# Financial Report 2011

syngenta

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# Operating and Financial Review

Syngenta has prepared the consolidated financial statements in US dollars and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis of preparation of the consolidated financial statements and the key accounting policies are discussed in Notes 1 and 2, respectively, to the consolidated financial statements.

The selected financial highlights information in accordance with IFRS presented on the following page has been extracted from the consolidated financial statements of Syngenta. Investors should read the entire consolidated financial statements and not rely on the summarized information. The information includes the results of operations and the net assets of the Fischer group of companies from July 1, 2007, Zeraim Gedera Ltd. from September 1, 2007, SPS Argentina SA from November 10, 2008, Goldsmith Seeds, Inc. from November 19, 2008, Circle One Global Inc. from May 15, 2009, Goldsmith Seeds Europe B.V. from September 23, 2009, Pybas Vegetable Seed Co., Inc. from December 16, 2009, Synergene Seed & Technology, Inc. from December 23, 2009, Maribo Seed International ApS from September 30, 2010, Greenleaf Genetics LLC from November 8, 2010 and Agrosan S.A. from March 9, 2011. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements.

## Financial highlights

| (US$ million, except where otherwise stated) | Year ended December 31, 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| **Amounts in accordance with IFRS[1]** | | | | | |
| **Income statement data:** | | | | | |
| Sales | **13,268** | 11,641 | 10,992 | 11,624 | 9,240 |
| Cost of goods sold | **(6,737)** | (5,866) | (5,572) | (5,706) | (4,669) |
| Gross profit | **6,531** | 5,775 | 5,420 | 5,918 | 4,571 |
| Operating expenses | **(4,480)** | (3,982) | (3,601) | (4,038) | (3,070) |
| Operating income | **2,051** | 1,793 | 1,819 | 1,880 | 1,501 |
| Income before taxes | **1,901** | 1,677 | 1,694 | 1,714 | 1,456 |
| Net income | **1,600** | 1,402 | 1,411 | 1,399 | 1,135 |
| **Net income attributable to Syngenta AG shareholders** | **1,599** | 1,397 | 1,408 | 1,399 | 1,133 |
| Number of shares – basic | **91,892,275** | 92,687,903 | 93,154,537 | 93,916,415 | 95,973,958 |
| Number of shares – diluted | **92,383,611** | 93,225,303 | 93,760,196 | 94,696,762 | 97,143,368 |
| Basic earnings per share | **17.40** | 15.07 | 15.11 | 14.90 | 11.80 |
| Diluted earnings per share | **17.31** | 14.99 | 15.01 | 14.77 | 11.66 |
| **Cash dividends declared:** | | | | | |
| CHF per share | **7.00** | 6.00 | 6.00 | 4.80 | 1.60 |
| US$ per share equivalent | **7.64** | 5.61 | 5.27 | 4.76 | 1.32 |
| **Par value reduction:** | | | | | |
| CHF per share | **–** | – | – | – | 2.20 |
| US$ per share equivalent | **–** | – | – | – | 1.78 |
| **Cash flow data:** | | | | | |
| Cash flow from operating activities | **1,871** | 1,707 | 1,419 | 1,466 | 1,168 |
| Cash flow used for investing activities | **(472)** | (450) | (880) | (608) | (368) |
| Cash flow from (used for) financing activities | **(1,684)** | (844) | 170 | (457) | (781) |
| Capital expenditure on tangible fixed assets | **(479)** | (396) | (652) | (444) | (317) |
| **Balance sheet data:** | | | | | |
| Current assets less current liabilities | **4,107** | 4,363 | 4,583 | 3,311 | 2,600 |
| Total assets | **17,241** | 17,285 | 16,129 | 14,089 | 12,819 |
| Total non-current liabilities | **(4,095)** | (4,483) | (5,331) | (4,489) | (3,305) |
| Total liabilities | **(9,738)** | (9,836) | (9,642) | (8,798) | (7,189) |
| Share capital | **(6)** | (6) | (6) | (6) | (6) |
| Total shareholders' equity | **(7,494)** | (7,439) | (6,473) | (5,274) | (5,611) |
| **Other supplementary income data:** | | | | | |
| Diluted earnings per share from continuing operations, excluding restructuring and impairment[2] | **19.36** | 16.44 | 16.15 | 16.40 | 11.69 |

All activities were in respect of continuing operations.

**Notes**

1 Syngenta has prepared the consolidated financial statements in US dollars and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The basis of preparation of the consolidated financial statements and the key accounting policies are discussed in Notes 1 and 2, respectively, to the consolidated financial statements.

2 Diluted earnings per share from continuing operations, excluding restructuring and impairment, is a non-GAAP measure.

A non-GAAP measure is a numerical measure of financial performance, financial position or cash flow that either:

– includes, or is subject to adjustments that have the effect of including, amounts that are excluded in the most directly comparable measure calculated and presented under IFRS as issued by the IASB, or

– excludes, or is subject to adjustments that have the effect of excluding, amounts that are included in the most directly comparable measure calculated and presented under IFRS as issued by the IASB.

Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates. Further discussion on the reason for including disclosure of this and other non-GAAP measures is included in Appendix A at the end of the Operating and Financial Review.

Restructuring and impairment charges for 2011 and 2010 are analyzed in Note 6 to the consolidated financial statements. Restructuring and impairment for 2009, 2008 and 2007 mainly related to the operational efficiency program announced in 2004 representing the costs of closure of certain manufacturing and research and development sites and refocusing of other continuing sites and also to the operational efficiency program announced in 2007 to drive cost savings to offset increased expenditure in research and technology, marketing and product development in the growth areas of Seeds, Professional Products and emerging country markets. A detailed reconciliation of net income and earnings per share before restructuring and impairment to net income and earnings per share according to IFRS is presented in Appendix A at the end of the Operating and Financial Review.

### Introduction

The following discussion includes forward-looking statements subject to risks and uncertainty. See 'Cautionary statement regarding forward-looking statements' at the end of this document.
This discussion also includes non-GAAP financial data in addition to GAAP results. See Appendix A to this section and Note 2 to the financial highlights for a reconciliation of this data and explanation of the reasons for presenting such data.

### Constant exchange rates

Approximately 61 percent of Syngenta's sales and 70 percent of Syngenta's costs in 2011 were denominated in currencies other than US dollars. Therefore, Syngenta's results for the period covered by the review were significantly impacted by the movements in exchange rates. Sales in 2011 were 14 percent higher than 2010 on a reported basis, but were 12 percent higher when calculated at constant rates of exchange. The Company therefore provides analysis of results calculated at constant exchange rates (CER) and also actual results to allow an assessment of performance before and after taking account of currency fluctuations. To present CER information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than the exchange rates for this year. An example of this calculation is included in Appendix A of this section.

### Overview

Syngenta is a world leading agribusiness operating in the Crop Protection and Seeds businesses. Crop Protection chemicals include herbicides, insecticides and fungicides to control weeds, insect pests and diseases in crops, and are essential inputs enabling growers around the world to improve agricultural productivity and food quality. Many of these products also have application in the professional products and lawn and garden sectors in areas such as public health and turf and ornamental markets. The Seeds business operates in high value commercial sectors: seeds for field crops including corn, soybean, other oilseeds and sugar beet as well as vegetable and flower seeds. Syngenta also has a Business Development segment, which is engaged in the development of enzymes and traits with the potential to enhance agronomic, nutritional and biofuel properties of plants. Syngenta aims to be the partner of choice for its grower customers with an unparalleled product offer and innovative marketing, creating value for customers and shareholders.

Syngenta's results are affected, both positively and negatively, by, among other factors: general economic conditions; weather conditions, which can influence the demand for certain products over the course of a season; commodity crop prices and exchange rate fluctuations. Government measures, such as subsidies or rules regulating the use of agricultural products, genetically modified seeds, or areas allowed to be planted with certain crops, also can have an impact on Syngenta's industry. Syngenta's results are also affected by the growing importance of biotechnology to agriculture and the use of genetically modified crops. In future years, climate change may have both positive and negative impacts on Syngenta's results. Climate change may make growing certain crops more or less viable in different geographic areas, but is not likely to reduce overall demand for food and feed. Syngenta currently sells and is developing products to improve the water productivity of plants and increase tolerance to drought and heat. Legislation may be enacted in the future that limits carbon dioxide emissions in the manufacture of Syngenta's products or increases the costs associated with such emissions. Syngenta works actively to make its production operations more energy efficient and to reduce the rate of carbon dioxide emissions per unit of operating income.

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta's largest markets are Europe, Africa and the Middle East, and North America[1], which represent approximately 32 percent and 28 percent respectively of consolidated sales in 2011 (2010: 31 percent and 29 percent). Both sales and operating profit are seasonal and are weighted towards the first half of the calendar year, which largely reflects the northern hemisphere planting and growing cycle. Latin America's main selling season is in the second half of the year due to its location in the southern hemisphere. Sales growth in Latin America over the past several years has resulted in the region's 2011 sales exceeding 25 percent of consolidated sales and consequently reduced the weighting of overall sales and operating profit in the first half.

Syngenta's most significant manufacturing and research and development sites are located in Switzerland, the United Kingdom (UK), the United States of America (USA or US) and India. Syngenta's primary centre for agricultural genomics and biotechnology research is in the USA, complemented by a new biotechnology research facility in Beijing, China.

References in this document to market share estimates are based where possible on Agriservice Industry information provided by a third party or on information published by major competitors and are supplemented by Syngenta marketing staff estimates.

The consolidated financial statements are presented in US dollars, as this is the major currency in which revenues are denominated. However, significant, but differing proportions of Syngenta's revenues, costs, assets and liabilities are denominated in currencies other than US dollars. Approximately 18 percent of sales in 2011 were denominated in Euros, while a significant proportion of costs for research and development, administration, general overhead and manufacturing were denominated in Swiss francs and British pounds sterling (approximately 23 percent in total). Sales in Swiss francs and British pounds sterling together made up approximately 3 percent of total sales. Marketing and distribution costs are more closely linked to the currency split of the sales. As a result, operating profit in US dollars can be significantly affected by movements in exchange rates, in particular movements of the Swiss franc, British pound sterling and the Euro, relative to the US dollar, and the relative impact on operating profit may differ from that on sales. The effects of currency fluctuations within any one year have been reduced by risk management strategies such as hedging. For further information on these strategies please refer to Notes 27 and 29 of the consolidated financial statements.

The consolidated financial statements are based upon Syngenta's accounting policies and, where necessary, the results of management estimations. Syngenta believes that the critical accounting policies and estimations underpinning the financial statements are in the areas of (i) impairment, (ii) adjustments to revenue and trade receivables, (iii) environmental provisions, (iv) defined benefit post-employment benefits, including pension asset ceiling, (v) deferred tax assets, (vi) uncertain tax positions and (vii) foreign currency translation of intercompany funding. These policies are described in more detail in Note 2 to the consolidated financial statements.

[1] Comprising the USA and Canada

### Summary of results

Net income in 2011 was 14 percent higher than 2010 mainly due to strong sales volume growth in both Crop Protection and Seeds and a broadly maintained operating income margin. Sales in 2011 were 14 percent higher, 12 percent at constant exchange rates, with 11 percent growth in sales volumes and an additional 1 percent from higher local currency sales prices. Sales price increases were achieved in both Crop Protection and Seeds, with Crop Protection prices having increased by 4 percent in the second half of the year after a 2 percent decline in the first half. In Seeds, operating income as a percentage of sales improved by 5 percentage points, 4 percentage points excluding restructuring and impairment, with a 2 percentage point improvement in gross profit margin from increased royalty income, higher sales prices and a further product mix improvement in the corn portfolio. Cash flow from operating activities reached a new high of US$1,871 million, US$164 million higher than 2010 from higher operating income and a lower ratio of trade working capital (trade accounts receivable plus inventories less trade payables) to sales. In the light of continuing strong cash flow generation, and subject to shareholder approval, the Company proposes to increase the dividend to CHF 8.00 per share from CHF 7.00 per share paid in 2011 and, in addition, currently plans to repurchase shares in 2012 for an amount of US$200 million.

Crop Protection sales increased by 14 percent, an increase of 12 percent at constant exchange rates. Sales volume was 11 percent higher and local currency sales prices were 1 percent higher. Price increases in Latin America offset a first half decline in North America; second half prices in North America were higher than the comparable 2010 period. Sales volume grew strongly in all four regions.

Seeds sales also increased by 14 percent, 12 percent higher at constant exchange rates from 9 percent higher sales volume and 3 percent higher local currency sales prices, with increases in all product lines except Flowers, which was impacted by the weak economic environment. The full year effect in 2011 of the Maribo acquisition completed in 2010 and the full consolidation of Greenleaf Genetics in 2011 contributed 4 percent to volume growth.

Gross profit margin for Syngenta in 2011 decreased by 0.4 percent, due to the adverse impact on cost of goods sold in Crop Protection from the stronger Swiss franc. At constant exchange rates, gross profit margin was approximately 0.6 percent higher in 2011 than 2010, with increases in both Crop Protection and Seeds.

Marketing and distribution expenses increased by 13 percent, 10 percent at constant exchange rates, due to the higher sales volume, increased expenditures in emerging markets, increased charges for potential bad debts and higher accrued employee incentives, which together more than offset savings generated by the restructuring program described below. Research and development expense was 9 percent higher, 4 percent at constant exchange rates, with increases particularly in Crop Protection and Business Development. General and administrative increased by 9 percent including higher exchange rate hedging gains of US$177 million compared to US$30 million in 2010. Excluding currency effects, General and administrative increased by 13 percent mainly due to higher information systems and litigation costs and increased accrued employee incentives. Restructuring and impairment expenses, excluding those reported in Cost of goods sold, were US$72 million higher due to the first year costs of the program announced in February 2011 to integrate the commercial operations of Crop Protection and Seeds. Restructuring and impairment is reported net of the gain on divestment of the Materials Protection business, reported within Crop Protection. Net financial expense was US$24 million higher than 2010 mainly due to higher net foreign currency losses. The tax rate remained broadly flat at around 16 percent.

Together, these factors resulted in net income attributable to Syngenta AG shareholders increasing by 14 percent over 2010 and diluted earnings per share increasing by 15 percent.

### Acquisitions, divestments and other significant transactions

On March 9, 2011, in order to further strengthen its market position in Paraguay, Syngenta purchased 100 percent of the shares of Agrosan S.A., an agricultural distributor, together with the trademarks related to its business, for US$32 million of cash, US$12 million of which is deferred.

On April 13, 2011, Syngenta divested its Materials Protection business to Lanxess AG.

In March 2010, Syngenta acquired a field station in Chile and the associated contract research business by making a cash payment for the related assets. The primary reason for the acquisition was to support development projects in Syngenta's seeds businesses.

In June and December 2010, respectively, Syngenta acquired the non-controlling interests in its Golden Harvest and Garst seed businesses in the USA. The total cash paid was US$48 million.

In July 2010, Syngenta and Dow AgroSciences, a wholly owned subsidiary of The Dow Chemical Company, announced an exclusive supply and distribution agreement under which Syngenta, on September 1, 2010, assumed responsibility for the supply and distribution of Dow AgroSciences crop protection products in the Commonwealth of Independent States (CIS).

In September 2010, Syngenta acquired 100 percent of the shares of Maribo Seed International ApS ("Maribo Seed") for a cash payment, plus contingent payments if certain sales targets are achieved. The transaction included the seed production and sales activities of the Maribo sugar beet business as well as the Maribo brand name.

In November 2010, Syngenta acquired the 50 percent equity interest in Greenleaf Genetics LLC owned by Pioneer Hi-Bred International Inc. ("Pioneer"), a subsidiary of E.I Du Pont de Nemours and Co. ("Du Pont"), which Syngenta did not already own. This transaction dissolved a joint venture between Syngenta and Pioneer and terminated certain license agreements between Syngenta and Pioneer. The acquisition and related joint venture dissolution has enabled Syngenta and Pioneer to pursue independent licensing strategies for their respective proprietary corn and soybean genetics and biotechnology traits.

Effective January 1, 2011, Syngenta granted Pioneer a non-exclusive, global license to its corn rootworm trait MIR604 (Agrisure®) for corn seed. The trait provides protection from below-ground coleopteran insects, including corn rootworm, a major corn pest in the United States and around the world.

Acquisitions and divestments are described in Note 3 to the consolidated financial statements.

### Operational efficiency and integrated crop strategy restructuring programs

In 2004, Syngenta announced the operational efficiency cost saving program to realize further cost savings after completion of the integration of the former Novartis and Zeneca businesses and in response to low underlying growth in the Crop Protection markets seen at the time. In 2007, Syngenta began a further operational efficiency restructuring program to drive cost savings to offset increased expenditures in research and technology, marketing and product development in the growth areas of Seeds, Professional products and emerging country markets, targeting savings in both cost of goods sold and other operating expenses. The costs of these programs are together estimated at around US$1,050 million in cash and up to US$450 million in non-cash charges. Final costs under the programs are expected to be charged in 2012, with cash outflows continuing into 2013. Cash spent under the programs in 2011 and 2010 totalled US$111 million and US$92 million, respectively. Cumulative spending on the programs to the end of 2011 totalled US$906 million.

Syngenta announced on February 9, 2011, a program to integrate global commercial operations for Crop Protection and Seeds. This will enable operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated product offer to grower customers. It is estimated that cash costs of approximately US$400 million will be incurred over the period to 2014 to complete the program. During 2011, costs of US$149 million were charged under the program, of which cash spending was US$88 million. Cumulative costs incurred for the program through December 31, 2011 total US$163 million.

## Results of operations
## 2011 compared to 2010

### Sales commentary

Syngenta's consolidated sales for 2011 were US$13,268 million, compared to US$11,641 million in 2010, a 14 percent increase year on year. At constant exchange rates sales grew by 12 percent. The analysis by segment is as follows:

| (US$ million, except growth %) | | | Growth | | | | |
|---|---|---|---|---|---|---|---|
| Segment | 2011 | 2010 | Volume % | Local price % | CER % | Currency % | Actual % |
| Crop Protection | **10,162** | 8,878 | +11 | +1 | +12 | +2 | +14 |
| Seeds | **3,185** | 2,805 | +9 | +3 | +12 | +2 | +14 |
| Business Development | **1** | 23 | -95 | – | -95 | +1 | -94 |
| Inter-segment elimination | **(80)** | (65) | – | – | – | – | – |
| **Total** | **13,268** | 11,641 | +11 | +1 | +12 | +2 | +14 |

Sales by region were as follows:

| (US$ million, except growth %) | | | Growth | | | | |
|---|---|---|---|---|---|---|---|
| Region | 2011 | 2010 | Volume % | Local price % | CER % | Currency % | Actual % |
| Europe, Africa and Middle East[1] | **4,242** | 3,661 | +11 | +1 | +12 | +4 | +16 |
| North America[1] | **3,669** | 3,368 | +9 | –1 | +8 | +1 | +9 |
| Latin America[1] | **3,355** | 2,807 | +15 | +4 | +19 | – | +19 |
| Asia Pacific | **2,002** | 1,805 | +6 | +1 | +7 | +4 | +11 |
| **Total** | **13,268** | 11,641 | +11 | +1 | +12 | +2 | +14 |

1 In 2011, Syngenta re-organized its region structure resulting in certain countries moving from one region to another and the former region "NAFTA" becoming region "North America". For comparability purposes, 2010 region information has been adjusted to reflect the new region structure. See Note 5 to the consolidated financial statements

### Crop Protection

Crop Protection sales increased by 14 percent to US$10,162 million, and by 12 percent at constant exchange rates. Sales volume growth of 11 percent occurred consistently throughout the year and was broad based across all regions. Prices were 1 percent higher following increases in the second half in all regions, which more than offset weaker pricing in the first half in North America. Sales were further increased by 2 percent due to currency effects.

Sales of new products (defined as those launched since 2006) increased by 50 percent to reach US$619 million. Sales of AVICTA®, a Seed Care nematicide for corn, soybean and cotton, grew by over 150 percent as a result of new launches on corn and soybean as well as expanded use on cotton. The cereal Herbicide AXIAL® increased by approximately 30 percent, driven by launches in France and Iberia. Sales of DURIVO®, an insecticide for vegetables and rice, surpassed US$150 million, expanding rapidly in emerging markets. Sales of the fungicide REVUS® increased by over 20 percent.

In Selective Herbicides, sales increased by 13 percent, 11 percent at constant exchange rates, driven by volume increases in the European cereals market following the successful launch of AXIAL® in France and Iberia, and by good growth in both Europe and the USA in sales of CALLISTO®. Sales of Non-selective herbicides grew by 13 percent, 10 percent at constant exchange rates, mainly due to increased glyphosate-tolerant crop acreage in Latin America, which drove increased demand for TOUCHDOWN®. The broad spectrum of Syngenta's Fungicides portfolio enabled expansion on corn in North America, soybean in Latin America and rice and vegetables in Asia Pacific, resulting in sales growth of 13 percent, 10 percent at constant exchange rates. Insecticides sales grew by 21 percent, 19 percent at constant exchange rates, led by ACTARA® and DURIVO®, which continued to show strong growth in emerging markets on multiple crops. Seed Care sales exceeded US$1 billion, up 21 percent and 18 percent at constant exchange rates, on strong volume growth in emerging markets and in developed markets in Europe. Professional products sales increased by 9 percent, 5 percent at constant exchange rates, reflecting volume growth from the golf and landscape business.

Sales volume growth was achieved in all four regions, with three regions growing by 10 percent or more; Asia Pacific sales volume grew by 8 percent. Sales in Europe, Africa and the Middle East grew across the region and notably in the emerging markets, with sales in the CIS up by more than 50 percent and good growth in South East Europe. In North America, a strong second half resulted in full-year sales volume growth of 12 percent. North American sales prices decreased by 3 percent from prior year, but in the second half of the year were 7 percent higher than the comparable prior year period. In Latin America, volume and price increases, driven by strong farm economics and broader acceptance of Syngenta's portfolio of products, resulted in an 18 percent increase in sales, 17 percent at constant exchange rates. In Asia Pacific, sales grew by 14 percent, 9 percent at constant exchange rates. Sales in emerging markets in Asia Pacific were 13 percent higher, 12 percent at constant exchange rates, as continued emphasis on the modernization of crop protection usage led to double digit growth in China, India and South East Asia.

Sales by product line are set out below:

| (US$ million, except growth %) | | | Growth | | | | |
|---|---|---|---|---|---|---|---|
| Product line | 2011 | 2010 | Volume % | Local price % | CER % | Currency % | Actual % |
| Selective herbicides | **2,617** | 2,308 | +11 | – | +11 | +2 | +13 |
| Non-selective herbicides | **1,117** | 987 | +9 | +1 | +10 | +3 | +13 |
| Fungicides | **2,998** | 2,662 | +8 | +2 | +10 | +3 | +13 |
| Insecticides | **1,790** | 1,475 | +17 | +2 | +19 | +2 | +21 |
| Seed care | **1,018** | 838 | +17 | +1 | +18 | +3 | +21 |
| Professional products | **511** | 470 | +8 | -3 | +5 | +4 | +9 |
| Others | **111** | 138 | -17 | -4 | -21 | +2 | -19 |
| **Total** | **10,162** | 8,878 | +11 | +1 | +12 | +2 | +14 |

Herbicides are products that prevent or reduce weeds that compete with the crop for nutrients, light and water. Herbicides can be subdivided into (i) selective herbicides, which are crop-specific and control weeds without harming the crop and (ii) non-selective herbicides, which reduce or halt the growth of all vegetation with which they come in contact.

Fungicides are products that prevent and cure fungal plant diseases that affect crop yield and quality.

Insecticides are products that control chewing pests such as caterpillars and sucking pests such as aphids, which reduce crop yields and quality.

Seed care products are insecticides and fungicides used to protect growth during the early stages.

Professional products are herbicides, insecticides and fungicides used in markets beyond commercial agriculture, and include a broad range of premium growing media mixes for professional flower growers.

**Selective herbicides**: major brands AXIAL®, CALLISTO® family, DUAL®/BICEP® MAGNUM, FUSILADE®MAX, TOPIK®

Sales increased by 13 percent, 11 percent at constant exchange rates, due to volume growth, with local currency sales prices being flat. AXIAL® grew significantly in Europe with successful new launches in France and Iberia, and the CALLISTO® family of products grew on increased European corn acreage and strong demand in the USA prompted by a favorable corn price and the need to control glyphosate resistant weeds.

**Non-selective herbicides**: major brands GRAMOXONE®, TOUCHDOWN®

Sales increased by 13 percent mainly due to higher volumes for TOUCHDOWN®, which showed particularly strong growth in Latin America due to increased acreage of glyphosate tolerant crops. Currency effects added 3 percent and local currency prices were increased by 1 percent. GRAMOXONE® volumes also increased during the year, most notably in North America where sales in the south benefited from growers' concerns about glyphosate resistance.

**Fungicides**: major brands ALTO®, AMISTAR®, BRAVO®, REVUS®, RIDOMIL GOLD®, SCORE®, TILT®, UNIX®

The 13 percent sales growth in Fungicides was driven by AMISTAR®, which grew by 14 percent during 2011, 12 percent at constant exchange rates, mostly attributable to higher volumes. The main growth area was in the USA where AMISTAR® sales grew by more than 50 percent reflecting increased application rates and the recognition of crop enhancement benefits. AMISTAR® sales grew by 24 percent in Asia Pacific due to the continued success of local marketing programs and increased adoption levels in rice.

**Insecticides**: major brands ACTARA®, DURIVO®, FORCE®, KARATE®, PROCLAIM®, VERTIMEC®

Sales of Insecticides increased by 21 percent, 19 percent at constant exchange rates, led once again by the broad spectrum insecticide ACTARA®, which grew by 26 percent, 24 percent at constant exchange rates, primarily driven by use on corn and soybean in Brazil as well as by the replacement of older chemistry. Sales of the recently introduced product DURIVO® grew by 86 percent to over US$150 million largely driven by Brazil and Asia Pacific. Insecticides sales grew in all regions, with the largest contribution coming from Latin America, where sales in Brazil were up by more than 40 percent.

**Seed care**: major brands AVICTA®, CRUISER®, DIVIDEND®, MAXIM®, VIBRANCE®

Seed Care sales grew by 21 percent, 18 percent at constant exchange rates, to over US$1 billion with continued strong growth in emerging markets where adoption of the technology is increasing. Sales volume increased by 17 percent and sales prices were increased by 1 percent. Expanded registrations in major markets as well as increased adoption in oilseeds resulted in sales of CRUISER® in Europe growing by more than 50 percent. Sales of AVICTA® nematicide increased largely driven by a launch on soybean and increased use on cotton in the USA, and the launch on both corn and soybean in Brazil where sales more than tripled.

**Professional products**: major brands FAFARD®, HERITAGE®, ICON®

Sales increased by 9 percent, 5 percent at constant exchange rates, as the launch of a new early order program and new product introductions in North America drove volume growth in golf and landscape. Growth in pest management was a result of increased pest pressure in Asia Pacific and Latin America. Local currency sales prices decreased by 3 percent.

## Commentary on regional performance

| (US$ million, except growth %) | | | Growth | | | | |
|---|---|---|---|---|---|---|---|
| Region | 2011 | 2010 | Volume % | Local price % | CER % | Currency % | Actual % |
| Europe, Africa and Middle East | **3,046** | 2,638 | +10 | +1 | +11 | +4 | +15 |
| North America | **2,406** | 2,185 | +12 | -3 | +9 | +1 | +10 |
| Latin America | **2,955** | 2,509 | +13 | +4 | +17 | +1 | +18 |
| Asia Pacific | **1,755** | 1,546 | +8 | +1 | +9 | +5 | +14 |
| **Total** | **10,162** | 8,878 | +11 | +1 | +12 | +2 | +14 |

Sales increased by 15 percent in **Europe, Africa and Middle East** as volume increased by 10 percent, currency effects increased sales by a further 4 percent and local currency sales prices were increased by 1 percent. Volume increased in all areas of the region led by the CIS, which grew by over 50 percent, reflecting the recovery of the CIS markets and full integration of the Dow AgroSciences portfolio, and South East Europe, where volumes were more than 10 percent higher. The region also benefited from the continued success of new product launches, including AXIAL® in France and Iberia, and the expansion of CRUISER® in France and the CIS. Dry weather conditions early in the year resulted in a shift from cereal to corn acreage driving increased demand for the insecticides ACTARA® and KARATE®, and as well for CALLISTO®.

In **North America,** sales were 10 percent higher as volume growth of 12 percent and a favorable 1 percent currency effect were partially offset by a 3 percent decrease in prices. Sales volume was higher across all product lines, particularly in Fungicides and Insecticides. Selective herbicides experienced substantial volume growth driven by CALLISTO® and FLEX®. AMISTAR® sales were up almost 50 percent reflecting increased fungicide application rates and expanded use for crop enhancement benefits. Sales of AVICTA® nematicide Seed care almost doubled following an expansion in use on cotton and the approval for extended application on soybeans. Sales prices decreased 3 percent from 2010 to 2011 as decreases in the first half of the year caused by high channel inventories at the start of the year partially were offset by improved pricing in the second half from determined price actions.

Double digit volume growth continued in **Latin America**, supplemented by price increases. Despite challenging weather conditions towards the end of the fourth quarter, overall sales grew by 18 percent, 17 percent at constant exchange rates, as volume increased by 13 percent and prices were increased by 4 percent. Growth was fuelled by continued favorable market sentiment, government support for agriculture and recognition by growers of Syngenta's strong product portfolio. Insecticide sales increased by over 30 percent driven by the continued success of DURIVO®, now approved for use on fruit, vegetables and soybean, and of ACTARA®, linked to the replacement of organophosphates. Strong growth also occurred in Seed care as growers continue to recognize the benefits derived from using this technology to increase yields. Sales of the Non-selective herbicide TOUCHDOWN® were also higher due to increased glyphosate tolerant crop acreage.

In **Asia Pacific**, sales growth was broad-based across all product lines as growers in the region accelerate the adoption of technology. Sales increased by 14 percent, 9 percent at constant exchange rates, as volume grew by 8 percent and local currency prices were increased by 1 percent. Sales in China were up 11 percent at constant exchange rates reflecting the successful launch of DURIVO® as well as significantly expanded Seed care adoption rates and increased AMISTAR® volume. Sales growth was particularly strong in South East Asia due to continued government support to growers, high rice prices and favorable weather conditions.

## Seeds

Seeds sales grew by 14 percent, driven by strong growth in Corn & Soybean, particularly in North America and Latin America, and Diverse Field Crops in Europe and Latin America. Reported sales volume growth was 9 percent and prices were increased by 3 percent. Favorable currency movements further increased sales by 2 percent.

| (US$ million, except growth %) | | | Growth | | | | |
|---|---|---|---|---|---|---|---|
| Product line | 2011 | 2010 | Volume % | Local price % | CER % | Currency % | Actual % |
| Corn & Soybean | **1,470** | 1,281 | +11 | +3 | +14 | +1 | +15 |
| Diverse Field Crops | **676** | 524 | +23 | +3 | +26 | +3 | +29 |
| Vegetables | **703** | 663 | – | +4 | +4 | +2 | +6 |
| Flowers | **336** | 337 | -2 | -1 | -3 | +3 | – |
| **Total** | **3,185** | 2,805 | +9 | +3 | +12 | +2 | +14 |

**Corn & Soybean:** major brands AGRISURE®, GARST®, GOLDEN HARVEST®, NK®

Sales grew strongly in Latin America, the USA and the CIS, resulting in an overall increase of 15 percent, 14 percent at constant exchange rates. Volume grew by 11 percent and local currency prices were increased by 3 percent. Latin America sales increased by 38 percent in a rapidly expanding market, mostly due to higher volumes reflecting the advancement of Syngenta's portfolio, the rapid adoption rate of AGRISURE VIPTERA™ and the benefits of Syngenta's integrated sales force. In the USA, sales growth was double digit mainly due to increased volume driven by continued improvement in corn germplasm and trait performance. Increased corn acreage in Europe resulted in volume growth. Sales declined in Asia Pacific as strong volume growth in South Asia was offset by over-supply in the market in South East Asia.

**Diverse Field Crops:** major brands NK® oilseeds, HILLESHÖG® sugar beet

Sales increased by 29 percent on strong underlying volume growth supplemented by increased sales prices and favorable currency movements. Growth was particularly strong in emerging markets, where volumes increased by more than 30 percent. Syngenta estimates that it gained market share in sunflower in Russia, Ukraine and Argentina as these countries shift towards high value genetics. Sugar beet sales continued to grow reflecting the successful integration of the Maribo acquisition, which increased Diverse Field Crop sales by 9 percent. Oilseed rape sales decreased due to lower acreage in Europe resulting from adverse weather conditions.

**Vegetables:** major brands DULCINEA®, ROGERS®, S&G®, Zeraim Gedera®

Sales grew by 6 percent as prices were increased by 4 percent and currency movements contributed 2 percent. Sales volume was flat as growth in emerging markets, driven primarily by demand for peppers and tomatoes, was offset by declines in developed markets, particularly North America. Sales in Europe, Africa and Middle East grew 10 percent, 6 percent at constant exchange rates, with a strong first half in Europe resulting from favorable weather conditions that partially was offset by a decline in the second half largely caused by the deteriorating economic situation. In the USA, adverse weather conditions and high opening inventories in the processed sector resulted in lower sales volume.

**Flowers:** major brands GoldFisch®, Goldsmith Seeds, Yoder®

Sales were flat as 3 percent growth from favorable currency movements was offset by a 2 percent volume decline and a 1 percent decrease in prices. The continued challenging economic environment impacted sales, most notably in the second half. Asia showed moderate growth driven by Japan.

### Commentary on regional performance

| (US$ million, except growth %) | | | Growth | | | | |
|---|---|---|---|---|---|---|---|
| Region | 2011 | 2010 | Volume % | Local price % | CER % | Currency % | Actual % |
| Europe, Africa and Middle East | **1,235** | 1,047 | +11 | +3 | +14 | +4 | +18 |
| North America | **1,291** | 1,203 | +6 | +1 | +7 | – | +7 |
| Latin America | **410** | 306 | +24 | +10 | +34 | – | +34 |
| Asia Pacific | **249** | 249 | -5 | +4 | -1 | +1 | – |
| **Total** | **3,185** | 2,805 | +9 | +3 | +12 | +2 | +14 |

Sales increased by 18 percent in **Europe, Africa and Middle East** mainly due to strong volume growth in Diverse Field Crops and increased corn acreage. Local currency sales prices were increased by 3 percent, with increases in all product lines except Flowers, where local currency prices were marginally lower. Currency movements increased reported sales in the region by 4 percent.

In **North America**, sales grew by 7 percent as increased volume in Corn & Soybean more than offset volume declines in Vegetables and Flowers.

Sales grew by 34 percent in **Latin America** led by Corn & Soybean, which showed strong volume and price growth as customers adopted Syngenta's corn and soybean technology and in sunflowers within Diverse Field Crops in Argentina.

In **Asia Pacific**, sales were flat as increases in Vegetables in South Asia and China were offset by lower Corn & Soybean sales in an over-supplied market in South East Asia.

### Operating income

Variances in the tables below reflect the profit impact of changes year on year. For example, an increase of sales or a decrease in costs is a positive variance and a decrease in sales or increase in costs is a negative variance.

| Operating income/(loss) (US$ million) | 2011 | 2010 | Actual % |
|---|---|---|---|
| Crop Protection | **1,906** | 1,738 | +10 |
| Seeds | **273** | 120 | +128 |
| Business Development | **(115)** | (91) | – |
| Inter-segment profit elimination | **(13)** | 26 | – |
| **Total** | **2,051** | 1,793 | +14 |

Operating income increased by 14 percent to US$2,051 million due to strong sales growth in both Crop Protection and Seeds. The ratio of operating income to sales was broadly flat with 2010, but approximately 1 percent higher at constant exchange rates. The ratio declined slightly in Crop Protection following increased charges for Restructuring and impairment, but increased by 5 percent in Seeds as gross profit margin improved by 2 percentage points and sales growth exceeded the growth rate of cost categories below gross profit.

Currency movements increased sales by 2 percent; at constant exchange rates, sales grew by 12 percent with sales volumes 11 percent higher from increases in both Crop Protection and Seeds, and overall local currency sales prices 1 percent higher. Gross profit margin was 1 percent lower, adversely impacted by the strength of the Swiss franc on cost of goods sold, and at constant exchange rates was approximately 1 percent higher than 2010. Marketing and distribution costs increased by 13 percent, 10 percent at constant exchange rates, with increased expenditures in emerging markets, particularly Latin America, higher variable costs from the 11 percent higher sales volumes, some increase in charges to bad debt provisions compared to 2010 and increased employee incentive costs, together more than offsetting first-year savings from the program to integrate Crop Protection and Seeds commercial operations. Research and development expense increased by 9 percent, 4 percent at constant exchange rates, with higher expenditures in Crop Protection and Business Development.

General and administrative was 9 percent higher than in 2010. General and administrative is reported net of the result of currency hedging programs, which in 2011 was a net gain of US$177 million, US$147 million more than in 2010. At constant exchange rates, general and administrative was 13 percent higher with increased information system costs and amortization, higher litigation costs and employee incentive costs more than offsetting savings from the ongoing restructuring programs. Restructuring and impairment, including the portion recorded in cost of goods sold, is described in Note 6 to the consolidated financial statements and increased by US$67 million in 2011 to US$245 million mainly due to costs incurred on the restructuring program announced in February 2011 to integrate the commercial operations of Crop Protection and Seeds.

Excluding the impact of hedging, the favorable impact on sales of a weaker average US dollar in 2011 was more than offset by the adverse impact on costs, particularly from the stronger Swiss franc. Taken together with the US$147 million higher net favorable result from the hedging program for forecast foreign currency transactions (“EBITDA program”), the overall impact of exchange rate movements on operating income compared to 2010 was an adverse US$91 million.

## Crop Protection operating income

| (US$ million, except growth %) | Total as reported under IFRS 2011 | Total as reported under IFRS 2010 | Restructuring and impairment 2011 | Restructuring and impairment 2010 | Before restructuring and impairment[1] 2011 | Before restructuring and impairment[1] 2010 | Growth Actual % | Growth CER % |
|---|---|---|---|---|---|---|---|---|
| Sales | **10,162** | 8,878 | **–** | – | **10,162** | 8,878 | +14 | +12 |
| Cost of goods sold | (5,226) | (4,496) | **–** | – | **(5,226)** | (4,496) | -16 | -11 |
| **Gross profit** | **4,936** | 4,382 | **–** | – | **4,936** | 4,382 | +13 | +13 |
| as a percentage of sales | **49%** | 49% | | | **49%** | 49% | | |
| Marketing and distribution | (1,521) | (1,321) | **–** | – | **(1,521)** | (1,321) | -15 | -11 |
| Research and development | (624) | (555) | **–** | – | **(624)** | (555) | -12 | -5 |
| General and administrative | (733) | (667) | **–** | – | **(733)** | (667) | -10 | -17 |
| Restructuring and impairment | (152) | (101) | **(152)** | (101) | **–** | – | – | – |
| **Operating income** | **1,906** | 1,738 | **(152)** | (101) | **2,058** | 1,839 | +12 | +15 |
| as a percentage of sales | **19%** | 20% | | | **20%** | 21% | | |

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description

Sales in 2011 increased by 14 percent, 12 percent at constant exchange rates, with 11 percent from higher volumes and 1 percent from higher local currency sales prices. Gross profit margin was flat versus 2010, held back by the impact on cost of goods sold of the stronger Swiss franc and was slightly higher at constant exchange rates due to increased sales prices.

Marketing and distribution costs were 15 percent higher, 11 percent at constant exchange rates, due to increased resources to support the strong sales growth in Latin America, higher distribution costs and employee incentives, and an increase in charges to bad debt provisions compared with a reduction in 2010. These increases were partially offset by savings from the restructuring program introduced in February 2011 to integrate commercial operations across Crop Protection and Seeds.

Research and development costs were 12 percent higher, 5 percent at constant exchange rates, with increased development expenditures to extend product life cycles and to advance the pipeline for new product development.

General and administrative increased by 10 percent, 17 percent at constant exchange rates, mainly due to higher litigation costs and employee incentives in 2011. The constant currency increase, together with adverse impact on costs of the weaker US dollar, particularly relative to the Swiss franc, was partially offset by US$141 million higher gains on the currency hedging program for forecast transactions, which are reported in general and administrative.

In 2011, restructuring costs excluding impairments and disposal gains were US$176 million and included US$116 million from the implementation of the new integrated crop strategy and US$57 million from the continuation of the operational efficiency programs. An impairment of US$38 million was recognized in the Professional products business. These restructuring and impairment charges were offset by US$62 million of gains on the disposal of the Materials Protection business. Restructuring costs of US$68 million in 2010 related mainly to the operational efficiency program announced in 2007 and in particular to the projects to standardize and consolidate global back office services and to further outsource information systems. 2010 impairments of US$33 million included US$10 million for the impairment of a Crop Protection supply agreement and US$12 million for the impairment of a site disposal receivable. The increase in restructuring and impairment costs in 2011 is due the first year of the new restructuring program to integrate commercial activities across Crop Protection and Seeds while the operational efficiency program to standardize and consolidate back office services is still ongoing.

Operating income in 2011 of US$1,906 million was 10 percent higher than 2010, driven by the increased sales volumes, partially offset by the higher operating and restructuring costs, and adverse impacts from currency movements. Operating income margin declined by 1 percentage point due to the adverse impact of the strong Swiss franc on operating costs and the higher net restructuring and impairment. At constant exchange rates and before restructuring and impairment, operating income was approximately 1 percent higher than 2010.

The weaker US dollar, particularly relative to the Euro, Japanese yen, and Australian and Canadian dollars increased reported sales by 2 percent, but this was more than offset by the adverse impact on the cost base of the stronger Swiss franc. This adverse impact has been partially mitigated by US$169 million of hedging gains under the program to cover forecast transaction exposures, which were US$141 million higher than in 2010. The net effect of the US dollar movements was to decrease the segment's operating income by approximately 3 percent.

## Seeds operating income

| | Total as reported under IFRS | | Restructuring and impairment | | Before Restructuring and impairment[1] | | Growth | |
|---|---|---|---|---|---|---|---|---|
| (US$ million, except growth %) | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | Actual % | CER % |
| Sales | **3,185** | 2,805 | **–** | – | **3,185** | 2,805 | +14 | +12 |
| Cost of goods sold | **(1,578)** | (1,450) | **(14)** | (18) | **(1,564)** | (1,432) | -9 | -7 |
| **Gross profit** | **1,607** | 1,355 | **(14)** | (18) | **1,621** | 1,373 | +18 | +17 |
| as a percentage of sales | **50%** | 48% | | | **51%** | 49% | | |
| Marketing and distribution | **(608)** | (559) | **–** | – | **(608)** | (559) | -9 | -6 |
| Research and development | **(423)** | (410) | **–** | – | **(423)** | (410) | -3 | – |
| General and administrative | **(225)** | (217) | **–** | – | **(225)** | (217) | -4 | +1 |
| Restructuring and impairment | **(78)** | (49) | **(78)** | (49) | **–** | – | – | – |
| **Operating income** | **273** | 120 | **(92)** | (67) | **365** | 187 | +95 | +107 |
| as a percentage of sales | **9%** | 4% | | | **11%** | 7% | | |

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description

Seeds sales in 2011 were 14 percent higher than 2010, 12 percent at constant exchange rates, with 9 percent from higher sales volumes and 3 percent from increased sales prices. Gross profit margin increased by 2 percentage points as the result of higher margins on Corn & Soybean sales. Increased royalty income and sales prices, and a higher weighting of proprietary triple stack seeds in the corn portfolio more than offset increased cost of goods sold caused by increased corn and soybean prices. Restructuring and impairment costs included in cost of goods sold in 2011 related to the purchase accounting inventory step-ups from the Agrosan, Maribo Seeds, Pybas and Synergene acquisitions and in 2010 related to the inventory step-ups from the acquisitions of Goldsmith, Pybas, Synergene and Monsanto's sunflower business.

