

SYNGENTA AG  
Form 20-F  
February 18, 2009

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As filed with the Securities and Exchange Commission on February 18, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
OR  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended: December 31, 2008  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
OR  
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
Commission file number: 1-15152  
SYNGENTA AG  
(Exact name of Registrant as specified in its charter)

SWITZERLAND  
(Jurisdiction of incorporation or organization)  
Schwarzwaldallee 215, 4058 Basel, Switzerland  
(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class:  
American Depositary Shares, each representing  
one-fifth of a common share of Syngenta AG,  
nominal value CHF 0.10

Name of each exchange on which registered:  
New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

96,914,857 Common shares, nominal value CHF 0.10 each

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued x Other   
by the International Accounting Standards Board

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

## Introduction

### NATURE OF OPERATIONS

Syngenta AG (“Syngenta”, the “Company”, “we” or “us”) is a world-leading agribusiness that is involved in the discovery, development, manufacture and marketing of a range of products designed to improve crop yields and food quality. In addition, Syngenta is a leader in “Professional Products”, through the development of products for markets such as Lawn and Garden, Professional Pest Management, Vector Control and Public Health. Syngenta is headquartered in Basel, Switzerland and was formed by Novartis AG (“Novartis”) and AstraZeneca PLC (“AstraZeneca”) in November 2000 through an agreement to spin off and merge the Novartis crop protection and seeds businesses with the Zeneca agrochemicals business to create a dedicated agribusiness company whose shares were then the subject of a global offering (the “Transactions”).

The Transactions were completed on November 13, 2000 (the “Transaction Date”). In this annual report, for periods prior to November 13, 2000, we refer to the businesses contributed to Syngenta by Novartis as the “Novartis agribusiness” and we refer to the businesses contributed to Syngenta by AstraZeneca as the “Zeneca agrochemicals business”.

### FORWARD-LOOKING STATEMENTS

The statements contained in this annual report that are not historical facts, including, without limitation, statements regarding management’s expectations, targets or intentions, including for sales, earnings and earnings per share, constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are based on the current expectations and estimates of Syngenta’s management. Investors are cautioned that such forward-looking statements involve risks and uncertainties, and that actual results may differ materially.

We identify the forward-looking statements in this annual report by using the words “will” or “would”, or “anticipates”, “believes”, “expects”, “intends” or similar expressions, or the negative of these expressions. We cannot guarantee that any of the events or trends anticipated by the forward-looking statements will actually occur. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other things:

- the risk that research and development will not yield new products that achieve commercial success;
- the risks associated with increasing competition in the industry;
- the risk that the current global financial crisis may have a material adverse effect on our results and financial position;
  - the risk that customers will be unable to pay their debts to Syngenta due to economic conditions;
- the risk that Syngenta will not be able to obtain or maintain the necessary regulatory approvals for its business;
  - the risks associated with potential changes in policies of governments and international organizations;
  - the risks associated with exposure to liabilities resulting from environmental and health and safety laws;
    - the risk that important patents and other intellectual property rights may be challenged;

- the risk that the value of Syngenta's intangible assets may become impaired;
- the risk of substantial product liability claims;
- the risk that consumer resistance to genetically modified crops and organisms may negatively impact sales;
- the risk that Syngenta's crop protection business may be adversely affected by increased use of products derived from biotechnology;

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- the risks associated with climatic variations;
- the risks associated with exposure to fluctuations in foreign currency exchange rates;
- the risks associated with entering into single-source supply arrangements;
- the risks associated with conducting operations in certain territories that have been identified by the US government as state sponsors of terrorism;
  - the risks associated with an earthquake occurring in a key site;
- the risks that we now consider immaterial, but that in the future prove to become material; and
- other risks and uncertainties that are not known to us or are difficult to predict.

Some of these factors are discussed in more detail herein, including under Item 3 “Key Information”, Item 4 “Information on the Company”, and Item 5 “Operating and Financial Review and Prospects”. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Syngenta does not intend or assume any obligation to update these forward-looking statements.

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PART I

ITEM 1 — IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2 — OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 — KEY INFORMATION

Financial Highlights

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 in Item 18.

The selected financial highlights presented on the following page has been extracted from the consolidated financial statements of Syngenta that were prepared in accordance with IFRS. 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 2008, Goldsmith Seeds, Inc. from November 19, 2008 and the pot and garden chrysanthemum and aster business of US flowers producer Yoder Brothers Inc. from December 12, 2008. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements in Item 18.

## Selected Financial Data

Year ended December 31,

(US\$ million, except where otherwise stated)  
Amounts in accordance with IFRS(1)

|  | 2008       | 2007       | 2006       | 2005        | 2004        |
|--|------------|------------|------------|-------------|-------------|
| <b>Income statement data:</b>                                  |            |            |            |             |             |
| Sales  | 11,624     | 9,240      | 8,046      | 8,104       | 7,269       |
| Cost of goods sold   | (5,713)    | (4,669)    | (3,982)    | (3,950)     | (3,532)     |
| Gross profit   | 5,911      | 4,571      | 4,064      | 4,154       | 3,737       |
| Operating expenses   | (4,053)    | (3,107)    | (3,235)    | (3,294)     | (3,196)     |
| Operating income   | 1,858      | 1,464      | 829        | 860         | 541         |
| Income before taxes  | 1,692      | 1,419      | 798        | 766         | 466         |
| Profit for the period from continuing operations               | 1,385      | 1,111      | 637        | 626         | 536         |
| Profit for the period attributable to Syngenta AG shareholders | 1,385      | 1,109      | 634        | 622         | 460         |
| Number of shares– basic  | 93,916,415 | 95,973,958 | 98,165,298 | 100,017,271 | 105,208,929 |
| Number of shares– diluted                                      | 94,696,762 | 97,143,368 | 99,876,180 | 101,464,222 | 106,015,369 |
| <b>Basic earnings/(loss) per share:</b>                        |            |            |            |             |             |
| From continuing operations                                     | 14.75      | 11.56      | 6.46       | 6.22        | 5.16        |
| From discontinued operations                                   | –          | –          | –          | –           | (0.79)      |
| Total  | 14.75      | 11.56      | 6.46       | 6.22        | 4.37        |
| <b>Diluted earnings/(loss) per share:</b>                      |            |            |            |             |             |
| From continuing operations                                     | 14.63      | 11.42      | 6.35       | 6.13        | 5.12        |
| From discontinued operations                                   | –          | –          | –          | –           | (0.78)      |
| Total  | 14.63      | 11.42      | 6.35       | 6.13        | 4.34        |
| <b>Cash dividends declared – CHF per share</b>                 |            |            |            |             |             |
| – US\$ per share equivalent                                    | 4.80       | 1.60       | –          | –           | –           |
| – US\$ per share equivalent                                    | 4.76       | 1.32       | –          | –           | –           |
| <b>Par value reduction – CHF per share</b>                     |            |            |            |             |             |
| – US\$ per share equivalent                                    | –          | 2.20       | 3.30       | 2.70        | 1.70        |
| – US\$ per share equivalent                                    | –          | 1.78       | 2.68       | 2.10        | 1.35        |
| <b>Cash flow data from continuing operations:</b>              |            |            |            |             |             |
| Cash flow from operating activities                            | 1,466      | 1,168      | 928        | 497         | 1,309       |
| Cash flow used for investing activities                        | (608)      | (368)      | (411)      | (144)       | (686)       |
| Cash flow used for financing activities                        | (457)      | (781)      | (541)      | (74)        | (679)       |
| Capital expenditure on tangible fixed assets                   | (444)      | (317)      | (217)      | (174)       | (166)       |
| <b>Balance sheet data:</b>                                     |            |            |            |             |             |
| Current assets less current liabilities(3)                     | 3,386      | 2,606      | 2,598      | 1,789       | 1,757       |
| Total assets   | 14,584     | 13,280     | 11,852     | 11,404      | 11,786      |



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|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Total non-current liabilities <sup>(3)</sup>   | (4,449) | (3,361) | (3,220) | (2,553) | (2,908) |
| Total liabilities  | (8,683) | (7,239) | (6,158) | (5,973) | (6,108) |
| Share capital  | 6       | 6       | 142     | 353     | 525     |
| Total shareholders' equity   | 5,884   | 6,022   | 5,666   | 5,403   | 5,658   |
| Other supplementary income data:   |         |         |         |         |         |
| Diluted earnings per share from continuing operations, excluding restructuring and impairment <sup>(2)</sup> | 16.26   | 11.45   | 8.73    | 7.67    | 7.19    |

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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 in Item 18.

- (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 and Prospects.

Restructuring and impairment charges for 2008, 2007 and 2006 are analyzed in Note 6 to the consolidated financial statements in Item 18. Restructuring and impairment for 2005 and 2004 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. A detailed reconciliation of profit for the period and earnings per share before restructuring and impairment to profit for the period and earnings per share according to IFRS is presented in Appendix A at the end of the Operating and Financial Review and Prospects.

- (3) "Current assets less current liabilities" and "Total non-current liabilities" amounts for 2004 through 2007 have been affected by the reclassifications described in footnote (1) to the consolidated balance sheet included in the consolidated financial statements in Item 18. As a result, "Current assets less current liabilities" increased/(decreased) from the amounts previously reported as follows: 2007, US\$139 million decrease; 2006, US\$20 million increase; 2005, US\$42 million increase; and 2004, US\$428 million decrease, and "Total non-current liabilities" increased from the amounts previously reported as follows: 2007, US\$47 million; 2006, US\$30 million; 2005, US\$45 million; and 2004, US\$24 million.

## Risk Factors

Syngenta's business, financial condition or results of operations could suffer material adverse effects due to any of the following risks. We have described below the risks that we consider material.

### The Resources Syngenta Devotes to Research and Development May Not Result in Commercially Viable Products

Syngenta's success depends in part on its ability to develop new products. Research and development in the agribusiness industry is expensive and prolonged, and entails considerable uncertainty. The process of developing a novel crop protection product, plant variety or trait typically takes about six to ten years from discovery through testing and registration to initial product launch, but this period varies considerably from product to product and country to country. Because of the complexities and uncertainties associated with chemical and biotechnological research, compounds or biotechnological products currently under development may neither survive the development process nor ultimately receive the requisite regulatory approvals needed to market such products. Even when such approvals are obtained, there can be no assurance that a new product will be commercially successful. In addition, research undertaken by competitors may lead to the launch of competing or improved products which may affect sales of Syngenta's new products.

### Syngenta Faces Increasing Competition in Its Industry

Syngenta currently faces significant competition in the markets in which it operates. In most segments of the market, the number of products available to the grower is steadily increasing as new products are introduced, although this trend can be partly offset by the withdrawal of some products because they are not re-registered or are subject to voluntary range reduction programs to reduce the range of products offered. At the same time, an increasing number of products are coming off patent and are thus available to generic manufacturers for production. As a result, Syngenta anticipates that it will continue to face significant competitive challenges.

### The Current Global Financial Crisis May Have a Material Adverse Effect on Our Results and Financial Position

Declines in commodity crop prices can indirectly affect Syngenta's results by adversely affecting the income and financial position of Syngenta's customers and of the users of Syngenta's products. This may result in reduced sales, competitive price pressure in Syngenta's markets and in slower collection of accounts receivable. These occurrences may negatively impact Syngenta's business, results of operations or cash flows. Because of the high proportion of costs which are fixed in nature, Syngenta may not be able to compensate fully for these effects in the short term through measures such as reducing expenses.

While Syngenta views its current credit facilities as adequate for its needs, the current crisis in the banking sector may restrict Syngenta's ability to raise additional funds or increase the cost of such funding. The current crisis may limit the amount of business Syngenta's customers and suppliers can transact with Syngenta.

Further significant declines in asset prices, or changes to long-term assumptions may cause funding levels in Syngenta's externally funded defined benefit pension plans to fall below stipulated regulatory levels. This may require Syngenta to pay additional contributions to restore funding to required levels. Please see Notes 2 and 22 to the consolidated financial statements in Item 18 for further information about Syngenta's defined benefit pension plans and the assumptions used to measure the related pension liabilities.

### Syngenta's Customers May Be Unable to Pay Their Debts to Syngenta Due to Economic Conditions

Normally Syngenta delivers its products against future payment. Syngenta's credit terms vary according to local market practice, with credit terms for customers usually ranging from 30 to 180 days, except for customers in

emerging markets, where credit terms may range from cash on delivery to 240 days. Syngenta's customers, particularly in developing economies and in economies particularly affected by the current global economic downturn, may be exposed to business and financial conditions impacting their ability to pay their debts, which could adversely affect Syngenta's results. While Syngenta uses barter and other security arrangements to reduce customer credit exposure in some emerging markets, it may still be exposed to risk of material losses in these markets.

**Syngenta May Not Be Able to Obtain or Maintain the Necessary Regulatory Approvals for Some of Its Products, and This Would Restrict Its Ability to Sell Those Products in Some Markets**

Syngenta's products must receive regulatory approval before they can be marketed, but Syngenta may not be able to obtain such approvals. In most markets, including the United States and the EU, crop protection products must be registered after being tested for safety, efficacy and environmental impact. In most of Syngenta's principal markets, after a period of time:

Syngenta must also re-register its crop protection products and show that they meet all current standards, which may have become more stringent since the prior registration. For seeds products, in the EU, a new plant variety will be registered only after it has been shown that it is distinct, uniform, stable, and better than existing varieties.

Regulatory standards and trial procedures are continuously changing. Responding to these changes and meeting existing and new requirements may be costly and burdensome. In addition, changing regulatory standards may affect Syngenta's ability to maintain its products on the market.

#### Changes in the Agricultural Policies of Governments and International Organizations May Prove Unfavorable

In subsidized markets such as the United States, EU and Japan, reduction of subsidies to growers may inhibit the growth of crop protection and seeds markets. In each of these areas there are various pressures to reduce subsidies. However, it is difficult to predict accurately whether, and if so, when such changes will occur. We expect that the policies of governments and international organizations will continue to affect the income available to growers to purchase crop protection and seeds products and accordingly the operating results of the agribusiness industry.

#### Syngenta Is Subject to Stringent Environmental, and Health and Safety Laws, Regulations and Standards Which Can Result in Compliance Costs and Remediation Efforts That May Adversely Affect Its Operational and Financial Position

Syngenta is subject to a broad range of increasingly stringent laws, regulations and standards in all of its operational jurisdictions. This results in significant compliance costs and can expose it to legal liability. These requirements are comprehensive and cover many activities including: air emissions, waste water discharges, the use and handling of hazardous materials, waste disposal practices, the clean-up of existing environmental contamination and the use of chemicals by growers.

Environmental and health and safety laws, regulations and standards expose Syngenta to the risk of substantial costs and liabilities, including liabilities associated with assets that have been sold and activities that have been discontinued. In addition, many of Syngenta's manufacturing sites have a long history of industrial use. As is typical for businesses like Syngenta's, soil and groundwater contamination has occurred in the past at some sites, and may be identified at other sites in the future. Disposal of waste from its business at off-site locations also exposes Syngenta to potential remediation costs. Consistent with past practice Syngenta is continuing to investigate and remediate, or monitor soil and groundwater contamination at a number of these sites. Despite its efforts to comply with environmental laws, Syngenta may face remediation liabilities and legal proceedings concerning environmental matters.

Based on information presently available, Syngenta has budgeted expenditures for environmental improvement projects and has established provisions for known environmental remediation liabilities that are probable and capable of estimation. However, it cannot predict environmental matters with certainty, and the budgeted amounts and established provisions may not be adequate for all purposes. In addition, the development or discovery of new facts, events, circumstances, changes in law or conditions, including future decisions to close plants which may trigger remediation liabilities, could result in increased costs and liabilities or prevent or restrict some of Syngenta's operations.

#### Third Parties May Challenge Some of Syngenta's Intellectual Property Rights or Assert That Syngenta Has Infringed Theirs

Scientific and technological innovation is critical to the long-term success of Syngenta's businesses. However, third parties may challenge the measures that Syngenta takes to protect processes, compounds, organisms and methods of use through patents and other intellectual property rights and, as a result, Syngenta's products may not always have the full benefit of intellectual property rights.

Third parties may also assert that Syngenta's products violate their intellectual property rights. As the number of biotechnological products used in agriculture increases and the functionality of these products further overlap, Syngenta believes that it may continue to be subject to infringement claims. Even claims without merit are time-consuming and expensive to defend. As a result of these claims, Syngenta could be required to enter into license arrangements, develop non-infringing products or engage in litigation that could be costly.

#### The Value of Syngenta's Intangible Assets, Including Goodwill Arising from Acquisitions, May Become Impaired

Syngenta has a significant amount of intangible assets, including goodwill, on its consolidated balance sheet and, if it continues to acquire businesses in the future, may record significant additional intangible assets and goodwill. As described in Note 2 to the consolidated financial statements in Item 18, Syngenta regularly tests its intangible assets for impairment. Upon completing its testing for 2008, which included subjecting the assumptions used in the testing to a sensitivity analysis, Syngenta has concluded that its intangible assets are not impaired at December 31, 2008. However, unforeseen events that occur in the future, including a more severe impact on Syngenta's business from the global economic crisis than is currently anticipated, may result in actual future cash flows for Syngenta's businesses being different from those forecasted. As a consequence, Syngenta's intangible assets could become impaired and the resulting impairment losses could have a material adverse impact on Syngenta's financial position and results of operations.

#### Syngenta May Be Required to Pay Substantial Damages as a Result of Product Liability Claims for Which Insurance Coverage is Not Available

Product liability claims are a commercial risk for Syngenta, particularly as we are involved in the supply of chemical products which can be harmful to humans and the environment. Courts have levied substantial damages in the United States and elsewhere against a number of crop protection and seeds companies in past years based upon claims for injuries allegedly caused by the use of their products.

While we have a global insurance program in place, a substantial product liability claim that is not covered by insurance could have a material adverse effect on Syngenta's operating results or financial condition.

#### Consumer and Government Resistance to Genetically Modified Organisms May Negatively Affect Syngenta's Public Image and Reduce Sales

Syngenta is active in the field of genetically modified organisms in the seeds area and in biotechnology research and development in seeds and crop protection, with a current focus on North and South America. However, the high public profile of biotechnology and lack of consumer acceptance of products to which Syngenta has devoted substantial resources could negatively affect its public image and results. The current resistance from consumer groups, particularly in Europe, to products based on genetically modified organisms because of concerns over their effects on food safety and the environment, may spread to and influence the acceptance of products developed through biotechnology in other regions of the world, which could limit the commercial opportunities to exploit biotechnology. In addition, some government authorities have enacted, and others in the future might enact, regulations regarding genetically modified organisms which may delay and limit or even prohibit the development and sale of such products.

#### Syngenta's Crop Protection Business May Be Adversely Affected by Increased Use of Products Derived Through Biotechnology

The adoption of the products derived through biotechnology could have a negative impact on areas of Syngenta's traditional crop protection business. This may not be offset, in whole or in part, by the opportunities presented to Syngenta's seeds and business development businesses, which are more actively pursuing products and traits developed through biotechnology. Crop protection accounted for approximately 80% of sales in 2008, whereas seeds accounted for approximately 20% of sales. The areas of Syngenta's crop protection business which are most affected by genetically modified seeds are those of selective herbicides and insecticides for use on oilseed crops, corn and cotton.

#### Syngenta's Results May Be Affected by Climatic Variations

The agribusiness industry is subject to seasonal and weather factors, which make its operations relatively unpredictable. The weather can affect the presence of disease and pests in the short term on a regional basis, and accordingly can affect the demand for crop protection products and the mix of products used (positively or negatively).

#### Currency Fluctuations May Have a Harmful Impact on Syngenta's Financial Results or May Increase Its Liabilities

Syngenta reports its results in US dollars; however a substantial portion of sales and product costs are denominated in currencies other than the US dollar. Fluctuations in the values of these currencies, especially in the US dollar against the Swiss franc, British pound, Euro and Brazilian real, can have a material impact on Syngenta's financial results. Fluctuations in the exchange rate against the US dollar of certain emerging market foreign currencies where hedging products are expensive or of limited availability may directly impact Syngenta's results through recognition of currency losses.

#### Syngenta Maintains a Single Supplier for Some Raw Materials, Which May Affect Its Ability to Obtain Sufficient Amounts of Those Materials

While Syngenta generally maintains multiple sources of supply and obtains supplies of raw materials from a number of countries, there are a limited number of instances where Syngenta has entered into single-source supply contracts or where Syngenta routinely makes spot purchases from a single supplier in respect of active ingredients, intermediates

or raw materials for certain important products where there is no viable alternative source or where there is sufficient commercial benefit and security of supply can be assured. Such single supplier arrangements account for approximately 30% of Syngenta's purchases of active ingredients, intermediates and raw materials, as determined by cost. Syngenta's ability to obtain sufficient amounts of those materials may be adversely affected by the unforeseen loss of a supplier.

#### Syngenta Conducts Business in Most Countries of the World, Including in Certain Territories that Have Been Identified by the US Government as State Sponsors of Terrorism

Syngenta conducts business in most countries of the world, and thus it has minor operations in high risk territories, including Cuba, Iran, Syria and the Sudan, some of which have been identified by the US government as state sponsors of terrorism. Syngenta's operations in these countries are quantitatively immaterial, and it is Syngenta's belief that supporting agriculture in these countries is beneficial to their wider population, for whom food is often in short supply. However, certain investors may choose not to hold investments in companies that have operations of any size in these countries and several US states have enacted, and others may in the future enact, legislation requiring public entities with investments in companies with operations in these countries to disclose this fact or in some cases to divest these investments. Any such divestment is not currently expected to have a material impact on the value of Syngenta shares.

#### Earthquakes Could Adversely Affect Syngenta's Business

Syngenta's Corporate headquarters and other facilities are located near an earthquake fault line in Basel, Switzerland. Additionally, other major facilities of Syngenta's Crop Protection and Seeds businesses are located in earthquake zones around the globe. In the event of a major earthquake, Syngenta could experience loss of life, destruction of facilities and/or business interruptions which could have a material adverse effect on its business.



### Syngenta's Share Price May Be Volatile and Subject to Sudden and Significant Drops

The trading price of Syngenta shares and ADSs has been, and could in the future continue to be, subject to significant fluctuations in response to variations in Syngenta's financial performance, regulatory and business conditions in its industry, general economic trends and other factors, some of which are unrelated to the operating performance of Syngenta.

### If You Hold Syngenta ADSs It May Be More Difficult for You to Exercise Your Rights

The rights of holders of Syngenta ADSs are governed by the deposit agreement between Syngenta and The Bank of New York Mellon. These rights are different from those of holders of Syngenta shares in several respects, including the receipt of information, the receipt of dividends or other distributions, the exercise of voting rights and attendance at shareholders' meetings. As a result, it may be more difficult for you to exercise those rights.

## ITEM 4 — INFORMATION ON THE COMPANY

### History and Development of the Company

#### The Company

Syngenta AG was formed on November 12, 1999 under the laws of Switzerland. In November 2000, Syngenta's business operations were created by Novartis AG ("Novartis") and AstraZeneca PLC ("AstraZeneca") through an agreement to spin off and merge the Novartis agribusiness and the Zeneca agrochemicals business to create a dedicated agribusiness company whose shares were then the subject of a global offering. Both the Novartis and AstraZeneca agribusinesses had existed since the 1930's through a variety of legacy companies.

Syngenta is domiciled in and governed by the laws of Switzerland. It has its registered office and principal business office at Schwarzwaldallee 215, 4058 Basel, Switzerland. The telephone number of Syngenta is +41-61-323-1111. Syngenta's registered agent for service of process in the United States is CT Corporation System. CT Corporation System's address is 111 Eighth Avenue, New York, New York 10011, United States.

Syngenta became a publicly listed company on November 13, 2000. As at December 31, 2008, the company is listed on the SIX Swiss Exchange under the symbol SYNN and the New York Stock Exchange under the symbol SYT.

#### Investments and Divestments

##### Investments

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 hybrid corn seeds. In November 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. The combined purchase price of these acquisitions was \$173 million, subject to final purchase price adjustments on certain of the transactions.

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 from E.I. du Pont de Nemours and Company (DuPont) an exclusive worldwide license to develop mixture products containing Cyazypyr™, a new broad spectrum insecticide. 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 will grant DuPont access to mesotrione, the active ingredient in Callisto®.

During 2007 and early 2008, following a public offer to minority shareholders of Syngenta India Ltd. (SIL), Syngenta increased its shareholding in SIL from 84% to 96%, at a cash cost of US\$71 million. SIL delisted from the Mumbai and Kolkata stock exchanges on June 20, 2007. Syngenta intends to invest further in India as a manufacturing and research and development center for its global business.

On January 31, 2007, Syngenta acquired the assets of Gromor International Corporation which consist of peat extraction rights over certain land in Manitoba, Canada. On July 17, 2007, Syngenta acquired the outstanding 20% of Agrosem S.A. which it did not already own. On June 25, 2007, Syngenta purchased 100% of the business of the Fischer group of companies through purchases of shares and assets. The Fischer group specializes in the breeding and marketing of flower crops. On August 31, 2007, Syngenta purchased 100% of the shares of Zeraim Gedera Ltd., which specializes in the breeding and marketing of high value vegetable seeds, including tomato, pepper and melon. The combined purchase price of these acquisitions was US\$108 million.

On June 1, 2006, Syngenta purchased 100% of the shares of Emergent Genetics Vegetable A/S (EGV). On August 1, 2006, Conrad Fafard Inc., (Fafard) merged with a Syngenta subsidiary so that Syngenta acquired control of Fafard and its subsidiaries in exchange for cash paid to, or for the account of, Fafard's former shareholders and settlement of certain liabilities of Fafard. On November 16, 2006, Syngenta acquired the remaining 50% of the shares of Longreach Plant Breeders (LRPB) that it did not already own. LRPB was held as an asset held for resale until its partial divestment in November 2007. The combined purchase price of these acquisitions was US\$148 million.

In March 2006, Syngenta acquired from DuPont an exclusive worldwide license to develop DuPont's new insecticide chlorantraniliprole (formerly referred to as Rynaxypyr®(1)) in mixtures with its own insects control products. At the same time, Syngenta sold to DuPont worldwide rights to Syngenta's strobilurin fungicide pycoxystrobin, sold as ACANTO® (1).

#### Divestments

There were no significant business or product divestments in 2008.

On May 30, 2007, Syngenta completed the disposal of the part of the Rosental site in Basel that was seen as in excess of Syngenta's medium term needs. Net proceeds from this transaction were approximately US\$145 million.

On November 2, 2007, Syngenta sold a controlling equity interest in LRPB to Pacific Seeds Pty Ltd., an associate of United Phosphorus Ltd., for US\$11 million. Syngenta retains a non-controlling equity interest in LRPB.

There were no major business or product divestments in 2006 other than the ACANTO® transaction noted above.

#### Syngenta's strategy

Syngenta's goal is to create value for its shareholders through innovative research and technology to raise agricultural productivity worldwide. The key elements of this strategy are described below.

##### Drive land productivity through innovation

The optimal use of agricultural technology increases yield and thereby maximizes land productivity while conserving scarce resources such as water. Syngenta's research is targeted at discovering and bringing to market new products with improved efficacy and safety profiles which contribute to the development of sustainable agriculture.

Alongside the introduction of new active ingredients, we aim to harness the full potential of established products and technologies through the introduction of innovative mixtures, formulations and programs. These extend product lifecycles by providing new effects and opportunities for growers.

##### Build leadership in plant performance

Syngenta is taking the scope of its business beyond pest control and is delivering full crop programs and solutions which also increase crop vigor and yield. Beyond this we aim to take yields to a new level through the physiological enhancement of crops.

##### Capitalize on Seeds investment

Accelerating technology penetration is enabling us to expand our sales of both genetically modified and conventional seeds. This expansion will reflect our increased level of investment in biotech and native traits as well as in germplasm. The roll-out of our technology underpins our expectation of achieving a significant increase in Seeds profitability over the medium term. We plan to deliver a pipeline offering new advantages not only to growers but also to the end-users of crops.

##### Expand emerging markets

We recognize the particular importance of achieving yield improvements in emerging markets which are the focus of population growth and dietary change. Our aim is to expand the range of products available in these markets while providing a wide range of advisory and support services. We will continue to make significant investments in these markets in terms of people, portfolio and the supply chain.

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(1) Rynaxypyr® and ACANTO® are trademarks of DuPont.

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#### Create new businesses

Syngenta is active in furthering new businesses and business models to adapt to fast changing market dynamics. The growth in our Seed Care business demonstrates our ability to spearhead technology shifts. Our emerging Lawn & Garden business is another example of the potential we have to leverage our active ingredient portfolio and to offer our customers integrated solutions covering both plant protection and seeds.

#### Maintain cost efficiency

Syngenta continues to optimize its structures in order to attain the highest levels of cost efficiency. The current Operational Efficiency program announced in 2007 aims to achieve annualized savings net of inflation of \$290 million by 2011. The cost of the new program is now 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 2008 totaled approximately US\$90 million and since inception totaled approximately US\$160 million. The savings are targeted primarily at General & Administrative and Research & Development costs to enable continued investment in growth initiatives.

#### Outperform the industry

Syngenta aims to gain market share through continuous innovation accompanied by outstanding customer support. We offer value-adding solutions tailored to local customer needs and supported by a sales force with outstanding capability. We believe that the breadth of our business, spanning Crop Protection, Seeds, Traits and Seed Care gives us a unique ability to offer integrated crop technology to growers.

## Business Overview

### Industry 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, insects 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 sector in areas such as public health, turf and ornamental markets. The Seeds business operates in two high value commercial sectors: seeds for field crops including corn, oilseeds, cereals and sugar beet; and vegetable and flower seeds. Through its Business Development research, Syngenta is applying biotechnology to areas including biofuels. Syngenta aims to be the partner of choice for grower customers with its unparalleled product offer and innovative marketing, creating value for customers and shareholders.

### Syngenta's Business

Syngenta's business is divided into three segments: Crop Protection, Seeds and Business Development. These segments are described in greater detail below.

The following information, which appears in other parts of this Form 20-F, is incorporated herein by reference:

- Item 5 – Operating and Financial Review and Prospects – Results of Operations, the tabular information regarding sales information by product line and by region for the Crop Protection and Seeds segments.

Full year sales and operating income for the segments, as presented in Item 5 of this report, are seasonal and weighted towards the first half of the calendar year, which largely reflects the Northern Hemisphere planting and growing cycle.

## CROP PROTECTION

### Products

Syngenta is active in herbicides, especially for corn, cereals, soybean and rice; fungicides mainly for corn, cereals, fruits, grapes, rice, soybean and vegetables; insecticides for fruits, vegetables and field crops; seed care, primarily in corn, soybean, cereals and cotton; and professional products, such as products for public health and products for turf and ornamentals. 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.

Syngenta has a broad product range, making Syngenta number one or two in all of its target segments, underpinned by strong worldwide market coverage. Syngenta focuses on all major crops – in particular, corn, cereals, soybean, fruits and vegetables, and applies its technologies to other crops, such as oilseeds, sugar beets, rice and cotton, and to turf and ornamentals.

### Key Marketed Products

## Selective Herbicides

Syngenta has a broad range of selective herbicides that control grasses and broad-leaved weeds and are applicable to most crops with a special emphasis on corn and cereals.

- Atrazine (AATREX®/GESAPRIM®) acts mainly against annual grasses and broad-leaved weeds. Although Atrazine was introduced in 1957 and has been off patent for a number of years, it remains an important product for broad-leaved weed control in corn.
- Clodinafop (TOPIK®/HORIZON®/ CELIO®/ DISCOVER®) is a grass herbicide which provides the broadest spectrum of annual grass control currently available in wheat. To further increase crop safety in cereals the active substance Clodinafop is mixed with the safener Cloquintocet, which selectively enhances the degradation of Clodinafop in wheat but not in the grass weeds.
- Fluazifop-P-Butyl (FUSILADE®) is one of the leading products for post-emergence control of grass weed. It is registered for use in over 60 crops with major outlets in cotton and soybeans in the United States and sugar beet and oilseed rape in Europe. The selective action of FUSILADE® allows growers to target applications when grass weeds appear, allowing cost-effective weed control.
- Mesotrione (CALLISTO® family) is a post-emergent herbicide with a very broad spectrum against key broad-leaved weeds in corn.



- S-metolachlor (DUAL GOLD®/ DUAL MAGNUM®) is a lower rate replacement for metolachlor. Its use has not only reduced the amount of product sprayed on fields, thus responding to the pesticide reduction goals established by many countries, but has also decreased the energy required to produce, transport and store the product, as well as decreasing total packaging material. S-metolachlor is well tolerated and can be safely used on more than 70 different crops.

#### Non-Selective Herbicides

Syngenta has a series of non-selective herbicides, which reduce or halt the growth of all vegetation with which they come in contact.

- Glyphosate (TOUCHDOWN®), a non-selective herbicide with systemic activity, is a premium product in the market for glyphosate-based products. The product has been enhanced by the launch of the IQ® technology which positions the product at the top end of glyphosate performance. Differentiated from other herbicides of its class by its speed of action and tolerance of heavy rain, TOUCHDOWN® is now registered in over 90 countries, including for use on herbicide tolerant soybeans in the United States.
- Diquat (REGLONE®), a non-selective contact herbicide, is mainly used as a desiccant to allow easier harvesting and reduce drying costs.
- Paraquat (GRAMOXONE®) is a non-selective contact herbicide first introduced in 1962. Paraquat is one of the world's largest selling herbicides. It has been a vital product in the development of minimum tillage cropping systems, the adoption of which continues to increase because of benefits such as the reduction of soil erosion.

#### Fungicides

Syngenta has a whole range of Fungicides that prevent and cure fungal plant diseases that affect crop yield and quality.

- Azoxystrobin (AMISTAR®), a strobilurin fungicide introduced in 1997 and launched widely in 1998 and 1999, is the world's best selling proprietary fungicide and our largest selling product. It is registered for use in approximately 100 countries and for approximately 120 crops. In Brazil, it is successfully being used to control Asian rust in soybeans in a mixture branded as PRIORI XTRA®. Mixtures of azoxystrobin with triazoles (cyproconazole or propiconazole) or chlorothalonil have been developed to tackle diseases in cereal crops, primarily in the intensive markets of Europe where growers and advisors value the strong rust control performance and yield enhancing properties of azoxystrobin. Mixtures are also used in corn as part of a complete plant performance program where significant yield increases are achieved.
- Chlorothalonil (BRAVO®), acquired in 1998, is a world-leading fungicide. With its multi-site mode of action, it is a good partner for AMISTAR® and is being increasingly integrated into disease control programs which use both products.
- Cyproconazole (ALTO®) is a systemic fungicide with broad-spectrum activity, especially against rust and leaf spot in cereals, soybean, sugar beet and coffee. Pursuant to the commitments given to the European Commission upon the formation of Syngenta, Syngenta granted an exclusive license to manufacture, use and sell cyproconazole directly in the European Economic Area to Bayer, under Bayer's own trade name. Syngenta has re-commenced sales of cyproconazole directly, under the ALTO® and other brand names.

- Cyprodinil (UNIX®/STEREO®(2)/SWITCH®/CHORUS®) is a powerful fungicide for use on cereals. It is used to control eyespot, powdery mildew and leaf spot diseases. Because it has a specific mode of action, it is a particularly effective solution where resistance to other fungicides has developed. CHORUS® and SWITCH® are cyprodinil-based formulations which are used on pome fruit such as apples and pears or on grapes and vegetables, respectively.
- Difenoconazole (SCORE®/DIVIDEND®) is a systemic triazole fungicide with broad-spectrum activity against plant diseases, particularly leaf spots of pome fruit, vegetables, field crops and plantation crops. Long-lasting protective and strong curative activity make it well suited for threshold based plant disease management whereby the plant is treated only when the development of the disease has passed a certain point. Target crop pathosystems include cercospora, alternaria, septoria and other leaf spots, powdery mildews and scabs in wheat, bananas, sugar beets, peanuts, potatoes, pome fruits, grapes, rice and vegetables.
- Fluazinam(3) (SHIRLAN®) is a fungicide for control of potato blight.
- MEFENOXAM™(4)(APRON® XL/ RIDOMIL GOLD®/FOLIO GOLDTM/APRONT®XL/ SUBDUE®) is used for the control of seeds and soil-borne diseases caused by fungi such as pythium, phytophthora and downy mildews. It is used worldwide on a wide variety of crops, including field, vegetable, oil and fiber crops.

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(2) Pursuant to the commitments given to the European Commission, Syngenta granted an exclusive right to Makhteshim Agan Industries Ltd. to use and sell STEREO® formulation for use on cereals for the duration of its registration in Denmark, Finland and Sweden.

(3) Fluazinam is distributed, but not manufactured, by Syngenta.

(4) In the United States Mefenoxam is a generic expression whereas in other countries MEFENOXAM™ is a trademark of Syngenta Participations AG to denominate the active ingredient Metalaxyl-M (ISO name).

- Propiconazole (TILT®/ BANNER®), originally licensed from Janssen, was introduced in 1980 and has developed into our most successful foliar fungicide for broad spectrum disease control in cereals, bananas, rice, corn, peanuts, sugar beet, turf and other food and non-food crops. Propiconazole is systemic and provides a strong curative and protective activity against a wide range of plant pathogens including powdery mildews, rusts and other leaf spot pathogens of cereals, bananas, rice, corn, peanuts, sugar beet, and turf. Pursuant to the commitments given to the European Commission, Syngenta has agreed to grant an exclusive right to Makhteshim Agan Industries Ltd. to use and sell its TILT® 250EC and TILT® 6.25GL formulations for use on cereals in Denmark, Finland and Sweden for the duration of their registrations.
- Trinexapac-ethyl (MODDUS®) is a plant growth regulator. In cereals it reduces growth so that treated plants stay shorter and have stronger stems, enhancing their ability to withstand storms and remain upright until harvest. In sugarcane it is a yield enhancer and harvest management tool.

#### Insecticides

Syngenta has a broad range of Insecticides that control chewing pests such as caterpillars and sucking pests such as aphids, which reduce crop yields and quality. These products can be either applied to the soil or sprayed onto the foliage.

- Abamectin (VERTIMEC® or AGRIMEC®/AGRIMEK®) is produced by fermentation. This potent insecticide and acaricide is used at very low dose rates against mites, leafminers and some other insects in fruits, vegetables, cotton and ornamentals. Abamectin rapidly penetrates the plants, and is a useful product for integrated pest management.
- Emamectin Benzoate (PROCLAIM® or AFFIRM®) provides control of caterpillars on vegetables, cotton and fruits, combining a unique mode of action with extremely low use rates and is compatible with integrated pest management. It has been launched in major markets such as Japan, Korea, the United States, Mexico, Australia and India and is under registration in a number of other countries.
- Lambda-cyhalothrin (KARATE®/ICON®) the world's leading agricultural pyrethroid brand, is one of our largest selling insecticides. A novel product branded KARATE® with ZEON® technology was launched in the United States in 1998, offering performance benefits and enhanced user and environmental safety.
- Lufenuron (MATCH®) is an insect growth regulator that controls caterpillars in corn, potatoes, cotton, vegetables and fruits. It is a leading insecticide in terms of sales in its chemical class.
- Thiamethoxam (ACTARA®) is highly active at low use rates against a broad spectrum of soil and sucking insects. It is highly systemic and well suited for application as a foliar spray, drench or drip irrigation. It is fast acting, works equally well under dry and wet conditions and has a favorable safety and environmental profile. Its mode of action differs from that of older products, which makes it effective against insect strains that have developed resistance to those products. It is being developed on a broad range of crops, including vegetables, potatoes, cotton, soybeans, rice, pome fruits, stone fruits (such as peaches or plums) and tobacco.

## Seed Care

The use of seed care products is an effective, efficient, and targeted method to protect the seedling and the young plant against diseases and insects during the period when they are most vulnerable. Our broad range of fungicides and insecticides allows us to provide a modern portfolio of safe and highly effective products. As seeds increase in value, seed protection becomes more important.

- Difenconazole (DIVIDEND®) is active against a broad range of diseases including bunts, smut and damping off on cereals, cotton, soybeans and oilseed rape. This product is highly systemic and provides a long lasting, high-level effect. It is safe for the seed and the seedling and provides for a faster germination than other products in the market.
- MEFENOXAM™(5) (APRON® XL) is used for the control of seed and soil-borne diseases caused by fungi such as pythium, phytophthora and downy mildews. It is used worldwide on a wide variety of crops, including field crops, vegetables, oil and fiber crops. MEFENOXAM™ is also used as a mixing partner for seed protection at low use rates.
- Fludioxonil (MAXIM® or CELEST®) is a contact fungicide with residual activity. Derived from a natural compound, fludioxonil combines crop tolerance with low use rates. Its spectrum of targets includes seed and soil-borne diseases like damping off, bunt, smut and leaf stripe on cereals. Used alone or in mixtures with other active substances, it is also effective on corn, rice, cotton, potatoes and peas.
- Thiamethoxam (CRUISER®) is an insecticide with systemic activity in a wide range of crops including cereals, cotton, soybeans, canola, sugar beet, corn, sunflower and rice. Its properties are such that it provides a consistent performance under a wide range of growing conditions. Thiamethoxam acts against a wide range of early season sucking and chewing, leaf feeding and soil-dwelling insects like aphids, thrips, jassids, wireworms, flea beetles and leafminers.

## Professional Products – Lawn & Garden and Home Care

In the Lawn and Garden sector, Syngenta offers a range of specialized products for use in turf (golf courses and sports fields), ornamentals (cut flowers, bedding plants and nurseries), vegetation management (roads, railroads and rights-of-way) and for home and garden use.

- Prodiamine (BARRICADE®) is a leading pre-emergence grass and broad-leaved weed herbicide in turf.
- Azoxystrobin (HERITAGE®) is a leading fungicide for use on turf, primarily used on golf courses.
- Trinexapac-ethyl (PRIMO MAXX®) is a plant growth regulator for turf that increases stress tolerance and decreases clippings.
- Growing Media. FAFARD® is a premium brand in the USA growing media market specializing in custom mixes for producers of ornamental plants.

In Home Care, Syngenta offers a range of products for use in controlling mold and insect pests.

- Lambda-cyhalothrin (ICON®) is used in public health outlets for control of malaria and other tropical diseases and nuisance pests, such as house flies and cockroaches. It was the first pyrethroid to be approved for malaria control by

the World Health Organization. In addition to being sprayed, it can be incorporated into bednets to offer added protection.

- Cypermethrin (DEMON®) is a pyrethroid insecticide that provides a lasting soil treatment to prevent termites from attacking homes and other structures.

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(5) In the United States Mefenoxam is a generic expression whereas in other countries MEFENOXAM™ is a trademark of Syngenta Participations AG to denominate the active ingredient Metalaxyl-M (ISO name).

#### Recently Launched Products (last 3 years)

##### Selective Herbicides

- Pinoxaden (AXIAL®) was successfully launched in a number of countries in 2006. It is an innovative post-emergent selective grassweed herbicide, for use in both wheat and barley. It offers the grower efficacy, selectivity and flexibility.

##### Fungicides

- Mandipropamid (REVUS®) is a new fungicide for fruit and vegetables to combat late blight and downy mildew, which complements our existing product range. REVUS® was launched during 2007 and is currently sold in 8 countries.

##### Insecticides

- Chlorantraniliprole mixtures (DURIVO®; AMPLIGO®; VOLIAM™; VIRTAKO®). Rynaxypyr™(6) is a chemical of the bisamide class characterized by unique systemic properties and outstanding activity on all major lepidoptera pests.

##### Professional Products

- AVICTA®, a new seed treatment for the control of nematodes in cotton, was launched in the USA in January 2006.

#### Products in Late Stage Development

Syngenta has a rich pipeline which extends beyond 2012 with projects covering all product lines.

##### Selective Herbicides

- 449, a new broad-spectrum selective herbicide for use in corn and sugar cane which complements our existing product range.

##### Fungicides

- 520, a new broad-spectrum cereal fungicide which complements the existing range and provides additional resistance management opportunities.
- 524, a new fungicide seed treatment which complements our existing product range.

##### Insecticides

- Cyazypyr™(6), Syngenta is actively involved in development projects in bisamide chemistry. Following completion of the acquisition from DuPont of exclusive rights to Cyazypyr in mixtures with Syngenta insect control products, announced on June 24, 2008, these projects were integrated with the Cyazypyr program. Cyazypyr™ is a new broad spectrum insecticide for the control of lepidoptera and sucking pests. Cyazypyr™ is complementary to Chlorantraniliprole insect control product that Syngenta is developing in mixtures with its own leading insect control products.

Stress Tolerance

·INVINSA <sup>TM</sup>(7), a sprayable formulation of 1-methylcyclopropene (1-MCP), will be the first-ever product introduced into field crop markets to specifically protect crop yield during extended periods of high temperature and mild-to-moderate drought.

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(6) Rynaxypyr<sup>TM</sup> and Cyazypyr<sup>TM</sup>, are DuPont trademarks.

(7) Invinsa<sup>TM</sup> is an AgroFresh Inc. trademark.

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## Production

The manufacture of crop protection products can be divided into three phases:

- manufacture of the active substance
- formulation of products from these active substances into a form which optimizes the efficacy and safety of the product in the field
- packaging of the products to closely align them with local customer needs

Syngenta's major production sites for active ingredients are located in Switzerland, the United States, the United Kingdom, China and India. While individual active substances are normally produced at one manufacturing site, formulations are produced and packaged at several different strategically located plants, close to the principal markets in which those products are sold. Syngenta operates major formulation and packing plants in Belgium, Brazil, China, France, India, South Korea, Switzerland, the United Kingdom and the United States.

Syngenta manages its supply chain globally and on a product-by-product basis, from raw materials through delivery to the customer, in order to maximize both cost and capital efficiency and responsiveness. Syngenta outsources the manufacture of a wide range of raw materials, from commodities through fine chemicals to dedicated intermediates and active ingredients. Sourcing decisions are based on a combination of logistical, geographical and commercial factors. Syngenta has a strategy of maintaining, when available, multiple sources of supply. Most purchases of supply chain materials are directly or indirectly influenced by commodity price volatility, due to price dependence on gas and oil. Total raw material spending is approximately 30% of sales.

Significant cost savings have been realized in global manufacturing and supply following the merger of the Novartis agribusiness and the Zeneca agrochemicals business due to optimizing production capacity and closing redundant facilities. From 48 sites at the time of the formation of Syngenta, the company now operates on 26 production sites around the world.

## Marketing and Distribution

Syngenta has marketing organizations in all our major markets with dedicated sales forces that provide customer and technical service, product promotion and market support. Products are sold to the end user through independent distributors and dealers, most of whom also handle other manufacturers' products. Our products are normally sold through a two-step or three-step distribution chain. In the two-step chain Syngenta sells its products to cooperatives or independent distributors, which then sell to the grower as the end user. In the three-step system, Syngenta sells to distributors or cooperative unions who act as wholesalers and sell the product to independent dealers or primary cooperatives before on-selling to growers. Syngenta also sells directly to large growers in some countries. Our marketing network enables us to launch our products quickly and effectively and to exploit our range of existing products. Syngenta focuses on key crop opportunities in each territory. In those countries where Syngenta does not have its own marketing organization, we market and distribute through other distribution channels. Generally, the marketing and distribution system in a country does not vary by product.

Our marketing activities are directed towards the distributors, agricultural consultants and growers. They consist of a broad range of advertising and promotional tools, such as meetings with growers and distributors, field demonstrations, advertisements in specialized publications, direct marketing activities, or information via the Internet. Syngenta is also in constant contact with the food and feed chain to evaluate current and future needs and expectations.



A key element of our marketing is grower support and education. This is particularly important with respect to small growers in developing countries. For many years, Syngenta has held numerous courses around the world for growers as a result of which tens of thousands of people have been trained in the safe and sustainable use of crop protection products. Syngenta also trains agricultural extension workers and distributors so that they can further disseminate good practice and reach an even wider audience.

#### Research and Development

Syngenta has major crop protection research centers in Stein, Switzerland; Jealott's Hill, England; and Goa, India. The total spent on research and development in crop protection was US\$556 million in 2008, US\$496 million in 2007 and US\$490 million in 2006.

Syngenta is continuously improving the research process, building on well-established platforms in chemistry, biology and biotechnology. Syngenta's investment in genomics underpins all of the product outputs, and the increasing emphasis on integrated crop solutions is leading to converging research goals and programs across chemicals, seeds and traits. Novel tools, methods and information services allow us to evaluate a greater range of diverse chemicals more quickly and efficiently than ever before. Syngenta uses high throughput screening to test over two hundred thousand compounds each year using in-vivo test systems. Combinatorial chemistry and high-speed synthesis have been advanced in order to prepare a sufficient number of compounds for these tests. A crucial feature is library design, a structured approach to combinatorial chemistry which ensures that the chemical entities possess properties which relate to the desired product profile. Compounds showing promising activity are further characterized in screening systems consisting of a series of project-specific, customized greenhouse and growth-chamber tests, including indicator tests for environmental parameters (e.g., soil persistence, leach-ability) and tests to provide early indications of safety issues for humans.

Those compounds showing advantages in efficacy and safety over the best commercial standards are broadly evaluated in the field.

Once Syngenta selects a compound for development, we test it worldwide on the most important crops under different climatic conditions and in varying soils. In parallel, an industrial scale manufacturing process is identified and optimized, and appropriate formulations and packages are developed. The use of multidisciplinary research teams to refresh the existing product range is key to continued success in the face of competition, even after patent expiry.

Syngenta performs an extensive investigation of all safety aspects relating to our products. The human safety assessments address potential risks to both the users of the product and the consumers of food and feed, while in environmental safety Syngenta seeks assurance that the product will not adversely affect soil, water, air, flora and fauna.

In addition to our own research and development efforts, Syngenta has strengthened our business platform through targeted acquisitions. Syngenta has also entered into a number of research and development agreements around the world for combinatorial chemical libraries, high throughput screening and follow-up of leads.

## Environment

Syngenta designed its environmental management program with the aim of ensuring that our products and their manufacture pose minimal risks to the environment and humans. The crop protection industry is subject to environmental risks in three main areas: manufacturing, distribution and use of product. Syngenta aims to minimize or eliminate environmental risks by using appropriate equipment, adopting best industry practice and providing grower training and education.

The entire chain of business activities, from research and development to end use, operates according to the principles of product stewardship. Syngenta is strongly committed to the responsible and ethical management of our products from invention through ultimate use. Syngenta employs environmental scientists around the world who study all aspects of a product's environmental behavior.

Specially designed transportation and storage containers are used for the distribution of hazardous products and efficient inventory control procedures minimize the creation of obsolete stocks.

Syngenta has developed a rigorous screening and development process in order to mitigate risks relating to the use of our products. All active substances and products must meet both our internal standards and regulatory requirements.

Syngenta provides support to growers on a local level such as training in application techniques and assistance in calibrating spray equipment in order to promote safe handling of our products. Syngenta extends product stewardship long after sales in several ways, for example, by collecting and safely destroying outdated products, and providing returnable containers to reduce waste.

Crop protection products are subject to rigorous registration procedures, which are aimed at ensuring safe product usage in the field. In addition to complying with these regulatory requirements, Syngenta has adopted its own Health, Safety and Environment ("HSE") management system. This provides a clear framework of management processes applicable at all sites, whatever the regulatory requirements in the country in which the site is situated.

Syngenta maintains a register of sites to identify manufacturing and distribution sites and locations that may have been contaminated in the past. The register is the basis for the allocation of appropriate provisions and action programs regarding measures to be taken. A risk portfolio is prepared for each site and reviewed annually. The risk portfolio is also applied to third-party manufacturers in order to identify and exclude poorly performing companies.

See Notes 2 and 25 to Syngenta's consolidated financial statements in Item 18 for a further discussion of environmental matters.

#### Intellectual Property

Syngenta protects its investment in research and development, manufacturing and marketing through patents, design rights and trademarks. In addition to patent protection for a specific active substance, patent protection may be obtained for processes of manufacture, formulations, assays, mixtures, and intermediates. These patent applications may be filed to cover continuing research throughout the life of a product and may remain in force after the expiry of a product's per se patents in order to provide ongoing protection. The territorial coverage of patent filings and the scope of protection obtained vary depending on the circumstances and the country concerned.

Patents relating to gene-based crop protection and enhancement may cover transgenic plants and seeds gene effects, genetic constructs and individual components thereof and enabling technology for producing transgenic plants and seeds.

Trademark protection may be obtained to cover a trademark for a specific active substance and there may be more than one trademark covering the same active substance. Other trademarks may cover formulations, mixtures, intermediates and a variety of ancillary services. The trademarks may remain in force after the expiry of a product's patents in order to provide ongoing protection. The territorial cover of trademark filings and the scope of protection obtained vary depending on the circumstances and the country concerned.

Registration and re-registration procedures apply in all major markets.

Products must obtain governmental regulatory approval prior to marketing. The regulatory framework for crop protection products is designed to ensure the protection of the consumer, the grower and the environment.

Most of our principal markets have regular re-registration procedures for crop protection products. Within certain time periods a product's technical dossier is reviewed with the goal of ensuring that it adheres to all standards, which may have changed or been added to since the product was initially registered. The standards and requested trial protocols change over time. Re-registration of a product or compound may not be granted if the registration package fails to meet the then current requirements.

Syngenta enforces its intellectual property rights, including through litigation if necessary.

#### Competitive Environment

The leading companies in the crop protection industry are mainly dedicated agribusinesses or large chemical companies based in Western Europe and North America. Companies compete on the basis of strength and breadth of product range, product development and differentiation, geographical coverage, price and customer service. Market pressures and the need to achieve a high level of research and development capability, particularly with the advent of biotechnology, have led to consolidation in the industry. The top six such companies account for about 70% of the worldwide market. Syngenta's key competitors include BASF, Bayer, Dow, DuPont and Monsanto. In many countries, generic producers of off-patent compounds are additional competitors to the research-based companies in the commodity segment of the market.

## SEEDS

### Products

Syngenta develops, produces and markets seeds and plants that have been developed using advanced genetics and related technologies. Syngenta sells seed products in all major territories.

Our seed portfolio is one of the broadest in the industry, offering over 200 product lines and over 6,000 varieties of our own proprietary genetics. Syngenta has a leading market share in vegetables, flowers, corn, soybean, sugar beet and sunflower. Seed products are derived from a germplasm pool and trait portfolio and developed further utilizing sophisticated plant-breeding methods. Syngenta divides its products into field crops such as corn, oilseeds and sugar beet, and horticultural crops, which consist of flowers and vegetables. In 2008, Syngenta launched around 600 new varieties and hybrids. Through Syngenta's enhanced corn breeding and trait conversion capabilities, around 130 new products were brought into production in NAFTA in 2008 for customer use in the 2009 crop year. Fifty of these products are Agrisure® 3000GT, containing Syngenta corn borer, rootworm and glyphosate tolerance traits. These new products will greatly enhance Syngenta's presence in the genetically modified (GM) trait and trait stack market spaces, while also leveraging the elite new genetic combinations resulting from the integration of acquired germplasm resources from the Garst, Golden Harvest and CHS acquisitions. In November 2008, Syngenta acquired SPS to increase its presence in the important corn and soybean market in Argentina. In the flowers segment, Syngenta acquired Goldsmith Seeds Inc. in November 2008 and acquired the pot and garden chrysanthemum product lines from Yoder Brothers Inc. This significantly strengthens the Flowers business providing leading positions in chrysanthemum and a wide range of pot and bedding plants. The combined offer of the two acquisitions with the existing Syngenta product range is by far the most complete offer in the ornamental flowers industry.

### Key Marketed Products

#### Field Crops

- Corn (NK®/Garst®/Golden Harvest®) hybrids are sold by Syngenta via established distribution channels covering a full range of countries and maturities. In addition, hybrids and inbred lines are licensed to other seed companies via the GreenLeaf Genetics LLC 50:50 joint venture with Pioneer Hi-Bred International, Inc. Syngenta hybrids are characterized by their high yield potential, stability of performance, uniformity and vigor. Many of Syngenta's elite hybrids are offered as AGRISURE® 3000GT products which provide built-in insect protection against corn borers, corn rootworms and tolerance to glyphosate herbicide. Competitive hybrids in early maturities, some of them developed through marker assisted breeding, are sold for silage and grain markets.
- Sugar beet (Hilleshög®) seeds are bred to develop high yielding varieties with good stress and disease tolerance, high sugar content, low soil tare and improved juice purity.
- Oilseeds (NK®) include: sunflowers, soybeans and oilseed rape. Syngenta sunflower seed varieties are bred for high yield as well as heat stress tolerance, disease resistance, herbicide tolerance and oil quality. Syngenta's soybean varieties combine high yield and genetic superiority and herbicide tolerance, which gives growers flexibility in their weed control. The company's oilseed rape varieties offer good oil production and plant health. In 2007, Syngenta launched NK® PETROL, the first product of a new hybridization technology called Safecross™ for oilseed rape.
- Cereals (NK®/NFC New Farm Crops®/AgriPro® – Coker®/C.C. Benoist®). Wheat and Barley varieties combine high yield, superior disease resistance and agronomic characteristics coupled with excellent grain quality for the malting and milling industry.

Vegetables and Flowers

- Vegetables (S&G®/Rogers®/Daehnfeldt®/Zeraim Gedera®). Syngenta offers a full range of vegetable seeds, including tomatoes, peppers, melons, watermelons, squash, cauliflower, cabbage, broccoli, lettuce, spinach, sweet corn, cucumbers and oriental radish. Syngenta breeds varieties with high-yield potential that can resist and tolerate pests and diseases. Syngenta develops genetics that address the needs of consumers as well as processors and commercial growers. During 2008, Syngenta launched approximately 200 new varieties in the high value segments worldwide.
- Flowers (Syngenta Flowers®/ Goldsmith®/ Fischer®/ S&G®/ Yoder/ GoldFisch®). Syngenta offers a full range of flower seeds, plugs and vegetative multiplication material (cuttings) which it sells to professional growers of horticultural crops. Syngenta focuses on breeding a full range of innovative flower varieties, including popular bedding plants such as viola, begonia, New Guinea impatiens, pelargonium and petunia; pot plants, such as cyclamen and poinsettia; cuttings for, amongst others, the growing market of hanging baskets, such as impatiens and verbena; and a wide range of attractive perennials.

### Recently Launched Products (last 3 years)

The following recently launched products illustrate our capability as a technology integrator and our commitment to the food chain:

#### Field Crops

- Syngenta launched Agrisure® CB/LL/RW, its double stacked corn containing Agrisure® corn borer and corn rootworm traits at the beginning of 2007. In 2008, Syngenta launched Agrisure® 3000GT, combining Agrisure® CB/LL/RW with Syngenta's proprietary glyphosate herbicide tolerance. Agrisure® 3000GT provides Syngenta customers with a full package of Syngenta proprietary traits focused on the customers' priority pests, coupled with resistance to the herbicide glyphosate.
- High yielding Corn Hybrids (NK®) across a variety of maturities in Europe.
- Soybean varieties with high yield performance and disease resistance.
- Early maturing and high yielding varieties of Sunflowers across Europe.
- A number of high yielding Barley varieties have been launched with excellent disease resistance. These have included both malting varieties suitable for brewing and feed type.
- In Wheat, a number of new products have been launched across the Spring and Winter wheat ranges with high yield, good disease tolerance and high bread making qualities.
- Sugar beet varieties with Roundup Ready®(8) tolerance in the US, high sugar content and multiple resistances across a number of geographies.
- Syngenta launched NK® Petrol in 2007. This is the first product of an entirely new hybridization system for oilseed rape, which provides higher yields and better resistance to environmental stress.

#### Vegetables and Flowers

In Vegetables and Flowers, Syngenta continues to launch and test market new and attractive consumer products in the United States, Europe and other parts of the world. Some examples of recently launched products include:

- In Tomatoes, Rosso Bruno, a sweet tasting tomato with a dark colored skin and Dunne, a mini cluster of tomatoes.
- Solinda™, a watermelon with a full flavour and super-sweet, juicy fruit.
- Caliope™, geranium cuttings series with unique semi-trailing habit and large semi-double blooms.
- Plush™, petunia series with early blooming trailing type from seeds.

#### Products in Late Stage Development

Syngenta seeks to produce improved hybrid and varietal seeds to meet the varying circumstances and demands of our customers and to work towards further improvement of traits advantageous to the grower, i.e., input traits, such as resistance to diseases and insects, and greater yield. Syngenta is also concentrating on developing products that are advantageous to the food and feed industry and to the consumer, i.e., output traits such as improved digestibility and protein utilization for crops used for animal feed, oilseeds that produce higher quantities or healthier oils. In Vegetable Seeds, Syngenta develops new products to provide consumers with consistent high quality, improved appearance, taste and texture. Powerful analytical science has been expanding knowledge of taste, flavor and nutrition. Combined with advanced breeding technology, this is accelerating the introduction of novel varieties.

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(8) Roundup Ready® is a registered trademark of Monsanto Technology LLC.



