.5)	(0.11)
As adjusted	$ 639.4	$ 424.2	$ 5.61	$ 533.7	$ 341.9	$ 4.44	$ 501.0	$ 310.2	$ 3.89

	Years Ended December 31,					
	2017			2016		
	Income from Operations	Net Income[1]	Net Income per Share[1][2]	Income from Operations	Net Income[1]	Net Income per Share[1]
As reported	$ 404.4	$ 186.4	$ 2.32	$ 287.0	$ 160.1	$ 1.96
Restructuring expenses	11.2	8.8	0.11	11.9	9.9	0.12
Non-cash expense related to waived stock compensation	4.8	4.8	0.06	—	—	—
Tax provision associated with U.S. tax reform	—	42.0	0.52	—	—	—
Deferred income tax adjustment	—	—	—	—	31.6	0.39
As adjusted	$ 420.4	$ 242.0	$ 3.02	$ 298.9	$ 201.6	$ 2.47

[1] Net income and net income per share amounts are after tax.

[2] Rounding may impact summation of amounts.

The following is a reconciliation of net cash provided by operating activities to free cash flow for the years ended December 31, 2020 and 2019 (in millions):

	2020	2019
Net cash provided by operating activities	$ 896.5	$ 695.9
Less:		
Capital expenditures	(269.9)	(273.4)
Free cash flow	$ 626.6	$ 422.5

The following table sets forth, for the year ended December 31, 2020, the impact to net sales of currency translation (in millions, except percentages):

Years ended December 31,			Change due to currency translation	
2020	2019	% change from 2019	$	%
$ 9,149.7	$ 9,041.4	1.2%	$ (166.1)	(1.8)%

AGCO

Your Agriculture Company

AGCO
Your Agriculture Company

Annual Report on Form 10-K

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2020

OR

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

For the transition period from _____ to _____

Commission File Number: 001-12930

AGCO CORPORATION

(Exact name of Registrant as specified in its charter)

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

(770) 813-9200

(Registrants telephone number, including area code)

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

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

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

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

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

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

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

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

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

The aggregate market value of AGCO Corporation's Common Stock (based upon the closing sales price quoted on the New York Stock Exchange) held by non-affiliates as of June 30, 2020 was approximately $3.4 billion. For this purpose, directors and officers and the entities that they control have been assumed to be affiliates. As of February 22, 2021, 75,220,142 shares of AGCO Corporation's Common Stock were outstanding.

Documents Incorporated by Reference

Portions of AGCO Corporation's Proxy Statement for the 2021 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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PART I

Item 1. *Business*

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

General

We are a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. We sell a full range of agricultural equipment, including tractors, combines, self-propelled sprayers, hay tools, forage equipment, seeding and tillage equipment, implements, and grain storage and protein production systems. Our products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brands, including: Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra®, supported by our Fuse® precision agriculture solutions. We distribute most of our products through approximately 3,250 independent dealers and distributors in approximately 140 countries. We also provide retail and wholesale financing through our finance joint ventures with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., which we refer to as "Rabobank."

Products

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

		Percentage of Net Sales		
Product	**Product Description**	**2020**	**2019**[1]	**2018**[1]
Tractors	• High horsepower tractors (140 to 650 horsepower); typically used on large acreage farms, primarily for row crop production, soil cultivation, planting, land leveling, seeding and commercial hay operations • Utility tractors (40 to 130 horsepower); typically used on small- and medium-sized farms and in specialty agricultural industries, including dairy, livestock, orchards and vineyards • Compact tractors (under 40 horsepower); typically used on small farms and specialty agricultural industries, as well as for landscaping, equestrian and residential uses	57%	57%	57%
Replacement Parts	• Replacement parts for all of the products we sell, including products no longer in production. Most of our products can be economically maintained with parts and service for a period of ten to 20 years. Our parts inventories are maintained and distributed through a network of master and regional warehouses throughout North America, South America, Europe, Africa, China and Australia in order to provide timely response to customer demand for replacement parts	16%	15%	14%
Grain Storage and Protein Production Systems	• Grain storage bins and related drying and handling equipment systems; seed-processing systems; swine and poultry feed storage and delivery, ventilation and watering systems; and egg production systems and broiler production equipment	10%	11%	12%
Hay Tools and Forage Equipment, Implements & Other Equipment	• Round and rectangular balers, loader wagons, self-propelled windrowers, forage harvesters, disc mowers, spreaders, rakes, tedders, and mower conditioners; used for the harvesting and packaging of vegetative feeds used in the cattle, dairy, horse and renewable fuel industries • Implements, including disc harrows, which cut through crop residue, leveling seed beds and mixing chemicals with the soils; heavy tillage, which break up soil and mix crop residue into topsoil, with or without prior discing; field cultivators, which prepare a smooth seed bed and destroy weeds; and drills, which are primarily used for small grain seeding • Planters and other planting equipment; used to plant seeds and apply fertilizer in the field, typically used for row crops, including planting technologies that cover the areas of monitoring and measurement, liquid control and delivery, meter accuracy and seed delivery • Other equipment, including loaders; used for a variety of tasks, including lifting and transporting hay crops	11%	10%	10%
Combines	• Combines, sold with a variety of threshing technologies and complemented by a variety of crop-harvesting heads; typically used in harvesting grain crops such as corn, wheat, soybeans and rice	3%	3%	3%
Application Equipment	• Self-propelled, three- and four-wheeled vehicles and related equipment; for use in the application of liquid and dry fertilizers and crop protection chemicals both prior to planting crops ("pre-emergence") and after crops emerge from the ground ("post-emergence")	3%	3%	3%

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

Precision Agriculture

We offer smart solutions to the farmer to optimize farming performance, while improving ease of use. Our strategy is based upon an open approach to data management leveraging existing solutions offered by partnering with industry leaders and while integrating our products and innovation. We provide essential added value to dealers and service providers that helps farmers improve uptime, machine and yield optimization, mixed fleet optimization and decision support, with critical data privacy choices and convenient mobile tools that offer access to data and information. These products ultimately result in reduced waste and increased profitability for the farmer. Our precision agriculture solutions are based on connectivity, automation and digitalization and include satellite-based steering, field data collection, product self-adjustment, yield-mapping and telemetry-based fleet management systems. Our Fuse® and other precision agriculture solutions support our products, brands and the aftermarket with a comprehensive and customizable suite of solutions, enabling farmers to make individual, data-based decisions in order to reduce costs and maximize efficiency, yields and profitability. A significant number of these technologies are developed by third parties and are integrated into our products. We believe that these products and related devices are highly valued by professional farmers globally and are integral to the current and future growth of our equipment sales and revenues.

Market Conditions

Demand for agricultural equipment is cyclical, influenced by, among other things, farm income, farm land values, weather conditions, the demand for agricultural commodities, commodity and protein prices and general economic conditions, as well as government policies and subsidies. During 2020, the COVID-19 pandemic had minimal impact on global crop production. Most farm operations, which generally have been deemed essential, operated at normal levels. However, the consumption of grain for food, fuel and livestock feed was negatively impacted by the economic constraints caused by the pandemic in the first half of 2020. During the second half of 2020, grain consumption started to recover, consistent with improving economic activities and increased grain exports to China, thus reducing forecasts for ending grain inventories, and raising soft commodity prices. Consequently, global industry demand for farm equipment was mixed during 2020 but improved in the second half of the year across major markets. Farm income, which is a function of commodity and protein prices, crop yields, and government support, will continue to be a key factor in the level of industry demand.

2020 Compared to 2019 Financial Highlights

Net income attributable to AGCO Corporation and subsidiaries for 2020 was $427.1 million, or $5.65 per diluted share, compared to $125.2 million, or $1.63 per diluted share for 2019.

Net sales for 2020 were approximately $9,149.7 million, or 1.2% higher than 2019, primarily due to increased sales volumes in our South American region, partially offset by the negative impact of currency translation. Net sales were impacted by reduced production volumes caused by component availability and other impacts of the COVID-19 pandemic in the first half of 2020, but recovered in the second half of the year resulting from more normalized production and improved industry demand. Income from operations was $599.7 million in 2020 compared to $348.1 million in 2019. The increase in income from operations during 2020 was primarily the result of improved margins which benefited from positive pricing impacts, a favorable sales mix and cost control initiatives as compared to prior year. In addition, our 2019 income from operations included approximately $176.6 million of non-cash goodwill and other intangible asset impairment charges recorded during the fourth quarter of 2019 related to our grain storage and protein production systems operations in our Europe/Middle East region. See “Financial Highlights” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional information.

Competition

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

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

Marketing and Distribution

Dealers and Distributors

We distribute products primarily through a network of independent dealers and distributors. Our dealers are responsible for retail sales of equipment to end users and after-sales service and support. Our distributors may sell our product through networks of dealers supported by the distributors, and our distributors also may directly market our products and provide customer service support. Our sales are not dependent on any specific dealer, distributor or group of dealers. In some countries, we utilize associates and licensees to provide a distribution channel for our products and a source of low-cost production for certain products.

	Independent Dealers and Distributors	Percent of Net Sales[1]		
Geographical Region	**2020**	**2020**	**2019**	**2018**
Europe	785	57 %	58 %	57 %
North America	1,820	24 %	24 %	23 %
South America	245	9 %	9 %	10 %
Rest of World [2]	400	10 %	9 %	9 %

(1) The summation of these individual percentages may not total due to rounding.
(2) Consists of approximately 60 countries in Africa, the Middle East, Australia and Asia.

Dealer Support and Supervision

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

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

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

Resources

Manufacturing and Assembly

We manufacture and assemble our products in 43 locations worldwide, including four locations where we operate joint ventures. Our locations are intended to optimize capacity, technology and local costs. Furthermore, we continue to balance our manufacturing resources with externally-sourced machinery, components and/or replacement parts to enable us to better control costs, inventory levels and our supply of components. We believe that our manufacturing facilities are sufficient to meet our needs for the foreseeable future. Refer to Item 2, "Properties," for a listing of our principal manufacturing locations.

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

Components and Third-Party Suppliers

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

We purchase some fully-manufactured tractors from Tractors and Farm Equipment Limited ("TAFE"), Carraro S.p.A. and Iseki & Company, Limited. We also purchase other tractors, implements and hay and forage equipment from various third-party suppliers. Refer to Note 13 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for further discussion of our relationship with TAFE.

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

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

Intellectual Property

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

Engineering and Research

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

Wholesale Financing

Primarily in the United States and Canada, we engage in the standard industry practice of providing dealers with floor plan payment terms for their inventories of farm equipment for extended periods, generally through our AGCO Finance joint ventures. The terms of our wholesale finance agreements with our dealers vary by region and product line, with fixed payment schedules on all sales, generally ranging from one to 12 months. In the United States and Canada, dealers typically are not required to make an initial down payment, and our terms allow for an interest-free period generally ranging from one to 12 months, depending on the product. Amounts due from sales to dealers in the United States and Canada are immediately due upon a retail sale of the underlying equipment by the dealer, with the exception of sales of grain storage and protein production systems, as discussed further below. If not previously paid by the dealer, installment payments generally are required beginning after the interest-free period with the remaining outstanding equipment balance generally due within 12 months after shipment. In limited circumstances, we provide sales terms, and in some cases, interest-free periods that are longer than 12 months for certain products. These typically are specified programs, predominantly in the United States and Canada, where interest is charged after a period of up to 24 months, depending on various factors including dealers' sales volumes during the preceding year. We also provide financing to dealers on used equipment accepted in trade. We generally obtain a security interest in the new and used equipment we finance.

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

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

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

In addition, our AGCO Finance joint ventures may provide wholesale financing directly to dealers in Europe, Brazil and Australia.

Retail Financing

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

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

Seasonality

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

Environmental Matters and Regulation

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

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

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

For additional information regarding our product development plans, see the "Sustainability" section below.

Regulation and Government Policy

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

We have manufacturing facilities or other physical presence in approximately 33 countries and sell our products in approximately 140 countries. This subjects us to a range of trade, product, foreign exchange, employment, tax and other laws and regulations, in addition to the environmental regulations discussed previously, in a significant number of jurisdictions. Many jurisdictions and a variety of laws regulate the contractual relationships with our dealers. These laws impose substantive standards on the relationships between us and our dealers, including events of default, grounds for termination, non-renewal of dealer contracts and equipment repurchase requirements. Such laws could adversely affect our ability to terminate our dealers.

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

Sustainability

Corporate sustainability is a core business imperative that underlies our strategy to build a more valuable enterprise through long-term economic, social and environmental sustainability in support of our key stakeholders and communities. This aligns with our purpose to provide farmer-focused solutions to sustainably feed our world. We see opportunities in every aspect of our agricultural value chain to address many of today's most significant challenges, including food security, farmer livelihood and resource efficiency. We currently are prioritizing the following four sustainability imperatives.

Advancing Soil Health and Soil-Carbon Sequestration

Improving soil health using practices such as cover crops, no-till farming and managing soil compaction all contribute positively to mitigate climate change. Sequestering carbon into agricultural soils and boosting crop yields is a natural positive outcome for both the farmer and the environment. We are committed to developing solutions to map, measure and implement good soil health practices. We are also applying our engineering expertise to develop innovative solutions to position agriculture and our farmers to as part of the solution to climate change.

Over the past several years, we have invested in a thriving network of demonstration farms and initiatives to dive into topics that matter most to farmers, and to test and demonstrate the latest technologies that demonstrate core agronomy principles. We plan to expand these initiatives towards more sustainability trials including crop covering, herbicide reduction by mechanical weed control and variable rate nitrogen fertilization. We also have new products that feature precision agriculture solutions from Fuse® and Precision Planting that support soil health and the reduction of the use of chemical inputs. Our Fuse® solutions help to deliver connectivity across our entire fleet to enable and accelerate precision agriculture; specifically, by optimizing nutrient and pest control use efficiency, as well as managing compaction and machine optimization to favorably impact yield and the environment.

Decarbonizing Our Operations and Products

We are committed to reducing CO_2 emissions across our manufacturing sites worldwide to limit our impact to climate change. Smart manufacturing uses advanced technology to increase productivity while reducing energy waste and cost. Our initial priorities will focus on using cleaner sources of energy and reducing consumption by improving operational efficiencies. The goal of our research and development efforts with respect to engines is to be a pioneer for the farmers of today and tomorrow by designing lower emission and more fuel-efficient engines.

We continue to invest substantial resources in research and development activities to create and deploy advanced technologies as well as to significantly enhance existing traditional technologies with continual improvements in vehicle engine and transmission efficiencies. Our research efforts also include alternative fuel solutions as well as the acceleration of electrification, natural gas, hybrid technology and fuel cell alternatives. We are committed in the near term to improve the efficiency of vehicles that rely on internal combustion engines. Our engines are Tier 4 compliant in the United States, and Stage V compliant in Europe. We were one of the first in our industry to adopt Selective Catalytic Reduction ("SCR") technology. SCR systems are highly efficient at treating the engine-out exhaust, significantly reducing NO_X emissions, as well as carbon release.

We are piloting a fully electric Fendt® tractor that has current potential in livestock, greenhouse farming and specialty crops as well as municipality applications. We look to further advance this technology to develop battery powered equipment in other agricultural applications to enable our customers to reduce the CO_2 footprint in their production processes. Lastly, we plan to grow our remanufacturing business with respect to engines and other components in order to avoid energy use and emissions, to eliminate waste and to conserve raw materials.

We intend to complete a climate risk assessment in 2021 that will encompass our global operations and markets that we believe will inform a set of climate actionable goals to ensure our business is both financially resilient and optimal for growth during the transition to a low carbon economy. We also are in the process of reviewing various components of our business in order to identify measurable sustainability metrics for which we can establish future improvement goals.

Elevating Employee Health, Safety and Well-Being

Safety is a priority at AGCO, and we want to ensure that all of our workplaces protect the health and safety of our employees, as well as prevent long-term occupational health risks. We conduct occupational risk assessments regularly, leveraging our long-term shop floor experience, and are committed to achieving zero work-related fatalities across our global operations. We are embedding a new enterprise-wide model to advance our culture of health and safety, built upon the success of our current health and safety program that was launched in 2014. Our goal is to raise productivity and lower accident incident rates in the countries in which we operate.

Prioritizing Animal Welfare in Food Production

We are committed to a culture that supports animal welfare, and we intend to leverage technology in order to drive innovation for animal-based food production that ensures the care, nutrition, health and welfare of farm animals. We also intend on being a leader in promoting awareness of the advances in modern animal agriculture, demonstrating how innovations are helping farmers to care for their animals, while also helping to reduce the environmental impact of animal agricultural operations. Digital innovation is at the forefront of modern animal agriculture, and our platform for protein operations helps farmers monitor their livestock including feed, watering, animal weight, ventilation, cooling, heating and lighting data. Digitalization of the farm not only provides valuable insight to inform product and service evolution to the farmer, but it also provides food transparencies that consumers care about.

We are enhancing our strategy to design, engineer and manufacture industry-leading protein solutions, building upon and further developing our advanced aviary systems, precision-feeding systems and organic sheds.

For additional information on our sustainability efforts and reporting, refer to the “Corporate Social Responsibility” section on our website located under “Investors.”

Human Capital

We have approximately 21,400 employees worldwide, who are guided by our Company’s clear purpose – Farmer-focused solutions to sustainably feed our world. Employees are further guided by our global Code of Conduct, which builds on the foundation of our embedded core values: Integrity, Trust, Respect, Team Spirit and Accountability. We are committed to fostering a diverse and inclusive workplace that attracts and retains exceptional talent. Through ongoing talent development, comprehensive compensation and benefits, and a focus on health, safety and employee well-being, we strive to help our employees in all aspects of their lives so they can do their best work.

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

Unions, Collective Bargaining Agreements and Work Councils

Of our 21,400 employees worldwide, approximately 4,730 are located in the United States and Canada. A majority of our employees at our manufacturing facilities, in the aggregate, are represented by collective bargaining agreements and union contracts with terms that expire on varying dates. We currently do not expect any significant difficulties in renewing these agreements.

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

Talent

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

Over the past year, our employees have completed online and instructor-led courses across a broad range of categories – leadership, inclusion and diversity, professional skills, technical competencies and compliance. We are deeply committed to identifying and developing the next generation of top-tier leadership with a special focus on diverse and technologically innovative talent. We conduct annual in-depth talent and succession reviews with our senior leadership team that focuses on accelerating talent development, strengthening succession pipelines, and advancing diversity representation for our most critical roles.

Rewards

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

Health, Wellness and Safety

We are also committed to the health, safety and wellness of our employees. For instance, in the United States, we provide our employees and their families with flexible and convenient health and wellness programs, including competitive benefits arrangements. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate, of which comply with government regulations. This includes having our employees work from home when possible and implementing additional safety measures for employees continuing critical on-site work.

Diversity

Our commitment to diversity and inclusion starts at the top with a highly skilled and diverse board. Three of our 13 board members are women. Women represent approximately 12% of our full-time executive positions at the senior vice president and vice president levels, and approximately 16% of our overall full-time management-level employees.

Building upon our core values, our employees value learning from different perspectives and welcome the opportunity to work with those of diverse backgrounds. Through our global TRAIT (our diversity and inclusion initiative), employees take part in robust training, such as creating an inclusive environment and cultural training. We also provide our employees with resource groups such as AGCO's Global Women's Network, and AGCO's Black Employee Network, to support a broader understanding of experiences as well as to drive awareness aimed to combat unconscious bias. Through our TRAIT initiatives, we encourage employees to become involved in their communities, contributing time and talent for the improvement of the communities in which they live and work.

Available Information

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

- annual reports on Form 10-K;
- quarterly reports on Form 10-Q;
- current reports on Form 8-K;
- proxy statements for the annual meetings of stockholders; and
- reports on Form SD.

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

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

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

In addition, in the event of any waivers of our Global Code of Conduct, those waivers will be available under the heading "Corporate Governance" of our website.

None of these materials, including the other materials available on our website, is incorporated by reference into this Form 10-K unless expressly provided.

Item 1A. ***Risk Factors***

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

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

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

Risks Related to the COVID-19 Pandemic

Our business could be materially adversely impacted if the coronavirus outbreak continues in duration and severity or otherwise impacts our manufacturing and supply chain or demand for our products.

The COVID-19 pandemic has, and we expect may continue to, negatively impact our business, and further impacts will depend on future developments, which are unpredictable, including the duration of the pandemic, the timing, distribution and impact of vaccinations and possible mutations of the virus that are more contagious or resistant to current vaccines. The COVID-19 pandemic has created significant volatility in the global economy and has led to substantially reduced economic activity, employment disruptions, supply chain constraints and delays, and declines in consumer demand. Measures taken by governments around the world, as well as businesses, including us, and the general public in order to limit the spread of COVID-19 will continue to negatively impact our business and overall financial condition. These measures have included travel bans or restriction limits, quarantines, shelter in place orders, curfews, business and government office closures, increased border controls or closures, port closures and transportation restrictions. The impacts of such measures could include, but are not limited to the following:

- Our industry may experience declines in global market demand, thus reducing sales of our products.
- The COVID-19 pandemic is projected to have minimal impact on global crop production. Most farm operations, which generally have been deemed "essential" throughout the pandemic, are working to relatively normal levels. However, the consumption of grain for food, fuel (including ethanol) and livestock feed was negatively impacted by economic constraints caused by the pandemic during the first half of 2020. During the second half of 2020, grain consumption started to recover, consistent with improving economic activities and increased grain exports to China, thus reducing forecasts for ending grain inventories and raising soft commodity prices. Future market demand for agricultural equipment will be influenced by, among other things, farm income, farm land values, weather conditions, the demand for agricultural commodities, commodity and protein prices, and general economic conditions, and the decrease in market demand because of these factors could materially negatively impact our results of operations and overall financial condition.
- Deteriorating economic and political conditions, such as increased unemployment, economic slowdown or recessions, could cause further decreases in sales of our products.

- We may experience adverse fluctuations in foreign currency rates, particularly an increase in the value of the U.S. dollar against key market foreign currencies, which could negatively impact our sales and overall business performance.
- Governmental guidance, directives or regulations around the world could result in factory shutdowns and reduced production related to factory shutdowns or higher absentee rates. We have had to suspend operations at production facilities due to a rise in COVID-19 infection rates and due to government mandated closures in the past, and may have further factory shutdowns in the future.
- We could incur additional operating costs due to the adherence of cleaning requirements and social distancing guidelines.
- We have severely limited travel by our employees and have taken measures to ensure the health and safety of our employees at our factories. These measures include employee health screening, using personal protective equipment, enhanced cleaning and sanitation efforts, reworking factory layouts and staggering production schedules to conform with social distancing recommendations. We may also from time to time have to temporarily close factories due to the level of COVID-19 cases at any factory. In addition, most of our non-factory workforce are under work-at-home arrangements. These measures may not be sufficient to prevent material adverse effects of the COVID-19 pandemic.
- We may experience increased costs due to remote working arrangements, adherence to social distancing guidelines and the need for personal protective equipment, in addition to the absence of employees due to illness.
- Our factories are dependent upon parts and components manufactured by others, and to the extent that our suppliers are impacted by the COVID-19 pandemic, it will reduce the availability, or result in delays, of parts and components to us, which in turn could interrupt our ability to produce and sell completed products.
- Freight channels may be disrupted due to additional safety requirements imposed by port authorities and/or capacity constraints experienced by our freight carriers. As a result, we may also incur increased logistics costs.
- Declines in equity markets and the valuation of assets may negatively affect our pension plan assets, and, if this occurs again, we likely will incur increased pension expenses and funding requirements related to the fair value of our pension plan assets.
- Although we currently believe we have sufficient available funding to support our business, and we have not experienced a significant increase in borrowing costs, the severity and length of the COVID-19 pandemic could have material negative impacts to our financial condition. This, in turn, could affect our credit ratings and borrowing costs.
- While we have initiated several cost-saving and capital deployment measures and strategies to monitor and manage our cash flows and operating expenses, these measures may not be sufficient to prevent adverse effects of the COVID-19 pandemic.
- We may be required to record significant impairment charges with respect to certain noncurrent assets such as goodwill and other intangible assets and equity method investments, whose fair values may be negatively affected by the COVID-19 pandemic. We also may be required to write-down inventory that is deemed obsolete due to decreased sales.
- If economic conditions continue to deteriorate, we may experience slower collections and larger write-offs of accounts receivable. Our customers and dealers may request payment deferrals or contract modifications. In addition, our finance joint ventures also may experience slower collections and greater write-offs of accounts receivable, which would result in reduced earnings, if not losses, for us from our investments in the retail joint ventures.
- Government authorities in the U.S. and throughout the world may increase or impose new income or indirect taxes, or revise interpretations of existing tax regulations, as a means of financing the costs of stimulus and other measures taken, or that might be enacted and taken in the future, to protect populations and economies from the impact of the COVID-19 pandemic. Such actions could have a negative impact on our results of operations.
- It is unclear when a full economic recovery will occur and both the speed and extent of that recovery. However, we expect the impact of COVID-19 to continue well into 2021.

Market, Economic and Geopolitical Risks

Our financial results depend entirely upon the agricultural industry, and factors that adversely affect the agricultural industry generally, including declines in the general economy, increases in farm input costs, weather conditions and lower commodity and protein prices, adversely affect us.

Our success depends entirely on the vitality of the agricultural industry. Historically, the agricultural industry has been cyclical and subject to a variety of economic and other factors. Sales of agricultural equipment, in turn, also are cyclical and generally reflect the economic health of the agricultural industry. The economic health of the agricultural industry is affected by

numerous factors, including farm income, farm input costs, farm land values and debt levels, all of which are influenced by levels of commodity and protein prices, acreage planted, crop yields, agricultural product demand (including crops used as renewable energy sources), government policies and government subsidies. The economic health also is influenced by general economic conditions, interest rate and exchange rate levels, and the availability of financing for retail customers, including financing subsidies to farmers, which can be significant in countries such as Brazil, as discussed elsewhere in this "Risk Factors" section. Trends in the agricultural industry, such as farm consolidations, may affect the agricultural equipment market. In addition, weather conditions, such as floods, heat waves or droughts, and pervasive livestock or crop diseases affect farmers' buying decisions. Downturns in the agricultural industry due to these or other factors, which could vary by market, can result in decreases in demand for agricultural equipment, which would adversely affect our performance. Moreover, the unpredictable nature of many of these factors and the resulting volatility in demand make it difficult for us to accurately predict sales and optimize production. This, in turn, can result in higher costs, including inventory carrying costs and underutilized manufacturing capacity. During previous downturns in the agricultural industry, we experienced significant and prolonged declines in our performance, and we expect our business to remain subject to similar market fluctuations in the future.

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

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

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

Most retail sales of our products are financed, either by our AGCO Finance joint ventures or by a bank or other private lender. The AGCO Finance joint ventures, which are controlled by Rabobank and are dependent upon Rabobank for financing as well, finance approximately 40% to 50% of the retail sales of our tractors and combines in the markets where the joint ventures operate. Any difficulty by Rabobank in continuing to provide that financing, or any business decision by Rabobank as the controlling member not to fund the business or particular aspects of it (for example, a particular country or region), would require the joint ventures to find other sources of financing (which may be difficult to obtain) or would require us to find other sources of retail financing for our dealers and their retail customers.

If we are unable to obtain other sources, our dealers and their retail customers would be required to utilize other retail financing providers, which may or may not be available. In an economic downturn, we expect that financing for capital equipment purchases generally would become more difficult or more expensive to obtain. To the extent that financing is not available, or available only at unattractive prices, our sales would be negatively impacted.

Both AGCO and our AGCO Finance joint ventures have substantial accounts receivable from dealers and retail customers, and we both are adversely impacted when the collectability of these receivables is not consistent with historical experience. This collectability is dependent on the financial strength of the agricultural industry, which in turn is dependent upon the factors discussed elsewhere in this "Risk Factors" section. In addition, the AGCO Finance joint ventures may project estimated credit losses that exceed expectations and adversely affect their financial condition and results of operations. The finance joint ventures lease equipment as well and also may experience residual value losses that exceed expectations caused by lower pricing for used equipment and higher than expected returns at lease maturity. To the extent that defaults and losses are higher than expected, our equity in the net earnings of the finance joint ventures would be less, or there could be losses, which could materially impact our performance.

A majority of our sales and manufacturing take place outside the United States, and, as a result, we are exposed to risks related to foreign laws, taxes, economic conditions, labor supply and relations, political conditions and governmental policies as well as U.S. laws governing who we sell to and how we conduct business. These risks may delay or reduce our realization of value from our international operations.

A majority of our sales are derived from sales outside the United States. The foreign countries in which our sales are the greatest are Germany, France, Brazil, the United Kingdom, Finland and Canada. We have significant manufacturing operations in France, Germany, Brazil, Italy and Finland, and we have established manufacturing operations in emerging

markets, such as China. Many of our sales involve products that are manufactured in one country and sold in a different country, and, therefore, our performance can be adversely affected by adverse changes, in either the country of origin or the country of destination, in the factors discussed elsewhere in this "Risk Factors" section, particularly the factors that impact the delivered cost of our products. Our business practices in these foreign countries must comply with not just local law, but also U.S. law, including limitations on where and to whom we may sell products and the Foreign Corrupt Practices Act ("FCPA"). We have a compliance program in place designed to reduce the likelihood of potential violations of these laws, but it is difficult to identify and prevent violations. Significant violations could subject us to fines and other penalties as well as increased compliance costs. Some of our international operations also are, or might become, subject to various risks that are not present in domestic operations, including restrictions on dividends and the repatriation of funds. Foreign developing markets may present special risks, such as unavailability of financing, inflation, slow economic growth, price controls and difficulties in complying with U.S. regulations.