Marketing and distribution costs were 9 percent higher, 6 percent at constant exchange rates, with increased volume-related distribution costs and increased expenditures to support the growth in Corn & Soybean and Diverse Field Crop sales. Research and development costs were 3 percent higher, but flat with 2010 at constant exchange rates, as increased expenditures on Vegetables were offset by savings in Flowers and Diverse Field Crops. General and administrative increased 4 percent, but at constant exchange rates decreased by 1 percent mainly due to initial savings from the commercial integration restructure program noted above and lower costs for the implementation of an integrated operating system across the global Seeds business.

Restructuring and impairment costs in 2011 and 2010 included the reversals of the purchase accounting inventory step-ups noted above. Costs in 2011 also included US$14 million amortization of licensing rights reacquired as part of the Greenleaf Genetics LLC ("Greenleaf") acquisition as described in Note 3 to the consolidated financial statements. This offsets a similar sized gain resulting from the revaluation to fair value of the 50 percent equity interest in Greenleaf already owned by Syngenta when it acquired the remaining 50 percent interest in Greenleaf from Pioneer in 2010. Costs in 2011 are also net of the gains on the disposal of certain assets acquired in 2009 as part of Monsanto's sunflower business and US$10 million of gains equal to the excess of fair values of the net assets acquired in the Maribo and Greenleaf acquisitions over their respective purchase prices. Cash restructuring costs in 2011 included US$33 million related to the first year of the program announced in February 2011 to integrate the commercial operations of Crop Protection and Seeds, as well as US$41 million related to the continuation of programs to standardize and outsource back office operations.

Restructuring and impairment costs in 2010 included US$15 million to achieve synergies across Flowers sites, US$17 million to integrate recently acquired businesses and US$32 million for the continuation of the programs to standardize and outsource back office operations across the Syngenta business segments, of which US$14 million related to implementing a global system across Seeds. In 2010, these costs were reported net of divestment gains of US$19 million from the de-recognition of the investment in the Greenleaf joint venture.

Operating income in 2011 of US$273 million was more than double the 2010 amount, driven by the increased sales volumes and prices, and improved gross profit margin. Operating income margin also more than doubled, increasing by 5 percentage points over prior year, as the percentage increase in sales greatly exceeded the percentage increase in cost of goods sold and other operating costs.

The weaker average US dollar increased 2011 reported sales by 2 percent, but reduced operating income by approximately US$21 million after the increase in net hedging income of US$6 million from the program to hedge forecast transactions.

## Business Development operating loss

| (US$ million, except growth %) | Total as reported under IFRS 2011 | 2010 | Restructuring and impairment 2011 | 2010 | Before Restructuring and impairment[1] 2011 | 2010 | Growth Actual % | CER % |
|---|---|---|---|---|---|---|---|---|
| Sales | **1** | 23 | **–** | – | **1** | 23 | -94 | -95 |
| Cost of goods sold | **–** | (11) | **–** | – | **–** | (11) | – | – |
| **Gross profit** | **1** | 12 | **–** | – | **1** | 12 | -92 | -96 |
| as a percentage of sales | **100%** | 52% | | | **100%** | 52% | | |
| Marketing and distribution | **(16)** | (12) | **–** | – | **(16)** | (12) | -33 | -23 |
| Research and development | **(80)** | (67) | **–** | – | **(80)** | (67) | -19 | -18 |
| General and administrative | **(19)** | (15) | **–** | – | **(19)** | (15) | -27 | -7 |
| Restructuring and impairment | **(1)** | (9) | **(1)** | (9) | **–** | – | – | – |
| **Operating loss** | **(115)** | (91) | **(1)** | (9) | **(114)** | (82) | -39 | -34 |

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

1 Restructuring and impairment is a non-GAAP measure. Please refer to Appendix A of the Operating and Financial Review for a more detailed description

Sales and gross profit in 2010 included the completion of biofuel technology sales in the year. No similar transactions were concluded in 2011. Research and development spending increased by 19 percent, 18 percent at constant exchange rates, with increased expenditures on the biotech platform and at Syngenta's new biotech centre in China. The increase in General and administrative largely related to the strength of the Swiss franc. Restructuring and impairment in both years largely related to impairments of available-for-sale financial assets.

### Defined benefit pensions

Defined benefit pension expense was US$76 million in 2011 compared to US$77 million in 2010. Syngenta estimates that pension expense for 2012 will be approximately US$20 million higher than in 2011 mainly due to the unfavorable impact of lower discount rates and a lower long-term expected percentage return on asset values in order to reflect market yields on fixed interest investments, which have continued to decline in 2011.

Employer contributions to defined benefit pension plans, excluding contributions related to restructuring, decreased to US$198 million in 2011 from US$337 million in 2010, mainly due to accelerated payments of US$125 million of employer contributions in 2011 compared to accelerated payments of US$200 million in 2010. Syngenta estimates that its contributions to defined benefit pension plans for 2012 will be approximately US$80 million, excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2012.

### Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2011 and 2010, broken down into the main restructuring initiatives, consist of the following:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Operational efficiency programs: | | |
| Cash costs | **98** | 101 |
| Non-cash impairment costs | **3** | 17 |
| Integrated crop strategy programs: | | |
| Cash costs | **149** | 14 |
| Acquisition and related integration costs: | | |
| Cash costs | **14** | 19 |
| Non-cash items | | |
| Reversal of inventory step-ups | **14** | 18 |
| Reacquired rights | **14** | – |
| Divestment gains | **(76)** | (19) |
| Bargain purchase gains | **(10)** | – |
| Other non-cash restructuring and impairment: | | |
| Financial asset impairments | **1** | 9 |
| Other fixed asset impairments | **38** | 4 |
| Other non-cash costs | **–** | 15 |
| **Total restructuring and impairment[1]** | **245** | 178 |

1 US$14 million (2010: US$18 million) is included with Cost of goods sold and US$nil (2010: US$1 million) is included within Income from associates and joint ventures.

Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

The incidence of these business changes may be periodic and the effect on reported performance of initiating them will vary from period to period. Because each such business change is different in nature and scope, there will be little continuity in the detailed composition and size of the reported amounts which affect performance in successive periods. Separate disclosure of these amounts facilitates the understanding of performance including and excluding items affecting comparability. Syngenta's definition of restructuring and impairment may not be comparable to similarly titled line items in financial statements of other companies.

#### 2011

#### Operational efficiency programs

During 2011, cash costs under the operational efficiency restructuring programs include US$59 million for the continuing standardization and consolidation of global back office operations across Crop Protection and Seeds and US$12 million for further outsourcing of information systems. Further operational efficiency cash costs consist of US$6 million of onerous contract charges in the UK, US$5 million relating to the reorganization of a Crop Protection site in Switzerland, US$4 million of restructuring costs in the European Seeds business and US$12 million for various other restructuring projects. Impairment costs relate mainly to the closure of a Seeds site in Germany.

#### Integrated crop strategy programs

During 2011, cash costs for launching and initiating the implementation of the global integrated crop strategy included US$143 million for integration of commercial operations of sales and marketing teams and US$6 million for support function projects. These charges consist of US$76 million for severance and pension payments and US$73 million of other project-related costs, including those for developing and supporting the strategic transition; process re-design; consultancy and advisory services; retention, relocation, and re-training of employees; and project management.

### Acquisition and related integration costs

Acquisition and related integration cash costs relate mainly to the Agrosan, Maribo Seeds and Greenleaf acquisitions. Reversal of inventory step-ups relate to the acquisitions of Agrosan, Maribo Seeds and the Pybas and Synergene lettuce companies.

As part of the Greenleaf acquisition, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, these reacquired rights have been recognized as an intangible asset and are being amortized over the remaining term of the Syngenta/Greenleaf license contract, 3 years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. The resulting acceleration of amortization results in a 2011 charge of US$14 million. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta.

Divestment gains of US$76 million include the gain on the disposal of Syngenta's Materials Protection business to Lanxess AG, gains on the disposal of certain assets acquired as part of Monsanto's sunflower business in 2009, as agreed with the European Commission in connection with their approval of that acquisition, and the gain arising on revaluing Syngenta's 50 percent equity interest in Greenleaf to fair value at the date it acquired the remaining 50 percent interest from Pioneer. Bargain purchase gains are recognized on completion of the acquisition accounting for the Maribo Seeds and Greenleaf acquisitions.

### Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs consist of the impairment of an available-for-sale financial asset and a write-down in the Professional products business within Crop Protection.

## 2010

### Operational efficiency programs

During 2010, cash costs under the Operational Efficiency restructuring projects included US$54 million for the continuing standardization and consolidation of global back office operations across Crop Protection and Seeds and US$12 million for further outsourcing of information systems. Further operational efficiency charges included US$14 million largely to recognize synergies across the Flowers sites in the Seeds business, US$10 million for reorganizations in the Crop Protection businesses in Western Europe, US$8 million for restructuring at production and distribution sites in France and the US and US$3 million of other costs. Impairment costs included US$10 million for the impairment of a Crop Protection supply agreement, US$4 million of impairment of a site in the UK and other impairments totalling US$3 million.

### Integrated crop strategy programs

Restructuring costs of US$14 million were incurred largely for preliminary costs relating to the project to integrate the global commercial operations of Crop Protection and Seeds.

### Acquisition and related integration costs

Acquisition and related integration cash costs of US$19 million were charged in relation to the 2010 acquisition of Maribo Seeds and for continuing integration relating to the earlier acquisitions of the Monsanto sunflower business, Goldsmith, Yoder and Pybas and Synergene. Reversal of inventory step-ups related to the acquisitions of Goldsmith in the US and Europe, the Monsanto sunflower business and the Pybas and Synergene lettuce companies. Divestment gains of US$19 million were recognized on derecognition of the investment in the Greenleaf joint venture; Syngenta acquired the remaining 50 percent equity interest in Greenleaf during 2010.

### Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs included US$9 million of impairments of available-for-sale financial assets, US$4 million of impairment in the Professional products business within Crop Protection, US$12 million of impairment of a site disposal receivable due to a decrease in expected proceeds from redevelopment and US$3 million of other costs.

### Financial expense, net

Financial expense, net increased by US$24 million compared to 2010 due to higher net currency losses.

### Taxes

Syngenta's effective tax rate in 2011 remained at 16 percent. The Swiss statutory tax rate applicable to Syngenta remained at 23 percent and the impact of income taxed at different rates reduced the rate by 5 percent in 2011 compared to 3 percent in 2010, due to a higher share of profit in certain lower tax jurisdictions. The 2011 tax rate was reduced by 2 percent, net, from recognizing previously unrecognized deferred tax assets whereas in 2010 recognition of previously unrecognized deferred tax assets reduced the tax rate by 5 percent, in both years due to an improvement in profitability in a Latin American country following strong sales growth. Following this sustained improvement in profitability, substantially all the deferred tax assets in this country have now been recognized.

The tax rate on restructuring and impairment costs was 22 percent, compared to 24 percent in 2010 due to the mix of pre-tax gains and losses in the net charge. Future rates applicable to restructuring and impairment will be dependent on the nature and size of the charges and may vary from year to year.

### Net income for the period and other supplementary income data

Net income attributable to Syngenta shareholders in 2011 was US$1,599 million, 14 percent higher than the 2010 amount of US$1,397 million primarily due to increased sales and despite increased charges for restructuring and impairment.

After related taxation, restructuring and impairment charges in 2011 were US$190 million compared to US$136 million in 2010.

### Foreign operations and foreign currency transactions

Syngenta's subsidiaries use their local currency as their functional currency for accounting purposes except where the use of a different currency more fairly reflects their actual circumstances.

Syngenta operates worldwide and its business has grown significantly in emerging markets, with a broadening of the currency effects that need to be closely monitored. Next to the Euro, the Swiss franc and the British pound, the Brazilian real gives rise to a major currency exposure. The exposure arises from the operations in Brazil where the Brazilian real is the functional currency of the subsidiaries. Sales prices to customers in Brazil are largely linked to the US dollar, but must be invoiced in Brazilian real to meet local legal requirements.
During 2011, the Brazilian real depreciated approximately 12 percent against the US dollar. To manage its exposure to risks associated with fluctuations of the real, Syngenta has implemented programs to protect the US dollar value of trade receivables from customers and has hedged its balance sheet exposure using currency derivatives. Syngenta is not able to estimate the effect of any future depreciation or appreciation of the Brazilian real on operating income in future periods. At December 31, 2011, approximately 70 percent of Syngenta's cash and cash equivalents was held in US dollars, approximately 4 percent in Euros and approximately 3 percent in Brazilian reals. No other individual currency made up more than 2 percent.

### Liquidity and capital resources

Syngenta's principal source of liquidity is cash generated from operations. In the period 2006 to 2011, this has been more than sufficient to cover cash used for investment activities and, except for any significant business acquisitions or a significant deterioration in the rate of receivables collections from that currently expected by management, this is also expected to be the case in 2012. Working capital fluctuations are supported by short-term funding available through commercial paper and related syndicated committed credit facilities. Operating in a seasonal business, Syngenta typically obtains funds from its short-term facilities during the first half of the year to fund operations during the northern hemisphere growing season and repays these funds during the second half when receivables are collected. Longer-term capital resources include unsecured non-current bonds issued under a Euro Medium Term Note (EMTN) program and unsecured non-current Notes issued under a Note Purchase Agreement in the US Private Placement market.

For information on Syngenta's funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, please see Note 27 to the consolidated financial statements.

Syngenta reported cash and cash equivalents on December 31, 2011 and 2010 of US$1,666 million and US$1,967 million, respectively. At December 31, 2011 and 2010, Syngenta had current financial debt of US$743 million and US$992 million, respectively, and non-current financial debt of US$2,178 million and US$2,585 million, respectively.

### Capital markets and credit facilities

Funds for Syngenta's working capital needs were available during the year from its US$2,500 million Global Commercial Paper program supported by a US$1,200 million committed, revolving, multi-currency, syndicated credit facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. At December 31, 2011, Syngenta had no commercial paper issuances outstanding. The US$1,200 million syndicated credit facility (the "Credit Facility") was signed in 2006, amended in 2007, and will mature in July 2013. At December 31, 2011, Syngenta had no borrowings under the Credit Facility.

Absent major acquisitions, Syngenta targets maintaining a solid investment grade credit rating, as recognized by third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. Syngenta's short-and long-term credit facilities and outstanding bond note instruments do not contain any significant covenants affecting its ability to pay dividends or borrow additional funds. In addition, there are no material legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends.

The table below summarizes Syngenta's unsecured notes in issuance at December 31, 2011:

| (US$ million) | Carrying amount | Value at issue |
|---|---|---|
| 3.500% Swiss franc domestic bond 2012 | 398 | 316 |
| 3.375% Swiss franc domestic bond 2013 | 530 | 484 |
| 4.000% Eurobond 2014 | 679 | 700 |
| 4.125% Eurobond 2015 | 665 | 641 |
| 5.110% US private placement 2020 | 93 | 75 |
| 5.350% US private placement 2025 | 75 | 75 |
| 5.590% US private placement 2035 | 100 | 100 |
| **Total** | 2,540 | 2,391 |

Management is of the opinion that, absent a major business acquisition or a very significant deterioration in working capital or the rate of receivables collections from that currently expected, the funding available from these sources will be sufficient to satisfy its working capital, capital expenditures and debt service requirements for the foreseeable future, including cash expenditures relating to restructuring programs. In the event of a major business acquisition, Syngenta would seek additional funding from capital markets and other sources. Syngenta regards as sufficiently remote the likelihood that a very significant deterioration in working capital or unexpected decline in the rate of receivables collections will occur so as not to require the development of a detailed contingency funding plan.

Commitments for capital expenditures of US$131 million at December 31, 2011 relate mainly to the current capital investment program. Substantially all of these committed expenditures are expected to be incurred in 2012.

### Cash flow

The following table sets out certain information about cash flow for each of the periods indicated:

| | Year ended December 31, | |
|---|---|---|
| (US$ million) | 2011 | 2010 |
| Cash flow from operating activities | **1,871** | 1,707 |
| Cash flow used for investing activities | **(472)** | (450) |
| Cash flow used for financing activities | **(1,684)** | (844) |

### Cash flow from operating activities

Cash flow from operating activities was US$1,871 million in 2011, increased from US$1,707 million in 2010. Income before taxes after adjusting for non-cash charges was US$220 million higher in 2011 than in 2010 due to growth in operating income. Contributions to pension plans were US$137 million lower than 2010, with an accelerated contribution of US$125 million in 2011 compared to US$200 million in 2010. Contributions of approximately US$80 million are expected to be made in 2012, excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2012. Restructuring costs were US$33 million higher from the implementation of the integrated crop strategy restructuring program. Net outflows from financial expenses were US$114 million in 2011, down from US$164 million in 2010 due to higher gains realized on hedges of uncommitted foreign exchange transaction exposures. Cash outflows from working capital of US$50 million in 2011 contrasted with US$125 million of inflows in 2010, with higher investments in inventories and trade receivables reflected the sales growth in 2011, largely offset by increased payables including accruals for employee incentives.

### Cash flow used for investing activities

Cash used for investing activities increased to US$472 million in 2011 from US$450 million in 2010. Additions to property, plant and equipment increased by US$83 million due in part to the continued expansion of the PLENE™ sugarcane facility in Brazil. Investment in financial assets grew by US$22 million, mainly from investments by Syngenta's venture capital activities. Purchases of intangibles decreased from US$118 million in 2010 to US$62 million in 2011 because of fewer stage payments under various license agreements signed during 2008, 2009 and 2010. In 2011, proceeds from disposals of property, plant and equipment, intangible assets and financial assets decreased by US$13 million and net disposals of marketable securities decreased by US$20 million, respectively. Cash outflows from business acquisitions were US$9 million higher in 2011 than in 2010; however, in 2011, the divestment of the Materials Protection business and of parts of the former Monsanto sunflower businesses in Spain and Hungary as required by the European Union competition authorities contributed cash inflows of US$69 million.

### Cash flow used for financing activities

Cash used for financing activities was US$840 million higher in 2011 than in 2010. Repayment of net borrowings increased US$575 million compared to 2010 due to a EUR 500 million Eurobond having matured during the year. Distributions paid to shareholders and net purchases of treasury shares and options over own shares were US$182 million and US$131 million higher than in 2010, respectively, with an increased dividend and a higher number of shares repurchased to meet the needs of Syngenta's employee share plans. In 2010, there were US$48 million of outflows from the acquisitions of non-controlling interests in Syngenta's Golden Harvest and Garst seed businesses in the USA.

**Research and development (R&D)**
To continue to meet growers' key needs for products to protect crops, improve agricultural yields and quality, and reduce the environmental impact of farming, Syngenta's research and development (R&D) function, currently consisting of over 5,000 people working at R&D centres and field stations around the world, has been and continues to focus its efforts in the following areas:

1. In Crop Protection, on the discovery and development of chemicals to enhance Syngenta's portfolio of products to control weeds, insects, fungi and other biotic stresses (such as nematodes, bacteria and viruses), as well as crop enhancement and other abiotic benefits (such as water and nutrient optimization).
2. In Seeds, on the creation and development of products having genetically improved germplasm through natural breeding and biotechnology techniques, leading to plants with improved yield, tolerance of or resistance to biotic stress (as above) and/or tolerance of abiotic stress.

Syngenta is committed to improving crop yield and quality in a sustainable way and, through its global product safety group and global regulatory team worldwide, is committed to developing and registering products that are safe and effective. Syngenta maximizes its innovation potential by leveraging the industry expertise of Syngenta and partnering with technology leaders across the globe.

The total spent on research and development was US$1,127 million in 2011 and US$1,032 million in 2010. Attribution of research and development costs for 2011 was US$624 million for Crop Protection, US$423 million for Seeds and US$80 million in Business Development. In 2010, the attribution was US$555 million for Crop Protection, US$410 million for Seeds and US$67 million in Business Development.

There are no off-balance sheet financing transactions associated with research and development activity.

**Contractual obligations, commitments and contingent liabilities**
At December 31, 2011 Syngenta had the following contractual obligations to make future payments in the following periods:

| (US$ million) | Notes to the financial statements reference | Total | Less than 1 year | 1–3 years | 3–5 years | 5–10 years | More than 10 years |
|---|---|---|---|---|---|---|---|
| Financial debt | 16, 18 | 2,876 | 732 | 1,211 | 665 | 93 | 175 |
| Interest on financial debt | 27 | 414 | 98 | 124 | 35 | 63 | 94 |
| Other non-current liabilities | 18 | 21 | – | 21 | – | – | – |
| Capital lease payments | 25 | 45 | 11 | 20 | 14 | – | – |
| Operating lease payments | 25 | 120 | 31 | 21 | 40 | 28 | – |
| Unconditional purchase obligations | 25 | 1,262 | 615 | 503 | 144 | – | – |
| Long-term research agreements and other long-term commitments | 25 | 480 | 101 | 146 | 149 | 84 | – |
| **Total** | | 5,218 | 1,588 | 2,046 | 1,047 | 268 | 269 |

Of the total financial debt, floating rate financial debt is US$336 million (mainly local bank loans and overdraft facilities), US$334 million of which is due within one year. No interest obligation in respect of this debt is included in the table above. There is no contractual obligation to renew this debt. The debt amount, and the interest payments associated with it, will vary over time according to Syngenta's funding requirements and future interest rates.

Fixed rate debt of US$2,540 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and US private placement notes. Fixed rate interest payments of US$414 million on these are included above. At December 31, 2011, US$1,000 million of this long-term debt is converted to floating rate debt through derivatives. The impact of these derivatives on the interest cash flows has not been included in the above table as they can result in cash payments or receipts depending on the market position at any given time.

Other non-current liabilities arise from license agreements signed during 2010, 2009 and 2008 with several counterparties where the related cash flows are payable over several years, as well as from deferred payments related to acquisitions.

Provisions for long-term liabilities totaling US$968 million shown in Syngenta's consolidated balance sheet have not been included in the above table because the timing of their payment is not contractually fixed and cannot be estimated with sufficient certainty within the context of the time periods in the table. This applies particularly to those amounts which are not expected to be paid during 2012. Note 19 to the consolidated financial statements presents the components of the estimated US$232 million of provisions that are expected to be paid during 2012.

The supply agreements for materials giving rise to the unconditional purchase obligations are entered into by Syngenta to ensure availability of materials meeting the specifications required by Syngenta. Where suppliers have made significant capital investment, these agreements generally provide for Syngenta to pay penalties in the event that it terminates the agreements before their expiry dates.

The above table excludes pension contributions. The rules of Syngenta's main Swiss defined benefit pension fund commit Syngenta to contributing a fixed percentage of employees' pensionable pay to the fund. Syngenta's 2012 contributions to the Swiss fund were partly prepaid in December 2010 and December 2011. Syngenta is committed to pay contributions to its UK defined benefit pension fund according to a schedule, which it agrees in advance with the plan Trustee following each statutory valuation, which normally takes place every three years. In addition to paying a fixed percentage of pensionable pay for employees' current service, the schedule requires payment of a fixed amount over a fixed number of years to eliminate the past service deficit in the fund. Under the schedule of contributions in force at December 31, 2011, Syngenta is committed to pay deficit contributions of approximately US$31 million

per year to the UK fund over the agreed 10 year deficit recovery period, which ends in March 2019. A further US$16 million per year may be payable at three year intervals over this period if the actual return on plan assets falls below a specified level. Syngenta prepaid US$100 million of deficit contributions to the fund in December 2010. As a result, no further deficit contributions are expected to be payable before the next valuation, which will be as at March 31, 2012. Upon completion of the valuation, a revised schedule of contributions will be agreed based on the fund's actuarial position at that date. Because of this, the future contributions payable in accordance with the existing schedule have not been included in the above table. As disclosed in Note 22 to the consolidated financial statements, Syngenta expects to pay US$80 million of contributions to its defined benefit pension plans in 2012, excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2012.

The above table excludes liabilities of US$274 million in respect of uncertain tax positions because it is not possible to make a reasonably reliable estimate of the period of cash settlement with the respective taxing authorities.

### Off-balance sheet arrangements

Syngenta had no off-balance sheet arrangements as at December 31, 2011, other than the above contractual obligations, commitments and contingent liabilities. Syngenta has no unconsolidated special purpose entities that are likely to create material contingent obligations.

### Critical accounting estimates

Critical accounting estimates and new accounting pronouncements are discussed in Note 2 to the consolidated financial statements.

### Recent developments

Note 30 to the consolidated financial statements provides details of events which occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors (February 7, 2012) that would require adjustment to or disclosure in the consolidated financial statements.

### Future prospects

Farm incomes in most regions in 2011 were at high levels. At the start of 2012, prices of key crops such as corn, soybean, wheat and cotton remain higher than at the end of 2009 and, except for wheat, were close to or above the average for the last three years. These conditions continue to be supportive to farmer profitability and incentivize use of high quality seeds and crop protection products to maximize yields and improve crop quality. Volatility in all financial markets, including crop commodities, continues to be at a high level and crop prices may weaken in response to further adverse economic or financial market conditions.

Sales volumes of Crop Protection products were 11 percent higher in 2011 than in 2010. With crop prices near current levels and assuming generally normal weather patterns, Syngenta expects continued volume growth in 2012, although at a lower rate than in 2011 and 2010. Local currency sales prices in 2011 were 1 percent higher on average than 2010 and in the second half were 4 percent higher than the comparable prior year period. With this positive momentum at the end of 2011, some local currency price growth is expected in 2012.

Weather is always a short-term risk to sales in businesses linked to agriculture and adverse weather conditions for crop growers can reduce sales of Syngenta's products. For example, at the start of 2012, drought conditions exist in parts of Latin America which, if they persist, may reduce sales. Macro-economic risk has increased in 2011 and Syngenta continues to closely monitor liquidity and credit risk in several countries. Adverse developments may cause Syngenta to reduce sales in certain areas or lead to increased bad debt losses.

In Seeds, sales volumes grew by 9 percent in 2011 but were 1 percent lower in the second half, partially due to a high level of royalty income in this period in 2010 and to over-supply in South East Asia. Syngenta expects overall Seeds volume growth in 2012 from a resumption of growth in emerging markets in Asia and ongoing strength in Latin America. Local currency sales prices increased by 3 percent in 2011 and further price increases are expected in 2012 to reflect the increase in seeds production costs resulting from higher commodity crop prices.

As a Swiss-based company operating globally and with a relatively small domestic market, Syngenta has significant currency exposures, with a short position against the US dollar in Swiss francs and British pounds, and a long position in Euros and many emerging market currencies. Forecast transaction exposures in the major currencies are hedged under a rolling 12 month program, largely through forward contracts. In 2011, hedge gains of approximately US$177 million were realized under this program, mainly due to the strength of the Swiss franc, and will not reoccur in 2012. Partly due to the implementation by the Swiss National Bank in September 2011 of a cap on appreciation of the Swiss franc at 1.2 francs to the Euro, at rates at the beginning of January 2012 Syngenta expects a favorable impact on operating income from the underlying exposures in developed market currencies. This will be partially offset by losses on the related 2012 hedges. However, the resulting net gain is currently expected to be offset by losses on the underlying long exposures to emerging market currencies. The combined adverse year-on-year impacts of the change in the net hedging result and underlying exposures are estimated to total approximately US$250 million to US$300 million. However, as emerging market currency exposures are largely unhedged, the actual impact may differ positively or negatively from this estimate. The net hedging result is reported within General and administrative in the consolidated income statement.

Unless a significant escalation in oil prices occurs in the first half of 2012, Crop Protection gross profit margin at constant exchange rates is expected to increase as overall average sales prices are expected to increase by more than overall average unit costs. The impact of higher 2012 raw material costs on Crop Protection average unit costs is expected to be partially offset by the favorable impact on unit costs from higher production volumes. Cost increases or decreases in the second half of 2012 mainly will impact gross profit margins in 2013 as product inventories are produced in the latter part of 2012 for sale during the Spring 2013 growing season in the Northern Hemisphere. Seeds gross profit margins at constant exchange rates, excluding the impact of purchase accounting inventory adjustments, improved in 2011 compared to 2010 reflecting portfolio enhancement, increased royalties, including those arising from the consolidation of Greenleaf Genetics, and higher sales prices. As indicated above, further sales price increases are expected in 2012, offsetting the higher cost of goods sold resulting from lower corn seed production yields during the 2011 growing season in the United States and from higher crop commodity prices, which have an adverse impact on seed product costs.

In 2012, Syngenta will continue to increase its investments in sales and marketing and in research and development. These increases will be largely offset by cost savings from the restructuring programs described in the above “Restructuring and impairment” section, particularly those related to integrating the Crop Protection and Seeds commercial operations. The rate of growth in operating costs excluding cost of goods sold, restructuring and the impact of exchange rate movements including the net hedging result is currently expected to be lower than in 2011.

While it is not possible reliably to predict currency exchange gains and losses in 2012, based on interest and forward exchange rates prevailing at the start of the year it is currently expected that financial expense, net, in 2012 will be at a similar level to 2011.

Net income in 2012 will be impacted by restructuring and impairment charges related particularly to the integrated crop strategy program announced in February 2011. Restructuring and impairment charges in 2012 are forecast to be near the level incurred in 2011, excluding financial asset and other impairment losses and the gain realized in 2011 on the divestment of the Materials Protection business. However, actual charges could differ significantly from those forecast in any one calendar year as they are dependent on the timing of irrevocable restructuring commitments.

Subject to approval by the shareholders at the Annual General Meeting on April 24, 2012, the Board is recommending to increase the dividend to CHF 8.00 per share from CHF 7.00 per share paid in 2011. Syngenta also currently plans to repurchase shares in 2012 for an amount of US$200 million.

### Quantitative and qualitative disclosure about market risk

For quantitative and qualitative disclosure about market risk, see Notes 27, 28 and 29 to the consolidated financial statements.

## Appendix A

### Reconciliation of non-GAAP measures to equivalent GAAP measures

A non-GAAP measure is a numerical measure of financial performance, financial position or cash flows that either:

- includes, or is subject to adjustments that have the effect of including, amounts that are excluded in the most directly comparable measure calculated and presented under IFRS as issued by the IASB; and
- excludes, or is subject to adjustments that have the effect of excluding, amounts that are included in the most directly comparable measure calculated and presented under IFRS as issued by the IASB.

Syngenta uses non-GAAP measures in this report where they are regarded by management as important for the investor to fully understand Syngenta's performance. The non-GAAP measures presented in this report are measures adjusted for exchange rate movements and to exclude restructuring gains and losses and impairment losses. The Company presents these measures because:

- movements in exchange rates historically have had, and in the future are expected to have, a significant impact on sales and operating income from period-to-period; and
- restructuring and impairment charges historically have fluctuated, and in the future are expected to fluctuate, significantly from period-to-period and thereby have a volatile impact on results.

Syngenta has been engaged in significant restructuring activities, including the integration of business combinations, since the formation of the Company in November 2000. In the period following the formation of the Company, restructuring programs were initiated to integrate and extract synergies from the now combined operations of the Zeneca agrochemicals business and the Novartis agribusiness. Subsequently, further restructuring programs have been initiated in response to low underlying growth in Crop Protection markets seen at the time these programs were announced. The incidence of restructuring charges is periodic and volatile, reflecting the timing of irrevocable commitments related to specific sites and operations. Therefore the impact on reported performance varies from period to period and there is limited continuity in the specific composition or size of such charges. Internal financial reporting and management and employee incentive plans are substantially based on financial measures excluding the charges for restructuring and impairment so that management is incentivized to deliver the benefits of the associated restructuring and not to achieve short term financial targets by deferring implementation of restructuring plans. Restructuring programs typically deliver benefits with a payback over several years, similar to capital investments, and control over restructuring expenditures is performed on a similar project basis to that applied with capital investments.

Syngenta presents non-GAAP measures on operating income before restructuring and impairment at both the segmental and group levels. Restructuring and impairment charges have had a material effect on operating income in the period covered by the review. In the opinion of management, reporting operating performance excluding restructuring and impairment in addition to the GAAP measures provides a more thorough understanding of business performance. Together with disclosure of the material elements within restructuring and impairment and of the overall anticipated size and timeframe of restructuring programs, these measures may assist investors in forecasting future operating performance. In addition to GAAP measures, Syngenta uses measures of operating performance excluding restructuring and impairment in internal reporting to management and the Board of Directors, and these measures are used in the incentive plans for Syngenta management and other employees. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on operating performance in future periods. Consequently, non-GAAP measures of operating income before restructuring and impairment do not present a complete picture of operating performance and these measures should be seen only as supplementary to the GAAP measure.

Syngenta presents non-GAAP information on income before taxes excluding restructuring and impairment together with income tax expense before restructuring and impairment to assist investors to calculate the Group tax rate both including and excluding the impact of restructuring and impairment charges. The tax rate on restructuring and impairment charges has been volatile and different from the tax rate on income before taxes excluding restructuring and impairment, due in part to many categories of restructuring or impairment charges not being deductible for tax purposes. In addition to GAAP measures, measures of income before taxes excluding restructuring and impairment and income tax expense excluding restructuring and impairment are used in internal reporting to management and the Board of Directors. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on operating performance in future periods. Consequently, non-GAAP measures of income before taxes excluding restructuring and impairment and income tax expense before restructuring and impairment do not present a complete picture of financial performance and these measures should be seen only as supplementary to the GAAP measure.

Syngenta presents non-GAAP information on net income and earnings per share before restructuring and impairment and, where relevant, on net income and earnings per share from continuing operations before restructuring and impairment. As above, restructuring and impairment charges have had a material effect on operating income in the period covered by the review. In the opinion of management, reporting net income and earnings per share excluding restructuring and impairment in addition to the GAAP measures provides a more thorough understanding of business performance. Together with disclosure of the material elements within restructuring and impairment and of the overall anticipated size and timeframe of restructuring programs, this disclosure may assist investors in forecasting future performance. In addition to net income and earnings per share prepared in accordance with GAAP, Syngenta uses net income and earnings per share excluding restructuring and impairment in internal reporting to management and the Board of Directors, and the measure is used in the incentive plans for Syngenta management and other employees. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on financial performance in future periods. Consequently, the non-GAAP measures of net income and earnings per share before restructuring and impairment do not present a complete picture of financial performance and these measures should be seen only as supplementary to the GAAP measures.

For improved clarity, the definitions of these non-GAAP measures and reconciliations of non-GAAP measures to the appropriate GAAP measure are provided below. The tables below are included to show the reconciliation of the GAAP measures to the non-GAAP measures used in the report and do not represent income statements prepared under IFRS as issued by the IASB.

## Reconciliation of net income excluding Restructuring and impairment (non-GAAP measure) to profit for the period (GAAP measure)

| (US$ million) | Total | Restructuring and impairment | Before Restructuring and impairment |
|---|---|---|---|
| **2011** | | | |
| **Operating income** | **2,051** | **(245)** | **2,296** |
| Income/(loss) from associates and joint ventures | **15** | **–** | **15** |
| Financial expense, net | **(165)** | **–** | **(165)** |
| **Income before taxes** | **1,901** | **(245)** | **2,146** |
| Income tax expense | **(301)** | **55** | **(356)** |
| **Net income** | **1,600** | **(190)** | **1,790** |
| Attributable to non-controlling interests | **(1)** | **–** | **(1)** |
| Net income attributable to Syngenta AG shareholders | **1,599** | **(190)** | **1,789** |
| Tax rate | **16%** | **22%** | **17%** |
| Number of shares – basic (millions) | **92** | | **92** |
| Number of shares – diluted (millions) | **92** | | **92** |
| **Basic earnings per share** | **17.40** | **(2.07)** | **19.47** |
| **Diluted earnings per share** | **17.31** | **(2.05)** | **19.36** |

| (US$ million) | Total | Restructuring and impairment | Before Restructuring and impairment |
|---|---|---|---|
| 2010 | | | |
| **Operating income** | 1,793 | (177) | 1,970 |
| Income/(loss) from associates and joint ventures | 25 | (1) | 26 |
| Financial expense, net | (141) | – | (141) |
| **Income before taxes** | 1,677 | (178) | 1,855 |
| Income tax expense | (275) | 42 | (317) |
| **Net income** | 1,402 | (136) | 1,538 |
| Attributable to non-controlling interests | (5) | – | (5) |
| Net income attributable to Syngenta AG shareholders | 1,397 | (136) | 1,533 |
| Tax rate | 16% | 24% | 17% |
| Number of shares – basic (millions) | 93 | | 93 |
| Number of shares – diluted (millions) | 93 | | 93 |
| **Basic earnings per share** | 15.07 | (1.47) | 16.54 |
| **Diluted earnings per share** | 14.99 | (1.45) | 16.44 |

| (US$ million) | Total | Restructuring and impairment | Before Restructuring and impairment |
|---|---|---|---|
| 2009 | | | |
| **Operating income** | 1,819 | (147) | 1,966 |
| Income/(loss) from associates and joint ventures | (3) | (2) | (1) |
| Financial expense, net | (122) | – | (122) |
| **Income before taxes** | 1,694 | (149) | 1,843 |
| Income tax expense | (283) | 42 | (325) |
| **Net income** | 1,411 | (107) | 1,518 |
| Attributable to non-controlling interests | (3) | – | (3) |
| Net income attributable to Syngenta AG shareholders | 1,408 | (107) | 1,515 |
| Tax rate | 17% | 28% | 18% |
| Number of shares – basic (millions) | 93 | | 93 |
| Number of shares – diluted (millions) | 94 | | 94 |
| **Basic earnings per share** | 15.11 | (1.15) | 16.26 |
| **Diluted earnings per share** | 15.01 | (1.14) | 16.15 |

| (US$ million) | Total | Restructuring and impairment | Before Restructuring and impairment |
|---|---|---|---|
| 2008 | | | |
| **Operating income** | 1,880 | (205) | 2,085 |
| Income/(loss) from associates and joint ventures | 3 | – | 3 |
| Financial expense, net | (169) | – | (169) |
| **Income before taxes** | 1,714 | (205) | 1,919 |
| Income tax expense | (315) | 50 | (365) |
| **Net income** | 1,399 | (155) | 1,554 |
| Attributable to non-controlling interests | – | – | – |
| Net income attributable to Syngenta AG shareholders | 1,399 | (155) | 1,554 |
| Tax rate | 18% | 24% | 19% |
| Number of shares – basic (millions) | 94 | | 94 |
| Number of shares – diluted (millions) | 95 | | 95 |
| **Basic earnings per share** | 14.90 | (1.65) | 16.55 |
| **Diluted earnings per share** | 14.77 | (1.63) | 16.40 |

| (US$ million) | Total | Restructuring and impairment | Before Restructuring and impairment |
|---|---|---|---|
| 2007 | | | |
| **Operating income** | 1,501 | (40) | 1,541 |
| Income/(loss) from associates and joint ventures | (3) | – | (3) |
| Financial expense, net | (42) | – | (42) |
| **Income before taxes** | 1,456 | (40) | 1,496 |
| Income tax expense | (321) | 38 | (359) |
| **Net income** | 1,135 | (2) | 1,137 |
| Attributable to non-controlling interests | (2) | – | (2) |
| Net income attributable to Syngenta AG shareholders | 1,133 | (2) | 1,135 |
| Tax rate | 22% | 95% | 24% |
| Number of shares – basic (millions) | 96 | | 96 |
| Number of shares – diluted (millions) | 97 | | 97 |
| **Basic earnings per share** | 11.80 | (0.03) | 11.83 |
| **Diluted earnings per share** | 11.66 | (0.03) | 11.69 |

**Constant exchange rates**
Syngenta compares results from one period to another period in this report using variances calculated at constant exchange rates (“CER”). To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period’s exchange rates, rather than the exchange rates for the current year. See Note 26 to the consolidated financial statements for information on average exchange rates in 2011 and 2010. For example, if a European entity reporting in Euro sold Euro 100 million of products in 2011 and 2010, Syngenta’s financial statements would report US$140 million of revenues in 2011 (using 0.71 as the rate, which was the average exchange rate in 2011) and US$133 million in revenues in 2010 (using 0.75 as the rate, which was the average exchange rate in 2010). The CER presentation would translate the 2011 results using the 2010 exchange rates and indicate that underlying revenues were flat. Syngenta presents this CER variance information in order to assess how its underlying business performed before taking into account currency exchange fluctuations. Syngenta also presents its actual reported results in order to provide the most directly comparable data under GAAP.

# Syngenta Group Consolidated Financial Statements

## Consolidated Income Statement

(for the years ended December 31, 2011 and 2010)

| (US$ million, except share and per share amounts) | Notes | 2011 | 2010 |
|---|---|---|---|
| Sales | 4, 5 | **13,268** | 11,641 |
| Cost of goods sold | | **(6,737)** | (5,866) |
| **Gross profit** | | **6,531** | 5,775 |
| Marketing and distribution | | **(2,145)** | (1,892) |
| Research and development | | **(1,127)** | (1,032) |
| General and administrative | | **(977)** | (899) |
| Restructuring and impairment excluding divestment gains | 6 | **(307)** | (178) |
| Divestment gains | 6 | **76** | 19 |
| Restructuring and impairment | | **(231)** | (159) |
| **Operating income** | | **2,051** | 1,793 |
| Income from associates and joint ventures | | **15** | 25 |
| Interest income | 28 | **93** | 90 |
| Interest expense | 28 | **(152)** | (172) |
| Other financial expense | | **(20)** | (22) |
| Currency gains/(losses), net | 28 | **(86)** | (37) |
| Financial expense, net | | **(165)** | (141) |
| **Income before taxes** | | **1,901** | 1,677 |
| Income tax expense | 7 | **(301)** | (275) |
| **Net income** | | **1,600** | 1,402 |
| Attributable to: | | | |
| Syngenta AG shareholders | 8 | **1,599** | 1,397 |
| Non-controlling interests | | **1** | 5 |
| **Net income** | | **1,600** | 1,402 |
| **Earnings per share (US$):** | | | |
| Basic earnings per share | 8 | **17.40** | 15.07 |
| Diluted earnings per share | 8 | **17.31** | 14.99 |
| **Weighted average number of shares:** | | | |
| Basic | | **91,892,275** | 92,687,903 |
| Diluted | | **92,383,611** | 93,225,303 |

The accompanying notes form an integral part of the consolidated financial statements.

All activities were in respect of continuing operations.

## Consolidated Statement of Comprehensive Income

(for the years ended December 31, 2011 and 2010)

| (US$ million) | Notes | 2011 | 2010 |
|---|---|---|---|
| Net income | | **1,600** | 1,402 |
| Components of other comprehensive income (OCI) | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Actuarial gains/(losses) of defined benefit post-employment plans | 22 | **(252)** | 50 |
| Income tax relating to items that will not be reclassified to profit or loss | 7 | **71** | (17) |
| | | **(181)** | 33 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Unrealized gains on available-for-sale financial assets | 28 | **3** | 4 |
| Gains/(losses) on derivatives designated as cash flow and net investment hedges | 29 | **(150)** | 120 |
| Currency translation effects | | **(186)** | 146 |
| Income tax relating to items that may be reclassified subsequently to profit or loss | 7 | **(14)** | (20) |
| | | **(347)** | 250 |
| **Total comprehensive income** | | **1,072** | 1,685 |
| Attributable to: | | | |
| Syngenta AG shareholders | | **1,072** | 1,679 |
| Non-controlling interests | | **–** | 6 |
| **Total comprehensive income** | | **1,072** | 1,685 |

The accompanying notes form an integral part of the consolidated financial statements.

