

SYNGENTA AG  
Form 20-F  
February 16, 2012

As filed with the Securities and Exchange Commission on February 16, 2012

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

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FORM 20-F

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

OR

☒ ANNUAL  
REPORT  
PURSUANT  
TO SECTION  
13 OR 15(d)  
OF THE S  
ECURITIES  
EXCHANGE  
ACT OF 1934  
For the fiscal  
year ended  
December 31,  
2011

OR

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

OR

☐ SHELL

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

Commission file number: 1-15152

SYNGENTA AG

(Exact name of Registrant as specified in its charter)

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

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

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

Title of each class	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.

93,762,899 Common shares, nominal value CHF 0.10 each

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

☒ Yes      ☐ No

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

☐ Yes      ☒ No

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

☒ Yes      ☐ No

Indicate by check mark whether the registrant has submitted electronically 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).

☐ Yes      ☐ No

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

Large accelerated filer ☒      Accelerated filer ☐      Non-accelerated filer ☐

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

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

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

☐ Yes      ☒ No

## Introduction

### NATURE OF OPERATIONS

Syngenta AG (“Syngenta” or the “Company”) 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, the businesses contributed to Syngenta by Novartis are referred to as the “Novartis agribusiness” and the businesses contributed to Syngenta by AstraZeneca are referred to 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 expressions 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 Syngenta may encounter problems when implementing significant organizational changes;
- 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 Syngenta now considers immaterial, but that in the future prove to become material; and
- other risks and uncertainties that are not known to Syngenta 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 information presented below has been extracted from the consolidated financial statements of Syngenta. Investors should read the entire consolidated financial statements and not rely on the summarized information. The information includes the results of operations and the net assets of the Fischer group of companies from July 1, 2007, Zeraim Geder Ltd. from September 1, 2007, SPS Argentina SA from November 10, 2008, Goldsmith Seeds, Inc. from November 19, 2008, Circle One Global Inc. from May 15, 2009, Goldsmith Seeds Europe B.V. from September 23, 2009, Pybas Vegetable Seed Co., Inc. from December 16, 2009, Synergene Seed & Technology, Inc. from December 23, 2009, Maribo Seed International ApS from September 30, 2010, Greenleaf Genetics LLC from November 8, 2010 and Agrosan S.A. from March 9, 2011. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements in Item 18.

## Financial highlights

(US\$ million, except where otherwise stated)	Year ended December 31,				
	2011	2010	2009	2008	2007
Amounts in accordance with IFRS <sup>1</sup>					
Income statement data:					
Sales	13,268	11,641	10,992	11,624	9,240
Cost of goods sold	(6,737 )	(5,866 )	(5,572 )	(5,706 )	(4,669 )
Gross profit	6,531	5,775	5,420	5,918	4,571
Operating expenses	(4,480 )	(3,982 )	(3,601 )	(4,038 )	(3,070 )
Operating income	2,051	1,793	1,819	1,880	1,501
Income before taxes	1,901	1,677	1,694	1,714	1,456
Net income	1,600	1,402	1,411	1,399	1,135
Net income attributable to Syngenta AG shareholders	1,599	1,397	1,408	1,399	1,133
Number of shares— basic	91,892,275	92,687,903	93,154,537	93,916,415	95,973,958
Number of shares— diluted	92,383,611	93,225,303	93,760,196	94,696,762	97,143,368
Basic earnings per share	17.40	15.07	15.11	14.90	11.80
Diluted earnings per share	17.31	14.99	15.01	14.77	11.66
Cash dividends declared:					

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CHF per share	7.00	6.00	6.00	4.80	1.60
US\$ per share equivalent	7.64	5.61	5.27	4.76	1.32
Par value reduction:					
CHF per share	–	–	–	–	2.20
US\$ per share equivalent	–	–	–	–	1.78
Cash flow data:					
Cash flow from operating activities	1,871	1,707	1,419	1,466	1,168
Cash flow used for investing activities	(472 )	(450 )	(880 )	(608 )	(368 )
Cash flow from (used for) financing activities	(1,684 )	(844 )	170	(457 )	(781 )
Capital expenditure on tangible fixed assets	(479 )	(396 )	(652 )	(444 )	(317 )
Balance sheet data:					
Current assets less current liabilities	4,107	4,363	4,583	3,311	2,600
Total assets	17,241	17,285	16,129	14,089	12,819
Total non-current liabilities	(4,095 )	(4,483 )	(5,331 )	(4,489 )	(3,305 )
Total liabilities	(9,738 )	(9,836 )	(9,642 )	(8,798 )	(7,189 )
Share capital	(6 )	(6 )	(6 )	(6 )	(6 )
Total shareholders' equity	(7,494 )	(7,439 )	(6,473 )	(5,274 )	(5,611 )
Other supplementary income data:					
Diluted earnings per share from continuing operations,					
excluding restructuring and impairment 2	19.36	16.44	16.15	16.40	11.69

All activities were in respect of continuing operations.