Domestic and foreign political developments and government regulations and policies directly affect the international agricultural industry, which affects the demand for agricultural equipment. If demand for agricultural equipment declines, our performance will be adversely affected. As discussed previously in "Risks Related to the COVID -19 Pandemic," the pandemic has caused a global recession and increased economic and demand uncertainty. The pandemic impacts, in addition to related or unrelated application, modification or adoption of laws, regulations, trade agreements or policies, can adversely affect the agricultural industry, including the imposition of import and export duties and quotas, expropriation and potentially burdensome taxation, could have an adverse effect on our business. Trade restrictions, including potential withdrawal from or modification of existing trade agreements, negotiation of new trade agreements, and imposition of new (and retaliatory) tariffs against certain countries or covering certain products, could limit our ability to capitalize on current and future growth opportunities in the international markets in which we operate and impair our ability to expand our business by offering new technologies, products and services. These changes also can impact the cost of the products we manufacture, including the cost of steel. These trade restrictions and changes in, or uncertainty surrounding, global trade policy may affect our competitive position.

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

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

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

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

In addition, competitive pressures in the agricultural equipment business may affect the market prices of new and used equipment, which, in turn, may adversely affect our performance.

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

Our expansion plans in emerging markets entail significant risks.

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

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

We have significant operations in the United Kingdom. The United Kingdom withdrew from the European Union on January 31, 2020, known as "Brexit," with an effective date of December 31, 2020. While the United Kingdom and the European Union have agreed that there will be no taxes on goods or limits on the amount that can be traded between the two parties, new documentation requirements, safety checks and customs declarations will be required with potential shipment delays to conduct additional measures. New procedures at ports and new documentation requirements could lead to disruptions in trade.

Changes in the British regulatory environment likely will increase our compliance costs. We may find it more difficult to conduct business in the United Kingdom and the European Union, as Brexit likely will result in increased regulatory complexity and increased restrictions and costs on the movement of capital, goods and personnel. We may decide to relocate or otherwise alter certain of our European or United Kingdom operations to respond to the new business, legal, regulatory, tax and trade environments. Brexit may adversely affect our relationships with our dealers and their retail customers, suppliers and employees and our performance could be materially adversely affected.

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

Manufacturing and Operations

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

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

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

As both we and our competitors continuously introduce new products or refine versions of existing products, we cannot predict the level of market acceptance or the amount of market share our new products will achieve. We have experienced delays in the introduction of new products in the past, and we may experience delays in the future. Any delays or other problems with our new product launches will adversely affect our performance. In addition, introducing new products can

result in decreases in revenues from our existing products. Consistent with our strategy of offering new products and product refinements, we expect to make substantial investments in product development and refinement. We may need more funding for product development and refinement than is readily available, which could adversely affect our business.

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

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

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

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

We depend on suppliers for components, parts and raw materials for our products, and any failure by our suppliers to provide products as needed, or by us to promptly address supplier issues, will adversely impact our ability to timely and efficiently manufacture and sell products. We also are subject to raw material price fluctuations, which can adversely affect our manufacturing costs.

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

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

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

From time-to-time we seek to expand through acquisitions of other businesses. We expect to realize strategic and other benefits as a result of our acquisitions, including, among other things, the opportunity to extend our reach in the agricultural

industry and provide our dealers and their retail customers with an even wider range of products and services. However, it is impossible to predict with certainty whether, or to what extent, these benefits will be realized or whether we will be able to integrate acquired businesses in a timely and effective manner. For example:

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

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

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

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

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

Financial Risks

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

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

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

event that LIBOR is no longer published, interest on our credit facility will be calculated based upon the Secured Overnight Financing Rate ("SOFR") or a base rate, as defined in the facility agreement, whichever we believe will be the most cost effective. Our credit facility also provides for an expedited amendment process once a replacement for LIBOR is established.

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

A portion of our active and retired employees participate in defined benefit pension and retiree healthcare plans under which we are obligated to provide prescribed levels of benefits regardless of the value of the underlying assets, if any, of the applicable plans. To the extent that our obligations are unfunded or underfunded, we will have to use cash flow from operations and other sources to fulfill our obligations either as they become due or over some shorter funding period. In addition, since the assets that we already have provided to fund these obligations are invested in debt instruments and other securities, the value of these assets varies due to market factors. Historically, these fluctuations have been significant and sometimes adverse, and there can be no assurances that they will not be significant or adverse in the future. Similarly the amount of our obligations varies depending upon mortality assumptions, discount rates, salary growth, retirement rates and ages, inflation, changes in health care costs and similar factors. We also are subject to laws and regulations governing the administration of our plans in certain countries, and the specific provisions, benefit formulas and related interpretations of such laws, regulations and provisions can be complex. Failure to properly administer the provisions of our plans and comply with applicable laws and regulations could have an adverse impact to our results of operations. As of December 31, 2020, we had substantial unfunded or underfunded obligations related to our pension and other postretirement health care benefits. See the notes to our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for more information regarding our unfunded or underfunded obligations.

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

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

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

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

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

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

There have been ongoing discussions and significant changes to United States trade policies, treaties, tariffs and taxes. Although the levels change from period to period, we generally have substantial imports into the United States of products and components that are either produced in our foreign locations or are purchased from foreign suppliers, and also have substantial

exports of products and components that we manufacture in the United States. The impact of any changes to current trade, tariff or tax policies relating to imports and exports of goods is dependent on factors such as the treatment of exports as a credit to imports, and the introduction of any tariffs or taxes relating to imports from specific countries. The most significant changes have been the imposition of tariffs by the United States on imports from China and the imposition by China of tariffs on imports from the United States. These trade restrictions include withdrawal from or modification of existing trade agreements, negotiation of new trade agreements, or tariffs on the import of agricultural commodities into China, which are critical to our customers. Policies impacting exchange rates and commodity and protein prices or limiting the export of commodities could have a material adverse impact on the international flow of agricultural and other commodities that may result in a corresponding negative impact on the demand for agricultural equipment across the world. Our sales could be negatively impacted by such policies because farm income strongly influences sales of such equipment globally.

In the past, we have had moderate amounts of imports into the U.S. from China. To date, the impact of U.S. import tariffs on China-sourced equipment has not been material to us because we have been able to redirect production and employ sourcing alternatives for products previously imported into the U.S. from our China manufacturing facility. In addition, we do not export significant amounts from the United States into China. It is unclear what other changes might be considered or implemented and what response to any such changes may be by the governments of other countries. Any changes that increase the cost of international trade or otherwise impact the global economy, including through the increase in domestic prices for raw materials, could have a material adverse effect on our performance.

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

Environmental Risks

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

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

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

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

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

Human Capital Risks

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

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

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

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

Data Security, Privacy and Cybersecurity Risks

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

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

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

We rely upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing and collection of payments from dealers or other purchasers of our equipment. We also use information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, we collect and store sensitive data, including intellectual property and proprietary business information, in data centers and on information technology networks. The secure operation of these information technology networks and the processing and maintenance of this information is critical to our business operations and strategy. Despite security measures

and business continuity plans, our information technology networks and infrastructure are vulnerable to damage, disruptions or shutdowns due to attacks by cyber criminals or breaches due to employee error or malfeasance or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures, terrorist acts or, natural disasters or other catastrophic events. The occurrence of any of these events could compromise our networks, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, and could disrupt our operations and damage our reputation, which could adversely affect our performance. In addition, as security threats continue to evolve and increase in frequency and sophistication, we may need to invest additional resources to protect the security of our systems.

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

Not applicable.

Item 2. ***Properties***

Our principal manufacturing locations and/or properties as of January 31, 2021, were as follows:

Location	Description of Property	Leased (Sq. Ft.)	Owned (Sq. Ft.)
United States:			
Assumption, Illinois	Manufacturing/Sales and Administrative Office		933,000
Batavia, Illinois	Parts Distribution	310,200	
Duluth, Georgia	Corporate Headquarters	158,900	
Hesston, Kansas	Manufacturing	6,300	1,469,100
Jackson, Minnesota	Manufacturing	31,400	1,006,400
International:			
Beauvais, France[1]	Manufacturing	14,300	2,231,300
Breganze, Italy	Manufacturing	11,800	1,562,000
Ennery, France	Parts Distribution	839,600	360,300
Linnavuori, Finland	Manufacturing	15,900	471,900
Hohenmölsen, Germany	Manufacturing		437,000
Marktoberdorf, Germany	Manufacturing	270,300	1,523,600
Wolfenbüttel, Germany	Manufacturing		546,700
Stockerau, Austria	Manufacturing	26,400	160,700
Thisted, Denmark	Manufacturing	92,400	295,300
Suolahti, Finland	Manufacturing/Parts Distribution	63,400	614,400
Canoas, Brazil	Regional Headquarters/Manufacturing	23,000	1,138,700
Mogi das Cruzes, Brazil	Manufacturing		748,700
Santa Rosa, Brazil	Manufacturing		508,900
Changzhou, China	Manufacturing	189,900	767,000

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

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

Item 3. ***Legal Proceedings***

In August 2008, as part of routine audits, the Brazilian taxing authorities disallowed deductions relating to the amortization of certain goodwill recognized in connection with a reorganization of our Brazilian operations and the related transfer of certain assets to our Brazilian subsidiaries. The amount of the tax disallowance through December 31, 2020, not including interest and penalties, was approximately 131.5 million Brazilian reais (or approximately $25.3 million). The amount ultimately in dispute will be significantly greater because of interest and penalties. We have been advised by our legal and tax advisors that our position with respect to the deductions is allowable under the tax laws of Brazil. We are contesting the disallowance and believe that it is not likely that the assessment, interest or penalties will be required to be paid. However, the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which could take several years.

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

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

Not Applicable.

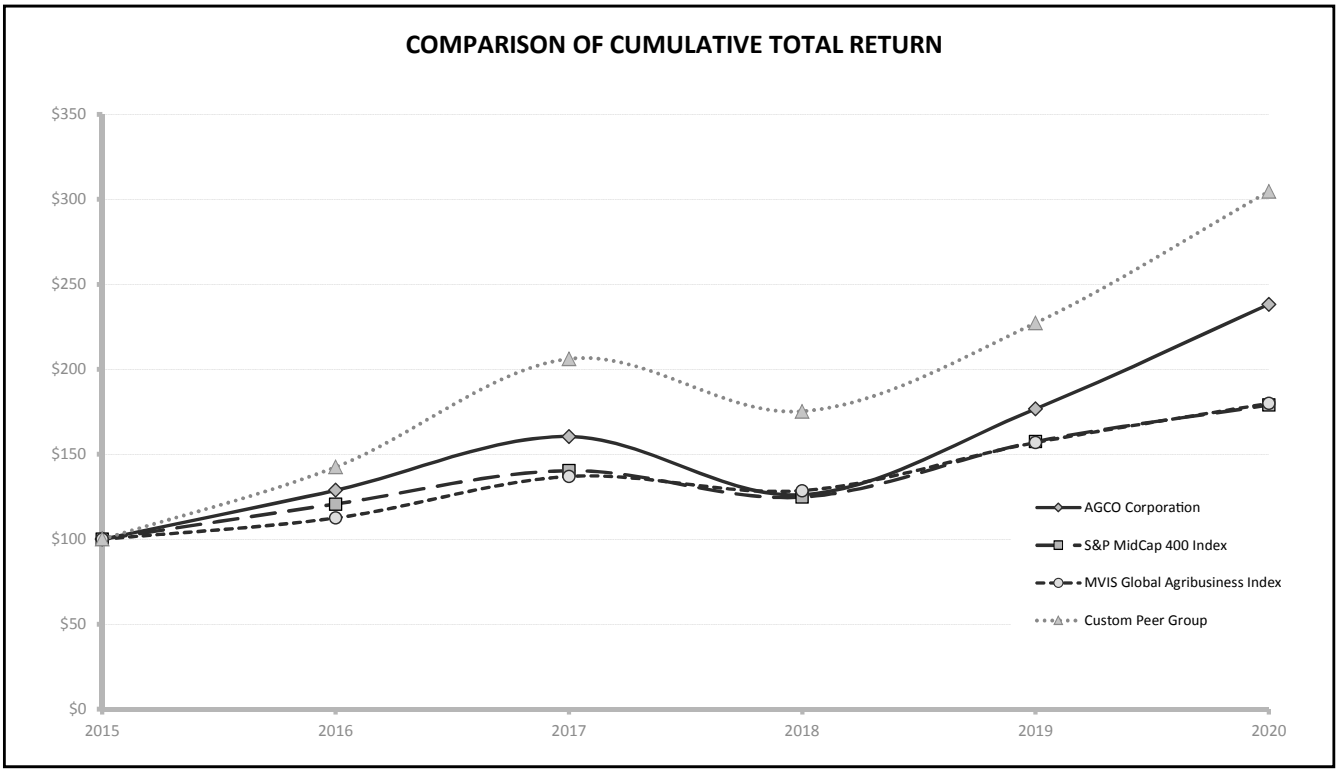
PART II

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

Our common stock is listed on the New York Stock Exchange and trades under the symbol AGCO. As of the close of business on February 22, 2021, the closing stock price was $126.50, and there were 379 stockholders of record (this number does not include stockholders who hold their stock through brokers, banks and other nominees).

Performance Graph

The following presentation is a line graph of our cumulative total shareholder return on our common stock on an indexed basis as compared to the cumulative total return of the S&P Mid-Cap 400 Index, the MVIS Global Agribusiness Index and a self-constructed peer group ("Custom Peer Group Index") for the five years ended December 31, 2020. The MVIS Global Agribusiness Index has been added to the performance chart during 2020 to replace the Custom Peer Group Index based upon the MVIS Global Agribusiness Index's closer alignment to our business. In the future, we will not include the Custom Peer Group Index. Our total returns in the graph are not necessarily indicative of future performance.



	Cumulative Total Return for the Years Ended December 31,					
	2015	2016	2017	2018	2019	2020
AGCO Corporation	$ 100.00	$ 128.82	$ 160.39	$ 126.22	$ 176.74	$ 238.19
S&P Midcap 400 Index	100.00	120.74	140.35	124.80	157.49	179.00
MVIS Global Agribusiness Index	100.00	112.51	136.95	128.61	156.90	179.96
Custom Peer Group Index	100.00	142.46	206.15	175.30	227.23	304.62

The total return assumes that dividends were reinvested and is based on a $100 investment on December 31, 2015.

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

Issuer Purchases of Equity Securities

There were no purchases of our common stock made by or on behalf of us during the three months ended December 31, 2020.

Item 6. ***Selected Financial Data***

The following tables present our selected consolidated financial data. The data set forth below should be read together with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our historical Consolidated Financial Statements and the related notes. The Consolidated Financial Statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 and the reports thereon are included in Item 8, "Financial Statements and Supplementary Data." The historical financial data may not be indicative of our future performance.

	Years Ended December 31,				
	2020	2019	2018	2017	2016
	(in millions, except per share data)				
Operating Data:					
Net sales	$ 9,149.7	$ 9,041.4	$ 9,352.0	$ 8,306.5	$ 7,410.5
Gross profit	2,057.5	1,984.3	1,996.7	1,765.3	1,515.5
Income from operations	599.7	348.1	489.0	404.4	287.0
Net income	419.8	122.8	283.7	189.3	160.2
Net loss (income) attributable to noncontrolling interests	7.3	2.4	1.8	(2.9)	(0.1)
Net income attributable to AGCO Corporation and subsidiaries	$ 427.1	$ 125.2	$ 285.5	$ 186.4	$ 160.1
Net income per common share — diluted	$ 5.65	$ 1.63	$ 3.58	$ 2.32	$ 1.96
Cash dividends declared and paid per common share	$ 0.63	$ 0.63	$ 0.60	$ 0.56	$ 0.52
Weighted average shares outstanding — diluted	75.6	77.0	79.7	80.2	81.7

	As of December 31,				
	2020	2019	2018	2017	2016
	(in millions, except number of employees)				
Balance Sheet Data:					
Cash and cash equivalents	$ 1,119.1	$ 432.8	$ 326.1	$ 367.7	$ 429.7
Total assets	8,504.2	7,759.7	7,626.4	7,971.7	7,168.4
Total long-term debt, excluding current portion and debt issuance costs	1,256.7	1,191.8	1,275.3	1,618.1	1,610.0
Stockholders' equity	3,018.0	2,907.0	2,993.5	3,095.3	2,837.2
Other Data:					
Number of employees	21,426	20,961	21,232	20,462	19,795

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

We are a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. We sell a full range of agricultural equipment, including tractors, combines, self-propelled sprayers, hay tools, forage equipment, seeding and tillage equipment, implements, and grain storage and protein production systems. Our products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brand names, including: Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra®, supported by our Fuse® precision agriculture solutions. We distribute most of our products through a combination of approximately 3,250 dealers and distributors as well as associates and licensees. In addition, we provide retail and wholesale financing through our finance joint ventures with Rabobank.

The COVID-19 pandemic created significant volatility in the global economy and led to substantially reduced economic activity, employment disruptions and supply chain constraints and delays. In most areas, our business has been deemed essential, thereby allowing us to maintain operations. However, production during the first half of 2020 was severely impacted by component availability, particularly during late March and throughout April, and therefore net sales levels during 2020 were directly impacted. The affected plants, primarily in Europe and South America, all resumed production in late April. During the third quarter of 2020, we were able to ramp up production and recover from supply chain disruptions experienced in the second quarter. All of our production facilities are currently operational. The ability to maintain full-time production remains uncertain for the foreseeable future due to government restrictions, potential supply chain constraints, workforce limitations and safety equipment availability. We have enacted cost saving measures, are working closely with our suppliers to maintain stable component availability, and are continuing to manage our cash flows and capital deployment to respond to the ongoing volatile environment.

Financial Highlights

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

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

	Years Ended December 31,		
	2020[1]	2019[1]	2018[1]
Net sales	100.0 %	100.0 %	100.0 %
Cost of goods sold	77.5	78.1	78.6
Gross profit	22.5	21.9	21.4
Selling, general and administrative expenses	10.9	11.5	11.4
Engineering expenses	3.7	3.8	3.8
Amortization of intangibles	0.7	0.7	0.7
Impairment charges	0.2	2.0	—
Restructuring expenses	0.2	0.1	0.1
Bad debt expense	0.2	0.1	0.1
Income from operations	6.6	3.9	5.3
Interest expense, net	0.2	0.2	0.6
Other expense, net	0.2	0.7	0.8
Income before income taxes and equity in net earnings of affiliates	6.1	2.9	3.9
Income tax provision	2.1	2.0	1.2
Income before equity in net earnings of affiliates	4.1	0.9	2.7
Equity in net earnings of affiliates	0.5	0.5	0.4
Net income	4.6	1.4	3.0
Net loss attributable to noncontrolling interests	0.1	—	—
Net income attributable to AGCO Corporation and subsidiaries	4.7 %	1.4 %	3.1 %

(1) Rounding may impact summation of amounts.

2020 Compared to 2019

Net income attributable to AGCO Corporation and subsidiaries for 2020 was $427.1 million, or $5.65 per diluted share, compared to $125.2 million, or $1.63 per diluted share for 2019.

Net sales for 2020 were approximately $9,149.7 million, or 1.2% higher than 2019, primarily due to increased sales volumes in our South American region, partially offset by the negative impact of currency translation. Net sales were impacted by reduced production volumes caused by component availability and other impacts of the COVID-19 pandemic in the first half of 2020, but recovered in the second half of the year resulting from more normalized production levels and improved industry demand. Income from operations was $599.7 million in 2020 compared to $348.1 million in 2019. The increase in income from operations during 2020 was primarily the result of improved margins which benefited from positive pricing impacts, a favorable sales mix and cost control initiatives as compared to prior year. In addition, our 2019 income from operations included approximately $176.6 million of non-cash goodwill and other intangible asset impairment charges recorded during the fourth quarter of 2019 related to our grain storage and protein production systems operations in our Europe/Middle East ("EME") region.

Regionally, income from operations in EME decreased by approximately $52.9 million in 2020 compared to 2019, driven primarily by lower net sales (excluding positive currency translation impacts), as well as decreased production volumes and higher warranty costs. Sales volumes increased substantially in the second half of 2020 in the EME region, partially offsetting declines experienced in the second quarter due to production disruptions in our European operations. In our North American region, despite flat net sales levels, income from operations improved by approximately $72.1 million compared to the prior year. A favorable sales mix and expense control measures contributed to the improvement in the region. In South America, income from operations increased approximately $68.7 million in 2020 compared to 2019. The increase reflects increased net sales and production volumes, a richer margin product mix and cost containment efforts, partially offset by negative currency translation impacts. Income from operations in our Asia/Pacific/African ("APA") region increased

approximately $18.7 million in 2020 compared to 2019, primarily due to higher net sales, a favorable sales mix and expense control efforts.

Industry Market Conditions

During 2020, the COVID-19 pandemic had a minimal impact on global crop production. However, the consumption of grain for food, fuel and livestock feed was negatively impacted by the economic constraints caused by the pandemic in the first half of the year. During the second half of 2020, grain consumption started to recover, consistent with improving economic activities and increased grain exports to China, thus reducing forecasts for ending grain inventories, and raising soft commodity prices. Consequently, global industry demand for farm equipment was mixed during 2020, but improved in the second half of the year across major markets. Future demand for agricultural equipment will be influenced by farm income, which is a function of commodity and protein prices, crop yields and government support.

In North America, industry unit retail sales of utility and high horsepower tractors increased approximately 10% in 2020 compared to 2019. Industry unit retail sales of combines for 2020 was flat compared to 2019. Retail sales growth was strongest for low horsepower tractors in 2020 compared to 2019, while retail sales of high horsepower tractors improved towards the end of 2020. The rise in commodity prices, along with the U.S. COVID-19 aid package for U.S. farmers and livestock producers, as well as an extended fleet age, all contributed to the improved demand.

In Western Europe, industry unit retail sales of tractors for 2020 declined modestly compared to 2019. Industry unit retail sales of combines for 2020 increased approximately 1% compared to 2019. During 2020, industry sales were weakest in the markets of the United Kingdom and Scandinavia, partially offset by industry sales growth in Germany compared to 2019. Industry sales declined due largely to production constraints in the first half of 2020 caused by the COVID-19 pandemic. In addition, the impact of dry weather on certain grain markets was mostly offset by stronger grain export demand and supportive wheat prices. European dairy and livestock fundamentals stabilized after weakening earlier in 2020.

In South America, industry unit retail sales of tractors for 2020 increased approximately 12% compared to 2019. Industry unit retail sales of combines for 2020 increased approximately 20% compared to 2019. Industry retail sales increased in Brazil and Argentina compared to the prior year, partially offset by weaker demand in most other South American markets. Robust crop production in Brazil and Argentina, as well as favorable exchange rates, supported positive economics for farmers.

Results of Operations

Net sales for 2020 were $9,149.7 million compared to $9,041.4 million for 2019, primarily as a result of improved market conditions in the second half of 2020 that offset reduced production volumes caused by component availability and other impacts of the COVID-19 pandemic in the first half of 2020. In addition, the following table sets forth, for the year ended December 31, 2020, the impact to net sales of currency translation by geographical segment (in millions, except percentages):

			Change		Change due to Currency Translation	
	2020	**2019**	**$**	**%**	**$**	**%**
North America	$ 2,175.0	$ 2,191.8	$ (16.8)	(0.8)%	$ (11.6)	(0.5)%
South America	873.8	802.2	71.6	8.9 %	(221.8)	(27.6)%
EME	5,366.9	5,328.8	38.1	0.7 %	58.5	1.1 %
APA	734.0	718.6	15.4	2.1 %	8.8	1.2 %
	$ 9,149.7	$ 9,041.4	$ 108.3	1.2 %	$ (166.1)	(1.8)%

Regionally, net sales in North America were flat in 2020 compared to 2019, with growth in sales of high horsepower tractors, replacement parts and Precision Planting equipment, offset by a reduction in sales of grain and protein equipment as well as sprayers. In the EME region, net sales were flat during 2020 compared to 2019, primarily due to increased sales in the second half of 2020 that helped to offset the lost production and supply chain constraints caused by the impacts from the COVID-19 pandemic experienced in the first half of 2020. Declines in net sales in France, Scandinavia and Central Europe were mostly offset by growth in Germany and Eastern Europe. Net sales increased in South America in 2020 compared to 2019, primarily due to sales increases in Brazil and Argentina, partially offset by decreased net sales in other South American markets. In the APA region, net sales increased in 2020 compared to 2019, primarily due to net sales increases in Australia and China, partially offset by net sales declines in Africa and smaller Asian markets. We estimate that worldwide average price increases were approximately 1.6% and 1.9% in 2020 and 2019, respectively. Consolidated net sales of tractors and combines, which comprised approximately 60.6% of our net sales in 2020, increased approximately 1.3% in 2020 compared to 2019. Unit sales of tractors and combines decreased approximately 1.1% during 2020 compared to 2019. The difference between the unit sales change and the change in net sales was primarily the result of foreign currency translation, pricing and sales mix changes.

The following table sets forth, for the years ended December 31, 2020 and 2019, the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations (in millions, except percentages):

	2020		2019	
	$	% of Net Sales	$	% of Net Sales[1]
Gross profit	$ 2,057.5	22.5 %	$ 1,984.3	21.9 %
Selling, general and administrative expenses	1,001.5	10.9 %	1,040.3	11.5 %
Engineering expenses	342.6	3.7 %	343.4	3.8 %
Amortization of intangibles	59.5	0.7 %	61.1	0.7 %
Impairment charges	20.0	0.2 %	176.6	2.0 %
Restructuring expenses	19.7	0.2 %	9.0	0.1 %
Bad debt expense	14.5	0.2 %	5.8	0.1 %
Income from operations	$ 599.7	6.6 %	$ 348.1	3.9 %

(1) Rounding may impact summation of amounts.

Gross profit as a percentage of net sales increased during 2020 compared to 2019, primarily due to the benefits of improved pricing net of material costs and a favorable sales mix, partially offset by the impact of lower production volumes. Production hours decreased across all regions during 2020. Overall, global production hours decreased approximately 5% on a global basis during 2020 compared to 2019 primarily due to the suspension of production in our European and South American production sites in late March and throughout April due to component supply disruptions and government-mandated closures of facilities caused by the COVID-19 pandemic. While production hours recovered during the third quarter of 2020 from second quarter disruptions, our fourth quarter levels were flat compared to 2019 in order to facilitate dealer and company inventory reductions. The impacts of the COVID-19 pandemic continue to be unpredictable, and a range of factors could impact our future sales, including additional production and workforce constraints, government mandates and changing industry conditions impacted by commodity and protein prices, farmer sentiment and the other factors that we discuss under “Risk Factors.”

We recorded stock compensation expense of approximately $1.1 million and $1.7 million during 2020 and 2019, respectively, within cost of goods sold, as is more fully explained in Note 1 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data.”

Selling, general and administrative expenses (“SG&A expenses”) and engineering expenses, as a percentage of net sales, were lower during 2020 compared to 2019. The reduction in SG&A expenses as a percentage of net sales for 2020 was achieved through actions such as suspended merit compensation increases, reduced field sales and marketing activities and lower travel expenses. We recorded stock compensation expense of approximately $36.8 million and $40.0 million during 2020 and 2019, respectively, within SG&A expenses, as is more fully explained in Note 1 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data.”

During 2020, we recorded a non-cash goodwill impairment charge of approximately $20.0 million related to a tillage and seeding equipment joint venture in which we own a 50% interest. The impairment charge was recorded as “Impairment

charges" within our Consolidated Statements of Operations, with an offsetting benefit of approximately $10.0 million included within "Net loss attributable to noncontrolling interests." During 2019, we recorded a non-cash goodwill impairment charge of approximately $173.6 million associated with our grain storage and protein production systems operations in Europe/Middle East, as well as an impairment of long-lived intangible assets of approximately $3.0 million associated with brand and product rationalization within our grain storage and protein production systems operations in North America. These impairment charges are more fully described in "Critical Accounting Estimates - Goodwill, Other Intangible Assets and Long-Lived Assets" and Note 1 to our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data."

We recorded restructuring expenses of approximately $19.7 million and $9.0 million during 2020 and 2019, respectively. The restructuring expenses primarily related to severance and related costs associated with the rationalization of employee headcount at various manufacturing facilities and administrative offices located in the United States, Europe and South America during 2020, as well as the rationalization of our grain storage and protein production systems operations. In addition, during 2019 we recorded a loss of approximately $2.1 million within "Restructuring expenses" associated with the sale of our 50% interest in our USC, LLC joint venture. See Note 2 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for additional information.

Interest expense, net was $15.0 million for 2020 compared to $19.9 million for 2019. See "Liquidity and Capital Resources" for further information on our available funding.

Other expense, net was $22.7 million in 2020 compared to $67.1 million in 2019. We have a minority equity interest in Tractors and Farm Equipment Limited ("TAFE"). During 2020, TAFE repurchased a portion of its common stock from us resulting in a gain of approximately $32.5 million recorded within "Other expense, net." See Note 13 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for additional information. In addition, losses on sales of receivables, primarily related to our accounts receivable sales agreements with our finance joint ventures in North America, Europe and Brazil, were approximately $24.1 million and $42.4 million in 2020 and 2019, respectively. The decrease in losses was primarily a result of lower accounts receivable balances and reduced interest rates in 2020 as compared to 2019.

We recorded an income tax provision of $187.7 million in 2020 compared to $180.8 million in 2019. Our tax provision and effective tax rate are impacted by the differing tax rates of the various tax jurisdictions in which we operate, permanent differences for items treated differently for financial accounting and income tax purposes and for losses in jurisdictions where no income tax benefit is recorded. At December 31, 2020 and 2019, we had gross deferred tax assets of $360.9 million and $396.0 million, respectively, including $62.9 million and $72.0 million, respectively, related to net operating loss carryforwards. During 2019, we recognized a one-time income tax gain of approximately $21.8 million associated with the changing of Swiss federal and cantonal tax rates, as well as recognition of a deferred tax asset associated with the estimated value of a tax basis step-up of our Swiss subsidiary's assets. During 2019, we also recorded a non-cash adjustment to establish a valuation allowance against our Brazilian net deferred income tax assets of approximately $53.7 million. At December 31, 2020, we had total valuation allowances as an offset to our gross deferred tax assets of approximately $181.0 million. This valuation allowance included allowances primarily against net operating loss carryforwards in Brazil, China, Hungary and the United Kingdom, as well as allowances against our net deferred taxes primarily in the U.S. and Brazil. At December 31, 2019, we had total valuation allowances as an offset to the gross deferred tax assets of approximately $169.1 million, primarily related to net operating loss carryforwards in Brazil, China, Hungary, the United Kingdom and the Netherlands, as well as allowances against our net deferred taxes in the U.S. and Brazil. Realization of the net deferred tax assets as of December 31, 2020 will depend on generating sufficient taxable income in future periods, net of reversing deferred tax liabilities. We believe it is more likely than not that the remaining net deferred tax assets will be realized. Refer to Note 5 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for further information.