## Consolidated Balance Sheet

(at December 31, 2011 and 2010)

| (US$ million, except share amounts) | Notes | 2011 | 2010 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | | **1,666** | 1,967 |
| Trade receivables | 9 | **2,736** | 2,554 |
| Other accounts receivable | 9 | **690** | 626 |
| Inventories | 11 | **4,190** | 3,844 |
| Derivative and other financial assets | 28 | **269** | 502 |
| Other current assets | 10 | **199** | 223 |
| **Total current assets** | | **9,750** | 9,716 |
| **Non-current assets:** | | | |
| Property, plant and equipment | 12 | **3,025** | 2,964 |
| Intangible assets | 13 | **2,869** | 3,087 |
| Deferred tax assets | 7 | **930** | 824 |
| Derivative financial assets | 28 | **118** | 176 |
| Other non-current financial assets | 14 | **549** | 518 |
| **Total non-current assets** | | **7,491** | 7,569 |
| **Total assets** | | **17,241** | 17,285 |
| **Liabilities and equity** | | | |
| **Current liabilities:** | | | |
| Trade accounts payable | 15 | **(2,881)** | (2,590) |
| Current financial debt | 16 | **(743)** | (992) |
| Income taxes payable | | **(547)** | (406) |
| Derivative financial liabilities | 27, 28 | **(212)** | (291) |
| Other current liabilities | 17 | **(1,028)** | (846) |
| Provisions | 19 | **(232)** | (228) |
| **Total current liabilities** | | **(5,643)** | (5,353) |
| **Non-current liabilities:** | | | |
| Financial debt and other non-current liabilities | 18, 27 | **(2,374)** | (2,786) |
| Deferred tax liabilities | 7 | **(753)** | (813) |
| Provisions | 19 | **(968)** | (884) |
| **Total non-current liabilities** | | **(4,095)** | (4,483) |
| **Total liabilities** | | **(9,738)** | (9,836) |
| **Shareholders' equity:** | | | |
| Issued share capital: 2011: 93,762,899 ordinary shares (2010: 94,599,849 ordinary shares) | 20 | **(6)** | (6) |
| Retained earnings | | **(4,434)** | (3,809) |
| Reserves | | **(3,736)** | (4,113) |
| Treasury shares: 2011: 2,508,759 ordinary shares (2010: 2,392,751 ordinary shares) | 20 | **682** | 489 |
| **Total shareholders' equity** | | **(7,494)** | (7,439) |
| Non-controlling interests | | **(9)** | (10) |
| **Total equity** | | **(7,503)** | (7,449) |
| **Total liabilities and equity** | | **(17,241)** | (17,285) |

The accompanying notes form an integral part of the consolidated financial statements.

## Consolidated Cash Flow Statement

(for the years ended December 31, 2011 and 2010)

| (US$ million) | Notes | 2011 | 2010 |
|---|---|---|---|
| **Income before taxes** | | **1,901** | 1,677 |
| Reversal of non-cash items | 21 | **801** | 805 |
| **Cash (paid)/received in respect of:** | | | |
| Interest received | | **96** | 89 |
| Interest paid | | **(174)** | (175) |
| Other financial receipts | | **216** | 55 |
| Other financial payments | | **(252)** | (133) |
| Income taxes | | **(282)** | (268) |
| Restructuring costs | 19 | **(71)** | (38) |
| Contributions to pension plans, excluding restructuring costs | 19 | **(198)** | (335) |
| Other provisions | 19 | **(116)** | (95) |
| **Cash flow before change in net working capital** | | **1,921** | 1,582 |
| **Change in net working capital:** | | | |
| Change in inventories | | **(478)** | 108 |
| Change in trade and other accounts receivable and other current assets | | **(120)** | (129) |
| Change in trade and other accounts payable | | **548** | 146 |
| **Cash flow from operating activities** | | **1,871** | 1,707 |
| Additions to property, plant and equipment | 12 | **(479)** | (396) |
| Proceeds from disposals of property, plant and equipment | | **20** | 13 |
| Purchases of intangible assets | 13 | **(62)** | (118) |
| Purchases of investments in associates and other financial assets | | **(34)** | (12) |
| Proceeds from disposals of financial assets | | **22** | 42 |
| Net cash flows from (purchases)/disposals of marketable securities | | **11** | 31 |
| Business acquisitions (net of cash acquired) | | **(19)** | (10) |
| Business divestments | | **69** | – |
| **Cash flow used for investing activities** | | **(472)** | (450) |
| Increases in third party interest-bearing debt | | **305** | 139 |
| Repayments of third party interest-bearing debt | | **(906)** | (165) |
| Sales of treasury shares and options over own shares | | **45** | 49 |
| Acquisitions of non-controlling interests | | **–** | (48) |
| Purchases of treasury shares | | **(422)** | (295) |
| Distributions paid to shareholders | | **(706)** | (524) |
| **Cash flow from financing activities** | | **(1,684)** | (844) |
| Net effect of currency translation on cash and cash equivalents | | **(16)** | 2 |
| **Net change in cash and cash equivalents** | | **(301)** | 415 |
| Cash and cash equivalents at the beginning of the year | | **1,967** | 1,552 |
| **Cash and cash equivalents at the end of the year** | | **1,666** | 1,967 |

Of total cash and cash equivalents of US$1,666 million (2010: US$1,967 million), US$175 million (2010: US$166 million) is required to meet insurance solvency requirements of the Group's insurance subsidiaries and therefore is not readily available for the general purposes of the Group.

At December 31, 2011, cash equivalents totalled US$892 million (2010: US$1,471 million) and consisted of bank and money market fund deposits.

The accompanying notes form an integral part of the consolidated financial statements.

## Consolidated Statement of Changes in Equity

(for the years ended December 31, 2011 and 2010)

| | Attributable to Syngenta AG shareholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (US$ million) | Par value of ordinary shares | Additional paid-in capital | Treasury shares, at cost | Fair value reserves | Cumulative translation adjustment | Retained earnings | Total shareholders' equity | Non-controlling interests | Total equity |
| **January 1, 2010** | 6 | 3,491 | (217) | (113) | 486 | 2,820 | 6,473 | 14 | 6,487 |
| Net income | | | | | | 1,397 | 1,397 | 5 | 1,402 |
| OCI | | | | 77 | 172 | 33 | 282 | 1 | 283 |
| **Total comprehensive income** | – | – | – | 77 | 172 | 1,430 | 1,679 | 6 | 1,685 |
| Share based compensation | | | 23 | | | 81 | 104 | | 104 |
| Dividends paid | | | | | | (523) | (523) | (1) | (524) |
| Share repurchases | | | (295) | | | | (295) | | (295) |
| Other and income taxes on share based compensation | | | | | | 1 | 1 | (9) | (8) |
| **December 31, 2010** | 6 | 3,491 | (489) | (36) | 658 | 3,809 | 7,439 | 10 | 7,449 |
| Net income | | | | | | **1,599** | **1,599** | **1** | **1,600** |
| OCI | | | | **(113)** | **(233)** | **(181)** | **(527)** | **(1)** | **(528)** |
| **Total comprehensive income** | **–** | **–** | **–** | **(113)** | **(233)** | **1,418** | **1,072** | **–** | **1,072** |
| Share based compensation | | | **34** | | | **65** | **99** | | **99** |
| Dividends paid | | | | | | **(705)** | **(705)** | **(1)** | **(706)** |
| Share repurchases | | | **(422)** | | | | **(422)** | | **(422)** |
| Cancellation of treasury shares | | **(31)** | **195** | | | **(164)** | **–** | | **–** |
| Other and income taxes on share based compensation | | | | | | **11** | **11** | | **11** |
| **December 31, 2011** | **6** | **3,460** | **(682)** | **(149)** | **425** | **4,434** | **7,494** | **9** | **7,503** |

The accompanying notes form an integral part of the consolidated financial statements.

The amount available for dividend distribution is based on Syngenta AG's shareholders' equity determined in accordance with the legal provisions of the Swiss Code of Obligations.

In 2010, a dividend of 6.00 Swiss francs ("CHF") (US$5.61) per share was paid in respect of 2009. In 2011, a dividend of CHF 7.00 (US$7.64) per share was paid in respect of 2010 out of reserves arising from capital contributions.

The Board of Directors recommends a dividend payment of CHF 8.00 per share (equivalent to US$8.51 per share translated at the December 31, 2011 exchange rate) subject to shareholder approval at the Annual General Meeting (AGM) on April 24, 2012.

Included within the fair value reserves are (i) cash flow hedge reserves, which comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged items that have not yet been recognized in profit or loss, and (ii) fair value reserves, which comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired. Movements in the cash flow hedge reserves are shown in Note 29. Neither the fair value reserves for available-for-sale financial assets nor any components of the movements in the fair value reserves for available-for-sale financial assets during the periods presented were material.

The cumulative translation adjustment comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of long-term monetary items that are part of net investments in foreign subsidiaries.

## 1. Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on an historical cost basis, except for items that are required by IFRSs to be measured at fair value, principally derivative financial instruments, available-for-sale financial assets and biological assets, which are valued at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of Syngenta AG, a company domiciled and incorporated in Switzerland, and all of its subsidiaries (together referred to as "Syngenta") and Syngenta's interests in associates and joint ventures. Syngenta AG's principal executive offices are at Schwarzwaldallee 215, 4058 Basel, Switzerland.

The consolidated financial statements are presented in United States dollars ("US$") as this is the major currency in which revenues are denominated. The functional currency of Syngenta AG is the Swiss franc ("CHF").

Syngenta has global, integrated risk management processes. Within the scope of these processes, the Board of Directors of Syngenta AG evaluates the risks once a year in accordance with article 663b paragraph 12 of the Swiss Code of Obligations and discusses if any corresponding actions are necessary.

The preparation of financial statements requires management to exercise judgment when applying accounting policies and to make 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. Actual results could differ from those estimated. Note 2 below includes further discussion of certain critical accounting estimates.

## 2. Accounting policies

**Adoption of new IFRSs and changes in accounting policies**

Syngenta adopts new IFRSs by following the transitional requirements of each new standard or, if there are no transitional requirements specified, by using the full retrospective application method, as required by IAS 8. Other changes in accounting policies are also implemented using the full retrospective application method. If full retrospective application of a change is impracticable, it is applied from the earliest period which is practicable. Retrospective application requires that the results of comparative periods and the opening balances of the earliest period shown be restated as if the new accounting policy had always been applied.

Syngenta has combined line items in certain tables in the Notes to the consolidated financial statements where one or more lines that were previously disclosed separately have become immaterial.

Syngenta has adopted the following new or revised IFRSs in these consolidated financial statements, with the following effect:

- "Presentation of items of OCI: amendments to IAS 1", issued June 2011, has been adopted early, altering the presentation of items in the consolidated statement of comprehensive income. Items which will or might potentially be reclassified from OCI into profit or loss have been separated from those for which reclassification is not permitted.

The following IFRSs adopted in 2011 had no impact on Syngenta's consolidated financial statements:

- "Improvements to IFRSs", issued in April 2010
- "Classification of rights Issues", Amendment to IAS 32, issued October 2009
- IAS 24, "Related party disclosures", revised November 2009
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments", issued November 2009

The following new or revised IFRSs relevant to the Syngenta Group have not yet been adopted by Syngenta:

- IFRS 9, "Financial Instruments", was issued in November 2009 and October 2010. It contains new measurement and classification rules for financial assets and financial liabilities. Under IFRS 9, assets which are debt instruments and according to Syngenta's business model are held to collect contractual cash flows consisting of payments of principal and/or interest on defined dates would be measured at amortized cost, and all other financial assets would be measured at fair value. Gains and losses on remeasuring assets which Syngenta classifies as available-for-sale under IAS 39 would be recognized in profit or loss under IFRS 9, except for equity instruments which are not held for trading, for which Syngenta may make an irrevocable election on their initial recognition to present all gains and losses within OCI. Gains and losses on equity instruments for which this election is made would no longer be reclassified from OCI into profit or loss on disposal or on a significant or prolonged decline in value. For financial liabilities which are measured at fair value in accordance with the fair value option, changes in fair value which are due to changes in own credit risk will be reported in OCI, instead of in profit or loss. Syngenta currently does not apply the fair value option to any of its financial liabilities. IFRS 9 will be mandatory for Syngenta with effect from January 1, 2015. Due to the phased publication of the IASB's revised financial instruments requirements Syngenta has not yet decided whether it will adopt IFRS 9 early. Based on a review of the financial assets and liabilities it has at December 31, 2011, Syngenta does not believe that IFRS 9 will have a material impact on its consolidated financial statements.
- "Disclosures – Transfers of Financial Assets", Amendments to IFRS 7, was issued in October 2010 and will be mandatory for Syngenta's consolidated financial statements for years ended December 31, 2012 onwards. It requires additional disclosures where an entity transfers part of a financial asset or transfers a financial asset but retains a continuing involvement in the asset. Trade receivable factoring, which Syngenta may enter into in the future may be within the scope of this disclosure requirement.
- IFRS 10, "Consolidated Financial Statements", was issued in May 2011. This IFRS established the control concept as the sole criterion for consolidation, and clarifies that control is an investor's ability to use its power over another entity to affect the variable returns derived from its involvement with that entity. Syngenta must adopt IFRS 10 effective January 1, 2013, at the latest. Based on a review of its existing relationships with other entities at December 31, 2011, Syngenta does not believe that adoption of IFRS 10 will have a material impact on its consolidated financial statements.

- IFRS 11, "Joint Arrangements", was issued in May 2011, and contains revised guidance for distinguishing joint operations, where each party accounts for its own rights and obligations, from jointly controlled entities, for which IFRS 11 requires the equity method of accounting. Syngenta must adopt IFRS 11 effective January 1, 2013, at the latest. Syngenta is still assessing whether the accounting treatment for any of its existing joint arrangements at December 31, 2011 would change upon adoption of IFRS 11. However, Syngenta does not believe that adoption of IFRS 11 will have a material impact on its consolidated financial statements.
- IFRS 12, "Disclosures of Interests in Other Entities", was issued in May 2011 and requires reporting entities to disclose additional information about their interests in other entities. Syngenta must adopt IFRS 12 effective January 1, 2013, at the latest. Syngenta is currently assessing the impact IFRS 12 may have on the disclosures in its consolidated financial statements.
- IFRS 13, "Fair Value Measurement", was issued in May 2011 and introduced guidance on how to measure fair value. Syngenta must adopt IFRS 13 effective January 1, 2013, at the latest. Based on a review of the assets and liabilities recognized in its December 31, 2011 consolidated balance sheet and its current methods for measuring fair value compared with IFRS 13 guidance, Syngenta does not believe that adoption of IFRS 13 will have a material impact on its consolidated financial statements.
- IAS 19, "Employee Benefits" (revised), was issued in June 2011. The main changes which this revised IFRS introduces affect the accounting for defined benefit post-employment plans. Actuarial gains and losses will be recognized in full in other comprehensive income, and past service cost will be recognized in full in profit or loss, in the periods in which they arise. Interest on the net recognized defined benefit asset or liability will be recognized in profit or loss, in place of the currently separate recognition of interest cost on the benefit obligation and of an expected return on plan assets. Presentation requirements for changes in the recognized asset or liability are revised, and additional disclosures required. Syngenta already recognizes actuarial gains and losses in full in other comprehensive income in the periods in which they arise. At December 31, 2011, Syngenta has a US$16 million liability for unrecognized past service gains. Upon adoption of the revised IFRS, this liability will be recognized retrospectively in retained earnings. In addition the 2011 pre-tax benefit expense in Syngenta's consolidated income statement will be increased by US$42 million, due to elimination of the related past service amortization credit and to the impact of the new net interest concept on the defined benefit asset or liability. In respect of the net interest concept, OCI will be adjusted correspondingly. The interpretation of certain other changes in the revised IFRS is still being discussed amongst Syngenta and its advisers, and additional impacts on Syngenta's consolidated financial statements may be identified when these points are clarified. Also, under the revised IFRS, restructuring costs incurred to retain the services of employees during a transition period in excess of applicable legal minimums will be expensed over the required retention period instead of being recognized in full when the restructuring and the retention benefits are communicated. The effect on Syngenta's consolidated income statement and balance sheet of deferring the recognition of these costs will depend on the timing of future restructurings and the composition of the costs related to them.
- "Offsetting Financial Assets and Financial Liabilities", Amendments to IAS 32, was published in December 2011, and permits financial assets and financial liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency. Syngenta must adopt the amendments effective January 1, 2014, at the latest. Syngenta is currently assessing the impact of the amendments on its consolidated financial statements. At the same time, the IASB published "Disclosures – Offsetting Financial Assets and Financial Liabilities", Amendments to IFRS 7, which requires disclosures both about assets and liabilities that have been offset in the balance sheet and about amounts covered by conditional set-off rights which do not meet the criteria for offsetting. These disclosures will be required for Syngenta's consolidated financial statements for the year ending December 31, 2013.

**Future changes in IFRS**

IFRSs are undergoing a process of revision with a view to increasing harmonization of accounting rules internationally. Proposals to issue new or revised IFRSs, as yet unpublished, on financial instruments, revenue recognition, leases, and other topics may change existing standards, and may therefore affect the accounting policies applied by Syngenta in future periods. Transition rules for these potential future changes may require Syngenta to apply them retrospectively to periods before the date of adoption of the new standards.

## Principles of consolidation

**Subsidiaries**

Subsidiaries are those entities in which Syngenta has ownership of a majority of the voting rights or otherwise has power to exercise control. Control exists when Syngenta has the power, indirectly or directly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The income, expenses, assets, liabilities and cash flows of companies acquired or disposed of during the period are included in the consolidated financial statements from the date of acquisition or up to the date of disposal, respectively.

**Associates and joint ventures**

Associates are those entities in which Syngenta has significant influence, but not control, over the financial and operating policies and in which Syngenta generally has between 20 percent and 50 percent of voting rights. Joint ventures are those enterprises over whose activities Syngenta has joint control, established by contractual agreement. Syngenta accounts for both associates and joint ventures using the equity method. Under this method, the consolidated financial statements show Syngenta's investment in and its share of the total recognized gains and losses and transactions with shareholders of associates and joint ventures, from the date that significant influence or joint control commences until the date they cease. Any premium over net asset value paid to acquire an interest in an associate or joint venture is recognized as goodwill, within the same line as the underlying investment. When Syngenta's share of accumulated losses reduces the carrying amount of an associate or joint venture to nil, no further losses are recognized unless Syngenta has an obligation to meet those losses.

## 2. Accounting policies continued

**Transactions eliminated on consolidation**
Intercompany income and expenses, including profits from internal Syngenta transactions, and intercompany receivables and payables have been eliminated upon consolidation. Profits on transactions between Syngenta and its associates and joint ventures are eliminated in proportion to Syngenta's ownership share in the associate or joint venture, but losses are eliminated only if no impairment has occurred.

**Business combinations**
Syngenta accounts for business combinations in accordance with IFRS 3, (revised January 2008), using the acquisition method. At the date it acquires control of another business, Syngenta records the fair value of the agreed consideration payable, including the estimated fair value of any contingent consideration, and of any existing ownership interest it holds in the acquired entity, but excluding any amounts which are not part of the business combination, such as amounts which settle pre-existing relationships or relate to services Syngenta will receive post-acquisition. Any gain or loss arising on revaluing an existing interest in the acquired entity is recognized in profit or loss. Direct acquisition transaction costs are expensed as incurred. The assets and liabilities of acquired businesses are identified, and are recorded in the consolidated financial statements at their acquisition date fair values, with certain exceptions as set out in IFRS 3. Acquired intangible assets are valued based on the income approach. Generally the relief from royalty method is used for brand names and product technology rights, and the residual income method for customer relationships. Acquired land and buildings are valued based on the market approach and specialized plant and equipment based on the cost approach. Non-controlling interests which represent a proportionate ownership interest are recorded at their proportionate share of the fair value of the acquired business's net assets. Non-controlling interests which do not represent a proportionate ownership interest in the acquired business are recorded at their fair value.

If the sum of the amounts paid or payable upon acquisition of a controlling interest plus the fair value of any existing Syngenta ownership interest in the acquiree and any non-controlling interest exceeds the fair value of the acquiree's net assets, the excess is recognized as goodwill. If the fair value of the acquiree's net assets exceeds the total sum of those amounts, the excess is immediately recognized as a gain in profit or loss at the acquisition date.

Once Syngenta has acquired control of a business, any further transaction that changes Syngenta's ownership interest but does not result in Syngenta losing control is accounted for as a transaction between shareholders. Any difference between the amount paid for the change in ownership interest and the corresponding share of the carrying amount of the net assets is charged or credited to shareholders' equity.

Business combinations completed before January 1, 2010 have been accounted for in accordance with the IFRSs which applied at the date they were completed. The successive changes which have been made over time to the IFRSs for business combinations have not been required to be applied retrospectively to business combinations completed before those changes were introduced.

**Business divestments**
Disposal or loss of Syngenta control of a business or of a controlling interest in a subsidiary is accounted for by derecognizing the underlying assets and liabilities disposed of and any related goodwill and third party non-controlling interests, at their carrying amounts. If Syngenta retains a non-controlling ownership interest, this is recognized at fair value. The difference between those carrying amounts and the total fair value of the disposal proceeds and of any retained Syngenta interest is recognized in profit or loss together with related currency translation gains and losses (see "Foreign currencies" below).

Syngenta recognizes the proceeds of disposals in profit or loss when they become unconditionally receivable, separately from amounts receivable for any services Syngenta is obliged to continue to provide, which are recognized over the periods in which Syngenta performs the related obligations. If completion of a disposal within 12 months is highly probable in accordance with the definition in IFRS 5, the assets and liabilities to be disposed of are reclassified as held-for-sale in the consolidated balance sheet. If a separate major line of business is to be divested and has met the highly probable criterion, its post-tax result of operations for each period presented in the consolidated income statement is presented within discontinued operations, together with related impairment losses. Any profit or loss on disposal which is recognized is also presented within discontinued operations.

**Foreign currencies**
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost or fair value, are translated into the functional currency at the foreign exchange rate prevailing at the date of the transaction or the date the fair value was determined, respectively. Foreign currency transactions are translated into the relevant functional currency at the exchange rate prevailing at the date of the transaction. With exceptions for certain regional supply centre, holding and finance subsidiaries, each Syngenta subsidiary uses the local currency of its country of operations as its functional currency. Unrealized gains or losses related to equity loans, designated cash flow and net investment hedging arrangements and gains and losses on retranslating equity instruments that are available-for-sale financial assets are recognized in OCI. All other resulting foreign exchange transaction gains and losses are recognized in profit or loss. Equity loans are intercompany loans to subsidiaries that are not expected to be repaid in the foreseeable future and therefore considered part of Syngenta's net investment in the subsidiary.

Income, expense and cash flows of foreign operations are translated into US dollars using average exchange rates prevailing during the period. Assets and liabilities of foreign operations are translated to US dollars using exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on these translations are recognized directly in OCI. Upon disposal or loss of control of a foreign subsidiary, the cumulative currency translation difference relating to the subsidiary is reclassified from equity to profit or loss as part of the gain or loss on disposal.

**Revenue**
Revenue is measured as the fair value of the consideration received or receivable. Revenue from sales of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is usually upon delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms.

In certain markets, sales terms allow customers to exchange purchased products at a later date for other Syngenta products of their choice, to the same value. Revenue is recognized upon delivery of the original products, and is reduced by a provision for products expected to be exchanged. This provision is released, and the corresponding revenue is recorded, when the substitute products

are delivered or the period available to exchange the products expires, whichever is earlier.

In certain markets, sales terms allow customers the option of a one-time, non-repeatable extension of credit, for a defined additional period, in respect of a defined proportion of purchases made during a defined period, if the customers still have the inventories on hand upon expiration of the initial agreed credit period. Customers have no right to return these inventories, and must pay unconditionally when the additional credit period expires. In accordance with IAS 18, revenue for these sales is recognized upon product delivery.

Where a right of return exists, revenue is recognized when a reasonable estimate of returns can be made, or when the right of return expires, whichever is earlier. Where Syngenta's distributors hold inventories and have the right of return, or Syngenta's commercial practice is to accept returns from distributors, and it is not possible to make a reasonable estimate of returns, Syngenta recognizes revenue when its distributors sell the inventories to their customers.

Where third parties hold Syngenta inventories on a consignment basis, revenue is recognized in the period that inventories are withdrawn from consignment and delivered to customers.

Syngenta periodically enters into prepayment contracts with customers whereby it receives advance payments for products to be delivered in a future period. These advance payments are recorded as liabilities and presented as part of trade accounts payable. Advance payment liabilities are released and revenues associated with such advance payment transactions are recognized upon delivery of and transfer of title, ownership, and risk of loss of the related products to the customer.

Royalty income is recognized when earned. If the license agreement contains performance obligations for Syngenta, the related income is considered earned when Syngenta has performed the obligations. Amounts received in advance of performance are deferred in the consolidated balance sheet. If the license agreement provides for royalties based on sales made by the licensee, income is considered earned in the period that the related sales occur.

Cash rebates and discounts granted to customers are classified as a reduction of revenue. Awards of free or discounted products or services supplied by Syngenta in connection with customer loyalty programs are recognized as revenue when the customer redeems the credits. Awards supplied by a third party are recognized as revenue when the third party becomes obliged to supply the awards if Syngenta is an agent for the third party, and when Syngenta has performed its obligations to the customer if Syngenta is a principal. Net profit from programs where Syngenta is an agent is shown as part of sales. Revenue related to programs where Syngenta is a principal is presented as part of sales, and associated costs are presented within cost of goods sold or marketing and distribution expense as appropriate. Syngenta determines whether it is a principal or an agent according to whether it is exposed to the risks and rewards of supplying the third party products or services. Liabilities associated with customer loyalty programs are classified within trade accounts payable.

**Barter transactions**
For certain customers in certain markets, either settlement of trade receivables is secured with proceeds from agricultural commodities sold by Syngenta customers, or customers settle trade receivables directly by delivering commodities to Syngenta. For these arrangements, Syngenta recognizes revenue when it has a legally enforceable receivable, the amount of which is reliably measurable based on an agreed price for the Syngenta products. Where Syngenta has a contract with the customer for physical delivery of a commodity at a fixed price, an embedded derivative is recognized for the fair value of the contract until physical delivery. When it subsequently sells the commodity, Syngenta classifies additional revenue as sales only to the extent that the original contract for the sale of Syngenta products included revenue that was contingent upon the commodity sales proceeds. Any remaining gains or losses on the commodity sale are recorded in Marketing and distribution expense in the consolidated income statement.

**Research and development**
Research expenses are charged to the consolidated income statement when incurred. Internal development costs are capitalized as intangible assets only when there is an identifiable asset that can be completed and is expected to generate future economic benefits and when the cost of such an asset can be measured reliably. Due to regulatory and other uncertainties inherent in the development of its key new products, Syngenta currently has no development costs that meet the criteria for recognition.

Costs of purchasing distribution rights, patent rights and licenses to use or sell products, or technology or registration data are capitalized as intangible assets. Costs of applying for patents for internally developed products, costs of defending existing patents and costs of challenging patents held by third parties where these are considered invalid, are considered part of development expense and expensed as incurred.

**Restructuring and impairment**
Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

**Income taxes**
Income taxes for the year comprise current and deferred taxes, calculated using rates enacted or substantively enacted at the balance sheet date.

Current tax is the expected tax payable on taxable income for the year and any adjustments to tax payable in respect of previous years. Deferred tax is recognized using the liability method and thus is calculated on temporary differences between the tax bases of assets and liabilities and their respective carrying amounts in the consolidated balance sheet.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognized on the initial recognition of goodwill if the carrying amount of goodwill exceeds its tax base. Deferred tax assets, including those related to unused tax losses, are recognized to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.

## 2. Accounting policies continued

Income tax expense, current and deferred, is recognized in profit or loss unless it relates to items recognized in OCI or in equity in which case the tax expense is also recognized in OCI or equity respectively.

Syngenta's policy is to comply fully with applicable tax regulations in all jurisdictions in which Syngenta's operations are subject to income taxes. Syngenta's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by Syngenta's subsidiaries will be subject to review or audit by the relevant tax authorities. Syngenta and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions. Syngenta records provisions for taxes it estimates will ultimately be payable when the reviews or audits have been completed, including allowances for any interest and penalties which may become payable. Syngenta releases these provisions when the tax audit of the applicable year is completed or an Advance Pricing Agreement (APA) settlement is reached that impacts previous years' tax payments, or otherwise when the statute of limitations for the applicable year expires, unless there is evident reason for earlier release.

Deferred tax on share based compensation awards is based on the tax deduction, if any, that would be obtained if the Syngenta AG share price at the period end was the tax base for the award. Deferred tax on unvested awards is recognized ratably over the vesting period. Deferred tax on awards already vested is recognized immediately. Any income tax benefits recorded in the income statement are limited to the tax effect of the related cumulative pre-tax compensation expense recorded. The total tax benefit on an award may exceed this amount in some circumstances. The excess tax benefit is considered by IFRS to be the result of a transaction with shareholders rather than with employees, and is recorded within shareholders' equity.

**Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and are subject to only an insignificant risk of changes in value.

**Trade and other accounts receivable**

Trade and other accounts receivable include invoiced amounts less adjustments for doubtful receivables which are calculated by taking into account whether receivables are past due based on contractual terms, payment history and other available evidence of collectability. Receivable balances are written off only when there is no realistic prospect of their being collected.

Factoring arrangements transferring substantially all economic risks and rewards associated with accounts receivable to a third party are accounted for by derecognizing the accounts receivable upon receiving the cash proceeds of the factoring arrangement. Factoring arrangements that transfer to a third party some, but not all economic risks and rewards are accounted for by continuing to recognize Syngenta's continuing rights over the receivable and by recognizing any related obligation to the third party factor.

In certain foreign currency sales transactions, Syngenta offers to its customers a written exchange rate option embedded into the sales contract. The resulting trade receivable/option contract is designated as an asset which is measured at fair value through profit or loss as the embedded option derivative meets the conditions of paragraph 11A of IAS 39. The fair value of these trade receivables is determined after:

(a) remeasuring the embedded exchange rate option at fair value;

(b) retranslating the underlying account receivable into the selling entity's functional currency using closing spot exchange rates at the balance sheet date; and

(c) adjusting the resulting carrying amount of the combined receivable contract to reflect changes in customer credit risk. Syngenta includes this adjustment in the provision for doubtful receivables.

**Financial and other current assets**

Financial and other current assets include financial instruments with positive fair values and remaining contractual maturities of less than 12 months at the balance sheet date. Debt investments are classified as available-for-sale assets in accordance with IAS 39, and are revalued to fair value at each reporting date. Fair value is the quoted market price of the specific investments held. Unrealized revaluation gains are recorded in OCI except to the extent that they reverse impairment losses recorded on debt investments in prior periods. When an investment is sold, revaluation gains and losses are transferred from OCI and recognized in profit or loss. Regular way purchases and sales of marketable securities are recognized at settlement date.

**Derivative financial instruments and hedge accounting**

Derivative financial instruments are recorded initially at their fair value when Syngenta becomes a party to the instrument. They are revalued to fair value at each reporting date and presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Fair values of publicly traded derivatives are based on quoted market prices of the specific instruments held at the balance sheet date.

Fair values of non-publicly traded derivatives are valued using accepted economic methodologies for pricing these financial instruments, such as discounted cash flow analysis or option pricing models. The valuation models seek to make maximum use of market inputs existing at the balance sheet date. The methods used to determine the fair value of specific types of non-publicly traded derivatives are as follows:

- Interest rate and cross-currency swaps are calculated as the present value of the estimated future cash flows. The future cash flows are determined using relevant market forward interest rates at the balance sheet date and are discounted using the zero-coupon rates with equivalent maturities for AA rated entities at the balance sheet date, as adjusted for the counterparty's credit risk. These discount rates incorporate the impact of net credit risk present in those derivative instruments;
- Forward contracts are determined using relevant market exchange rates at the balance sheet date;
- Currency options are valued using the Black-Scholes-Merton option pricing model, which incorporates spot exchange rates, zero coupon rates with equivalent maturities for entities with credit ratings which approximate Syngenta's counterparty credit risk, and implied volatility in the market forward exchange rates at the balance sheet date;
- Commodity options are valued using the Black-Scholes-Merton option pricing model, which incorporates future commodity price curves with equivalent maturities and implied volatilities in the commodities markets at the balance sheet date, adjusted for counterparty credit risk.

Realized gains and losses, unrealized revaluation gains and losses on derivatives not designated as accounting hedges and the ineffective portion of derivatives designated as accounting hedges are recorded in profit or loss as they arise.

Syngenta applies hedge accounting as follows:

**Fair value hedges**
Both the designated hedging instruments and the underlying hedged items are remeasured to fair value and the resulting remeasured gains or losses are recognized in profit or loss as they occur.

**Cash flow hedges**
For the effective portion of the hedge, gains and losses on remeasuring designated hedging instruments to fair value are recognized in OCI as part of the cash flow hedge reserve, and are reclassified into profit or loss in the period (or periods) during which the underlying hedged cash flows affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for cash flow hedge accounting, any cumulative unrealized gain or loss on the hedging instrument remains in equity until the underlying hedged item affects profit or loss. However, if a hedged forecasted transaction is no longer expected to occur, the cumulative unrealized gain or loss on the hedging instrument is immediately reclassified into profit or loss.

**Net investment hedges**
Hedges of net investments in foreign operations, including hedges of monetary items that are accounted for as part of a net investment, are accounted for similarly to cash flow hedges. The accumulated gain or loss arising from such a hedge is reclassified from equity into profit or loss upon disposal of the net investment.

**Inventories**
Purchased products are recorded at acquisition cost while own-manufactured products are recorded at manufacturing cost including a share of production overheads based on normal capacity. Cost is determined on a first-in-first-out basis. Allowances are made for inventories with a net realizable value less than cost, or which are slow moving. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell. Costs to sell include direct marketing, selling and distribution costs. Unsalable inventories are fully written off.

**Biological assets**
Biological assets represent growing plants and cuttings in Syngenta's Flowers business and sugar cane seedlings within its Sugar cane business. They are measured at fair value less costs to sell where fair value is reliably measurable, and at cost less impairment where fair value is not reliably measurable due to the nature of the asset not corresponding to traded assets or products in the market. Syngenta classifies gains and losses from remeasuring biological assets to fair value within cost of goods sold.

**Property, plant and equipment**
Property, plant and equipment are recorded at acquisition or production cost, less accumulated depreciation and any impairment losses. Eligible borrowing costs are capitalized as part of the asset cost if construction is expected to take more than one year to complete. Capitalization ceases when the asset is ready for its intended use. Depreciation is charged on a straight-line basis to the income statement, starting from the date the asset is ready for use, over the following estimated useful lives:

| | |
|---|---|
| Buildings | 20 to 40 years |
| Machinery and equipment | 10 to 20 years |
| Furniture and vehicles | 5 to 10 years |
| Computer hardware | 3 to 7 years |

Land is recorded at acquisition cost and is not subject to depreciation.

Expenditures made for existing property, plant and equipment that will provide future economic benefit are capitalized and depreciated over the revised remaining useful life of the asset. Components of an asset are accounted for as separate assets if their useful lives differ from that of the larger asset of which they are a part. When a component of an asset is replaced, a disposal of the replaced component is accounted for and the new component is capitalized and depreciated over the shorter of its own useful life and that of the asset of which it is a component.

**Leases**
Property, plant and equipment financed by leases giving rights to use the leased assets as if they were owned by Syngenta are capitalized at the lower of fair value and the present value of minimum lease payments at the inception of the lease. Such leases are also embedded in contracts for goods or services provided by suppliers to Syngenta when the supplier can fulfil their obligations only by using a specific asset to supply Syngenta and the contract price is neither fixed per unit of output nor represents a market price. Finance lease assets and liabilities are recognized at the commencement of the lease, which is when the leased asset is ready for use and Syngenta has the right to use it. Finance lease assets are depreciated over the lesser of the remaining lease term and the estimated useful life of the leased asset.

**Sale and leaseback transactions**
Property, plant and equipment is generally recorded as having been sold, and profit on disposal recognized, when legal title passes to the purchaser. If Syngenta leases back the sold assets under operating leases, profits on sales are recognized when legal title passes if the leases have at-market rental terms. If the leasebacks are finance leases, profits on sales are recognized over the terms of the leaseback agreements.

**Intangible assets other than goodwill**
Intangible assets, other than goodwill, are recorded at cost less accumulated amortization and any impairment losses. Currently, all such intangible assets are assigned a finite estimated useful life. The cost of acquired intangible assets other than goodwill consists of the purchase price including transaction costs. The cost of internally generated intangible assets consists of direct internal and external design, development, and testing costs incurred to make the asset ready for use in the manner intended by management. Borrowing costs associated with internal software development projects are capitalized if the project is expected to take more than one year to complete. Capitalization ceases when the software is ready for its intended use.

Intangible assets are amortized starting from the date the asset is ready for use. In respect of product rights, this is when regulatory approval has been obtained. Asset lives are reviewed annually. The straight-line method of amortization is used except where another systematic basis better reflects the pattern of consumption of the economic benefits represented by the asset. Amortization is charged within the consolidated income statement to the function responsible for the asset, or to general and administrative.

Useful lives assigned to acquired product rights are based on the period over which Syngenta expects economic benefit from the product rights. Estimated lives assigned to most product rights upon acquisition are between 10 and 20 years and do not exceed 20 years for any asset.

Patents and trademarks are amortized over their estimated economic or legal life, whichever is shorter. Lives assigned are between 3 and 20 years for patents and between 10 and 15 years for trademarks.

## 2. Accounting policies continued

Business combinations give Syngenta access to the distribution channels and customer relationships of the acquired business. These relationships normally continue to generate economic benefit to Syngenta following the acquisition. The useful lives of customer relationships are determined from management estimates of customer attrition rates. Estimated lives assigned are between 5 and 30 years.

Acquired In-Process Research & Development (IPR&D), is valued at fair value at acquisition. It is assessed for impairment annually until it has been successfully developed and is available for use at which time it begins being amortized over its estimated useful life. Lives assigned are between 10 and 20 years.

Assets attributable to long-term supply agreements are amortized as part of cost of goods sold over the period of the supply agreements, which are between 5 and 12 years.

Purchased software licenses are amortized over their remaining license terms. Internally developed software is amortized from the date it is ready for use until the sooner of its expected replacement date or the date significant costs are expected to be incurred to upgrade it. Lives assigned are between 3 and 5 years.

### Goodwill

Goodwill is the excess of the fair value of an acquired business over the fair value of its identifiable net assets at the acquisition date. Goodwill is recognized as an asset and presented within intangible assets. Goodwill is not amortized, but is tested annually for impairment and reduced by any impairment losses.

### Impairment

Property, plant and equipment, intangible assets and investments in associates and joint ventures are tested for impairment ("tested") in accordance with IAS 36 unless classified as held for sale. Goodwill and intangible assets not yet ready for use are tested annually and are also reviewed at each interim and annual reporting date to determine whether conditions changed since the most recent review or annual test. Individual other non-current assets are reviewed at each reporting date to determine whether events or changes in conditions indicate that the carrying amount of each asset may not be recoverable. If any such indication exists, the asset is tested for impairment. Syngenta estimates an asset's recoverable amount as the higher of the asset's fair value less selling costs and value in use, which is the present value of the cash flows expected from the asset's use and eventual disposal. An impairment loss is recorded in the consolidated income statement to the extent that the carrying amount of the tested asset exceeds its recoverable amount. Impairment losses are not reversed for goodwill, but are reversed for other assets if their recoverable amounts subsequently increase.

### Other non-current financial assets

Debt investments maturing in more than twelve months and equity investments in other entities which are not subsidiaries, associates or joint ventures of Syngenta are classified as available-for-sale in accordance with IAS 39. They are accounted for as described above under "Financial and other current assets". An impairment loss is recorded in the consolidated income statement if there is a significant or prolonged decline in the value of an equity security that is an available-for-sale financial asset below its original cost, as reduced where applicable by cumulative impairment losses recorded in prior periods. Impairment losses on equity securities are not reversed if their fair value increases after an impairment loss is recorded. Loans and receivables are recorded at amortized cost, less impairment losses.

### Non-current assets held for sale

Non-current assets and groups of assets are reclassified as held for sale when the assets are available for immediate sale in their present condition and a sale within one year is highly probable. Property, plant and equipment and intangible assets held for sale are remeasured at the lower of fair value less costs to sell or carrying amount at the date they meet the held for sale criteria at which time depreciation and amortization also ceases. Any resulting impairment loss is recognized in profit or loss.

### Financial debt

Financial debt is recognized initially at its fair value less transaction costs, which represents the net proceeds from issuing the debt. Subsequently, financial debt is stated at amortized cost using the effective interest method, except where subject to a fair value hedge relationship. Financial debt is classified as current if the debt agreement terms in force at the balance sheet date require repayment within one year of that date. Otherwise, it is classified as non-current.

### Provisions

A provision is recognized in the balance sheet when Syngenta has a legal or constructive obligation to a third party or parties as a result of a past event the amount of which can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of discounting is material, provisions are discounted to the expected present value of their future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the expected reimbursement is recognized as a separate asset only when virtually certain. Where Syngenta has a joint and several liability for a matter with one or more other parties, no provision is recognized by Syngenta for those parts of the obligation expected to be settled by another party. Syngenta self-insures or uses a combination of insurance and self-insurance for certain risks. Provisions for these risks are estimated in part by considering historical claims experience and other actuarial assumptions and, where necessary, counterparty risk.

### Environmental provisions

Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required within ten years (or a longer period if specified by a legal obligation) and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts: technology expected to be available at the time of the clean up; laws and regulations presently or virtually certain to be enacted; and prior experience in remediation of contaminated sites. Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date, and are discounted if the impact is material and if cost estimates and timing are considered reasonably certain.

Syngenta's restructuring programs have involved closure of several sites to date. Remediation liabilities recognized when site closures are announced are accounted for as restructuring provisions. In the opinion of Syngenta, it is not possible to estimate reliably the additional costs that would be incurred upon eventual closure of its continuing sites that have no present obligation to remediate because it is neither possible to determine a time limit beyond which the sites will no longer be operated, nor what remediation costs may be required upon their eventual closure.

### Legal and product liability settlements

For claims for which, according to Syngenta's assessment, it is not probable that a liability exists or that there will be a future cash outflow or other sacrifice of economic benefits, Syngenta has provided for the costs of defense only. For claims where an outcome unfavorable to Syngenta is assessed as more likely than not, provision has been made for the estimated amount of damages and settlement, including legal costs. No provision is made where the legal procedures are at too early a stage to estimate the outcome with any reliability.

### Restructuring provisions and costs

Restructuring costs are accrued (charged to provisions) when Syngenta has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly and they qualify for recognition in accordance with IAS 37.

Provisions for severance payments and related employment termination costs are made in full when employees are given details of the restructuring plan and the termination benefits that will apply to individual employees should their contracts be terminated. Restructuring costs relating to ongoing activities, such as relocation, training and information systems, do not qualify for provisioning under IAS 37 and are expensed when incurred.

### Post-employment benefits

For defined benefit plans, plan assets are measured at fair value. The plans' holdings in publicly quoted investments are valued at closing prices at the balance sheet date. The plans' holdings in pooled investment vehicles (PIVs) that are not publicly quoted are valued at the respective investment managers' current estimate of fair value, on a basis consistent with each PIV's most recent audited financial statements. Derivative contracts entered into directly by the pension plans are included within plan assets. Exchange traded derivatives are valued at quoted balance sheet date bid prices for contracts which are assets, or offer prices for contracts which are liabilities, at the balance sheet date. Fair values of over the counter derivatives are measured using independent third party pricing services. The defined benefit obligations are measured at the present value of future benefit payments attributable to employee service rendered up to the balance sheet date. A surplus of plan assets over the benefit obligation is recognized as an asset only to the extent of the economic benefit Syngenta can obtain from the surplus through refunds from, or reductions in the present value of future contributions to, the plan. Benefit expense charged to profit or loss is the cost to Syngenta of the increase in benefits in the period. The benefit obligation and cost are attributed to periods using the projected unit credit actuarial method. The expected return on plan assets in externally funded plans is deducted from the benefit cost. Both the benefit cost and expected asset return are based on long-term economic assumptions. The benefit cost is also based on long-term assumptions about employee service, pay and longevity, and for healthcare plans, medical costs. Assumptions are reviewed annually. Gains and losses arising from variances between assumptions and actual outcomes, and from changes to assumptions, are recognized in OCI in the period in which they arise. Past service cost arising when plan rules are amended is amortized over the vesting period for the revised benefits, or over the remaining expected service period if the benefits do not vest until retirement. If the revised benefits vest immediately, the related past service cost is recognized immediately in profit or loss. If plan membership or benefits are significantly reduced by a restructuring, or an event or transaction results in Syngenta's benefit obligations being settled, the effects are recorded in profit or loss when the restructuring or settlement occurs.

