syngenta

Financial Report 2009

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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 Emergent Genetics Vegetable A/S from June 1, 2006, Conrad Fafard, Inc. from August 1, 2006, 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 and Synergene Seed & Technology, Inc. from December 23, 2009. 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, 2009	2008	2007	2006	2005
Amounts in accordance with IFRS[1]					
Income statement data:					
Sales	**10,992**	11,624	9,240	8,046	8,104
Cost of goods sold	**(5,586)**	(5,713)	(4,669)	(3,982)	(3,950)
Gross profit	**5,406**	5,911	4,571	4,064	4,154
Operating expenses	**(3,640)**	(4,053)	(3,107)	(3,235)	(3,294)
Operating income	**1,766**	1,858	1,464	829	860
Income before taxes	**1,641**	1,692	1,419	798	766
Net income	**1,374**	1,385	1,111	637	626
Net income attributable to Syngenta AG shareholders	**1,371**	1,385	1,109	634	622
Number of shares – basic	**93,154,537**	93,916,415	95,973,958	98,165,298	100,017,271
Number of shares – diluted	**93,760,196**	94,696,762	97,143,368	99,876,180	101,464,222
Basic earnings per share	**14.72**	14.75	11.56	6.46	6.22
Diluted earnings per share	**14.62**	14.63	11.42	6.35	6.13
Cash dividends declared:					
CHF per share	**6.00**	4.80	1.60	–	–
US$ per share equivalent	**5.27**	4.76	1.32	–	–
Par value reduction:					
CHF per share	**–**	–	2.20	3.30	2.70
US$ per share equivalent	**–**	–	1.78	2.68	2.10
Cash flow data:					
Cash flow from operating activities	**1,419**	1,466	1,168	928	497
Cash flow used for investing activities	**(880)**	(608)	(368)	(411)	(144)
Cash flow from (used for) financing activities	**170**	(457)	(781)	(541)	(74)
Capital expenditure on tangible fixed assets	**(652)**	(444)	(317)	(217)	(174)
Balance sheet data:					
Current assets less current liabilities	**4,643**	3,386	2,606	2,598	1,789
Total assets	**16,696**	14,584	13,280	11,852	11,404
Total non-current liabilities	**(5,290)**	(4,449)	(3,361)	(3,220)	(2,553)
Total liabilities	**(9,541)**	(8,683)	(7,239)	(6,158)	(5,973)
Share capital	**6**	6	6	142	353
Total shareholders' equity	**7,141**	5,884	6,022	5,666	5,403

Other supplementary income data:					
Diluted earnings per share from continuing operations, excluding restructuring and impairment[2]	**15.76**	16.26	11.45	8.73	7.67

All activities were in respect of continuing operations.

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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 business changes which are considered major and which, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore requires separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the effects of completing and integrating significant business combinations and divestments. Restructuring and impairment includes the impairment costs associated with major restructuring and also 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 limited 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 underlying performance. 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 2009 and 2008 are analyzed in Note 6 to the consolidated financial statements. Restructuring and impairment for 2007, 2006 and 2005 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, for 2007, also to the Operational Efficiency program announced in that year 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 Operating and Financial Review 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 59 percent of Syngenta's sales and 60 percent of Syngenta's costs in 2009 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 2009 were 5 percent lower than 2008 on a reported basis, but were 1 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 Syngenta's grower customers with its 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.

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta's largest markets are Europe, Africa and the Middle East (EAME), and NAFTA[1], which represent approximately 33 percent and 34 percent respectively of consolidated sales in 2009 (2008: 37 percent and 31 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.

Syngenta's most significant manufacturing and research and development sites are located in Switzerland, the United Kingdom (UK), the United States of America (USA) and India. Syngenta has established a new biotech research & technology center in Beijing, China, to complement its biotech research activities in the USA.

References in this document to market share estimates utilize, where possible, 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 20 percent of sales in 2009 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 20 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 have been reduced by risk management strategies such as hedging. For further information on these strategies please refer to Note 27 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 (i) adjustments for doubtful receivables, (ii) environmental provisions, (iii) impairment, (iv) post employment benefits, (v) uncertain tax positions, (vi) recognition of deferred tax assets and (vii) foreign currency translation of intercompany funding. These policies are described in more detail in Note 2 to the consolidated financial statements.

1 NAFTA – North American Free Trade Association comprising the USA, Canada and Mexico

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Summary of results

In 2009, Syngenta achieved net income close to the record level of 2008 despite considerable challenges, including significantly adverse currency movements, a late start to the growing season and low pest pressure in the northern hemisphere markets of North America and Europe. Syngenta maintained discipline in pricing and tight credit risk management in emerging markets, which negatively impacted certain sales volumes, and contained costs to maintain operating margins. Investments in research and development and Crop Protection capacity expansion were continued and acquisitions of sunflower and lettuce seeds businesses were completed. Cash flow from operating activities also remained close to the 2008 level and for 2010 the Company proposes to maintain the dividend at CHF 6.00 per share and repurchase shares to a value of approximately US$200 million.

The substantial devaluation of emerging market currencies towards the end of 2008 had a strong negative impact on 2009 sales, particularly during the main northern hemisphere sales season in the first half of the year. Consequently, sales decreased by 5 percent but at constant exchange rates were 1 percent higher.

Crop Protection sales decreased 8 percent, a decrease of 2 percent at constant exchange rates. Except for glyphosate products, which had sharp price decreases in the second half of the year, local currency sales price increases achieved at the start of the season broadly held. The price increases partly offset lower sales volumes caused by late planting and low disease and pest pressure in NAFTA and Europe, severe drought in the southern part of Latin America and tight credit management in emerging markets. In the emerging markets of Asia Pacific, growth continued throughout the year as growers continued to invest in crop yield improvement. Overall, Syngenta estimates to have gained market share on a usage basis for the fifth consecutive year largely as a result of its modern and broad product portfolio and effective marketing and sales programs.

Seeds sales increased by 5 percent, an increase of 13 percent at constant exchange rates, with higher sales at constant exchange rates in all product lines, which reflects Syngenta's ability to capture value from new technology and to pass on higher raw material costs. Corn and Soybean sales volumes and local currency prices increased in most regions. Soybean market share in Brazil grew to an estimated 10 percent in Syngenta's third year in the market. In NAFTA, sales of glyphosate tolerant sugar beet grew and Corn and Soybean benefited from additional sales in the fourth quarter following implementation of new sales terms which are in line with industry standards. Acquisitions increased Seeds sales by 2 percent, mostly in Flowers.

Gross profit margin for Syngenta in 2009 decreased by 2 percent due to the adverse currency movements and was broadly flat at constant exchange rates, with an improvement in Seeds offset by slightly lower margins in the larger Crop Protection business. In Crop Protection, the favorable impact on gross profit margin of higher sales prices was offset by the higher raw material costs of inventories carried forward from 2008. The improvement in Seeds gross profit margin partly reflected the increased weighting of proprietary triple stack corn seeds in the portfolio, with higher sales prices offsetting the impact of increased seed input costs.

Marketing and distribution expenses decreased by 11 percent, a decrease of 7 percent at constant exchange rates due to cost constraint and reduced charges to bad debt provisions from tight credit risk management, particularly in emerging markets, and improving liquidity in some markets as the year progressed. Research and development expense was 1 percent lower, but increased by 4 percent at constant exchange rates as local currency spending increased in Seeds. General and administrative was 13 percent lower than in 2008 due to exchange rate hedging gains and, excluding currency effects, increased by 1 percent. Restructuring and impairment expenses were lower largely as the result of fewer asset impairments in 2009. Net financial expense was US$47 million lower due to the non-recurrence of the currency exchange rate losses on emerging market currencies in the final quarter of 2008. The tax rate decreased by 2 percentage points to 16 percent.

Together, these factors resulted in net income attributable to Syngenta AG shareholders and diluted earnings per share for 2009 both being close to the levels achieved in 2008.

Acquisitions, divestments and other significant transactions

During 2009, Syngenta completed five small acquisitions and three small divestments, none of which were material either individually or in aggregate. In addition, on August 31, 2009, Syngenta acquired Monsanto's global hybrid sunflower seeds activities for a cash payment of US$160 million, which includes certain rights to receive services during the post-acquisition transition period.

On May 1, 2009, Syngenta sold its 6.99 percent shareholding in Sakata Seeds Corp. for approximately US$46 million.

On April 1, 2009, Syngenta and Dow AgroSciences, a wholly owned subsidiary of The Dow Chemical Company, announced an agreement to cross license their respective corn traits for commercialization within their branded seed businesses. Syngenta received global non-exclusive licenses, with stacking rights, to Dow AgroSciences' Herculex® I *Insect Protection* for broad lepidopteran control and to Herculex® RW for corn rootworm control. Dow AgroSciences received global non-exclusive licenses with stacking rights to Syngenta's Agrisure® GT trait for glyphosate tolerance, and to its insect control traits Agrisure® CB/LL for corn borer and Agrisure® RW for corn rootworm. The licenses also include access to Syngenta's Agrisure Viptera™ trait for broad lepidoptera and to a second generation trait for corn rootworm control.

On April 3, 2008, Syngenta acquired a 49 percent share in the Chinese company Sanbei Seeds Co. Ltd., which specializes in the production and sale of high-quality, high-yielding corn seeds. On November 10, 2008, Syngenta purchased SPS Argentina SA (SPS), a company primarily specialized in the development, production and marketing of soybean, corn and sunflower. On November 19, 2008, Syngenta acquired Goldsmith Seeds, Inc. (Goldsmith). Goldsmith breeds, produces and sells a broad range of pot and bedding products, including major crops such as cyclamen, impatiens and petunia. On December 12, 2008, Syngenta acquired the pot and garden chrysanthemum and aster business of US flowers producer Yoder Brothers Inc (Yoder). The combined purchase price of these acquisitions was US$175 million.

In March 2008, Syngenta acquired the exclusive worldwide rights to distribute a sprayable formulation of 1-methylcyclopropene under the trademark Invinsa™ from Rohm & Haas Co. and its subsidiary Agrofresh Inc. The Invinsa™ technology protects crop yields during extended periods of high temperature, mild-to-moderate drought and other crop stresses. In September 2008, Syngenta acquired an exclusive worldwide license to develop mixture products containing Cyazypyr™, a new broad spectrum insecticide, from E.I du Pont de Nemours and Company (DuPont). Cyazypyr™ is complementary to the DuPont Rynaxypyr® insect control product that Syngenta is developing in mixtures with its own leading insect control products. Under the agreement, Syngenta granted DuPont access to mesotrione, the active ingredient in Callisto®.

Following a public offer to minority shareholders of Syngenta India Limited (SIL) made in 2007, Syngenta acquired a further 1.3 percent of SIL's share capital in January 2008 for a cash cost of US$5 million. The total shareholding of Syngenta in SIL has increased to 96.3 percent.

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

Operational Efficiency programs

In 2007, Syngenta began a further Operational Efficiency Restructuring Program in addition to that announced in 2004 (described in the following paragraph) 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. Savings are targeted in both cost of goods sold and other operating expenses. The cost of this program is estimated at US$550 million in cash and US$180 million in non-cash charges in the period up to 2011. Cash spent under the program in 2009 and 2008 totaled US$103 million and US$92 million, respectively.

The Operational Efficiency Cost Saving Program announced in 2004 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, was largely completed in 2007. Cash spent under the program in 2009 and 2008 related largely to cost run-offs from site closures and amounted to US$85 million. Cash spent from 2004 to the end of 2009 totaled US$440 million and it is expected that the final amount spent under the program will be less than the initial estimate of US$500 million. Aggregate program non-cash charges of approximately US$296 million are also lower than the US$320 million previously estimated.

Results of operations
2009 compared to 2008

Sales commentary

Total Syngenta consolidated sales for 2009 were US$10,992 million, compared to US$11,624 million in 2008, a 5 percent decrease year on year. At constant exchange rates sales grew by 1 percent. The analysis by segment is as follows:

(US$ million, except growth %)			Growth				
Segment	2009	2008	Volume %	Local price %	CER %	Currency %	Actual %
Crop Protection	**8,491**	9,231	–4	+2	–2	–6	–8
Seeds	**2,564**	2,442	+3	+10	+13	–8	+5
Business Development	**8**	24	–	–	–	–	–
Inter-segment elimination	**(71)**	(73)	–	–	–	–	–
Total	**10,992**	11,624	–3	+4	+1	–6	–5

Sales by region were as follows:

(US$ million, except growth %)			Growth				
Region	2009	2008	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	**3,581**	4,290	–10	+7	–3	–13	–16
NAFTA	**3,726**	3,633	–	+6	+6	–4	+2
Latin America	**2,134**	2,245	+4	–9	–5	–	–5
Asia Pacific	**1,551**	1,456	+6	+7	+13	–7	+6
Total	**10,992**	11,624	–3	+4	+1	–6	–5

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Crop Protection

Crop Protection sales in 2009 declined by 8 percent to US$8,491 million, and by 2 percent at constant exchange rates. The substantial devaluation of emerging market currencies towards the end of 2008 had a strong negative impact on 2009 sales, particularly during the first half of the year, the main northern hemisphere sales season. Except for glyphosate products, the sales price increases achieved at the start of the season broadly held and local currency prices were 2 percent higher, 4 percent excluding glyphosate. The local currency price increases partly offset lower sales volumes caused by late planting and low disease and pest pressure in NAFTA and Europe, severe drought in the southern part of Latin America and tight credit management in emerging markets. Sales prices for glyphosate products declined considerably in the second half of 2009 from their peak 2008 levels. Professional product sales were lower as the economic environment negatively impacted the golf and horticulture markets. Sales of products launched after 2006, which include AXIAL®, REVUS®, DURIVO® and AVICTA®, increased by 17 percent (32 percent at constant exchange rates) to reach US$308 million. In a declining market, Syngenta estimates to have gained market share during the year on a product usage basis.

Regional sales development in 2009 was mixed. A late start to the growing season and subsequent low disease pressure in Europe, Africa & the Middle East led to lower sales volumes. In addition, sales in Eastern Europe were restricted for most of the year by rigorous credit risk management, although the operating environment improved towards the end of the year. NAFTA was also affected by a late season and low pest pressure, but this was compensated by strong performance in cereal and soybean herbicides and overall higher prices despite the second half pressure on glyphosate. In Latin America, credit risk management and drought in the southern part of the region during the first half of 2009 reduced sales, but improved economic conditions and higher commodity prices in the second half resulted in a strong recovery in sales volumes. Lower sales prices were largely linked to glyphosate, but also to the stronger Brazilian Real which impacted farmers' profitability in export commodity crops. In Asia Pacific, sales at constant exchange rates grew by 11 percent, benefitting from sustained demand throughout the year, particularly in the emerging markets, where growers continued to invest in order to improve crop yield.

Sales by product line are set out below:

(US$ million, except growth %)			Growth				
Product line	**2009**	2008	Volume %	Local price %	CER %	Currency %	Actual %
Selective Herbicides	**2,221**	2,412	–5	+5	–	–8	–8
Non-selective Herbicides	**1,141**	1,329	+4	–12	–8	–6	–14
Fungicides	**2,442**	2,620	–6	+6	–	–7	–7
Insecticides	**1,312**	1,423	–2	+1	–1	–7	–8
Seed Care	**821**	830	+2	+2	+4	–5	–1
Professional Products	**458**	527	–12	+1	–11	–2	–13
Others	**96**	90	–4	+13	+9	–3	+6
Total	**8,491**	9,231	–4	+2	–2	–6	–8

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 and TOPIK®

Sales in 2009 decreased by 8 percent and were unchanged at constant exchange rates as local currency price increases offset lower volume. Corn herbicide sales volume was lower reflecting reduced acreage, credit risk management in emerging markets and the impact of lower corn prices on farmers' investment in crop yield improvement. AXIAL® and TOPIK® both showed strong volume growth on cereal crops in North America. AXIAL® experienced particularly strong growth in the Canadian wheat market, where sales at constant exchange rates increased by more than 50 percent. In the USA, increased soybean acreage and weed resistance to glyphosate resulted in a resurgence of demand for soybean herbicides.

Non-selective Herbicides: major brands GRAMOXONE®, TOUCHDOWN®

Sales in 2009 decreased principally due to currency and price reductions for TOUCHDOWN® in the second half of the year, which were accompanied by a recovery in volume growth. GRAMOXONE® sales volume was also lower with declines in Australia due to drought and in emerging markets.

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

Lower sales volume in 2009 in the northern hemisphere, caused by a shorter growing season and reduced disease pressure, was partly offset by strong demand in rice in Asia Pacific and, in the second half, in soybean in Latin America. The overall volume decline was fully compensated by higher local currency sales prices. Sales of REVUS® doubled in Europe, its main region, and grew significantly in all other regions, with several new country launches.

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

Sales volume in 2009 was slightly lower due to a lack of soybean pest pressure in the USA and Latin America. Sales in Asia Pacific grew strongly throughout the year led by a successful roll-out of DURIVO®, which offers growers improved plant vigor in addition to insect control.

Seed Care: major brands AVICTA®, CRUISER®, DIVIDEND®, MAXIM®

Seed care sales in 2009 decreased due to currency effects. Sales at constant exchange rates increased in all regions led by CRUISER®, which experienced double-digit volume growth along with a modest local currency sales price increase, and benefited in particular from a registration in France and a new application in Canada.

Professional Products: major brands FAFARD®, HERITAGE®, ICON®

Sales in 2009 of Professional products decreased due to reduced demand in the golf and horticulture segments caused by the economic downturn.

Commentary on regional performance

(US$ million, except growth %)			Growth				
Region	**2009**	2008	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	**2,667**	3,214	–12	+7	–5	–12	–17
NAFTA	**2,567**	2,693	–3	+3	–	–5	–5
Latin America	**1,907**	2,037	+4	–10	–6	–	–6
Asia Pacific	**1,350**	1,287	+4	+7	+11	–6	+5
Total	**8,491**	9,231	–4	+2	–2	–6	–8

Sales volume was lower in **EAME** due to a shorter growing season with lower crop disease pressure and to restricted sales from credit risk management in Eastern Europe. Local currency sales price increases partly offset the decline in volume and in East Europe partly offset the adverse impact of weaker currencies. Operating conditions in Eastern Europe showed some improvement towards the end of the year with an increase in fourth quarter sales.

In **NAFTA**, overall sales prices were higher despite a significant decrease in glyphosate prices in the second half of the year, and offset a modest volume decline due to reduced pest pressure. Canada showed strong volume growth led by cereal herbicides and Seed Care.

Volume growth in **Latin America** in the second half of 2009 offset a first half decline, which was a result of drought in the south and rigorous credit management. The second half growth reflected greater use of technology on increased soybean acres. Prices were lower due mainly to glyphosate and to maintaining US dollar prices as the Brazilian Real strengthened.

In **Asia Pacific** the farm economy proved resilient to the economic crisis resulting in further investment in improving yields and hence higher sales volume. Growth was particularly strong in Fungicides and Insecticides. Syngenta strengthened its market position, with broad based growth due to innovation and the adaptation of the product portfolio to local needs.

Seeds

Seeds sales grew 5 percent, 13 percent at constant exchange rates, with increased sales at constant exchange rates in all product lines. Local currency sales prices increased across the portfolio reflecting Syngenta's ability to capture value from new technology and to pass on higher raw material costs. Seeds sales were negatively impacted by currencies, particularly during the first half of the year when peak sales occur. Acquisitions increased sales by 2 percent.

In Corn and Soybean, corn sales expanded in all regions except Latin America, where acreage was lower. Soybean sales were also higher, including higher local currency prices and growth in market share in Brazil to an estimated 10 percent in Syngenta's third year in the market. Corn and Soybean also benefited in the fourth quarter from earlier recognition of sales in NAFTA following implementation of new sales terms which, in line with industry standards, transferred title and risk of loss to customers on shipment. This change increased 2009 Seeds sales by approximately 5 percent. In Diverse Field Crops, significant local currency price increases were achieved in Eastern Europe, which largely offset the impact of weaker currencies, but sales volumes were lower partly due to credit constraints. Sales of glyphosate tolerant sugar beet in the USA showed continued growth. In Vegetables, with its broad range of proprietary germplasm combined with strong breeding and production capabilities, Syngenta increased local currency sales prices leading to increased sales at constant exchange rates. Flowers sales at constant exchange rates grew because of the Goldsmith and Yoder acquisitions completed in late 2008; the underlying business declined due to the impact of the economic downturn on the horticulture market.

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In 2009, Syngenta continued the transformation of its Seeds business with the acquisition of Monsanto's sunflower business and the establishment of a significant position in the US lettuce market with the acquisition of Synergene Seed & Technology, Inc. and Pybas Vegetable Seed Co., Inc.

(US$ million, except growth %)			Growth				
Product line	**2009**	2008	Volume %	Local price %	CER %	Currency %	Actual %
Corn & Soybean	**1,210**	1,040	+5	+16	+21	–5	+16
Diverse Field Crops	**429**	462	–1	+12	+11	–18	–7
Vegetables	**594**	603	–	+5	+5	–7	–2
Flowers	**331**	337	+4	+1	+5	–7	–2
Total	**2,564**	2,442	+3	+10	+13	–8	+5

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

Sales were 16 percent higher and at constant exchange rates grew in all regions, led by NAFTA and Asia Pacific. In the USA, sales of Syngenta's proprietary triple stack corn AGRISURE® 3000 GT increased significantly and accounted for 25 percent of the portfolio compared with 11 percent in 2008. Soybean sales also increased mainly as the result of higher local currency sales prices and the additional fourth quarter sales from the change in sales terms noted above. Corn & Soybean also showed strong growth in Brazil and in Asia Pacific.

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

Sales were 7 percent lower, but grew 11 percent at constant exchange rates. Europe and NAFTA accounted for most of the overall increase at constant exchange rates. Sales volumes showed solid growth in Western Europe. In Eastern Europe sales volume decreased due to credit risk management measures, but local currency sales prices were increased significantly and offset a large part of the impact of the weaker exchange rates. In the USA, sales of glyphosate-tolerant sugar beet increased.

Vegetables & Flowers: major brands, DULCINEA®,ROGERS®, S&G®, Zeraim Gedera, Fischer, Goldfisch, Goldsmith Seeds, S&G®, Yoder

Sales were 2 percent lower, but grew in all regions at constant exchange rates and were especially strong in the emerging markets of Latin America and Asia. Flowers sales grew at constant exchange rates due to inclusion in 2009 of a full year of sales from Goldsmith and Yoder, both of which were acquired by Syngenta in late 2008; underlying sales decreased from prior year levels due to the weak economic environment.

Commentary on regional performance

(US$ million, except growth %)			Growth				
Region	**2009**	2008	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	**933**	1,077	–5	+8	+3	–16	–13
NAFTA	**1,187**	979	+6	+16	+22	–1	+21
Latin America	**243**	216	+12	–	+12	–	+12
Asia Pacific	**201**	170	+18	+10	+28	–10	+18
Total	**2,564**	2,442	+3	+10	+13	–8	+5

Sales decreased in **EAME** due mainly to currency, and were 3 percent higher at constant exchange rates. Local currency sales price increases were implemented, particularly in Eastern Europe, offsetting the impact of currency weakness, but volumes were lower due to credit constraints and reduced Flowers sales. Sales growth accelerated during the year as conditions improved in Eastern Europe, which is a key area for sunflower and sugar beet.

In **NAFTA**, sales grew significantly, led by strong price increases in Corn & Soybean. In the USA, sales of glyphosate tolerant sugar beet once again grew as did sales of AGRISURE® 3000 GT proprietary triple stack corn seed. Soybean sales in the USA benefited from the additional fourth quarter sales noted above. Flowers sales volume grew from the late 2008 acquisitions of Yoder and Goldsmith.

Sales growth in **Latin America** was led by soybeans, where in Syngenta's third year in the Brazilian market, it achieved a 10 percent market share, according to Syngenta estimates. Sales of corn decreased due to lower acreage.

In **Asia Pacific**, sales grew in all Seeds product lines, but particularly in Corn and Soybean, which grew by over 25 percent, 40 percent at constant exchange rates, and in Vegetables.

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)	2009	2008	Actual %
Crop Protection	1,869	2,038	–8
Seeds	30	(36)	–
Business Development	(128)	(132)	–
Inter-segment profit elimination	(5)	(12)	–
Total	**1,766**	1,858	–5

Operating income decreased from 2008 by US$92 million, 5 percent, due to unfavorable currency exchange rate movements. Currency movements decreased sales by 6 percent; at constant exchange rates, sales grew by 1 percent as higher local currency sales prices in both Crop Protection and Seeds compensated for lower sales volume. Overall gross profit margin decreased approximately 2 percent mainly due to the unfavorable currency movement. Excluding currency exchange rate movements, gross profit margin was broadly flat with an improvement in Seeds offset by a slight decline in the larger Crop Protection business. Marketing and distribution costs decreased by 11 percent, 7 percent at constant exchange rates, including lower charges to bad debt provisions in 2009 and cost containment measures. Research and development expense decreased by 1 percent, but increased at constant exchange rates by 4 percent as local currency spending increased in Seeds. General and administrative was 13 percent lower than in 2008, including the US$96 million net favorable result of currency hedging programs described below, and was 1 percent higher at constant exchange rates. Restructuring and impairment, including the portion recorded in cost of goods sold, is described in Note 6 to the financial statements and decreased by US$56 million in 2009 to US$149 million due mainly to lower asset impairments.

Movements in currency exchange rates, particularly the strengthening of the US dollar relative to other currencies from the key first half sales season in 2008 to the same season in 2009, decreased operating income by approximately US$330 million including the net result of the hedging program for forecast foreign currency transactions ("EBITDA program"). The net result of the hedging program, which is reported in general and administrative costs, was a gain of US$109 million in 2009 compared to a gain of US$13 million in 2008.

Crop Protection operating income

	Total as reported under IFRS		Restructuring and impairment		Before Restructuring and impairment[1]		Growth	
(US$ million, except growth %)	2009	2008	2009	2008	2009	2008	Actual %	CER %
Sales	8,491	9,231	–	–	8,491	9,231	–8	–2
Cost of goods sold	(4,274)	(4,425)	–	–	(4,274)	(4,425)	+3	+1
Gross profit	**4,217**	4,806	–	–	**4,217**	4,806	–12	–3
as a percentage of sales	50%	52%			50%	52%		
Marketing and distribution	(1,260)	(1,474)	–	–	(1,260)	(1,474)	+15	+11
Research and development	(512)	(556)	–	–	(512)	(556)	+8	+2
General and administrative	(515)	(655)	–	–	(515)	(655)	+21	+3
Restructuring and impairment	(61)	(83)	(61)	(83)	–	–	–	–
Operating income	**1,869**	2,038	(61)	(83)	**1,930**	2,121	–9	+4
as a percentage of sales	22%	22%			23%	23%		

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

Operating and Financial Review

Sales in 2009 decreased by 8 percent from 2008, 2 percent at constant exchange rates, including an average 2 percent increase in local currency prices. Gross profit margin decreased by 2 percent from 2008 largely due to currency exchange rate effects. The benefit of the increased sales prices was offset by higher cost inventories carried forward from 2008, when oil prices in particular were higher. Marketing and distribution costs decreased during 2009 through cost containment measures and lower bad debt expense. Charges to provisions for doubtful receivables were increased in late 2008 during the credit crisis and tight credit risk management and improving liquidity enabled lower charges in 2009. Research and development costs were 8 percent lower, but were only 2 percent lower at constant exchange rates and held constant as a percentage of sales as Syngenta continued to progress its strong development pipeline. General and administrative costs decreased by 21 percent, mainly due to the favorable EBITDA hedging program result noted above. At constant exchange rates, general and administrative costs decreased by 3 percent mainly due to cost containment measures and the favorable outcome of a legal dispute.

Restructuring and impairment for 2009 related primarily 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. The decrease in costs from 2008 was mainly the result of lower asset impairments in 2009.

Operating income in 2009 of US$1,869 million was 8 percent lower than 2008, largely due to the adverse impact of exchange rates on sales not being fully compensated by lower operating costs. Operating income margin was maintained at 22 percent as the impact of the lower gross profit margin was compensated by lower operating costs, excluding cost of goods sold.

The strong US dollar in the first half of 2009, particularly relative to emerging market currencies, reduced reported sales and, to a lesser extent, operating costs. The net effect of the US dollar movements was to decrease the segment's operating income by approximately US$270 million relative to 2008, after a US$103 million net hedging gain.