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### Notes

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

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

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

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

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

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

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

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates. Further discussion on the reason for including disclosure of this and other non-GAAP measures is included in Appendix A at the end of the Operating and Financial Review in Item 5.

Restructuring and impairment charges for 2011, 2010 and 2009 are analyzed in Note 6 to the consolidated financial statements in Item 18. Restructuring and impairment for 2008 and 2007 mainly related to the operational efficiency program announced in 2004 representing the costs of closure of certain manufacturing and research and development sites and refocusing of other continuing sites and also to the operational efficiency program announced in 2007 to drive cost savings to offset increased expenditure in research and technology, marketing and product development in the growth areas of Seeds, Professional Products and emerging country markets. A detailed reconciliation of net income and earnings per share before restructuring and impairment to net income and earnings per share according to IFRS is presented in Appendix A at the end of the Operating and Financial Review in Item 5.

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### 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

Commodity crop prices have historically been volatile and downturns in 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, including customers and suppliers in the Eurozone, which is currently experiencing economic problems.

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.



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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 typically ranging from 30 to 180 days, except for customers in emerging markets, where credit terms may range from cash on delivery to, in certain cases, 360 days. Syngenta's customers, particularly in developing economies and in economies experiencing an economic downturn, such as the Eurozone, 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 from its credit exposure 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 European Union, 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 European Union, a new plant variety will be registered only after it has been shown that it is distinct, uniform, stable, and better than existing varieties.

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

Changes in the agricultural policies of governments and international organizations may prove unfavorable

In subsidized markets such as the United States, the European Union 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, 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 Syngenta 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 and genetically modified seeds 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.

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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 against 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 claim that Syngenta's products violate their intellectual property rights. Defending such claims, even those without merit, could be time-consuming and expensive. In addition, any such claim could also result in Syngenta having to enter into license arrangements, develop non-infringing products or engage in litigation that could be costly.

Legislation and jurisprudence on patent protection in major markets such as the United States and the European Union is evolving and changes in laws could affect Syngenta's ability to obtain or maintain patent protection for its products.

Problems encountered by Syngenta when implementing significant organizational changes could adversely affect the future performance of the Company

Syngenta expects to continue to engage in restructuring activities to reduce operating costs, increase sales, or both. In addition, Syngenta may acquire or dispose of significant businesses, which would necessitate restructuring its operations. Syngenta may fail to adequately implement such restructuring activities in the manner contemplated, which could cause the restructuring activities to fail to achieve the desired results. Even if Syngenta does implement the restructuring activities in the manner contemplated, they may not produce the desired results. Accordingly, such restructuring activities may not reduce operating costs or increase sales. Failure to adequately implement significant restructuring activities could have a material adverse affect on Syngenta's business and consequently impact its financial position, results of operations and cash flows.

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

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regularly tests its intangible assets for impairment. Upon completing its testing for 2011, which included subjecting the assumptions used in the testing to a sensitivity analysis, Syngenta recorded impairments of intangible assets totaling US\$24 million. Otherwise, Syngenta has concluded that no material intangible assets are impaired at December 31, 2011. However, unforeseen events that occur in the future, including there being a greater impact on Syngenta's business from economies experiencing an economic downturn 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 fully or at all by insurance could have a material adverse effect on Syngenta's operating results or financial condition.

Consumer and government resistance to genetically modified organisms may negatively affect Syngenta's public image and reduce sales

Syngenta is active in the field of genetically modified organisms in the seeds area and in biotechnology research and development in seeds and crop protection. 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

In certain parts of the world, notably the European Union, the use by growers of many seed varieties that are genetically modified for pest resistance or herbicide tolerance has not been permitted by regulatory authorities. Current sentiment in Europe and in certain other agricultural areas is strongly against allowing further biotechnology to be introduced. However, should this sentiment change resulting in the adoption of products derived through biotechnology, Syngenta's Crop Protection business could be adversely impacted. This may not be offset, in whole or in part, by the opportunities presented to Syngenta's seeds and business development businesses, which are actively pursuing products and traits developed through biotechnology. Crop protection accounted for approximately 76 percent of sales in 2011, whereas seeds accounted for approximately 24 percent of sales. The areas of Syngenta's Crop Protection business most affected by existing use of 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.

