SYNGENTA AG
Form 20-F
February 18, 2010

As filed with the Securities and Exchange Commission on February 18, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended: December 31, 2009

OR

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

OR

o 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)

James Halliwell
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Syngenta International AG
P.O. Box
CH-4002 Basel, Switzerland
(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: | Name of each exchange on which registered: |
|---|---|
| American Depositary Shares, each representing one-fifth of a common share of Syngenta AG, nominal value CHF 0.10 | 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

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.

94,599,849 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.

x Yes o 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.

o Yes x 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.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

o Yes o 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 x | Accelerated filer o | Non-accelerated filer o |

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

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

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).

o Yes x 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.

Syngenta identifies the forward-looking statements in this annual report by using the words "expect", "would", "will", "potential", "plans", "prospects", "anticipates", "estimated", "believes", "intends", "aiming", "on track", or similar express negative of these expressions. Syngenta 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 economic situation may have a material adverse effect on Syngenta's 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 or used by other parties;

- 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;
- 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 natural disasters;
- the risk that Syngenta’s effective tax rate may increase;
- 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 10, 2008, Goldsmith Seeds, Inc. from November 19, 2008, Circle One Global Inc. from May 15, 2009, Goldsmith Seeds Europe B.V. from September 23, 2009, Pybas Vegetable Seed Co., Inc. from December 16, 2009 and Synergene Seed & Technology, Inc. from December 23, 2009. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements in Item 18.

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Selected Financial Data

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| (US$ million, except where otherwise stated) | 2009 | 2008 | 2007 | 2006 | 2005 |
| Amounts in accordance with IFRS(1) | | | | | |
| Income statement data: | | | | | |
| Sales | 10,992 | 11,624 | 9,240 | 8,046 | 8,104 |
| Cost of goods sold | (5,586) | (5,713) | (4,669) | (3,982) | (3,950) |
| Gross profit | 5,406 | 5,911 | 4,571 | 4,064 | 4,154 |
| Operating expenses | (3,640) | (4,053) | (3,107) | (3,235) | (3,294) |
| Operating income | 1,766 | 1,858 | 1,464 | 829 | 860 |
| Income before taxes | 1,641 | 1,692 | 1,419 | 798 | 766 |
| Net income | 1,374 | 1,385 | 1,111 | 637 | 626 |
| Net income attributable to Syngenta AG shareholders | 1,371 | 1,385 | 1,109 | 634 | 622 |
| Number of shares– basic | 93,154,537 | 93,916,415 | 95,973,958 | 98,165,298 | 100,017,271 |
| Number of shares– diluted | 93,760,196 | 94,696,762 | 97,143,368 | 99,876,180 | 101,464,222 |
| Basic earnings per share | 14.72 | 14.75 | 11.56 | 6.46 | 6.22 |
| Diluted earnings per share | 14.62 | 14.63 | 11.42 | 6.35 | 6.13 |
| Cash dividends declared: | | | | | |
| CHF per share | 6.00 | 4.80 | 1.60 | – | – |
| US$ per share equivalent | 5.27 | 4.76 | 1.32 | – | – |
| Par value reduction: | | | | | |
| CHF per share | – | – | 2.20 | 3.30 | 2.70 |
| US$ per share equivalent | – | – | 1.78 | 2.68 | 2.10 |
| Cash flow data: | | | | | |
| Cash flow from operating activities | 1,419 | 1,466 | 1,168 | 928 | 497 |
| Cash flow used for investing activities | (880) | (608) | (368) | (411) | (144) |
| Cash flow from (used for) financing activities | 170 | (457) | (781) | (541) | (74) |
| Capital expenditure on tangible fixed assets | (652) | (444) | (317) | (217) | (174) |
| Balance sheet data: | | | | | |
| Current assets less current liabilities | 4,643 | 3,386 | 2,606 | 2,598 | 1,789 |
| Total assets | 16,696 | 14,584 | 13,280 | 11,852 | 11,404 |
| Total non-current liabilities | (5,290) | (4,449) | (3,361) | (3,220) | (2,553) |
| Total liabilities | (9,541) | (8,683) | (7,239) | (6,158) | (5,973) |
| Share capital | 6 | 6 | 6 | 142 | 353 |
| Total shareholders’ equity | 7,141 | 5,884 | 6,022 | 5,666 | 5,403 |
| Other supplementary income data: | | | | | |
| Diluted earnings per share from continuing operations, excluding restructuring and impairment(2) | 15.76 | 16.26 | 11.45 | 8.73 | 7.67 |

All activities were in respect of continuing operations.

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Notes

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

The basis of preparation of the consolidated financial statements and the key accounting policies are discussed in Notes 1 and 2, respectively, to the consolidated financial statements 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 comparablemeasure 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 comparablemeasure 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 in Item 5.

Restructuring and impairment charges for 2009, 2008 and 2007 are analyzed in Note 6 to the consolidated financial statements in Item 18.

Restructuring and impairment for 2006 and 2005 mainly related to the Operational Efficiency program announced in 2004 representing the costs of closure of certain manufacturing and research and development sites and refocusing of other continuing sites. A detailed reconciliation of net income and earnings per share before restructuring and impairment to net income and earnings per share according to IFRS is presented in Appendix A at the end of the Operating and Financial Review and Prospects in Item 5.

## Risk Factors

Syngenta's business, financial condition or results of operations could suffer material adverse effects due to any of the following risks. Risks that are considered to be material are described below.

### 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 Economic Situation May Have a Material Adverse Effect on Syngenta's 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, further difficulties in the banking sector in the future or illiquidity in the credit markets may restrict Syngenta's ability to raise additional funds or increase the cost of such funding. A low availability of credit may also limit the amount of business Syngenta's customers and suppliers can transact with Syngenta.

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, political or 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, Which Could 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.

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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. Syngenta expects 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.

Efforts by Syngenta to Protect Its Intellectual Property Rights or Defend Claims Asserting That Syngenta Has Infringed the Intellectual Property Rights of Others May Be Unsuccessful

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. In addition, while Syngenta takes steps to prevent unauthorized access to and distribution of its intellectual property, it cannot assure that unauthorized parties do not obtain access to and use such property.

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 2009, 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, 2009. However, unforeseen events that occur in the future, including a more severe impact on Syngenta's business from the current global economic environment 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 it is 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 a global insurance program is 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.

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### 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. 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 products derived through biotechnology could have a negative impact on areas of Syngenta's 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 77% of sales in 2009, whereas seeds accounted for approximately 23% of sales. The areas of Syngenta's crop protection business most affected by genetically modified seeds are 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 from period to period. 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). In Syngenta's Seeds business, the weather can affect the quality, volume and costs of seeds produced for sale.

### 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. These instances occur where there is sufficient commercial benefit and security of supply can be assured, or where there is no viable alternative source of supply. Such single supplier arrangements account for approximately 25% 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 or from a supplier's inability to meet its supply obligations. The percentage of single supplier arrangements could increase in the future if consolidation were to occur among multiple supply sources.

Syngenta Conducts Business in Most Countries of the World, Including in Certain High-Risk Countries, Some of Which Have Been Identified by the US Government as State Sponsors of Terrorism

Syngenta conducts business in most countries of the world, some of which are subject to a high level of political or economic instability that could impact Syngenta's ability to continue to operate there. Acts of terror or war may impede Syngenta's ability to operate in particular countries or regions, and may impede the flow of goods and services between countries. In addition, Syngenta has minor operations in Cuba, Iran, Syria and the Sudan, 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.

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Natural Disasters Could Adversely Affect Syngenta’s Business

Natural disasters could affect Syngenta’s or its suppliers' manufacturing and production facilities, which could affect Syngenta’s costs or ability to meet supply requirements. Natural disasters could also affect Syngenta’s customers, which could affect Syngenta’s sales or its ability to collect receivables due from customers. 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.