Seeds operating income/(loss)

	Total as reported under IFRS		Restructuring and impairment		Before Restructuring and impairment[1]		Growth	
(US$ million, except growth %)	**2009**	2008	**2009**	2008	**2009**	2008	Actual %	CER %
Sales	**2,564**	2,442		–	**2,564**	2,442	+5	+13
Cost of goods sold	**(1,363)**	(1,331)	**(17)**	(9)	**(1,346)**	(1,322)	–2	–10
Gross profit	**1,201**	1,111	**(17)**	(9)	**1,218**	1,120	+9	+18
as a percentage of sales	**47%**	45%			**48%**	46%		
Marketing and distribution	**(542)**	(555)	**–**	–	**(542)**	(555)	+2	–3
Research and development	**(368)**	(343)	**–**	–	**(368)**	(343)	–7	–11
General and administrative	**(203)**	(173)	**–**	–	**(203)**	(173)	–17	–16
Restructuring and impairment	**(58)**	(76)	**(58)**	(76)	**–**	–		
Operating income/(loss)	**30**	(36)	**(75)**	(85)	**105**	49	+117	+243
as a percentage of sales	**1%**	–1%			**4%**	2%		

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 2009 were 5 percent higher than 2008, 13 percent at constant exchange rates. Gross profit margin increased by 2 percent due to higher margins on NAFTA Corn & Soybean sales from higher sales prices and the increased weighting of proprietary triple stack seeds in the corn portfolio. Cost of goods sold in restructuring and impairment in 2009 related to the reversal of the purchase accounting inventory step up from the Goldsmith acquisition and, in 2008, to the acquisition of Zeraim Gedera Ltd. (Zeraim Gedera).

Marketing and distribution costs were 2 percent below 2008, but 3 percent higher at constant exchange rates partly due to the flowers and sunflower acquisitions in 2008 and 2009. Research and development costs were 7 percent higher, 11 percent at constant exchange rates as a result of continued investment across the business. General and administrative costs increased 17 percent, 16 percent at constant exchange rates, due to additional costs resulting from the acquisitions completed in the latter part of 2008 and, in 2009, including higher amortization of acquired intangible assets and expenses related to the implementation of a new global seeds business system.

Restructuring and impairment costs include the reversal of the purchase accounting inventory step ups noted above. In addition, costs in 2009 include US$24 million to integrate and achieve synergies following the recent business acquisitions of Goldsmith, Yoder, Fischer and Zeraim Gedera and US$12 million for the establishment of global systems and processes to support back office integration and consolidation. Costs in 2008 included US$46 million related to acquisition integration to integrate and achieve synergies following the 2007 acquisitions, particularly that of Fischer. Restructuring costs in 2008 also include US$11 million rationalizing Seeds operating units under the Operational Efficiency program announced in 2007 and US$16 million on the global systems and process project.

The stronger average US dollar, particularly in the first half of the year, reduced operating income by US$62 million in 2009.

Business Development operating loss

	Total		Restructuring and impairment		Before Restructuring and impairment[1]		Growth	
(US$ million, except growth %)	**2009**	2008	**2009**	2008	**2009**	2008	Actual %	CER %
Sales	**8**	24	**–**	–	**8**	24	−69	−69
Cost of goods sold	**(15)**	(18)	**–**	–	**(15)**	(18)	+19	+19
Gross profit	**(7)**	6	**–**	–	**(7)**	6	–	–
as a percentage of sales	**−88%**	25%			**−88%**	25%		
Marketing and distribution	**(10)**	(10)	**–**	–	**(10)**	(10)	−6	−6
Research and development	**(80)**	(70)	**–**	–	**(80)**	(70)	−14	−16
General and administrative	**(20)**	(21)	**–**	–	**(20)**	(21)	+3	+1
Restructuring and impairment	**(11)**	(37)	**(11)**	(37)	**–**	–	–	–
Operating loss	**(128)**	(132)	**(11)**	(37)	**(117)**	(95)	−25	−26

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 decreased in 2009 as the result of 2008 having benefited from a one-time sale of technology. Otherwise, sales and cost of goods sold related largely to products used in development and marketing trials. Research and development spending increased 14 percent reflecting late stage development costs of ENOGEN™, Syngenta's corn amylase product, which improves the productivity of ethanol plants, and investment in the new biotech center in China. Restructuring and impairment in both years largely relates to impairment of available-for-sale financial assets, particularly Verenium, where the share price has declined significantly.

Defined benefit pensions

Defined benefit pension expense increased to US$119 million in 2009 from US$79 million in 2008 mainly because plan asset market values declined during the second half of 2008 as a result of the turmoil in the global financial markets. Higher amortization expense of US$47 million in 2009 (2008: US$12 million) was the major component of this increase in pension expense. Amortization expense for other post-employment benefits was US$6 million in 2009 (2008: US$8 million). In view of the increasing amount of actuarial losses not recognized in its consolidated balance sheet, Syngenta will change, effective January 1, 2010, its accounting policy for recognizing actuarial gains and losses on defined benefit pensions and other post-employment benefits, as permitted by IAS 19, "Employee Benefits", from the 'corridor' method of deferred recognition to immediate recognition in other comprehensive income. As a result, the amortization referred to above will no longer be charged to profit or loss. Syngenta estimates that the total post-employment charge to profit or loss for 2010 will be similar to that for 2009, excluding amortization expense. IFRSs require retrospective application of such accounting policy changes. Accumulated actuarial losses at December 31, 2009 as shown in note 22 to the consolidated financial statements, less applicable income tax effects, will form part of accumulated other comprehensive income, thus reducing reported shareholders' equity.

Employer contributions to defined benefit pension plans, excluding contributions related to restructuring, increased to US$125 million in 2009 from US$113 million in 2008, partly due to foreign currency translation effects and partly to higher contributions paid to the Swiss pension fund to restore a satisfactory funded status in view of the underfunded position which arose at the end of 2008. Because of strong plan asset performance during 2009, contributions to the Swiss plan in excess of normal levels are neither required nor foreseen in 2010. Syngenta expects contributions to defined benefit pension plans to be approximately US$165 million in 2010, including approximately US$10 million related to restructuring. This amount includes higher contributions to Syngenta's UK plan required as a result of the statutory valuation of the plan which took place during 2009.

Restructuring and impairment

The following table analyzes restructuring and impairment charges for the years ended December 31, 2009 and 2008:

(US$ million)	**2009**	2008
Non-cash restructuring and impairment, net	**23**	80
Cash costs:		
Operational efficiency programs	**98**	79
Integration and acquisition costs	**28**	46
Total cash costs	**126**	125
Total restructuring and impairment[1]	**149**	205

1 US$17 million (2008: US$9 million) is included within cost of goods sold and US$2 million (2008: US$ nil) is included within income/(loss) from associates and joint ventures

Restructuring represents the effect on reported performance of initiating business changes which are considered major and which, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore requires separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the effects of completing and integrating significant business combinations and divestments.

Restructuring and impairment includes the impairment costs associated with major restructuring and also impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

2009

During 2009, operational efficiency cash costs were US$98 million including US$15 million for site closure costs in NAFTA, US$18 million for further outsourcing of information systems and US$55 million for standardization and consolidation of global back office operations across Crop Protection and Seeds.

Integration and acquisition costs of US$28 million in 2009 related mainly to the Goldsmith and Yoder acquisitions made in 2008 and to the continuing integration and synergy program of the Fischer group.

Non-cash restructuring and impairment, net included US$17 million of reversal of inventory step-up related mainly to the Goldsmith acquisition, US$16 million of available-for-sale financial asset impairments and US$16 million of fixed asset write-offs. Offsetting gains of US$9 million related to the sale of an available-for-sale financial asset, US$10 million to the recognition of a reimbursement receivable for a product right impairment and US$7 million to negative goodwill realized on the Goldsmith acquisition.

2008

During 2008, restructuring charges of US$19 million were incurred by Crop Protection under the Operational Efficiency program announced in 2007, including US$7 million for the restructuring of the segment's product development function. Seeds incurred charges under the program of US$11 million, including US$6 million for the continued restructuring of the NAFTA Corn & Soybean marketing and sales organizations. Costs expensed as incurred under the program related to Crop Protection and Seeds and consisted mainly of US$13 million for headquarter and information systems restructuring charges and US$24 million for further standardization and consolidation of back office operations.

Seeds integration costs of US$46 million relate mainly to the integration and synergy program of the Fischer group, which was acquired in 2007, including severance and redundancy charges of approximately US$32 million.

Non-cash restructuring and impairment, net included US$17 million of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations. An additional US$17 million of impairments of intangible assets was due to accelerated amortization of a lease related to a Crop Protection development site, which is now closed. A further US$37 million related to impairments of available-for-sale financial assets, mainly from a significant decline in the share price of Verenium (previously Diversa) Corporation. Non-cash restructuring and impairment, net also included US$9 million reversal of inventory step-up related largely to the Zeraim Gedera acquisition.

Financial expense, net

Financial expense, net decreased by US$47 million compared to 2008 as net currency losses declined by US$78 million to US$30 million compared to US$108 million in 2008, partially offset by lower interest income on cash deposits and higher interest expense from increased gross debt. The rapid and significant decline in certain emerging market currencies in the final quarter of 2008 triggered significant exchange losses in 2008.

Taxes

Syngenta's effective tax rate in 2009 was 16 percent, compared with 18 percent in 2008. The Swiss statutory tax rate applicable to Syngenta decreased by approximately 2 percent compared to 2008 due to rate changes in certain Swiss Cantons and the impact of income taxed at lower rates remained at 5 percent due to a higher proportion of profit in lower tax jurisdictions. The proportion of profits in lower tax jurisdictions is currently expected to decrease in 2010. The combined effect of non-recognition of deferred tax assets and reversal of the write-down of deferred tax assets reduced the tax rate by 2 percent in 2009 compared to having increased the rate by 4 percent in 2008 due to losses incurred in 2008 partly related to the exchange rate volatility in the final quarter, which have been largely recovered in 2009. This partly compensated for the lower level of adjustments to prior years compared to 2008. The adjustments to prior years in 2008 largely related to the completion of tax audits in several countries in NAFTA and EAME. The tax rate on restructuring and impairment costs was 28 percent, compared to 24 percent in 2008 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 2009 was US$1,371 million, 1 percent lower than the 2008 amount of US$1,385 million. The slight decrease was attributable to lower operating income, which was largely compensated by lower financial expenses, net and income taxes.

After related taxation, restructuring and impairment charges in 2009 were US$107 million compared to US$155 million in 2008.

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. In 2009 the Brazilian real experienced a constant appreciation against the US dollar to a level comparable to the end of 2007, before the currency was impacted by the overall credit crisis during 2008. 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. Sales to customers in Brazil must be invoiced in Brazilian real to meet local legal requirements. Syngenta is not able to estimate the effect of any future depreciation or appreciation of the Brazilian real on operating income in future periods.

Liquidity and capital resources

Syngenta's principal sources of liquidity consist of cash generated from operations. In the period 2006 to 2009, 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 2010 despite an increased capital expenditure program announced in 2008. Working capital fluctuations are supported by short-term funding available through commercial paper and 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. Syngenta reported cash and cash equivalents on December 31, 2009 and 2008 of US$1,552 million and US$803 million, respectively. At December 31, 2009 and 2008, Syngenta had current financial debt of US$281 million and US$211 million, respectively, and non-current financial debt of US$3,303 million and US$2,524 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, 2009, 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, 2009, Syngenta had no borrowings under the Credit Facility. There are no material restrictions on dividends from subsidiaries under this facility.

During 2009, Syngenta issued an unsecured non-current Eurobond with principal amount of EUR 500 million with a maturity in June 2014 and a fixed interest rate of 4.000 percent.

During 2008, Syngenta issued two unsecured non-current Swiss franc domestic bonds with principal amounts of CHF 500 million and CHF 375 million. The CHF 500 million bond has a maturity in April 2013 and a fixed interest rate of 3.375 percent. The CHF 375 million bond has a maturity in December 2012 and a fixed interest rate of 3.500 percent.

Syngenta's long term credit rating is A (Standard & Poor's) and A2 (Moody's) with a stable outlook and the short term credit rating is A-1 (Standard & Poor's) and P-1 (Moody's). 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.

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The table below summarizes Syngenta's unsecured notes in issuance at December 31, 2009:

(US$ million)	Carrying amount	Value at issue
4.125% Eurobond 2011	719	636
3.500% Swiss franc domestic bond 2012	361	316
3.375% Swiss franc domestic bond 2013	482	484
4.000% Eurobond 2014	714	700
4.125% Eurobond 2015	718	641
5.110% US private placement 2020	86	75
5.350% US private placement 2025	75	75
5.590% US private placement 2035	100	100
Total	**3,255**	**3,027**

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 expenditure and debt service requirements for the foreseeable future, including cash expenditure 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 expenditure of US$65 million at December 31, 2009 relate mainly to the current capital investment program.

Cash flow

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

	Year ended December 31,	
(US$ million)	**2009**	2008
Cash flow from operating activities	**1,419**	1,466
Cash flow used for investing activities	**(880)**	(608)
Cash flow from (used for) financing activities	**170**	(457)

Cash flow from operating activities

Cash flow from operating activities of US$ 1,419 million in 2009 was US$47 million less than in 2008. After reversing non-cash items of US$668 million (2008: US$973 million), income before taxes contributed US$356 million less cash in 2009 mainly due to unfavorable currency exchange rates compared to 2008. Net cash paid for financial expense, net was US$333 million higher in 2009 than in 2008 as a result of the realization in 2009 of exchange losses on emerging market currencies incurred in 2008, and 2008 having benefited from gains from the restructuring during the year of certain internal funding arrangements and the related net investment hedges. These cash flow decreases were offset by a US$118 million reduction in tax payments, a US$76 million reduction in spending on provisions, particularly restructuring provisions, and US$448 million lower cash outflows from working capital in 2009 than occurred in 2008. Inventory levels absorbed US$804 million less cash during 2009 than during 2008 due to the planned stock build-up in 2008. Trade and other receivables contributed US$55 million of cash in 2009 compared to outflows of US$291 million in 2008 due to the rapid sales growth in 2008 and strong cash collections during the final months of 2009. Lower accrued employee bonuses in 2009 than 2008, the high growth in sales rebates payable in 2008 due to the strong 2008 sales, and the timing of cash payments for trade payables and other current liabilities resulted in US$33 million of outflows in 2009 compared to US$669 of inflows in 2008.

Cash flow used for investing activities
Cash used for investing activities increased to US$880 million in 2009 from US$608 million in 2008. Additions to property, plant and equipment of US$652 million were US$208 million higher in 2009 than in 2008 due to the continuation of the capital expansion program announced in July 2008, and were US$403 million higher than depreciation of US$249 million. The capital expansion program is now nearing completion and some reduction in additions to property, plant and equipment is expected in 2010 compared to 2009. Purchases of investments and associates in 2009 were reduced compared to 2008 when a 49 percent interest in Sanbei Seeds was purchased for US$36 million. Net purchases of US$41 million of marketable securities in 2009 contrasted with net disposals in 2008 of US$97 million. In 2008, the marketable security portfolio was reduced to nil while in 2009, excess cash on hand at the end of the year was invested for the short-term. Cash spent on acquisitions increased US$44 million in 2009 to US$188 million mainly due to the acquisition of the Monsanto global sunflower seed activities.

Cash flow used for financing activities
Cash flow from financing activities was US$170 million in 2009 compared to cash used for financing activities of US$457 million in 2008. Net borrowings were US$135 million higher in 2009 than in 2008 and net cash expenditure on sales and purchases of treasury shares was US$534 million lower as share repurchases in 2009 were limited to those required to meet the future needs of share based payment plans. Distributions paid to shareholders in 2009 of US$494 million were US$42 million higher than in 2008 largely due to the increase in dividend to CHF 6.00 (US$5.27) per share paid in 2009 from CHF 4.80 (US$4.76) in 2008.

Research and development (R&D)

Syngenta has major research centers in Stein, Switzerland; Jealott's Hill, England; Goa, India; Research Triangle Park, North Carolina, USA; Saint-Sauveur, France; Enkhuizen, the Netherlands; and Beijing, China.

There are two principal elements to Syngenta research and development. The first is to develop new products and technologies. The second is to support existing products: extending their uses, improving their performance and monitoring their long-term environmental profile and safety.

To enable the development of safe and effective solutions which enhance sustainable farming systems, Syngenta organizes its R&D activities around several core technology programs: Crop Protection Research; Crop Protection Development; Crop Genetics Research; Seed Breeding; Seed Product Development; Lawn & Garden Product Development, Enzyme Research & Development for Biofuels and Integrated Agronomic Solutions. Most of these are closely integrated to both improve efficiency and increase overall capacity, and to discover new active ingredients and novel crop varieties which will lead to enhanced crop yields and quality.

Syngenta research and development scientists work to establish the biological potential of novel compounds, develop new plant varieties, obtain product registrations and bring new products to market that promote sustainable farming and meet the needs of farmers, as well as their customers in the food supply chain.

Development involves extensive field tests as part of health and environmental safety evaluation to ensure that products meet rigorous standards around the world. Development activities also include the improvement of production processes for new active ingredients and formulations and field testing to ensure that Syngenta's products provide value adding benefits to customers.

In Seeds, new varieties and hybrids are developed using a number of advanced breeding methods, including marker-assisted breeding, together with conventional skills that improve the success rate of breeding programs. In some crops, biotechnology approaches are used to create genetically modified varieties with improved yield and quality.

The new biotechnology center that opened in 2008 in Beijing, China concentrates on early-stage evaluation of genetically modified traits for key crops, such as corn, soybean and rice, in the areas including yield improvement, drought resistance and disease control. The further enhanced chemistry center in Goa, India continues to focus on cost efficient synthesis at laboratory and field scale. Syngenta is also investing further in its research center in Jealott's Hill, England, which focuses on the development of new herbicides. The center's technological capability has been enhanced with the implementation of formulation robotics, which are now operational and are expected to further accelerate the delivery of new products to market.

The total spent on research and development was US$960 million in 2009 and US$969 million in 2008. Attribution of research and development costs for 2009 was US$512 million for Crop Protection, US$368 million for Seeds and US$80 million in Business Development. In 2008, the attribution was US$556 million for Crop Protection, US$343 million for Seeds and US$70 million for Business Development.

In addition to Syngenta's own research and development efforts, Syngenta has also entered into a number of alliances and research and development agreements.

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

Contractual obligations, commitments and contingent liabilities

At December 31, 2009 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	18	3,584	281	1,116	1,204	722	261
Interest on financial debt	27	681	131	223	134	76	117
Other non-current liabilities	18	114	–	114	–	–	–
Capital lease payments	25	36	3	33	–	–	–
Operating lease payments	25	117	22	37	27	31	–
Unconditional purchase obligations	25	2,038	867	905	186	80	–
Long-term research agreements and other long-term commitments	25	307	100	120	50	37	–
Total		**6,877**	**1,404**	**2,548**	**1,601**	**946**	**378**

Of the total financial debt, floating rate financial debt is US$329 million (mainly local bank loans and overdraft facilities), US$281 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$3,255 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and US private placement notes. Fixed rate interest payments of US$681 million on these are included above. At December 31, 2009, US$1,195 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 2009 and 2008 with several counterparties where the related cash flows are payable over several years.

US$879 million of provisions for long-term liabilities 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 2010. Note 19 to the consolidated financial statements presents the components of the estimated US$154 million of provisions that are expected to be paid during 2010.

The supply agreements for materials which give rise to the unconditional purchase obligations are entered into by Syngenta to ensure availability of materials which meet 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 was to terminate the agreements before their expiry dates.

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 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. The schedule requires payment based on a percentage of pensionable pay, plus a fixed amount over a fixed number of years to eliminate the deficit in the fund. The schedule of contributions in force at December 31, 2009 was agreed on following the 2006 valuation and would have required deficit contributions of US$6 million per year in 2010 and 2011. Subsequently, the 2009 valuation has been finalized and a new schedule of contributions agreed, under which Syngenta must pay deficit contributions of approximately US$33 million per year to the UK fund over the agreed deficit recovery period of 10 years. 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. Contributions would be reviewed again following the next valuation which is due in 2012. The contributions expected to be paid by Syngenta in 2010 to meet its commitments under this revised schedule are included in the US$165 million amount disclosed in Note 22 to the consolidated financial statements as Syngenta's best estimate of 2010 employer contributions to defined benefit plans. Because the revised schedule of contributions was agreed subsequent to December 31, 2009, the increased future contributions it contains are not included in the above table.

Off-balance sheet arrangements

Syngenta had no off-balance sheet arrangements as at December 31, 2009, 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 4, 2010) that would require adjustment to or disclosure in the consolidated financial statements.

Future prospects

Sales of Crop Protection products were 8 percent lower in 2009 than 2008. At constant exchange rates, sales were 2 percent down, with average local currency prices 2 percent higher and volumes 4 percent lower. Local currency sales prices excluding glyphosate were 4 percent higher in the year but broadly flat in the second half, and the target in 2010 is to maintain prices, other than for glyphosate, at the new higher level, though the degree of success will depend on competitor behavior. Glyphosate prices decreased significantly in the second half from the high levels reached in 2008, and 2010 is expected to see the full year impact of these lower prices. In 2009, sales volumes in EAME and NAFTA reflected a late season and low disease pressure and in East Europe sales were also reduced by restricted liquidity in the market and Syngenta's tight credit control. Seasonal weather and disease patterns are uncertain, but volume growth is currently anticipated in 2010. Eastern Europe sales volumes are also expected to return to growth, but liquidity constraints may restrict this to levels lower than seen before the financial crisis. Sales volumes in the south of the Latin America region may see some recovery in 2010 from the drought conditions seen in the first half of 2009, but while some credit expansion is likely, risk management will remain tight, particularly with the economic uncertainty in Argentina. Completion of the capacity expansion investments will ease the supply constraints on the important AMISTAR®, ACTARA® and CRUISER® ranges in the second half of the year.

In Seeds, sales at constant exchange rates grew 13 percent in 2009 and benefited from the alignment of NAFTA Corn & Soybean sales terms with industry practice, which increased overall Seeds sales by approximately 5 percent. In the USA, sales of the AGRISURE 3000 GT proprietary triple stack seeds accounted for 25 percent of the corn portfolio and are expected to exceed 50 percent of the corn portfolio in 2010. Further advances in corn portfolio quality will be achieved by stepping up the combination of proprietary traits and top performing germplasm. While growth in the value of the NAFTA corn & soybean markets is expected to moderate in 2010, Syngenta targets gaining share through continued improvements in the competitiveness of its portfolio. Sales growth in Flowers was driven by acquisitions in 2009 in a market expected to have decreased overall in the difficult macroeconomic conditions. Syngenta currently expects a gradual return to underlying growth in a broadly flat Flowers market in 2010.

Weaker currencies versus the US dollar reduced reported sales in 2009 by approximately 6 percent. Major currencies such as the Euro appreciated in the second half of 2009 towards the levels seen at the end of 2007 and emerging market currencies in Asia and East Europe recovered from their lows. While it is not possible to predict the impact of currency exchange movements in 2010, if the exchange rates seen at the beginning of 2010 continue, the impact on reported sales will be positive. However, the positive effect on sales will be partially offset at the operating income level by the adverse impact on the cost base of a stronger Swiss franc and the inclusion in 2009 of hedging gains of approximately US$109 million, which would not reoccur at current exchange rates.

Due to inventory carry forward, gross profit margins in Crop Protection in 2009 did not reflect lower raw material costs until the second half of the year. Unless raw material costs, including those linked to the oil price, increase in the early part of the year, 2010 should include a full year benefit of the lower costs. Cost increases or decreases in the second half of 2010 will mainly impact on gross profit margins in 2011. Seeds gross profit margins improved in 2009 compared with 2008. With a further increase in the weighting of triple stack seeds containing Syngenta proprietary traits and the lower input cost of seeds, which are partly based on the market price of commodity crops, further margin improvement is currently expected in 2010. Due to the difficult economic and agricultural background in 2009, Syngenta reduced discretionary expenditures. In addition, charges to bad debt provisions were low after the provision increases in late 2008 and executive and staff bonus expense was below the level seen in 2008, when Syngenta achieved record profit. As a result, operating costs excluding cost of goods sold were lower than 2008 in both US dollars and at constant exchange rates. Tight cost control will continue in 2010, but bonus levels, bad debt charges and expenditure on growth investments are likely to increase, and operating costs excluding cost of goods sold to be higher. As noted above, a weaker dollar compared with the average of 2009 will increase reported costs.

Financial expense, net, in 2009 was lower than in 2008, which was impacted by translation losses on emerging market currencies. While it is not possible to reliably predict exchange gains and losses in 2010, based on interest and forward exchange rates prevailing at the start of the year it is currently expected that financial expense, net, in 2010 will be closer to the 2008 level.

Net income in 2010 will continue to be impacted by restructuring and impairment charges related to the program approved by the Syngenta Board on February 7, 2007. The level of restructuring and impairment charges is dependent on the timing of irrevocable restructuring commitments and is difficult to forecast accurately in any one calendar year but, excluding financial asset and other impairment losses, is currently expected to be broadly similar in 2010 to 2009.