Below are examples of products in Late Stage development:

#### Field Crops

- Optimizing plants' water use could make a major contribution to saving vital resources, particularly for water-intensive crops such as corn. Syngenta is now drawing on native corn genes as well as genes derived from arid-land plants to develop water optimization traits which we are testing across a wide range of moisture conditions in North and South America.
- Syngenta is working towards developing corn seeds across a variety of maturities - with high yield, stress tolerance and improved agronomic characteristics.
- Broad lepidopteran insect control in corn which expands the scope of key yield reducing insect pests. This technology will be combined with triple stack technology for a differentiating, industry leading whole plant protection.
- An expanded portfolio with corn triple stack input traits (Agrisure® 3000GT). Combined glyphosate tolerance, European corn borer and corn rootworm control.
- Stacking multiple modes of action for the same target insects (trait pyramiding) to improve efficacy, combat insect resistance and provide long term product sustainability.
- Biofuel products in corn, focusing on amylase and high ethanol corn hybrids.
- Soybean with high yield, herbicide tolerance, cyst nematode resistance, phytophthora root rot, aphid resistance and overall disease resistance. The industry's best soybean aphid management system which combines genetics, a naturally occurring trait, and seed treatment products for a total integrated pest management approach.
- Healthy oil varieties in oilseeds.
- Broomrape, herbicide and disease resistant sunflowers.
- High yield Safecross™ hybrids with improved disease resistance and drought tolerance in winter oilseed rape.
- In wheat, Fusarium tolerance, high yield, improved and novel quality, new disease resistance and drought tolerance, "White" wholemeal flour.
- Next generation malting barley with improved enzyme characteristics.
- Sugar beet with second generation nematode tolerance for the European market and with broad spectrum disease and virus resistance in combination with Roundup Ready®(9) tolerance for the NAFTA market.

#### Production

Independent contract growers tend and harvest our seed near Syngenta facilities throughout the world. After the harvest, the raw seed is sent to our processing facilities, where it is cleaned, calibrated, treated and packaged. The largest facilities are located in Argentina, Brazil, France, Hungary, India, Morocco, the Netherlands, Spain, Sweden, Thailand and the United States. For large seed products, seed production tends to occur as close to the intended markets as possible, in order to achieve cost effectiveness and match the seeds with the growing conditions that are

optimal for the variety. This also eases logistics for seed products that require secure storage and timely delivery for the use season.

Due to Syngenta's global presence, it can engage in seed production year-round and reduce the weather-related seed production risk. In addition, because our facilities are located in both the Northern and Southern hemispheres, Syngenta can shorten the time from seed breeder to commercial production so that we can produce marketable quantities more quickly than if we were dependent on only one growing season.

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(9) Roundup Ready® is a registered trademark of Monsanto Technology LLC.

## Marketing and Distribution

Syngenta products are marketed throughout the world through well-known brands, some of which have been established for over 100 years. Our flagship brands are NK®, Golden Harvest®, Garst®, Hilleshög®, S&G, Rogers®, Zeraim Gedera® and Fischer®. The NK® brand is used for corn, soybean, sunflowers and oilseed rape, and several other specialty crops. Golden Harvest® and Garst® are predominantly used in North America in corn, soybeans, alfalfa and sorghum. Corn and Soybean germplasm and traits are marketed via the GreenLeaf Genetics LLC 50:50 joint venture with Pioneer Hi-Bred International, Inc. Proprietary corn traits are marketed under the Agrisure® trademark. The Hilleshög® brand is used in sugar beets and appears in every major market in Europe, Japan and the United States. For vegetables, the S&G® brand is a leading brand in Europe, the Middle East, Africa and Asia. The Rogers® brand is well known in the Americas to growers and the food-processing industry. Through the acquisition of Zeraim in 2007, Syngenta gained access to their global brand Zeraim Gedera®. In 2008, the Syngenta Flowers brand was introduced as an umbrella brand representing the entirety of Syngenta's offer in flower seeds, cuttings and young plants. Syngenta Flowers continues to use the Fischer®, S&G®, and Goldfisch® brands as well as the recently acquired Goldsmith® and Yoder® brands. Our sales force markets the majority of our brands either to customers directly, in partnership with distributors, or through a network of dealers.

Seed and crop protection products have traditionally been marketed separately. However, to provide integrated crop solutions and services, especially those tailored to local customer needs, our seeds business is increasingly working together with our crop protection business to develop joint marketing approaches and initiatives. The objective has been to combine and capitalize on the strength of each segment to maximize their competitive advantages. This strategy is primarily focused on corn, soybeans, vegetables and cereals. Where beneficial, crop protection and seed sales forces coordinate customer approaches and jointly promote products offering crop solutions that include broad product combinations and services. An example of this joint marketing strategy in practice is the AgriEdge® program in US Corn which is capitalizing on the breadth of the Syngenta offer by offering Syngenta seeds and traits, coupled with seed care and crop protection. This program has benefited both the Crop Protection and Seeds businesses.

## Research and Development

Syngenta operates around 100 breeding and germplasm enhancement centers, which focus on advancing the performance, stability and quality of seed varieties for over 50 food, feed and flower crops. Because our customers need locally adapted crop varieties, our centers are strategically located around the world. At these centers, over 1500 permanent employees leverage our global germplasm, trait, biotech and knowledge resources to focus our research efforts on creating new varieties with greater productivity, tolerance to pests and other environmental stresses, and better quality characteristics such as nutritional composition, safety, consumer appeal and shelf life.

Syngenta operates biotechnology and seed technology research sites in Brazil, France, Germany, United Kingdom, the Netherlands, Spain, Sweden, India and the United States. During 2008, an additional biotechnology center in Beijing, China, was established. At these sites, we apply advanced biotechnology research, marker-assisted breeding, seed processing, pelleting, coating and upgrading technologies to create, develop and enhance seed products. Total research and development spending in Seeds was US\$343 million in 2008, US\$283 million in 2007 and US\$232 million in 2006.

Syngenta expects that end users such as livestock feeders, grain processors, food processors and other partners in the food chain will continue to demand specific qualities in the crops they use as inputs. Syngenta has entered into a number of targeted alliances with other enterprises in order to broaden further our germplasm and trait base that enables us to create more valuable products. None of these alliances are currently material to our business, and it is difficult to predict which of these alliances is most likely to produce a successful product in the future. In most cases, royalties are payable upon commercial exploitation. The list below is a sample of the alliances in which Syngenta is currently engaged:

- Secobra Recherche SA, a minority shareholding in a malting barley research consortium with major malting and brewing interests.
  - Maisadour Semences SA, a minority shareholding in a corn and sunflower seed company in France.
- Koipesol Semillas SA, a majority shareholding in a sunflower seeds company, the other party to which is SOS, a leading Spanish company in the edible oil and food industry.
  - LongReach Plant Breeders, a minority shareholding in an Australian wheat research company.
    - Chromatin, Inc., Molecular stacks and mini-chromosome technology.
- Performance Plants, Inc., collaboration on the development of GM (Genetically Modified) drought tolerance in corn and soybean.
- Pioneer Hi-Bred International, Inc., collaboration on the development of GM traits for our branded businesses and GreenLeaf Genetics™.

- Metabolon, Biochemical profiling and plants response to environmental stresses.
- Athenix, Collaboration to discover novel corn insect and soybean cyst nematode resistance genes
- Institute of Genetics and Developmental Biology (IGDB), Beijing, China, collaboration to develop genes essential for drought and other key agronomic traits.

In addition, Syngenta has entered into a number of research and development agreements with other companies and academic institutions around the world.

In 2008, Syngenta announced :

- an agreement with Monsanto on corn and soybean technologies that enables both companies to develop and deliver new innovative herbicide-tolerant and Bt insect-protection products in corn, soybean and cotton; and
- an agreement with Pioneer that enables Syngenta's novel broad lepidopteran-control technology to be used in Pioneer germplasm.

#### Competitive Environment

The main competitive factor in the seeds industry remains the quality of genetics and increasing importance of traits. Historically, competition in the seeds industry has been fragmented, with small producers competing in local markets. With the emergence of biotechnology, the seeds industry is now research intensive. Technological advances requiring higher research and development spending have forced new alliances and created greater competition in product development, marketing and pricing. This environment favors the companies that have a biotechnological platform and a broad genetic range. At present, Syngenta's main competitors in the seeds business are: Monsanto, DuPont, Vilmorin, KWS, Bayer, Dow, Ball, Sakata and Takii.

#### Intellectual Property

Syngenta maintains the ownership, and controls the use, of our seeds (inbreds and varieties) and genomics-related products and processes by means of intellectual property rights, including, but not limited to, the use of patents, trademarks, licenses, trade secrets, plant variety protection certificates and contractual language placed on packaging. The level of protection varies from country to country according to local laws.

Syngenta licenses its intellectual property rights to third parties and also holds licenses from other parties relating to certain of Syngenta's products and processes.

#### Regulatory Approval

Genetically modified crops are regulated by the United States Department of Agriculture (USDA), the Food and Drug Administration (FDA), and under some circumstances the Environmental Protection Agency. In the United States, conventional seed is not subject to this regulation. Similar approvals are required in Canada and Mexico for cultivation of genetically modified crops and their use in food and feed.

In the EU, new varieties of vegetable and agricultural (field crop) species, whether transgenic or not, must be registered on an Official List before they may be commercialized. Such varieties are subjected to field tests at an official examining institute and must be distinct from other known varieties, as well as be sufficiently uniform and stable. New agricultural plant varieties are additionally subjected to tests for agronomic or agricultural value. The agronomic value of the new variety must be better than that of the existing varieties.

With respect to genetically modified crops, the EU has adopted legislation specific to genetically modified organisms, including Directive 2001/18/EEC on the deliberate release of genetically modified organisms, and Regulation (EC) No. 1829/2003, which addresses food and feed safety. Approval under Directive 2001/18/EEC and/or Regulation 1829/2003 is a prerequisite for the registration of each new genetically modified variety on the Official List.

In APAC countries, genetically modified crops are also regulated by key importing and cultivating countries including Australia, New Zealand, China, Japan, Korea, Taiwan, Philippines and India, to confirm the safety from food, feed and environmental aspects. Guidelines for food, feed and processing will become effective in Indonesia in January 2009. Conventional seed is not subject to such regulations.

The International Seed Testing Association has established standards for seed purity, which are required to be met by all seed certified for trade between countries of the Organisation for Economic Cooperation and Development (OECD). There are different categories of seed (basic seed, certified seed, standard seed), which have their own minimum standards. In addition, there are minimum national standards.

## BUSINESS DEVELOPMENT

From improved food to biofuels, biotechnology holds enormous promise for humanity. Biotechnology has had a significant impact on agriculture, however, the products introduced to date only hint at the benefits that are possible for growers and consumers alike. With its strong research capabilities, intellectual property and leadership across multiple areas of agribusiness, Syngenta believes it is well positioned to realize the potential of this science.

The Business Development business is built around a core of independent business teams with responsibilities for specific market segments. The mission of Business Development is to capitalize upon the company's considerable strengths and marshal the resources needed to take Syngenta to the forefront of commercial biotechnology.

Business Development directs early stage research and technology expenditure as well as expenditure for development and marketing activities to create new business opportunities. This sharp focus allows Syngenta to identify the best new ideas in biotechnology.

### Recently Launched Products (last 3 years)

- Tropical Sugar Beet. In 2007, Syngenta introduced in India a sugar beet suitable for cultivation in tropical climates. The beet delivers similar yields to sugar cane and can be processed either for food or for bioethanol. Tropical sugar beet grows in relatively dry areas, using substantially less water than is typically required by sugar cane. It also grows faster and can be harvested after 5 months, allowing farmers to raise a second crop on the same land.

### Products in Development

Syngenta expects future income to arise from new product development, licensing and other arrangements. To drive near term success, Business Development has put emphasis on the commercialization of close-to-market projects that are aligned with the strengths of the Syngenta Crop Protection and Seeds businesses.

Enzymes for biofuels represent an opportunity for Syngenta. Development of a corn produced alpha amylase enzyme continued during 2008 with significant regulatory and development milestones achieved. FDA food and feed approval was gained and the first industrial scale testing of the enzyme began. The research and development agreement signed in 2006 with Diversa Corporation (now Verenum) focuses on the discovery and development of a range of novel enzymes to convert pre-treated cellulosic biomass economically to mixed sugars.

The Business Development projects described below are expected to be commercially available within five years.

- Corn amylase, development of the first enzyme to be bred into corn, and which is essential in converting corn into bioethanol, continues the bulk testing at industrial scale that began in 2007. It promises to simplify production and provide significant value from a broad range of process components, and has successfully completed the US Food and Drug Administration's consultation process for food and feed safety.

- In Cotton, VIPCOTTM for improved resistance to insects.

### Production

Business Development is producing corn amylase for use in full scale production trials. Production is carried out via contract with growers under a USDA permit.

## Research and Development

Syngenta maintains its primary center for biotechnology research at Syngenta Biotechnology, Inc. (SBI) in Research Triangle Park in the United States. This site is dedicated to research in agricultural genomics and biotechnology. In-house work is complemented and strengthened through numerous alliances and collaborations.

Syngenta and Verenum Corporation, in which Syngenta holds a minority interest, have an agreement focusing on discovery and evolution of proprietary enzymes in the areas of biofuels.

The following are key capabilities in developing transgenic crops:

- Ability to find useful genes: Syngenta is capitalizing on its pioneering work in mapping the rice genome and also accessing external sources through its collaborations with various university laboratories around the world and through its Verenum strategic alliance.
- Plant transformation: This is the process of introducing new genes into the existing genetic constitution of plants. Pioneering work in this area is done in Syngenta's research center at SBI.
- Use of marker genes: There has been significant public and regulatory debate over the use of microbial antibiotic resistance as a marker technology. Syngenta has developed and patented an alternative sugar based system trademarked "Positech™" that is widely used by researchers.
- Trait expression: This is the process of regulating genes to achieve various levels of expression in different tissues. This is achieved through specialized promoter DNA sequences. Syngenta's work with the rice genome has resulted in the discovery and patenting of a wide range of promoters.

All biotechnology products are subject to intense regulatory scrutiny. An extensive Syngenta network of regulatory specialists around the world ensures continued dialogue and compliance with the authorities regarding regulatory dossier submissions, insect resistance management programs and participation in further development of the biotech regulatory framework.

Total research and development spending for Business Development was US\$70 million in 2008, US\$51 million in 2007 and US\$74 million in 2006.

Syngenta Business Development division has entered into a number of targeted alliances with other enterprises in order to broaden further our research and development scope. None of these alliances are currently material to our business, and it is difficult to predict which of these alliances is most likely to produce a successful product in the future. In most cases, royalties are payable upon commercial exploitation. The list below is a sample of the alliances in which Syngenta's Business Development division is currently engaged:

- Queensland University of Technology – Biofuels, with concentration on development of sugar cane transformation and gene expression tools.
- Verenum (ex-Diversa) – Enzyme discovery mainly for biofuels.
- Institute for Genetics and Developmental Biology, Beijing, China – Yield, drought trait gene discovery.
- Proteus – Enzyme discovery mainly for biofuels.

## Principal Markets



The market environment for products enhanced through biotechnology is complex. In the Americas, Australia and Asia, benefits such as better protection from pests and improved farming efficiency have been realized and the technology widely accepted. Although there has been progress recently in the European market, consumer opinion is mixed and the regulatory framework remains stalled.

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## Competition

The major investors in biotechnology are the main crop protection and seed companies: Monsanto, Pioneer, Syngenta, Bayer and Dow. The majority of the transgenic products commercialized to date are traits that improve performance and farming efficiency in major world crops such as corn, soya, cotton and canola (input traits). As a result, access to germplasm as a platform for trait commercialization is a key competitive advantage. In the future, Syngenta expects that increased emphasis will be placed on developing products that provide benefits to food and feed processors, fuel production, retail trade and consumers (output traits). One future competitive advantage is expected to be the ability to develop partnerships to allow delivery of biotechnology traits to the target market sectors. In the future, Syngenta's move into new markets may result in other companies becoming competitors including, for example, major companies such as DSM, Novozymes, Danisco and BASF.

## Intellectual Property

Intellectual property laws protect products developed through biotechnology in the countries in which they are made and marketed. Syngenta takes advantage of the full spectrum of intellectual property laws, including utility patents, plant variety protection certificates, plant breeders' rights, plant patents, trade secrets, and trademarks. The level and type of protection varies from country to country according to local laws and international agreements. Syngenta has one of the broadest patent and trademark portfolios in the industry. In addition to income from development and commercialization of transgenic products, income is generated from licensing arrangements. Syngenta respects the intellectual property rights of others and will defend its intellectual property rights as necessary.

## Government Regulation

The field-testing, production, import, marketing and use of our products are subject to extensive regulation and numerous government approvals.

Registration and re-registration procedures apply in all major markets.

Products must obtain governmental regulatory approval prior to marketing. The regulatory framework for such products is designed to ensure the protection of the consumer, the grower and the environment. Examples of the regulatory bodies governing the science include the US Environmental Protection Agency and the US Food and Drug Administration.

Regulatory bodies can require ongoing review of products derived from biotechnology based upon many factors including the need for insect resistance management. Even after approval, products can be reviewed with the goal of ensuring that they continue to adhere to all standards, which may have changed or been added to since the product was initially approved. This type of ongoing review applies in most major markets.

Government regulations, regulatory systems, and the politics that influence them vary widely among jurisdictions. Obtaining necessary regulatory approval is time consuming and costly, and there can be no guarantee of the timing or success in obtaining approvals.

## Organizational Structure

The following are the significant legal entities in the Syngenta group of companies (the “Group”). Please refer to Note 2 to the consolidated financial statements in Item 18 for the appropriate consolidation method applied to each type of entity.

| Country                               | Percentage owned by Syngenta | Share capital in local currency(10) | Function of company               |
|---------------------------------------|------------------------------|-------------------------------------|-----------------------------------|
| <b>Argentina</b>                      |                              |                                     |                                   |
| Syngenta Agro S.A.                    | 100%                         | ARS 1,998,205                       | Sales/Production                  |
| <b>Bermuda</b>                        |                              |                                     |                                   |
| Syngenta Reinsurance Ltd              | 100%                         | USD 120,000                         | Insurance                         |
| <b>Brazil</b>                         |                              |                                     |                                   |
| Syngenta Proteção de Cultivos Ltda.   | 100%                         | BRL 1,172,924,609                   | Sales/Production/Research         |
| <b>Canada</b>                         |                              |                                     |                                   |
| Syngenta Crop Protection Canada, Inc. | 100%                         | CAD 1,700,000                       | Sales/Research                    |
| <b>France</b>                         |                              |                                     |                                   |
| Syngenta Seeds S.A.S.                 | 100%                         | EUR 50,745,240                      | Sales/Production/Development      |
| Syngenta Agro. S.A.S.                 | 100%                         | EUR 22,543,903                      | Sales/Development                 |
| <b>Germany</b>                        |                              |                                     |                                   |
| Syngenta Agro GmbH                    | 100%                         | EUR 2,100,000                       | Sales                             |
| <b>Italy</b>                          |                              |                                     |                                   |
| Syngenta Crop Protection S.p.A.       | 100%                         | EUR 5,200,000                       | Sales/Production/Research         |
| <b>Japan</b>                          |                              |                                     |                                   |
| Syngenta Japan K.K.                   | 100%                         | JPY 475,000,000                     | Sales/Production/Research         |
| <b>Mexico</b>                         |                              |                                     |                                   |
| Syngenta Agro, S.A. de C.V.           | 100%                         | MXN 157,580,000                     | Sales/Production                  |
| <b>Netherlands</b>                    |                              |                                     |                                   |
| 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                           |
| <b>Panama</b>                         |                              |                                     |                                   |
| Syngenta S.A.                         | 100%                         | USD 10,000                          | Sales                             |
| <b>Russian Federation</b>             |                              |                                     |                                   |
| OOO Syngenta                          | 100%                         | RUB 675,000                         | Sales                             |
| <b>Singapore</b>                      |                              |                                     |                                   |
| Syngenta Asia Pacific Pte Ltd.        | 100%                         | SGD 1,588,023,595                   | Sales                             |
| <b>Switzerland</b>                    |                              |                                     |                                   |
| Syngenta Supply AG                    | 100%                         | CHF 250,000                         | Sales                             |
| Syngenta Crop Protection AG(11)       | 100%                         | CHF 257,000                         | Holding/Sales/Production/Research |
| Syngenta Agro AG                      | 100%                         | CHF 2,100,000                       | Sales/Production/Research         |
| Syngenta Participations AG(11)        | 100%                         | CHF 25,000,020                      | Holding                           |
| <b>United Kingdom</b>                 |                              |                                     |                                   |
| Syngenta Limited                      | 100%                         | GBP 85,000,000                      | Holding/Production/ Research      |
| <b>USA</b>                            |                              |                                     |                                   |
| Syngenta Crop Protection, Inc.        | 100%                         | USD 1                               | Sales/Production/Research         |

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|                           |      |     |     |                           |
|---------------------------|------|-----|-----|---------------------------|
| Syngenta Seeds, Inc.      | 100% | USD | —   | Sales/Production/Research |
| Syngenta Corporation      | 100% | USD | 100 | Holding/Finance           |
| Garst Seed Company        | 90%  | USD | 101 | Sales/Research            |
| Golden Harvest Seeds Inc. | 90%  | USD | —   | Sales                     |

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(10) Currency code used is according to ISO 4217.

(11) Direct holding of Syngenta AG.

The main changes from 2007 are capital reductions in Syngenta Limited, which reduced the share capital from GBP 464,566,941 to GBP 85,000,000 and in Syngenta Proteção de Cultivos Ltda., which reduced the share capital from BRL 1,620,211,424 to BRL 1,172,924,609.

## Property, Plants and Equipment

Our principal executive offices are located in Basel, Switzerland. Our businesses operate through a number of offices, research facilities and production sites.

The following is a summary of our principal properties (production sites are crop protection unless otherwise stated):

| Locations                                   | Freehold/Leasehold | Approximate<br>area<br>(square feet) | Principal Use                             |
|---|--------------------|--------------------------------------|---|
| Rosental, Basel, Switzerland                | Freehold           | 281,700                              | Headquarters, Global Functions(1)         |
| Dielsdorf, Switzerland                      | Freehold           | 1,049,490                            | Administration, marketing                 |
| Greensboro, North Carolina, USA             | Freehold           | 2,970,000                            | United States Headquarters, research      |
| St. Gabriel, Louisiana, USA                 | Freehold           | 54,663,400                           | Production                                |
| Jealott's Hill, Berkshire, UK               | Freehold           | 26,910,000                           | Research center                           |
| Monthey, Switzerland                        | Freehold           | 10,515,160                           | Production                                |
| Huddersfield, West Yorkshire, UK            | Freehold           | 10,756,200                           | Production                                |
| Cold Creek, Alabama, USA                    | Freehold           | 9,539,900                            | Production                                |
| Goa, India                                  | Freehold           | 8,668,100                            | Production                                |
| Grangemouth, Falkirk, UK                    | Freehold           | 1,000,000                            | Production                                |
| Landskrona, Sweden                          | Freehold           | 8,072,900                            | Research, production and marketing(2)     |
| Greens Bayou, Texas, USA                    | Freehold           | 5,898,800                            | Production                                |
| Enkhuizen, The Netherlands                  | Freehold           | 3,536,700                            | Administration, research and marketing(2) |
| Stein, Switzerland                          | Freehold           | 1,948,700                            | Research center                           |
| Research Triangle Park, North Carolina, USA | Freehold           | 1,176,120                            | Research center                           |
| Aigues-Vives, France                        | Freehold           | 1,538,680 <sup>(3)</sup>             | Production                                |
| Nérac, France                               | Freehold           | 586,870                              | Production(2)                             |
| Saint-Sauveur, France                       | Freehold           | 1,395,650                            | Administration, research(2)               |
| Nantong, China                              | Leasehold          | 1,496,000                            | Production                                |
| Münchwilen, Switzerland                     | Freehold           | 610,300                              | Production                                |
| Kaisten, Switzerland                        | Freehold           | 124,808 <sup>(4)</sup>               | Production                                |
| St Pierre, France                           | Freehold           | 1,506,946                            | Production                                |
| Seneffe, Belgium                            | Freehold           | 2,475,690                            | Production                                |
| Omaha, Nebraska, USA                        | Freehold           | 1,829,520                            | Production                                |
| Paulinia, Brazil                            | Freehold           | 6,860,000                            | Production                                |
| Hillscheid, Germany                         | Freehold           | 1,174,600                            | Administration, research(2)               |
| Pollen, Kenya                               | Freehold           | 1,103,903                            | Production(2)                             |
| Thika, Kenya                                | Freehold           | 2,690,975                            | Production(2)                             |
| Koka, Ethiopia                              | Freehold           | 1,291,668                            | Production(2)                             |
| Amatitlan, Guatemala                        | Freehold           | 3,119,993                            | Production(2)                             |
| San Jose Pinula, Guatemala                  | Freehold           | 1,654,655                            | Production(2)                             |
| Jalapa, Guatemala                           | Freehold           | 4,417,690                            | Production(2)                             |
| Gilroy, California, USA                     | Freehold           | 4,208,332                            | Production(2)                             |

(1) In May 2007, Syngenta completed a partial sale of this site.

(2) Used for Seeds business.

- (3) Only 875,850 square feet are currently used and developed.
- (4) Surface area of building/factory which is owned; land itself (143,000 square feet) is owned by a third party.

Please also see Item 4 “Information on the Company—Business Overview” for a description of the products produced at the various properties listed above.

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#### Capacity expansion program

In July 2008, Syngenta announced a Crop Protection capacity expansion program in order to increase capacity and improve productivity primarily for two key active ingredients. This increase in production capacity is required to capture current growth opportunities and to meet forecasted demand growth. The program is estimated to have a total tangible asset cost of \$600 million, phased over 2008 to 2010. It is expected to be financed entirely from internal cash flows and to be earnings accretive from 2010. Total program spending in 2008 was US\$40 million.

The capacity expansion is focused on the production of Azoxystrobin at Grangemouth in the United Kingdom and of CCT, a precursor to Thiamethoxam, at Monthey in Switzerland. Azoxystrobin is a Fungicide in AMISTAR® and Thiamethoxam is an Insecticide used in the key products ACTARA® and CRUISER®. To accompany this, there is related expansion for chemical intermediates as well as for formulation, filling and packing and investments in supply contracts and technology.

In the Seeds business we are expanding Corn and Soybean production facilities in the USA and Brazil in line with the roll-out of our broad technology offer. In Vegetables, we made a significant investment in sweetcorn in the USA.

#### Item 4A — UNRESOLVED STAFF COMMENTS

Not Applicable.

## ITEM 5 — OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### Introduction

The following discussion includes forward-looking statements subject to risks and uncertainty. See "Cautionary statement regarding forward-looking statements" at the end of this document. This discussion also includes non-GAAP financial data in addition to GAAP results. See Appendix A to this section and Note 2 to the financial highlights in Item 3 for a reconciliation of this data and explanation of the reasons for presenting such data.

### Constant exchange rates

Approximately 64% of Syngenta's sales and 64% of Syngenta's costs in 2008 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 2008 were 26% higher than 2007 on a reported basis, but were 21% 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 to 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 37% and 31% respectively of consolidated sales in 2008 (2007: 36% and 34%; 2006: 36% and 36%). 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 is establishing 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 21% of sales in 2008 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 (21% in total). Sales in Swiss francs and British pounds sterling together made up 4% 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.

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

The effects of currency fluctuations have been reduced by risk management strategies such as hedging. For further information please refer to Note 27 of the consolidated financial statements in Item 18.

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, (vii) foreign currency translation of intercompany funding and (viii) restructuring. These policies are described in more detail in Note 2 to the consolidated financial statements in Item 18.

#### Summary of results

Syngenta's main selling season is in the first half of the year as its key European and NAFTA markets are in the Northern hemisphere. The prices of the main agricultural commodities, particularly corn and soybean, were very strong in the first half of 2008, boosting grower profitability. As a result, growers increased planted acreage and increased their usage of yield and quality enhancing crop protection products and increased demand for higher value seeds. In this positive market environment, Syngenta capitalized on its extensive product portfolio and global position to produce significantly higher sales in both Crop Protection and Seeds.

Sales growth was particularly strong in emerging markets in Latin America and Eastern Europe and sales in emerging markets now make up approximately a third of total sales. Crop Protection sales increased 27% in 2008, 22% at constant exchange rates, following on from 14% sales growth in 2007, 11% at constant exchange rates. Sales increased across all regions, with particularly strong results in Latin America at 43%. Overall, Syngenta estimates to have gained market share for the fourth consecutive year in 2008 largely as a result of its modern product portfolio and effective marketing and sales programs. Seeds sales grew 21%, 16% at constant exchange rates, with significant growth in all product lines. Seeds sales also grew particularly strongly in emerging markets in Latin America and Eastern Europe. In the USA, sales growth and estimated market share gain in soybean was offset by the impact of lower acres in corn. Other contributing factors included the full year impact of the 2007 acquisitions of Fischer and Zeraim Gedera, which increased reported sales in Flowers and Vegetable seeds respectively. The late 2008 acquisitions of Goldsmith Seeds and the chrysanthemum and aster business of Yoder Brothers did not significantly contribute to sales in 2008. Acquisitions contributed 1% to Syngenta's overall sales growth and 5% to sales growth in Seeds in 2008.

During the second half of 2008, agricultural commodity prices declined to near 2007 levels as the financial crisis developed. While lower liquidity and crop price uncertainty had some impact on Syngenta's sales in the Southern hemisphere, particularly Latin America, this was partly offset by weaker currency exchange rates versus the US dollar, which improved the profitability of farmers with export crops. Consequently, the negative impact of the financial crisis on overall 2008 reported sales was not significant. For discussion of the possible impact of the financial crises on sales in 2009, see "Future prospects" later in this review.

Gross profit margin in 2008 was higher than in 2007, with improvements in both Crop Protection and Seeds. In Crop Protection, higher sales prices, particularly in glyphosate where global supplies were tight, and the non-recurrence of the 2007 increase in environmental provisions, was partly offset by higher raw material costs, with increased glyphosate input costs and the impact of high oil prices in the first half of the year. The Seeds gross profit margin improved slightly with more sales of seed containing Syngenta proprietary traits offset by increased inventory provisions.

Syngenta increased spending in marketing, distribution and general and administrative costs, reflecting higher sales volumes, increased spending in emerging markets and costs related to further development of its US corn business. The onset of the financial crisis and increased exchange rate volatility in the final quarter of 2008 required increased

provisions for doubtful receivables. General and administrative expenses in 2007 were also net of a US\$50 million change of control payment received following Delta & Pine Land's acquisition by Monsanto, a reduction in liability provisions and higher compensation from third parties using Syngenta registration data. Research and development spending was 17% higher than 2007, 15% at constant exchange rates, with an increased pipeline in Crop Protection and further development of corn and soybean traits in Seeds. Restructuring and impairment in 2008 largely related to the Operational Efficiency program announced in February 2007, but also included impairments of two of Syngenta's available-for-sale investments following significant share price declines in the year. In 2007, restructuring and impairment was net of a US\$109 million gain on sale of part of a site at the Headquarters in Basel. Net financial expense was US\$127 million higher than 2007, largely due to exchange losses in emerging markets in the highly volatile currency markets in the final quarter.

The result of these combined elements is 25% growth in net income attributable to Syngenta AG shareholders and a 28% increase in diluted earnings per share.

In 2007 compared to 2006, the Crop Protection market had also been strong following the start of the increased crop commodity prices. Crop Protection is estimated to have gained market share in the growing market, with sales growth of 14%, 11% at constant exchange rates. Seeds sales grew 16%, 12% at constant exchange rates, with increased Corn & Soybean sales on increased corn acreage. Gross profit margin was lower in 2007 than 2006 with increased environmental provisions in Crop Protection and an adverse mix in Seeds, with higher sales in corn offset by lower sales in soybean. In 2007, gross profit in soybean in the USA was higher than that of corn containing non-proprietary traits. Increased marketing and distribution spending reflected higher volumes and spending in Corn & Soybean in the USA. Research and development expenditure was increased to progress trait development in Corn and Soybean. General and administrative costs in 2007 were net of the US\$50 million Delta & Pine Land payment and other factors noted above. Restructuring and impairment charges were also net of the site divestment gain noted above. Financial expense, net, was higher than in 2006, which included gains on restructuring an over-capitalized British pound sterling balance sheet. Together, these factors contributed to an increase in net income attributable to Syngenta AG shareholders of 75% and growth in diluted earnings per share of 80%.

#### Acquisitions and divestments

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 hybrid corn seeds. In November 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. The combined purchase price of these acquisitions was US\$173 million, subject to final purchase price adjustments.

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®.

During 2007 and early 2008, following a public offer to minority shareholders of Syngenta India Ltd. (SIL), Syngenta increased its shareholding in SIL from 84% to 96%, at a cash cost of US\$71 million. SIL delisted from the Mumbai and Kolkata stock exchanges on June 20, 2007. Syngenta intends to invest further in India as a manufacturing and research and development center for the global business.

On January 31, 2007, Syngenta acquired the assets of Gromor International Corporation which consist of peat extraction rights over certain land in Manitoba, Canada. On July 17, 2007, Syngenta acquired the outstanding 20% of Agrosem S.A. which it did not already own. On June 25, 2007, Syngenta purchased 100% of the business of the Fischer group of companies through purchases of shares and assets. The Fischer group specializes in the breeding and marketing of flower crops. On August 31, 2007, Syngenta purchased 100% of the shares of Zeraim Gedera Ltd., which specializes in the breeding and marketing of high value vegetable seeds, including tomato, pepper and melon. The combined purchase price of these acquisitions was US\$108 million.

On November 2, 2007, Syngenta sold a controlling equity interest in Longreach Plant Breeders (LRPB) to Pacific Seeds Australia, an associate of United Phosphorus Ltd., for US\$11 million. Syngenta retains a non-controlling equity interest in LRPB.

These transactions are described in Note 3 to the consolidated financial statements in Item 18.

#### 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 now estimated at US\$550 million in cash and US\$180 million in non-cash charges in the period up to 2011. The program cost estimate was reduced from US\$700 million cash and US\$250 million non-cash reported last year following a re-evaluation of manufacturing restructure plans due to the strong market growth in 2007 and 2008. Cash spent under the program in 2008 and 2007 totaled US\$92 million and US\$68 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 2008 related largely to cost run-offs from site closures and amounted to US\$56 million. Cash spent from 2004 to the end of 2008 totaled US\$411 million and even with some expected further site closure costs in 2009, 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\$290 million are also lower than the US\$320 million previously estimated. Cost savings under the program have been partly offset by the impact on crop protection raw material costs of higher oil prices in the period up to June 2008.

Results of operations  
2008 compared to 2007

Sales commentary

Total Syngenta consolidated sales for 2008 were US\$11,624 million, compared to US\$9,240 million in 2007, a 26% increase year on year. At constant exchange rates sales growth was 21%. The analysis by segment is as follows:

| (US\$ million, except growth %) | 2008   | 2007  | Volume % | Growth        |       |            | Actual % |
|---------------------------------|--------|-------|----------|---------------|-------|------------|----------|
|                                 |        |       |          | Local price % | CER % | Currency % |          |
| Segment                         |        |       |          |               |       |            |          |
| Crop Protection                 | 9,231  | 7,285 | 16       | 6             | 22    | 5          | 27       |
| Seeds                           | 2,442  | 2,018 | 12       | 4             | 16    | 5          | 21       |
| Business Development            | 24     | 5     | –        | –             | –     | –          | –        |
| Inter-segment elimination       | (73)   | (68)  | –        | –             | –     | –          | –        |
| Total                           | 11,624 | 9,240 | 15       | 6             | 21    | 5          | 26       |

Sales by region were as follows:

| (US\$ million, except growth %) | 2008   | 2007  | Volume % | Growth        |       |            | Actual % |
|---------------------------------|--------|-------|----------|---------------|-------|------------|----------|
|                                 |        |       |          | Local price % | CER % | Currency % |          |
| Region                          |        |       |          |               |       |            |          |
| Europe, Africa and Middle East  | 4,290  | 3,350 | 14       | 3             | 17    | 11         | 28       |
| NAFTA                           | 3,633  | 3,108 | 10       | 5             | 15    | 1          | 16       |
| Latin America                   | 2,245  | 1,565 | 29       | 15            | 44    | –          | 44       |
| Asia Pacific                    | 1,456  | 1,217 | 14       | 4             | 18    | 2          | 20       |
| Total                           | 11,624 | 9,240 | 15       | 6             | 21    | 5          | 26       |

Crop Protection

Crop Protection sales growth accelerated in 2008, growing 27% to US\$9,231 million, up 22% at constant exchange rates. Markets for agricultural products were strong globally during 2008 on the back of high crop prices, in particular during the first half of the year. The impact of lower crop commodity prices in the second half of 2008 is described in the Summary of Results above. Syngenta benefited from its broad product portfolio and successful marketing strategies and internal estimates indicated a fourth consecutive year of market share gain. Higher volumes in 2008 accounted for 16% of the sales increase while increased local currency sales prices contributed 6%. Growth was particularly strong in TOUCHDOWN®, AMISTAR®, and ACTARA®/CRUISER®, which together grew by 49% at constant exchange rates and made up over US\$2.3 billion of Crop Protection sales. Sales of products launched after 2006, which include AVICTA®, AXIAL®, DURIVOTM and REVUS®, totaled US\$263 million, up 85% at constant

exchange rates over 2007.

Double digit sales growth was achieved in all regions, with Latin America in particular showing continued strong growth. Sales in Europe, Africa and the Middle East grew by 26% over 2007, 16% at constant exchange rates. Strong commodity prices during the first half of the year and the elimination of the European Union set-a-side requirement drove increased acreage for cereals and corn and further increased use of technology. In NAFTA, sales grew by 18% over 2007 at constant exchange rates, including local currency price increases of 6%, due to an expanded fungicide market for corn plant performance and wheat, strong growth in TOUCHDOWN® and the continuing expansion of Seed Care. In Asia Pacific, sales grew by 19%, 17% at constant exchange rates due to strong growth of key crops, primarily rice, in emerging markets and improved weather conditions in Australia. The strong 43% sales growth in Latin America was driven by acreage expansion and favorable pricing, as growers increased their investment in both corn and soybean crops in Brazil and Argentina.

Professional Products sales, excluding Seed Care which is now reported as a separate product line, grew by 11%, 8% at constant exchange rates led by strong sales of growing media by Fafard and increased sales in the professional turf segment.

Seed Care sales grew by 37%, 33% at constant exchange rates and benefited from the global expansion of CRUISER®, higher soybean acres in the USA, increased adoption by seed companies and a registration in France.

Sales by product line are set out below:

| Product line             | 2008  | 2007  | Volume % | Growth        |       |            | Actual % |
|--------------------------|-------|-------|----------|---------------|-------|------------|----------|
|                          |       |       |          | Local price % | CER % | Currency % |          |
| Selective Herbicides     | 2,412 | 2,019 | 8        | 5             | 14    | 5          | 19       |
| Non-Selective Herbicides | 1,329 | 902   | 19       | 24            | 43    | 4          | 47       |
| Fungicides               | 2,620 | 2,004 | 21       | 4             | 25    | 6          | 31       |
| Insecticides             | 1,423 | 1,205 | 12       | 3             | 15    | 3          | 18       |
| Seed Care                | 830   | 604   | 30       | 3             | 33    | 4          | 37       |
| Professional Products    | 527   | 475   | 7        | 1             | 8     | 3          | 11       |
| Others                   | 90    | 76    | 7        | 12            | 19    | 1          | 20       |
| Total                    | 9,231 | 7,285 | 16       | 6             | 22    | 5          | 27       |

Herbicides are products that prevent or reduce weeds that compete with the crop for nutrients and water. Selective Herbicides are crop-specific and capable of controlling weeds without harming the crop. Non-Selective Herbicides reduce or halt the growth of all vegetation with which they come into contact.

Fungicides are products that prevent and cure fungal plant diseases that can drastically 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 treatments are fungicides and insecticides used to protect seeds and improve overall yield and vigor.

Professional Products are herbicides, insecticides and fungicides used in markets beyond commercial agriculture such as public health, and turf and ornamentals and, since the acquisition of Fafard, growing media.

Selective Herbicides: major brands AXIAL®, CALLISTO® family, DUAL®/BICEP® MAGNUM, ENVOKE®, FUSILADE®MAX and TOPIK®

AXIAL®, Syngenta's new cereal herbicide, grew rapidly in an expanding cereals market with launches in key European countries and further expansion in NAFTA and Western Europe. The CALLISTO® family of products saw double digit growth with a continuation of its successful roll-out outside the USA. Soybean herbicides staged a resurgence in sales as a result of acreage growth in Latin America and weed glyphosate-resistance issues in the USA.

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

TOUCHDOWN® sales increased significantly driven by growth in key markets including the USA, Brazil, Argentina and Canada where glyphosate-tolerant acres continued to expand. Sales also benefited from a favorable pricing environment which offset higher sourcing costs. GRAMOXONE® continued to prove its effectiveness in rapid weed burn-down and also benefited from the tightness of glyphosate supply.

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

In 2008, Syngenta strengthened its world leading position in fungicides in a market characterized by increased grower usage intensity and focus on plant performance. Growth in AMISTAR® reflected the success of a variety of combination products used across crops. AMISTAR®, where annual sales have now reached US\$1 billion, is now



sold on 120 crops in 100 countries and has proven a yield-boosting effect in addition to excellent disease control. In the USA, fungicide use on corn and wheat grew rapidly, with QUILT® establishing a leadership position in an expanding corn fungicide market. In Latin America, fungicide growth was broad based across the region with PRIORI Xtra® now the leading product in Brazil for the prevention and treatment of soybean rust.

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

ACTARA® sales continued to grow strongly, notably in Latin America. KARATE® sales showed strong growth particularly in the USA, benefiting from a major outbreak of soybean aphids and from new opportunities for mixtures with fungicides. The successful launch of DURIVO® in Indonesia marked a significant step in the strengthening of Syngenta's rice insecticide portfolio. Growth of FORCE® in Europe due to the spread of corn rootworm more than offset a reduction of sales in NAFTA.

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

In Seed Care, reported as part of Professional Products in prior years, sales increased by one third. The global expansion of CRUISER® led to strong growth in all regions as growers recognized its unique vigor effect in multiple crops. CRUISER® also benefited from higher soybean acres in the USA and a registration in France.

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

Turf and Ornamentals saw strong sales of growing media by Fafard, growth of HERITAGE® on turf in Asia Pacific and the introduction of new products in Latin America. Home Care strengthened its sales performance in vector control and materials protection.

Commentary on regional performance

| Region                         | 2008  | 2007  | Volume % | Growth        |       |            | Actual % |
|--------------------------------|-------|-------|----------|---------------|-------|------------|----------|
|                                |       |       |          | Local price % | CER % | Currency % |          |
| Europe, Africa and Middle East | 3,214 | 2,545 | 13       | 3             | 16    | 10         | 26       |
| NAFTA                          | 2,693 | 2,238 | 12       | 6             | 18    | 2          | 20       |
| Latin America                  | 2,037 | 1,423 | 28       | 15            | 43    | –          | 43       |
| Asia Pacific                   | 1,287 | 1,079 | 13       | 4             | 17    | 2          | 19       |
| Total                          | 9,231 | 7,285 | 16       | 6             | 22    | 5          | 27       |

Sales in Europe, Africa and the Middle East were higher as growers in both Western and Eastern Europe significantly increased their use of technology to raise yields and increased cereal and corn acreage in order to capitalize on strong commodity prices in the first half of 2008. Increased acreage in Western Europe also partly reflected elimination of European Union set-a-side. Rapid growth in Eastern Europe – notably in Russia, Ukraine and Kazakhstan – reflected ongoing expansion of Syngenta’s product range and an extension of Syngenta’s leading market position.

Strong sales growth in NAFTA reflected the expansion of the fungicide market for corn and wheat, strong growth in TOUCHDOWN® and the continuing expansion of Seed Care. AXIAL® achieved excellent penetration in an expanded wheat market.

In Latin America, strong sales growth was driven by acreage expansion and the breadth of Syngenta’s product range. Growers increased their crop investment in both corn and soybean in Brazil and Argentina. While economic conditions deteriorated in the second half, growers continued to invest in crops. Sales also benefited from more favorable pricing.

In Asia Pacific, sales growth came primarily from emerging markets including India, China, Indonesia and Vietnam with growers investing in inputs for key crops including rice and vegetables. A significant increase in sales in Australia reflected improved weather conditions and product launches.

Seeds

Seeds sales grew 21%, 16% at constant exchange rates, with higher sales in all product lines and particularly strong growth in emerging markets. Syngenta benefited from the scale of its presence in emerging markets, where the trend in favor of high value seeds is a key part of the modernization of farming practice.

Corn and Soybean sales grew strongly in Latin America and Europe. In the USA, the impact of growth in soybean acres and an estimated soybean market share gain was offset by lower corn acres. Sales of Diverse Field Crops grew by 32%, 23% at constant exchange rates, with strong growth in all regions. Good sales growth in Vegetables was supplemented in 2008 by the full year effect of the acquisition in 2007 of Zeraim Gedera. Flowers sales growth was driven by the 2007 acquisition of Fischer.

Syngenta in 2008 continued the transformation of its Seeds business with the acquisitions of SPS in Corn & Soybean in Argentina and of Goldsmith and the pot and garden chrysanthemum and aster business of Yoder Brothers Inc. (Yoder) in the USA, which further reinforced Syngenta's position as the world leader in Flowers.

| Product line        | 2008  | 2007  | Volume % | Growth        |       |            | Actual % |
|---------------------|-------|-------|----------|---------------|-------|------------|----------|
|                     |       |       |          | Local price % | CER % | Currency % |          |
| Corn & Soybean      | 1,040 | 893   | 9        | 4             | 13    | 3          | 16       |
| Diverse Field Crops | 462   | 351   | 15       | 8             | 23    | 9          | 32       |
| Vegetables          | 603   | 502   | 12       | 4             | 16    | 4          | 20       |
| Flowers             | 337   | 272   | 15       | 1             | 16    | 8          | 24       |
| Total               | 2,442 | 2,018 | 12       | 4             | 16    | 5          | 21       |

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

In the USA, sales of NK® soybean benefited from an acreage shift in favor of soybean and from a further market share gain reflecting crop yield outperformance. In corn, the proprietary triple stack product under the AGRISURE® brand was successfully launched and incorporation of these traits into Syngenta's elite germplasm is accelerating. Sales of corn in Europe expanded rapidly, with increased acreage and a broadening of Syngenta's portfolio across maturities. In Latin America, sales increased significantly in strong corn and soybean markets, as customers responded positively to new combinations of genetically modified technology and top quality germplasm.

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

Diverse Field Crops showed strong sales growth reflecting Syngenta's leading position in sunflower and increased share in winter oilseed rape. Eastern European growers in particular are responding to growing demand for healthy oils and have expanded acreage while adopting improved varieties. Sugar beet sales increased with the launch of glyphosate-tolerant varieties in the USA leading to a substantial gain in market share.

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

Strong growth in Vegetables across all regions was supplemented by the full year consolidation of Zeraim Gedera. Syngenta's strong developed market presence is being enhanced by a leadership position in the rapidly growing Latin American market and by increased market penetration in Asia Pacific. In Flowers the main driver was the full year consolidation of Fischer acquired in 2007.

#### Commentary on regional performance

| Region                         | 2008  | 2007  | Volume % | Growth        |       |            | Actual % |
|--------------------------------|-------|-------|----------|---------------|-------|------------|----------|
|                                |       |       |          | Local price % | CER % | Currency % |          |
| Europe, Africa and Middle East | 1,077 | 818   | 15       | 5             | 20    | 12         | 32       |
| NAFTA                          | 979   | 916   | 5        | 1             | 6     | 1          | 7        |
| Latin America                  | 216   | 146   | 34       | 14            | 48    | –          | 48       |
| Asia Pacific                   | 170   | 138   | 16       | 8             | 24    | (1)        | 23       |
| Total                          | 2,442 | 2,018 | 12       | 4             | 16    | 5          | 21       |

Sales in Europe, Africa and the Middle East continued their strong growth trend, particularly in Corn & Soybean, with an estimated market share gain. Sales of Diverse Field Crops were particularly strong in Eastern Europe. The full year sales of Zeraim Gedera in Vegetables and the Fischer portfolio in Flowers, which were acquired in late 2007, contributed to strong sales growth in these product lines.

In NAFTA, strong sales of soybean, with an estimated gain in market share and increased acreage, offset the impact of lower corn acres. Diverse Field Crops grew by over 50% and Flowers grew by over 20% including the impact of the 2007 Fischer acquisition.

Sales growth in Latin America was strong, particularly in Corn and Soybean due to increased acres and an estimated market share gain. Syngenta's Bt 11 corn trait was approved in Brazil, with initial sales in the second planting season at the end of 2008.

In Asia Pacific, sales also grew by over 20% led by Corn and Soybean, which grew by over 50% due to favorable market conditions for Syngenta's products, combined with strong crop prices.

## 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) | 2008  | 2007  | Actual % |
|--|-------|-------|----------|
| Crop Protection                        | 2,038 | 1,502 | 36       |
| Seeds                                  | (36)  | (16)  | (225)    |
| Business Development                   | (132) | (19)  | —        |
| Inter-segment profit elimination       | (12)  | (3)   | —        |
| Total                                  | 1,858 | 1,464 | 27       |

Operating income increased by US\$394 million, 27%, over 2007, despite a US\$164 million increase in net charges for restructuring and impairment and the receipt in 2007 of a US\$50 million non-recurring change of control payment from Delta & Pine Land following their acquisition by Monsanto. High commodity prices and strong agricultural markets contributed to a 26% growth in sales, 21% at constant exchange rates. Gross profit margins increased approximately 1%, with margin improvement in both Crop Protection and Seeds. Marketing and distribution costs were 24% higher, 21% at constant exchange rates, with higher sales volume, increased spending in emerging markets, but also increased provisions for doubtful receivables in emerging markets following the exchange rate volatility and impacts of the financial crisis in the final quarter of 2008. Research and development spending was increased by 17%, 15% at constant exchange rates, with an increased Crop Protection development pipeline and further investment in Seeds traits. General and administrative costs were 41% higher than in 2007, 32% at constant exchange rates, with 2007 including the above Delta & Pine Land receipt, a reduction in liability provisions and increased compensation from third parties using Syngenta registration data. Restructuring and impairment in 2007 was net of US\$109 million gain on the sale of part of the site at the Headquarters in Basel and in 2008 included US\$37 million of impairments in available-for-sale financial assets mainly related to a significant decline in the share price of Verenum (previously Diversa) Corporation. Cash restructuring costs in 2008 were similar to 2007 at approximately US\$125 million.

Movements in exchange rates, particularly the relative weakness of the US dollar in the key first half sales season, increased operating income by approximately US\$154 million including the net result of the EBITDA hedging program. The EBITDA (earnings before interest, depreciation and amortization) hedging program is designed to protect forecast transactions from adverse movements in exchange rates, using options and forward contracts to reduce volatility in EBITDA. The net result of the hedging program, which is reported in general and administrative costs was a gain of US\$13 million in 2008 compared to a gain of US\$17 million in 2007.

## Crop Protection operating income

| (US\$ million, except growth %)       | Total as reported under IFRS |         | Restructuring and impairment |      | Before Restructuring and impairment(1) |         | Growth Actual % | Growth CER % |
|---------------------------------------|------------------------------|---------|------------------------------|------|--|---------|-----------------|--------------|
|                                       | 2008                         | 2007    | 2008                         | 2007 | 2008                                   | 2007    |                 |              |
| Sales                                 | 9,231                        | 7,285   | —                            | —    | 9,231                                  | 7,285   | 27              | 22           |
| Cost of goods sold                    | (4,425)                      | (3,605) | —                            | —    | (4,425)                                | (3,605) | (23)            | (19)         |
| Gross profit as a percentage of sales | 4,806                        | 3,680   | —                            | —    | 4,806                                  | 3,680   | 31              | 25           |
|                                       | 52%                          | 51%     |                              |      | 52%                                    | 51%     |                 |              |
| Marketing and distribution            | (1,474)                      | (1,167) | —                            | —    | (1,474)                                | (1,167) | (26)            | (23)         |
| Research and development              | (556)                        | (496)   | —                            | —    | (556)                                  | (496)   | (12)            | (10)         |
| General and administrative            | (655)                        | (516)   | —                            | —    | (655)                                  | (516)   | (27)            | (19)         |

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|                              |       |       |      |   |       |       |    |    |
|------------------------------|-------|-------|------|---|-------|-------|----|----|
| Restructuring and impairment | (83)  | 1     | (83) | 1 | –     | –     | –  | –  |
| Operating income             | 2,038 | 1,502 | (83) | 1 | 2,121 | 1,501 | 41 | 34 |
| as a percentage of sales     | 22%   | 21%   |      |   | 23%   | 21%   |    |    |

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements in Item 18.

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

Sales in 2008 increased by 27% over 2007, 22% at constant exchange rates, including an average 6% increase in local currency prices. Gross margin increased by 1% over 2007 as the impact of higher volumes, sales price increases and the effect of the 2007 increase in environmental provisions more than offset increased raw material costs. Marketing and distribution costs increased during 2008 due to higher sales volumes, increased resources in emerging markets and higher charges for doubtful receivables in response to deteriorating liquidity in some emerging markets in the final quarter. Research and development costs were 12% higher, 10% at constant exchange rates, from increased projects in the development pipeline. Increased general and administrative costs reflect further investment in emerging markets as well as lower compensation from third parties using Syngenta registration data and lower liability provision reductions than in 2007.

Restructuring and impairment is defined in Note 6 to the consolidated financial statements in Item 18. Restructuring and impairment for 2008 relates primarily to the Operational Efficiency Program announced in 2007. The increase over 2007 is mainly because of the inclusion in 2007 of the profit on the partial sale of the Rosental and Dielsdorf sites in Switzerland. Further details on restructuring and impairment can be found later in this section.

Operating income in 2008 of US\$2,038 million was 36% higher than 2007, after absorbing a US\$84 million increase in net restructuring and impairment charges, due to the strong sales growth and improved operating margin.

The US dollar was generally weak in the first half of the year, which increased reported sales, but strengthened in the fourth quarter when currency exchange markets were volatile and thereby reduced reported Swiss franc and British pound sterling costs. The net effect of the US dollar movements was to increase the segment's operating income by approximately US\$116 million relative to 2007, after a US\$6 million lower net hedging result.

#### Seeds operating income/(loss)

| (US\$ million, except growth %) | Total as reported under IFRS |         | Restructuring and impairment |      | Before Restructuring and impairment(1) |         | Growth   | Growth |
|---------------------------------|------------------------------|---------|------------------------------|------|--|---------|----------|--------|
|                                 | 2008                         | 2007    | 2008                         | 2007 | 2008                                   | 2007    | Actual % | CER %  |
| Sales                           | 2,442                        | 2,018   | –                            | –    | 2,442                                  | 2,018   | 21       | 16     |
| Cost of goods sold              | (1,331)                      | (1,123) | (9)                          | (6)  | (1,322)                                | (1,117) | (18)     | (15)   |
| Gross profit                    | 1,111                        | 895     | (9)                          | (6)  | 1,120                                  | 901     | 24       | (17)   |
| as a percentage of sales        | 45%                          | 44%     |                              |      | 46%                                    | 45%     |          |        |
| Marketing and distribution      | (555)                        | (465)   | –                            | –    | (555)                                  | (465)   | (19)     | (17)   |
| Research and development        | (343)                        | (283)   | –                            | –    | (343)                                  | (283)   | (21)     | (19)   |
| General and administrative      | (173)                        | (125)   | –                            | –    | (173)                                  | (125)   | (38)     | (31)   |
| Restructuring and impairment    | (76)                         | (38)    | (76)                         | (38) | –                                      | –       | –        | –      |
| Operating income/(loss)         | (36)                         | (16)    | (85)                         | (44) | 49                                     | 28      | 75       | (59)   |
| as a percentage of sales        | -1%                          | -1%     |                              |      | 2%                                     | 1%      |          |        |

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 in Item 18.

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

Seeds sales in 2008 were 21% higher than 2007, 16% at constant exchange rates. The gross profit margin increased by 1% from favorable currency movements, improved crop mix including increased proprietary trait sales and a favorable



litigation settlement with Monsanto, offset by increased input costs due to higher crop prices, which form the basis of the contract grower purchase cost in corn and soybean, and an increase in inventory provisions. Marketing and distribution costs and General and administrative costs increased reflecting the full year consolidations of Fischer and Zeraim Gedera, higher sales volumes, an increase in provisions for doubtful receivables in emerging markets and increased resources in emerging markets. The increase in Research and development spending in 2008 was driven by continued transformation of the US corn and soybean range, the addition of costs from acquired companies and increased spending in other product lines.

Restructuring and impairment costs in 2008 include US\$46 million to integrate and achieve synergies following the 2007 acquisitions, particularly that of Fischer. Restructuring costs also include US\$11 million rationalizing Seeds operating units under the Operational Efficiency program announced in 2007 and US\$16 million to restructure systems and back office infrastructure to enable increased back office consolidation. Costs in 2007 included US\$9 million of integration costs associated with the 2006 and 2007 Vegetables and Flowers acquisitions and US\$32 million related to the new Operational Efficiency Program, of which US\$13 million related to the restructuring of a long term supply contract and US\$16 million to the reorganization of the US Corn and Soybean business with integrated support functions.

Restructuring and impairment charges in cost of goods sold include the reversal of the purchase accounting inventory step up for Zeraim Gedera in 2008 and both Zeraim Gedera and EGV in 2007.

The weaker average US dollar against the Euro and other core currencies in 2008 resulted in an approximately US\$38 million increase in operating income.

## Business Development operating loss

| (US\$ million, except growth %) | Total |      | Restructuring and impairment |      | Before Restructuring and impairment(1) |      | Growth   | Growth |
|---------------------------------|-------|------|------------------------------|------|--|------|----------|--------|
|                                 | 2008  | 2007 | 2008                         | 2007 | 2008                                   | 2007 | Actual % | CER %  |
| Sales                           | 24    | 5    | –                            | –    | 24                                     | 5    | –        | –      |
| Cost of goods sold              | (18)  | (6)  | –                            | –    | (18)                                   | (6)  | –        | –      |
| Gross profit                    | 6     | (1)  | –                            | –    | 6                                      | (1)  | –        | –      |
| as a percentage of sales        | 25%   | –    | –                            | –    | 25%                                    | –    | –        | –      |
| Marketing and distribution      | (10)  | (6)  | –                            | –    | (10)                                   | (6)  | (67)     | (52)   |
| Research and development        | (70)  | (51) | –                            | –    | (70)                                   | (51) | (37)     | (37)   |
| General and administrative      | (21)  | 37   | –                            | –    | (21)                                   | 37   | –        | –      |
| Restructuring and impairment    | (37)  | 2    | (37)                         | (2)  | –                                      | –    | –        | –      |
| Operating loss                  | (132) | (19) | (37)                         | (2)  | (95)                                   | (21) | –        | –      |

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements in Item 18.

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

Sales increased in 2008 due to a one-time sale of technology. Research and development spending increased 37% reflecting development of Biofuels projects including corn amylase, which is an enzyme that improves the productivity of ethanol plants. General and administrative expenses in 2007 were net of US\$50 million one-time payment from Delta & Pine Land following their acquisition by Monsanto. Restructuring and impairment charges in 2008 are comprised mainly of impairments of available-for-sale financial assets, particularly the equity holding in Verenum (previously Diversa) Corporation, where the share price had declined significantly in 2008.

## Defined benefit pensions

Defined benefit pension expense decreased from US\$108 million in 2007 to US\$79 million in 2008 because the strong plan asset performance in 2007 led to lower actuarial loss amortization expense in 2008. In addition, the restructuring cost component of the expense decreased by US\$13 million, from US\$15 million in 2007 to US\$2 million in 2008, and the effect of currency translation reduced the expense compared to 2007.

During 2008, the funded status of all defined benefit pension plans, which is the market value of plan assets divided by the benefit obligation valued using the projected unit credit actuarial method, reduced from 99% to 92%. Asset returns of all plans were negative and this outweighed the significant favorable impact on the UK pension plan funded status of higher UK corporate bond yields compared to December 31, 2007. Excluding restructuring costs, defined benefit pension expense in 2009 is expected to be approximately US\$40 million more than in 2008, mainly because plan asset market values declined significantly during the second half of 2008 as a result of the turmoil in global financial markets.

Employer contributions to defined benefit plans, excluding contributions related to restructuring, were US\$113 million in 2008, compared to US\$124 million in 2007. Syngenta's main defined pension plans are in Switzerland, the UK and the USA. Minimum funding commitments result from the funded status of the plans on a statutory valuation

basis. For the UK, minimum funding commitments related to past service are currently US\$7 million, payable by March 2011. This commitment is subject to review as part of the statutory valuation required during 2009. In Switzerland, funded status is determined annually and additional funding is one of several permitted options to remedy any funding shortfall. No minimum funding commitments are expected to result from the US pension plan valuation.