Contributions to defined contribution pension plans are recognized as an expense in profit or loss when they are due.

### Share based payments

The fair value of equity-settled share and share option awards to employees is recognized as compensation expense, and as a corresponding increase in equity, over the period in which the shares or options vest. An award is granted when it has been approved by the Compensation Committee of Syngenta AG's Board of Directors and its terms have been communicated to share plan members. Grants of Syngenta AG ordinary shares are measured at market value on the grant date, less any cash amount payable by the employee. The fair value of grants of share awards and unvested shares that do not carry dividend rights until vesting, is reduced by the present value of the expected dividends to which the holder will not be entitled. No discount is applied to grant-date market value to reflect vesting conditions. The fair value of grants of options over Syngenta AG ordinary shares is measured using the Black-Scholes-Merton formula. Compensation expense is measured using Syngenta's best estimate of the shares and options expected to vest. Compensation expense is adjusted subsequently, so that final expense is based on the number of shares and options that actually vest. Grants with a cash or equity alternative for plan members are accounted for as liabilities until the members' choice is known. The incremental fair value of members' equity options is zero. A member's choice to receive equity instruments is accounted for by transferring the fair value of the liability to shareholders' equity when the choice is made. For certain share plans, Syngenta has withholding obligations in respect of plan members' personal income tax liabilities on vesting or exercise of awards. Where members have the choice of settling the tax and receiving all the award or selling part of the award to cover the tax and receiving the balance of the award ("sell to cover") the plans are accounted for as fully equity-settled. Where Syngenta requires members to sell to cover, cash-settled share based payment accounting is applied to that part of the award and equity-settled accounting to the remainder.

The fair value of equity settled and cash settled share grants awarded to customers in cash rebate sacrifice arrangements is recognized as a reduction in sales in the same way as the cash rebate.

### Dividends and capital distributions

Dividends payable to shareholders of Syngenta AG are recorded as liabilities and as a reduction in shareholders' equity in the period in which they are approved by the shareholders of Syngenta AG.

### Treasury shares

Share capital includes the par value of treasury shares held by Syngenta that have not been cancelled. Treasury shares are shown as a separate component of shareholders' equity and stated at the amount paid to acquire them. Differences between this amount and the amount received upon their disposal are recorded as a movement in consolidated shareholders' equity.

### Derivative instruments over Syngenta AG shares

Forward contracts and purchased and written call options over Syngenta AG ordinary shares, other than those related to share based compensation plans, are accounted for as equity instruments if they involve the exchange of a fixed number of Syngenta ordinary shares for a fixed cash amount and gross physical settlement is required by the option contract. Equity instruments are recognized in shareholders' equity at fair value at the date the instruments are issued or acquired, and are not subsequently revalued. Any difference between the value recognized at issue or acquisition and the value at settlement is recognized as an increase or decrease in shareholders' equity.

## 2. Accounting policies continued

### Application of critical accounting policies

**Impairment**
For the purposes of assessing impairment, assets are grouped at the lowest level at which there are independent cash inflows. This level is described as a cash generating unit (CGU). Each CGU contains tangible assets such as plant and equipment as well as intangible assets such as product and patent rights. The way in which assets are grouped to form CGUs and are related to cash flows may in certain circumstances affect whether an impairment loss is recorded. Generally, the higher the level at which independent cash flows are identified, the less likely it is that an impairment loss will be recorded, as reductions in one cash inflow are more likely to be offset by increases in other cash inflows within the same CGU. If a CGU is impaired, the impairment loss is allocated first to any goodwill in the CGU, and then to reduce the CGU's other assets pro rata.

In the Crop Protection segment, a CGU is generally defined by Syngenta at the product active ingredient level. However, where one active ingredient is sold in mixture with other active ingredients to a significant extent, the active ingredients concerned are grouped together into a single CGU because independent cash inflows only exist at this higher level. Each CGU is generally defined on a global basis reflecting the international nature of the business. Goodwill on major acquisitions, principally Zeneca agrochemicals business goodwill of US$548 million, is held at segment level and tested for impairment by relating it to total segment cash flows.

In the Seeds segment, a CGU is generally defined at the global crop level to reflect the fact that seed germplasm originating in one country can be used in other countries except where license agreements are more geographically restrictive.

In 2011, Syngenta announced that it would implement a single integrated commercial organization for its Crop Protection and Seeds businesses. In order to enable the businesses to focus during 2011 on preparing for the new organization, Syngenta has continued to use the medium term management forecasts prepared in 2010. In its 2011 impairment testing, Syngenta has relied upon its 2010 recoverable amount estimates wherever these exceeded CGU asset carrying amounts by a substantial margin. Impairment testing for CGUs with recoverable amounts close to their carrying amounts has been performed using medium term forecasts updated in 2011.

**Pension asset ceiling**
IFRSs require Syngenta to estimate the economic benefit it can obtain from a pension surplus if a surplus currently exists or will arise when Syngenta meets an existing minimum funding obligation. Syngenta believes a refund of any surplus in its UK pension plan will be unconditionally available to it when all liabilities are settled. The surplus in its US plan is supported by the economic benefit of future contribution savings. Syngenta cannot derive economic benefit from any surplus in its main Swiss pension plan because there is no refund right and the required future service contributions exceed future service cost. Accordingly, Syngenta restricted its asset carrying amount at December 31, 2010 and reduced OCI for 2010 by US$30 million. At December 31, 2011, no corresponding restriction applied. The surplus disclosed in Note 22 relates to another Swiss plan.

**Foreign currency translation**
Syngenta has to make judgements on whether loans between subsidiaries are likely to be repaid in the foreseeable future in order to allocate foreign currency differences on those items to profit or loss if the loan will be repaid or to OCI if the loan is effectively part of the net investment in the borrowing subsidiary.

### Critical accounting estimates

**Impairment review**
The recoverable amount for goodwill has been determined based on value in use of the relevant CGU or group of CGUs to which the goodwill is allocated. The recoverable amounts of all material intangible assets and property, plant and equipment have also been based on their value in use.

The discount rates used to discount the estimated future cash flows included in the value in use calculations are based on Syngenta's estimated weighted average cost of capital (WACC). This is considered to include market estimates of industry sector risk premium, as Syngenta's Crop Protection and Seeds businesses both operate mainly in the agricultural sector and its non-agricultural Professional Products business is not considered a separate CGU. Because Syngenta's CGUs generally reflect the global nature of its Crop Protection and Seeds businesses, it is also not considered necessary to apply a country risk premium. The pre-tax discount rates used for all significant CGUs ranged from 7.1 percent to 8.5 percent (2010: 7.0 percent to 8.5 percent). The outcomes of the impairment tests are not sensitive to reasonably likely changes in the discount rate in the periods presented for any CGU or group of CGUs for which the carrying amount of goodwill is significant except as described below.

In determining value in use it is necessary to make a series of assumptions to estimate future cash flows. The main assumptions in respect of Crop Protection include future sales prices and volumes, future development expenditures required to maintain products' marketability and registration in the relevant jurisdictions and products' lives. These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These assumptions can be subject to significant adjustment from such factors as changes in crop growing patterns in major markets (for example, as a result of movements in crop prices), changes in product registration, or pressure from competitor products. Estimated cash flows are based on Syngenta management forecasts over a five year horizon and a terminal value, which assumes a 2.0 percent long-term growth rate (2010: 2.0 percent). Management believes, based on recent growth in agricultural markets, that there are long-term prospects for continued growth. US$693 million of goodwill is tested at the Crop Protection total segment level (2010: US$703 million). In the opinion of Syngenta, the recoverable amount is not sensitive to reasonably possible changes in any of the assumptions underlying the cash flow projections used for the impairment test. A reduction in forecasted sales within management's five year forecast horizon compared to the previous year's five year forecast cycle combined with a reduction in latest forecasts of current year sales compared to the current year budget, is considered an indicator of market related impairment for CGUs to which no goodwill is allocated, resulting in the performance of detailed impairment tests. Syngenta also performs detailed impairment tests when there are asset specific indicators of impairment such as withdrawal of, or restrictions placed upon, product registrations, plans to divest products or, for property, plant and equipment, plans to restructure or close a site. Higher discount rates are used to test property, plant and equipment for impairment in the case of restructuring because of the higher risk associated with remaining cash flows when operations are being physically relocated. The value in use calculation takes account of cash flows from the remaining period of operations and

decommissioning costs. Property, plant and equipment and intangible asset impairments of US$3 million and US$15 million were recorded because of restructuring in 2011 and 2010 respectively.

In Crop Protection in 2010, one CGU which contained US$46 million of property, plant and equipment and US$36 million of intangible assets, excluding goodwill, and to which US$16 million of goodwill was allocated, had a recoverable amount equal to its carrying amount following recognition of a US$4 million impairment. In 2011, forecast future cash flows for this CGU declined because of increased distribution costs and a significant shortfall in production volumes caused by extreme weather conditions, which is expected to constrain sales in 2012. As a result, a US$38 million impairment loss was recognized for this CGU in 2011. The total carrying amount of its property, plant and equipment and intangible assets at December 31, 2011 is US$49 million. The following key assumptions underlie the value in use estimate on which this impairment loss is based:

– a 3.8 percent compound annual sales growth rate over the five year forecast horizon (2010: 5.0 percent);
– improved gross profit quality for 2012 and future years compared to 2011, consistent with recent price increases and actual levels achieved throughout the period 2008 to 2010;
– the weather-related production problems experienced in 2011 will not recur;
– a 2.0 percent long-term growth rate beyond the end of the 5 year forecast period, which in view of more challenging market conditions is considered more likely than the 3.0 percent long-term growth rate assumed in prior years for this CGU;
– in the medium term, current excess working capital will be eliminated and working capital will reduce to levels normal for the industry sector in which this CGU operates; and
– an 8.2 percent pre-tax discount rate (2010: 8.4 percent).

The sensitivity of the recoverable amount to these assumptions, expressed as impairment losses additional to those recognized in 2011, is as follows (in US$ million):

| | |
|---|---|
| 1 percent increase in post tax discount rate | 14 |
| Long-term growth rate reduced to 1 percent | 12 |
| Both the above changes together | 22 |

Goodwill of US$315 million is allocated to the Seeds North America Corn and Soybean CGU. Syngenta's forecasts assume that new trait introductions by seed companies will increase total market value in both corn and soybean, and that Syngenta's traits will obtain an increased share of those markets. A 2.0 percent long-term annual growth rate (2010: 2.0 percent) is assumed after the end of this period. At the 7.5 percent (2010: 7.0 percent) pre-tax discount rate used, value in use significantly exceeds the CGU's carrying amount. The carrying amount would be sensitive only to significant reductions in income or unidentified product related regulatory, technical or intellectual property issues which Syngenta does not consider reasonably possible at this time.

**Adjustments to revenue and trade receivables**

Syngenta's products are consumed mainly by growers. The timing and amount of cash inflows received by growers is impacted by a broad range of economic and political risks, including crop yields and prices, the availability of credit, and the cost of agricultural inputs such as the products sold by Syngenta and its competitors. The cash flows of distributors that supply Syngenta's products to growers and represent the majority of Syngenta's customers are also impacted by these factors. These distributors vary in size and nature from large publicly owned entities to small or medium sized owner-managed businesses. Syngenta's customer base reflects the geographical diversity of its operations, which encompass more than 50 countries and all significant agriculture areas. Considerable management effort and judgement is applied to actively manage and mitigate the risks to Syngenta from these factors and to determine the accounting estimates associated with them, which include:

– the estimated cost of incentive programs that provide rebates and discounts dependent upon achievement of sales targets, as well as cash discounts for punctual payment of accounts receivable. Syngenta records the estimated cost of these programs when the related sales are made, based on the programs' terms, market conditions and historical experience. At December 31, 2011, trade accounts payable includes US$1,131 million (2010: US$982 million) of accruals for rebates and returns.
– accruals for estimated product returns, which are based on historical experience of actual returns. Syngenta considers these to be reliable estimates of future returns, except in the case of US$316 million (2010: US$269 million) of sales invoiced to customers. These sales have not been recognized as revenue or as trade receivables, because past experience in those specific markets shows that actual returns can vary significantly as a result of weather conditions after the reporting date, which are unknown.
– allowances for doubtful receivables, which are estimated by critically analyzing individual receivable account balances, taking into account historical levels of recovery, the economic condition of individual customers, and the overall economic and political environment in relevant countries. As shown in Note 9 below, the provision for doubtful receivables at December 31, 2011 amounted to US$246 million, or 8 percent (2010: US$260 million or 9 percent) of total trade receivables. The reduced percentage reflects a lower level of receivables overdue by more than 180 days. In 2010, Syngenta reported a US$43 million credit in profit or loss in respect of bad debts because historical collections achieved were higher than the assumptions used to build the allowances in earlier years. In 2011, Syngenta reported a US$34 million bad debt expense. This reflects business growth, particularly in emerging markets where write-offs have been higher historically than in developed markets.

Syngenta records these estimates as separate allowances, but its estimation process recognizes their interdependency, as the level of credits to accounts receivable for discounts and product returns may affect the probability of receiving full payment of the net receivable balances.

## 2. Accounting policies continued

**Environmental provisions**

Remediation of environmental damage at sites with which Syngenta is associated typically takes a long time to complete due to the substantial amount of planning and regulatory approvals normally required before remediation activities can begin. The assumptions used by Syngenta to estimate its environmental provisions may change significantly before or during the remediation period due to changes in the extent of remediation required or the method used to remediate the damage. In addition, increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available. The major uncertainties which impact the outcome of remediation are:

– the extent of the contaminated land area, which is not always limited to land occupied by the Syngenta site. Ongoing monitoring or remediation work may identify changes in the area believed to be contaminated.

– the nature of the work Syngenta will be obliged to perform or pay for. This depends upon the current or proposed use of contaminated land, substantively enacted legislation, and land zoning by and negotiation with the relevant regulatory authorities. In Switzerland, proposed remediation plans at certain sites may be subject to public referenda.

– sharing of costs with other past and present occupiers of Syngenta's sites. At certain shared sites, Syngenta is responsible for an agreed proportion of remediation costs, which may change following discussions with authorities and the affected third parties. At other sites, third parties have agreed to reimburse Syngenta for some or all of the costs it incurs.

Consequently, environmental provisions can change significantly. Because of the inherent uncertainties in estimating such long-term future obligations, Syngenta periodically supplements its internal expertise with external expertise when determining environmental provisions.

IAS 37 requires reimbursements of provisions to be recognized only when they are virtually certain to be received. No reimbursements are recognized if the third parties are disputing the reimbursement. Details of reimbursements recorded by Syngenta are given in Note 19 below. The litigation associated with reimbursements claimed by Syngenta in relation to environmental costs incurred at its Greens Bayou site was settled during 2008. As a result, Syngenta has recorded a reimbursement asset of US$25 million at December 31, 2011 (2010: US$26 million). The movements in environmental provisions are set out in Note 19 below.

In 2011, the total additional charge to environmental provisions was US$14 million (2010: US$37 million). US$4 million (2010: US$30 million) of unutilized provisions were released, including US$nil (2010: US$nil) because expenditures at one site were met directly by a joint venture. In 2011, the most significant change was caused by clarification from the regulator of the remedial work it requires at one site. In addition, proposals have been made suggesting remediation of the existing contamination on certain shared sites in preference to monitoring and containment. Syngenta will negotiate the proposals with the relevant authorities but the final adopted solution is subject to regulatory uncertainty and the ultimate liability may be higher or lower than the amount provided. Taken together, the provisions at December 31, 2011, for these shared sites comprise approximately 20 percent of total environmental provisions of US$371 million (2010: US$394 million). The top ten exposures at the end of 2011 comprise approximately 80 percent of the total environmental provisions. In the opinion of management, reasonably possible increases in the provisions related to these top 10 exposures would not exceed 40 percent of the total environmental provision recognized at December 31, 2011.

At Syngenta's Monthey, Switzerland, production site, the work needed to remediate groundwater and soil contamination that exists under and around the site, including investigation, assessment, control and monitoring activities, is ongoing. The responsibility for these activities lies with Syngenta and one other chemical enterprise. In management's opinion, based on its current knowledge, Syngenta's environmental provisions are adequate to cover Syngenta's share of the expected costs to perform this remediation and no significant change to the provision has been made in 2011. However, the extent of the remediation work required, the cost estimates and their allocation are subject to uncertainty.

**Defined benefit post-employment benefits**

Significant judgment is required when selecting key assumptions for measuring post-employment benefit expense for a period and the defined benefit obligation at the period end for each defined benefit plan. The specific assumptions used are disclosed in Note 22 below, along with the experience variances between actual and assumed results for the past five years. These variances were caused principally by external financial market movements in corporate bond yields used to benchmark the discount rate, and in asset prices affecting the actual return on assets. These factors are outside Syngenta's direct control, and it is reasonably possible that future variances will be at least as great as past variances.

The following information illustrates the sensitivity to a change in certain assumptions, leaving all other assumptions constant, for the three major defined benefit pension plans shown in Note 22 to the financial statements. It should be noted that economic factors and conditions often affect multiple assumptions simultaneously and the effects of changes in key assumptions are not necessarily linear.

| (US$ million) | Increase/(reduction) in 2012 pre-tax pension expense | Increase/(reduction) in December 31, 2011 projected benefit obligation |
|---|---|---|
| 25 basis point decrease in discount rate | 4 | 199 |
| 25 basis point increase in discount rate | (4) | (196) |
| 25 basis point decrease in expected return on assets | 12 | – |
| 25 basis point increase in expected return on assets | (12) | – |
| One year increase in life expectancy | 5 | 113 |

To select the discount rate, Syngenta uses yields of AA rated corporate bonds in all major markets. The relevant yield is determined either by analyzing a population of bonds whose cash flows collectively approximate the estimated cash flow profile of benefit payments by a Syngenta plan (UK and USA), or by using the yield of a published bond index and adjusting it in line with the relevant market yield curve to the extent that the average maturity of the bonds in the index is different from that of the relevant Syngenta benefits (Switzerland). Discount rates at December 31, 2011 are as follows:

| | |
|---|---|
| Switzerland 2.5 percent | (2010: 2.8 percent) |
| UK 4.9 percent | (2010: 5.4 percent) |
| USA 4.4 percent | (2010: 5.3 percent) |

The lower discount rates at the end of 2011 reflect the decrease in yields of these three countries' government bonds, which were in demand from investors during 2011 as prices of other financial assets fell. This effect was only partly offset by an increase in AA corporate bond spreads. The consequent increase in the benefit obligations and reduction in funded status (ratio of plan assets to the defined benefit obligation) of these plans compared to December 31, 2010, was offset by accelerating the payment of US$125 million (2010: US$200 million) of employer pension contributions and, in the UK, by a significant decrease in the assumed long-term inflation rate. Limited price indexation of pensions in payment and deferred pension rights is required both by the Syngenta UK pension plan rules and by UK pension regulations. The Syngenta plan rules and statutory regulations applicable to Syngenta's Swiss and US plans contain no inflation linkage. In valuing the benefit obligation at December 31, 2011, the UK long-term rate of retail price inflation (RPI) is assumed to be 3.0 percent (2010: 3.5 percent). The UK government announced in 2010 that future statutory pension increases would be based on consumer price inflation (CPI), instead of the RPI as in the past. Most Syngenta UK pension plan members have benefits specifically linked to RPI in accordance with the plan rules, but some members will now see increases linked to CPI. A US$20 million actuarial gain and reduction in benefit obligation was recognized in 2010 because of this change. CPI is assumed to be 90 basis points (2010: 50 basis points) below RPI. Syngenta has increased the assumed RPI/CPI differential to align with revised guidance published by the UK Office for Budget Responsibility (OBR) in November 2011.

Actual returns for the UK, Swiss and US pension plan assets were below the expected long-term return assumptions used to calculate 2011 pension expense, but returns in 2010 were above the equivalent assumptions. This reflects the general trend of financial asset market movements in each of those years. Expected return is a weighted average of the various asset classes held by the plans, which are disclosed in Note 22 below.

In recent years, longevity has increased in all major countries in which Syngenta sponsors pension plans. Syngenta sets mortality assumptions after considering the most recent statistics practicable. Syngenta uses generational mortality tables to estimate probable future mortality improvements. These tables assume that the trend of increasing longevity will continue, resulting in pension benefit payments to younger members being likely to be paid for longer than older members' pensions, given that assumed retirement ages are those defined in the rules of each plan. In 2011, Syngenta's mortality assumptions for its UK and US plans are determined on a consistent basis with those in 2010 and 2009.

At December 31, 2011, Syngenta has valued the benefit obligation for its Swiss pension plan using updated mortality data, including generational tables which had not been available in Switzerland in previous years. The use of generational tables increased the benefit obligation by US$66 million (4.4 percent), while the general update of mortality and disability data had no significant impact compared to the tables used in 2010.

Syngenta's major pension plans give members lump sum or annuity benefit payment options. Syngenta values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently. For the US plan, Syngenta has assumed that all current active members will take the lump sum option at retirement date as, under current conditions, this results in a higher liability than the annuity option.

**Deferred tax assets**

At December 31, 2011, Syngenta's deferred tax assets are US$930 million (2010: US$824 million). Included in this balance are deferred tax assets for unused tax losses of US$34 million (2010: US$46 million). The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized. The tax effect of unused tax losses is recognized as a deferred tax asset when it becomes probable that the tax losses will be utilized. In making assessments regarding deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At December 31, 2011, based upon the level of historical taxable income and projections for future taxable income over the periods in which deferred tax assets are deductible, management believes that it is more likely than not that Syngenta will realize the benefits of these deductible differences. The amount of deferred tax assets considered realizable could however be reduced in subsequent years if estimates of future taxable income during their carry forward periods are reduced, or rulings by the tax authorities are unfavorable. Estimates are therefore subject to change due to both market related and government related uncertainties, as well as Syngenta's own future decisions on restructuring and other matters. Syngenta is unable to accurately quantify the future adjustments to deferred income tax expense that may occur as a result of these uncertainties.

The principal jurisdictions where deferred tax assets have not been recognized are Brazil, Argentina, Colombia and Russia. For Argentina, Colombia and Russia, no net deferred tax assets have been recognized at December 31, 2011 or 2010. At December 31, 2011, the carrying amount of deferred tax assets recognized in the consolidated balance sheet of one major Syngenta subsidiary in Brazil is US$152 million (2010: US$84 million) and the amount not recognized is US$10 million (US$38 million). Syngenta has restricted the amount of deferred tax asset recognized for this subsidiary to the amount recoverable from the forecast taxable profits in the five years (2010: three years) following the balance sheet date. Deferred income tax expense for 2011 was reduced by US$40 million (2010: US$77 million) because the continued generation of actual taxable profits by this subsidiary in recent years indicates that an increased proportion of its deferred tax asset is more likely than not to be utilized against its estimated future taxable profits.

## 2. Accounting policies continued

**Uncertain tax positions**
Syngenta's Crop Protection supply chain, and to a lesser extent its Seeds supply chain, are international, and intellectual property rights owned by Syngenta are used internationally within the Group. Transfer prices for the delivery of goods and charges for the provision of products and services by one Syngenta subsidiary to another, and arrangements to share research and development costs, may be subject to challenge by the national tax authorities in any of the countries in which Syngenta operates. Interpretation of taxation rules relating to financing arrangements between Syngenta entities and to foreign currency translation differences may also give rise to uncertain tax positions.

Several prior years' tax computations are generally still open for review or audit for most Syngenta subsidiaries at the balance sheet date. Syngenta estimates and accrues taxes that will ultimately be payable when reviews or audits by tax authorities of tax returns are completed.

These estimates include significant management judgments about the eventual outcome of the reviews and audits of all open years based on the latest information available about the positions expected to be taken by each tax authority. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements. This may affect income tax expense reported in future years' consolidated income statements. At December 31, 2011, Syngenta's balance sheet includes assets of US$79 million (2010: US$70 million) included within Other accounts receivable, and liabilities of US$547 million (2010: US$406 million) shown separately on the face of the balance sheet, for current income taxes. These liabilities include US$274 million in respect of the uncertain tax positions described above (2010: US$225 million), which reflects increased exposures at December 31, 2011 due to underlying business growth and the integration of Syngenta's Crop Protection and Seeds commercial organisations. The liability for uncertain income tax positions which Syngenta expects to be resolved in 2012 is less than 10 percent of total recognized current income tax liabilities.

## 3. Acquisitions, divestments and other significant transactions

The following significant transactions occurred during 2011 and 2010.

**2011**
On March 9, 2011, in order to further strengthen its market position in Paraguay, Syngenta purchased 100 percent of the shares of Agrosan S.A., an agricultural distributor, together with the trademarks related to its business, for US$32 million of cash, US$12 million of which is deferred. As a result of the acquisition accounting, an immaterial bargain purchase gain has been recognized within Restructuring and impairment in the consolidated income statement.

The assets, liabilities and acquisition-date fair value of consideration recognized for this 2011 business combination were as follows:

| (US$ million) | Fair values |
|---|---|
| Cash and cash equivalents | 2 |
| Trade receivables and other assets | 55 |
| Intangible assets | 19 |
| Trade payables and other liabilities | (44) |
| **Net assets acquired** | **32** |
| Purchase price | 32 |
| **Bargain purchase gain** | **–** |

Gross contractual amounts receivable were not materially different from the fair value of acquired receivables.

Cash flow from this 2011 acquisition was as follows:

| (US$ million) | |
|---|---|
| Total cash paid for shares | 20 |
| Net cash acquired | (2) |
| **Net cash outflow** | **18** |

On April 13, 2011, Syngenta divested its Materials Protection business to Lanxess AG. The gain on this divestment is included in Restructuring and impairment.

**2010**

On March 31, 2010, Syngenta acquired a field station in Chile and the associated contract research business by making a cash payment for the related assets. The primary reason for the acquisition was to support development projects in Syngenta's seeds businesses.

On September 30, 2010, Syngenta acquired 100 percent of the shares of Maribo Seed International ApS and its five European subsidiaries for a cash payment, plus contingent payments if certain sales targets are achieved. Syngenta finalized the acquisition accounting during 2011, resulting in an immaterial bargain purchase gain mainly due to the Maribo consideration being determined based on the economic value of the business at a different date from the date control transferred to Syngenta. The primary reason for the acquisition was to consolidate Syngenta's position in the European sugar beet market.

On November 8, 2010, Syngenta acquired from Pioneer Hi-Bred International Inc., ("Pioneer"), a subsidiary of E.I Du Pont de Nemours and Co. ("DuPont"), the 50 percent equity interest in Greenleaf Genetics LLC ("Greenleaf"), which Syngenta did not already own. This transaction dissolved a joint venture and terminated certain license agreements between Syngenta and Pioneer. Syngenta's existing 50 percent equity interest in Greenleaf has been valued at US$55 million at November 8, 2010, resulting in a US$34 million net gain from remeasurement to fair value. Syngenta finalized the acquisition accounting during 2011, resulting in an immaterial bargain purchase gain. The most important factor contributing to the bargain purchase gain is the tax treatment of the transaction under US tax legislation, which significantly reduces the amount of deferred tax liabilities recognized. The primary reason for the business combination was to allow Syngenta and Pioneer to pursue independent licensing strategies for their respective proprietary corn and soybean genetics and biotechnology traits.

The aggregate amounts of the gains on revaluing Syngenta's former 50 percent interest in Greenleaf, re-acquiring the Greenleaf license rights and the bargain purchase gains on both the above acquisitions have been presented within Restructuring and impairment in the consolidated income statement.

The assets, liabilities and acquisition-date fair value of consideration recognized for these 2010 business combinations were as follows:

| (US$ million) | Fair values |
|---|---|
| Cash and cash equivalents | 51 |
| Trade receivables and other current assets | 41 |
| Inventories | 34 |
| Property, plant and equipment | 11 |
| Intangible assets | 79 |
| Trade payables and other current liabilities | (43) |
| Deferred tax liabilities | (24) |
| **Net assets acquired** | 149 |
| Fair value of consideration | 84 |
| Fair value of interest already held by Syngenta | 55 |
| **Bargain purchase gains** | (10) |

Fair value of consideration comprises US$68 million cash paid, US$11 million other assets and US$5 million acquisition date fair value of contingent future cash payments.

Cash flow from these 2010 acquisitions was as follows:

| (US$ million) | |
|---|---|
| Cash paid | 68 |
| Net cash acquired | (51) |
| **Net cash outflow** | 17 |

The gross contractual amounts receivable were not significantly different from the fair value of the acquired receivables.

On June 14 and December 17, 2010 respectively, Syngenta acquired the non-controlling interests in its Golden Harvest and Garst seed businesses in the USA. The total cash paid was US$48 million, presented within cash flow used for financing activities, which was substantially equal to the total of the equity attributable to the non-controlling interests and the liability recognized for the options granted over those interests as part of the various acquisition agreements in 2004.

## 4. Segmental breakdown of key figures for the years ended December 31, 2011 and 2010

During 2011 and in prior years, Syngenta was organized on a worldwide basis into three reporting segments, which are reflected in internal management reporting.

**Crop Protection**
The Crop Protection segment principally manufactures, distributes and sells herbicides, insecticides and fungicides to both agricultural and non-agricultural customers.

**Seeds**
The Seeds segment sells seeds for growing corn, soybeans, sunflower, sugarbeet, other diverse field crops and oilseeds, vegetables and flowers.

**Business Development**
Syngenta's Business Development segment is an incubator of several development stage activities. These activities include development of technology based on research into enzymes and traits with the potential to enhance the agronomic, nutritional or biofuel properties of plants. Syngenta has not generated material on-going revenues from these activities to date and the route to market for certain of these technologies is not yet clear. The Syngenta Executive Committee reviews aggregated financial information relating to these activities.

**General**
Syngenta has historically managed its three segments separately because their sources of income derive from distinct types of products or technologies requiring different manufacturing, distribution and marketing strategies. Segment performance is managed based on segment operating income, which is the measure of segment profit or loss presented, and is based on the same accounting policies as consolidated operating income, except that inter-segment sales and inter-segment unrealized profit in inventories are eliminated only at the consolidated level.

Transactions between segments are generally priced based on the third party selling prices achieved by the purchasing segment less an allowance for selling and distribution profit margins for the purchasing segment.

| 2011 (US$ million) | Crop Protection | Seeds | Business Development | Elimination[1] | Total |
|---|---|---|---|---|---|
| Product sales – to third parties | 10,077 | 3,010 | – | – | 13,087 |
| Royalty income – from third parties | 5 | 175 | 1 | – | 181 |
| Product sales – other segments | 80 | – | – | (80) | – |
| **Total segment sales** | **10,162** | **3,185** | **1** | **(80)** | **13,268** |
| Cost of goods sold | (5,226) | (1,578) | – | 67 | (6,737) |
| **Gross profit** | **4,936** | **1,607** | **1** | **(13)** | **6,531** |
| Marketing and distribution | (1,521) | (608) | (16) | – | (2,145) |
| Research and development | (624) | (423) | (80) | – | (1,127) |
| General and administrative | (733) | (225) | (19) | – | (977) |
| Restructuring and impairment | (152) | (78) | (1) | – | (231) |
| **Operating income/(loss) – continuing operations** | **1,906** | **273** | **(115)** | **(13)** | **2,051** |
| Included in the above operating income from continuing operations are: | | | | | |
| Personnel costs | (1,878) | (762) | (21) | – | (2,661) |
| Depreciation of property, plant and equipment | (249) | (77) | (5) | – | (331) |
| Amortization of intangible assets | (157) | (113) | (6) | – | (276) |
| Impairment of property, plant and equipment, intangible and financial assets | (38) | (4) | (1) | – | (43) |
| Other non-cash items including charges in respect of provisions | (157) | 34 | (11) | – | (134) |
| Gains on hedges reported in operating income | 164 | 23 | – | – | 187 |

1 Inter-segment elimination

Segment operating income/(loss) reconciles to consolidated income before taxes as follows:

| 2011 (US$ million) | |
|---|---|
| Segment operating income after inter-segment elimination | 2,051 |
| Income from associates and joint ventures | 15 |
| Financial expense, net | (165) |
| **Income before taxes** | **1,901** |

| 2010 (US$ million) | Crop Protection | Seeds | Business Development | Elimination[1] | Total |
|---|---|---|---|---|---|
| Product sales – to third parties | 8,779 | 2,667 | 11 | – | 11,457 |
| Royalty income – from third parties | 34 | 138 | 12 | – | 184 |
| Product sales – other segments | 65 | – | – | (65) | – |
| **Total segment sales** | 8,878 | 2,805 | 23 | (65) | 11,641 |
| Cost of goods sold | (4,496) | (1,450) | (11) | 91 | (5,866) |
| **Gross profit** | 4,382 | 1,355 | 12 | 26 | 5,775 |
| Marketing and distribution | (1,321) | (559) | (12) | – | (1,892) |
| Research and development | (555) | (410) | (67) | – | (1,032) |
| General and administrative | (667) | (217) | (15) | – | (899) |
| Restructuring and impairment | (101) | (49) | (9) | – | (159) |
| **Operating income/(loss) – continuing operations** | 1,738 | 120 | (91) | 26 | 1,793 |
| Included in the above operating income from continuing operations are: | | | | | |
| Personnel costs | (1,562) | (718) | (25) | – | (2,305) |
| Depreciation of property, plant and equipment | (194) | (74) | (5) | – | (273) |
| Amortization of intangible assets | (154) | (76) | (5) | – | (235) |
| Impairment of property, plant and equipment, intangible and financial assets | (31) | (1) | (9) | – | (41) |
| Other non-cash items including charges in respect of provisions | (89) | (19) | 11 | – | (97) |
| Gains on hedges reported in operating income | 18 | 5 | – | – | 23 |

1 Inter-segment elimination

Segment operating income/(loss) reconciles to consolidated income before taxes as follows:

| 2010 (US$ million) | |
|---|---|
| Segment operating income after inter-segment elimination | 1,793 |
| Income from associates and joint ventures | 25 |
| Financial expense, net | (141) |
| **Income before taxes** | **1,677** |

Summarized additional information on the nature of expenses for the years ended December 31, 2011 and 2010 is as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Salaries, short-term employee benefits and other personnel expense | **2,480** | 2,130 |
| Pension and other post-employment benefit expense | **112** | 109 |
| Share based payment expense | **69** | 66 |
| **Total personnel costs** | **2,661** | 2,305 |
| Depreciation of property, plant and equipment | **331** | 273 |
| Impairment of property, plant and equipment | **18** | 5 |
| Amortization of intangible assets | **276** | 235 |
| Impairment of intangible assets | **24** | 15 |

## 5. Regional breakdown of key figures for the years ended December 31, 2011 and 2010

In 2011, Syngenta reorganized its regional structure resulting in certain countries moving from one region to another and the former region "NAFTA" becoming region "North America". 2010 regional disclosures have been adjusted as follows to reflect the new regional structure:

- 2010 sales of US$229 million, previously included in NAFTA, and US$11 million, previously included in Europe, Africa and the Middle East, are now included in Latin America;
- 2010 non-current assets of US$25 million, previously included in NAFTA, are now included in Latin America.

| 2011 (US$ million) | North America | Europe & AME[2] | Latin America | Asia Pacific | Total |
|---|---|---|---|---|---|
| Sales[1] | **3,669** | **4,242** | **3,355** | **2,002** | **13,268** |
| Total non-current assets[3] | **1,658** | **3,675** | **435** | **530** | **6,298** |

| 2010 (US$ million) | North America | Europe & AME[2] | Latin America | Asia Pacific | Total |
|---|---|---|---|---|---|
| Sales[1] | 3,368 | 3,661 | 2,807 | 1,805 | 11,641 |
| Total non-current assets[3] | 1,687 | 3,874 | 350 | 511 | 6,422 |

1 Sales by location of third party customer
2 AME – Africa and the Middle East
3 Excluding deferred tax assets, defined benefit pension assets and derivative financial assets

The following countries individually accounted for more than 5 percent of one or more of the respective Syngenta totals for the years ended December 31, 2011 and 2010 or at December 31, 2011 and 2010.

| (US$ million, except %) | Sales[1] | | | | Total non-current assets[2] | | | |
|---|---|---|---|---|---|---|---|---|
| Country | 2011 | % | 2010 | % | 2011 | % | 2010 | % |
| Brazil | **2,152** | **16** | 1,778 | 15 | **279** | **5** | 223 | 4 |
| France | **649** | **5** | 585 | 5 | **140** | **2** | 144 | 2 |
| Germany | **548** | **4** | 484 | 4 | **20** | **–** | 23 | – |
| Switzerland | **74** | **1** | 100 | 1 | **2,728** | **43** | 2,902 | 45 |
| UK | **202** | **2** | 189 | 2 | **501** | **8** | 503 | 8 |
| USA | **3,209** | **24** | 2,802 | 24 | **1,596** | **25** | 1,622 | 25 |
| Others | **6,434** | **48** | 5,703 | 49 | **1,034** | **17** | 1,005 | 16 |
| **Total** | **13,268** | **100** | 11,641 | 100 | **6,298** | **100** | 6,422 | 100 |

1 Sales by location of third party customer
2 Excluding deferred tax assets, defined benefit pension assets and derivative financial assets

No single customer accounted for 10 percent or more of Syngenta's total sales.

## 6. Restructuring and impairment

Restructuring and impairment for the years ended December 31, 2011 and 2010, broken down into the main restructuring initiatives, consists of the following:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Operational efficiency programs: | | |
| Cash costs | | |
| Charged to provisions | **29** | 48 |
| Expensed as incurred | **69** | 53 |
| Non-cash costs | | |
| Fixed asset impairments | **3** | 17 |
| | | |
| Integrated crop strategy programs: | | |
| Cash costs | | |
| Charged to provisions | **86** | 3 |
| Expensed as incurred | **63** | 11 |
| | | |
| Acquisition and related integration costs: | | |
| Cash costs | | |
| Charged to provisions | **2** | – |
| Expensed as incurred | **12** | 19 |
| Non-cash items | | |
| Reversal of inventory step-ups | **14** | 18 |
| Reacquired rights | **14** | – |
| Divestment gains | **(76)** | (19) |
| Bargain purchase gains | **(10)** | – |
| | | |
| Other non-cash restructuring and impairment: | | |
| Financial asset impairment | **1** | 9 |
| Other fixed asset impairment | **38** | 4 |
| Other non-cash costs | **–** | 15 |
| **Total restructuring and impairment** | **245** | 178 |

Restructuring and impairment for the years ended December 31, 2011 and 2010 is presented within the consolidated income statement as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Included within: | | |
| Cost of goods sold | **14** | 18 |
| Restructuring and impairment excluding divestment gains | **307** | 178 |
| Divestment gains | **(76)** | (19) |
| Income/(loss) from associates and joint ventures | **–** | 1 |
| **Total restructuring and impairment** | **245** | 178 |

2011

### Operational efficiency programs

During 2011, cash costs under the Operational Efficiency restructuring programs include US$59 million for the continuing standardization and consolidation of global back office operations across Crop Protection and Seeds and US$12 million for further outsourcing of information systems. Further operational efficiency cash costs consist of US$6 million of onerous contract charges in the UK, US$5 million relating to the reorganization of a Crop Protection site in Switzerland, US$4 million of restructuring costs in the European Seeds business and US$12 million for various other restructuring projects. Impairment costs relate mainly to the closure of a Seeds site in Germany.

### Integrated crop strategy programs

During 2011, cash costs for launching and initiating the implementation of the global integrated crop strategy included US$143 million for integration of commercial operations of sales and marketing teams and US$6 million for support function projects. These charges consist of US$76 million for severance and pension payments and US$73 million of other project-related costs, including those for developing and supporting the strategic transition; process re-design; consultancy and advisory services; retention, relocation, and re-training of employees; and project management.

### Acquisition and related integration costs

Acquisition and related integration cash costs relate mainly to the Agrosan, Maribo Seeds and Greenleaf acquisitions. Reversal of inventory step-ups relate to the acquisitions of Agrosan, Maribo Seeds and the Pybas and Synergene lettuce companies.

As part of the Greenleaf acquisition, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, these reacquired rights have been recognized as an intangible asset and are being amortized over the remaining term of the Syngenta/Greenleaf license contract, 3 years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. The resulting acceleration of amortization results in a 2011 charge of US$14 million. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta.

Divestment gains of US$76 million include the gain on the disposal of Syngenta's Materials Protection business to Lanxess AG, gains on the disposal of certain assets acquired as part of Monsanto's sunflower business in 2009, as agreed with the European Commission in connection with their approval of that acquisition, and the gain arising on revaluing Syngenta's 50 percent equity interest in Greenleaf to fair value at the date it acquired the remaining 50 percent interest from Pioneer. Bargain purchase gains are recognized on completion of the acquisition accounting for the Maribo Seeds and Greenleaf acquisitions.

### Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs consist of the impairment of an available-for-sale financial asset and a write-down in the Professional Products business within Crop Protection.

## 6. Restructuring and impairment continued

**2010**

### Operational efficiency programs

During 2010, cash costs under the Operational Efficiency restructuring projects included US$54 million for the continuing standardization and consolidation of global back office operations across Crop Protection and Seeds and US$12 million for further outsourcing of information systems. Further operational efficiency charges included US$14 million largely to recognize synergies across the Flowers sites in the Seeds business, US$10 million for reorganizations in the Crop Protection businesses in Western Europe, US$8 million for restructuring at production and distribution sites in France and the US and US$3 million of other costs. Impairment costs included US$10 million for the impairment of a Crop Protection supply agreement, US$4 million of impairment of a site in the UK and other impairments totalling US$3 million.

### Integrated crop strategy programs

Restructuring costs of US$14 million were incurred largely for preliminary costs relating to the project to integrate the global commercial operations of Crop Protection and Seeds.

### Acquisition and related integration costs

Acquisition and related integration cash costs of US$19 million were charged in relation to the 2010 acquisition of Maribo Seeds and for continuing integration relating to the earlier acquisitions of the Monsanto sunflower business, Goldsmith, Yoder and Pybas and Synergene. Reversal of inventory step-ups related to the acquisitions of Goldsmith in the US and Europe, the Monsanto sunflower business and the Pybas and Synergene lettuce companies. Divestment gains of US$19 million were recognized on derecognition of the investment in the Greenleaf joint venture; Syngenta acquired the remaining 50 percent equity interest in Greenleaf during 2010.

### Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs included US$9 million of impairments of available-for-sale financial assets, US$4 million of impairment in the Professional Products business within Crop Protection, US$12 million of impairment of a site disposal receivable due to a decrease in expected proceeds from redevelopment and US$3 million of other costs.

## 7. Income taxes

Income before taxes from continuing operations for the years ended December 31, 2011 and 2010 consists of the following:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Switzerland | **779** | 587 |
| Foreign | **1,122** | 1,090 |
| Total income before taxes | **1,901** | 1,677 |

Income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2011 and 2010 consists of the following:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Current income tax (expense): | | |
| Switzerland | **(138)** | (87) |
| Foreign | **(347)** | (200) |
| **Total current income tax (expense)** | **(485)** | (287) |
| Deferred income tax (expense)/benefit: | | |
| Switzerland | **1** | (38) |
| Foreign | **183** | 50 |
| **Total deferred income tax (expense)/benefit** | **184** | 12 |
| Total income tax (expense): | | |
| Switzerland | **(137)** | (125) |
| Foreign | **(164)** | (150) |
| **Total income tax (expense)** | **(301)** | (275) |

The components of current income tax (expense) on income from continuing operations for the years ended December 31, 2011 and 2010 are:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Current tax (expense) relating to current years | **(491)** | (275) |
| Adjustments to current tax for prior periods | **2** | (19) |
| Benefit of previously unrecognized tax losses | **4** | 7 |
| **Total current income tax (expense)** | **(485)** | (287) |

The components of deferred income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2011, and 2010 are:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Origination and reversal of temporary differences | **130** | (67) |
| Changes in tax rates or legislation | **21** | 20 |
| Benefit of previously unrecognized deferred tax assets | **43** | 88 |
| Non recognition of deferred tax assets | **(10)** | (29) |
| **Total deferred income tax (expense)/benefit** | **184** | 12 |

Income tax expense for 2011 includes US$61 million resulting from a change in prior year estimates related to the taxation of certain licensing transactions.