Subject to approval by the shareholders at the annual general meeting on April 20, 2010, the Board is recommending to maintain the dividend at CHF 6.00 per share. Syngenta also plans to repurchase shares in 2010 to a value of approximately 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 expenditure 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
2009			
Operating income	1,766	(147)	1,913
Income/(loss) from associates and joint ventures	(3)	(2)	(1)
Financial expense, net	(122)	–	(122)
Income before taxes	1,641	(149)	1,790
Income tax expense	(267)	42	(309)
Net income	1,374	(107)	1,481
Attributable to minority interests	(3)	–	(3)
Net income attributable to Syngenta AG shareholders	1,371	(107)	1,478
Tax rate	16%	28%	17%
Number of shares – basic (millions)	93		93
Number of shares – diluted (millions)	94		94
Basic earnings per share	14.72	(1.15)	15.87
Diluted earnings per share	14.62	(1.14)	15.76

(US$ million)	Total	Restructuring and impairment	Before Restructuring and impairment
2008			
Operating income	1,858	(205)	2,063
Income/(loss) from associates and joint ventures	3	–	3
Financial expense, net	(169)	–	(169)
Income before taxes	1,692	(205)	1,897
Income tax expense	(307)	50	(357)
Net income	1,385	(155)	1,540
Attributable to minority interests	–	–	–
Net income attributable to Syngenta AG shareholders	1,385	(155)	1,540
Tax rate	18%	24%	19%
Number of shares – basic (millions)	94		94
Number of shares – diluted (millions)	95		95
Basic earnings per share	14.75	(1.65)	16.40
Diluted earnings per share	14.63	(1.63)	16.26

Operating and Financial Review

(US$ million)	Total	Restructuring and impairment	Before Restructuring and impairment
2007			
Operating income	1,464	(41)	1,505
Income/(loss) from associates and joint ventures	(3)	–	(3)
Financial expense, net	(42)	–	(42)
Income before taxes	1,419	(41)	1,460
Income tax expense	(308)	38	(346)
Net income	1,111	(3)	1,114
Attributable to minority interests	(2)	–	(2)
Net income attributable to Syngenta AG shareholders	1,109	(3)	1,112
Tax rate	22%	93%	24%
Number of shares – basic (millions)	96		96
Number of shares – diluted (millions)	97		97
Basic earnings per share	11.56	(0.03)	11.59
Diluted earnings per share	11.42	(0.03)	11.45

(US$ million)	Total	Restructuring and impairment	Before Restructuring and impairment
2006			
Operating income	829	(326)	1,155
Income/(loss) from associates and joint ventures	(11)	–	(11)
Financial expense, net	(20)	–	(20)
Income before taxes	798	(326)	1,124
Income tax expense	(161)	88	(249)
Net income	637	(238)	875
Attributable to minority interests	(3)	–	(3)
Net income attributable to Syngenta AG shareholders	634	(238)	872
Tax rate	20%	27%	22%
Number of shares – basic (millions)	98		98
Number of shares – diluted (millions)	100		100
Basic earnings per share	6.46	(2.42)	8.88
Diluted earnings per share	6.35	(2.38)	8.73

(US$ million)	Total	Restructuring and impairment	Before Restructuring and impairment
2005			
Operating income	860	(236)	1,096
Income/(loss) from associates and joint ventures	2	–	2
Financial expense, net	(96)	–	(96)
Income before taxes	766	(236)	1,002
Income tax expense	(140)	79	(219)
Net income	626	(157)	783
Attributable to minority interests	(4)	–	(4)
Net income attributable to Syngenta AG shareholders	622	(157)	779
Tax rates	18%	33%	22%
Number of shares – basic (millions)	100		100
Number of shares – diluted (millions)	101		101
Basic earnings per share	6.22	(1.56)	7.78
Diluted earnings per share	6.13	(1.54)	7.67

Constant exchange rates

We compare 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 this year. See Note 26 to the Consolidated Financial Statements for information on average exchange rates in 2009 and 2008. For example, if a European entity reporting in Euro sold €100 million of products in 2009 and 2008, our financial statements would report US$139 million of revenues in 2009 (using 0.72 as the rate, which was the average exchange rate in 2009) and US$147 million in revenues in 2008 (using 0.68 as the rate, which was the average exchange rate in 2008). The CER presentation would translate the 2009 results using the 2008 exchange rates and indicate that underlying revenues were flat. We present this CER variance information in order to assess how our underlying business performed before taking into account currency exchange fluctuations. We also present our 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, 2009 and 2008)

(US$ million, except share and per share amounts)	Notes	2009	2008
Sales	4,5	**10,992**	11,624
Cost of goods sold		**(5,586)**	(5,713)
Gross profit		**5,406**	5,911
Marketing and distribution		**(1,812)**	(2,039)
Research and development		**(960)**	(969)
General and administrative		**(738)**	(849)
Restructuring and impairment	6	**(130)**	(196)
Operating income		**1,766**	1,858
Income/(loss) from associates and joint ventures		**(3)**	3
Interest income	28	**88**	104
Interest expense	28	**(163)**	(149)
Other financial expense		**(17)**	(16)
Currency gains/(losses), net	28	**(30)**	(108)
Financial expense, net		**(122)**	(169)
Income before taxes		**1,641**	1,692
Income tax expense	7	**(267)**	(307)
Net income		**1,374**	1,385
Attributable to:			
Syngenta AG shareholders	8	**1,371**	1,385
Minority interests		**3**	–
Net income		**1,374**	1,385
Earnings per share (US$):			
Basic earnings per share	8	**14.72**	14.75
Diluted earnings per share	8	**14.62**	14.63
Weighted average number of shares:			
Basic		**93,154,537**	93,916,415
Diluted		**93,760,196**	94,696,762

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, 2009 and 2008)

(US$ million)	Notes	**2009**	2008
Net income		**1,374**	1,385
Components of other comprehensive income:			
Unrealized gains/(losses) on available-for-sale financial assets	28	**(18)**	9
Unrealized gains/(losses) on derivatives designated as cash flow and net investment hedges	29	**72**	(34)
Currency translation effects		**289**	(443)
Income tax relating to other comprehensive income (OCI)	7	**34**	(26)
Total comprehensive income		**1,751**	891
Attributable to:			
Syngenta AG shareholders		**1,749**	890
Minority interests		**2**	1
Total comprehensive income		**1,751**	891

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

Syngenta Group Consolidated Financial Statements

Consolidated Balance Sheet

(at December 31, 2009 and 2008)

(US$ million, except share amounts)	Notes	2009	2008
Assets			
Current assets:			
Cash and cash equivalents		**1,552**	803
Trade receivables	9	**2,506**	2,311
Other accounts receivable	9	**558**	479
Inventories	11	**3,922**	3,456
Derivative and other financial assets	28	**156**	381
Other current assets	10	**200**	190
Total current assets		**8,894**	7,620
Non-current assets:			
Property, plant and equipment	12	**2,738**	2,188
Intangible assets	13	**3,102**	3,083
Deferred tax assets	7	**660**	514
Defined benefit pension asset	22	**679**	628
Derivative financial assets	28	**248**	152
Other non-current financial assets	14	**375**	399
Total non-current assets		**7,802**	6,964
Total assets		**16,696**	14,584
Liabilities and equity			
Current liabilities:			
Trade accounts payable	15	**(2,468)**	(2,240)
Current financial debt	16	**(281)**	(211)
Income taxes payable		**(376)**	(322)
Derivative financial liabilities	17, 28	**(145)**	(457)
Other current liabilities	17	**(827)**	(834)
Provisions	19	**(154)**	(170)
Total current liabilities		**(4,251)**	(4,234)
Non-current liabilities:			
Financial debt and other non-current liabilities	18	**(3,527)**	(2,869)
Deferred tax liabilities	7	**(884)**	(659)
Provisions	19	**(879)**	(921)
Total non-current liabilities		**(5,290)**	(4,449)
Total liabilities		**(9,541)**	(8,683)
Shareholders' equity:			
Issued share capital: 2009: 94,599,849 ordinary shares (2008: 96,914,857 ordinary shares)	20	**(6)**	(6)
Retained earnings		**(3,640)**	(3,165)
Reserves		**(3,712)**	(3,458)
Treasury shares: 2009: 1,617,901 ordinary shares (2008: 3,953,617 ordinary shares)	20	**217**	745
Total shareholders' equity		**(7,141)**	(5,884)
Minority interests		**(14)**	(17)
Total equity		**(7,155)**	(5,901)
Total liabilities and equity		**(16,696)**	(14,584)

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

Consolidated Cash Flow Statement

(for the years ended December 31, 2009 and 2008)

(US$ million)	Notes	2009	2008
Income before taxes		**1,641**	1,692
Reversal of non-cash items	21	**668**	973
Cash (paid)/received in respect of:			
Interest received		**88**	101
Interest paid		**(153)**	(115)
Other financial receipts		**8**	98
Other financial payments		**(227)**	(35)
Income taxes		**(165)**	(283)
Restructuring costs	19	**(79)**	(140)
Contributions to pension plans, excluding restructuring costs	19	**(125)**	(113)
Other provisions	19	**(81)**	(108)
Cash flow before change in net working capital		**1,575**	2,070
Change in net working capital:			
Change in inventories		**(178)**	(982)
Change in trade and other accounts receivable and other net current assets		**55**	(291)
Change in trade and other accounts payable		**(33)**	669
Cash flow from operating activities		**1,419**	1,466
Additions to property, plant and equipment	12	**(652)**	(444)
Proceeds from disposals of property, plant and equipment		**33**	29
Purchases of intangible assets	13	**(97)**	(118)
Purchases of investments in associates and other financial assets		**(22)**	(70)
Proceeds from disposals of financial assets		**87**	42
Net cash flows from (purchases)/disposals of marketable securities		**(41)**	97
Business acquisitions (net of cash acquired)	3	**(188)**	(144)
Cash flow used for investing activities		**(880)**	(608)
Increases in third party interest-bearing debt		**926**	986
Repayments of third party interest-bearing debt		**(183)**	(378)
Sales of treasury shares and options over own shares		**46**	70
Purchases of treasury shares		**(125)**	(683)
Distributions paid to shareholders		**(494)**	(452)
Cash flow from (used for) financing activities		**170**	(457)
Net effect of currency translation on cash and cash equivalents		**40**	(101)
Net change in cash and cash equivalents		**749**	300
Cash and cash equivalents at the beginning of the year		**803**	503
Cash and cash equivalents at the end of the year		**1,552**	803

At December 31, 2009, cash equivalents totalled US$1,089 million (2008: US$469 million) and consisted of bank and money market fund deposits.

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

Syngenta Group Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(for the years ended December 31, 2009 and 2008)

	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	Minority interest	Total equity
December 31, 2007	6	3,720	(830)	(154)	532	2,748	6,022	19	6,041
Total comprehensive income				(59)	(444)	1,393	890	1	891
Share based compensation			41			79	120		120
Dividends paid						(450)	(450)	(2)	(452)
Share repurchases			(683)				(683)		(683)
Cancellation of treasury shares		(143)	727		6	(590)	–		–
Income taxes on share based compensation and other						(15)	(15)	(1)	(16)
December 31, 2008	6	3,577	(745)	(213)	94	3,165	5,884	17	5,901
Total comprehensive income				50	290	1,409	1,749	2	1,751
Share based compensation			27			83	110		110
Dividends paid						(493)	(493)	(1)	(494)
Share repurchases			(125)				(125)		(125)
Cancellation of treasury shares		(86)	626			(540)	–		–
Income taxes on share based compensation and other						16	16	(4)	12
December 31, 2009	**6**	**3,491**	**(217)**	**(163)**	**384**	**3,640**	**7,141**	**14**	**7,155**

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 2008, a dividend of CHF 4.80 (US$4.76) per share was paid in respect of 2007. In 2009, a dividend of CHF 6.00 (US$5.27) per share was paid in respect of 2008.

The Board of Directors recommends a dividend payment of CHF 6.00 per share (equivalent to US$5.82 per share translated at the December 31, 2009 exchange rate) subject to shareholder approval at the Annual General Meeting (AGM) on April 20, 2010.

Included within the fair value reserves are 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 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. Movement 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 which are part of net investments in foreign subsidiaries.

Notes to the Syngenta Group Consolidated Financial Statements

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 which IFRSs require 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$", "USD" or "US dollars") 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those 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.

Certain balance sheet line items, which were previously combined, have been presented separately in the consolidated balance sheet due to their materiality.

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

- IAS 1 (revised September 2007), "Presentation of Financial Statements". These consolidated financial statements, including comparative amounts presented therein, have been presented in accordance with the revised IFRS to include an additional separate statement of comprehensive income. Items presented in the consolidated statement of changes in equity in previous periods as "gains/(losses) recognized directly in equity" that are components of other comprehensive income have been presented in the statement of comprehensive income. These items include gains and losses on revaluation of available-for-sale financial assets and derivatives designated as cash flow hedges, and gains and losses on translating the financial statements of subsidiaries into US dollars. The statement of changes in equity has been revised to present total comprehensive income and transactions with Syngenta shareholders in their capacity as shareholders. The above effects of adopting the revised IFRS are presentation changes only and do not change Syngenta's reported results of operations, financial position or cash flow.
- IAS 23 (revised March 2007), "Borrowing Costs" requires borrowing costs directly attributable to the construction of qualifying assets to be capitalized as part of the cost of those assets. Qualifying assets include property, plant and equipment constructed and intangible assets for computer software developed in projects which take more than 12 months to complete. Borrowing costs capitalized in 2009 were US$11 million (US$0.12 per basic and diluted share), determined using a weighted average capitalization rate of 5%. These costs reduced interest expense and increased property, plant and equipment. Under Syngenta's previous accounting policy, these costs would have been expensed during the period as incurred. Syngenta has applied the revised IFRS, in accordance with its transitional provisions, to borrowing costs relating to qualifying assets effective January 1, 2009. Comparative amounts for prior periods are consequently unchanged.
- IFRIC 13, "Customer Loyalty Programmes" was issued in June 2007, and requires loyalty award credits granted to customers as part of a sales transaction to be accounted for as a component of the related sale. Awards supplied by Syngenta 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. Before adopting IFRIC 13, Syngenta did not account for award credits as a component of sales, but accrued the estimated cost of award credit programs when sales of related Syngenta products were recognized. Adoption of IFRIC 13 did not have a material impact on Syngenta's consolidated financial statements.

Notes to the Syngenta Group Consolidated Financial Statements

2. Accounting policies continued

- "Improvements to IFRSs" issued in May 2008 amended various IFRSs pursuant to the IASB's "annual improvements" process. One amendment to IAS 41, "Agriculture", changed the method of determining fair value less costs to sell of biological assets by removing the requirement to exclude the effect of future biological transformation from their fair value. This is relevant to the Flowers business within Syngenta's Seeds segment. Adopting this amendment did not have a material effect on Syngenta's consolidated financial statements.
- Amendments to IFRS 7, "Improving Disclosures about Financial Instruments". Notes 27 to 29 to the consolidated financial statements have been revised to provide the additional disclosures, mainly relating to the fair value measurements of financial assets, required by the amendments.

Adoption of the following new or revised IFRSs had no impact on the consolidated financial statements because Syngenta currently has no transactions, assets, liabilities or equity instruments affected by the standards:

- Amendments to IAS 32 and IAS 1, "Puttable Financial Instruments and Obligations arising on Liquidation";
- "Vesting conditions and Cancellations", an amendment to IFRS 2, "Share Based Payment";
- "Embedded Derivatives" – Amendments to IFRIC 9 and IAS 39;
- IFRIC 15, "Agreements for the Construction of Real Estate";
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation";
- IFRIC 18, "Transfers of Assets from Customers".

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

- IFRS 3 (revised) and IAS 27 (revised) were issued in January 2008, and change several aspects of the definitions of and accounting treatment for business combinations and divestments. These include requirements for the acquirer: to expense direct acquisition costs as incurred; to revalue to fair value any interest it already has in the acquired company at the date on which it takes control, and record the resulting gain or loss in profit or loss; to record in profit or loss adjustments to contingent consideration which occur after completion of the purchase price allocation; to record directly in equity the effect of transactions after taking control of the acquiree which increase or decrease the acquirer's interest but do not affect control; upon divesting control, to revalue any retained shareholding in the divested company at fair value and record the resulting gain or loss in profit or loss; and to attribute to non-controlling shareholders their share of any deficit in the equity of a non-wholly-owned subsidiary. The changes mentioned above will be mandatory for any business combination transactions which Syngenta completes on or after January 1, 2010, and would impact the consolidated financial statements only if such a transaction were to occur.
- Amendments to IAS 39, "Eligible Hedged Items", were issued in July 2008, and change the application guidance for hedge accounting relationship designation requirements where only part of the risks associated with an exposure are hedged, and the guidance for separating the time value and the intrinsic value of an option for hedge effectiveness testing. The amendments will be mandatory for Syngenta with effect from January 1, 2010. Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.
- IFRIC 17, "Distributions of Non-cash Assets to Owners", was issued in November 2008. IFRIC 17 requires: a liability to be recognized for such distributions, measured at the fair value of the assets to be distributed; the assets to be distributed to be accounted for at the lower of their carrying amount and their fair value in accordance with IFRS 5; and any difference between the recorded amounts of the liability and the related assets to be recognized in profit or loss when the distribution is made. IFRIC 17 will apply to Syngenta with effect from January 1, 2010 and would impact its consolidated financial statements only if such a transaction were to occur.
- "Improvements to IFRSs" issued in April 2009 amends various IFRSs pursuant to the IASB's annual improvements process. The amendments are mandatory for Syngenta with effect from January 1, 2010. Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.
- Amendments to IAS 32, "Classification of Rights Issues", were issued in October 2009, and clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments if they are offered pro rata to existing holders of the same class of equity. The amendment will be mandatory for Syngenta with effect from January 1, 2011. The effect of the amendment is that in the unplanned event of Syngenta issuing rights, options or warrants pro rata to existing shareholders, these would be accounted for as equity instruments regardless of the currency of the offer.
- IAS 24 (revised), "Related Party Disclosures", was issued in November 2009, and clarifies that commitments to related parties should be disclosed as related party transactions. It also clarifies related party status and disclosures for subsidiaries of the reporting entity's associates and joint ventures and for governments and government-related entities. The revised IFRS will be mandatory for Syngenta with effect from January 1, 2011. Syngenta is assessing the impact of IAS 24 (revised) on the disclosures in its consolidated financial statements.
- IFRS 9, "Financial Instruments", was issued in November 2009 and contains new measurement and classification rules for financial assets. Under IFRS 9, assets which 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 election on their initial recognition to present all gains and losses in other comprehensive income. Gains and losses on equity instruments for which this election is made would no longer be reclassified from other comprehensive income into profit or loss on disposal or on a significant or prolonged decline in value. IFRS 9 will be mandatory for Syngenta with effect from January 1, 2013. On the basis of the financial assets it holds at December 31, 2009, Syngenta does not believe that IFRS 9 will have a material impact on its consolidated financial statements.

– IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments” was issued in November 2009, and provides guidance on the accounting for debt for equity swaps. IFRIC 19 requires the equity instruments issued to be measured at their fair value at issuance or if that value cannot be reliably measured, at the fair value of the liability extinguished and requires any difference between the value assigned to the equity issued and the carrying amount of the liability extinguished to be recorded in profit or loss. IFRIC 19 will be mandatory for Syngenta effective January 1, 2011, and would impact the consolidated financial statements only if such a transaction were to occur.

– “Prepayments of a Minimum Funding Requirement”, an amendment to IFRIC 14, was issued in November 2009, and permits prepayments of minimum funding requirements for a defined benefit post-employment benefit plan to be recognized as an asset. The amendment will apply to Syngenta effective January 1, 2011, and would impact the consolidated financial statements only if such a transaction were to occur.

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, provisions, employee benefits, revenue recognition, leases, income taxes 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 an interest of more than one half 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.

Minority interests

Where a subsidiary in which Syngenta has less than 100% ownership has accumulated losses, 100% of the losses are allocated to Syngenta AG shareholders unless the minority shareholders have a binding commitment to make good their proportion of the losses.

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% and 50% of voting power. 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.

Transactions eliminated on consolidation

Intercompany income and expenses, including unrealized 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, using the purchase method for acquisitions. Upon acquisition, businesses are recorded at acquisition cost, being the fair value at the date of exchange of the cash paid, or other consideration given, including direct transaction costs. The assets, liabilities and contingent liabilities of acquired businesses are identified as required by IFRS 3, and are recorded in the consolidated financial statements at their acquisition date fair values, with certain exceptions as set out in IFRS 3. Note 3 gives further details of the valuation methods used.

2. Accounting policies continued

If the cost of acquisition exceeds the value of the net assets acquired, the excess is recognized as goodwill. If the value of the net assets acquired exceeds the cost of acquisition, the excess is immediately recognized as a gain in profit or loss at the acquisition date. If Syngenta has a non-controlling equity ownership interest in the acquired business at the date it takes control, the corresponding share of any increase in the values of the net assets between the original purchase date of that interest and the date Syngenta takes control is recorded as a revaluation within shareholders' equity.

If Syngenta acquires less than 100% equity ownership of a business at the date it takes control, and then acquires some or all of the remaining equity interest at a later date, the corresponding share of any increase in the values of the net assets since the date Syngenta took control is charged to shareholders' equity. The difference between the amount paid to acquire the remaining equity and the fair value of the share of net assets acquired is recognized as goodwill or a gain in the income statement, in the same way as when control is first acquired.

Foreign currencies

With certain exceptions, each Syngenta subsidiary uses its local currency as its functional currency.

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 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 to the relevant functional currency at the exchange rate prevailing at the date of the transaction. 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 other comprehensive income. 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 other comprehensive income. Upon disposal of a foreign subsidiary, the cumulative currency translation difference relating to the subsidiary is reclassified from other comprehensive income to profit or loss as part of the gain or loss on disposal. Repayments of share capital by subsidiary entities also give rise to a partial reclassification from other comprehensive income to profit or loss based on the amount repaid in proportion to the total equity of the subsidiary at the repayment date.

Revenue

Revenue is measured at 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.

Bill and hold sales are sales contracts which, at customers' requests, transfer legal title of inventories to customers before the inventories leave Syngenta's warehouse. Bill and hold sales are recognized as revenue when legal title is transferred, it is probable that delivery will be made, the inventories are ready for delivery and are physically segregated from unsold inventories, the customer has specifically acknowledged deferred delivery instructions and usual payment terms apply.

Syngenta periodically enters into prepayment contracts with customers whereby it receives advance payments for product to be delivered in future periods. 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. Liabilities associated with customer loyalty programs are classified within trade accounts payable.

Barter transactions
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 classified in Marketing and distribution.

Research and development
Research expenses are charged to the income statement when incurred. Internal development costs are capitalized as intangible assets only when there is an identifiable asset that can be completed and that will 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.

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 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.

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.

Income tax expense, current and deferred, is recognized in profit or loss unless it relates to items recognized in other comprehensive income or in equity in which case the tax expense is also recognized in other comprehensive income 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, an Advance Pricing Agreements (APA) settlement is reached that impacts previous years' tax payments or otherwise the statute of limitations for the applicable year expires, unless there is evident reason for earlier release.

2. Accounting policies continued

Deferred tax on share based compensation awards is based on the tax deduction, if any, which 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 not more than 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 reviewing individual receivable balances, 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 any further collections.

In certain markets, Syngenta factors certain trade receivables in the normal course of business. 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 which 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 presents this adjustment within 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 other comprehensive income, 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 other comprehensive income 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:

- Swap instruments (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 option pricing model, which incorporates spot exchange rates, zero coupon rates with equivalent maturities for AA rated entities and implied volatility in the market forward exchange rates at the balance sheet date;
- Commodity options are valued using the Black-Scholes option pricing model, which incorporates future commodity price curves with equivalent maturities and implied volatilities in the commodities markets at the balance sheet date.

Both realized gains and losses and 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
Under fair value hedge accounting, 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
Under cash flow hedge accounting, for the effective portion of the hedge, gains and losses on remeasuring designated hedging instruments to fair value are recognized in other comprehensive income as part of the cash flow hedge reserve. Gains and losses accumulated in the cash flow hedge reserve are reclassified into profit or loss in the same period (or periods) during which the underlying hedged cash flow affects 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 at that time remains in other comprehensive income. Such gain or loss is recognized in profit or loss when the underlying hedged item affects profit or loss. However, if such unrealized gain or loss resulted from the hedge of a committed or forecasted transaction and the 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 other comprehensive income into profit or loss upon disposal or proportionally upon partial 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. Inventories are valued at historical cost determined on a first-in-first-out basis, and this value is used for the cost of goods sold in the income statement. 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. Unsaleable inventories are fully written off. Inventories of biological assets, principally growing plants and cuttings in the Seeds Flowers business, are recorded at fair value less costs to sell. Gains and losses from remeasuring biological assets to fair value are classified 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. Depreciation is charged on a straight-line basis to the income statement, 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 which give 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 components of an asset are 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 larger asset.

Property, plant and equipment financed by leases giving rights to use the leased assets as if they were owned by Syngenta are capitalized at their estimated cost (lower of fair value and the present value of minimum lease payments) at the inception of the lease. Such leases may be embedded in contracts for goods or services provided by suppliers to Syngenta when the supplier can fulfil its obligation only by using a specific asset solely to supply Syngenta and the contract price is neither fixed per unit of output nor does it represent a market price. Finance lease assets and associated lease liabilities are recognized at the commencement of the lease. If the lease agreement relates to an asset which is to be constructed, accounting recognition may occur later than the date the agreement is entered into. Finance lease assets are depreciated in the same manner as other property, plant and equipment over the lesser of the remaining lease term or estimated useful life of the leased asset.

Borrowing costs attributable to the construction of qualifying assets are capitalized as part of the cost of those assets using a capitalization rate equal to the weighted average cost of Syngenta's borrowings after considering related designated interest rate hedges. Qualifying assets are those requiring more than one year to get ready for their intended use and include property, plant and equipment constructed, whether directly owned or leased under finance leases. Capitalization of borrowing costs ceases when the asset is ready for its intended use. All other borrowing costs are expensed as incurred.

2. Accounting policies continued

The operation of Syngenta's chemical manufacturing assets over an extended period may result in obligations to remediate damage including environmental damage, to sites on which the assets are located. Where such obligations exist, Syngenta recognizes the costs to restore sites as additions to the cost of the assets and as liabilities in the period in which the damages occur if they can be reliably measured at that time. These costs are discounted where the time value of money is material. Environmental costs expected to increase the economic benefits flowing from the use or eventual disposal of the asset and that are recoverable from future economic benefits of using the asset are capitalized as part of property, plant and equipment. Otherwise, environmental costs are expensed in the earliest period in which they can be reliably measured. Environmental costs, unless related to restructuring, are included in cost of goods sold.

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 intangible assets are assigned a finite estimated useful life. The cost of acquired intangible assets other than goodwill represents the purchase price including transaction costs. The cost of internally generated intangible assets other than goodwill, such as software, represents 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 over the following estimated useful lives, 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.

Premiums for long-term leases	Shorter of lease term and useful life of leased assets
Product rights and related supply agreements	5 to 20 years
Trademarks and patents	10 to 20 years
Software	3 to 5 years
Customer relationships	10 to 15 years
In process research and development	10 to 11 years
Others	3 to 15 years

Useful lives assigned to acquired product rights are based on the maturity of the product and the estimated economic benefit that such product rights can provide.

Patents and trademarks are amortized over their estimated economic or legal life, whichever is shorter.

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.

Under IFRS 3, In-Process Research & Development (IPR&D), is valued as part of the process of allocating the purchase price in a business combination, and is recorded separately from goodwill. It is assessed for impairment annually until it has been successfully developed and is available for use. It is then amortized over its useful life. IPR&D on business combinations agreed before March 31, 2004, to which IFRS 3 has not been applied, is included in goodwill for IFRS purposes.

Assets attributable to long-term supply agreements are amortized as part of cost of goods sold over the period of the supply agreement.

Purchased software licenses are amortized over the remaining license term. 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.

Goodwill

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. 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 in accordance with IAS 36 unless classified as held for sale. Goodwill, and intangible assets which are 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. Other non-current assets are reviewed at each reporting date to determine whether events or changes in conditions indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the asset is tested for impairment. Syngenta estimates the 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 income statement to the extent that the carrying amount of the asset exceeds its recoverable amount. Impairment losses are not reversed for goodwill, but are reversed for other assets if their recoverable amount increases subsequently.

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 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 their carrying amounts 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, where appropriate, 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 reimbursement is recognized only when reimbursement is virtually certain. The amount to be reimbursed is recognized as a separate asset. 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

Syngenta is exposed to environmental liabilities relating to its past operations, principally in respect of remediation costs. Provisions for remediation costs are made when there is a present obligation, it is probable that expense on 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. Environmental liabilities are discounted if the impact is material and if cost estimates and timing are considered reasonably certain. Additional environmental remediation costs and provisions may be required were Syngenta to decide to close certain of its sites.

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 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.

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 costs are made in full when employees are given details of the termination benefits which will apply to individual employees should their contracts be terminated as a direct result of the restructuring plan. 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.

Notes to the Syngenta Group Consolidated Financial Statements

2. Accounting policies continued

Post-employment benefits

Syngenta accounts for its defined benefit pension and post-retirement healthcare benefit obligations using the corridor method permitted by IAS 19, "Employee Benefits", (revised 2004). Under this method, benefit expense charged to profit or loss is the cost to Syngenta of the increase in benefits earned by employees in the period, measured using the projected unit credit actuarial method, less the expected return on plan assets in externally funded plans. 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 amortized as part of benefit expense over the remaining expected employee service period to the extent that they fall outside the corridor. The corridor is ten percent of the benefit obligation or plan assets, whichever is higher. Plan assets are measured at market value at the balance sheet date. A surplus of plan assets over the amount of the benefit obligation is recognized as an asset only to the extent of the present value of the economic benefit Syngenta can obtain from the surplus through refunds from, or reductions in future contributions to, the plan. 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 benefits vest immediately following the plan amendment, the related past service cost is recognized immediately in profit or loss. If benefit 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 grants awarded to employees is recognized as compensation expense, and as a corresponding increase in equity, over the period in which the shares or options vest. The fair value is measured at the grant date, which is the date at which the share participation plan members are aware of the terms of the share award and the award has been approved by the Compensation Committee of Syngenta AG's Board of Directors. The fair value of grants of Syngenta AG ordinary shares is measured as the market value of the shares on the grant date, less any cash amount payable by the employee under the terms of the share participation plan. 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 during the deferral or vesting period. 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. The number of shares and options used to measure compensation expense is Syngenta's best estimate of the number of shares and options expected to vest. Compensation expense is adjusted where actual forfeitures differ from estimates, 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 at their fair values until the members' choice is known and are remeasured at each reporting date. The terms of the relevant share plan with such an alternative are such that the incremental fair value of members' equity options compared to their option to receive a cash payment 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.

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 and capital distributions 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 which have not been canceled. 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 the disposal of treasury shares 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.

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 CGU's 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$549 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 licence agreements are more geographically restrictive.

Foreign currency translation

Syngenta has to make judgments on whether intercompany monetary items will be repaid in the foreseeable future in order to allocate foreign currency differences to profit or loss or to other comprehensive income. Partial equity loan repayments or capital reductions of subsidiaries require further judgment on the method of determining the net investment and the currency translation differences to reclassify into profit or loss. The net investment is the net carrying amount of the subsidiaries' assets and liabilities, including intercompany balances except equity loan liabilities. For the currency translation differences which arose on the net investment, Syngenta calculates the proportion to be reclassified into profit or loss by comparing the amount repaid to the total amount of the net investment before the repayment. For gains and losses that arose on hedging instruments designated as net investment hedges, Syngenta calculates the amount to be reclassified by comparing the amount repaid to the total designated hedged amount. For the years ended December 31, 2009 and 2008, the amount of currency translation differences reclassified from other comprehensive income to profit or loss were gains of US$40 million and US$66 million respectively. The 2009 amount comprised US$49 million currency translation gains and US$(9) million hedging losses, relating to four subsidiaries. The 2008 amount comprised US$(61) million currency translation losses and US$127 million hedging gains relating mainly to capital repayment by two subsidiaries. Reclassified amounts are presented within "Financial expense, net" in the consolidated income statement.

Post-employment benefits

IAS 19 allows immediate or deferred recognition of actuarial gains and losses. Had Syngenta adopted the immediate recognition policy instead of the corridor method, the unrecognized losses at December 31, 2009 of US$916 million for pensions and US$44 million for other post-retirement benefits disclosed in Note 22 below would have been recognized in, and would have reduced, previous years' results of operations or other comprehensive income, depending on the accounting policy chosen.

Under the corridor method, major changes in assumptions, and variances between assumptions and actual results, may affect reported earnings over several future periods rather than one period, while more minor variances and assumption changes may be offset by other changes and have no direct effect on reported earnings. Amortization expense for unrecognized actuarial losses was US$53 million and US$19 million for 2009 and 2008 respectively.