## Restructuring and Impairment

The following table analyzes restructuring and impairment charges for each of the periods indicated:

| For the year ended December 31 (US\$ million)         | 2008  | 2007  |
|---|-------|-------|
| Reversal of inventory step-up (in cost of goods sold) | (9)   | (6)   |
| Restructuring costs                                   |       |       |
| Write-off or impairment:                              |       |       |
| – Property, plant and equipment                       | (17)  | (20)  |
| – Intangible assets                                   | (17)  | (16)  |
| – Inventories   | –     | (2)   |
| Non-cash pension restructuring charges                | (2)   | 6     |
| Total non-cash restructuring charges                  | (36)  | (32)  |
| Cash costs:   |       |       |
| – Operational efficiency programs                     | (80)  | (117) |
| – Seeds integration                                   | (46)  | (9)   |
| – Merger synergy program and other                    | 1     | –     |
|   | (125) | (126) |
| Impairment of financial assets                        | (37)  | 2     |
| Gains from disposals                                  | 2     | 121   |
|   | (196) | (35)  |
| Total restructuring and impairment                    | (205) | (41)  |

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.

## 2008

The Operational Efficiency program announced in February 2007 includes restructuring in Crop Protection and Seeds. During 2008, restructuring charges of US\$19 million were incurred by Crop Protection under this program, 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 relate to Crop Protection and Seeds and consist 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. Seeds integration related consultancy charges of approximately US\$6 million were also expensed as incurred.

Non-cash restructuring and impairment costs consist of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations. Impairments of intangible assets of US\$17 million include accelerated amortization of a lease related to a Crop Protection development site, the closure of which was announced

in 2006. Impairments and write-offs of property, plant and equipment include the US\$11 million write-down of a former Crop Protection production site that was sold in 2008. Impairments of available-for-sale financial assets total US\$37 million consisting mainly of recognition of the significant decline in the share price of Verenum (previously Diversa) Corporation.

Reversal of inventory step up included in cost of goods sold in 2008 consists of reversal of inventory step up on the Zeraim Gedera acquisition.

2007

In 2007, Syngenta incurred costs of US\$41 million associated with the Operational Efficiency program announced in 2004 relating to the implementation of the Crop Protection manufacturing site closures announced in 2004-2006 and the continued rationalization and relocation of Research and Technology sites announced in 2004.

In connection with the Operational Efficiency program announced in 2007, US\$27 million in cash costs were incurred by Crop Protection related to the restructuring of the Development function, projects to improve the efficiency of the distribution and manufacturing networks and for restructuring of Crop Protection organizations impacting sites in the UK, Switzerland, Australia, France and Spain. Cash costs in Seeds under this program totaled approximately US\$32 million for the restructuring of the NAFTA Corn & Soybean marketing and sales organizations, the exit of an onerous supply contract and exiting unprofitable crops in unprofitable geographies. In addition, headquarter and information systems restructuring activity incurred costs of US\$17 million.

Seeds acquisition integration costs of US\$9 million related to the integration of the acquired Fischer group and Emergent Genetics Vegetable A/S (EGV).

Non-cash restructuring and impairment costs consisted of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations announced prior to and during 2006. Impairments of intangible assets largely related to accelerated amortization of a lease on a Crop Protection development site, the closure of which was announced in 2006.

Divestment gains of US\$121 million were realized mainly from the sale of a major part of the Rosental site in Basel and from the sale of land in Switzerland.

Reversal of inventory step up included in cost of goods sold includes reversal of inventory step up on the EGV and Zeraim Gedera acquisitions.

Financial expense, net

Financial expense, net increased by US\$127 million compared to 2007 as a result of net currency losses of US\$108 million in 2008 compared to net gains of US\$16 million in 2007. Syngenta has net long working capital positions in several emerging market currencies, in particular the Russian rouble and Ukrainian hryvna, where hedging products are of limited availability or are too expensive. The rapid and significant decline in these currencies in the final quarter of 2008 triggered significant exchange losses. In 2007, emerging market currencies had overall appreciated against the US dollar. The currency losses in 2008 were net of gains realized on restructuring internal funding arrangements.

Taxes

The effective tax rate in 2008 was 18%, compared to a rate of 22% in 2007. The tax rate on net restructuring and impairment costs was 24% compared to 93% in 2007 due to the mix on pre-tax gains and losses within the net position, particularly in 2007 which included the gain on the divestment of part of the Rosental site in Basel. Future rates applicable to restructuring and impairment will be dependent on the size and nature of charges and may vary significantly. Syngenta's tax rate in 2008 and 2007 was less than the Swiss statutory tax rate of 25% due in part to income taxed at different rates and in 2008 because of adjustments to current tax related to prior periods following the completion of tax audits in several countries in NAFTA and EAME.

Profit for the period and other supplementary income data

Profit in 2008 was US\$1,385 million, all attributable to shareholders of Syngenta AG, compared to US\$1,111 million in 2007 with US\$1,109 million attributable to shareholders of Syngenta AG. Operating income was higher in 2008 largely due to strong profitable sales growth, which enabled operating income margin to be maintained despite higher net restructuring and impairment costs. In addition, increased financial expenses, net, were partly offset by the reduced tax rate.

After related taxation, restructuring and impairment charges in 2008 were US\$155 million compared to US\$3 million in 2007.

Results of operations  
2007 compared to 2006

Sales commentary

Total Syngenta consolidated sales for 2007 were US\$9,240 million, compared to US\$8,046 million in 2006, a 15% increase year on year. At constant exchange rates sales growth was 11%. The analysis by segment is as follows.

| (US\$ million, except growth %)<br>Segment | 2007         | 2006         | Growth    |               |           |            |           | Actual % |
|--|--------------|--------------|-----------|---------------|-----------|------------|-----------|----------|
|  |              |              | Volume %  | Local price % | CER %     | Currency % |           |          |
| Crop Protection                            | 7,285        | 6,378        | 11        | –             | 11        | 3          | 14        |          |
| Seeds                                      | 2,018        | 1,743        | 9         | 3             | 12        | 4          | 16        |          |
| Business Development                       | 5            | 2            | –         | –             | –         | –          | –         |          |
| Inter-segment elimination                  | (68)         | (77)         | –         | –             | –         | –          | –         |          |
| <b>Total</b>                               | <b>9,240</b> | <b>8,046</b> | <b>11</b> | <b>–</b>      | <b>11</b> | <b>4</b>   | <b>15</b> |          |

Sales by region were as follows:

| (US\$ million, except growth %)<br>Region | 2007         | 2006         | Growth    |               |           |            |           | Actual % |
|---|--------------|--------------|-----------|---------------|-----------|------------|-----------|----------|
|   |              |              | Volume %  | Local price % | CER %     | Currency % |           |          |
| Europe, Africa and Middle East            | 3,350        | 2,917        | 6         | –             | 6         | 9          | 15        |          |
| NAFTA                                     | 3,108        | 2,900        | 7         | –             | 7         | –          | 7         |          |
| Latin America                             | 1,565        | 1,141        | 33        | 4             | 37        | –          | 37        |          |
| Asia Pacific                              | 1,217        | 1,088        | 8         | (1)           | 7         | 5          | 12        |          |
| <b>Total</b>                              | <b>9,240</b> | <b>8,046</b> | <b>11</b> | <b>–</b>      | <b>11</b> | <b>4</b>   | <b>15</b> |          |

Crop Protection

Crop Protection sales grew strongly at 14%, 11% at constant exchange rates. In the strong markets, Syngenta benefited from its broad product portfolio and successful marketing strategies and estimates to have increased market share. Sales of products launched since 2000 continued to expand with sales up 20% to US\$1.2 billion driven by an exceptional second year for AXIAL® and by continuing growth in CALLISTO® and ACTARA®/CRUISER®. The Company's market leadership in fungicides was reinforced with AMISTAR® sales up by more than 25%. Sales of TOUCHDOWN® were almost 50% higher with strong demand across the Americas and improved pricing.

Sales were up in all regions. In Europe, Africa and the Middle East, sales in Eastern Europe continued to grow above 10% and in Western and Northern Europe benefited from a mild winter in the first half and a severe outbreak of potato blight in the third quarter. In NAFTA, Syngenta's leading position in corn led to higher sales on the increased corn acreage. Growth accelerated in the second half with strong sales of both herbicides and fungicides. In Asia Pacific, emerging markets, notably China and India, continued to drive growth, more than offsetting a weaker market in Japan. The strongest sales growth was in Latin America with sales increasing 37% as a result of the high crop prices encouraging growers to maximize crop yield. Soybean growth was the main driver but demand on other crops such as corn and sugar cane also increased. Strong sales growth in Seed Care included a successful second year for AVICTA®, despite lower cotton acreage, and the continuing expansion of CRUISER®. In addition to offering growers insect and disease control benefits, CRUISER MAXX® clearly demonstrates increased plant growth vigor.

Professional Products showed strong sales growth driven by the full year consolidation of Fafard, acquired in 2006.



Sales by product line are set out below.

(US\$ million, except growth %)

| Product Line             | 2007  | 2006  | Volume<br>% | Growth        |       |            | Actual % |
|--------------------------|-------|-------|-------------|---------------|-------|------------|----------|
|                          |       |       |             | Local price % | CER % | Currency % |          |
| Selective Herbicides     | 2,019 | 1,813 | 8           | –             | 8     | 3          | 11       |
| Non-Selective Herbicides | 902   | 725   | 19          | 2             | 21    | 3          | 24       |
| Fungicides               | 2,004 | 1,716 | 12          | –             | 12    | 5          | 17       |
| Insecticides             | 1,205 | 1,093 | 8           | (1)           | 7     | 3          | 10       |
| Seed Care                | 604   | 531   | 12          | (1)           | 11    | 3          | 14       |
| Professional Products    | 475   | 427   | 13          | (3)           | 10    | 1          | 11       |
| Others                   | 76    | 73    | (9)         | 11            | 2     | 2          | 4        |
| Total                    | 7,285 | 6,378 | 11          | –             | 11    | 3          | 14       |

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

Increased corn acreage was accompanied by sales growth above 10% in all major products. In the USA growers seeking to maximize yield increasingly recognized the importance of treatment programs including selective herbicides. The CALLISTO® family of products also continued to expand in Europe and Latin America. Growth in AXIAL® accelerated in a favorable market environment and sales exceeded US\$100 million.

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

Sales of TOUCHDOWN®, which is marketed in a comprehensive product range, increased strongly in response to higher glyphosate-tolerant acres in the Americas. Higher demand combined with tight supply resulted in pricing improvements. GRAMOXONE® also showed growth with strong demand in Asia more than offsetting the phasing out of the product in Europe.

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

AMISTAR® showed exceptional growth notably in Latin America, with higher soybean acreage, increased soybean rust pressure and strong demand from wheat growers. In the USA the AMISTAR® range benefited from the development of a new market segment to prevent disease in corn. There was good growth in other fungicides including BRAVO®, which is widely used to counter fungicide resistance in European cereals. REVUS®, a new fungicide for vegetables and vines, was successfully launched in the UK and Korea.

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

Strong demand for cereals and high levels of insect pressure in Europe led to good growth in sales of KARATE®. ACTARA® continued to expand, notably in Latin America. A decline in FORCE® sales in the USA as a result of increased rootworm trait penetration was partly offset by strong demand in Eastern Europe. US sales were also adversely affected by a sharp decline in cotton acreage.

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

Strong sales growth continued. CRUISER® showed excellent growth in all regions reflecting increased penetration and treatment intensity in corn and soybean; new registrations in Latin America; higher demand on oilseed rape and cereals in Europe; and new launches in Asia Pacific. Sales of AVICTA® in its second year were up 50% despite lower US cotton acreage as growers recognized its superior performance in nematode control.

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

Sales grew by 11%, 10% at constant exchange rates, due to additional volume from the full year consolidation of Fafard in the Lawn & Garden range.

Commentary on regional performance

| (US\$ million, except growth %) | Region                         | 2007  | 2006  | Volume % | Growth        |       |            | Actual % |
|---------------------------------|--------------------------------|-------|-------|----------|---------------|-------|------------|----------|
|                                 |                                |       |       |          | Local price % | CER % | Currency % |          |
|                                 | Europe, Africa and Middle East | 2,545 | 2,242 | 6        | (1)           | 5     | 8          | 13       |
|                                 | NAFTA                          | 2,238 | 2,119 | 7        | (1)           | 6     | –          | 6        |
|                                 | Latin America                  | 1,423 | 1,036 | 34       | 3             | 37    | –          | 37       |

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|              |       |       |    |     |    |   |    |
|--------------|-------|-------|----|-----|----|---|----|
| Asia Pacific | 1,079 | 981   | 6  | (1) | 5  | 5 | 10 |
| Total        | 7,285 | 6,378 | 11 | –   | 11 | 3 | 14 |

Sales in Europe, Africa and the Middle East benefited from strong demand for cereals. Performance was also helped by a mild winter in the first half and by a severe outbreak of potato blight across northern Europe in the third quarter. Syngenta further strengthened its position in Eastern Europe, spearheading the development of the market in the region with particularly strong growth in Russia, Ukraine and Kazakhstan.

Sales growth in NAFTA was led by herbicides and fungicides and reflected in particular the marked expansion of US corn acreage. While glyphosate-tolerant (GT) technology progressed further to cover around 60% of the US market, high corn prices encouraged growers simultaneously to step up crop protection usage in order to maximize yield.

Higher GT acreage contributed to strong demand for TOUCHDOWN® in both the USA and Canada.

Sales in Latin America increased strongly in both Brazil and Argentina and across all product lines. Higher corn and soybean prices resulted in increased plantings and usage intensity. With demand for other crops also strong, Syngenta's business continued to benefit from its broad product range and well established customer relationships.

In Asia Pacific growth in the emerging markets notably China, India and Vietnam, more than offset the impact of weaker demand in Japan. The increasing sophistication of agriculture in the emerging markets is reflected in significantly higher sales of fungicides and seed treatments.

## Seeds

In 2004, Syngenta began a transformation of its Seeds business. Following the establishment of a platform for the launch of Corn and Soybean traits in the USA, the development of proprietary biotech traits was accelerated and in 2007 Syngenta advanced the timeline for the delivery of stacked technologies. The scope of the Vegetables and Flowers businesses was developed and broadened through product innovation and acquisitions.

In 2007, sales of Syngenta Corn seeds grew worldwide driven by crop prices and acreage expansion. At the beginning of the year Syngenta received US EPA approval for its double stacked corn containing AGRISURE® corn borer and corn rootworm traits. This marked the completion of a double stack offer and enabled preparation for the launch of a triple stack product in 2008. This transformation of the US corn portfolio was accompanied by significant marketing investments and by increased research and development to ensure that Syngenta's pipeline is able to capture a wide range of future biotech opportunities.

Good sales growth in Vegetables and Flowers was supplemented in 2007 by the acquisitions of Zeraim Gedera, an Israeli vegetable seeds company focusing on high value crops, and Fischer, which reinforced Syngenta's position as the world leader in Flowers.

Growth in Diverse Field Crops reflected Syngenta's strong position in Eastern Europe where the use of improved seeds is contributing to the rapid modernization of agriculture.

| Product Line        | (US\$ million, except growth %) |       | Growth   |               |       |            |          |
|---------------------|---------------------------------|-------|----------|---------------|-------|------------|----------|
|                     | 2007                            | 2006  | Volume % | Local price % | CER % | Currency % | Actual % |
| Corn & Soybean      | 893                             | 785   | 8        | 4             | 12    | 2          | 14       |
| Diverse Field Crops | 351                             | 309   | 5        | 2             | 7     | 6          | 13       |
| Vegetables          | 502                             | 421   | 13       | 1             | 14    | 6          | 20       |
| Flowers             | 272                             | 228   | 13       | –             | 13    | 6          | 19       |
| Total               | 2,018                           | 1,743 | 9        | 3             | 12    | 4          | 16       |

Field Crops (Corn & Soybean and Diverse Field Crops): major brands NK®, GARST®, GOLDEN HARVEST® corn and oilseeds, HILLESHÖG® sugar beet

Sales of corn seeds were strong globally reflecting high corn prices and acreage expansion, particularly in the USA. Growth accelerated in the second half with share gains in a strong Latin American market. In the USA final sales of seeds containing non-proprietary traits contributed towards the US\$59 million growth of total seeds sales in NAFTA in the fourth quarter. The good corn sales performance was partly offset by lower soybean sales as a result of the decline in US soybean acreage.

All Diverse Field Crops showed strong growth in Eastern Europe. Sugar beet growth reflected the successful positioning of the HILLESÖG® business to take account of EU subsidy reform. Sunflower and oilseed rape both benefited from demand for healthy oils as well as for biodiesel.

Vegetables and Flowers: major brands Vegetables S&G®, ROGERS®; major brand Flowers S&G®

Growth in Vegetables sales reflected continuing strong consumer demand and some estimated share gain, with a US\$13 million contribution from the consolidation of EGV and Zeraim Gedera, included within volume in the table above. Sales in Latin America and Asia Pacific continued to expand rapidly. Sales of Branded Fresh Produce in the USA rose by over 30%.

The acquisition of Fischer in Flowers contributed US\$24 million to Seeds sales growth. Underlying sales grew in both Europe and NAFTA.

## Commentary on regional performance

| Region                         | 2007  | 2006  | Volume % | Growth        |       |            |          |
|--------------------------------|-------|-------|----------|---------------|-------|------------|----------|
|                                |       |       |          | Local price % | CER % | Currency % | Actual % |
| Europe, Africa and Middle East | 818   | 690   | 8        | 2             | 10    | 9          | 19       |
| NAFTA                          | 916   | 838   | 7        | 2             | 9     | –          | 9        |
| Latin America                  | 146   | 107   | 24       | 13            | 37    | –          | 37       |
| Asia Pacific                   | 138   | 108   | 19       | –             | 19    | 9          | 28       |
| Total                          | 2,018 | 1,743 | 9        | 3             | 12    | 4          | 16       |

Sales in Europe, Africa and the Middle East reflected a very strong performance in Eastern Europe, particularly in Diverse Field Crops. Underlying growth in Vegetables and Flowers in the EAME region was augmented by the full year effect of the EGV acquisition, the fourth quarter sales from Zeraim Gedera in Vegetables and the addition of the Fischer portfolio in Flowers.

In NAFTA, sales growth reflected the significant increase in corn acreage largely offset by lower planted soybean acres, the turnaround from the 2006 first quarter production issues in corn and a one off positive effect of the final sales of corn seeds containing non-proprietary traits in fourth quarter 4, 2007. Vegetables and Flowers sales growth was also strong in NAFTA, particularly in Branded Fresh Produce.

Sales in Latin America grew strongly, particularly in corn, driven by increased acreage, planting intensity and the further penetration of genetically modified trait technology. Syngenta estimates to have outperformed the rapidly growing market.

In Asia Pacific, sales increased by 28%, 19% at constant exchange rates. Corn and Soybean sales grew strongly in India and Vegetables sales growth continued, particularly in the emerging markets of India and China.

## 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 fall in sales or increase in costs is a negative variance.

|                                  | 2007         |              | 2006         |              | Growth   |
|----------------------------------|--------------|--------------|--------------|--------------|----------|
|                                  | US\$ million | US\$ million | US\$ million | US\$ million | Actual % |
| Operating income                 |              |              |              |              |          |
| Crop Protection                  | 1,502        | 901          |              |              | 66       |
| Seeds                            | (16)         | 44           |              |              | (134)    |
| Business Development             | (19)         | (79)         |              |              | –        |
| Inter-segment profit elimination | (3)          | (37)         |              |              | –        |
| Total                            | 1,464        | 829          |              |              | 77       |

Operating income increased 77% in 2007 to US\$1,464 million which included a US\$50 million non-recurring change of control payment from Delta & Pine Land following their acquisition by Monsanto. Strong markets were a key driver in a 15% sales increase over 2006, with 4% from a weaker US dollar exchange rate. Gross profit margin declined by 1% with increased environmental provisions in Crop Protection and lower margins in Seeds largely due to the increased weighting of US corn at the expense of soybean, which was the more profitable crop in 2007. Marketing, Sales and Distribution costs increased 12%, 8% at constant exchange rates, and included higher volume related costs, a full year impact of the Fafard acquisition and additional spending in emerging country markets.

Research and development costs were 4% higher in 2007 than 2006, but flat at constant exchange rates, with decreased costs after the Biopharma exit in 2006 and savings associated with the Operational Efficiency Programs being reinvested in the further development of stacked traits in Seeds. General and administrative costs in 2007 were net of the one-off payment from Delta & Pine Land.

Lower net restructuring and impairment contributed US\$285 million to the increase in reported operating income. Total 2007 net restructuring and impairment spending included divestment gains of US\$121 million, US\$109 million of which relates to the sale of a portion of the Rosental site in Basel which was assessed to be beyond Syngenta's medium-term needs. Movements in exchange rates between 2006 and 2007, particularly the strengthening of emerging market currencies, increased operating profit by an estimated US\$58 million including the net result of the EBITDA hedging program. The net hedging result under the program, which is reported within general and administrative costs, was a US\$17 million gain in 2007 compared to a US\$14 million loss in 2006.

## Crop Protection operating income

| (US\$ million, except growth %) | Total as reported under IFRS |         | Restructuring and impairment |       | Before Restructuring and impairment(1) |         | Growth Actual % | Growth CER % |
|---------------------------------|------------------------------|---------|------------------------------|-------|--|---------|-----------------|--------------|
|                                 | 2007                         | 2006    | 2007                         | 2006  | 2007                                   | 2006    |                 |              |
| Sales                           | 7,285                        | 6,378   | –                            | –     | 7,285                                  | 6,378   | 14              | 11           |
| Cost of goods sold              | (3,605)                      | (3,126) | –                            | (8)   | (3,605)                                | (3,118) | (16)            | (12)         |
| Gross profit                    | 3,680                        | 3,252   | –                            | (8)   | 3,680                                  | 3,260   | 13              | 10           |
| as a percentage of sales        | 51%                          | 51%     |                              |       | 51%                                    | 51%     |                 |              |
| Marketing and distribution      | (1,167)                      | (1,037) | –                            | –     | (1,167)                                | (1,037) | (13)            | (9)          |
| Research and development        | (496)                        | (490)   | –                            | –     | (496)                                  | (490)   | (1)             | 4            |
| General and administrative      | (516)                        | (549)   | –                            | –     | (516)                                  | (549)   | 6               | 5            |
| Restructuring and impairment    | 1                            | (275)   | 1                            | (275) | –                                      | –       | –               | –            |
| Operating income                | 1,502                        | 901     | 1                            | (283) | 1,501                                  | 1,184   | 27              | 22           |
| as a percentage of sales        | 21%                          | 14%     |                              |       | 21%                                    | 19%     |                 |              |

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 in Item 18.

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

Sales in the year were up 14% in 2006, 11% at constant exchange rates, primarily driven by volume growth. Full year gross margins were slightly down in 2006 as the favorable impact of higher volumes and cost savings from the Operational Efficiency Program were offset by an increase in environmental provisions and some adverse country mix. Marketing and distribution costs increased in the year driven by a combination of the weaker US dollar, higher sales volumes and the full year effect of the Fafard acquisition. Research and development costs were 1% higher, but 4% lower at constant exchange rates, partly reflecting the savings achieved through the Operational Efficiency Restructuring Program. General and administrative costs were 6% lower largely from lower liability provisions and increased compensation from third parties using Syngenta registration data.

Restructuring and impairment is defined in Note 6 to the consolidated financial statements in Item 18. Restructuring and impairment for 2006 related primarily to the Operational Efficiency Program announced in 2004. The 2007 costs also included spending against the new Operational Efficiency Program announced in February 2007. The 2007 charge was net of the profit on partial sale of the Rosental and Dielsdorf sites in Switzerland. Further details on restructuring and impairment can be found later in this section.

Operating income was 67% higher at US\$1,502 million, with US\$284 million coming from lower restructuring and impairment charges.

With the US dollar weakening in the year against the core currencies of Euro, Swiss franc and British pound sterling, the net effect of the US dollar movements was to increase operating income by approximately US\$52 million.



## Seeds operating income/(loss)

| (US\$ million, except growth %) | Total as reported under IFRS |       | Restructuring and impairment |      | Before Restructuring and impairment(1) |       | Growth Actual % | Growth CER % |
|---------------------------------|------------------------------|-------|------------------------------|------|--|-------|-----------------|--------------|
|                                 | 2007                         | 2006  | 2007                         | 2006 | 2007                                   | 2006  |                 |              |
| Sales                           | 2,018                        | 1,743 | –                            | –    | 2,018                                  | 1,743 | 16              | 12           |
| Cost of goods sold              | (1,123)                      | (894) | (6)                          | (17) | (1,117)                                | (877) | (27)            | (24)         |
| Gross profit                    | 895                          | 849   | (6)                          | (17) | 901                                    | 866   | 4               | (1)          |
| as a percentage of sales        | 44%                          | 49%   |                              |      | 45%                                    | 50%   |                 |              |
| Marketing and distribution      | (465)                        | (429) | –                            | –    | (465)                                  | (429) | (8)             | (4)          |
| Research and development        | (283)                        | (232) | –                            | –    | (283)                                  | (232) | (22)            | (18)         |
| General and administrative      | (125)                        | (106) | –                            | –    | (125)                                  | (106) | (18)            | (14)         |
| Restructuring and impairment    | (38)                         | (38)  | (38)                         | (38) | –                                      | –     | –               | –            |
| Operating income/(loss)         | (16)                         | 44    | (44)                         | (55) | 28                                     | 99    | (72)            | (81)         |
| as a percentage of sales        | –                            | 3%    |                              |      | 1%                                     | 6%    |                 |              |

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 in Item 18.

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

Seeds Sales in the year were 16% higher than 2006, 12% at constant exchange rates. Gross margins declined as the US field crop market shifted into corn from soybean. In 2007, due to the significant weighting of seeds with non-proprietary genetically modified traits in the corn seed portfolio, corn gross margins were lower than soybean. Gross margins were also adversely impacted by the high commodity crop prices which in several cases is the basis of the prices paid to contract growers. Marketing and research and development spending increased in 2007 as Syngenta invested in further transforming the US corn range and also absorbed the costs of the acquired companies, EGV, Fischer and Zeraim Gedera. The increase in general and administrative costs in 2007 partly reflected the costs in the acquired companies including the amortization of acquired intangibles. Restructuring and impairment costs included US\$9 million of integration costs associated with the 2006 and 2007 Vegetables and Flowers acquisitions and US\$32 million related to the new Operational Efficiency Program announced in February 2007, of which US\$13 million related to the restructuring of a long term supply contract and US\$16 million to the reorganization of the US Corn and Soybean business with integrated support functions. Restructuring and impairment charges in cost of goods sold included the reversal of the purchase accounting inventory step up for EGV and Zeraim Gedera.

The weakening of the US dollar against the Euro and other core currencies resulted in approximately a US\$9 million increase in operating income.

## Business Development operating loss

| (US\$ million, except growth %) | Total | Restructuring and impairment |      | Before Restructuring and impairment(1) |      | Growth Actual % | Growth CER % |
|---------------------------------|-------|------------------------------|------|--|------|-----------------|--------------|
|                                 |       | 2007                         | 2006 | 2007                                   | 2006 |                 |              |
| Sales                           | 5     | 2                            | –    | –                                      | 5    | 2               | –            |

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|                              |      |      |   |    |      |      |      |      |
|------------------------------|------|------|---|----|------|------|------|------|
| Cost of goods sold           | (6)  | (2)  | – | –  | (6)  | (2)  | –    | –    |
| Gross profit                 | (1)  | –    | – | –  | (1)  | –    | –    | –    |
| as a percentage of sales     | –    | –    | – | –  | –    | –    | –    | –    |
| Marketing and distribution   | (6)  | (4)  | – | –  | (6)  | (4)  | (50) | (65) |
| Research and development     | (51) | (74) | – | –  | (51) | (74) | 31   | 33   |
| General and administrative   | 37   | (13) | – | –  | 37   | (13) | 385  | 392  |
| Restructuring and impairment | 2    | 12   | 2 | 12 | –    | –    | –    | –    |
| Operating loss               | (19) | (79) | 2 | 12 | (21) | (91) | –    | –    |
| as a percentage of sales     | –    | –    | – | –  | –    | –    | –    | –    |

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 in Item 18.

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

Research and development spending reduced compared to 2006 largely due to the full year impact of stopping independent development efforts in Biopharma in 2006 and lower spending on animal nutrition development. This was partially offset by the increased investment in biofuels research.

General and administrative costs were net of the US\$50 million receipt from Delta & Pine Land following their acquisition by Monsanto. The restructuring and impairment net gain in 2007 represented the reversal of a previously impaired financial asset.

#### Defined benefit pensions

Defined benefit pension costs decreased from US\$110 million in 2006 to US\$108 million in 2007. The 2006 expense amount included US\$50 million of restructuring costs, and a US\$45 million gain to reflect the change to Syngenta's UK pension fund rules that increased the proportion of benefits which employees can take in the form of a tax free lump sum on retirement. The restructuring costs in 2006 included the social plan costs associated with restructuring in Syngenta's French Crop Protection business and the Crop Protection product development function in the UK. The 2007 expense amount included US\$15 million of restructuring costs, mainly related to Switzerland.

During 2007, the overall pension scheme funded status, which is the market value of plan assets divided by the benefit obligation valued using the projected unit credit actuarial method, improved from 96% to 99%. Bond yields increased compared to December 31, 2006, which reduced the valuation of pension liabilities. Asset returns for the UK and the US pension funds exceeded the long-term expected return assumption and contributed to the improved funded status. These positive developments were partly offset by asset returns in the Swiss pension fund, which were below the long-term expected rate of return, in line with the less favorable 2007 Swiss financial market movements. Employer contributions to defined benefit plans, excluding contributions related to restructuring, were US\$124 million in 2007, compared to US\$150 million in 2006.

#### Restructuring and impairment

The following table analyzes restructuring and impairment charges for each of the periods indicated:

| For the year ended December 31 (US\$ million)         | 2007        | 2006         |
|---|-------------|--------------|
| Reversal of inventory step-up (in cost of goods sold) | (6)         | (25)         |
| Restructuring costs                                   |             |              |
| Write-off or impairment:                              |             |              |
| – Property, plant and equipment                       | (20)        | (26)         |
| – Intangible assets                                   | (16)        | (46)         |
| – Inventories   | (2)         | –            |
| Non-cash pension restructuring releases (charges)     | 6           | (3)          |
| <b>Total non-cash restructuring charges</b>           | <b>(32)</b> | <b>(75)</b>  |
| Cash costs:   |             |              |
| – Operational Efficiency Programs                     | (117)       | (199)        |
| – Seeds Integration                                   | (9)         | (36)         |
| – Merger synergy program and other                    | –           | 3            |
|   | (126)       | (232)        |
| Impairment of financial assets                        | 2           | –            |
| Gains from disposals                                  | 121         | 6            |
|   | (35)        | (301)        |
| <b>Total restructuring and impairment</b>             | <b>(41)</b> | <b>(326)</b> |

In 2007 Syngenta continued to incur costs associated with the Operational Efficiency Program announced in 2004. While no further initiatives were announced under this program in 2007, charges were incurred related to the implementation of the Crop Protection manufacturing site closures announced in 2004-2006 and the continued rationalization and relocation of Research and Technology sites announced in 2004. In 2007 charges for cash costs under this program were US\$41 million.

A second Operational Efficiency Program was announced in February 2007 and included restructuring in Crop Protection and Seeds. During 2007, US\$27 million in cash costs were incurred by Crop Protection including US\$14 million relating to the restructuring of the Development function, US\$5 million for projects to improve the efficiency of the distribution and manufacturing networks and US\$8 million for restructuring of Crop Protection organizations impacting sites in the UK, Switzerland, Australia, France and Spain.

In addition, headquarter and IS restructuring activity incurred costs of US\$17 million. Cash costs in Seeds totaled approximately US\$32 million including US\$16 million for the restructuring of the NAFTA Corn and Soybean marketing and sales organizations, US\$13 million for the exit of an onerous supply contract and smaller amounts to exit unprofitable crops in unprofitable geographies.

Seeds acquisition integration costs of US\$9 million related to the integration of the acquired Fischer group and EGV.

Impairments of property, plant and equipment in 2007 consisted of accelerated depreciation and asset write-offs from site closures and rationalizations announced prior to and during 2006. Impairments of US\$20 million were net of US\$19 million impairment reversal due to proceeds now received or expected on asset disposals. Impairments of intangible assets largely related to accelerated amortization of a lease on a Crop Protection development site, the closure of which was announced in 2006.

Divestment gains of US\$121 million included US\$109 million realized from the sale of a major part of the Rosental site in Basel. Gains of US\$11 million were the result of the reversal of an impairment recorded as part of an asset swap in 2006. Accelerated depreciation charges of US\$5 million and onerous contract charges of US\$7 million were also reported in 2007 relating to the same asset swap. Gains of US\$13 million were realized on the sale of land in Switzerland.

Reversal of inventory step up included in cost of goods sold in 2007 included reversal of inventory step up on the EGV and Zeraim Gedera acquisitions.

In 2006, as part of the Operational Efficiency program announced in 2004, cash costs of US\$60 million were recorded in respect of announcements of the consolidation activities in two manufacturing sites in France and Belgium and reductions of sales, marketing and administrative resources in France. Continuing activity related to restructuring announced prior to 2006 gave rise to cash costs of US\$61 million in Crop Protection. The announcement of a restructuring of the Crop Protection Development area, including the closure of one Crop Protection Development site, consolidation of development activity at another site and closure or downsizing of several Field Stations around the world, gave rise to cash costs of US\$78 million and accelerated amortization charges of US\$5 million.

Seeds acquisition integration costs of US\$36 million during 2006 were mainly for the ongoing integration of the Seeds NAFTA Corn and Soybean business.

Impairments of US\$26 million on property, plant and equipment included accelerated depreciation charges of US\$22 million for two sites in NAFTA Crop Protection as well as various other smaller charges. In addition to the accelerated amortization noted above, intangible asset impairments related to a contract termination and the impairment of a supply agreement.

Reversal of inventory step up in 2006 included the final reversal of inventory step-up on the Garst and Golden Harvest acquisitions and the reversal of the step up on the Fafard and EGV acquisitions.

#### Financial expense, net

Financial expense, net increased by US\$22 million compared to 2006. Net currency gains of US\$16 million, mainly due to gains on emerging market currencies, are less than the US\$51 million in 2006 which included the non-recurring gain on restructuring an overcapitalized British pound sterling balance sheet. Strong operating cash flows and further optimized internal funding both contributed to lower net interest expense than in 2006 despite the continued cash outflow for share repurchases.

#### Taxes

The overall tax rate in 2007 was 22%, compared to a rate of 20% in 2006. The tax rate on net restructuring and impairment costs was 93% compared to 27% for 2006 due to the mix on pre-tax gains and losses within the net position. Syngenta's tax rate in 2007 and 2006 was less than the Swiss statutory tax rate of 25% due in part to income taxed at different rates.

Profit for the period and other supplementary income data

Profit in 2007 was US\$1,111 million with US\$1,109 million attributable to shareholders of Syngenta AG, compared to US\$637 million in 2006 with US\$634 million attributable to shareholders of Syngenta AG. Operating income was higher in 2007 largely due to sales growth and helped further by the Delta & Pine Land receipt and the gain on disposal of part of the Rosental site.

After related taxation, restructuring and impairment charges in 2007 were US\$3 million compared to US\$238 million in 2006.

## 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. The biggest exposure arises from the operations in Brazil where the Brazilian real is the functional currency of the subsidiaries. In 2008 the Brazilian real was affected in the final quarter by the overall credit crisis and the currency has depreciated against the US dollar to a level comparable to the end of 2005. To manage its exposure to risks associated with 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. The extent to which sales prices in Brazilian real can be increased to offset the effect of any future devaluation remains uncertain. 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 2008, 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 2009 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. Longer-term capital resources include unsecured non-current bonds issued under the 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, 2008 and 2007 of US\$803 million and US\$503 million, respectively. At December 31, 2008 and 2007, Syngenta had current financial debts of US\$211 million and US\$399 million, respectively, and non-current financial debts of US\$2,524 million and US\$1,726 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 on December 15, 2000 and amended it on July 24, 2007. At December 31, 2008, Syngenta had no commercial paper issuances outstanding. The US\$1,200 million syndicated credit facility (the "Credit Facility") was signed on July 20, 2006, amended on July 31, 2007, and will mature on July 20, 2013. At December 31, 2008, Syngenta had no borrowings under the Credit Facility. There are no material restrictions on dividends from subsidiaries under this facility.

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%. The CHF 375 million bond has a maturity in December 2012 and a fixed interest rate of 3.500%.

The table below summarizes Syngenta's unsecured notes in issuance at December 31, 2008:

| (US\$ million)       | Fair value | Carrying amount | Value at issue |
|----------------------|------------|-----------------|----------------|
| 4.125% Eurobond 2011 | 703        | 702             | 636            |

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|                                       |       |       |       |
|---------------------------------------|-------|-------|-------|
| 3.500% Swiss franc domestic bond 2012 | 371   | 352   | 316   |
| 3.375% Swiss franc domestic bond 2013 | 488   | 469   | 484   |
| 4.125% Eurobond 2015                  | 669   | 699   | 641   |
| 5.110% US private placement 2020      | 95    | 99    | 75    |
| 5.350% US private placement 2025      | 103   | 75    | 75    |
| 5.590% US private placement 2035      | 158   | 100   | 100   |
| Total                                 | 2,587 | 2,496 | 2,327 |

The outstanding Eurobonds and domestic Swiss franc bonds have been issued under Syngenta's EMTN program, first signed in June 2003. The program was last updated on September 30, 2008, to increase the maximum amount of borrowings to US\$3 billion and is listed on the London Stock Exchange and the SIX Swiss Exchange.

The US\$2,500 million Global Commercial Paper program, which is supported by the Credit Facility is further backed up by the Commercial Paper Funding Facility (CPFF) established by the Federal Reserve Bank of New York, which allows Syngenta to issue commercial paper up to the greatest amount of US dollar-denominated commercial paper Syngenta had outstanding on any day between January 1 and August 31, 2008.



The last issuance date for commercial paper on the CPFF will be October 30, 2009, which allows issue up to that date of commercial paper with a three months maturity.

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\$172 million at December 31, 2008 relate mainly to the current capital investment program.

### Financial results

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

| (US\$ million)                          | Year ended December 31, |       |       |
|---|-------------------------|-------|-------|
|   | 2008                    | 2007  | 2006  |
| Cash flow from operating activities     | 1,466                   | 1,168 | 928   |
| Cash flow used for investing activities | (608)                   | (368) | (411) |
| Cash flow used for financing activities | (457)                   | (781) | (541) |

#### Cash flow from operating activities 2008 compared to 2007

Cash flow from operating activities in 2008 was US\$298 million higher than in 2007. After reversing non-cash items, 2008 income before taxes contributed US\$521 million more cash inflows than 2007 due to higher sales. This was offset by a higher increase in inventory levels that absorbed US\$836 million more cash than in 2007 due to a stock build to meet higher sales volumes before the completion of the capital expansion program that commenced in mid-2008. Other working capital flows contributed US\$378 million of cash in 2008 compared to outflows of US\$46 million in 2007, partly due to higher rebates payable to customers. Payments of taxes increased from US\$192 million in 2007 to US\$283 million in 2008. Net financial receipts and payments were inflows of US\$49 million compared to US\$155 million of outflows in 2007 due to gains realized on restructuring internal funding in Brazil and the UK and the related net investment hedges.

#### 2007 compared to 2006

Cash flow from operating activities in 2007 was US\$240 million higher than in 2006. This increase was mainly attributable to the growth in income before taxes of US\$621 million from US\$798 million in 2006 to US\$1,419 million in 2007. Adding back depreciation, amortization and impairment and excluding the net gains on disposals of non-current assets, where the relevant cash flows are included within investing activities in the cash flow statement, the increase compared to 2006 was US\$495 million. This growth was due to higher sales and gross profit, which was only partly offset by increases in other operating expenses. The higher operating cash flows are also net of lower interest and other financial receipts due to lower cash inflows from hedges of internal funding than in 2006. Payments of taxes increased from US\$167 million in 2006 to US\$192 million in 2007. Cash outflows from working capital increased by US\$56 million as inventory and trade receivable levels increased with increasing sales, partly offset by an increase in trade payables.

Cash flow used for investing activities  
2008 compared to 2007

Cash flows used for investing activities increased from US\$368 million in 2007 to US\$608 million in 2008. Expenditure on tangible and intangible assets increased by US\$192 million, partly due to a capacity expansion program announced in July 2008. Additions to property, plant and equipment were higher in both Crop Protection and Seeds and, at US\$444 million were higher than depreciation of US\$242 million. Proceeds from disposals decreased by US\$164 million in 2008 after the partial sale of the Rosental site in Switzerland in 2007. This was partially offset by the sale of the marketable security portfolio in 2008 for proceeds of US\$97 million and reduced spending on acquisitions of US\$28 million. Purchases of investments in associates and joint ventures was US\$27 million higher in 2008 due to the acquisition of an interest in Sanbei Seeds in China.

2007 compared to 2006

Cash flows used for investing activities decreased from US\$411 million in 2006 to US\$368 million in 2007. This decrease is net of increased cash spending on property, plant and equipment and intangible assets of US\$126 million, which was offset by increased proceeds of US\$92 million from disposals, mainly consisting of proceeds from the partial sale of the Rosental site in Basel. Additions to property, plant and equipment were higher than depreciation in 2007, compared to being lower in 2006 and 2005, with increased expenditure in both the Crop Protection and Seeds businesses. The portfolio of marketable securities purchased in 2006 remained at a similar level during 2007 while business acquisitions, including associates and minorities, increased by US\$19 million following the acquisitions of Fischer and Zeraim Gedera and the purchase of additional shares in Syngenta India Ltd.

Cash flow used for financing activities

2008 compared to 2007

Financing cash outflows decreased by US\$324 million due mainly to increased net additional borrowings of US\$608 million in 2008 compared to US\$182 million in 2007. Distributions paid to shareholders were US\$151 million higher in 2008, but treasury share purchases, including 2.3 million shares under the share repurchase program, were US\$45 million lower than in 2007.

2007 compared to 2006

Financing cash outflows increased by US\$240 million due to increased dividend payments and par value reductions of US\$37 million, increased net share repurchases of US\$105 million, with the purchase of 3.8 million shares, and decreased inflows from borrowings of US\$98 million.

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; 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 and Integrated Agronomic Solutions. These are closely integrated to 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 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 streamlining and restructuring across the various R&D sites announced in 2004 was largely complete by the end of 2007. With the move of the Basel chemistry scientists to the new facility in Stein, Switzerland, which was completed in 2007, the Basel facility was closed. The further enhanced chemistry center in Goa, India, which was opened in November 2006, continues to focus on cost efficient synthesis at laboratory and field scale.

In 2008, further progress was made in restructuring in the Crop Protection Development area that was announced in 2006. The main components of this restructuring were the closure of one Crop Protection Development site, the downsizing and consolidation of product safety activity at Jealott's Hill, England, and the closure or downsizing of several field stations around the world.

Also in 2008, Syngenta announced the opening of a new biotechnology center in Beijing, China. This facility will concentrate on early-stage valuation of genetically modified traits for key crops, such as corn and soybean, in the areas of yield improvement, drought resistance, disease control and biomass conversion for biofuels. Syngenta is also investing further in its research center in Jealott's Hill, England, which focuses on the development of new herbicides. The investment will enhance the center's technological capability and accelerate further the delivery of new products to market.

The total spent on research and development was US\$969 million in 2008, US\$830 million in 2007 and US\$796 million in 2006. Attribution of research and development costs for 2008 was US\$556 million for Crop Protection, US\$343 million for Seeds and US\$70 million in Business Development. In 2007, the attribution was US\$496 million for Crop Protection, US\$283 million for Seeds and US\$51 million for Business Development. In 2006, the attribution was US\$490 million for Crop Protection, US\$232 million for Seeds and US\$74 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, 2008 Syngenta had the following contractual obligations to make future payments in the following periods:

| US\$ million   | Notes to<br>the<br>financial<br>statements<br>reference | Total        | Less         | 1-3          | 3-5          | 5-10       | More       |
|--|---|--------------|--------------|--------------|--------------|------------|------------|
|  |   |              | than         |              |              |            |            |
|  |   |              | 1 year       | years        | years        | years      |            |
| Financial debt   | 18  | 2,735        | 211          | 730          | 821          | 699        | 274        |
| Interest on financial debt   | 27  | 644          | 100          | 192          | 117          | 105        | 130        |
| Other non-current liabilities  | 18  | 108          | 32           | 42           | 34           | -          | -          |
| Payments under onerous contracts<br>included within restructuring provisions | 19  | 10           | 7            | 3            | -            | -          | -          |
| Capital lease payments   | 25  | 42           | 22           | 20           | -            | -          | -          |
| Operating lease payments   | 25  | 79           | 14           | 23           | 16           | 26         | -          |
| Unconditional purchase obligations   | 25  | 2,078        | 742          | 919          | 417          | -          | -          |
| Long-term research agreements and<br>other long-term commitments             | 25  | 362          | 97           | 158          | 107          | -          | -          |
| <b>Total</b>   |   | <b>6,058</b> | <b>1,225</b> | <b>2,087</b> | <b>1,512</b> | <b>830</b> | <b>404</b> |

Of the total financial debt, floating rate financial debt is US\$239 million (mainly local bank loans and overdraft facilities), US\$211 million of which is due within one year. No interest obligation in respect of this debt is included in the table above. There is no contractual obligation to renew this debt. The debt amount, and the interest payments associated with it, will vary over time according to Syngenta's funding requirements and future interest rates.

Fixed rate debt of US\$2,496 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and US private placement notes. Fixed rate interest payments of US\$644 million on these are included above. At December 31, 2008, US\$179 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 2008 with several counterparties where the related cash flows are payable over several years.

Except for the provision for payments under onerous contracts included in the table above, US\$921 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 2009. Note 19 to the consolidated financial statements in Item 18 presents the components of the estimated US\$170 million of provisions that are expected to be paid during 2009, including US\$7 million of onerous contract provisions which are included in the above table.

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. Under the regulations which apply to Syngenta's main UK defined benefit pension fund, Syngenta must commit to pay contributions according to a schedule which it agrees in advance with the Trustees. The existing 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 contributions expected to be paid by Syngenta in 2009 to meet its commitments under the above arrangements are included in the US\$150 million amount disclosed for employee benefit plans in Note 22 to the consolidated financial statements in Item 18. The amount has not been included in the tables above. Due to the significant uncertainty as to the amounts of contributions expected to be paid in 2010 and later years, estimated future contributions have also not been included in the above table.

#### Off-balance sheet arrangements

Syngenta had no off-balance sheet arrangements as at December 31, 2008, other than the above contractual obligations, commitments and contingent liabilities, and the off-balance sheet financing described in Note 27 to the consolidated financial statements in Item 18. Syngenta has no unconsolidated special purpose entities that are likely to create material contingent obligations.

#### Critical accounting estimates and new accounting pronouncements

Critical accounting estimates and new accounting pronouncements are discussed in Note 2 to the consolidated financial statements in Item 18.

#### Recent developments

Note 28 to the consolidated financial statements in Item 18 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, 2009) that would require adjustment to or disclosure in the consolidated financial statements.

#### Future prospects

Sales of Crop Protection products grew rapidly in 2008, with high crop prices and strong farmer profitability supporting increased usage of Crop Protection products to maximize yield and quality. Major crop commodity prices, particularly soybean, corn and wheat have now reduced significantly from the high levels reached in the middle of 2008 to the levels seen in 2007. The adverse impact on farmer profitability of this has been offset by some reductions in fertilizer prices and lower fuel prices. However, overall Syngenta expects the sales volume growth rate to reduce from the high level of 2008. Similarly, while the full year benefit of local currency price increases achieved in 2008 will benefit 2009, the rate of local currency sales price growth is likely to moderate, particularly in glyphosate sales. Syngenta makes significant sales in emerging markets, where in some cases exchange rates versus the US dollar have depreciated significantly in the fourth quarter of 2008 and, while it is likely that part of the US dollar price impact of this depreciation will be offset by increases in local currency prices, if these rates remain, the overall impact of emerging currency weakness is expected to be negative compared to 2008. Syngenta is not able to predict the impact of exchange rate movements during 2009.

In Seeds, continued penetration of Syngenta's proprietary triple stack corn under the AGRISURE brand in the US market is expected as well as further corn growth in Latin America, though growth may be impacted by the financial crisis. Soybean sales grew strongly in the US in 2008 and Syngenta anticipates further market share gains in 2009. In Diverse Field Crops, sales grew strongly in 2008 in sunflowers, particularly in Eastern Europe, and while further 2009 growth is expected, this will be reduced by macro-economic conditions and weak exchange rates in some markets.

Vegetables sales growth, which was very strong and broad based in 2008, is expected to moderate in 2009. Flowers sales will increase following the acquisitions of Goldsmith and the pot and garden chrysanthemum and aster business of Yoder, but are likely to be impacted by weak consumer demand in the current economic climate.

Gross profit margins in Crop Protection in 2008 were adversely impacted by higher raw material costs, including glyphosate and oil, where, because hedge accounting treatment is not available, costs were also impacted by the effect of the steep fall in oil prices in the final quarter on the 2009 hedging program. Due to Syngenta's normal inventory cycle, the lower raw material costs seen in the final quarter of 2008 will not start to significantly benefit margins until the second half of 2009. Gross profit margin is expected to benefit from the full year impact of sales price increases initiated in 2008. This may be offset by the weakness of many currencies against the US dollar in the key first half sales season. Seeds gross profit margin improvement in 2008 is currently expected to continue in 2009. As a result of the current macroeconomic uncertainty and foreign exchange rate volatility, Syngenta has initiated cost saving initiatives to reduce variable spending while continuing investment in future growth initiatives, particularly in the Seeds business. The growth in operating costs below gross profit, excluding restructuring and impairment, is therefore expected to be lower in 2009 than in 2008.



Financial expense, net, in 2008 was significantly impacted by losses on emerging market currencies, which in most cases are not hedged due to cost and the limited availability of hedging products for some of these currencies. It is not possible to reliably predict exchange gains and losses in 2009.

Net income growth in 2009 will continue to be impacted by restructuring and impairment charges related to the Operational Efficiency program approved by the Syngenta Board in February 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 is expected in 2009 to be similar in size to 2008 excluding the financial asset impairment losses reported in 2008.

Subject to approval by the shareholders, at the annual general meeting on April 21, 2009, the Board is recommending a further increase in the dividend to CHF 6.00 per share from the CHF 4.80 paid in 2008.

Quantitative and qualitative disclosure about market risk

For quantitative and qualitative disclosure about market risk, see Note 27 to the consolidated financial statements in Item 18.

## 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 |
|---|-------|------------------------------|-------------------------------------|
| 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)                               |
| Profit for the period                               | 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                               |
| Basic earnings per share                            | 14.63 | (1.63)                       | 16.26                               |

| (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)                                |

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|   |       |        |       |
|---|-------|--------|-------|
| Income before taxes                                 | 1,419 | (41)   | 1,460 |
| Income tax expense                                  | (308) | 38     | (346) |
| Profit for the period                               | 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 and diluted earnings per share                | 11.56 | (0.03) | 11.59 |
| Diluted earnings per share                          | 11.42 | (0.03) | 11.45 |

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| (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)                               |
| Profit for the period                               | 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)                               |
| Profit for the period                               | 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                                |

| (US\$ million)                                   | Total | Restructuring, impairment and discontinued operations | Before Restructuring, impairment and discontinued operations |
|--|-------|---|--|
| 2004   |       |   |  |
| Operating income                                 | 541   | (354)   | 895  |
| Income/(loss) from associates and joint ventures | (2)   | –   | (2)  |
| Financial expense, net                           | (73)  | –   | (73)   |
| Income before taxes                              | 466   | (354)   | 820  |
| Income tax expense                               | 70    | 135   | (65)   |
| Profit for the period from continuing operations | 536   | (219)   | 755  |
| Attributable to minority interests               | 7     | –   | 7  |

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|  |       |        |      |
|--|-------|--------|------|
| Net income from continuing operations attributable to Syngenta AG shareholders | 543   | (219)  | 762  |
| Tax rate   | (15)% | 38%    | 8%   |
| Number of shares – basic (millions)  | 105   |        | 105  |
| Number of shares – diluted (millions)  | 106   |        | 106  |
| Basic earnings per share from continuing operations                            | 5.16  | (2.08) | 7.24 |
| Diluted earnings per share from continuing operations                          | 5.12  | (2.07) | 7.19 |

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### 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 in Item 18 for information on average exchange rates in 2008 and 2007. For example, if a European entity reporting in Euro sold €100 million of products in 2008 and 2007, our financial statements would report US\$147 million of revenues in 2008 (using 0.68 as the rate, which was the average exchange rate in 2008) and US\$137 million in revenues in 2007 (using 0.73 as the rate, which was the average exchange rate in 2007). The CER presentation would translate the 2008 results using the 2007 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.



## ITEM 6 — DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The members of the Board of Directors are as follows (as of February 18, 2009):

| Name            | Age | Nationality | Function                                    | Director since | Term of office |
|-----------------|-----|-------------|---|----------------|----------------|
| Martin Taylor   | 56  | British     | Chairman, non-executive Director            | 2000           | 2011           |
| Michael Mack    | 48  | American    | Chief Executive Officer, executive Director | 2008           | 2010           |
| Rupert Gasser   | 70  | Swiss       | Vice Chairman, non-executive Director       | 2002           | 2009           |
| Peggy Bruzelius | 59  | Swedish     | Non-executive Director                      | 2000           | 2009           |
| Peter Doyle     | 70  | British     | Non-executive Director                      | 2000           | 2009           |
| Pierre Landolt  | 61  | Swiss       | Non-executive Director                      | 2000           | 2009           |
| Peter Thompson  | 62  | American    | Non-executive Director                      | 2000           | 2011           |
| Jacques Vincent | 62  | French      | Non-executive Director                      | 2005           | 2010           |
| Rolf Watter     | 50  | Swiss       | Non-executive Director                      | 2000           | 2011           |
| Felix A. Weber  | 58  | Swiss       | Non-executive Director                      | 2000           | 2011           |
| Jürg Witmer     | 60  | Swiss       | Non-executive Director                      | 2006           | 2009           |

#### Members of the Board of Directors

##### (i) Membership and qualification

Syngenta is led by a strong and experienced Board. The Board includes representatives from five nationalities, drawn from broad international business and scientific backgrounds. Its members bring diversity in expertise and perspective to the leadership of a complex, highly regulated, global business.

##### (ii) Changes announced in 2008

Rupert Gasser, Vice-Chairman, and Peter Doyle, member of the Board of Directors, will step down from their Syngenta Board memberships at the Annual General Meeting (AGM) on April 21, 2009, having reached the statutory age limit (Articles of Incorporation, Art. 20). The Board of Directors will propose to the shareholders at the AGM on April 21, 2009 that David Lawrence be elected as a new member of the Board.

#### Martin Taylor

Chairman of the Board of Directors, the Chairman's Committee and the Corporate Responsibility Committee and member of the Compensation Committee. He is also Chairman of the Syngenta Foundation for Sustainable Agriculture.

Martin Taylor is currently Vice Chairman of RTL Group SA. Previously he was an Advisor to Goldman Sachs International (1999-2005), Chairman of WHSmith plc (1999-2003) and Chief Executive Officer of Barclays plc (1993-1998) and Courtaulds Textiles (1990-1993).

Martin Taylor has a degree in oriental languages from Oxford University.

#### Michael Mack

Chief Executive Officer, Director and member of the Chairman's Committee and the Corporate Responsibility Committee.

Michael Mack was Chief Operating Officer of Seeds (2004-2007) and Head of Crop Protection, NAFTA Region (2002-2004) for Syngenta. Prior to this, he was President of the Global Paper Division of Imerys SA, a French mining and pigments concern, from the time of its merger in 1999 with English China Clays Ltd., where he was Executive Vice President, Americas and Pacific Region, in addition to being an Executive Director of the Board. From 1987 to 1996 he held various roles with Mead Corporation.

Michael Mack has a degree in economics from Kalamazoo College in Michigan, studied at the University of Strasbourg, and has an MBA from Harvard University.

Rupert Gasser

Vice Chairman of the Board of Directors and member of the Chairman's and the Compensation Committee.

Rupert Gasser is currently President of Nestec SA and a member of the Scientific Advisory Board of Alcon Laboratories Inc. Formerly he was a non-executive Director of Lonza Group AG (1999–2004), Executive Vice President of Nestlé SA (1997–2002), Head of Strategic Business Group I (Coffee and Beverages, Milk and Food Services) and Head of Corporate Technical/Manufacturing and R&D worldwide (1991–1996) and Senior Vice President at Nestec SA (1990–1991).

Rupert Gasser graduated from the Technical Academy for Chemical Industry in Vienna with a degree in chemistry. In addition he participated in the Program for Senior Executive Development at the IMD, Lausanne.

Peggy Bruzelius

Director and Chairman of the Audit Committee.

Peggy Bruzelius is currently Chairman of Lancelot Holding AB. In addition she serves as Vice Chairman of Electrolux AB and as a Director of Scania AB, Husqvarna AB, Akzo Nobel NV, Axfood AB and Axel Johnson AB. Peggy Bruzelius is Chairman of the Swedish National Agency for Higher Education and a member of the Royal Swedish Academy of Engineering Sciences. In addition she is a member of the Board of Trustees of the Stockholm School of Economics. Previously she was Executive Vice President of SEB-bank (1997–1998) and Chief Executive Officer of ABB Financial Services (1991–1997).

Peggy Bruzelius holds a Master of Science from the Stockholm School of Economics and an Honorary Doctorate from the same university.

Peter Doyle

Director, member of the Corporate Responsibility Committee and Chairman of the Science and Technology Advisory Board.

Peter Doyle is currently a Trustee of the Nuffield Foundation; he is a Past Master of the Salters' Livery Company and currently Chairman of the Board of the Salters' Institute. Previously he served as a non-executive Director of Avidex Ltd (2002–2006), a member of the Advisory Board of Vida Capital Partners (2003–2005), non-executive Director of Oxagen (1999–2002), non-executive Director of Oxford Molecular plc (1997–2000), Director of Zeneca Group plc (1993–1999), Director of ICI (1989–1993) and as Chairman of the Biotechnology and Bioscience Research Council (1989–2003).

Peter Doyle holds a BSc (Hons) degree in pure science and a PhD in chemistry from Glasgow University.

Pierre Landolt

Director, member of the Audit Committee and the Corporate Responsibility Committee. He is also a member of the Board of the Syngenta Foundation for Sustainable Agriculture.

Pierre Landolt is currently Chairman of the Sandoz Family Foundation and a Director of Novartis AG. He is also a partner with unlimited liabilities of the private bank Landolt & Cie. Pierre Landolt serves, in Brazil, as President of the Instituto Fazenda Tamanduá, of the Instituto Estrela de Fomento ao Microcrédito, of AxialPar Ltda and Moco Agropecuaria Ltda, and, in Switzerland, as Chairman of Emasan AG and Vaucher Manufacture Fleurier SA and as

Vice-Chairman of Parmigiani Fleurier SA. He is a Director of EcoCarbone SA and Amazentis SA and was formerly Chairman of the CITCO Group (1995-2005). He is also Vice-Chairman of the Montreux Jazz Festival Foundation.

Pierre Landolt graduated with a Bachelor of Laws from the University of Paris Assas.

Peter Thompson

Director and member of the Audit Committee.

Peter Thompson is currently a Director of Sodexo Alliance SA. Previously he was President and Chief Executive Officer of PepsiCo Beverages International (1996–2004), President of PepsiCo Foods International's Europe, Middle East and Africa Division (1995–1996) and of Walkers Snack Foods in the UK (1994–1995). Before joining PepsiCo he held various senior management roles with Grand Metropolitan plc, including President and Chief Executive Officer of GrandMet Foods Europe (1992–1994), Vice Chairman of The Pillsbury Company (1990–1992) and President and Chief Executive Officer of The Paddington Corporation (1984–1990).

Peter Thompson has a degree in modern languages from Oxford University and an MBA from Columbia University.

Jacques Vincent

Director and member of the Compensation Committee.

Jacques Vincent has been Vice Chairman and Chief Operating Officer of the Danone Group, Paris, since 1998, and has been appointed Vice Chairman and Advisor to the Chairman as of January 1, 2008. He began his career with Danone in 1970 and has since held various financial and overall management positions within this group.

Jacques Vincent is a graduate engineer of the Ecole Centrale, Paris, holds a bachelor in Economics from Paris University and a Master of Science from Stanford University.

Rolf Watter

Director and member of the Audit Committee.

Rolf Watter has been a partner in the law firm Bär & Karrer in Zurich since 1994, is a member of its executive board since 2000 and an Executive Director since the incorporation of Bär & Karrer AG in 2007. He is a non-executive Director of Zurich Financial Services (and its subsidiary Zurich Insurance Company), of Nobel Biocare Holding AG, of UBS Alternative Portfolio AG and A.W. Faber-Castell (Holding) AG. He formerly was non-executive Chairman of Cablecom Holding (2003-2008), a Director of Centerpulse AG (2002–2003), of Forbo Holding AG (1999–2005) and of Feldschlösschen Getränke AG (2001–2004). In addition, Rolf Watter is a part-time professor at the Law School of the University of Zurich and a member of the SIX Swiss Exchange Admission Board and its Disclosure Commission of Experts.