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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. If, in the context of the current Euro crisis, a member state of the Eurozone were to decide to abandon the Euro as its lawful currency and introduce a new national currency, Syngenta could incur losses upon the lawful conversion to the new national currency of amounts receivable from customers in the member state that were originally denominated in Euros.

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 22 percent 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 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.

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.

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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 a holder of Syngenta ADSs to exercise those rights.

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### 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. Syngenta's business operations were created in 2000 by Novartis and 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 became a publicly listed company in 2000. At December 31, 2011, the company was listed on the SIX Swiss Exchange under the symbol SYNN and the New York Stock Exchange under the symbol SYT.

##### Investments and Divestments

##### Investments

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

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

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

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

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

In November 2010, Syngenta acquired the 50 percent equity interest in Greenleaf Genetics LLC owned by Pioneer Hi-Bred International Inc. ("Pioneer") a subsidiary of E.I Du Pont de Nemours and Co. ("Du Pont"). This transaction dissolved a joint venture and terminated certain license agreements between Syngenta and Pioneer. The acquisition and related joint venture dissolution enables Syngenta and Pioneer to pursue independent licensing strategies for their respective proprietary corn and soybean genetics and biotechnology traits.



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

In April 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®1 I Insect Protection for broad lepidopteran control and to Herculex®1 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.

## Divestments

On April 13, 2011, Syngenta divested its Materials Protection business to Lanxess AG. There were no significant business or product divestments in 2010. In May 2009, Syngenta sold its 6.99 percent shareholding in Sakata Seeds Corp. for approximately US\$46 million.

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1 Herculex® is a registered trademark of Dow AgroSciences LLC

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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 the high value commercial sectors of field crops (including corn, oilseeds, cereals and sugar beet), vegetables and flowers.

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.

References in this document to Syngenta's competitive position, identified by terms such as "world-leading", "leader", "leading", "largest", "broadest", or similar expressions are based where possible on Agriservice Industry information provided by a third party or on information published by major competitors and are supplemented by Syngenta internal estimates.

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### 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, sugar cane and to turf and ornamentals.

#### Key Marketed Products

##### Selective herbicides

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

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

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### 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 & soybeans 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 in the European Economic Area to Bayer, under Bayer's own trade name. Syngenta has re-commenced sales of cyproconazole under the ALTO® and other brand names.
  - Cyprodinil (UNIX®/STEREO®2/SWITCH®/CHORUS®) is a powerful fungicide for use on cereals. It is used to control eyespot, powdery mildew and leaf spot diseases. Because it has a specific mode of action, it is a particularly effective solution where resistance to other fungicides has developed. CHORUS® and SWITCH® are cyprodinil-based formulations which are used on pome fruit such as apples and pears or on grapes and vegetables, respectively.
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2 Pursuant to the commitments given to the European Commission, Syngenta granted an exclusive right to Makhteshim Agan Industries Ltd. to use and sell STEREO® formulation for use on cereals for the duration of its registration in Denmark, Finland and Sweden.

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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<sup>3</sup> (SHIRLAN®) is a fungicide for control of potato blight.
- MEFENOXAM™<sup>4</sup> (RIDOMIL GOLD®/FOLIO GOLD®/SUBDUE®) is used for the control of seeds and soil-borne diseases caused by fungi such as pythium, phytophthora and downy mildews. It is used worldwide on a wide variety of crops, including field, vegetable, oil and fiber crops.
- Mandipropamid (REVUS®), launched in 2007 and currently registered in 62 countries, is used on fruit and vegetables to combat late blight and downy mildew.
- Propiconazole<sup>5</sup> (TILT®/ BANNER®) 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®/AGRI-MEK®) 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.

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<sup>3</sup> Fluazinam is distributed, but not manufactured, by Syngenta.

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

5 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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- 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 has been and continues to be 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.
- MEFENOXAM™<sup>6</sup> (APRON® XL) is used for the control of seed and soil-borne diseases caused by fungi such as pythium, phytophthora and downy mildews. It is used worldwide on a wide variety of crops, including field crops, vegetables, oil and fiber crops. MEFENOXAM™ is also used as a mixing partner for seed protection at low use rates.
- Fludioxonil (MAXIM® or CELEST®) is a contact fungicide with residual activity. Derived from a natural compound, fludioxonil combines crop tolerance with low use rates. Its spectrum of targets includes seed and soil-borne diseases like damping off, bunt, smut and leaf stripe on cereals. Used alone or in mixtures with other active substances, it is also effective on corn, rice, cotton, potatoes and peas.
- Thiamethoxam (CRUISER®) is an insecticide with systemic activity in a wide range of crops including cereals, cotton, soybeans, canola, sugar beet, corn, sunflower and rice. Its properties are such that it provides a consistent performance under a wide range of growing conditions. Thiamethoxam acts against a wide range of early season sucking and chewing, leaf feeding and soil-dwelling insects like aphids, thrips, jassids, wireworms, flea beetles and leafminers.