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 CGU's 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 according to the IAS 36 definition. Because Syngenta's CGU's generally either reflect the global nature of its Crop Protection and Seeds businesses or are located in low risk countries, it is also generally not considered necessary to apply a country risk premium. The pre-tax discount rates used were 7.5% to 10% (2008: 9 to 11%). The outcomes of the impairment tests were 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 was significant except in the following cases:

For one CGU in 2008 the recoverable amount would have equalled the carrying amount if the 9.2% discount rate increased to 11.8%. In 2009, at the 9.5% discount rate used in the impairment test, recoverable amount is equal to carrying amount. Goodwill allocated to this CGU is US$16 million (2008: US$16 million).

For one CGU in 2009, the recoverable amount would equal the carrying amount if the 8.7% discount rate used in the impairment test increased to 13.8%. Goodwill allocated to this CGU is US$9 million.

In determining value in use it is also 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% long-term growth rate. Management believes, based on recent growth in agricultural markets, that there are long-term prospects for continued growth. US$702 million of goodwill is tested at the Crop Protection total segment level (2008: US$697 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.

Notes to the Syngenta Group Consolidated Financial Statements

2. Accounting policies continued

A reduction in forecasted sales within management's five year forecast horizon compared to forecasted sales in the previous year's five year forecast cycle is considered an indicator of market related impairment for CGU's 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 of up to 16% 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. Impairments of US$17 million and US$34 million were recorded because of restructuring in 2009 and 2008 respectively.

The cash flow forecasts supporting the US$315 million carrying amount of goodwill in the Seeds NAFTA Corn and Soybean CGU show short-term net cash outflows caused by new product development and marketing costs for Syngenta's trait portfolio, followed by positive net cash flows in later years after new products have been launched. Cash flows are based on management's forecasts over a 15 year horizon. Sales growth of over 10% per annum is projected over this period. This growth rate reflects the significant growth expected in the trait market and market share gains for Syngenta proprietary traits after launch of the new products. The terminal value of the CGU at the end of year 15 assumes a 2.0% long-term annual growth rate, in line with Syngenta management's view of the long-term average growth rate for the Seed market as a whole. At the 8.1% (2008:10.4%) pre-tax discount rate used to test this CGU for impairment, the recoverable amount of the CGU exceeds its carrying amount by US$3 billion. A reduction in the annual compound sales growth rate to 3% over the 15 year forecast horizon with zero terminal value would reduce the recoverable amount of this CGU to its carrying amount.

Adjustments for doubtful receivables

Trade and other accounts receivable are reported net of adjustments for doubtful receivables, often referred to as "bad debts". As a geographically diverse group operating in more than 50 countries and serving customers in all significant agricultural areas across the world. Syngenta has a large number of individual trade receivable balances and is exposed to a broad range of political and economic risks affecting the recoverability of these receivables. Considerable management effort and judgment is applied to actively manage and mitigate these risks and determine the appropriate provision by critically analyzing the receivables accounts on an individual basis, taking into account historical levels of recovery and any changes in the economic and political environment in relevant countries.

As shown in Note 9 below, the provision for doubtful receivables at December 31, 2009 amounted to US$351 million, or 12% (2008: US$357 million or 13%) of total trade receivables of US$2,857 million (2008: US$2,668 million).

In 2009 US$12 million (2008: US$90 million) bad debt expense was recorded in profit or loss, representing less than 1% of sales. The 2008 charges related principally to Latin American and East European markets, where Syngenta sales increased significantly in 2008 compared to prior years. In Note 9, the table analyzing the movements on the provisions gives some indication of the degree of accuracy of Syngenta's past estimates.

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. The environmental provisions can therefore change significantly, particularly where there is a major change in environmental legislation in a country where Syngenta has significant manufacturing assets. Currently, Syngenta's most significant manufacturing assets are located in Switzerland, the UK, and the USA. 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.

Increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available after the financial statements are published. The movements in environmental provisions are set out in Note 19 below. Environmental remediation costs incurred at certain sites may be recoverable from former owners of those sites under warranties obtained by Syngenta when it purchased the sites. 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 an additional reimbursement asset of US$15 million at December 31, 2009 (2008: US$35 million) and payments due to Syngenta have been received to date.

In 2009, the total additional charge to environmental provisions was US$14 million (2008: US$34 million). US$20 million (2008: US$11 million) of unutilized provisions were released, including US$5 million (2008: US$ nil) on settlement of litigation related to a closed site and US$11 million (2008: US$2 million) because expenditures at one site were met directly by a joint venture. Syngenta will itself meet its share of future expenditures at this latter site. In 2007, an additional provision of US$87 million was recorded, largely relating to certain third party sites with shared liability. There was no further material change to the provision for these shared sites in 2008 or 2009. Recent proposals have been made suggesting remediation of the existing contamination on these 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, 2009, for these shared sites comprise approximately 20% of total environmental provisions of US$405 million (2008: US$440 million). The top ten exposures at the end of 2009 which cover sites in the USA, Switzerland and the UK, comprise approximately 75% of the total environmental provisions. In the opinion of management, reasonably possible increases in the provisions which represent Syngenta's responsibility for expenditures at these sites collectively would not exceed 40% of the total environmental provision recognized at December 31, 2009.

At Syngenta's Monthey, Switzerland, production site, planning has commenced for the activities needed to remediate groundwater and soil contamination that exists under and around the site, including control and monitoring activities. The responsibility for these activities lies with Syngenta and one other chemical enterprise. In management's opinion, based on the current plans, Syngenta's environmental provisions are adequate to cover Syngenta's share of the expected costs to perform this remediation.

Post-employment benefits

Key assumptions required to measure post-employment benefit expense for a period and the benefit obligation at the period end are:

- Selection of the discount rate
- Probable long-term rate of increase in pensionable pay
- Probable average future service lives of employees
- Probable life expectancy of employees
- Expected future rates of return on the investments in funded pension plans.

Significant judgment is used by management when selecting these key assumptions. 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 for the three major defined benefit pension plans shown in Note 22 to the financial statements, at December 31, 2009:

(US$ million)	Increase/(reduction) in 2010 pre-tax pension expense	Increase/(reduction) in December 31, 2009 projected benefit obligation
25 basis point decrease in discount rate	16	167
25 basis point increase in discount rate	(14)	(167)
25 basis point decrease in expected return on assets	10	–
25 basis point increase in expected return on assets	(10)	–

The above sensitivities reflect the total impact of changing the stated assumption as shown for all three major plans, leaving all other assumptions constant. 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.

During 2009, asset prices in financial markets recovered part of the decline experienced in 2008, and corporate bond credit spreads reduced in the UK from the unusually high level at the end of 2008. The funded ratio (plan assets as a percentage of the benefit obligation) for the UK plan reduced from 100% to 89%, principally because the impact of the lower corporate bond credit spreads on the discount rate outweighed the effect of more favorable plan asset returns. In the USA and Switzerland, the discount rate did not change to the same extent in 2009. Favourable plan asset returns increased the funded ratio from 97% to 102% for the main US plan and from 88% to 102% for the Swiss plan. The overall funded ratio for the three plans remained stable at 95%.

Syngenta uses yields in AA rated corporate bonds to select the discount rate. The iBoxx 15 year Corporate bond index is the main benchmark for the nominal discount rate for Syngenta's UK pension liabilities. At December 31, 2009, the index yield was 5.7% (2008: 6.7%). Syngenta reduced the index yield by 10 basis points (2008: 50 basis points) to ensure that the discount rate reflects the 18 year average duration of the benefit obligation because the index duration is shorter and, in relation to 2008, that it excluded the effect of certain bonds which were no longer of high credit quality. There were no such bonds in the index at December 31, 2009.

Limited price indexation of pensions in payment and deferred pension rights is required by UK pension regulations. The rules of Syngenta's UK pension fund require pensions to be increased by the lower of 5% or the actual price inflation as measured by the UK Retail Price Index (RPI). Therefore, the change in real discount rates (the nominal discount rate less the expected long-term rate of price inflation) is a more relevant indicator than the nominal discount rate. Syngenta estimates the expected long-term rate of inflation from data published by the Bank of England. During 2009, the inflation rate increased by 70 basis points, from 2.8% to 3.5%. The real discount rate for the UK pension liabilities reduced in 2009 by 130 basis points to 2.1% (2008: 3.4%).

The Bloomberg 15 year AA Swiss Corporate bond index is the main benchmark for the discount rate for Syngenta's Swiss pension liabilities. At December 31, 2009 the discount rate was 3.25% (2008: 3.5%).

Syngenta selects the discount rate for its US pension liabilities by using a model which matches the expected timing of benefit payments to an interest yield curve derived from a portfolio of AA Corporate bonds. The discount rate selected was 5.9% (2008: 6.1%).

Notes to the Syngenta Group Consolidated Financial Statements

2. Accounting policies continued

Actual returns for the UK, Swiss and US pension plan assets were above the expected long-term return assumption of 6.4%, 4.0% and 7.0% respectively used to calculate 2009 pension expense. 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's mortality assumptions are set after considering the most recent statistics available, and whether any trends apparent from these statistics are likely to continue into the future. In 2009, Syngenta updated the mortality assumptions for its UK pension liabilities. This update did not cause a significant change in the amount of the benefit obligation. A one year change in UK pension fund members' assumed life expectancy would increase the benefit obligation by US$60 million (2.6%). Syngenta has assumed that the recent trend of increasing longevity will continue into the future, so that the pension which will become payable to younger members upon their retirement will be paid for longer than older members' pensions. As new evidence becomes available in the future, further adjustments to the benefit obligation may be required. No significant changes to mortality assumptions were made in 2007 or 2008.

Certain of Syngenta's pension plans, including its US plan, give members lump sum or annuity benefit payment options. For the US plan when valuing its pension liabilities, Syngenta has assumed that all current active members will take the lump sum option at retirement date as, in current conditions, this results in a higher liability than the annuity option. Mortality after retirement is not relevant to the lump sum option. For the remaining plans, Syngenta has valued its pension liabilities on the assumption that the choices made by members who will retire in future will be consistent with choices made by members who have retired recently.

Deferred tax assets

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. At December 31, 2009, Syngenta's deferred tax assets were US$660 million (2008: US$514 million). Included in this balance are deferred tax assets for unused tax losses of US$42 million (2008: US$30 million). Losses derecognized because it became less likely that they would be utilized were US$8 million (2008: US$13 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. In making this assessment, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At December 31, 2009, based upon the level of historical taxable income and projections for future taxable income over the periods in which the 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 the deferred tax asset considered realizable could however be reduced in subsequent years if estimates of future taxable income during the carry forward period 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, Ukraine and Russia. For Ukraine and Russia, no net deferred tax assets have been recognized at December 31, 2009 or 2008. In Brazil, at December 31, 2009 as a result of continued local profitability, the carrying amount of deferred tax assets recognized in the consolidated balance sheet was US$20 million (2008: US$26 million). Syngenta's Crop Protection subsidiary can offset tax losses carried forward against future taxable profits without time limit, but the amount of the loss which may be offset in any one year is limited to 30% of the taxable profit in that year. Consequently, Syngenta has reduced the amount of deferred tax asset recognized for this subsidiary. Syngenta's Seeds subsidiary in Brazil is subject to the more favorable rules for agricultural businesses and this restriction does not apply. Consequently, the deferred tax asset for that subsidiary has been recognized in full.

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 and charges for 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 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, 2009, Syngenta's balance sheet included assets of US$80 million (2008: US$33 million) included within "Other accounts receivable", and liabilities of US$376 million (2008: US$322 million) shown separately on the face of the balance sheet, for current income taxes. These liabilities include US$222 million in respect of the uncertain tax positions described above (2008: US$145 million). During 2008, as further disclosed in Note 7, Syngenta reached agreement with the tax authorities in several countries with regard to tax positions which had been open over a number of years and were considered to be uncertain. Syngenta consequently released provisions recorded in prior years where those provisions exceeded the amount of the liability determined in accordance with the agreements. These provision releases represent the major part of the US$154 million amount for 2008 disclosed in Note 7 as adjustments to current income tax expense for prior periods. The liability for uncertain income tax positions which Syngenta expects to be resolved in 2010 is less than 20% of total recognized current income tax liabilities.

3. Acquisitions, divestments and other significant transactions

The following significant transactions were made during 2009 and 2008.

Acquisitions 2009

On August 31, 2009, Syngenta acquired from Monsanto its global hybrid sunflower seeds activities for a cash payment of US$160 million, which includes certain rights to receive services during the post-acquisition transition period. Direct acquisition costs were US$3 million. Goodwill of US$24 million has been provisionally recognized at December 31, 2009. The consideration paid for Monsanto's sunflower business in Spain will be recognized as a prepayment until European Union competition authority approval for the transaction is granted. Results of a professional valuation of acquired land and buildings are still awaited and the valuation of acquired seed inventories is not yet finalized. The most important factor contributing to the recognition of this goodwill is the expected value of revenue and cost synergies and other benefits from combining the acquired businesses with those of Syngenta.

During 2009, Syngenta also acquired: the 32% remaining minority equity interest in Koipesol Semillas S.A.; 100% of the shares of Circle One Global Inc., a US-based biological crop protection technology business; the remaining 50% of the shares of Goldsmith Seeds Europe B.V., the Netherlands-based business in which Goldsmith Seeds International Inc., acquired in November 2008, had a 50% equity interest; and 100% of the shares of Synergene Seed & Technology, Inc. and Pybas Vegetable Seed Co., Inc., two US-based lettuce seed companies. Because Goldsmith Seeds Europe B.V. and the two lettuce seed businesses were acquired close to the year end, all aspects of the purchase price allocation for those acquisitions are provisional. In aggregate, cash paid for the above acquisitions, excluding the Monsanto sunflower business, was US$35 million, and no material direct acquisition costs or goodwill were recognized in 2009.

At December 31, 2009, the assets and liabilities recognized in these business combinations and acquisitions of minority interest were as follows:

	Monsanto sunflower		Other acquisitions		Total
(US$ million)	Carrying amount	Fair value adjustments (provisional)	Carrying amount	Fair value adjustments (provisional)	Fair values (provisional)
Trade receivables and other current assets	4	–	5	–	9
Inventories	41	11	6	–	58
Property, plant and equipment	4	–	3	2	9
Intangible assets	–	69	–	11	80
Deferred tax and other liabilities	–	–	(6)	(5)	(11)
Net assets acquired	49	80	8	8	145
Less share of acquired entity already owned by Syngenta					(4)
Minority interest acquired					4
Syngenta AG shareholders' interest					145
Purchase price					190
Goodwill					25
Unallocated purchase price					20

Notes to the Syngenta Group Consolidated Financial Statements

3. Acquisitions, divestments and other significant transactions continued

Cash flow from these acquisitions was as follows:

(US$ million)	
Cash paid:	
Direct acquisition costs	**3**
Asset purchases	**150**
Share purchases	**38**
Total cash paid	**191**
Net cash acquired	**(3)**
Net cash outflow	**188**

Acquisitions 2008

On November 10, 2008, Syngenta purchased 100% of SPS Argentina S.A. (SPS), a company primarily specialized in the development, production and marketing of soybean, corn and sunflower. On November 19, 2008, Syngenta acquired 100% of Goldsmith Seeds, Inc. (Goldsmith). Goldsmith breeds, produces and sells a broad range of pot and bedding products, including major crops such as cyclamen, impatiens and petunia. On December 12, 2008, Syngenta acquired the pot and garden chrysanthemum and aster business of US flowers producer Yoder Brothers Inc. (Yoder). Chrysanthemums are one of the top five selling pot and garden flowers in the global industry. On these three acquisitions, direct acquisition costs incurred were US$5 million, goodwill was US$13 million, cash paid to date, net of cash acquired with these businesses, is US$140 million, and total purchase price is US$139 million after a US$6 million contingent consideration adjustment. The most important factor contributing to the recognition of goodwill on these acquisitions were the cost and revenue synergies anticipated from integrating the operations and net assets of the acquired businesses with Syngenta's existing operations. The main adjustments made in 2009 on finalizing the purchase price allocation compared to the amounts recognized at December 31, 2008 were a US$24 million increase in property, plant and equipment to reflect professional valuations, a US$25 million increase to value inventories and biological assets at fair value less costs to sell and recognition of US$25 million of related deferred tax liabilities.

Following a public offer to minority shareholders of Syngenta India Limited (SIL) made in 2007, Syngenta acquired a further 1.3% of SIL's share capital in January 2008. The total shareholding of Syngenta in SIL increased to 96.3%.

The assets and liabilities recognized in these business combinations and acquisitions of minority interest were as follows:

(US$ million)	Carrying amount	Fair value adjustments	Fair values
Trade receivables	19	–	19
Inventories	25	28	53
Property, plant and equipment	15	23	38
Intangible assets	–	62	62
Trade accounts payable	(14)	–	(14)
Deferred tax liabilities	(2)	(30)	(32)
Other	3	(5)	(2)
Net assets acquired	46	78	124
Minority interest acquired	2	–	2
Syngenta AG shareholders' interest	48	78	126
Purchase price			139
Goodwill			13

Cash flow from these acquisitions was as follows:

(US$ million)	
Cash paid:	
Direct acquisition costs	5
Asset purchases	37
Share purchases	103
Total cash paid	145
Net cash acquired	(5)
Net cash outflow	140

On April 3rd, 2008, Syngenta acquired a 49% share in the Chinese company Sanbei Seeds Co. Ltd., which specializes in the production and sale of high-quality, high-yielding corn seeds. The purchase price was US$36 million.

4. Segmental breakdown of key figures 2009 and 2008

Syngenta is organized on a worldwide basis into three reporting segments, which are reflected in internal management reporting. Syngenta early adopted IFRS 8 in 2007.

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 which may meet the criteria to be reported as separate segments in the future. 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. Except for the US$50 million non-recurring change of control payment received from Delta and Pine Land in 2007 relating to the license for Syngenta's VipCot technology, Syngenta has not generated material revenues from these activities to date. 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 manages its three segments separately because their current or future 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.

Net segment operating assets consist primarily of property, plant and equipment, intangible assets, inventories and receivables less operating liabilities. Unallocated items are those which, according to IFRS 8, do not meet the criteria for inclusion under one of the three reporting segments. They consist of cash and cash equivalents, financial debt, current assets and liabilities directly associated with financing (mainly derivatives) and current and deferred income taxes. Syngenta's Treasury operations are managed centrally and it is impracticable to allocate interest income and expense to segments.

The accounting policies of the segments described above are the same as those described in the summary of accounting policies.

Notes to the Syngenta Group Consolidated Financial Statements

4. Segmental breakdown of key figures 2009 and 2008 continued

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.

2009 (US$ million)	Crop Protection	Seeds	Business Development	Elimination[1]	Total
Product sales – to third parties	8,415	2,471	7	–	10,893
Royalty income – from third parties	5	93	1	–	99
Product sales – other segments	71	–	–	(71)	–
Total segment sales	**8,491**	**2,564**	**8**	**(71)**	**10,992**
Cost of goods sold	(4,274)	(1,363)	(15)	66	(5,586)
Gross profit	**4,217**	**1,201**	**(7)**	**(5)**	**5,406**
Marketing and distribution	(1,260)	(542)	(10)	–	(1,812)
Research and development	(512)	(368)	(80)	–	(960)
General and administrative	(515)	(203)	(20)	–	(738)
Restructuring and impairment	(61)	(58)	(11)	–	(130)
Operating income/(loss) – continuing operations	**1,869**	**30**	**(128)**	**(5)**	**1,766**
Included in the above operating income from continuing operations are:					
Personnel costs	(1,487)	(715)	(27)	–	(2,229)
Depreciation of property, plant and equipment	(168)	(71)	(4)	–	(243)
Amortization of intangible assets	(152)	(61)	(5)	–	(218)
Impairment of property, plant and equipment, intangible and financial assets	(7)	(10)	(8)	–	(25)
Other non-cash items including charges in respect of provisions	(152)	15	–	–	(137)
Gains/(losses) on hedges reported in operating income	111	(30)	–	–	81
Total assets	**10,379**	**3,582**	**125**	**2,610[2]**	**16,696**
Total liabilities	**3,177**	**1,353**	**8**	**5,003[2]**	**9,541**
Included in total assets are:					
Additions to property, plant and equipment	517	182	10	–	709
Additions to intangible assets	25	181	2	–	208
Total investments in associates and joint ventures	50	30	35	–	115

1 Intersegment elimination
2 Unallocated assets and liabilities

Assets and liabilities unallocated at December 31, 2009 are:

(US$ million)	Unallocated
Cash and cash equivalents	1,552
Income taxes recoverable (Note 9)	80
Financing derivatives	245
Deferred tax assets (Note 7)	660
Other current assets	73
Total assets	**2,610**
Current financial debt (Note 16)	281
Income taxes payable	376
Financing derivatives	62
Non-current financial debt (Note 18)	3,303
Deferred tax liabilities (Note 7)	884
Other current liabilities	97
Total liabilities	**5,003**

2008 (US$ million)	Crop Protection	Seeds	Business Development	Elimination [1]	Total
Product sales – to third parties	9,151	2,337	10	–	11,498
Royalty income – from third parties	7	105	14	–	126
Product sales – other segments	73	–	–	(73)	–
Total segment sales	9,231	2,442	24	(73)	11,624
Cost of goods sold	(4,425)	(1,331)	(18)	61	(5,713)
Gross profit	4,806	1,111	6	(12)	5,911
Marketing and distribution	(1,474)	(555)	(10)	–	(2,039)
Research and development	(556)	(343)	(70)	–	(969)
General and administrative	(655)	(173)	(21)	–	(849)
Restructuring and impairment	(83)	(76)	(37)	–	(196)
Operating income/(loss) – continuing operations	2,038	(36)	(132)	(12)	1,858
Included in the above operating income from continuing operations are:					
Personnel costs	(1,513)	(646)	(20)	–	(2,179)
Depreciation of property, plant and equipment	(185)	(54)	(3)	–	(242)
Amortization of intangible assets	(149)	(27)	(5)	–	(181)
Impairment of property, plant and equipment and intangible assets	(32)	(3)	–	–	(35)
Impairment of financial assets	–	–	(41)	–	(41)
Other non-cash items including charges in respect of provisions	(223)	(69)	1	–	(291)
Gains/(losses) on hedges reported in operating income	(114)	15	–	–	(99)
Total assets	9,782	3,087	115	1,600 [2]	14,584
Total liabilities	3,426	1,235	13	4,009 [2]	8,683
Included in total assets are:					
Additions to property, plant and equipment	290	188	7	–	485
Additions to intangible assets	146	353	8	–	507
Total investments in associates and joint ventures	67	31	36	–	134

1 Intersegment elimination
2 Unallocated assets and liabilities

Assets and liabilities unallocated at December 31, 2008 are:

(US$ million)	Unallocated
Cash and cash equivalents	803
Income taxes recoverable (Note 9)	33
Financing derivatives	152
Deferred tax assets (Note 7)	514
Other current assets	98
Total assets	1,600
Current financial debt (Note 16)	211
Income taxes payable	322
Financing derivatives	113
Non-current financial debt (Note 18)	2,524
Deferred tax liabilities (Note 7)	659
Other current liabilities	180
Total liabilities	4,009

4. Segmental breakdown of key figures 2009 and 2008 continued

Summarized additional information on the nature of expenses for the years ended December 31, 2009 and 2008 is as follows:

(US$ million)	**2009**	2008
Salaries, short-term employee benefits and other personnel expense	**1,996**	2,013
Pension and other post-employment benefit expense	**169**	117
Share based payment expense	**64**	49
Total personnel costs	**2,229**	2,179
Depreciation of property, plant and equipment	**243**	242
Impairment of property, plant and equipment	**6**	17
Amortization of intangible assets	**218**	181
Impairment of intangible assets	**11**	18

5. Regional breakdown of key figures 2009 and 2008

2009 (US$ million)	**NAFTA**	**Europe & AME[2]**	**Latin America**	**Asia Pacific**	**Total**
Sales[1]	**3,726**	**3,581**	**2,134**	**1,551**	**10,992**
Total non-current assets[3]	**1,758**	**3,745**	**255**	**457**	**6,215**
Additions to property, plant and equipment	**177**	**412**	**58**	**62**	**709**
Additions to intangible assets	**23**	**185**	**(2)**	**2**	**208**

2008 (US$ million)	NAFTA	Europe & AME[2]	Latin America	Asia Pacific	Total
Sales[1]	3,633	4,290	2,245	1,456	11,624
Total non-current assets[3]	1,716	3,397	151	406	5,670
Additions to property, plant and equipment	179	219	43	44	485
Additions to intangible assets	70	391	34	12	507

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

The following countries individually accounted for more than 5% of one or more of the respective Syngenta totals for the years ended December 31, 2009 and 2008 or at December 31, 2009 or 2008.

(US$ million, except %)	Sales[1]				Total non-current assets[2]			
Country	**2009**	**%**	2008	%	**2009**	**%**	2008	%
Switzerland	**66**	**1**	96	1	**2,753**	**44**	2,580	46
UK	**183**	**2**	260	2	**514**	**8**	376	7
USA	**2,993**	**27**	2,905	25	**1,658**	**27**	1,638	29
France	**666**	**6**	691	6	**145**	**2**	133	2
Brazil	**1,551**	**14**	1,537	13	**187**	**3**	91	2
Germany	**492**	**4**	636	5	**26**	**–**	22	–
Others	**5,041**	**46**	5,499	48	**932**	**16**	830	14
Total	**10,992**	**100**	11,624	100	**6,215**	**100**	5,670	100

(US$ million, except %)	Additions to property, plant and equipment				Additions to intangible assets			
Country	**2009**	**%**	2008	%	**2009**	**%**	2008	%
Switzerland	**225**	**32**	96	20	**157**	**75**	395	78
UK	**130**	**18**	54	11	**–**	**–**	–	–
USA	**159**	**22**	163	34	**13**	**6**	70	14
France	**17**	**2**	19	4	**13**	**6**	–	–
Brazil	**42**	**6**	29	6	**–**	**–**	1	–
Germany	**4**	**1**	2	–	**1**	**1**	–	–
Others	**132**	**19**	122	25	**24**	**12**	41	8
Total	**709**	**100**	485	100	**208**	**100**	507	100

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

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

Notes to the Syngenta Group Consolidated Financial Statements

6. Restructuring and impairment

Restructuring and impairment for the years ended December 31, 2009 and 2008 consists of the following:

(US$ million)	**2009**	2008
Cash costs		
Operational efficiency programs:		
Charged to provisions	**22**	42
Expensed as incurred	**76**	37
Integration and acquisition costs:		
Charged to provisions	**3**	40
Expensed as incurred	**25**	6
Non-cash restructuring and impairment costs	**49**	82
Divestment and other non-cash restructuring gains	**(26)**	(2)
Total restructuring and impairment[1]	**149**	205

1 US$17 million (2008: US$9 million) is included within cost of goods sold and US$2 million (2008: US$ nil) is included within income/(loss) from associates and joint ventures

Restructuring represents the effect on reported performance of initiating business changes which are considered major and which, 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 effects of completing and integrating significant business combinations and divestments. Restructuring and impairment includes impairment costs associated with major restructuring and also impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

2009

Operational efficiency cash costs of US$98 million includes US$15 million for site closure costs in NAFTA, US$18 million for further outsourcing of information systems and US$55 million for the continuation of the standardization and consolidation of global back office operations across Crop Protection and Seeds.

Integration and acquisition costs of US$28 million relate mainly to the Goldsmith and Yoder acquisitions made in 2008 and to the continuing integration and synergy program of the Fischer group.

Non-cash restructuring and impairment costs includes US$17 million of reversal of inventory step-up related mainly to the Goldsmith acquisition, US$16 million of available-for-sale financial asset impairments and US$16 million of fixed asset write-offs in addition to various insignificant restructuring charges. Divestment and other non-cash restructuring gains includes US$9 million relating to the sale of an available-for-sale financial asset, US$10 million to the recognition of a reimbursement receivable for a product right impairment and US$7 million to negative goodwill realized on the Goldsmith acquisition.

2008

During 2008, restructuring charges of US$19 million were incurred by Crop Protection under the Operational Efficiency program announced in February 2007, including US$7 million for the restructuring of the segment's product development function. Seeds incurred charges under the program of US$11 million, including US$6 million for the continued restructuring of the NAFTA Corn & Soybean marketing and sales organizations. Costs expensed as incurred under the program related to Crop Protection and Seeds and consisted mainly of US$13 million for headquarter and information systems restructuring charges and US$24 million for further standardization and consolidation of back office operations.

Seeds integration costs of US$46 million related mainly to the integration and synergy program of the Fischer group, which was acquired in 2007, including severance and redundancy charges of approximately US$32 million.

Non-cash restructuring and impairment costs included US$17 million of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations. An additional US$17 million of impairments of intangible assets was due to accelerated amortization of a lease related to a Crop Protection development site, now closed. A further US$37 million related to impairments of available-for-sale financial assets mainly from a significant decline in the share price of Verenium (previously Diversa) Corporation. US$9 million reversal of inventory step-up included within non-cash restructuring and impairment costs related largely to the Zeraim Gedera acquisition.