Rolf Watter graduated from the University of Zurich with a doctorate in law and holds an LLM degree from Georgetown University; he is admitted to the Bar of Zurich.

Felix A. Weber

Director and Chairman of the Compensation Committee.

Felix A. Weber is currently a Managing Director of Nomura International Ltd. and a Director of Publigroupe. Previously, he was a Director of Valora (2006-2008), a Director of Glacier Holdings GP SA and Glacier Holdings S.C.A (which are the former parent entities of Cablecom GmbH) (2003–2005), a Director of Cablecom GmbH (2004–2005), Managing Director of Lehman Brothers Ltd. (2006-2008), Executive Vice President and Chief Financial Officer of Adecco SA (1998–2004), Associate Project Manager and Principal of McKinsey & Company in Zurich (1989–1997) and Chief Executive Officer of Alusuisse South Africa (1982–1984).

Felix Weber graduated from the University of St. Gallen, with an MBA in operations research and finance and a PhD in marketing.

Jürg Witmer

Director and member of the Chairman's Committee.

Jürg Witmer is currently Chairman of Givaudan SA and Clariant AG. He is a Board member of Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG. From 1999 to 2005 he was CEO of Givaudan Group. Between 1978 and 1999 he held various management positions within Roche, including General Manager of Roche Austria, Head of Corporate Communications and Public Affairs at Roche Headquarters Basel, General Manager and Regional Marketing Manager of Roche Far East in Hong Kong and Assistant to the Chairman and CEO of the Roche Group.

Jürg Witmer has a doctorate in law from the University of Zurich, as well as a degree in International Studies from the University of Geneva.

The business address of all Directors is Syngenta AG, Schwarzwaldallee 215, 4058 Basel, Switzerland.

#### Elections and terms of office of the Board members

The members of the Board of Directors are elected by the shareholders at the Annual General Meeting. The elections are held individually. According to the Articles of Incorporation the terms of office shall be coordinated so that every year approximately one third of all members of the Board are subject to election; a term of office shall not exceed three years. The members of the Board shall automatically retire after the lapse of the twelfth year of office or, if earlier, after the expiry of the seventieth year of age, the retirement becoming effective on the date of the next Annual General Meeting following such event.

#### Internal organization of the Board of Directors

##### (i) Duties and functioning of the Board

The Board exercises full and effective control of the Company as set out in the Swiss Code of Obligations (Schweizerisches Obligationenrecht), the Articles of Incorporation of Syngenta and the Regulations Governing the Internal Organization of Syngenta AG. It holds the ultimate responsibility for the strategy and for the supervision of executive management.

In 2008, the Board held five formal meetings. Furthermore, Board members conducted discussions with Officers of the Company to review relevant matters at hand, visited operating locations of the Company and provided information to management as needed.

The Chairman, after consultation with the Chief Executive Officer, determines the agenda for the Board meetings. Any member of the Board of Directors may request the convocation of a meeting or the inclusion of items of business in the agenda.

(ii) Chairman of the Board

The Chairman is nominated by the Board members and shares responsibility for the strategic direction of Syngenta with the Chief Executive Officer (CEO). He ensures close liaison between the Board, its committees and the CEO. In consultation with the CEO, the Chairman supervises the implementation of resolutions of the Board and of its committees. The Chairman represents, jointly with the CEO, the interests of the Company as a whole towards authorities and business associations, both in Switzerland and internationally.

(iii) Board Committees

Some of the Board's responsibilities are delegated to the Chairman's Committee, the Audit Committee, the Compensation Committee and the Corporate Responsibility Committee. Syngenta has issued Regulations Governing the Internal Organization and committee charters, which set out in detail the powers and responsibilities of the Board and its committees. The Board committees meet on a regular basis. Their members are provided with the materials necessary to fulfill their duties and responsibilities, and to submit full reports to the Board.

– Chairman's Committee

During the financial year 2008, the Chairman's Committee held five formal meetings. The Chairman's Committee consists of four members appointed by the Board: the Chairman, the Vice Chairman, the Chief Executive Officer and one other member of the Board. The Company Secretary acts as Secretary to the Committee. The Committee prepares the meetings of the Board of Directors and is empowered to make decisions on behalf of the Board in urgent cases. The Chairman's Committee deals with all business for the attention of the Board of Directors, and comments on matters falling within the Board's authority before the latter makes any decision on them. Upon request of the CEO, the Chairman's Committee approves on its own authority appointments to selected senior positions, as defined in the Regulations Governing the Internal Organization. It also approves financial measures, capital investments and the acquisition of companies and associated companies in accordance with determined financial authorisation levels set in the Regulations Governing the Internal Organization. Members of the Chairman's Committee are Martin Taylor (Committee Chairman), Rupert Gasser, Michael Mack and Jürg Witmer.

– Audit Committee

During the financial year 2008, the Audit Committee held four formal meetings. The external auditor attended all four meetings of the Audit Committee in 2008. The Audit Committee consists of four members appointed by the Board. All members are independent, non-executive Directors. The CFO is generally invited to the meetings of the Audit Committee; a member of the Corporate Legal Department acts as Secretary to the Committee. The Audit Committee assists the Board in fulfilling its supervisory responsibilities. Its duties are to monitor the performance of external and internal auditors as well as the independence of the external auditors. The Audit Committee assesses the quality of the financial reporting and prepares Board decisions in this area. Furthermore, it reviews critical accounting policies, financial control mechanisms and compliance with corresponding laws and regulations. The chairperson of the Audit Committee reports to the Board of Directors on the work performed, major findings and actions undertaken. Members of the Audit Committee are Peggy Bruzelius (Committee Chairman), Pierre Landolt, Peter Thompson and Rolf Watter.

– Compensation Committee

During the financial year 2008, the Compensation Committee held four formal meetings. The Compensation Committee is appointed by the Board and consists of four members of the Board. The Global Head of Human Resources acts as Secretary to the Committee. The Compensation Committee has responsibility for setting the

compensation of the Executive Committee members and makes a recommendation to the Board on the compensation of the Chairman, the CEO and the Board members. Members of the Compensation Committee are Felix A. Weber (Committee Chairman), Rupert Gasser, Martin Taylor, and Jacques Vincent. The CEO attends the meetings of the Compensation Committee as a permanent guest, except when his own compensation or other subjects with reference to his own situation are discussed.

– Corporate Responsibility Committee

During the financial year 2008, the Corporate Responsibility Committee held two formal meetings. The Corporate Responsibility Committee consists of at least three non-executive members of the Board and the CEO; the Company Secretary acts as Secretary to the Committee. The Corporate Responsibility Committee acts as custodian of the Board in Corporate Responsibility matters, reviews and advises on overall Corporate Responsibility priorities, policies and issues and on related actions proposed by the Executive Committee or the Board. Once a year it produces a report to the Board on Corporate Responsibility activities with an outlook on initiatives planned over the following year. Members of the Corporate Responsibility Committee are Martin Taylor (Committee Chairman), Michael Mack, Pierre Landolt and Peter Doyle.



## Responsibilities of the Board of Directors

### (i) Board of Directors

Pursuant to the Swiss Code of Obligations (Schweizerisches Obligationenrecht) and the Articles of Incorporation of Syngenta, the Board of Directors has in particular the following non-transferable and inalienable duties:

– Ultimate direction of the business of the Company and determination and communication of necessary directives;

– Determination of the organization of the Company;

– Administration of accounting, financial control and financial planning;

– Appointment and removal of the persons entrusted with the management and representation of the Company;

– Ultimate supervision of the persons entrusted with the management of the Company, specifically with regard to their compliance with the law, the Articles of Incorporation, regulations and directives;

– Preparation of business reports and the General Meetings of Shareholders and the implementation of the resolutions adopted by the General Meetings of Shareholders;

– Notification of the court if liabilities exceed assets;

– Adoption of resolutions concerning the increase of share capital to the extent that such power is vested in the Board of Directors, as well as resolutions concerning the confirmation of capital increases and respective amendments to the Articles of Incorporation;

– Examination of the professional qualifications of qualified auditors.

The Board of Directors takes an active role in reviewing and enhancing Corporate Governance within Syngenta. In addition the Board of Directors regularly reviews its own and top management's performance and takes responsibility for succession planning.

### (ii) Executive Committee

The Board of Directors of Syngenta has delegated the operational management of business operations to the Executive Committee.

## Information and control instruments of the Board of Directors

### (i) Information

The importance of being fully informed on material matters that impact Syngenta is recognized by the Board. The Board supervises management and monitors its performance through reporting and controlling processes and through the Board committees. The Board ensures that it has sufficient information to make the appropriate decisions through the following means:

– All members of the Executive Committee are regularly invited to attend Board meetings to report on their areas of responsibility, including key data for the core businesses, financial information, existing and potential risks, and updates on developments in important markets. Other members of management attend Board meetings as deemed necessary by the Board;

– At each Board meeting, the CEO reports on the meetings of the Executive Committee. The Chairman receives the minutes of the Executive Committee meetings; on request the minutes are available to all members of the Board of Directors;

– All Board committees regularly meet with members of the management and, as appropriate, external advisors and the Group's external auditors;

– Regular distribution of important information to the Board.

### (ii) Internal Audit

Internal Audit, as an inspecting and monitoring body, carries out control, operational and system audits. All organizational units and associated companies are subject to audit. Audit plans are reviewed and approved by the Audit Committee and any suspected irregularities are reported without delay. Internal Audit maintains a regular dialogue with the external auditor to share reports and risk issues arising from their respective audits and to coordinate their activities.

In connection with the operation of controls, including controls over financial reporting, a self-certification “Letter of Assurance” process is in place. The letters of assurance are cascaded down in the organization. The returned letters are analyzed, evaluated and any arising issues and deficiencies are reported to the Head of Internal Audit and the Audit Committee. Internal Audit reports on issues arising from internal audits to the Audit Committee. The Audit Committee reports to the Board of Directors.

(iii) External Auditor

The auditor is accountable to the Audit Committee, the Board of Directors and ultimately to the shareholders. At the completion of the audit, the auditor presents and discusses the audit report on the financial statements with the Audit Committee, highlighting any significant internal control issues that were identified during the course of the audit. The auditor regularly participates in the Audit Committee meetings and, at least once a year, the lead partners present to a meeting of the Board of Directors.

## Executive Committee

The members of the Executive Committee of Syngenta are as follows (as of February 18, 2009):

| Name                | Age | Nationality      | Position                                    | Appointment |
|---------------------|-----|------------------|---|-------------|
| Michael Mack        | 48  | American         | Chief Executive Officer                     | 2008        |
| Alejandro Aruffo(1) | 49  | Italian/American | Head of Research & Development              | 2008        |
| John Atkin          | 55  | British          | Chief Operating Officer Crop Protection     | 2000        |
| Robert Berendes     | 44  | German           | Head of Business Development                | 2007        |
| Christoph Mäder     | 49  | Swiss            | Head of Legal & Taxes and Company Secretary | 2000        |
| Mark Peacock        | 48  | British          | Head of Global Operations                   | 2007        |
| Davor Pisk          | 50  | British          | Chief Operating Officer Seeds               | 2008        |
| John Ramsay         | 51  | British          | Chief Financial Officer                     | 2007        |

(1) Alejandro Aruffo succeeded David Lawrence as Head of Research & Development as of October 1, 2008.

## Members of the Executive Committee

Under the direction of the Chief Executive Officer, the Executive Committee is responsible for the operational management of the Company. It consists of the Chief Executive Officer (CEO), the Chief Operating Officers (COO) of Crop Protection and Seeds, the Chief Financial Officer (CFO), the Head of Research & Development, the Head of Global Operations, the Head of Business Development and the Head of Legal & Taxes.

## (i) Changes announced in 2008

Alejandro Aruffo has been appointed Head of Research & Development and member of the Executive Committee as of October 1, 2008. He succeeded David Lawrence, who stepped down from this function after having served Syngenta and its legacy organizations for 35 years. David Lawrence will be retiring from Syngenta in April 2009 and will be proposed for election as a new member of the Syngenta Board of Directors at the Annual General Meeting of April 21, 2009.

## (ii) Chief Executive Officer

The CEO is nominated by the Board and shares responsibility for the strategic direction of Syngenta with the Chairman. The CEO is ultimately responsible for the active leadership and operational management of Syngenta and chairs the Executive Committee, representing the latter inside and outside the Company. Members of the Executive Committee are directly responsible to the CEO. The Chief Executive Officer in turn ensures the Executive Committee's efficiency and effectiveness to the Chairman, the Chairman's Committee and the Board. The CEO represents, jointly with the Chairman, the interests of the Company as a whole to authorities and business associations, both in Switzerland and internationally.

## Michael Mack

Chief Executive Officer, Director and member of the Chairman's Committee and the Corporate Responsibility Committee.

Michael Mack was Chief Operating Officer of Seeds (2004-2007) and Head of Crop Protection, NAFTA Region (2002-2004) for Syngenta. Prior to this, he was President of the Global Paper Division of Imerys SA, a French mining and pigments concern, from the time of its merger in 1999 with English China Clays Ltd., where he was Executive Vice President, Americas and Pacific Region, in addition to being an Executive Director of the Board. From 1987 to 1996 he held various roles with Mead Corporation.

Michael Mack has a degree in economics from Kalamazoo College in Michigan, studied at the University of Strasbourg, and has an MBA from Harvard University.

Alejandro Aruffo

Head of Research & Development.

Alejandro Aruffo was Vice President Global Pharmaceutical Development, Abbott (2005-2008), President Abbott Bioresearch Center and Vice President Abbott Immunology Research and Development (2003–2005), President Abbott Bioresearch Center and Divisional Vice President Abbott Immunology Research (2002-2003), Vice President Cardiovascular and Metabolic Disease Drug Discovery (2001-2002) and Vice President Immunology Drug Discovery (1998-2001) for Bristol-Myers Squibb. Prior to these roles he held various positions at Bristol-Myers Squibb.

Alejandro Aruffo graduated from the University of Washington with BSc degrees in chemistry and mathematics and from Harvard University with a PhD in biophysics.

John Atkin

Chief Operating Officer Crop Protection.

John Atkin was Chief Executive Officer (1999–2000), Chief Operating Officer (1999), Head of Product Portfolio Management (1998) and Head of Insecticides and Patron for Asia (1997–1998) of Novartis Crop Protection. Prior to 1998 he was General Manager of Sandoz Agro France (1995–1997) and Head of Sandoz Agro Northern Europe (1993–1995). In 2008 he was appointed Visiting Professor at the Institute of Research into Environmental Sustainability in Newcastle.

John Atkin graduated from the University of Newcastle upon Tyne with a PhD and a BSc degree in agricultural zoology.

Robert Berendes

Head of Business Development.

Robert Berendes was Head of Diverse Field Crops (2005–2006) and Head of Strategy, Planning and M&A (2002–2005) for Syngenta. Prior to this, he was a partner and co-leader of the European chemical practice at McKinsey & Company.

Robert Berendes graduated from the University of Cologne with a diploma in chemistry and has a PhD in biophysics from the Max-Planck-Institute for Biochemistry/Technical University of Munich.

Christoph Mäder

Head of Legal & Taxes and Company Secretary.

Christoph Mäder was Head of Legal & Public Affairs of Novartis Crop Protection (1999–2000) and Senior Corporate Counsel of Novartis International AG (1992–1998). Christoph Mäder is Chairman of SGCI Chemie Pharma Schweiz, the association of Swiss chemical and pharmaceutical industries. He is also a member of the Executive Committee of the Board of economiesuisse, the main umbrella organization representing the Swiss economy.

Christoph Mäder graduated from Basel University Law School, and is admitted to the Bar in Switzerland.

Mark Peacock

Head of Global Operations.

Mark Peacock was previously Head of Global Supply (2003–2006) and Regional Supply Manager for Asia Pacific (2000–2003) for Syngenta. Prior to this he was a Product Manager in Zeneca Agrochemicals and General Manager of the Electrophotography Business in Zeneca Specialties.

Mark Peacock has a degree in chemical engineering from Imperial College, London, and a masters in international management from McGill University in Montreal.

Davor Pisk

Chief Operating Officer Seeds.

Davor Pisk was Region Head Crop Protection Asia Pacific (2003-2007) for Syngenta and Region Head Asia for Zeneca Agrochemicals (1998-2001). Prior to 1998, he was Head of Herbicides for Zeneca (1993-1997) and General Manager of ICI Czechoslovakia (1991-1993).

Davor Pisk has a BA in Economics and Politics from Exeter University, UK, and an MA in Political Science from the University of California, USA.

John Ramsay

Chief Financial Officer.

John Ramsay was Syngenta's Group Financial Controller from 2000 until 2007. Prior to that he was Zeneca Agrochemicals Finance Head Asia Pacific (1994–1999), Financial Controller ICI Malaysia (1990–1993) and ICI Plant Protection Regional Controller Latin America (1987–1990). Prior to joining ICI in 1984, he worked in Audit and Tax at KPMG.

John Ramsay is a Chartered Accountant and also holds an honours degree in finance and accounting.

Service Contracts

Neither the CEO nor any other member of the Executive Committee has a service contract which provides for benefits upon termination of employment due to change of control. The Chairman has a contract which provides for twelve months compensation due to change of control; no other member of the Board has a service contract with a change of control clause.

Compensation, shareholdings and loans

Content and method of setting compensation and share-based awards

Members of the Board of Directors and the Executive Committee receive their cash compensation in Swiss francs. The compensation amounts presented below have been converted into US dollars using the average currency exchange rate in effect during each year reported. For further information regarding currency exchange rates, see Note 26 to consolidated financial statements in Item 18.

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.

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 reviewed and selected to provide the best representation of the executive labor markets in which Syngenta competes for top talent.

(ii) Non-Executive Members of the Board

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.

#### 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, calculated with the Black Scholes model, 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). 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 1a contains the variable portion as a percentage of total compensation, or alternatively, of base salary.

Table 1a. Fixed and Variable Compensation

|                          | 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%. At maximum incentives the fixed compensation would remain at 100,000, however, total compensation would now be 370,000 of which 100,000 is 27% and 270,000 variable compensation is 73%.

## (h) Cash and equity-based compensation

Under the same framework and assumption as above, the portion of equity-based compensation may be between the 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 1b.

Table 1b. Cash and Equity-based Compensation

|                        | 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%).

## (ii) Compensation systems for Non-Executive Members of the Board of 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 members of the Board of Directors

Directors with executive authority (the Chief Executive Officer) participate in incentive compensation programs designed and operated for members of the Syngenta Executive Committee (see (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.

Governance, authority and method of Compensation decisions

(i) 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.

(ii) Review of market data and practices in comparable companies

The Committee reviews base salaries and incentive levels as well as compensation practices against a set of comparable companies in Switzerland and Europe deemed to be appropriate and, periodically and selectively, against a set of companies in the USA. Data from companies in the chemical and agribusiness sector as well as other selected industries are reviewed. Every year the Committee reviews, with the external advisor, the set of comparable companies and industries for appropriateness and comparability. Pension and insurance information are reviewed periodically.

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 expert 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 Perrin on compensation policy matters and other relevant market information. From time to time, as required, other third party compensation specialists are consulted.

#### Accrual principle and limitations

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 2008 report relate to performance and results in 2008, that will be paid in 2009 or later. This is in line with the accrual principle as recommended by relevant guidelines. The number of equity units to be granted for 2008 will be determined after the editorial deadline of this report, therefore the numbers of shares, RSU and options are not included.

The adoption of the accrual principle for incentive awards is a significant change compared to the previous report for the year 2007. The disclosure of awards for 2007 was not possible at the time of publishing the 2007 report, because the relevant STI and LTI awards were only determined after the closing of the business year and the announcement of the 2007 annual results in 2008. The STI and LTI awards disclosed in the previous 2007 report are those awarded in 2007 for the business year 2006 on an actual basis.

In Tables 4 and 5 of this report, the disclosure of compensation in 2007 is set out on the basis of the accrual principle and includes the incentive awards for 2007 paid in 2008. This is in addition to the actual basis for 2007. As a result the disclosures for 2008 and 2007 are aligned.

The shares that will be allocated to the DSP in 2009 will be matched in 2012 provided the vesting condition is met. The same value as determined for the deferral of shares in 2009 was used to determine the value of the expected matching of shares in 2012. The shares allocated in 2008 (for the year 2007) will be matched in 2011 and the principle as above was applied to the expected future value of these shares.

Some exceptions to the “accrual principle” apply to personal tax services that the Company paid in the disclosed business year. Tax compliance services typically lag behind the compensation paid by one or more years.

## Compensation for Members of the Board of Directors in 2008

## (i) 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 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 2a.

Table 2a. Compensation of non-executive Directors in 2008

| Non-executive Directors       | Fee in cash      | Fee            |                   |                |                   | Total number shares | Benefits in kind/cash <sup>(1)</sup> | Total Company    |                      | Total annual cost |
|-------------------------------|------------------|----------------|-------------------|----------------|-------------------|---------------------|--------------------------------------|------------------|----------------------|-------------------|
|                               |                  | in free shares | restricted shares | in free shares | restricted shares |                     |                                      | annual received  | social security cost |                   |
| Martin Taylor                 | 1,714,424        | –              | 415,206           | –              | 1,676             | 1,676               | 194,796                              | 2,324,426        | –                    | 2,324,426         |
| Peggy Bruzelius               | 268,519          | –              | –                 | –              | –                 | –                   | –                                    | 268,519          | 54,613               | 323,132           |
| Peter Doyle                   | 56,782           | 170,347        | –                 | 548            | –                 | 548                 | –                                    | 227,129          | –                    | 227,129           |
| Rupert Gasser                 | 324,074          | –              | –                 | –              | –                 | –                   | –                                    | 324,074          | 16,496               | 340,570           |
| Pierre Landolt <sup>(2)</sup> | 11,791           | 219,772        | –                 | 707            | –                 | 707                 | –                                    | 231,563          | 11,931               | 243,494           |
| Peter Thompson                | 149,074          | 64,035         | –                 | 206            | –                 | 206                 | –                                    | 213,109          | –                    | 213,109           |
| Jacques Vincent               | 50,980           | 152,939        | –                 | 492            | –                 | 492                 | –                                    | 203,919          | –                    | 203,919           |
| Rolf Watter                   | 63,889           | –              | 149,209           | –              | 480               | 480                 | –                                    | 213,098          | 9,356                | 222,454           |
| Felix A. Weber                | 250,000          | –              | –                 | –              | –                 | –                   | –                                    | 250,000          | 12,874               | 262,874           |
| Jürg Witmer                   | 222,222          | 55,642         | –                 | 179            | –                 | 179                 | –                                    | 277,864          | 14,298               | 292,162           |
| <b>Total</b>                  | <b>3,111,755</b> | <b>662,735</b> | <b>564,415</b>    | <b>2,132</b>   | <b>2,156</b>      | <b>4,288</b>        | <b>194,796</b>                       | <b>4,533,701</b> | <b>119,568</b>       | <b>4,653,269</b>  |

(1) Housing, commuting and tax services, including refund of relevant tax (cash).

(2) According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee.

Table 2b. Compensation of non-executive Directors in 2007

| Non-executive Directors       | Fee in cash      | Fee            |                   |                |                   | Total number shares | Benefits in kind/cash <sup>(1)</sup> | Total Company    |                      | Total annual cost |
|-------------------------------|------------------|----------------|-------------------|----------------|-------------------|---------------------|--------------------------------------|------------------|----------------------|-------------------|
|                               |                  | in free shares | restricted shares | in free shares | restricted shares |                     |                                      | annual received  | social security cost |                   |
| Martin Taylor                 | 1,442,346        | –              | 349,321           | –              | 1,815             | 1,815               | 149,864                              | 1,941,531        | –                    | 1,941,531         |
| Peggy Bruzelius               | 216,667          | –              | –                 | –              | –                 | –                   | –                                    | 216,667          | 60,710               | 277,377           |
| Peter Doyle                   | 45,865           | 137,595        | –                 | 703            | –                 | 703                 | –                                    | 183,460          | –                    | 183,460           |
| Rupert Gasser                 | 291,667          | –              | –                 | –              | –                 | –                   | –                                    | 291,667          | 14,846               | 306,513           |
| Pierre Landolt <sup>(2)</sup> | 9,336            | 99,624         | 99,624            | 509            | 509               | 1,018               | –                                    | 208,584          | 9,447                | 218,031           |
| Peter Thompson                | 191,667          | –              | –                 | –              | –                 | –                   | –                                    | 191,667          | –                    | 191,667           |
| Jacques Vincent               | 45,865           | 137,595        | –                 | 703            | –                 | 703                 | –                                    | 183,460          | –                    | 183,460           |
| Rolf Watter                   | 115,000          | –              | 76,724            | –              | 392               | 392                 | –                                    | 191,724          | 8,557                | 200,281           |
| Felix A. Weber                | 255,000          | –              | 28,380            | –              | 145               | 145                 | –                                    | 283,380          | 13,500               | 296,880           |
| Jürg Witmer                   | 116,667          | –              | 50,106            | –              | 256               | 256                 | –                                    | 166,773          | 7,465                | 174,238           |
| <b>Total</b>                  | <b>2,730,080</b> | <b>374,814</b> | <b>604,155</b>    | <b>1,915</b>   | <b>3,117</b>      | <b>5,032</b>        | <b>149,864</b>                       | <b>3,858,913</b> | <b>114,525</b>       | <b>3,973,438</b>  |



- (1) Housing, commuting and tax services, including refund of relevant tax (cash).
- (2) According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee.

The Chief Executive Officer (CEO) is an executive 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 Tables 4 and 5).

## (ii) Compensation to former Directors

In 2008, no compensation was paid to any former Directors. The following Table 3 presents contractual payments made in 2007 to Heinz Imhof, the former Chairman of the Board, up to his early retirement in 2007.

Table 3. Compensation to former Directors

| Compensation element                  | Number<br>of units | Value<br>USD |
|---------------------------------------|--------------------|--------------|
| Fixed compensation in cash            |                    | 437,500      |
| STI compensation cash(1)              |                    | 1,050,000    |
| Insurance, pension benefits           |                    | 167,241      |
| Total compensation                    |                    | 1,654,741    |
| Company social security cost          |                    | 87,454       |
| Compensation related to earlier years |                    |              |
| DSP matching shares(2)                | 18,612             | 3,539,322    |
| Company social security cost          |                    | 426,162      |

(1) Short-term incentive in cash, paid in 2007 for 2006 and 2007 due to retirement.

(2) Matching shares, granted in 2007 for 2003, and for other earlier years due to retirement.

The payments made in 2008 to the former CEO, Michael Pragnell, are set out under “Compensation for members of the Executive Committee”. No other compensation to former non-executive or executive Directors was paid in 2008.

## Compensation for members of the Executive Committee in 2008

## (i) Members of the Executive Committee

All members of the Executive Committee in 2008, an aggregate number of nine people including the CEO, received salaries, incentives and other elements including benefits in kind. The nine members of the Executive Committee include David Lawrence and his successor Alejandro Aruffo as of October 1, 2008. The totals set out in Table 4 include the actual compensation paid to these two members on a prorated basis.

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

Table 4. Compensation for members of the Executive Committee (a total of 9 people in 2008)

| Compensation elements                                     | Number of units |                         |                     | Value      |                         |                     |
|---|-----------------|-------------------------|---------------------|------------|-------------------------|---------------------|
|   | 2008            | 2007 <sup>(2)</sup>     | 2007 <sup>(1)</sup> | 2008       | 2007 <sup>(2)</sup>     | 2007 <sup>(1)</sup> |
| Fixed compensation in cash                                |                 |                         |                     | 5,342,611  | 5,914,251               | 5,914,251           |
| Allowances in cash  |                 |                         |                     | 1,081,222  | 632,969                 | 632,969             |
| STI compensation in cash <sup>(3)</sup>                   |                 |                         |                     | 1,875,044  | 2,744,639               | 1,498,588           |
| Incentives received in cash <sup>(4)</sup>                |                 |                         |                     | 651,875    | 3,355,839               | 1,882,385           |
| Total compensation in cash                                |                 |                         |                     | 8,950,752  | 12,647,698              | 9,928,192           |
| DSP deferred shares <sup>(5)</sup>                        |                 | 8,445                   | 10,749              | 4,278,556  | 2,121,807               | 2,030,665           |
| DSP matching shares <sup>(6)</sup>                        |                 | 8,445                   | 9,736               | 4,278,556  | 2,121,807               | 2,037,311           |
| LTI options <sup>(7)</sup> <sup>(8)</sup>                 |                 | 24,706                  | 44,565              | 2,335,637  | 1,488,331               | 1,953,433           |
| LTI RSU grant <sup>(9)</sup>                              |                 | 5,926                   | 10,343              | 2,335,637  | 1,448,908               | 2,151,983           |
| ESPP shares   | 168             | 114                     | 114                 | 16,022     | 12,445                  | 12,445              |
| Special grant <sup>(10)</sup>                             | 6,000           | –                       | –                   | 1,776,389  | –                       | –                   |
| Insurance, pension costs                                  |                 |                         |                     | 1,389,216  | 986,499                 | 986,499             |
| Benefits in kind <sup>(11)</sup>                          |                 |                         |                     | 252,494    | 209,651                 | 209,651             |
| Total compensation  |                 |                         |                     | 25,613,258 | 21,371,46               | 19,310,179          |
| Company social security cost                              |                 |                         |                     | 746,214    | 451,023                 | 609,313             |
| Compensation related to earlier years                     |                 |                         |                     |            |                         |                     |
| STI/LTI compensation paid in 2008 for 2007 <sup>(2)</sup> |                 | see 2007 <sup>(2)</sup> |                     |            | see 2007 <sup>(2)</sup> |                     |
| DSP matching shares <sup>(12)</sup>                       | 12,156          | 51,293                  | 51,293              | 3,252,856  | 10,420,211              | 10,420,211          |
| DSP matching ADS <sup>(13)</sup>                          | 10,189          | 13,153                  | 13,153              | 564,710    | 491,328                 | 491,328             |
| Company social security cost                              |                 |                         |                     | 607,175    | 828,055                 | 828,055             |

Notes refer to 2008 unless other years are indicated.

- (1) Compensation in 2007 disclosed in accordance with the actual principle, as per the 2007 report.
- (2) Compensation in 2007 revised, disclosed in accordance with the accrual principle as set out in the 2008 report.
- (3) Short-term incentive in cash, payable in 2009 for 2008.
- (4) Incentives paid in cash for 2007 and 2008 to executives retiring from work.
- (5) Short-term incentive in deferred shares, to be granted in 2009 for 2008, (the number of shares is not determined at the time of producing this report).
- (6) Actual value of DSP matching, shares to be granted in 2012, (the number of shares is not determined at the time of producing this report).
- (7) Long-term incentive in options, to be granted in 2009 for 2008, (the number of options is not determined at the time of producing this report).
- (8) Compensation in 2007, long-term incentive in options, granted in 2008 for 2007, exercise price 301.50.
- (9) Long-term incentive in RSU, to be granted in 2009 for 2008, (the number of RSU is not determined at the time of producing this report).
- (10) Contractual grant to compensate for equity forfeited from previous employer.
- (11) Value of housing, commuting, relocation, education and tax services.
- (12) Matching shares, granted in 2008 for 2004.
- (13) Matching ADS (American Depositary Shares), granted in 2008 for 2004.

The variance in compensation between the years 2007 and 2008 is partly the result of a different group of executives. During 2007 three executives retired and one resigned. Respective successors assumed these functions.

## (ii) 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.

Michael Mack assumed the position of CEO on January 1, 2008 (2007, Michael Pragnell CEO).

Table 5. Highest compensation for a member of the Executive Committee (2008 Michael Mack, CEO; 2007 Michael Pragnell, CEO)

| Compensation element                             | Number of units |         |         | Value     |           |           |
|--|-----------------|---------|---------|-----------|-----------|-----------|
|  | 2008            | 2007(2) | 2007(1) | 2008      | 2007(2)   | 2007(1)   |
| Fixed compensation in cash                       |                 |         |         | 1,157,411 | 2,004,167 | 2,004,167 |
| Allowances in cash                               |                 |         |         | 137,585   | 186,341   | 186,341   |
| Incentive compensation in cash(3),(4)            |                 |         |         | 359,259   | 4,738,775 | 218,750   |
| Total compensation in cash                       |                 |         |         | 1,654,255 | 6,929,283 | 2,409,258 |
| DSP deferred shares(5)                           |                 | –       | 4,632   | 1,437,037 | –         | 875,062   |
| DSP matching shares(6)                           |                 | –       | 4,632   | 1,437,037 | –         | 1,073,080 |
| LTI options(7)                                   |                 | –       | 19,962  | 810,185   | –         | 875,001   |
| LTI RSU(8)                                       |                 | –       | 4,632   | 810,185   | –         | 1,073,080 |
| ESPP shares                                      | 24              | –       | –       | 2,289     | –         | –         |
| Insurance, pension costs and benefits in kind(9) |                 |         |         | 323,669   | 111,534   | 111,534   |
| Total compensation                               |                 |         |         | 6,474,657 | 7,040,817 | 6,417,015 |
| Company social security cost                     |                 |         |         | 155,465   | –         | –         |
| Compensation related to earlier years            |                 |         |         |           |           |           |
| DSP matching shares(10)                          | –               | 25,560  | 25,560  |           | 5,558,547 | 5,558,547 |
| DSP matching ADS(11)                             | 10,189          | –       | –       | 564,710   | –         | –         |
| Company social security cost                     | –               | –       | –       | 63,285    | –         | –         |

Notes refer to 2008 unless other years are indicated.

(1) Compensation in 2007 disclosed in accordance with the actual principle, as per the 2007 report.

(2) Compensation in 2007 revised, disclosed in accordance with the accrual principle as set out in the 2008 report.

(3) Short-term incentive in cash, payable in 2009 for 2008.

(4) Compensation in 2007, incentive awards paid in cash due to retirement at the end of 2007.

(5) Short-term incentive in deferred shares, to be granted in 2009 for 2008, (the number of shares is not determined at the time of producing this report).

(6) Actual value of DSP matching, shares to be granted in 2012, (the number of shares is not determined at the time of producing this report).

- (7) Long-term incentive in options, to be granted in 2009 for 2008, (the number of options is not determined at the time of producing this report).
- (8) Long-term incentive in RSU, to be granted in 2009 for 2008, (the number of RSU is not determined at the time of producing this report).
- (9) Value of funding pension and insurance plans, and cost for tax services (2007 tax services and commuting).
- (10) 2007 matching shares, granted in 2007 for 2003 (and for other earlier years at retirement).
- (11) Matching ADS, granted in 2008 for 2004.

(iii) 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 actual retirement date he is retained for special functions and is compensated accordingly.

In 2008, incentive awards for the financial year 2007 were paid to Michael Pragnell, the former CEO. He retired from the company with effect from December 31, 2007 and received the incentive awards for 2007 based on financial and personal performance that was determined after the closing of the year-end results in early 2008. He received all incentive awards in cash. The compensation paid to Michael Pragnell in 2008 is set out in the revised compensation 2007 in accordance with the accrual principle (see Tables 4 and 5). Post employment services were paid in 2008 and are disclosed in Table 6.

In 2007, no compensation was paid to former members of the Executive Committee. Members of the Executive Committee who left their office during 2007 due to retirement or termination are disclosed in Table 4, Compensation for members of the Executive Committee.

Table 6. Compensation to former members of the Executive Committee

| Compensation elements                  | Number of units |      | Value   |      |
|--|-----------------|------|---------|------|
|  | 2008            | 2007 | 2008    | 2007 |
| Fixed compensation in cash(1)          |                 |      | 153,936 | —    |
| STI/LTI compensation cash(2)           |                 |      | 352,188 | —    |
| ESPP shares                            | 24              | —    | 2,289   | —    |
| Total compensation                     |                 | —    | 508,413 | —    |
| Pension and insurance, benefits(3),(4) |                 |      | 125,782 | —    |
| Company social security cost           |                 |      | 73,655  | —    |

(1) David Lawrence October 1, 2008 – December 31, 2008.

(2) STI LTI awards 2008, paid 2009 in cash in view of retirement of David Lawrence.

(3) David Lawrence 2008, including post employment tax and other services in 2008 to executives retiring from work in 2007.

(4) Including cash compensation for tax and other charges on benefits in kind.

## Holding of shares and options

## (i) Shares

## a) Non-Executive Directors

At December 31, 2008, 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.

Table 7. Holding of shares of non-executive Directors at December 31, 2008

|                                       | Free shares |        | Restricted shares |        | % voting rights |        |
|---------------------------------------|-------------|--------|-------------------|--------|-----------------|--------|
|                                       | 2008        | 2007   | 2008              | 2007   | 2008            | 2007   |
| Non-executive Directors               |             |        |                   |        |                 |        |
| Martin Taylor                         | 680         | –      | 5,555             | 4,559  | < 0.1%          | < 0.1% |
| Peggy Bruzelius                       | 2,464       | 2,464  | –                 | –      | < 0.1%          | < 0.1% |
| Peter Doyle                           | 3,322       | 2,774  | –                 | –      | < 0.1%          | < 0.1% |
| Rupert Gasser                         | 2,996       | 1,496  | –                 | –      | < 0.1%          | < 0.1% |
| Pierre Landolt(1)                     | 3,362       | 3,155  | 509               | 509    | < 0.1%          | < 0.1% |
| Peter Thompson(2)                     | 402         | 196    | –                 | –      | < 0.1%          | < 0.1% |
| Jacques Vincent                       | 2,171       | 1,679  | –                 | –      | < 0.1%          | < 0.1% |
| Rolf Watter                           | 2,177       | 1,477  | 1,068             | 588    | < 0.1%          | < 0.1% |
| Felix A. Weber                        | 23          | 23     | 562               | 562    | < 0.1%          | < 0.1% |
| Jürg Witmer                           | 2,300       | 2,000  | 549               | 549    | < 0.1%          | < 0.1% |
| Total non-executive Directors' shares | 19,897      | 15,264 | 8,243             | 6,767  | < 0.1%          | < 0.1% |
| Total shares                          |             |        | 28,140            | 22,031 | < 0.1%          | < 0.1% |

|                                    | Free ADS |       | Restricted ADS |      |        |        |
|------------------------------------|----------|-------|----------------|------|--------|--------|
|                                    | 2008     | 2007  | 2008           | 2007 |        |        |
| Peter Thompson ADS(2)              | 7,000    | 5,000 | –              | –    | < 0.1% | < 0.1% |
| Total non-executive Directors' ADS | 7,000    | 5,000 | –              | –    | < 0.1% | < 0.1% |

(1) According to Pierre Landolt and the Sandoz Family Foundation, of the total amounts, 3,021 shares were held by the Foundation at December 31, 2008 and 2,314 were held at December 31, 2007.

(2) Peter Thompson holds 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.

## b) Members of the Executive Committee

At December 31, 2008, 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).

Table 8a. Holding of shares by members of the Executive Committee at December 31, 2008

| Members of the Executive Committee | Vested shares |            |                          | Voting rights | Unvested shares  |                 |         | Total Vested/unvested |
|------------------------------------|---------------|------------|--------------------------|---------------|------------------|-----------------|---------|-----------------------|
|                                    | Free          | Restricted | Unconverted share awards |               | Unmatched shares | Unconverted RSU |         |                       |
| 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        | –          | –                        | –             | –                | –               | –       |                       |
| Total Executive Committee ADS      | 34,463        | –          | –                        | –             | –                | –               | –       |                       |

(1) Michael Mack holds shares and ADS.

(2) Alejandro Aruffo succeeded David Lawrence on October 1, 2008.

(3) Davor Pisk succeeded Michael Mack in the role of COO Seeds effective January 1, 2008.

Table 8b. Holding of shares by members of the Executive Committee at December 31, 2007

| Members of the Executive Committee | Vested shares |            |                          | Voting rights | Unvested shares  |                 |        | Total Vested/unvested |
|------------------------------------|---------------|------------|--------------------------|---------------|------------------|-----------------|--------|-----------------------|
|                                    | Free          | Restricted | Unconverted share awards |               | Unmatched shares | Unconverted RSU |        |                       |
| Active members                     |               |            |                          |               |                  |                 |        |                       |
| Michael Pragnell                   | 45,991        | 58         | < 0.1%                   | –             | –                | –               | 46,049 |                       |
| John Atkin                         | 12,632        | 77         | < 0.1%                   | 9,004         | 9,004            | 6,085           | 36,802 |                       |
| Robert Berendes                    | –             | 390        | < 0.1%                   | 939           | 1,275            | 2,167           | 4,771  |                       |
| David Lawrence                     | 1,415         | 58         | < 0.1%                   | 3,509         | 3,509            | 2,911           | 11,402 |                       |
| Michael Mack(1)                    | –             | 3,779      | < 0.1%                   | –             | 3,702            | 2,967           | 10,448 |                       |
| Christoph Mäder                    | 4,421         | 4,111      | < 0.1%                   | –             | 4,034            | 3,391           | 15,957 |                       |
| Mark Peacock                       | 108           | 77         | < 0.1%                   | 1,525         | 1,525            | 1,664           | 4,899  |                       |



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|                                     |        |       |        |        |        |        |         |
|-------------------------------------|--------|-------|--------|--------|--------|--------|---------|
| John Ramsay                         | 42     | 689   | < 0.1% | 1,955  | 2,567  | 2,174  | 7,427   |
| Total Executive<br>Committee shares | 64,609 | 9,239 | < 0.1% | 16,932 | 25,616 | 21,359 | 137,755 |
| Michael Mack<br>ADS(1)              | –      | –     | –      | 10,189 | 10,189 | 14,085 | 34,463  |
| Total Executive<br>Committee ADS    | –      | –     | –      | 10,189 | 10,189 | 14,085 | 34,463  |

(1) Michael Mack holds 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.

## (ii) Options

## a) Non-Executive Directors

At December 31, 2008, 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 2005 are all vested. After 2005 no options were granted.

Table 9a. Holding of options by non-executive Directors at December 31, 2008

| Year of allocation                 | 2005       | 2004      | 2004      | 2003      | 2002      | 2000     | 2000      |
|------------------------------------|------------|-----------|-----------|-----------|-----------|----------|-----------|
| Underlying equity                  | Share      | ADS       | Share     | Share     | Share     | ADS      | Share     |
| Term (years)                       | 11         | 10        | 11        | 11        | 10        | 10       | 10        |
| Exercise period (years)            | 8          | 7         | 8         | 8         | 7         | 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     |           |           |           |           |          |           |

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

\*Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary.

Table 9b. Holding of options by non-executive Directors at December 31, 2007

| Year of allocation                 | 2005       | 2004      | 2004      | 2003      | 2002      | 2000     | 2000      |
|------------------------------------|------------|-----------|-----------|-----------|-----------|----------|-----------|
| Underlying equity                  | Share      | ADS       | Share     | Share     | Share     | ADS      | Share     |
| Term (years)                       | 11         | 10        | 11        | 11        | 10        | 10       | 10        |
| Exercise period (years)            | 8          | 7         | 8         | 8         | 7         | 7        | 7         |
| Option: share/ADS ratio            | 1:1        | 1:1       | 1:1       | 1:1       | 1:1       | 1:1      | 1:1       |
| Exercise price                     | CHF 127.38 | USD 14.53 | CHF 89.30 | CHF 59.70 | CHF 98.00 | USD 8.68 | CHF 76.50 |
| Vesting status                     | Unvested   |           |           | Vested    |           |          |           |
| Options held at December 31, 2007: |            |           |           |           |           |          |           |
| 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      | –         | 2,135     | –         | –         | –        | –         |
| Felix A. Weber                     | 1,615      | –         | 2,050     | 2,121     | 3,425     | –        | –         |
| Jürg Witmer                        | –          | –         | –         | –         | –         | –        | –         |
| Totals by grant year               | 11,254     | 6,560     | 12,000    | 10,078    | 8,221     | 12,500   | 2,500     |
| Total vested options on shares     | 32,799     |           |           |           |           |          |           |
| Total unvested options on shares   | 11,254     |           |           |           |           |          |           |
| Total options on shares            | 44,053     |           |           |           |           |          |           |
| Total options on ADS (all vested)  | 19,060     |           |           |           |           |          |           |

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

## b) Members of the Executive Committee

At December 31, 2008, 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 2000 and 2005 are all vested. Options granted in 2006 and later will vest in 2009 and later years.

Table 10a. Holding of options by members of the Executive Committee at December 31, 2008

| Year of allocation(1)                         | 2008      | 2007      | 2006      | 2005      | 2005      | 2004      | 2003      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Underlying equity                             | Share     | Share     | Share     | ADS       | Share     | Share     | Share     |
| Term (years)                                  | 10        | 10        | 10        | 10        | 11        | 11        | 11        |
| Exercise period (years)                       | 7         | 7         | 7         | 7         | 8         | 8         | 8         |
| Option: share/ADS ratio                       | 1:1       | 1:1       | 1:1       | 1:1       | 1:1       | 1:1       | 1:1       |
| Exercise price                                | CHF301.50 | CHF226.70 | CHF185.00 | USD 21.30 | CHF127.38 | CHF 89.30 | CHF 59.70 |
| 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 have been exercised.

(2) Michael Mack holds options on shares and ADS.

(3) Alejandro Aruffo replaced David Lawrence on October 1, 2008.

(4) Christoph Mäder holds 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.



Table 10b. Holding of options by members of the Executive Committee at December 31, 2007

| Year of allocation(1)                         | 2007     | 2006   | 2005   | 2005   | 2004  | 2003  |
|---|----------|--------|--------|--------|-------|-------|
| Underlying equity                             | Share    | Share  | ADS    | Share  | Share | Share |
| Term (years)                                  | 10       | 10     | 10     | 11     | 11    | 11    |
| Exercise period (years)                       | 7        | 7      | 7      | 8      | 8     | 8     |
| Option: share/ADS ratio                       | 1:1      | 1:1    | 1:1    | 1:1    | 1:1   | 1:1   |
|   | CHF      | CHF    | USD    | CHF    | CHF   | CHF   |
| Exercise price                                | 226.70   | 185.00 | 21.30  | 127.38 | 89.30 | 59.70 |
| Vesting status                                | Unvested |        |        | Vested |       |       |
| Options held at December 31, 2007:            |          |        |        |        |       |       |
| Members of the Executive Committee            |          |        |        |        |       |       |
| Michael Pragnell                              | 19,962   | 23,219 | –      | 30,273 | –     | –     |
| John Atkin                                    | 6,930    | 8,625  | –      | 11,050 | –     | –     |
| Robert Berendes                               | 2,369    | 2,959  | –      | 4,138  | 4,048 | –     |
| David Lawrence                                | 3,213    | 4,214  | –      | 5,298  | 2,761 | 6,703 |
| Michael Mack                                  | 6,075    | 7,077  | 47,319 | –      | –     | –     |
| Christoph Mäder(2)                            | 3,993    | 4,915  | –      | 5,920  | –     | –     |
| Mark Peacock                                  | 2,023    | 2,212  | –      | 3,028  | –     | –     |
| John Ramsay                                   | 2,453    | 3,059  | –      | 3,986  | –     | –     |
| Totals by grant year                          | 47,018   | 56,280 | 47,319 | 63,693 | 6,809 | 6,703 |
| Total vested options on shares                | 13,512   |        |        |        |       |       |
| Total unvested options on shares              | 166,991  |        |        |        |       |       |
| Total options on shares (vested and unvested) | 180,503  |        |        |        |       |       |
| Total options on ADS (all unvested)           | 47,319   |        |        |        |       |       |

(1) All options granted in 2002 and earlier years under the Company option plan have been exercised.

(2) Christoph Mäder holds in addition 30 warrants (exercise price CHF 72.22) and 42 warrants (exercise price CHF 53.40) on Syngenta shares from the time of the merger.

#### Contractual provisions, loans, additional benefits

##### (i) 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.

##### (ii) 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.

(iii) 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.

(iv) Severance payments

During 2008, no severance payments were made to former Directors or members of the Executive Committee.

(v) Credits, loans

In 2008, 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, 2008, there are no such loans or credits outstanding.

(vi) Liabilities due to third parties

In 2008, 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, 2008, there are no such liabilities outstanding.

(vii) Waiver of claims

In 2008 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, 2008, no such items are outstanding.

(viii) Payments for additional work

In 2008, no compensation was paid to any active Director or member of the Executive Committee for other services provided, and as of December 31, 2008, no such payment is outstanding.

Corporate Governance

Syngenta's Corporate Governance is aligned with international standards and practice. The Company complies with the "Swiss Code of Best Practice for Corporate Governance" and meets the Corporate Governance rules of the New York Stock Exchange (NYSE), as applicable for foreign companies. Syngenta is in compliance with the applicable requirements of the US Sarbanes Oxley Act of 2002, including the certification of Syngenta's Annual Report on Form 20-F by the CEO and the CFO and the Auditor's Report on Internal Control over Financial Reporting.



## Employees of Syngenta

## Year 2008

Syngenta had approximately 24,100 permanent employees as of December 31, 2008. Approximately 21% of these were in NAFTA, 15% in Latin America, 17% in Asia Pacific and the remaining 47% in Europe, Africa and Middle East.

The functional distribution of our employees for the year ending December 31, 2008 was approximately as follows:

|                                     |     |
|-------------------------------------|-----|
| Production                          | 41% |
| Research and development            | 18% |
| Marketing and distribution          | 29% |
| Administration and general overhead | 12% |

In several countries, part of the workforce is unionized or represented by works councils. Syngenta's relationships with its unions and other employee organizations are generally good and there have been no significant industrial disputes over the past five years at any Syngenta business.

## Year 2007

Syngenta had approximately 21,200 permanent employees as of December 31, 2007. Approximately 21% of these were in NAFTA, 9% in Latin America, 17% in Asia Pacific and the remaining 53% in Europe, Africa and Middle East.

The functional distribution of Syngenta employees for the year ending December 31, 2007 was approximately as follows:

|                                     |     |
|-------------------------------------|-----|
| Production                          | 40% |
| Research and development            | 19% |
| Marketing and distribution          | 30% |
| Administration and general overhead | 11% |

## Year 2006

Syngenta had approximately 19,500 permanent employees as of December 31, 2006. Approximately 24% of these were in NAFTA, 8% in Latin America, 17% in Asia Pacific and the remaining 51% in Europe, Africa and Middle East.

The functional distribution of our employees for the year ending December 31, 2006 was approximately as follows:

|                                     |     |
|-------------------------------------|-----|
| Production                          | 36% |
| Research and development            | 20% |
| Marketing and distribution          | 32% |
| Administration and general overhead | 12% |

## Management shareholders

The aggregate amount of Syngenta shares held by current Directors and the members of the Executive Committee as of December 31, 2008, based on information available to the Company is 0.1% of all outstanding shares. None of Syngenta's Directors or the Executive Committee members individually owns more than 1% of the Company's outstanding shares.

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## ITEM 7 — MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### Major Shareholders

The Capital Group Companies, Inc. disclosed on February 28, 2008, that its holding in the share capital of Syngenta AG exceeded on February 27, 2008 the notifiable threshold value of 3%. Capital Group Companies' holding amounts to 3,386,325 shares, corresponding to 3.36% of share capital, of Syngenta AG. Syngenta published this disclosure in the Swiss Commercial Gazette, in accordance with the Swiss Stock Exchange Act.

Janus Capital Management LLC reported on July 1, 2008, that its holding in the share capital of Syngenta AG declined to below the notifiable threshold value of 5% required by the US Securities and Exchange Commission to 4.81% on April 10, 2008. On October 10, 2008, Janus Capital Management LLC reported that its shareholding declined further to below the threshold value of 3% required by the SIX Swiss Stock Exchange to 2.64% of Syngenta's share capital on October 9, 2008. Syngenta published both disclosures upon their receipt as required by the Swiss Stock Exchange Act.

The Growth Fund of America, Inc. reported on January 6, 2009, that its holding in the share capital of Syngenta AG exceeded on January 5, 2009 the notifiable threshold value of 3%. The holding of The Growth Fund of America amounts to 4,783,112 shares, corresponding to 4.94% of Syngenta's share capital. Syngenta published this disclosure as required by the Swiss Stock Exchange Act.

The above major shareholders have the same voting rights as Syngenta's other shareholders provided they are in compliance with the regulations of the Articles of Incorporation (article 5) and the related special provisions concerning nominee registrations.

As of January 31, 2009, Syngenta AG held 3,921,916 treasury shares corresponding to 4.05% of the share capital. In accordance with Article 659a of the Swiss Code of Obligations, the Company, however, cannot exercise the voting rights relating to these shares.

To its knowledge, the Company as of February 18, 2009 is not owned or controlled, directly or indirectly, by another corporation, by any government or by any other natural or legal person, severally or jointly. As of January 31, 2009, 39,041,505 ADSs of Syngenta AG, corresponding to 8.06% of share capital, and 4,776,049 Ordinary Shares of Syngenta AG, corresponding to 4.92% of share capital, were held by 2,267 registered holders domiciled in the United States.

### Related Party Transactions

There were no related party transactions other than those described in Notes 14 and 24 to the consolidated financial statements in Item 18.

## ITEM 8 — FINANCIAL INFORMATION

### Consolidated Financial Statements

See Item 18 “Financial Statements” for Syngenta’s consolidated financial statements.

### Legal Proceedings

**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 Public Water Districts, Water Service Districts and Water Authorities 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 degradant chemicals are harmful to humans as consumed through dietary water, and that run-off from the soil where Atrazine has been applied has damaged the 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 has filed a Motion to Dismiss which was argued on October 25, 2005, and on July 7, 2008 was denied by the court. A case management conference has yet to be scheduled. On September 30, 2008, a related lawsuit (Syngenta Crop Protection, Inc. v INA, et al.) was filed by Syngenta 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 the legacy policies and that the insurers are obligated to indemnify and defend Syngenta.

**Agroatar** Agroatar S.A. on May 24, 2000 sued Zeneca S.A.I.C. (now Syngenta Agro S.A.) in Buenos Aires, Argentina for alleged wrongful termination of an agrochemicals supply contract. The plaintiff seeks damages for goodwill and loss of profits of US\$43 million plus costs and interest. Agroatar has secured debt of between US\$15 million and US\$22 million and unsecured debt of US\$6 million outstanding to Syngenta but claims to be owed US\$7 million by Syngenta under the terminated contract. On December 27, 1999, Agroatar S.A. filed a separate suit against Advanta Semillas S.A.I.C. which was amended on June 8, 2000 to include Zeneca S.A.I.C. (now Syngenta Agro S.A.) as a co-defendant. Agroatar alleges that Advanta Semillas S.A.I.C. breached its obligations under certain agreements which had originally been entered into with Zeneca S.A.I.C. (but which were subsequently assigned to Advanta Semillas S.A.I.C.) pursuant to which Agroatar had the rights to produce and sell sunflower, corn, and sorghum seed. Based on that alleged breach, Agroatar terminated the agreements. Agroatar claims damages of US\$58 million plus costs and interest. Syngenta believes it had cause to terminate the agrochemicals supply agreement and was wrongly joined to the lawsuit against Advanta Semillas and intends to defend vigorously both lawsuits. The two lawsuits were consolidated in June 2001. At the request of Agroatar, on June 5, 2008 the judge ordered the closing of the evidentiary stage and the filing of closing arguments by the parties in the agrochemicals lawsuit. The evidentiary stage in the seeds lawsuit is pending but close to completion. Both lawsuits were formally stayed until September 8, 2008 to facilitate settlement negotiations; an informal extension of this stay has been agreed between counsel instructed by the parties but will expire in February 2009. Judgment in the court of the first instance in relation to both lawsuits is currently expected at earliest in 2009.

During 2008, the following cases were settled that had been reported as contingencies in 2007: Greens Bayou/Port of Houston, Shah and Lundquist ‘880 and ‘863 Patent Cases, Lundquist ‘798 Patent Case, Missouri Roundup Ready Soybean Branding Case, Delaware Antitrust Case/Monsanto and Golden Harvest Seeds v. Monsanto.

## Tax litigation

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

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 (BRL 16 million; US\$7 million equivalent at December 31, 2008). In the aggregate, the maximum contingency in the event of an unfavorable outcome for Syngenta could amount to BRL 22 million plus interest, with the combined total including interest being approximately BRL 31 million at December 31, 2008 (US\$13 million equivalent at December 31, 2008).

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.

#### Dividends and Dividend Policy

The Board expects to recommend the distribution of future returns to shareholders, the actual level of which will depend on the financial performance of Syngenta and will also depend on the need to fund capital expenditure, working capital and other investments. Future returns will be in the form of a dividend. However, all distributions to shareholders proposed by the Board require the approval of the shareholders of the Company in a General Meeting of Shareholders. Holders of ADSs and CDIs receive their cash payments in relation to the number of Syngenta shares represented by the ADSs or CDIs. The payments to the holders of ADSs listed on the New York Stock Exchange are distributed through the Bank of New York Mellon, which converts the CHF amount into US dollars for distribution to such holders. The payments to holders of CDIs are distributed through CREST, which converts the CHF amount into GBP for distribution to such holders.

At the Annual General Meeting of Shareholders on April 22, 2008, it was decided to pay a Dividend of CHF 4.80 per share. At the 2009 Annual General Meeting of Shareholders to be held on April 21, 2009, the Board will propose a dividend payment of CHF 6.00 per share.

For information on Swiss law requirements regarding dividends, see Item 10 "Additional Information—Dividends". For information about deduction of withholding taxes, see Item 10 "Additional Information—Taxation—Switzerland".

#### Significant Changes

No significant change has occurred since the date of the annual financial statements included in this annual report.

## ITEM 9 — THE OFFER AND LISTING

## Markets

## Trading Markets and Price Ranges

Syngenta's shares are listed in Switzerland on the SIX Swiss Exchange. The principal trading market for Syngenta's shares is the SWX Europe, formerly virt-x, a virtual exchange created by, among others, the SIX Swiss Exchange. Syngenta's shares are also listed and traded on the New York Stock Exchange (in the form of ADSs).

The information presented in the tables below represent, for the periods indicated, the reported high and low closing sales prices quoted in their respective currency.

## Trading Prices on the SIX Swiss Exchange

|  | Price per Share in CHF |        |
|--|------------------------|--------|
|  | High                   | Low    |
| <b>Annual Highs and Lows</b>                             |                        |        |
| 2004   | 122.50                 | 79.72  |
| 2005   | 163.50                 | 115.48 |
| 2006   | 234.40                 | 146.93 |
| 2007   | 292.00                 | 212.04 |
| 2008   | 342.50                 | 162.90 |
| <b>Quarterly Highs and Lows</b>                          |                        |        |
| 2007   |                        |        |
| First Quarter  | 237.51                 | 212.04 |
| Second Quarter   | 244.34                 | 217.49 |
| Third Quarter  | 259.00                 | 212.90 |
| Fourth Quarter   | 292.00                 | 247.40 |
| 2008   |                        |        |
| First Quarter  | 315.00                 | 246.70 |
| Second Quarter   | 342.50                 | 283.00 |
| Third Quarter  | 327.50                 | 235.00 |
| Fourth Quarter   | 227.70                 | 162.90 |
| <b>Monthly Highs and Lows for most recent six months</b> |                        |        |
| 2008   |                        |        |
| August   | 300.25                 | 277.50 |
| September  | 294.00                 | 235.00 |
| October  | 227.70                 | 162.90 |
| November   | 223.90                 | 180.80 |
| December   | 215.10                 | 191.80 |
| 2009   |                        |        |
| January  | 237.50                 | 212.80 |





## Trading Prices on the New York Stock Exchange

|  | Price per ADS(1) in US\$ |       |
|--|--------------------------|-------|
|  | High                     | Low   |
| <b>Annual Highs and Lows</b>                             |                          |       |
| 2004   | 21.40                    | 13.16 |
| 2005   | 24.91                    | 19.28 |
| 2006   | 38.41                    | 24.06 |
| 2007   | 52.06                    | 34.68 |
| 2008   | 66.59                    | 27.60 |
| <b>Quarterly Highs and Lows</b>                          |                          |       |
| 2007   |                          |       |
| First Quarter  | 38.36                    | 34.68 |
| Second Quarter   | 40.82                    | 35.75 |
| Third Quarter  | 44.06                    | 35.13 |
| Fourth Quarter   | 52.06                    | 42.19 |
| 2008   |                          |       |
| First Quarter  | 58.88                    | 47.24 |
| Second Quarter   | 66.59                    | 56.82 |
| Third Quarter  | 63.99                    | 41.49 |
| Fourth Quarter   | 40.39                    | 27.60 |
| <b>Monthly Highs and Lows for most recent six months</b> |                          |       |
| 2008   |                          |       |
| August   | 57.27                    | 50.60 |
| September  | 51.46                    | 41.49 |
| October  | 40.39                    | 27.60 |
| November   | 37.87                    | 28.25 |
| December   | 39.84                    | 31.91 |
| 2009   |                          |       |
| January  | 42.48                    | 36.90 |

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(1) One ADS represents one-fifth of one common share of the Company.