An Increase in Syngenta’s Group Tax Rate Could Occur, Which Would Adversely Affect Its Financial Results

The effective tax rate on Syngenta’s earnings benefits from the fact that a portion of its earnings is taxed at more favorable rates in some jurisdictions outside Switzerland. Changes in tax laws or in their application with respect to matters such as transfer pricing, inter-Group dividends, controlled companies or a restriction in tax relief allowed on the interest on intra-Group debt, could increase Syngenta's effective tax rate and adversely affect its financial results. Syngenta has several open tax years in many jurisdictions, where tax calculations may be subject to adjustment. These matters are discussed in Notes 2 and 25 to the consolidated financial statements in Item 18.

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, a Swiss Aktiengesellschaft, 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, 2009, 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

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

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

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

In March 2008, Syngenta acquired the exclusive worldwide rights to distribute a sprayable formulation of 1-methylcyclopropene under the trademark InvinsaTM from Rohm & Haas Co. and its subsidiary Agrofresh Inc. The InvinsaTM 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 CyazypyrTM, a new broad spectrum insecticide. CyazypyrTM 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.

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Divestments

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

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.

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, Syngenta aims 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 Syngenta aims to take yields to a new level through the physiological enhancement of crops.

Capitalize on Seeds investment

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

Expand emerging markets

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

Create new businesses

Syngenta is active in furthering new businesses and business models to adapt to fast changing market dynamics. The growth in Syngenta's Seed Care business demonstrates its ability to spearhead technology shifts. Syngenta is also developing a Lawn & Garden business to sell integrated solutions of plant protection chemicals, growing media, seeds and young plants to professional growers.

Maintain cost efficiency

Syngenta continues to re-organize and integrate its back office support functions to attain the highest levels of cost efficiency. The current Operational Efficiency program announced in 2007 aims to drive cost savings which will be used to offset increased expenditure in research and technology and marketing for Seeds and in product development and emerging market opportunities for Crop Protection. Savings are targeted in both cost of goods sold and other operating expenses. The cost of the program is estimated at US$550 million in cash and US$180 million in non-cash charges in the period up to 2011. Cash spent under the program in 2009 totaled approximately US$103 million and since inception totaled approximately US$263 million.

Outperform the industry

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

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## Business Overview

### Industry Overview

Syngenta is a world leading agribusiness operating in the Crop Protection and Seeds businesses. Crop Protection chemicals include herbicides, insecticides, fungicides and seed treatments 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 three high value commercial sectors: seeds for field crops including corn, oilseeds, cereals and sugar beet; vegetable and flower seeds; and high-quality pot and bedding plants. 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 reporting 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's Crop Protection business has a broad product range, making it 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.

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- 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.

- Pinoxaden (AXIAL®) is an innovative post-emergent selective grassweed herbicide, for use in both wheat and barley. It offers the grower efficacy, selectivity and flexibility.

- S-metolachlor (DUAL GOLD®/ DUAL MAGNUM®) is a lower dose 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 registered in over 90 counties, including for use on herbicide tolerant corn and soybeans in the United States and Brazil.

- 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 broad 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 Syngenta's 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 yield 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®(1)/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.

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(1) 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.

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- Difenoconazole (SCORE®) 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(2) (SHIRLAN®) is a fungicide for control of potato blight.

- MEFENOXAMTM(3) (RIDOMIL GOLD®/FOLIO GOLDTM/SUBDUE®) is used for the control of seeds and soil-borne diseases caused by fungi such as pythium, phytophtora and downy mildews. It is used worldwide on a wide variety of crops, including field, vegetable, oil and fiber crops.

- Propiconazole(4) (TILT®/ BANNER®), originally licensed from Janssen, was introduced in 1980 and has developed into Syngenta's 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.

- 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 Syngenta's largest selling insecticides. An innovative 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 seedlings and young plants against diseases and insects during the period when they are most vulnerable. Syngenta's broad range of fungicides and insecticides allows it to provide a modern portfolio of safe and highly effective products. As seeds increase in value, seed protection becomes more important.

- Difenoconazole (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 seeds and seedlings and provides for a faster germination than other products in the market.

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(2) Fluazinam is distributed, but not manufactured, by Syngenta.
(3) 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).
(4) 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.

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- MEFENOXAMTM(5) (APRON® XL) is used for the control of seed and soil-borne diseases caused by fungi such as pythium, phytophtora 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

Syngenta offers a range of specialized products for use in turf (golf courses and sports fields) and ornamentals (cut flowers, bedding plants and nurseries) treatment, 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.

Syngenta also offers a range of products for use in controlling 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.

Recently Launched Products (last 3 years)

Fungicides

- Mandipropamid (REVUS®) is a new fungicide for fruit and vegetables to combat late blight and downy mildew, which complements Syngenta's existing product range. REVUS® was launched in 2007 and is currently registered in 62 countries.

Insecticides

- Chlorantraniliprole mixtures (DURIVO®; AMPLIGO®; VOLIAM®; VIRTAKO®). Chlorantraniliprole, licensed from DuPont for sale in mixtures with Syngenta active ingredients, is a chemical of the bisamide class characterized by unique systemic properties and outstanding activity on all major lepidoptera pests.

Seed Care

- AVICTA®, a new seed treatment for the control of nematodes in cotton and corn, was launched in the USA in 2006 and 2009, respectively.

Products in Late Stage Development

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

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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).

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Selective Herbicides

- Bicyclopyrone, a new broad-spectrum selective herbicide for use in corn and sugar cane which complements Syngenta's existing product range.

Fungicides

- Isopyrazam, a new broad-spectrum cereal fungicide which complements the existing range and provides additional resistance management opportunities.

- 545, a new broad-spectrum fungicide primarily for soybean rust which complements the existing range

- Sedaxane, a new fungicide seed treatment which complements Syngenta's existing product range.

Insecticides

- Cyantraniliprole, Syngenta is actively involved in development projects in bisamide chemistry. Syngenta acquired from DuPont in 2008 the exclusive rights to use Cyantraniliprole in mixtures with Syngenta insect control products. Cyantraniliprole is a new broad spectrum insecticide for the control of lepidoptera and sucking pests. Cyantraniliprole is complementary to the Chlorantraniliprole insect control product that Syngenta is developing in mixtures with its own leading insect control products.

Stress Tolerance

- INVINSATM(6), 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.

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 was approximately 35% of sales in 2009.

Marketing and Distribution

Syngenta has marketing organizations in all its 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. Syngenta's 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. Syngenta's marketing network enables it to launch its products quickly and effectively and to exploit its 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, it markets and distributes through other distribution channels. Generally, the marketing and distribution system in a country does not vary by product.

(6) InvinsaTM is an Agrofresh Inc. trademark.

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Syngenta's 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 Syngenta's 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$512 million in 2009, US$556 million in 2008 and US$496 million in 2007.

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 Syngenta 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.

Syngenta tests compounds it selects for development on the most important crops throughout the world 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 its 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 Syngenta's own research and development efforts, Syngenta has strengthened its business platform through targeted acquisitions. It 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 its 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 its 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 its products. All active substances and products must meet both Syngenta’s 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 its 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.

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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 products 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 Syngenta's 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.

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## 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.

Syngenta's seed portfolio is one of the broadest in the industry, offering over 200 product lines and over 6,800 varieties of Syngenta's 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 2009, Syngenta launched approximately 600 new varieties and hybrids. Through Syngenta's enhanced corn breeding and trait conversion capabilities, approximately 90 new products were brought into NAFTA production in 2009 for customer use in the 2010 crop year. 38 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, 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 addition to the 2008 acquisitions of SPS, Goldsmith and Yoder, Syngenta also acquired the global hybrid sunflower seeds business of Monsanto in August 2009, strengthening its position in the key European and Latin American markets and enhancing its overall market leadership and product portfolio. In the flowers sector, Syngenta acquired Goldsmith Seeds Inc. in November 2008 and acquired the pot and garden chrysanthemum product lines from Yoder Brothers Inc. This significantly strengthened 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 genetic superiority and herbicide tolerance, which give growers flexibility in their weed control. The company's oilseed rape varieties offer good oil production and plant health.