7. Income taxes

Income before taxes from continuing operations consists of the following:

(US$ million)	2009	2008
Switzerland	**1,093**	900
Foreign	**548**	792
Total income before taxes and minority interests	**1,641**	1,692

Income tax (expense)/benefit on income from continuing operations consists of the following:

(US$ million)	2009	2008
Current income tax (expense)		
Switzerland	**(32)**	(148)
Foreign	**(160)**	(113)
Total current income tax (expense)	**(192)**	(261)
Deferred income tax (expense)/benefit		
Switzerland	**(169)**	(32)
Foreign	**94**	(14)
Total deferred income tax (expense)/benefit	**(75)**	(46)
Total income tax (expense)		
Switzerland	**(201)**	(180)
Foreign	**(66)**	(127)
Total income tax (expense)	**(267)**	(307)

The components of current income tax (expense) on income from continuing operations are:

(US$ million)	2009	2008
Current tax (expense) relating to current years	**(209)**	(417)
Adjustments to current tax for prior periods	**3**	154
Benefit of previously unrecognized tax losses	**14**	2
Total current income tax (expense)	**(192)**	(261)

Notes to the Syngenta Group Consolidated Financial Statements

7. Income taxes continued

Adjustments to current tax for prior periods in 2008 relate to the conclusion with outcomes more favorable than anticipated of several taxation audits and Advance Pricing Agreements (APAs) with tax authorities during the year. Approximately US$124 million relate to tax audits completed and liabilities extinguished by expiration of the statute of limitations in 2008, covering years from 2002 to 2006.

The components of deferred income tax (expense)/benefit on income from continuing operations are:

(US$ million)	2009	2008
Origination and reversal of temporary differences	(121)	(45)
Changes in tax rates or legislation	2	(1)
Benefit of previously unrecognized tax losses	2	–
Reversal of write down of deferred tax assets	42	–
Total deferred income tax (expense)/benefit	**(75)**	(46)

Income tax relating to other comprehensive income for the years ended December 31, 2009 and 2008 is as follows:

	2009			2008		
(US$ million)	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
Available-for-sale financial assets	(18)	2	(16)	9	(1)	8
Cash flow and net investment hedges	72	(6)	66	(34)	(33)	(67)
Foreign currency translation effects	289	–	289	(443)	–	(443)
Retained earnings	1,374	38	1,412	1,385	8	1,393
Total	**1,717**	**34**	**1,751**	917	(26)	891

The following tax was (charged)/credited to shareholders' equity:

(US$ million)	2009	2008
Current tax [1]	6	20
Deferred tax [1]	10	(39)
Total income tax (charged)/credited to equity	**16**	(19)

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. Syngenta's statutory rate consists of the domestic Swiss tax rate, which decreased over the years due to changes in tax rates in certain Swiss cantons. Syngenta applies the domestic Swiss tax rate as it is more meaningful than using the weighted average tax rate.

The main elements contributing to the difference between Syngenta's overall expected tax rate and the effective tax rate on income from continuing operations are:

	2009 %	2008 %
Statutory tax rate	23	25
Effect of income taxed at different rates	(5)	(5)
Tax on share based payment	1	2
Effect of other disallowed expenditures and income not subject to tax	(3)	(2)
Effect of reversal of write down of deferred tax assets	(3)	–
Effect of non-recognition of deferred tax assets	1	4
Changes in prior year estimates and other items	2	(6)
Effective tax rate	**16**	18

The movements in deferred tax assets and liabilities during 2009 were as follows:

2009 (US$ million)	January 1	Recognized in net income	Recognized in equity & OCI	Currency translation effects	Other movements & acquisitions	December 31
Assets associated with:						
Inventories	342	(7)	37	2	1	375
Accounts receivable	74	17	–	16	–	107
Property, plant and equipment	5	(1)	–	–	–	4
Pensions and employee costs	37	(12)	10	1	–	36
Provisions	219	–	–	2	–	221
Unused tax losses	30	–	–	12	–	42
Financial instruments, including derivatives	46	(4)	(7)	–	(2)	33
Other	52	6	–	2	(5)	55
Deferred tax assets	805	(1)	40	35	(6)	873
Liabilities associated with:						
Property, plant and equipment	236	33	–	10	5	284
Intangible assets	327	(82)	–	2	15	262
Pensions and employee costs	116	(8)	–	9	–	117
Inventories	66	56	–	10	9	141
Financial instruments, including derivatives	53	8	3	–	–	64
Other provisions and accruals	111	82	–	(5)	–	188
Other	41	(15)	–	12	3	41
Deferred tax liabilities	950	74	3	38	32	1,097
Net deferred tax asset/(liability)	(145)	(75)	37	(3)	(38)	(224)

Notes to the Syngenta Group Consolidated Financial Statements

7. Income taxes continued

The movements in deferred tax assets and liabilities during 2008 were as follows:

2008 (US$ million)	January 1	Recognized in net income	Recognized in equity & OCI	Currency translation effects	Other movements & acquisitions	December 31
Assets associated with:						
Inventories	364	50	(67)	3	(8)	342
Accounts receivable	55	43	–	(24)	–	74
Property, plant and equipment	12	(6)	–	(1)	–	5
Pensions and employee costs	91	(13)	(39)	–	(2)	37
Provisions	243	(8)	–	(10)	(6)	219
Unused tax losses	69	(28)	–	(11)	–	30
Financial instruments, including derivatives	34	5	(4)	(1)	12	46
Other	69	(22)	(1)	5	1	52
Deferred tax assets	937	21	(111)	(39)	(3)	805
Liabilities associated with:						
Property, plant and equipment	225	26	–	(16)	1	236
Intangible assets	381	(44)	–	(4)	(6)	327
Pensions and employee costs	108	37	–	(21)	(8)	116
Inventories	86	6	–	(18)	(8)	66
Financial instruments, including derivatives	36	(17)	21	1	12	53
Other provisions and accruals	18	81	3	9	–	111
Other	66	(22)	–	(7)	4	41
Deferred tax liabilities	920	67	24	(56)	(5)	950
Net deferred tax asset/(liability)	17	(46)	(135)	17	2	(145)

The deferred tax assets and liabilities at December 31, 2009 and 2008 reconcile to the amounts presented in the consolidated balance sheet as follows:

(US$ million)	**2009**	2008
Deferred tax assets	**873**	805
Adjustment to offset deferred tax assets and liabilities [1]	**(213)**	(291)
Adjusted deferred tax assets	**660**	514

(US$ million)	**2009**	2008
Deferred tax liabilities	**1,097**	950
Adjustment to offset deferred tax assets and liabilities [1]	**(213)**	(291)
Adjusted deferred tax liabilities	**884**	659

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, 2009 and 2008 of unused tax loss carry forwards for which no deferred tax asset has been recognized by expiration date is as follows:

(US$ million)	**2009**	2008
One year	**24**	7
Two years	**9**	7
Three years	**20**	23
Four years	**13**	4
Five years	**19**	18
More than five years	**694**	537
No expiry	**41**	61
Total	**820**	657

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% 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 on the following items:

(US$ million)	**2009**	2008
Temporary differences for which no deferred tax assets have been recognized	**508**	524
Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized	**516**	158

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

Notes to the Syngenta Group Consolidated Financial Statements

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 2009 and 2008 excluded 226,897 and 288,552 respectively of Syngenta AG shares and options granted to employees, as their inclusion would have been antidilutive.

(US$ million, except number of shares)	2009	2008
Net income attributable to Syngenta AG shareholders	**1,371**	1,385
Weighted average number of shares		
Weighted average number of shares – basic	**93,154,537**	93,916,415
Adjustments for dilutive potential ordinary shares:		
Grants of options over Syngenta AG shares under employee share participation plans	**478,964**	662,703
Grants of Syngenta AG shares under employee share participation plans	**126,695**	117,644
Weighted average number of shares – diluted	**93,760,196**	94,696,762

9. Trade and other accounts receivable

Trade and other accounts receivable at December 31, 2009 and 2008 are as follows:

(US$ million)	2009	2008
Trade accounts receivable, gross	**2,857**	2,668
Provision for doubtful receivables	**(351)**	(357)
Total trade receivables, net	**2,506**	2,311

Movements in provisions for doubtful trade receivables for the years ended December 31, 2009 and 2008 were as follows:

(US$ million)	2009	2008
January 1	**(357)**	(343)
Additions charged to income	**(12)**	(90)
Amounts written off	**58**	30
Currency translation effects and other	**(40)**	46
December 31	**(351)**	(357)

The ages of trade and other receivables that were past due at December 31, 2009 and 2008 but not impaired, were as follows:

2009 (US$ million)	Total past due	0–90 days	90–180 days	More than 180 days
Trade accounts receivable, gross	502	228	41	233
Other receivables	162	73	23	66
Provision for doubtful receivables	(224)	(14)	(14)	(196)
Total	440	287	50	103

2008 (US$ million)	Total past due	0–90 days	90–180 days	More than 180 days
Trade accounts receivable, gross	559	319	52	188
Other receivables	258	189	33	36
Provision for doubtful receivables	(222)	(32)	(20)	(170)
Total	595	476	65	54

The major factors affecting the credit quality of receivables which are neither overdue nor impaired are as follows: receivables are due mainly from agricultural distributors; Syngenta's customers vary in size and nature from large entities with public stock exchange listings to small-medium size owner managed businesses, and are based throughout the world; Syngenta's products are consumed mainly by growers and the timing and amount of cash inflows received by growers may be impacted by crop yields and prices which can vary from year to year. At the reporting date there are no indications that these debtors will not meet their payment obligations. At December 31, 2009, original credit terms on US$71 million (2008: US$98 million) of receivables had been rescheduled.

The amount of trade receivables transferred in full recourse factoring arrangements, but not derecognized is US$102 million (2008: US$76 million). The related liabilities are disclosed in Note 16.

The fair value of trade receivables containing embedded exchange rate options which Syngenta has designated as at fair value through profit or loss at December 31, 2009 was US$72 million (2008: US$103 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, 2009 and 2008 were not material.

Other accounts receivable of US$558 million (2008: US$479 million) include income taxes recoverable of US$80 million (2008: US$33 million).

10. Other current assets

Other current assets at December 31, 2009 and 2008 are as follows:

(US$ million)	2009	2008
Prepaid expenses	167	156
Other	33	34
Total	200	190

Notes to the Syngenta Group Consolidated Financial Statements

11. Inventories

Inventories at December 31, 2009 and 2008 are as follows:

(US$ million)	2009	2008
Raw materials and consumables	**1,028**	869
Biological assets	**36**	28
Work in progress	**1,236**	890
Finished products	**1,622**	1,669
Total	**3,922**	3,456

Cost of inventories against which provisions have been made	**526**	449
Inventories carried at fair value less costs to sell	**264**	206

Movements in provisions for inventories for the years ended December 31, 2009 and 2008 were as follows:

(US$ million)	2009	2008
January 1	**(271)**	(261)
Additions charged to income	**(220)**	(140)
Reversals of inventory provisions	**30**	31
Amounts utilized on disposal of related inventories	**98**	90
Currency translation effects and other	**65**	9
December 31	**(298)**	(271)

Reversals of inventory provisions 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 subject to risks of degradation and obsolescence.

Movements in biological assets for the years ended December 31, 2009 and 2008 were as follows:

(US$ million)	2009	2008
January 1	**28**	25
Changes in fair value	**138**	126
Sales	**(134)**	(127)
Currency translation effects and other	**4**	4
December 31	**36**	28

Quantities of biological assets in inventories at December 31, 2009 and 2008 were:

(millions of plants)	2009	2008
Plants	**82**	90
Cuttings	**481**	364

12. Property, plant and equipment

Movements in property, plant and equipment for the year ended December 31, 2009 were as follows:

2009 (US$ million)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	105	1,478	3,213	221	5,017
Additions	21	42	212	434	709
Disposals	(1)	(19)	(154)	–	(174)
Transfers between categories	9	55	133	(197)	–
Currency translation effects and other	(1)	90	128	19	236
December 31	133	1,646	3,532	477	5,788
Accumulated depreciation and impairment losses					
January 1	–	(781)	(2,048)	–	(2,829)
Depreciation charge	–	(55)	(188)	–	(243)
Impairment losses	–	(4)	(2)	–	(6)
Depreciation on disposals	–	14	145	–	159
Currency translation effects and other	–	(45)	(86)	–	(131)
December 31	–	(871)	(2,179)	–	(3,050)
Net book value – December 31	133	775	1,353	477	2,738
Insured value – December 31	131	2,363	3,844	247	6,585

Additions to property, plant and equipment of US$709 million (2008: US$485 million) comprise US$652 million (2008: US$444 million) of cash purchases, US$28 million (2008: US$14 million) due to business combinations and US$29 million (2008: US$27 million) of other additions, including 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, 2009 was US$101 million (2008: US$47 million) of which US$60 million (2008: US$47 million) is classified as Machinery and equipment and US$41 million (2008: US$nil) is classified as Assets under construction.

Notes to the Syngenta Group Consolidated Financial Statements

12. Property, plant and equipment continued

Movements in property, plant and equipment for the year ended December 31, 2008 were as follows:

2008 (US$ million)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	131	1,502	3,575	190	5,398
Additions	12	52	213	208	485
Disposals	(1)	(28)	(169)	–	(198)
Assets reclassified as held for sale [1]	–	(19)	(186)	–	(205)
Transfers between categories	–	58	102	(160)	–
Currency translation effects and other	(37)	(87)	(322)	(17)	(463)
December 31	105	1,478	3,213	221	5,017
Accumulated depreciation and impairment losses					
January 1	(2)	(826)	(2,432)	–	(3,260)
Depreciation charge	–	(54)	(188)	–	(242)
Impairment losses	(10)	(4)	(3)	–	(17)
Depreciation on disposals	–	27	149	–	176
Depreciation on assets reclassified as held for sale [1]	–	19	181	–	200
Currency translation effects and other	12	57	245	–	314
December 31	–	(781)	(2,048)	–	(2,829)
Net book value – December 31	105	697	1,165	221	2,188
Insured value – December 31	120	3,029	3,368	120	6,637

1 Assets reclassified as held for sale include the Cold Creek site in the USA

13. Intangible assets

Movements in intangible assets for the year ended December 31, 2009 were as follows:

2009 (US$ million)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,559	2,956	58	70	266	486	5,395
Additions from business combinations	44	32	16	(11)	–	30	111
Other additions	–	55	–	–	37	5	97
Currency translation effects and reclassifications	14	39	8	25	10	(24)	72
December 31	1,617	3,082	82	84	313	497	5,675
Accumulated amortization and impairment losses							
January 1	(318)	(1,552)	(21)	(37)	(154)	(230)	(2,312)
Amortization charge	–	(152)	(5)	(7)	(27)	(27)	(218)
Impairment losses	–	(11)	–	–	–	–	(11)
Currency translation effects and reclassifications	(4)	(15)	(1)	1	(6)	(7)	(32)
December 31	(322)	(1,730)	(27)	(43)	(187)	(264)	(2,573)
Net book value, December 31	1,295	1,352	55	41	126	233	3,102

Other additions in 2009 and 2008 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$97 million (2008: 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, peat extraction rights and customer relationships acquired in business combinations.

Movements in intangible assets for the year ended December 31, 2008 were as follows:

2008 (US$ million)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,567	2,637	58	47	199	396	4,904
Additions from business combinations	19	1	–	10	–	70	100
Other additions	–	321	–	1	57	28	407
Currency translation effects	(27)	(3)	–	12	10	(8)	(16)
December 31	1,559	2,956	58	70	266	486	5,395
Accumulated amortization and impairment losses							
January 1	(326)	(1,415)	(17)	(26)	(137)	(193)	(2,114)
Amortization charge	–	(130)	(4)	(9)	(14)	(24)	(181)
Impairment losses	(1)	–	–	–	–	(17)	(18)
Currency translation effects	9	(7)	–	(2)	(3)	4	1
December 31	(318)	(1,552)	(21)	(37)	(154)	(230)	(2,312)
Net book value, December 31	1,241	1,404	37	33	112	256	3,083

Notes to the Syngenta Group Consolidated Financial Statements

14. Other non-current financial assets

Other non-current financial assets at December 31, 2009 and 2008 are as follows:

(US$ million)	2009	2008
Equity securities available-for-sale	**51**	117
Other non-current receivables	**209**	148
Investments in associates and joint ventures	**115**	134
Total	**375**	399

None of Syngenta's investments in associates and joint ventures are publicly quoted. At December 31, 2009, these investments consist mainly of US$49 million (2008: US$66 million) for a 50% ownership of CIMO Compagnie Industrielle de Monthey SA, Switzerland, US$35 million for the 49% ownership of Sanbei Seeds Co. Ltd., China (2008: US$36 million) and US$26 million (2008: US$23 million) for a 40% ownership of Maisadour Semences SA, France. Income statement effects are not significant.

Changes in equity securities classified as available-for-sale for the years ended December 31, 2009 and 2008 are as follows:

(US$ million)	2009	2008
January 1	**117**	131
Changes in fair value	**(18)**	9
Disposals	**(50)**	(4)
Impairments	**(7)**	(37)
Additions and currency translation effects	**9**	18
December 31	**51**	117

15. Trade accounts payable

The contractual maturities of trade accounts payable at December 31, 2009 and 2008 are as follows:

(US$ million)	Total	0–90 days	90–180 days	180 days–1 year
2009	**2,468**	**1,476**	**174**	**818**
2008	2,240	1,612	59	569

16. Current financial debt

Current financial debt at December 31, 2009 and 2008 is as follows:

(US$ million)	2009	2008
Bank and other financial debt	176	112
Receivables factored with recourse	102	76
Current portion of financial debt (Note 18)	3	23
Total	281	211

The weighted average interest rate on the current bank and other financial debt, including the current portion of non-current financial debt, was 1.8% per annum and 4.4% per annum in 2009 and 2008 respectively. The weighted average interest rate includes the cost of financing emerging market borrowings.

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, 2009, Syngenta has no borrowing under this facility. The Credit Facility provides that the interest rate is based on either LIBOR or EURIBOR, depending upon the currency of the underlying borrowing, plus a margin and mandatory costs. In addition to interest payments, Syngenta is obligated to pay certain variable commitment fees based upon its long-term credit rating ranging from 0.03% to 0.06% of the unused amount throughout the term of the facility.

The contractual maturities of current financial debt at December 31, 2009 and 2008 are as follows:

(US$ million)	Total	0–90 days	90–180 days	180 days–1 year
2009	281	130	12	139
2008	211	69	12	130

17. Other current liabilities

Other current liabilities at December 31, 2009 and 2008 consist of the following:

(US$ million)	2009	2008
Accrued short-term employee benefits	263	322
Taxes other than income taxes	88	72
Accrued interest payable	57	41
Accrued utility costs	51	42
Social security and pension contributions	61	46
Other payables	123	146
Other accrued expenses	184	165
Total	827	834

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

2009 (US$ million)	Total	0–90 days	90–180 days	180 days–1 year
Derivative liabilities	145	104	25	16
Other current liabilities	827	484	180	163
Total	972	588	205	179

2008 (US$ million)	Total	0–90 days	90–180 days	180 days–1 year
Derivative liabilities	457	329	57	71
Other current liabilities	834	505	246	83
Total	1,291	834	303	154

18. Financial debt and other non-current liabilities

Financial debt and other non-current liabilities at December 31, 2009 and 2008 are as follows:

(US$ million)	**2009**	2008
Unsecured bond issues and US private placement notes	**3,255**	2,496
Liabilities to banks and other financial institutions	**16**	14
Finance lease obligations	**35**	37
Total financial debt (including current portion)	**3,306**	2,547
Less: current portion of financial debt (Note 16)	**(3)**	(23)
Non-current derivative financial liabilities	**65**	125
Other non-current liabilities and deferred income	**159**	220
Total	**3,527**	2,869

Other non-current liabilities and deferred income relate to license agreements with several counterparties. Related cash flows of US$45 million (2008: US$76 million) are payable between one and four years and US$114 million of deferred income at December 31, 2009 (2008: US$144 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 was 4.9% per annum (2008: 5.3% per annum).

The weighted average interest rate on the combined current and non-current bank and other financial debt was 4.2% per annum and 5.1% per annum in 2009 and 2008 respectively. The weighted average interest rate includes the cost of financing emerging market borrowings.

During 2009, Syngenta issued a Euro denominated bond with principal amount of EUR 500 million. The bond has a maturity of June 2014 and a coupon rate of 4.00%.

During 2008, Syngenta issued two Swiss franc domestic bonds with principal amounts of CHF 500 million and CHF 375 million. The CHF 500 million bond has a maturity of April 2013 and a coupon rate of 3.375%. The CHF 375 million bond has a maturity of December 2012 and a coupon rate of 3.500%. See Note 29 for details of hedging activity relating to bond liabilities.

The terms and debt repayment schedule of current and non-current financial debt at December 31, 2009 and 2008 is as follows:

2009 (US$ million)	Total	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	10–20 years	20–30 years
4.125% Eurobond 2011	719	–	719	–	–	–	–	–	–
4.000% Eurobond 2014	714	–	–	–	–	714	–	–	–
4.125% Eurobond 2015	718	–	–	–	–	–	718	–	–
US private placement notes	261	–	–	–	–	–	–	161	100
3.375% CHF domestic bond 2013	482	–	–	–	482	–	–	–	–
3.500% CHF domestic bond 2012	361	–	–	361	–	–	–	–	–
Amounts owing to banks under various loan and overdraft facilities, in various currencies and at various interest rates	192	176	10	4	–	–	2	–	–
Finance lease obligations	35	3	9	13	7	1	2	–	–
Receivables factored with recourse	102	102	–	–	–	–	–	–	–
Total	**3,584**	**281**	**738**	**378**	**489**	**715**	**722**	**161**	**100**

2008 (US$ million)	Total	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	10–20 years	20–30 years
4.125% Eurobond 2011	702	–	–	702	–	–	–	–	–
4.125% Eurobond 2015	699	–	–	–	–	–	699	–	–
US private placement notes	274	–	–	–	–	–	–	174	100
3.375% CHF domestic bond 2013	469	–	–	–	–	469	–	–	–
3.500% CHF domestic bond 2012	352	–	–	–	352	–	–	–	–
Amounts owing to banks under various loan and overdraft facilities, in various currencies and at various interest rates	126	116	10	–	–	–	–	–	–
Finance lease obligations	37	19	13	5	–	–	–	–	–
Receivables factored with recourse	76	76	–	–	–	–	–	–	–
Total	2,735	211	23	707	352	469	699	174	100

Interest paid on long-term financial debt was US$98 million and US$78 million in 2009 and 2008, respectively. All non-current debt ranks equally.

Notes to the Syngenta Group Consolidated Financial Statements

19. Provisions

Provisions at December 31, 2009 and 2008 are as follows:

(US$ million)	2009	2008
Restructuring provisions	44	102
Employee benefits:		
Pensions (Note 22)	159	147
Other post-retirement benefits (Note 22)	41	32
Other long-term employee benefits	59	50
Environmental provisions (Note 25)	405	432
Provisions for legal and product liability settlements (Note 25)	196	199
Other provisions	129	129
Total	**1,033**	1,091

Current portion of:		
Restructuring provisions	26	70
Employee benefits	16	16
Environmental provisions	48	59
Provisions for legal and product liability settlements	14	15
Other provisions	50	10
Total current provisions	154	170
Total non-current provisions	879	921
Total	**1,033**	1,091

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.

In some cases Syngenta will seek reimbursement, most commonly in relation to environmental issues where contamination may have been caused when a manufacturing site was under previous ownership. Syngenta has recognized a receivable for the reimbursement when recovery is judged to be virtually certain. At December 31, 2009, Syngenta recognized US$41 million (2008: US$40 million) in "Other non-current financial assets" in respect of expected reimbursements.

Provisions for legal and product liability settlements include provisions for numerous legal matters. For claims which according to Syngenta's reasonable assessment are unfounded, Syngenta has provided for the costs of defense only. For claims where an outcome unfavorable to Syngenta is reasonably assessed as more likely than not, provision has been made for the estimated amount of damages and settlement, including legal costs. No provision has or can be made where the legal procedures are at too early a stage to estimate with any reliability the outcome. Significant legal proceedings are discussed in Note 25 below. With regards to those proceedings other than those settled in 2009, 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 2009. There can, however, be no guarantee that the ultimate outcome will be in line with Syngenta's current view.

The following table analyzes the movement in provisions during the year ended December 31, 2009:

(US$ million)	Balance at January 1, 2009	Charged to income	Release of provisions credited to income	Payments	Reclassi-fications	Currency translation effects	Balance at December 31, 2009
Restructuring provisions:							
Employee termination costs	67	15	(9)	(49)	3	1	28
Other third party costs	35	25	(11)	(30)	(3)	–	16
Employee benefits:							
Pensions	147	120	(1)	(125)	14	4	159
Other post-retirement benefits	32	15	–	(10)	2	2	41
Other long-term employee benefits	50	6	–	(9)	11	1	59
Environmental provisions	432	14	(15)	(36)	2	8	405
Provisions for legal and product liability settlements	199	33	(40)	(16)	7	13	196
Other provisions	129	55	(48)	(10)	1	2	129
Total	**1,091**	**283**	**(124)**	**(285)**	**37**	**31**	**1,033**

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, 2009 and 2008, were as follows. There were no shares authorized but unissued.

	2009		2008	
(Millions of shares)	Shares in issue	Treasury shares held	Shares in issue	Treasury shares held
January 1	97.0	(4.0)	100.8	(6.1)
Cancellation of treasury shares	(2.4)	2.4	(3.8)	3.8
Share repurchases	–	(0.6)	–	(2.6)
Issue of ordinary shares under employee share purchase and option plans	–	0.6	–	0.9
December 31	**94.6**	**(1.6)**	97.0	(4.0)

At December 31, 2009 and 2008 Syngenta had no open options accounted for as equity instruments.

Notes to the Syngenta Group Consolidated Financial Statements

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, 2009 and 2008:

(US$ million)	2009	2008
Depreciation, amortization and impairment of:		
Property, plant and equipment (Note 12)	**249**	259
Intangible assets (Note 13)	**229**	199
Financial assets	**8**	41
Deferred revenue and gains	**(47)**	–
Gains on disposal of non-current assets	**(23)**	(4)
Charge in respect of share based compensation	**64**	49
Charges in respect of provisions (Note 19)	**159**	200
Income in respect of reimbursements of provisions	**(15)**	(36)
Net financial expenses	**122**	169
(Gains)/losses on hedges reported in operating income	**(81)**	99
Share of net loss/(gain) from associates	**3**	(3)
Total	**668**	973

22. Post-employment benefits

Syngenta has, apart from legally required social security arrangements, numerous independent pension plans, which are either “defined contribution” plans where the company contribution 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$33 million for the year ended December 31, 2009 (2008: US$25 million). A US$16 million receivable and reduction in expense, representing Syngenta’s share of excess contributions paid in prior years to its defined contribution plan in Brazil, was recognized in 2009 following regulatory changes which confirmed Syngenta’s right to reduce its future contributions to the plan by this amount. Approximately 50% of employees are members of defined benefit plans and a significant proportion are members of both defined benefit and defined contribution plans. All of the major plans are funded through legally separate trustee administered funds. The cash funding of the 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 was closed to new members effective January 1, 2002, but the majority of members still have defined benefit rights based on final pensionable pay. At retirement date, members have the right to take up to 25% 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% and price inflation, as measured by the UK Retail Price Index (RPI). 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.

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 trustees’ discretion. At retirement date, members have the right to take 25% of their retirement benefit as a lump sum, with the balance converted to a fixed annuity at the rates defined in the fund rules. The trustees may increase the annuity at their discretion subject to the plan’s funded status including sufficient free funds according to Swiss statutory valuation rules.

Syngenta’s main US defined benefit pension plan was closed to new members with effect from January 1, 2009. Employees joining after that date join a defined contribution pension plan. The defined benefits of existing members were not affected by this change. The plan offers these members the choice of taking all their retirement benefits, which are based on the average pay of the final ten years’ service, as a lump sum or as a fixed annuity at retirement date. Employer contributions 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 assuming the annuity option is taken.

The status of Syngenta’s defined benefit plans at December 31, 2009 and 2008 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.