Income tax relating to OCI for the years ended December 31, 2011 and 2010 is as follows:

| (US$ million) | 2011 Pre-tax | 2011 Tax | 2011 Post-tax | 2010 Pre-tax | 2010 Tax | 2010 Post-tax |
|---|---|---|---|---|---|---|
| Items that will not be reclassified to profit or loss: | | | | | | |
| Actuarial gains/(losses) | **(252)** | **71** | **(181)** | 50 | (17) | 33 |
| Items that may be reclassified to profit or loss: | | | | | | |
| Available-for-sale financial assets | **3** | **–** | **3** | 4 | (1) | 3 |
| Cash flow and net investment hedges | **(150)** | **34** | **(116)** | 120 | (46) | 74 |
| Foreign currency translation effects | **(186)** | **(48)** | **(234)** | 146 | 27 | 173 |
| **Total** | **(585)** | **57** | **(528)** | 320 | (37) | 283 |

The following tax was (charged)/credited to shareholders' equity for the years ended December 31, 2011and 2010:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Current tax [1] | **7** | – |
| Deferred tax [1] | **3** | (1) |
| **Total income tax (charged)/credited to equity** | **10** | (1) |

1 Current and deferred tax related to share based payments

**Analysis of tax rate**

The table below represents the main elements causing Syngenta's effective tax rate to differ from the statutory tax rate for the years ended December 31, 2011 and 2010. Syngenta's statutory rate consists of the domestic Swiss tax rate. Syngenta applies the domestic Swiss tax rate as it is more meaningful than using the weighted average tax rate. The domestic Swiss tax rate consists of the Swiss federal income tax rate (8.50 percent) and the income tax rate of the canton Basel (21.00 percent). Federal and canton tax rates are deductible from the tax basis, therefore the Swiss domestic tax rate is 22.78 percent.

| | 2011 % | 2010 % |
|---|---|---|
| Statutory tax rate | **23** | 23 |
| Effect of income taxed at different rates | **(5)** | (3) |
| Tax on share based payments | **–** | 1 |
| Effect of other disallowed expenditures and income not subject to tax | **(2)** | (1) |
| Effect of changes in tax rates and laws on previously recognized deferred tax assets | **(1)** | (1) |
| Effect of recognition of previously unrecognized tax losses | **–** | (1) |
| Effect of recognition of other previously unrecognized deferred tax assets | **(2)** | (5) |
| Effect of non-recognition of deferred tax assets on tax losses in current year | **1** | – |
| Changes in prior year estimates and other items | **2** | 2 |
| Effect of non-recognition of deferred tax assets | **–** | 1 |
| **Effective tax rate** | **16** | 16 |

## 7. Income taxes continued

The movements in deferred tax assets and liabilities during the year ended December 31, 2011 are as follows:

| 2011 (US$ million) | January 1 | Recognized in net income | Recognized in equity & OCI | Currency translation effects | Other movements & acquisitions | December 31 |
|---|---|---|---|---|---|---|
| **Assets associated with:** | | | | | | |
| Inventories | 449 | 22 | (31) | (3) | (3) | 434 |
| Accounts receivable | 146 | 58 | – | (20) | – | 184 |
| Pensions and employee costs | 127 | (22) | 73 | (2) | (1) | 175 |
| Provisions | 234 | 85 | – | (10) | – | 309 |
| Unused tax losses | 46 | (8) | – | (1) | (4) | 33 |
| Financial instruments, including derivatives | 19 | 1 | 4 | (1) | (3) | 20 |
| Other | 74 | 16 | (19) | 3 | 4 | 78 |
| **Deferred tax assets** | 1,095 | 152 | 27 | (34) | (7) | 1,233 |
| **Liabilities associated with:** | | | | | | |
| Property, plant and equipment | (302) | (9) | – | 3 | 1 | (307) |
| Intangible assets | (266) | (23) | – | 1 | (17) | (305) |
| Inventories | (133) | 34 | – | 11 | – | (88) |
| Financial instruments, including derivatives | (56) | (2) | (5) | – | 3 | (60) |
| Other provisions and accruals | (255) | 31 | – | 1 | – | (223) |
| Other | (72) | 1 | – | (2) | – | (73) |
| **Deferred tax liabilities** | (1,084) | 32 | (5) | 14 | (13) | (1,056) |
| **Net deferred tax asset/(liability)** | 11 | 184 | 22 | (20) | (20) | 177 |

The movements in deferred tax assets and liabilities during the year ended December 31, 2010 were as follows:

| 2010 (US$ million) | January 1 | Recognized in net income | Recognized in equity & OCI | Currency translation effects | Other movements & acquisitions | December 31 |
|---|---|---|---|---|---|---|
| **Assets associated with:** | | | | | | |
| Inventories | 375 | 45 | 2 | – | 27 | 449 |
| Accounts receivable | 107 | (10) | – | 5 | 44 | 146 |
| Pensions and employee costs | 202 | (55) | (15) | (5) | – | 127 |
| Provisions | 221 | (13) | – | 2 | 24 | 234 |
| Unused tax losses | 42 | (7) | – | 3 | 8 | 46 |
| Financial instruments, including derivatives | 33 | (7) | (12) | – | 5 | 19 |
| Other | 59 | 7 | – | 3 | 5 | 74 |
| **Deferred tax assets** | 1,039 | (40) | (25) | 8 | 113 | 1,095 |
| **Liabilities associated with:** | | | | | | |
| Property, plant and equipment | (284) | (13) | – | (4) | (1) | (302) |
| Intangible assets | (262) | (8) | – | (11) | 15 | (266) |
| Inventories | (141) | 18 | – | (9) | (1) | (133) |
| Financial instruments, including derivatives | (64) | 17 | (3) | (2) | (4) | (56) |
| Other provisions and accruals | (188) | (13) | – | (16) | (38) | (255) |
| Other | (41) | 51 | 13 | – | (95) | (72) |
| **Deferred tax liabilities** | (980) | 52 | 10 | (42) | (124) | (1,084) |
| **Net deferred tax asset/(liability)** | 59 | 12 | (15) | (34) | (11) | 11 |

The deferred tax assets and liabilities at December 31, 2011 and 2010 reconcile to the amounts presented in the consolidated balance sheet as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Deferred tax assets | **1,233** | 1,095 |
| Adjustment to offset deferred tax assets and liabilities[1] | **(303)** | (271) |
| **Adjusted deferred tax assets** | **930** | 824 |

| | | |
|---|---|---|
| Deferred tax liabilities | **(1,056)** | (1,084) |
| Adjustment to offset deferred tax assets and liabilities[1] | **303** | 271 |
| **Adjusted deferred tax liabilities** | **(753)** | (813) |

1 Deferred tax assets and liabilities relating to income taxes levied by the same taxation authority on the same taxable entity or on entities which intend to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously are offset for presentation on the face of the consolidated balance sheet where a legal right of set-off exists

The gross value at December 31, 2011 and 2010 of unused tax loss carry forwards for which no deferred tax asset has been recognized, by expiration date, is as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| One year | **6** | 7 |
| Two years | **–** | – |
| Three years | **7** | 2 |
| Four years | **2** | 14 |
| Five years | **11** | 23 |
| More than five years | **481** | 407 |
| No expiry | **3** | 8 |
| **Total** | **510** | 461 |

The above losses consist mainly of US state tax loss carry forwards. The applicable tax rate for these US state tax carry forwards is 5.00 percent of the gross amounts.

Deferred tax assets, other than those related to unused tax losses, are not subject to expiry.

A deferred tax asset or liability has not been recognized at December 31, 2011 and 2010 on the following items:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Temporary differences for which no deferred tax assets have been recognized | **259** | 238 |
| Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized | **612** | 620 |

There are no income tax consequences for Syngenta of paying a dividend to its shareholders.

## 8. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary shareholders of Syngenta AG by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary shareholders of Syngenta AG by the sum of the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

The calculation of diluted earnings per share for the year ended December 31, 2011 excluded 558,727 (2010: 373,365) of Syngenta AG shares and options granted to employees, as their inclusion would have been antidilutive.

| (US$ million, except number of shares) | 2011 | 2010 |
|---|---|---|
| Net income attributable to Syngenta AG shareholders | **1,599** | 1,397 |
| | | |
| **Weighted average number of shares** | | |
| Weighted average number of shares – basic | **91,892,275** | 92,687,903 |
| Adjustments for dilutive potential ordinary shares: | | |
| Grants of options over Syngenta AG shares under employee share participation plans | **261,100** | 328,437 |
| Grants of Syngenta AG shares under employee share participation plans | **230,236** | 208,963 |
| **Weighted average number of shares – diluted** | **92,383,611** | 93,225,303 |

## 9. Trade and other accounts receivable

Trade receivables at December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Trade receivables, gross | **2,982** | 2,814 |
| Provision for doubtful trade receivables | **(246)** | (260) |
| **Trade receivables, net** | **2,736** | 2,554 |

Movements in the provision for doubtful trade receivables for the years ended December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| January 1 | **(260)** | (351) |
| Amounts (charged)/credited to income | **(34)** | 43 |
| Amounts written off | **34** | 54 |
| Currency translation effects and other | **14** | (6) |
| **December 31** | **(246)** | (260) |

The ages of trade and other receivables at December 31, 2011 and 2010 that were past due, but not impaired, are as follows:

| 2011(US$ million) | Total past due | 0–90 days | 90–180 days | More than 180 days |
|---|---|---|---|---|
| Trade receivables, gross | **510** | **261** | **63** | **186** |
| Provision for doubtful trade receivables | **(177)** | **(11)** | **(14)** | **(152)** |
| Other receivables | **275** | **187** | **52** | **36** |
| **Total** | **608** | **437** | **101** | **70** |

| 2010 (US$ million) | Total past due | 0–90 days | 90–180 days | More than 180 days |
|---|---|---|---|---|
| Trade receivables, gross | 405 | 149 | 43 | 213 |
| Provision for doubtful trade receivables | (194) | (17) | (14) | (163) |
| Other receivables | 230 | 91 | 46 | 93 |
| **Total** | 441 | 223 | 75 | 143 |

At the reporting date there are no indications that debtors whose accounts are neither overdue nor impaired will not meet their payment obligations.

The amount of trade receivables transferred in full recourse factoring arrangements, but not derecognized is US$125 million (2010: US$98 million). The related liabilities are disclosed in Note 16.

The fair value of trade receivables containing embedded exchange rate options that Syngenta has designated as at fair value through profit or loss at December 31, 2011 was US$62 million (2010: US$57 million). These amounts represent Syngenta's maximum exposure to credit risk relating to these types of trade receivables. Amounts charged to profit or loss in relation to these trade receivables for the years ended December 31, 2011 and 2010 were not material.

Other receivables of US$690 million (2010: US$626 million) include income taxes recoverable of US$79 million (2010: US$70 million) and are net of immaterial provisions for doubtful accounts.

## 10. Other current assets

Other current assets at December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Prepaid expenses | 163 | 175 |
| Other | 36 | 48 |
| Total | 199 | 223 |

## 11. Inventories

Inventories at December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Raw materials and consumables | 927 | 710 |
| Biological assets | 32 | 34 |
| Work in progress | 789 | 828 |
| Finished products | 2,442 | 2,272 |
| Total | 4,190 | 3,844 |

Movements in inventory write-downs for the years ended December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| January 1 | (344) | (298) |
| Additions charged to income | (159) | (245) |
| Reversals of inventory write-downs | 47 | 30 |
| Amounts utilized on disposal of related inventories | 152 | 105 |
| Currency translation effects and other | (9) | 64 |
| December 31 | (313) | (344) |

Reversals of inventory write-downs arise in the normal course of business when actual outcomes are more favorable than assumptions made in prior periods about Syngenta's future ability to sell inventories that are subject to risks of degradation and obsolescence, such as germination of seeds.

Movements in biological assets for the years ended December 31, 2011 and 2010 are as follows. These include amounts classified as other non-current assets.

| (US$ million) | 2011 | 2010 |
|---|---|---|
| January 1 | 37 | 36 |
| Changes in fair value | 200 | 180 |
| Sales | (182) | (178) |
| Currency translation effects and other | (4) | (1) |
| December 31 | 51 | 37 |

Quantities of biological assets in inventories at December 31, 2011 and 2010 are:

| | 2011 | 2010 |
|---|---|---|
| (Millions of plants) | | |
| Plants | 64 | 84 |
| Cuttings | 574 | 591 |
| (Thousands of hectares cultivated) | | |
| Growing crops | 4.7 | 0.1 |

## 12. Property, plant and equipment

Movements in property, plant and equipment for the year ended December 31, 2011 are as follows:

| 2011 (US$ million) | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| January 1 | 153 | 1,740 | 4,057 | 309 | 6,259 |
| Additions | 2 | 39 | 166 | 283 | 490 |
| Disposals | (1) | (3) | (48) | (3) | (55) |
| Transfers between categories | 1 | 42 | 211 | (254) | – |
| Currency translation effects and other | (2) | (33) | (86) | (2) | (123) |
| **December 31** | 153 | 1,785 | 4,300 | 333 | 6,571 |
| **Accumulated depreciation and impairment losses** | | | | | |
| January 1 | – | (932) | (2,363) | – | (3,295) |
| Depreciation charge | – | (64) | (267) | – | (331) |
| Impairment losses | – | (10) | (8) | – | (18) |
| Depreciation on disposals | – | 1 | 35 | – | 36 |
| Currency translation effects and other | – | 6 | 56 | – | 62 |
| **December 31** | – | (999) | (2,547) | – | (3,546) |
| **Net book value – December 31** | 153 | 786 | 1,753 | 333 | 3,025 |
| **Insured value – December 31** | | | | | 7,632 |

Additions to property, plant and equipment of US$490 million (2010: US$447 million) comprise US$479 million (2010: US$396 million) of cash purchases and US$11 million (2010: US$51 million) of other additions, including business combinations, initial recognition of finance leases and capitalized borrowing costs.

The net book value of property, plant and equipment accounted for as finance lease assets at December 31, 2011 was US$127 million (2010: US$160 million) classified as Machinery and equipment.

Movements in property, plant and equipment for the year ended December 31, 2010 were as follows:

| 2010 (US$ million) | Land | Buildings | Machinery and equipment | Assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| January 1 | 133 | 1,646 | 3,532 | 477 | 5,788 |
| Additions | 3 | 30 | 202 | 212 | 447 |
| Disposals | – | (24) | (70) | – | (94) |
| Transfers between categories | 11 | 50 | 332 | (393) | – |
| Currency translation effects and other | 6 | 38 | 61 | 13 | 118 |
| **December 31** | 153 | 1,740 | 4,057 | 309 | 6,259 |
| **Accumulated depreciation and impairment losses** | | | | | |
| January 1 | – | (871) | (2,179) | – | (3,050) |
| Depreciation charge | – | (57) | (216) | – | (273) |
| Impairment losses | – | (4) | (1) | – | (5) |
| Depreciation on disposals | – | 20 | 60 | – | 80 |
| Currency translation effects and other | – | (20) | (27) | – | (47) |
| **December 31** | – | (932) | (2,363) | – | (3,295) |
| **Net book value – December 31** | 153 | 808 | 1,694 | 309 | 2,964 |
| **Insured value – December 31** | | | | | 7,530 |

## 13. Intangible assets

Movements in intangible assets for the year ended December 31, 2011 are as follows:

| 2011 (US$ million) | Goodwill | Product rights | Trademarks | Patents | Software | Other intangibles | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| January 1 | 1,677 | 3,197 | 96 | 91 | 384 | 438 | 5,883 |
| Additions from business combinations | – | 38 | 5 | – | – | 4 | 47 |
| Other additions | – | 11 | – | 3 | 35 | – | 49 |
| Retirements | (60) | (483) | – | (28) | (83) | (123) | (777) |
| Currency translation effects | (19) | 30 | (1) | 2 | (2) | 3 | 13 |
| **December 31** | 1,598 | 2,793 | 100 | 68 | 334 | 322 | 5,215 |
| | | | | | | | |
| **Accumulated amortization and impairment losses** | | | | | | | |
| January 1 | (329) | (1,933) | (33) | (50) | (240) | (211) | (2,796) |
| Amortization charge | – | (191) | (6) | (4) | (48) | (27) | (276) |
| Impairment losses | (13) | – | (2) | – | (1) | (8) | (24) |
| Retirements | 60 | 483 | – | 28 | 83 | 123 | 777 |
| Currency translation effects | 3 | (29) | – | (1) | 2 | (2) | (27) |
| **December 31** | (279) | (1,670) | (41) | (27) | (204) | (125) | (2,346) |
| **Net book value – December 31** | 1,319 | 1,123 | 59 | 41 | 130 | 197 | 2,869 |

Other additions in 2011 and 2010 include intangible assets arising from license agreements involving non-monetary exchanges or where the cash flows related to the acquisition of the asset are payable over several years. Cash paid to acquire intangible assets was US$62 million (2010: US$118 million).

Amortization is included partly within cost of goods sold and partly within general and administrative expenses.

Other intangibles consist principally of values assigned to leases, supply contracts and customer relationships acquired in business combinations.

Movements in intangible assets for the year ended December 31, 2010 were as follows:

| 2010 (US$ million) | Goodwill | Product rights | Trademarks | Patents | Software | Other intangibles | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| January 1 | 1,617 | 3,082 | 82 | 84 | 313 | 497 | 5,675 |
| Additions from business combinations | 51 | – | 11 | – | – | 29 | 91 |
| Other additions | – | 44 | – | 2 | 39 | 4 | 89 |
| Retirements | (4) | (29) | – | – | – | (102) | (135) |
| Currency translation effects | 13 | 100 | 3 | 5 | 32 | 10 | 163 |
| **December 31** | 1,677 | 3,197 | 96 | 91 | 384 | 438 | 5,883 |
| **Accumulated amortization and impairment losses** | | | | | | | |
| January 1 | (322) | (1,730) | (27) | (43) | (187) | (264) | (2,573) |
| Amortization charge | – | (160) | (5) | (4) | (34) | (32) | (235) |
| Impairment losses | (5) | 1 | – | – | (1) | (10) | (15) |
| Disposals | 2 | 23 | – | – | – | 99 | 124 |
| Currency translation effects | (4) | (67) | (1) | (3) | (18) | (4) | (97) |
| **December 31** | (329) | (1,933) | (33) | (50) | (240) | (211) | (2,796) |
| **Net book value – December 31** | 1,348 | 1,264 | 63 | 41 | 144 | 227 | 3,087 |

## 14. Other non-current financial assets

Other non-current financial assets at December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Equity securities available-for-sale (Note 28) | **59** | 43 |
| Other non-current receivables | **214** | 204 |
| Defined benefit pension asset (Note 22) | **145** | 147 |
| Investments in associates and joint ventures | **131** | 124 |
| **Total** | **549** | 518 |

None of Syngenta's investments in associates and joint ventures are publicly quoted. At December 31, 2011, these investments consist mainly of US$61 million (2010: US$59 million) for a 50 percent ownership of CIMO Compagnie Industrielle de Monthey SA, Switzerland, US$38 million (2010: US$35 million) for the 49 percent ownership of Sanbei Seeds Co. Ltd., China and US$27 million (2010: US$25 million) for a 40 percent ownership of Maisadour Semences SA, France. Income statement effects are not significant for the above associates and joint ventures. Syngenta's 2010 share of income from associates and joint ventures relates mainly to Greenleaf Genetics LLC, which became a Syngenta subsidiary on November 8, 2010.

## 15. Trade accounts payable

The contractual maturities of trade accounts payable at December 31, 2011 and 2010 are as follows:

| (US$ million) | Total | 0–90 days | 90–180 days | 180 days–1 year |
|---|---|---|---|---|
| **2011** | **2,881** | **1,868** | **156** | **857** |
| 2010 | 2,590 | 1,645 | 274 | 671 |

## 16. Current financial debt

Current financial debt at December 31, 2011 and 2010 is as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Bank and other financial debt | **209** | 218 |
| Receivables factored with recourse | **125** | 98 |
| Current portion of financial debt (Note 18) | **409** | 676 |
| **Total** | **743** | 992 |

The following table presents additional information related to short-term borrowing at December 31, 2011:

| 2011 (US$ million) | Amount outstanding at December 31 | Weighted average interest rate on outstanding balance | Average amount outstanding for the year | Weighted average interest rate on average outstanding balance | Maximum month-end amount during the year |
|---|---|---|---|---|---|
| Bank and other financial debt | **209** | **3.3%** | **199** | **3.3%** | **338** |
| Receivables factored with recourse | **125** | **6.8%** | **92** | **6.8%** | **125** |
| Current portion of financial debt (Note 18) | **409** | **3.5%** | **516** | **4.1%** | **750** |
| **Total** | **743** | **4.0%** | **807** | **4.2%** | |
| 2010 | 992 | 3.9% | 547 | 3.3% | |

Syngenta has a committed, revolving, multi-currency, syndicated credit facility of US$1,200 million (the "Credit Facility"), which matures in 2013. As of December 31, 2011, Syngenta has no borrowings outstanding under this facility. The Credit Facility provides for interest on amounts borrowed at a rate based on either LIBOR or EURIBOR, depending upon the currency of the borrowing, plus a margin and mandatory costs. Syngenta is also obligated to pay commitment fees on the unused portion of the Credit Facility. These fees vary from 0.03 percent to 0.06 percent per annum depending upon Syngenta's long-term credit rating.

The contractual maturities of current financial debt at December 31, 2011 and 2010 are as follows:

| (US$ million) | Total | 0–90 days | 90–180 days | 180 days–1 year |
|---|---|---|---|---|
| **2011** | **743** | **224** | **8** | **511** |
| 2010 | 992 | 207 | 11 | 774 |

## 17. Other current liabilities

Other current liabilities at December 31, 2011 and 2010 consist of the following:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Accrued short-term employee benefits | **428** | 288 |
| Taxes other than income taxes | **95** | 72 |
| Accrued interest payable | **46** | 55 |
| Accrued utility costs | **71** | 48 |
| Social security and pension contributions | **70** | 57 |
| Other payables | **172** | 165 |
| Other accrued expenses | **146** | 161 |
| Total | **1,028** | 846 |

The maturities of other current liabilities are as follows. For liabilities without a contractual maturity date, the analysis represents the estimated timing of cash outflows.

| (US$ million) | Total | 0–90 days | 90–180 days | 180 days–1 year |
|---|---|---|---|---|
| **2011** | **1,028** | **510** | **230** | **288** |
| 2010 | 846 | 589 | 157 | 100 |

## 18. Financial debt and other non-current liabilities

Financial debt and other non-current liabilities at December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| 4.125% Eurobond 2011 | **–** | 667 |
| 4.000% Eurobond 2014 | **679** | 673 |
| 4.125% Eurobond 2015 | **665** | 669 |
| US private placement notes | **268** | 270 |
| 3.375% CHF domestic bond 2013 | **530** | 531 |
| 3.500% CHF domestic bond 2012 | **398** | 399 |
| **Unsecured bond issues and US private placement notes** | **2,540** | 3,209 |
| Liabilities to banks and other financial institutions | **2** | 4 |
| Finance lease obligations | **45** | 48 |
| **Total financial debt (including current portion)** | **2,587** | 3,261 |
| Less: current portion of financial debt (Note 16) | **(409)** | (676) |
| Non-current derivative financial liabilities | **86** | 76 |
| Other non-current liabilities and deferred income | **110** | 125 |
| Total | **2,374** | 2,786 |

Other non-current liabilities and deferred income relates to license agreements with several counterparties. Related cash flows of US$21 million (2010: US$9 million) are payable between one and four years and US$89 million of deferred income at December 31, 2011 (2010: US$116 million) will be recognized in income as related licensed product sales occur.

The weighted average interest rate on non-current bank and other financial debt is 3.9 percent per annum (2010: 4.1 percent per annum).

The weighted average interest rate on the combined current and non-current bank and other financial debt is 4.3 percent per annum (2010: 4.0 percent per annum). The weighted average interest rates include the cost of financing emerging market borrowings.

Interest paid on non-current financial debt is US$134 million (2010: US$121 million). All non-current debt ranks equally.

Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by Syngenta Finance NV, which is an indirect, wholly-owned finance subsidiary. The guarantees will rank equally with all of Syngenta's other unsecured and unsubordinated debt. No other subsidiary of Syngenta guarantees such debt securities.

## 19. Provisions

Provisions at December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Restructuring provisions | 98 | 57 |
| Employee benefits: | | |
| Pensions (Note 22) | 288 | 203 |
| Other post-retirement benefits (Note 22) | 101 | 97 |
| Other long-term employee benefits | 57 | 60 |
| Environmental provisions (Note 25) | 369 | 393 |
| Provisions for legal and product liability settlements (Note 25) | 189 | 193 |
| Other provisions | 98 | 109 |
| **Total** | **1,200** | 1,112 |

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Current portion of: | | |
| Restructuring provisions | 58 | 40 |
| Employee benefits | 17 | 24 |
| Environmental provisions | 74 | 63 |
| Provisions for legal and product liability settlements | 13 | 25 |
| Other provisions | 70 | 76 |
| Total current provisions | 232 | 228 |
| Total non-current provisions | 968 | 884 |
| **Total** | **1,200** | 1,112 |

The timing of payment in respect of non-current provisions is, with few exceptions, not contractually fixed and cannot be estimated with certainty. Key assumptions and sources of estimation uncertainty are discussed in Note 2.

At December 31, 2011, Syngenta recognized US$39 million (2010: US$38 million) in Other non-current financial assets in respect of virtually certain reimbursements.

Significant legal proceedings are discussed in Note 25 below. With regards to those proceedings other than those settled in 2011, and where Syngenta is defendant in the case and subject to potential financial damages, there has been no material change in Syngenta's view of the probable outcome during 2011. There can, however, be no guarantee that the ultimate outcome will be in line with Syngenta's current view.

Movements in provisions during the year ended December 31, 2011 are as follows:

| (US$ million) | January 1 | Charged to income | Release of provisions credited to income | Payments | Actuarial (gains)/losses | Currency translation effects/other | December 31 |
|---|---|---|---|---|---|---|---|
| Restructuring provisions: | | | | | | | |
| Employee termination costs | 39 | 96 | (4) | (51) | – | (5) | 75 |
| Other third party costs | 18 | 26 | (1) | (20) | – | – | 23 |
| Employee benefits: | | | | | | | |
| Pensions | 203 | 65 | – | (198) | 236 | (18) | 288 |
| Other post-retirement benefits | 97 | 8 | – | (9) | 7 | (2) | 101 |
| Other long-term employee benefits | 60 | 7 | – | (11) | – | 1 | 57 |
| Environmental provisions | 393 | 12 | (3) | (33) | – | – | 369 |
| Provisions for legal and product liability settlements | 193 | 53 | (9) | (47) | – | (1) | 189 |
| Other provisions | 109 | 9 | (6) | (16) | – | 2 | 98 |
| **Total** | **1,112** | **276** | **(23)** | **(385)** | **243** | **(23)** | **1,200** |

Provisions for employee termination costs include severance, pension and other costs directly related to these employees.

Provisions for other third party costs principally include payments for early termination of contracts with third parties related to redundant activities.

Other provisions mainly comprise provisions for long-term contractual obligations under license agreements.

## 20. Share capital

Each Syngenta ordinary share carries one vote at the shareholders' meetings of Syngenta. Voting rights may be exercised only after a shareholder has been registered in Syngenta's share register. Registration as a shareholder with voting rights is subject to certain declarations on the ownership of Syngenta shares. The number of ordinary shares of par value CHF 0.10 that were authorized, issued and outstanding at, and the movements during the years ended December 31, 2011 and 2010, are presented in the table below. The Board of Directors of Syngenta AG is authorized to increase the share capital through issuance of a maximum of 9,459,985 ordinary shares. This authority expires on April 20, 2012.

| | 2011 | | 2010 | |
|---|---|---|---|---|
| (Millions of shares) | Shares in issue | Treasury shares held | Shares in issue | Treasury shares held |
| January 1 | **94.6** | **(2.4)** | 94.6 | (1.6) |
| Cancellation of treasury shares | **(0.8)** | **0.8** | – | – |
| Share repurchases | **–** | **(1.3)** | – | (1.3) |
| Issue of ordinary shares under employee share purchase and option plans | **–** | **0.4** | – | 0.5 |
| **December 31** | **93.8** | **(2.5)** | 94.6 | (2.4) |

At December 31, 2011 and 2010 Syngenta had no open options accounted for as equity instruments.

## 21. Non-cash items included in income before taxes

The following table analyzes non-cash items included in income before taxes for the years ended December 31, 2011 and 2010:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Depreciation, amortization and impairment of: | | |
| Property, plant and equipment (Note 12) | **349** | 278 |
| Intangible assets (Note 13) | **300** | 250 |
| Financial assets | **1** | 21 |
| Deferred revenue and gains | **(41)** | (36) |
| Gains on disposal of non-current assets | **(78)** | (20) |
| Charges in respect of equity-settled share based compensation | **54** | 66 |
| Charges in respect of provisions (Note 19) | **253** | 153 |
| Income in respect of reimbursements of provisions | **–** | – |
| Financial expense, net | **165** | 141 |
| Gains on hedges reported in operating income | **(187)** | (23) |
| Share of net loss/(gain) from associates | **(15)** | (25) |
| **Total** | **801** | 805 |

## 22. Post-employment benefits

Syngenta has, apart from legally required social security arrangements, numerous independent pension plans, which are either "defined contribution" plans where company contributions and resulting benefit costs are a set percentage of employees' pay or "defined benefit" plans where benefits are based on employees' length of service and pensionable pay. Syngenta's contributions to defined contribution plans were US$32 million for the year ended December 31, 2011 (2010: US$26 million). A receivable of US$12 million (2010: US$20 million) has been recognized, representing Syngenta's share of excess contributions paid in prior years to its defined contribution plan in Brazil, following regulatory changes in 2009 that confirmed Syngenta's right to reduce its future contributions to the plan by this amount. Approximately 40 percent of employees are members of defined benefit plans and a significant proportion of these are members of both defined benefit and defined contribution plans. All of the major defined benefit plans are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Syngenta's main defined benefit pension plans are in the UK, Switzerland and the USA.

The defined benefit section of Syngenta's UK pension fund has been closed to new members since 2002, but the majority of members still have defined benefit rights based on their final pensionable pay. At retirement date, members have the right to take up to 25 percent of the value of their benefits as a lump sum. The balance is paid as an annuity. The trustee of the fund is required by UK law and the fund rules to increase pensions in payment and accrued deferred pension rights each year by the lower of 5 percent and price inflation, as measured by the UK Retail Price Index (RPI) or Consumer Price Index (CPI), as applicable. Employer contributions must be agreed between Syngenta and the trustee at each statutory valuation date, which is at least every three years, and remain binding until re-assessed in the following valuation. The solvency of the fund, defined as its ability to pay benefits as they fall due, is guaranteed by the sponsoring subsidiary, Syngenta Ltd. Syngenta AG has irrevocably and unconditionally undertaken to ensure Syngenta Ltd will honor that guarantee.

## 22. Post-employment benefits continued

Syngenta's Swiss pension plan contains a cash balance benefit formula, accounted for as a defined benefit plan. Employer contributions are defined in the pension fund rules in terms of an age related sliding scale of percentages of pay. Under Swiss law, Syngenta AG guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the fund rules. The Board of Trustees may increase the annuity at their discretion subject to the plan's funded status including sufficient free funds as determined according to Swiss statutory valuation rules.

Syngenta's main US defined benefit pension plan was closed to new members effective January 1, 2009. Employees joining Syngenta after that date participate in a defined contribution pension plan.
The defined benefits of existing members of the defined benefit plan were not affected by this change. The defined benefit plan offers members the choice of taking their retirement benefits, which are based on their average pay over their final ten years' service, as a full lump sum at retirement date or as a fixed annuity. Syngenta's contributions to the defined benefit plan are made based on US pension funding regulations, in the form of lump sums. In these financial statements, the benefit obligation has been valued assuming that current employees will take the lump sum option at normal retirement or leaving date. Under current market conditions, this values the benefit obligation at a higher amount than would result assuming the annuity option is taken.

The status of Syngenta's defined benefit plans at December 31, 2011 and 2010 using actuarial assumptions determined in accordance with IAS 19 is summarized below. The following tables provide reconciliations of benefit obligations, plan assets and funded status of the defined benefit pension plans to the amounts recognized in the consolidated balance sheet at December 31, 2011 and 2010:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| **Benefit obligations** | | |
| January 1 | **5,116** | 4,714 |
| Current service cost | **113** | 87 |
| Employee contributions | **39** | 32 |
| Interest cost | **224** | 211 |
| Actuarial (gains)/losses | **193** | 191 |
| Benefit payments | **(204)** | (201) |
| Other movements | **(252)** | – |
| Currency translation effects | **(24)** | 82 |
| **December 31** | **5,205** | 5,116 |
| Of which arising from: | | |
| Funded plans | **5,071** | 4,969 |
| Wholly unfunded plans | **134** | 147 |

| (US$ million) | 2011 | 2010 |
|---|---|---|
| **Plan assets at fair value** | | |
| At January 1 | **5,113** | 4,340 |
| Actual return on plan assets | **185** | 513 |
| Employer contributions | **205** | 342 |
| Employee contributions | **39** | 32 |
| Benefit payments | **(204)** | (201) |
| Other movements | **(260)** | – |
| Currency translation effects | **(3)** | 87 |
| **December 31** | **5,075** | 5,113 |

Actual return on plan assets can be analyzed as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Expected return on plan assets | **261** | 221 |
| Actuarial gains/(losses) | **(76)** | 292 |
| **Total** | **185** | 513 |

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Funded status | **(130)** | (3) |
| Unrecognized past service gain | **(16)** | (21) |
| Limitation on recognition of surplus due to uncertainty of obtaining future benefits | **(4)** | (38) |
| **Net accrued benefit liability** | **(150)** | (62) |

| **Amounts recognized in the balance sheet:** | 2011 | 2010 |
|---|---|---|
| Prepaid benefit costs (Note 14) | **145** | 147 |
| Accrued benefit liability | **(295)** | (209) |
| **Net amount recognized** | **(150)** | (62) |

Of the accrued benefit liability for pensions of US$295 million at December 31, 2011, US$288 million is included in Note 19 as pension provisions and US$7 million as restructuring provisions (2010: US$203 million as pension; US$6 million as restructuring).

The following table shows estimated future defined benefit payments. Actual payments may differ from those shown because of uncertain future events, including members' choice of benefit options as described above.

| (US$ million) | |
|---|---|
| 2012 | 209 |
| 2013 | 219 |
| 2014 | 239 |
| 2015 | 247 |
| 2016 | 259 |
| Years 2017–2021 | 1,447 |
| **Total 2012–2021** | **2,620** |

Syngenta determines the expected long-term rate of return on pension plan assets separately for each asset category held within each of the major defined benefit pension funds that it sponsors. The rate of return assumption for each fund is determined after taking into account the investment performance benchmarks set by the governing body of the pension fund. Both historical rates of return and future investment outlook are considered.

Syngenta's estimate of employer contributions to be paid to defined benefit plans in 2012 is US$80 million. Actual payments could differ materially from this estimate if any new funding regulations or laws are enacted or due to business and market conditions, which may result in Syngenta prepaying contributions. Additional contributions, the about and timing of which are uncertain, may also be required as Syngenta's restructuring programs are implemented.

In accordance with UK pension regulations, deficit recovery contributions of US$31 million per year to 2019 were agreed with the UK pension plan Trustee during the 2009 valuation. In 2010, US$100 million of these contributions was prepaid, and as a result no further payments towards this commitment were required to be made during 2011. Additional contributions of up to US$16 million per year are also required to be paid until the next full actuarial valuation and deficit recovery contribution agreement in 2012 if the actual percentage return on plan assets is less than the agreed assumption. No such additional contributions were required to be made in 2011 and 2010 as the actual percentage return on plan assets during these years exceeded the agreed assumption.

## 22. Post-employment benefits continued

The expected long-term rates of return on assets, the fair values of assets and the liabilities of the major defined benefit pension plans, together with aggregated data for other defined benefit plans are as follows:

| | Expected rate of return used for income statement (%) | | | Fair value at December 31 (US$ million) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2011 | Switzerland | UK | USA | Switzerland | UK | USA | Other plans | Total | % |
| Equities | 5.5 | 7.1 | 8.0 | 327 | 778 | 175 | 46 | 1,326 | 26 |
| Real estate | 3.3 | – | 7.5 | 174 | – | – | – | 174 | 3 |
| Bonds | 2.0 | 5.1 | 5.5 | 796 | 781 | 302 | 44 | 1,923 | 38 |
| Other assets | 5.0 | 6.1 | 6.5 | 291 | 779 | 185 | 136 | 1,391 | 28 |
| Cash and cash equivalents | 0.3 | 0.5 | 3.0 | 148 | 36 | 76 | 1 | 261 | 5 |
| **Fair value of assets** | 3.3 | 6.2 | 6.5 | 1,736 | 2,374 | 738 | 227 | 5,075 | 100 |
| Benefit obligation | | | | (1,726) | (2,368) | (740) | (371) | (5,205) | |
| Discount rate (%) | | | | 2.5 | 4.9 | 4.4 | | 4.0 | |
| **Funded status** | | | | 10 | 6 | (2) | (144) | (130) | |

| | Expected rate of return used for income statement (%) | | | Fair value at December 31 (US$ million) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2010 | Switzerland | UK | USA | Switzerland | UK | USA | Other plans | Total | % |
| Equities | 6.0 | 7.1 | 8.5 | 343 | 833 | 197 | 44 | 1,417 | 28 |
| Real estate | 3.5 | – | 8.0 | 174 | – | – | – | 174 | 3 |
| Bonds | 2.5 | 5.3 | 6.0 | 886 | 632 | 276 | 42 | 1,836 | 36 |
| Other assets | 5.5 | 6.2 | 7.0 | 386 | 714 | 178 | 137 | 1,415 | 28 |
| Cash and cash equivalents | 0.3 | 0.5 | 3.0 | 47 | 167 | 55 | 2 | 271 | 5 |
| **Fair value of assets** | 3.8 | 6.3 | 7.0 | 1,836 | 2,346 | 706 | 225 | 5,113 | 100 |
| Benefit obligation | | | | (1,736) | (2,328) | (666) | (386) | (5,116) | |
| Discount rate (%) | | | | 2.8 | 5.4 | 5.3 | | 4.4 | |
| **Funded status** | | | | 100 | 18 | 40 | (161) | (3) | |

The following table provides an analysis of the benefit costs recorded in the consolidated income statement for the defined benefit pension plans for the years ended December 31, 2011 and 2010:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Current service cost | 113 | 87 |
| Interest cost | 224 | 211 |
| Expected return on plan assets | (261) | (221) |
| **Net periodic benefit cost** | 76 | 77 |

Amounts recognized in OCI were as follows for the years ended December 31, 2011 and 2010:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Amounts recognized during the period: | | |
| Actuarial (gains)/losses | 269 | (101) |
| Funded surplus (recognized)/not recognized as an asset | (33) | 35 |
| Cumulative actuarial (gains)/losses recognized at December 31 | 1,255 | 1,019 |

The defined benefit obligation, plan assets, funded status, changes in actuarial assumptions, and experience adjustments resulting from comparisons to actuarial assumptions for the years ended December 31, 2007 to 2011 for pensions are as follows:

| (US$ million) | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Benefit obligation | (5,205) | (5,116) | (4,714) | (3,882) | (4,713) |
| Plan assets | 5,075 | 5,113 | 4,340 | 3,556 | 4,669 |
| **Funded deficit** | (130) | (3) | (374) | (326) | (44) |
| Changes in actuarial assumptions | (173) | (201) | (537) | 412 | 200 |
| Experience adjustments (increasing)/reducing plan liabilities | (20) | 11 | 68 | (58) | (82) |
| Experience adjustments on plan assets: actual returns greater/(less) than expected | (76) | 292 | 358 | (678) | 64 |
| **Total** | (269) | 102 | (111) | (324) | 182 |

The following tables give the weighted-average assumptions used to calculate the benefit cost and benefit obligation for defined benefit plans:

| Weighted-average assumptions: benefit cost for the year ended December 31 | 2011 % | 2010 % |
|---|---|---|
| Discount rate | 4.4 | 4.8 |
| Rate of increase in pensionable pay | 3.0 | 2.8 |
| Expected return on plan assets | 5.1 | 5.4 |

| Weighted-average assumptions: benefit obligation as at December 31 | 2011 % | 2010 % |
|---|---|---|
| Discount rate | 4.0 | 4.4 |
| Rate of increase in pensionable pay | 2.9 | 3.0 |

Mortality assumptions are discussed in Note 2 under "critical accounting estimates".

**Other post-retirement benefits**
Syngenta's net liability for other post-retirement benefits at December 31, 2011 was US$101 million (December 31, 2010: US$97 million) which comprised a defined benefit obligation of US$215 million (2010: US$211 million), plan assets of US$114 million (2010: US$114 million) and immaterial amounts of unrecognized past service cost. Cumulative actuarial losses recognized in OCI were US$124 million (2010: US$117 million) and amounts recognized in OCI for the period were losses of US$7 million (2010: US$16 million loss). Expense recognized in the consolidated income statement, contributions to the other post-retirement benefit plans and benefit payments by the plans were not material for 2011 and 2010.

The assumed healthcare cost trend rate at December 31, 2011 was 8.0 percent, decreasing in each successive year from 2012 onwards, to reach an ultimate rate of 5.0 percent in 2020 (December 31, 2010: 7.5 percent decreasing to 5.0 percent in 2017).

## 23. Employee share participation plans

Employee and management share participation plans exist as follows. All plans are equity-settled except where stated.

**Syngenta Long-Term Incentive Plan (LTI)**
The Syngenta Long-Term Incentive Plan provides selected executives and key employees of Syngenta with the opportunity to obtain the right to purchase shares of Syngenta. The grant of options for Syngenta shares is at the discretion of the Compensation Committee, whose members are appointed by the Board of Directors of Syngenta.