Equity in net earnings of affiliates, which is primarily comprised of income from our AGCO Finance joint ventures, was $45.5 million in 2020 compared to $42.5 million in 2019, primarily due to higher net earnings from our AGCO Finance joint ventures. See "Finance Joint Ventures" for further information regarding our finance joint ventures and their results of operations and Note 4 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for further information.

2019 Compared to 2018

A comparison of the results of operations for 2019 versus that of 2018 was included in our Annual Report on Form 10-K for the year ended December 31, 2019.

AGCO Finance Joint Ventures

Our AGCO Finance joint ventures provide both retail financing and wholesale financing to our dealers in the United States, Canada, Europe, Brazil, Argentina and Australia. The joint ventures are owned by AGCO and by a wholly-owned subsidiary of Rabobank. The majority of the assets of the finance joint ventures consist of finance receivables. The majority of the liabilities consist of notes payable and accrued interest. Under the various joint venture agreements, Rabobank or its affiliates provide financing to the finance joint ventures, primarily through lines of credit. We do not guarantee the debt obligations of the joint ventures. In the United States and Canada, we guarantee certain minimum residual values to those joint ventures upon expiration of certain eligible leases between the finance joint ventures and end users. See "Commitments and Off-Balance Sheet Arrangements" and Note 11 to our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for additional information.

As of December 31, 2020, our capital investment in the finance joint ventures, which is included in "Investment in affiliates" on our Consolidated Balance Sheets, was approximately $395.3 million compared to $339.0 million as of December 31, 2019. The total finance portfolio in our finance joint ventures was approximately $10.7 billion and $9.6 billion as of December 31, 2020 and 2019, respectively. The total finance portfolio as of December 31, 2020 and 2019 included approximately $8.8 billion and $7.7 billion, respectively, of retail receivables and $1.9 billion of wholesale receivables from AGCO dealers as of both December 31, 2020 and 2019. 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 2020, we made approximately $1.9 million of additional investments in our finance joint ventures, and there were no dividends paid from our finance joint ventures. Our finance joint ventures were restricted from paying dividends to us during 2020 as a result of COVID-19 pandemic banking regulations. During 2019, we did not make additional investments in our finance joint ventures, and we received dividends of approximately $40.5 million from certain of our finance joint ventures. Our share in the earnings of the finance joint ventures, included in "Equity in net earnings of affiliates" within our Consolidated Statements of Operations, was $45.0 million and $41.5 million for the years ended December 31, 2020 and 2019, respectively, with the increase in earnings primarily due to higher income in our U.S. and Canadian finance joint ventures during 2020 as compared to 2019, partially offset by lower income in certain of our European finance joint ventures.

Outlook

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

Our net sales are expected to increase in 2021 compared to 2020, resulting from improved forecasted industry demand, as well as positive pricing and foreign currency impacts. Gross and operating margins are expected to improve from 2020 levels, reflecting increased net sales and production volumes. Engineering expenses and other technology investments are expected to increase in 2021 compared to 2020 to support our product development plans as well as our precision agriculture and digital initiatives.

Although not contemplated in the above outlook, the COVID-19 pandemic may continue to negatively impact our operations. Additional factory closures or other production constraints as a result of government mandates, supply chain disruptions or other factors could significantly negatively impact our net sales and earnings. In addition, a considerable amount of uncertainty exists for 2021 relating to industry demand and other macroeconomic impacts of the COVID-19 pandemic. Refer to "Risk Factors" for further discussion of the COVID-19 pandemic.

Liquidity and Capital Resources

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

	December 31, 2020
Credit facility, expires 2023	$ 277.9
1.002% Senior term loan due 2025[1]	306.7
Senior term loan due 2022[1]	184.0
Senior term loans due between 2021 and 2028[1]	806.0
Other long-term debt	10.5

(1) The amounts above are gross of debt issuance costs of an aggregate amount of approximately $2.5 million.

On April 9, 2020, we entered into an amendment to our $800.0 million multi-currency revolving credit facility to include incremental term loans ("2020 term loans") that allow us to borrow an aggregate principal amount of €235.0 million and $267.5 million, respectively (or an aggregate of approximately $555.8 million as of December 31, 2020). Amounts can be drawn incrementally at any time prior to maturity, but must be drawn down proportionately. Amounts drawn must be in a minimum principal amount of $100.0 million and integral multiples of $50.0 million in excess thereof. Once amounts have been repaid, those amounts are not permitted to be re-drawn. The maturity date of the 2020 term loans is April 8, 2022. Interest accrues on amounts outstanding under the 2020 term loans, at our option, at either (1) LIBOR plus a margin based on our credit rating ranging from 1.125% to 2.125% until April 8, 2021 and ranging from 1.375% to 2.375% thereafter, or (2) the base rate, which is equal to the higher of (i) the administrative agent's base lending rate for the applicable currency, (ii) the federal funds rate plus 0.5%, and (iii) one-month LIBOR for loans denominated in U.S. dollars plus 1.0%, plus a margin based on our credit rating ranging from 0.125% to 1.375% until April 8, 2021 and ranging from 0.375% to 1.375% thereafter. On April 15, 2020, we borrowed €117.5 million and $133.8 million (or an aggregate of approximately $277.9 million as of December 31, 2020) of 2020 term loans. We simultaneously repaid €100.0 million (or approximately $108.7 million) of our revolving credit facility from the borrowings received. There were no other borrowings on the 2020 term loans subsequent to the initial borrowings in April 2020. As of December 31, 2020, we had the ability to borrow approximately $277.9 million of 2020 term loans. Refer to Note 6 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for further information regarding our current facilities.

In October 2018, we entered into a multi-currency revolving credit facility of $800.0 million. The maturity date of the credit facility is October 17, 2023. Interest accrues on amounts outstanding under the credit facility, at our option, at either (1) LIBOR plus a margin ranging from 0.875% to 1.875% based on our credit rating, or (2) the base rate, which is equal to the higher of (i) the administrative agent's base lending rate for the applicable currency, (ii) the federal funds rate plus 0.5%, and (iii) one-month LIBOR for loans denominated in U.S. dollars plus 1.0%, plus a margin ranging from 0.0% to 0.875% based on our credit rating. As of December 31, 2020, we had no outstanding borrowings under the revolving credit facility, and the ability to borrow was approximately $800.0 million under the revolving credit facility.

In December 2018, we entered into a term loan agreement with the European Investment Bank ("EIB"), which provided us with the ability to borrow up to €250.0 million. The €250.0 million (or approximately $306.7 million as of December 31, 2020) of funding was received on January 25, 2019 with a maturity date of January 24, 2025. We are permitted to prepay the term loan before its maturity date. Interest is payable on the term loan at 1.002% per annum, payable semi-annually in arrears. We had an additional term loan with the EIB in the amount of €200.0 million that was entered into in December 2014 and had a maturity date of January 15, 2020. We repaid this €200.0 million (or approximately $220.0 million) term loan in December 2019.

In October 2018, we entered into a term loan agreement with Rabobank in the amount of €150.0 million (or approximately $184.0 million as of December 31, 2020). We are permitted to prepay the term loan before its maturity date on October 28, 2022. Interest is payable on the term loan quarterly in arrears at an annual rate, equal to the EURIBOR plus a margin ranging from 0.875% to 1.875% based on our credit rating.

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 October 2019, we repaid an aggregate amount of €56.0 million (or approximately $61.1 million) of two of these term loans. 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. Proceeds from the borrowings were used to repay borrowings under our former revolving credit facility. The provisions of the term loan agreements are identical in nature with the exception of interest rate terms and maturities. In aggregate, as of December 31, 2020, we have indebtedness of approximately €657.0 million (or approximately $806.0 million as of December 31, 2020) under a total group of 12 term loan agreements with remaining maturities ranging from August 2021 to August 2028. Four of these term loan agreements in the aggregate of €264.0 million (or approximately $323.8 million gross of debt issuance costs as of December 31, 2020) will mature in August and October 2021.

As of December 31, 2020 and 2019, we had short-term borrowings due within one year of approximately $33.8 million and $150.5 million, respectively.

Interest on U.S. dollar borrowings under our credit facility and the 2020 term loans is calculated based upon LIBOR. In the event that LIBOR is no longer published, interest will be calculated upon either a base rate or the secured overnight financing rate depending on cost. The credit facility and 2020 term loans also provide for an expedited amendment process once a replacement for LIBOR is established.

We are in compliance with the financial covenants contained in these facilities and expect to continue to maintain such compliance. Should we ever encounter difficulties, our historical relationship with our lenders has been strong and we anticipate their continued long-term support of our business. Refer to Note 6 to the Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data,” for additional information regarding our current facilities, including the financial covenants contained in each debt instrument.

Our accounts receivable sales agreements in North America, Europe and Brazil permit the sale, on an ongoing basis, of a majority of our receivables to our U.S., Canadian, European and Brazilian finance joint ventures. The sales of all receivables are without recourse to us. We do not service the receivables after the sales occur, and we do not maintain any direct retained interest in the receivables. These agreements are accounted for as off-balance sheet transactions and have the effect of reducing accounts receivable and short-term liabilities by the same amount. As of December 31, 2020 and 2019, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements was approximately $1.5 billion and $1.6 billion, respectively.

Our finance joint ventures in Europe, Brazil and Australia also provide wholesale financing directly to our dealers. The receivables associated with these arrangements also are without recourse to us. As of December 31, 2020 and 2019, these finance joint ventures had approximately $85.2 million and $104.3 million, respectively, of outstanding accounts receivable associated with these arrangements. These arrangements are accounted for as off-balance sheet transactions. In addition, we sell certain trade receivables under factoring arrangements to other financial institutions around the world. These arrangements also are accounted for as off-balance sheet transactions.

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

Our debt to capitalization ratio, which is total indebtedness divided by the sum of total indebtedness and stockholders’ equity, was 34.8% at December 31, 2020 compared to 30.4% at December 31, 2019.

Cash Flows

Cash flows provided by operating activities were approximately $896.5 million during 2020 compared to approximately $695.9 million during 2019. The increase during 2020 was primarily due to an increased source of cash derived from operating assets and liabilities in 2020 compared to 2019. The reduction of inventory levels during 2020 resulted in a source of cash flow of approximately $119.7 million in 2020.

Our working capital requirements are seasonal, with investments in working capital typically building in the first half of the year and then reducing in the second half of the year. We had $1,005.6 million in working capital at December 31, 2020, as compared with $844.6 million at December 31, 2019. Accounts receivable and inventories, combined, at December 31, 2020 were approximately $48.8 million lower than at December 31, 2019, primarily due to inventory reduction efforts during the course of 2020.

Share Repurchase Program

During the three months ended March 31, 2020 and during 2019, we repurchased 970,141 and 1,794,256 shares of our common stock, respectively, for approximately $55.0 million and $130.0 million, respectively, either through accelerated share repurchase agreements with financial institutions or through open market transactions. All shares received were retired upon receipt, and the excess of the purchase price over par value per share was recorded to a combination of "Additional paid-in capital" and "Retained Earnings" within our Consolidated Balance Sheets. We suspended share repurchases subsequent to March 31, 2020 in light of the COVID-19 pandemic and have not repurchased shares since that period.

Contractual Obligations

The future payments required under our significant contractual obligations, excluding foreign currency option and forward contracts, as of December 31, 2020 are as follows (in millions):

	Payments Due By Period				
	Total	2021	2022 to 2023	2024 to 2025	2026 and Beyond
Indebtedness[1]	$ 1,614.1	$ 355.1	$ 769.3	$ 386.8	$ 102.9
Interest payments related to indebtedness[2]	50.6	16.8	21.2	9.4	3.2
Capital lease obligations	16.3	3.3	2.5	1.4	9.1
Operating lease obligations	190.9	47.6	66.3	32.5	44.5
Unconditional purchase obligations	116.9	106.2	10.5	0.2	—
Other short-term and long-term obligations[3]	337.5	95.8	161.3	31.2	49.2
Total contractual cash obligations	$ 2,326.3	$ 624.8	$ 1,031.1	$ 461.5	$ 208.9

	Amount of Commitment Expiration Per Period				
	Total	2021	2022 to 2023	2024 to 2025	2026 and Beyond
Standby letters of credit and similar instruments	$ 14.4	$ 14.4	$ —	$ —	$ —
Guarantees	103.3	13.8	43.9	43.3	2.3
Total commercial commitments and letters of credit	$ 117.7	$ 28.2	$ 43.9	$ 43.3	$ 2.3

(1) Indebtedness amounts reflect the principal amount of our senior term loan, senior notes, credit facility and certain short-term borrowings, gross of any debt issuance costs.

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

(3) Other short-term and long-term obligations include estimates of future minimum contribution requirements under our U.S. and non-U.S. defined benefit pension and postretirement plans. These estimates are based on current legislation in the countries we operate within and are subject to change. Other short-term and long-term obligations also include income tax liabilities related to uncertain income tax positions connected with ongoing income tax audits in various jurisdictions, based on the years of statutory expiration. The uncertain tax positions included above are gross of certain indirect favorable effects that relate to other tax jurisdictions.

Commitments and Off-Balance Sheet Arrangements

Guarantees

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

At December 31, 2020, we guaranteed indebtedness owed to third parties of approximately $17.9 million, primarily related to dealer and end-user financing of equipment. Such guarantees generally obligate us to repay outstanding finance obligations owed to financial institutions if dealers or end users default on such loans through 2026. Losses under such guarantees historically have been insignificant. In addition, we generally would expect to be able to recover a significant portion of the amounts paid under such guarantees from the sale of the underlying financed farm equipment, as the fair value of such equipment is expected to offset a substantial portion of the amounts paid. We also have obligations to guarantee indebtedness owed to certain of our finance joint ventures if dealers or end users default on loans. Losses under such guarantees historically have been insignificant and the guarantees are not material. We believe the credit risk associated with all of these guarantees is not material to our financial position or results of operations.

In addition, at December 31, 2020, we had accrued approximately $25.3 million of outstanding guarantees of residual values that may be owed to our finance joint ventures in the United States and Canada due upon expiration of certain eligible operating leases between the finance joint ventures and end users. The maximum potential amount of future payments under the guarantee is approximately $85.4 million.

Other

At December 31, 2020, we had outstanding designated and non-designated foreign exchange contracts with a gross notional amount of approximately $3,722.4 million. The outstanding contracts as of December 31, 2020 range in maturity through December 2021. We also had outstanding designated steel commodity contracts with a gross notional amount of approximately $14.7 million that range in maturity through May 2021. See Note 10 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data,” for additional information.

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

Contingencies

We are party to various claims and lawsuits arising in the normal course of business. We closely monitor these claims and lawsuits and frequently consult with our legal counsel to determine whether they may, when resolved, have a material adverse effect on our financial position or results of operations and accrue and/or disclose loss contingencies as appropriate. See Note 11 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data,” and Item 3, “Legal Proceedings,” for further information.

Related Parties

In the ordinary course of business, we engage in transactions with related parties. See Note 13 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data,” for information regarding related party transactions and their impact to our consolidated results of operations and financial position.

Foreign Currency Risk Management

We have significant manufacturing locations in the United States, France, Germany, Finland, Italy, China and Brazil, and we purchase a portion of our tractors, combines and components from third-party foreign suppliers, primarily in various European countries and in Japan. We also sell products in approximately 140 countries throughout the world. The majority of our net sales outside the United States are denominated in the currency of the customer location, with the exception of sales in Middle East, Africa, Asia and parts of South America, where net sales are primarily denominated in British pounds, Euros or the United States dollar.

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

The total notional value of our foreign currency instruments was $3,722.4 million and $3,133.0 million as of December 31, 2020 and 2019, respectively, inclusive of both those instruments that are designated and qualified for hedge accounting and non-designated derivative instruments. We enter into cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates, and we enter into foreign currency contracts to economically hedge receivables and payables on our balance sheets that are denominated in foreign currencies other than the functional currency. In addition, we use derivative and non-derivative instruments to hedge a portion of our net investment in foreign operations against adverse movements in exchange rates. See Note 10 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data,” for further information about our hedging transactions and derivative instruments.

Assuming a 10% change relative to the currency of the hedge contracts, the fair value of the foreign currency instruments could be negatively impacted by approximately $53.2 million as of December 31, 2020. Due to the fact that these instruments are primarily entered into for hedging purposes, the gains or losses on the contracts would largely be offset by losses and gains on the underlying firm commitment or forecasted transaction.

Interest Rate Risk

Our interest expense is, in part, sensitive to the general level of interest rates. We manage our exposure to interest rate risk through our mix of floating rate and fixed rate debt. From time to time, we enter into interest rate swap agreements to manage our exposure to interest rate fluctuations. See Notes 6 and 10 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data,” for additional information about our interest rate swap agreements.

Based on our floating rate debt and our accounts receivable sales facilities outstanding at December 31, 2020, a 10% increase in interest rates, would have increased, collectively, “Interest expense, net” and “Other expense, net” for the year ended December 31, 2020 by approximately $3.4 million.

Recent Accounting Pronouncements

See Note 1 of our Consolidated Financial Statements contained in Item 8, “Financial Statements and Supplementary Data,” for information regarding recent accounting pronouncements and their impact to our consolidated results of operations and financial position.

Critical Accounting Estimates

We prepare our Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles. In the preparation of these financial statements, we make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant accounting policies followed in the preparation of the financial statements are detailed in Note 1 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data." We believe that our application of the policies discussed below involves significant levels of judgment, estimates and complexity.

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

Discount and Sales Incentive Allowances

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

At December 31, 2020, we had recorded an allowance for discounts and sales incentives of approximately $595.8 million that will be paid either through a reduction of future cash settlements of receivables and through credit memos to our dealers or through reductions in retail financing rates paid to our finance joint ventures. If we were to allow an additional 1% of sales incentives and discounts at the time of retail sale for those sales subject to such discount programs, our reserve would increase by approximately $25.7 million as of December 31, 2020. Conversely, if we were to decrease our sales incentives and discounts by 1% at the time of retail sale, our reserve would decrease by approximately $25.7 million as of December 31, 2020.

Deferred Income Taxes and Uncertain Income Tax Positions

We recorded an income tax provision of $187.7 million in 2020 compared to $180.8 million in 2019 and $110.9 million in 2018. Our tax provision and effective tax rate are impacted by the differing tax rates of the various tax jurisdictions in which we operate, permanent differences for items treated differently for financial accounting and income tax purposes, and for losses in jurisdictions where no income tax benefit is recorded.

During the three months ended September 30, 2019, we recorded a non-cash adjustment to establish a valuation allowance against our Brazilian net deferred income tax assets of approximately $53.7 million. In addition, we maintain a valuation allowance to fully reserve against our net deferred tax assets in the United States and certain other 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. We assessed the likelihood that our deferred tax assets would be recovered from estimated future taxable income and available tax planning strategies and determined that the adjustment to the valuation allowance was appropriate. In making this assessment, all available evidence was considered including the current economic climate, as well as reasonable tax planning strategies. We believe it is more likely than not that we will realize our remaining net deferred tax assets, net of the valuation allowance, in future years.

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

On December 22, 2017, The Tax Cuts and Jobs Act ("the 2017 Tax Act") was enacted in the United States. The primary provisions of the 2017 Tax Act affecting us in 2018 were a reduction to the corporate tax rate from 35% to 21% and a transition from a worldwide corporate tax system to a primarily territorial tax system. Beginning in 2018, we were also subject to additional provisions of the 2017 Tax Act. The main provisions include a tax on global intangible low-taxed income ("GILTI") and a limitation on the deductibility of certain executive compensation. The combined effect of these and other provisions did not have a material effect on our provision for income taxes in 2020 or 2019. During the three months ended December 31, 2018, we finalized our calculations related to the 2017 Tax Act's one-time transition tax associated with the mandatory deemed repatriation of unremitted foreign earnings, and recorded an income tax benefit of approximately $8.4 million.

At December 31, 2020 and 2019, we had gross deferred tax assets of $360.9 million and $396.0 million, respectively, including $62.9 million and $72.0 million, respectively, related to net operating loss carryforwards. At December 31, 2020 and 2019, we had total valuation allowances as an offset to our gross deferred tax assets of $181.0 million and $169.1 million, respectively, which included allowances primarily against net operating loss carryforwards in Brazil, China, Hungary, the United Kingdom and the Netherlands, as well as allowances against our net deferred taxes primarily in the U.S. and Brazil, as previously discussed. Realization of the remaining deferred tax assets as of December 31, 2020 will depend on generating sufficient taxable income in future periods, net of reversing deferred tax liabilities. We believe it is more likely than not that the remaining net deferred tax assets will be realized.

We recognize income tax benefits from uncertain tax positions only when there is a more than 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities based on the technical merits of the positions. As of December 31, 2020 and 2019, we had approximately $227.9 million and $210.7 million, respectively, of gross unrecognized tax benefits, all of which would impact our effective tax rate if recognized. As of December 31, 2020 and 2019, we had approximately $57.1 million and $51.0 million, respectively, of current accrued taxes related to uncertain income tax positions connected with ongoing tax audits in various jurisdictions that we expect to settle or pay in the next 12 months. We recognize interest and penalties related to uncertain income tax positions in income tax expense. As of December 31, 2020 and 2019, we had accrued interest and penalties related to unrecognized tax benefits of approximately $39.4 million and $28.4 million, respectively. See Note 5 of our Consolidated Financial Statements for further discussion of our uncertain income tax positions.

Pensions

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

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

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

See Note 7 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for additional information regarding costs and assumptions for employee retirement benefits.

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

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

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

For the years ended December 31, 2020, 2019 and 2018, we used a globally consistent methodology to set the discount rate in the countries where our largest benefit obligations exist. In the United States, the United Kingdom and the Euro Zone, we constructed a hypothetical bond portfolio of high-quality corporate bonds and then applied the cash flows of our benefit plans to those bond yields to derive a discount rate. The bond portfolio and plan-specific cash flows vary by country, but the methodology in which the portfolio is constructed is consistent. In the United States, the bond portfolio is large enough to result in taking a "settlement approach" to derive the discount rate, in which high-quality corporate bonds are assumed to be purchased and the resulting coupon payments and maturities are used to satisfy our U.S. pension plans' projected benefit payments. In the United Kingdom and the Euro Zone, the discount rate is derived using a "yield curve approach," in which an individual spot rate, or zero coupon bond yield, for each future annual period is developed to discount each future benefit payment and, thereby, determine the present value of all future payments. We use a spot yield curve to determine the discount rate applicable in the United Kingdom to measure the U.K. pension plan's service cost and interest cost. Under the settlement and yield curve approaches, the discount rate is set to equal the single discount rate that produces the same present value of all future payments.

The other key assumptions and methods were set as follows:

- Our inflation assumption is based on an evaluation of external market indicators.
- The salary growth assumptions reflect our long-term actual experience, the near-term outlook and assumed inflation.
- The expected return on plan asset assumptions reflects asset allocations, investment strategy, historical experience and the views of investment managers, and reflects a projection of the expected arithmetic returns over ten years.
- Determination of retirement rates and ages as well as termination rates, based on actual plan experience, actuarial standards of practice and the manner in which our defined benefit plans are being administered.
- The mortality rates for the U.K. defined benefit pension plan was updated in 2020 to reflect the latest expected improvements in the life expectancy of the plan participants. The mortality rates for the U.S. defined benefit pension plans were updated in 2020 to reflect the Society of Actuaries' most recent findings on the topic of mortality.
- The fair value of assets used to determine the expected return on assets does not reflect any delayed recognition of asset gains and losses.

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

Our U.S. and U.K. defined benefit pension plans, including our ENPP, comprised approximately 86% of our consolidated projected benefit obligation as of December 31, 2020. If the discount rate used to determine the 2020 projected benefit obligation for our U.S. qualified defined benefit pension plans and our ENPP was decreased by 25 basis points, our projected benefit obligation would have increased by approximately $5.6 million at December 31, 2020, and our 2021 pension expense would increase by approximately $0.6 million. If the discount rate used to determine the 2020 projected benefit obligation for our U.S. qualified defined benefit pension plans and our ENPP was increased by 25 basis points, our projected benefit obligation would have decreased by approximately $5.3 million at December 31, 2020, and our 2021 pension expense would decrease by approximately $0.5 million. If the discount rate used to determine the projected benefit obligation for our U.K. defined benefit pension plan was decreased by 25 basis points, our projected benefit obligation would have increased by approximately $29.3 million at December 31, 2020, and our 2021 pension expense would increase by approximately $0.1 million. If the discount rate used to determine the projected benefit obligation for our U.K. defined benefit pension plan was increased by 25 basis points, our projected benefit obligation would have decreased by approximately $27.8 million at December 31, 2020, and our 2021 pension expense would decrease by approximately $0.2 million. In addition,

if the expected long-term rate of return on plan assets related to our U.K. defined benefit pension plan was increased or decreased by 25 basis points, our 2021 pension expense would decrease or increase by approximately $1.8 million each, respectively. The impact to our U.S. defined benefit pension plans for a 25-basis-point change in our expected long-term rate of return would decrease or increase our 2021 pension expense by approximately $0.1 million, respectively.

Unrecognized actuarial net losses related to our defined benefit pension plans and ENPP were $385.1 million as of December 31, 2020 compared to $362.2 million as of December 31, 2019. The increase in unrecognized net actuarial losses between years primarily resulted from lower discount rates at December 31, 2020 compared to December 31, 2019. The unrecognized net actuarial losses will be impacted in future periods by actual asset returns, discount rate changes, currency exchange rate fluctuations, actual demographic experience and certain other factors. For some of our defined benefit pension plans, these losses, to the extent they exceed 10% of the greater of the plan's liabilities or the fair value of assets ("the gain/loss corridor"), will be amortized on a straight-line basis over the periods discussed as follows. For our U.S. salaried, U.S. hourly and U.K. defined benefit pension plans, the population covered is predominantly inactive participants, and losses related to those plans, to the extent they exceed the gain/loss corridor, will be amortized over the average remaining lives of those participants while covered by the respective plan. For our ENPP, the population is predominantly active participants, and losses related to the plan will be amortized over the average future working lifetime of the active participants expected to receive benefits. As of December 31, 2020, the average amortization periods were as follows:

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

Unrecognized prior service cost related to our defined benefit pension plans was $20.1 million as of December 31, 2020 compared to $22.5 million as of December 31, 2019. The decrease in the unrecognized prior service cost between years is due primarily to the amortization of unrecognized prior service cost related to prior plan amendments. The amortization of unrecognized prior service cost during 2020 also included the initial amortization impacts of an amendment to our ENPP during 2019.

As of December 31, 2020, our unfunded or underfunded obligations related to our defined benefit pension plans and ENPP were approximately $225.1 million, primarily related to our defined benefit pension plans in Europe and the United States. In 2020, we contributed approximately $32.4 million towards those obligations, and we expect to fund approximately $35.7 million in 2021. Future funding is dependent upon compliance with local laws and regulations and changes to those laws and regulations in the future, as well as the generation of operating cash flows in the future. We currently have an agreement in place with the trustees of the U.K. defined benefit plan that obligates us to fund approximately £15.3 million per year (or approximately $20.9 million) towards that obligation through December 2021. The funding arrangement is based upon the current funded status and could change in the future as discount rates, local laws and regulations, and other factors change.

See Note 7 of our Consolidated Financial Statements contained in Item 8, "Financial Statements and Supplementary Data," for more information regarding the investment strategy and concentration of risk.

Goodwill, Other Intangible Assets and Long-Lived Assets

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

Goodwill is evaluated for impairment annually as of October 1 using a qualitative assessment or a quantitative one-step assessment. If we elect to perform a qualitative assessment and determine the fair value of our reporting units more likely than not exceeds their carrying value of net assets, no further evaluation is necessary. For reporting units where we perform a one-step quantitative assessment, we compare the fair value of each reporting unit to its respective carrying value of net assets, including goodwill. If the fair value of the reporting unit exceeds its carrying value of net assets, the goodwill is not considered impaired. If the carrying value of net assets is higher than the fair value of the reporting unit, an impairment charge is recorded in the amount by which the carrying value exceeds the reporting unit's fair value.

We utilize a combination of valuation techniques, including an income approach, whereby the present value of future expected operating net cash flows are calculated using a discount rate; and a guideline public company method, whereby EBITDA and revenue multiples are derived from the market prices of stocks of companies that are engaged in the same or

similar lines of business and that are actively traded on a free and open market. Assumptions included in these approaches can positively and negatively impact the results of our assessments such as interest rates, sales and margin growth rates, tax rates, cost structures, market share, pricing, capital expenditures, working capital levels and the use of control premiums.

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

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

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

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

Our goodwill impairment analysis conducted as of October 1, 2020 also indicated that the fair value in excess of the carrying value of our grain and protein production systems Europe/Middle East and North America reporting units was approximately 15% and approximately 19%, respectively. In response to weakening market conditions and resulting operating results, new management was put in place over the global grain and protein systems productions systems business in 2019, and from that time, full strategic reviews and operating decisions of the business have been conducted and launched, including several restructuring initiatives aimed at lowering operating costs, improving product portfolios and enhancing customer support, which management believes will result in improved long-term operating results. If market conditions and our overall results do not improve, we may incur an impairment charge related to this reporting units in the future under the one-step process described above. The goodwill associated with these reporting units as of December 31, 2020 was approximately $64.0 million and $523.0 million, respectively

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

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

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

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

As of December 31, 2020, we had approximately $1,306.5 million of goodwill. While our annual impairment testing in 2020 supported the carrying amount of this goodwill, we may be required to re-evaluate the carrying amount in future periods, thus utilizing different assumptions that reflect the then current market conditions and expectations, and, therefore, we could conclude that an impairment has occurred.