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Cereals (NK®/NFC New Farm Crops®/AgriPro® – Coker®/ Resource Seeds Inc./C.C. Benoist®) wheat and barley varieties combine high yield, superior disease resistance and agronomic characteristics coupled with excellent grain quality for the milling, malting and animal feed industries.

Vegetables

- Vegetables brands include S&G®, Rogers®, Daehnfeldt® and 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 2009, Syngenta launched approximately 175 new varieties in high value vegetable segments worldwide. In 2009, two US based lettuce seed companies were acquired; Synergene Seed & Technology, Inc. and Pybas Vegetable Seed Co., Inc. The acquisitions will establish Syngenta in the North American lettuce market and broaden its lettuce development portfolio in Europe and Asia.

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Flowers

- Flowers brands include Syngenta Flowers, Goldsmith®, Fischer®, S&G®, Yoder® and GoldFisch®. Syngenta offers a full range of flower seeds, plugs and 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 Syngenta's capability as a technology integrator and its commitment to the food chain and the ornamental industry:

Field Crops

- Syngenta launched Agrisure® CB/LL/RW, a double stacked corn containing Agrisure®, corn borer and corn rootworm traits in 2007. In 2008, Syngenta launched Agrisure® 3000GT, combining Agrisure® CB/LL/RW with Syngenta's proprietary glyphosate herbicide tolerance. Further Agrisure® 3000GT hybrids were launched during 2009 which are suitable for different areas throughout the US corn belt. 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, very high yield and lower cost of production. 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®(7) tolerance in the US, feature 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

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

- In tomatoes, Mini Kumato™, a mini version of Syngenta's popular sweet tasting tomato with a dark colored skin in Europe, Angelle, a snacking specialty with high taste and flavor launched in the US and Japan, and Arnold, rootstock with high vigor and root disease resistance in Europe.

- Intrude/Hunter a bacterial and virus resistance pepper launched in the US.
- Strategos/Pegaso, a high yield and disease resistant cucumber in Europe.

Flowers

In Flowers, some examples of recently launched products include:

- Calliope™ Geranium cuttings series with unique semi-trailing habit and large semi-double blooms with great heat tolerance.
- Plush®, Petunia series with early blooming trailing type from seeds.
- Mammoth™, Pansy series from Goldsmith with very large flowers.
- Perfetto, Medium sized Cyclamen series for economic production.
- Volumia, Begonia series with large flowers – for landscaping.
- Mira®, Poinsettia variety – very early flowering for energy-efficient production.
- Techno®, Lobelia series with great heat tolerance - from cuttings.

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

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- Goldalia, Dahlia series with unique bicolors.

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 the knowledge of taste, flavor and nutrition. Combined with advanced breeding technology, this is accelerating the introduction of novel varieties.

Below are examples of products in 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 drawing on native corn genes as well as genes derived from arid-land plants to develop water optimization traits which Syngenta is 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.

- Enhanced broad lepidopteran insect control through our Viptera trait in corn which expands the scope to 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) with 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" whole meal flour. There is a continuous pipeline of new wheat variety releases.

- In barley, next generation malting barley with improved enzyme characteristics, new winter barley varieties combining high yield with malting quality, breakthroughs on the female side with new lines and new 3-ways, Triticale high yield with good fodder values for livestock. There is a continuous pipeline of hybrid barley releases.

- Sugar beet with second generation nematode tolerance for the European market and with broad spectrum disease and virus resistance in combination with Roundup Ready®(8) tolerance for the NAFTA market.

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

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Vegetables

- Focus on increased agronomic quality, fruit quality improvements and better plant performance.
- Virus, fungal, fruit cracking disease and insect resistances.

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 or third party 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 weather related seed production risk. In addition, because its facilities are located in both the northern and southern hemispheres, Syngenta can shorten the time from breeding seed to commercial production so that it can produce marketable quantities more quickly than if it were dependent on only one growing season.

Marketing and Distribution

Syngenta's Seed products are marketed throughout the world through well-known brands, some of which have been established for over 100 years. Flagship brands are NK®, Golden Harvest®, Garst®, Hilleshög®, S&G®, Rogers®, Zeraim Gedera® and Fischer®. The NK® brand is used for corn, soybean, sunflowers, oilseed rape, and several other specialty crops. Golden Harvest® and Garst® are predominantly used in North America for corn, alfalfa and sorghum. Corn 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 for sugar beet and appears in every major market in Europe, Japan and the United States. For vegetables in Europe, the Middle East, Africa and Asia, S&G® is a leading brand, while Daehnfeldt® targets emerging markets via different distribution channels. 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 its 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. Syngenta's sales force markets the majority of Syngenta's 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, Syngenta's Seeds business is increasingly working together with its 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 Seeds sales teams jointly coordinate customer approaches to create crop solutions that include broad product combinations and services. Examples of joint marketing strategies in practice are soybean seed treated with CruiserMaxx® treatment, and in the US corn market capitalizing on the breadth of Syngenta's portfolio by offering Syngenta seeds and traits, coupled with seed care and crop protection products. This program has benefited both the Crop Protection and Seeds businesses.

Research and Development

Syngenta operates approximately 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 customers need locally adapted crop varieties, these centers are strategically located around the world. At these centers, over 2,000 permanent employees leverage Syngenta's global germplasm, trait, biotech and knowledge resources. Research efforts are focused on creating new varieties with greater productivity and tolerance to pests and other environmental stresses, as well as better quality characteristics such as nutritional composition, safety, consumer appeal and shelf life.

Syngenta operates biotechnology and seed technology research sites in Chile, China, France, India, the Netherlands, Singapore, Sweden and the United States. At these sites, Syngenta applies 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$368 million in 2009, US$343 million in 2008 and US$283 million in 2007.

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 further broaden its germplasm and trait base that enables it to create more valuable products. None of these alliances are currently material to Syngenta's 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.

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The list below is a sample of the alliances in which Syngenta is currently engaged:

- Maisadour Semences SA, a minority shareholding in a corn and sunflower seed company in France.
- LongReach Plant Breeders, a minority shareholding in an Australian wheat research company.
- Chromatin, Inc., molecular stacks and mini-chromosome technology in corn.
- Pioneer Hi-Bred International, Inc., collaboration on the development of GM traits for our branded businesses and GreenLeaf Genetics™.
- Athenix, collaboration to discover novel corn insect and soybean cyst nematode resistance genes.
- Evogene Ltd. & Syngenta Biotechnology Inc., collaboration on soybean cyst nematode gene discovery program for the benefit of the soy and sugar beet pipeline.

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

Competitive Environment

The main competitive factor in the seeds industry remains the quality of genetics and the 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, Pioneer, Vilmorin, KWS, Bayer, Dow, Ball, Sakata and Takii.

Intellectual Property

Syngenta maintains the ownership, and controls the use, of its seeds (inbreds and varieties) and genomic-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 product approvals

In the United States, 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. 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 Asian countries, genetically modified crops are also regulated by key importing and/or cultivating countries including Australia, New Zealand, China, Japan, Korea, Taiwan, Philippines and India, to confirm the safety of food, feed and environmental aspects. Regulations for food, feed and processing became effective in Indonesia in 2009. Conventional seed is not subject to such regulations.

Varietal registrations

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 plan 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.

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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.

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## 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 segment is built around a core of independent business teams with responsibilities for specific markets. 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.