## 23. Employee share participation plans continued

The following table sets out share option activity under this plan during 2010 and 2011, including the equivalent American Depositary Shares (ADS) that are offered to Syngenta employees in the USA, and summarizes information about share options outstanding at December 31, 2010 and 2011.

| | Exercise price | Outstanding at January 1 | Granted | Exercised | Forfeited/ other | Outstanding at December 31 | Exercisable | Remaining contractual life |
|---|---|---|---|---|---|---|---|---|
| | (CHF) | | | (thousands of options) | | | | (years) |
| Year ended December 31, 2010 | | | | | | | | |
| Awarded in 2001 | 76.5 | 9.2 | – | (9.2) | – | – | – | – |
| Awarded in 2002 | 83.7 | 2.2 | – | (0.8) | – | 1.4 | 1.4 | 0.25 |
| Awarded in 2002 | 98.0 | 23.6 | – | (7.8) | – | 15.8 | 15.8 | 1.25 |
| Awarded in 2002 | 98.0 | 17.5 | – | (8.2) | – | 9.3 | 9.3 | 2.25 |
| Awarded in 2003 | 59.7 | 54.5 | – | (16.4) | (0.5) | 37.6 | 37.6 | 2.25 |
| Awarded in 2003 | 59.7 | 41.1 | – | (13.4) | – | 27.7 | 27.7 | 3.25 |
| Awarded in 2004 | 89.3 | 110.7 | – | (26.9) | (0.9) | 82.9 | 82.9 | 3.25 |
| Awarded in 2004 | 89.3 | 58.1 | – | (8.5) | – | 49.6 | 49.6 | 4.25 |
| Awarded in 2005 | 127.4 | 135.2 | – | (43.6) | (0.8) | 90.8 | 90.8 | 4.25 |
| Awarded in 2006 | 185.0 | 180.5 | – | (54.5) | (1.0) | 125.0 | 125.0 | 5.25 |
| Awarded in 2007 | 226.7 | 215.3 | – | (66.3) | (2.4) | 146.6 | 146.6 | 6.25 |
| Awarded in 2008 | 301.5 | 224.8 | – | (1.2) | (16.6) | 207.0 | 12.9 | 7.25 |
| Awarded in 2009 | 233.4 | 377.4 | – | (3.1) | (21.0) | 353.3 | 11.4 | 8.25 |
| Awarded in 2010 | 283.7 | – | 167.3 | – | (2.7) | 164.6 | 2.2 | 9.25 |
| **Total for year ended December 31, 2010** | | 1,450.1 | 167.3 | (259.9) | (45.9) | 1,311.6 | 613.2 | |
| Year ended December 31, 2011 | | | | | | | | |
| Awarded in 2002 | 83.7 | 1.4 | – | (1.4) | – | – | – | – |
| Awarded in 2002 | 98.0 | 15.8 | – | (7.4) | – | 8.4 | 8.4 | 0.25 |
| Awarded in 2002 | 98.0 | 9.3 | – | – | – | 9.3 | 9.3 | 1.25 |
| Awarded in 2003 | 59.7 | 37.6 | – | (15.7) | 0.5 | 22.4 | 22.4 | 2.25 |
| Awarded in 2003 | 59.7 | 27.7 | – | (7.1) | – | 20.6 | 20.6 | 2.25 |
| Awarded in 2004 | 89.3 | 82.9 | – | (27.8) | 0.9 | 56.0 | 56.0 | 3.25 |
| Awarded in 2004 | 89.3 | 49.6 | – | (3.4) | – | 46.2 | 46.2 | 3.25 |
| Awarded in 2005 | 127.4 | 90.8 | – | (20.7) | 0.4 | 70.5 | 70.5 | 4.25 |
| Awarded in 2006 | 185.0 | 125.0 | – | (32.3) | 0.2 | 92.9 | 92.9 | 4.25 |
| Awarded in 2007 | 226.7 | 146.6 | – | (32.5) | (0.4) | 113.7 | 113.7 | 5.25 |
| Awarded in 2008 | 301.5 | 207.0 | – | (25.8) | (2.3) | 178.9 | 178.9 | 6.25 |
| Awarded in 2009 | 233.4 | 353.3 | – | (6.8) | (7.4) | 339.1 | 11.2 | 7.25 |
| Awarded in 2010 | 283.7 | 164.6 | – | (0.4) | (2.5) | 161.7 | 4.1 | 8.25 |
| Awarded in 2011 | 308.7 | – | 189.0 | – | (2.3) | 186.7 | 0.3 | 9.25 |
| **Total for year ended December 31, 2011** | | 1,311.6 | 189.0 | (181.3) | (12.9) | 1,306.4 | 634.5 | |

All fully vested options are exercisable.

The exercise prices are equal to either the weighted average share price on the SIX Swiss Exchange (“SIX”) for the five business days preceding the grant date, or the share price on the SIX at the grant date. The Compensation Committee determines which of the two exercise prices are used for each grant year. Options over ADSs are priced at one-fifth of the exercise price of a Swiss option, converted to US dollars at the exchange rate at the grant date, which may vary from the exchange rate at the exercise date. Standard options vest in full and are exercisable after completion of three years service and terminate after 10 or 11 years from the grant date. Vesting can occur after less than three years in particular circumstances including redundancy and retirement. None of the options vest on a pro rata basis during the vesting period.

The Long-Term Incentive Plan also grants selected executives and key employees of Syngenta restricted share units (RSUs) (or equivalent restricted ADSs for relevant Syngenta employees in the USA). RSUs (or equivalent restricted ADSs) are rights to receive the equivalent number of Syngenta AG shares for no payment at the end of a three-year vesting period. RSUs do not carry rights to dividends. None of the RSUs or equivalent ADSs vest on a pro rata basis during the vesting period.

The following table sets out RSU activity under this plan during 2010 and 2011 (including the equivalent restricted ADS for relevant Syngenta employees in the USA), and summarizes information about RSUs outstanding at December 31, 2010 and 2011.

| RSUs | Grant date fair value | Outstanding at January 1 | Granted | Distributed | Forfeited/ other | Outstanding at December 31 | Remaining life |
|---|---|---|---|---|---|---|---|
| | (CHF) | | (thousands of shares) | | | | (years) |
| Year ended December 31, 2010 | | | | | | | |
| Awarded in 2007 | 211.1 | 48.8 | – | (48.8) | – | – | – |
| Awarded in 2008 | 283.9 | 52.2 | – | (1.7) | (3.0) | 47.5 | 0.25 |
| Awarded in 2009 | 218.1 | 86.1 | – | (2.5) | (4.8) | 78.8 | 1.25 |
| Awarded in 2010 | 265.0 | – | 106.2 | (3.1) | (3.3) | 99.8 | 2.25 |
| **Total for year ended December 31, 2010** | | 187.1 | 106.2 | (56.1) | (11.1) | 226.1 | |
| Year ended December 31, 2011 | | | | | | | |
| **Awarded in 2008** | **283.9** | **47.5** | **–** | **(47.5)** | **–** | **–** | **–** |
| **Awarded in 2009** | **218.1** | **78.8** | **–** | **(4.9)** | **(1.3)** | **72.6** | **0.25** |
| **Awarded in 2010** | **265.0** | **99.8** | **–** | **(1.5)** | **(2.4)** | **95.9** | **1.25** |
| **Awarded in 2011** | **287.4** | **–** | **89.5** | **(0.8)** | **(1.4)** | **87.3** | **2.25** |
| **Total for year ended December 31, 2011** | | **226.1** | **89.5** | **(54.7)** | **(5.1)** | **255.8** | |

**Share option valuation assumptions**
The fair value of options granted was measured using the Black-Scholes-Merton formula. The effect of early exercise has been incorporated into the model by using an estimate of the option's expected life rather than its contractual life. The measurement of fair value was not adjusted for any other feature of the option grant and no option grant was subject to a market condition.

The weighted average assumptions used in determining the fair value of options granted were as follows:

| | 2011 | 2010 |
|---|---|---|
| Dividend yield | **2.3%** | 2.2% |
| Volatility | **23.1%** | 23.6% |
| Risk-free interest rate | **1.9%** | 2.0% |
| Expected life | **7 years** | 7 years |
| Exercise price (CHF per share) | **308.7** | 283.7 |

The dividend yield and volatility are management estimates for the life of the option, as no warrants or options over Syngenta shares for this period are widely traded. Both actual dividend yield and volatility may vary from the assumptions used above. The estimate of volatility takes into account the historical volatility of the Syngenta share price, and the implied volatilities of such longer dated warrants that have been traded in the market. The volatility assumption for 2011, as measured at the grant date, was based on the 120-month historical volatility of Syngenta AG shares on the SIX.

**Syngenta Deferred Share Plan**
The Syngenta Deferred Share Plan provides selected senior executives with an opportunity to obtain shares of Syngenta. The plan entitles participants to defer part of their annual short-term incentive awards in favor of Syngenta shares and to receive matching shares according to the rules of the plan. The grant date value of a deferred share and the corresponding matching share is the Syngenta share price on the grant date adjusted for the absence of dividend entitlement during the deferral period. Shares are deferred for a period of three years starting on the grant date. At the end of the deferral period, Syngenta matches the deferred shares on a one-for-one basis. A mandatory part of the short-term incentive is allocated as deferred shares. Additional voluntary deferrals within the limits of the plan can be made at the discretion of the participants. Vesting can occur after less than three years in particular circumstances including retirement. None of the shares vest on a pro rata basis during the vesting period.

## 23. Employee share participation plans continued

The following table sets out activity under this plan during 2010 and 2011 including the equivalent ADSs that are offered to Syngenta employees in the USA:

| | Outstanding at January 1 | Granted | Distributed | Outstanding at December 31 | Remaining life |
|---|---|---|---|---|---|
| | | (thousands of shares) | | | (years) |
| Year ended December 31, 2010 | | | | | |
| Awarded in 2007 | 23.0 | – | (23.0) | – | – |
| Awarded in 2008 | 29.0 | – | (2.6) | 26.4 | 0.25 |
| Awarded in 2009 | 57.5 | – | (4.0) | 53.5 | 1.25 |
| Awarded in 2010 | – | 22.4 | (0.7) | 21.7 | 2.25 |
| **Total for year ended December 31, 2010** | 109.5 | 22.4 | (30.3) | 101.6 | |
| Year ended December 31, 2011 | | | | | |
| **Awarded in 2008** | **26.4** | **–** | **(26.4)** | **–** | **–** |
| **Awarded in 2009** | **53.5** | **–** | **(3.4)** | **50.1** | **0.25** |
| **Awarded in 2010** | **21.7** | **–** | **(0.6)** | **21.1** | **1.25** |
| **Awarded in 2011** | **–** | **28.8** | **(0.6)** | **28.2** | **2.25** |
| **Total for year ended December 31, 2011** | **101.6** | **28.8** | **(31.0)** | **99.4** | |

At the end of the deferral period, employees would be entitled to the following additional shares:

| | Grant date fair value (CHF) | Thousands of shares |
|---|---|---|
| Awarded in 2009 | 218.1 | 50.1 |
| Awarded in 2010 | 265.0 | 21.1 |
| **Awarded in 2011** | **287.4** | **28.2** |
| **Total** | | **99.4** |

None of these shares are vested as at December 31, 2011.

**Employee share purchase plans**

Syngenta has employee share purchase plans in various countries, which entitle employees to subscribe for shares in Syngenta AG at discounts from market value varying between 25 percent and 50 percent. Shares issued under the plans vest immediately and are subject to blocking periods of between two and three years, with the exception of the UK and Singapore plans, for which completion of three years service is required before vesting. Maximum annual subscription amounts per employee vary between US$600 and US$5,000. In 2011, a total of 89,875 (2010: 88,995) shares were subscribed under these plans and settled through a release of treasury shares.

**Compensation expense**

The compensation expense associated with employee share participation plans, which is measured indirectly by reference to the fair value of the equity instruments granted, is as follows for the years ended December 31, 2011 and 2010:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Long-Term Incentive Plan | **33** | 36 |
| Deferred Share Plan | **22** | 19 |
| Employee Share Purchase Plans | **14** | 11 |
| **Total** | **69** | 66 |

During 2011, Syngenta modified the LTI plan rules related to vesting of RSUs and the DSP plan vesting rules to require plan members to sell part of their share award upon vesting to cover withholding tax. As a result of this change, Syngenta has recognized a US$11 million share based payment liability and reduction in equity.

Other information regarding the plans is as follows:

| | 2011 | 2010 |
|---|---|---|
| Weighted average fair value of options granted during year (CHF per option) | **61.9** | 59.8 |
| Weighted average share price at exercise date for options exercised during year (CHF per option) | **301.3** | 274.2 |
| Fair value of shares granted during year: | | |
| Deferred Share Plan (CHF per unit) – combined value of basic and matching share award | **574.8** | 530.0 |
| Employee Share Purchase Plans (CHF per share) | **140.2** | 138.1 |
| Employee Share Purchase Plan (US$ per ADS) | **19.9** | 19.0 |
| Cash received from exercise of options and subscription for shares (US$ million) | **45** | 49 |

Syngenta has a policy of utilizing treasury shares to satisfy share option exercises and to meet share subscriptions and entitlements.

## 24. Transactions and agreements with related parties

Key management personnel are considered to be the members of the Syngenta Executive Committee and the Board of Directors ("Board"). Their compensation is as follows for the years ended December 31, 2011 and 2010:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Fees, salaries and other short-term benefits | **14** | 10 |
| Post-employment benefits | **2** | 2 |
| Share based compensation | **11** | 9 |
| **Total** | **27** | 21 |

Members of the Syngenta Executive Committee and Board of Directors receive their cash compensation in Swiss francs. The compensation amounts presented above have been converted into US dollars using the average currency exchange rate in effect during each year reported. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2011 is 0.88 (2010: 1.05).

The amount disclosed for share based compensation is the expense for the period calculated in accordance with IFRS 2, "Share Based Payment" and as described in Note 2, relating to key management personnel. The cost of a share based compensation award is spread over the vesting period of the award. Therefore the charge for each year comprises parts of that year's awards and those of preceding years that had not already vested at the start of the year.

Members of the Board, excluding the Chairman and the Chief Executive Officer, are eligible for the share plan for non-executive Directors. Eligible Directors define a percentage of their annual fee for compensation in shares and, in addition, choose between blocked shares or freely tradable shares. The Chairman receives a fixed part of his compensation in the form of blocked shares. The grant price of a share equals the weighted average market price of the Syngenta share during the five business days prior to the grant date. Under these plans, members of the Board were allocated a total of 4,168 shares in lieu of cash compensation. These shares vest immediately and had a combined fair value at grant of US$1 million (2010: US$1 million).

Detailed disclosures regarding executive remuneration required by Swiss Company Law are included in the Syngenta AG statutory financial statements.

Transactions and balances between Syngenta and its employee post-retirement benefit plans are disclosed in Note 22.

Transactions between Syngenta and its associates and joint ventures during the year ended December 31, 2011 are as follows:

Goods and services provided by Syngenta to its associates and joint ventures US$7 million (2010: US$11 million).

Goods and services provided by associates and joint ventures to Syngenta US$86 million (2010: US$55 million).

A bank overdraft guarantee of US$33 million (2010: US$15 million) has been provided to an associate.

At December 31, 2011 Syngenta has accounts receivable and accrued income from associates and joint ventures of US$24 million (2010: US$29 million) and accrued liabilities to associates and joint ventures of US$11 million (2010: US$nil).

## 25. Commitments and contingencies

**Commitments**

Minimum future lease payments at December 31, 2011 for finance leases are US$46 million (2010: US$48 million), of which US$12 million is due within one year (2010: US$8 million), and US$34 million after more than one but less than five years (2010: US$40 million).

Fixed-term, non-cancellable operating lease commitments total US$120 million at December 31, 2011 (2010: US$119 million) of which US$31 million is due within one year (2010: US$22 million), US$61 million after more than one and less than five years (2010: US$76 million) and US$28 million thereafter (2010: US$21 million). Operating lease payments relate to leases of buildings and office equipment. Operating lease expense in 2011 is US$42 million (2010: US$35 million).

Commitments for the purchase of property, plant and equipment at December 31, 2011 are US$131 million (2010: US$50 million).

At December 31, 2011 and 2010, Syngenta has entered into long-term commitments to purchase minimum quantities of certain raw materials, long-term research agreements with various institutions to fund various research projects, and other commitments. The estimated timing of minimum future committed payments is as follows:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| (US$ million) | Materials purchases | Other | Materials purchases | Other |
| Within one year | **615** | **101** | 746 | 119 |
| From one to two years | **314** | **76** | 304 | 104 |
| From two to three years | **189** | **70** | 150 | 67 |
| From three to four years | **118** | **73** | 125 | 66 |
| From four to five years | **26** | **76** | 87 | 66 |
| After more than five years | **–** | **84** | – | 70 |
| **Total** | **1,262** | **480** | 1,412 | 492 |

Syngenta has no material contingent liabilities related to associates and joint ventures.

Syngenta's sales are made subject to normal warranties, which cover product technical specifications and, in some cases, products' performance effect on grower crop yields. Certain license agreements indemnify the other party against liabilities arising from claims related to the intellectual property licensed to or by Syngenta. Leases may require indemnification for liabilities Syngenta's actions may create for the lessor or lessee. Syngenta has also issued warranties to purchasers of businesses or product lines relating to events that arose before the sales. It is not possible to predict the maximum future

## 25. Commitments and contingencies continued

payments possible under these or similar provisions because it is not possible to predict whether any of these contingencies will occur.

Syngenta has obtained licenses from others for the rights to sell certain products, or products containing certain technology, under agreements which require Syngenta to pay royalties based on its future sales of those products or that technology.

### Contingencies

In addition to the legal proceedings described below, Syngenta is involved from time to time in a number of legal proceedings incidental to the normal conduct of its business, including proceedings involving product liability claims, commercial claims, employment and wrongful termination claims, patent infringement claims, competition law claims, tax assessment claims, regulatory compliance claims, waste disposal claims and tort claims relating to the release of chemicals into the environment. Syngenta maintains general liability insurance, including product liability insurance, covering claims on a worldwide basis with coverage limits and retention amounts which management believes to be adequate and appropriate in relation to Syngenta's businesses and the risks to which it is subject.

### Litigation matters

**Holiday Shores**. The Holiday Shores Sanitary District in Madison County, Illinois filed a class action complaint against Syngenta Crop Protection, Inc. ("SCPI") and its distributor Growmark, Inc. in July 2004 purportedly on behalf of a class consisting of all Illinois community water systems ("CWS") who have, allegedly, suffered contamination of their water sources on account of the presence at any measurable level of the product atrazine, a herbicide manufactured since the late 1950s by SCPI and its predecessors in interest, Novartis Crop Protection, Inc., Ciba-Geigy and Geigy Chemical Corporation. The name of SCPI is now Syngenta Crop Protection, LLC, but the former name of the company continues to be used in this litigation and in other proceedings referred to herein. The Holiday Shores Complaint alleges that the product atrazine and/or its degradant chemicals are harmful to humans as consumed through dietary water, and that run-off from the soil where atrazine has been applied has damaged the CWS' property and contaminated its surface waters, used as a source of drinking water for Illinois. It alleges claims of trespass, nuisance, negligence, strict liability and violation of the Illinois Environmental Protection Act and seeks monetary damages, including the past and future costs of purchase, installation, maintenance and operation of granular activated carbon ("GAC") filtration systems, costs of testing and monitoring for atrazine, punitive damages and attorneys' fees. SCPI filed a Motion to Dismiss which in July 2008 was denied by the court (except as regards those parts of the Motion which sought dismissal of the punitive damage and remediation claims – those claims have been dismissed although plaintiff may attempt to re-assert the punitive damage claim at a later date). Since the denial of that Motion, Holiday Shores amended its Complaint to add seven additional CWS as named plaintiffs and has stipulated that its purported class will consist of no more than ninety-nine CWS.

Shortly before the hearing in February 2010 of SCPI's Motion to Transfer the claims of those plaintiffs not located in Madison County to their home counties, plaintiffs' counsel filed a voluntary dismissal of all of plaintiffs' property damage-related claims, and based primarily on this action the judge in April 2010 entered an Order denying the Motion to Transfer. The hearing was held in June 2010, of a further Motion to Dismiss filed by SCPI, as well as a Motion to have the lawsuit stayed or dismissed without prejudice in the light of the filing of the parallel federal City of Greenville lawsuit described below. In August 2010, the judge issued an Order denying both of those Motions. The Plaintiffs filed a series of subpoenas against third parties, including growers' associations, academic institutions and external advisers to SCPI, and SCPI, and a number of the recipients filed Motions to Quash those subpoenas. In September 2010, the judge issued an Order denying in part the Motions to Quash and ruling that information concerning SCPI and its relationship to those third parties, and communications between SCPI and those third parties were relevant and discoverable. An application for leave to appeal against this Order was filed with the judge, and in October 2010, the judge entered a further Order certifying certain questions for interlocutory appeal to the Illinois Fifth District Appellate Court and staying discovery on the issues which were the subject of the September 2010 Order pending resolution of any appeal. The application for leave to appeal was denied by the Appellate Court on January 13, 2011. SCPI then filed a writ regarding the matter with the Illinois Supreme Court which has also been denied. The case is now in the discovery phase and SCPI has filed answers to interrogatories as well as produced many pages of documents; depositions are sought to be scheduled by plaintiff's counsel with seventeen current or former SCPI employees. No trial timetable has yet been defined for the lawsuit.

**City of Greenville**. In March 2010 plaintiffs' counsel in Holiday Shores filed a new federal lawsuit in the US District Court for the Southern District of Illinois (City of Greenville et al. v. Syngenta Crop Protection, Inc. and Syngenta AG) on behalf of seventeen CWS located in six mid-Western states; an Amended Complaint filed late in March 2010 adds seven new plaintiffs, five of which are subsidiaries of American Water Company, a large private utility, in five of the six states implicated in the litigation. The claims in this lawsuit essentially repeat those causes of action which have survived motion practice in Holiday Shores and seek compensatory and punitive damages for all past and future costs incurred by the plaintiffs in the removal of atrazine from raw water supplies, and certification of a class of all public water providers in the six states which use surface water as their water source and which have had consistently detectable levels of atrazine in their raw drinking water. SCPI in May 2010 filed a Motion to Dismiss the lawsuit on grounds including lack of standing and of cause of action and Syngenta AG on May 18, 2010 filed a Motion to Dismiss plaintiffs' claims for lack of personal jurisdiction, in response to which plaintiffs in June 2010 filed a Motion for Leave to Conduct Jurisdictional Discovery to which the Court agreed. At a hearing held in July 2010 this Order was modified, the period for limited discovery was extended to October 26, 2010 and the deadline for plaintiffs' responses to Syngenta AG's Motion to Dismiss for lack of jurisdiction set to November 15, 2010. In September 2010 the Magistrate Judge issued an Order further amending the scope of jurisdictional discovery. In November 2010, the federal court judge issued a Memorandum and Order denying the Motion to Dismiss filed by SCPI save as to the claims in the Complaint of strict liability for manufacturing, marketing and selling an unreasonably dangerous product to the extent that those claims were asserted by two Indiana-based plaintiffs. In December 2010, plaintiffs filed their Opposition to Syngenta AG's Motion to Dismiss for Lack of Personal Jurisdiction and a Motion to Strike parts of the Affidavits filed by Syngenta AG in support of its Motion, to which Syngenta AG filed its Reply on January 17, 2011. The Magistrate Judge ordered the parties to the lawsuit to take part in a settlement conference held on April 11, 2011 but this was unproductive. The oral argument on the Motion to Dismiss for lack of Personal Jurisdiction was held before the federal course judge on July 27, 2011. On November 23, 2011, the court denied Syngenta AG's motion and on December 15, 2011, Syngenta AG filed a motion to reconsider, which is pending. Plaintiffs have also recently filed a Motion to Amend their Complaint in the lawsuit to add counts for Declaratory Judgment relief specifying that atrazine is harmful to human health, that atrazine is a defective product, and that Syngenta is responsible for reimbursing plaintiffs for all future costs

that plaintiffs incur in testing for and removing atrazine from their water, and SCPI on October 10, 2011 filed a Motion to Dismiss the claims for declaratory relief. SCPI is in process of taking deposition evidence from representatives of the plaintiff CWS. On November 30, 2011, Syngenta filed motions for summary judgment on the claims of plaintiffs City of Greenville, Illinois and City of Marion, Kansas. In response on December 9, 2011, plaintiffs filed a motion to extend the time for them to respond to summary judgment motions until after they disclose on July 16, 2012 their experts on the merits of the case.

Depositions of fact witnesses for class certification must be completed by April 2, 2012. Plaintiffs' class expert disclosures are due April 2, 2012 while defendants' class expert disclosures are due May 2, 2012. Plaintiffs' motion to class certification is due June 15, 2012. Plaintiffs' trial expert disclosures are due July 16, 2012 while defendants' trial expert disclosures are due August 15, 2012. All discovery must be completed by October 8, 2012. The previously set trial date of December 3, 2012 has been vacated and no new trial date has been set.

As the plaintiffs in the above cases have not quantified their claims, nor has the number of plaintiffs in the actions been determined, it is not possible to estimate individually or in total the amounts in dispute nor to quantify the likely outcome. However, Syngenta intends to vigorously defend these cases. Atrazine is a long-standing successful product of the Company and its predecessors, which has been repeatedly scrutinized for safety over the years by government agencies. No amounts have been provided for a settlement.

In a related lawsuit (Syngenta Crop Protection, Inc. v. Insurance Company of North America et al.) filed by SCPI in September 2008, in the State of New Jersey, and amended in November 2008, July 2009 and April 2010, SCPI is seeking a declaratory judgment under the Ciba-Geigy legacy insurance policies that the defense costs and potential damages in the Holiday Shores case and the City of Greenville case, as well as any other product liability claims against SCPI alleging harm in connection with the use of or exposure to atrazine or atrazine-containing products, are covered under said policies and that the insurers are obligated to defend SCPI. Certain of the insurer defendants in the litigation, comprising the Insurance Company of North America, Century Indemnity Company and ACE Property & Casualty Insurance Company (the "INA Claimants") initiated an arbitration proceeding against SCPI, Novartis Corporation and Ciba Corporation (the "Respondents") under the commercial arbitration rules of the American Arbitration Association, seeking a determination as to whether insurance claims that SCPI is pursuing against them in the litigation were previously released pursuant to a Settlement Agreement dated January 13, 1999 between the INA Claimants, on the one hand, and Novartis Corporation and Ciba Specialty Chemicals Corporation (now Ciba Corporation) on the other hand (the "INA Settlement Agreement"). The arbitration proceeding, purportedly brought pursuant to the arbitration provision of the INA Settlement Agreement, was commenced in March 2009 and the hearing of the arbitration took place on June 14 and 15, 2011. The Arbitrator ordered the filing of post-hearing briefs by the parties the last of which was submitted by the INA Claimants on August 26, 2011. On October 7, 2011 the Arbitrator issued a Final Award in favor of the INA Claimants. Everest Reinsurance Company, Mt. McKinley Insurance Company and eight other insurers have filed Motions for Summary Judgments also claiming to have been released from coverage with respect to the insurance claims which SCPI is pursuing against them in the litigation, under Environmental Settlement Agreements with Novartis and/or Ciba-Geigy and SCPI has filed Cross-Motions for Summary Judgment dismissing the striking insurers' affirmative defenses and on December 16, 2011 filed a surreply in further opposition to the Summary Judgment Motions and in support of the Cross-Motions. Oral argument on the Motions is scheduled for February 9, 2012. Discovery is proceeding in the declaratory action lawsuit.

While SCPI intends to pursue its claims vigorously against the insurers for any costs and losses associated with the Holiday Shores or City of Greenville litigation or any other atrazine-related claims, the amount that is or may ultimately be recoverable from the insurers with respect to such claims cannot be predicted with certainty at this time.

**Sprague**. During 2011 the lawsuit in the United States District Court for the Southern District of Illinois, Ted Sprague v. Syngenta Crop Protection Inc., Syngenta AG and Syngenta Corporation, which had been reported as a contingency in 2010, was settled.

### Tax litigation

Syngenta is also subject to certain tax claims pending before the judiciary. Only one such claim is considered to be significant and is described below.

**Atrazine**. In 1996, the Brazilian Federal Revenue drew Novartis' legal entity in Brazil, now Syngenta Proteção de Cultivos Ltda ("SPCL") into administrative proceedings, regarding the import tax classification of the active ingredient atrazine. The issue is whether, under applicable law, atrazine is to be qualified as raw material (SPCL's position) or as intermediate chemicals (Federal Revenue's position). So far, there have been 20 administrative rulings against SPCL which have given rise to a corresponding number of lawsuits. Of these, 15 are awaiting first level court decision, and 5 are awaiting second level court decision. Syngenta issued a letter of guarantee for part of the amount involved, BRL16 million. In the aggregate, the maximum contingency in the event of an unfavorable outcome for Syngenta could amount to approximately BRL34 million (equalling approximately US$18 million at a rate of BRL1.87 per US$) consisting of BRL22 million plus interest.

### Litigation summary

Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. Syngenta believes that its provisions for legal and product liability matters are adequate based on currently available information, but it is reasonably possible that the final resolution of some of these matters could require Syngenta to make expenditures in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Such expenditure in excess of established reserves could have a material effect on Syngenta's consolidated operating results and cash flows for a particular reporting period, but management does not believe they will have a materially adverse effect on Syngenta's consolidated financial position or liquidity, although there can be no assurances in this regard.

### Environmental matters

Syngenta has recorded provisions for environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world. These provisions are estimates of amounts payable or expected to become payable and take into consideration the number of other potentially responsible parties ("PRP") at each site and the identity and financial positions of such parties in light of the joint and several nature of certain of the liabilities.

In the USA, Syngenta and/or its indemnitors or indemnitees, have been named under federal legislation (the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) as a PRP in respect of several sites. Syngenta expects to be indemnified against a proportion of the liabilities associated with a number of these sites by the sellers of the businesses associated with such sites and, where appropriate, actively participates in or monitors the clean-up activities at the sites in respect of which it is a PRP.

## 25. Commitments and contingencies continued

The material components of Syngenta's environmental provisions consist of a risk assessment based on investigation of the various sites. The nature and timing of future remediation expenditures are affected by a number of uncertainties which include, but are not limited to, the method and extent of remediation, the percentage of material attributable to Syngenta at the remediation sites relative to that attributable to other parties, and the financial capabilities of the other PRPs. As a result, it is inherently difficult to estimate the amount of environmental liabilities that will ultimately become payable. It is also often not possible to estimate the amounts expected to be recovered via reimbursement, indemnification or insurance due to the uncertainty inherent in this area.

Syngenta believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in this area, due to uncertainty concerning both the amount and timing of future expenditures, it cannot be guaranteed that additional costs will not be incurred materially beyond the amounts accrued.

### Other matters

Syngenta has been asked to provide information to US regulatory authorities concerning possible violations of applicable anti-corruption laws in Russia. Syngenta is cooperating and responding to requests. The investigation is on-going and it is not possible at this time to predict the nature, scope or outcome of the investigation, including the extent to which, if at all, it will result in any liability to Syngenta.

## 26. Principal currency translation rates

Year end rates used for the consolidated balance sheets at December 31, to translate the following currencies into US$, are:

| | **2011 per US$** | 2010 per US$ |
|---|---|---|
| Swiss franc | **0.94** | 0.94 |
| British pound sterling | **0.65** | 0.65 |
| Euro | **0.77** | 0.75 |
| Brazilian real | **1.87** | 1.66 |

Average rates during the years ended December 31, used for the consolidated income and cash flow statements ended December 31, to translate the following currencies into US$, are:

| | **2011 per US$** | 2010 per US$ |
|---|---|---|
| Swiss franc | **0.88** | 1.05 |
| British pound sterling | **0.62** | 0.65 |
| Euro | **0.71** | 0.75 |
| Brazilian real | **1.66** | 1.77 |

## 27. Risk management of financial risks

### 27.1 Risk management framework

The nature of Syngenta's business and its global presence exposes it to a range of financial risks. These risks include (i) market risks, which include potential unfavorable changes in foreign exchange rates, interest rates, commodity prices and other market prices (equities, credit spreads etc.), (ii) counterparty risk and (iii) liquidity and refinancing risk.

A financial risk management framework is in place in the form of a Treasury policy, approved by the Board of Directors. This policy provides guidance over all Treasury and finance related matters, is underpinned by delegated authority guidelines and is additionally supported by detailed procedures in place across Syngenta. In accordance with its Treasury policy, Syngenta actively monitors and manages financial risk with the objectives of reducing fluctuations in reported earnings and cash flows from these risks and providing economic protection against cost increases. These objectives are achieved through (a) monthly assessment of the impact of market risks against defined risk limits (see section 27.2), which take into account the risk appetite of Syngenta and (b) the use of a variety of derivative and non-derivative financial instruments.

Financial instruments available for use to mitigate these risks are selected by Syngenta according to the nature of the underlying risk. These instruments are designed to economically hedge underlying risks arising from operational activities and from funding and investment positions. Syngenta does not enter into any speculative financial transactions.

Syngenta seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. Derivative financial instruments for which hedge accounting is not adopted either (a) do not meet the requirements for hedge accounting treatment under IFRS or (b) when combined with the accounting for the underlying hedged items, impact the financial statements in a manner aligned with the economic purpose of the hedging transaction, without the need to adopt hedge accounting treatment.

### 27.2 Assessment of the impact of market risks

The impact of market risks is assessed using a variety of Value-at-Risk (VaR) methods, including Earnings-at-Risk (EaR) methods. The exact method selected depends on the nature of the underlying risk. The specific methods used to assess the impact of financial risks are described below:

| Risk | Method | Exposure (financial statement item) | Time horizon (months) |
|---|---|---|---|
| Foreign exchange risk | | | |
| Transaction – committed | VaR | Monetary asset and liability carrying amounts | 1 |
| Transaction – uncommitted | EaR | Operating income | 12 |
| Translation | VaR | Cumulative translation adjustment in OCI | 1 |
| Interest rate risk | EaR | Interest expense | 12 |
| Commodity price risk | EaR | Operating income | 12 |

VaR and EaR calculations are risk management tools designed to statistically estimate with a pre-set probability the maximum amount of potential losses in value (VaR) or earnings (EaR) over a specific (holding) time period given current positions and possible movements in market prices. The VaR and EaR methods used by Syngenta estimate the gross impact on the consolidated financial statements if the underlying items were not hedged and the net impact of the combined underlying hedged items and the related hedging instruments.

VaR and EaR calculations attempt to recognize that holding different assets and liabilities or incurring different future cash flow exposures may reduce portfolio risk through diversification. Such diversification effects are captured within the calculations, which aim to present the risk to the whole portfolio of the individual market risks. Using historical data, the VaR and EaR calculations are designed to predict possible changes in the markets in the future at a 99 percent confidence level, with a 1 percent probability that actual results will be worse than calculated.

The assessment of the impact of market risks is performed monthly and the results are compared against annually defined risk limits. In cases where the net impact is higher than a risk limit, Syngenta enters into derivative financial instrument transactions to be in line with the risk limits. Breaches of risk limits, should they occur, are immediately reported to senior management.

Syngenta cannot accurately predict future movements in risk variables, therefore calculations of the impact of market risks neither represent actual losses nor consider the effects of potential favorable movements in underlying risk variables. Accordingly, these calculations may only be an indication of future movements to the extent the historic market patterns repeat in the future.

### 27.3 Foreign exchange risk

Operating worldwide in over 80 countries exposes Syngenta to foreign exchange transaction and translation risk at both the Group and subsidiary level. Syngenta's policy is to not hedge foreign exchange translation risk. However, certain exceptions to this policy have been approved in the past by senior management.

#### Foreign exchange transaction risk – committed

Syngenta's individual subsidiaries predominantly transact their operational activities in their respective functional currencies. However, the globally integrated nature of Syngenta's business results in its subsidiaries bearing some amount of transactional balance sheet risk, because some monetary items (including financial liabilities) are denominated in foreign currencies.

Such committed foreign currency exposures are largely generated by the routing of products from Syngenta's central manufacturing sites to its foreign locations. These committed exposures are normally fully hedged, unless otherwise approved by Group Treasury, for example where not deemed cost-effective or where there is no forward market for a specific currency. The committed exposures are hedged using foreign exchange forward contracts and cross-currency swaps.

Net committed transactional currency exposures are identified and reported on a monthly basis by business units. VaR calculations for committed exposures relate to the revaluation of exposures relative to spot rates over a monthly period. The impact of interest differentials and other factors is not included in these calculations.

| (US$ million) | December 31, 2011 Value-at-Risk | | | December 31, 2010 Value-at-Risk | | |
|---|---|---|---|---|---|---|
| Underlying currency (1-month holding period) | Gross impact | Net impact | Risk reduction | Gross impact | Net impact | Risk reduction |
| Swiss franc | 71 | 9 | 87% | 72 | 7 | 90% |
| Euro | 24 | 1 | 96% | 25 | – | 100% |
| British pound sterling | 18 | 1 | 94% | 9 | 6 | 33% |
| Other core currencies[1] | 20 | 4 | 80% | 12 | – | 100% |
| Rest of world | 75 | 24 | 68% | 44 | 14 | 68% |
| **Total undiversified** | 208 | 39 | 81% | 162 | 27 | 83% |
| Diversification | (138) | (27) | 80% | (106) | (18) | 83% |
| **Net VaR** | 70 | 12 | 83% | 56 | 9 | 84% |

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2011, the Value-at-Risk for a one month holding period, after hedges, at a 99 percent confidence level was US$12 million (December 31, 2010: US$9 million). The average Value-at-Risk, after hedges, at a 99 percent confidence level, for the year ending December 31, 2011 was US$8 million (December 31, 2010: US$6 million), and before hedges was US$77 million (December 31, 2010: US$69 million).

The net resulting Value-at-Risk as of December 31, 2011 remained at a similar level compared to December 31, 2010. The largest gross exposures arise in Swiss franc, British pound sterling and Euro. Switzerland and Great Britain house large research and manufacturing sites, whereas the Euro zone represents a large sales market.

#### Foreign exchange transaction risk – uncommitted

Syngenta also manages transactional risk by protecting future uncommitted cash flows with foreign exchange forward and currency option contracts. Uncommitted cash flows are highly probable future cash flows from expected future transactions for which Syngenta does not yet have a contractual right or obligation. The objective is to minimize the impact of changes in foreign exchange rates on the cash flows and operating income forecasted to result from these transactions.

The US dollar represents the biggest single currency for both sales and costs. However, currency mismatches arise from Syngenta having a centralized cost base, denominated mainly in Swiss francs, British pounds and US dollars, against a local selling base, denominated mainly in US dollars, Euros and various other currencies, including those in emerging markets. In addition, due to the seasonality of Syngenta's business, the majority of sales occur during the first half of the year whereas costs tend to occur more linearly throughout the year. Syngenta collects information about

## 27. Risk management of financial risks continued

anticipated cash flows over a twelve-month future period for major currencies at Group level and hedges significant mismatches in currency flows within clearly defined risk limits.

The Earnings-at-Risk calculation is performed for anticipated net transactional currency flows for the following year taking into account related currency hedges.

| (US$ million) | December 31, 2011 Earnings-at-Risk | | | December 31, 2010 Earnings-at-Risk | | |
|---|---|---|---|---|---|---|
| Underlying currency (12-month holding period) | Gross impact | Net impact | Risk reduction | Gross impact | Net impact | Risk reduction |
| Swiss franc | 229 | 99 | 57% | 285 | 72 | 75% |
| Brazilian real | 183 | 40 | 78% | 89 | 54 | 39% |
| Euro | 54 | 53 | 2% | 62 | 80 | (29)% |
| British pound sterling | 37 | 4 | 89% | 52 | 9 | 83% |
| Other core currencies[1] | 67 | 36 | 46% | 53 | 11 | 79% |
| Rest of world | 145 | 143 | 1% | 94 | 97 | 3% |
| **Total undiversified** | 715 | 375 | 48% | 635 | 323 | 49% |
| Diversification | (372) | (252) | 32% | (309) | (191) | 38% |
| **Net EaR** | 343 | 123 | 64% | 326 | 132 | 60% |

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2011, the total potential adverse movement for 2012 net transactional flows after hedges relative to year-end at spot levels, at a 99 percent confidence level, was US$123 million (December 31, 2010: US$132 million). In line with the objective of the hedging program, Syngenta aims to minimize the potential adverse movement for the entire portfolio of the net transactional flows, rather than on an individual currency basis. As a result, negative risk reduction for a single currency could occur, as was the case for the Euro currency in 2010.

The net resulting Earnings-at-Risk figures as of December 31, 2011 remained at a similar level compared to December 31, 2010. Earnings-at-Risk exposure is greatest for the Swiss franc as Syngenta has a significant cost base in Switzerland with no material offsetting sales.

### Foreign exchange translation risk

Translation exposure arises from consolidation of foreign currency denominated financial statements of Syngenta's subsidiaries. This is reported as the currency translation effects in OCI.

Translation risk can be significant; however, Syngenta regards its equity base to be of sufficient magnitude generally to absorb the short- to medium-term impact of exchange rate movements.

Syngenta uses both foreign currency denominated debt and also net investment hedging to manage this exposure. The latter incorporates specific actions to protect the value of temporary excess foreign currency denominated cash positions. At December 31, 2011, there were no positions requiring the use of hedges and no hedges were in place.

The table below presents the 1-month translation Value-at-Risk:

| (US$ million) | December 31, 2011 Value-at-Risk | | | December 31, 2010 Value-at-Risk | | |
|---|---|---|---|---|---|---|
| Currency of net investment in subsidiary (1-month holding period) | Gross impact | Net impact | Risk reduction | Gross impact | Net impact | Risk reduction |
| Brazilian real | 151 | 151 | – | 80 | 80 | – |
| Swiss franc | 133 | 133 | – | 124 | 124 | – |
| Euro | 47 | 47 | – | 32 | 32 | – |
| British pound sterling | 29 | 29 | – | 23 | 23 | – |
| Other core currencies[1] | 38 | 38 | – | 28 | 28 | – |
| Rest of world | 144 | 144 | – | 91 | 91 | – |
| **Total undiversified** | 542 | 542 | – | 378 | 378 | – |
| Diversification | (172) | (172) | – | (123) | (123) | – |
| **Net VaR** | 370 | 370 | – | 255 | 255 | – |

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2011, the Value-at-Risk for a one month holding period at a 99 percent confidence level was US$370 million (December 31, 2010: US$255 million). There are no translation risk hedges in place at December 31, 2011.The increase in Value-at-Risk as of December 31, 2011 compared to December 31, 2010 is mainly due to increased volatility in emerging market currencies.

The average Value-at-Risk after hedges, at a 99 percent confidence level, for the year ending December 31, 2011 was US$303 million (December 31, 2010: US$276 million).

**27.4 Interest rate risk**

Syngenta is exposed to fluctuations in interest rates on its borrowings (including forecasted borrowings) and excess cash. While the majority of Syngenta's borrowings have fixed interest rates, portions of Syngenta's net borrowings, including its short-term commercial paper program and local borrowings, are subject to changes in short-term interest rates. The main objective of managing interest rate risk is to optimize interest expense within clearly stated risk limits.

Syngenta monitors its interest rate exposures, analyzes the potential impact of interest rate movements on net interest expense and enters into derivative transactions to manage its interest rate risk within approved risk limits. At December 31, 2011, the net amount of Earnings-at-Risk on floating rate debt due to potential changes in interest rates (a parallel shift of 100 bps was applied) was US$13 million (2010: US$14 million). The net amount of Earnings at Risk on net debt, as defined in Note 27.7, due to potential changes in interest rates was immaterial at December 31, 2011 and 2010.

**27.5 Commodity price risks**

Operating in the agribusiness sector, changes in certain commodity prices affect Syngenta's reported operating results and cash flows. On a limited basis, Syngenta enters into derivative transactions to hedge the exposure of its cost base to commodity prices.
This comprises oil and natural gas hedging in the UK and USA, as well as soft commodity hedging for corn and soybean purchases by the Seeds business in the USA, Canada, Brazil and Argentina, where Syngenta contracts to purchase various seed crops from growers and hedges the cost of the purchases. In barter arrangements where Syngenta sells products in exchange for receiving a certain amount of a commodity crop, Syngenta hedges the value of the crop.

Syngenta has indirect exposure to oil price fluctuations mainly through the impact of oil prices on the cost of both raw materials, especially chemical intermediates in the Crop Protection business, and distribution activities. Natural gas exposure occurs in Syngenta's primary manufacturing sites.

The main objective of managing commodity price risk is to reduce the impact of commodity price changes on operating income and to provide economic protection against future cost increases. Syngenta uses fixed price contracts and derivatives (both Over-the-Counter (OTC) and exchange traded instruments, including commodity option and futures contracts) to achieve this objective.

At December 31, 2011, there was no hedge protection in place for oil for 2012 (December 31, 2010: 1.0 million barrels of hedge protection in place for oil for 2011). As the exposure to oil is indirect, Syngenta does not calculate the Earnings-at-Risk due to potential changes in oil prices.