(US$ million)	2009	2008
Benefit obligations		
January 1	3,882	4,713
Current service cost	77	93
Employee contributions	35	26
Interest cost	211	195
Actuarial (gain)/loss	469	(354)
Benefit payments	(180)	(193)
Currency translation effects	220	(598)
December 31	4,714	3,882
Of which arising from:		
Funded plans	4,565	3,742
Wholly unfunded plans	149	140

(US$ million)	2009	2008
Plan assets at fair value		
At January 1	3,556	4,669
Actual return on plan assets	570	(456)
Employer contributions	148	140
Employee contributions	35	26
Benefit payments	(180)	(193)
Currency translation effects and other	211	(630)
December 31	4,340	3,556

Actual return on plan assets can be analyzed as follows:

(US$ million)	2009	2008
Expected return on plan assets	212	222
Actuarial gain/(loss)	358	(678)
Total	570	(456)

Notes to the Syngenta Group Consolidated Financial Statements

22. Post-employment benefits continued

(US$ million)	2009	2008
Funded status	(374)	(326)
Unrecognized actuarial loss	916	812
Unrecognized past service cost/(gain)	(24)	(27)
Limitation on recognition of surplus due to uncertainty of obtaining future benefits	(7)	(6)
Prepaid benefit cost	**511**	453
Amounts recognized in the balance sheet:		
Prepaid benefit costs	679	628
Accrued benefit liability	(168)	(175)
Net amount recognized	**511**	453

Of the accrued benefit liability for pensions of US$168 million at December 31, 2009, US$159 million is included in Note 19 as pension provisions and US$9 million as restructuring provisions (2008: US$147 million as pension and US$28 million as restructuring).

Syngenta's estimate of the benefit payments to be made in future periods is given in the table below. Actual payments may differ from those shown, because of future events, including members' choice of benefit options as described above.

(US$ million)	
2010	224
2011	234
2012	240
2013	252
2014	263
Years 2015–2019	1,485
Total 2010–2019	**2,698**

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 which 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 2010 is US$165 million, including US$10 million of contributions to enhance benefits of employees leaving due to restructuring initiatives. Actual payments could differ materially from the above estimate if any new funding regulations or laws are enacted or due to business and market conditions during 2010.

The expected long-term rates of return on the assets and the fair values of the assets and 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)					
2009	Switzerland	UK	USA	Switzerland	UK	USA	Other plans	Total	%
Equities	6.0	7.1	8.5	297	744	156	55	1,252	29
Real estate	3.5	–	–	120	–	–	–	120	3
Bonds	2.5	5.6	6.0	669	631	262	140	1,702	39
Other assets	5.5	6.4	7.0	356	559	161	13	1,089	25
Cash and cash equivalents	1.8	1.0	3.5	40	106	29	2	177	4
Fair value of assets	4.0	6.4	7.0	1,482	2,040	608	210	4,340	100
Benefit obligation				(1,458)	(2,284)	(596)	(376)	(4,714)	
Funded status				24	(244)	12	(166)	(374)	

2008	Expected rate of return used for income statement (%) Switzerland	UK	USA	Fair value at December 31, (US$ million) Switzerland	UK	USA	Other plans	Total	%
Equities	6.5	7.0	8.5	248	589	95	41	973	27
Real estate	4.3	–	–	90	–	–	–	90	3
Bonds	3.3	5.0	6.0	476	459	250	133	1,318	37
Other assets	5.0	6.0	8.5	349	552	147	11	1,059	30
Cash and cash equivalents	1.0	6.0	3.5	57	31	26	2	116	3
Fair value of assets	4.5	6.1	7.3	1,220	1,631	518	187	3,556	100
Benefit obligation				(1,384)	(1,633)	(535)	(330)	(3,882)	
Funded status				(164)	(2)	(17)	(143)	(326)	

The following table provides an analysis of the benefit costs recorded in the consolidated income statement for the defined benefit pension plans.

(US$ million)	**2009**	2008
Current service cost, net of employee contributions	**77**	93
Interest cost	**211**	195
Expected return on plan assets	**(212)**	(222)
Amortization of actuarial loss and other	**43**	13
Net periodic benefit cost	**119**	79

The defined benefit obligation, plan assets, funded status, changes in actuarial assumptions, and experience adjustments compared to the actuarial assumptions for the years 2005 to 2009 for pensions are as follows:

(US$ million)	**2009**	2008	2007	2006	2005
Benefit obligation	**(4,714)**	(3,882)	(4,713)	(4,548)	(3,936)
Plan assets	**4,340**	3,556	4,669	4,249	3,507
Funded deficit	**(374)**	(326)	(44)	(299)	(429)
Changes in actuarial assumptions	**(537)**	412	200	22	(348)
Experience adjustments (increasing)/reducing plan liabilities	**68**	(58)	(82)	(5)	(20)
Experience adjustments on plan assets: actual returns greater/(less) than expected	**358**	(678)	64	49	149
Total	**(111)**	(324)	182	66	(219)

Notes to the Syngenta Group Consolidated Financial Statements

22. Post-employment benefits continued

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	2009 %	2008 %
Discount rate	**5.1**	5.0
Rate of compensation increase	**2.9**	2.9
Expected return on plan assets	**5.6**	5.7

Weighted-average assumptions: benefit obligation as at December 31	2009 %	2008 %
Discount rate	**4.9**	5.2
Rate of compensation increase	**2.8**	2.8

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, 2009 was US$41 million (December 31, 2008: US$32 million), which comprised a defined benefit obligation of US$187 million (2008: US$186 million), plan assets of US$102 million (2008: US$87 million) and cumulative unrecognized amounts, consisting principally of unrecognized actuarial losses, of US$44 million (2008: US$67 million). There are no significant post-retirement healthcare plans in countries other than the USA, and that plan has been closed to new members since 2001. Expense recognized in the consolidated income statement, contributions to the plan and benefit payments by the plan were not material for 2009 and 2008.

The assumed healthcare cost trend rate at December 31, 2009 was 8.0%, decreasing in each successive year from 2010 onwards, to reach an ultimate rate of 5.0% in 2016 (December 31, 2008: 8.0% decreasing to 5.0% in 2015).

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. The following table sets out share option activity under this plan during 2008 and 2009, 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, 2008 and 2009.

Year ended December 31, 2008	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)			(thousands of options)				(years)
2000 LTI grant	76.5	23.6	–	(5.7)	–	17.9	17.9	2.00
2001 LTI grant	83.7	16.4	–	(5.4)	–	11.0	11.0	2.25
2001 LTI grant	98.0	54.5	–	(10.9)	(1.1)	42.5	42.5	3.25
2001 LTI grant	98.0	32.4	–	(12.9)	–	19.5	19.5	4.25
2002 LTI grant	59.7	107.0	–	(35.8)	(1.2)	70.0	70.0	4.25
2002 LTI grant	59.7	95.1	–	(38.6)	–	56.5	56.5	5.25
2003 LTI grant	89.3	214.0	–	(59.6)	(0.9)	153.5	153.5	5.25
2003 LTI grant	89.3	163.2	–	(79.0)	–	84.2	84.2	6.25
2004 LTI grant	127.4	359.7	–	(152.7)	–	207.0	207.0	6.25
2005 LTI grant	185.0	294.2	–	(34.2)	(5.8)	254.2	16.1	7.25
2006 LTI grant	226.7	255.9	–	(22.3)	(6.3)	227.3	11.7	8.25
2007 LTI grant	301.5	–	234.8	(0.4)	(3.1)	231.3	5.9	9.25
Total for year ended December 31, 2008		1,616.0	234.8	(457.5)	(18.4)	1,374.9	695.8	
Year ended December 31, 2009								
2000 LTI grant	**76.5**	**17.9**	**–**	**(8.7)**	**–**	**9.2**	**9.2**	**1.00**
2001 LTI grant	**83.7**	**11.0**	**–**	**(8.8)**	**–**	**2.2**	**2.3**	**1.25**
2001 LTI grant	**98.0**	**42.5**	**–**	**(18.9)**	**–**	**23.6**	**23.7**	**2.25**
2001 LTI grant	**98.0**	**19.5**	**–**	**(2.0)**	**–**	**17.5**	**17.5**	**3.25**
2002 LTI grant	**59.7**	**70.0**	**–**	**(15.5)**	**–**	**54.5**	**54.5**	**3.25**
2002 LTI grant	**59.7**	**56.5**	**–**	**(15.4)**	**–**	**41.1**	**41.1**	**4.25**
2003 LTI grant	**89.3**	**153.5**	**–**	**(41.4)**	**(1.4)**	**110.7**	**110.7**	**4.25**
2003 LTI grant	**89.3**	**84.2**	**–**	**(26.1)**	**–**	**58.1**	**58.1**	**5.25**
2004 LTI grant	**127.4**	**207.0**	**–**	**(71.2)**	**(0.6)**	**135.2**	**135.2**	**5.25**
2005 LTI grant	**185.0**	**254.2**	**–**	**(73.0)**	**(0.7)**	**180.5**	**180.5**	**6.25**
2006 LTI grant	**226.7**	**227.3**	**–**	**(5.2)**	**(6.8)**	**215.3**	**14.8**	**7.25**
2007 LTI grant	**301.5**	**231.3**	**–**	**–**	**(6.5)**	**224.8**	**13.3**	**8.25**
2008 LTI grant	**233.4**	**–**	**382.5**	**–**	**(5.1)**	**377.4**	**6.0**	**9.25**
Total for year ended December 31, 2009		**1,374.9**	**382.5**	**(286.2)**	**(21.1)**	**1,450.1**	**666.9**	

All fully vested options are exercisable.

23. Employee share participation plans continued

The exercise prices are equal to either the weighted average share price on the SIX Swiss Exchange 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 2008 and 2009 (including the equivalent restricted ADS for relevant Syngenta employees in the USA), and summarizes information about RSUs outstanding at December 31, 2009 and 2008.

RSUs	Grant date fair value	Outstanding at January 1	Granted	Distributed	Cancelled	Outstanding at December 31	Remaining life
Year ended December 31, 2008	CHF			(thousands of shares)			(years)
2004 LTI grant	116.3	69.5	–	(69.5)	–	–	–
2005 LTI grant	174.8	59.7	–	(2.7)	(1.3)	55.7	0.25
2006 LTI grant	211.1	56.8	–	(2.3)	(1.6)	52.9	1.25
2007 LTI grant	283.9	–	57.4	(1.6)	(0.8)	55.0	2.25
Total for year ended December 31, 2008		186.0	57.4	(76.1)	(3.7)	163.6	
Year ended December 31, 2009							
2005 LTI grant	**174.8**	**55.7**	**–**	**(55.7)**	**–**	**–**	**–**
2006 LTI grant	**211.1**	**52.9**	**–**	**(2.0)**	**(2.1)**	**48.8**	**0.25**
2007 LTI grant	**283.9**	**55.0**	**–**	**(1.8)**	**(1.0)**	**52.2**	**1.25**
2008 LTI grant	**218.1**	**–**	**88.5**	**(1.2)**	**(1.2)**	**86.1**	**2.25**
Total for year ended December 31, 2009		**163.6**	**88.5**	**(60.7)**	**(4.3)**	**187.1**	

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:

	2009	2008
Dividend yield	**2.2%**	2.0%
Volatility	**23.8%**	22.4%
Risk-free interest rate	**2.1%**	2.9%
Expected life	**7 years**	7 years
Exercise price (CHF per share)	**233.4**	301.5

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 2009, as measured at the time of grant, was based on the 96-month historical volatility of Syngenta AG shares on the SIX Swiss Exchange.

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 value of a deferred share and the corresponding matching share, at the time of grant, is the Syngenta share price at the time of grant 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 redundancy and retirement. None of the shares vest on a pro rata basis during the vesting period.

The following table sets out activity under this plan during 2009 and 2008 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, 2008					
2004 incentive year grant awarded in 2005	46.8	–	(46.8)	–	0.00
2005 incentive year grant awarded in 2006	34.2	–	(5.8)	28.4	0.25
2006 incentive year grant awarded in 2007	28.8	–	(3.7)	25.1	1.25
2007 incentive year grant awarded in 2008	–	32.4	(1.2)	31.2	2.25
Total for year ended December 31, 2008	109.8	32.4	(57.5)	84.7	
Year ended December 31, 2009					
2005 incentive year grant awarded in 2006	**28.4**	**–**	**(28.4)**	**–**	**–**
2006 incentive year grant awarded in 2007	**25.1**	**–**	**(2.1)**	**23.0**	**0.25**
2007 incentive year grant awarded in 2008	**31.2**	**–**	**(2.2)**	**29.0**	**1.25**
2008 incentive year grant awarded in 2009	**–**	**59.0**	**(1.5)**	**57.5**	**2.25**
Total for year ended December 31, 2009	**84.7**	**59.0**	**(34.2)**	**109.5**	

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

	Grant date fair value (CHF)	Thousands of shares
2006 Syngenta Deferred Share grant awarded in 2007	211.1	23.0
2007 Syngenta Deferred Share grant awarded in 2008	283.9	29.0
2008 Syngenta Deferred Share grant awarded in 2009	218.1	57.5
Total		109.5

None of these shares are vested as at December 31, 2009.

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% and 50%. 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. Maximum annual subscription amounts per employee vary between US$600 and US$5,000. In 2009, a total of 95,601 (2008: 108,141) shares were subscribed under these plans and settled through a release of treasury shares.

23. Employee share participation plans continued

Compensation expense

The compensation expense charge associated with employee share participation plans, which is measured indirectly by reference to the fair value of the equity instruments granted, is as follows:

(US$ million)	2009	2008
Long-Term Incentive Plan	**26**	22
Deferred Share Plan	**27**	18
Employee Share Purchase Plans	**11**	9
Total	**64**	49

Other information regarding the plans is as follows:

	2009	2008
Weighted average fair value of options granted in year (CHF per option)	**52.6**	69.9
Weighted average share price at exercise date for options exercised during year (CHF per option)	**249.3**	299.9
Fair value of shares granted in year:		
Deferred Share Plan (CHF per unit) – combined value of basic and matching share award	**436.2**	567.7
Employee Share Purchase Plans (CHF per share)	**123.21**	82.3
Employee Share Purchase Plan (US$ per ADS)	**16.95**	12.2
Cash received from exercise of options and subscription for shares (US$ million)	**45**	64

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 defined as the members of the Syngenta Executive Committee and the Board of Directors. Their compensation was as follows:

(US$ million)	2009	2008
Fees, salaries and other short-term benefits	**11**	13
Post-employment benefits	**2**	1
Share based compensation	**11**	9
Total	**24**	23

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, are eligible for the share plan for non-executive Directors. The 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 on the five business days prior to the grant. Under these plans, members of the Board of Directors were allocated a total of 5,741 shares in lieu of fees. These shares vest immediately and had a combined fair value at grant of US$1 million (2008: 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 in 2009 were as follows:

Goods and services provided by Syngenta to its associates US$10 million (2008: US$5 million).

Goods and services provided by the associates to Syngenta US$83 million (2008: US$61 million).

A bank overdraft guarantee of US$13 million (2008: US$10 million) has been provided to an associate.

Syngenta had accounts receivable and accrued income from associates of US$25 million at December 31, 2009 (2008: US$21 million).

25. Commitments and contingencies

Minimum future lease payments at December 31, 2009 for finance leases are US$36 million (2008: US$42 million), of which US$3 million is due within one year (2008: US$22 million), and US$33 million after more than one but less than five years (2008: US$20 million).

Fixed-term, non-cancellable operating lease commitments total US$117 million at December 31, 2009 (2008: US$79 million) of which US$22 million is due within one year (2008: US$14 million), US$64 million after more than one and less than five years (US$39 million) and US$31 million thereafter (2008: US$26 million). Operating lease payments relate to leases of buildings and office equipment. Operating lease expense in 2009 was US$37 million (2008: US$31 million).

Commitments for the purchase of property, plant and equipment at December 31, 2009 are US$65 million (2008: US$172 million).

At December 31, 2009 and 2008, 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:

(US$ million)	Materials purchases 2009	Other 2009	Materials purchases 2008	Other 2008
Within one year	**867**	**100**	742	97
From one to two years	**585**	**82**	527	85
From two to three years	**320**	**38**	392	73
From three to four years	**106**	**25**	295	60
From four to five years	**80**	**25**	122	47
After more than five years	**80**	**37**	–	–
Total	**2,038**	**307**	2,078	362

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 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. Under certain agreements, minimum royalties are payable if Syngenta's future sales of the licensed technology fall below a fixed proportion of Syngenta's total sales of products with similar technology in a given future period. In the opinion of Syngenta, because of the number of variables affecting the amounts involved, it is not possible to quantify the future royalty amounts which may become payable.

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 discharge claims, patent infringement claims, competition claims, tax assessment 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.

Holiday Shores The Holiday Shores Sanitary District in Madison County, Illinois filed a class action complaint against Syngenta Crop Protection, 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 at any measurable level on account of the product Atrazine, a herbicide manufactured since the late 1950s by Syngenta Crop Protection, Inc. and its predecessors in interest, Novartis Crop Protection, Inc., Ciba-Geigy and Geigy Chemical Corporation. The Holiday Shores Complaint alleges that the product Atrazine and/or its degradent 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 water district's property and contaminated its surface waters, used as a source of drinking water for the district. It alleges claims of trespass, nuisance, negligence, strict liability and violation of the Illinois Environmental Protection Act and seeks monetary damages, including the cost of purchase, installation, maintenance and operation of charcoal filtration systems, alleged diminution in property value and remediation, punitive damages and attorneys' fees. The complaint was served on Syngenta on August 27, 2004. Syngenta succeeded in having the lawsuit removed from state to federal court but, on Plaintiffs Motion, the federal court on March 28, 2005, remanded the lawsuit back to state court. Syngenta filed a Motion to Dismiss which was argued on October 25, 2005, and on July 7, 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

25. Commitments and contingencies continued

its purported class will consist of no more than ninety-nine CWS. While plaintiffs' counsel has threatened to bring similar lawsuits in other states, no such lawsuits have yet been filed. The case is now in the discovery phase and the Company has filed answers to interrogatories as well as produced the first of millions of pages of documents.

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

On September 30, 2008, a related lawsuit (Syngenta Crop Protection, Inc. v INA et al.) was filed by the Company in the Superior Court of the State of New Jersey seeking a declaratory judgment under the Ciba-Geigy legacy insurance policies that the potential damages in the Holiday Shores case are covered under said policies and that the insurers are obligated to indemnify and defend Syngenta. 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 the Company, Novartis Corporation and Ciba Specialty Chemicals (the "Respondents") under the commercial arbitration rules of the American Arbitration Association, seeking a determination as to whether insurance claims that the Company 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 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 by the INA Claimants' Demand for Arbitration dated March 25, 2009. Discovery is proceeding in both the declaratory action lawsuit and the arbitration.

While the Company intends to pursue its claims vigorously against the insurers for any Holiday Shores losses, 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.

Agroatar During 2009, the Agroatar litigation, which had been reported as a contingency in 2008, was settled.

Tax litigation

Syngenta is also subject to certain tax claims pending before the judiciary. Significant cases are described below.

Atrazine In 1996, the Brazilian Federal Revenue drew Novartis' Brazilian legal entity 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 (Syngenta's position) or as intermediate chemicals (Federal Revenue's position). So far, there have been 18 administrative rulings against Syngenta. Currently, 16 cases are on appeal before the judiciary. There are three decisions favorable to Syngenta at the first level courts thus far. Syngenta issued a letter of guarantee for part of the amount involved (Brazilian real (BRL)16 million). In the aggregate, the maximum contingency in the event of an unfavorable outcome for Syngenta could amount to approximately BRL 33 million (BRL 22 million plus interest as at December 31, 2009) (US$19 million maximum contingency equivalent at December 31, 2009).

Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. 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. Although the final resolution of any such matters could have a material effect on Syngenta's consolidated operating results and cash flows for a particular reporting period, Syngenta believes that its consolidated financial position should not be materially affected, 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, or its indemnities, has 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.

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, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued. The effect of resolution of environmental matters on results of operations cannot be predicted due to uncertainty concerning both the amount and the timing of future expenditures and the results of future operations. Management believes that such additional amounts, if any, would not be material to Syngenta's financial condition, but could be material to Syngenta's results of operations in a given period.

26. Principal currency translation rates

	2009 per US$	2008 per US$
Year end rates used for the consolidated balance sheets, to translate the following currencies into US$, are:		
Swiss franc	**1.03**	1.06
British pound sterling	**0.62**	0.69
Euro	**0.69**	0.71
Brazilian real	**1.74**	2.33
Average rates during the year used for the consolidated income and cash flow statements, to translate the following currencies into US$, are:	**2009 per US$**	2008 per US$
Swiss franc	**1.09**	1.08
British pound sterling	**0.65**	0.53
Euro	**0.72**	0.68
Brazilian real	**2.04**	1.79

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 detailed in the Treasury policy and are selected 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 other comprehensive income	1
Interest rate risk	EaR	Interest expense	12
Commodity price risk	EaR	Cost of goods sold	12

To achieve consistency with the methods used for the other types of market risks, in 2009 Syngenta changed its method of assessing the impact of interest rate risk from duration analysis to the EaR method.

27. Risk management of financial risks continued

27.2. Assessment of the impact of market risks continued

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 for the last 252 days, the VaR and EaR calculations are designed to predict possible changes in the markets in the future at a 95% confidence level, with a 5% 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 when 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, 2009 Value-at-Risk			December 31, 2008 Value-at-Risk		
Underlying currency (1-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	**41**	**14**	**66%**	128	13	90%
Euro	**31**	**5**	**84%**	26	9	65%
British pound sterling	**14**	**4**	**71%**	35	3	91%
Other core currencies	**16**	**2**	**88%**	17	1	94%
Rest of world	**42**	**11**	**74%**	114	70	39%
Total undiversified	**144**	**36**	**75%**	320	96	70%
Diversification	**(116)**	**(29)**	**75%**	(169)	(58)	66%
Net VaR	**28**	**7**	**75%**	151	38	75%

At December 31, 2009, the total 30-day Value-at-Risk, after hedges, at a 95% confidence level was US$7 million (December 31, 2008: US$38 million). The decrease in Value-at-Risk as of December 31, 2009 compared to December 31, 2008 is mainly related to the decreased volatilities of all currencies against the US dollar.

The largest gross exposures arise in the Swiss franc, the British pound sterling and the 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 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, 2009 Earnings-at-Risk			December 31, 2008 Earnings-at-Risk		
Underlying currency (12-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	112	80	29%	276	141	49%
Euro	23	19	17%	58	32	45%
British pound sterling	28	16	43%	52	9	83%
Other core currencies	54	23	57%	70	32	54%
Rest of world	146	127	13%	160	153	4%
Total undiversified	363	265	27%	616	367	40%
Diversification	(216)	(146)	32%	(398)	(245)	38%
Net EaR	147	119	19%	218	122	44%

At December 31, 2009, the total potential adverse movement for 2010 net transactional flows after hedges relative to year-end at spot levels, at a 95% confidence level, was US$119 million (December 31, 2008: US$122 million). The decrease in Earnings-at-Risk as at December 31, 2009 compared to December 31, 2008 is mainly related to the decreased volatility of all currencies against the US dollar.

From the Earnings-at-Risk table above, the Swiss franc stands out as a major exposure. This risk arises from having 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 other comprehensive income.

Translation risk can be significant, however, Syngenta's equity base is deemed to be of sufficient magnitude 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, 2009, 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, 2009 Value-at-Risk			December 31, 2008 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
Swiss franc	59	59	–	108	108	–
Euro	19	19	–	43	19	56%
British pound sterling	38	38	–	18	14	22%
Other core currencies	23	23	–	27	27	–
Rest of world	158	158	–	196	196	–
Total undiversified	297	297	–	392	364	7%
Diversification	(70)	(70)	–	(238)	(210)	12%
Net VaR	227	227	–	154	154	–

The large investments and operations in Switzerland lead to the most significant risk. The increase in Value-at-Risk as at December 31, 2009 compared to December 31, 2008 is primarily driven by affiliate financing activities. There are no translation risk hedges in place as at December 31, 2009.

27. Risk management of financial risks continued

27.4. Interest rate risk

Syngenta is exposed to fluctuations in interest rates on its borrowings and excess cash. While the majority of Syngenta's long-term debt has 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. At December 31, 2009, 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$11 million (2008: US$8 million). The net amounts of Earnings-at-Risk on the net debt, as defined in Note 27.7, due to potential changes in interest rates were immaterial at December 31, 2009 and 2008.

27.5. Commodity price risks

Operating in the agri-business sector, changes in certain commodity prices affect Syngenta's reported operating results. 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 crops.

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 cost of goods sold 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, 2009, there was no hedge protection in place for oil for 2010. 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, 2009 Earnings-at-Risk			December 31, 2008 Earnings-at-Risk		
Natural gas (US$ million)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified	6	2	67%	11	3	73%
Diversification	(1)	(1)	–%	(3)	(1)	67%
Net EaR	5	1	80%	8	2	75%

	December 31, 2009 Earnings-at-Risk			December 31, 2008 Earnings-at-Risk		
Soft commodities (US$ million)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified	56	35	38%	79	46	42%
Diversification	(6)	(2)	67%	(5)	(3)	40%
Net EaR	50	33	34%	74	43	42%

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, 2009 to US$33 million (December 31, 2008: US$43 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, 2009, 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, 2009 and 2008.

To minimize its exposure to derivative positions, Syngenta enters into netting agreements under an International Swaps and Derivatives Associations (ISDA) master agreement with its respective counterparties. In addition, for certain derivative positions, Syngenta has entered into a Credit Support Annex (CSA) under which, when the combined market value of the derivatives exceeds US$15 million, cash is exchanged as collateral. This CSA effectively limits either Syngenta's or the counterparty's aggregate credit risk exposure to no more than US$15 million. As the combined market value of the relevant derivative positions at December 31, 2009 was lower than US$15 million, no amounts were recorded in connection with this CSA.

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, 2009 and 2008 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 potential inability to meet all financial obligations on time and refinancing risk is defined as the potential inability to partially or fully refinance maturing debts.

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 NAFTA. 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 August 2013.

The maturity analyses for Syngenta's current financial liabilities are presented in Notes 15,16 and 17.

Long-term financing

Long-term capital employed is currently partly financed through five unsecured bonds and through unsecured notes issued under the Note Purchase Agreement in the US Private Placement market.

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, 2009 and 2008. The table also shows the total carrying amount of Syngenta's financial debt adjusted for the effect, if any, of applying fair value hedge accounting. There were no variable interest rate derivative liabilities held at December 31, 2008. Non-derivative financial liabilities are recorded at amortized cost (less related issuance costs). Derivative financial liabilities are recorded at fair value.

	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)			
2009 (US$ million)	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Variable rate interest	Repayment	Total
Less than 1 year	131	–	131	30	–	–	30
1-3 years	223	1,084	1,307	43	–	–	43
3-5 years	134	1,205	1,339	15	(21)	9	3
5-10 years	76	720	796	–	–	4	4
More than 10 years	117	250	367	–	–	–	–
Total payments	681	3,259	3,940	88	(21)	13	80
Net carrying amount			3,255				62

Notes to the Syngenta Group Consolidated Financial Statements

27. Risk management of financial risks continued

2008 (US$ million)	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)		
	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Repayment	Total
Less than 1 year	100	–	100	28	–	28
1-3 years	192	705	897	75	–	75
3-5 years	117	828	945	21	10	31
5-10 years	105	705	810	(6)	(64)	(70)
More than 10 years	130	250	380	–	–	–
Total payments	644	2,488	3,132	118	(54)	64
Net carrying amount			2,496			114

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 at December 31, 2009 and 2008, respectively. Non-derivative financial liabilities that can be repaid at any time have been assigned to the earliest possible time period.

Capital structure

Syngenta is committed to maintaining a low single A rating, which provides an optimal balance between financial flexibility and the cost of capital. The dividend payout target range is 25% to 40% of distributable earnings and the net debt to equity target range is 25% to 35%. The net debt to equity ratio was 25% at December 31, 2009 (32% at December 31, 2008).

The components of net debt at December 31, 2009 and 2008 are as follows:

(US$ million)	**2009**	2008
Current financial debt	**281**	211
Non-current financial debt	**3,303**	2,524
Cash and cash equivalents	**(1,552)**	(803)
Marketable securities [1]	**(48)**	(7)
Financing-related derivatives [2]	**(182)**	(39)
Net debt at December 31	**1,802**	1,886

1 Included within ‘Derivative and other financial assets’ or ‘Other non-current financial assets’

2 Included within ‘Derivative financial assets’ or ‘Financial debt and other non-current liabilities’

28. Financial assets and liabilities

28.1 The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and a reconciliation to where they are presented in the balance sheet. 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)					
2009 (US$ million)	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value	Comparison fair value 2008
Trade receivables, net:						
Loans and receivables	2,434	–	–	2,434	–[1]	–[1]
Designated as at fair value through profit or loss	–	–	72	72		103
Total				2,506		
Derivative and other financial assets:						
Derivative financial assets	–	7	103	110		376
Available-for-sale financial assets	–	–	46	46		5
Total				156		
Derivative financial assets – non-current			248	248		152
Other non-current financial assets:						
Loans and receivables	191	–	–	191	191	148
Available-for-sale financial assets	–	–	51	51		117
Other, not carried at fair value	–	–	–	133	–[2]	–[2]
Total				375		
Trade accounts payable:						
Measured at amortized cost	2,468	–	–	2,468	–[1]	–[1]
Current financial debt:						
Measured at amortized cost	281	–	–	281	–[1]	–[1]
Derivative financial liabilities – current	–	–	145	145		457
Financial debt and other non-current liabilities:						
Measured at amortized cost	3,348	–	–	3,348	3,514	2,690
Derivative financial liabilities – non-current	–	–	65	65		125
Non-financial liabilities	–	–	–	114	–[2]	–[2]
Total				3,527		

1 The carrying amounts approximate the estimated fair value due to the short-term nature of these financial instruments
2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities

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 year 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 year into or out of level 3 of the fair value hierarchy.