### 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 2009 with significant regulatory and development milestones achieved. FDA food and feed approval was gained in 2008 and during 2009 several industrial tests have shown positive results. Syngenta is also developing breeding and biotechnology capabilities in sugar cane for application particularly in Brazil, producer of approximately 40% of the world's bioethanol.

### 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's primary center for agricultural genomics and biotechnology research is at Syngenta Biotechnology, Inc. (SBI) in Research Triangle Park in the United States. This research is now complemented with the development of Syngenta Biotech China, a permanent facility in Beijing, China that performs early stage evaluation of GM traits in corn, soybean and rice. In-house work is complemented and strengthened through numerous alliances and collaborations.

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.

- 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$80 million in 2009, US$70 million in 2008 and US$51 million in 2007.

Syngenta's Business Development segment 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 Syngenta's 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.

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The list below is a sample of the alliances in which Syngenta's Business Development segment is currently engaged:

- Queensland University of Technology – Biofuels, with concentration on development of sugar cane transformation and gene expression tools.
- Proteus S.A. – Biofuels, focusing on discovery and evolution of proprietary enzymes in the processing of biofuels.
- Chromatin, Inc. - Gene stacking, exclusive use of their unique gene stacking technology in sugarcane.
- Institute for Genetics and Developmental Biology, Beijing, China – Yield, drought trait gene discovery.

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.

Competitive Environment

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.

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Organizational Structure

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

| Country | Percentage owned by Syngenta | Local Currency | Share capital in local currency | Function of company |
|---|---|---|---|---|
| Argentina | | | | |
| Syngenta Agro S.A. | 100% | ARS | 421,298,205 | Sales/Production |
| Bermuda | | | | |
| Syngenta Reinsurance Ltd. | 100% | USD | 120,000 | Insurance |
| Brazil | | | | |
| Syngenta Proteção de Cultivos Ltda. | 100% | BRL | 1,172,924,609 | Sales/Production/Research |
| Canada | | | | |
| Syngenta Crop Protection Canada, Inc. | 100% | CAD | – | Sales/Research |
| France | | | | |
| Syngenta Seeds S.A.S. | 100% | EUR | 50,745,240 | Sales/Production/Development |
| Syngenta Agro S.A.S. | 100% | EUR | 22,543,903 | Sales/ Production |
| Germany | | | | |
| Syngenta Agro GmbH | 100% | EUR | 2,100,000 | Sales |
| Italy | | | | |
| Syngenta Crop Protection S.p.A. | 100% | EUR | 5,200,000 | Sales/Production/ Development |
| Japan | | | | |
| Syngenta Japan K.K. | 100% | JPY | – | Sales/Production/Research |
| Liechtenstein | | | | |
| Syntonia Insurance AG | 100% | USD | 14,500,000 | Insurance |
| Mexico | | | | |
| Syngenta Agro, S.A. de C.V. | 100% | MXN | 157,580,000 | Sales/Production |
| Netherlands | | | | |
| Syngenta Seeds B.V. | 100% | EUR | 488,721 | Holding/Sales/Production/Research |
| Syngenta Finance N.V. | 100% | EUR | 45,000 | Finance |
| Syngenta Treasury N.V. | 100% | EUR | 45,000 | Finance |
| Panama | | | | |
| Syngenta S.A. | 100% | USD | 10,000 | Sales |
| Russian Federation | | | | |
| OOO Syngenta | 100% | RUB | 675,000 | Sales |
| Singapore | | | | |
| Syngenta Asia Pacific Pte. Ltd. | 100% | SGD | 1,588,023,595 | Sales |
| Switzerland | | | | |
| Syngenta Supply AG | 100% | CHF | 250,000 | Sales |
| Syngenta Crop Protection AG(1) | 100% | CHF | 257,000 | Holding/Sales/Production/Research |
| Syngenta Agro AG | 100% | CHF | 2,100,000 | Sales/Production/Research |
| Syngenta Finance AG(1) | 100% | CHF | 10,000,000 | Finance |
| Syngenta Participations AG(1) | 100% | CHF | 25,000,020 | Holding |
| United Kingdom | | | | |
| Syngenta Limited | 100% | GBP | 85,000,000 | Holding/Production/ Research |

| | | | | |
|---|---|---|---|---|
| USA | | | | |
| Syngenta Crop Protection, Inc. | 100% | USD | 1 | Sales/Production/Research |
| Syngenta Seeds, Inc. | 100% | USD | – | Sales/Production/Research |
| Syngenta Corporation | 100% | USD | 100 | Holding/Finance |
| Garst Seed Company | 90% | USD | 101 | Sales/ Production |
| Golden Harvest Seeds, Inc. | 90% | USD | 32,606 | Sales |

(1) Direct holding of Syngenta AG

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## Property, Plants and Equipment

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

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

| Locations | Freehold/Leasehold | Approximate area (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 | 10,755,600 | Production |
| Cold Creek, Alabama, USA | Freehold | 9,539,900 | Production |
| Goa, India | Freehold | 8,668,100 | Production |
| Grangemouth, Falkirk, UK | Freehold | 904,488 | 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(3) | 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(4) | 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) |
| Kapok, Guatemala | Freehold | 26,156,300 | Production(2) |
| Andijk, The Netherlands | Freehold | 1,291,669 | Research(2) |
| Beijing, China | Leasehold | 21,528 | Research(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 2008, Syngenta commenced a Crop Protection capacity expansion program to increase capacity and improve productivity, primarily for two key active ingredients in order to meet forecasted demand growth. 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.

The program is estimated to have a total tangible asset cost of approximately $600 million, with the main investments scheduled for completion in 2010, and is expected to be financed entirely from internal cash flows. Total program spending in 2009 was US$260 million and since inception totals approximately US$300 million.

In Seeds, Corn production facilities were expanded in Brazil and capacity for sweetcorn was significantly increased in the USA.

Item 4A — UNRESOLVED STAFF COMMENTS

None.

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## 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 59 percent of Syngenta's sales and 60 percent of Syngenta's costs in 2009 were denominated in currencies other than US dollars. Therefore, Syngenta's results for the period covered by the review were significantly impacted by the movements in exchange rates. Sales in 2009 were 5 percent lower than 2008 on a reported basis, but were 1 percent higher when calculated at constant rates of exchange. The Company therefore provides analysis of results calculated at constant exchange rates (CER) and also actual results to allow an assessment of performance before and after taking account of currency fluctuations. To present CER information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than the exchange rates for this year. An example of this calculation is included in Appendix A of this section.

### Overview

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

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

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta's largest markets are Europe, Africa and the Middle East (EAME), and NAFTA(1), which represent approximately 33 percent and 34 percent respectively of consolidated sales in 2009 (2008: 37 percent and 31 percent; 2007: 36 percent and 34 percent). Both sales and operating profit are seasonal and are weighted towards the first half of the calendar year, which largely reflects the northern hemisphere planting and growing cycle.

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

References in this document to market share estimates utilize, where possible, information published by major competitors and are supplemented by Syngenta marketing staff estimates.

The consolidated financial statements are presented in US dollars, as this is the major currency in which revenues are denominated. However, significant, but differing proportions of Syngenta's revenues, costs, assets and liabilities are denominated in currencies other than US dollars. Approximately 20 percent of sales in 2009 were denominated in Euros, while a significant proportion of costs for research and development, administration, general overhead and manufacturing were denominated in Swiss francs and British pounds sterling (approximately 20 percent in total). Sales in Swiss francs and British pounds sterling together made up approximately 3 percent of total sales. Marketing and distribution costs are more closely linked to the currency split of the sales. As a result, operating profit in US dollars can be significantly affected by movements in exchange rates, in particular movements of the Swiss franc, British pound sterling and the Euro relative to the US dollar, and the relative impact on operating profit may differ from that on sales. The effects of currency fluctuations have been reduced by risk management strategies such as hedging. For further information on these strategies please refer to Note 27 of the consolidated financial statements in Item 18.