Earnings-at-Risk due to potential changes in natural gas and soft commodity prices assuming a 12-month holding period are presented below.

| | December 31, 2011 Earnings-at-Risk | | | December 31, 2010 Earnings-at-Risk | | |
|---|---|---|---|---|---|---|
| Natural gas (US$ million) | Gross impact | Net impact | Risk reduction | Gross impact | Net impact | Risk reduction |
| Total undiversified | 12 | 4 | 67% | 12 | 5 | 58% |
| Diversification | (4) | (1) | 75% | (4) | (1) | 75% |
| **Net EaR** | 8 | 3 | 63% | 8 | 4 | 50% |

| | December 31, 2011 Earnings-at-Risk | | | December 31, 2010 Earnings-at-Risk | | |
|---|---|---|---|---|---|---|
| Soft commodities (US$ million) | Gross impact | Net impact | Risk reduction | Gross impact | Net impact | Risk reduction |
| Total undiversified | 96 | 42 | 56% | 76 | 55 | 28% |
| Diversification | (11) | (4) | 64% | (13) | (2) | 85% |
| **Net EaR** | 85 | 38 | 55% | 63 | 53 | 16% |

The Earnings-at-Risk of soft commodities is driven by their high price volatility compared to other asset classes. The hedging program reduces overall 12-month Earnings-at-Risk at December 31, 2011 to US$38 million (December 31, 2010: US$53 million).

**27.6 Credit risk**

Credit risk arises from the possibility that counterparties involved in transactions with Syngenta may default on their obligation, resulting in financial losses to Syngenta. Credit risk relates both to financial assets (including derivatives, marketable securities and money market contracts) as well as to operational assets managed by Syngenta's businesses (such as trade receivables).

Syngenta's maximum exposure to credit risk is the carrying values of its financial assets and receivables, including derivatives with positive market values. These amounts are disclosed in Note 28.

Syngenta has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high credit quality banks and financial institutions. These include limits in respect of counterparties to ensure that there are no significant concentrations of credit risk. Syngenta continuously monitors the creditworthiness of its counterparties based on credit ratings and credit default swap data.

At December 31, 2011, Syngenta had no treasury or derivative transactions representing a significant concentration of credit risk. No credit losses have been incurred from investments in derivative financial instruments during the years ended December 31, 2011 and 2010.

## 27. Risk management of financial risks continued

To minimize its exposure to derivative positions, Syngenta enters into netting agreements under an International Swaps and Derivatives Association (ISDA) master agreement with its respective counterparties. In addition, for certain derivative positions, Syngenta has entered into Credit Support Annex contracts (CSAs) under which, when the combined market value of the derivatives exceeds US$15 million, cash is exchanged as collateral. Each CSA effectively limits either Syngenta's or the counterparty's aggregate credit risk exposure to no more than US$15 million. At December 31, 2011 an asset amounting to US$43 million (2010: US$64 million) was recorded representing cash paid by Syngenta as collateral under these CSAs.

The impact of credit risk on the fair value of derivatives is considered through market observable credit default swap spreads for Syngenta and its counterparties. The impact on the fair value of Syngenta's derivative positions at December 31, 2011 and 2010 of the risk of default by financial counterparties was not material.

The credit risk to operational assets is partially mitigated through commercial activities, which include barter operations and cash sales incentives.

### 27.7 Liquidity risk and refinancing risk

Within Syngenta's risk management framework, liquidity risk is defined as the risk of being unable to raise funds to meet payment obligations when they fall due.

Refinancing or funding risk is defined as the risk of being unable, on an ongoing basis, to borrow in the market to fund actual or proposed commitments. Syngenta mitigates its liquidity and refinancing risk by maintaining: a limit system; a committed unsecured funding facility; ongoing discussions with its core banks to best monitor its funding capacity; simulations; and diversification of its debt portfolio.

Syngenta's liquidity risk policy is to maintain at all times sufficient liquidity reserves both at Group and subsidiary level in order to meet payment obligations as they become due and also to maintain an adequate liquidity margin. The planning and supervision of liquidity is the responsibility of the subsidiaries and Group Treasury. Liquidity requirements are forecasted on a weekly basis. Syngenta operates regional or country cash pools to allow efficient use of its liquidity reserves.

#### Short-term liquidity

Although Syngenta operates globally, its two largest markets are Europe, Africa and the Middle East (EAME) and North America. Both sales and operating profit in these two regions are seasonal and are weighted towards the first half of the calendar year, reflecting the northern hemisphere planting and growing cycle. This results in a seasonal working capital requirement.

Syngenta's principal source of liquidity consists of cash generated from operations. Working capital fluctuations due to the seasonality of the business are supported by short-term funding available from a US$2.5 billion Global Commercial Paper program supported by a US$1.2 billion committed, revolving, multi-currency, syndicated credit facility with high credit quality banks expiring in July 2013. There were no amounts drawn under the Global Commercial Paper program as of December 31, 2011 (2010: US$nil). The average outstanding balance under the Global Commercial Paper program for the year 2011 was US$10 million (2010: US$38 million).

The maturity analyses for Syngenta's current financial liabilities other than short-term derivative liabilities are presented in Notes 15 to 17.

The maturities of short term derivative liabilities are as follows:

| (US$ million) | Total | 0–90 days | 90–180 days | 180 days–1 year |
|---|---|---|---|---|
| **2011** | **212** | **105** | **49** | **58** |
| 2010 | 291 | 210 | 35 | 46 |

### Long-term financing

Long-term capital employed is currently partly financed through four unsecured bonds and through unsecured notes issued under the Note Purchase Agreement in the US Private Placement market. During 2011, the Eurobond 2011 with the principal of EUR 500 million matured.

The following table shows Syngenta's contractually agreed (undiscounted) interest and principal repayments on long-term financing-related non-derivative financial liabilities and the related derivatives held at December 31, 2011 and 2010. Non-derivative financial liabilities are recorded at amortized cost (less related issuance costs) unless subject to fair value hedge accounting, in which case the liability is adjusted for the change in fair value of the hedged risk to the extent the hedge relationship is effective. Derivative financial liabilities are recorded at fair value. The table therefore shows the total carrying amount of Syngenta's financial debt adjusted for the effect, if any, of applying fair value hedge accounting.

| | Non-derivative financial liabilities (Unsecured bonds and notes) | | | Derivative financial liabilities (Interest rate and cross-currency swaps) | | |
|---|---|---|---|---|---|---|
| 2011 (US$ million) | Fixed rate interest | Principal repayment | Total | Fixed rate interest | Repayment | Total |
| Less than 1 year | **98** | **399** | **497** | **12** | **–** | **12** |
| 1-3 years | **124** | **1,178** | **1,302** | **26** | **53** | **79** |
| 3-5 years | **35** | **646** | **681** | **6** | **–** | **6** |
| 5-10 years | **63** | **75** | **138** | **–** | **–** | **–** |
| More than 10 years | **94** | **175** | **269** | **–** | **–** | **–** |
| **Total payments** | **414** | **2,473** | **2,887** | **44** | **53** | **97** |
| Net carrying amount | | | **2,540** | | | **861** |

| | Non-derivative financial liabilities (Unsecured bonds and notes) | | | Derivative financial liabilities (Interest rate and cross-currency swaps) | | |
|---|---|---|---|---|---|---|
| 2010 (US$ million) | Fixed rate interest | Principal repayment | Total | Fixed rate interest | Repayment | Total |
| Less than 1 year | 120 | 668 | 788 | 46 | – | 46 |
| 1-3 years | 172 | 934 | 1,106 | 28 | – | 28 |
| 3-5 years | 76 | 1,336 | 1,412 | 4 | 5 | 9 |
| 5-10 years | 67 | 75 | 142 | – | – | – |
| More than 10 years | 103 | 175 | 278 | – | – | – |
| **Total payments** | 538 | 3,188 | 3,726 | 78 | 5 | 83 |
| Net carrying amount | | | 3,209 | | | 107[1] |

1 The repayments above (and the net carrying amount of the derivative financial liabilities) do not include the amounts paid as collateral, as described in Note 27.6

Forecast data for liabilities that may be incurred in the future is not included in the table above. Amounts in foreign currency were translated to US dollars at the closing rate at the reporting date. Variable payments at each year end arising from financial instruments were calculated based on the forward interest rate yield curve and the spread that Syngenta pays on its outstanding debt and open derivatives at December 31, 2011 and 2010, respectively. Non-derivative financial liabilities, repayment of which can be demanded by the counterparty at any time, have been assigned to the earliest possible time period.

### Capital structure

Absent major acquisitions, Syngenta targets maintaining a solid investment grade credit rating, as recognized by major third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. Syngenta manages capital by monitoring levels of net debt, as calculated below, and equity against targets. Capital is returned to shareholders primarily through dividend payments, with the aim of continuous dividend growth, complemented by tactical share repurchases.

The net debt to equity ratio was 15 percent at December 31, 2011 (20 percent at December 31, 2010).

The components of net debt at December 31, 2011 and 2010 are as follows:

| (US$ million) | **2011** | 2010 |
|---|---|---|
| Current financial debt | **743** | 992 |
| Non-current financial debt | **2,178** | 2,585 |
| Cash and cash equivalents | **(1,666)** | (1,967) |
| Marketable securities[1] | **(3)** | (16) |
| Financing-related derivatives[2] | **(117)** | (121) |
| **Net debt at December 31** | **1,135** | 1,473 |

1 Included within 'Derivative and other financial assets' and 'Other non-current financial assets'
2 Included within 'Derivative and other financial assets' and 'Derivative financial assets' or 'Derivative financial liabilities' and 'Financial debt and other non-current liabilities'

## 28. Financial assets and liabilities

**28.1** The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and reconciliation to where they are presented in the balance sheet at December 31, 2011 and 2010. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

| | Carrying amount (based on measurement basis) | | | | |
|---|---|---|---|---|---|
| 2011 (US$ million) | Amortized cost | Fair value level 1 | Fair value level 2 | Total | Comparison fair value |
| Trade receivables, net: | | | | | |
| Loans and receivables | 2,674 | – | – | 2,674 | 2,674[1] |
| Designated as at fair value through profit or loss | – | – | 62 | 62 | 62 |
| **Total** | | | | 2,736 | 2,736 |
| Other accounts receivable: | | | | | |
| Loans and receivables | 303 | – | – | 303 | 303[1] |
| Non-financial assets | – | – | – | 387 | –[2] |
| **Total** | | | | 690 | |
| Derivative and other financial assets: | | | | | |
| Derivative financial assets | – | 15 | 211 | 226 | 226 |
| Loans and receivables | 43 | – | – | 43 | 43 |
| **Total** | | | | 269 | 269 |
| Derivative financial assets – non-current | – | – | 118 | 118 | 118 |
| Other non-current financial assets: | | | | | |
| Loans and receivables | 161 | – | – | 161 | 161 |
| Available-for-sale financial assets | – | – | 62 | 62 | 62 |
| Other, not carried at fair value | – | – | – | 326 | –[2] |
| **Total** | | | | 549 | |
| Trade accounts payable: | | | | | |
| Measured at amortized cost | 2,881 | – | – | 2,881 | 2,881[1] |
| Current financial debt: | | | | | |
| Measured at amortized cost | 743 | – | – | 743 | 744[1] |
| Derivative financial liabilities – current | – | – | 212 | 212 | 212 |
| Other current liabilities: | | | | | |
| Measured at amortized cost | 182 | – | – | 182 | 182[1] |
| Non-financial liabilities | – | – | – | 846 | –[2] |
| **Total** | | | | 1,028 | |
| Financial debt and other non-current liabilities: | | | | | |
| Measured at amortized cost | 2,189 | – | – | 2,189 | 2,303 |
| Derivative financial liabilities – non-current | – | – | 86 | 86 | 86 |
| Non-financial liabilities | – | – | – | 99 | –[2] |
| **Total** | | | | 2,374 | |

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments
2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including investments in associates and joint ventures and defined benefit pension assets

| 2010 (US$ million) | Carrying amount (based on measurement basis) Amortized cost | Fair value level 1 | Fair value level 2 | Total | Comparison fair value |
|---|---|---|---|---|---|
| Trade receivables, net: | | | | | |
| Loans and receivables | 2,497 | – | – | 2,497 | 2,497[1] |
| Designated as at fair value through profit or loss | – | – | 57 | 57 | 57 |
| **Total** | | | | 2,554 | 2,554 |
| Other accounts receivable: | | | | | |
| Loans and receivables | 294 | – | – | 294 | 294[1] |
| Non-financial assets | – | – | – | 332 | –[2] |
| **Total** | | | | 626 | |
| Derivative and other financial assets: | | | | | |
| Derivative financial assets | – | 8 | 417 | 425 | 425 |
| Loans and receivables | 64 | – | – | 64 | 64 |
| Available-for-sale financial assets | – | – | 13 | 13 | 13 |
| **Total** | | | | 502 | 502 |
| Derivative financial assets – non-current | – | – | 176 | 176 | 176 |
| Other non-current financial assets: | | | | | |
| Loans and receivables | 175 | – | – | 175 | 175 |
| Available-for-sale financial assets | – | – | 43 | 43 | 43 |
| Other, not carried at fair value | – | – | – | 300 | –[2] |
| **Total** | | | | 518 | |
| Trade accounts payable: | | | | | |
| Measured at amortized cost | 2,590 | – | – | 2,590 | 2,590[1] |
| Current financial debt: | | | | | |
| Measured at amortized cost | 992 | – | – | 992 | 1,007[1] |
| Derivative financial liabilities – current | – | – | 291 | 291 | 291 |
| Other current liabilities: | | | | | |
| Measured at amortized cost | 161 | – | – | 161 | 161[1] |
| Non-financial liabilities | – | – | – | 685 | –[2] |
| **Total** | | | | 846 | |
| Financial debt and other non-current liabilities: | | | | | |
| Measured at amortized cost | 2,590 | – | – | 2,590 | 2,744 |
| Derivative financial liabilities – non-current | – | – | 76 | 76 | 76 |
| Non-financial liabilities | – | – | – | 120 | –[2] |
| **Total** | | | | 2,786 | |

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments

2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including investments in associates and joint ventures and defined benefit pension assets

The levels of fair value hierarchy used above are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of unquoted equity securities is not material. There were no transfers during the years ended December 31, 2011 and 2010 between level 1 and level 2 of the fair value hierarchy or between the fair value and amortized cost categories. There were no transfers during the years ended December 31, 2011 and 2010 into or out of level 3 of the fair value hierarchy.

## 28. Financial assets and liabilities continued

**28.2** Income, expense, gains and losses relating to financial instruments recognized in profit or loss during the years ended December 31, 2011 and 2010 are as follows:

| 2011 (US$ million) | Loans and receivables[1] | Available-for-sale financial assets | Derivative assets and liabilities | Liabilities carried at amortized cost | Total |
|---|---|---|---|---|---|
| Recognized within Financial expense, net[2]: | | | | | |
| Interest income | 93 | – | – | – | 93 |
| Interest expense | (5) | – | 23 | (170) | (152) |
| Currency gains/(losses), net | – | – | (86) | – | (86) |
| Recognized within Operating income: | | | | | |
| Impairment charges | (34) | (1) | – | – | (35) |
| **Total** | 54 | (1) | (63) | (170) | (180) |

| 2010 (US$ million) | Loans and receivables[1] | Available-for-sale financial assets | Derivative assets and liabilities | Liabilities carried at amortized cost | Total |
|---|---|---|---|---|---|
| Recognized within Financial expense, net[2]: | | | | | |
| Interest income | 90 | – | – | – | 90 |
| Interest expense | (5) | – | – | (167) | (172) |
| Currency gains/(losses), net | – | – | (37) | – | (37) |
| Recognized within Operating income: | | | | | |
| Impairment charges | (12) | (9) | – | – | (21) |
| Reversal of impairment charges | 43 | – | – | – | 43 |
| **Total** | 116 | (9) | (37) | (167) | (97) |

1 Includes immaterial amounts relating to financial assets designated as at fair value through profit or loss
2 Financial expense, net also includes US$20 million of bank charges (2010: US$22 million)

**28.3** Reported gains and losses on revaluation of available-for-sale financial assets for the years ended December 31, 2011 and 2010 were as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Impairment losses reported in profit or loss | (1) | (9) |
| Unrealized gains/(losses) reported in OCI | 3 | 4 |

## 29. Derivatives and hedge accounting

The following table shows fair values, notional amounts and maturities of Syngenta's derivative financial instruments held at December 31, 2011 and 2010, classified by the individual risks being hedged and the applied accounting treatment:

| | Fair value | | Notional amounts | | | | |
|---|---|---|---|---|---|---|---|
| 2011 (US$ million) | Positive | Negative | <90 days | 90 – 180 days | 180 days – 1 year | 1 – 5 years | Total |
| **Foreign exchange and interest rate risk:** | | | | | | | |
| Cash flow hedges | **161** | **(92)** | **667** | **536** | **1,309** | **825** | **3,337** |
| Fair value hedges | **67** | **(67)** | **–** | **–** | **–** | **2,000** | **2,000** |
| Undesignated | **77** | **(137)** | **3,972** | **2,239** | **695** | **–** | **6,906** |
| **Total foreign exchange and interest rate risk** | **305** | **(296)** | **4,639** | **2,775** | **2,004** | **2,825** | **12,243** |
| **Commodity price risk:** | | | | | | | |
| Cash flow hedges | **6** | **(2)** | **42** | **3** | **27** | **–** | **72** |
| Undesignated | **33** | **–** | **69** | **4** | **68** | **–** | **141** |
| **Total commodity price risk** | **39** | **(2)** | **111** | **7** | **95** | **–** | **213** |

| | Fair value | | Notional amounts | | | | |
|---|---|---|---|---|---|---|---|
| 2010 (US$ million) | Positive | Negative | <90 days | 90 – 180 days | 180 days – 1 year | 1 – 5 years | Total |
| **Foreign exchange and interest rate risk:** | | | | | | | |
| Cash flow hedges | 318 | (74) | 544 | 610 | 3,168 | 1,141 | 5,463 |
| Fair value hedges | 52 | (73) | – | – | – | 2,000 | 2,000 |
| Undesignated | 190 | (219) | 6,993 | 845 | 251 | – | 8,089 |
| **Total foreign exchange and interest rate risk** | 560 | (366) | 7,537 | 1,455 | 3,419 | 3,141 | 15,552 |
| **Commodity price risk:** | | | | | | | |
| Cash flow hedges | 1 | (1) | 8 | 1 | 15 | 1 | 25 |
| Undesignated | 40 | – | 185 | 16 | 46 | – | 247 |
| **Total commodity price risk** | 41 | (1) | 193 | 17 | 61 | 1 | 272 |

For cash flow hedges, the periods when the cash flows for the underlying hedged items are expected to occur and affect profit or loss are not significantly different from those of the hedging instruments as presented in the table above.

### 29.1 Fair value hedges

Syngenta maintains a combination of interest rate swaps and cross currency swaps that qualify for hedge accounting as designated fair value hedges relating to bond liabilities.

Hedge effectiveness for these hedges is measured on a quarterly basis by comparing the changes in fair value of the bond liabilities (with respect to the hedged risks) to the changes in fair value of the associated swaps. There is an immaterial amount of hedge ineffectiveness on these swaps.

Gains/(losses) on fair value hedges recognized in profit or loss for the years ended December 31, 2011 and 2010 are as follows:

| (US$ million) | 2011 | 2010 |
|---|---|---|
| Hedging instruments: | | |
| Interest rate swaps | **10** | 54 |
| Cross currency swaps | **32** | (32) |
| **Total gains/(losses) from hedging instruments** | **42** | 22 |
| | | |
| Underlying hedged items | **(42)** | (22) |

### 29.2 Cash flow hedges and hedges of net investment in foreign operations

Syngenta maintains the following derivatives that qualify for cash flow hedge accounting:

- Cross currency swaps (or a combination of cross currency swaps and interest rate swaps) designated as hedges of foreign exchange risk (or both foreign exchange risk and interest rate risk) of future interest and principal payments on bond liabilities.
- Interest rate swaps designated as hedges of interest rate risk of future interest payments on forecasted bond liabilities.
- Foreign exchange forward contracts and net purchased currency options designated as hedges of foreign exchange risk of forecast foreign currency cash flows (uncommitted foreign exchange transaction risk) arising from (i) forecast sales and purchases between Syngenta subsidiaries and (ii) forecast transactions with third parties.
- Commodity forwards, futures and purchased options designated as hedges of commodity price risks of anticipated and committed future purchases.

## 29. Derivatives and hedge accounting continued

Syngenta maintained the following derivatives that qualified as hedges of net investment in foreign operations:

- During 2011 and 2010, in line with the risk management strategy, no new positions were taken to hedge any of the existing or new net investments in foreign operations. Gains/(losses) relating to hedges entered into during previous reporting periods continue to be presented in OCI.

Hedge effectiveness for these hedges is measured on a quarterly or semi-annual basis. Syngenta uses the forward rate methodology to measure the effectiveness of the foreign exchange or commodity forward contracts. Hedge effectiveness for the swaps is measured by comparing the movement in the present value of future coupon bond payments to the movement in the present value of forecast future cash flows of the associated swaps. There is an immaterial amount of hedge ineffectiveness related to these hedges.

Gains/(losses) on derivative instruments recognized as cash flow hedges and hedges of net investments in foreign operations during the years ended December 31, 2011 and 2010 were as follows:

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| (US$ million) | Foreign exchange and interest rate | Commodity risk | Net investment hedges | Foreign exchange and interest rate | Commodity risk | Net Investment hedges |
| Opening balance of gains/(losses) recognized in OCI | 21 | 10 | (72) | (38) | (10) | (67) |
| Income taxes | 29 | 5 | – | (50) | 4 | – |
| Gains/(losses) recognized in OCI | 59 | (7) | – | 113 | 1 | (5) |
| (Gains)/losses removed from OCI and recognized in profit or loss: | | | | | | |
| Cost of goods sold | – | (5) | – | – | 15 | – |
| General and administrative | (160) | – | – | (26) | – | – |
| Financial expense, net | (37) | – | – | 22 | – | – |
| **Closing balance of gains/(losses) recognized in OCI** | (88) | 3 | (72) | 21 | 10 | (72) |

### 29.3 Undesignated hedges

Gains and losses on hedging instruments that were not designated for hedge accounting purposes are as follows:

- Foreign currency forward contracts that are effective economic hedges of balance sheet exposures as part of Syngenta's committed exposure program. The fair value movements of the hedges and the retranslation of the underlying exposures are recorded in profit or loss and largely offset.
- Foreign currency forward contracts that are effective economic hedges of forecast cash flows arising from anticipated sales and purchases between Syngenta affiliates and third parties. The amount recorded in profit or loss in 2011 is a gain of US$16 million (2010: gain of US$3 million).
- Purchased foreign currency options are effective economic hedges of the exposure arising from written foreign currency options offered to customers as part of a sales contract. The fair values of both the purchased and written foreign currency options are recorded in profit or loss and largely offset.
- Commodity derivative contracts that are effective economic hedges of the anticipated purchases of raw materials or purchases and sales of crops in barter arrangements. The amount recorded in profit or loss in respect of these derivatives in 2011 is a gain of US$4 million (2010: gain of US$7 million). The corresponding forecasted transactions offsetting the above amounts in profit or loss may occur in the following periods.

## 30. Subsequent events

No events occurred between the balance sheet date and the date on which these consolidated financial statements were approved by the Board of Directors that would require adjustments to or disclosure in the consolidated financial statements.

### Approval of the Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Directors on February 7, 2012.

# Report of Syngenta Management on Internal Control over Financial Reporting

Syngenta's Board of Directors and management are responsible for establishing and maintaining adequate internal control over financial reporting. Syngenta's internal control system was designed to provide reasonable assurance to Syngenta's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

Syngenta's management assessed the effectiveness of the Group's internal control over financial reporting as of December 31, 2011. In making this assessment, it used the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2011, Syngenta's internal control over financial reporting was effective based on those criteria.

Ernst & Young AG, Switzerland, an independent registered public accounting firm, has issued an opinion on the effectiveness of the Group's internal control over financial reporting which is included in this financial report.

/s/ Michael Mack
Chief Executive Officer

/s/ John Ramsay
Chief Financial Officer

Basel, February 7, 2012

# Report of the Statutory Auditor on Internal Control over Financial Reporting

To the Board of Directors and Shareholders of

**Syngenta AG, Basel**
Basel, February 7, 2012

We have audited Syngenta AG and subsidiaries' (the "Group") internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Syngenta AG's Board of Directors and management are responsible for maintaining effective internal control over financial reporting, and management is responsible for its assessment of the effectiveness of internal control over financial reporting, which is included in the Report of Syngenta Management on Internal Control over Financial Reporting (page 83). Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit of the Group's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with Swiss law, Swiss Auditing Standards, International Standards on Auditing and the standards of the Public Company Accounting Oversight Board (United States), the 2011 consolidated financial statements of the Group and our report dated February 7, 2012 expressed an unqualified opinion thereon.

Ernst & Young AG

/s/ Nigel Jones　　/s/ Stuart A. Reid

# Report of the Statutory Auditor on the Consolidated Financial Statements

To the General Meeting of

**Syngenta AG, Basel**
Basel, February 7, 2012

As statutory auditor, we have audited the consolidated financial statements of Syngenta AG and subsidiaries (the "Group"), which comprise the consolidated balance sheet and the related consolidated statements of income, comprehensive income, changes in equity and cash flows, and notes thereto (pages 27 to 82), for the year ended December 31, 2011.

**Board of Directors' Responsibility**
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards, International Standards on Auditing and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the consolidated financial statements for the year ended December 31, 2011, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and comply with Swiss law.

**Report on Other Legal or Regulatory Requirements**
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 7, 2012 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

**Ernst & Young AG**

**/s/ Nigel Jones**
Licensed audit expert
(Auditor in charge)

**/s/ Stuart A. Reid**
Licensed audit expert

# Financial Statements of Syngenta AG

## Income Statement

(for the years ended December 31, 2011 and 2010)

| (CHF million) | 2011 | 2010 |
|---|---|---|
| **Income:** | | |
| Dividend income | **1,000** | 725 |
| Income from financial assets | **100** | 121 |
| **Total income** | **1,100** | 846 |
| | | |
| **Expenses:** | | |
| Financial expenses | **(19)** | (13) |
| Administrative expenses | **(6)** | (10) |
| Taxes | **(5)** | (9) |
| **Total expenses** | **(30)** | (32) |
| | | |
| **Net income** | **1,070** | 814 |

## Balance Sheet (prior to earnings appropriation)

(at December 31, 2011 and 2010)

| (CHF million) | Notes | 2011 | 2010 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current financial assets:** | | | |
| Investments | 3,7 | **4,098** | 4,098 |
| Loans to subsidiaries | | **37** | 36 |
| **Total non-current financial assets** | | **4,135** | 4,134 |
| | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | | **–** | 1 |
| Receivables from subsidiaries | | **61** | 29 |
| Marketable securities, including treasury shares | 4 | **655** | 559 |
| **Total current assets** | | **716** | 589 |
| | | | |
| **Total assets** | | **4,851** | 4,723 |
| | | | |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 5 | **(9)** | (9) |
| Legal reserves: | | | |
| General legal reserve: | | | |
| Reserve from capital contributions | 6 | **(27)** | (674) |
| Other general legal reserve | 6 | **(2)** | (2) |
| Reserve for treasury shares | 6 | **(654)** | (558) |
| Free reserves | 6 | **(729)** | (537) |
| **Total reserves** | | **(1,412)** | (1,771) |
| | | | |
| Earnings brought forward | 6 | **(2,184)** | (1,870) |
| Net income of the period | | **(1,070)** | (814) |
| **Total available earnings** | | **(3,254)** | (2,684) |
| **Total equity** | | **(4,675)** | (4,464) |
| | | | |
| **Liabilities** | | | |
| Accounts payable to subsidiaries | | **(165)** | (248) |
| Accounts payable and accrued liabilities to others | | **(11)** | (11) |
| **Total liabilities** | | **(176)** | (259) |
| | | | |
| **Total equity and liabilities** | | **(4,851)** | (4,723) |

# Notes to the Financial Statements of Syngenta AG

## 1. Introduction

The financial statements of Syngenta AG (the “Company” or “Syngenta”) have been prepared in accordance with the requirements of the Swiss law for companies, the Code of Obligations (CO).

Syngenta AG was incorporated on November 12, 1999 and is registered with the commercial register in the canton of Basel Stadt.

## 2. Accounting policies

### Exchange rate differences

Except for investments in subsidiaries, associates and joint ventures, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using year-end rates of exchange. Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealized exchange losses are recorded in the income statement; net unrealized gains, however, are deferred within accrued liabilities.

### Non-current financial assets

Financial assets are recorded at acquisition cost less any impairment losses.

### Marketable securities

Marketable securities are valued at the lower of cost or market value.

## 3. Significant investments in subsidiaries, associates and joint ventures

The following are the significant legal entities in the Syngenta group of companies (the “Group”). Please refer to Note 2 “Accounting Policies” to the consolidated financial statements for the appropriate consolidation method applied to each type of entity.

| Country | Percentage owned by Syngenta | Local currency | Share capital in local currency | Function of company |
|---|---|---|---|---|
| **Argentina** | | | | |
| Syngenta Agro S.A. | 100% | ARS | 918,269,877 | Sales/Production |
| **Bermuda** | | | | |
| Syngenta Reinsurance Ltd. | 100% | USD | 120,000 | Insurance |
| **Brazil** | | | | |
| Syngenta Proteção de Cultivos Ltda. | 100% | BRL | 1,172,924,609 | Sales/Production/Research |
| **Canada** | | | | |
| Syngenta Crop Protection Canada, Inc. | 100% | CAD | – | Sales/Research |
| **France** | | | | |
| Syngenta Seeds S.A.S. | 100% | EUR | 50,745,240 | Sales/Production/Development |
| Syngenta Agro S.A.S. | 100% | EUR | 22,543,903 | Sales |
| **Germany** | | | | |
| Syngenta Agro GmbH | 100% | EUR | 2,100,000 | Sales |
| **Italy** | | | | |
| Syngenta Crop Protection S.p.A. | 100% | EUR | 5,200,000 | Sales/Production/Development |
| **Japan** | | | | |
| Syngenta Japan K.K. | 100% | JPY | – | Sales/Production/Research |
| **Liechtenstein** | | | | |
| Syntonia Insurance AG | 100% | USD | 14,500,000 | Insurance |
| **Mexico** | | | | |
| Syngenta Agro, S.A. de C.V. | 100% | MXN | 157,580,000 | Sales/Production/Development |
| **Netherlands** | | | | |
| Syngenta Seeds B.V. | 100% | EUR | 488,721 | Holding/Sales/Production/Research |
| Syngenta Finance N.V. | 100% | EUR | 45,000 | Finance |
| Syngenta Treasury N.V. | 100% | EUR | 45,001 | Holding/Finance |
| **Panama** | | | | |
| Syngenta S.A. | 100% | USD | 10,000 | Sales |
| **Russian Federation** | | | | |
| OOO Syngenta | 100% | RUB | 895,619,000 | Sales |

| Country | Percentage owned by Syngenta | Local currency | Share capital in local currency | Function of company |
|---|---|---|---|---|
| **Singapore** | | | | |
| Syngenta Asia Pacific Pte. Ltd. | 100% | SGD | 1,588,023,595 | Holding/Sales |
| **Switzerland** | | | | |
| Syngenta Supply AG | 100% | CHF | 250,000 | Sales |
| Syngenta Crop Protection AG[1] | 100% | CHF | 257,000 | Holding/Sales/Production/Research |
| Syngenta Agro AG | 100% | CHF | 2,100,000 | Sales/Production/Research |
| Syngenta Finance AG[1] | 100% | CHF | 10,000,000 | Finance |
| Syngenta Participations AG[1] | 100% | CHF | 25,000,020 | Holding |
| **United Kingdom** | | | | |
| Syngenta Limited | 100% | GBP | 85,000,000 | Holding/Production/Research |
| **USA** | | | | |
| Syngenta Crop Protection, LLC | 100% | USD | 100 | Sales/Production/Research |
| Syngenta Seeds, Inc. | 100% | USD | – | Sales/Production/Research |
| Syngenta Corporation | 100% | USD | 100 | Holding/Finance |

1 Direct holding of Syngenta AG

The main changes from 2010 in the list of significant legal entities are a capital injection of ARS 506,806,979 into Syngenta Agro S.A. and a capital injection of RUB 894,944,000 into OOO Syngenta.

## 4. Treasury shares

The number of treasury shares held by the Company and subsidiaries qualifying under article 659 item b (CO) and their movements are as follows:

| | **2011** | 2010 |
|---|---|---|
| Total treasury registered shares held by Syngenta AG at January 1 | **2,392,751** | 1,617,901 |
| Sold in the year under various Employee/Management Share Plans | **(398,165)** | (492,100) |
| Average sale price per share, CHF | **302.66** | 285.67 |
| Purchased during the year | **1,351,123** | 1,266,950 |
| Cancelled on July 1, 2011 | **(836,950)** | – |
| Average book value per cancelled share, CHF | **251.75** | – |
| Total treasury registered shares held by Syngenta AG at December 31 | **2,508,759** | 2,392,751 |
| Average purchase price per share, CHF | **260.73** | 233.29 |

## 5. Share capital

| | December 31, 2011 | Movement in period | December 31, 2010 |
|---|---|---|---|
| Total Syngenta AG registered shares | **93,762,899** | 836,950 | 94,599,849 |
| Nominal value per share (CHF) | **0.10** | 0.10 | 0.10 |
| **Total share capital (CHF million)** | **9.38** | 0.08 | 9.46 |

On April 19, 2011, the Annual General Meeting (AGM) agreed to the cancellation of 836,950 shares at a nominal value of CHF 0.10 each. The cancellation of shares took place on July 1, 2011.

## 6. Equity

| (CHF million) | Share capital | General legal reserve | Reserve for treasury shares | Free reserves | Available earnings | Total |
|---|---|---|---|---|---|---|
| **Balance at December 31, 2009** | 9 | 263 | 279 | 928 | 2,729 | 4,208 |
| Appropriation of available earnings | – | – | – | 300 | (300) | – |
| Adjustment of reserve for treasury shares | – | – | (34) | 35 | – | 1 |
| Purchase of own shares | – | – | 313 | (313) | – | – |
| Dividend payment | – | – | – | – | (559) | (559) |
| Transfer to the reserve from capital contributions | – | 411 | (52) | (359) | – | – |
| Adjustment of reserves after transfer for capital contributions | – | 2 | 52 | (54) | – | – |
| Profit of the year | – | – | – | – | 814 | 814 |
| **Balance at December 31, 2010** | 9 | 676 | 558 | 537 | 2,684 | 4,464 |
| Appropriation of available earnings | **–** | **–** | **–** | **500** | **(500)** | **–** |
| Adjustment of reserve for treasury shares | **–** | **–** | **(53)** | **52** | **–** | **(1)** |
| Cancellation of own shares | **–** | **–** | **(211)** | **–** | **–** | **(211)** |
| Purchase of own shares | **–** | **–** | **360** | **(360)** | **–** | **–** |
| Dividend payment | **–** | **(647)** | **–** | **–** | **–** | **(647)** |
| Profit of the year | **–** | **–** | **–** | **–** | **1,070** | **1,070** |
| **Balance at December 31, 2011** | **9** | **29** | **654** | **729** | **3,254** | **4,675** |

The general legal reserve is split into the reserve from capital contributions of CHF 27 million and other general legal reserves of CHF 2 million.

In 2010, as a consequence of the new Corporate Tax Law Reform II, reserves arising from capital contributions of CHF 52 million and CHF 359 million were transferred to general legal reserves from the reserve for treasury shares and from free reserves, respectively. The transfers out of the reserve for treasury shares were matched by a transfer in from free reserves.

## 7. Contingent liabilities

| | Maximum amount December 31, | | Amount in effect at December 31, | |
|---|---|---|---|---|
| (CHF million) | **2011** | 2010 | **2011** | 2010 |
| Euro medium-term notes | **2,091** | 2,753 | **2,091** | 2,753 |
| Private placement notes | **235** | 234 | **235** | 234 |
| Commercial paper | **2,351** | 2,342 | **–** | – |
| Credit facilities | **1,153** | 1,124 | **–** | – |
| Group treasury lending activities | **9,741** | 8,591 | **4,065** | 3,724 |
| **Total** | **15,571** | 15,044 | **6,391** | 6,711 |

**Acquisitions**
In connection with the acquisition by Syngenta of Golden Harvest in 2004, Syngenta AG guarantees, as a primary obligor, the full discharge of all the covenants, agreements, obligations and liabilities of Syngenta Crop Protection AG and the Golden Harvest Companies under the Transaction Agreement.

In connection with the acquisition by Syngenta of Advanta from AstraZeneca and Cosun in 2004, Syngenta AG guarantees the due and punctual discharge by Syngenta Crop Protection AG of its obligations of whatever nature under the Sale and Purchase Agreement and the Tax Deed.

In connection with the sale of parts of Advanta to Fox Paine & Co in 2004, Syngenta AG guarantees the due and punctual discharge by Syngenta Crop Protection AG, Syngenta Alpha B.V. and former Advanta Group companies under the Sale and Purchase Agreement and the Tax Deed.

**Contingent liabilities**
At the request of the Dutch authorities, Syngenta AG guarantees to Syngenta Treasury N.V., a limited liability company organized under the laws of the Netherlands and an indirectly wholly owned subsidiary, all liabilities from other Group companies resulting from Syngenta Treasury N.V.'s lending activities, subject to a threshold of EUR 5 million (corresponding to Syngenta Treasury N.V.'s share capital).

**Other**
In a letter dated August 12, 2008, Syngenta AG confirmed that it will ensure that Syngenta Limited will honor its obligation to guarantee the solvency and due payment of benefits of its pension plan.

Syngenta AG is part of a group of Swiss entities of Syngenta which are jointly and severally liable for the whole Swiss VAT amount due to the Swiss Tax authorities by this group.

Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by Syngenta Finance N.V., which is an indirect, wholly-owned finance subsidiary. The guarantees will rank equally with all of the Group's other unsecured and unsubordinated debt. No other subsidiary of Syngenta AG guarantees such debt securities.

## 8. Financial instruments

International Swap and Derivatives Association (ISDA) contracts are in place under which Syngenta Treasury N.V. is the contractual party on behalf of other Group companies. Syngenta AG guarantees transactions entered into under these ISDA contracts. Details of the nature of these transactions are disclosed in Notes 27, 28 and 29 to the consolidated financial statements. The total amounts entered into under these ISDA contracts and in respect of which Syngenta AG has provided a guarantee are outlined in the table below:

| | Notional amount | | Positive fair value | | Negative fair value | |
|---|---|---|---|---|---|---|
| (CHF million) | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| Financial instruments | **11,925** | 13,717 | **300** | 512 | **(294)** | (340) |

## 9. Accomplishment of a risk assessment

Syngenta AG participates in the global, integrated risk management processes of the Syngenta Group. Within the scope of these processes, the Board of Directors evaluates the risks once a year in accordance with article 663b paragraph 12 (CO) and discusses if any corresponding actions are necessary.

## 10. Significant shareholders

At December 31, 2011, to the knowledge of Syngenta AG, there is one (2010: one) significant shareholder exceeding the threshold of 5.00 percent voting rights in Syngenta's share capital.

In addition, at December 31, 2011, one (2010: nil) shareholder with less than 5.00 percent voting rights exceeded 5.00 percent holdings in Syngenta's share capital when taking into consideration cash-settled contract for difference (CFD) instruments held by such shareholder.

At December 31, 2011, Syngenta itself holds 2,508,759 (2010: 2,392,751) shares in treasury corresponding to 2.68 percent (2010: 2.53 percent) of the share capital, as outlined in Note 4.

## 11. Compensation, shareholdings and loans

### Overview

This Note provides a comprehensive overview of Syngenta's compensation principles, elements, structure and governance. In accordance with Appendix 1 of the Swiss Code of Best Practice for Corporate Governance and in line with Swiss law and the relevant reporting standards, it includes detailed information on the compensation of the Board of Directors and the Executive Committee for 2011. The compensation system will be submitted to an advisory vote of the shareholders at the Annual General Meeting.

### Compensation system

**Compensation principles**
Syngenta's compensation principles provide a transparent, performance-oriented and market-competitive compensation framework for all employees, including senior executives. In particular, the compensation policy and system are designed to:

- attract and retain highly qualified, successful employees to deliver the strategic plans and objectives of the Company
- encourage and reward personal contribution and individual performance in accordance with the Company's values
- align reward with sustainable performance and recognize superior results
- align the interests of employees, shareholders and other stakeholders.

All employees, including senior executives, are subject to a formal annual performance management process. This process aims to align individual, team and organizational objectives, stretch performance, and support individual development.

The Syngenta compensation system links compensation to both individual performance and the financial success of the Company. This link is one of the key elements by which Syngenta differentiates and recognizes individual performance and leadership. Annual performance ratings of individuals influence both the annual base salary and variable compensation. Changes to annual base salary are also influenced by individual performance over time within the context of Company affordability, external market movements and the economic environment.

## 11. Compensation, shareholdings and loans
continued

**Compensation of employees and managers**
The compensation of all employees is reviewed on a regular basis and is determined by reference to total compensation levels for comparable jobs in relevant benchmark companies. For example, an individual who achieves his or her performance objectives is generally awarded compensation comparable to the median level of compensation provided by benchmark companies. Each country regularly conducts market reviews and participates in salary surveys such as those conducted by the Hay Group, Hewitt, Mercer and Towers Watson plus any appropriate local surveys.

**Compensation of Board of Directors and the Executive Committee**
The Compensation Committee annually reviews the compensation and, periodically, pension, insurance and other benefits of the members of the Executive Committee. The benchmarks used are a set of relevant, comparable companies and markets that are selected to provide the best representation of the labor markets and industries in which Syngenta competes for top talent. In 2011, the peer groups were as follows:

- **Swiss Group:** 14 comparable companies headquartered in Switzerland, which included 11 relevant SMI companies, two SMI Expanded companies and one SMIM company. Financial institutions and insurance companies were excluded.
- **Pan-European Group:** 26 companies selected from the FT Euro 500 list. These companies operate within the following industry sectors: 10 chemical, six consumer goods, two pharmaceutical, two aerospace, two other industrial and four other industry. All have significant R&D operations and represent a well balanced mix of comparable companies, encompassing in size a range from 40 to 250 percent of Syngenta. The measures of size used to select the peer companies are total revenues, earnings before interest, tax, depreciation and amortization (EBITDA), enterprise value, total assets, market capitalization and the number of employees.
- **North America Group:** 21 comparable companies (19 USA and two Canada). These are companies in the agribusiness, pharmaceutical, chemical and biotechnical industries. The same selection criteria as for the Pan-European Group apply.

The compensation of members of the Board of Directors of Syngenta is determined by reference to the Swiss peer group.

The Board of Directors and the Compensation Committee currently consult with an external provider on compensation policy matters, benchmarking of the Executive Committee and Board of the Directors and other relevant compensation-related market information. When necessary, other independent compensation advisors are consulted. In addition, support and expertise are provided by internal compensation experts, including the Global Head of Human Resources and Global Head of Compensation and Benefits.

Taking into account the market data, the performance of the business and individuals, and the recommendation of the external advisor, the Compensation Committee exercises judgment to determine the appropriate compensation levels of the Executive Committee.

**Compensation elements**
Syngenta's total compensation package includes:

- fixed compensation – base salary
- variable compensation – short-term incentive plans and, for selected leaders, long-term incentive plans
- benefits (including all insured benefits and pension/retirement plans).

**Fixed compensation**
Fixed compensation is represented as annual base salary paid in cash, typically on a monthly basis and set by reference to the:

- size and scope of the job
- external market value of the job
- level or grade to which the job is assigned
- skills, experience and performance of the employee.

To ensure market competiveness, base salaries are subject to review every year by considering factors such as Company affordability, benchmark data, market movement, economic environment and individual performance.

In addition, certain employees may receive customary cash allowances for expenses and, if applicable, housing, relocation or transition assistance as part of an international transfer.

**Variable compensation**
Variable compensation consists of short-term and, for selected leaders, long-term incentives. Both are linked to financial and individual performance. Variable compensation is determined by the level and scope of the individual's job, as well as the external market value of the respective job, the location, business performance and individual performance. It may be granted in cash, shares, restricted stock units and/or stock options. Equity-based compensation is subject to a three-year vesting period.

Short- and long-term incentive awards are based on pre-defined performance measures. They are only awarded if the employee or executive fully meets the performance objectives. Details of the various short- and long-term incentive plans are provided in the following sections.