## ITEM 10 — ADDITIONAL INFORMATION

### Articles of Incorporation

Set out below is a brief summary of certain provisions of the articles of incorporation of Syngenta and of the Swiss Code of Obligations (Schweizerisches Obligationenrecht) as it relates to the Syngenta shares. This description does not purport to be complete and is qualified in its entirety by reference to the Swiss Code of Obligations and the articles of incorporation of Syngenta. Copies of the Syngenta articles of incorporation are available at the offices of Syngenta AG, Schwarzwaldallee 215, 4058 Basel, Switzerland, and can be accessed on the Internet ([www.syngenta.com](http://www.syngenta.com)) in the section “Investor Relations”. An English translation is included as an exhibit to this annual report.

Syngenta AG is registered in the commercial register of the Canton of Basel-Stadt under number CH 170.3.023.349-3. The business purpose of Syngenta, according to section 2 of its articles of incorporation, is to hold interests in enterprises, particularly in the areas of agribusiness; under special circumstances, Syngenta may also directly operate such businesses. Syngenta may acquire, mortgage, liquidate or sell real estate and intellectual property rights in Switzerland or elsewhere.

### Capital Structure and Shares

The nominal share capital of Syngenta is CHF 9,691,485.70, divided into 96,914,857 registered shares with a nominal value of CHF 0.10 each. All of the Syngenta shares have been issued in registered form and are fully paid.

A shareholder may at any time request that Syngenta confirm the number of registered shares recorded in Syngenta’s share register. Shareholders are not entitled, however, to demand the printing and delivery of certificates representing shares.

### Voting Rights

Each Syngenta share carries one vote at the shareholders’ meetings of Syngenta. With respect to both domestic and foreign shareholders, voting rights may be exercised only after a shareholder has been registered in Syngenta’s share register (Aktienbuch) as a shareholder with voting rights. Registration as a shareholder with voting rights is subject to certain declarations on the ownership of Syngenta shares.

### Shareholders’ Meetings

Under Swiss law, an annual shareholders’ meeting must be held within six months after the end of Syngenta’s financial year. Shareholders’ meetings may be convened by the Board of Directors or, in exceptional circumstances, by the statutory auditors. The Board of Directors is further required to convene an extraordinary shareholders’ meeting if resolved by an annual shareholders’ meeting or if requested by shareholders who are representing in the aggregate not less than 10% of the share capital of Syngenta. Shareholders holding Syngenta shares with a nominal value of at least CHF 10,000 (i.e. 100,000 shares) have the right to request that a specific proposal be put on the agenda and voted upon at the next shareholders’ meeting. A shareholders’ meeting is convened by way of notice appearing once in an official publication, as determined by Swiss law or otherwise designated by the Board at least 20 days prior to such meeting. Registered shareholders may also be informed by mail.

At the shareholders’ meeting, shareholders pass resolutions and make elections, if not otherwise required by law, by a simple majority of the votes represented (i.e., abstentions from voting shares represented at the meeting having the effect of votes against the proposal). Under Swiss law and as per Syngenta’s articles of incorporation a resolution passed at a shareholders’ meeting with a supermajority of 66<sup>2</sup>/<sub>3</sub>% of the votes represented and the absolute majority of the nominal value of the Syngenta shares represented is required for:

- changes in Syngenta's business purpose;
- the creation of shares with privileged voting rights;
- restrictions on the transferability of registered shares and the removal of such restrictions;
- an authorized or conditional increase in Syngenta's share capital;
- an increase in Syngenta's share capital by way of capitalization of reserves (Kapitalerhöhung aus Eigenkapital), against contributions in kind (Sacheinlage) or for the purpose of the acquisition of assets (Sachübernahme), or the granting of special privileges;
- the restriction or withdrawal of pre-emptive rights of shareholders;
- a relocation of the registered office; and
- the dissolution of Syngenta other than by liquidation (for example, by way of a merger).

In addition, any provision in the articles of incorporation providing for a stricter voting requirement than the voting requirements prescribed by law or the existing articles of incorporation must be adopted in accordance with such stricter voting requirements. The articles of incorporation of Syngenta do not contain provisions setting forth stricter voting requirements for shareholders' meetings than the voting requirements prescribed by law and described above.

At the shareholders' meeting, shareholders also have the non-transferable power, by a simple majority of the votes represented at the shareholders' meeting, to ratify any amendments to the articles of incorporation (other than those referred to in the preceding two paragraphs), to elect the Directors and the external auditors, to approve the annual report and the financial statements, to set the annual dividend, to grant the Directors and management discharge from liability for matters disclosed at the shareholders' meeting, and to order an independent investigation into specific matters proposed at the shareholders' meeting (Sonderprüfung).

At Syngenta's shareholders' meetings, shareholders may only be represented by a legal representative, by another shareholder entitled to vote based on a written proxy, proxies designated in agreements with or regulations relating to nominees, by an appointed representative of the corporate body of Syngenta (Organvertreter), the independent proxy (unabhängiger Stimmrechtsvertreter) or an assignee of proxy votes for deposited shares (Depotvertreter). Votes are taken on a show of hands or by electronic voting unless the shareholders' resolve to have a ballot or the chairman of the meeting orders such ballot.

#### Pre-Emptive Rights

Under Swiss law, any share issue, whether for cash, non-cash consideration or no consideration, is subject to prior approval at the shareholders' meeting. As a rule, Syngenta shareholders have pre-emptive rights for all new issues of securities. However, these pre-emptive rights may be varied or excluded by a resolution of a shareholders' meeting on valid grounds. The resolution must be taken by a majority of two-thirds of the votes represented at the meeting and the absolute majority of the par value of the shares represented (unless provided otherwise in the articles of incorporation). Valid grounds include, for instance, the acquisition of all or part of the assets and liabilities or the acquisition of the shares of another company as well as the creation of employee participation plans. The shareholders may not be treated unequally in connection with any exclusion of pre-emptive rights. Moreover, it must be in the interest of the Company to exclude such pre-emptive rights in any given case. In the event of a conditional or authorized share capital increase, the shareholders' meeting may delegate the decision as to whether pre-emptive rights should be excluded to the Board of Directors provided the fundamental principles upon which the decision has to be made are determined pursuant the shareholders' meeting.

#### Borrowing Power

Neither Swiss law nor the articles of incorporation of Syngenta restrict in any way Syngenta's power to borrow and to raise funds. The decision to borrow funds is passed by or under the direction of Syngenta's Board of Directors, with no shareholders' resolution required.

## Duration and Liquidation

The articles of incorporation do not limit Syngenta's duration. Syngenta may be dissolved at any time by a shareholders' resolution which must be passed by (1) an absolute majority of the Syngenta shares represented at the meeting in the event Syngenta is dissolved by way of liquidation, and (2) a super-majority of 66 $\frac{2}{3}$ % of the votes represented and the absolute majority of the nominal value of the Syngenta shares represented at the meeting in other events (for example in a merger where Syngenta is not the surviving entity).

Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up nominal value of Syngenta shares held by them.

## Directors

According to article 24 of the articles of incorporation, the Board of Directors can pass resolutions with respect to all matters which are not reserved to the authority of the shareholders' at the shareholders' meeting by law or by the articles of incorporation. Exercise of this power does not require shareholder approval. Neither Swiss law nor the articles restrict in any way the Company's power to borrow or otherwise raise funds.

The terms of office for each member of the Board of Directors shall not exceed three years (a year within the meaning of this provision is the interval between two annual shareholders' meetings). The term of office shall be determined for each member at the occasion of his or her election. The several terms of office shall be coordinated so that in each year approximately one-third of all members of the Board of Directors shall be subject to re-election or election.

Article 21 of Syngenta's articles of incorporation confers general authority upon the Board of Directors to determine the remuneration of its members. However, pursuant to article 5 of the regulations governing the internal organization of Syngenta, Directors are obliged to leave the meeting room when business is dealt with that impinges on such Directors' own interests or those of a person or legal entity close to such Directors. In addition, Swiss law requires Directors and members of senior management to safeguard the interests of the Company and imposes a duty of care and a duty of loyalty on such persons. These duties are generally interpreted to mean that Directors and members of senior management may not participate in decisions that personally affect them. Directors and officers are personally liable to the Company for breach of these duties.

Syngenta's articles of incorporation contain no specific provisions permitting or prohibiting Directors from borrowing from the Company. However, Swiss law provides that a Director, or any other persons associated with a Director, must refund to the Company any payments made to such Director or persons by the Company, other than payments made at arm's length. The United States Sarbanes-Oxley Act, enacted in July 2002, makes it unlawful for the Company directly or indirectly to extend or maintain credit, to arrange for an extension of credit or to renew a credit, in the form of a personal loan, to or for its executive officers or Directors.

The Directors shall automatically retire after the lapse of the twelfth year of office or, if earlier, after the expiry of the seventieth year of age, provided that the retirement shall become effective on the date of the next annual shareholders' meeting following such event.

## Notices

Under Swiss law, notices to shareholders are validly made by publication in the Swiss Official Commercial Gazette. The Board may designate additional means of communication for publishing notices to shareholders.

## Dividends

Swiss law requires that at least 5% of the annual net profits of the Company be retained by the Company as general reserves for so long as these reserves amount to less than 20% of the Company's nominal share capital. Under Swiss law, dividends are paid out only if approved by the shareholders. In addition, the articles of incorporation provide that the allocation of profit shown on the Company's balance sheet is determined by shareholders at the shareholders' meeting. The Board may propose that a dividend be paid out, but cannot itself set the dividend. In practice, the dividend proposal of the Board is usually approved at the shareholders' meeting. Dividends are usually due and payable immediately after the shareholders' resolution relating to the allocation of profits has been passed. The Company only has one class of shares with a nominal value of CHF 0.10 each. Therefore, all shareholders are entitled to equal dividends. Holders of CDIs and ADSs will receive dividends in proportion to the number of Syngenta shares represented by the CDIs or ADSs. According to section 4 of the articles of incorporation, dividends which have not been claimed within five years after the due date revert to the Company and are allocated to the general reserves.

#### Liquidation

According to Swiss Law, each shareholder is entitled to receive the part of the assets of a company remaining after its liquidation which is proportional to its paid-in shareholding.

### Redemption Provision

Swiss law limits the number of shares which the Company may hold or repurchase. The Company and its subsidiaries may repurchase shares only if (i) the Company has sufficient free reserves to pay the purchase price and (ii) the aggregate nominal value of such shares does not exceed 10% of the nominal share capital of the Company. Shares held by the Company and its subsidiaries do not have any voting rights. Furthermore, the Company must create a reserve on its balance sheet in the amount of the purchase price of the acquired shares. Long-term share buy-backs by the Company may be subject to certain adverse tax consequences in Switzerland.

### Mandatory Bid Rule

According to Swiss law, shareholders may pass a resolution to merge with another corporation at any time. In accordance with Swiss law, article 17 of Syngenta's articles of incorporation confers authority upon the shareholders to pass resolutions concerning all matters which by law or the articles of incorporation are reserved to the authority of the shareholders at the General Meeting. However, article 18 of the articles of incorporation requires the approval of at least two thirds of the votes represented at the General Meeting in order for the shareholders to effect the dissolution of the Company without liquidation.

Under the Swiss Stock Exchange Act, shareholders and groups of shareholders acting in concert who acquire more than 33 1/3% of the voting rights of a company incorporated in Switzerland of which at least one class of equity securities is listed on the Swiss Exchange must submit a takeover bid to all remaining shareholders. A mandatory takeover bid must be made under certain rules (including rules with respect to price and procedures) set forth in the Swiss Stock Exchange Act.

### Significant Differences

Please see the references to Swiss law throughout this Item 10 "Additional Information", which highlight certain significant differences between Swiss law and United States law.

### Material Contracts

The following is a summary of Syngenta's material contracts. Because it is a summary, it may not contain all of the information about such contracts that is important to you. The summaries are qualified in their entirety by reference to the contracts, copies of which have been filed with the SEC.

### Debt Instruments

Please refer to Notes 16 and 18 to the consolidated financial statements in Item 18 for a description of material contracts pertaining to Syngenta's current financial debt.

### The Separation Agreements

Novartis, AstraZeneca, Syngenta and various of their affiliates entered into a series of separation agreements, each of which became effective at the completion of the Transactions, the purpose and effect of which was:

- to achieve the separation of the historic, current and possible future liabilities of Novartis agribusiness and Zeneca agrochemicals business from the historic, current and possible future liabilities of the remaining activities of Novartis and AstraZeneca;
-

to properly allocate amongst the parties liabilities that may arise under relevant securities laws as a result of any misstatements or omissions contained in the various annual report documentation to be distributed to AstraZeneca and Novartis shareholders or as a result of the Transactions themselves;

- to provide for the provision of various services between Novartis, AstraZeneca and Syngenta on a transitional, and in certain instances a longer-term, basis; and
- to ensure all affected parties have access to necessary relevant information in the future and that, where relevant, such information is subject to appropriate confidentiality provisions.

The material separation agreements are outlined below:

#### Indemnity Matters Agreements

The Indemnity Matters Agreements between Novartis and Syngenta and AstraZeneca and Syngenta specify the losses that each party has reciprocally covenanted to pay arising from any damages that may arise relating to both existing and former operations and divested divisions of the respective businesses. The parties are not obligated to reimburse each other for amounts which are covered under an insurance policy or otherwise from a third party. Generally, under these agreements, AstraZeneca and Novartis respectively indemnify Syngenta for losses in connection with: (1) AstraZeneca's businesses, other than AstraZeneca's agrochemical business and in connection with AstraZeneca's reorganization; and (2) Novartis's businesses, other than Novartis's agribusiness, and in connection with Novartis's reorganization.



Syngenta indemnifies AstraZeneca and Novartis, respectively, for losses in connection with Syngenta's agribusinesses.

#### Environmental Matters Agreements

The Environmental Matters Agreements between Novartis and Syngenta and AstraZeneca and Syngenta specify the obligations of each party to indemnify each other in respect of liabilities relating to environmental and health and safety matters (other than product liability claims) against respective group companies and affiliates which arise through the historic, current and future operations of Syngenta. The purpose of the Environmental Matters Agreements is to address, in general terms, the rights and obligations of Novartis, AstraZeneca and Syngenta for environmental claims that have been or will be incurred and to identify special arrangements for environmental matters related to specific affiliates of each party. The parties are not obligated to reimburse each other for amounts which are covered under an insurance policy or otherwise from a third party.

Under the Environmental Matters Agreements, Syngenta and its subsidiaries indemnify AstraZeneca and Novartis for matters arising from Syngenta's sites and agribusinesses, with exceptions for certain sites and circumstances. AstraZeneca and Novartis are allocated liability and indemnify Syngenta for such matters arising from their respective sites and businesses, including AstraZeneca's businesses (not including AstraZeneca's agrochemical business) and sites and Novartis's businesses (not including the Novartis agribusiness) and sites, with exceptions for certain specific sites and circumstances.

#### Tax Deed

The Tax Deed between Novartis and Syngenta allocates between Novartis and Syngenta their responsibilities for certain tax matters. Novartis retained all tax liabilities arising out of or connected to the remaining Novartis businesses (excluding Novartis agribusiness) and the reorganization of the Novartis group for the purpose of separating Novartis agribusiness, except for certain events as described in the Tax Deed. Syngenta has assumed and will be responsible for all tax liabilities arising out of or connected to the Novartis agribusiness or a Syngenta-related event as described in the Tax Deed. The Deed also provides for the management of tax affairs and dispute resolution.

The Tax Deed between AstraZeneca and Syngenta allocates AstraZeneca's and Syngenta's responsibilities for certain tax matters. AstraZeneca retained all tax liabilities arising out of or connected to the remaining AstraZeneca businesses (excluding Zeneca agrochemicals) and the reorganization of the AstraZeneca group for the purpose of separating Zeneca agrochemicals, except for certain events as described in the Tax Deed. Syngenta has assumed and will be responsible for all tax liabilities arising out of or connected to Zeneca agrochemicals business or a Syngenta-related event as described in the Tax Deed. The Deed also provides for the management of tax affairs and dispute resolution.

#### Intellectual Property Agreements

Under the Intellectual Property Agreements, Syngenta acquired title to all relevant intellectual property that is exclusive to or predominantly relates to its business. Syngenta will license or will be granted licenses for relevant intellectual property pertaining to the business of Syngenta that it shares with Novartis or AstraZeneca.

Licenses (other than the license of the Zeneca or Novartis house mark and domain names) are worldwide, exclusive in the field, royalty-free and perpetual. The licenses of the Novartis house mark and domain names are exclusive in the agribusiness field, royalty-free and expired three years after the date of the completion of the Transactions.

#### Exchange Controls

There are currently no Swiss laws, decrees or regulations restricting the import or export of capital or affecting the payment of dividends or other payments to holders of Syngenta shares or ADSs who are non-Swiss residents. There are no limitations relating only to non-Swiss persons under Swiss law or the Articles of Association of Syngenta on the right to be a holder of Syngenta shares or ADSs.

#### Taxation

This taxation summary addresses the material Swiss and United States tax consequences to shareholders in connection with the acquisition and disposition of Syngenta shares or ADSs. This summary does not discuss every aspect of taxation that may be relevant to a particular taxpayer under special circumstances or who is subject to special treatment under applicable law and is not intended to be applicable in all respects to all categories of investors. This summary also assumes that Syngenta's business will be conducted in the manner outlined in this annual report. Changes in Syngenta's organizational structure or the manner in which it conducts its business may invalidate this summary. The laws upon which this summary is based are subject to change, perhaps with retroactive effect. A change to these laws may invalidate the contents of this summary, which will not be updated to reflect changes in laws. Prospective investors should consult their tax advisors regarding the particular personal tax consequences of their acquiring, owning and disposing of shares or ADSs.

## Switzerland

The following is a summary of certain material tax considerations relevant to the acquisition and disposition of the Syngenta shares under Swiss tax laws. The following summary does not purport to address all tax consequences of the ownership of Syngenta shares, and does not take into account the specific circumstances of any particular investor. This summary is based on the tax laws of Switzerland as in effect on the date hereof, which are subject to change (or changes in interpretation), possibly with retroactive effect. For purposes of the laws of Switzerland and the United States-Switzerland tax treaty, ADS holders will be treated as holders of the underlying Syngenta shares. The following summary does not address the tax consequences to holders that hold 20% or more of Syngenta's shares.

## Withholding Tax on Dividends and Similar Distributions

Dividends paid and other cash or in kind taxable distributions made by Syngenta to a holder of Syngenta shares (including dividends on liquidation proceeds and stock dividends) are subject to a Swiss withholding tax at a rate of 35%. The withholding tax will be withheld by Syngenta on the gross distributions and will be paid to the Swiss Federal Tax Administration. A reduction of the shares' nominal value by means of a capital reduction does not represent a dividend or similar distribution for purposes of Swiss withholding tax.

Swiss resident recipients. Swiss resident individuals or legal entities are generally entitled to a full refund or tax credit for the 35% withholding tax if they are the beneficial owners of such distributions at the time the distribution is due and duly report the receipt thereof in the relevant income tax return. The 35% withholding tax on intercompany dividends paid from Syngenta to a Swiss "parent company" may be only reported (instead of the withholding and refund procedure).

Non-resident recipients. The recipient of a taxable distribution from Syngenta who is an individual or a legal entity not resident in Switzerland for tax purposes may be entitled to a partial or even a full refund of the withholding tax if either the country in which such recipient resides for tax purposes has entered into a bilateral treaty for the avoidance of double taxation with Switzerland or the bilateral treaty between Switzerland and the European Community regarding measures equivalent to the parent subsidiary directive is applicable and the further conditions of the respective treaty are met. Holders of Syngenta shares not resident in Switzerland should be aware that the procedures for claiming treaty benefits (and the time frame required for obtaining a refund) may differ from country to country. Holders of Syngenta shares not resident in Switzerland should consult their own legal, financial or tax advisors regarding the procedures for claiming a refund of the withholding tax.

As of January 1, 2009, Switzerland had entered into bilateral treaties for the avoidance of double taxation with respect to income taxes with the following countries:

|                |             |             |                       |
|----------------|-------------|-------------|-----------------------|
| Albania        | France      | Latvia      | Serbia and Montenegro |
| Argentina      | Germany     | Lithuania   | Singapore             |
| Armenia        | Greece      | Luxembourg  | Slovakia              |
| Australia      | Hungary     | Macedonia   | Slovenia              |
| Austria        | Iceland     | Malaysia    | South Africa          |
| Azerbaijan     | India       | Mexico      | Spain                 |
| Belgium        | Indonesia   | Moldova     | Sri Lanka             |
| Belarus        | Iran        | Mongolia    | Sweden                |
| Bulgaria       | Ireland     | Morocco     | Thailand              |
| Canada         | Israel      | Netherlands | Trinidad and Tobago   |
| China          | Italy       | New Zealand | Tunisia               |
| Croatia        | Ivory Coast | Norway      | Ukraine               |
| Czech Republic | Jamaica     | Pakistan    | United Kingdom        |

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|         |                   |             |               |
|---------|-------------------|-------------|---------------|
| Denmark | Japan             | Philippines | United States |
| Ecuador | Kazakhstan        | Poland      | Uzbekistan    |
| Egypt   | Kyrgyzstan        | Portugal    | Vietnam       |
| Estonia | Kuwait            | Romania     | Venezuela     |
| Finland | Republic of Korea | Russia      |               |

Double tax treaties with Algeria, Bangladesh, Chile, Columbia, Ghana, Malta and Turkey have been concluded; however, these treaties are not yet ratified.

Residents of the United States. A non-resident holder who is a resident of the United States for purposes of the United States-Switzerland tax treaty, the "Treaty", is eligible for a reduced rate of tax on dividends equal to 15% of the dividend, provided that such holder (i) qualifies for benefits under the Treaty, (ii) holds, directly and indirectly, less than 10% of Syngenta voting stock and (iii) does not conduct business through a permanent establishment or fixed base in Switzerland to which the shares or ADSs are attributable. Such an eligible holder must apply for a refund of the amount of the withholding tax in excess of the 15% Treaty rate. The claim for refund must be filed on Swiss Tax Form 82 (82C for corporations; 82I for individuals; 82E for other entities), which may be obtained from any Swiss Consulate General in the United States or from the Federal Tax Administration of Switzerland at the address below, together with an instruction form. The original form and three copies of the form must be duly completed, signed before a notary public of the United States, and sent to the Federal Tax Administration of Switzerland, Eigerstrasse 65, CH-3003 Berne, Switzerland.

The form must be accompanied by suitable evidence of deduction of Swiss tax withheld at source, such as certificates of deduction, signed bank vouchers or credit slips. The form should be filed no later than December 31 of the third year following the calendar year in which the dividend became payable.

#### Income and Profit Tax on Dividends and Similar Distributions

**Individuals** An individual who is a Swiss resident for tax purposes, or is a non-Swiss resident holding Syngenta shares as part of a Swiss business operation or Swiss permanent establishment, is required to report the receipt of taxable distributions received on the Syngenta shares in his relevant Swiss tax returns. A reduction of the shares' nominal value by means of a capital reduction does not represent a taxable distribution received on the Syngenta shares to be reported in his relevant tax return.

**Legal entities** Legal entities resident in Switzerland or non-Swiss resident legal entities holding Syngenta shares as part of a Swiss establishment are required to include taxable distributions received on the Syngenta shares in their income subject to Swiss corporate income taxes. Payments received under a share capital reduction of Syngenta also qualify as taxable distributions received on the Syngenta shares, as far as the capital reduction is not considered as a (partial) disinvestment (reduction of the book value) in the statutory annual accounts of the legal entity holding Syngenta shares. A Swiss corporation or co-operative or a non-Swiss corporation or co-operative holding Syngenta shares as part of a Swiss permanent establishment may, under certain circumstances, benefit from a tax reduction with respect to dividends and income on capital repayments (dividends received deduction / Beteiligungsabzug).

**Non-resident recipients** Recipients of dividends and similar distributions on shares who are neither residents of Switzerland for tax purposes nor hold Syngenta shares as part of a Swiss business operation or a Swiss permanent establishment are not subject to Swiss income taxes in respect of such distributions.

#### Tax Treatment of Capital Gains Realized on Syngenta Shares

**Individuals** Swiss resident individuals who hold Syngenta shares as part of their private property generally are exempt from Swiss federal, cantonal and communal taxes with respect to capital gains realized upon the sale or other disposal of Syngenta shares, unless such individuals are qualified as security trading professionals for income tax purposes. Gains realized upon a repurchase of Syngenta shares by Syngenta for the purpose of the capital reduction are recharacterized as taxable distributions. The same is true for gains realized upon a repurchase of Syngenta shares if Syngenta were not to dispose of the repurchased shares within six years after the repurchase. In principle, the taxable income would be the difference between the repurchase price and the nominal value of the shares.

**Individuals** who are Swiss residents for tax purposes and who hold the Syngenta shares as business assets, or are non-Swiss residents holding Syngenta shares as part of a Swiss business operation or Swiss permanent establishment, are required to include capital gains realized upon the disposal of Syngenta shares in their income subject to Swiss income tax.

**Legal entities** Legal entities resident in Switzerland or non-Swiss resident legal entities holding Syngenta shares as part of a Swiss permanent establishment are required to include capital gains realized upon the disposal of Syngenta shares in their income subject to Swiss corporate income tax. Under certain circumstances including a minimum holding of 20% and a holding period of at least 1 year of the Syngenta shares, they benefit from relief from taxation with respect to gains realized upon the disposal of shares (qualified participation) (Beteiligungsabzug).

Non-resident Individuals and legal entities which are not resident in Switzerland for tax purposes and do not  
individuals and legal hold Syngenta shares as part of a Swiss business operation or a Swiss permanent establishment  
entities are not subject to Swiss income taxes on gains realized upon the disposal of the shares.

#### Net Worth and Capital Taxes

Individuals Individuals who are Swiss residents for tax purposes, or are non-Swiss residents holding Syngenta shares  
as part of a Swiss business operation or Swiss permanent establishment are required to include their  
Syngenta shares in their wealth which is subject to cantonal and communal net worth tax.

Legal entities resident in Switzerland or non-Swiss resident legal entities holding Syngenta shares as part of a Swiss permanent establishment are required to include their Syngenta shares in their assets which are subject to cantonal and communal capital tax.

Non-resident individuals and legal entities which are not resident in Switzerland for tax purposes and do not hold Syngenta shares as part of a Swiss business operation or a Swiss permanent establishment are not subject to Swiss cantonal and communal net worth and capital taxes.

#### Gift and Inheritance Tax

Transfers of Syngenta shares may be subject to cantonal and/or communal inheritance or gift taxes if the deceased or the donor or the recipient were resident in a Canton levying such taxes and, in international circumstances where residency requirements are satisfied, if the applicable tax treaty were to allocate the right to tax to Switzerland.

#### Stamp Tax upon Transfer of Securities (Umsatzabgabe)

The transfer of the Syngenta shares, whether by a Swiss resident or non-resident holder, may be subject to a Swiss securities transfer tax in the amount of half of 0.15% of the sales proceeds for the seller if the sale occurs through or with a Swiss bank or other professional securities dealer as defined in the Swiss Federal Stamp Tax Act.

#### United States

The following discussion is a summary of the material United States federal income tax considerations relevant to the ownership by United States Holders described below of Syngenta shares or Syngenta ADSs, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor's decision to acquire such securities. For purposes of this discussion, "United States Holders" are beneficial owners of Syngenta shares or Syngenta ADSs that, for United States federal income tax purposes are (i) United States citizens or residents, (ii) corporations, or other entities taxable as corporations, created or organized in or under the laws of the United States or any political subdivision thereof, or (iii) estates or trusts the income of which is subject to United States federal income taxation regardless of its source. In general, if you are the beneficial owner of Syngenta ADSs, you will be treated, for United States federal income tax purposes, as the beneficial owner of the Syngenta shares represented by those ADSs. Accordingly, no gain or loss will be recognized if you exchange Syngenta ADSs for the Syngenta shares.

The United States Treasury has expressed concerns that parties to whom American depositary shares, are pre-released may be taking actions that are inconsistent with the claiming of foreign tax credits by United States holders. Such actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of Swiss withholding taxes and the availability of the reduced tax rate for dividends received by certain non-corporate holders, each described below, could be affected by actions taken by parties to whom the ADSs are pre-released.

This summary does not address all of the United States federal income tax considerations that may be relevant to the particular circumstances of a United States Holder of Syngenta shares or Syngenta ADSs, and does not discuss any aspect of state, local or non-United States tax law. Moreover, this summary deals only with United States Holders that will hold Syngenta shares or Syngenta ADSs as capital assets for United States federal tax purposes (generally, property held for investment), and it does not describe all of the U.S. federal income tax considerations that may be relevant to United States Holders that are subject to special tax rules, such as certain financial institutions, insurance companies, dealers and traders in securities and foreign currencies, tax-exempt organizations, investors liable for alternative minimum tax, persons that hold Syngenta shares or Syngenta ADSs as part of a hedge or any similar transaction, partnerships or other entities classified as partnerships for US federal income tax purposes, persons

owning, directly, indirectly or constructively, 10% or more of the voting stock of Syngenta and persons whose “functional currency” is not the US dollar. This summary is based on the United States Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as of the date hereof, and all of which are subject to change, possibly with retroactive effect. It is also based in part on representations by the Depositary and assumes that each obligation under the Deposit Agreement and any related agreements will be performed in accordance with their terms. Syngenta believes that it was not a Passive Foreign Investment Company (a “PFIC”) for United States federal income tax purposes for 2008. The following discussion assumes that Syngenta is not, and will not become, a PFIC. However, since PFIC status depends on the composition of a company’s income and assets and the market value of its assets from time to time, there can be no assurance that Syngenta will not be considered a PFIC in any taxable year. Shareholders should consult their own tax advisors as to the tax considerations relevant to the ownership of Syngenta shares or ADSs in light of their particular circumstances, including the effect of any state, local or non-United States laws and including their eligibility for benefits under the Treaty.



## Distributions

A distribution received by a United States Holder in respect of Syngenta shares or Syngenta ADSs other than certain pro rata distributions of common shares, generally will be considered a taxable dividend to the extent paid out of Syngenta's current or accumulated earnings and profits (as determined for United States federal income tax purposes). Because Syngenta does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions will generally be reported to United States Holders as dividends.

United States Holders must include the gross amount of any taxable dividend (including any amount withheld in respect of Swiss income taxes) in gross income. The dividend will be subject to United States federal income tax as ordinary foreign source dividend income. Subject to certain limitations, and the discussion above regarding concerns expressed by the US Treasury, dividends paid to certain non-corporate United States Holders in taxable years beginning before January 1, 2011 may be taxable at favorable rates, up to a maximum rate of 15%, provided that certain holding period and other requirements are met. The holders should consult their own tax advisors regarding the availability of the reduced rate of tax based upon on their particular situation. Dividends will not be eligible for the dividends-received deduction generally available to United States corporations under the Code. Such dividends will constitute foreign source dividend income for foreign tax credit purposes.

Taxable dividends paid in Swiss or other foreign currency will be included in a United States Holder's gross income in a US dollar amount calculated by reference to the exchange rate in effect on the date the dividend is received by the United States Holder, in the case of Syngenta shares, or by the depository, in the case of Syngenta ADSs, regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on the date of receipt, US holders should not be required to recognize foreign currency gain or loss in respect of the dividend income. United States Holders may have foreign currency gain or loss if any such Swiss or foreign currency is converted into US dollars after the date of receipt. United States Holders should consult their own tax advisors concerning the possibility of foreign currency gain or loss if any such Swiss or other foreign currency is not converted into US dollars on the date of receipt.

Subject to certain conditions and limitations under United States federal income tax law, and subject to the discussion above regarding concerns expressed by the US Treasury, a United States Holder will be eligible to claim a foreign tax credit for Swiss withholding taxes imposed at the rate provided by the Treaty on distributions by Syngenta in respect of its Syngenta shares or Syngenta ADSs. Swiss taxes withheld in excess of a rate provided in the Treaty will not be eligible for credit against a United States Holder's federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. In lieu of claiming a foreign tax credit, a United States Holder may choose to deduct such Swiss withholding taxes in computing its United States federal taxable income (but only if such holder does not elect to claim a foreign tax credit in respect to any foreign income taxes paid or incurred for the taxable year). The United States federal income tax rules relating to foreign tax credits are extremely complex. United States Holders should consult their own tax advisors concerning the availability of foreign tax credits based upon their particular situations.

## Dispositions

Upon a sale or other taxable disposition of Syngenta shares or Syngenta ADSs, a United States Holder will generally recognize gain or loss in an amount equal to the difference between the amount realized on the disposition and the United States Holder's tax basis in the Syngenta shares or Syngenta ADSs. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the United States Holder held the Syngenta shares or Syngenta ADSs for more than one year at the time of disposition. A long-term capital gain of a non-corporate US Holder is generally taxed at a maximum rate of 15 percent. The deduction of capital losses is subject to certain limitations under the Code. Any gain recognized by a United States Holder on a sale or other taxable disposition of Syngenta shares or Syngenta ADSs generally will be treated as derived from United States sources for United States foreign tax credit

purposes.

#### Backup Withholding and Information Reporting

Information reporting requirements may apply to a United States Holder with respect to distributions by Syngenta, or to the proceeds of a sale or redemption of Syngenta shares or Syngenta ADSs. Backup withholding may apply to these payments if the United States Holder fails to furnish its correct taxpayer identification number and certify that such holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules will be allowed as a credit against such holder's United States federal income tax liability, and may entitle the holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

#### Where You Can Find More Information

We are subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended. Accordingly, we will file reports and other information with the Commission. Such reports and other information may be inspected without charge, and copies thereof may be obtained at prescribed rates from, the public reference facilities of the Commission's principal office at 100 F Street, N.E., Washington, DC 20549, United States and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, United States and at 233 Broadway, New York, New York 10005, United States. The public may obtain information on the operation of the Commission's public reference facilities by calling the Commission in the United States at 1-800-SEC-0330.

In addition, this report and other information we file with the SEC are available on the website maintained by it at <http://www.sec.gov>. Copies of reports and other information concerning us are also available for inspection at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, United States.

## ITEM 11 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Overview

The global nature of Syngenta's business exposes it to a range of financial and operating risks. The financial risks predominantly arise from changes in foreign exchange rates, interest rates and commodity prices (i.e. market risk). In addition, Syngenta is also exposed to credit risk (both customer and supplier) and liquidity risk. A financial risk management framework is in place to mitigate, where appropriate, any negative impact this may have on the US dollar reported consolidated financial statements. Since formation, Syngenta has adopted the US dollar as its reporting currency and all risk management activities are managed with reference to the US dollar. The risk framework comprises a Treasury policy, approved by the Board of Directors, which is binding on all affiliates where Syngenta has management control.

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 the Treasury policy Syngenta actively monitors market risk minimising the possible impact on the consolidated financial statements through use of a variety of derivative and non derivative financial instruments. These instruments are used to economically hedge underlying risks arising from operational activity and from funding and investment positions. The main objective is to reduce fluctuations in reported earnings and cash flows and to provide economic protection against foreseeable cost increases. Syngenta does not enter into any speculative derivative trades unrelated to business activity.

The Group Treasury policy sets financial risk limits, which take into account the risk appetite for the Group and, as part of the risk management activity, Syngenta enters into derivative financial instruments to ensure that set limits are not breached.

Details of the Group's derivative positions as at December 31, 2008 are set out in Note 27 to the consolidated financial statements in Item 18.

The notional amounts and fair values of open derivative instruments by risks being hedged at December 31, 2008 are presented in section 27.10 of Note 27 to the consolidated financial statements in Item 18.

### Foreign Exchange Risks – Explanation and Risk Sensitivity Analysis

Syngenta uses the US dollars as its reporting currency and, because it operates in many different countries around the world, is exposed to foreign exchange movements in a wide range of currencies. To manage this exposure, Syngenta enters into various contracts, such as forward contracts and options, which represent agreements to exchange a defined amount in one currency for an amount in another currency at a defined exchange rate on a defined settlement date in the future. These contracts change in value as foreign exchange rates change, to preserve the value of assets, commitments and anticipated transactions.

To cover existing balance sheet exposures, and to hedge committed foreign currency transactions, Syngenta uses forward contracts. To hedge anticipated foreign currency cash flows Syngenta uses currency options and forward contracts.

The following table demonstrates the sales and operating cost foreign currency exposures. The primary net foreign currency exposures against the US dollar include the Swiss franc, the British pound and the Euro.



The split of sales and operating costs by currency for the years 2008, 2007 and 2006 was as follows:

| Currency               | Sales in % |      |      | Operating costs in % |      |      |
|------------------------|------------|------|------|----------------------|------|------|
|                        | 2008       | 2007 | 2006 | 2008                 | 2007 | 2006 |
| US dollar              | 36         | 38   | 36   | 36                   | 35   | 33   |
| Euro                   | 21         | 21   | 22   | 20                   | 18   | 19   |
| Swiss franc            | 1          | 1    | 1    | 14                   | 15   | 19   |
| British pound sterling | 3          | 3    | 2    | 7                    | 9    | 11   |
| Other                  | 39         | 37   | 39   | 23                   | 23   | 18   |
| Total                  | 100        | 100  | 100  | 100                  | 100  | 100  |

Sales in Brazil and Argentina are based in US dollars from an economic substance perspective. The portions of these countries' sales that are denominated in US dollars are included in the US dollar percentages in the table above while the portions denominated in local currencies are included in Other. Other also includes over 45 other currencies, none of which individually accounts for more than 10% of total sales or total operating costs.

#### Financial Risk Assessment

The residual risk exposure after hedging is assessed using a variety of "Value-at-Risk" (VaR) –based methods. The exact method selected depends on the underlying risk. All VaR approaches try to recognize that holding different assets/liabilities or future cash flow exposures may actually reduce portfolio risk through the de-correlation benefits of diversification. This benefit is captured within the calculation and thus aims to holistically present portfolio risk.

Syngenta uses four different approaches to measure exposure to market risk:

1. VaR Variance-Covariance method as introduced by the RiskMetrics Group
2. Earnings-at-Risk (EaR) Monte Carlo method – a variant of VaR
3. Earnings-at-Risk (EaR) Historical Simulation method
4. Modified Duration method

The particular method selected is dependent on the data distribution characteristics for the risk exposure being measured.

Syngenta categorizes the management of currencies into transaction risk – uncommitted, transaction risk – committed and translation risk.

#### Transaction Risk – Uncommitted

Syngenta collects information about anticipated cash flows for major currencies at Group level and hedges significant mismatches in currency flows for a 12-month benchmark horizon using options and forward contracts to reduce operating income volatility. The approach is designed to hedge the year on year earnings transaction risk for the main currencies. The transactional flows and derivative financial instruments required to operate the program are analyzed on an ongoing basis. The remaining currency exposures are closely monitored and additional protection can, with appropriate authorization, be purchased.

The Earnings-at-Risk calculation is performed for anticipated net transactional currency flows for the following year taking into account related currency hedges. At December 31, 2008, the total potential adverse movement for 2009 net transactional flows after hedges relative to year-end spot levels, at a 95% confidence level, was US\$122 million (December 31, 2007: US\$40 million).

From the Earnings-at-Risk perspective, 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. This exposure is monitored continuously by the risk management team and by senior finance management.

#### Transaction Risk – Committed

Committed foreign currency exposures are largely generated by the routing of products from central manufacturing sites to foreign affiliates. They are normally fully hedged and are in the majority of cases managed by the use of forward contracts. Only in cases approved by Group Treasury where hedging products are of limited availability or are too expensive, are committed foreign currency exposures not hedged. Net committed transactional currency exposures are determined by identification and monthly reporting by business units.

The Value-at-Risk calculation was performed for net committed transactional currency flows existing at December 31, 2008 taking into account related currency hedges. At December 31, 2008, the total 30-day Value-at-risk, after hedges, at a 95% confidence level was US\$38 million (December 31, 2007: US\$5 million).

The largest currency exposures arise in the Swiss franc and the British pound. These countries house large research and manufacturing sites.

### Translation Risk

Translation exposure arises from the consolidation of the foreign currency denominated financial statements of the Group's subsidiaries. This translation effect is visible as currency translation movement in the consolidated equity of Syngenta.

The translation exposure is, where appropriate, hedged by the use of non-US dollar denominated debt and, in exceptional circumstances, foreign exchange forward contracts. The latter focuses on risk reduction for monetary items.

Translation risk can be significant, however Syngenta believes over the longer-term mean reversion tendency of currencies reduces the risk to acceptable levels. The Syngenta equity base is also deemed to be of sufficient magnitude to absorb the short- to medium-term impact of exchange rate movements.

At December 31, 2008, the total 30-day Value-at-Risk, after hedges, at a 95% confidence level was US\$154 million (December 31, 2007: US\$79 million).

The majority of the translation risk is again driven by the large investments and operations in Switzerland and the UK. During 2008, part of the net investment in the UK subsidiaries was repaid to the parent entities through reduction of capital. This caused a substantial shift in VaR from the British pound to the Swiss franc compared to 2007.

### Interest Rate Risk

Syngenta is exposed to fluctuations in interest rates on its borrowings. While most of the long-term debt raised in the capital markets is kept at a fixed rate, a part of Syngenta's net borrowings, including the short-term commercial paper program and local borrowings, are subject to changes in short-term interest rates.

Syngenta monitors its interest rate exposures and analyzes the potential impact of interest rate movements on net interest expense. Syngenta's policies allow entering into derivative transactions to manage the Group's sensitivity to interest rate movements arising from its financial assets and liabilities.

### Other Price Risk

Commodity price fluctuations also affect parts of Syngenta's business. Syngenta has exposure to hard commodities (such as oil and natural gas) and to soft commodity prices (such as soybean and corn). Operating in the agribusiness sector also exposes Syngenta to crop prices in general and these affect reported operating results.

Syngenta uses both fixed price contracts and derivative hedging instruments to reduce the impact of year on year commodity price changes on profit. Over the Counter (OTC) and exchange traded instruments are used, including commodity option, forward and exchange traded futures contracts.

The hard commodity exposure is related to direct natural gas usage in the US and UK. The hedging program in place for this exposure reduces the net EaR at December 31, 2008 to US\$2 million (December 31, 2007: US\$7 million).

In addition, the group has an indirect exposure to oil that is not included in the table below. The associated operating income volatility is managed by an oil hedging program. At December 31, 2008, approximately 1.6 million barrels of hedge protection was in place for 2009, which reduces the overall EaR from oil exposure by US\$25 million (December 31 2007: US\$18 million).



The soft commodity EaR is driven by the high volatility compared to other asset classes. The hedging program in place for this exposure reduces the overall 12 month EaR at December 31, 2008 to US\$43 million (December 31, 2007: US\$29 million).

Risk Calculation Summary Table (Net Impact)

| (US\$ million)                             | Time Horizon<br>(Months) | December 31,<br>2008 | December 31,<br>2007 |
|--|--------------------------|----------------------|----------------------|
| Foreign Exchange Risks:                    |                          |                      |                      |
| Transaction Risk uncommitted –             | 12                       | 122                  | 40                   |
| Earnings-at-Risk                           |                          |                      |                      |
| Transaction Risk committed – Value-at-Risk | 1                        | 38                   | 5                    |
| Translation Risk – Value-at-Risk           | 1                        | 154                  | 79                   |
| Other Price Risks – Earnings-at-Risk       | 12                       | 45                   | 36                   |

For further disclosures regarding quantitative and qualitative market risk information, please see Note 27 to the consolidated financial statements in Item 18.

ITEM 12 — DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13 — DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14 — MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15 — CONTROLS AND PROCEDURES

- a. Syngenta's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as at December 31, 2008, have concluded that the Company's disclosure controls and procedures (i) were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) ensured that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.
- b. 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, 2008. 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, 2008, 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 annual report.

- c. See the report of Ernst & Young AG, an independent registered public accounting firm, included under Item 18 on page F-1.
- d. There have been no changes in Syngenta's internal controls over financial reporting that occurred during the period covered by this Form 20-F that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 16 — [RESERVED]

ITEM 16A — AUDIT COMMITTEE FINANCIAL EXPERT

Syngenta's Audit Committee consists of four non-executive directors: Peggy Bruzelius, Pierre Landolt, Peter Thompson and Rolf Watter. Syngenta's Board of Directors has carefully considered the definition of "audit committee financial expert" adopted by the United States Securities and Exchange Commission and has determined that, while each of the directors on the Audit Committee satisfy certain aspects of that definition, none of such directors, individually, qualifies as an audit committee financial expert. Syngenta's Board believes that the collective experience of such members enables them, as a group, to act as an effective Audit Committee and that the Audit Committee has functioned, and can continue to function, effectively without appointing an additional member that would qualify as an audit committee financial expert.

ITEM 16B — CODE OF ETHICS

Syngenta has adopted a Code of Ethics applicable to its Chairman, Chief Executive Officer, Chief Financial Officer, Group Financial Controller, Head of Group Accounting, Head of Internal Audit, Group Treasurer and all members of the Syngenta Executive Committee. A copy of Syngenta's Code of Ethics has been filed with the Securities and Exchange Commission and is included as Exhibit 11.1 to this annual report. During 2008, no amendments were made to a provision of the Code of Ethics that applies to any of the above-mentioned officers and / or members of the Syngenta Executive Committee and no waivers were explicitly or implicitly granted to any of them, in each case that would be required to be disclosed herein.

## ITEM 16C — PRINCIPAL ACCOUNTANT FEES AND SERVICES

## Fees Paid to the Independent Registered Public Accounting Firm

The Board of Directors engaged Ernst & Young AG (“EY”) to perform an annual audit of the Company’s financial statements in 2007 and 2008. The following table presents information concerning fees paid to EY in each of those years.

| (in million US\$)     | 2007 | 2008 |
|-----------------------|------|------|
| Audit fees(1)         | 9    | 10   |
| Audit-related fees(2) | 0    | 1    |
| Tax fees(3)           | 1    | 0    |
| All other fees(4)     | 0    | 0    |

(1) Audit services are defined as the audit work required to allow the independent accountant to issue an opinion on the statutory and regulatory filings of the Group and its subsidiaries and to issue an opinion relating to management’s assessment of internal controls over financial reporting and the effectiveness of Syngenta’s internal controls over financial reporting. This category also includes services that normally are provided by the Group auditor, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the US Securities and Exchange Commission.

(2) Audit related services include assurance and related services provided by auditors but which are not necessarily provided by the Group auditor. These services include audit of pension funds and employee benefit plans, internal control reviews and consultation concerning financial accounting and reporting standards.

(3) Tax services include all services performed by the Group auditor’s tax division except those services related to the audit. It includes tax compliance, tax planning, and tax advice.

(4) Other services includes all services received from the Group auditor except those separately defined above.

## Pre-Approval of Services Provided by Ernst &amp; Young AG

The Audit Committee has adopted policies and procedures for pre-approving all audit and non-audit work performed by EY. Specifically, the policies and procedures prohibit EY from performing any services for the Company or its subsidiaries without the prior approval of the Audit Committee.

All of the services provided by EY in 2007 and 2008 were approved by the Audit Committee pursuant to the approval policies described above, and none of such services were approved pursuant to the procedures described in Rule 2-01(c)(7)(i)(C) of Regulation S-X, which waives the general requirement for pre-approval in certain circumstances.

## ITEM 16D — EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

In accordance with Section 303A.06 of the New York Stock Exchange Listed Company Manual, listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Syngenta’s Audit Committee complies with Rule 10A-3, with the exception that Swiss company law requires that the external auditors be elected by the shareholders at the Shareholder’s Meeting. Syngenta’s Audit

Committee prepares proposals for the appointment or removal of the external auditor for submission to the Board of Directors, which then nominates the external auditor for election by the shareholders at the Shareholders' Meeting. Syngenta therefore relies on the exemption provided by Rule 10A-3(c)(3) for the appointment of the external auditor pursuant to home country legal or listing provisions. Syngenta does not believe that such reliance materially adversely affects the ability of the Audit Committee to act independently and to satisfy the other requirements of Rule 10A-3.

## ITEM 16E — PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

| Period                       | Total<br>Number<br>of Shares<br>Purchased | Average<br>Price Paid<br>per Share<br>(US\$)(1) | Total Number of Shares<br>Purchased as Part of<br>Publicly Announced<br>Plans or Programs(2) | Maximum Number of<br>Shares That May Yet Be<br>Purchased Under the<br>Plans or Programs |
|------------------------------|---|---|--|---|
| January-08                   |   |   |  | 3,275,653   |
| February-08 (8 Feb – 29 Feb) | 489,508                                   | 275.42  | 489,508  | 2,786,145   |
| March-08 (4 Mar – 20 Mar)    | 342,000                                   | 277.68  | 342,000  | 2,444,145   |
| April-08 (29 Apr – 30 Apr)   | 75,000                                    | 312.03  | 75,000   | 2,369,145   |
| May-08 (5 May – 30 May)      | 465,000(3)                                | 304.80  | 315,000  | 2,054,145   |
| June-08 (2 Jun – 6 Jun)      | 150,000(3)                                | 310.50  |  | 2,054,145   |
| July-08 (25 Jul – 31 Jul)    | 255,000                                   | 291.06  | 255,000  | 1,799,145   |
| August-08 (4 Aug – 12 Aug)   | 264,000                                   | 277.17  | 264,000  | 1,535,145   |
| September-08                 |   |   |  | 1,535,145   |
| October-08 (24 Oct – 30 Oct) | 242,500                                   | 158.41  | 242,500  | 1,292,645   |
| November-08 (3 Nov – 27 Nov) | 276,000                                   | 177.38  | 276,000  | 1,016,645   |
| December-08 (1 Dec – 3 Dec)  | 56,000                                    | 166.22  | 56,000   | 960,645   |
| Total                        | 2,615,008                                 | 262.11(4)                                       | 2,315,008  | 960,645   |

- (1) Amounts shown reflect the conversion of the applicable CHF amount into US\$ based on month-end CHF/US\$ exchange rates.
- (2) In April 2006, at the Annual General Meeting (AGM) of shareholders, the shareholders confirmed the continuation of the repurchase program initiated in 2004 by approving the repurchase of up to 10 per cent of Syngenta's total share capital. For this purpose, a new second trading line for open market repurchases was opened on May 30, 2006, valid for a period of three years. The share repurchase program was completed on December 30, 2008. The total number of shares repurchased from January 1, 2006 through December 30, 2008 was 9,443,711, which represents 9.08% of the outstanding shares at the time of the authorization of the program in 2006.
- (3) 300,000 shares were purchased on the open market to cover future exposure arising from employee option and share participation plans.
- (4) Reflects the weighted-average price paid per share (US\$) during 2008.

#### ITEM 16G — CORPORATE GOVERNANCE

As permitted by section 303A.00 of the NYSE Listed Company Manual, Syngenta's corporate governance practices differ from those of domestic companies in the following ways. In accordance with Swiss company law, equity-based compensation plans are not approved by shareholders but by the Board of Directors. In addition, as mentioned above in Item 16D, Syngenta's external auditors are elected by the shareholders at the Shareholders' meeting (instead of by the audit committee). Finally, Syngenta does not have a separate nominating/corporate governance committee.

PART III

ITEM 17 — FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of responding to this item.

ITEM 18 — FINANCIAL STATEMENTS

The following financial statements, together with the Reports of Independent Registered Public Accounting Firm thereon of February 4, 2009, are filed as part of this annual report:

|   | Page |
|---|------|
| Report of Independent Registered Public Accounting Firm   | F-1  |
| Report of Independent Registered Public Accounting Firm   | F-2  |
| Consolidated Income Statement                             | F-3  |
| Consolidated Balance Sheet                                | F-4  |
| Consolidated Cash Flow Statement                          | F-5  |
| Consolidated Statement of Changes in Shareholders' Equity | F-6  |
| Notes to the Consolidated Financial Statements            | F-10 |

ITEM 19 — EXHIBITS

The following documents are exhibits to this annual report:

| Exhibit Number | Description of Document  |
|----------------|--|
| 1.1            | English Translation of the Articles of Incorporation (Satzung) of Syngenta AG  |
| 2.1            | Deposit Agreement between The Bank of New York Mellon and Syngenta AG*   |
| 2.2            | Amended and Restated Trust Deed dated September 30, 2008 among Syngenta Finance N.V., Syngenta Finance AG, Syngenta AG and BNY Corporate Trustee Services Limited, as Trustee. |
| 4.1            | Indemnity Matters Agreement dated September 12, 2000 between AstraZeneca PLC and Syngenta AG**   |
| 4.2            | Indemnity Matters Agreement dated September 12, 2000 between Novartis AG and Syngenta AG**   |
| 4.3            | Environmental Matters Agreement dated September 12, 2000 between Syngenta AG and AstraZeneca PLC**   |
| 4.4            | Environmental Matters Agreement dated September 12, 2000 between Syngenta AG and Novartis AG**   |
| 4.5            | Environmental Matters Agreement dated September 12, 2000 among Zeneca AG Products Holdings Inc. and Zeneca Holdings Inc. and Stauffer Management Company**                     |
| 4.6            | Environmental Matters Agreement dated September 12, 2000 among Syngenta Crop Protection Inc., Novartis Corporation and Novartis Agribusiness Holding, Inc.**                   |
| 4.7            | Tax Deed dated September 12, 2000 between Novartis AG and Syngenta AG**  |
| 4.8            | Tax Deed dated September 12, 2000 between AstraZeneca PLC and Syngenta AG**  |
| 4.9            | Assignment of Intellectual Property Rights Excluding Rights in Software dated January 4, 2000 between Zeneca Limited and AstraZeneca UK Limited**                              |
| 4.10           | Assignment of Intellectual Property Rights in Software dated January 4, 2000 between Zeneca Limited and AstraZeneca UK Limited**   |
| 4.11           | License of Intellectual Property Rights Excluding Rights in Trade Marks and Software dated January 4, 2000 between AstraZeneca UK Limited and Zeneca Limited**                 |
| 4.12           | License of Intellectual Property Rights Excluding Rights in Trade Marks and Software dated January 4, 2000 between Zeneca Limited and AstraZeneca UK Limited**                 |
| 4.13           | Trade Mark License dated January 4, 2000 between AstraZeneca UK Limited and Zeneca Limited**   |
| 4.14           | Software License dated January 4, 2000 between AstraZeneca UK Limited and Zeneca Limited**   |
| 4.15           | General Principles for the Separation of Intellectual Property between Novartis and Novartis Agribusiness (Syngenta)**   |
| 4.17           | Confidentiality and Supply of Information Agreement dated September 12, 2000 among Novartis AG, AstraZeneca PLC and Syngenta AG**  |
| 4.18           | Master Sharing Agreement dated September 12, 2000 between Novartis AG and Syngenta AG**  |
| 4.19           | Master Sharing Agreement dated September 12, 2000 between AstraZeneca UK Limited and Zeneca  |



Limited\*\*

- 4.20 Revolving Credit Agreement dated July 20, 2006 among Syngenta AG, the subsidiaries of Syngenta AG set forth in Schedule 1 thereto, Banco Santander Central Hispano S.A., Bank Austria Creditanstalt AG, Bank of America, N.A., Citibank NA, London, Credit Suisse, Deutsche Bank Luxembourg S.A., HSBC Bank plc and UBS Limited as Mandated Lead Arrangers, and the financial institutions set forth in Schedule 1 thereto\*\*\*
- 4.21 Option Agreement dated November 10, 2000 among Syngenta AG, Novartis Holding AG, Novartis Research Foundation, Novartis Employee Participation Foundation, Credit Suisse First Boston (Europe) Limited, UBS AG, acting through its business group UBS Warburg, and the other Managers named therein\*\*\*\*
- 4.22 Syngenta AG Executive Stock Option Plan - 10\*\*\*\*\*
- 4.23 Syngenta Deferred Share Plan (Share Awards)\*\*\*\*\*

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- \* Exhibit incorporated by reference to the Registration Statement on Form F-6 filed November 20, 2008 (File No. 333-155523)
- \*\* Exhibits incorporated by reference to the Registration Statement on Form S-4 filed September 12, 2000 (File No. 333-125222)
- \*\*\* Exhibit incorporated by reference to Annual Report on Form 20-F filed March 7, 2007 (File No. 001-15152)
- \*\*\*\* Exhibit incorporated by reference to Amendment No. 3 to the Registration Statement on Form F-1 filed November 8, 2000 (File No. 333-12640)
- \*\*\*\*\* Exhibit incorporated by reference to Registration Statement on Form S-8 filed December 12, 2002 (File No. 333-101794)

| Exhibit Number | Description of Document                                   |
|----------------|---|
| 4.24           | Syngenta Corporation Employee Stock Purchase Plan‡        |
| 4.25           | Syngenta Share Plan for Non-Executive Directors‡‡         |
| 8.1            | Subsidiaries of Syngenta AG‡‡‡                            |
| 11.1           | Syngenta Code of Ethics for Senior Executive Officers‡‡‡‡ |
| 12.1           | Certification by CEO pursuant to Section 302              |
| 12.2           | Certification by CFO pursuant to Section 302              |
| 13.1           | Certification by CEO and CFO pursuant to Section 906      |
| 15.1           | Consent of Independent Registered Public Accounting Firm  |

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Exhibit incorporated by reference to Registration Statement on Form S-8 filed May 12, 2005 (File No. 333-124836)

Exhibit incorporated by reference to Registration Statement on Form S-8 filed December 19, 2005 (File No. 333-130440)

‡‡‡ The subsidiaries of Syngenta are set forth in Item 4 on page 27 of this annual report

Exhibit incorporated by reference to the Annual Report on Form 20-F filed March 25, 2004 (File No. 001-15152)

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Syngenta AG

By: /s/ Michael Mack

Name: Michael Mack  
Title: Chief Executive  
Officer

By: /s/ John Ramsay

Name: John Ramsay  
Title: Chief Financial  
Officer

Dated: February 18, 2009

To the Board of Directors and Shareholders of  
Syngenta AG, Basel

Report of Independent Registered Public Accounting Firm

We have audited Syngenta AG's internal control over financial reporting as of December 31, 2008, 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 Item 15 of Syngenta AG's Annual Report on Form 20-F for the year ended December 31, 2008. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit 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, Syngenta AG maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2008 consolidated financial statements of Syngenta AG and subsidiaries and our report dated February 4, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young AG

Basel, Switzerland  
February 4, 2009

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To the Board of Directors and Shareholders of  
Syngenta AG, Basel

Report of Independent Registered Public Accounting Firm

We have audited the accompanying consolidated balance sheets of Syngenta AG and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of Syngenta AG's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Syngenta AG and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Syngenta AG's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 4, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young AG

Basel, Switzerland  
February 4, 2009

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## Financial Statements

### Consolidated Income Statement (for the years ended December 31, 2008, 2007 and 2006)

| (US\$ million, except share and per share amounts)      | Notes | 2008       | 2007       | 2006       |
|---|-------|------------|------------|------------|
| Sales   | 4,5   | 11,624     | 9,240      | 8,046      |
| Cost of goods sold                                      |       | (5,713)    | (4,669)    | (3,982)    |
| Gross profit  |       | 5,911      | 4,571      | 4,064      |
| Marketing and distribution                              |       | (2,039)    | (1,638)    | (1,470)    |
| Research and development                                |       | (969)      | (830)      | (796)      |
| General and administrative                              |       | (849)      | (604)      | (668)      |
| Restructuring and impairment excluding divestment gains | 6     | (198)      | (156)      | (307)      |
| Divestment gains  | 6     | 2          | 121        | 6          |
| Restructuring and impairment                            | 6     | (196)      | (35)       | (301)      |
| Operating income  |       | 1,858      | 1,464      | 829        |
| Income/(loss) from associates and joint ventures        |       | 3          | (3)        | (11)       |
| Interest income   |       | 104        | 94         | 88         |
| Interest expense  |       | (149)      | (134)      | (141)      |
| Other financial expense                                 |       | (16)       | (18)       | (18)       |
| Currency gains/(losses), net                            |       | (108)      | 16         | 51         |
| Financial expense, net                                  |       | (169)      | (42)       | (20)       |
| Income before taxes                                     |       | 1,692      | 1,419      | 798        |
| Income tax expense                                      | 7     | (307)      | (308)      | (161)      |
| Profit for the period                                   |       | 1,385      | 1,111      | 637        |
| Attributable to:  |       |            |            |            |
| Syngenta AG shareholders                                | 8     | 1,385      | 1,109      | 634        |
| Minority interests                                      |       | –          | 2          | 3          |
| Profit for the period                                   |       | 1,385      | 1,111      | 637        |
| Basic earnings per share                                | 8     | 14.75      | 11.56      | 6.46       |
| Diluted earnings per share                              | 8     | 14.63      | 11.42      | 6.35       |
| Weighted average number of shares:                      |       |            |            |            |
| Basic   |       | 93,916,415 | 95,973,958 | 98,165,298 |
| Diluted   |       | 94,696,762 | 97,143,368 | 99,876,180 |

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

All activities were in respect of continuing operations.