Notes to the Syngenta Group Consolidated Financial Statements

28. Financial assets and liabilities continued

28.2 Income, expense, gains and losses relating to financial instruments recognized in profit or loss during the year are as follows:

2009 (US$ million)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities held for trading	Liabilities carried at amortized cost	Total
Interest income	88	–	–	–	88
Interest expense	(20)	–	(17)	(126)	(163)
Currency gains/(losses), net	–	–	(30)	–	(30)
Impairment charges	(16)	(16)	–	–	(32)
Reclassification from other comprehensive income	–	9	–	–	9
Reversal of impairment charges	4	–	–	–	4
Total	**56**	**(7)**	**(47)**	**(126)**	**(124)**

2008 (US$ million)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities held for trading	Liabilities carried at amortized cost	Total
Interest income	104	–	–	–	104
Interest expense	(15)	–	(20)	(114)	(149)
Currency gains/(losses), net	–	–	(108)	–	(108)
Impairment charges	(94)	(37)	–	–	(131)
Reversal of impairment charges	4	–	–	–	4
Total	(1)	(37)	(128)	(114)	(280)

1 Includes immaterial amounts relating to financial assets designated as at fair value through profit or loss

28.3 Reported gains and losses on revaluation of available-for-sale financial assets were as follows:

(US$ million)	2009	2008
Impairment losses reported in profit or loss	**(7)**	(37)
Unrealized gains/(losses) reported in other comprehensive income	**(18)**	9

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, 2009 and 2008, classified by the individual risks being hedged and the applied accounting treatment:

	Fair value		Notional amounts					
2009 (US$ million)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 Years	More than 5 years	Total
Foreign exchange and interest rate risk:								
Cash flow hedges	238	(98)	643	405	686	2,518	278	4,530
Fair value hedges	53	(8)	–	–	–	1,400	803	2,203
Undesignated	60	(93)	5,067	929	141	126	–	6,263
Total foreign exchange and interest rate risk	351	(199)	5,710	1,334	827	4,044	1,081	12,996
Commodity price risk:								
Cash flow hedges	4	–	8	20	11	28	–	67
Undesignated	3	(11)	33	15	30	7	–	85
Total commodity price risk	7	(11)	41	35	41	35	–	152

	Fair value		Notional amounts					
2008 (US$ million)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 Years	More than 5 years	Total
Foreign exchange and interest rate risk:								
Cash flow hedges	199	(167)	620	366	796	2,975	578	5,335
Fair value hedges	31	(1)	–	–	–	–	203	203
Net investment hedges	3	(22)	359	–	–	–	–	359
Undesignated	279	(313)	5,087	787	255	90	–	6,219
Total foreign exchange and interest rate risk	512	(503)	6,066	1,153	1,051	3,065	781	12,116
Commodity price risk:								
Cash flow hedges	11	(12)	52	4	46	–	–	102
Undesignated	5	(67)	56	22	49	–	–	127
Total commodity price risk	16	(79)	108	26	95	–	–	229

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 movement in the period of the present value of future coupon bond payments to the movement in the 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 year were as follows:

(US$ million)	2009	2008
Hedging instruments:		
Interest rate swaps	–	2
Cross currency swaps	(9)	23
Total gains/(losses) from hedging instruments	(9)	25
Underlying hedged items	9	(25)

29. Derivatives and hedge accounting continued

29.2. Cash flow hedges

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.
- 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.

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. The option hedge designation and effectiveness tests excluded the time value element of US$5 million (2008: US$14 million) which was recorded in profit or loss as incurred. There was an immaterial amount of hedge ineffectiveness related to these hedges.

Gains /(losses) on derivative instruments recognized as cash flow hedges during the years ended December 31, 2009 and 2008 were as follows:

	2009		2008	
(US$ million)	Foreign exchange and interest rate risk	Commodity risk	Foreign exchange and interest rate risk	Commodity risk
Opening balance of gains/(losses) recognized in other comprehensive income	**(129)**	**(46)**	(64)	25
Deferred tax	**8**	**(14)**	(7)	(26)
Gains/(losses) recognized in other comprehensive income[1]	**227**	**(6)**	(88)	(45)
(Gains)/losses removed from other comprehensive income and recognized in profit or loss[1]:				
Cost of goods sold	**–**	**30**	–	–
General and administrative	**(107)**	**–**	(12)	–
Financial expense, net	**(62)**	**–**	42	–
Closing balance of gains/(losses) recognized in other comprehensive income	**(63)**	**(36)**	(129)	(46)

1 Comparative figures for 2008 have been restated in line with current year presentation to show separately the gross fair value change in the derivatives attributable to the outstanding principal of the hedged bond liabilities and its simultaneous reclassification to profit or loss. A net figure was disclosed previously

29.3. Hedges of net investments in foreign operations

Syngenta designates forward contracts and net purchased currency options as hedges of net investments in foreign operations including monetary items that are accounted for as part of the net investment. Effectiveness for the options and forward contracts is measured quarterly using the forward rate methodology. There is an immaterial amount of hedge ineffectiveness related to these hedges.

Gains/(losses) on foreign exchange forward contracts and net purchased options recognized as net investment hedges during the years ended December 31, 2009 and 2008 were as follows:

(US$ million)	2009	2008
Opening balance of losses recognized in other comprehensive income	**(57)**	(126)
Gains/(losses) recognized in other comprehensive income	**(19)**	196
(Gains)/losses removed from other comprehensive income and recognized in profit or loss	**9**	(127)
Closing balance of losses recognized in other comprehensive income	**(67)**	(57)

During 2009, some equity loans between Syngenta affiliates were repaid. As a result, US$9 million of net investment hedging losses were removed from other comprehensive income and recognized in profit or loss.

During 2008, part of the net investment in the UK and Brazil subsidiaries was repaid to the parent entities through reductions of capital. As a result, US$127 million of net investment hedging gains were removed from other comprehensive income and recognized in profit or loss.

29.4. Undesignated hedges

Gains and losses on hedging instruments that were not designated for hedge accounting purposes were 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 party transactions. The amount recorded in profit or loss in 2009 was a gain of US$3 million. Similar currency forward contracts that were not designated for hedge accounting were not used prior to 2009.
- 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. The amount recorded in profit or loss in respect of these derivatives in 2009 was a gain US$3 million (2008: loss of US$108 million). The corresponding forecasted transactions offsetting the above amounts in profit or loss may occur in 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 4, 2010.

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. Management has assessed the effectiveness of the Group's internal control over financial reporting as of December 31, 2009. 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, 2009, Syngenta's internal control over financial reporting is effective based on those criteria.

Syngenta's internal control system was designed to provide reasonable assurance to Syngenta's Board of Directors and Management 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.

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 4, 2010

Report of the Group Auditors on Internal Control over Financial Reporting

To the Board of Directors and Shareholders of

Syngenta AG, Basel
Basel, February 4, 2010

We have audited Syngenta AG and subsidiaries' (the "Group") internal control over financial reporting as of December 31, 2009, 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 included in the accompanying Report of Syngenta Management on Internal Control over Financial Reporting (page 90). 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, 2009, based on the COSO criteria.

We also have audited, in accordance with Swiss law, Swiss Auditing Standards, the standards of the Public Company Accounting Oversight Board (United States) and International Standards on Auditing, the 2009 consolidated financial statements of the Group and our report dated February 4, 2010 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 4, 2010

As statutory auditor, we have audited the accompanying consolidated financial statements of Syngenta AG and subsidiaries (the "Group"), which comprise the consolidated balance sheet as of December 31, 2009 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows, and notes thereto (pages 24 to 89), for the year then ended.

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, the standards of the Public Company Accounting Oversight Board (United States) and International Standards on Auditing. 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 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, 2009 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, 2009, 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 4, 2010 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, 2009 and 2008)

(CHF million)	2009	2008
Income:		
Dividend income	**610**	1,555
Income from financial assets	**115**	188
Total income	**725**	1,743
Expenses:		
Financial expenses	**(11)**	(42)
Administrative expenses	**(10)**	(19)
Revaluation of marketable securities	**26**	(26)
Taxes	**(10)**	(14)
Total expenses	**(5)**	(101)
Net income	**720**	1,642

Financial Statements of Syngenta AG

Balance Sheet (prior to earnings appropriation)

(at December 31, 2009 and 2008)

(CHF million)	Notes	2009	2008
Assets			
Non-current financial assets:			
Investments	3,7	**4,098**	4,100
Loans to subsidiaries		**40**	41
Total non-current financial assets		**4,138**	4,141
Current assets:			
Cash and cash equivalents		**–**	1
Receivables from subsidiaries		**32**	66
Marketable securities, including treasury shares	4	**279**	793
Total current assets		**311**	860
Total assets		**4,449**	5,001
Equity and liabilities			
Equity			
Share capital	5	**(9)**	(10)
Legal reserves:			
General reserve, including share premium	6	**(263)**	(263)
Reserve for treasury shares	6	**(279)**	(819)
Free reserves	6	**(928)**	(317)
Total reserves		**(1,470)**	(1,399)
Earnings brought forward	6	**(2,009)**	(1,626)
Net income of the period		**(720)**	(1,642)
Total available earnings		**(2,729)**	(3,268)
Total equity		**(4,208)**	(4,677)
Liabilities			
Accounts payable to subsidiaries		**(227)**	(272)
Accounts payable and accrued liabilities to others		**(14)**	(52)
Total liabilities		**(241)**	(324)
Total equity and liabilities		**(4,449)**	(5,001)

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.

Current assets and liabilities

Current assets and liabilities are recorded at cost less any impairment losses.

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	421,298,205	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/Production
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

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

Country	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
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
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	45,000	Finance
Panama				
Syngenta S.A.	100%	USD	10,000	Sales
Russian Federation				
OOO Syngenta	100%	RUB	675,000	Sales
Singapore				
Syngenta Asia Pacific Pte. Ltd.	100%	SGD	1,588,023,595	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, Inc.	100%	USD	1	Sales/Production/Research
Syngenta Seeds, Inc.	100%	USD	–	Sales/Production/Research
Syngenta Corporation	100%	USD	100	Holding/Finance
Garst Seed Company	90%	USD	101	Sales/Production
Golden Harvest Seeds Inc.	90%	USD	32,606	Sales

1 Direct holding of Syngenta AG

The main changes from 2008 in the list of significant legal entities are the inclusion of Syntonia Insurance AG and Syngenta Finance AG due to the increase in their net assets during 2009 and a capital injection of ARS 419,300,000 into Syngenta Agro S.A..

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:

	2009	2008
Total treasury registered shares held by Syngenta AG at January 1	**3,953,617**	6,051,032
Sold in the year under various Employee/Management Share Plans	**(570,708)**	(864,013)
Average sale price per share, CHF	**243.44**	271.57
Purchased during the year	**550,000**	2,615,008
Cancelled on July 8, 2009/July 8, 2008	**(2,315,008)**	(3,848,410)
Average book value per cancelled share, CHF	**272.25**	228.95
Total treasury registered shares held by Syngenta AG at December 31	**1,617,901**	3,953,617
Average purchase price per share, CHF	**172.33**	207.13

Notes to the Financial Statements of Syngenta AG

5. Share capital

	December 31, 2009	Movement in period	December 31, 2008
Total Syngenta AG registered shares	**94,599,849**	(2,315,008)	96,914,857
Nominal value per share (CHF)	**0.10**	0.10	0.10
Total share capital (CHF million)	**9.46**	(0.23)	9.69

On April 21, 2009, the AGM agreed to the cancellation of 2,315,008 shares at a nominal value of CHF 0.10. The cancellation of shares took place on July 8, 2009.

6. Equity

(CHF million)	Share capital	General reserve	Reserve for treasury shares	Free reserves	Available earnings	Total
Balance at January 1, 2008	10	263	1,034	261	2,806	4,374
Adjustment of reserve for treasury shares			(56)	56		–
Cancellation of shares			(885)			(885)
Purchase of own shares			726		(726)	–
Dividend payment					(454)	(454)
Profit of the year					1,642	1,642
Balance at December 31, 2008	10	263	819	317	3,268	4,677
Appropriation of available earnings				700	(700)	–
Adjustment of reserve for treasury shares			(41)	41		–
Cancellation of shares	(1)		(629)			(630)
Purchase of own shares			130	(130)		–
Dividend payment					(559)	(559)
Profit of the year					720	720
Balance at December 31, 2009	**9**	**263**	**279**	**928**	**2,729**	**4,208**

7. Contingent liabilities

	Maximum Amount December 31,		Amount in effect at December 31,	
(CHF million)	**2009**	2008	**2009**	2008
Euro medium-term notes	**3,103**	3,171	**3,103**	2,365
Private placement notes	**258**	264	**258**	264
Commercial paper	**2,578**	2,643	**–**	–
Credit facilities	**1,238**	1,268	**–**	–
Group treasury lending activities	**9,142**	9,231	**4,390**	3,552
Total	**16,319**	16,577	**7,751**	6,181

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.

7. Contingent liabilities continued

Investments
Syngenta AG held a partnership interest in Syngenta Participations AG & Co. SNC, a "société en nom collectif" under Luxembourg law and was jointly and severally liable for the liabilities to third parties of Syngenta Participations AG & Co. SNC. This partnership was wholly owned by the Group and was fully consolidated. The partnership was liquidated in 2009.

Contingent liabilities
At the request of the Dutch authorities, Syngenta AG has guaranteed 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.

8. Financial instruments

International Swap and Derivatives Dealers Association (ISDA) contracts were put into 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)	**2009**	2008	**2009**	2008	**2009**	2008
Financial instruments	**12,224**	12,116	**350**	474	**(195)**	(525)

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, 2009, to the knowledge of Syngenta AG, there was one (2008: no) shareholder exceeding the threshold of 5% holdings in Syngenta shares.

At December 31, 2009, Syngenta itself held 1,617,901 (2008: 3,953,617) shares in treasury corresponding to 1.71% (2008: 4.08%) of the share capital, as outlined in Note 4.

11. Compensation, shareholdings and loans

11.1 Content and method of setting compensation and share-based awards

11.1.1 Compensation policies

(i) Members of the Executive Committee including the CEO
Syngenta's executive compensation philosophy and guidelines are based on the need to provide transparent, performance oriented and market competitive total compensation opportunities for the Executive Committee members including the Chief Executive Officer (CEO). In particular, the executive compensation policy and system is designed to:

- Attract and retain highly qualified, globally successful senior executives to deliver the strategic plans and objectives of the Company;
- Encourage and reward exceptional company and individual performance;
- Provide an appropriate balance of focus between short-term and long-term performance;
- Recognize successful leadership; and
- Reward sustainable value creation for shareholders and stakeholders alike.

Notes to the Financial Statements of Syngenta AG

The compensation of the members of the Executive Committee and the Chief Executive Officer includes fixed and variable components such as:

- Fixed annual base salary;
- Performance based short-term incentive award;
- Performance based long-term incentive award; and
- Other market typical benefits.

The performance based incentives are measured according to the achievements of pre-defined financial indicators and personal objectives.

A significant portion of the short-term and long-term incentive programs is equity based, to encourage members of the Executive Committee and the CEO to focus on the long-lasting success and growth of the Company.

Compensation is reviewed on a regular basis and is benchmarked against a set of relevant comparable companies and markets that are evaluated and selected to provide the best representation of the executive labor markets in which Syngenta competes for top talent.

(ii) Non-executive Directors
The compensation of the non-executive Directors (excluding the Chairman) consists of an annual fee paid in cash or shares, or a combination thereof. The annual fee of each Director is comprised of a basic fee for services to the Board and an additional fee for individual assignments to committees of the Board. The fees for non-executive Directors are fixed and no variable compensation is paid.

A portion of the compensation of non-executive Directors may be paid in the form of shares to focus the non-executive Directors of the Board on delivering long-term success and value creation for shareholders.

The compensation of the non-executive Chairman of the Board consists of a single fixed fee delivered in cash and blocked shares. No variable compensation and no additional fees for services to committees are paid.

Compensation for the Chairman and for non-executive Directors is set by reference to relevant markets and comparable companies.

11.1.2 Compensation systems
(i) Compensation systems for members of the Executive Committee and the CEO
(a) Cash compensation
The annual base salary in the form of cash is a fixed element of compensation and payable on a monthly basis. Base salary is reviewed every year for adjustment to market conditions and function. In addition, the executives receive customary cash allowances for expenses, and if applicable, housing, relocation or transition as part of an international transfer.

(b) Short-Term Incentive (STI)
The target value for STI is defined as a percentage of the annual base salary and is reviewed on a regular basis. However, there is no fixed portion of STI awarded. Depending on relevant performance objectives for each year it is set between zero and a maximum percentage of salary and the actual STI award is split between cash and equity. The equity portion is delivered in accordance with the terms of the Syngenta Deferred Share Plan.

(c) Deferred Share Plan (DSP)
Under the DSP a fixed percentage of the STI is delivered in blocked shares or share awards. In addition, a participant may elect to allocate a further portion of the STI in blocked shares or share awards on a voluntary basis. Share awards are rights to receive shares at expiry of the blocking period.

The Compensation Committee determines the value of a deferred share at grant by reference to the market price of the Syngenta share.

Shares or share awards allocated to the DSP are blocked for a period of three years.

Upon expiry of the blocking period, the Company matches the number of shares or share awards on a “one-for-one basis”. The matching is subject to continued employment with Syngenta until after the expiration of the vesting period. If retirement age is reached prior to expiration of the vesting period, the matching is accelerated.

(d) Long Term Incentive (LTI)
The target value for LTI is defined as a percentage of annual base salary and reviewed on a regular basis. However, in accordance with relevant performance measures, the actual value of LTI for one business year can vary between zero and a maximum percentage of salary. The value of the actual LTI award is delivered in the form of stock options and restricted share units (RSU) on an equal value basis.

Stock options: The number of stock options is determined on the basis of the LTI award portion granted in options. The fair value of an option is measured using the Black-Scholes-Merton Formula, a commonly accepted stock option pricing method. The exercise price of the options is set equal to the share price determined for deferred shares under the DSP at the day of grant (see paragraph c, DSP).

11. Compensation, shareholdings and loans continued

The stock options have a term of ten or eleven years and cannot be exercised during a three-year vesting period following the date of grant. After vesting, each option gives the right to purchase one share.

RSU: The number of restricted share units granted is determined on the basis of the LTI award portion granted in RSU and the share value.

The value of a RSU is set equal to the share price determined for deferred shares under the DSP (see paragraph c, DSP). After a three-year vesting period, each RSU converts into one free Syngenta share.

Both the vesting of stock options and RSU are subject to continued employment with Syngenta until after the expiration of the three-year vesting period. If retirement age is reached prior to expiration of the vesting period, vesting is accelerated.

(e) Employee Share Purchase Plan (Switzerland)

All members of the Executive Committee and the CEO are eligible to participate in the Swiss Employee Share Purchase Plan. Each year, this plan gives the participants the opportunity to purchase shares up to the maximum value of CHF 5,000 at 50% of the share price. The shares are subject to a blocking period of three years.

(f) Performance measures for incentive awards

Both STI and LTI awards are determined solely on the basis of pre-defined performance measures. The actual awards vary between zero and a maximum percentage of annual base salary. 70% of the STI award is based on Group financial measures and 30% on achievement of personal performance objectives specific to the role of each member of the Executive Committee. 100% of the LTI award is based on the achievement of personal performance objectives.

The relevant target values are only awarded if the Executive fully meets the performance objectives. If a certain minimum performance is not achieved, no STI or LTI is awarded. If achievements are satisfactory, or exceed the objectives set (maximum performance), the actual STI and LTI awards can currently increase up to a maximum of 200% of the STI and 150% of the LTI target percentage of annual base salary as noted above.

(g) Fixed and variable compensation

Under the current framework and assuming incentives are at target or higher, the portion of variable compensation may be between the target and the maximum in line with relevant performance and exceeding of objectives. Table 1 contains the variable portion as a percentage of total compensation, or alternatively, of base salary.

Fixed and variable compensation

Table 1	Members of the Executive Committee		Chief Executive Officer	
	Target incentive	Maximum incentive	Target incentive	Maximum incentive
Fixed compensation [1]	40%	27%	29%	19%
Variable compensation [1]	60%	73%	71%	81%
Variable compensation [2]	150%	270%	244%	438%

1 As a percent of total compensation (100%)

2 Total variable incentive as a percentage of the base salary (or fixed compensation). For example, for a member of the Executive Committee, if the fixed compensation is 100,000 then, at target incentives, variable compensation would be 150,000 or 150%. Total compensation would then be 250,000 of which 100,000 is 40% and 150,000 is 60% as set out in Table 1. At maximum incentives the fixed compensation would remain at 100,000, however, total compensation would now be 370,000 of which the same 100,000 is 27% and 270,000 variable compensation is 73% shown in Table 1

(h) Cash and equity-based compensation

Under the same framework and assumptions as above, the portion of equity-based compensation may be between target and the maximum in line with higher performance and achievements. The relevant cash and equity-based percentages of total compensation are set out in Table 2.

Cash and equity-based compensation

Table 2	Members of the Executive Committee		Chief Executive Officer	
	Target incentive	Maximum incentive	Target incentive	Maximum incentive
Cash payments [1]	44%	32%	34%	25%
Equity-based awards [1]	56%	68%	66%	75%

1 As a percent of total compensation (100%)

Notes to the Financial Statements of Syngenta AG

(ii) Compensation systems for non-executive Directors
(a) Annual fees
The annual fees for non-executive Directors (excluding the Chairman, see paragraph c, Fee for the Chairman) are comprised of a base fee for services to the Board and of additional fees for services to Board committees. The fees of these Directors are fixed with no variable compensation paid. The Compensation Committee and the Board review the compensation of non-executive Directors every year for adjustment to market conditions as deemed appropriate.

(b) Portion of the fee in shares
All non-executive Directors excluding the Chairman (see paragraph c, Fee for the Chairman) are eligible for participation in the "Share plan for non-executive Directors" and may indicate their preferred portion of the annual fee to be paid in shares. In addition, the Directors may indicate a preference for shares which are blocked for five years or for free shares. However, the Compensation Committee has discretion to impose a fixed portion of shares, to change the allocation of shares or to endorse the preferred portion in shares. The Committee may exclude members from participation in the plan.

Shares are granted once a year. The grant value of a Syngenta share at grant is the market price.

(c) Fee for the Chairman
The annual fee of the non-executive Chairman of the Board is fixed and no variable portion is paid. The annual fee is paid in cash and in restricted shares respectively. The value of the fixed share portion is equal to one third of the net fee after tax and social security charges. The Compensation Committee and the Board review the compensation of the Chairman every year for adjustment to market conditions as deemed appropriate.

The grant value of a Syngenta share at grant is the market price. The shares are blocked for a period of three years.

(iii) Compensation system for executive Directors of the Board
Directors with executive authority (the Chief Executive Officer) participate in incentive compensation programs designed and operated for members of the Syngenta Executive Committee (see subsection 11.1.2(i) Compensation systems for members of the Executive Committee and the CEO). The compensation of the CEO is paid for his executive role in the Executive Committee and is therefore disclosed under compensation for members of the Executive Committee (see section 11.5).

11.2 Governance, authority and method of compensation decisions

11.2.1 Compensation decision

The Compensation Committee consists of four independent non-executive Directors. No Committee member is cross-linked with any of the non-executive Directors of the Board or members of the Executive Committee. The CEO is a guest at the 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 agrees on proposals to the Board with regard to their own compensation.

The Board has set out the remit and authority of the Compensation Committee in the committee charter covering also the delegation of authorities in compensation matters. Decisions on compensation and benefits for members of the Executive Committee (excluding the CEO) are made by the Compensation Committee. The Committee Chairman reports the decision of the Committee to the Board. For decisions on compensation and benefits for the CEO, the Chairman and non-executive Directors, the Committee makes recommendations to the Board as a whole, which has decision authority.

The Committee periodically reviews the compensation policies and systems applicable to members of the Executive Committee and to non-executive Directors of the Company and makes recommendations to the Board. In addition, it has responsibility for any decision affecting pension, insurance and other benefit policies and systems for members of the Executive Committee (excluding the CEO, for which the Board has responsibility). Furthermore, it has authority to make decisions in regards to any material pension or insurance plan of the Company and any shareholding and compensation program that involves the use of equity.

At the beginning of each business year the Committee approves the financial and personal measures and achievements applicable to the STI and LTI for the previous business year and approves the awards for the members of the Executive Committee with the exception of the CEO.

In addition, the Committee reviews conclusions or recommendations from external consultants on base salaries and incentive award levels for the current business year. It also sets the relevant targets for incentive awards in the current year such as financial performance indicators, strategic projects, leadership qualities and personal contributions to the overall success. The financial performance measures are based on indicators such as earnings, return on investment, growth of sales and others. Where the CEO is concerned the Committee makes recommendations to the Board.

11.2.2 Review of market data and practices of comparable companies

The Committee reviews base salaries and incentive levels as well as compensation practices against data from a set of comparable multinational companies in Switzerland excluding financial institutions, and against data from a range of large multinational companies in the chemical and agribusiness industry in other European countries. In addition, it reviews the same elements against data from a set of companies in the USA, which operate primarily in the chemical and agribusiness sector. Every year the Committee reviews, with the external advisor, the sets of comparable companies and industries for appropriateness and comparability. Pension and insurance information are reviewed periodically. The compensation of the members of the Board of Directors is primarily compared to relevant data of Swiss companies.

11. Compensation, shareholdings and loans continued

Total compensation of the Board of Directors and the Executive Committee is competitively positioned with regard to comparable companies.

The market data for each role in the Executive Committee and for the CEO is supplied by the external compensation advisor who provides also market information on compensation for the Chairman and other non-executive Directors.

The Board and the Compensation Committee currently consult with Towers Watson (formerly Towers Perrin) for compensation policy matters and other relevant market information. From time to time, as required, other third party compensation advisors are consulted.

11.3 Accrual principle and valuation

The "accrual basis" is applied to all elements of compensation including STI and LTI awards. They are disclosed in accordance with the year for which they are paid. The STI and LTI awards in this 2009 report relate to performance and results in 2009, and will be paid in 2010 or later.

This is in line with the accrual principle as requested by relevant guidelines. The number of equity units to be granted for 2009 will be determined after the editorial deadline of this report. Therefore, while the compensation amount is known and included, the numbers of shares, RSU and options to be issued for this amount is not determined yet and not included in this report.

In the report 2008 the accrual principle for the disclosure of incentive awards was adopted for the first time. The number of equity units that were granted for 2008 had also been determined after the editorial deadline of the relevant report. Therefore the actual numbers of shares, RSU and options awarded for 2008 are included in this report 2009 (see Tables 4 and 5).

The shares for the incentive year 2009 that will be allocated to the DSP in 2010 will be matched in 2013 provided the vesting condition will be met. In this report the same value as determined for the deferral of shares in 2010 was used to state the value of the expected matching of shares in 2013.

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. Tax compliance services typically lag behind the compensation paid by one or more years. The amounts payable for services that relate to employment income 2009 cannot be determined.

In the Notes 2 and 24 to the Syngenta Group consolidated financial statements the amounts disclosed for equity-settled awards is the expense recognized for the period calculated in accordance with IFRS 2 "Share Based Payment". In this report the same equity-settled awards are disclosed as the values at grant and therefore differ. Cash-settled awards are disclosed in accordance with the year for which they are paid.

11.4 Compensation for non-executive Directors in 2009

11.4.1 Non-executive Directors

The non-executive Directors (excluding the Chairman) received their annual fee in cash or partly in shares. Shares are freely tradable or have been blocked for five years. Non-executive Directors (excluding the Chairman) did not receive any benefits in kind.

The Chairman received a portion of his compensation in cash and a mandatory portion in restricted shares. Shares have been blocked for three years. In addition, certain other benefits were provided to the Chairman.

The compensation and benefits received by each non-executive member of the Board of Directors are set out in Table 3a.