Recoverable Indirect Taxes

Our Brazilian operations incur value added taxes ("VAT") on certain purchases of raw materials, components and services. These taxes are accumulated as tax credits and create assets that are reduced by the VAT collected from our sales in the Brazilian market. We regularly assesses the recoverability of these tax credits, and establishes reserves when necessary against them, through analyses that include, amongst others, the history of realization, the transfer of tax credits to third parties as authorized by the government, anticipated changes in the supply chain and the future expectation of tax debits from our ongoing operations. We believe that these tax credits, net of established reserves are realizable. Our assessment of realization of these tax assets involves significant judgments on our part, and the conclusions that we reach could vary significantly based upon these judgments. We recorded approximately $91.2 million and $142.3 million, respectively, of VAT tax credits, net of reserves, as of December 31, 2020 and 2019.

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

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

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

The following Consolidated Financial Statements of AGCO and its subsidiaries for each of the years in the three-year period ended December 31, 2020 are included in this Item:

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

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AGCO Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AGCO Corporation and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes and financial statement schedule II — Valuation and Qualifying Accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 26, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Codification 842, Leases.

Basis for Opinion

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

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

Critical Audit Matters

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

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

As discussed in Note 1 to the consolidated financial statements, the Company provides various volume discount and sales incentive programs with respect to its products. As of December 31, 2020, the Company had accrued volume discounts and sales incentives of approximately $582.9 million and an allowance for sales incentive discounts of approximately $12.9 million. Sales incentive programs include reductions in invoice prices, reductions in retail financial rates, dealer commissions and dealer incentive allowances. Volume discounts and sales incentives are recorded at the time of sale as a reduction of revenue using the expected value method.

We identified the assessment of the reserve and allowance for volume discount and sales incentive programs in certain geographic regions as a critical audit matter. Auditor judgment was required to evaluate certain assumptions which had a higher degree of measurement uncertainty. Significant assumptions included estimated incentive rates, which were the estimated rates at which programs were applied to eligible products, and estimated achievement by dealers of specified cumulative targeted purchase levels.

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

Assessment of gross unrecognized income tax benefits in certain jurisdictions

As discussed in Note 5 to the consolidated financial statements, the Company has recorded a liability for gross unrecognized income tax benefits of approximately $227.9 million as of December 31, 2020. The Company recognizes income tax benefits from uncertain tax positions only when there is a more than 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities based on the technical merits of the positions.

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

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

- inspecting correspondence and assessments from the taxing authorities
- evaluating the Company's interpretation and application of tax laws
- developing an expectation of the Company's tax positions and comparing the results to the Company's assessment

Assessment of goodwill impairment for certain reporting units

As discussed in Note 1 to the consolidated financial statements, the Company evaluates goodwill for impairment annually as of October 1 and when events or circumstances indicate that fair value of a reporting unit may be below its carrying value. As of December 31, 2020, the Company has $1,306.5 million of goodwill. The Company performs its goodwill impairment analyses using either a qualitative or a quantitative assessment. The fair values of the reporting units are determined based on a combination of valuation techniques, including an income approach and guideline public company method. Based on the Company's analysis, the Company determined that the fair values of certain reporting units were in excess of the carrying values and therefore did not record any goodwill impairment for these reporting units.

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

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

- comparing the Company's discount rate inputs to publicly available information for comparable entities to test the selected discount rate
- recomputing the estimate of fair value for the reporting units using the Company's significant assumptions and comparing the result to the Company's fair value estimate

/s/ KPMG LLP

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

Atlanta, Georgia
February 26, 2021

AGCO CORPORATION

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

	Years Ended December 31,		
	2020	**2019**	**2018**
Net sales	$ 9,149.7	$ 9,041.4	$ 9,352.0
Cost of goods sold	7,092.2	7,057.1	7,355.3
Gross profit	2,057.5	1,984.3	1,996.7
Operating expenses:			
Selling, general and administrative expenses	1,001.5	1,040.3	1,069.4
Engineering expenses	342.6	343.4	355.2
Amortization of intangibles	59.5	61.1	64.7
Impairment charges	20.0	176.6	—
Restructuring expenses	19.7	9.0	12.0
Bad debt expense	14.5	5.8	6.4
Income from operations	599.7	348.1	489.0
Interest expense, net	15.0	19.9	53.8
Other expense, net	22.7	67.1	74.9
Income before income taxes and equity in net earnings of affiliates	562.0	261.1	360.3
Income tax provision	187.7	180.8	110.9
Income before equity in net earnings of affiliates	374.3	80.3	249.4
Equity in net earnings of affiliates	45.5	42.5	34.3
Net income	419.8	122.8	283.7
Net loss attributable to noncontrolling interests	7.3	2.4	1.8
Net income attributable to AGCO Corporation and subsidiaries	$ 427.1	$ 125.2	$ 285.5
Net income per common share attributable to AGCO Corporation and subsidiaries:			
Basic	$ 5.69	$ 1.64	$ 3.62
Diluted	$ 5.65	$ 1.63	$ 3.58
Cash dividends declared and paid per common share	$ 0.63	$ 0.63	$ 0.60
Weighted average number of common and common equivalent shares outstanding:			
Basic	75.0	76.2	78.8
Diluted	75.6	77.0	79.7

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

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

	Years Ended December 31,		
	2020	**2019**	**2018**
Net income	$ 419.8	$ 122.8	$ 283.7
Other comprehensive loss, net of reclassification adjustments:			
Defined benefit pension plans, net of taxes:			
Prior service credit (cost) arising during the year	0.3	(4.7)	(7.0)
Net loss recognized due to settlement	0.3	0.6	0.9
Net actuarial loss arising during the year	(32.7)	(23.3)	(4.2)
Amortization of prior service cost included in net periodic pension cost	2.1	1.6	1.3
Amortization of net actuarial losses included in net periodic pension cost	13.1	11.8	11.7
Derivative adjustments:			
Net changes in fair value of derivatives	5.1	(2.6)	(1.1)
Net (gains) losses reclassified from accumulated other comprehensive loss into income	(6.3)	(0.1)	7.2
Foreign currency translation adjustments	(201.8)	(20.6)	(206.8)
Other comprehensive loss, net of reclassification adjustments	(219.9)	(37.3)	(198.0)
Comprehensive income	199.9	85.5	85.7
Comprehensive loss (income) attributable to noncontrolling interests	11.6	(0.1)	6.0
Comprehensive income attributable to AGCO Corporation and subsidiaries	$ 211.5	$ 85.4	$ 91.7

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	December 31, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,119.1	$ 432.8
Accounts and notes receivable, net	856.0	800.5
Inventories, net	1,974.4	2,078.7
Other current assets	418.9	417.1
Total current assets	4,368.4	3,729.1
Property, plant and equipment, net	1,508.5	1,416.3
Right-of-use lease assets	165.1	187.3
Investment in affiliates	442.7	380.2
Deferred tax assets	77.6	93.8
Other assets	179.8	153.0
Intangible assets, net	455.6	501.7
Goodwill	1,306.5	1,298.3
Total assets	$ 8,504.2	$ 7,759.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 325.9	$ 2.9
Short-term borrowings	33.8	150.5
Accounts payable	855.1	914.8
Accrued expenses	1,916.7	1,654.2
Other current liabilities	231.3	162.1
Total current liabilities	3,362.8	2,884.5
Long-term debt, less current portion and debt issuance costs	1,256.7	1,191.8
Operating lease liabilities	125.9	148.6
Pensions and postretirement health care benefits	253.4	232.1
Deferred tax liabilities	112.4	107.0
Other noncurrent liabilities	375.0	288.7
Total liabilities	5,486.2	4,852.7
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
AGCO Corporation stockholders' equity:		
Preferred stock; $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding in 2020 and 2019	—	—
Common stock; $0.01 par value, 150,000,000 shares authorized, 74,962,231 and 75,471,562 shares issued and outstanding at December 31, 2020 and 2019, respectively	0.8	0.8
Additional paid-in capital	30.9	4.7
Retained earnings	4,759.1	4,443.5
Accumulated other comprehensive loss	(1,810.8)	(1,595.2)
Total AGCO Corporation stockholders' equity	2,980.0	2,853.8
Noncontrolling interests	38.0	53.2
Total stockholders' equity	3,018.0	2,907.0
Total liabilities and stockholders' equity	$ 8,504.2	$ 7,759.7

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss				Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount			Defined Benefit Pension Plans	Cumulative Translation Adjustment	Deferred (Losses) Gains on Derivatives	Accumulated Other Comprehensive Loss		
Balance, December 31, 2017	79,553,825	$ 0.8	$ 136.6	$ 4,253.8	$ (285.1)	$ (1,071.8)	$ (4.7)	$ (1,361.6)	$ 65.7	$ 3,095.3
Net income (loss)	—	—	—	285.5	—	—	—	—	(1.8)	283.7
Payment of dividends to shareholders	—	—	—	(47.1)	—	—	—	—	—	(47.1)
Issuance of restricted stock	12,629	—	0.8	—	—	—	—	—	—	0.8
Issuance of stock awards	75,604	—	(3.1)	—	—	—	—	—	—	(3.1)
SSARs exercised	14,881	—	(0.6)	—	—	—	—	—	—	(0.6)
Stock compensation	—	—	45.5	—	—	—	—	—	—	45.5
Investment by noncontrolling interest	—	—	—	—	—	—	—	—	1.0	1.0
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(0.1)	(0.1)
Purchases and retirement of common stock	(3,120,184)	—	(169.0)	(15.3)	—	—	—	—	—	(184.3)
Adjustment related to the adoption of ASU 2014-09	—	—	—	0.4	—	—	—	—	—	0.4
Defined benefit pension plans, net of taxes:										
Prior service cost arising during year	—	—	—	—	(7.0)	—	—	(7.0)	—	(7.0)
Net loss recognized due to settlement	—	—	—	—	0.9	—	—	0.9	—	0.9
Net actuarial loss arising during year	—	—	—	—	(4.2)	—	—	(4.2)	—	(4.2)
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	1.3	—	—	1.3	—	1.3
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	11.7	—	—	11.7	—	11.7
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	6.1	6.1	—	6.1
Change in cumulative translation adjustment	—	—	—	—	—	(202.6)	—	(202.6)	(4.2)	(206.8)
Balance, December 31, 2018	76,536,755	0.8	10.2	4,477.3	(282.4)	(1,274.4)	1.4	(1,555.4)	60.6	2,993.5
Net income (loss)	—	—	—	125.2	—	—	—	—	(2.4)	122.8
Payment of dividends to shareholders	—	—	—	(48.0)	—	—	—	—	—	(48.0)
Issuance of restricted stock	14,105	—	1.0	—	—	—	—	—	—	1.0
Issuance of stock awards	608,444	—	(13.3)	(9.7)	—	—	—	—	—	(23.0)
SSARs exercised	106,514	—	(3.1)	(1.7)	—	—	—	—	—	(4.8)
Stock compensation	—	—	40.3	—	—	—	—	—	—	40.3
Investment by noncontrolling interests	—	—	—	—	—	—	—	—	2.0	2.0
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(0.4)	(0.4)
Changes in noncontrolling interest	—	—	—	—	—	—	—	—	(9.1)	(9.1)
Purchases and retirement of common stock	(1,794,256)	—	(30.4)	(99.6)	—	—	—	—	—	(130.0)
Defined benefit pension plans, net of taxes:										
Prior service cost arising during year	—	—	—	—	(4.7)	—	—	(4.7)	—	(4.7)
Net loss recognized due to settlement	—	—	—	—	0.6	—	—	0.6	—	0.6
Net actuarial loss arising during year	—	—	—	—	(23.3)	—	—	(23.3)	—	(23.3)
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	1.6	—	—	1.6	—	1.6
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	11.8	—	—	11.8	—	11.8
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	(2.7)	(2.7)	—	(2.7)
Change in cumulative translation adjustment	—	—	—	—	—	(23.1)	—	(23.1)	2.5	(20.6)
Balance, December 31, 2019	75,471,562	0.8	4.7	4,443.5	(296.4)	(1,297.5)	(1.3)	(1,595.2)	53.2	2,907.0
Net income (loss)	—	—	—	427.1	—	—	—	—	(7.3)	419.8
Payment of dividends to shareholders	—	—	—	(48.0)	—	—	—	—	—	(48.0)
Issuance of restricted stock	19,862	—	1.1	—	—	—	—	—	—	1.1
Issuance of stock awards	374,212	—	(7.3)	(8.4)	—	—	—	—	—	(15.7)
SSARs exercised	66,736	—	(4.1)	(0.1)	—	—	—	—	—	(4.2)
Stock compensation	—	—	39.9	(3.4)	—	—	—	—	—	36.5
Investment by noncontrolling interests	—	—	—	—	—	—	—	—	0.2	0.2
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(3.3)	(3.3)
Changes in noncontrolling interest	—	—	—	—	—	—	—	—	(0.5)	(0.5)
Purchases and retirement of common stock	(970,141)	—	(3.4)	(51.6)	—	—	—	—	—	(55.0)
Defined benefit pension plans, net of taxes:										
Prior service credit arising during year	—	—	—	—	0.3	—	—	0.3	—	0.3
Net loss recognized due to settlement	—	—	—	—	0.3	—	—	0.3	—	0.3
Net actuarial loss arising during year	—	—	—	—	(32.7)	—	—	(32.7)	—	(32.7)
Amortization of prior service cost included in net periodic pension cost	—	—	—	—	2.1	—	—	2.1	—	2.1
Amortization of net actuarial losses included in net periodic pension cost	—	—	—	—	13.1	—	—	13.1	—	13.1
Deferred gains and losses on derivatives, net	—	—	—	—	—	—	(1.2)	(1.2)	—	(1.2)
Change in cumulative translation adjustment	—	—	—	—	—	(197.5)	—	(197.5)	(4.3)	(201.8)
Balance, December 31, 2020	74,962,231	$ 0.8	$ 30.9	$ 4,759.1	$ (313.3)	$ (1,495.0)	$ (2.5)	$ (1,810.8)	$ 38.0	$ 3,018.0

See accompanying notes to Consolidated Financial Statements.

AGCO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net income	$ 419.8	$ 122.8	$ 283.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	212.5	210.9	225.2
Impairment charges	20.0	176.6	—
Amortization of intangibles	59.5	61.1	64.7
Stock compensation expense	37.6	41.3	46.3
Equity in net earnings of affiliates, net of cash received	(43.7)	—	(3.2)
Deferred income tax provision (benefit)	3.4	15.1	(14.7)
Loss on extinguishment of debt	—	—	24.5
Other	(7.4)	6.9	2.6
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Accounts and notes receivable, net	(90.5)	63.8	63.3
Inventories, net	119.7	(216.3)	(214.3)
Other current and noncurrent assets	(49.8)	(14.4)	(85.6)
Accounts payable	(59.1)	35.7	(24.3)
Accrued expenses	185.3	114.5	161.3
Other current and noncurrent liabilities	89.2	77.9	66.4
Total adjustments	476.7	573.1	312.2
Net cash provided by operating activities	896.5	695.9	595.9
Cash flows from investing activities:			
Purchases of property, plant and equipment	(269.9)	(273.4)	(203.3)
Proceeds from sale of property, plant and equipment	1.9	4.9	3.2
Purchase of businesses, net of cash acquired	(2.8)	—	—
Sale of (investments in) unconsolidated affiliates, net	29.1	(3.1)	(5.8)
Other	—	—	0.4
Net cash used in investing activities	(241.7)	(271.6)	(205.5)
Cash flows from financing activities:			
Proceeds from indebtedness	1,195.6	2,082.7	5,257.5
Repayments of indebtedness	(1,045.6)	(2,191.1)	(5,433.6)
Purchases and retirement of common stock	(55.0)	(130.0)	(184.3)
Payment of dividends to stockholders	(48.0)	(48.0)	(47.1)
Payment of minimum tax withholdings on stock compensation	(19.8)	(28.1)	(4.0)
Payment of debt issuance costs	(1.4)	(0.5)	(2.7)
(Distributions to) investments by noncontrolling interests, net	(3.1)	1.6	0.9
Net cash provided by (used in) financing activities	22.7	(313.4)	(413.3)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8.8	(4.2)	(18.7)
Increase (decrease) in cash, cash equivalents and restricted cash	686.3	106.7	(41.6)
Cash, cash equivalents and restricted cash, beginning of year	432.8	326.1	367.7
Cash, cash equivalents and restricted cash, end of year	$ 1,119.1	$ 432.8	$ 326.1

See accompanying notes to Consolidated Financial Statements.

1. Operations and Summary of Significant Accounting Policies

Business

AGCO Corporation and subsidiaries ("AGCO" or the "Company") is a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. The Company sells a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment, seeding and tillage equipment, implements, and grain storage and protein production systems. The Company's products are widely recognized in the agricultural equipment industry and are marketed under a number of well-known brand names including: Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra®. The Company distributes most of its products through a combination of approximately 3,250 independent dealers and distributors as well as the Company utilizes associates and licensees to provide a distribution channel for its products. In addition, the Company provides retail financing through its finance joint ventures with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., or "Rabobank."

Basis of Presentation and Consolidation

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

Use of Estimates

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

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

Foreign Currency Translation

The financial statements of the Company's foreign subsidiaries are translated into United States currency in accordance with Accounting Standards Codification ("ASC") 830, "Foreign Currency Matters." Assets and liabilities are translated to United States dollars at period-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are included in "Accumulated other comprehensive loss" in stockholders' equity within the Company's Consolidated Balance Sheets. Gains and losses, which result from foreign currency transactions, are included in the accompanying Consolidated Statements of Operations. The Company changed the functional currency of its wholly-owned subsidiary from the Argentinian peso to the U.S. dollar effective July 1, 2018.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents reported in the Consolidated Balance Sheets as of December 31, 2020, 2019 and 2018 and cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018 are as follows (in millions):

	December 31, 2020	December 31, 2019	December 31, 2018
Cash[1]	$ 1,022.0	$ 412.3	$ 290.5
Cash equivalents[2]	89.7	17.3	35.6
Restricted cash[3]	7.4	3.2	—
Total	$ 1,119.1	$ 432.8	$ 326.1

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

Accounts and Notes Receivable

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

In other international markets, equipment sales generally are payable in full within 30 days to 180 days of shipment or delivery. Payment terms for some highly seasonal products have a specified due date during the year regardless of the shipment or delivery date. For sales in most markets outside of the United States and Canada, the Company generally does not charge

interest on outstanding receivables with its dealers and distributors. Sales of replacement parts generally are payable within 30 days to 90 days of shipment, with terms for some larger, seasonal stock orders generally payable within six months of shipment.

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

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

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

Year Ended December 31, 2020	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated	
0 to 6 months	$ 1,506.5	$ 873.8	$ 5,361.4	$ 734.0	$ 8,475.7	92.6 %
7 to 12 months	645.0	—	5.5	—	650.5	7.1 %
13 to 24 months	23.5	—	—	—	23.5	0.3 %
	$ 2,175.0	$ 873.8	$ 5,366.9	$ 734.0	$ 9,149.7	100.0 %

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

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

Accounts and notes receivable are shown net of allowances for sales incentive discounts available to dealers and for doubtful accounts. Cash flows related to the collection of receivables are reported within "Cash flows from operating activities" within the Company's Consolidated Statements of Cash Flows. Accounts and notes receivable allowances at December 31, 2020 and 2019 were as follows (in millions):

	2020	2019
Sales incentive discounts	$ 12.9	$ 25.7
Doubtful accounts	36.4	28.8
	$ 49.3	$ 54.5

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

In the United States and Canada, sales incentives can be paid through future cash settlements of receivables and through credit memos to Company's dealers or through reductions in retail financing rates paid to the Company's finance joint ventures. Outside of the United States and Canada, sales incentives can be paid through cash or credit memos to the Company's dealers or through reductions in retail financing rates paid to the Company's finance joint ventures. The Company transfers certain accounts receivable under its accounts receivable sales agreements with its finance joint ventures (see Note 3). The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables under the provisions of Accounting Standards Update ("ASU") 2009-16, "Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets." Cash payments made to the Company's finance joint ventures for sales incentive discounts provided to dealers related to outstanding accounts receivables sold are recorded within "Accrued expenses."

Inventories

Inventories are valued at the lower of cost or net realizable value, using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At December 31, 2020 and 2019, the Company had recorded $209.2 million and $178.6 million, respectively, as an adjustment for surplus and obsolete inventories. These adjustments are reflected within "Inventories, net" within the Company's Consolidated Balance Sheets.

Inventories, net at December 31, 2020 and 2019 were as follows (in millions):

	2020	2019
Finished goods	$ 641.3	$ 780.1
Repair and replacement parts	652.3	611.5
Work in process	175.1	213.4
Raw materials	505.7	473.7
Inventories, net	$ 1,974.4	$ 2,078.7

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

Recoverable Indirect Taxes

The Company's Brazilian operations incur value added taxes ("VAT") on certain purchases of raw materials, components and services. These taxes are accumulated as tax credits and create assets that are reduced by the VAT collected from the Company's sales in the Brazilian market. The Company regularly assesses the recoverability of these tax credits, and establishes reserves when necessary against them, through analyses that include, amongst others, the history of realization, the transfer of tax credits to third parties as authorized by the government, anticipated changes in the supply chain and the future expectation of tax debits from the Company's ongoing operations. The Company believes that these tax credits, net of established reserves, are realizable. The Company had recorded approximately $91.2 million and $142.3 million, respectively, of VAT tax credits, net of reserves, as of December 31, 2020 and 2019.

Property, Plant and Equipment

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

Property, plant and equipment, net at December 31, 2020 and 2019 consisted of the following (in millions):

	2020	2019
Land	$ 147.2	$ 142.5
Buildings and improvements	899.7	808.1
Machinery and equipment	2,772.0	2,522.0
Furniture and fixtures	168.0	153.4
Gross property, plant and equipment	3,986.9	3,626.0
Accumulated depreciation and amortization	(2,478.4)	(2,209.7)
Property, plant and equipment, net	$ 1,508.5	$ 1,416.3

Goodwill, Other Intangible Assets and Long-Lived Assets

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

Goodwill is evaluated annually as of October 1 for impairment using a qualitative assessment or a quantitative one-step assessment. If the Company elects to perform a qualitative assessment and determines the fair value of its reporting units more likely than not exceed the carrying value of their net assets, no further evaluation is necessary. For reporting units where the Company performs a one-step quantitative assessment, the Company compares the fair value of each reporting unit, which is determined based on a combination of a discounted cash flow valuation approach and a market multiple valuation approach, to its respective carrying value of net assets, including goodwill. If the fair value of the reporting unit exceeds its carrying value of net assets, the goodwill is not considered impaired. If the carrying value of net assets is higher than the fair value of the reporting unit, an impairment charge is recorded in the amount by which the carrying value exceeds the reporting unit's fair value in accordance with ASU 2017-04.

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

The COVID-19 pandemic has adversely impacted the global economy as a whole. Based on current macroeconomic conditions, the Company assessed its goodwill and other intangible assets for indications of impairment as of March 31, 2020, June 30, 2020 and September 30, 2020. As of June 30,2020, the Company concluded there were indicators of impairment during the three months ended June 30, 2020 related to one of its smaller reporting units, which is a 50%-owned tillage and seeding equipment joint venture. The Company consolidates the reporting unit as it was determined to be the primary beneficiary of the joint venture. Deteriorating market conditions for the products the joint venture sells were negatively impacted by the COVID-19 pandemic in the second quarter, greater than initially expected. As a result, updated strategic reviews with revised forecasts indicated an impairment of the entire goodwill balance of this reporting unit was necessary

as of June 30, 2020. During the three months ended June 30, 2020, an impairment charge of approximately $20.0 million was recorded as "Impairment charge" within the Company's Consolidated Statements of Operations, with an offsetting benefit of approximately $10.0 million included within "Net loss attributable to noncontrolling interests."

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

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

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

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

The Company's accumulated goodwill impairment is approximately $374.1 million related to impairment charges the Company recorded during 2020, 2019, 2012 and 2006 pertaining to its 50%-owned tillage and seeding equipment joint venture, its grain storage and protein production systems business in Europe/Middle East, its Chinese harvesting reporting unit and its former sprayer reporting unit, respectively. The tillage and seeding equipment joint venture operates within the North American geographical reportable segment. The Company's grain storage and protein production systems Europe/Middle East reporting unit operates within the Europe/Middle East geographical reportable segment. The Chinese harvesting business operates within the Asia/Pacific/Africa geographical reportable segment and the former sprayer reporting unit operates within the North American geographical reportable segment.

Changes in the carrying amount of goodwill during the years ended December 31, 2020, 2019 and 2018 are summarized as follows (in millions):

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Balance as of December 31, 2017	$ 611.1	$ 136.4	$ 671.0	$ 122.9	$ 1,541.4
Adjustments	—	—	8.4	—	8.4
Foreign currency translation	—	(19.7)	(29.8)	(4.8)	(54.3)
Balance as of December 31, 2018	611.1	116.7	649.6	118.1	1,495.5
Impairment charge	—	—	(173.6)	—	(173.6)
Sale of a joint venture	(5.1)	—	—	—	(5.1)
Foreign currency translation	—	(4.5)	(12.7)	(1.3)	(18.5)
Balance as of December 31, 2019	606.0	112.2	463.3	116.8	1,298.3
Foreign currency translation	0.2	(24.7)	38.0	7.5	21.0
Impairment charge	(20.0)	—	—	—	(20.0)
Acquisition	7.2	—	—	—	7.2
Balance as of December 31, 2020	$ 593.4	$ 87.5	$ 501.3	$ 124.3	$ 1,306.5

On September 10, 2020, the Company acquired 151 Research, Inc., a company specializing in agricultural technology, for approximately $2.8 million. The Company agreed to further contingent consideration related to the acquisition, and therefore recorded a liability of approximately $4.4 million to reflect estimated achievement of agreed upon targets. The acquisition did not have a material impact on the Company.

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

Intangible Assets	Weighted-Average Useful Life
Patents and technology	12 years
Customer relationships	13 years
Trademarks and trade names	20 years
Land use rights	45 years

For the years ended December 31, 2020, 2019 and 2018, acquired intangible asset amortization was $59.5 million, $61.1 million and $64.7 million, respectively. The Company estimates amortization of existing intangible assets will be $57.8 million in 2021, $57.5 million in 2022, $55.4 million in 2023, $54.0 million in 2024, and $49.8 million in 2025.

The Company has previously determined that two of its trademarks have an indefinite useful life. The Massey Ferguson trademark has been in existence since 1952 and was formed from the merger of Massey-Harris (established in the 1890's) and Ferguson (established in the 1930's). The Massey Ferguson brand is currently sold in approximately 110 countries worldwide, making it one of the most widely sold tractor brands in the world. The Company also has identified the Valtra trademark as an indefinite-lived asset. The Valtra trademark has been in existence since the late 1990's, but is a derivative of the Valmet trademark which has been in existence since 1951. The Valmet name transitioned to the Valtra name over a period of time in the marketplace. The Valtra brand is currently sold in over 70 countries around the world. Both the Massey Ferguson brand and the Valtra brand are primary product lines of the Company's business, and the Company plans to use these trademarks for an indefinite period of time. The Company plans to continue to make investments in product development to enhance the value of these brands into the future. There are no legal, regulatory, contractual, competitive, economic or other factors that the Company is aware of or that the Company believes would limit the useful lives of the trademarks. The Massey Ferguson and Valtra trademark registrations can be renewed at a nominal cost in the countries in which the Company operates.

Changes in the carrying amount of acquired intangible assets during 2020 and 2019 are summarized as follows (in millions):

	Trademarks and Trade Names	Customer Relationships	Patents and Technology	Land Use Rights	Total
Gross carrying amounts:					
Balance as of December 31, 2018	$ 203.4	$ 586.3	$ 155.8	$ 8.6	$ 954.1
Sale of a joint venture	(1.3)	(2.9)	(1.9)	—	(6.1)
Impairment charge	(1.1)	(0.8)	(1.1)	—	(3.0)
Foreign currency translation	(1.7)	(3.6)	(1.7)	(0.1)	(7.1)
Balance as of December 31, 2019	199.3	579.0	151.1	8.5	937.9
Foreign currency translation	6.7	6.4	6.9	0.6	20.6
Balance as of December 31, 2020	$ 206.0	$ 585.4	$ 158.0	$ 9.1	$ 958.5

Accumulated Amortization	Trademarks and Trade Names	Customer Relationships	Patents and Technology	Land Use Rights	Total
Balance as of December 31, 2018	$ 73.4	$ 310.8	$ 80.7	$ 3.0	$ 467.9
Amortization expense	11.0	40.1	9.9	0.1	61.1
Sale of a joint venture	(0.5)	(1.2)	(0.7)	—	(2.4)
Foreign currency translation	(0.6)	(2.3)	(1.2)	—	(4.1)
Balance as of December 31, 2019	83.3	347.4	88.7	3.1	522.5
Amortization expense	10.1	39.9	9.4	0.1	59.5
Foreign currency translation	2.0	3.0	5.1	0.2	10.3
Balance as of December 31, 2020	$ 95.4	$ 390.3	$ 103.2	$ 3.4	$ 592.3

Indefinite-Lived Intangible Assets	Trademarks and Trade Names
Balance as of December 31, 2018	$ 86.9
Foreign currency translation	(0.6)
Balance as of December 31, 2019	86.3
Foreign currency translation	3.1
Balance as of December 31, 2020	$ 89.4

Accrued Expenses

Accrued expenses at December 31, 2020 and 2019 consisted of the following (in millions):

	2020	2019
Reserve for volume discounts and sales incentives	$ 582.9	$ 580.4
Warranty reserves	431.6	331.9
Accrued employee compensation and benefits	329.2	290.8
Accrued taxes	249.6	170.3
Other	323.4	280.8
	$ 1,916.7	$ 1,654.2

Warranty Reserves

The warranty reserve activity for the years ended December 31, 2020, 2019 and 2018 consisted of the following (in millions):

	2020	2019	2018
Balance at beginning of the year	$ 392.8	$ 360.9	$ 316.0
Acquisitions	0.2	—	—
Accruals for warranties issued during the year	310.2	234.1	230.5
Settlements made (in cash or in kind) during the year	(204.3)	(198.7)	(174.7)
Foreign currency translation	22.9	(3.5)	(10.9)
Balance at the end of the year	$ 521.8	$ 392.8	$ 360.9

The Company's agricultural equipment products generally are under warranty against defects in materials and workmanship for a period of one to four years. The Company accrues for future warranty costs at the time of sale based on historical warranty experience. Approximately $90.2 million and $60.9 million of warranty reserves are included in "Other noncurrent liabilities" in the Company's Consolidated Balance Sheets as of December 31, 2020 and 2019, respectively.