## Financial Statements

Consolidated Balance Sheet  
(at December 31, 2008 and 2007)

| (US\$ million)   | Notes | 2008            | 2007<br>(reclassified)(1) |
|--|-------|-----------------|---------------------------|
| <b>Assets</b>  |       |                 |                           |
| <b>Current assets</b>  |       |                 |                           |
| Cash and cash equivalents  |       | 803             | 503                       |
| Trade receivables, net   | 9     | 2,311           | 2,386                     |
| Other accounts receivable  | 9     | 479             | 516                       |
| Inventories  | 11    | 3,456           | 2,647                     |
| Financial and other current assets   | 10    | 571             | 432                       |
| <b>Total current assets</b>  |       | <b>7,620</b>    | <b>6,484</b>              |
| <b>Non-current assets</b>  |       |                 |                           |
| Property, plant and equipment  | 12    | 2,188           | 2,138                     |
| Intangible assets  | 13    | 3,083           | 2,790                     |
| Deferred tax assets  | 7     | 514             | 639                       |
| Financial and other non-current assets   | 14    | 1,179           | 1,229                     |
| <b>Total non-current assets</b>  |       | <b>6,964</b>    | <b>6,796</b>              |
| <b>Total assets</b>  |       | <b>14,584</b>   | <b>13,280</b>             |
| <b>Liabilities and equity</b>  |       |                 |                           |
| <b>Current liabilities</b>   |       |                 |                           |
| Trade accounts payable   | 15    | (2,240)         | (1,895)                   |
| Current financial debts  | 16    | (211)           | (399)                     |
| Income taxes payable   |       | (322)           | (512)                     |
| Other current liabilities  | 17    | (1,291)         | (849)                     |
| Provisions   | 19    | (170)           | (223)                     |
| <b>Total current liabilities</b>   |       | <b>(4,234)</b>  | <b>(3,878)</b>            |
| Non-current financial debts and other non-current liabilities                              | 18    | (2,869)         | (1,773)                   |
| Deferred tax liabilities   | 7     | (659)           | (622)                     |
| Provisions   | 19    | (921)           | (966)                     |
| <b>Total non-current liabilities</b>   |       | <b>(4,449)</b>  | <b>(3,361)</b>            |
| <b>Total liabilities</b>   |       | <b>(8,683)</b>  | <b>(7,239)</b>            |
| <b>Shareholders' equity</b>  |       |                 |                           |
| Issued share capital: 2008: 96,914,857 ordinary shares (2007: 100,763,267 ordinary shares) | 20    | (6)             | (6)                       |
| Retained earnings  |       | (3,165)         | (2,748)                   |
| Reserves   |       | (3,458)         | (4,098)                   |
| Treasury shares: 3,953,617 ordinary shares (2007: 6,051,032 ordinary shares)               | 20    | 745             | 830                       |
| <b>Total shareholders' equity</b>  |       | <b>(5,884)</b>  | <b>(6,022)</b>            |
| Minority interests   |       | (17)            | (19)                      |
| <b>Total equity</b>  |       | <b>(5,901)</b>  | <b>(6,041)</b>            |
| <b>Total liabilities and equity</b>  |       | <b>(14,584)</b> | <b>(13,280)</b>           |

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



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(1) 2007 comparative amounts have been reclassified in order to present derivative financial assets and liabilities as current or non-current based on their contractual maturity dates. US\$199 million of derivative assets and US\$47 million of derivative liabilities have been reclassified from current to non-current. Also, certain balance sheet line items have been combined, both within the current assets section and the non-current assets section of the consolidated balance sheet, in order to improve the clarity of presentation including US \$13 million of assets held for sale that were previously reported separately from current assets. The line items which are no longer disclosed separately on the face of the consolidated balance sheet are now disclosed separately in the relevant footnote.

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## Financial Statements

### Consolidated Cash Flow Statement

(for the years ended December 31, 2008, 2007 and 2006)

| (US\$ million)   | Notes | 2008  | 2007(1) | 2006(1) |
|--|-------|-------|---------|---------|
| Income before taxes  |       | 1,692 | 1,419   | 798     |
| Reversal of non-cash items   | 21    | 973   | 725     | 859     |
| Cash (paid)/received in respect of:  |       |       |         |         |
| Interest and other financial receipts                                      |       | 199   | 98      | 214     |
| Interest and other financial payments                                      |       | (150) | (253)   | (242)   |
| Income taxes   |       | (283) | (192)   | (167)   |
| Restructuring costs  | 6,19  | (140) | (214)   | (173)   |
| Contributions to pension plans, excluding restructuring costs              | 19    | (113) | (124)   | (150)   |
| Other provisions   | 19    | (108) | (99)    | (75)    |
| Cash flow before change in net current assets                              |       | 2,070 | 1,360   | 1,064   |
| Change in net current assets:  |       |       |         |         |
| Change in inventories  |       | (982) | (146)   | (6)     |
| Change in trade and other accounts receivable and other net current assets |       | (291) | (317)   | 81      |
| Change in trade and other accounts payable                                 |       | 669   | 271     | (211)   |
| Cash flow from operating activities  |       | 1,466 | 1,168   | 928     |
| Additions to property, plant and equipment                                 | 12    | (444) | (317)   | (217)   |
| Proceeds from disposals of property, plant and equipment                   |       | 29    | 193     | 69      |
| Purchases of intangible assets   | 13    | (118) | (53)    | (47)    |
| Purchases of investments in associates and other financial assets          |       | (70)  | (43)    | (31)    |
| Proceeds from disposals of financial assets                                |       | 42    | 26      | 55      |
| Net cash flows from (purchases)/disposals of marketable securities         |       | 97    | (2)     | (97)    |
| Business acquisitions (net of cash acquired)                               | 3     | (139) | (108)   | (143)   |
| Acquisitions of minority interests   | 3     | (5)   | (64)    | –       |
| Cash flow used for investing activities                                    |       | (608) | (368)   | (411)   |
| Increases in third party interest-bearing debt                             |       | 986   | 298     | 656     |
| Repayments of third party interest-bearing debt                            |       | (378) | (116)   | (376)   |
| Sales of treasury shares and options over own shares                       |       | 70    | 66      | 72      |
| Purchases of treasury shares   |       | (683) | (728)   | (629)   |
| Distributions paid to shareholders   |       | (452) | (301)   | (264)   |
| Cash flow used for financing activities                                    |       | (457) | (781)   | (541)   |
| Net effect of currency translation on cash and cash equivalents            |       | (101) | 39      | 11      |
| Net change in cash and cash equivalents                                    |       | 300   | 58      | (13)    |
| Cash and cash equivalents at the beginning of the year                     |       | 503   | 445     | 458     |
| Cash and cash equivalents at the end of the year                           |       | 803   | 503     | 445     |

At December 31, 2008, cash equivalents totalled US\$469 million (2007: US\$164 million).

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

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1 The presentation of the consolidated cash flow statement has been changed from prior years to improve clarity, with disclosure on the face of the statement of the changes in the components of net current assets while details of non-cash items within cash flow from operating activities are now presented in Note 21.

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## Financial Statements

Consolidated Statement of Changes in Shareholders' Equity  
(for the years ended December 31, 2008, 2007 and 2006)

| (US\$ million)   | Attributable to Syngenta AG shareholders |                            |                          |                     |                                   |                   |                            |                   | Total equity |
|--|--|----------------------------|--------------------------|---------------------|-----------------------------------|-------------------|----------------------------|-------------------|--------------|
|  | 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 |              |
| January 1, 2008  | 6  | 3,720                      | (830)                    | (154)               | 532                               | 2,748             | 6,022                      | 19                | 6,041        |
| Profit for the period  |  |                            |                          |                     |                                   | 1,385             | 1,385                      |                   | 1,385        |
| Gains/(losses) recognized directly in equity on:             |  |                            |                          |                     |                                   |                   |                            |                   |              |
| Available-for-sale financial assets                          |  |                            |                          | 9                   |                                   |                   | 9                          |                   | 9            |
| Derivatives designated as hedges                             |  |                            |                          | (34)                |                                   |                   | (34)                       |                   | (34)         |
| Income taxes on gains/(losses) recognized directly in equity |  |                            |                          | (34)                |                                   | 8                 | (26)                       |                   | (26)         |
| Currency translation effects                                 |  |                            |                          |                     | (444)                             |                   | (444)                      | 1                 | (443)        |
| Total recognized gains/(losses)                              | –  | –                          | –                        | (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                     |  |                            |                          |                     |                                   | (19)              | (19)                       |                   | (19)         |
| Other  |  |                            |                          |                     |                                   | 4                 | 4                          | (1)               | 3            |
| December 31, 2008  | 6  | 3,577                      | (745)                    | (213)               | 94                                | 3,165             | 5,884                      | 17                | 5,901        |

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

In 2008, a dividend of Swiss francs (“CHF”) 4.80 (US\$4.76) per share was paid in respect of 2007.

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.

The Board of Directors recommends a dividend payment of CHF 6.00 per share (equivalent to US\$5.67 per share translated at the December 31, 2008 exchange rate) subject to shareholder approval at the Annual General Meeting (AGM) on April 21, 2009.



## Financial Statements

Consolidated Statement of Changes in Shareholders' Equity continued  
(for the years ended December 31, 2008, 2007 and 2006)

| (US\$ million)  | Attributable to Syngenta AG shareholders |                                  |                                |                          |   |                      | Total<br>Shareholders'<br>equity | Minority<br>interest | Total<br>equity |
|---|--|----------------------------------|--------------------------------|--------------------------|---|----------------------|----------------------------------|----------------------|-----------------|
|   | Par value<br>of ordinary<br>shares       | Additional<br>paid-in<br>capital | Treasury<br>shares,<br>at cost | Fair<br>value<br>reserve | Cumulative<br>translation<br>adjustment | Retained<br>earnings |                                  |                      |                 |
| January 1, 2007   | 142                                      | 3,834                            | (784)                          | (6)                      | 334                                     | 2,146                | 5,666                            | 28                   | 5,694           |
| Profit for the period   |  |                                  |                                |                          |   | 1,109                | 1,109                            | 2                    | 1,111           |
| Gains/(losses) recognized<br>directly in equity on:                   |  |                                  |                                |                          |   |                      |                                  |                      |                 |
| Available-for-sale financial<br>assets                                |  |                                  |                                | (47)                     |   |                      | (47)                             |                      | (47)            |
| Derivatives designated as<br>hedges                                   |  |                                  |                                | (108)                    |   |                      | (108)                            |                      | (108)           |
| Income taxes on<br>gains/(losses)<br>recognized directly<br>in equity |  |                                  |                                | 7                        |   | 64                   | 71                               |                      | 71              |
| Currency translation<br>effects                                       |  |                                  |                                |                          | 252                                     |                      | 252                              | 3                    | 255             |
| Total recognized<br>gains/(losses)                                    | –  | –                                | –                              | (148)                    | 252                                     | 1,173                | 1,277                            | 5                    | 1,282           |
| Share based<br>compensation   |  |                                  | 53                             |                          |   | 55                   | 108                              |                      | 108             |
| Capital reduction   | (131)                                    | 7                                |                                |                          | (47)                                    |                      | (171)                            |                      | (171)           |
| Dividends paid  |  |                                  |                                |                          |   | (128)                | (128)                            | (2)                  | (130)           |
| Share repurchase  |  |                                  | (728)                          |                          |   |                      | (728)                            |                      | (728)           |
| Cancellation of<br>treasury shares                                    | (5)                                      | (121)                            | 629                            |                          | (7)                                     | (496)                | –                                |                      | –               |
| Other   |  |                                  |                                |                          |   | (2)                  | (2)                              | (12)                 | (14)            |
| December 31, 2007   | 6  | 3,720                            | (830)                          | (154)                    | 532                                     | 2,748                | 6,022                            | 19                   | 6,041           |

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

In 2007, a dividend of CHF 1.60 (US\$1.32) per share was paid and a distribution of CHF 2.20 (US\$1.78) per share was paid as a par value reduction of share capital in respect of 2006.

## Financial Statements

Consolidated Statement of Changes in Shareholders' Equity continued  
(for the years ended December 31, 2008, 2007 and 2006)

| (US\$ million)  | Attributable to Syngenta AG shareholders |                                  |                                |                           |   |                      |       | Total<br>Shareholder<br>equity interest | Minority<br>interest | Total<br>equity |
|---|--|----------------------------------|--------------------------------|---------------------------|---|----------------------|-------|---|----------------------|-----------------|
|   | Par value<br>of ordinary<br>shares       | Additional<br>paid-in<br>capital | Treasury<br>shares,<br>at cost | Fair<br>value<br>reserves | Cumulative<br>translation<br>adjustment | Retained<br>earnings |       |   |                      |                 |
| January 1, 2006   | 353                                      | 3,910                            | (473)                          | 29                        | 41                                      | 1,543                | 5,403 | 28                                      | 5,431                |                 |
| Profit for the period   |  |                                  |                                |                           |   | 634                  | 634   | 3                                       | 637                  |                 |
| Gains/(losses) recognized<br>directly in equity on:                   |  |                                  |                                |                           |   |                      |       |   |                      |                 |
| Available-for-sale financial<br>assets                                |  |                                  |                                | 39                        |   |                      | 39    |   | 39                   |                 |
| Derivatives designated as<br>hedges                                   |  |                                  |                                | (88)                      |   |                      | (88)  |   | (88)                 |                 |
| Income taxes on<br>gains/(losses)<br>recognized directly in<br>equity |  |                                  |                                | 14                        |   | 38                   | 52    |   | 52                   |                 |
| Currency translation<br>effects                                       |  |                                  |                                |                           | 401                                     |                      | 401   | 1                                       | 402                  |                 |
| Total recognized<br>gains/(losses)                                    | -  | -                                | -                              | (35)                      | 401                                     | 672                  | 1,038 | 4                                       | 1,042                |                 |
| Share based<br>compensation   |  |                                  | 68                             |                           |   | 51                   | 119   |   | 119                  |                 |
| Capital reduction   | (203)                                    | 9                                |                                |                           | (66)                                    |                      | (260) |   | (260)                |                 |
| Dividends paid  |  |                                  |                                |                           |   |                      |       | (4)                                     | (4)                  |                 |
| Share repurchase  |  |                                  | (629)                          |                           |   | (5)                  | (634) |   | (634)                |                 |
| Cancellation of<br>treasury shares                                    | (8)                                      | (85)                             | 250                            |                           | (42)                                    | (115)                | -     |   | -                    |                 |
| December 31, 2006   | 142                                      | 3,834                            | (784)                          | (6)                       | 334                                     | 2,146                | 5,666 | 28                                      | 5,694                |                 |

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

In 2006, a distribution of CHF 3.30 (US\$2.68) per share was paid as a par value reduction of share capital in respect of 2005.

## Financial Statements

Consolidated Statement of Changes in Shareholders' Equity continued  
(for the years ended December 31, 2008, 2007 and 2006)

Fair value reserves include the cash flow hedge reserve and the fair value reserve for available-for-sale financial instruments.

The following summarizes the movements on the cash flow hedge reserve:

| (US\$ million)   | 2008  | 2007  | 2006 |
|--|-------|-------|------|
| January 1  | (165) | (58)  | 12   |
| Gains/(losses) recognized in equity during the period                    | 105   | (88)  | (95) |
| (Gains)/losses removed from equity and reported in profit for the period | (139) | (20)  | 7    |
| Deferred tax   | (33)  | 1     | 18   |
| December 31  | (232) | (165) | (58) |

The following summarizes the movements on the fair value reserve for available-for-sale financial instruments:

| (US\$ million)  | 2008 | 2007 | 2006 |
|---|------|------|------|
| January 1   | 11   | 52   | 17   |
| Gains/(losses) recognized in equity during the period | 9    | (47) | 39   |
| Deferred tax  | (1)  | 6    | (4)  |
| December 31   | 19   | 11   | 52   |

See Note 27 for further information.



## Notes to the 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 (IFRS) 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 IFRS requires to be measured at fair value, principally derivative financial instruments and available-for-sale financial assets.

#### Scope of consolidation

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.

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 Swiss francs (“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 663 paragraph 12b of the Swiss Code of Obligations and discusses if any corresponding actions are necessary.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Note 2 below includes further discussion of certain critical accounting estimates.

### 2. Accounting policies

#### Adoption of new Accounting Standards and changes in accounting policies

Syngenta adopts new Accounting Standards 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. “Impracticable” means either that the retrospective effect of the change cannot be calculated after making every reasonable effort, or that to calculate it would require the use of hindsight to determine what management’s intentions or estimates would have been in prior periods.

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. Prospective application requires that the new accounting policy only be applied to the results of the current and future periods and comparative periods are not restated.

Derivative financial assets and liabilities have been classified as current or non-current based on their contractual maturity dates as this is more comparable to the presentation followed by most preparers of financial statements. US\$199 million of derivative financial assets and US\$47 million of derivative financial liabilities at December 31, 2007 have been reclassified from current to non-current.

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

- IFRIC 14, “IAS 19 – the Limit on a Defined Benefit Asset, Minimum funding Requirements and their Interaction” gives additional guidance on how the limit should be calculated and requires minimum funding commitments of future periods to be recognized as a liability at the current balance sheet date if contribution payments will not result in economic benefits to the employer. Adoption of IFRIC 14 had no material effect on the consolidated financial statements.
- Amendments to IAS 39 and IFRS 7, “Reclassification of Financial Assets”. Adoption of the amendments had no effect on the consolidated financial statements.

The following new or revised accounting standards and interpretations have not yet been adopted by Syngenta:

“Vesting Conditions and Cancellations”, an amendment to IFRS 2 “Share Based Payment”, was issued in January 2008. The amendment requires accelerated recognition of share based payment expense if an employee cancels an award by deciding not to meet a condition unrelated to service, such as a requirement to contribute to the exercise price of an option. The amendment will be mandatory for Syngenta with effect from January 1, 2009. Syngenta does not believe that adopting the amendment will have a material effect on its financial statements.

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; on 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.

## 2. Accounting policies continued

IAS 1, "Presentation of Financial Statements", was revised in September 2007. These revisions will be mandatory for Syngenta with effect from January 1, 2009. The revisions require gains and losses recognized outside profit or loss to be presented separately from the statement of changes in shareholders' equity. The revisions also allow comprehensive income to be presented in a single statement of comprehensive income, or in two statements, an income statement and a statement displaying components of other comprehensive income.

IAS 23, "Borrowing Costs" was revised in March 2007 and requires borrowing costs attributable to assets which take a substantial period of time to get ready for their intended use, to be capitalized as part of the cost of the related assets. IAS 23 (revised March 2007) will be mandatory for Syngenta with effect from January 1, 2009. As permitted by IAS 23 (revised) Syngenta intends to apply the revised standard prospectively to expenditure on qualifying assets incurred on or after January 1, 2009. The effect of IAS 23 (revised) on the consolidated financial statements in 2009 will depend on the exact amount and timing of expenditure on property, plant and equipment under construction and software under development, and on the interest rates which apply to Syngenta's borrowings. These are subject to change, but the pre-tax amount of borrowing costs capitalized in 2009 is not currently expected to exceed US\$25 million.

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. In accordance with IFRIC 13, awards supplied by Syngenta would be recognized as revenue when the customer redeems the credits. Awards supplied by a third party would be 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. Various customer loyalty programs are offered throughout the Syngenta group. IFRIC 13 will be mandatory for Syngenta with effect from January 1, 2009. Syngenta does not believe that adoption of IFRIC 13 will have a material effect on its consolidated financial statements.

Amendments to IAS 32 & IAS 1, "Puttable Financial Instruments and Obligations arising on Liquidation", was issued in February 2008, and changes the definitions of liabilities and equity instruments so that puttable instruments and instruments containing an obligation in the event of liquidation of the reporting entity will be classified as equity instruments. The amendments are mandatory for Syngenta with effect from January 1, 2009. Syngenta has currently issued no instruments the classification of which would be affected by the amendments.

"Improvements to IFRSs" was issued in May 2008 and amends various IFRSs pursuant to the IASB's 'annual improvements' process. The amendments are mandatory for Syngenta with effect from January 1, 2009. One amendment to IAS 41, "Agriculture", changes 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 is not expected to have a material effect on Syngenta's consolidated financial statements.

Amendments to IAS 39 "Eligible Hedged Items", was issued in July 2008, and changes 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 is currently assessing the impact of the amendments on its consolidated financial statements.

IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", was issued in October 2008, and provides additional guidance on the nature and amount of the risk eligible for hedge accounting designation in a hedge of an entity's net investment in a foreign operation, the amount of the hedging gain or loss to be recycled into profit or loss on disposal of the net investment and where in a group the hedging instrument can be held in order to be able to apply hedge

accounting. IFRIC 16 will be mandatory for Syngenta with effect from January 1, 2009. Prospective application is required. Syngenta does not believe that adoption of IFRIC 16 will have any effect on the accounting treatment of any current Syngenta hedge transactions.

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.

#### Future changes in IFRS

IFRS are undergoing a process of revision with a view to increasing harmonization of accounting rules internationally. Proposals to issue new or revised standards, 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 and expenses 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.

##### 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.

## 2. Accounting policies continued

### 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 share of the total recognized gains and losses of associates and joint ventures and of their net assets, 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 is recognized as goodwill, within the same line as the underlying investment.

### 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.

### Business combinations

Syngenta accounts for business combinations in accordance with IFRS 3, using the purchase method for acquisitions. On 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. 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 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 debited 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

The consolidated financial statements are presented in US dollars.

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, which are stated at historical cost, are translated into functional currency at the foreign exchange rate prevailing at the date of the transaction. Foreign currency transactions are translated to the relevant functional currency at the exchange rate prevailing at the date of the transaction. With the exception of unrealized gains or losses related to equity loans, and hedging arrangements for which reserve accounting is permitted under IAS 39, all resulting foreign exchange

transaction gains and losses are recognized in the local income statements. Equity loans are intercompany monetary items which form part of Syngenta's net investment in the borrowing subsidiary.

Income, expense and cash flows of foreign operations included in the consolidated financial statements whose functional currency is that of a hyperinflationary economy have been translated into US dollars using exchange rates prevailing at the balance sheet date. Income, expense and cash flows of other foreign operations included in the consolidated financial statements have been translated into US dollars using average exchange rates prevailing during the period. The assets and liabilities of foreign operations are translated to US dollars at foreign exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on these translations are recognized directly in equity.

Syngenta denominates goodwill and fair value adjustments arising on acquisitions in the functional currency(ies) of the acquired entity(ies).

#### Revenue

Revenue from the sale 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 on delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Syngenta uses a variety of terms in its international business. 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 on 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.

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 on product delivery.

## 2. Accounting policies continued

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' request, 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, on condition that it is probable that delivery will be made, the inventories are ready for delivery, 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 and 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. Revenue associated with advance payments is then recognized upon delivery and transfer of title, ownership, and risk of loss to the customer.

Royalty income is recognized in the consolidated income statement when earned. If the license agreement contains performance obligations for Syngenta, the 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.

Revenue in multiple-deliverable arrangements is allocated to each deliverable which has stand-alone value to the customer, based on the relative fair values of each deliverable. Multiple-deliverable arrangements include joint supplies of crop protection chemicals, seeds and technical services to customers.

Cash rebates and discounts granted to customers are classified as a reduction of revenue. The cost of loyalty programs, which entitle customers to free or discounted third party products or services if they meet conditions linked to purchases of Syngenta products, is generally classified as a reduction in revenue. The cost of Syngenta products supplied free of charge to customers is classified as cost of goods sold. Amounts paid to customers that are not linked to sales transactions, such as payments for specific services provided to Syngenta by the customer, are classified as expenses of the appropriate function, generally marketing and distribution. Syngenta records liabilities for loyalty programs when the related sales are made. Liabilities associated with loyalty programs are classified within trade accounts payable.

### Research and development

Research and development expenses are charged to the income statement when incurred. Syngenta considers that the regulatory and other uncertainties inherent in the development of its key new products preclude it from capitalizing development costs.

Costs of purchasing distribution rights, patent rights and licenses to use or sell products, or technology or registration data are capitalized as intangible assets if it is probable that Syngenta will obtain future economic benefits from them. 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 tax, using rates enacted or substantively enacted at the balance sheet date.

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

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 assets are recognized to the extent that it is probable that future taxable profit will be available against which the asset can be utilized.

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, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.



## 2. Accounting policies continued

### Trade and other accounts receivable

The reported values represent the invoiced amounts, less adjustments for doubtful receivables. Adjustments for doubtful receivables 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, factoring is within the normal course of business. Factoring arrangements which transfer to a third party substantially all the economic risks and rewards associated with accounts receivable 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 the 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.

### 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.

### 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. An impairment loss is recorded in the income statement if there is a significant or prolonged decline in the value of an investment below its original cost, as reduced where applicable by cumulative impairment losses recorded in prior periods. Unrealized revaluation gains are recorded in shareholders' equity, 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 shareholders' equity and recognized in profit or loss. Regular way purchases and sales of marketable securities are recognized at settlement date.

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. Both realized gains and losses and unrealized revaluation gains and losses are recorded in profit or loss as they arise unless the instrument has been formally designated as a hedge of a risk or exposure associated with a forecast transaction which has not yet affected profit or loss, or with the Group's net investment in a subsidiary, and the IAS 39 conditions for applying hedge accounting are met. Syngenta uses various derivative financial instruments to manage its foreign currency and interest rate exposures, and certain exposures to commodity prices and to prices of non-derivative financial assets. Hedge accounting is applied as follows:

Gains and losses on foreign exchange forward contracts covering existing foreign currency receivables and payables, are included in 'Currency gains/(losses), net' within the income statement, together with the gains and losses on the receivables and payables.

Gains and losses on commodity derivatives are classified within 'Cost of goods sold', unless related to barter as described above.

Gains and losses on instruments that hedge risks related to forecast transactions are recognized in shareholders' equity until such time as the corresponding hedged transaction affects profit or loss. At that time, the hedging gains and losses are transferred to the income statement and classified either within 'financial expense, net' or within operating income, depending on whether a financing or a trading exposure is being hedged. Subsequent movements in the fair value of such hedges are recognized in profit or loss. Gains and losses on foreign currency forward contracts designated as specific hedges of anticipated purchases and sales in foreign currency are recognized in the same period that the related third party foreign currency transactions or flows are recognized in profit or loss and are classified within 'General and administrative'. Gains and losses on forward starting interest rate swaps designated as hedges are recognized over the same period that the interest expense of the forecasted financing transactions is recognized in profit or loss, and are classified within 'financial expense, net'.

If IAS 39 criteria for a valid hedge accounting relationship are met, gains and losses on instruments that hedge foreign currency translation risks from net investments in foreign operations are recognized in equity until disposal of the underlying investment. Gains and losses on hedges of the fair value of bond liabilities are included in 'financial expense, net' where they offset changes in the fair value of the underlying debt.

The fair value of publicly traded derivatives is based on quoted market prices of the specific instruments held at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models, are used to determine fair value for the remaining financial instruments.

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 shareholders' equity. The gain or loss is recognized in profit or loss when the committed or forecasted transaction is recognized. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative unrealized gain or loss on the hedging instrument is immediately recorded in profit or loss.

## 2. Accounting policies continued

### Inventories

Purchased products are recorded at acquisition cost while own-manufactured products are recorded at manufacturing cost including related production expenses. In the balance sheet, inventory is 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. Unsalable inventory is fully written off. Inventories of biological assets, principally young plants and cuttings in the Seeds flowers business, are recorded at fair value less estimated point of sale costs.

### Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production costs, 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. Subsequent expenditures which give Syngenta future economic benefit are capitalized and depreciated over the revised remaining useful life of the asset. 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 asset of which it is part. Financing costs associated with the construction of property, plant and equipment are not capitalized.

Property, plant and equipment which are financed by leases giving rights to use the assets as if owned are capitalized at their estimated cost (at the lower of fair value and the present value of minimum lease payments) at the inception of the lease. The finance lease asset and associated lease liability are recognized at the commencement of the lease. If the lease agreement relates to an asset which is to be constructed, commencement may occur at a date later than inception. 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. This accounting treatment is also followed when a purchasing contract is deemed to contain a lease of the property, plant and equipment used by the supplier to fulfill its agreement with Syngenta. A contract is deemed to contain a lease when the supplier can fulfill it 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.

The operation of Syngenta's chemical manufacturing assets over an extended period may result in contamination at the sites on which the assets are located. Where there is an obligation to remediate, Syngenta recognizes the costs of restoring the site as an addition to the cost of the asset and as a liability in the period in which they are incurred or, if they cannot be reliably measured at that time, in the earliest period in which they can be reliably measured. These costs are discounted where the time value of money is material.

### 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 an operating lease, profit is recognized when legal title passes. If the leaseback is a finance lease, the profit on sale is recognized over the term of the leaseback agreement.

Intangible assets other than goodwill

Intangible assets, except for goodwill, are recorded at cost less accumulated amortization and any impairment losses. All intangible assets other than goodwill are assigned a finite life. Cost for acquired assets represents the purchase price including transaction costs. Cost for internally generated assets, 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.

Intangible assets are amortized on a straight-line basis over the following estimated useful lives, starting from the date the asset is ready for use:

|  |  |
|--|--|
| 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 of product rights are determined based on the period over which the assets are expected to generate economic benefits for Syngenta (“economic life”).

Patents and trademarks are amortized on a straight-line basis over their estimated economic or legal life, whichever is shorter. 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.

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.

## 2. Accounting policies continued

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. IPR&D 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 on a straight-line basis over the remaining license term. Internally developed software is amortized from the date the related system goes live, over the period until it is expected to be replaced or significant costs are expected to be incurred to upgrade it.

Useful lives of intangible assets are reviewed annually.

A one year reduction in the useful lives of all intangible assets other than software would increase amortization expense by US\$14 million.

### 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. Goodwill related to acquisitions between January 1, 1995 and March 31, 2004 was previously amortized over estimated useful lives of up to 20 years, until December 31, 2004. This goodwill is now tested annually for impairment and is valued at its January 1, 2005 carrying amount less any subsequent impairment losses. Goodwill relating to acquisitions before January 1, 1995 has been and remains fully written off against shareholders' equity.

### Impairment of non-current assets

Non-current assets, other than those classified as held for sale, are tested for impairment in accordance with IAS 36. Goodwill, and intangible assets which are not yet ready for use, are tested annually. Other non-current assets are reviewed annually 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, 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 financial assets

Debt investments with more than twelve months until maturity, and equity investments in other entities over which Syngenta has neither control nor significant influence, are classified as available-for-sale in accordance with IAS 39. They are accounted for as described above under “Financial and other current assets”. 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. Prepaid pension assets are accounted for in accordance with IAS 19 as described below under ‘Pension and other post-retirement benefits’.

### Non-current assets held for sale

Non-current assets and groups of assets are reclassified as held for sale when a sale within one year is highly probable and the assets are available for immediate sale in their present condition. 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 are recognized initially at its fair value less transaction costs, which represents the net proceeds of issuing the debt. Subsequently, financial debts 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 require repayment within one year of the balance sheet date. Otherwise, it is classified as non-current.

#### Other current liabilities

Other current liabilities include derivative financial instruments with negative fair values and remaining contractual maturities of less than 12 months at the balance sheet date. The accounting treatment of derivative financial instruments is described above under 'Financial and other current assets'.

#### Provisions

A provision is recognized in the balance sheet when Syngenta has a legal or constructive obligation to third parties as a result of a past event 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 is 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 which are 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.

## 2. Accounting policies continued

### 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. Environmental costs are capitalized as part of property, plant and equipment where they are expected to increase the economic benefits flowing from the use or eventual disposal of the asset, or when they represent an obligation to remediate at the end of the asset's life and are recoverable from future economic benefits of using the asset. In all other cases, they are expensed. Environmental costs, unless related to restructuring, are included in cost of goods sold.

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 are accounted for as restructuring provisions and recognized when the site closure has been announced. 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

A provision for restructuring is recognized when Syngenta has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly.

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. Costs relating to ongoing activities, such as relocation, training and information systems, are recognized only when incurred.

### Pension and other post-retirement benefits

Syngenta accounts for its pension and post-retirement healthcare benefit obligations using the 10% corridor method permitted by IAS 19. 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 10% 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 which 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.

#### Employee share participation plans

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 a model based on 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 value until the members' choice is known. 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.

#### Dividends and capital distributions

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

Cash dividends are payable to holders of shares listed on the SIX Swiss Exchange and the New York Stock Exchange, and will be paid in Swiss francs and US dollars, respectively.

#### 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 equity and stated at the amount paid to acquire them. Differences between this amount and the amount received on the disposal of treasury shares are recorded as a movement in consolidated equity.



## 2. Accounting policies continued

### Derivative instruments over Syngenta AG shares

Purchased and written call options over Syngenta AG ordinary shares, other than those related to share based compensation schemes, 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 instrument is 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 equity. For put options granted to shareholders that meet the above criteria, a liability is recorded at the grant date equal to the amount payable on exercise, discounted where the time value of money is material. Shareholders' equity is reduced by the same amount. On exercise of the put option, this liability is eliminated through the repurchase of shares. Options which do not meet the above criteria are accounted for as derivative financial assets or liabilities, and revalued to fair value, with gains and losses recognized in profit or loss.

### 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.

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 to reflect 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. Goodwill on minor, local acquisitions which strengthen distribution in a specific country is not tested in relation to local cash flows only, but to relevant global cash flows, because the international nature of the supply chain results in the benefits from stronger local sales being shared with supplying subsidiaries.

In the Seeds segment, a CGU is generally defined at the crop level. Each CGU is generally defined on a global basis to reflect the fact that seed germplasm originating in one country can often be used in other countries. However, Syngenta's Corn and Soybean business in NAFTA<sup>(1)</sup> and the rest of the world is regarded as two separate CGUs because following the Garst and Golden Harvest acquisitions and a series of specific license acquisitions, cash inflows for NAFTA Corn and Soybean are considered largely independent of the corresponding cash inflows for Corn and Soybean in the rest of the world.

#### Foreign currency translation

Currency translation gains and losses arising on consolidating the net assets of foreign operations are recycled from shareholders' equity into profit and loss on disposal or liquidation of the foreign operation. Repayment of share capital by a subsidiary entity also gives rise to a partial recycling based on the amount repaid in proportion to the total equity of the subsidiary at the repayment date. Gains and losses on hedging instruments designated as hedges of Syngenta's net investment in the foreign operation are recycled based on the amount repaid in proportion to the amount of the designated hedged net investment. In 2008, Syngenta reported pre-tax gains of US\$66 million in profit and loss,

consisting of currency translation losses of US\$(61) million and hedging gains of US\$127 million, which related to capital repayment by two subsidiaries, liquidation of one subsidiary and disposal of one subsidiary.

Syngenta uses several different forms of financing to fund the operations of its subsidiaries, depending on the requirements of each subsidiary and legal and fiscal requirements in the countries of the lending and borrowing subsidiary. Where loans are made between two subsidiaries with different functional currencies, currency translation differences arise in one or both subsidiaries. In accordance with IAS 21, in cases where these loans are considered part of Syngenta's net investment in the subsidiary, all currency translation differences are recognized in shareholders' equity.

As market conditions and the circumstances of the subsidiaries change over time, these loans may be repaid in part or in full. IAS 21 requires the currency translation differences to be recycled from shareholders' equity and included in profit or loss when a loan is repaid, and also if the subsidiary's operations are abandoned or divested. Loans made to finance working capital are not accounted for by Syngenta as part of its investment in a subsidiary, and all currency translation differences on such loans are recognized in profit or loss as they arise. Loans are only considered part of Syngenta's net investment in the subsidiary where they are not expected to be repaid in the foreseeable future. If a loan is partially repaid, but the remaining loan balance is not expected to be repaid in the foreseeable future, Syngenta recycles the cumulative currency translation difference in proportion to the loan principal amount repaid, compared to the total amount outstanding before the repayment. For the years ended December 31, 2008, 2007 and 2006, the amount of currency translation differences recycled into profit or loss were gains of US\$nil million, US\$nil million and US\$44 million respectively. Recycled amounts are presented within 'Financial expense, net' in the income statement.

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

## 2. Accounting policies continued

### Post-employment benefits

IAS 19, "Employee Benefits", (revised 2004) allows recognition of actuarial gains and losses arising in defined benefit pension plans to be deferred, and requires them to be amortized over future employee service periods only to the extent that they exceed 10% of the higher of the defined benefit pension obligation or the market value of pension plan assets. Immediate recognition, either within or outside the income statement is also permitted. In common with the majority of European IFRS preparers, Syngenta has chosen to apply the 10% corridor method. Under a policy of immediate recognition within or outside income, the unrecognized losses at December 31, 2008 of US\$812 million for pensions and US\$62 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 retained earnings respectively.

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\$19 million, US\$32 million and US\$41 million for 2008, 2007 and 2006 respectively.

During 2006, Syngenta and the trustee of its UK Pension fund changed the rules of the fund to allow members to take advantage of the increased tax-free lump sum benefits which the UK Finance Act 2004 allows to be taken when they start to receive retirement benefits. Syngenta has valued its UK pension liabilities on the assumption that most members will take the larger maximum lump sum which is now permitted, and will consequently receive a lower annual pension. Syngenta accounted for this change as a reduction in its pension obligation for IFRS and recorded a pre-tax gain of US\$45 million in profit or loss for 2006.

### Critical accounting estimates

#### Impairment review

Goodwill at December 31, 2008 was US\$1,241 million (2007: US\$1,241 million) of which US\$839 million (2007: US\$851 million) is allocated to Crop Protection and US\$402 million (2007: US\$390 million) to Seeds. Other intangible assets, mainly representing product rights, were US\$1,842 million (2007: US\$1,549 million), of which US\$1,295 million (2007: US\$1,327 million) is allocated to Crop Protection and US\$547 million (2007: US\$222 million) to Seeds.

Of the Crop Protection goodwill of US\$839 million (2007: US\$851 million), US\$549 million arose on the acquisition of Zeneca agrochemicals business. US\$147 million (2007: US\$55 million) of goodwill on other acquisitions has also been reviewed at the total Crop Protection level, because this is the lowest level at which Syngenta monitors this goodwill for internal management purposes. US\$143 million (2007: US\$247 million) of goodwill has been reviewed as part of various individual CGUs. Of the Seeds goodwill, US\$317 million arose on the acquisition of Garst and Golden Harvest, and has been reviewed as part of the Seeds NAFTA Corn and Soybean CGU.

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 business 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 9 to 11% (2007: 10% to 12%; 2006: 10%, except for one CGU where 25% was used). The outcomes of the impairment tests were not sensitive to reasonably likely changes in the discount rate in the periods presented except for one CGU in 2008 where the recoverable amount would equal the carrying amount if the 9.2% discount rate increased to 11.8%. Goodwill allocated to this CGU is US\$16 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, the future development expenditure required to maintain the products' marketability and registration in the relevant jurisdictions and the products' lives. These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. The 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 the product registration, or as a result of pressure from competitor products. The estimated cash flows are based on detailed Syngenta management forecasts over a 5 year horizon and a terminal value which assumes a 2% long-term growth rate. In 2007 and prior years, no growth was assumed. Management believes, based on recent growth in agricultural markets, that there are long-term prospects for continued growth. The change in this assumption had no effect on the outcomes of the impairment tests.

A reduction in forecasted sales within management's 5 year forecast horizon compared to forecasted sales in the previous year's 5 year forecast cycle is considered an indicator of market related impairment for CGU's to which no goodwill is allocated, and detailed impairment tests are then also performed. 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\$34 million, US\$36 million and US\$72 million were recorded because of restructuring in 2008, 2007 and 2006 respectively.

## 2. Accounting policies continued

IAS 36 requires impairments to be reversed if the recoverable amount increases in a period after an impairment loss is recorded. Potential future alternative uses for property, plant and equipment affected by restructuring are considered before an impairment loss is recorded. Because asset use is reviewed frequently, decisions on asset use may change in line with improvements in market conditions, resulting in reversal of impairment losses. In 2007, impairment losses of US\$19 million were reversed due to changes in asset use for property, plant and equipment impaired in 2006 as a result of a product divestment. No material impairment loss reversals were recorded in 2008 or 2006.

The cash flow forecasts which support the US\$317 million carrying amount of goodwill in the Seeds NAFTA Corn and Soybean cash generating unit (CGU) show short-term cash outflows caused by new product development and marketing costs for Syngenta's trait portfolio, followed by positive cash flows in later years when new products have been launched. Cash flows are based on management's forecasts over a 10 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 10 assumes a 2.6% 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 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 5% over the 10 year horizon with zero growth thereafter would reduce the recoverable amount of this CGU to its carrying amount.

Syngenta performs its annual impairment review each year at September 30. In recognition of the less favorable global economic environment that has developed since September 30, 2008, Syngenta has considered the impact of the following factors on those assets which are subject to an annual impairment test and found no evidence suggesting that any of those assets became impaired since the annual impairment review was performed: the recent strengthening of the US dollar, recent reductions in agricultural commodity prices, the expectation that world population and demand for food will continue to increase in the long-term and Syngenta's trading performance in the final months of 2008.

### Adjustments for doubtful receivables

Trade and other accounts receivable are reported net of adjustments for doubtful receivables, often referred to as "bad debts". Syngenta is a geographically diverse group, serving a customer base in all significant agricultural areas across the world, and with subsidiary companies in more than 50 countries. Credit terms offered to customers often reflect the crop cycle, particularly where local bank financing may be scarce. 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. Collection can also be affected by the level of inventory in the distribution channel. Syngenta is therefore exposed to a broad range of political and economic risks which can affect prompt and full recoverability of trade receivables. Considerable management effort is consequently spent in actively managing and mitigating these risks.

Syngenta determines the level of doubtful receivables to be provided for 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.

Syngenta has a large number of individual trade receivable balances, and management judgment is often required to determine the appropriate provision. It is therefore difficult to quantify the variability which results from applying the principle, and the sensitivity of Syngenta's results of operations and statement of financial position to specific changes in the estimate of doubtful receivables, other than by hypothetically assuming arbitrary changes in the overall level of provision. As shown in Note 9 below, the provision for doubtful receivables at December 31, 2008 amounted to US\$357 million or 13% (2007: US\$343 million or 13%) of total trade accounts receivable of US\$2,668 million (2007:

US\$2,729 million). The percentage for 2008 remained at the same level as 2007, reflecting the continued favorable effect on collections of strong market conditions and crop prices, as well as an increase in write-offs of receivables already provided for in prior years. In 2008 US\$90 million (2007: US\$4 million) bad debt expense was recorded in profit or loss, representing less than 1% of sales. This related principally to Latin American and East European markets, where Syngenta sales increased significantly in 2008 compared to prior years. Trade receivable amounts which were more than 90 days past due reduced during 2008 to US\$240 million (2007: US\$277 million). 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

When an obligation is first identified to clean-up one of Syngenta's manufacturing sites, the costs are typically spread over an extended period into the future. The assumptions that Syngenta uses in relation to the extent of the clean up required and the method used to clean up the identified contamination may change significantly before or during the clean-up period. 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. As a consequence of the inherent uncertainties in estimating future obligations, Syngenta will, as appropriate, supplement internal expertise with external expertise to help determine what provisions should be recorded in the consolidated financial statements for environmental remediation costs.

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 on environmental provisions during 2008 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 a provision 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. As disclosed in note 25 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\$35 million.

## 2. Accounting policies continued

In 2008, the total additional charge to environmental provisions was US\$34 million and US\$11 million of unutilized provisions were released. 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. 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, 2008, for these shared sites comprise approximately 30% of total environmental provisions of US\$440 million which include US\$8 million classified as restructuring. The top ten exposures at the end of 2008 which cover sites in the USA, Switzerland and the UK, comprise approximately 75% of the total environmental provisions. During 2008, one site in the UK which had been one of the top ten exposures at the end of 2007 was sold to a third party. Syngenta has not retained any liability in respect of the environmental condition of this divested site. 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 30% of the total environmental provision recognized at December 31, 2008.

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

The assumptions used to measure the expense and liabilities related to Syngenta's defined benefit pension plans are reviewed annually. The measurement of the expense for a period and of the benefit obligation at the period end requires judgement with respect to the following matters, among others:

- 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
- Mix of investments in funded pension plans in the period
- Expected future rates of return on the investments in funded pension plans, and how these rates will compare with the market rates of return which were observed in past economic cycles

Post-employment benefit expense for 2009 will be determined based on the same discount rate, salary and pension increase, mortality, disability and employee turnover assumptions as used in valuing the benefit obligation at December 31, 2008, and on the assumed long-term expected rates of return on pension plan assets. These key assumptions are disclosed in Note 22 below, as are the experience variances which arose in the past five years between actual outcomes and the assumptions applied in each respective year. Assumptions used to value the benefit obligation as at December 31 are reviewed annually, and updated based on actual experience when appropriate. In this five-year period, variances were caused principally by external financial market movements in the corporate bond yields used to benchmark the discount rate, and in asset prices which affected 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, 2008:

| (US\$ million)                                       | Increase/(reduction)<br>in 2009<br>pre-tax pension<br>expense | Increase/(reduction)<br>in December 31,<br>2008<br>projected benefit<br>obligation |
|--|---|--|
| 25 basis point decrease in real discount rate        | 17  | 150  |
| 25 basis point increase in real discount rate        | (16)  | (143)  |
| 25 basis point decrease in expected return on assets | 8   | —  |
| 25 basis point increase in expected return on assets | 8   | —  |

The above sensitivities reflect the total impact of changing the stated assumption as shown for all of the 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.

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## 2. Accounting policies continued

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. As at December 31, 2008, the index yield was 6.7%. Syngenta has adjusted the index yield for credit quality by anticipating the effect of removing bonds which will no longer form part of the index with effect from January 1, 2009. This effect reduced the discount rate at December 31, 2008 by 20 basis points. Syngenta has further reduced the rate by 30 basis points, to 6.2%, based on corporate bond yield curve data, for the difference between the 18 year average duration of its UK pension liabilities and the index duration. The comparable adjustment at December 2007 was 10 basis points because the yield curve data at that date was much flatter. 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. The real discount rate for the UK pension liabilities increased in 2008 by 90 basis points to 3.4% (2007: 2.5%; 2006: 2.3%).

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, 2008 the index yield incorporates greater estimation than in prior periods due to current illiquid market conditions. Syngenta considers that yields lie between 3.0% and 4.0% and has selected 3.5% as the discount rate (2007: 3.5%; 2006: 3.0%).

In 2008, Syngenta has selected 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 6.1% (2007: 6.0%; 2006: 5.75%). For 2007 and prior years, Moody's Aa Corporate bond index was the main benchmark for the discount rate for Syngenta's US pension liabilities. In the opinion of Syngenta, this index is no longer the most appropriate proxy for Syngenta US pension liabilities under current market conditions.

In 2008, especially during the second half of the year, plan asset market values were adversely affected by declining prices in the financial markets. These declines were partly offset by gains in interest rate swaps entered into by the pension funds in 2006 and 2007 to reduce their exposure to the higher cost of funding pension liabilities which would result from lower interest rates. Actual returns for the UK, Swiss and US pension plan assets were below the expected long-term return assumption of 6.1%, 4.5% and 7.25% respectively used to calculate 2008 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. UK citizens born between 1928 and 1945 currently show lower mortality than those born before or after this period. Syngenta has assumed that the mortality of this section of its UK pension fund members will continue to be lower than that of older members at the equivalent age until 2020. This is referred to as the "medium cohort effect". Syngenta has also 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. Syngenta will continue to review its mortality assumptions annually. No further changes to mortality assumptions were made in 2007 or 2008. Mortality assumption changes were last made in 2006 and increased the projected benefit obligation at December 31, 2006 for the UK and Swiss pension liabilities by US\$73 million and US\$32 million respectively. Syngenta's US pension plan gives members lump sum or annuity benefit payment options. When valuing the US pension liabilities in these financial statements, 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. In accordance with Syngenta's IAS 19 accounting policy, the increases in pension liability mentioned above have a deferred effect on Syngenta's IFRS profit or loss. The changes are fully included in the benefit obligation figure reported for each plan in Note 22 to the financial statements. In the opinion of Syngenta management, the 2008 valuations of the benefit obligation for each plan reflect the most likely outcome, based on the latest available evidence. Principally as a result of the above unfavorable market performance, the funded ratio reduced from 2007 to 2008 for the UK plan from 102% to 100%, for the main US plan from 107% to 97% and for the Swiss plan from 98% to 88%. The overall funded ratio for the three plans reduced from 102% to 95%.

Where members have a choice of when they start drawing retirement benefits, or a choice between receiving benefits in the form of a lump sum or as annual pension, 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.

#### Restructuring

In 2004 and in 2007, Syngenta announced restructuring programs known as "Operational Efficiency". An element of these programs involves the rationalization of production sites, including the relocation of certain manufacturing and development activities from higher cost regions, such as Western Europe, to lower cost regions, such as certain countries in Asia Pacific. Syngenta has recorded impairment losses or accelerated depreciation charges for assets at sites affected by specific restructuring or closure announcements which have already been made. Further specific restructuring announcements are likely to be made, and consequently further expense is likely to be recorded in future years. Because the exact timing and content of specific announcements has not yet been decided, Syngenta is not able to quantify accurately the total amount of such expense in any future year. At December 31, 2008, Syngenta's balance sheet included property, plant and equipment with a net book value of US\$2,188 million, as disclosed in Note 12 below.

## 2. Accounting policies continued

### Deferred tax assets

Tax losses are recognized as deferred tax assets when it becomes probable that they will be utilized. At December 31, 2008, Syngenta's deferred tax assets were US\$514 million (2007: US\$639 million). Included in this balance are deferred tax assets for net operating losses of US\$30 million (2007: US\$69 million). Many subsidiaries were able to utilize tax losses carried forward from prior years during 2008. Losses which were derecognized because it became less likely that they would be utilized were 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, 2008, 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 not able to quantify accurately the amount of any future potential deferred income tax expense which might be recorded as a result.

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, 2008. For Brazil, at December 31, 2008 as a result of continued local profitability, Syngenta has recognized US\$26 million (2007: US\$33 million) of deferred tax assets. 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 policy is to comply fully with applicable tax regulations in all jurisdictions in which Syngenta's operations are subject to income taxes. However, Syngenta and the relevant tax authorities may have different interpretations of how the regulations should be applied to actual transactions.

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.

Syngenta's estimates of current income tax expense and liabilities are calculated on the assumption that all tax computations filed by Syngenta's subsidiaries will be subject to review or audit by the relevant tax authorities. Current income tax liabilities include Syngenta's best estimate of the tax that will ultimately be payable when the reviews or audits have been completed, including allowances for interest and penalties which Syngenta may be required to pay if the authorities assess additional tax payments for prior years. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements. This may affect income tax expense, profit or loss, effective tax rates and earnings per share reported in future years' consolidated income statements. Several prior years' tax computations are generally still open for review or audit for most Syngenta subsidiaries at the balance sheet date. Syngenta's estimates of income tax expense and liabilities at each year end 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. At December 31, 2008, Syngenta's balance sheet included assets of US\$33 million (2007: US\$88 million) included within 'Other accounts receivable', and liabilities of US\$322 million (2007: US\$512 million) shown separately on the face of the balance sheet, for current income taxes. These liabilities include US\$145 million in respect of the uncertain tax positions described above (2007: US\$ 218 million). During 2008, as further disclosed in Note 7, Syngenta reached agreement with the tax authorities in several countries in the EAME and NAFTA regions with regard to several tax positions which had been open over several 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 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 2009 is less than 20% of total recognized current income tax liabilities.

### 3. Acquisitions, divestments and other significant transactions

The following significant changes were made during 2008, 2007 and 2006.

#### Acquisitions 2008

On November 10, 2008, Syngenta purchased 100% of 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 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. Because of the timing of these three transactions, Syngenta is still at a preliminary stage in the purchase accounting process. The cost of acquisition and the acquisition date carrying amount of all the identifiable assets and liabilities acquired are subject to finalization. US\$96 million, representing the sum of goodwill and purchase accounting adjustments still to be completed, is presented within 'other intangibles' in Note 13 below. Direct acquisition costs incurred to date on these three acquisitions are US\$4 million. The combined impact on profit for the period of the post-acquisition period trading for the acquired businesses was US\$nil million.

## 3. Acquisitions, divestments and other significant transactions continued

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 has increased to 96.3%.

Total cash paid on all the above acquisitions and minority shareholder transactions during 2008 was US\$143 million. This represents the cost of acquisition before final adjustments.

The assets and liabilities recognized in these business combinations and acquisitions of minority interest in 2008 were as follows:

| (US\$ million)                     | Carrying amount | Fair value adjustments (provisional) | Fair values (provisional) |
|------------------------------------|-----------------|--------------------------------------|---------------------------|
| Trade receivables                  | 12              | –                                    | 12                        |
| Inventories                        | 25              | –                                    | 25                        |
| Property, plant and equipment      | 14              | –                                    | 14                        |
| Intangible assets                  | –               | 96                                   | 96                        |
| Trade accounts payable             | (14)            | –                                    | (14)                      |
| Other                              | 17              | (8)                                  | 9                         |
| Net assets acquired                | 54              | 88                                   | 142                       |
| Minority interest acquired         | 2               | –                                    | 2                         |
| Syngenta AG shareholders' interest | 56              | 88                                   | 144                       |
| Purchase price                     |                 |                                      | 147                       |
| Goodwill                           |                 |                                      | 3                         |

Cash flow on acquisition was as follows:

| (US\$ million)             |     |
|----------------------------|-----|
| Cash paid:                 |     |
| – Direct acquisition costs | 4   |
| – Asset purchases          | 37  |
| – Share purchases          | 106 |
|                            | 147 |
| – Net cash acquired        | (4) |
| – Net cash outflow         | 143 |

Based on the timing of these acquisitions and the different reporting period ends of the acquirees before their acquisition, it is considered impracticable to disclose the information required by IFRS 3 paragraph 70 (pro forma consolidated sales and profit or loss as though the acquisition had occurred at the beginning of the period). Based on the information contained in the public announcements related to the acquisitions Syngenta does not believe the pro forma adjustments are material in relation to its consolidated financial statements.

On April 3rd, 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. The purchase price was US\$36 million.

## Acquisitions 2007

Between April 20 and December 22, 2007, following a public offer to minority shareholders of Syngenta India Ltd. (SIL), Syngenta increased its shareholding in SIL from 84% to 95%, at a cash cost of US\$66 million. SIL delisted

from the Mumbai and Kolkata stock exchanges on June 20, 2007. Goodwill on this transaction was US\$50 million. The most important factors contributing to the recognition of goodwill were the economies of scale that Syngenta expects to achieve in its global marketing, selling and distribution operations, research and development activities, and product supply chain by consolidating the operation of SIL with other wholly owned Indian Syngenta subsidiaries, and making greater future use of SIL as a manufacturing and research and development center for the global business.

On January 31, 2007, Syngenta acquired the assets of Gromor International Corporation, which consist of peat extraction rights over certain land in Manitoba, Canada. On July 17, 2007, Syngenta acquired the outstanding 20% of Agrosem S.A. which it did not already own. On June 25, 2007, Syngenta acquired 100% of the business of the Fischer group of companies through purchases of shares and assets. The Fischer group of companies specializes in the breeding and marketing of flower crops. On August 31, 2007, Syngenta purchased 100% of the shares of Zeraim Gedera Ltd., which specializes in the breeding and marketing of vegetable crops, including tomato, pepper and melon. Cash paid for these acquisitions is US\$108 million. Goodwill on these acquisitions is US\$49 million. The most important factors contributing to the recognition of goodwill on these acquisitions were the expected value of revenue and cost synergies and other benefits from combining the businesses of the acquired entities with those of Syngenta. Purchase accounting was finalized in 2008: the detailed valuation of various intangible assets is US\$20 million lower than the provisional estimate made in the 2007 consolidated financial statements, with a consequent US\$5 million reduction in deferred tax liabilities and US\$15 million increase in goodwill. Direct acquisition costs were US\$6 million.

## 3. Acquisitions, divestments and other significant transactions continued

The assets and liabilities recognized in these business combinations and acquisitions of minority interests in 2007 were as follows:

| (US\$ million)                     | Carrying amount | Fair value adjustments | Fair values |
|------------------------------------|-----------------|------------------------|-------------|
| Trade receivables                  | 46              | (1)                    | 45          |
| Inventories                        | 13              | 21                     | 34          |
| Property, plant and equipment      | 45              | (4)                    | 41          |
| Intangible assets                  | 25              | 41                     | 66          |
| Trade accounts payable             | (54)            | –                      | (54)        |
| Financial debts                    | (47)            | –                      | (47)        |
| Deferred tax liabilities           | –               | (13)                   | (13)        |
| Other                              | (8)             | (1)                    | (9)         |
| Net assets acquired                | 20              | 43                     | 63          |
| Minority interest acquired         | 15              | 2                      | 17          |
| Syngenta AG shareholders' interest | 35              | 45                     | 80          |
| Purchase price                     |                 |                        | 179         |
| Goodwill                           |                 |                        | 99          |

Cash flow on acquisition was as follows:

| (US\$ million)             |     |
|----------------------------|-----|
| Cash paid:                 |     |
| – Direct acquisition costs | 6   |
| – Asset purchases          | 12  |
| – Share purchases          | 98  |
|                            | 116 |
| – Net cash acquired        | (8) |
| – Net cash outflow         | 108 |

## Acquisitions 2006

On June 1, 2006, Syngenta purchased 100% of the shares of Emergent Genetics Vegetable A/S (“EGV”), for cash. On August 1, 2006, Conrad Fafard, Inc., (“Fafard”) merged with a Syngenta subsidiary so that Syngenta acquired control of Fafard and its subsidiaries, in exchange for cash paid to or for the account of Fafard’s former shareholders. In addition, Syngenta settled US\$14 million of financial debts and certain other liabilities of Fafard on August 2, 2006. Goodwill arising on the EGV acquisition was US\$3 million. Goodwill arising on the Fafard acquisition was US\$43 million, revised from US\$36 million provisionally estimated at December 31, 2006 because of refinements made on finalizing the valuations of certain acquired intangible assets and property, plant and equipment. On November 16, 2006, Syngenta acquired the remaining 50% of the shares of Longreach Plant Breeders (LRPB) that it did not already own. LRPB was accounted for as an asset held for resale until divested in November 2007. The aggregate cash cost of these acquisitions was US\$148 million including direct acquisition costs of US\$3 million. The assets and liabilities recognized in these business combinations were as follows:

| (US\$ million)                | Carrying amount | Fair value adjustments | Fair values |
|-------------------------------|-----------------|------------------------|-------------|
| Trade receivables             | 16              | –                      | 16          |
| Inventories                   | 23              | 11                     | 34          |
| Property, plant and equipment | 31              | 5                      | 36          |

|                          |      |      |      |
|--------------------------|------|------|------|
| Intangible assets        | 1    | 60   | 61   |
| Financial debts          | (16) | –    | (16) |
| Deferred tax liabilities | (3)  | (32) | (35) |
| Other                    | (4)  | 8    | 4    |
| Net assets acquired      | 48   | 52   | 100  |

Cash flow on acquisition was as follows:

(US\$ million)

|                             |     |
|-----------------------------|-----|
| Cash paid – share purchases | 145 |
| Net cash acquired           | (2) |
| Net cash outflow            | 143 |

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### 3. Acquisitions, divestments and other significant transactions continued

In respect of Fafard, the most important factors contributing to the recognition of goodwill were the ability to combine Fafard's peat products with Syngenta's chemical products to present an enhanced offer to customers via Syngenta's distribution network, and the barriers to entry into the peat extraction business.

#### Purchase Price Allocation

In allocating the purchase price for the above acquisitions, brand names were valued using an income approach based on the relief from royalty (RFR) method. The royalty rates applied were selected considering available market data. Customer relationships were valued using an income approach, and product rights and IPR&D were valued using an income approach based on the RFR method and, where appropriate, the residual profit method. Royalties for licenses of similar product rights were also considered.

### 4. Segmental breakdown of key figures 2008, 2007 and 2006

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

#### Crop Protection

The Crop Protection segment principally manufactures, distributes and sells herbicides, insecticides and fungicides to both agricultural and non-agricultural customers. In the opinion of Syngenta, very few of the required segmental disclosures can be disaggregated accurately into separate agricultural and non-agricultural segments at present, sales being the major exception. Several different industry sectors are represented within Syngenta's non-agricultural customer base for professional products.

#### Seeds

The Seeds segment sells seeds for growing corn, sugarbeet, 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. Syngenta has judged it appropriate to aggregate the financial information relating to these activities into a single reportable segment.

#### General

Syngenta manages its three segments separately because their current or future sources of income derive from distinct types of products or technologies which require different manufacturing, distribution and marketing strategies. Segment performance is managed based on segment operating income and this is the measure of segment profit or loss presented. Segment operating income 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 net debt (financial debts less cash and cash equivalents), 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.