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

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The consolidated financial statements are based upon Syngenta's accounting policies and, where necessary, the results of management estimations. Syngenta believes that the critical accounting policies and estimations underpinning the financial statements are (i) adjustments for doubtful receivables, (ii) environmental provisions, (iii) impairment, (iv) post employment benefits, (v) uncertain tax positions, (vi) recognition of deferred tax assets and (vii) foreign currency translation of intercompany funding. These policies are described in more detail in Note 2 to the consolidated financial statements in Item 18.

Summary of results

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

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

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

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

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

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

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

Comparing 2008 to 2007, in the first half of 2008 commodity crop prices continued to be very strong, boosting grower profitability. 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. Crop Protection sales increased 27 percent in 2008 and 22 percent at constant exchange rates. Seeds sales in 2008 compared to 2007 grew 21 percent, 16 percent at constant exchange rates, with significant growth in all product lines. Gross profit margin in 2008 was higher than in 2007 with higher sales prices in Crop Protection partly offset by higher raw material 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 during 2008, 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. Research and development spending was higher than 2007 with an increased pipeline in Crop Protection and further development of corn and soybean traits in Seeds. In 2008, restructuring and impairment charges included impairments of two of Syngenta's available-for-sale investments following significant share price declines in the year whereas 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 higher than 2007, largely due to exchange losses in emerging markets in the highly volatile currency markets in the final quarter. Together, these factors and a 4 percent lower tax rate contributed to an increase in net income attributable to Syngenta AG shareholders of 25 percent and growth in diluted earnings per share of 28 percent.

Acquisitions, divestments and other significant transactions

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

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

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

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

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

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

Acquisitions and divestments are described in Note 3 to the consolidated financial statements 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 estimated at US$550 million in cash and US$180 million in non-cash charges in the period up to 2011. Cash spent under the program in 2009, 2008 and 2007 totaled US$103 million, 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 2009 and 2008 related largely to cost run-offs from site closures and amounted to US$85 million. Cash spent from 2004 to the end of 2009 totaled US$440 million and it is expected that the final amount spent under the program will be less than the initial estimate of US$500 million. Aggregate program non-cash charges of approximately US$296 million are also lower than the US$320 million previously estimated.

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Results of operations
2009 compared to 2008

Sales commentary

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

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

Sales by region were as follows:

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

Crop Protection

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

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

Sales by product line are set out below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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Commentary on regional performance

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

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

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

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

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

Seeds

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

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

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

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

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

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

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

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

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

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

Commentary on regional performance

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

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

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

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

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

Operating Income

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

| Operating Income/(loss) (US$ million) | 2009 | 2008 | Actual % |
|---|---|---|---|
| Crop Protection | 1,869 | 2,038 | (8) |
| Seeds | 30 | (36) | – |
| Business Development | (128) | (132) | – |
| Inter-segment profit elimination | (5) | (12) | – |
| Total | 1,766 | 1,858 | (5) |

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

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

Crop Protection operating income

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

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

(1) Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of this section for a more detailed description

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

Restructuring and impairment for 2009 related primarily to the Operational Efficiency Program announced in 2007 and in particular to the projects to standardize and consolidate global back office services and to further outsource information systems. The decrease in costs from 2008 was mainly the result of lower asset impairments in 2009.

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

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

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Seeds operating income/(loss)

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

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

(1) Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of this section for a more detailed description

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

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

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

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

Business Development operating loss

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

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

(1) Restructuring and impairment is a non-GAAP measure. Please refer to Appendix A of this section for a more detailed description

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

Defined benefit pensions

Defined benefit pension expense increased to US$119 million in 2009 from US$79 million in 2008 mainly because plan asset market values declined during the second half of 2008 as a result of the turmoil in the global financial markets. Higher amortization expense of US$47 million in 2009 (2008: US$12 million) was the major component of this increase in pension expense. Amortization expense for other post-employment benefits was US$6 million in 2009 (2008: US$8 million). In view of the increasing amount of actuarial losses not recognized in its consolidated balance sheet, Syngenta will change, effective January 1, 2010, its accounting policy for recognizing actuarial gains and losses on defined benefit pensions and other post-employment benefits, as permitted by IAS 19,

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"Employee Benefits", from the 'corridor' method of deferred recognition to immediate recognition in other comprehensive income. As a result, the amortization referred to above will no longer be charged to profit or loss. Syngenta estimates that the total post-employment charge to profit or loss for 2010 will be similar to that for 2009, excluding amortization expense. IFRSs require retrospective application of such accounting policy changes. Accumulated actuarial losses at December 31, 2009 as shown in note 22 to the consolidated financial statements in Item 18, less applicable income tax effects, will form part of accumulated other comprehensive income, thus reducing reported shareholders' equity.

Employer contributions to defined benefit pension plans, excluding contributions related to restructuring, increased to US$125 million in 2009 from US$113 million in 2008, partly due to foreign currency translation effects and partly to higher contributions paid to the Swiss pension fund to restore a satisfactory funded status in view of the underfunded position which arose at the end of 2008. Because of strong plan asset performance during 2009, contributions to the Swiss plan in excess of normal levels are neither required nor foreseen in 2010. Syngenta expects contributions to defined benefit pension plans to be approximately US$165 million in 2010, including approximately US$10 million related to restructuring. This amount includes higher contributions to Syngenta's UK plan required as a result of the statutory valuation of the plan which took place during 2009. See Note 30 to consolidated financial statements in Item 18.

Restructuring and impairment

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

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

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

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

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

2009

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

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

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

2008

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

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

Non-cash restructuring and impairment, net included US$17 million of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations. An additional US$17 million of impairments of intangible assets was due to accelerated amortization of a lease related to a Crop Protection development site, which is now closed.

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A further US$37 million related to impairments of available-for-sale financial assets, mainly from a significant decline in the share price of Verenium (previously Diversa) Corporation. Non-cash restructuring and impairment, net also included US$9 million reversal of inventory step-up related largely to the Zeraim Gedera acquisition.

Financial expense, net

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

Taxes

Syngenta's effective tax rate in 2009 was 16 percent, compared with 18 percent in 2008. The Swiss statutory tax rate applicable to Syngenta decreased by approximately 2 percent compared to 2008 due to rate changes in certain Swiss Cantons and the impact of income taxed at lower rates remained at 5 percent due to a higher proportion of profit in lower tax jurisdictions. The proportion of profits in lower tax jurisdictions is currently expected to decrease in 2010. The combined effect of non-recognition of deferred tax assets and reversal of the write-down of deferred tax assets reduced the tax rate by 2 percent in 2009 compared to having increased the rate by 4 percent in 2008 due to losses incurred in 2008 partly related to the exchange rate volatility in the final quarter, which have been largely recovered in 2009. This partly compensated for the lower level of adjustments to prior years compared to 2008. The adjustments to prior years in 2008 largely related to the completion of tax audits in several countries in NAFTA and EAME. The tax rate on restructuring and impairment costs was 28 percent, compared to 24 percent in 2008 due to the mix of pre-tax gains and losses in the net charge. Future rates applicable to restructuring and impairment will be dependent on the nature and size of the charges and may vary from year to year.

Net income for the period and other supplementary income data

Net income attributable to Syngenta shareholders in 2009 was US$1,371 million, 1 percent lower than the 2008 amount of US$1,385 million. The slight decrease was attributable to lower operating income, which was largely compensated by lower financial expenses, net and income taxes.

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

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 %) | | | Growth | | | | |
|---|---|---|---|---|---|---|---|
| | | | Volume | Local | | Currency | Actual |
| Segment | 2008 | 2007 | % | price % | CER % | % | % |
| 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 %) | | | | Growth | | | |
|---|---|---|---|---|---|---|---|
| Region | 2008 | 2007 | Volume % | Local price % | CER % | Currency % | Actual % |
| 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 |

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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. 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.