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

Insurance Reserves

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

Revenue

The Company accounts for revenue recognition pursuant to ASU 2014-09, "Revenue from Contracts with Customers." Revenue is recognized when the Company satisfies the performance obligation by transferring control over goods or services to a dealer, distributor or other customer. The amount of revenue recognized is measured as the consideration the Company expects to receive in exchange for those goods or services pursuant to a contract with the customer. A contract exists once the Company receives and accepts a purchase order under a dealer sales agreement, or once the Company enters into a contract with an end user. The Company does not recognize revenue in cases where collectability is not probable, and defers the recognition until collection is probable or payment is received.

The Company generates revenue from the manufacture and distribution of agricultural equipment and replacement parts. Sales of equipment and replacement parts, which represents a majority of the Company's net sales, are recorded by the Company at the point in time when title and control have been transferred to an independent dealer, distributor or other customer. Title generally passes to the dealer or distributor upon shipment or specified delivery, and the risk of loss upon damage, theft or destruction of the equipment is the responsibility of the dealer, distributor or designated third-party carrier. The Company believes control passes and the performance obligation is satisfied at the point of the stated shipping or delivery term with respect to such sales.

As previously discussed, the amount of consideration the Company receives and the revenue recognized varies with certain sales incentives the Company offers to dealers and distributors. Estimates for sales incentives are made at the time of sale for expected incentive programs using the expected value method. These estimates are revised in the event of subsequent modification to the incentive program. All incentive programs are recorded and presented as a reduction of revenue, due to the fact that the Company does not receive a distinct good or service in exchange for the consideration provided.

Dealers or distributors may not return equipment or replacement parts while its contract with the Company is in force, except for under established promotional and annual replacement parts return programs. At the time of sale, the Company estimates the amount of returns based on the terms of promotional and annual return programs and anticipated returns in the future.

Sales and other related taxes are excluded from the transaction price. Shipping and handling costs associated with freight activities after the customer has obtained control are accounted for as fulfillment costs and are expensed and accrued at the time revenue is recognized in "Cost of goods sold" and "Selling, general and administrative expenses" in the Company's Consolidated Statements of Operations.

As afforded under the practical expedient in ASU 2014-09, the Company does not adjust the amount of revenue to be recognized under a contract with a dealer, distributor or other customer for the time value of money when the difference between the receipt of payment and the recognition of revenue is less than one year.

Although, substantially all revenue is recognized at a point in time, a relatively insignificant amount of installation revenue associated with the sale of grain storage and protein production systems is recognized on an "over time" basis as discussed below. The Company also recognizes revenue "over time" with respect to extended warranty and maintenance contracts and certain precision technology services. Generally, almost all of the grain storage and protein production systems contracts with customers that relate to "over time" revenue recognition have contract durations of less than 12 months.

Extended warranty, maintenance services contracts and certain precision technology services generally have contract durations of more than 12 months.

Grain Storage and Protein Production Systems Installation Revenue. In certain countries, the Company sells grain storage and protein production systems where the Company is responsible for construction and installation, and the sale is contingent upon customer acceptance. Under these conditions, the revenues are recognized over the term of the contract when the Company can objectively determine control has been transferred to the customer in accordance with agreed-upon specifications in the contract. For these contracts, the Company may be entitled to receive an advance payment, which is recognized as a contract liability for the amount in excess of the revenue recognized. The Company uses the input method using costs incurred to date relative to total estimated costs at completion to measure the progress toward satisfaction of the performance obligation. Revenues are recorded proportionally as costs are incurred. Costs include labor, material and overhead. The estimation of the progress toward completion is subject to various assumptions. As part of the estimation process, the Company reviews the length of time to complete the performance obligation, the cost of materials and labor productivity. If a significant change in one of the assumptions occurs, then the Company will recognize an adjustment under the cumulative catch-up method and the impact of the adjustment on the revenue recorded to date is recognized in the period the adjustment is identified.

Extended Warranty Contracts. The Company sells separately priced extended warranty contracts and maintenance contracts, which extends coverage beyond the base warranty period, or covers maintenance over a specified period. Revenue is recognized for the extended warranty contract on a straight-line basis, which the Company believes approximates the costs expected to be incurred in satisfying the obligations, over the extended warranty period. The extended warranty period ranges from one to five years. Payment is received or revenue is deferred for free contracts at the inception of the extended warranty contract or maintenance contract, which is recognized as a contract liability for the amount in excess of the revenue recognized. The revenue associated with the sale of extended warranty contracts is insignificant.

Precision Technology Services Revenue. The Company sells a combination of precision technology products and services. When the bundled package of technology products and services is sold, the portion of the consideration received related to the services component is recognized over time as the Company satisfies the future performance obligation. Revenue is recognized for the hardware component when control is transferred to the dealer or distributor. Payment is received or revenue is deferred for free subscriptions at inception of the precision technology subscription period, which is recognized as a contract liability for the amount in excess of the revenue recognized. The revenue associated with the sale of precision technology services is insignificant.

See Note 15 for additional information regarding the Company's sources of revenue and associated contract liabilities and performance obligations.

Stock Incentive Plans

Stock compensation expense was recorded as follows (in millions). Refer to Note 9 for additional information regarding the Company's stock incentive plans during 2020, 2019 and 2018:

	Years Ended December 31,		
	2020	2019	2018
Cost of goods sold	$ 1.1	$ 1.7	$ 2.3
Selling, general and administrative expenses	36.8	40.0	44.3
Total stock compensation expense	$ 37.9	$ 41.7	$ 46.6

Research and Development Expenses

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

Advertising Costs

The Company expenses all advertising costs as incurred. Cooperative advertising costs normally are expensed at the time the revenue is earned. Advertising expenses for the years ended December 31, 2020, 2019 and 2018 totaled approximately $45.3 million, $42.3 million and $42.4 million, respectively.

Shipping and Handling Expenses

All shipping and handling fees charged to customers are included as a component of net sales, and are associated with freight activities after the customer has obtained control. Shipping and handling costs are accounted for as fulfillment costs and are expensed and accrued at the time revenue is recognized within "Cost of goods sold," with the exception of certain handling costs included in "Selling, general and administrative expenses" in the amount of $38.0 million, $38.9 million and $37.9 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Interest Expense, Net

Interest expense, net for the years ended December 31, 2020, 2019 and 2018 consisted of the following (in millions):

	2020	2019	2018
Interest expense	$ 24.9	$ 28.8	$ 61.9
Interest income	(9.9)	(8.9)	(8.1)
	$ 15.0	$ 19.9	$ 53.8

During 2018, the Company repurchased its $5^{7}/_{8}$% senior notes due December 1, 2021, and as a result, recorded approximately $24.5 million in a loss on extinguishment of debt reflected in "Interest expense, net." This was offset by approximately $4.7 million of accelerated amortization of a deferred gain related to a terminated interest rate swap agreement associated with the senior notes. Refer to Note 6 for further information.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. See Note 5 for additional information regarding the Company's income taxes.

Net Income Per Common Share

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

A reconciliation of net income attributable to AGCO Corporation and subsidiaries and weighted average common shares outstanding for purposes of calculating basic and diluted net income per share during the years ended December 31, 2020, 2019 and 2018 is as follows (in millions, except per share data):

	2020	2019	2018
Basic net income per share:			
Net income attributable to AGCO Corporation and subsidiaries	$ 427.1	$ 125.2	$ 285.5
Weighted average number of common shares outstanding	75.0	76.2	78.8
Basic net income per share attributable to AGCO Corporation and subsidiaries	$ 5.69	$ 1.64	$ 3.62
Diluted net income per share:			
Net income attributable to AGCO Corporation and subsidiaries	$ 427.1	$ 125.2	$ 285.5
Weighted average number of common shares outstanding	75.0	76.2	78.8
Dilutive SSARs, performance share awards and restricted stock units	0.6	0.8	0.9
Weighted average number of common shares and common share equivalents outstanding for purposes of computing diluted net income per share	75.6	77.0	79.7
Diluted net income per share attributable to AGCO Corporation and subsidiaries	$ 5.65	$ 1.63	$ 3.58

SSARs to purchase approximately 0.3 million shares, 0.2 million shares and 0.5 million shares of the Company's common stock for the years ended December 31, 2020, 2019 and 2018, respectively, were outstanding but not included in the calculation of weighted average common and common equivalent shares outstanding because they had an antidilutive impact.

Comprehensive Income (Loss)

The Company reports comprehensive income (loss), defined as the total of net income (loss) and all other non-owner changes in equity, and the components thereof in its Consolidated Statements of Stockholders' Equity and Consolidated Statements of Comprehensive Income (Loss). The components of other comprehensive (loss) income and the related tax effects for the years ended December 31, 2020, 2019 and 2018 are as follows (in millions):

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

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

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

Derivatives

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

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

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

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

The Company's hedging policy prohibits it from entering into any foreign currency contracts for speculative trading purposes. See Note 10 for additional information regarding the Company's derivative instruments and hedging activities.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, which requires measurement and recognition of expected versus incurred credit losses for financial assets held. ASU 2016-13 is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods as the adoption of the standard relates to the Company. In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments" ("ASU 2019-04"), which provides, among other things, targeted improvements to certain aspects of accounting for credit losses addressed by ASU 2016-13. In November 2019, the FASB issued ASU 2019-11, "Codification Improvements to Topic 326), Financial Instruments - Credit Losses," which clarifies the treatment of expected recoveries for amounts previously written-off on purchased receivables, provides transition relief for troubled debt restructurings and allows for certain disclosure simplifications of accrued interest. The effective dates for both ASU 2019-04 and ASU 2019-11 were the same as the effective dates for ASU 2016-13. The Company adopted this standard, and its subsequent modifications, as of January 1, 2020. The adoption did not have a material impact to the Company's results of operations, financial condition and cash flows.

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

- ASU 2020-04 – "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" was adopted in 2020. See Note 6 for additional information.
- ASU 2018-15 – "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" was adopted in 2020.
- ASU 2019-12 – "Simplifying the Accounting for Income Taxes" was adopted as of January 1, 2021.

New Accounting Pronouncements to be Adopted

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

2. Restructuring Expenses

The Company has announced and initiated actions over the course of several years to rationalize employee headcount at various manufacturing facilities and various administrative offices located in Europe, South America, Africa, China and the United States, as well as the rationalization of its grain storage and protein production system operations. These rationalizations were taken to reduce costs in response to softening global market demand and lower production volumes. During 2020, the Company recorded severance and related costs associated with these rationalizations in connection with the termination of approximately 350 employees.

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

	Employee Severance	Facility Closure Costs	Write-down of Property, Plant and Equipment	Other Related Closure Costs	Loss on Sale of Joint Venture	Total
Balance as of December 31, 2017	$ 10.9	$ —	$ —	$ —	$ —	$ 10.9
2018 provision	13.8	—	0.3	—	—	14.1
Less: Non-cash expense	—	—	(0.3)	—	—	(0.3)
Cash expense	13.8	—	—	—	—	13.8
2018 provision reversal	(2.1)	—	—	—	—	(2.1)
2018 cash activity	(14.4)	—	—	—	—	(14.4)
Foreign currency translation	(1.1)	—	—	—	—	(1.1)
Balance as of December 31, 2018	7.1	—	—	—	—	7.1
2019 provision	5.6	0.5	1.5	—	2.1	9.7
Less: Non-cash expense	—	—	(1.5)	—	(2.1)	(3.6)
Cash expense	5.6	0.5	—	—	—	6.1
2019 provision reversal	(0.7)	—	—	—	—	(0.7)
2019 cash activity	(6.8)	(0.5)	—	—	—	(7.3)
Foreign currency translation	(0.4)	—	—	—	—	(0.4)
Balance as of December 31, 2019	4.8	—	—	—	—	4.8
2020 provision	11.3	4.5	2.5	1.8	—	20.1
Less: Non-cash expense	—	—	(2.5)	—	—	(2.5)
Cash expense	11.3	4.5	—	1.8	—	17.6
2020 provision reversal	(0.4)	—	—	—	—	(0.4)
2020 cash activity	(4.5)	(0.6)	—	—	—	(5.1)
Foreign currency translation	(0.1)	—	—	—	—	(0.1)
Balance as of December 31, 2020	$ 11.1	$ 3.9	$ —	$ 1.8	$ —	$ 16.8

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

3. Accounts Receivable Sales Agreements

The Company has accounts receivable sales agreements that permit the sale, on an ongoing basis, of a majority of its wholesale receivables in North America, Europe and Brazil to its U.S., Canadian, European and Brazilian finance joint ventures. As of December 31, 2020 and 2019, the cash received from receivables sold under the U.S., Canadian, European and Brazilian accounts receivable sales agreements was approximately $1.5 billion and $1.6 billion, respectively.

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

Losses on sales of receivables associated with the accounts receivable financing facilities discussed above, reflected within “Other expense, net” in the Company’s Consolidated Statements of Operations, were approximately $24.1 million, $42.4 million and $36.0 million during 2020, 2019 and 2018, respectively.

The Company’s finance joint ventures in Europe, Brazil and Australia also provide wholesale financing directly to the Company’s dealers. The receivables associated with these arrangements are without recourse to the Company. The Company does not service the receivables after the sale occurs and does not maintain any direct retained interest in the receivables. As of December 31, 2020 and 2019, these finance joint ventures had approximately $85.2 million and $104.3 million, respectively, of outstanding accounts receivable associated with these arrangements. The Company reviewed its accounting for these arrangements and determined that these arrangements should be accounted for as off-balance sheet transactions.

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

4. Investments in Affiliates

Investments in affiliates as of December 31, 2020 and 2019 were as follows (in millions):

	2020	2019
Finance joint ventures	$ 395.3	$ 339.0
Manufacturing joint ventures	31.8	26.8
Other affiliates	15.6	14.4
	$ 442.7	$ 380.2

The Company's finance joint ventures provide retail financing and wholesale financing to its dealers. The majority of the assets of the Company’s finance joint ventures represent finance receivables. The majority of the liabilities represent notes payable and accrued interest. Under the various joint venture agreements, Rabobank or its affiliates provide financing to the joint venture companies. AGCO has a 49% interest in the Company’s finance joint ventures (Note 13).

The Company’s manufacturing joint ventures consist of Groupement International De Mecanique Agricole SA (“GIMA”) (a joint venture with a third-party manufacturer to purchase, design and manufacture components for agricultural equipment in France) and a joint venture with a third-party manufacturer to manufacture protein production equipment in China. The other joint ventures represent investments in farm equipment manufacturers, an electronic and software system manufacturer, distributors and licensees.

The Company's equity in net earnings of affiliates for the years ended December 31, 2020, 2019 and 2018 were as follows (in millions):

	2020	2019	2018
Finance joint ventures	$ 45.0	$ 41.5	$ 34.7
Manufacturing and other joint ventures	0.5	1.0	(0.4)
	$ 45.5	$ 42.5	$ 34.3

Summarized combined financial information of the Company's finance joint ventures as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were as follows (in millions):

	As of December 31,	
	2020	2019
Total assets	$ 8,033.4	$ 7,773.7
Total liabilities	7,226.7	7,081.9
Partners' equity	806.7	691.8

	For the Years Ended December 31,		
	2020	2019	2018
Revenues	$ 402.2	$ 417.6	$ 390.8
Costs	274.0	299.9	286.7
Income before income taxes	$ 128.2	$ 117.7	$ 104.1

At December 31, 2020 and 2019, the Company's receivables from affiliates were approximately $47.5 million and $15.2 million, respectively. The receivables from affiliates are reflected within "Accounts and notes receivable, net" within the Company's Consolidated Balance Sheets.

The portion of the Company's retained earnings balance that represents undistributed retained earnings of equity method investees was approximately $375.5 million and $310.8 million as of December 31, 2020 and 2019, respectively.

5. Income Taxes

The sources of income before income taxes and equity in net earnings of affiliates were as follows for the years ended December 31, 2020, 2019 and 2018 (in millions):

	2020	2019	2018
United States	$ (73.4)	$ (53.1)	$ (126.0)
Foreign	635.4	314.2	486.3
Income before income taxes and equity in net earnings of affiliates	$ 562.0	$ 261.1	$ 360.3

The provision for income taxes by location of the taxing jurisdiction for the years ended December 31, 2020, 2019 and 2018 consisted of the following (in millions):

	2020	2019	2018
Current:			
United States:			
Federal	$ 1.0	$ (6.5)	$ (9.1)
State	3.1	2.1	1.2
Foreign	180.2	170.1	133.5
	184.3	165.7	125.6
Deferred:			
United States:			
Federal	1.3	1.3	—
State	—	—	—
Foreign	2.1	13.8	(14.7)
	3.4	15.1	(14.7)
	$ 187.7	$ 180.8	$ 110.9

On March 27, 2020, the CARES Act (the “Act”) was enacted in the United States in response to the COVID-19 pandemic to, among other things, provide tax relief to businesses. Tax provisions of the Act include the deferral of certain payroll taxes, relief for retaining employees and other provisions. Other governments around the world have also enacted similar measures and may enact further measures in the future. To date, the Act and other similar worldwide measures have not had a material impact to the Company’s results of operations or financial condition.

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

On December 22, 2017, The Tax Cuts and Jobs Act (“the 2017 Tax Act”) was enacted in the United States. The primary provisions of the 2017 Tax Act affecting the Company in 2018 were a reduction to the corporate tax rate from 35% to 21%, and a transition from a worldwide corporate tax system to a primarily territorial tax system. Beginning in 2018, the Company was also subject to additional provisions of the 2017 Tax Act. The main provisions include a tax on global intangible low-taxed income (“GILTI”) and a limitation on the deductibility of certain executive compensation. The combined effect of these and other provisions did not have a material effect on the Company’s provision for income taxes in 2020 or 2019. During the three months ended December 31, 2018, the Company finalized its calculations related to the 2017 Tax Act’s one-time transition tax associated with the mandatory deemed repatriation of unremitted foreign earnings, and recorded an income tax benefit of approximately $8.4 million.

A reconciliation of income taxes computed at the United States federal statutory income tax rate (21% for 2020, 2019 and 2018 (from 35% for 2017)) to the provision for income taxes reflected in the Company's Consolidated Statements of Operations for the years ended December 31, 2020, 2019 and 2018 is as follows (in millions):

	2020	2019	2018
Provision for income taxes at United States federal statutory rate	$ 118.0	$ 54.8	$ 75.7
State and local income taxes, net of federal income tax effects	(3.5)	(2.5)	(6.0)
Taxes on foreign income which differ from the United States statutory rate	13.9	6.7	(0.3)
Tax effect of permanent differences	13.4	63.9	26.7
Change in valuation allowance	16.3	84.6	24.6
Change in tax contingency reserves	37.2	3.2	8.5
Research and development tax credits	(9.0)	(7.1)	(8.5)
Impacts related to changes in tax laws	—	(21.8)	(8.4)
Other	1.4	(1.0)	(1.4)
	$ 187.7	$ 180.8	$ 110.9

The significant components of the deferred tax assets and liabilities at December 31, 2020 and 2019 were as follows (in millions):

	2020	2019
Deferred Tax Assets:		
Net operating loss carryforwards	$ 62.9	$ 72.0
Sales incentive discounts	50.8	61.9
Inventory valuation reserves	35.9	41.1
Pensions and postretirement health care benefits	55.8	51.6
Warranty and other reserves	126.3	128.5
Research and development tax credits	12.9	17.3
Foreign tax credits	5.9	6.4
Other	10.4	17.2
Total gross deferred tax assets	360.9	396.0
Valuation allowance	(181.0)	(169.1)
Total deferred tax assets	179.9	226.9
Deferred Tax Liabilities:		
Tax over book depreciation and amortization	167.5	164.3
Investment in affiliates	33.1	50.3
Other	14.1	25.5
Total deferred tax liabilities	214.7	240.1
Net deferred tax liabilities	$ (34.8)	$ (13.2)
Amounts recognized in Consolidated Balance Sheets:		
Deferred tax assets - noncurrent	$ 77.6	$ 93.8
Deferred tax liabilities - noncurrent	(112.4)	(107.0)
	$ (34.8)	$ (13.2)

As reflected in the preceding table, the Company recorded a net deferred tax liability of $34.8 million and $13.2 million as of December 31, 2020 and December 31, 2019, respectively, and had a valuation allowance against its gross deferred tax assets of approximately $181.0 million and $169.1 million as of December 31, 2020 and 2019, respectively.

During the three months ended September 30, 2019, the Company recorded a non-cash deferred income tax charge of approximately $53.7 million to establish a valuation allowance against its Brazilian net deferred income tax assets. In addition, the Company maintains a valuation allowance to fully reserve its net deferred tax assets in the United States and certain foreign jurisdictions. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assessed the likelihood that its deferred tax assets would be recovered from estimated future taxable income and available tax planning strategies and determined that all adjustments to the valuation allowance were appropriate. In making this assessment, all available evidence was considered including the current economic climate, as well as reasonable tax planning strategies. The Company believes it is more likely than not that it will realize its remaining net deferred tax assets, net of the valuation allowance, in future years.

The Company had net operating loss carryforwards of $219.7 million as of December 31, 2020, with expiration dates as follows: 2021 - $24.0 million; 2022 - $15.0 million; 2023 - $46.7 million and thereafter or unlimited - $134.0 million. The net operating loss carryforwards of $219.7 million are entirely in tax jurisdictions outside of the United States. The Company does not have any material U.S. state net operating loss carryforwards.

The Company paid income taxes of $181.4 million, $144.4 million and $101.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company recognizes income tax benefits from uncertain tax positions only when there is a more than 50% likelihood that the tax positions will be sustained upon examination by the taxing authorities based on the technical merits of the positions. At December 31, 2020 and 2019, the Company had $227.9 million and $210.7 million, respectively, of unrecognized income tax benefits, all of which would affect the Company's effective tax rate if recognized. At December 31, 2020 and 2019, the Company had approximately $57.1 million and $51.0 million, respectively, of accrued or deferred taxes related to uncertain income tax positions connected with ongoing income tax audits in various jurisdictions that it expects to settle or pay in the next 12 months. The Company accrued approximately $7.1 million and $1.8 million of interest and penalties related to unrecognized tax benefits in its provision for income taxes during 2020 and 2019, respectively. At December 31, 2020 and 2019, the Company had accrued interest and penalties related to unrecognized tax benefits of $39.4 million and $28.4 million, respectively.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits as of and during the years ended December 31, 2020 and 2019 is as follows (in millions):

	2020	2019
Gross unrecognized income tax benefits at the beginning of the year	$ 210.7	$ 166.1
Additions for tax positions of the current year	32.0	32.8
Additions for tax positions of prior years	9.4	20.7
Reductions for tax positions of prior years for:		
Changes in judgments	9.1	(4.6)
Settlements during the year	(52.9)	(0.7)
Lapses of applicable statute of limitations	(0.2)	(0.8)
Foreign currency translation and other	19.8	(2.8)
Gross unrecognized income tax benefits at the end of the year	$ 227.9	$ 210.7

The reconciliation of gross unrecognized tax benefits above for 2020 and 2019 excludes certain indirect favorable effects that relate to other tax jurisdictions of approximately $64.1 million and $44.9 million, respectively. The change in certain indirect favorable effects between 2020 and 2019 includes approximately $13.1 million related to additions and reductions for tax positions of current and prior years, changes in judgments and lapses of statutes of limitations.

The Company and its subsidiaries file income tax returns in the United States and in various state, local and foreign jurisdictions. The Company and its subsidiaries are routinely examined by tax authorities in these jurisdictions. As of December 31, 2020, a number of income tax examinations in foreign jurisdictions, as well as the United States, were ongoing. It is possible that certain of these ongoing examinations may be resolved within 12 months. Due to the potential for resolution of federal, state and foreign examinations, and the expiration of various statutes of limitation, it is reasonably possible that the Company's gross unrecognized income tax benefits balance may materially change within the next 12 months. In certain

foreign jurisdictions, there is either statutory expirations or the Company's settlement expectations such that approximately $57.1 million could be concluded within the next 12 months. Although there are ongoing examinations in various federal and state jurisdictions, the 2017 through 2020 tax years generally remain subject to examination in the United States by applicable authorities. In the Company's significant foreign jurisdictions, primarily the United Kingdom, France, Germany, Switzerland, Finland and Brazil, the 2015 through 2020 tax years generally remain subject to examination by their respective tax authorities. In Brazil, the Company is contesting disallowed deductions related to amortization of certain goodwill amounts (see Note 11).

6. Indebtedness

Long-term debt consisted of the following at December 31, 2020 and 2019 (in millions):

	December 31, 2020	December 31, 2019
Senior term loan due 2022[1]	$ 184.0	$ 168.1
Credit facility, expires 2023[1]	277.9	—
1.002% Senior term loan due 2025	306.7	280.2
Senior term loans due between 2021 and 2028[1]	806.0	736.2
Other long-term debt	10.5	12.5
Debt issuance costs	(2.5)	(2.3)
	1,582.6	1,194.7
Less: Senior term loans due 2021, net of debt issuance costs	(323.6)	—
Current portion of other long-term debt	(2.3)	(2.9)
Total long-term indebtedness, less current portion	$ 1,256.7	$ 1,191.8

(1) Maturity dates are reflected as of December 31, 2020.

At December 31, 2020, the aggregate scheduled maturities of long-term debt, excluding the current portion of long-term debt, are as follows (in millions):

2022	$ 463.5
2023	304.3
2024	2.5
2025	383.8
Thereafter	102.6
	$ 1,256.7

Cash payments for interest were approximately $23.6 million, $26.3 million and $35.2 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Current Indebtedness

Senior Term Loan Due 2022

In October 2018, the Company entered in a term loan agreement with Rabobank in the amount of €150.0 million (or approximately $184.0 million as of December 31, 2020). The Company is permitted to prepay the term loan before its maturity date of October 28, 2022. Interest is payable on the term loan quarterly in arrears at an annual rate, equal to the EURIBOR plus a margin ranging from 0.875% to 1.875% based on the Company's credit rating. The Company also has to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio.

Credit Facility

In October 2018, the Company entered into a multi-currency revolving credit facility of $800.0 million. The maturity date of the credit facility is October 17, 2023. Interest accrues on amounts outstanding under the credit facility, at the Company's option, at either (1) LIBOR plus a margin ranging from 0.875% to 1.875% based on the Company's credit rating, or (2) the base rate, which is equal to the higher of (i) the administrative agent's base lending rate for the applicable currency, (ii) the federal funds rate plus 0.5%, and (iii) one-month LIBOR for loans denominated in U.S. dollars plus 1.0%, plus a margin ranging from 0.0% to 0.875% based on the Company's credit rating. The credit facility contains covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends. The Company also has to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio. As of December 31, 2020 and 2019, the Company had no outstanding borrowings under the revolving credit facility and the ability to borrow approximately $800.0 million under the facility.

On April 9, 2020, the Company entered into an amendment to its $800.0 million multi-currency revolving credit facility to include incremental term loans ("2020 term loans") that allow the Company to borrow an aggregate principal amount of €235.0 million and $267.5 million, respectively (or an aggregate of approximately $555.8 million as of December 31, 2020). Amounts can be drawn incrementally at any time prior to maturity, but must be drawn down proportionately. Amounts drawn must be in a minimum principal amount of $100.0 million and integral multiples of $50.0 million in excess thereof. Once amounts have been repaid, those amounts are not permitted to be re-drawn. The maturity date of the 2020 term loans is April 8, 2022. Interest accrues on amounts outstanding under the 2020 term loans, at the Company's option, at either (1) LIBOR plus a margin based on the Company's credit rating ranging from 1.125% to 2.125% until April 8, 2021 and ranging from 1.375% to 2.375% thereafter, or (2) the base rate, which is equal to the higher of (i) the administrative agent's base lending rate for the applicable currency, (ii) the federal funds rate plus 0.5%, and (iii) one-month LIBOR for loans denominated in U.S. dollars plus 1.0%, plus a margin based on the Company's credit rating ranging from 0.125% to 1.375% until April 8, 2021 and ranging from 0.375% to 1.375% thereafter. The 2020 term loans contain covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends. The Company also has to fulfill financial covenants with respect to a total debt to EBITDA ratio and an interest coverage ratio. On April 15, 2020, the Company borrowed €117.5 million and $133.8 million (or an aggregate of approximately $277.9 million as of December 31, 2020) of 2020 term loans. The Company simultaneously repaid €100.0 million (or approximately $108.7 million) of its revolving credit facility from the borrowings received. There were no other borrowings on the 2020 term loans subsequent to the initial borrowings in April 2020. As of December 31, 2020, the Company had the ability to borrow approximately $277.9 million of 2020 term loans.

Interest on U.S. dollar borrowings under the Company's credit facility is calculated based upon LIBOR. In the event that LIBOR is no longer published, interest will be calculated upon either a base rate or the secured overnight financing rate depending on cost. The credit facility and 2020 term loans also provide for an expedited amendment process once a replacement for LIBOR is established.

The Company's former revolving credit and term loan facility consisted of an $800.0 million multi-currency revolving credit facility and a €312.0 million term loan facility. The maturity date of the former credit facility was June 26, 2020. As is more fully described in Note 10, the Company entered into an interest rate swap in 2015 to convert the term loan facility's floating interest rate to a fixed interest rate of 0.33% plus the applicable margin over the remaining life of the term loan facility. In connection with the closing of new credit facility in October 2018, the Company repaid its outstanding €312.0 million (or approximately $360.8 million) term loan under the former revolving credit and term loan facility. The Company recorded approximately $0.9 million in "Interest expense, net," associated with the write-off of deferred debt issuance costs associated with the repayment. The Company also recorded a loss of approximately $3.9 million which was recorded in "Interest expense, net" for the year ended December 31, 2018 associated with the termination of the interest rate swap instrument.