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## 4. Segmental breakdown of key figures 2008, 2007 and 2006 continued

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

| 2008 (US\$ million)  | Crop<br>Protection | Business<br>Development | Unallocated | Total |         |
|--|--------------------|-------------------------|-------------|-------|---------|
| Product sales  | 9,224              | 2,337                   | 10          | –     | 11,571  |
| Royalty income   | 7                  | 105                     | 14          | –     | 126     |
| Total segment sales  | 9,231              | 2,442                   | 24          | –     | 11,697  |
| Less sales to other segments   | (73)               | –                       | –           | –     | (73)    |
| Third party segment sales  | 9,158              | 2,442                   | 24          | –     | 11,624  |
| Cost of goods sold   | (4,352)            | (1,331)                 | (18)        | (12)  | (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)   |
| Total assets   | 9,782              | 3,087                   | 115         | 1,600 | 14,584  |
| Total liabilities  | 3,426              | 1,235                   | 13          | 4,009 | 8,683   |
| Included in total assets are   |                    |                         |             |       |         |
| Additions to property, plant and equipment                             | 290                | 188                     | 7           | –     | 485     |
| Total property, plant and equipment                                    | 1,638              | 525                     | 25          | –     | 2,188   |
| Additions to intangible assets   | 146                | 353                     | 8           | –     | 507     |
| Total investments in associates and joint ventures                     | 67                 | 31                      | 36          | –     | 134     |
| (1) Intersegment elimination   |                    |                         |             |       |         |

Assets and liabilities unallocated at December 31, 2008 are:

| (US\$ million)                       | Unallocated |
|--------------------------------------|-------------|
| Cash and cash equivalents            | 803         |
| Income taxes recoverable (Note 9)    | 33          |
| Financial derivatives (Note 14)      | 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         |
| Financial derivatives (Note 18)      | 113         |
| Non-current financial debt (Note 18) | 2,524       |
| Deferred tax liabilities (Note 7)    | 659         |
| Other current liabilities            | 180         |

|                   |       |
|-------------------|-------|
| Total liabilities | 4,009 |
|-------------------|-------|

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## 4. Segmental breakdown of key figures 2008, 2007 and 2006 continued

| 2007 (US\$ million)  | Crop<br>Protection | Business<br>Development | Unallocated | Total   |
|--|--------------------|-------------------------|-------------|---------|
| Product sales  | 7,281              | 1,954                   | 5           | 9,240   |
| Royalty income   | 4                  | 64                      | –           | 68      |
| Total segment sales  | 7,285              | 2,018                   | 5           | 9,308   |
| Less sales to other segments   | (68)               | –                       | –           | (68)    |
| Third party segment sales  | 7,217              | 2,018                   | 5           | 9,240   |
| Cost of goods sold   | (3,537)            | (1,123)                 | (6)         | (4,669) |
| Gross profit   | 3,680              | 895                     | (1)         | 4,571   |
| Marketing and distribution   | (1,167)            | (465)                   | (6)         | (1,638) |
| Research and development   | (496)              | (283)                   | (51)        | (830)   |
| General and administrative   | (516)              | (125)                   | 37          | (604)   |
| Restructuring and impairment   | 1                  | (38)                    | 2           | (35)    |
| Operating income/(loss) - continuing operations                              | 1,502              | (16)                    | (19)        | 1,464   |
| Included in the above operating income from continuing operations are:       |                    |                         |             |         |
| Personnel costs  | (1,391)            | (520)                   | (17)        | (1,928) |
| Depreciation of property, plant and equipment                                | (182)              | (46)                    | (2)         | (230)   |
| Amortization of intangible assets  | (140)              | (28)                    | –           | (168)   |
| Impairment of property, plant and equipment, intangible and financial assets | (41)               | 5                       | –           | (36)    |
| Other non-cash items including charges in respect of provisions              | (173)              | (56)                    | –           | (229)   |
| Total assets   | 9,117              | 2,513                   | 96          | 13,280  |
| Total liabilities  | 3,029              | 881                     | 6           | 7,239   |
| Included in total assets are:  |                    |                         |             |         |
| Additions to property, plant and equipment                                   | 204                | 156                     | 2           | 362     |
| Total property, plant and equipment  | 1,710              | 411                     | 17          | 2,138   |
| Additions to intangible assets   | 71                 | 147                     | –           | 218     |
| Total investments in associates and joint ventures                           | 65                 | 24                      | –           | 89      |

(1) Intersegment elimination

Assets and liabilities unallocated at December 31, 2007 are:

| (US\$ million)                       | Unallocated |
|--------------------------------------|-------------|
| Cash and cash equivalents            | 503         |
| Income taxes recoverable (Note 9)    | 88          |
| Financial derivatives (Note 14)      | 168         |
| Deferred tax assets (Note 7)         | 639         |
| Marketable securities                | 102         |
| Other current assets                 | 54          |
| Total assets                         | 1,554       |
| Current financial debt (Note 16)     | 399         |
| Income taxes payable                 | 512         |
| Financial derivatives (Note 18)      | 33          |
| Non current financial debt (Note 18) | 1,726       |
| Deferred tax liabilities (Note 7)    | 622         |
| Other current liabilities            | 31          |
| Total liabilities                    | 3,323       |



## 4. Segmental breakdown of key figures 2008, 2007 and 2006 continued

| 2006 (US\$ million)  | Crop<br>Protection | Business<br>Development | Unallocated | Total   |
|--|--------------------|-------------------------|-------------|---------|
| Product sales  | 6,376              | 1,683                   | 1           | 8,060   |
| Royalty income   | 2                  | 60                      | 1           | 63      |
| Total segment sales  | 6,378              | 1,743                   | 2           | 8,123   |
| Less sales to other segments   | (77)               | –                       | –           | (77)    |
| Third party segment sales  | 6,301              | 1,743                   | 2           | 8,046   |
| Cost of goods sold   | (3,049)            | (894)                   | (2)         | (3,982) |
| Gross profit   | 3,252              | 849                     | –           | 4,064   |
| Marketing and distribution   | (1,037)            | (429)                   | (4)         | (1,470) |
| Research and development   | (490)              | (232)                   | (74)        | (796)   |
| General and administrative   | (549)              | (106)                   | (13)        | (668)   |
| Restructuring and impairment   | (275)              | (38)                    | 12          | (301)   |
| Operating income/(loss) - continuing operations                              | 901                | 44                      | (79)        | 829     |
| Included in the above operating income from continuing operations are:       |                    |                         |             |         |
| Personnel costs  | (1,334)            | (472)                   | (23)        | (1,829) |
| Depreciation of property, plant and equipment                                | (188)              | (38)                    | (3)         | (229)   |
| Amortization of intangible assets  | (141)              | (22)                    | (3)         | (166)   |
| Impairment of property, plant and equipment, intangible and financial assets | (65)               | –                       | (3)         | (68)    |
| Other non-cash items including charges in respect of provisions              | (370)              | (47)                    | 6           | (411)   |
| Total assets   | 8,466              | 1,972                   | 142         | 11,852  |
| Total liabilities  | 2,589              | 726                     | 7           | 6,158   |

(1) Intersegment elimination

Summarized additional information on the nature of expenses is as follows:

| (US\$ million)   | 2008    | 2007    | 2006    |
|--|---------|---------|---------|
| Salaries, short-term employee benefits and other personnel expense | (2,013) | (1,748) | (1,641) |
| Pension and other post-employment benefit expense                  | (117)   | (138)   | (146)   |
| Share based payment expense  | (49)    | (42)    | (42)    |
| Total personnel costs  | (2,179) | (1,928) | (1,829) |
| Depreciation of property, plant & equipment                        | (242)   | (230)   | (229)   |
| Impairment of property, plant & equipment                          | (17)    | (20)    | (22)    |
| Amortization of intangible assets                                  | (181)   | (168)   | (166)   |
| Impairment of intangible assets                                    | (18)    | (16)    | (46)    |

5. Regional breakdown of key figures 2008, 2007 and 2006

| 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 assets                               | 3,880 | 7,557           | 1,847         | 1,300        | 14,584 |
| Additions to property, plant and equipment | 179   | 219             | 43            | 44           | 485    |
| Additions to intangible assets             | 70    | 391             | 34            | 12           | 507    |
| 2007 (US\$ million)                        | NAFTA | Europe & AME(2) | Latin America | Asia Pacific | Total  |
| Sales(1)                                   | 3,108 | 3,350           | 1,565         | 1,217        | 9,240  |
| Total assets                               | 3,504 | 6,953           | 1,548         | 1,275        | 13,280 |
| Additions to property, plant and equipment | 114   | 192             | 23            | 33           | 362    |
| Additions to intangible assets             | 10    | 160             | –             | 48           | 218    |
| 2006 (US\$ million)                        | NAFTA | Europe & AME(2) | Latin America | Asia Pacific | Total  |
| Sales(1)                                   | 2,900 | 2,917           | 1,141         | 1,088        | 8,046  |
| Additions to property, plant and equipment | 106   | 147             | 15            | 29           | 297    |
| Additions to intangible assets             | 99    | 116             | –             | –            | 215    |

(1) Sales by location of third party customer

(2) AME – Africa and the Middle East

The following countries individually accounted for more than 5% of the respective Syngenta totals at December 31, 2008 or 2007 or for the years ended December 31, 2008, 2007 or 2006:

(US\$ million, except %)

| Country     | Sales(1) |     |       |     |       |     | Total assets |     |        |     |
|-------------|----------|-----|-------|-----|-------|-----|--------------|-----|--------|-----|
|             | 2008     | %   | 2007  | %   | 2006  | %   | 2008         | %   | 2007   | %   |
| Switzerland | 96       | 1   | 73    | 1   | 55    | 1   | 4,198        | 29  | 3,714  | 28  |
| UK          | 260      | 2   | 216   | 2   | 156   | 2   | 741          | 5   | 1,024  | 8   |
| USA         | 2,905    | 25  | 2,556 | 28  | 2,363 | 29  | 3,758        | 26  | 3,431  | 26  |
| France      | 691      | 6   | 565   | 6   | 497   | 6   | 772          | 5   | 731    | 5   |
| Brazil      | 1,537    | 13  | 1,039 | 11  | 738   | 9   | 1,279        | 9   | 1,338  | 10  |
| Germany     | 636      | 5   | 484   | 5   | 407   | 5   | 124          | 1   | 113    | 1   |
| Others      | 5,499    | 48  | 4,307 | 47  | 3,830 | 48  | 3,712        | 25  | 2,929  | 22  |
| Total       | 11,624   | 100 | 9,240 | 100 | 8,046 | 100 | 14,584       | 100 | 13,280 | 100 |

(US\$ million, except %)

| Country     | Additions to property, plant and equipment |     |      |     |      |     | Additions to intangible assets |     |      |     |      |     |
|-------------|--|-----|------|-----|------|-----|--------------------------------|-----|------|-----|------|-----|
|             | 2008                                       | %   | 2007 | %   | 2006 | %   | 2008                           | %   | 2007 | %   | 2006 | %   |
| Switzerland | 96   | 20  | 83   | 23  | 61   | 21  | 395                            | 78  | 66   | 30  | 45   | 21  |
| UK          | 54   | 11  | 25   | 7   | 47   | 16  | –                              | –   | –    | –   | 60   | 28  |
| USA         | 163  | 34  | 115  | 31  | 121  | 41  | 70                             | 14  | 11   | 5   | 95   | 44  |
| France      | 19   | 4   | 22   | 6   | 17   | 6   | –                              | –   | –    | –   | –    | –   |
| Brazil      | 29   | 6   | 14   | 4   | 10   | 3   | 1                              | –   | –    | –   | –    | –   |
| Germany     | 2  | –   | 7    | 2   | 1    | –   | –                              | –   | 7    | 3   | –    | –   |
| Others      | 122  | 25  | 96   | 27  | 40   | 13  | 41                             | 8   | 134  | 62  | 15   | 7   |
| Total       | 485  | 100 | 362  | 100 | 297  | 100 | 507                            | 100 | 218  | 100 | 215  | 100 |



(1) Sales by location of third party customer

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

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## 6. Restructuring and impairment

Restructuring and impairment consists of the following:

| (US\$ million)  | 2008  | 2007  | 2006  |
|---|-------|-------|-------|
| Cash costs:   |       |       |       |
| Operational efficiency programs                                   |       |       |       |
| – Charged to provisions   | (43)  | (112) | (185) |
| – Expensed as incurred  | (37)  | (5)   | (14)  |
| Seeds integration   |       |       |       |
| – Charged to provisions   | (40)  | (9)   | (22)  |
| – Expensed as incurred  | (6)   | –     | (14)  |
| Programs announced before 2004                                    |       |       |       |
| – Released from provisions  | 1     | –     | 3     |
| Total cash restructuring costs                                    | (125) | (126) | (232) |
| Non-cash restructuring and impairment costs                       | (73)  | (30)  | (75)  |
| Total restructuring and impairment costs                          | (198) | (156) | (307) |
| Divestment gains  | 2     | 121   | 6     |
| Restructuring and impairment before reversal of inventory step-up | (196) | (35)  | (301) |
| Reversal of inventory step-up (included in cost of goods sold)    | (9)   | (6)   | (25)  |
| Total restructuring and impairment                                | (205) | (41)  | (326) |

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.

Restructuring costs are charged to provisions when they qualify for recognition in accordance with IAS 37. Costs expensed as incurred relate mainly to the establishment of new common IT systems and transactional processes across Syngenta's businesses and the relocation of staff and operations as part of the restructuring, which do not qualify for accrual under IAS 37.

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.

## 2008

The Operational Efficiency program announced in February 2007 includes restructuring in Crop Protection and Seeds. The overall 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. During 2008, restructuring charges of US\$19 million were incurred by Crop Protection under this program, 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 relate to Crop Protection and Seeds and consist 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. Seeds integration related consultancy charges of approximately US\$6 million were also expensed as incurred.

Non-cash restructuring and impairment costs consist of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations. Impairments of intangible assets of US\$17 million include accelerated amortization of a lease related to a Crop Protection development site, the closure of which was announced in 2006. Impairments and write-offs of property, plant and equipment included an US\$11 million write-down of a former Crop Protection production site that was sold in 2008. Impairments of available-for-sale financial assets total US\$37 million consisting mainly of recognition of the significant decline in the share price of Verenum (previously Diversa) Corporation.

Reversal of inventory step up included in cost of goods sold in 2008 consists of the reversal of inventory step up on the Zeraim Gedera acquisition.

2007

Syngenta incurred costs of US\$41 million associated with the Operational Efficiency program announced in 2004, which relates to the implementation of the Crop Protection manufacturing site closures announced in 2004-2006 and the continued rationalization and relocation of Research and Technology sites announced in 2004.

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## 6. Restructuring and impairment continued

In connection with the Operational Efficiency program announced in 2007, US\$27 million in cash costs were incurred by Crop Protection related to the restructuring of the Development function, projects to improve the efficiency of the distribution and manufacturing networks, and for restructuring of Crop Protection organizations impacting sites in the UK, Switzerland, Australia, France and Spain. Cash costs in Seeds under this program totaled approximately US\$32 million for the restructuring of the NAFTA Corn & Soybean marketing and sales organizations, the exit from an onerous supply contract and exiting unprofitable crops in unprofitable geographies. In addition, headquarter and information systems restructuring activity incurred costs of US\$17 million.

Seeds acquisition integration costs of US\$9 million relate to the integration of the acquired Fischer group and Emergent Genetics Vegetable A/S.

Non-cash restructuring and impairment costs consist of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations announced prior to and during 2006. Impairments of intangible assets largely relate to accelerated amortization of a lease on the Crop Protection development site referred to in the above discussion on 2008 restructuring costs.

Divestment gains of US\$121 million were realized mainly from the sale of a major part of the Rosental site in Basel and from the sale of land in Switzerland.

Reversal of inventory step up included in cost of goods sold in 2007 includes the reversal of inventory step up on the EGV and Zeraim Gedera acquisitions.

### 2006

In connection with the Operational Efficiency program announced in 2004, cash costs of US\$60 million were recorded in respect of announcements of the consolidation of activities in two manufacturing sites in France and Belgium and reductions of sales, marketing and administrative resources in France. Continuing activity related to restructuring announced prior to 2006 gave rise to cash costs of US\$61 million in Crop Protection. The announcement of a restructuring of the Crop Protection Development area, including the closure of one Crop Protection Development site, consolidation of development activity at another site and closure or downsizing of several Field Stations around the world, gave rise to cash costs of US\$78 million and accelerated amortization charges of US\$5 million.

Seeds acquisition integration costs of US\$36 million were mainly for the ongoing integration of the Seeds NAFTA Corn and Soybean business.

Non-cash restructuring and impairment costs include impairments of property, plant and equipment including accelerated depreciation charges for two sites in NAFTA Crop Protection and intangible asset impairments related to a contract termination and the impairment of a supply agreement.

Reversal of inventory step up in 2006 included the final reversal of the inventory step up on the Garst and Golden Harvest acquisitions and the reversal of the step up on the Fafard and EGV acquisitions.

Movements in restructuring provisions were as follows:

| (US\$ million)  | Employee<br>termination<br>costs | Other<br>third<br>party<br>costs | Total |
|-----------------|----------------------------------|----------------------------------|-------|
| January 1, 2006 | 112                              | 91                               | 203   |

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|                                 |       |       |       |
|---------------------------------|-------|-------|-------|
| Cash payments                   | (72)  | (101) | (173) |
| Additions charged to income     | 153   | 82    | 235   |
| Releases credited to income     | (8)   | (20)  | (28)  |
| Additions due to acquisitions   | —     | 8     | 8     |
| Reclassifications               | (5)   | (8)   | (13)  |
| Translation (gains)/losses, net | 10    | 5     | 15    |
| December 31, 2006               | 190   | 57    | 247   |
| Cash payments                   | (126) | (88)  | (214) |
| Additions charged to income     | 49    | 80    | 129   |
| Releases credited to income     | (9)   | (3)   | (12)  |
| Reclassifications               | 11    | 5     | 16    |
| Translation (gains)/losses, net | 8     | 1     | 9     |
| December 31, 2007               | 123   | 52    | 175   |
| Cash payments                   | (75)  | (65)  | (140) |
| Additions charged to income     | 35    | 68    | 103   |
| Releases credited to income     | (9)   | (10)  | (19)  |
| Reclassifications               | (1)   | (8)   | (9)   |
| Translation (gains)/losses, net | (6)   | (2)   | (8)   |
| December 31, 2008               | 67    | 35    | 102   |

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## 7. Income taxes

Income before taxes from continuing operations consists of the following:

| (US\$ million)                                   | 2008  | 2007  | 2006 |
|--|-------|-------|------|
| Switzerland                                      | 900   | 622   | 311  |
| Foreign  | 792   | 797   | 487  |
| Total income before taxes and minority interests | 1,692 | 1,419 | 798  |

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

| (US\$ million)                              | 2008  | 2007  | 2006  |
|---|-------|-------|-------|
| Current income tax (expense)                |       |       |       |
| Switzerland                                 | (148) | (73)  | (31)  |
| Foreign                                     | (113) | (340) | (63)  |
| Total current income tax (expense)          | (261) | (413) | (94)  |
| Deferred income tax (expense)/benefit       |       |       |       |
| Switzerland                                 | (32)  | (58)  | 8     |
| Foreign                                     | (14)  | 163   | (75)  |
| Total deferred income tax (expense)/benefit | (46)  | 105   | (67)  |
| Total income tax (expense)                  |       |       |       |
| Switzerland                                 | (180) | (131) | (23)  |
| Foreign                                     | (127) | (177) | (138) |
| Total income tax (expense)/benefit          | (307) | (308) | (161) |

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

| (US\$ million)                                  | 2008  | 2007  | 2006  |
|---|-------|-------|-------|
| Current tax (expense) relating to current years | (417) | (411) | (221) |
| Adjustments to current tax for prior periods    | 154   | (9)   | 119   |
| Benefit of previously unrecognized tax losses   | 2     | 7     | 8     |
| Total current income tax expense                | (261) | (413) | (94)  |

(1) US\$18 million of current income tax benefit for 2006 has been reclassified from expense relating to current years to adjustments to current tax for prior periods

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 within the EAME and NAFTA regions 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. It is Syngenta's practice to release tax provisions relating to a particular year when the tax audit of that year is completed, an APA settlement is reached which impacts on previous years' tax payments or otherwise the statute of limitations for that year expires, unless there is evident reason for earlier release.

The adjustments to current tax expense for prior periods in 2006 include US\$54 million relating to litigation with tax authorities, which was settled during 2006 with an outcome more favorable than anticipated, and US\$87 million related to tax audits and APAs which were concluded in 2006 and covered periods up to 2002. These tax audits and APAs related to several countries in the NAFTA and APAC regions.



## 7. Income taxes continued

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

| (US\$ million)   | 2008 | 2007 | 2006 |
|--|------|------|------|
| Origination and reversal of temporary differences                | (45) | 33   | (51) |
| Changes in tax rates or legislation                              | (1)  | 24   | 3    |
| Benefit of previously unrecognized tax losses                    | –    | 23   | (3)  |
| Recognition of previously unrecognized other deferred tax assets | –    | 25   | (16) |
| Total deferred income tax (expense)/benefit                      | (46) | 105  | (67) |

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

| (US\$ million)  | 2008  | 2007 | 2006 |
|---|-------|------|------|
| Current tax   | 90    | 35   | 16   |
| Deferred tax  | (135) | 36   | 36   |
| Total income tax (charged)/credited to shareholders' equity | (45)  | 71   | 52   |

## Analysis of tax rate

The analysis of Syngenta's tax rate has been presented using the Swiss tax rate of 25% as the statutory tax rate. Syngenta considers this more meaningful than using a 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:

|  | 2008 | 2007 | 2006 |
|--|------|------|------|
|  | %    | %    | %    |
| Statutory tax rate   | 25   | 25   | 25   |
| Effect of income taxed at different rates  | (5)  | (3)  | (7)  |
| Tax on share based payment   | 2    | 2    | 3    |
| Restructuring and impairment costs not deductible for tax                            | –    | (1)  | 2    |
| Effect of other disallowed expenditures and income not subject to tax                | (2)  | (2)  | 1    |
| Effect of changes in tax rates and laws on previously recognized deferred tax assets | –    | (2)  | –    |
| Effect of recognition of previously unrecognized deferred tax assets                 | –    | (3)  | (1)  |
| Effect of non-recognition of deferred tax assets                                     | 4    | –    | 3    |
| Changes in prior year estimates and other items                                      | (6)  | 6    | (6)  |
| Effective tax rate   | 18   | 22   | 20   |



## 7. Income taxes continued

The deferred tax assets and liabilities at December 31, 2008 and 2007 consist of the following:

| (US\$ million)  | 2008  | 2007  |
|---|-------|-------|
| Assets associated with:   |       |       |
| – Inventories   | 342   | 364   |
| – Accounts receivable   | 74    | 55    |
| – Property, plant and equipment   | 5     | 12    |
| – Pension and employee costs  | 37    | 91    |
| – Provisions  | 219   | 243   |
| – Net operating losses  | 30    | 69    |
| – Financial instruments, including derivatives                          | 46    | 34    |
| – Other   | 52    | 69    |
| Deferred tax assets   | 805   | 937   |
| Adjustment to offset deferred tax assets and liabilities <sup>(1)</sup> | (291) | (298) |
| Adjusted deferred tax assets  | 514   | 639   |
| Liabilities associated with:  |       |       |
| – Property, plant and equipment depreciation                            | 236   | 225   |
| – Intangible assets   | 327   | 381   |
| – Pensions and employee costs   | 116   | 108   |
| – Inventories   | 66    | 86    |
| – Financial instruments, including derivatives                          | 53    | 36    |
| – Provisions and accruals   | 111   | 18    |
| – Other   | 41    | 66    |
| Deferred tax liabilities  | 950   | 920   |
| Adjustment to offset deferred tax assets and liabilities <sup>1</sup>   | (291) | (298) |
| Adjusted deferred tax liabilities                                       | 659   | 622   |

(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, 2008 and 2007 of net operating loss carry forwards which have not been recognized as deferred tax assets by expiration date is as follows:

| (US\$ million)       | 2008 | 2007 |
|----------------------|------|------|
| One year             | 7    | 2    |
| Two years            | 7    | 5    |
| Three years          | 23   | 3    |
| Four years           | 4    | 26   |
| Five years           | 18   | 17   |
| More than five years | 537  | 388  |
| No expiry            | 61   | 156  |
| Total                | 657  | 597  |

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.



## 7. Income taxes continued

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

| 2008 (US\$ million)                            | January<br>1 | Recognized<br>in net<br>income | Recognized<br>in equity | Currency<br>translation<br>effects | Other<br>movements | December<br>31 |
|--|--------------|--------------------------------|-------------------------|------------------------------------|--------------------|----------------|
| <b>Assets associated with:</b>                 |              |                                |                         |                                    |                    |                |
| – 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            |
| – Net operating 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            |
| <b>Liabilities associated with:</b>            |              |                                |                         |                                    |                    |                |
| – 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)          |

Deferred tax assets, other than net operating losses, are not subject to expiry.

A deferred tax asset or liability has not been recognized on the following items in accordance with the accounting policy described in Note 2.

| (US\$ million)  | 2008 | 2007 |
|---|------|------|
| Temporary differences for which no deferred tax assets have been recognized   | 524  | 376  |
| Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized | 158  | 119  |

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

## 8. Earnings per share

| (US\$ million except number of shares)   | 2008       | 2007       | 2006       |
|--|------------|------------|------------|
| Basic and diluted earnings:  |            |            |            |
| Profit for the period  | 1,385      | 1,111      | 637        |
| of which:  |            |            |            |
| Profit attributable to Syngenta AG shareholders                                    | 1,385      | 1,109      | 634        |
| Weighted average number of shares  |            |            |            |
| Weighted average number of shares – basic  | 93,916,415 | 95,973,958 | 98,165,298 |
| Adjustments for dilutive potential ordinary shares:                                |            |            |            |
| Grant of options to Syngenta AG shareholders                                       | –          | –          | 192,581    |
| Grants of options over Syngenta AG shares under employee share participation plans | 662,703    | 946,450    | 1,204,321  |
| Grants of Syngenta AG shares under employee share participation plans              | 117,644    | 222,960    | 313,980    |
| Weighted average number of shares – diluted  | 94,696,762 | 97,143,368 | 99,876,180 |

Basic earnings per share amounts are calculated by dividing net profit 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 profit 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 2008, 2007 and 2006 excluded 288,552, 344,562 and 319,411 respectively of Syngenta AG shares and options granted to employees, as their inclusion would have been antidilutive.

## 9. Trade and other accounts receivable

Trade and other accounts receivable at December 31, 2008 and 2007 are as follows:

| (US\$ million)                     | 2008  | 2007  |
|------------------------------------|-------|-------|
| Trade accounts receivable - gross  | 2,668 | 2,729 |
| Provision for doubtful receivables | (357) | (343) |
| Total trade receivables, net       | 2,311 | 2,386 |
| Other receivables - gross          | 452   | 438   |
| Provision for doubtful receivables | (6)   | (10)  |
| Income taxes recoverable           | 33    | 88    |
| Total other accounts receivable    | 479   | 516   |

Movements on provisions for doubtful trade receivables were as follows:

| (US\$ million)              | 2008  | 2007  |
|-----------------------------|-------|-------|
| January 1                   | (343) | (368) |
| Additions charged to income | (90)  | (4)   |
| Amounts written off         | 30    | 67    |

|                              |       |       |
|------------------------------|-------|-------|
| Other movements              | 5     | (3)   |
| Currency translation effects | 41    | (35)  |
| December 31                  | (357) | (343) |

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## 9. Trade and other accounts receivable continued

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

| 2008 (US\$ million)                | Total<br>past due | 0–90<br>days | 90–180<br>days | More than<br>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                    |

| 2007 (US\$ million)                | Total<br>past due | 0–90<br>days | 90–180<br>days | More than<br>180 days |
|------------------------------------|-------------------|--------------|----------------|-----------------------|
| Trade accounts receivable, gross   | 441               | 164          | 34             | 243                   |
| Other receivables                  | 211               | 130          | 34             | 47                    |
| Provision for doubtful receivables | (231)             | (3)          | (21)           | (207)                 |
| Total                              | 421               | 291          | 47             | 83                    |

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 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 December 31, 2008, US\$98 million (2007: US\$54 million) of trade receivables had been rescheduled.

## 10. Financial and other current assets

Financial and other current assets at December 31, 2008 and 2007 are as follows:

| (US\$ million)                                | 2008 | 2007<br>(reclassified)(1) |
|---|------|---------------------------|
| Prepaid expenses – third party                | 156  | 139                       |
| Derivative assets – hedging trading exposures | 376  | 176                       |
| Marketable securities                         | 5    | 90                        |
| Assets held for sale                          | 11   | 13                        |
| Other   | 23   | 14                        |
| Total   | 571  | 432                       |

(1) See footnote 1 on the Consolidated Balance Sheet

## 11. Inventories

Inventories at December 31, 2008 and 2007 are as follows:

| (US\$ million)  | 2008  | 2007  |
|---|-------|-------|
| Raw materials and consumables                               | 869   | 679   |
| Biological assets   | 28    | 25    |
| Work in progress  | 890   | 809   |
| Finished products   | 1,669 | 1,134 |
| Total   | 3,456 | 2,647 |
| Inventories recognized as an expense during the period      | 4,772 | 4,158 |
| Cost of inventories against which provisions have been made | 449   | 513   |
| Inventories carried at fair value less costs to sell        | 206   | 277   |

Movements on provisions for inventories were as follows:

| (US\$ million)                                      | 2008  | 2007  |
|---|-------|-------|
| January 1   | (261) | (224) |
| Additions charged to income                         | (140) | (122) |
| Reversals of inventory provisions                   | 31    | 18    |
| Amounts utilized on disposal of related inventories | 90    | 85    |
| Other movements                                     | 1     | (4)   |
| Currency translation effects                        | 8     | (14)  |
| December 31   | (271) | (261) |

Movements on biological assets were as follows:

| (US\$ million)                | 2008  | 2007 |
|-------------------------------|-------|------|
| January 1                     | 25    | 4    |
| Additions due to acquisitions | 2     | 6    |
| Changes in fair value         | 126   | 78   |
| Sales                         | (127) | (65) |
| Currency translation effects  | 2     | 2    |
| December 31                   | 28    | 25   |

Quantities of biological assets in inventories at December 31 were:

| (millions of plants) | 2008 | 2007 |
|----------------------|------|------|
| Young plants         | 7    | 10   |
| Cuttings             | 364  | 303  |

## 12. Property, plant and equipment

The following table shows the movement in Property, plant and equipment during 2008:

| 2008 (US\$ million)   | Land | Buildings | Machinery and equipment | Assets under construction | Total   |
|---|------|-----------|-------------------------|---------------------------|---------|
| <b>Cost</b>   |      |           |                         |                           |         |
| 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 <sup>(1)</sup>                 | –    | (19)      | (186)                   | –                         | (205)   |
| Transfers between categories  | –    | 58        | 102                     | (160)                     | –       |
| Other movements   | (25) | 4         | 23                      | (5)                       | (3)     |
| Currency translation effects  | (12) | (91)      | (345)                   | (12)                      | (460)   |
| December 31   | 105  | 1,478     | 3,213                   | 221                       | 5,017   |
| <b>Accumulated depreciation</b>                                     |      |           |                         |                           |         |
| 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 <sup>(1)</sup> | –    | 19        | 181                     | –                         | 200     |
| Other movements   | 11   | 5         | (18)                    | –                         | (2)     |
| Currency translation effects  | 1    | 52        | 263                     | –                         | 316     |
| 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

Additions to Property, plant and equipment of US\$485 million comprise US\$444 million of cash purchases, US\$14 million due to business combinations and US\$27 million of other additions, including initial recognition of finance leases.

Asset impairments were calculated as described in Note 2. Impairment losses related to restructuring and impairment are disclosed in Note 6.

The net book value of Property, plant and equipment accounted for as finance lease assets at December 31, 2008 was US\$47 million (2007: US\$8 million).



The following table shows the movement in Property, plant and equipment during 2007:

| 2007 (US\$ million)                                   | Land | Buildings and equipment | Machinery | Assets under construction | Total   |
|---|------|-------------------------|-----------|---------------------------|---------|
| <b>Cost</b>   |      |                         |           |                           |         |
| January 1   | 138  | 1,404                   | 3,536     | 139                       | 5,217   |
| Additions due to business combinations <sup>(1)</sup> | 1    | 6                       | 33        | –                         | 40      |
| Other additions                                       | 6    | 27                      | 119       | 170                       | 322     |
| Disposals   | (8)  | (27)                    | (346)     | (1)                       | (382)   |
| Assets reclassified as held for sale                  | (1)  | (34)                    | (1)       | –                         | (36)    |
| Transfers between categories                          | (10) | 36                      | 99        | (125)                     | –       |
| Other movements                                       | –    | (6)                     | (45)      | –                         | (51)    |
| Currency translation effects                          | 5    | 96                      | 180       | 7                         | 288     |
| December 31   | 131  | 1,502                   | 3,575     | 190                       | 5,398   |
| <b>Accumulated depreciation</b>                       |      |                         |           |                           |         |
| January 1   | (2)  | (775)                   | (2,483)   | –                         | (3,260) |
| Depreciation charge                                   | –    | (50)                    | (180)     | –                         | (230)   |
| Impairment losses                                     | –    | (7)                     | (32)      | –                         | (39)    |
| Impairment reversal                                   | –    | –                       | 19        | –                         | 19      |
| Depreciation on disposals                             | –    | 22                      | 328       | –                         | 350     |
| Depreciation on assets reclassified as held for sale  | –    | 26                      | 1         | –                         | 27      |
| Other movements                                       | –    | 6                       | 45        | –                         | 51      |
| Currency translation effects                          | –    | (48)                    | (130)     | –                         | (178)   |
| December 31   | (2)  | (826)                   | (2,432)   | –                         | (3,260) |
| Net book value – December 31                          | 129  | 676                     | 1,143     | 190                       | 2,138   |
| Insured value – December 31                           | –    | 2,242                   | 4,763     | 134                       | 7,139   |

(1) Additions in 2007 due to acquisition of Fischer and Zeraim Gedera

## 13. Intangible assets

The following table shows the movement in intangible assets for 2008:

| 2008 (US\$ million)                                 | Goodwill | Product<br>rights | Trademarks | Patents | Software | Other<br>intangibles | Total   |
|---|----------|-------------------|------------|---------|----------|----------------------|---------|
| <b>Cost</b>   |          |                   |            |         |          |                      |         |
| January 1   | 1,567    | 2,637             | 58         | 47      | 199      | 396                  | 4,904   |
| Additions from business combinations <sup>(1)</sup> | 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   |
| <b>Accumulated amortization</b>                     |          |                   |            |         |          |                      |         |
| 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   |

<sup>(1)</sup> Additions due to the 2008 Goldsmith, Yoder and SPS provisional purchase accounting and the finalization of the Zeraim Gedera purchase accounting

Other additions include intangible assets arising from license agreements signed during 2008 with several counterparties which involved 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\$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.

The following table shows the movement in intangible assets for 2007:

| 2007 (US\$ million)                                 | Goodwill | Product<br>rights | Trademarks | Patents | Software | Other<br>intangibles | Total   |
|---|----------|-------------------|------------|---------|----------|----------------------|---------|
| <b>Cost</b>   |          |                   |            |         |          |                      |         |
| January 1   | 1,460    | 2,588             | 47         | 32      | 147      | 322                  | 4,596   |
| Additions from business combinations <sup>(1)</sup> | 92       | –                 | 10         | –       | –        | 64                   | 166     |
| Other additions                                     | –        | –                 | –          | 8       | 40       | 4                    | 52      |
| Currency translation effects                        | 15       | 49                | 1          | 7       | 12       | 6                    | 90      |
| December 31   | 1,567    | 2,637             | 58         | 47      | 199      | 396                  | 4,904   |
| <b>Accumulated amortization</b>                     |          |                   |            |         |          |                      |         |
| January 1   | (322)    | (1,251)           | (13)       | (17)    | (120)    | (149)                | (1,872) |
| Amortization charge                                 | –        | (124)             | (4)        | (6)     | (12)     | (22)                 | (168)   |
| Impairment losses                                   | –        | –                 | –          | –       | –        | (16)                 | (16)    |
| Currency translation effects                        | (4)      | (40)              | –          | (3)     | (5)      | (6)                  | (58)    |
| December 31   | (326)    | (1,415)           | (17)       | (26)    | (137)    | (193)                | (2,114) |

|  |       |       |    |    |    |     |       |
|--|-------|-------|----|----|----|-----|-------|
| Net book value, December 31  | 1,241 | 1,222 | 41 | 21 | 62 | 203 | 2,790 |
| (1) Additions due to the 2007 Fischer and Zeraim Gedera provisional purchase accounting and the finalization of the Fafard purchase accounting |       |       |    |    |    |     |       |

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## 14. Financial and other non-current assets

Financial and other non-current assets at December 31, 2008 and 2007 are as follows:

| (US\$ million)                               | 2008  | 2007<br>(reclassified)(1) |
|--|-------|---------------------------|
| Long-term loans to joint venture             | –     | 3                         |
| Equity securities available-for-sale         | 117   | 131                       |
| Long-term marketable securities              | 2     | 12                        |
| Other non-current receivables                | 146   | 119                       |
| Prepaid pension (Note 22)                    | 628   | 676                       |
| Investments in associates and joint ventures | 134   | 89                        |
| Derivative financial assets                  |       |                           |
| – Hedging financing exposures                | 152   | 168                       |
| – Hedging trading exposures                  | –     | 31                        |
| Total  | 1,179 | 1,229                     |

(1) See footnote 1 on the Consolidated Balance Sheet

Investments in associates and joint ventures at December 31, 2008 consist mainly of US\$66 million (2007: US\$63 million) for a 50% ownership of CIMO Compagne Industrielle de Monthey SA, Switzerland, US\$36 million for the 49% ownership of Sanbei Seeds Co. Ltd., China acquired in 2008 and US\$23 million (2007: US\$21 million) for a 40% ownership of Maisadour Semences SA, France. Income statement effects are not significant.

Syngenta accounts for investments in associates and joint ventures using the equity method. None of the investments are publicly quoted.

Changes in equity securities classified as available-for-sale are as follows:

| (US\$ million)               | 2008 | 2007 |
|------------------------------|------|------|
| January 1                    | 131  | 168  |
| Changes in fair value        | 9    | (48) |
| Other additions              | 17   | 9    |
| Disposals                    | (4)  | –    |
| Impairments                  | (37) | (2)  |
| Currency translation effects | 1    | 4    |
| December 31                  | 117  | 131  |

## 15. Trade accounts payable

The contractual maturities of trade accounts payable at December 31, 2008 and 2007 are as follows:

| (US\$ million) | Total | 0–90<br>days | 90–180<br>days | 180 days–<br>1 year |
|----------------|-------|--------------|----------------|---------------------|
| 2008           | 2,240 | 1,612        | 59             | 569                 |
| 2007           | 1,895 | 1,114        | 326            | 455                 |

## 16. Current financial debt

Current financial debt at December 31, 2008 and 2007 is as follows:

| (US\$ million)  | 2008 | 2007 |
|---|------|------|
| Receivables factored with recourse                      | 76   | 48   |
| Commercial paper  | –    | 225  |
| Bank and other financial debt                           | 112  | 121  |
| Current portion of non-current financial debt (Note 18) | 23   | 5    |
| Total   | 211  | 399  |

The above balance sheet values of current financial debt approximate the estimated fair value due to the short-term nature of these instruments.

The weighted average interest rate on the current bank and other financial debts, including the current portion of non-current financial debts, was 4.4% per annum and 8.4% per annum in 2008 and 2007. 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, 2008, 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 facilities.

The contractual maturities of current financial debts at December 31 are as follows:

| (US\$ million) | Total | 0–90<br>days | 90–180<br>days | 180 days–<br>1 year |
|----------------|-------|--------------|----------------|---------------------|
| 2008           | 211   | 69           | 12             | 130                 |
| 2007           | 399   | 280          | 28             | 91                  |

## 17. Other current liabilities

Other current liabilities at December 31, 2008 and 2007 consist of the following:

| (US\$ million)                                     | 2008  | 2007<br>(reclassified)(1) |
|--|-------|---------------------------|
| Accrued short-term employee benefits               | 322   | 277                       |
| Taxes other than income taxes                      | 72    | 78                        |
| Accrued interest payable                           | 41    | 31                        |
| Accrued utility costs                              | 42    | 27                        |
| Social security and pension contributions          | 46    | 60                        |
| Derivative liabilities – hedging trading exposures | 457   | 142                       |
| Other payables                                     | 146   | 136                       |
| Other accrued expenses                             | 165   | 98                        |
| Total  | 1,291 | 849                       |

(1) See footnote 1 on the Consolidated Balance Sheet

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

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

| 2007 (US\$ million)       | Total | 0-90<br>days | 90-180<br>days | 180 days-<br>1 year |
|---------------------------|-------|--------------|----------------|---------------------|
| Derivative liabilities    | 142   | 100          | 29             | 13                  |
| Other current liabilities | 707   | 419          | 106            | 182                 |
| Total                     | 849   | 519          | 135            | 195                 |

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## 18. Non-current financial debt and other non-current liabilities

Non-current financial debt and other non-current liabilities at December 31, 2008 and 2007 are as follows:

| (US\$ million)   | 2008  | 2007<br>(reclassified)(1) |
|--|-------|---------------------------|
| Unsecured bond issues and US private placement notes                           | 2,496 | 1,711                     |
| Liabilities to banks and other financial institutions                          | 14    | 16                        |
| Finance lease obligations  | 37    | 4                         |
| Total financial debt (including current portion of non-current financial debt) | 2,547 | 1,731                     |
| Less: current portion of non-current financial debt (Note 16)                  | (23)  | (5)                       |
| Non-current derivative financial liabilities                                   |       |                           |
| – hedging financing exposures  | 113   | 33                        |
| – hedging trading exposures  | 12    | 14                        |
| Other non-current liabilities and deferred income                              | 220   | –                         |
| Total  | 2,869 | 1,773                     |

(1) See footnote 1 on the Consolidated Balance Sheet

Other non-current liabilities and deferred income at December 31, 2008 relates to license agreements entered into during 2008 with several counterparties. Related cash flows of US\$76 million are payable between one and five years and US\$144 million of deferred income will be recognized in income as related licensed product sales occur.

The weighted average interest rate on the non-current bank and other financial debt was 5.3% per annum (2007: 5.3% per annum).

The weighted average interest rate on the combined current and non-current bank and other financial debt was 5.1% per annum and 5.8% per annum in 2008 and 2007 respectively. The weighted average interest rate includes the cost of financing emerging market borrowings.

During 2008, Syngenta issued two Swiss franc domestic bonds with principal amounts of CHF 375 million and CHF 500 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 27 for details of hedging activity relating to these bonds.

The outstanding Eurobonds and Swiss franc domestic bonds have been issued under Syngenta's Euro Medium Term Note (EMTN) program, first signed in June 2003. The program was last updated on September 30, 2008 to increase the maximum amount of borrowings to US\$3 billion and is listed on the London Stock Exchange and SIX Swiss Exchange.

At December 31, 2008, the original and current carrying amounts and fair values of the bonds and US Private Placement Market issuances were as follows:

| (US\$ million)                        | Fair value | Carrying amount | Value at issue |
|---------------------------------------|------------|-----------------|----------------|
| 4.125% Eurobond 2011                  | 703        | 702             | 636            |
| 3.500% Swiss franc domestic bond 2012 | 371        | 352             | 316            |
| 3.375% Swiss franc domestic bond 2013 | 488        | 469             | 484            |
| 4.125% Eurobond 2015                  | 669        | 699             | 641            |
| 5.110% US private placement 2020      | 95         | 99              | 75             |

|                                  |       |       |       |
|----------------------------------|-------|-------|-------|
| 5.350% US private placement 2025 | 103   | 75    | 75    |
| 5.590% US private placement 2035 | 158   | 100   | 100   |
| Total                            | 2,587 | 2,496 | 2,327 |

All non-current debt ranks equally.

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## 18. Non-current financial debts and other non-current liabilities continued

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

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

Interest paid on long-term financial debt was US\$78 million, US\$69 million and US\$56 million in 2008, 2007 and 2006 respectively.

## 19. Provisions

Provisions at December 31, 2008 and 2007 are as follows:

| (US\$ million)   | 2008         | 2007         |
|--|--------------|--------------|
| Restructuring provisions (Note 6)                                | 102          | 175          |
| Employee benefits:   |              |              |
| – Pensions (Note 22)   | 147          | 153          |
| – Other post-retirement benefits (Note 22)                       | 32           | 35           |
| – Other long-term employee benefits                              | 50           | 66           |
| Environmental provisions (Note 25)                               | 432          | 450          |
| Provisions for legal and product liability settlements (Note 25) | 199          | 219          |
| Other provisions   | 129          | 91           |
| <b>Total</b>   | <b>1,091</b> | <b>1,189</b> |
| Current portion of:  |              |              |
| – Restructuring provisions                                       | 70           | 112          |
| – Employee benefits:   |              |              |
| – Environmental provisions                                       | 59           | 59           |
| – Provisions for legal and product liability settlements         | 15           | 22           |
| – Other provisions   | 10           | 17           |
| <b>Total current provisions</b>                                  | <b>170</b>   | <b>223</b>   |
| <b>Total non-current provisions</b>                              | <b>921</b>   | <b>966</b>   |

|       |       |       |
|-------|-------|-------|
| Total | 1,091 | 1,189 |
|-------|-------|-------|

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. Where there is judged to be sufficient certainty of recovery Syngenta has recognized a receivable for the reimbursement. At December 31, 2008, Syngenta recognized US\$40 million (2007: US\$14 million), in 'financial and other non-current assets' and US\$nil (2007: US\$14 million) in 'other accounts receivable' in respect of expected reimbursements.

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## 19. Provisions continued

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. Significant legal proceedings are discussed in Note 25 below. With regards to proceedings other than those settled in 2008, 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 2008. 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 2008:

| (US\$ million)   | Balance<br>at<br>January<br>1, 2008 | Release<br>of<br>provisions |                                      | Reclassifications | Currency<br>translation<br>effects | Balance<br>at<br>December<br>31,<br>2008 |
|--|-------------------------------------|-----------------------------|--------------------------------------|-------------------|------------------------------------|--|
|  |                                     | Charged<br>to<br>income     | credited<br>to<br>income<br>Payments |                   |                                    |  |
| Restructuring provisions (Note 6)                      | 175                                 | 103                         | (19)                                 | (140)             | (9)                                | 102                                      |
| Employee benefits:                                     |                                     |                             |                                      |                   |                                    |  |
| – Pensions (Note 22)                                   | 153                                 | 80                          | (2)                                  | (113)             | 38                                 | 147                                      |
| – Other post-retirement benefits (Note 22)             | 35                                  | 13                          | –                                    | (11)              | –                                  | 32                                       |
| – Other long-term employee benefits                    | 66                                  | 2                           | (1)                                  | (8)               | (7)                                | 50                                       |
| Environmental provisions (Note 25)                     | 450                                 | 34                          | (11)                                 | (50)              | 4                                  | 432                                      |
| Provisions for legal and product liability settlements | 219                                 | 13                          | (26)                                 | (19)              | 24                                 | 199                                      |
| Other provisions                                       | 91                                  | 23                          | (9)                                  | (20)              | 55                                 | 129                                      |
| <b>Total</b>   | <b>1,189</b>                        | <b>268</b>                  | <b>(68)</b>                          | <b>(361)</b>      | <b>105</b>                         | <b>1,091</b>                             |

Other provisions mainly comprise provisions for long-term contractual obligations.

## 20. Share capital

The number of ordinary shares of par value CHF 0.10 (2007: CHF 0.10) that were authorized, issued and outstanding at, and the movements during the years ended December 31, 2008 and 2007, were as follows. There were no shares authorized but unissued.

| (Millions of shares)  | 2008               |                         | 2007               |                         |
|---|--------------------|-------------------------|--------------------|-------------------------|
|   | Shares in<br>issue | Treasury<br>shares held | Shares in<br>issue | Treasury<br>shares held |
| January 1   | 100.8              | (6.1)                   | 104.1              | (6.6)                   |
| Cancellation of treasury shares   | (3.8)              | 3.8                     | (3.3)              | 3.3                     |
| Share repurchase plan   | –                  | (2.6)                   | –                  | (3.8)                   |
| Issue of ordinary shares under employee share purchase and option plans | –                  | 0.9                     | –                  | 1.0                     |
| December 31   | 97.0               | (4.0)                   | 100.8              | (6.1)                   |

At December 31, 2008 and 2007 Syngenta had no open options accounted for as equity instruments.



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

The following table analyzes non-cash items included in income before taxes for the years ended December 31, 2008, 2007 and 2006:

| (US\$ million)                                    | 2008 | 2007  | 2006 |
|---|------|-------|------|
| Depreciation, amortization and impairment of:     |      |       |      |
| – Property, plant and equipment (Note 12)         | 259  | 250   | 251  |
| – Intangible assets (Note 13)                     | 199  | 184   | 212  |
| – Financial assets                                | 41   | (1)   | –    |
| Gain on disposal of non-current assets            | (4)  | (127) | (31) |
| Charge in respect of share based compensation     | 49   | 42    | 42   |
| Charges in respect of provisions (Note 19)        | 200  | 332   | 354  |
| Income in respect of reimbursements of provisions | (36) | –     | –    |
| Net financial expenses                            | 169  | 42    | 20   |
| Losses on hedges reported in operating income     | 99   | –     | –    |
| Share of net loss/(gain) from associates          | (3)  | 3     | 11   |
| Total   | 973  | 725   | 859  |

## 22. Post-employment benefits

Syngenta has, apart from the legally required social security arrangements, numerous independent pension plans. Many of these plans are “defined contribution” where the company contribution and resulting benefit costs are a set percentage of employees’ pay. However, the majority of employees are covered by “defined benefit” plans where benefits are based on employees’ length of service and pensionable pay. 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.

The defined benefit obligations of all major plans are re-appraised yearly. Plan assets are recorded at fair values.

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 with effect from 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 must be 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. As disclosed in Note 7 to its statutory accounts, Syngenta AG has undertaken to ensure Syngenta Ltd. will honor that guarantee. As from April 6, 2006, UK pension legislation changed so as to give members of pension funds the opportunity to take a greater proportion of their retirement benefits in the form of a lump sum immediately on retiring, which is tax-free for the employee. Syngenta has assumed that members retiring in future years will take the lump sum option to the same extent as did members who have retired recently. Under the actuarial assumptions used to value the Syngenta UK Pension Fund, this reduced the benefit obligation by US\$45 million. This has been accounted for as a gain in the 2006 consolidated income statement.

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.

Syngenta's main US defined benefit pension plan offers 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.

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## 22. Post-employment benefits continued

A summary of the status of Syngenta's defined benefit plans at December 31, 2008 and 2007 using actuarial assumptions determined in accordance with IAS 19 is given below.

The following tables provide a reconciliation of benefit obligations, plan assets and funded status of the defined benefit pension plans and other post-retirement benefit plans.

| (US\$ million)                    | Pension |       | Other post-retirement benefits |      |
|-----------------------------------|---------|-------|--------------------------------|------|
|                                   | 2008    | 2007  | 2008                           | 2007 |
| <b>Benefit obligations</b>        |         |       |                                |      |
| At January 1                      | 4,713   | 4,548 | 185                            | 164  |
| Current service cost              | 93      | 103   | 3                              | 2    |
| Employee contributions            | 26      | 29    | –                              | –    |
| Interest cost                     | 195     | 211   | 11                             | 9    |
| Actuarial (gain)/loss             | (354)   | (118) | (9)                            | 18   |
| Benefit payments                  | (193)   | (262) | (10)                           | (9)  |
| Other movements                   | –       | 22    | 11                             | (1)  |
| Currency translation effects      | (598)   | 180   | (5)                            | 2    |
| Benefit obligation at December 31 | 3,882   | 4,713 | 186                            | 185  |
| Of which arising from:            |         |       |                                |      |
| Funded plans                      | 3,742   | 4,569 | 170                            | 164  |
| Wholly unfunded plans             | 140     | 144   | 16                             | 21   |

| (US\$ million)                           | Pension |       | Other post-retirement benefits |      |
|--|---------|-------|--------------------------------|------|
|  | 2008    | 2007  | 2008                           | 2007 |
| <b>Plan assets at fair value</b>         |         |       |                                |      |
| At January 1                             | 4,669   | 4,249 | 110                            | 105  |
| Actual return on plan assets             | (456)   | 313   | (23)                           | 5    |
| Employer contributions                   | 140     | 165   | 11                             | 10   |
| Employee contributions                   | 26      | 29    | –                              | –    |
| Benefit payments                         | (193)   | (262) | (10)                           | (9)  |
| Other movements                          | 6       | 12    | (1)                            | (1)  |
| Currency translation effects             | (636)   | 163   | –                              | –    |
| Plan assets at fair value at December 31 | 3,556   | 4,669 | 87                             | 110  |

Actual return on plan assets can be analyzed as follows:

| (US\$ million)                 | Pension |      | Other post-retirement benefits |      |
|--------------------------------|---------|------|--------------------------------|------|
|                                | 2008    | 2007 | 2008                           | 2007 |
| Expected return on plan assets | 222     | 249  | 7                              | 7    |
| Actuarial gain/(loss)          | (678)   | 64   | (30)                           | (2)  |
| Total                          | (456)   | 313  | (23)                           | 5    |





## 22. Post-employment benefits continued

| (US\$ million)   | Pension |       | Other post-retirement benefits |      |
|--|---------|-------|--------------------------------|------|
|  | 2008    | 2007  | 2008                           | 2007 |
| Funded status  | (326)   | (44)  | (99)                           | (75) |
| Unrecognized actuarial loss  | 812     | 542   | 62                             | 50   |
| Unrecognized past service cost/(gain)  | (27)    | (29)  | 5                              | (10) |
| Limitation on recognition of surplus due to uncertainty of obtaining future benefits | (6)     | (4)   | –                              | –    |
| Prepaid/(accrued) benefit cost   | 453     | 465   | (32)                           | (35) |
| Amounts recognized in the balance sheet  |         |       |                                |      |
| Prepaid benefit costs (Note 14)  | 628     | 676   | –                              | –    |
| Accrued benefit liability  | (175)   | (211) | (32)                           | (35) |
| Net amount recognized  | 453     | 465   | (32)                           | (35) |

Of the accrued benefit liability for pensions of US\$175 million at December 31, 2008, US\$147 million is included in Note 19 as pension provisions and US\$28 million as restructuring provisions (2007: US\$153 million as pension and US\$58 million as restructuring).

Syngenta's estimate of the benefit payments to be made in the following 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)  | Pensions | Other post-retirement benefits |       |
|-----------------|----------|--------------------------------|-------|
|                 |          | benefits                       | Total |
| 2009            | 209      | 12                             | 221   |
| 2010            | 215      | 13                             | 228   |
| 2011            | 226      | 13                             | 239   |
| 2012            | 232      | 13                             | 245   |
| 2013            | 243      | 14                             | 257   |
| Years 2014–2018 | 1,347    | 73                             | 1,420 |
| Total 2009–2018 | 2,472    | 138                            | 2,610 |

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. Historical rates of return and the investment outlook for the future are both considered.

Syngenta's estimate of employer contributions to be paid to defined benefit plans in 2009 is US\$150 million, including US\$20 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 2009.

## 22. Post-employment benefits continued

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.

|                           | Switzerland<br>Fair value<br>US\$m | UK<br>Fair value<br>US\$m | USA<br>Fair value<br>US\$m | Other plans<br>Fair value<br>US\$m | Total<br>Fair value<br>US\$m | %   |
|---------------------------|------------------------------------|---------------------------|----------------------------|------------------------------------|------------------------------|-----|
| At December 31, 2008      |                                    |                           |                            |                                    |                              |     |
| Equities                  | 248                                | 589                       | 95                         | 41                                 | 973                          | 27  |
| Property                  | 90                                 | –                         | –                          | –                                  | 90                           | 3   |
| Bonds                     | 476                                | 459                       | 250                        | 133                                | 1,318                        | 37  |
| Other assets              | 349                                | 552                       | 147                        | 11                                 | 1,059                        | 30  |
| Cash and cash equivalents | 57                                 | 31                        | 26                         | 2                                  | 116                          | 3   |
| Fair value of assets      | 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)                        |     |

|                              | Switzerland<br>Expected<br>rate of<br>return<br>% | Switzerland<br>Fair<br>value<br>US\$m | UK<br>Expected<br>rate of<br>return<br>% | UK<br>Fair<br>value<br>US\$m | USA<br>Expected<br>rate of<br>return<br>% | USA<br>Fair<br>value<br>US\$m | Other<br>plans<br>Fair<br>value<br>US\$m | Total<br>Fair<br>value<br>US\$m | %   |
|------------------------------|---|---------------------------------------|--|------------------------------|---|-------------------------------|--|---------------------------------|-----|
| At December 31, 2007         |   |                                       |  |                              |   |                               |  |                                 |     |
| Equities                     | 6.5   | 344                                   | 7.0                                      | 1,040                        | 8.5                                       | 145                           | 60                                       | 1,589                           | 34  |
| Property                     | 4.3   | 114                                   | –  | –                            | –   | –                             | –  | 114                             | 2   |
| Bonds                        | 3.3   | 532                                   | 5.0                                      | 783                          | 6.0                                       | 252                           | 138                                      | 1,705                           | 37  |
| Other assets                 | 5.0   | 332                                   | 6.0                                      | 643                          | 8.5                                       | 177                           | 29                                       | 1,181                           | 25  |
| Cash and cash<br>equivalents | 1.0   | 37                                    | 6.0                                      | 25                           | 3.5                                       | 17                            | 1  | 80                              | 2   |
| Fair value of assets         | 4.5   | 1,359                                 | 6.1                                      | 2,491                        | 7.3                                       | 591                           | 228                                      | 4,669                           | 100 |
| Benefit obligation           |   | (1,351)                               |  | (2,436)                      |   | (551)                         | (375)                                    | (4,713)                         |     |
| Funded status                |   | 8                                     |  | 55                           |   | 40                            | (147)                                    | (44)                            |     |

There are no significant post-retirement healthcare plans in countries other than the USA. The fair value of the assets and liabilities for post-retirement healthcare plans at December 31, 2008 and 2007 are as follows:

| (US\$ million)       | 2008  | 2007  |
|----------------------|-------|-------|
| Equities             | 35    | 59    |
| Bonds                | 52    | 51    |
| Fair value of assets | 87    | 110   |
| Benefit obligation   | (186) | (185) |
| Funded status        | (99)  | (75)  |

## 22. Post-employment benefits continued

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

| (US\$ million)                                      | Pension |       |       | Other post-retirement benefits |      |      |
|---|---------|-------|-------|--------------------------------|------|------|
|   | 2008    | 2007  | 2006  | 2008                           | 2007 | 2006 |
| Current service cost, net of employee contributions | 93      | 103   | 108   | 3                              | 2    | 2    |
| Interest cost                                       | 195     | 211   | 185   | 11                             | 9    | 9    |
| Expected return on plan assets                      | (222)   | (249) | (215) | (7)                            | (7)  | (6)  |
| Amortization of actuarial loss                      | 12      | 26    | 32    | 7                              | 6    | 9    |
| Effect of limitation on recognition of surplus      | 2       | 4     | –     | –                              | –    | –    |
| Past service cost                                   | (1)     | (2)   | (50)  | (2)                            | (4)  | (5)  |
| Curtailments and settlements                        | –       | 15    | 50    | 1                              | –    | –    |
| Net periodic benefit cost                           | 79      | 108   | 110   | 13                             | 6    | 9    |

The defined benefit obligation, plan assets, funded status, changes in actuarial assumptions, and experience adjustments compared to the actuarial assumptions for the years 2004 to 2008 for pensions are as follows:

| (US\$ million)   | 2008    | 2007    | 2006    | 2005    | 2004    |
|--|---------|---------|---------|---------|---------|
| Benefit obligation   | (3,882) | (4,713) | (4,548) | (3,936) | (3,864) |
| Plan assets  | 3,556   | 4,669   | 4,249   | 3,507   | 3,184   |
| Funded surplus/(deficit)   | (326)   | (44)    | (299)   | (429)   | (680)   |
| Changes in actuarial assumptions   | 412     | 200     | 22      | (348)   | (191)   |
| Experience adjustments (increasing)/reducing plan liabilities                      | (58)    | (82)    | (5)     | (20)    | (39)    |
| Experience adjustments on plan assets: actual returns greater/(less) than expected | (678)   | 64      | 49      | 149     | 75      |
| Total  | (324)   | 182     | 66      | (219)   | (155)   |

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

| Weighted-average assumptions:<br>benefit cost for the year ended<br>December 31 | Pension |      |      | Other post-retirement benefits |      |      |
|---|---------|------|------|--------------------------------|------|------|
|   | 2008    | 2007 | 2006 | 2008                           | 2007 | 2006 |
| Discount rate   | 5.0     | 4.5  | 4.2  | 6.00                           | 5.75 | 5.50 |
| Rate of compensation increase   | 2.9     | 3.0  | 3.0  | –                              | –    | –    |
| Expected return on plan assets  | 5.7     | 5.7  | 5.6  | 6.75                           | 6.75 | 6.75 |

| Weighted-average assumptions: benefit obligation as at<br>December 31 | Pension |      | Other post-retirement benefits |      |
|---|---------|------|--------------------------------|------|
|   | 2008    | 2007 | 2008                           | 2007 |
|   | %       | %    | %                              | %    |

|                               |     |     |     |     |
|-------------------------------|-----|-----|-----|-----|
| Discount rate                 | 5.2 | 5.0 | 6.1 | 6.0 |
| Rate of compensation increase | 2.8 | 2.9 | –   | –   |

Mortality assumptions are discussed in Note 2 above under “critical accounting estimates”.