Compensation of non-executive Directors in 2009

Table 3a Non-executive Directors	Fee in cash	Fee in free shares	Fee in restricted shares	Number free shares	Number restricted shares	Total number shares	Benefits in kind/cash[1]	Total annual fee/benefits received	Company social security cost	Total annual cost
Martin Taylor	1,890,586	–	459,414	–	1,833	1,833	176,370	2,526,370	–	2,526,370
Stefan Borgas[2]	47,000	–	109,890	–	422	422	–	156,891	8,318	165,208
Peggy Bruzelius	295,000	–	–	–	–	–	–	295,000	70,594	365,594
Peter Doyle[3]	81,667	–	–	–	–	–	–	81,667	–	81,667
Rupert Gasser[3]	120,000	–	–	–	–	–	–	120,000	7,544	127,544
Pierre Landolt[4]	11,980	223,166	–	857	–	857	–	235,146	15,062	250,208
David Lawrence[5]	98,000	65,361	–	251	–	251	–	163,361	–	163,361
Peter Thompson	117,500	117,703	–	452	–	452	–	235,203	–	235,203
Jacques Vincent	56,247	168,742	–	648	–	648	–	224,989	–	224,989
Rolf Watter	169,000	–	112,755	–	433	433	–	281,755	16,214	297,969
Felix A. Weber	55,000	–	220,041	–	845	845	–	275,041	14,062	289,103
Jürg Witmer	341,667	–	–	–	–	–	–	341,667	21,837	363,504
Total	3,283,647	574,972	902,101	2,208	3,533	5,741	176,370	4,937,089	153,629	5,090,718

Notes to the Financial Statements of Syngenta AG

Compensation of non-executive Directors in 2008 (Table 2a in the report 2008)

Table 3b Non-executive Directors	Fee in cash	Fee in free shares	Fee in restricted shares	Number free shares	Number restricted shares	Total number shares	Benefits in kind/cash[1]	Total annual fee/benefits received	Company social security cost	Total annual cost
Martin Taylor	1,851,578	–	448,422	–	1,676	1,676	210,380	2,510,380	–	2,510,380
Peggy Bruzelius	290,000	–	–	–	–	–	–	290,000	58,982	348,982
Peter Doyle	61,325	183,975	–	548	–	548	–	245,299	–	245,299
Rupert Gasser	350,000	–	–	–	–	–	–	350,000	17,816	367,816
Pierre Landolt[4]	12,734	237,354	–	707	–	707	–	250,088	12,886	262,974
Peter Thompson	161,000	69,158	–	206	–	206	–	230,158	–	230,158
Jacques Vincent	55,058	165,174	–	492	–	492	–	220,232	–	220,232
Rolf Watter	69,000	–	161,146	–	480	480	–	230,146	10,104	240,250
Felix A. Weber	270,000	–	–	–	–	–	–	270,000	13,904	283,904
Jürg Witmer	240,000	60,094	–	179	–	179	–	300,094	15,442	315,535
Total	3,360,695	715,755	609,568	2,132	2,156	4,288	210,380	4,896,398	129,133	5,025,530

1 Housing, commuting and tax services, including refund of relevant tax (cash)
2 Stefan Borgas was elected to the Board of Directors at the AGM 2009
3 Rupert Gasser's and Peter Doyle's term of office ended at the AGM 2009
4 According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee
5 David Lawrence was elected to the Board of Directors at the AGM 2009, his compensation as a former member of the Executive Committee is disclosed in Table 6
All values in Swiss francs

The Chief Executive Officer (CEO) is a member of the Board of Directors and a member of the Executive Committee. His compensation is disclosed as part of total compensation for members of the Executive Committee (see section 11.5).

11.4.2 Functions of the executive and non-executive Directors

In 2009 the non-executive and one executive Director held functions as set out in the table below.

Name	Age[1]	Nationality	Function	Director since	Term of office
Martin Taylor	57	British	Chairman, non-executive Director	2000	2011
Michael Mack	49	American	Chief Executive Officer, executive Director	2008	2010
Jürg Witmer	61	Swiss	Vice Chairman, Non-executive Director	2006	2012
Stefan Borgas	45	German	Non-executive Director	2009	2012
Peggy Bruzelius	60	Swedish	Non-executive Director	2000	2012
Pierre Landolt	62	Swiss	Non-executive Director	2000	2012
David Lawrence	60	British	Non-executive Director	2009	2012
Peter Thompson	63	American	Non-executive Director	2000	2011
Jacques Vincent	63	French	Non-executive Director	2005	2010
Rolf Watter	51	Swiss	Non-executive Director	2000	2011
Felix A. Weber	59	Swiss	Non-executive Director	2000	2011

1 Age on December 31, 2009

11.4.3 Compensation to former Directors

In 2009 no compensation was paid to any former non-executive or executive Directors.

11.5 Compensation for members of the Executive Committee in 2009

11.5.1 Members of the Executive Committee

All members of the Executive Committee in 2009, an aggregate number of eight people including the CEO, received salaries, incentives and other elements including benefits in kind as set out in Table 4.

The CEO's compensation is also reported under section 11.5.2 "Highest compensation for a member of the Executive Committee" Table 5.

11. Compensation, shareholdings and loans continued

On Table 4 under "compensation 2008" the number of shares, RSU and options that were granted on February 23, 2009 for the year 2008 are set out (excluding the shares purchased under the Employee Share Purchase Plan and special grant RSU). The numbers of units granted were determined after the preparation of the report 2008 and are therefore disclosed retroactively in this report 2009. The actual values of the granted shares, options and RSU differ slightly from the values reported in 2008. This is the result of the practice that the numbers of shares, options and RSU at grant are rounded to the next whole numbers of units.

Compensation for members of the Executive Committee (a total of 8 people in 2009)

Table 4	Number of units		Values	
Compensation elements	**2009**	2008	**2009**	2008
Fixed compensation in cash			**6,235,425**	5,770,020
Allowances in cash			**446,676**	1,167,719
STI compensation in cash[1]			**456,145**	2,025,048
Incentives received in cash[2]			**–**	704,025
Total compensation in cash			**7,138,246**	9,666,812
DSP deferred shares[3, 4, 5]	**–**	19,803	**1,410,142**	4,622,614
DSP matching shares[3, 4, 6]	**–**	19,803	**1,410,142**	4,622,614
LTI options[3, 4, 7]	**–**	47,356	**2,495,199**	2,522,654
LTI RSU[3, 4, 8]	**–**	10,812	**2,495,199**	2,523,845
Employee share purchase plan	**152**	168	**19,608**	17,304
Special grant RSU	**–**	6,000	**–**	1,918,500
Insurance, pension costs			**1,649,371**	1,500,353
Benefits in kind[9]			**337,446**	272,694
Total compensation			**16,955,353**	27,667,390
Company social security costs			**684,985**	805,911
Compensation related to earlier years				
DSP matching shares[10]	**8,223**	12,156	**1,924,182**	3,513,084
DSP matching ADS	**–**	10,189	**–**	609,887
Company social security costs			**256,072**	655,749

Notes refer to 2009 unless other years are indicated
1 Short-term incentive in cash, payable for 2009 in 2010
2 Incentives were paid in cash to executives retiring from work in 2008, such payments were made in 2009 to a former executive (see Table 6).
3 The numbers of deferred shares, matching shares, options and RSU for 2008 were granted on February 23, 2009 after the preparation of the report 2008.
4 The numbers of shares, options and RSUs at grant for 2008 were rounded to the next whole number, the values actually granted therefore differ slightly from the values disclosed in the report 2008
5 Short-term incentive in deferred shares or share awards, will be granted in 2010 for 2009 (the number of shares is not determined at the time of preparing this report)
6 Actual value of DSP matching, shares will be granted in 2013 (the number of shares is not determined at the time of preparing this report)
7 Long-term incentive in options, will be granted in 2010 for 2009 (the number of options is not determined at the time of preparing this report)
8 Long-term incentive in RSU, will be granted in 2010 for 2009 (the number of RSU is not determined at the time of preparing this report)
9 Value of housing, commuting, relocation, education and tax services including refund of relevant tax
10 Matching shares, were granted in 2009 for 2005
All values in Swiss francs

11.5.2 Highest Compensation for a member of the Executive Committee

Among the members of the Executive Committee, Michael Mack, Chief Executive Officer, received the highest compensation in cash, incentives and benefits. The individual compensation elements are shown in Table 5.

On Table 5 under "compensation 2008" the number of shares, RSU and options that were granted to the Chief Executive Officer on February 23, 2009 for the year 2008 are set out (excluding the shares purchased under the Employee Share Purchase Plan). The numbers of units granted were determined after the preparation of the report 2008 and therefore are disclosed retroactively in this report 2009. The actual values of the granted shares, options and RSU differ slightly from the values reported in 2008. This is the result of the practice that the numbers of shares, options and RSU at grant are rounded to the next whole numbers of units.

Highest compensation for a member of the Executive Committee

Table 5	Number of units		Value	
Compensation elements	2009	2008	2009	2008
Fixed compensation in cash			**1,307,508**	1,250,004
Allowances in cash			**107,580**	148,592
Incentive compensation in cash [1]			**119,398**	388,000
Total compensation in cash			**1,534,486**	1,786,596
DSP deferred shares [2, 3, 4]	**–**	6,650	**477,594**	1,552,310
DSP matching shares [2, 3, 5]	**–**	6,650	**477,594**	1,552,310
LTI options [2, 3, 6]	**–**	16,426	**800,000**	875,013
LTI RSU [2, 3, 7]	**–**	3,749	**800,000**	875,129
Employee share purchase plan	**19**	24	**2,451**	2,472
Insurance and pension costs			**383,546**	349,563
Benefits in kind [8]			**25,642**	
Total compensation			**4,501,313**	6,993,393
Company social security costs			**153,526**	167,902
Compensation related to earlier years				
DSP matching shares [9]	**2,298**	–	**537,732**	–
DSP matching ADS	**–**	10,189	**–**	609,887
Company social security costs			**45,555**	68,348

Notes refer to 2009 unless other years are indicated
1 Short-term incentive in cash, payable in 2010 for 2009
2 The number of deferred shares, matching shares, options and RSU for 2008 were granted on February 23, 2009 after preparation of the report 2008
3 The numbers of shares, options and RSU at grant for 2008 were rounded to the next whole number, the values actually granted therefore differ slightly from the values disclosed in the report 2008
4 Short-term incentive in deferred shares, will be granted in 2010 for 2009, (the number of shares is not determined at the time of preparing this report)
5 Actual value of DSP matching, shares will be granted in 2013, (the number of shares is not determined at the time of preparing this report)
6 Long-term incentive in options, will be granted in 2010 for 2009, (the number of options is not determined at the time of preparing this report)
7 Long-term incentive in RSU, will be granted in 2010 for 2009, (the number of RSU is not determined at the time of preparing this report)
8 Benefit of tax services including refund of relevant tax
9 Matching shares, were granted in 2009 for 2005
All values in Swiss francs

11. Compensation, shareholdings and loans continued

11.5.3 Functions of the members of the Executive Committee

Name	Age[1]	Nationality	Function	Appointment
Michael Mack	49	American	Chief Executive Officer	2008
Alejandro Aruffo	50	Italian/American	Head of Research & Development	2008
John Atkin	56	British	Chief Operating Officer Crop Protection	2000
Robert Berendes	44	German	Head of Business Development	2007
Christoph Mäder	50	Swiss	Head of Legal & Taxes and Company Secretary	2000
Mark Peacock	48	British	Head of Global Operations	2007
Davor Pisk	51	British	Chief Operating Officer Seeds	2008
John Ramsay	52	British	Chief Financial Officer	2007

1 Age on December 31, 2009

11.5.4 Compensation to former members of the Executive Committee

In view of his retirement in 2009, David Lawrence stepped down from the Executive Committee with effect from September 30, 2008. Until the retirement date on April 17, 2009 he was retained for special functions at Syngenta and was compensated accordingly. These compensation, pension, insurance payments and benefits in kind for the period in 2009 are disclosed in Table 6.

In addition, contractual but immaterial post employment benefits in kind with respect to international relocation to their home country were granted to David Lawrence and other executives.

Compensation to former members of the Executive Committee

Table 6	Number of units		Value	
Compensation elements	**2009**	2008	**2009**	2008
Fixed compensation in cash[1]			**208,690**	166,251
STI/LTI compensation cash[2]			**277,027**	380,363
Employee share purchase plan	**–**	24	**–**	2,472
Total compensation			**485,717**	549,086
Pension, insurance and benefits in kind[3]			**28,990**	135,845
Company social security costs			**63,267**	79,547
Compensation related to earlier years				
DSP matching shares[4]	**2,121**	–	**490,158**	–
Company social security costs			**62,740**	–

Notes refer to 2009 unless other years are indicated
1 David Lawrence; January 1 – April 17, 2009; October 1 – December 31, 2008
2 STI LTI awards paid prorated in cash due to retirement
3 Benefit in kind are post employment tax and other services to executives that retired from work including the refund of relevant tax
4 Matching shares, granted in 2009 for 2005, and 2006, 2007 due to retirement in 2009
All values in Swiss francs

Notes to the Financial Statements of Syngenta AG

11.6 Holding of shares and options

11.6.1 Shares

(i) Non-executive Directors

At December 31, 2009, the aggregate number of registered shares and American Depositary Shares (ADS) of Syngenta AG held by the Chairman and nine non-executive Directors including the shares held by related parties*, is set out in Table 7.

Holding of shares of non-executive Directors at December 31, 2009

Table 7	Free shares		Restricted shares		% voting rights	
Non-executive Directors	2009	2008	2009	2008	2009	2008
Martin Taylor	**2,744**	680	**5,324**	5,555	**< 0.1%**	< 0.1%
Stefan Borgas [1]	**–**	–	**422**	–	**< 0.1%**	–
Peggy Bruzelius	**2,464**	2,464	**–**	–	**< 0.1%**	< 0.1%
Pierre Landolt [2]	**4,219**	3,362	**509**	509	**< 0.1%**	< 0.1%
David Lawrence [1]	**9,651**	–	**24**	–	**< 0.1%**	–
Peter Thompson [3]	**854**	402	**–**	–	**< 0.1%**	< 0.1%
Jacques Vincent	**2,819**	2,171	**–**	–	**< 0.1%**	< 0.1%
Rolf Watter	**2,177**	2,177	**1501**	1,068	**< 0.1%**	< 0.1%
Felix A. Weber	**23**	23	**1407**	562	**< 0.1%**	< 0.1%
Jürg Witmer	**2,300**	2,300	**549**	549	**< 0.1%**	< 0.1%
Total non-executive Directors' shares	**27,251**	13,579	**9,736**	8,243	**< 0.1%**	< 0.1%
Rupert Gasser [4]		2,996		–		
Peter Doyle [4]		3,322		–		
Total shares 2008		19,897		8,243		
Total shares 2009	**27,251**		**9,736**			

	Free ADS		Restricted ADS		% voting rights	
	2009	2008	2009	2008	2009	2008
Peter Thompson ADS [3]	**7,000**	7,000		–	**< 0.1%**	< 0.1%
Total non-executive Directors' ADS	**7,000**	7,000		–	**< 0.1%**	< 0.1%

1 Stefan Borgas and David Lawrence were elected to the Board of Directors at the AGM 2009
2 According to Pierre Landolt and the Sandoz Family Foundation, of the total amounts, 3,878 shares were held by the Foundation at December 31, 2009 and 3,021 were held at December 31, 2008
3 Peter Thompson holds shares and ADS
4 Rupert Gasser and Peter Doyle retired from the Board of Directors

(ii) Members of the Executive Committee

At December 31, 2009, the aggregate number of registered shares and ADS of Syngenta AG held by the active members of the Executive Committee including the CEO (a total of eight people), and including related parties*, is set out in Table 8a.

The numbers of vested shares for each individual include free shares and blocked shares to which voting rights are attached. The unvested shares are shown separately by category including unconverted share awards, unmatched shares and restricted share units (RSU).

*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

Holding of shares by members of the Executive Committee at December 31, 2009

Table 8a

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Free	Restricted	Voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Active members							
Michael Mack [1]	6,211	9,768	< 0.1%	–	9,706	6,279	31,964
Alejandro Aruffo	2,000	43	< 0.1%	1,918	1,918	4,544	10,423
John Atkin	21,182	3,008	< 0.1%	3,760	6,706	4,439	39,095
Robert Berendes	35	971	< 0.1%	1,321	2,254	2,450	7,031
Christoph Mäder	3,915	2,979	< 0.1%	–	2,917	2,479	12,290
Mark Peacock	58	62	< 0.1%	3,413	3,413	2,113	9,059
Davor Pisk	3,025	2,493	< 0.1%	488	2,938	1,961	10,905
John Ramsay	2,672	3,746	< 0.1%	–	3,684	2,182	12,284
Total Executive Committee shares	39,098	23,070	< 0.1%	10,900	33,536	26,447	133,051
Michael Mack ADS [1]	34,463	–	–	–	–	–	34,463
Total Executive Committee ADS	34,463	–	–	–	–	–	34,463

1 Michael Mack holds shares and ADS

Holding of shares by members of the Executive Committee at December 31, 2008

Table 8b

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Free	Restricted	Voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Active members							
Michael Mack [1]	35	5,420	< 0.1%	–	5,354	4,087	14,896
Alejandro Aruffo [2]	–	24	< 0.1%	–	–	6,000	6,024
John Atkin	21,471	66	< 0.1%	6,560	6,560	4,775	39,432
Robert Berendes	35	1,288	< 0.1%	290	1,559	2,007	5,179
Christoph Mäder	3,903	2,825	< 0.1%	–	2,759	2,666	12,153
Mark Peacock	2,180	66	< 0.1%	1,966	1,966	1,674	7,852
Davor Pisk [3]	1,626	476	< 0.1%	907	1,359	1,395	5,763
John Ramsay	2,086	1,720	< 0.1%	745	2,399	1,826	8,776
Total Executive Committee shares	31,336	11,885	< 0.1%	10,468	21,956	24,430	100,075
Michael Mack ADS [1]	34,463	–	–	–	–	–	34,463
Total Executive Committee ADS	34,463	–	–	–	–	–	34,463

1 Michael Mack holds shares and ADS
2 Alejandro Aruffo succeeded David Lawrence in the role of Head R&D on October 1, 2008
3 Davor Pisk succeeded Michael Mack in the role of COO Seeds effective January 1, 2008

Notes to the Financial Statements of Syngenta AG

11.6.2 Options

(i) Non-executive Directors

At December 31, 2009, the aggregate number of options on shares or ADS of Syngenta AG held by the Chairman and nine non-executive Directors, including related parties*, is set out in Table 9a. Options granted between 2000 and 2008 are all vested.

Holding of options by non-executive Directors at December 31, 2009

Table 9a

Options on Shares

Year of allocation	2008	2007	2006	2005	2004	2003	2002	2000
Underlying equity	**Share**	**Share**	**Share**	**Share**	**Share**	**Share**	**Share**	**Share**
Term (years)	**10**	**10**	**10**	**10**	**11**	**11**	**11**	**10**
Exercise period (years)	**7**	**7**	**7**	**7**	**8**	**8**	**8**	**7**
Option: share ratio	**1:1**	**1:1**	**1:1**	**1:1**	**1:1**	**1:1**	**1:1**	**1:1**
Exercise price CHF	**301.50**	**226.70**	**185.00**	**127.38**	**89.30**	**59.70**	**98.00**	**76.50**
Vesting status				**All vested**				
Options held at December 31, 2009:								
Martin Taylor	**–**	**–**	**–**	**1,312**	**1,281**	**1,061**	**685**	**–**
Stefan Borgas [1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Peggy Bruzelius	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Pierre Landolt [2]	**–**	**–**	**–**	**3,532**	**4,484**	**2,652**	**1,713**	**2,500**
David Lawrence [1,3]	**3,225**	**3,213**	**4,214**	**–**	**–**	**–**	**–**	**–**
Peter Thompson [4]	**–**	**–**	**–**	**1,363**	**–**	**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**	**3,213**	**4,214**	**9,504**	**7,815**	**8,486**	**7,536**	**2,500**
Total options on shares	**46,493**							
Options on ADS								
Year of allocation					2004			2000
Underlying equity					**ADS**			**ADS**
Term (years)					**11**			**10**
Exercise period (years)					**8**			**7**
Option: ADS ratio					**1:1**			**1:1**
Exercise price USD					**14.53**			**8.68**
Vesting status							**All vested**	
Options held at December 31, 2009:								
Peter Thompson [4]					**6,560**			**12,500**
Total options on ADS	**19,060**							

After 2005 no options were granted to non-executive Directors, David Lawrence received the options in 2006 to 2008 while he was an executive of Syngenta

1 Stefan Borgas and David Lawrence are new members of the Board of Directors

2 According to Pierre Landolt and the Sandoz Family Foundation, all options are held by the Foundation

3 David Lawrence received options as a former member of the Executive Committee

4 Peter Thompson holds options on shares and ADS

*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

Holding of options by non-executive Directors at December 31, 2008

Table 9b

Year of allocation	2005	2004	2004	2003	2002	2000	2000
Underlying equity	Share	ADS	Share	Share	Share	ADS	Share
Term (years)	10	11	11	11	11	10	10
Exercise period (years)	7	8	8	8	8	7	7
Option: share/ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price	CHF127.38	USD 14.53	CHF 89.30	CHF 59.70	CHF 98.00	USD 8.68	CHF 76.50
Vesting status				All vested			
Options held at December 31, 2008:							
Non-executive Directors							
Martin Taylor	1,312	–	1,281	1,061	685	–	–
Peggy Bruzelius	–	–	–	–	–	–	–
Peter Doyle	942	–	1,025	1,061	685	–	–
Rupert Gasser	808	–	1,025	531	–	–	–
Pierre Landolt [1]	3,532	–	4,484	2,652	1,713	–	2,500
Peter Thompson	1,363	6,560	–	2,652	1,713	12,500	–
Jacques Vincent	–	–	–	–	–	–	–
Rolf Watter	1,682	–	–	–	–	–	–
Felix A. Weber	1,615	–	2,050	2,121	3,425	–	–
Jürg Witmer	–	–	–	–	–	–	–
Totals by grant year	**11,254**	**6,560**	**9,865**	**10,078**	**8,221**	**12,500**	**2,500**
Total options on shares	**41,918**						
Total options on ADS	**19,060**						

After 2005 no options were granted

1 According to Pierre Landolt and the Sandoz Family Foundation, all options are held by the Foundation

Notes to the Financial Statements of Syngenta AG

(ii) Members of the Executive Committee

At December 31, 2009, the aggregate number of options on shares or ADS of Syngenta AG held by the active members of the Executive Committee and the CEO (a total of eight people), including related parties(*), is set out in Table 10a. Options granted between 2004 and 2006 are all vested. Options granted in 2007 and later will vest in 2010 and following years.

Holding of options by members of the Executive Committee at December 31, 2009

Table 10a

Year of allocation[1]	2009	2008	2007	2006	2005	2005	2004
Underlying equity	**Share**	Share	Share	Share	ADS	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 233.43**	CHF 301.50	CHF 226.70	CHF 185.00	USD 21.30	CHF127.38	CHF 89.30
Vesting status		Unvested				Vested	
Options held as of December 31, 2009:							
Members of the Executive Committee							
Michael Mack[2]	16,426	4,669	6,075	7,077	47,319	–	–
Alejandro Aruffo	2,381	–	–	–	–	–	–
John Atkin	6,843	5,292	6,930	–	–	–	–
Robert Berendes	4,790	3,362	2,369	2,959	–	4,138	4,048
Christoph Mäder	3,920	2,739	3,993	4,915	–	5,920	–
Mark Peacock	4,055	2,988	2,023	2,212	–	–	–
Davor Pisk	4,435	1,666	2,360	2,031	–	3,502	–
John Ramsay	4,506	2,431	2,453	3,059	–	986	–
Totals by grant year	**47,356**	**23,147**	**26,203**	**22,253**	**47,319**	**14,546**	**4,048**

Total vested options on shares	40,847
Total unvested options on shares	96,706
Total options on shares (vested and unvested)	137,553
Total options on ADS (all vested)	47,319

1 All options granted in 2003 and earlier years under the Company option plan are exercised
2 Michael Mack holds options on shares and ADS
*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

Holding of options by members of the Executive Committee at December 31, 2008

Table 10b

Year of allocation[1]	2008	2007	2006	2005	2005	2004
Underlying equity	Share	Share	Share	ADS	Share	Share
Term (years)	10	10	10	10	10	11
Exercise period (years)	7	7	7	7	7	8
Option: share/ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price	CHF 301.50	CHF 226.70	CHF 185.00	USD 21.30	CHF 127.38	CHF 89.30
Vesting status		Unvested			Vested	
Options held as of December 31, 2008:						
Members of the Executive Committee						
Michael Mack[2]	4,669	6,075	7,077	47,319	–	–
Alejandro Aruffo[3]	–	–	–	–	–	–
John Atkin	5,292	6,930	8,625	–	–	–
Robert Berendes	3,362	2,369	2,959	–	4,138	4,048
Christoph Mäder[4]	2,739	3,993	4,915	–	5,920	–
Mark Peacock	2,988	2,023	2,212	–	3,028	–
Davor Pisk[5]	1,666	2,360	2,031	–	3,502	–
John Ramsay	2,431	2,453	3,059	–	3,986	–
Totals by grant year	**23,147**	**26,203**	**30,878**	**47,319**	**20,574**	**4,048**

Total vested options on shares	**24,622**
Total unvested options on shares	**80,228**
Total options on shares (vested and unvested)	**104,850**
Total options on ADS (all vested)	**47,319**

1 All options granted in 2003 and earlier years under the Company option plan are exercised
2 Michael Mack held options on shares and ADS
3 Alejandro Aruffo replaced David Lawrence on October 1, 2008
4 Christoph Mäder held in addition 42 warrants (exercise price CHF 53.40) on Syngenta shares from the time of the merger
5 Davor Pisk succeeded Michael Mack in the role of COO Seeds effective January 1, 2008
*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

11.7 Contractual provisions, loans, additional benefits

11.7.1 Notice periods and contract periods

The notice periods for members of the Executive Committee and the Chief Executive Officer are in accordance with market practice. All contracts with members of the Executive Committee and the CEO are subject to notice periods of 12 months.

The agreements with the non-executive Directors are not subject to notice periods. In principle they end tacitly at expiry of the Directors' term of office.

11.7.2 Change of control clauses

The employment contracts of members of the Executive Committee and the agreement with the CEO do not have any change of control clauses.

The Company has agreed with the non-executive Chairman that, in the event of a change in control, a fee for a period of 12 months would be payable to him.

11.7.3 Termination agreements

Contracts or any agreements with members of the Executive Committee or the Board of Directors do not contain any termination payments ("parachute" or "handshake" or similar arrangements) with regard to severance or other events of termination.

11.7.4 Severance payments

During 2009, no severance payments were made to former Directors or members of the Executive Committee.

11.7.5 Credits, loans

In 2009, there were no loans or credits granted to active or former Directors or members of the Executive Committee, or parties related to them and, at December 31, 2009, there are no such loans or credits outstanding.

11.7.6 Liabilities due to third parties

In 2009, there were no guarantees, pledges, collateral, promises or other forms of liabilities 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, 2009, there are no such liabilities outstanding.

11.7.7 Waiver of claims

In 2009 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, 2009, no such items are outstanding.

11.7.8 Payments for additional work

In 2009, no compensation was paid to any active Director or member or the Executive Committee for other services provided, and as of December 31, 2009, no such payment is outstanding.

Appropriation of Available Earnings of Syngenta AG

(CHF million)	2009	2008
Available earnings:		
Balance brought forward from previous year	**2,009**	2,352
Transfer to reserve for treasury shares	**–**	(726)
Net profit of the year	**720**	1,642
Total available earnings	**2,729**	3,268
Appropriation of available earnings:		
Payment of a dividend	**(568)**	(568)
Transfer to free reserves	**(300)**	(700)
Total available earnings after appropriation	**1,861**	2,000
Dividend waived for treasury shares held by the Company	**–**	9
To be carried forward on this account	**1,861**	2,009

The Board of Directors recommends a dividend payment of CHF 6.00 per share (2008: CHF 6.00 per share). Shares held in 2008 by Syngenta for cancellation were not included in the dividend calculation. 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 4, 2010

As statutory auditor, we have audited the accompanying financial statements of Syngenta AG, which comprise the income statement, balance sheet and notes (pages 93 to 113) for the year ended December 31, 2009.

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, 2009 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 therefore.

For the business year 2009, Syngenta has published four reports: the Annual Report, the Financial Report, the Corporate Governance Report and the Corporate Social Responsibility Report.

These publications are also available on the Internet site www.syngenta.com.

All documents were originally published in English.

The Annual Report 2009, the Corporate Governance Report 2009 and the Corporate Social Responsibility Report 2009 are also available in German.

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 Editorial completion: February 2010.

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Bringing plant potential to life

For the business year 2009, Syngenta has published three reports: Annual Review (incorporating the Corporate Responsibility Report), Financial Report and Corporate Governance Report.

All documents were originally published in English. The Annual Review 2009 and the Corporate Governance Report 2009 are also available in German.

These publications are also available on the Internet: www.syngenta.com

Editorial completion: February 2010.

Design and production:
Radley Yeldar, London, UK

Printing: NZZ Fretz AG, Zürich, Switzerland

Printed on Hello Silk, made with wood fiber from managed forests and manufactured at a mill that has achieved the ISO14001 and EMAS environmental management standards.

www.syngenta.com

Article number 016829.040