1.002% Senior Term Loan

In December 2018, the Company entered into a term loan with the European Investment Bank ("EIB"), which provided the Company with the ability to borrow up to €250.0 million. The €250.0 million (or approximately $306.7 million as of December 31, 2020) of funding was received on January 25, 2019 with a maturity date of January 24, 2025. The Company is permitted to prepay the term loan before its maturity date. Interest is payable on the term loan at 1.002% per annum, payable semi-annually in arrears. The term loan contains covenants regarding, among other things, the incurrence of indebtedness and the making of certain payments, as well as commitments regarding amounts of future research and development expenses in

Europe, and is subject to acceleration in the events of default. The Company also has to fulfill financial covenants with respect to a net leverage ratio and interest coverage ratio.

Senior Term Loans Due Between 2021 and 2028

In October 2016, the Company borrowed an aggregate amount of €375.0 million through a group of seven related term loan agreements, and in August 2018, the Company borrowed an additional aggregate amount of €338.0 million through a group of another seven related term loan agreements. Of the 2016 term loans, an aggregate amount of €56.0 million (or approximately $61.1 million) was repaid upon maturity of two term loan agreements in October 2019.

In aggregate, the Company has indebtedness of €657.0 million (or approximately $806.0 million as of December 31, 2020) through a group of twelve related term loan agreements. Four of the term loan agreements in the aggregate amount of €264.0 million (or approximately $323.60 million net of debt issuance costs, as of December 31, 2020) will mature in August and October 2021. The provisions of the term loan agreements are substantially identical, with the exception of interest rate terms and maturities. The Company is permitted to prepay the term loans before their maturity dates. For the term loans with a fixed interest rate, interest is payable in arrears on an annual basis, with interest rates ranging from 0.70% to 2.26% and a maturity date between August 2021 and August 2028. For the term loans with a floating interest rate, interest is payable in arrears on a semi-annual basis, with interest rates based on the EURIBOR plus a margin ranging from 0.70% to 1.25% and a maturity date between August 2021 and August 2025. The term loans contain covenants restricting, among other things, the incurrence of indebtedness and the making of certain payments, including dividends, and is subject to acceleration in the event of default.

Former Indebtedness

1.056% Senior Term Loan

In December 2014, the Company entered into a term loan with the EIB, which provided the Company with the ability to borrow up to €200.0 million. The €200.0 million of funding was received on January 15, 2015 and had a maturity date of January 15, 2020. The Company repaid the €200.0 million (or approximately $220.0 million) term loan in December 2019.

Senior Term Loans Due 2021

In April 2016, the Company entered into two term loan agreements with Rabobank, in the amount of €100.0 million and €200.0 million, respectively. The provisions of the two term loans were identical in nature. In December 2017, the Company repaid its €200.0 million (or approximately $239.8 million) term loan and in October 2018, in connection with the term loan agreement due 2022 with Rabobank discussed above, the Company repaid its €100.0 million (or approximately $113.2 million) term loan.

5$^{7}/_{8}$% Senior Notes

The Company's 5$^{7}/_{8}$% senior notes due December 1, 2021 constituted senior unsecured indebtedness. At any time prior to September 1, 2021, the Company could redeem the notes, in whole or in part from time to time, at its option, at a redemption price equal to the greater of (i) 100% of the principal amount plus accrued and unpaid interest, including additional interest, if any, to, but excluding, the redemption date, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) discounted to the redemption date at the treasury rate plus 0.5%, plus accrued and unpaid interest, including additional interest, if any.

In May 2018, the Company completed a cash tender offer to purchase any and all of its outstanding 5$^{7}/_{8}$% senior notes at a cash purchase price of $1,077.50 per $1,000.00 of senior notes. As a result of the tender offer, the Company repurchased approximately $185.9 million of principal amount of the senior notes for approximately $200.3 million, plus accrued interest. In October 2018, the Company repurchased the remaining principal amount of the senior notes of approximately $114.1 million for approximately $122.5 million, plus accrued interest. Both repurchases resulted in total losses on extinguishment of debt of approximately $24.5 million, including associated fees. As a result of the repurchase of the 5$^{7}/_{8}$% senior notes, the Company recorded a cumulative amount of approximately $4.7 million of accelerated amortization of a deferred gain related to a terminated interest rate swap instrument associated with the senior notes. The losses on extinguishment as well as the accelerated amortization were reflected in "Interest expense, net," for the year ended December 31, 2018.

Short-Term Borrowings

As of December 31, 2020 and 2019, the Company had short-term borrowings due within one year of approximately $33.8 million and $150.5 million, respectively.

Standby Letters of Credit and Similar Instruments

The Company has arrangements with various banks to issue standby letters of credit or similar instruments, which guarantee the Company's obligations for the purchase or sale of certain inventories and for potential claims exposure for insurance coverage. At December 31, 2020 and 2019, outstanding letters of credit totaled $14.4 million and $13.9 million, respectively.

7. Employee Benefit Plans

The Company sponsors defined benefit pension plans covering certain employees, principally in the United Kingdom, the United States, Germany, Switzerland, Finland, France, Norway and Argentina. The Company also provides certain postretirement health care and life insurance benefits for certain employees, principally in the United States and Brazil.

The Company also maintains an Executive Nonqualified Pension Plan ("ENPP") that provides certain senior executives with retirement income for a period of 15 years or up to a lifetime annuity, if certain requirements are met. Benefits under the ENPP vest if the participant has attained age 50 and has at least ten years of service (including five years as a participant in the ENPP), but are not payable until the participant reaches age 65. The lifetime annuity benefit generally is available only to vested participants who retire on or after reaching age 65. The ENPP is an unfunded, nonqualified defined benefit pension plan.

Net annual pension costs for the years ended December 31, 2020, 2019 and 2018 for the Company's defined benefit pension plans and ENPP are set forth below (in millions):

Pension benefits	2020	2019	2018
Service cost	$ 16.2	$ 15.5	$ 16.6
Interest cost	16.5	20.7	19.9
Expected return on plan assets	(28.4)	(28.1)	(34.0)
Amortization of net actuarial losses	15.5	14.3	13.8
Amortization of prior service cost	2.1	1.6	1.2
Net loss recognized due to settlement	0.2	0.5	0.9
Net annual pension cost	$ 22.1	$ 24.5	$ 18.4

The components of net periodic pension and postretirement benefits cost, other than the service cost component, are included in "Other expense, net" in the Company's Consolidated Statements of Operations.

The weighted average assumptions used to determine the net annual pension costs for the Company's defined benefit pension plans and ENPP for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
All plans:			
Weighted average discount rate	2.0 %	2.8 %	2.5 %
Weighted average expected long-term rate of return on plan assets	4.1 %	4.6 %	5.4 %
Rate of increase in future compensation	1.8%-5.0%	1.8%-5.0%	1.8%-5.0%
U.S.-based plans:			
Weighted average discount rate	3.45 %	4.35 %	3.70 %
Weighted average expected long-term rate of return on plan assets[1]	5.0 %	5.5 %	6.0 %
Rate of increase in future compensation[2]	5.0 %	5.0 %	5.0 %

(1) Applicable for U.S. funded, qualified plans.
(2) Applicable for U.S. unfunded, nonqualified plan.

For the Company's Swiss cash balance plan, the interest crediting rate of 1.0% for both 2020 and 2019 was set equal to the current annual minimum rate set by the government for the mandatory portion of the account balance. Above mandatory amounts have an interest crediting rate of 0.0% for 2020 and 0.25% for 2019.

Net annual postretirement benefit costs, and the weighted average discount rate used to determine them, for the years ended December 31, 2020, 2019 and 2018 are set forth below (in millions, except percentages):

Postretirement benefits	2020	2019	2018
Service cost	$ 0.1	$ 0.1	$ 0.1
Interest cost	1.2	1.3	1.4
Amortization of net actuarial losses	0.1	—	0.1
Amortization of prior service cost	0.1	0.1	0.2
Net annual postretirement benefit cost	$ 1.5	$ 1.5	$ 1.8
Weighted average discount rate	4.5 %	5.2 %	4.9 %

The following tables set forth reconciliations of the changes in benefit obligation, plan assets and funded status as of December 31, 2020 and 2019 (in millions):

	Pension and ENPP Benefits		Postretirement Benefits	
Change in benefit obligation	**2020**	**2019**	**2020**	**2019**
Benefit obligation at beginning of year	$ 917.3	$ 823.1	$ 29.4	$ 25.3
Service cost	16.2	15.5	0.1	0.1
Interest cost	16.5	20.7	1.2	1.3
Plan participants' contributions	1.3	1.2	—	—
Actuarial losses (gains)	86.8	83.3	(1.1)	4.5
Amendments	(0.3)	4.7	—	—
Settlements	(0.3)	(0.8)	—	—
Benefits paid	(44.6)	(44.8)	(1.5)	(1.5)
Foreign currency exchange rate changes	40.8	14.4	(1.7)	(0.3)
Benefit obligation at end of year	$ 1,033.7	$ 917.3	$ 26.4	$ 29.4

	Pension and ENPP Benefits		Postretirement Benefits	
Change in plan assets	**2020**	**2019**	**2020**	**2019**
Fair value of plan assets at beginning of year	$ 711.0	$ 617.1	$ —	$ —
Actual return on plan assets	76.6	91.2	—	—
Employer contributions	32.4	30.6	1.5	1.5
Plan participants' contributions	1.3	1.2	—	—
Benefits paid	(44.6)	(44.8)	(1.5)	(1.5)
Settlements	(0.3)	(0.8)	—	—
Foreign currency exchange rate changes	32.2	16.5	—	—
Fair value of plan assets at end of year	$ 808.6	$ 711.0	$ —	$ —
Funded status	$ (225.1)	$ (206.3)	$ (26.4)	$ (29.4)
Unrecognized net actuarial losses	385.1	362.2	2.6	3.9
Unrecognized prior service cost	20.1	22.5	2.9	3.0
Accumulated other comprehensive loss	(405.2)	(384.7)	(5.5)	(6.9)
Net amount recognized	$ (225.1)	$ (206.3)	$ (26.4)	$ (29.4)
Amounts recognized in Consolidated Balance Sheets:				
Other long-term asset	$ 13.2	$ 6.2	$ —	$ —
Other current liabilities	(6.7)	(4.9)	(1.4)	(1.6)
Accrued expenses	(3.2)	(3.3)	—	—
Pensions and postretirement health care benefits (noncurrent)	(228.4)	(204.3)	(25.0)	(27.8)
Net amount recognized	$ (225.1)	$ (206.3)	$ (26.4)	$ (29.4)

The following table summarizes the activity in accumulated other comprehensive loss related to the Company's ENPP and defined pension and postretirement benefit plans during the years ended December 31, 2020 and 2019 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated other comprehensive loss as of December 31, 2018	$ (379.8)	$ (97.4)	$ (282.4)
Prior service cost arising during the year	(4.7)	—	(4.7)
Net loss recognized due to settlement	0.6	—	0.6
Net actuarial loss arising during the year	(25.3)	(2.0)	(23.3)
Amortization of prior service cost	1.7	0.1	1.6
Amortization of net actuarial losses	14.3	2.5	11.8
Accumulated other comprehensive loss as of December 31, 2019	$ (393.2)	$ (96.8)	$ (296.4)
Prior service cost arising during the year	0.3	—	0.3
Net loss recognized due to settlement	0.3	—	0.3
Net actuarial loss arising during the year	(37.8)	(5.1)	(32.7)
Amortization of prior service cost	2.2	0.1	2.1
Amortization of net actuarial losses	15.7	2.6	13.1
Accumulated other comprehensive loss as of December 31, 2020	$ (412.5)	$ (99.2)	$ (313.3)

The unrecognized net actuarial losses included in accumulated other comprehensive loss related to the Company's defined benefit pension plans and ENPP as of December 31, 2020 and 2019 are set forth below (in millions):

	2020	2019
Unrecognized net actuarial losses	$ 385.1	$ 362.2

The increase in unrecognized net actuarial losses between years primarily resulted from lower discount rates at December 31, 2020 compared to December 31, 2019. The unrecognized net actuarial losses will be impacted in future periods by actual asset returns, discount rate changes, currency exchange rate fluctuations, actual demographic experience and certain other factors. For some of the Company's defined benefit pension plans, these losses, to the extent they exceed 10% of the greater of the plan's liabilities or the fair value of assets ("the gain/loss corridor"), will be amortized on a straight-line basis over the periods discussed as follows. For the Company's U.S. salaried, U.S. hourly and U.K. defined benefit pension plans, the population covered is predominantly inactive participants, and losses related to those plans, to the extent they exceed the gain/loss corridor, will be amortized over the average remaining lives of those participants while covered by the respective plan. For the Company's ENPP, the population is predominantly active participants, and losses related to the plan will be amortized over the average future working lifetime of the active participants expected to receive benefits. As of December 31, 2020, the average amortization periods were as follows:

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

The following table summarizes the unrecognized prior service cost related to the Company's defined benefit pension plans as of December 31, 2020 and 2019 (in millions):

	2020	2019
Unrecognized prior service cost	$ 20.1	$ 22.5

The decrease in the unrecognized prior service cost between years is due primarily to the amortization of unrecognized prior service cost related to prior plan amendments. The amortization of unrecognized prior service cost during 2020 also included the initial amortization impacts of an amendment to the Company's ENPP during 2019.

The following table summarizes the unrecognized net actuarial losses included in the Company's accumulated other comprehensive loss related to the Company's U.S. and Brazilian postretirement health care benefit plans as of December 31, 2020 and 2019 (in millions):

	2020	2019
Unrecognized net actuarial losses[1]	$ 2.6	$ 3.9

(1) Includes a loss of approximately $1.0 million and $1.6 million, respectively, related to the Company's U.S. postretirement benefit plans.

The decrease in unrecognized net actuarial losses related to the Company's U.S. and Brazilian postretirement benefit plans was primarily due to liability gain due to the experience of the plans as of December 31, 2020 as compared to December 31, 2019. The unrecognized net actuarial gains or losses will be impacted in future periods by discount rate changes, actual demographic experience, actual health care inflation and certain other factors. These gains or losses, to the extent they exceed the gain/loss corridor, will be amortized on a straight-line basis over the average remaining service period of active employees expected to receive benefits, or the average remaining lives of inactive participants, covered under the postretirement benefit plans. As of December 31, 2020, the average amortization period was 10 years for the Company's U.S. postretirement benefit plans.

As of December 31, 2020 and 2019, the net prior service cost related to the Company's U.S. and Brazilian postretirement health care benefit plans was as follows (in millions):

	2020	2019
Net prior service cost	$ 2.9	$ 3.0

The following table summarizes the fair value of plan assets, aggregate projected benefit obligation and accumulated benefit obligation as of December 31, 2020 and 2019 for defined benefit pension plans, ENPP and other postretirement plans with accumulated benefit obligations in excess of plan assets (in millions):

	2020	2019
All plans:		
Fair value of plan assets	$ 41.6	$ 67.8
Projected benefit obligation	306.2	309.3
Accumulated benefit obligation	269.4	275.2
U.S.-based plans and ENPP:		
Fair value of plan assets	$ 5.1	$ 38.3
Projected benefit obligation	157.4	172.5
Accumulated benefit obligation	135.4	151.9

The 2020 amounts disclosed above do not include balances related to the Company's U.K. plan. The Company's U.K. plan's fair value of plan assets was in excess of the plan's accumulated benefit obligation as of December 31, 2020. The amounts for 2019 disclosed above do not include the fair value of plan assets, the projected benefit obligation or the accumulated benefit obligation related to the Company's U.K. plan. The Company's U.K. plan's fair value of plan assets was in excess of the plan's accumulated benefit obligation as of December 31, 2019.

The Company's accumulated comprehensive loss as of December 31, 2020 and 2019 reflects a reduction in equity related to the following items (in millions):

	2020	2019
All plans:[1]		
Reduction in equity, net of taxes of $98.6 and $96.3 at December 31, 2020 and 2019, respectively	$ 410.8	$ 391.6
GIMA joint venture:[2]		
Reduction in equity, net of taxes of $0.6 and $0.5 at December 31, 2020 and 2019, respectively	1.7	1.6

(1) Primarily related to the Company's U.K. pension plan.
(2) These amounts represented 50% of GIMA's unrecognized net actuarial losses and unrecognized prior service cost associated with its pension plan. In addition, GIMA recognized a net actuarial loss due to settlements of approximately $0.1 million for both of 2020 and 2019, respectively.

The Company's defined benefit pension obligation has been reflected based on the manner in which its defined benefit plans are being administered. The obligation and resulting liability is calculated employing both actuarial and legal assumptions. These assumptions include, but are not limited to, future inflation, the return on pension assets, discount rates, life expectancy and potential salary increases. There are also assumptions related to the manner in which individual benefit plan benefits are calculated, some of which are legal in nature and include, but are not limited to, member eligibility, years of service and the uniformity of both guaranteed minimum pension benefits and member normal retirement ages for men and women. Some of these assumptions also are subject to the outcome of certain legal cases, which are currently unknown. In the event that any of these assumptions or the administration approach are proven to be different from the Company's current interpretations and approach, there could be material increases in the Company's defined benefit pension obligation and the related amounts and timing of future contributions to be paid by the Company.

The weighted average assumptions used to determine the benefit obligation for the Company's defined benefit pension plans and ENPP as of December 31, 2020 and 2019 are as follows:

	2020	2019
All plans:		
Weighted average discount rate	1.5 %	2.0 %
Rate of increase in future compensation	1.50%-5.0%	1.75%-5.0%
U.S.-based plans:		
Weighted average discount rate	2.75 %	3.45 %
Rate of increase in future compensation[1]	5.0 %	5.0 %

(1) Applicable for U.S. unfunded, nonqualified plan.

The weighted average discount rate used to determine the benefit obligation for the Company's postretirement benefit plans for the years ended December 31, 2020 and 2019 was 3.8% and 4.5%, respectively.

For the years ended December 31, 2020, 2019 and 2018, the Company used a globally consistent methodology to set the discount rate in the countries where its largest benefit obligations exist. In the United States, the United Kingdom and the Euro Zone, the Company constructed a hypothetical bond portfolio of high-quality corporate bonds and then applied the cash flows of the Company's benefit plans to those bond yields to derive a discount rate. The bond portfolio and plan-specific cash flows vary by country, but the methodology in which the portfolio is constructed is consistent. In the United States, the bond portfolio is large enough to result in taking a "settlement approach" to derive the discount rate, in which high-quality corporate bonds are assumed to be purchased and the resulting coupon payments and maturities are used to satisfy the Company's U.S. pension plans' projected benefit payments. In the United Kingdom and the Euro Zone, the discount rate is derived using a "yield curve approach," in which an individual spot rate, or zero coupon bond yield, for each future annual period is developed to discount each future benefit payment and, thereby, determine the present value of all future payments. The Company uses a spot yield curve to determine the discount rate applicable in the United Kingdom to measure the U.K. pension plan's service cost and interest cost. Under the settlement and yield curve approaches, the discount rate is set to equal the single discount rate that produces the same present value of all future payments.

For measuring the expected U.S. postretirement benefit obligation at December 31, 2020, the Company assumed a 7.0% health care cost trend rate for 2021 decreasing to 5.0% by 2029. For measuring the expected U.S. postretirement benefit obligation at December 31, 2019, the Company assumed a 6.25% health care cost trend rate for 2020 decreasing to 5.0% by 2025. For measuring the Brazilian postretirement benefit plan obligation at December 31, 2020, the Company assumed a 9.96% health care cost trend rate for 2021, decreasing to 4.28% by 2032. For measuring the Brazilian postretirement benefit plan obligation at December 31, 2019, the Company assumed a 10.55% health care cost trend rate for 2020, decreasing to 4.8% by 2031.

The Company currently estimates its minimum contributions and benefit payments to its U.S.-based underfunded defined benefit pension plans and unfunded ENPP for 2021 will aggregate approximately $4.4 million. The Company currently estimates its minimum contributions for underfunded plans and benefit payments for unfunded plans for 2021 to its non-U.S.-based defined benefit pension plans will aggregate approximately $31.3 million, of which approximately $20.9 million relates to its U.K. pension plan. The Company currently estimates its benefit payments for 2021 to its U.S.-based postretirement health care and life insurance benefit plans will aggregate approximately $1.5 million and its benefit payments for 2021 to its Brazilian postretirement health care benefit plans will aggregate less than $0.1 million.

During 2020, approximately $44.9 million of benefit payments were made related to the Company's defined benefit pension plans and ENPP. At December 31, 2020, the aggregate expected benefit payments for the Company's defined benefit pension plans and ENPP are as follows (in millions):

2021	$ 50.5
2022	51.0
2023	51.9
2024	51.4
2025	52.6
2026 through 2030	283.6
	$ 541.0

During 2020, approximately $1.5 million of benefit payments were made related to the Company's U.S. and Brazilian postretirement benefit plans. At December 31, 2020, the aggregate expected benefit payments for the Company's U.S. and Brazilian postretirement benefit plans are as follows (in millions):

2021	$ 1.5
2022	1.5
2023	1.6
2024	1.6
2025	1.6
2026 through 2030	7.8
	$ 15.6

Investment Strategy and Concentration of Risk

The weighted average asset allocation of the Company's U.S. pension benefit plans as of December 31, 2020 and 2019 are as follows:

Asset Category	2020	2019
Equity securities	36 %	34 %
Fixed income securities	57 %	59 %
Other investments	7 %	7 %
Total	100 %	100 %

The weighted average asset allocation of the Company's non-U.S. pension benefit plans as of December 31, 2020 and 2019 are as follows:

Asset Category	2020	2019
Equity securities	41 %	39 %
Fixed income securities	53 %	54 %
Other investments	6 %	7 %
Total	100 %	100 %

The Company categorizes its pension plan assets into one of three levels based on the assumptions used in valuing the asset. See Note 12 for a discussion of the fair value hierarchy as per the guidance in ASC 820, "Fair Value Measurements" ("ASC 820"). The Company's valuation techniques are designed to maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses the following valuation methodologies to measure the fair value of its pension plan assets:

- *Equity Securities*: Equity securities are valued on the basis of the closing price per unit on each business day as reported on the applicable exchange. Equity funds are valued using the net asset value of the fund, which is based on the fair value of the underlying securities.
- *Fixed Income*: Fixed income securities are valued using the closing prices in the active market in which the fixed income investment trades. Fixed income funds are valued using the net asset value of the fund, which is based on the fair value of the underlying securities.
- *Cash*: These investments primarily consist of short-term investment funds which are valued using the net asset value.
- *Alternative Investments*: These investments are reported at fair value as determined by the general partner of the alternative investment. The "market approach" valuation technique is used to value investments in these funds. The funds typically are open-end funds as they generally offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by each fund's governing documents. The amount of liquidity provided to investors in a particular fund generally is consistent with the liquidity and risk associated with the underlying portfolio (i.e., the more liquid the investments in the portfolio, the greater the liquidity provided to investors). Liquidity of individual funds varies based on various factors and may include "gates," "holdbacks" and "side pockets" imposed by the manager of the fund, as well as redemption fees that may also apply. Investments in these funds typically are valued utilizing the net asset valuations provided by their underlying investment managers, general partners or administrators. The funds consider subscription and redemption rights, including any restrictions on the disposition of the interest, in its determination of the fair value.
- *Insurance Contracts*: Insurance contracts are valued using current prevailing interest rates.

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

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

(1) 44% of "fixed income" securities are in investment-grade corporate bonds; 20% are in government treasuries; 11% are in high-yield securities; 10% are in foreign securities; 6% are in asset-backed and mortgage-backed securities; and 9% are in other various fixed income securities.
(2) 42% of "alternative investments" are in relative value funds; 25% are in long-short equity funds; 14% are in event-driven funds; 14% are in credit funds; and 5% are distributed in hedged and non-hedged funds.
(3) "Miscellaneous funds" is comprised of insurance contracts in Finland, Norway and Switzerland.
(4) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy.

The following is a reconciliation of Level 3 assets as of December 31, 2020 (in millions):

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

The fair value of the Company's pension assets as of December 31, 2019 is as follows (in millions):

	Total	Level 1	Level 2	Level 3
Equity securities:				
Global equities	$ 183.4	$ 116.5	$ 66.9	$ —
Non-U.S. equities	3.8	3.8	—	—
U.K. equities	65.2	65.2	—	—
U.S. large cap equities	5.9	5.9	—	—
U.S. small cap equities	3.4	3.4	—	—
Total equity securities	261.7	194.8	66.9	—
Fixed income:				
Aggregate fixed income	150.1	150.1	—	—
International fixed income	220.0	220.0	—	—
Total fixed income share[1]	370.1	370.1	—	—
Alternative investments:				
Private equity fund	2.3	—	—	2.3
Hedge funds measured at net asset value[4]	33.3	—	—	—
Total alternative investments[2]	35.6	—	—	2.3
Miscellaneous funds[3]	30.8	—	—	30.8
Cash and equivalents measured at net asset value[4]	12.8	—	—	—
Total assets	$ 711.0	$ 564.9	$ 66.9	$ 33.1

(1) 43% of "fixed income" securities are in investment-grade corporate bonds; 18% are in government treasuries; 14% are in high-yield securities; 10% are in foreign securities; 9% are in asset-backed and mortgage-backed securities; and 6% are in other various fixed income securities.
(2) 42% of "alternative investments" are in relative value funds; 24% are in long-short equity funds; 21% are in event-driven funds; 7% are distributed in hedged and non-hedged funds; and 6% are in credit funds.
(3) "Miscellaneous funds" is comprised of insurance contracts in Finland, Norway and Switzerland.
(4) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy.

The following is a reconciliation of Level 3 assets as of December 31, 2019 (in millions):

	Total	Alternative Investments	Miscellaneous Funds
Beginning balance as of December 31, 2018	$ 30.5	$ 2.3	$ 28.2
Actual return on plan assets:			
(a) Relating to assets still held at reporting date	1.9	(0.1)	2.0
(b) Relating to assets sold during period	—	—	—
Purchases, sales and /or settlements	1.3	0.1	1.2
Foreign currency exchange rate changes	(0.6)	—	(0.6)
Ending balance as of December 31, 2019	$ 33.1	$ 2.3	$ 30.8

All tax-qualified pension fund investments in the United States are held in the AGCO Corporation Master Pension Trust. The Company's global pension fund strategy is to diversify investments across broad categories of equity and fixed income securities with appropriate use of alternative investment categories to minimize risk and volatility. The primary investment objective of the Company's pension plans is to secure participant retirement benefits. As such, the key objective in the pension plans' financial management is to promote stability and, to the extent appropriate, growth in funded status.

The investment strategy for the plans' portfolio of assets balances the requirement to generate returns with the need to control risk. The asset mix is recognized as the primary mechanism to influence the reward and risk structure of the pension fund investments in an effort to accomplish the plans' funding objectives. The overall investment strategies and target

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

	U.S. Pension Plans	Non-U.S. Pension Plans[1]
Overall investment strategies:[2]		
Assets for the near-term benefit payments	60.0 %	55.0 %
Assets for longer-term growth	40.0 %	45.0 %
Total	100.0 %	100.0 %
Target allocations:		
Equity securities	30.0 %	40.0 %
Fixed income securities	55.0 %	55.0 %
Alternative investments	10.0 %	5.0 %
Cash and cash equivalents	5.0 %	— %
Total	100.0 %	100.0 %

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

The Company has noted that over very long periods, this mix of investments would achieve an average return on its U.S.-based pension plans of approximately 5.5%. In arriving at the choice of an expected return assumption of 5.0% for its U.S. plans for the year ended December 31, 2021, the Company has tempered this historical indicator with lower expectations for returns and changes to investments in the future as well as the administrative costs of the plans. The Company has noted that over very long periods, this mix of investments would achieve an average return on its non-U.S. based pension plans of approximately 4.25%. In arriving at the choice of an expected return assumption of 4.0% for its U.K.-based plans for the year ended December 31, 2021, the Company has tempered this historical indicator with lower expectations for returns and changes to investments in the future as well as the administrative costs of the plans.

Equity securities primarily include investments in large-cap and small-cap companies located across the globe. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, agency mortgages, asset-backed securities and government securities. Alternative and other assets include investments in hedge fund of funds that follow diversified investment strategies. To date, the Company has not invested pension funds in its own stock and has no intention of doing so in the future.

Within each asset class, careful consideration is given to balancing the portfolio among industry sectors, geographies, interest rate sensitivity, dependence on economic growth, currency and other factors affecting investment returns. The assets are managed by professional investment firms, who are bound by precise mandates and are measured against specific benchmarks. Among asset managers, consideration is given, among others, to balancing security concentration, issuer concentration, investment style and reliance on particular active investment strategies.

The Company participates in a small number of multiemployer plans in the Netherlands and Sweden. The Company has assessed and determined that none of the multiemployer plans which it participates in are individually, or in the aggregate, significant to the Company's Consolidated Financial Statements. The Company does not expect to incur a withdrawal liability or expect to significantly increase its contributions over the remainder of the multiemployer plans' contract periods.

The Company maintains separate defined contribution plans covering certain employees, primarily in the United States, the United Kingdom and Brazil. Under the plans, the Company contributes a specified percentage of each eligible employee's compensation. The Company contributed approximately $15.4 million for the year ended December 31, 2020 and $15.8 million for both the years ended December 31, 2019 and 2018.

8. Stockholders' Equity

Common Stock

At December 31, 2020, the Company had 150,000,000 authorized shares of common stock with a par value of $0.01 per share, with approximately 74,962,231 shares of common stock outstanding and approximately 3,853,244 shares reserved for issuance under the Company's 2006 Long-Term Incentive Plan (the "Plan") (See Note 9).