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.

Professional Products sales 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.

Sales by product line are set out below:

| (US$ million, except growth %) | | | | | Growth | | |
|---|---|---|---|---|---|---|---|
| Product line | 2008 | 2007 | Volume % | Local price % | CER % | Currency % | Actual % |
| 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 |

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 reached US$1 billion, was 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® having established a leadership position in the corn fungicide market. In Latin America, fungicide growth was broad based across the region with PRIORI Xtra® having become the leading product in Brazil for the prevention and treatment of soybean rust.

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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 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

| (US$ million, except growth %) | | | | Growth | | | |
|---|---|---|---|---|---|---|---|
| Region | 2008 | 2007 | Volume % | Local price % | CER % | Currency % | Actual % |
| 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 EAME 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.

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| (US$ million, except growth %) | | | | Growth | | | |
|---|---|---|---|---|---|---|---|
| | | | Volume | Local | | Currency | Actual |
| Product line | 2008 | 2007 | % | price % | CER % | % | % |
| 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 continued 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, HILLESHÖG® 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 responded to growing demand for healthy oils and 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 was 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

| (US$ million, except growth %) | | | | Growth | | | |
|---|---|---|---|---|---|---|---|
| | | | Volume | Local | | Currency | Actual |
| Region | 2008 | 2007 | % | price % | CER % | % | % |
| 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 EAME 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 Verenium (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 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

| | Total as reported under IFRS | | Restructuring and impairment | | Before Restructuring and impairment(1) | | Growth | |
|---|---|---|---|---|---|---|---|---|
| (US$ million, except growth %) | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | Actual % | CER % |
| 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 | 4,806 | 3,680 | – | – | 4,806 | 3,680 | 31 | 25 |
| as a percentage of sales | 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) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 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 this section 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 reflected 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.

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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)

| | Total as reported under IFRS | | Restructuring and impairment | | Before Restructuring and impairment(1) | | Growth | |
|---|---|---|---|---|---|---|---|---|
| (US$ million, except 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 this section 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.

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Business Development operating loss

| | Total | | Restructuring and impairment | | Before Restructuring and impairment(1) | | Growth | |
|---|---|---|---|---|---|---|---|---|
| (US$ million, except 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 this section 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. General and administrative expenses in 2007 were net of a 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 Verenium (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 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. Employer contributions to defined benefit plans, excluding contributions related to restructuring, were US$113 million in 2008, compared to US$124 million in 2007.

Restructuring and impairment

The following table analyzes restructuring and impairment charges for the years ended December 31, 2008 and 2007:

| (US$ million) | 2008 | 2007 |
|---|---|---|

| | | |
|---|---|---|
| Non-cash restructuring and impairment, net | 80 | (85) |
| Cash costs: | | |
| Operational efficiency programs | 79 | 117 |
| Integration and acquisition costs | 46 | 9 |
| Total cash costs | 125 | 126 |
| Total restructuring and impairment(1) | 205 | 41 |

(1) US$9 million (2007: US$6 million) is included within cost of goods sold

2008

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

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

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

2007

Syngenta incurred costs of US$41 million associated with the Operational Efficiency program announced in 2004, which 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.

A further US$27 million of cash costs were incurred by Crop Protection in connection with the Operational Efficiency program announced in 2007 and related to the restructuring of the Development function, projects to improve the efficiency of the distribution and manufacturing networks, and the 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 related to the integration of the acquired Fischer group and Emergent Genetics Vegetable A/S.

Non-cash restructuring and impairment, net included divestment gains of US$121 million realized mainly from the sale of a major part of the Rosental site in Basel and from the sale of land in Switzerland. Partially offsetting these gains were US$9 million of accelerated depreciation and property, plant and equipment write-offs from site closures and rationalizations announced prior to and during 2006, US$21 million of impairment of intangible assets that largely related to accelerated amortization of a lease on the Crop Protection development site referred to in the above description of 2008 restructuring costs and US$6 million of reversal of inventory step up included in cost of goods sold related to 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. The rapid and significant decline in several emerging market currencies, in particular the Russian rouble and Ukrainian hryvna 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. 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.

Net income and other supplementary income data

Net income 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.

Foreign operations and foreign currency transactions

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

Syngenta operates worldwide and its business has grown significantly in emerging markets, with a broadening of the currency effects that need to be closely monitored. Next to the Euro, the Swiss franc and the British pound, the Brazilian real gives rise to a major currency exposure. The exposure arises from the operations in Brazil where the Brazilian real is the functional currency of the subsidiaries. In 2009 the Brazilian real experienced a constant appreciation against the US dollar to a level comparable to the end of 2007, before the currency was impacted by the overall credit crisis during 2008. To manage its exposure to risks associated with fluctuations of the real, Syngenta has implemented programs to protect the US dollar value of trade receivables from customers and has hedged its balance sheet exposure using currency derivatives. Sales to customers in Brazil must be invoiced in Brazilian real to meet local legal requirements. Syngenta is not able to estimate the effect of any future depreciation or appreciation of the Brazilian real on operating income in future periods.

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## Liquidity and capital resources

Syngenta's principal sources of liquidity consist of cash generated from operations. In the period 2006 to 2009, this has been more than sufficient to cover cash used for investment activities and, except for any significant business acquisitions or a significant deterioration in the rate of receivables collections from that currently expected by management, this is also expected to be the case in 2010 despite an increased capital expenditure program announced in 2008. Working capital fluctuations are supported by short-term funding available through commercial paper and committed credit facilities. Operating in a seasonal business, Syngenta typically obtains funds from its short-term facilities during the first half of the year to fund operations during the northern hemisphere growing season and repays these funds during the second half when receivables are collected. Longer-term capital resources include unsecured non-current bonds issued under a Euro Medium Term Note (EMTN) program and unsecured non-current Notes issued under a Note Purchase Agreement in the US Private Placement market. Syngenta reported cash and cash equivalents on December 31, 2009 and 2008 of US$1,552 million and US$803 million, respectively. At December 31, 2009 and 2008, Syngenta had current financial debt of US$281 million and US$211 million, respectively, and non-current financial debt of US$3,303 million and US$2,524 million, respectively.

## Capital markets and credit facilities

Funds for Syngenta's working capital needs were available during the year from its US$2,500 million Global Commercial Paper program supported by a US$1,200 million committed, revolving, multi-currency, syndicated credit facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. At December 31, 2009, Syngenta had no commercial paper issuances outstanding. The US$1,200 million syndicated credit facility (the "Credit Facility") was signed in 2006, amended in 2007, and will mature in July 2013. At December 31, 2009, Syngenta had no borrowings under the Credit Facility. There are no material restrictions on dividends from subsidiaries under this facility.

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

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

Syngenta's long term credit rating is A (Standard & Poor's) and A2 (Moody's) with a stable outlook and the short term credit rating is A-1 (Standard & Poor's) and P-1 (Moody's). Syngenta's short- and long-term credit facilities and outstanding bond note instruments do not contain any significant covenants affecting its ability to pay dividends or borrow additional funds.

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

| (US$ million) | Carrying amount | Value at issue |
|---|---|---|
| 4.125% Eurobond 2011 | 719 | 636 |
| 3.500% Swiss franc domestic bond 2012 | 361 | 316 |
| 3.375% Swiss franc domestic bond 2013 | 482 | 484 |
| 4.000% Eurobond 2014 | 714 | 700 |
| 4.125% Eurobond 2015 | 718 | 641 |
| 5.110% US private placement 2020 | 86 | 75 |

| | | |
|---|---|---|
| 5.350% US private placement 2025 | 75 | 75 |
| 5.590% US private placement 2035 | 100 | 100 |
| Total | 3,255 | 3,027 |

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

Commitments for capital expenditure of US$65 million at December 31, 2009 relate mainly to the current capital investment program.