#### Other post-retirement benefits

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

In some Syngenta operations, employees are covered by defined contribution plans for pensions. Syngenta contributions to these plans were as follows:

| (US\$ million)                    | 2008 | 2007 | 2006 |
|-----------------------------------|------|------|------|
| Defined contribution benefit cost | 25   | 24   | 27   |

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## 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 2007 and 2008, 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, 2007 and 2008.

| Year ended December 31, 2007                  | Exercise price<br>(CHF) | Outstanding at January 1 |              |                | Outstanding at December 31 |                | Exercisable  | Remaining contractual life<br>(years) |
|---|-------------------------|--------------------------|--------------|----------------|----------------------------|----------------|--------------|---------------------------------------|
|   |                         | Granted                  | Exercised    | Forfeited      | Granted                    | Exercised      |              |                                       |
|   | 76.5                    | 27.6                     | –            | (4.0)          | –                          | 23.6           | 23.6         | 3.00                                  |
|   | 83.7                    | 20.3                     | –            | (3.9)          | –                          | 16.4           | 16.4         | 3.25                                  |
|   | 98.0                    | 86.1                     | –            | (31.6)         | –                          | 54.5           | 54.5         | 4.25                                  |
|   | 98.0                    | 40.5                     | –            | (8.1)          | –                          | 32.4           | 32.4         | 5.25                                  |
|   | 59.7                    | 197.5                    | –            | (88.8)         | (1.7)                      | 107.0          | 107.0        | 5.25                                  |
|   | 59.7                    | 141.5                    | –            | (46.4)         | –                          | 95.1           | 95.1         | 6.25                                  |
|   | 89.3                    | 434.2                    | –            | (218.9)        | (1.3)                      | 214.0          | 214.0        | 6.25                                  |
|   | 89.3                    | 474.1                    | –            | (310.2)        | (0.7)                      | 163.2          | 163.2        | 7.25                                  |
|   | 127.4                   | 399.4                    | –            | (23.1)         | (16.6)                     | 359.7          | 73.2         | 7.25                                  |
|   | 185.0                   | 315.8                    | –            | (8.4)          | (13.2)                     | 294.2          | 38.2         | 8.25                                  |
|   | 226.7                   | –                        | 265.6        | (1.7)          | (8.0)                      | 255.9          | 23.7         | 9.25                                  |
| <b>Total for year ended December 31, 2007</b> |                         | <b>2,137.0</b>           | <b>265.6</b> | <b>(745.1)</b> | <b>(41.5)</b>              | <b>1,616.0</b> | <b>841.3</b> |                                       |
| <b>Year ended December 31, 2008</b>           |                         |                          |              |                |                            |                |              |                                       |
|   | 76.5                    | 23.6                     | –            | (5.7)          | –                          | 17.9           | 17.9         | 2.00                                  |
|   | 83.7                    | 16.4                     | –            | (5.4)          | –                          | 11.0           | 11.0         | 2.25                                  |
|   | 98.0                    | 54.5                     | –            | (10.9)         | (1.1)                      | 42.5           | 42.5         | 3.25                                  |
|   | 98.0                    | 32.4                     | –            | (12.9)         | –                          | 19.5           | 19.5         | 4.25                                  |
|   | 59.7                    | 107.0                    | –            | (35.8)         | (1.2)                      | 70.0           | 70.0         | 4.25                                  |
|   | 59.7                    | 95.1                     | –            | (38.6)         | –                          | 56.5           | 56.5         | 5.25                                  |
|   | 89.3                    | 214.0                    | –            | (59.6)         | (0.9)                      | 153.5          | 153.5        | 5.25                                  |
|   | 89.3                    | 163.2                    | –            | (79.0)         | –                          | 84.2           | 84.2         | 6.25                                  |
|   | 127.4                   | 359.7                    | –            | (152.7)        | –                          | 207.0          | 207.0        | 6.25                                  |
|   | 185.0                   | 294.2                    | –            | (34.2)         | (5.8)                      | 254.2          | 16.1         | 7.25                                  |
|   | 226.7                   | 255.9                    | –            | (22.3)         | (6.3)                      | 227.3          | 11.7         | 8.25                                  |
|   | 301.5                   | –                        | 234.8        | (0.4)          | (3.1)                      | 231.3          | 5.9          | 9.25                                  |
| <b>Total for year ended December 31, 2008</b> |                         | <b>1,616.0</b>           | <b>234.8</b> | <b>(457.5)</b> | <b>(18.4)</b>              | <b>1,374.9</b> | <b>695.8</b> |                                       |

All fully vested options are exercisable.

## 23. Employee share participation plans continued

The exercise prices are equal to 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, as determined by the Compensation Committee. 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 three years completion of 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 subject to a three year vesting period. 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 2007 and 2008 (including the equivalent restricted ADS for relevant Syngenta employees in the USA), and summarizes information about RSUs outstanding at December 31, 2008 and 2007.

| RSUs                                      | Grant<br>date<br>fair value | Outstanding<br>at<br>January 1 | Granted | Distributed | Cancelled | Outstanding<br>at<br>December<br>31 | Remaining<br>life |
|---|-----------------------------|--------------------------------|---------|-------------|-----------|-------------------------------------|-------------------|
| Year<br>ended December 31,                | (CHF)                       | (thousands of shares)          |         |             |           |                                     | (years)           |
| 2007                                      |                             |                                |         |             |           |                                     |                   |
| 2005 LTI grant                            | 116.3                       | 94.4                           | –       | (20.5)      | (4.4)     | 69.5                                | 0.25              |
| 2006 LTI grant                            | 174.8                       | 72.0                           | –       | (9.2)       | (3.1)     | 59.7                                | 1.25              |
| 2007 LTI grant                            | 211.1                       | –                              | 64.0    | (6.4)       | (0.8)     | 56.8                                | 2.25              |
| Total for year<br>ended December 31, 2007 |                             | 166.4                          | 64.0    | (36.1)      | (8.3)     | 186.0                               |                   |
| 2008                                      |                             |                                |         |             |           |                                     |                   |
| 2005 LTI grant                            | 116.3                       | 69.5                           | –       | (69.5)      | –         | –                                   | –                 |
| 2006 LTI grant                            | 174.8                       | 59.7                           | –       | (2.7)       | (1.3)     | 55.7                                | 0.25              |
| 2007 LTI grant                            | 211.1                       | 56.8                           | –       | (2.3)       | (1.6)     | 52.9                                | 1.25              |
| 2008 LTI grant                            | 283.9                       | –                              | 57.4    | (1.6)       | (0.8)     | 55.0                                | 2.25              |
| Total for year<br>ended December 31, 2008 |                             | 186.0                          | 57.4    | (76.1)      | (3.7)     | 163.6                               |                   |

## Share option valuation assumptions

The fair value of options granted was measured using the Black-Scholes-Merton method. 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:

|                | 2008 | 2007 | 2006 |
|----------------|------|------|------|
| Dividend yield | 2.0% | 2.3% | 2.3% |

|                                |         |         |         |
|--------------------------------|---------|---------|---------|
| Volatility                     | 22.4%   | 22.5%   | 22.8%   |
| Risk-free interest rate        | 2.9%    | 2.7%    | 2.1%    |
| Expected life                  | 7 years | 7 years | 7 years |
| Exercise price (CHF per share) | 301.5   | 226.7   | 185.0   |

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 2008, as measured at the time of grant, was based on the 96 month historical volatility of Syngenta AG shares on the SIX Swiss Exchange.

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## 23. Employee share participation plans continued

## 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 2008 and 2007 including the equivalent ADSs that are offered to Syngenta employees in the USA.

|   | Outstanding<br>at<br>January 1 | Granted | Distributed | Outstanding at<br>December 31 | Remaining<br>life |
|---|--------------------------------|---------|-------------|-------------------------------|-------------------|
|   | (thousands of shares)          |         |             |                               | (years)           |
| Year ended December 31, 2007              |                                |         |             |                               |                   |
| 2003 incentive year grant awarded in 2004 | 72.2                           | –       | (72.2)      | –                             | 0.00              |
| 2004 incentive year grant awarded in 2005 | 82.0                           | –       | (35.2)      | 46.8                          | 0.25              |
| 2005 incentive year grant awarded in 2006 | 48.9                           | –       | (14.7)      | 34.2                          | 1.25              |
| 2006 incentive year grant awarded in 2007 | –                              | 35.8    | (7.0)       | 28.8                          | 2.25              |
| Total for year ended December 31, 2007    | 203.1                          | 35.8    | (129.1)     | 109.8                         |                   |
| 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                          |                   |

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

|  | Grant date<br>fair value<br>CHF | Thousands<br>of shares |
|--|---------------------------------|------------------------|
| 2005 Syngenta Deferred Share grant awarded in 2006 | 174.8                           | 28.4                   |
| 2006 Syngenta Deferred Share grant awarded in 2007 | 211.1                           | 25.1                   |
| 2007 Syngenta Deferred Share grant awarded in 2008 | 283.9                           | 31.2                   |
| Total  |                                 | 84.7                   |

None of these shares are vested as at December 31, 2008.

## 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 between two and three years, with the exception of the UK and



Singapore plans, for which a three years completion of service is required. Maximum subscription amounts vary between US\$600 and US\$5,000. A total of 108,141 (2007: 100,015) shares were subscribed and settled through a release of treasury shares.

#### Compensation expense

The compensation expense charge in the income statement is measured indirectly by reference to the fair value of the equity instruments granted as follows:

| (US\$ million)                | 2008 | 2007 | 2006 |
|-------------------------------|------|------|------|
| Long-Term Incentive Plan      | 22   | 16   | 19   |
| Deferred Share Plan           | 18   | 16   | 16   |
| Employee Share Purchase Plans | 9    | 10   | 7    |
| Total                         | 49   | 42   | 42   |

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## 23. Employee share participation plans continued

Other information regarding the plans is as follows:

|  | 2008  | 2007  | 2006  |
|--|-------|-------|-------|
| Weighted average fair value of options granted in year (CHF per option)                          | 69.9  | 50.2  | 39.7  |
| Weighted average share price at exercise date for options exercised during year (CHF per option) | 299.9 | 234.9 | 173.5 |
| Fair value of shares granted in year   |       |       |       |
| Deferred Share Plan (CHF per unit) – combined value of basic and matching share award            | 567.7 | 422.1 | 349.6 |
| Employee Share Purchase Plans (CHF per share)  | 82.3  | 117.8 | 103.0 |
| Employee Share Purchase Plan (US\$ per ADS)  | 12.2  | 15.7  | 11.4  |
| Cash received (US\$ million) from exercise of options and subscription for shares                | 64    | 66    | 77    |

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

## 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)                               | 2008 | 2007<br>(restated)(1) | 2006<br>(restated)(1) |
|--|------|-----------------------|-----------------------|
| Fees, salaries and other short-term benefits | 13   | 16                    | 14                    |
| Post-employment benefits                     | 1    | 1                     | 4                     |
| Share based compensation                     | 9    | 9                     | 16                    |
| Total  | 23   | 26                    | 34                    |

(1) Fees, salaries and other short-term benefit amounts presented are those charged to profit and loss during the year. In prior years, fees, salaries and other short-term benefit amounts presented were those paid during the year without regard to the year in which the reported amounts were earned. Amounts presented for 2007 and 2006 have been restated to conform with the current basis of presentation.

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 4,288 shares in lieu of fees. These shares vest immediately and had a combined fair value at grant of US\$1 million (2007: US\$1 million;

2006: 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 with employee post-retirement benefit plans are disclosed in Note 22.

In addition to those disclosed in Note 14 the following transactions between Syngenta and its associates occurred in 2008.

- Goods and services provided by Syngenta to its associates US\$5 million (2007: US\$11 million).
- Goods and services provided by the associates to Syngenta US\$61 million (2007: US\$55 million).

A bank overdraft guarantee of US\$10 million (2007: US\$15 million) has been provided to an associate.

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## 25. Commitments and contingencies

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

Commitments arising from fixed-term non-cancellable operating leases in effect at December 31, 2008 and 2007 are as follows:

| (US\$ million)             | Minimum lease payments payable |      |
|----------------------------|--------------------------------|------|
|                            | 2008                           | 2007 |
| Within one year            | 14                             | 20   |
| From one to two years      | 13                             | 17   |
| From two to three years    | 10                             | 11   |
| From three to four years   | 8                              | 9    |
| From four to five years    | 8                              | 6    |
| After more than five years | 26                             | 19   |
| Total                      | 79                             | 82   |

Operating lease payments relate to leases of buildings and office equipment. Operating lease expense in 2008 was US\$31 million (2007: US\$36 million; 2006: US\$33 million).

Commitments for the purchase of property, plant and equipment at December 31, 2008 are US\$172 million (2007: US\$168 million).

At December 31, 2008, Syngenta has entered into the following 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 schedule of approximate committed payments is as follows:

| (US\$ million)             | Materials purchases |            | Materials purchases |            |
|----------------------------|---------------------|------------|---------------------|------------|
|                            | 2008                | Other 2008 | 2007                | Other 2007 |
| Within one year            | 742                 | 97         | 316                 | 22         |
| From one to two years      | 527                 | 85         | 204                 | 4          |
| From two to three years    | 392                 | 73         | 57                  | 2          |
| From three to four years   | 295                 | 60         | 49                  | 1          |
| From four to five years    | 122                 | 47         | 28                  | —          |
| After more than five years | —                   | —          | 42                  | —          |
| Total                      | 2,078               | 362        | 696                 | 29         |

Syngenta does not have any material contingent liabilities related to associates and joint ventures.

Syngenta has agreed to indemnify other parties for various losses or expenses in certain circumstances. For example, contracts for the sale or purchase of a business or product line may include warranties given by Syngenta to the purchaser relating to events that arose before the sale. Syngenta's sales are also made subject to normal warranties, which cover the product technical specification and, in some cases, product performance effect on grower crop yields. Certain license agreements indemnify the other party against liability 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. 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 licensed 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, a minimum royalty is 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 which affect the amount involved, it is not possible to quantify the royalty amount which may be payable.

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## 25. Commitments and contingencies continued

## 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 light of 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 Public Water Districts, Water Service Districts and Water Authorities 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 degradant chemicals are harmful to humans as consumed through dietary water, and that run-off from the soil where Atrazine has been applied has damaged the 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 has filed a Motion to Dismiss which was argued on October 25, 2005, and on July 7, 2008 was denied by the court. A case management conference has yet to be scheduled. On September 30, 2008, a related lawsuit (Syngenta Crop Protection, Inc. v INA, et al.) was filed by Syngenta 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 the legacy policies and that the insurers are obligated to indemnify and defend Syngenta.

**Agroatar** Agroatar S.A. on May 24, 2000 sued Zeneca S.A.I.C. (now Syngenta Agro S.A.) in Buenos Aires, Argentina for alleged wrongful termination of an agrochemicals supply contract. The plaintiff seeks damages for goodwill and loss of profits of US\$43 million plus costs and interest. Agroatar has secured debt of between US\$15 million and US\$22 million and unsecured debt of US\$6 million outstanding to Syngenta but claims to be owed US\$7 million by Syngenta under the terminated contract. On December 27, 1999, Agroatar S.A. filed a separate suit against Advanta Semillas S.A.I.C. which was amended on June 8, 2000 to include Zeneca S.A.I.C. (now Syngenta Agro S.A.) as a co-defendant. Agroatar alleges that Advanta Semillas S.A.I.C. breached its obligations under certain agreements which had originally been entered into with Zeneca S.A.I.C. (but which were subsequently assigned to Advanta Semillas S.A.I.C.) pursuant to which Agroatar had the rights to produce and sell sunflower, corn, and sorghum seed. Based on that alleged breach, Agroatar terminated the agreements. Agroatar claims damages of US\$58 million plus costs and interest. Syngenta believes it had cause to terminate the agrochemicals supply agreement and was wrongly joined to the lawsuit against Advanta Semillas and intends to defend vigorously both lawsuits. The two lawsuits were consolidated in June 2001. At the request of Agroatar, on June 5, 2008 the judge ordered the closing of the evidentiary stage and the filing of closing arguments by the parties in the agrochemicals lawsuit. The evidentiary stage in the seeds lawsuit is pending but close to completion. Both lawsuits were formally stayed until September 8, 2008 to facilitate settlement negotiations; an informal extension of this stay has been agreed between counsel instructed by the parties but will expire in early February 2009. Judgement in the court of the first instance in relation to both lawsuits is currently expected at earliest in 2009.

During 2008, the following cases were settled that had been reported as contingencies in 2007: Greens Bayou/Port of Houston, Shah and Lundquist '880 and '863 Patent Cases, Lundquist '798 Patent Case, Missouri Roundup Ready Soybean Branding Case, Delaware Antitrust Case/Monsanto and Golden Harvest Seeds v. Monsanto.

#### Tax litigation

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

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 (BRL 16 million; US\$7 million equivalent at December 31, 2008). In the aggregate, the maximum contingency in the event of an unfavorable outcome for Syngenta could amount to BRL 22 million plus interest, with the combined total including interest being approximately BRL 31 million at December 31, 2008 (US\$13 million equivalent at December 31, 2008).

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.

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## 25. Commitments and contingencies continued

## Environmental matters

Syngenta has environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world.

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 potentially responsible party (“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 seller 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.

Syngenta has provisions in respect of environmental remediation costs in accordance with the accounting policy described in Note 2 and as shown in Note 19, Provisions. Key assumptions and sources of estimation uncertainty are discussed in Note 2. The environmental provision is principally related to potential liabilities at various locations. The estimated provision takes into consideration the number of other PRPs at each site and the identity and financial positions of such parties in light of the joint and several nature of the liability.

The requirement in the future for Syngenta ultimately to take action to correct the effects on the environment of prior disposal or release of chemical substances by Syngenta or other parties, and its costs, pursuant to environment laws and regulations, is inherently difficult to estimate. The material components of the environmental provisions consist of a risk assessment based on investigation of the various sites. Syngenta’s future remediation expenses 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 potentially responsible parties. It is 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

|  | 2008<br>per US\$ | 2007<br>per US\$ |                  |
|--|------------------|------------------|------------------|
| Year end rates used for the consolidated balance sheets, to translate the following currencies into US\$, are:                             |                  |                  |                  |
| – Swiss franc  | 1.06             | 1.13             |                  |
| – British pound sterling   | 0.69             | 0.50             |                  |
| – Euro   | 0.71             | 0.68             |                  |
| – Brazilian real   | 2.33             | 1.78             |                  |
| Average rates of the year used for the consolidated income and cash flow statements, to translate the following currencies into US\$, are: | 2008<br>per US\$ | 2007<br>per US\$ | 2006<br>per US\$ |
| – Swiss franc  | 1.08             | 1.20             | 1.26             |
| – British pound sterling   | 0.53             | 0.50             | 0.55             |
| – Euro   | 0.68             | 0.73             | 0.80             |



|                  |      |      |      |
|------------------|------|------|------|
| - Brazilian real | 1.79 | 1.96 | 2.19 |
|------------------|------|------|------|

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## 27. Financial instruments

### 27.1. Risk management framework

The global nature of Syngenta's business exposes it to a range of financial and operating risks. Financial risks predominantly arise from changes in foreign currency exchange (foreign exchange) rates, interest rates and commodity prices (i.e. market risk).

A financial risk management framework is in place to mitigate, where appropriate, any negative impact this may have on the US dollar reported consolidated financial statements. Since formation, Syngenta has adopted the US dollar as its reporting currency and all risk management activities are managed with reference to the US dollar.

The risk framework comprises 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. The policy covers:

- a) General financing considerations (external debt and equity financing, cash and liquidity management and customer financing),
- b) Financial market risk comprising foreign exchange risk (transaction, translation and economic), interest rate risk (from an asset-liability duration perspective), commodity risk and equity price risk,
- c) Credit risk comprising both counterparty (customers and financial institutions) and sovereign concentration risk,
- d) Operational risk covering Treasury back, middle and front office activities and the associated internal control and reporting.

In accordance with its Treasury policy, Syngenta actively monitors market risk, minimizing the possible impact on the consolidated financial statements through use of a variety of derivative and non derivative financial instruments.

These instruments are used to economically hedge underlying risks arising from operational activity and from funding and investment positions. The main objective is to reduce fluctuations in reported earnings and cash flows and to provide economic protection against foreseeable cost increases. Syngenta does not enter into any speculative derivative trades unrelated to business activity.

Syngenta's Group Treasury policy sets financial risk limits which take into account the risk appetite for Syngenta and, as part of the risk management activity, Syngenta enters into derivative financial instruments to ensure that the set limits are not breached. Any breaches of risk limits are reported to senior management. The instruments available for use are detailed in the Treasury policy and selected according to the nature of the underlying risk. For option contracts or combinations of option contracts, only instruments where a net option premium is paid by Syngenta (or zero cost option structures) are used, in accordance with the policy.

Syngenta operates a centralized dealing platform and all derivative contracts, where practically and legally possible, are traded externally by the central Group Treasury dealing team. Any dealing activities from other locations are subject to prior Group Treasury approval.

### 27.2. Principles for management of financial risk exposures

Syngenta is exposed to market risk, primarily due to changes in foreign exchange and interest rates, and commodity prices.

#### Foreign exchange risk

Operating worldwide in over 80 countries exposes Syngenta to foreign exchange risk – transaction, translation and economic at both Group and affiliate level.

#### Foreign exchange transaction risk

The individual Group affiliates predominately transact their operational activities in their respective functional currencies. However, the global nature of the business leads to affiliates bearing significant transactional balance sheet risk. This arises because the amount of local currency received or paid for transactions denominated in foreign currency varies due to a change in foreign exchange rates.

Transactional committed risk for which Syngenta has a contractual obligation that is recorded on the balance sheet is primarily locally managed (but centrally transacted externally through Group Treasury) through use of foreign exchange forward contracts. The committed exposures are fully covered unless otherwise approved by Group Treasury – in particular, where not deemed cost-effective or when there is no forward market for a specific currency.

When deemed appropriate, foreign exchange financing risk arising from financial liabilities denominated in foreign currency is also hedged. Cross currency swaps and foreign exchange forwards are used to convert financial obligations to US dollars.

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 for which Syngenta does not yet have a contractual right or obligation. The objective is to minimize the impact of foreign exchange rates on year-on-year US dollar reported operating income.

#### Foreign exchange translation risk

Translation exposure arises from consolidation of foreign currency denominated financial statements of Syngenta's subsidiaries.

The risk arising from translation of foreign subsidiary balance sheets, the effect of which is a currency impact in consolidated Group equity, is only partially hedged. Syngenta has employed both the raising of foreign currency debt and also "Net Investment" derivative hedging to manage this exposure. The latter incorporates specific actions to protect the value of temporary excess foreign currency denominated liquid cash positions.

## 27. Financial instruments continued

### Foreign exchange economic risk

Syngenta's policy is to not hedge long-term foreign exchange risk. Certain exceptions, however, have been approved by senior management.

### Interest rate risk

Syngenta is exposed to fluctuations in interest rates primarily on its borrowings. While most of the long-term debt raised in the capital markets is kept at a fixed rate, part of Syngenta's net borrowings, including the short-term commercial paper program and local borrowings, are subject to changes in short-term interest rates.

Syngenta monitors its interest rate exposures and analyzes the potential impact of interest rate movements on net interest expense. Syngenta's policies allow entering into derivative transactions to manage Syngenta's sensitivity to interest rate movements arising from its financial assets and liabilities.

Syngenta uses interest rate swaps and cross currency swaps to manage its interest rate risk. Interest rate swaps are contractual agreements to exchange at a future defined settlement date an amount of interest, calculated using a defined rate on a defined notional amount, with another amount of interest calculated at a different defined rate on the same notional amount. Most interest rate swaps involve paying or receiving the difference between fixed and floating rate interest payments on a given amount over a given period. Cross currency swaps are contracts which involve the exchange of both periodic and final amounts in two different currencies.

### Other price risks

Commodity price fluctuations also affect parts of Syngenta's business. A commodity is a physical substance, such as food, grains, and oil, which is interchangeable with another product of the same type, and which investors buy or sell usually through futures contracts. The price of the commodity is subject to supply and demand and is traded on a commodity exchange. Syngenta has exposure to hard commodities (such as oil and gas) and to soft commodities (such as corn and soybean). Operating in the agrochemical sector also exposes Syngenta to crop prices in general and these affect reported operating results.

Syngenta uses both fixed price contracts and also derivative hedging to reduce the impact of year-on-year commodity price changes on profit or loss. Over the Counter (OTC) and exchange traded instruments are used, including commodity option and exchange traded futures contracts.

### 27.3. Assessment of impact of financial risks

The residual risk exposure is assessed using a variety of "Value-at-Risk" (VaR) -based methods. The exact method selected depends on the underlying risk itself. All VaR approaches try to recognize that holding different assets/liabilities or future cash flow exposures may actually reduce portfolio risk through the de-correlation benefits of diversification. This benefit is captured within the calculation and thus aims to holistically present portfolio risk.

Syngenta uses four different approaches to measure exposure to market risk:

- a) VaR variance-covariance method as introduced by RiskMetrics Group
- b) Earnings-at-Risk (EaR) Monte Carlo method – a variant of VaR
- c) Earnings-at-Risk (EaR) historical simulation method
- d) Modified Duration method

The particular method selected is dependent on the data distribution characteristics for the risk exposure being measured.

**VaR – Variance-Covariance (or Parametric) approach**

This method measures within what ranges the value of respective assets or liabilities may fluctuate with a certain probability over a certain time period (holding period).

Syngenta uses a 95% confidence level over a 30 day holding period. This is applied to the committed foreign currency balance sheet and the balance sheet translational exposures. The holding period reflects the monthly review period and use of the variance/covariance approach is suited to the linear nature of instrument protection.

The statistical measure takes 252 days of historical price data and implicitly assumes that the value changes in the recent past are indicative of value changes in the future. The measure is performed monthly and a 30 day maximum risk limit is in place. Thus there is a 5% probability of market fluctuations affecting Syngenta's profit or loss by more than the calculated net VaR in the 30 days following measurement.

**EaR – Monte Carlo approach**

Syngenta also uses an Earnings-at-risk (EaR) approach similar in methodology to VaR but which, rather than measuring ranges within which the value of assets/liabilities may fluctuate, instead measures the potential changes to profits/losses from a series of future exposures over a certain time period and with a certain probability.

This so called Monte Carlo simulation computation uses parameters estimated from historical data and applies a randomizer to generate possible future exchange rate paths. Syngenta considers this to be a good method of assessing operating income risk when non-linear derivative instruments have been traded.

## 27. Financial instruments continued

In applying the Monte Carlo approach, a 95% confidence level is also used but with a one year holding period in order to estimate the foreign exchange risk on forecast operating income exposure. The measure is performed monthly and a risk limit is in place over a 12 month holding period and is based on latest forecast. Thus there is a 5% chance that the impact to reported operating income as a result of foreign exchange rate fluctuations within a year following the measurement date will be more than the calculated net EaR.

## Commodity EaR – Historical Simulation

Syngenta has adopted the Historical Simulation method as a basis for assessing EaR for certain commodities. This method also measures the potential changes to profits/losses from a series of future exposures over a certain time period and with a certain probability.

In applying this method, one year of historical prices are used to calculate the daily return. From this the process generates 252 scenarios for future price movements. These movements are then used to value the portfolio of underlying transactions and hedges, and by selecting the twelfth worst of the 252 portfolio value changes, the EaR at a confidence level of 95% is produced.

This measure is performed monthly and a risk limit for both hard commodities (oil and gas) and soft commodities (corn and soybean) over a 12 month holding period is in place.

## Risk calculation summary table (net of hedge impact)

| (US\$ million)                                  | Time<br>Horizon<br>(Months) | December 31,<br>2008 | 2007 |
|---|-----------------------------|----------------------|------|
| <b>Foreign Exchange Risks:</b>                  |                             |                      |      |
| Transaction Risk uncommitted – Earnings-at-Risk | 12                          | 122                  | 40   |
| Transaction Risk committed – Value-at-Risk      | 1                           | 38                   | 5    |
| Translation Risk – Value-at-Risk                | 1                           | 154                  | 79   |
| Other Price Risks – Earnings-at-Risk            | 12                          | 45                   | 36   |

27.4. Foreign exchange risks – explanation and risk sensitivity analysis Syngenta uses the US dollars as its reporting currency and, because it operates in many different countries around the world, is exposed to foreign exchange movements in a wide range of currencies. To manage this exposure, Syngenta enters into various agreements, such as forward contracts and options, to exchange a defined amount in one currency for an amount in another currency at a defined exchange rate on a defined future settlement date. These contracts change in value as foreign exchange rates change, thereby preserving the value of the underlying assets, commitments and anticipated transactions.

To cover existing balance sheet exposures, and to hedge committed foreign currency transactions, Syngenta uses forward contracts.

To hedge anticipated foreign currency cash flows, Syngenta uses currency options and forward contracts. In a forward contract, Syngenta and the counterparty must exchange agreed upon amounts on the settlement date. In its option contracts, Syngenta normally pays the counterparty a premium amount at the start of the contract in exchange for the right to make the exchange on the settlement date if it is beneficial to do so at that date (a “purchased” option). In certain circumstances, Syngenta may give the same counterparty the right to make a similar exchange (a “written” option), however only if, on the combination of the option structure, a net premium was paid (or zero cost option structures).

The following table demonstrates the sales and operating cost foreign currency exposures. The primary net foreign currency exposures against the US dollar include the Swiss franc, the British pound and the Euro.

The split of sales and operating costs by currency for the years 2008, 2007 and 2006 is as follows:

| Currency               | Sales in % |      |      | Operating costs in % |      |      |
|------------------------|------------|------|------|----------------------|------|------|
|                        | 2008       | 2007 | 2006 | 2008                 | 2007 | 2006 |
| US dollar              | 36         | 38   | 36   | 36                   | 35   | 33   |
| Euro                   | 21         | 21   | 22   | 20                   | 18   | 19   |
| Swiss franc            | 1          | 1    | 1    | 14                   | 15   | 19   |
| British pound sterling | 3          | 3    | 2    | 7                    | 9    | 11   |
| Other                  | 39         | 37   | 39   | 23                   | 23   | 18   |
| Total                  | 100        | 100  | 100  | 100                  | 100  | 100  |

Sales in Brazil and Argentina are based in US dollars from an economic substance perspective. The portions of these countries' sales that are denominated in US dollars are included in the US dollar percentages in the table above while the portions denominated in local currencies are included in Other. Other also includes over 45 other currencies, none of which individually accounts for more than 10% of total sales or total operating costs.

## 27. Financial instruments continued

## Transaction risk – uncommitted

Syngenta collects information about anticipated cash flows for major currencies at Group level and hedges significant mismatches in currency flows for a 12 month benchmark horizon using options and forward contracts to reduce operating income volatility. The approach is designed to hedge the year-on-year earnings transaction risk for the main currencies. The transactional flows and derivative financial instruments required to operate the program are analyzed on an ongoing basis. The remaining currency exposures are closely monitored and additional protection can, with appropriate authorization, be purchased.

The remaining currency risk occurs across numerous emerging markets. These unhedged currencies are also strictly monitored and managed against clearly defined risk limits.

| (US\$ million)                            | December 31, 2008 |            |                | December 31, 2007 |            |                |
|---|-------------------|------------|----------------|-------------------|------------|----------------|
|   | Earnings-at-Risk  |            |                | Earnings-at-Risk  |            |                |
| Income currency (12 month holding period) | Gross impact      | Net impact | Risk reduction | Gross impact      | Net impact | Risk reduction |
| Swiss franc                               | 276               | 141        | 49%            | 80                | 29         | 64%            |
| Euro                                      | 58                | 32         | 45%            | 36                | 20         | 44%            |
| British pound                             | 52                | 9          | 83%            | 33                | 24         | 27%            |
| Other Core Currencies                     | 70                | 32         | 54%            | 38                | 21         | 45%            |
| Rest of World                             | 160               | 153        | 4%             | 59                | 56         | 5%             |
| Total undiversified                       | 616               | 367        | 40%            | 246               | 150        | 39%            |
| Diversification                           | (398)             | (245)      | 38%            | (171)             | (110)      | 36%            |
| Net EaR                                   | 218               | 122        | 44%            | 75                | 40         | 47%            |

The Earnings-at-Risk calculation is performed for anticipated net transactional currency flows for the following year taking into account related currency hedges. At December 31, 2008, the total potential adverse movement for 2009 net transactional flows after hedges relative to year-end spot levels, at the 95% confidence level, was US\$122 million (December 31, 2007: US\$40 million). The increase in Earnings-at-Risk as of December 31, 2008 compared to December 31, 2007 is mainly related to the increased volatilities 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. This exposure is monitored continuously by the risk management team and by senior finance management.

## Transaction risk – committed

Committed foreign currency exposures are largely generated by the routing of products from central manufacturing sites to foreign affiliates. These exposures are normally fully hedged, mainly by using forward contracts. For exposures to currencies where either no forward currency market exists or where the cost of hedging is deemed too costly, Group Treasury may approve not hedging the committed foreign currency exposures. The net committed transactional currency exposures are determined by identification and monthly reporting by business units. The Value-at-Risk 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, 2008 |            |                | December 31, 2007 |            |                |
|--|-------------------|------------|----------------|-------------------|------------|----------------|
|  | Value-at-Risk     |            |                | Value-at-Risk     |            |                |
| Income currency (1 month holding period) | Gross impact      | Net impact | Risk reduction | Gross impact      | Net impact | Risk reduction |
| Swiss franc                              | 128               | 13         | 90%            | 5                 | 6          | -20%           |



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|                       |       |      |     |      |      |     |
|-----------------------|-------|------|-----|------|------|-----|
| Euro                  | 26    | 9    | 65% | 1    | 1    | —%  |
| British pound         | 35    | 3    | 91% | 43   | 4    | 91% |
| Other Core Currencies | 17    | 1    | 94% | 9    | 1    | 89% |
| Rest of World         | 114   | 70   | 39% | 34   | 9    | 74% |
| Total undiversified   | 320   | 96   | 70% | 92   | 21   | 77% |
| Diversification       | (169) | (58) | 66% | (48) | (16) | 67% |
| Net VaR               | 151   | 38   | 75% | 44   | 5    | 89% |

The Value-at-Risk calculation was performed for net committed transactional currency flows existing at December 31, 2008 taking into account related currency hedges. At December 31, 2008, the total 30-day Value-at-Risk, after hedges, at the 95% confidence level was US\$38 million (December 31, 2007: US\$5 million). The increase in Value-at-Risk as of December 31, 2008 compared to December 31, 2007 is mainly related to the increased volatilities of all currencies against the US dollar.

The largest exposures arise in the Swiss franc and the British pound. These countries house large research and manufacturing sites.

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## 27. Financial instruments continued

## Translation risk

Translation exposure arises from the consolidation of the foreign currency denominated financial statements of the Group's subsidiaries. This translation effect is visible as currency translation movement in the consolidated equity of Syngenta. The table below demonstrates the 1 month translation Value-at-Risk:

| (US\$ million)                           | December 31, 2008 |            |                | December 31, 2007 |            |                |
|--|-------------------|------------|----------------|-------------------|------------|----------------|
|  | Value-at-Risk     |            |                | Value-at-Risk     |            |                |
| Income currency (1 month holding period) | Gross impact      | Net impact | Risk reduction | Gross impact      | Net impact | Risk reduction |
| Swiss franc                              | 108               | 108        | –              | 6                 | 15         | –150%          |
| Euro                                     | 43                | 19         | 56%            | 36                | 24         | 33%            |
| British pound                            | 18                | 14         | 22%            | 74                | 30         | 59%            |
| Other Core Currencies                    | 27                | 27         | –              | 13                | 13         | –              |
| Rest of World                            | 196               | 196        | –              | 94                | 86         | 9%             |
| Total undiversified                      | 392               | 364        | 7%             | 223               | 168        | 25%            |
| Diversification                          | (238)             | (210)      | 12%            | (96)              | (89)       | 7%             |
| Net VaR                                  | 154               | 154        | –              | 127               | 79         | 38%            |

Balance sheet translational exposures in subsidiaries are, where appropriate, hedged by the use of foreign currency denominated debt and, in exceptional circumstances, foreign exchange forward contracts. The latter focuses on risk reduction for monetary items.

Translation risk can be significant, however, Syngenta believes that over the longer-term mean reversion tendency of currencies reduces the risk to acceptable levels. Syngenta's equity base is also deemed to be of sufficient magnitude to absorb the short- to medium-term impact of exchange rate movements.

The large investments and operations in Switzerland lead to the most significant risk. During 2008, part of the net investment in the UK subsidiaries was repaid to the parent entities through reductions of capital. This has caused a substantial shift in VaR from the British pound to the Swiss franc compared to 2007.

## 27. Financial instruments continued

## 27.5. Interest rate risks – explanation and risk sensitivity analysis

As mentioned above, Syngenta is exposed to fluctuations in interest rates on its borrowings.

The following table shows the Group's sensitivity to interest rate movements arising from its interest-bearing financial assets and liabilities (sensitivity of all financial assets and liabilities to interest rate movements) and their duration from an economic perspective.

|   | 2008   |                  | 2007   |                  |
|---|--|------------------|--|------------------|
|   | Net carrying amount including derivatives (US\$ million) | Duration (years) | Net carrying amount including derivatives (US\$ million) | Duration (years) |
| <b>Financial liabilities</b>  |  |                  |  |                  |
| Amounts owing to banks under various loan and overdraft facilities, in various currencies and at various interest rates | 240  | 0.25             | 188  | 0.25             |
| Commercial paper  | –  | –                | 225  | 0.01             |
| Eurobond 2011 – at fixed rate <sup>(1)</sup>  | 678  | 2.49             | 662  | 3.24             |
| Domestic Swiss franc bond 2012 – at fixed rate <sup>(1)</sup>   | 330  | 3.65             | –  | –                |
| Domestic Swiss franc bond 2013 – at fixed rate <sup>(1)</sup>   | 448  | 3.83             | –  | –                |
| Domestic Swiss franc bond 2013 – at floating rate <sup>(1)</sup>  | 45   | 0.25             | –  | –                |
| Eurobond 2015 – at fixed rate <sup>(1)</sup>  | 646  | 5.25             | 601  | 5.88             |
| Eurobond 2015 – at floating rate <sup>(1)</sup>   | 59   | 0.25             | 64   | 0.25             |
| US private placement 2020 – at floating rate <sup>(1)</sup>   | 75   | 0.25             | 75   | 0.25             |
| US private placement 2025 – at fixed rate <sup>(1)</sup>  | 75   | 10.66            | 75   | 11.04            |
| US private placement 2035 – at fixed rate <sup>(1)</sup>  | 100  | 13.74            | 100  | 13.41            |
| <b>Total liabilities and weighted duration</b>  | <b>2,696</b>   | <b>3.81</b>      | <b>1,990</b>   | <b>4.67</b>      |
| <b>Financial assets</b>   |  |                  |  |                  |
| Cash and cash equivalents   | 803  | 0.25             | 503  | 0.25             |
| Marketable securities   | 5  | 0.25             | 90   | 0.25             |
| Long-term marketable securities   | 2  | 1.00             | 12   | 1.20             |
| <b>Total assets and weighted duration</b>   | <b>810</b>   | <b>0.25</b>      | <b>605</b>   | <b>0.30</b>      |

(1) Syngenta has entered into cross currency swaps for these bonds, therefore all the related cash flows will be denominated in USD

## 27.6. Other price risks – explanation and risk sensitivity analysis

To a limited extent, Syngenta has historically entered into derivatives related to commodity price exposures on Syngenta's cost base. This activity now comprises oil and natural gas hedging in the UK and the USA, as well as soft commodity hedging for corn and soybean purchases by the Seeds business in the USA.

Oil exposure is mainly indirect through the impact of oil prices on the cost of both raw materials and distribution. Natural gas price exposure occurs in Syngenta's primary manufacturing sites, but only in the USA and UK do readily available liquid derivative hedging products exist.

Soft commodity price risks arise mainly in Syngenta's US Seeds business. Syngenta contracts to purchase various seed crops from growers and hedges the cost of the crops using exchange traded futures.

The commodity hedging programs in place aim to mitigate the impact of price volatility on the year-on-year change in profit or loss.

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## 27. Financial instruments continued

The table below presents commodity Earnings-at-Risk assuming a 12 month holding period.

|                                 | December 31, 2008<br>Earnings-at-Risk |               |                   | December 31, 2007<br>Earnings-at-Risk |               |                   |
|---------------------------------|---------------------------------------|---------------|-------------------|---------------------------------------|---------------|-------------------|
|                                 | Gross<br>impact                       | Net<br>impact | Risk<br>reduction | Gross<br>impact                       | Net<br>impact | Risk<br>reduction |
| Hard commodities (US\$ million) |                                       |               |                   |                                       |               |                   |
| Total undiversified             | 11                                    | 3             | 73%               | 13                                    | 9             | 31%               |
| Diversification                 | (3)                                   | (1)           | 67%               | (3)                                   | (2)           | 33%               |
| Net EaR                         | 8                                     | 2             | 75%               | 10                                    | 7             | 30%               |

|                                 | December 31, 2008<br>Earnings-at-Risk |               |                   | December 31, 2007<br>Earnings-at-Risk |               |                   |
|---------------------------------|---------------------------------------|---------------|-------------------|---------------------------------------|---------------|-------------------|
|                                 | Gross<br>impact                       | Net<br>impact | Risk<br>reduction | Gross<br>impact                       | Net<br>impact | Risk<br>reduction |
| Soft commodities (US\$ million) |                                       |               |                   |                                       |               |                   |
| Total undiversified             | 79                                    | 46            | 42%               | 37                                    | 33            | 11%               |
| Diversification                 | (5)                                   | (3)           | 40%               | (6)                                   | (4)           | 33%               |
| Net EaR                         | 74                                    | 43            | 42%               | 31                                    | 29            | 6%                |

The hard commodity exposure is related to direct natural gas usage in the USA and the UK. A hedging program is in place, which reduces the Net EaR at December 31, 2008 to US\$2 million (December 31, 2007: US\$7 million).

The soft commodity EaR is driven by the high volatility compared to other asset classes. The hedging program however reduces overall 12 month EaR at December 31, 2008 to US\$43 million (December 31, 2007: US\$29 million).

In addition the Group has an indirect exposure to oil that is not included in the table above. The associated operating income volatility is managed by an oil hedging program. At December 31, 2008 there was 1.6 million barrels of hedge protection in place for 2009, which reduces the overall Group EaR to oil exposure by US\$25 million (December 31, 2007: US\$18 million).

## 27.7. Credit risk

Syngenta has policies and operating guidelines in place to ensure that financial instruments are limited to transactions with high credit quality banks and financial institutions. These include limits in respect of counterparties to ensure there is no significant concentration of credit risk. Any excess cash is invested in liquid investment grade instruments and split across major banks, financial and other institutions to minimize the credit risk. At December 31, 2008, Syngenta had no treasury or derivative transactions that represented a significant concentration of credit risk. No credit losses have been incurred from the investments described above.

Syngenta signs netting agreements under an ISDA (International Swaps and Derivatives Association) master agreement with the respective counterparties, which minimizes its exposure on derivative positions. Syngenta continuously monitors the creditworthiness of its counterparties based on credit ratings and credit swap default data and has a policy in place that prohibits, wherever possible, entering into derivative financial instruments with less creditworthy counterparties.

Syngenta estimates the fair value of derivatives using industry-standard valuation models that include option pricing models and discounted cash flow models. The impact of non-performance risk on the fair value of derivatives is considered by looking at market observable credit default swap spreads for Syngenta and its counter-parties. The

impact of non-performance risk on the fair value of derivative positions was not material at December 31, 2008 and 2007.

Syngenta sells a broad range of agricultural products to a diverse group of customers throughout the world. Credit ratings are reviewed regularly and defined country credit limits are set and monitored on an ongoing basis.

Additionally, Syngenta has a program in place that monitors customer credit risk, assesses supplier solvency and monitors country risk in even greater detail.

The maximum exposure to credit risk is represented by the going concern values of the originated loans and receivables that are carried in the balance sheet, including derivatives with positive market values. At December 31, 2008, there were no significant financial guarantees for third party obligations that increase this risk.

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## 27. Financial instruments continued

## 27.8. 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 components of net debt at December 31, 2008 and 2007 are as follows:

| (US\$ million)                               | 2008  | 2007  |
|--|-------|-------|
| Current financial debt                       | 211   | 399   |
| Non-current financial debt                   | 2,524 | 1,726 |
| Cash and cash equivalents                    | (803) | (503) |
| Marketable securities <sup>(1)</sup>         | (7)   | (102) |
| Financing-related derivatives <sup>(2)</sup> | (39)  | (135) |
| Net debt at December 31                      | 1,886 | 1,385 |

(1) Long-term marketable securities are included in 'financial and other non-current assets'

(2) Included within 'financial and other non-current assets' and 'non-current financial debts and other non-current liabilities'

The following table presents the derivation of the Debt/Equity gearing ratio:

| (US\$ million)                | 2008  | 2007  |
|-------------------------------|-------|-------|
| Net debt                      | 1,886 | 1,385 |
| Shareholders' equity          | 5,884 | 6,022 |
| Debt/Equity gearing ratio (%) | 32%   | 23%   |

## 27.9. Liquidity risk

## Short-term liquidity

Although Syngenta operates globally, its two largest markets are Europe, Africa and the Middle East (EAME) and NAFTA representing approximately 37% and 31% respectively of consolidated sales in 2008 (2007: 36% and 34% respectively; 2006: 36% each). 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.

## Long-term financing

Long-term capital employed is currently partly financed through two unsecured non-current bonds issued under the Euro Medium Term Note (EMTN) program and unsecured non-current Notes issued under a Note Purchase Agreement in the US Private Placement market.

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

Syngenta considers that it takes a prudent liquidity risk management approach through ongoing monitoring of the cash requirements of the Group and its debt profile. Syngenta's policy aims to provide sufficient headroom at all times.

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

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## 27. Financial instruments continued

The following table shows Syngenta's contractually agreed (undiscounted) interest payments and principal repayments on long-term financing related non-derivative financial liabilities and the related interest rate derivatives held at December 31, 2008 and 2007. 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. 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<br>(Unsecured bonds) |                           |                        | Total | Derivative financial liabilities<br>(Interest rate and Cross-currency swaps) |                              |           |       |
|---------------------|---|---------------------------|------------------------|-------|--|------------------------------|-----------|-------|
|                     | Fixed<br>rate interest                                    | Variable<br>rate interest | Principal<br>repayment |       | Fixed<br>rate interest   | Variable<br>rate<br>interest | Repayment | Total |
| 2008 (US\$ million) |   |                           |                        |       |  |                              |           |       |
| 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   |

|                     | Non-derivative financial liabilities<br>(Unsecured bonds) |                              |                        | Total | Derivative financial liabilities<br>(Interest rate and Cross-currency swaps) |                              |           |       |
|---------------------|---|------------------------------|------------------------|-------|--|------------------------------|-----------|-------|
|                     | Fixed<br>rate interest                                    | Variable<br>rate<br>interest | Principal<br>repayment |       | Fixed<br>rate<br>interest  | Variable<br>rate<br>interest | Repayment | Total |
| 2007 (US\$ million) |   |                              |                        |       |  |                              |           |       |
| Less than 1 year    | 74  | –                            | –                      | 74    | 4  | 6                            | –         | 10    |
| 1-3 years           | 148   | –                            | –                      | 148   | 7  | 9                            | –         | 16    |
| 3-5 years           | 118   | –                            | 732                    | 850   | 7  | 1                            | –         | 8     |
| 5-10 years          | 158   | –                            | 723                    | 881   | –  | 1                            | –         | 1     |
| More than 10 years  | 144   | –                            | 256                    | 400   | –  | –                            | –         | –     |
| Total payments      | 642   | –                            | 1,711                  | 2,353 | 18   | 17                           | –         | 35    |
| Net carrying amount |   |                              | 1,711                  |       |  |                              |           | 33    |

Forecast data for liabilities which may be incurred in the future is not included in the table above. Amounts in foreign currency were translated at the closing rate at the reporting date. The variable payments at each year end arising from the financial instruments were calculated based on the forward interest rate yield curve at December 31, 2008 and 2007, respectively. Interest on derivative financial liabilities is reported separately for both the paid and received amounts. Non-derivative financial liabilities that can be repaid at any time have been assigned to the earliest possible time period.

## 27.10. Hedge accounting

Syngenta seeks to employ, whenever possible, hedge accounting to present its financial statements in accordance with the economic purpose of hedging. Derivative financial instruments for which hedge accounting treatment is not adopted either:

a) Do not fulfill the strict criteria under hedge accounting rules for such treatment (these are still considered by management to be effective economic hedges) or,

b) Impact the financial statements, when combined with the accounting for the underlying hedged items, in a manner aligned with the economic purpose of the hedging transaction, without the need to adopt hedge accounting treatment.

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## 27. Financial instruments continued

The following table shows fair values, notional amounts and maturities of Syngenta's derivative financial instruments held at December 31, 2008 and 2007, listed by the individual risks being hedged and the applied accounting treatment:

| 2008 (US\$ million)                           | Fair value |          | Notional amounts |               |                   |             |                   | Total  |
|---|------------|----------|------------------|---------------|-------------------|-------------|-------------------|--------|
|   | Positive   | Negative | <90 days         | 90 – 180 days | 180 days – 1 year | 1 – 5 Years | More than 5 years |        |
| 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    |

| 2007 (US\$ million)                           | Fair value |          | Notional amounts |               |                   |             |                   | Total  |
|---|------------|----------|------------------|---------------|-------------------|-------------|-------------------|--------|
|   | Positive   | Negative | <90 days         | 90 – 180 days | 180 days – 1 year | 1 – 5 Years | More than 5 years |        |
| Foreign exchange and interest rate risk:      |            |          |                  |               |                   |             |                   |        |
| Cash flow hedges                              | 235        | (100)    | 564              | 512           | 757               | 2,485       | 577               | 4,895  |
| Fair value hedges                             | 13         | (2)      | –                | –             | –                 | –           | 203               | 203    |
| Net investment hedges                         | 35         | (22)     | 628              | –             | 1,210             | –           | –                 | 1,838  |
| Undesignated                                  | 88         | (64)     | 5,601            | 560           | –                 | 87          | 100               | 6,348  |
| Total foreign exchange and interest rate risk | 371        | (188)    | 6,793            | 1,072         | 1,967             | 2,572       | 880               | 13,284 |
| Commodity price risk:                         |            |          |                  |               |                   |             |                   |        |
| Cash flow hedges                              | –          | (1)      | 5                | 3             | 2                 | –           | –                 | 10     |
| Undesignated                                  | 4          | –        | 79               | –             | –                 | –           | –                 | 79     |
| Total commodity price risk                    | 4          | (1)      | 84               | 3             | 2                 | –           | –                 | 89     |

The hedges of foreign exchange risk represent a variety of currencies to which Syngenta is exposed. The majority of the derivative financial instruments are denominated in Swiss franc, Euro, US dollar, British pound and Brazilian real.

## 27.11. Fair value hedges

Under fair value hedge accounting, the changes in fair value of the designated hedging instruments are recorded in profit or loss. The carrying amount of the hedged item is adjusted by the gain or loss on the hedged item attributable to the hedged risk.

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. The swap portfolio involves the exchange of fixed for floating rate interest payments and (economically) converts fixed Euro denominated debt into floating US dollar denominated debt. The fair value movements of these derivatives are included in profit or loss and are largely offset by changes in the fair value of the debt due to interest rate changes and the retranslation of the debt from Euro to US

dollar. There is an immaterial amount of hedge ineffectiveness on these swaps. 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.

The following presents the amounts recognized in profit for the year of gains/(losses) on hedging instruments designated as fair value hedges and on the underlying hedged items attributable to the hedged risk:

| (US\$ million)          | 2008 | 2007 | 2006 |
|-------------------------|------|------|------|
| Interest rate swaps     | 2    | 14   | 2    |
| Cross currency swaps    | 23   | (13) | (5)  |
| Underlying hedged items | (25) | (1)  | 3    |

#### 27.12. Cash flow hedges

Under cash flow hedge accounting, the effective portion of the changes in fair value of designated hedging instruments is recognized within shareholders' equity in the cash flow hedging reserve. The ineffective portion of the changes in fair value (if any) is recognized in profit or loss. The cash flow hedging reserve is recycled to profit or loss in the same period (or periods) during which the underlying hedged item affects profit or loss.

## 27. Financial instruments continued

Cross currency swaps are contracts which involve the exchange of both periodic and final amounts in two different currencies. Cross currency swaps and interest rate swaps are maintained by Syngenta to economically convert fixed rate debt denominated in currencies other than the functional currency of the relevant entity into fixed US dollar denominated debt. The swaps that qualify for hedge accounting are designated as cash flow hedges relating to future interest and principal payments on bond liabilities. The revaluation of these swaps is included in the cash flow hedge reserve and is recycled to profit or loss as the interest charges relating to the bond are recorded. There is an immaterial amount of hedge ineffectiveness related to these hedges. Hedge effectiveness for these hedges is measured on a quarterly basis 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.

At December 31, 2008 Syngenta has the following hedges in place to manage its exposure to its debt portfolio:

- The 4.125% Eurobond 2015 is partly hedged by cross currency swaps which convert the Euro denominated fixed rate debt into US dollar fixed rate debt. These swaps are designated as cash flow hedges. The remainder of the bond is hedged by a combination of cross currency and interest rate swaps which convert the Euro fixed interest rate debt to US dollar floating rate debt. These swaps are designated as fair value hedges.
- The 4.125% Eurobond 2011 has been fully hedged through a combination of cross currency swaps and interest rate swaps which convert the Euro denominated fixed rate debt into US dollar fixed rate debt. These swaps have been designated as cash flow hedges.
- The 3.375% domestic Swiss franc bond 2013 is fully hedged by cross currency swaps which convert the Swiss franc denominated bond into US dollar fixed rate debt. These swaps are designated as cash flow hedges. However, the equivalent of US dollar 50 million of the bond is economically hedged by an interest rate swap which converts the synthetically created US dollar fixed rate debt into US dollar floating rate debt. This interest rate swap is not designated for hedge accounting.
- The 3.500% domestic Swiss franc bond 2012 is fully hedged by cross currency swaps that convert the Swiss franc denominated bonds into US dollar fixed rate bonds. These swaps are designated as cash flow hedges.

In 2006, interest rate swaps and cross currency swaps with a notional value of US\$214 million and US\$100 million respectively were de-designated as cash flow hedges of the 4.125% Eurobond 2015 issuance, and 4.125% Eurobond 2011 issuance, respectively. The revaluation of these swaps at the time of de-designation will be recycled to profit or loss as the cash flows relating to the bond are recorded.

The forecasted future interest payments designated as the hedged item in cash flow hedges for the above interest rate and cross currency swaps are expected to occur and be reported in profit or loss as follows:

| (US\$ million)      | 2008 | 2007 | 2006 |
|---------------------|------|------|------|
| Less than one year  | 84   | 58   | 41   |
| One to five years   | 244  | 202  | 164  |
| Five years or later | 34   | 86   | 82   |

Syngenta uses forward contracts and net purchased currency options to hedge forecast foreign currency cash flows arising from forecast sales and purchases between Syngenta subsidiaries and related third party transactions. The contracts that qualify for hedge accounting are designated as foreign currency cash flow hedges. Gains and losses on the cash flow hedges are held in the cash flow hedge reserve in equity and are recycled to operating income when the third party transaction occurs in order to match the revenue recognition of the underlying hedged transaction. There is

an immaterial amount of hedge ineffectiveness related to these hedges. Hedge effectiveness for net purchased options is measured on a quarterly basis. The option hedge designation and effectiveness test excludes the time value element and uses the forward rate methodology. Each quarter the cumulative movement in intrinsic value is compared to the movement in the notional underlying value. Effectiveness for the forward contracts is measured quarterly using the forward rate basis. The probability of forecast items occurring is assessed by updating budgets on a quarterly basis and by the application of quarterly back testing methods.

Syngenta uses commodity forwards, futures and purchased options to hedge anticipated and committed future purchases. The contracts that qualify for hedge accounting are designated as cash flow hedges. Gains and losses are held in the cash flow hedge reserve in equity and are recycled to profit or loss when the related purchases are recorded and recognized in profit or loss. There is an immaterial amount of hedge ineffectiveness related to these hedges. Hedge effectiveness for net purchased commodity options is measured on a quarterly basis. The option hedge designation and effectiveness test excludes the time value element and uses the forward rate methodology. Each quarter the cumulative movement in intrinsic value is compared to the movement in the notional underlying value.

The majority of the forecasted transactions designated as the hedged items for the above foreign exchange forward and option contracts and commodity contracts are expected to occur and be reported within net income within one year from the balance sheet date.

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## 27. Financial instruments continued

## Presentation of gains and losses

Gains and losses on cash flow hedges are ultimately recorded in profit or loss on a consistent basis with the underlying hedged item. Any gains or losses on cash flow hedges arising due to hedge ineffectiveness are shown in profit or loss within 'Financial expense, net' during each period as they occur.

If it becomes apparent that a hedged forecasted transaction is no longer likely to occur, the hedge is de-designated and the amount held in the cash flow hedge reserve in equity is reclassified into earnings. In 2008, no such hedge de-designations occurred.

Gains and losses on derivative instruments recognized as cash flow hedges during the period were as follows:

| (US\$ million)  | 2008  |                   | 2007  |                   | 2006  |                   |
|---|---|-------------------|---|-------------------|---|-------------------|
|   | Foreign<br>exchange<br>and<br>interest<br>rate risk | Commodity<br>risk | Foreign<br>exchange<br>and<br>interest<br>rate risk | Commodity<br>risk | Foreign<br>exchange<br>and<br>interest<br>rate risk | Commodity<br>risk |
| Opening balance of gains/(losses) recognized in equity              | (64)  | 25                | (23)  | 22                | (38)  | 3                 |
| Deferred tax  | (7)   | (26)              | –   | 1                 | –   | 18                |
| Gains/(losses) recognized in equity                                 | (46)  | (45)              | (26)  | 7                 | 1   | 8                 |
| (Gains)/losses removed from equity and recognized in profit or loss | (12)  | –                 | (15)  | (5)               | 14  | (7)               |
| Closing balance of gains/(losses) recognized in equity              | (129)   | (46)              | (64)  | 25                | (23)  | 22                |

## 27.13. Hedges of net investments in foreign operations

Syngenta designates forward contracts and net purchased currency options as hedges of net investments in foreign operations. Gains and losses are held in the cash flow hedge reserve in equity and are recycled to profit or loss upon disposal of the underlying investments. Effectiveness for the forward contracts is measured quarterly using the forward rate basis. Hedge effectiveness for net purchased options is measured on a quarterly basis. The option hedge designation and effectiveness test excludes the time value element and uses the forward rate methodology. Each quarter the cumulative movement in intrinsic value is compared to the movement in the notional underlying value. There is an immaterial amount of hedge ineffectiveness related to these hedges.

Gains and losses on foreign exchange forward contracts and net purchased options recognized as net investment hedges during the period were as follows:

| (US\$ million)  | 2008  | 2007  | 2006  |
|---|-------|-------|-------|
| Opening balance of gains/(losses) recognized in equity      | (126) | (57)  | 47    |
| Gains/(losses) recognized in equity                         | 196   | (69)  | (104) |
| Losses removed from equity and recognized in profit or loss | (127) | –     | –     |
| Closing balance of gains/(losses) recognized in equity      | (57)  | (126) | (57)  |

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 the net investment hedging reserve was removed from equity and recognized in profit or loss.

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## 27. Financial instruments continued

## 27.14. Undesignated hedges

Syngenta enters into certain foreign currency, commodity and interest rate transactions that are not designated as hedges for accounting purposes.

Undesignated foreign currency hedges relate to on 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.

Syngenta's commodities exposure relates mainly to oil and corn. The fair value movements of the undesignated commodity hedges are recorded in profit or loss within cost of goods sold. During 2008, the loss resulting from these hedges was US\$108 million (2007: gain of US\$nil million; 2006: loss of US\$5 million).

In 2008, Syngenta entered into oil contracts with a combination of OTC forwards and options for a portion of yearly exposure in order to comply with the risk limit and in order to protect its exposure against rising oil prices.

In 2008, Syngenta also entered into commodity futures and options to hedge certain exposures to commodity crop prices, which did not qualify for hedge accounting.

## 27.15. Available-for-sale financial assets

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

| (US\$ million)   | 2008 | 2007 | 2006 |
|--|------|------|------|
| Impairment losses reported in profit or loss                       | (37) | (2)  | —    |
| Unrealized holding gains/(losses) reported in shareholders' equity | 9    | (47) | 39   |

Quoted equity securities are valued at quoted closing prices. The fair value of unquoted equity securities is not material.

## 27.16. Off-balance sheet finance

At December 31, 2008, non-recourse factoring amounted to US\$6 million (2007: US\$6 million). Under these arrangements, Syngenta has no liability under the factored principal, but pays interest at a commercial rate until the underlying debtor has either settled or has been declared insolvent.

Syngenta has no other off-balance sheet financing transactions or arrangements.

## 28. 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 adjustment 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, 2009.