Share Repurchase Program

During the three months ended March 31, 2020 and throughout 2019, the Company repurchased approximately 970,141 and 1,794,256 shares of its common stock, respectively, for approximately $55.0 million and $130.0 million, respectively, either through accelerated share repurchase agreements with financial institutions or through open market transactions. All shares received 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 Consolidated Balance Sheets. The Company suspended share repurchases subsequent to March 31, 2020 in light of the COVID-19 pandemic and has not repurchased shares since that period.

As of December 31, 2020, the remaining amount authorized to be repurchased under board-approved share repurchase authorizations was approximately $245.0 million, which has no expiration date.

Dividends

The Company's Board of Directors has declared and the Company has paid quarterly cash dividends per common share generally beginning in the first quarter of the following years:

	2020[1]	2019[1]	2018
Dividends declared and paid per common share	$ 0.16	$ 0.15	$ 0.15

(1) The Company's Board of Directors declared and the Company has paid quarterly cash dividends of $0.16 per common share beginning in the second quarter of 2019, from $0.15 per common share in the first quarter of 2019. On January 21, 2021, the Company's Board of Directors approved a quarterly dividend of $0.16 per common share commencing in the first quarter of 2021.

Accumulated Other Comprehensive Loss

The following table sets forth changes in accumulated other comprehensive loss by component, net of tax, attributed to AGCO Corporation and its subsidiaries for the years ended December 31, 2020 and 2019 (in millions):

	Defined Benefit Pension Plans	Cumulative Translation Adjustment	Deferred Net Gains (Losses) on Derivatives	Total
Accumulated other comprehensive loss, December 31, 2018	$ (282.4)	$ (1,274.4)	$ 1.4	$ (1,555.4)
Other comprehensive loss before reclassifications	(27.4)	(23.1)	(2.6)	(53.1)
Net losses (gains) reclassified from accumulated other comprehensive loss	13.4	—	(0.1)	13.3
Other comprehensive loss, net of reclassification adjustments	(14.0)	(23.1)	(2.7)	(39.8)
Accumulated other comprehensive loss, December 31, 2019	(296.4)	(1,297.5)	(1.3)	(1,595.2)
Other comprehensive loss (gain) before reclassifications	(32.1)	(197.5)	5.1	(224.5)
Net losses (gains) reclassified from accumulated other comprehensive loss	15.2	—	(6.3)	8.9
Other comprehensive loss, net of reclassification adjustments	(16.9)	(197.5)	(1.2)	(215.6)
Accumulated other comprehensive loss, December 31, 2020	$ (313.3)	$ (1,495.0)	$ (2.5)	$ (1,810.8)

The following table sets forth reclassification adjustments out of accumulated other comprehensive loss by component attributed to AGCO Corporation and its subsidiaries for the years ended December 31, 2020 and 2019 (in millions):

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item within the Consolidated Statements of Operations
	Year ended December 31, 2020[1]	Year ended December 31, 2019[1]	
Derivatives:			
Net gains on foreign currency contracts	$ (6.4)	$ (0.1)	Cost of goods sold
Reclassification before tax	(6.4)	(0.1)	
	0.1	—	Income tax provision
Reclassification net of tax	$ (6.3)	$ (0.1)	
Defined benefit pension plans:			
Amortization of net actuarial losses	$ 15.7	$ 14.3	Other expense, net[2]
Amortization of prior service cost	2.2	1.7	Other expense, net[2]
Reclassification before tax	17.9	16.0	
	(2.7)	(2.6)	Income tax provision
Reclassification net of tax	$ 15.2	$ 13.4	
Net losses reclassified from accumulated other comprehensive loss	$ 8.9	$ 13.3	

(1) (Gains) losses included within the Consolidated Statements of Operations for the years ended December 31, 2020 and 2019, respectively.

(2) These accumulated other comprehensive loss components are included in the computation of net periodic pension and postretirement benefit cost. See Note 7 to the Company's Consolidated Financial Statements.

9. Stock Incentive Plan

Under the Plan, up to 10,000,000 shares of AGCO's common stock may be issued. As of December 31, 2020, of the 10,000,000 shares reserved for issuance under the Plan, approximately 3,853,244 shares remained available for grant, assuming the maximum number of shares are earned related to the performance award grants discussed below. The Plan allows the Company, under the direction of the Board of Directors' Compensation Committee, to make grants of performance shares, stock appreciation rights, restricted stock units and restricted stock awards to employees, officers and non-employee directors of the Company.

Long-Term Incentive Plan and Related Performance Awards

The Company's primary long-term incentive plan is a performance share plan that provides for awards of shares of the Company's common stock based on achieving financial targets, such as targets for earnings per share, return on invested capital and operating margins, as determined by the Company's Board of Directors. The stock awards under the Plan are earned over a performance period, and the number of shares earned is determined based on annual cumulative or average results for the specified period, depending on the measurement. Performance periods for the Company's primary long-term incentive plan are consecutive and overlapping three-year cycles, and performance targets are set at the beginning of each cycle. The primary long-term incentive plan provides for participants to earn 33% to 200% of the target awards depending on the actual performance achieved, with no shares earned if performance is below the established minimum target. Awards earned under the Plan are paid in shares of common stock at the end of each three-year performance period. The percentage level achievement is determined annually, with the ultimate award that is earned determined based upon the average of the three annual percentages. The compensation expense associated with these awards is amortized ratably over the vesting or performance period based on the Company's projected assessment of the level of performance that will be achieved and earned.

Compensation expense recorded during 2020, 2019 and 2018 with respect to awards granted was based upon the stock price as of the grant date. The weighted average grant-date fair value of performance awards granted under the Plan during 2020, 2019 and 2018 was as follows:

	Years Ended December 31,		
	2020	2019	2018
Weighted average grant-date fair value	$ 70.84	$ 61.01	$ 71.40

During 2020, the Company granted 425,440 performance awards related to varying performance periods. The awards granted assume the maximum target levels of performance are achieved. 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 2020 were as follows and are presented as if the Company were to achieve its maximum levels of performance under the plan:

Shares awarded but not earned at January 1	932,182
Shares awarded	425,440
Shares forfeited	(221,586)
Shares earned	(553,084)
Shares awarded but not earned at December 31	582,952

Based on the level of performance achieved as of December 31, 2020, 553,084 shares were earned under the related performance period and 233,668 shares were issued in February 2021, net of 149,434 shares that were withheld for taxes related to the earned awards. The Plan allows for the participant to have the option of forfeiting a portion of the shares awarded in lieu of a cash payment contributed to the participant's tax withholding to satisfy the participant's statutory minimum federal, state and employment taxes which would be payable at the time of grant. In addition, there were 169,982 shares earned as of December 31, 2020 related to certain retirees and other individuals that will be issued at the end of the relevant performance periods based on the ultimate level of performance achieved with respect to those periods.

As of December 31, 2020, 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 $17.1 million, and the weighted average period over which it is expected to be recognized is approximately one and one-half years. This estimate is based on the current projected levels of performance of outstanding awards. The compensation cost not yet recognized could be higher or lower based on actual achieved levels of performance.

Restricted Stock Units

During the year ended December 31, 2020, the Company granted 95,593 restricted stock unit ("RSU") awards. These awards entitle the participant to receive one share of the Company's common stock for each RSU granted and vest one-third per year over a three-year requisite service period. The 2020 grant of RSU's to certain executives was and had a three-year cliff vesting requirement. The compensation expense associated with all RSU awards is being amortized ratably over the requisite service period for the awards that are expected to vest. The weighted average grant-date fair value of the RSUs granted under the Plan during the years ended December 31, 2020, 2019 and 2018 were $70.83, $61.01 and $63.99, respectively. RSU transactions during the year ended December 31, 2020 were as follows:

Shares awarded but not vested at January 1	396,529
Shares awarded	95,593
Shares forfeited	(67,914)
Shares vested	(280,921)
Shares awarded but not vested at December 31	143,287

As of December 31, 2020, the total compensation cost related to the unvested RSUs not yet recognized was approximately $5.1 million, and the weighted average period over which it is expected to be recognized is approximately one and one-half years.

Stock-settled Appreciation Rights

Certain executives and key managers were eligible to receive grants of SSARs through the year ended December 31, 2020. The SSARs provide a participant with the right to receive the aggregate appreciation in stock price over the market price of the Company's common stock at the date of grant, payable in shares of the Company's common stock. The participant may exercise his or her SSARs at any time after the grant is vested but no later than seven years after the date of grant. The SSARs vest ratably over a four-year period from the date of grant. SSAR awards made to certain executives and key managers under the Plan are made with the base price equal to the price of the Company's common stock on the date of grant. The Company recorded stock compensation expense of approximately $1.9 million, $2.4 million and $2.4 million associated with SSAR awards during 2020, 2019 and 2018, respectively. The compensation expense associated with these awards is being amortized ratably over the vesting period. The Company estimated the fair value of the grants using the Black-Scholes option pricing model.

The weighted average grant-date fair value of SSAR awards granted under the Plan and the weighted average assumptions under the Black-Scholes option model were as follows for the years ended December 31, 2020, 2019 and 2018:

	Years Ended December 31,		
	2020	2019	2018
Weighted average grant-date fair value	$ 12.31	$ 11.34	$ 12.88
Weighted average assumptions under Black-Scholes option model:			
Expected life of awards (years)	3.0	3.0	3.0
Risk-free interest rate	1.5 %	2.6 %	2.2 %
Expected volatility	24.1 %	24.2 %	23.7 %
Expected dividend yield	0.9 %	1.0 %	0.8 %

SSAR transactions during the year ended December 31, 2020 were as follows:

SSARs outstanding at January 1	759,675
SSARs granted	187,100
SSARs exercised	(311,200)
SSARs canceled or forfeited	(232,425)
SSARs outstanding at December 31	403,150
SSAR price ranges per share:	
Granted	$ 72.74
Exercised	43.88 - 73.14
Canceled or forfeited	43.88 - 73.14
Weighted average SSAR exercise prices per share:	
Granted	$ 72.74
Exercised	56.61
Canceled or forfeited	67.87
Outstanding at December 31	66.44

At December 31, 2020, the weighted average remaining contractual life of SSARs outstanding was approximately four years. As of December 31, 2020, the total compensation cost related to unvested SSARs not yet recognized was approximately $1.7 million and the weighted-average period over which it is expected to be recognized is approximately two and one-half years.

The following table sets forth the exercise price range, number of shares, weighted average exercise price, and remaining contractual lives by groups of similar price as of December 31, 2020:

	SSARs Outstanding			SSARs Exercisable	
Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Exercisable as of December 31, 2020	Weighted Average Exercise Price
$43.88 - $62.85	142,106	3.73	$ 60.52	68,756	$ 58.04
$63.47 - $73.14	261,044	4.21	$ 69.66	101,369	$ 67.56
	403,150			170,125	$ 63.71

The total fair value of SSARs vested during 2020 was approximately $3.1 million. There were 233,025 SSARs that were not vested as of December 31, 2020. The total intrinsic value of outstanding and exercisable SSARs as of December 31, 2020 was $14.8 million and $6.7 million, respectively. The total intrinsic value of SSARs exercised during 2020 was approximately $10.2 million.

The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs, vesting of RSU awards and vesting of performance awards under the Plan was approximately $2.5 million for the year ended December 31, 2020. The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs and vesting of RSU awards and vesting of performance awards under the Plan was approximately $2.7 million for the year ended December 31, 2019. The excess tax benefit realized for tax deductions in the United States related to the exercise of SSARs and vesting of RSU awards and vesting of performance awards under the Plan was approximately $1.6 million for the year ended December 31, 2018. The Company realized an insignificant tax benefit from the exercise of SSARs, vesting of performance awards and vesting of RSU awards in certain foreign jurisdictions during the years ended December 31, 2020, 2019 and 2018.

On January 20, 2021, the Company granted 134,754 performance award shares (subject to the Company achieving future target levels of performance) and 89,775 RSUs under the Plan. The 2021 grant of performance award shares is subject to a total shareholder return modifier.

Director Restricted Stock Grants

Pursuant to the Plan, all non-employee directors receive annual restricted stock grants of the Company's common stock. All restricted stock grants made to the Company's directors are restricted as to transferability for a period of one year. In the event a director departs from the Company's Board of Directors, the non-transferability period expires immediately. The plan allows each director to have the option of forfeiting a portion of the shares awarded in lieu of a cash payment contributed to the participant's tax withholding to satisfy the statutory minimum federal, state and employment taxes that would be payable at the time of grant. The 2020 grant was made on April 30, 2020 and equated to 25,542 shares of common stock, of which 19,862 shares of common stock were issued, after shares were withheld for taxes. The Company recorded stock compensation expense of approximately $1.4 million during 2020 associated with these grants.

10. Derivative Instruments and Hedging Activities

The Company attempts to manage its transactional foreign exchange exposure by hedging foreign currency cash flow forecasts and commitments arising from the anticipated settlement of receivables and payables and from future purchases and sales. Where naturally offsetting currency positions do not occur, the Company hedges certain, but not all, of its exposures through the use of foreign currency contracts. The Company's translation exposure resulting from translating the financial statements of foreign subsidiaries into United States dollars may be partially hedged from time to time. When practical, the translation impact is reduced by financing local operations with local borrowings.

The Company uses floating rate and fixed rate debt to finance its operations. The floating rate debt obligations expose the Company to variability in interest payments due to changes in the EURIBOR and LIBOR benchmark interest rates. The Company believes it is prudent to limit the variability of a portion of its interest payments, and to meet that objective, the Company periodically enters into interest rate swaps to manage the interest rate risk associated with the Company's borrowings. The Company designates interest rate contracts used to convert the interest rate exposure on a portion of the Company's debt portfolio from a floating rate to a fixed rate as cash flow hedges, while those contracts converting the Company's interest rate exposure from a fixed rate to a floating rate are designated as fair value hedges.

To protect the value of the Company's investment in foreign operations against adverse changes in foreign currency exchange rates, the Company from time to time, may hedge a portion of the Company's net investment in the foreign subsidiaries by using a cross currency swap. The component of the gains and losses on the Company's net investment in the designated foreign operations driven by changes in foreign exchange rates are economically offset by movements in the fair value of the cross currency swap contracts.

The Company is exposed to commodity risk from steel and other raw material purchases where a portion of the contractual purchase price is linked to a variable rate based on publicly available market data. From time to time, the Company enters into cash flow hedges to mitigate its exposure to variability in commodity prices.

The Company's senior management establishes the Company's foreign currency and interest rate risk management policies. These policies are reviewed periodically by the Finance Committee of the Company's Board of Directors. The policies allow for the use of derivative instruments to hedge exposures to movements in foreign currency and interest rates. The Company's policies prohibit the use of derivative instruments for speculative purposes.

All derivatives are recognized on the Company's Consolidated Balance Sheets at fair value. On the date the derivative contract is entered into, the Company designates the derivative as either (1) a cash flow hedge of a forecasted transaction, (2) a fair value hedge of a recognized liability, (3) a hedge of a net investment in a foreign operation, or (4) a non-designated derivative instrument.

The Company categorizes its derivative assets and liabilities into one of three levels based on the assumptions used in valuing the asset or liability. See Note 12 for a discussion of the fair value hierarchy as per the guidance in ASC 820. The Company's valuation techniques are designed to maximize the use of observable inputs and minimize the use of unobservable inputs.

Counterparty Risk

The Company regularly monitors the counterparty risk and credit ratings of all the counterparties to the derivative instruments. The Company believes that its exposures are appropriately diversified across counterparties and that these counterparties are creditworthy financial institutions. If the Company perceives any risk with a counterparty, then the Company would cease to do business with that counterparty. There have been no negative impacts to the Company from any non-performance of any counterparties.

Derivative Transactions Designated as Hedging Instruments

Cash Flow Hedges

Foreign Currency Contracts

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates. The changes in the fair values of these cash flow hedges are recorded in accumulated other comprehensive loss and are subsequently reclassified into “Cost of goods sold” during the period the sales and purchases are recognized. These amounts offset the effect of the changes in foreign currency rates on the related sale and purchase transactions.

During 2020, 2019 and 2018, 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 $395.8 million and $332.7 million as of December 31, 2020 and 2019, respectively.

Steel Commodity Contracts

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

The following table summarizes the after-tax impact that changes in the fair value of derivatives designated as cash flow hedges had on accumulated other comprehensive loss and net income during 2020, 2019 and 2018 (in millions):

		Recognized in Net Income		
	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss	Classification of Gain (Loss)	Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of the Line Item in the Consolidated Statements of Operations Containing Hedge Gains (Losses)
2020				
Foreign currency contracts[1]	$ 4.6	Cost of goods sold	$ 6.3	$ 7,092.2
Commodity contracts[2]	0.5		—	
Total	$ 5.1		$ 6.3	
2019				
Foreign currency contracts	$ (2.6)	Cost of goods sold	$ 0.1	$ 7,057.1
2018				
Foreign currency contracts	$ 0.4	Cost of goods sold	$ (2.2)	$ 7,355.3
Interest rate swap contract	(1.5)	Interest expense, net	(5.0)	53.8
Total	$ (1.1)		$ (7.2)	

[1] The outstanding contracts as of December 31, 2020 range in maturity through December 2021.
[2] The outstanding contracts as of December 31, 2020 range in maturity through May 2021.

The following table summarizes the activity in accumulated other comprehensive loss related to the derivatives held by the Company during the years ended December 31, 2020, 2019 and 2018 (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
Accumulated derivative net losses as of December 31, 2017	$ (6.0)	$ (1.3)	$ (4.7)
Net changes in fair value of derivatives	(1.0)	0.1	(1.1)
Net losses reclassified from accumulated other comprehensive loss into income	8.6	1.4	7.2
Accumulated derivative net gains as of December 31, 2018	$ 1.6	$ 0.2	$ 1.4
Net changes in fair value of derivatives	(3.0)	(0.4)	(2.6)
Net gains reclassified from accumulated other comprehensive loss into income	(0.1)	—	(0.1)
Accumulated derivative net losses as of December 31, 2019	$ (1.5)	$ (0.2)	$ (1.3)
Net changes in fair value of derivatives	4.9	(0.2)	5.1
Net gains reclassified from accumulated other comprehensive loss into income	(6.4)	(0.1)	(6.3)
Accumulated derivative net losses as of December 31, 2020	$ (3.0)	$ (0.5)	$ (2.5)

Net Investment Hedges

The Company uses non-derivative and derivative instruments, to hedge a portion of its net investment in foreign operations against adverse movements in exchange rates. For instruments that are designated as hedges of net investments in foreign operations, changes in the fair value of the derivative instruments are recorded in foreign currency translation adjustments, a component of accumulated other comprehensive loss, to offset changes in the value of the net investments being hedged. When the net investment in foreign operations is sold or substantially liquidates, the amounts recorded in accumulated other comprehensive loss are reclassified to earnings. To the extent foreign currency denominated debt is de-designated from

a net investment hedge relationship, changes in the value of the foreign currency denominated debt are recorded in earnings through the maturity date.

In January 2018, the Company entered into a cross currency swap contract as a hedge of its net investment in foreign operations to offset foreign currency translation gains or losses on the net investment. The cross currency swap expired on January 19, 2021. At maturity of the cross currency swap contract, the Company delivered the notional amount of approximately €245.7 million (or approximately $297.1 million as of January 19, 2021) and received $300.0 million from the counterparties, resulting in a gain of approximately $2.9 million that was recognized in accumulated other comprehensive loss. The Company received quarterly interest payments from the counterparties based on a fixed interest rate until maturity of the cross currency swap.

On January 29, 2021, the Company entered into a new cross currency swap contract as a hedge of its net investment in foreign operations to offset foreign currency translation gains or losses on the net investment. The cross currency swap has an expiration date of January 29, 2028. At maturity of the cross currency swap contract, the Company will deliver the notional amount of approximately €247.9 million (or approximately $300.9 million as of January 29, 2021) and will receive $300.0 million from the counterparties. The Company will receive quarterly interest payments from the counterparties based on a fixed interest rate until maturity of the cross currency swap.

During the three months ended March 31, 2020, the Company designated €110.0 million of its multi-currency revolving credit facility with a maturity date of October 17, 2023 as a hedge of its net investment in foreign operations to offset foreign currency translation gains or losses on the net investment. In May 2020, the Company repaid the designated amount outstanding under its multi-currency revolving credit facility and the foreign currency denominated debt was de-designated as a net investment hedge.

In January 2019 and September 2019, the Company designated €160.0 million and €30.0 million, respectively, of its multi-currency revolving credit facility with a maturity date of October 17, 2023 as a hedge of its net investment in foreign operations to offset foreign currency translation gains or losses on the net investment. During September 2019, the Company repaid the designated amount outstanding under its multi-currency revolving credit facility and the foreign currency denominated debt was de-designated as a net investment hedge.

The following table summarizes the notional values of the instrument designated as a net investment hedge (in millions):

	Notional Amount as of	
	December 31, 2020	December 31, 2019
Cross currency swap contract	$ 300.0	$ 300.0

The following table summarizes the after-tax impact of changes in the fair value of the instrument designated as a net investment hedge (in millions):

	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss for the Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Foreign currency denominated debt	$ 1.7	$ 2.5	$ (14.4)
Cross currency swap contract	(25.5)	9.3	17.7

Derivative Transactions Not Designated as Hedging Instruments

During 2020, 2019 and 2018, the Company entered into foreign currency contracts to economically hedge receivables and payables on the Company and its subsidiaries' balance sheets that are denominated in foreign currencies other than the functional currency. These contracts were classified as non-designated derivative instruments. Gains and losses on such contracts are substantially offset by losses and gains on the remeasurement of the underlying asset or liability being hedged and are immediately recognized into earnings. As of December 31, 2020 and 2019, the Company had outstanding foreign currency contracts with a notional amount of approximately $3,326.6 million and $2,800.3 million, respectively.

The following table summarizes the impact that changes in the fair value of derivatives not designated as hedging instruments had on net income (in millions):

		For the Years Ended		
	Classification of Gain (Loss)	December 31, 2020	December 31, 2019	December 31, 2018
Foreign currency contracts	Other expense, net	$ 3.7	$ 20.4	$ (1.4)

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

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

The table below sets forth the fair value of derivative instruments as of December 31, 2019 (in millions):

	Asset Derivatives as of December 31, 2019		Liability Derivatives as of December 31, 2019	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivative instruments designated as hedging instruments:				
Foreign currency contracts	Other current assets	$ 0.6	Other current liabilities	$ 1.9
Cross currency swap contract	Other noncurrent assets	27.0	Other noncurrent liabilities	—
Derivative instruments not designated as hedging instruments:				
Foreign currency contracts	Other current assets	11.7	Other current liabilities	13.1
Total derivative instruments		$ 39.3		$ 15.0

Former Interest Rate Swap Contract

The Company monitors the mix of short-term and long-term debt regularly. From time to time, the Company manages the risk to interest rate fluctuations through the use of derivative financial instruments. During 2015, the Company entered into an interest rate swap instrument with a notional amount of €312.0 million and an expiration date of June 26, 2020. The swap was designated and accounted for as a cash flow hedge. Under the swap agreement, the Company paid a fixed interest rate of 0.33% plus the applicable margin, and the counterparty to the agreement paid a floating interest rate based on the three-month EURIBOR. Changes in the fair value of the interest rate swap were recorded in accumulated other comprehensive loss and were subsequently reclassified into “Interest expense, net” as a rate adjustment in the same period in which the related interest on the Company’s floating rate term loan facility affected earnings. As a result of the Company’s credit facility agreement entered into in October 2018 and the repayment of the €312.0 million (or approximately $360.8 million) term loan under the Company’s former revolving credit facility, as well as the change in the mix of the Company’s short-term and long-term debt, the Company

terminated the interest rate swap instrument and recorded a loss of approximately $3.9 million which was recorded in "Interest expense, net" for the year ended December 31, 2018. Refer to Note 6 for further information.

11. Commitments and Contingencies

The future payments required under the Company's significant commitments, excluding indebtedness, as of December 31, 2020 are as follows (in millions):

	Payments Due By Period						
	2021	2022	2023	2024	2025	Thereafter	Total
Interest payments related to indebtedness[1]	$ 16.8	$ 12.5	$ 8.7	$ 6.4	$ 3.0	$ 3.2	$ 50.6
Unconditional purchase obligations[2]	106.2	9.9	0.6	0.2	—	—	116.9
Other short-term and long-term obligations[3]	95.8	19.6	141.7	22.3	8.9	49.2	337.5
Total contractual cash obligations	$ 218.8	$ 42.0	$ 151.0	$ 28.9	$ 11.9	$ 52.4	$ 505.0

(1) Estimated interest payments are calculated assuming current interest rates over minimum maturity periods specified in debt agreements. Debt may be repaid sooner or later than such minimum maturity periods (unaudited). Refer to Note 6 for more information on the Company's commitments with respect to indebtedness.

(2) Unconditional purchase obligations exclude routine purchase orders entered into in the normal course of business.

(3) Other short-term and long-term obligations include estimates of future minimum contribution requirements under the Company's U.S. and non-U.S. defined benefit pension and postretirement plans. These estimates are based on current legislation in the countries the Company operates within and are subject to change. Other short-term and long-term obligations also include income tax liabilities related to uncertain income tax positions connected with ongoing income tax audits in various jurisdictions, based on the years of statutory expiration. The uncertain income tax positions included above are gross of certain indirect favorable effects that relate to other tax jurisdictions (unaudited). See Note 5 for further information.

	Amount of Commitment Expiration Per Period						
	2021	2022	2023	2024	2025	Thereafter	Total
Guarantees	$ 13.8	$ 12.2	$ 31.7	$ 18.4	$ 24.9	$ 2.3	$ 103.3

Off-Balance Sheet Arrangements

Guarantees

The Company maintains a remarketing agreement with its U.S. finance joint venture, AGCO Finance LLC, whereby the Company is obligated to repurchase up to $6.0 million of repossessed equipment each calendar year. The Company believes that any losses that might be incurred on the resale of this equipment will not materially impact the Company's financial position or results of operations, due to the fair value of the underlying equipment.

At December 31, 2020, the Company has outstanding guarantees of indebtedness owed to related and third parties of approximately $17.9 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 2026. 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 December 31, 2020, the Company had accrued approximately $25.3 million of outstanding guarantees of minimum residual values that may be owed to its finance joint ventures in the United States and Canada due upon expiration of certain eligible operating leases between the finance joint ventures and end users. The maximum potential amount of future payments under the guarantee is approximately $85.4 million.

Other

At December 31, 2020, the Company had outstanding designated and non-designated foreign exchange contracts with a gross notional amount of approximately $3,722.4 million. The outstanding contracts as of December 31, 2020 range in maturity through December 2021. The Company also had outstanding designated steel commodity contracts with a gross notional amount of approximately $14.7 million that range in maturity through May 2021 (see Note 10).

The Company sells a majority of its wholesale receivables in North America, Europe and Brazil to its U.S., Canadian, European and Brazilian finance joint ventures. The Company also sells certain accounts receivable under factoring arrangements to financial institutions around the world. The Company reviewed the sale of such receivables and determined that these facilities should be accounted for as off-balance sheet transactions.

Contingencies

In August 2008, as part of routine audits, the Brazilian taxing authorities disallowed deductions relating to the amortization of certain goodwill recognized in connection with a reorganization of the Company's Brazilian operations and the related transfer of certain assets to the Company's Brazilian subsidiaries. The amount of the tax disallowance through December 31, 2020, not including interest and penalties, was approximately 131.5 million Brazilian reais (or approximately $25.3 million). The amount ultimately in dispute will be significantly greater because of interest and penalties. The Company has been advised by its legal and tax advisors that its position with respect to the deductions is allowable under the tax laws of Brazil. The Company is contesting the disallowance and believes that it is not likely that the assessment, interest or penalties will be required to be paid. However, the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which could take several years.

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

12. Fair Value of Financial Instruments

The Company categorizes its assets and liabilities into one of three levels based on the assumptions used in valuing the asset or liability. Estimates of fair value for financial assets and liabilities are based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. In accordance with this guidance, fair value measurements are classified under the following hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Model-derived valuations in which one or more significant inputs are unobservable.

The Company categorizes its pension plan assets into one of the three levels of the fair value hierarchy. See Note 7 for a discussion of the valuation methods used to measure the fair value of the Company's pension plan assets.

The Company enters into foreign currency, commodity and interest rate swap contracts. The fair values of the Company's derivative instruments are determined using discounted cash flow valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. Inputs used in these discounted cash flow valuation models for derivative instruments include the applicable exchange rates, forward rates or interest rates. Such models used for option contracts also use implied volatility. See Note 10 for a discussion of the Company's derivative instruments and hedging activities.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019 are summarized below (in millions):

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

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Derivative assets	$ —	$ 39.3	$ —	$ 39.3
Derivative liabilities	—	15.0	—	15.0

Cash and cash equivalents, accounts and notes receivable, net and accounts payable are valued at their carrying amounts in the Company's Consolidated Balance Sheets, due to the immediate or short-term maturity of these financial instruments.

The carrying amounts of long-term debt under the Company's senior term loan due 2022, 1.002% senior term loan due 2025 and senior term loans due between 2021 and 2028 approximate fair value based on the borrowing rates currently available to the Company for loans with similar terms and average maturities. See Note 6 for additional information on the Company's long-term debt.

13. Related Party Transactions

Rabobank, a financial institution based in the Netherlands, is a 51% owner in the Company's finance joint ventures, which are located in the United States, Canada, Europe, Brazil, Argentina and Australia. Rabobank is also the principal agent and participant in the Company's revolving credit facility (see Note 6). The majority of the assets of the Company's finance joint ventures represents finance receivables. The majority of the liabilities represents notes payable and accrued interest. Under the various joint venture agreements, Rabobank or its affiliates provide financing to the joint venture companies, primarily through lines of credit. During 2020, the Company made a total of approximately $1.9 million of additional investments in its finance joint venture in the Netherlands. During 2019 and 2018, the Company did not make additional investments in its finance joint ventures. During 2020, the Company did not receive dividends from its finance joint ventures. During 2019 and 2018, the Company received approximately $40.5 million and $29.4 million, respectively, dividends from certain of the its finance joint ventures.