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## Cash flow

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

| | Year ended December 31, | | |
|---|---|---|---|
| (US$ million) | 2009 | 2008 | 2007 |
| Cash flow from operating activities | 1,419 | 1,466 | 1,168 |
| Cash flow used for investing activities | (880) | (608) | (368) |
| Cash flow from (used for) financing activities | 170 | (457) | (781) |

### Cash flow from operating activities

#### 2009 compared to 2008

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

#### 2008 compared to 2007

Cash flow from operating activities in 2008 was US$298 million higher than in 2007. After reversing non-cash items of US$973 million, 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.

### Cash flow used for investing activities

#### 2009 compared to 2008

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

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.

Cash flow used for financing activities

2009 compared to 2008

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

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.

Research and development (R&D)

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

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

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

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

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

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

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

The total spent on research and development was US$960 million in 2009, US$969 million in 2008 and US$830 million in 2007. Attribution of research and development costs for 2009 was US$512 million for Crop Protection, US$368 million for Seeds and US$80 million in Business Development. In 2008, the attribution was US$556 million for Crop Protection, US$343 million for Seeds and US$70 million for Business Development. In 2007, the attribution was US$496 million for Crop Protection, US$283 million for Seeds and US$51 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.

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Contractual obligations, commitments and contingent liabilities

At December 31, 2009 Syngenta had the following contractual obligations to make future payments in the following periods:

| US$ million | Notes to the financial statements in Item 18 | Total | Less than 1 year | 1–3 years | 3–5 years | 5–10 years | More than 10 years |
|---|---|---|---|---|---|---|---|
| Financial debt | 18 | 3,584 | 281 | 1,116 | 1,204 | 722 | 261 |
| Interest on financial debt | 27 | 681 | 131 | 223 | 134 | 76 | 117 |
| Other non-current liabilities | 18 | 114 | – | 114 | – | – | – |
| Capital lease payments | 25 | 36 | 3 | 33 | – | – | – |
| Operating lease payments | 25 | 117 | 22 | 37 | 27 | 31 | – |
| Unconditional purchase obligations | 25 | 2,038 | 867 | 905 | 186 | 80 | – |
| Long-term research agreements and other long-term commitments | 25 | 307 | 100 | 120 | 50 | 37 | – |
| Total | | 6,877 | 1,404 | 2,548 | 1,601 | 946 | 378 |

Of the total financial debt, floating rate financial debt is US$329 million (mainly local bank loans and overdraft facilities), US$281 million of which is due within one year. No interest obligation in respect of this debt is included in the table above. There is no contractual obligation to renew this debt. The debt amount, and the interest payments associated with it, will vary over time according to Syngenta's funding requirements and future interest rates.

Fixed rate debt of US$3,255 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and US private placement notes. Fixed rate interest payments of US$681 million on these are included above. At December 31, 2009, US$1,195 million of this long-term debt is converted to floating rate debt through derivatives. The impact of these derivatives on the interest cash flows has not been included in the above table as they can result in cash payments or receipts depending on the market position at any given time.

Other non-current liabilities arise from license agreements signed during 2009 and 2008 with several counterparties where the related cash flows are payable over several years.

US$879 million of provisions for long-term liabilities shown in Syngenta's consolidated balance sheet have not been included in the above table because the timing of their payment is not contractually fixed and cannot be estimated with sufficient certainty within the context of the time periods in the table. This applies particularly to those amounts which are not expected to be paid during 2010. Note 19 to the consolidated financial statements in Item 18 presents the components of the estimated US$154 million of provisions that are expected to be paid during 2010.

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

The rules of Syngenta's main Swiss defined benefit pension fund commit Syngenta to contributing a fixed percentage of employees' pensionable pay to the fund. Syngenta is committed to pay contributions to its UK defined benefit pension fund according to a schedule, which it agrees in advance with the plan Trustee following each statutory valuation, which normally takes place every three years. The schedule requires payment based on a percentage of pensionable pay, plus a fixed amount over a fixed number of years to eliminate the deficit in the fund. The schedule of contributions in force at December 31, 2009 was agreed on following the 2006 valuation and would have required deficit contributions of US$6 million per year in 2010 and 2011. Subsequently, the 2009 valuation has been finalized and a new schedule of contributions agreed, under which Syngenta must pay deficit contributions of approximately US$33 million per year to the UK fund over the agreed deficit recovery period of 10 years. A further US$16 million per year may be payable at three year intervals over this period if the actual return on plan assets falls below a specified level. Contributions would be reviewed again following the next valuation which is due in 2012. The contributions expected to be paid by Syngenta in 2010 to meet its commitments under this revised schedule are included in the US$165 million amount disclosed in Note 22 to the consolidated financial statements in Item 18 as Syngenta's best estimate of 2010 employer contributions to defined benefit plans. Because the revised schedule of contributions was agreed subsequent to December 31, 2009, the increased future contributions it contains are not included in the above table.

Off-balance sheet arrangements

Syngenta had no off-balance sheet arrangements as at December 31, 2009, other than the above contractual obligations, commitments and contingent liabilities. Syngenta has no unconsolidated special purpose entities that are likely to create material contingent obligations.

Critical accounting estimates

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

Recent developments

Note 30 to the consolidated financial statements in Item 18 provides details of events which occurred between the balance sheet date and February 18, 2010, the date of this filing, that would require adjustment to or disclosure in the consolidated financial statements.

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Future prospects

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

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

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

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

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

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

Subject to approval by the shareholders at the annual general meeting on April 20, 2010, the Board is recommending to maintain the dividend at CHF 6.00 per share. Syngenta also plans to repurchase shares in 2010 to a value of approximately US$200 million.

Quantitative and qualitative disclosure about market risk

For quantitative and qualitative disclosure about market risk, see Item 11.

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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.

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

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

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

| (US$ million) | Total | Restructuring and impairment | Before Restructuring and impairment |
|---|---|---|---|
| 2009 | | | |
| Operating income | 1,766 | (147) | 1,913 |
| Income/(loss) from associates and joint ventures | (3) | (2) | (1) |
| Financial expense, net | (122) | – | (122) |
| Income before taxes | 1,641 | (149) | 1,790 |
| Income tax expense | (267) | 42 | (309) |
| Net income | 1,374 | (107) | 1,481 |
| Attributable to minority interests | (3) | – | (3) |
| Net income attributable to Syngenta AG shareholders | 1,371 | (107) | 1,478 |
| Tax rate | 16% | 28% | 17% |
| Number of shares – basic (millions) | 93 | | 93 |
| Number of shares – diluted (millions) | 94 | | 94 |
| Basic earnings per share | 14.72 | (1.15) | 15.87 |
| Diluted earnings per share | 14.62 | (1.14) | 15.76 |

| (US$ million) | Total | Restructuring and impairment | Before Restructuring and impairment |
|---|---|---|---|
| 2008 | | | |

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

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

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

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

Constant exchange rates

We compare results from one period to another period in this report using variances calculated at constant exchange rates (CER). To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than the exchange rates for this year. See Note 26 to the consolidated financial statements in Item 18 for information on average exchange rates in 2009 and 2008. For example, if a European entity reporting in Euro sold €100 million of products in 2009 and 2008, our financial statements would report US$139 million of revenues in 2009 (using 0.72 as the rate, which was the average exchange rate in 2009) and US$147 million in revenues in 2008 (using 0.68 as the rate, which was the average exchange rate in 2008). The CER presentation would translate the 2009 results using the 2008 exchange rates and indicate that underlying revenues were flat. We present this CER variance information in order to assess how our underlying business performed before taking into account currency exchange fluctuations. We also present our actual reported results in order to provide the most directly comparable data under GAAP.