## Table 1. Fixed and variable compensation

| Fixed compensation | Chairman of the Board | Members of the Board | Executive Committee | Senior Management | All employees | Description | Linkage to compensation principles |
|---|---|---|---|---|---|---|---|
| Fixed pay | • | • | • | • | • | Cash – all employees<br>Members of the Board may opt for cash and/or shares | Attract and retain high quality employees; reference to relevant markets and comparable companies |
| **Variable compensation** | | | | | | | |
| Short-Term Incentive (STI) | | | • | • | • | Cash – all employees | Performance-based compensation |
| Deferred Share Plan (DSP) | | | • | • | | For senior management and Executive Committee, deferred share awards or shares and matching shares[1] | Equity-based compensation focusing on sustainable business performance and alignment to shareholders |
| Long-Term Incentive Plan (LTI) | | | • | • | | For senior management and Executive Committee, stock options and RSUs | Equity-based compensation focusing on sustainable business performance and alignment to shareholders |
| Sales Incentive Plan (SIP) | | | | • | • | Cash – sales employees only | Performance-based compensation |
| Employee Share Purchase Plan (ESPP) | | | • | • | • | Plan for all Switzerland-based Syngenta employees: share purchase up to CHF 5,000.– p.a. at 50 percent discount rate[2] | Identification with and commitment towards Company |

1 In Switzerland, employees are offered a choice of share awards or shares under the DSP and in all other countries, share awards. For purposes of this Note, both are referred to as “share awards”
2 Employee Share Purchase Plans are also established in many other countries

### Short-Term Incentive (STI)
The STI is an annual discretionary award paid in cash for all eligible employees.

### STI targets for managers and Executive Committee members
Individuals are granted an STI award as a percentage of their base salary.

| | STI targets (as a percentage of base salary) |
|---|---|
| Management[1] | 25% |
| Senior Management[1] | 30%–40% |
| Executive Committee | 50% |
| Chief Executive Officer | 80% |

1 Higher target percentages apply to managers and senior managers in the USA

### STI award for employees and managers below the Executive Committee
For employees and managers below the Executive Committee, the STI award weights equally Company financial results and individual performance. This variable compensation allows employees to participate in the Company’s success while being rewarded for their individual performance. Personal objectives are set as part of the annual performance management program. Financial targets are also set on an annual basis and may include measures such as Group net income, business value added, EBITDA, etc.

At the end of the incentive year both individual and financial performance are assessed, and actual achievement is compared with the targets set at the beginning of the year. The assessment of individual performance results in a performance rating which is used to determine an individual percentage award for STI purposes. The assessment of financial performance is formula-driven, i.e. actual achievement against target determines the STI percentage award.

Both the individual and financial percentage awards can range from zero to 200 percent of the STI target. The STI payout is therefore limited to two times the target award. In addition, the STI payout at all levels is contingent upon the annual Group net income (GNI) reaching a threshold of 85 percent of the target budget.

## 11. Compensation, shareholdings and loans
continued

### STI award for Executive Committee members
For Executive Committee members, a greater emphasis is placed on the achievement of financial results. Group financial performance measures account for 70 percent of the STI award while 30 percent is based on individual performance. The Group financial performance measures are earnings per share (EPS) and return on invested capital (ROIC) of the Group.

The methodology and conditions of STI awards for members of the Executive Committee are identical to all other employees.

### Deferred Share Plan (DSP)
The DSP is an additional long-term incentive for members of the Executive Committee and selected senior managers to further align their interest with shareholders by converting part of their STI into Syngenta share awards with a blocking period of three years and thus be fully exposed to the share value development over this period. In return, subject to continued employment with Syngenta at expiry of the blocking period, Syngenta matches at that time each deferred share award on a one-for-one basis with an additional share, thus doubling the total number of shares received by the employee. The DSP requires a mandatory percentage of the STI to be deferred. A participant may voluntarily defer a further portion of the STI into share awards.

| STI subject to deferral | Mandatory | Voluntary | Maximum |
|---|---|---|---|
| Management | 0% | 20% | 20% |
| Senior Management | 10%–30% | 20%–40% | 50% |
| Executive Committee | 40% | 40% | 80% |
| Chief Executive Officer | 40% | 40% | 80% |

The Compensation Committee determines the value of a share award at the grant date by reference to the market price of the Syngenta share. The number of share awards is calculated based on the closing share price at grant date and the amount of STI eligible for deferral (mandatory and any voluntary amount). The calculation is made by applying the following formula:

Number of share awards = (mandatory deferral percent + voluntary deferral percent) x STI award divided by the closing share price at the grant date.

The matching of the share awards is subject to continued employment with Syngenta until after the expiration of the three year deferral period. If retirement age is reached prior to expiration of the deferral period, the conversion of share awards and matching is accelerated.

### Long-Term Incentive (LTI)
LTI is designed to reward leadership, innovation and performance by providing participants with equity-based incentives that link the potential amount of total compensation to Syngenta's market value (share price) and aligns participants' rewards more closely with the long-term interests of the Company's shareholders.

Participants are granted an LTI award as a percentage of their base salary, multiplied by their performance rating which is based on the achievement of individual performance objectives as well as the Company's annual financial performance.

| | LTI targets (as a percentage of base salary) |
|---|---|
| Management[1] | 20% |
| Senior Management[1] | 25%–40% |
| Executive Committee | 60% |
| Chief Executive Officer | 100% |

1 Higher target percentages apply to managers and senior managers in the USA

Depending on the performance achieved against the relevant targets, the individual awards may be lower or higher than the target and can range from zero to 150 percent of the target incentive. The maximum LTI award is therefore limited to 1.5 times the target award.

Participants receive 50 percent of their LTI in the form of stock options and 50 percent in Restricted Stock Units (RSUs). Both are subject to a three year vesting period.

Granting equal allocations of stock options and RSUs balances the advantages and risks of these instruments. The awards allow participants to benefit from increases in the stock price over time; however participants are equally exposed to decreases in the stock price.

Stock options: Syngenta stock options represent the right to purchase Syngenta shares at a fixed price for a defined period of time. The number of options awarded is calculated by dividing the relevant portion of the LTI award by the option value at the grant date. The option value is determined using the Black-Scholes-Merton formula, a commonly accepted stock option pricing method. The exercise price of the options is set equal to the closing share price at the grant date. Stock options granted vest after three years of continued employment with Syngenta and are exercisable for a period of seven years from the vesting date.

RSUs: Syngenta RSUs represent the right to receive Syngenta shares at nil cost at the end of a three year vesting period, subject to continued employment with Syngenta. The number of RSUs awarded is calculated by dividing the relevant portion of the LTI award by the closing share price at the grant date. At vesting, RSUs convert to shares based on the Syngenta closing share price on the vesting date.

For both stock options and RSUs if retirement age is reached prior to expiration of the vesting period, vesting is accelerated.

### Sales Incentive Plans
Sales Incentive Plans are designed for sales employees. They offer these employees the opportunity to be compensated for individual and team success, based on performance achieved against sales targets.

No member of the Executive Committee participates in a Sales Incentive Plan.

### Employee Share Purchase Plan (ESPP)
The ESPP provides employees with the opportunity to become Syngenta shareholders through the purchase of Syngenta shares at a preferential price.

The Swiss ESPP allows participants to purchase shares at 50 percent of the share price at the date of grant, up to a maximum value of CHF 5,000. These shares are subject to a blocking period of three years. Regulations of the Swiss ESPP allow all employees in Switzerland, including members of the Executive Committee, to be eligible to participate in the ESPP.

Where reasonably possible, similar all employee share purchase plans are in operation in other countries, taking into account local practices, tax and legal requirements.

**Benefits**

Benefits consist mainly of pension, insurance and healthcare plans designed to provide a reasonable level of security for all employees and their dependents in respect to retirement, health, disability and death in service. The level of benefits is subject to country-specific laws, regulations and market practice. Other benefits that may be paid according to local market practice include long-service awards and perquisites. Employees of all levels who are on an international assignment may also receive benefits in line with the Syngenta International Assignment Policy.

**Compensation structure**

The compensation elements described in this Note refer primarily to Switzerland and to senior executives. Although many of the elements are operated consistently on a global basis, local market variations apply.

**Correlation between fixed and variable compensation, and between cash and equity-based compensation for members of Executive Committee (including Chief Executive Officer)**

The correlation between fixed and variable compensation is as follows:

**Table 2. Fixed and variable compensation**

| | Members of the Executive Committee | | Chief Executive Officer | |
|---|---|---|---|---|
| | Target incentive % | Maximum incentive % | Target incentive % | Maximum incentive % |
| Fixed compensation | 100 | 100 | 100 | 100 |
| Variable compensation | 150 | 270 | 244 | 438 |
| **Total** | **250** | **370** | **344** | **538** |

Table 2 shows that variable compensation at both target and maximum level forms a higher proportion of total compensation than fixed compensation.

Total compensation is split between cash and equity-based components is as follows:

**Table 3. Cash and equity-based compensation**

| | Members of the Executive Committee | | Chief Executive Officer | |
|---|---|---|---|---|
| | Target incentive % | Maximum incentive % | Target incentive % | Maximum incentive % |
| Cash compensation | 44 | 32 | 34 | 25 |
| Equity-based compensation | 56 | 68 | 66 | 75 |
| **Total** | **100** | **100** | **100** | **100** |

100 percent in table 3 are equal to 250/370/344/538 percent in table 2, respectively

Table 3 shows that equity-based compensation at both target and maximum level is greater than cash compensation. Members of the Executive Committee are therefore highly exposed to share price movements, which reinforces a focus on the long-term success of Syngenta and aligns their interests with those of the Syngenta shareholders.

## Compensation governance

The Compensation Committee of the Board of Directors is the supervisory and governing body for the Syngenta compensation policy and practices for members of the Executive Committee and members of the Board of Directors. It has the responsibility to propose, determine and review compensation and benefits in accordance with the authorization levels set out below.
The Committee consists of four independent non-executive Directors. The Committee does not include any members with interlinked company mandates. The Chief Executive Officer (CEO) is invited to meetings of the Committee except when his own compensation is reviewed. The Chairman and the Vice Chairman do not attend the meeting when the Committee reviews and agrees proposals for the Board of Directors covering their own compensation.

## 11. Compensation, shareholdings and loans continued

Compensation-related decisions are governed as follows:

**Table 4. Authorization levels**

| Topic | Recommendation | Decision-making authority |
|---|---|---|
| Compensation of the Chairman | Compensation Committee | Board of Directors |
| Compensation of non-executive Directors | Compensation Committee | Board of Directors |
| Compensation of the CEO | Compensation Committee | Board of Directors |
| Compensation of other members of the Executive Committee | CEO | Compensation Committee |
| STI and LTI awards for the CEO | Compensation Committee | Board of Directors |
| STI and LTI awards for other members of the Executive Committee | CEO | Compensation Committee |

The Compensation Committee reviews annually the compensation policies and systems applicable to members of the Executive Committee as well as non-executive Directors of the Company, and makes recommendations to the Board of Directors. The Compensation Committee also has responsibility for any decision in respect of pensions, insurance and other benefits for members of the Executive Committee (excluding the CEO, for which the Board of Directors has responsibility). Furthermore, it has the authority to make decisions with regard to any material pension or insurance plans of the Company and any shareholding and compensation program that involves the use of equity.

The Chairman of the Compensation Committee submits the Committee's recommendations in respect of the annual compensation of the Chairman and all members of the Board, including the CEO, to the entire Board for approval. At the same time he informs the entire Board of Directors of the process and outcome of the resolutions adopted by the Compensation Committee with regard to the compensation of the other members of the Executive Committee based on the CEO's recommendations. In the event of termination or recruitment of Executive Committee members during the year, the Chairman of the Compensation Committee informs the Board of Directors of resolutions adopted or requests approval of recommendations as applicable. On an ongoing basis, he informs the Board of Directors of any material business or resolutions adopted by the Compensation Committee.

### Compensation of the Board of Directors and the Executive Committee

**Compensation of non-executive Directors**

Non-executive Directors receive an annual fee. This consists of a basic fee for services to the Board and an additional fee for individual assignments to committees of the Board. No variable compensation is paid to non-executive Directors.

Non-executive Directors have the option to receive part of their annual fee in the form of shares that are either freely tradable or blocked from trading for five years. This option exists in order to reinforce their focus on Syngenta's long-term, sustainable success and align their interests with those of shareholders. Shares are granted once a year. The grant value of a Syngenta share is the market price at the grant date.

**Table 5. Annual fees for non-executive Directors**

| Function | Annual fee (CHF) |
|---|---|
| **Base fees:** | |
| Chairman of the Board | 1,600,000 |
| Vice-Chairman of the Board | 375,000 |
| Member of the Board | 215,000 |
| **Additional fees[1]:** | |
| Member of the Chairman's Committee | 100,000 |
| Head of the Audit Committee | 110,000 |
| Member of the Audit Committee | 30,000 |
| Head of the Compensation Committee | 85,000 |
| Member of the Compensation Committee | 25,000 |
| Member of the Corporate Responsibility Committee | 20,000 |
| Chairman of the Science and Technology Advisory Board | 20,000 |

1 No additional fees are payable to the Chairman and the Vice-Chairman

**Compensation of the Chairman**
The non-executive Chairman of the Board receives a predefined annual fee, but no variable compensation. The annual fee is paid partly in cash and partly in a mandatory portion of restricted shares. The value of the fixed share portion is equal to one-third of the net fee (after tax and social security charges). The grant value of a Syngenta share is the market price at the grant date. The shares are blocked from trading for a period of three years. In addition, the Chairman receives certain benefits such as assistance with headquarters' housing, commuting and tax services (see Table 6a for details).

Following his re-election at the AGM 2011, and due to a reduction of his time commitment, the annual fee for the Chairman (cash and shares) has been adjusted from CHF 2,350,000 to CHF 1,600,000 p.a. effective from May 2011.

**Compensation of the CEO**
The CEO is a member of the Board of Directors and a member of the Executive Committee. His compensation is disclosed as part of 2011 compensation for members of the Executive Committee.

**Compensation of former Directors**
In 2011, no compensation was paid to any former non-executive or executive Director.

## 11. Compensation, shareholdings and loans continued

### 2011 Compensation of the Board of Directors

#### Table 6a. Compensation of non-executive Directors in 2011

| Non-executive Directors | Fee in cash | Fee in unrestricted shares | Fee in restricted shares | Number of unrestricted shares | Number of restricted shares | Total number of shares | Benefits in kind/ cash[1] | Total annual fee/benefits received | Company paid social security cost | Total annual cost |
|---|---|---|---|---|---|---|---|---|---|---|
| Martin Taylor | 1,541,929 | – | 308,071 | – | 1,103 | 1,103 | 153,708 | 2,003,708 | – | 2,003,708 |
| Stefan Borgas | 73,500 | – | 171,721 | – | 612 | 612 | – | 245,221 | 13,194 | 258,415 |
| Peggy Bruzelius | 325,000 | – | – | – | – | – | – | 325,000 | 72,117 | 397,117 |
| Pierre Landolt[2] | 12,301 | 222,788 | – | 794 | – | 794 | – | 235,089 | 15,337 | 250,426 |
| David Lawrence | 127,500 | 127,668 | – | 455 | – | 455 | – | 255,168 | – | 255,168 |
| Peter Thompson | 245,000 | – | – | – | – | – | – | 245,000 | – | 245,000 |
| Jacques Vincent | 60,046 | 180,139 | – | 642 | – | 642 | – | 240,185 | – | 240,185 |
| Rolf Watter | 157,500 | – | 157,692 | – | 562 | 562 | – | 315,192 | 17,929 | 333,121 |
| Felix A. Weber | 300,000 | – | – | – | – | – | – | 300,000 | 19,518 | 319,518 |
| Jürg Witmer | 375,000 | – | – | – | – | – | – | 375,000 | 24,349 | 399,349 |
| **Total** | 3,217,776 | 530,595 | 637,484 | 1,891 | 2,277 | 4,168 | 153,708 | 4,539,563 | 162,444 | 4,702,007 |

1 Housing, commuting and tax services, including refund of relevant tax (cash)
2 According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee
All values in Swiss francs

#### Table 6b. Compensation of non-executive Directors in 2010

| Non-executive Directors | Fee in cash | Fee in unrestricted shares | Fee in restricted shares | Number of unrestricted shares | Number of restricted shares | Total number of shares | Benefits in kind/ cash[1] | Total annual fee/benefits received | Company paid social security cost | Total annual cost |
|---|---|---|---|---|---|---|---|---|---|---|
| Martin Taylor | 1,948,253 | – | 401,747 | – | 1,489 | 1,489 | 234,024 | 2,584,024 | – | 2,584,024 |
| Stefan Borgas | 70,500 | – | 164,527 | – | 621 | 621 | – | 235,027 | 12,409 | 247,436 |
| Peggy Bruzelius | 315,000 | – | – | – | – | – | – | 315,000 | 79,979 | 394,979 |
| Pierre Landolt[2] | 11,468 | 213,540 | – | 806 | – | 806 | – | 225,008 | 14,417 | 239,425 |
| David Lawrence | 122,500 | 122,666 | – | 463 | – | 463 | – | 245,166 | 32,773 | 277,939 |
| Peter Thompson | 117,500 | 117,633 | – | 444 | – | 444 | – | 235,133 | – | 235,133 |
| Jacques Vincent | 56,255 | 168,766 | – | 637 | – | 637 | – | 225,021 | – | 225,021 |
| Rolf Watter | 152,500 | – | 152,604 | – | 576 | 576 | – | 305,104 | 17,058 | 322,162 |
| Felix A. Weber | 275,000 | – | – | – | – | – | – | 275,000 | 17,597 | 292,597 |
| Jürg Witmer | 360,000 | – | – | – | – | – | – | 360,000 | 23,003 | 383,003 |
| **Total** | 3,428,976 | 622,605 | 718,878 | 2,350 | 2,686 | 5,036 | 234,024 | 5,004,483 | 197,236 | 5,201,719 |

1 Housing, commuting and tax services, including refund of relevant tax (cash)
2 According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee
All values in Swiss francs

**2011 Compensation of members of the Executive Committee**
In 2011, the members of the Executive Committee, including the CEO, received salaries, incentives and other elements, including benefits in kind, in line with the compensation policy and as detailed in Table 7 below.

In 2011, the CEO received the highest total compensation; his compensation is reported in Table 8.

Tables 7 and 8 show in the column "compensation 2010" the number of share awards, RSUs and stock options that were granted on February 24, 2011, for the year 2010 (excluding the shares purchased under the Employee Share Purchase Plan). The numbers of units granted were determined after the preparation of the 2010 Notes to the Financial Statements of Syngenta AG and are disclosed retroactively in 2011. As a consequence, the actual values of the granted share awards, stock options and RSUs differ slightly from the values reported in 2010. This is because the number of share awards, stock options and RSUs at grant is rounded to the next whole numbers of units.

Compensation paid in 2010 to former members of the Executive Committee consisted of CHF 40,443 of pension, insurance and benefits in kind, and CHF 3,035 of Company social security cost. No compensation was paid in 2011 to former members of the Executive Committee.

### Table 7. Compensation for members of the Executive Committee (a total of 8 people in 2011)

| | Number of units | | Values | |
|---|---|---|---|---|
| Compensation elements | **2011** | 2010 | **2011** | 2010 |
| Fixed compensation in cash | | | **6,775,971** | 6,302,082 |
| Allowances in cash | | | **222,021** | 341,020 |
| STI compensation in cash[1] | | | **1,795,315** | 898,916 |
| **Total compensation in cash** | | | **8,793,307** | 7,542,018 |
| DSP deferred shares[2, 3, 4] | **–** | 8,503 | **5,308,960** | 2,624,961 |
| DSP matching shares[2, 3, 5] | **–** | 8,503 | **5,308,960** | 2,624,961 |
| LTI options[6] | **–** | 46,269 | **3,393,750** | 2,920,962 |
| LTI RSU[7] | **–** | 9,465 | **3,393,750** | 2,921,940 |
| ESPP shares | **126** | 119 | **17,140** | 16,672 |
| Insurance, pension costs | | | **1,671,254** | 1,622,657 |
| Benefits in kind[8] | | | **142,022** | 199,506 |
| **Total compensation** | | | **28,029,143** | 20,473,677 |
| Company social security cost[9] | | | **845,517** | 681,414 |
| **Compensation related to earlier years** | | | | |
| DSP matching shares[10] | **7,979** | 5,754 | **2,509,396** | 1,614,572 |
| Company social security cost | | | **299,129** | 220,718 |

Notes refer to 2011 unless other years are indicated.

1 Short-term incentive in cash, payable in 2012 for 2011

2 The numbers of deferred shares, matching shares, options and RSUs for 2010 were granted on February 24, 2011, after the preparation of the 2010 Note

3 The numbers of shares, options and RSUs at grant for 2010 were rounded to the next whole number, consequently the values actually granted therefore differ slightly from the values disclosed in the 2010 Note

4 Short-term incentive in deferred shares or share awards, which will be granted in 2012 for 2011 (the number of shares is not determined at the time of preparing this Note)

5 Actual value of DSP matching shares, which will be granted in 2015 (the number of shares is not determined at the time of preparing this Note)

6 Long-term incentive in options, which will be granted in 2012 for 2011 (the number of options is not determined at the time of preparing this Note)

7 Long-term incentive in RSUs, which will be granted in 2012 for 2011 (the number of RSUs is not determined at the time of preparing this Note)

8 Value of housing, commuting, relocation, education and tax services including refund of relevant tax (cash)

9 Due to the rounding of allocated units (see footnote 3), the cost differs slightly from the value disclosed in the 2010 Note

10 Matching shares, which were granted in 2011 for 2007

All values in Swiss francs

## 11. Compensation, shareholdings and loans continued

### Table 8. Highest compensation for a member of the Executive Committee

| | Number of units | | Values | |
|---|---|---|---|---|
| Compensation elements | **2011** | 2010 | **2011** | 2010 |
| Fixed compensation in cash | | | **1,480,005** | 1,315,008 |
| Allowances in cash | | | **94,591** | 109,138 |
| STI compensation in cash[1] | | | **465,600** | 216,883 |
| **Total compensation in cash** | | | **2,040,196** | 1,641,029 |
| DSP deferred shares[2,3,4] | – | 2,812 | **1,862,400** | 868,093 |
| DSP matching shares[2,3,5] | – | 2,812 | **1,862,400** | 868,093 |
| LTI options[2,3,6] | – | 15,207 | **1,125,000** | 960,018 |
| LTI RSU[2,3,7] | – | 3,110 | **1,125,000** | 960,088 |
| ESPP shares | **18** | 17 | **2,449** | 2,382 |
| Insurance, pension costs | | | **412,673** | 399,584 |
| Benefits in kind[8] | | | **45,135** | 24,522 |
| **Total compensation** | | | **8,475,253** | 5,723,809 |
| Company social security cost[9] | | | **235,546** | 161,140 |
| **Compensation related to earlier years** | | | | |
| DSP matching shares[10] | **1,652** | 1,404 | **519,554** | 393,962 |
| Company social security cost | | | **44,897** | 119,279 |

Notes refer to 2011 unless other years are indicated.
1 Short-term incentive in cash, payable in 2012 for 2011
2 The numbers of deferred shares, matching shares, options and RSUs for 2010 were granted on February 24, 2011, after the preparation of the 2010 Note
3 The numbers of shares, options and RSUs at grant for 2010 were rounded to the next whole number; the values actually granted therefore differ slightly from the values disclosed in the 2010 Note
4 Short-term incentive in deferred shares or share awards, which will be granted in 2012 for 2011 (the number of shares is not determined at the time of preparing this Note)
5 Actual value of DSP matching shares, which will be granted in 2015 (the number of shares is not determined at the time of preparing this Note)
6 Long-term incentive in options, which will be granted in 2012 for 2011 (the number of options is not determined at the time of preparing this Note)
7 Long-term incentive in RSUs, which will be granted in 2012 for 2011 (the number of RSUs is not determined at the time of preparing this Note)
8 Value of housing, commuting, relocation, education and tax services including refund of relevant tax (cash)
9 Due to the rounding of allocated units and the related values (see footnote 3), the cost differs slightly from the value disclosed in the 2010 Note
10 Matching shares, which were granted in 2011 for 2007
All values in Swiss francs

## 2011 Holding of shares and options by members of the Board of Directors and the Executive Committee

### Table 9. Holding of shares of non-executive Directors* at December 31, 2011 and 2010

| | Number of unrestricted shares | | Number of restricted shares | | % voting rights | |
|---|---|---|---|---|---|---|
| Non-executive Directors | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Martin Taylor | 8,298 | 6,622 | 4,425 | 4,998 | < 0.1% | < 0.1% |
| Stefan Borgas | – | – | 1,655 | 1,043 | < 0.1% | < 0.1% |
| Peggy Bruzelius | 2,464 | 2,464 | – | – | < 0.1% | < 0.1% |
| Pierre Landolt[1] | 8,319 | 7,525 | 509 | 509 | < 0.1% | < 0.1% |
| David Lawrence | 11,705 | 11,226 | – | 24 | < 0.1% | < 0.1% |
| Peter Thompson[2] | 1,298 | 1,298 | – | – | < 0.1% | < 0.1% |
| Jacques Vincent | 4,098 | 3,456 | – | – | < 0.1% | < 0.1% |
| Rolf Watter | 2,053 | 1,857 | 2,443 | 2,077 | < 0.1% | < 0.1% |
| Felix A. Weber | 440 | 23 | 990 | 1,407 | < 0.1% | < 0.1% |
| Jürg Witmer | 4,500 | 3,000 | 256 | 549 | < 0.1% | < 0.1% |
| Total unrestricted/restricted shares | 43,175 | 37,471 | 10,278 | 10,607 | < 0.1% | < 0.1% |
| Total shares | 53,453 | 48,078 | | | | |

| | Number of unrestricted ADS | | Number of restricted ADS | | % voting rights | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Peter Thompson ADS[2] | 5,000 | 7,000 | – | – | < 0.1% | < 0.1% |
| Total ADS | 5,000 | 7,000 | – | – | < 0.1% | < 0.1% |

1 According to Pierre Landolt and the Sandoz Family Foundation, of the total amounts 7,469 shares were held by the Foundation at December 31, 2011, and 7,184 were held at December 31, 2010
2 Peter Thompson holds shares and ADS
* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

### Table 10a. Holding of shares by members of the Executive Committee* at December 31, 2011

| | Vested shares | | | Unvested shares | | | Total |
|---|---|---|---|---|---|---|---|
| Members of the Executive Committee | Unrestricted | Restricted | % voting rights | Unconverted share awards | Unmatched shares | Unconverted RSU | Vested/ unvested |
| Michael Mack | 14,896 | 11,200 | < 0.1% | – | 11,146 | 9,679 | 46,921 |
| Alejandro Aruffo | 4,024 | 516 | < 0.1% | 2,764 | 3,226 | 2,171 | 12,701 |
| John Atkin | 12,976 | 4,944 | < 0.1% | – | 4,890 | 3,980 | 26,790 |
| Robert Berendes | 3,856 | 324 | < 0.1% | 1,473 | 1,778 | 2,849 | 10,280 |
| Christoph Mäder | 3,661 | 2,308 | < 0.1% | – | 2,254 | 2,367 | 10,590 |
| Mark Peacock | 24 | 54 | < 0.1% | 3,094 | 3,094 | 2,416 | 8,682 |
| Davor Pisk | 2,865 | 3,476 | < 0.1% | – | 3,422 | 2,802 | 12,565 |
| John Ramsay | 768 | 3,528 | < 0.1% | – | 3,474 | 2,812 | 10,582 |
| Total Executive Committee shares | 43,070 | 26,350 | < 0.1% | 7,331 | 33,284 | 29,076 | 139,111 |

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control and any legal or natural person that acts as their fiduciary

## 11. Compensation, shareholdings and loans continued

### Table 10b. Holding of shares by members of the Executive Committee* at December 31, 2010 (Table 11a in 2010 Note)

| | Vested shares | | | Unvested shares | | | Total |
|---|---|---|---|---|---|---|---|
| Members of the Executive Committee | Unrestricted | Restricted | % voting rights | Unconverted share awards | Unmatched shares | Unconverted RSU | Vested/ unvested |
| Michael Mack | 10,448 | 10,046 | < 0.1% | – | 9,986 | 7,689 | 38,169 |
| Alejandro Aruffo | 2,000 | 522 | < 0.1% | 1,918 | 2,380 | 3,327 | 10,147 |
| John Atkin | 18,869 | 3,724 | < 0.1% | 1,958 | 5,622 | 3,998 | 34,171 |
| Robert Berendes | 1,184 | 1,257 | < 0.1% | 1,031 | 2,269 | 2,717 | 8,458 |
| Christoph Mäder | 3,949 | 2,583 | < 0.1% | – | 2,523 | 2,304 | 11,359 |
| Mark Peacock | 42 | 60 | < 0.1% | 3,418 | 3,418 | 2,388 | 9,326 |
| Davor Pisk | 4,020 | 3,007 | < 0.1% | – | 2,966 | 2,264 | 12,257 |
| John Ramsay | 2,561 | 3,656 | < 0.1% | – | 3,596 | 2,476 | 12,289 |
| **Total Executive Committee shares** | 43,073 | 24,855 | < 0.1% | 8,325 | 32,760 | 27,163 | 136,176 |

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

### Table 11a. Holding of options by non-executive Directors* at December 31, 2011

| Year of allocation | 2005 | 2004 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| Underlying equity | **Share** | **ADS** | **Share** | **Share** | **Share** |
| Term (years) | **10** | **11** | **11** | **11** | **11** |
| Exercise period (years) | **7** | **8** | **8** | **8** | **8** |
| Option: share/ADS ratio | **1:1** | **1:1** | **1:1** | **1:1** | **1:1** |
| Exercise price CHF | **127.38** | | **89.30** | **59.70** | **98.00** |
| Exercise price USD | | **14.53** | | | |
| Vesting status | | | **All vested** | | |
| **Options held at December 31, 2011:** | | | | | |
| Martin Taylor | – | – | – | – | – |
| Stefan Borgas | – | – | – | – | – |
| Peggy Bruzelius | – | – | – | – | – |
| Pierre Landolt[1] | **3,532** | – | **4,484** | **2,652** | **1,713** |
| David Lawrence[2] | – | – | – | – | – |
| Peter Thompson[3] | **1,363** | **6,560** | – | **2,652** | **1,713** |
| Jacques Vincent | – | – | – | – | – |
| Rolf Watter | **1,682** | – | – | – | – |
| Felix A. Weber | **1,615** | – | **2,050** | **2,121** | **3,425** |
| Jürg Witmer | – | – | – | – | – |
| **Totals by grant year** | **8,192** | **6,560** | **6,534** | **7,425** | **6,851** |
| **Total options on ADS** | **6,560** | | | | |
| **Total options on shares** | **29,002** | | | | |

After 2005 no options were granted to non-executive Directors

1 According to Pierre Landolt and the Sandoz Family Foundation, all options are held by the Foundation

2 David Lawrence received options as a former member of the Executive Committee

3 Peter Thompson holds options over shares and ADS

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

**Table 11b. Holding of options by non-executive Directors* at December 31, 2010 (Table 12a in 2010 Note)**

| Year of allocation | 2008 | 2005 | 2004 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|
| Underlying equity | Share | Share | ADS | Share | Share | Share |
| Term (years) | 10 | 10 | 11 | 11 | 11 | 11 |
| Exercise period (years) | 7 | 7 | 8 | 8 | 8 | 8 |
| Option: share /ADS ratio | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 |
| Exercise price CHF | 301.50 | 127.38 | | 89.30 | 59.70 | 98.00 |
| Exercise price USD | | | 14.53 | | | |
| Vesting status | | All vested | | | | |
| **Options held at December 31, 2010:** | | | | | | |
| Martin Taylor | – | – | – | – | – | – |
| Stefan Borgas | – | – | – | – | – | – |
| Peggy Bruzelius | – | – | – | – | – | – |
| Pierre Landolt[1] | – | 3,532 | – | 4,484 | 2,652 | 1,713 |
| David Lawrence[2] | 3,225 | – | – | – | – | – |
| Peter Thompson[3] | – | 1,363 | 6,560 | | 2,652 | 1,713 |
| Jacques Vincent | – | – | – | – | – | – |
| Rolf Watter | – | 1,682 | – | – | – | – |
| Felix A. Weber | – | 1,615 | – | 2,050 | 2,121 | 3,425 |
| Jürg Witmer | – | – | – | – | – | – |
| **Totals by grant year** | 3,225 | 8,192 | 6,560 | 6,534 | 7,425 | 6,851 |
| **Total options on ADS** | 6,560 | | | | | |
| **Total options on shares** | 32,227 | | | | | |

After 2005 no options were granted to non-executive Directors

1 According to Pierre Landolt and the Sandoz Family Foundation, all options were held by the Foundation

2 David Lawrence received options as a former member of the Executive Committee

3 Peter Thompson holds options over shares and ADS

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

## 11. Compensation, shareholdings and loans continued

**Table 12a. Holding of options by members of the Executive Committee* at December 31, 2011**

| Year of allocation[1] | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|
| Underlying equity | Share | Share | Share | Share | Share | Share | Share | Share |
| Term (years) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Exercise period (years) | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 |
| Option: share/ADS ratio | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 |
| Exercise price CHF | 308.71 | 283.70 | 233.43 | 301.50 | 226.70 | 185.00 | 127.38 | 89.30 |
| Vesting status | | Unvested | | | | Vested | | |
| **Options held at December 31, 2011:** | | | | | | | | |
| Members of the Executive Committee | | | | | | | | |
| Michael Mack | 15,207 | 12,398 | 16,426 | 4,669 | 6,075 | 7,077 | – | – |
| Alejandro Aruffo | 4,128 | 3,440 | 2,381 | – | – | – | – | – |
| John Atkin | 6,114 | 5,127 | 6,843 | 5,292 | – | – | – | – |
| Robert Berendes | 4,586 | 3,589 | 4,790 | 3,362 | 2,369 | 2,959 | 4,138 | 4,048 |
| Christoph Mäder[2] | 3,518 | 3,304 | 3,920 | 2,739 | 3,993 | 4,915 | – | – |
| Mark Peacock | 3,639 | 3,276 | 4,055 | 2,988 | – | – | – | – |
| Davor Pisk | 4,586 | 3,739 | 4,435 | 1,666 | – | – | – | – |
| John Ramsay | 4,491 | 3,798 | 4,506 | 2,431 | 2,453 | 3,059 | 986 | – |
| **Totals by grant year** | 46,269 | 38,671 | 47,356 | 23,147 | 14,890 | 18,010 | 5,124 | 4,048 |
| Total unvested options | 132,296 | | | | | | | |
| **Total vested options** | 65,219 | | | | | | | |
| **Total options on shares** | 197,515 | | | | | | | |

1 All options granted in 2003 and earlier years under the Company option plan have been exercised
2 Christoph Mäder holds in addition 42 warrants (exercise price CHF 53.40) over Syngenta shares from the time of the merger
* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

## Table 12b. Holding of options by members of the Executive Committee* at December 31, 2010 (Table 13a in 2010 Note)

| Year of allocation[1] | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|
| Underlying equity | Share | Share | Share | Share | Share | Share | Share |
| Term (years) | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Exercise period (years) | 7 | 7 | 7 | 7 | 7 | 7 | 8 |
| Option: share/ADS ratio | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 | 1:1 |
| Exercise price CHF | 283.70 | 233.43 | 301.50 | 226.70 | 185.00 | 127.38 | 89.30 |
| Vesting status | | Unvested | | | Vested | | |
| **Options held at December 31, 2010:** | | | | | | | |
| Members of the Executive Committee | | | | | | | |
| Michael Mack | 12,398 | 16,426 | 4,669 | 6,075 | 7,077 | – | – |
| Alejandro Aruffo | 3,440 | 2,381 | – | – | – | – | – |
| John Atkin | 5,127 | 6,843 | 5,292 | – | – | – | – |
| Robert Berendes | 3,589 | 4,790 | 3,362 | 2,369 | 2,959 | 4,138 | 4,048 |
| Christoph Mäder[2] | 3,304 | 3,920 | 2,739 | 3,993 | 4,915 | – | – |
| Mark Peacock | 3,276 | 4,055 | 2,988 | 2,023 | 2,212 | – | – |
| Davor Pisk | 3,739 | 4,435 | 1,666 | 2,360 | 2,031 | – | – |
| John Ramsay | 3,798 | 4,506 | 2,431 | 2,453 | 3,059 | 986 | – |
| **Totals by grant year** | 38,671 | 47,356 | 23,147 | 19,273 | 22,253 | 5,124 | 4,048 |
| Total unvested options | 109,174 | | | | | | |
| Total vested options | 50,698 | | | | | | |
| **Total options on shares** | 159,872 | | | | | | |

1 All options granted in 2003 and earlier years under the Company option plan have been exercised
2 Christoph Mäder holds in addition 42 warrants (exercise price CHF 53.40) over Syngenta shares from the time of the merger
* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

## 11. Compensation, shareholdings and loans
continued

### Contractual provisions, loans, additional benefits

The notice periods for members of the Executive Committee and the CEO are in accordance with market practice. All employment agreements with members of the Executive Committee and the CEO are subject to a notice period of 12 months. The agreements with the non-executive Directors are not subject to notice periods. Each agreement ends on expiry of the Directors' term of office. The employment agreements with members of the Executive Committee, including the CEO, and the agreements with the members of the Board of Directors, including the Chairman, do not have any change of control clauses. Neither the Executive Committee agreements nor the Board of Directors agreements contain any provisions for termination payments ("golden parachute" or "handshake" or similar arrangements) with regard to severance or other termination events. In case the Chairman is removed from office by the Board of Directors prior to expiry of his term of office, he is entitled to a payment of one fourth of the annual fee.

Syngenta's focus on the long-term performance and growth of the Company and alignment of employee and shareholder interests is underpinned by members of the Executive Committee and other executives and senior managers receiving a large portion of their variable annual compensation in share awards, RSUs and stock options, which must be held for a full three years before vesting.

Under the rules of the plans, a minimum of 67 percent of an Executive Committee member's total variable compensation is paid in the form of equity-based awards. This percentage increases if the Executive opts to defer an additional percentage of their annual STI award. The members of the Executive Committee have substantial shareholdings accumulated over a number of years. These are disclosed in Tables 10a and 12a.

In 2011, no severance payments were made to former Directors or members of the Executive Committee, and no loans or credits were granted to active or former Directors or members of the Executive Committee, or parties related to them. In addition, at December 31, 2011, there are no such loans or credits outstanding.

In the event of fraud or serious misconduct, the Company reserves the right to dismiss with immediate effect. Furthermore the claw-back of equity-based compensation will be considered by the Compensation Committee on a case-by-case basis and will be enforced as permitted under Swiss law (or any other applicable law). If warranted, all outstanding LTI awards and DSP share awards will lapse with immediate effect.

In 2011, no guarantees, pledges, collateral, promises or other forms of liabilities were entered into with third parties to the benefit of non-executive Directors or members of the Executive Committee, or parties related to them and, at December 31, 2011, there are no such liabilities outstanding.

In 2011, no claims, receivables, or debts of non-executive Directors or members of the Executive Committee, or parties related to them, were waived or cancelled and, at December 31, 2011, no such items are outstanding.

In 2011, no compensation was paid to any active Director or member of the Executive Committee for other services provided and, at December 31, 2011, no such payment is outstanding.

### Valuation and accrual principle

The "accrual basis" is applied to all elements of compensation including STI and LTI awards. These awards are disclosed in the Note of the year for which they are paid. The STI and LTI awards in this Note relate to performance and results in 2011, and will be paid in 2012 or later. This is in line with the accrual principle as requested by relevant guidelines. The number of equity units to be granted for 2011 will be determined after the editorial deadline of this Note. As a result, while the compensation amount is known and included, the numbers of share awards, RSUs and stock options to be issued for this amount is not determined and not included in this Note.

The number of equity units that were granted for 2010 had been determined after the editorial deadline of the 2010 Note. For that reason, the actual numbers of share awards, RSUs and stock options awarded for 2010 are included in this Note (see Tables 7 and 8).

The share awards for the incentive year 2011 granted under the DSP in 2012 will be matched in 2015 if the vesting condition is met. In this Note, the same value as determined for the deferral of share awards in 2012 is used to state the value of the expected matching of share awards in 2015.

Some exceptions to the "accrual principle" apply to personal tax services, which the Company has paid for some members of the Executive Committee and the Chairman of the Board of Directors. Tax compliance services typically lag behind the year of compensation by one or more years. The amounts payable for services that relate to employment income 2011 cannot be determined at this time.

All reported amounts set out in this Note are gross values i.e. before the deduction of applicable tax, social security contributions, or any other statutory charges. When referring to benefits in kind, the benefit received is also stated at its gross value, i.e. before the deduction of applicable tax, social security or any other applicable charges. The Company's cost for social security contributions on all of these elements is stated separately.

Benefits in kind are typically reported at the value of the cost to the Company. No benefits in kind are provided which require a fair market evaluation or a theoretical value.

In Note 24 to the Syngenta Group consolidated financial statements included in the Financial Report, the amount disclosed for equity-settled awards is the expense recognized for the period calculated in accordance with IFRS 2 "Share Based Payment". In this Note, the same equity-settled awards are disclosed as the values at grant date and consequently differ. Cash-settled awards are disclosed in accordance with the year for which they are paid.

# Appropriation of Available Earnings of Syngenta AG

| (CHF million) | 2011 | 2010 |
|---|---|---|
| **Available earnings:** | | |
| Balance brought forward from previous year | **2,184** | 1,870 |
| Net profit of the year | **1,070** | 814 |
| **Total available earnings** | **3,254** | 2,684 |
| | | |
| **Appropriation of available earnings:** | | |
| Payment of a dividend | **(745)** | – |
| Transfer to free reserves | **(200)** | (500) |
| **Total available earnings after appropriation** | **2,309** | 2,184 |
| | | |
| Dividend waived for treasury shares held by the Company | **–** | – |
| **To be carried forward on this account** | **2,309** | 2,184 |

In 2010, the AGM approved a dividend payment out of reserves from capital contributions (legal reserves) of CHF 7.00 per share. For 2011, the Board of Directors proposes to the AGM, a dividend distribution out of the available earnings, of CHF 8.00 per share. The dividend attributable to the treasury shares under the control of the Company at the date of the dividend payment will be waived, and therefore reduce the total dividend payment made, but not the amount of the dividend per share.

# Report of the Statutory Auditor on the Financial Statements

To the General Meeting of

**Syngenta AG, Basel**
Basel, February 7, 2012

As statutory auditor, we have audited the financial statements of Syngenta AG, which comprise the income statement, balance sheet and notes (pages 86 to 106) for the year ended December 31, 2011.

**Board of Directors' responsibility**
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the financial statements for the year ended December 31, 2011 comply with Swiss law and the Company's articles of incorporation.

**Report on other legal requirements**
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

**Ernst & Young AG**

**/s/ Nigel Jones**
Licensed audit expert
(Auditor in charge)

**/s/ Stuart A. Reid**
Licensed audit expert

# Cautionary Statement Regarding Forward-Looking Statements

This Annual Review contains forward-looking statements, which can be identified by terminology such as “expect”, “would”, “will”, “potential”, “plans”, “prospects”, “estimated”, “aiming”, “on track”, and similar expressions. Such statements may be subject to risks and uncertainties that could cause actual results to differ materially from these statements.

We refer you to Syngenta’s publicly available filings with the US Securities and Exchange Commission for information about these and other risks and uncertainties. Syngenta assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors. This document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer, to purchase or subscribe for any ordinary shares in Syngenta AG, or Syngenta ADSs, nor shall it form the basis of, or be relied on in connection with, any contract there for.

For the business year 2011, Syngenta has published three reports: Annual Review (incorporating the Corporate Responsibility Report), Financial Report, and the Corporate Governance and Compensation Report.

These publications are also available on the Internet site www.syngenta.com

All documents are originally published in English.

The Annual Review 2011 and the Corporate Governance Report 2011 are also available in German.

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*Bringing plant potential to life*

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