The Company's finance joint ventures provide retail financing and wholesale financing to its dealers. The terms of the financing arrangements offered to the Company's dealers are similar to arrangements the finance joint ventures provide to unaffiliated third parties. In addition, the Company transfers, on an ongoing basis, a majority of its wholesale receivables in North America, Europe and Brazil to its U.S., Canadian, European and Brazilian finance joint ventures (see Note 3). The Company maintains a remarketing agreement with its U.S. finance joint venture and has outstanding guarantees of minimum residual values that may be owed to its finance joint ventures in the U.S. and Canada upon the expiration of certain eligible operating leases and has guarantees with its other finance joint ventures which were not material (see Note 11). In addition, as part of sales incentives provided to end users, the Company may from time to time subsidize interest rates of retail financing provided by its finance joint ventures. The cost of those programs is recognized at the time of sale to the Company's dealers (see Note 1).

The Company has a minority equity interest in Tractors and Farm Equipment Limited ("TAFE"), which manufactures and sells Massey Ferguson-branded equipment primarily in India, and also supplies tractors and components to the Company for sale in other markets. On October 15, 2020, TAFE repurchased 461,000 shares of its common stock from the Company for approximately $33.9 million, resulting in an approximate remaining 20.7% ownership interest. Mallika Srinivasan, who is the Chairman and Managing Director of TAFE, is currently a member of the Company's Board of Directors. As of December 31, 2020, TAFE beneficially owned 12,150,152 shares of the Company's common stock, not including shares of the Company's common stock received by Ms. Srinivasan for service as a director. The Company and TAFE are parties to an agreement pursuant to which, among other things, TAFE has agreed not to purchase in excess of 12,150,152 shares of the Company's common stock, subject to certain adjustments, and the Company has agreed to annually nominate a TAFE representative to its Board of Directors. During 2020, 2019 and 2018, the Company purchased approximately $78.9 million, $92.7 million and $109.6 million, respectively, of tractors and components from TAFE. During 2020, 2019 and 2018, the Company sold approximately $1.3 million, $1.5 million and $1.8 million, respectively, of parts to TAFE. The Company received dividends from TAFE of approximately $1.8 million, $2.0 million and $1.8 million during 2020, 2019 and 2018, respectively.

During 2020, 2019 and 2018, the Company paid approximately $3.3 million, $4.4 million and $3.5 million, respectively, to PPG Industries, Inc. for painting materials used in the Company's manufacturing processes. The Company's Chairman, President and Chief Executive Officer, who retired effective on December 31, 2020, serves as a member of the board of directors of PPG Industries, Inc.

During 2020, 2019 and 2018, the Company paid approximately $5.6 million, $6.2 million and $1.6 million, respectively, to Linde PLC (the parent company of Praxair, Inc.) for propane, gas and welding, and laser consumables used in the Company's manufacturing processes. The Company's Chairman, President and Chief Executive Officer, who retired effective on December 31, 2020, served as a member of the board of directors of Praxair, Inc. until the business combination of Praxair, Inc. and Linde AG, and is currently a member of the board of directors of Linde PLC, the holding company for the combined business.

14. Segment Reporting

The Company's four reportable segments distribute a full range of agricultural equipment and related replacement parts. The Company evaluates segment performance primarily based on income from operations. Sales for each segment are based on the location of the third-party customer. The Company's selling, general and administrative expenses and engineering expenses are generally charged to each segment based on the region and division where the expenses are incurred. As a result, the components of income from operations for one segment may not be comparable to another segment. Segment results for the years ended December 31, 2020, 2019 and 2018 based on the Company's reportable segments are as follows (in millions):

Years Ended December 31,	North America	South America	Europe/ Middle East	Asia/ Pacific/ Africa	Consolidated
2020					
Net sales	$ 2,175.0	$ 873.8	$ 5,366.9	$ 734.0	$ 9,149.7
Income from operations	193.7	29.3	585.3	62.1	870.4
Depreciation	61.3	25.8	110.5	14.9	212.5
Assets	1,051.9	687.6	2,238.7	536.2	4,514.4
Capital expenditures	42.2	18.8	201.8	7.1	269.9
2019					
Net sales	$ 2,191.8	$ 802.2	$ 5,328.8	$ 718.6	$ 9,041.4
Income (loss) from operations	121.6	(39.4)	638.2	43.4	763.8
Depreciation	61.6	32.4	102.7	14.2	210.9
Assets	1,125.6	758.0	2,187.7	430.2	4,501.5
Capital expenditures	52.1	32.9	173.5	14.9	273.4
2018					
Net sales	$ 2,180.1	$ 959.0	$ 5,385.1	$ 827.8	$ 9,352.0
Income (loss) from operations	103.1	(10.1)	601.1	49.6	743.7
Depreciation	67.6	30.5	111.3	15.8	225.2
Assets	1,032.1	736.1	1,905.8	501.1	4,175.1
Capital expenditures	43.3	30.4	120.3	9.3	203.3

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

	2020	2019	2018
Segment income from operations	$ 870.4	$ 763.8	$ 743.7
Corporate expenses	(134.7)	(129.0)	(133.7)
Amortization of intangibles	(59.5)	(61.1)	(64.7)
Stock compensation expense	(36.8)	(40.0)	(44.3)
Impairment charges	(20.0)	(176.6)	—
Restructuring expenses	(19.7)	(9.0)	(12.0)
Consolidated income from operations	$ 599.7	$ 348.1	$ 489.0
Segment assets	$ 4,514.4	$ 4,501.5	$ 4,175.1
Cash and cash equivalents	1,119.1	432.8	326.1
Investments in affiliates	442.7	380.2	400.0
Deferred tax assets, other current and noncurrent assets	665.9	645.2	656.6
Intangible assets, net	455.6	501.7	573.1
Goodwill	1,306.5	1,298.3	1,495.5
Consolidated total assets	$ 8,504.2	$ 7,759.7	$ 7,626.4

Property, plant and equipment, right-of-use lease assets and amortizable intangible assets by country as of December 31, 2020 and 2019 was as follows (in millions):

	2020	2019
United States	$ 541.2	$ 604.2
Germany	456.6	392.7
Finland	191.4	156.1
Brazil	150.4	199.9
France	137.6	123.4
Italy	129.0	112.3
Denmark	101.9	99.2
China	98.9	99.8
Other	232.8	231.4
	$ 2,039.8	$ 2,019.0

15. Revenue

Contract Liabilities

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

Significant changes in the balance of contract liabilities for the years ended December 31, 2020 and 2019 were as follows (in millions):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Balance at beginning of period	$ 104.0	$ 76.8
Advance consideration received	192.7	147.7
Revenue recognized during the period for extended warranty contracts, maintenance services and technology services	(46.6)	(33.8)
Revenue recognized during the period related to grain storage and protein production systems	(85.6)	(87.4)
Foreign currency translation	7.5	0.7
Balance as of December 31	$ 172.0	$ 104.0

The contract liabilities are classified as either "Other current liabilities" and "Other noncurrent liabilities" or "Accrued expenses" in the Company's Consolidated Balance Sheets.

Remaining Performance Obligations

The estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2020 are $52.4 million in 2021, $46.2 million in 2022, $27.6 million in 2023, $11.9 million in 2024 and $3.8 million thereafter, and relate primarily to extended warranty contracts. The Company applied the practical expedient in ASU 2014-09 and has not disclosed information about remaining performance obligations that have original expected durations of 12 months or less.

Disaggregated Revenue

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

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Primary geographical markets:					
United States	$ 1,781.7	$ —	$ —	$ —	$ 1,781.7
Canada	307.4	—	—	—	307.4
Germany	—	—	1,280.6	—	1,280.6
France	—	—	1,080.2	—	1,080.2
United Kingdom and Ireland	—	—	557.8	—	557.8
Finland and Scandinavia	—	—	698.5	—	698.5
Other Europe	—	—	1,613.1	—	1,613.1
South America	—	865.4	—	—	865.4
Middle East and Algeria	—	—	136.7	—	136.7
Africa	—	—	—	58.3	58.3
Asia	—	—	—	373.1	373.1
Australia and New Zealand	—	—	—	302.6	302.6
Mexico, Central America and Caribbean	85.9	8.4	—	—	94.3
	$ 2,175.0	$ 873.8	$ 5,366.9	$ 734.0	$ 9,149.7
Major products:					
Tractors	$ 692.0	$ 469.8	$ 3,814.3	$ 296.1	$ 5,272.2
Replacement parts	338.4	84.0	936.1	87.2	1,445.7
Grain storage and protein production systems	471.0	82.8	122.2	226.0	902.0
Combines, application equipment and other machinery	673.6	237.2	494.3	124.7	1,529.8
	$ 2,175.0	$ 873.8	$ 5,366.9	$ 734.0	$ 9,149.7

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

	North America	South America	Europe/ Middle East	Asia/ Pacific/Africa	Consolidated
Primary geographical markets:					
United States	$ 1,799.7	$ —	$ —	$ —	$ 1,799.7
Canada	289.7	—	—	—	289.7
Germany	—	—	1,194.3	—	1,194.3
France	—	—	1,097.6	—	1,097.6
United Kingdom and Ireland	—	—	561.9	—	561.9
Finland and Scandinavia	—	—	772.8	—	772.8
Other Europe	—	—	1,629.0	—	1,629.0
South America	—	789.7	—	—	789.7
Middle East and Algeria	—	—	73.2	—	73.2
Africa	—	—	—	116.2	116.2
Asia	—	—	—	344.7	344.7
Australia and New Zealand	—	—	—	257.7	257.7
Mexico, Central America and Caribbean	102.4	12.5	—	—	114.9
	$ 2,191.8	$ 802.2	$ 5,328.8	$ 718.6	$ 9,041.4
Major products:					
Tractors	$ 662.4	$ 447.7	$ 3,772.0	$ 300.6	$ 5,182.7
Replacement parts	310.2	88.2	874.8	74.6	1,347.8
Grain storage and protein production systems	547.9	79.5	172.8	234.6	1,034.8
Combines, application equipment and other machinery	671.3	186.8	509.2	108.8	1,476.1
	$ 2,191.8	$ 802.2	$ 5,328.8	$ 718.6	$ 9,041.4

Net sales for the year ended December 31, 2018 disaggregated by primary geographical markets and major products consisted of the following (in millions):

	North America[1]	South America	Europe/ Middle East[1]	Asia/ Pacific/Africa	Consolidated[1]
Primary geographical markets:					
United States	$ 1,723.6	$ —	$ —	$ —	$ 1,723.6
Canada	329.0	—	—	—	329.0
Germany	—	—	1,213.6	—	1,213.6
France	—	—	1,002.9	—	1,002.9
United Kingdom and Ireland	—	—	614.4	—	614.4
Finland and Scandinavia	—	—	826.5	—	826.5
Other Europe	—	—	1,627.8	—	1,627.8
South America	—	943.1	—	—	943.1
Middle East and Algeria	—	—	100.0	—	100.0
Africa	—	—	—	135.5	135.5
Asia	—	—	—	414.5	414.5
Australia and New Zealand	—	—	—	277.8	277.8
Mexico, Central America and Caribbean	127.5	15.9	—	—	143.4
	$ 2,180.1	$ 959.0	$ 5,385.1	$ 827.8	$ 9,352.0
Major products:					
Tractors	$ 665.8	$ 599.1	$ 3,743.0	$ 353.2	$ 5,361.1
Replacement parts	298.7	91.0	880.3	76.0	1,346.0
Grain storage and protein production systems	570.3	70.1	187.6	285.5	1,113.5
Combines, application equipment and other machinery	645.3	198.8	574.3	113.1	1,531.5
	$ 2,180.1	$ 959.0	$ 5,385.1	$ 827.8	$ 9,352.0

(1) Rounding may impact summation of amounts.

16. Leases

The Company leases certain land, buildings, machinery, equipment, vehicles and office and computer equipment under finance and operating leases. The Company adopted ASU 2016-02, "Leases" effective January 1, 2019. Under the new standard, lessees are required to record an asset (ROU asset or finance lease asset) and a lease liability. The new standard continues to allow for two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases result in the recognition of a single lease expense on a straight-line basis over the lease term, similar to the treatment for operating leases under previous U.S. GAAP. Finance leases result in an accelerated expense, also similar to previous U.S. GAAP. ASU 2016-02 also contains amended guidance regarding the identification of embedded leases in service and supply contracts, as well as the identification of lease and nonlease components of an arrangement. ROU assets represent the Company's right to use an underlying asset for the lease term while lease liabilities represent the Company's obligation to make lease payments for the lease term. All leases greater than 12 months result in the recognition of an ROU asset and liability at the lease commencement date based on the present value of the lease payments over the lease term. The present value of the lease payments is calculated using the applicable weighted-average discount rate. The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the currency denomination of the lease, the contractual lease term and the Company's applicable borrowing rate.

The Company does not recognize a ROU asset or lease liability with respect to operating leases with an initial term of 12 months or less and recognizes expense on such leases on a straight-line basis over the lease term. The Company accounts for lease components separately from nonlease components other than for real estate and office equipment. The Company evaluated its supplier agreements for the existence of leases and determined these leases comprised an insignificant portion of its supplier agreements. As such, these leases were not material to the Company's Consolidated Balance Sheets. The Company has certain leases that contain one or more options to terminate or renew that can extend the lease term up to 17 years. Options that the company is reasonably certain to exercise are included in the lease term. The depreciable life of ROU assets and leasehold improvements are limited by the expected lease term. The Company has certain lease agreements that include variable rental payments that are adjusted periodically for inflation based on the index rate as defined by the applicable government authority. Generally, the Company's lease agreements do not contain any residual value guarantees or restrictive covenants.

Total lease assets and liabilities at December 31, 2020 and 2019 were as follows (in millions):

Lease Assets	Classification	As of December 31, 2020	As of December 31, 2019
Operating ROU assets	Right-of-use lease assets	$ 165.1	$ 187.3
Finance lease assets	Property, plant and equipment, net[1]	15.1	19.1
Total leased assets		$ 180.2	$ 206.4

Lease Liabilities	Classification	As of December 31, 2020	As of December 31, 2019
Current:			
Operating	Accrued expenses	$ 43.5	$ 42.3
Finance	Other current liabilities	3.0	4.5
Noncurrent:			
Operating	Operating lease liabilities	125.9	148.6
Finance	Other noncurrent liabilities	9.8	12.0
Total leased liabilities		$ 182.2	$ 207.4

(1) Finance lease assets are recorded net of accumulated depreciation of $15.6 million and $15.2 million as of December 31, 2020 and 2019, respectively.

Total lease cost for 2020 and 2019 are set forth below (in millions):

	Classification	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating lease cost	Selling, general and administrative expenses	$ 54.0	$ 55.0
Variable lease cost	Selling, general and administrative expenses	1.7	0.6
Short-term lease cost	Selling, general and administrative expenses	11.0	8.1
Finance lease cost:			
Amortization of leased assets	Depreciation expense[1]	3.7	4.7
Interest on leased liabilities	Interest expense, net	0.6	0.7
Total lease cost		$ 71.0	$ 69.1

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

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

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

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

Lease payment amounts for operating and finance leases with remaining terms greater than one year as of December 31, 2019 were as follows (in millions):

	December 31, 2019	
	Operating Leases	Finance Leases
2020	$ 48.3	$ 4.8
2021	40.8	2.7
2022	31.5	1.2
2023	24.1	0.9
2024	16.7	0.6
Thereafter	61.6	8.7
Total lease payments	223.0	18.9
Less: imputed interest[1]	(32.1)	(2.4)
Present value of leased liabilities	$ 190.9	$ 16.5

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

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

	As of December 31, 2020	As of December 31, 2019
Weighted-average remaining lease term:		
Operating leases	7 years	7 years
Finance leases	15 years	14 years
Weighted-average discount rate:		
Operating leases	3.5 %	4.1 %
Finance leases	2.7 %	2.9 %

The following table summarizes the supplemental cash flow information for 2020 and 2019 (in millions):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 54.1	$ 51.9
Operating cash flows from finance leases	0.4	0.6
Financing cash flows from finance leases	3.8	5.3
Leased assets obtained in exchange for lease obligations:		
Operating leases	$ 30.8	$ 34.8
Finance leases	0.9	1.5

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that the Company's disclosure controls or the Company's internal controls will prevent all errors and all fraud. However, our principal executive officer and principal financial officer have concluded the Company's disclosure controls and procedures are effective at the reasonable assurance level. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. We will conduct periodic evaluations of our internal controls to enhance, where necessary, our procedures and controls.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2020, have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements for external purposes in accordance with generally accepted accounting principles. In assessing the effectiveness of the Company's internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "*Internal Control — Integrated Framework* (2013)."

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. Based on this assessment, management believes that, as of December 31, 2020, the Company's internal control over financial reporting is effective based on the criteria referred to above.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by KPMG LLP, an independent registered public accounting firm, which also audited the Company's Consolidated Financial Statements as of and for the year ended December 31, 2020. KPMG LLP's report on internal control over financial reporting is set forth below.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. However, as a result of the Company's processes to comply with the Sarbanes-Oxley Act of 2002, enhancements to the Company's internal control over financial reporting were implemented as management addressed and remediated deficiencies that had been identified.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AGCO Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited AGCO Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes and financial statement schedule II — Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated February 26, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Atlanta, Georgia
February 26, 2021

Item 9B. ***Other Information***

None.

PART III

The information called for by Items 10, 11, 12, 13 and 14, if any, will be contained in our Proxy Statement for the 2021 Annual Meeting of Stockholders, which we intend to file in March 2021.

Item 10 ***Directors, Executive Officers and Corporate Governance***

The information with respect to directors and committees required by this Item set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders in the sections entitled "Proposal 1 — Election of Directors" and "Board of Directors and Corporate Governance" is incorporated herein by reference. The information with respect to executive officers required by this Item set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders in the section entitled "Executive Compensation" is incorporated herein by reference.

See the information under the heading "Available Information" set forth in Part I of this Form 10-K. The code of conduct referenced therein applies to our principal executive officer, principal financial officer, principal accounting officer and controller and the persons performing similar functions.

Item 11. ***Executive Compensation***

The information with respect to executive compensation and its establishment required by this Item set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders in the sections entitled "Board of Directors and Corporate Governance," "2020 CEO Pay Ratio," "Executive Compensation" and "Compensation Committee Report" is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

(a) Securities Authorized for Issuance Under Equity Compensation Plans

AGCO maintains its Plan pursuant to which we may grant equity awards to eligible persons. For additional information, see Note 9, "Stock Incentive Plan," in the Notes to Consolidated Financial Statements included in this filing. The following table gives information about equity awards under our Plan.

	(a)	(b)	(c)
Plan Category	**Number of Securities to be Issued upon Exercise of Outstanding Awards Under the Plans**	**Weighted-Average Exercise Price of Outstanding Awards Under the Plans**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)**
Equity compensation plans approved by security holders	1,129,389	$ 66.22	3,853,244
Equity compensation plans not approved by security holders	—	—	—
Total	1,129,389	$ 66.22	3,853,244

(b) Security Ownership of Certain Beneficial Owners and Management

The information required by this Item set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders in the section entitled "Principal Holders of Common Stock" is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Party Transactions, and Director Independence***

The information required by this Item set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders in the section entitled "Certain Relationships and Related Party Transactions" is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services***

The information required by this Item set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders in the sections entitled "Audit Committee Report" and "Board of Directors and Corporate Governance" is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this Form 10-K:

(1) The Consolidated Financial Statements, Notes to Consolidated Financial Statements, Report of Independent Registered Public Accounting Firm for AGCO Corporation and its subsidiaries are presented under Item 8 of this Form 10-K.

(2) Financial Statement Schedules:

The following Consolidated Financial Statement Schedule of AGCO Corporation and its subsidiaries is included herein and follows this report.

Schedule	Description
Schedule II	Valuation and Qualifying Accounts

Schedules other than that listed above have been omitted because the required information is contained in Notes to the Consolidated Financial Statements or because such schedules are not required or are not applicable.

(3) The following exhibits are filed or incorporated by reference as part of this report. Each management contract or compensation plan required to be filed as an exhibit is identified by an asterisk (*). The exhibits below may not include all instruments defining the rights of holders of long-term debt where the debt does not exceed 10% of the Company's total assets. The Company agrees to furnish copies of those instruments to the Commission upon request.

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
3.1	Certificate of Incorporation	June 30, 2002, Form 10-Q, Exhibit 3.1
3.2	Amended and Restated By-Laws	January 21, 2021, Form 8-K, Exhibit 3.1
4.1	Description of Securities	Filed herewith
10.1	2006 Long-Term Incentive Plan*	September 30, 2017, Form 10-Q, Exhibit 10.5
10.2	2006 Form of Stock Appreciation Rights Agreement*	March 31, 2006, Form 10-Q, Exhibit 10.4
10.3	2019 Form of Stock Appreciation Rights Agreement*	January 22, 2019, Form 8-K, Exhibit 10.2
10.4	2018 Form of Restricted Stock Units Agreement*	June 30, 2018, Form 10-Q, Exhibit 10.1
10.5	2019 Form of Restricted Stock Units Agreement*	January 22, 2019, Form 8-K, Exhibit 10.1
10.60	2021 Form of Performance Share Agreement*	January 21, 2021, Form 8-K, Exhibit 10.1
10.7	Amended and Restated Management Incentive Program*	June 30, 2019, Form 10-Q, Exhibit 10.3
10.8	Amended and Restated Executive Nonqualified Pension Plan*	June 30, 2019, Form 10-Q, Exhibit 10.2
10.9	Executive Nonqualified Defined Contribution Plan*	December 31, 2015, Form 10-K, Exhibit 10.9
10.10	Employment and Severance Agreement with Martin Richenhagen*	December 31, 2009, Form 10-K, Exhibit 10.12
10.11	Employment and Severance Agreement with Andrew H. Beck*	March 31, 2010, Form 10-Q, Exhibit 10.2
10.12	Employment and Severance Agreement with Eric P. Hansotia*	December 16, 2020, Form 8-K, Exhibit 10.1
10.13	Employment and Severance Agreement with Robert B. Crain*	December 31, 2017, Form 10-K, Exhibit 10.13
10.14	Employment and Severance Agreement with Hans-Bernd Veltmaat*	December 31, 2009, Form 10-K, Exhibit 10.17
10.15	Debt Agreement dated December 18, 2014	December 31, 2014, Form 10-K, Exhibit 10.15

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
10.16	Credit Agreement dated as of October 17, 2018	September 30, 2018, Form 10-Q, Exhibit 10.1
10.17	Amendment, dated as of April 9, 2020, to the Credit Agreement dated as of October 17, 2018	April 13, 2020, Form 8-K, Exhibit 10.1
10.18	Letter Agreement, dated November 5, 2015, between AGCO International GmbH and TAFE International LLC, Turkey and Tractors and Farm Equipment Limited	September 30, 2015, Form 10-Q, Exhibit 10.1
10.19	Amended and Restated Letter Agreement, dated April 24, 2019, between AGCO Corporation and Tractors and Farm Equipment Limited	March 31, 2019, Form 10-Q, Exhibit 10.1
10.20	Farm and Machinery Distributor Agreement, dated January 1, 2012, between AGCO International GmbH and Tractors and Farm Equipment Limited	September 4, 2014, Form 8-K, Exhibit 10.2
10.21	Letter Agreement, dated August 3, 2007, between AGCO Corporation and Tractors and Farm Equipment Limited	September 4, 2014, Form 8-K, Exhibit 10.3
10.22	Letter Agreement for Far East Markets, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.1
10.23	Letter Agreement for Mexico, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.2
10.24	Letter Agreement for Australia/New Zealand, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.3
10.25	Amendment to the Letter Agreement for Africa, dated July 24, 2017, between AGCO International GmbH and Tractors and Farm Equipment Limited	July 27, 2017, Form 8-K, Exhibit 10.4
10.26	Current Director Compensation*	Filed herewith
21.1	Subsidiaries of the Registrant	Filed herewith
23.1	Consent of KPMG LLP	Filed herewith
24.1	Powers of Attorney	Filed herewith
31.1	Certification of Eric P. Hansotia	Filed herewith
31.2	Certification of Andrew H. Beck	Filed herewith
32.1	Certification of Eric P. Hansotia and Andrew H. Beck	Filed herewith

Exhibit Number	Description of Exhibit	The Filings Referenced for Incorporation by Reference are AGCO Corporation
101	The following audited financial information from this Annual Report on Form 10-K for the year ended December 31, 2020, are formatted in Inline XBRL: (i) Consolidated Statements of Operations; (ii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.	Filed herewith
104	Cover Page Interactive Data File - the cover page from this Annual Report on Form 10-K for the year ended December 31, 2020 is formatted in Inline XBRL	Filed herewith

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

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGCO Corporation

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

Dated: February 26, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

Signature	Title	Date
/s/ ERIC P. HANSOTIA Eric P. Hansotia	Chairman of the Board, President and Chief Executive Officer	February 26, 2021
/s/ ANDREW H. BECK Andrew H. Beck	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2021
/s/ LARA T. LONG Lara T. Long	Vice President, Chief Accounting Officer (Principal Accounting Officer)	February 26, 2021
/s/ ROY V. ARMES * Roy V. Armes	Director	February 26, 2021
/s/ MICHAEL C. ARNOLD * Michael C. Arnold	Director	February 26, 2021
/s/ SONDRA L. BARBOUR * Sondra L. Barbour	Director	February 26, 2021
/s/ P. GEORGE BENSON * P. George Benson	Director	February 26, 2021
/s/ SUZANNE P. CLARK * Suzanne P. Clark	Director	February 26, 2021
/s/ BOB DE LANGE * Bob De Lange	Director	February 26, 2021
/s/ WOLFGANG DEML * Wolfgang Deml	Director	February 26, 2021
/s/ WOLFGANG KIRSCH * Wolfgang Kirsch	Director	February 26, 2021
/s/ GEORGE E. MINNICH * George E. Minnich	Director	February 26, 2021
/s/ GERALD L. SHAHEEN * Gerald L. Shaheen	Director	February 26, 2021
/s/ MALLIKA SRINIVASAN * Mallika Srinivasan	Director	February 26, 2021
/s/ MATTHEW TSIEN * Matthew Tsien	Director	February 26, 2021

*By: /s/ ANDREW H. BECK
Andrew H. Beck
Attorney-in-Fact

February 26, 2021

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AGCO CORPORATION AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in millions)

Description	Balance at Beginning of Period	Additions: Acquired Businesses	Additions: Charged to Costs and Expenses	Deductions	Foreign Currency Translation	Balance at End of Period
Year ended December 31, 2020						
Allowances for doubtful accounts	$ 28.8	$ —	$ 14.5	$ (6.8)	$ (0.1)	$ 36.4
Year ended December 31, 2019						
Allowances for doubtful accounts	$ 31.7	$ —	$ 5.8	$ (8.3)	$ (0.4)	$ 28.8
Year ended December 31, 2018						
Allowances for doubtful accounts	$ 38.7	$ —	$ 6.4	$ (11.4)	$ (2.0)	$ 31.7

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Reversal of Accrual	Deductions	Foreign Currency Translation	Balance at End of Period
Year ended December 31, 2020						
Accruals of severance, relocation and other closure costs	$ 4.8	$ 17.6	$ (0.4)	$ (5.1)	$ (0.1)	$ 16.8
Year ended December 31, 2019						
Accruals of severance, relocation and other closure costs	$ 7.1	$ 6.1	$ (0.7)	$ (7.3)	$ (0.4)	$ 4.8
Year ended December 31, 2018						
Accruals of severance, relocation and other closure costs	$ 10.9	$ 13.8	$ (2.1)	$ (14.4)	$ (1.1)	$ 7.1

Description	Balance at Beginning of Period	Additions: Acquired Businesses	Additions: Charged to Costs and Expenses[1]	Deductions	Foreign Currency Translation	Balance at End of Period
Year ended December 31, 2020						
Deferred tax valuation allowance	$ 169.1	$ 0.9	$ 28.7	$ —	$ (17.7)	$ 181.0
Year ended December 31, 2019						
Deferred tax valuation allowance	$ 83.9	$ —	$ 87.1	$ —	$ (1.9)	$ 169.1
Year ended December 31, 2018						
Deferred tax valuation allowance	$ 81.9	$ —	$ 6.3	$ —	$ (4.3)	$ 83.9

[1] Amounts (credited) charged through other comprehensive income during the years ended December 31, 2020, 2019 and 2018 were $(12.4) million, $(2.5) million and $18.3 million, respectively.

Our Leadership

BOARD OF DIRECTORS

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Lockheed Martin Corporation

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and former President
College of Charleston

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ITT Corporation

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Tractors and Farm Equipment
Limited (TAFE)

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Chief Technology Officer
General Motors (GM)
and President
General Motors Ventures

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Corporate Secretary

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Chief Executive Officer

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Senior Vice President,
Global Business Services

TIFFANY SNYDER
Vice President,
Strategy & Transformation

JOSIP T. TOMASEVIC
Senior Vice President,
Chief Procurement Officer

HANS-BERND VELTMAAT
Senior Vice President,
Chief Supply Chain Officer

Shareholder Information

CORPORATE HEADQUARTERS
4205 River Green Parkway
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TRANSFER AGENT & REGISTRAR
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Louisville, KY 40202 U.S.

Regular Mail Delivery
P.O. Box 505000
Louisville, KY 40233 U.S.

Telephone
+1-800-962-4284

STOCK EXCHANGE
AGCO Corporation common stock (trading symbol is "AGCO") is traded on the New York Stock Exchange.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
Atlanta, Georgia U.S.

FORM 10-K
The Form 10-K Annual Report filed with the Securities and Exchange Commission is available in the "Investors" Section of our corporate website (www.agcocorp.com), under the heading "SEC Filings," or upon request from the Investor Relations Department at our corporate headquarters.

ANNUAL MEETING
The annual meeting of the Company's stockholders will be held at 9:00 a.m. ET April 22, 2021 at the offices of AGCO Corporation, 4205 River Green Parkway, Duluth, Georgia 30096 U.S.

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