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ITEM 6 — DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The members of the Board of Directors are as follows (as of February 18, 2010):

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

Members of the Board of Directors

Syngenta is led by a strong and experienced Board. The Board includes representatives from six 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.

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 is also Chairman of the Board of the

Swiss-American Chamber of Commerce.

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.

Jürg Witmer

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

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Stefan Borgas

Director and member of the Audit Committee

Stefan Borgas has been President and Chief Executive Officer of Lonza since June 2004. Prior to joining Lonza he spent 14 years with BASF Group where he held various leadership positions in the Fine Chemicals and Engineering Plastics in the USA, Germany, Ireland and China.

Stefan Borgas holds a degree in Business Administration from the University of Saarbrücken and a Master of Business Administration from the University of St. Gallen. He is member of the Board of SGCI Chemie Pharma Schweiz, the association of Swiss chemical and pharmaceutical industries, of the Swiss-American Chamber of Commerce and of the Swiss Management Gesellschaft (SMG).

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, Diageo plc 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.

Pierre Landolt

Director and member of 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 SAS, France, and Amazentis SA, Switzerland. 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.

David Lawrence

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

David Lawrence was Head of Research & Development at Syngenta from September 1, 2002 until the end of September, 2008. Prior to his role as Head of Research & Development, David Lawrence was Head Research &

Technology Projects (2000–2002) for Syngenta. Prior to this, he was Head International R&D Projects for Zeneca Agrochemicals, having previously held several senior scientific roles. He is also a member of the BBSRC Council and a Board member for Rothamsted Research and Plastid AS. He is a member of the UK Foresight Lead Expert Group on Food and Farming, and of the UK Industrial Biotechnology Leadership Team.

David Lawrence graduated in chemistry from Oxford University with an MA and DPhil in chemical pharmacology.

Peter Thompson

Director and member of the Audit Committee

Peter Thompson is currently a Director of Sodexo 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.

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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 Chairman's Committee

Rolf Watter has been a partner in the law firm Bär & Karrer in Zurich since 1994 and was a member of its executive board and later an executive Director from 2000 until September 2009. 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 Regulatory 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 Executive Committee Co-Chairman of Nomura Switzerland and a Managing Director of Nomura International Ltd. Previously, he was a Director of Publigroupe (2005-2009), 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 A. Weber graduated from the University of St. Gallen, with an MBA in operations research and finance and a PhD in marketing.

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 2009, 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.

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(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 2009, the Chairman's Committee held six formal meetings. The Chairman's Committee consists of four members appointed by the Board: the Chairman and 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 authorization levels set in the Regulations Governing the Internal Organization. Members of the Chairman's Committee are Martin Taylor (Committee Chairman), Jürg Witmer, Michael Mack and Rolf Watter.

– Audit Committee

During the financial year 2009, the Audit Committee held five formal meetings. The Audit Committee consists of at least three members appointed by the Board. All members are independent, non-executive Directors. 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), Stefan Borgas and Peter Thompson. 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 external auditor attended all five meetings of the Audit Committee in 2009.

– Compensation Committee

During the financial year 2009, the Compensation Committee held four formal meetings. The Compensation Committee is appointed by the Board and consists of four non-executive Directors. A senior officer 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), Martin Taylor, Jacques Vincent and Jürg Witmer. The CEO attends the Compensation Committee meetings 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 2009, the Corporate Responsibility Committee held two formal meetings. The Corporate Responsibility Committee consists of at least three non-executive Directors 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 David Lawrence.

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Committee members and attendances 2009

| | Board | Chairman's Committee | Audit Committee | Corporate Responsibility Committee | Compensation Committee |
|---|---|---|---|---|---|
| Number of meetings in 2009 | 5 | 6 | 5 | 2 | 4 |
| Martin Taylor | *5 | *6 | | *2 | 4 |
| Michael Mack(1) | 5 | 6 | | 2 | 4 |
| Jürg Witmer(2) | 5 | 6 | | | 3 |
| Stefan Borgas(3) | 4 | | 4 | | |
| Peggy Bruzelius | 5 | | *5 | | |
| Pierre Landolt(4) | 5 | | 1 | 2 | |
| David Lawrence(5) | 4 | | | 2 | |
| Peter Thompson | 5 | | 5 | | |
| Jacques Vincent | 5 | | | | 4 |
| Rolf Watter(6) | 5 | 3 | 1 | | |
| Felix A. Weber | 5 | | | | *4 |

* Committee Chairman
(1) The CEO attends the Compensation Committee meetings as a permanent guest
(2) Member of the Compensation Committee since April 21, 2009 (AGM)
(3) Member of the Board and of the Audit Committee since April 21, 2009 (AGM)
(4) Member of the Audit Committee until April 21, 2009 (AGM)
(5) Member of the Board and of the Corporate Responsibility Committee since April 21, 2009 (AGM)
(6) Member of the Audit Committee until April 21, 2009 (AGM), and thereafter of the Chairman's Committee

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 the giving of the 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 in view of their compliance with the law, the Articles of Incorporation, regulations and directives;
- Preparation of business reports and General Meetings of shareholders and the carrying out 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 Auditors.

In addition, the Board of Directors may pass resolutions with respect to all matters which are not reserved to the authority of the General Meeting of shareholders by law or by the Articles of Incorporation of the Company.

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 senior 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 management, external advisors and the Group's external auditors;
– Regular distribution of important information to the Board.

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(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 take part in a meeting with the Board of Directors.

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## Executive Committee

The members of the Executive Committee of Syngenta are as follows (as of February 18, 2010):

| Name | Age | Nationality | Function | Appointment |
|---|---|---|---|---|
| Michael Mack | 49 | American | Chief Executive Officer | 2008 |
| Alejandro Aruffo | 50 | Italian/American | Head of Research & Development | 2008 |
| John Atkin | 56 | British | Chief Operating Officer Crop Protection | 2000 |
| Robert Berendes | 45 | German | Head of Business Development | 2007 |
| Christoph Mäder | 50 | Swiss | Head of Legal & Taxes and Company Secretary | 2000 |
| Mark Peacock | 49 | British | Head of Global Operations | 2007 |
| Davor Pisk | 51 | British | Chief Operating Officer Seeds | 2008 |
| John Ramsay | 52 | British | Chief Financial Officer | 2007 |

Members of the Executive Committee

(i) Membership

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.

(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 is also Chairman of the Board of the Swiss-American Chamber of Commerce.

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.

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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 for Research on Environment and Sustainability (IRES) at the University of Newcastle upon Tyne.

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). He 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 Group Financial Controller (2000-2007) for Syngenta. 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 honors 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 a change of control. The Chairman has a contract which provides for twelve months compensation due to a change of control; no other member of the Board has a service contract with a change of control clause.

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Relationships and arrangements involving Directors or members of the Executive Committee

None of the above Directors or members of the Executive Committee has any family relationship with any other Director or member of the Executive Committee. There were no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any of the above Directors or of the Executive Committee members was selected as a Director or as member of the Executive Committee.

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

(ii) Non-executive Directors

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

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

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

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

Compensation systems

(i) Compensation systems for members of the Executive Committee and the CEO

a) Cash compensation

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

b) Short-Term Incentive (STI)

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

c) Deferred Share Plan (DSP)

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

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

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

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

d) Long Term Incentive (LTI)

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

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

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.

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

g) Fixed and variable compensation

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

Table 1. 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% as set out in Table 1. At maximum incentives the fixed compensation would remain at 100,000, however, total compensation would now be 370,000 of which the same 100,000 is 27% and 270,000 variable compensation is 73% shown in Table 1

h) Cash and equity-based compensation

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

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Table 2. Cash and equity-based compensation

| | Members of the Executive Committee | | Chief Executive Officer |
|---|---|---|---|
| Target incentive | Maximum incentive | Target incentive | Maximum incentive |