### Professional products

Syngenta offers a range of specialized products for use in turf (golf courses and sports fields) and ornamentals (cut flowers, bedding plants, bulbs 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®/ORTIVA®/AMISTAR®) is a leading fungicide for use on turf, primarily golf courses, and in ornamentals.

- Abamectin (VERTIMEC®) and thiamethoxam (ACTARA®) are leading ornamental insecticides.

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6 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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- 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 US growing media market specializing in custom mixes for producers of ornamental plants.

Syngenta also offers products for use in controlling insect pests in homes.

- 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.

## Recently Launched Products (last 3 years)

### Fungicides

- Isopyrazam (BONTIMA®, SEGURIS®), a new broad-spectrum cereal fungicide which complements Syngenta's existing product range and provides additional resistance management opportunities.

### Insecticides

- Chlorantraniliprole mixtures (DURIVO®/AMPLIGO®/VIRTAKO®/VOLIAM FLEXI®/VOLIAM TARGO®). Chlorantraniliprole, licensed from Du Pont 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 seed treatment for the control of nematodes originally launched in the US in cotton in 2006, was launched there in corn in 2009 and successfully introduced in Latin America in corn and soybeans.
- Sedaxane (VIBRANCE™), a new fungicide used in seed treatment that complements Syngenta's existing product range.

## Products in Late Stage Development

Syngenta has a rich pipeline of products under development, which extends beyond 2012 and involves projects covering all product lines. Products in late stage development include:

### Selective herbicides

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

### Fungicides

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Solatenol™, a new broad-spectrum fungicide active ingredient primarily for soybean rust that complements the existing range.

- SDHI (succinate dehydrogenase inhibitor) fungicide products are currently under development for the future ornamental portfolio.

#### Insecticides

- Cyantraniliprole, Syngenta is actively involved in development projects in bisamide chemistry. Syngenta acquired from Du Pont in 2008 the exclusive rights to use Cyantraniliprole in mixtures with

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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 sells in mixtures with its own leading insect control products.

- 361, new abamectin formulations.

## 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 36 percent of Crop Protection sales in 2011.

## 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 which also handle other manufacturers' products. Syngenta's products normally are 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 which 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.

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

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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.

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.

## Research and Development

Crop Protection research and development ("R&D") is dedicated to providing Syngenta with innovative new chemical solutions and intellectual property with the potential to create maximum business value and differentiation. This is done through maximizing Syngenta's chemical and biological expertise, its professional project and portfolio management and leveraging its global reach. New research areas are guided by the crop teams based on customer need, technology, regulatory requirements and political trends.

Syngenta has major research centers in Stein, Switzerland, Jealott's Hill, England and Goa, India, each of which is focused on identifying new active ingredients. Over 600 employees work on a research portfolio of herbicides, fungicides, insecticides and crop enhancing chemicals, with broad applicability as foliar, soil and seed treatments for agriculture and lawn and garden customers.

Syngenta is continuously improving its research process. State-of-the-art synthetic chemistry and high-speed automated synthesis are used in concert to effectively prepare the quantity and quality of compounds for both high throughput and highly targeted biological screening. A crucial feature is the structured design approach to chemistry, which ensures that the chemical entities possess properties most likely to relate to the desired product profile.

Once an active ingredient needs testing, the development team, supported by the global expertise of the trialing function, ensures that the work is efficiently and effectively completed to turn promising molecules into products which are safe to use, pass all registration requirements and meet customers' needs. Such development typically takes six to eight years. The active ingredient's efficacy and safety is assessed as early as possible in the development process and all data is compiled for registration and safe product use.

Syngenta tests compounds on target crops globally 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 or fauna.

In addition, Syngenta's current chemical products are improved by supporting the development of new mixtures, formulations and programs that bring new effects and opportunities to growers.



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In addition to its own research and development efforts, Syngenta has strengthened its business platform through targeted acquisitions, collaborations and the use of open innovation. It has currently over 400 ongoing R&D collaborations to complement in-house expertise to access new technologies, chemical libraries, biological screening and follow-up of leads.

The total spent on research and development in Crop Protection was US\$624 million in 2011, US\$555 million in 2010 and US\$508 million in 2009.

## 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.

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.

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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.

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 percent of the worldwide market. Syngenta's key competitors include BASF, Bayer, Dow, Du Pont 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 significant 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, soybean, rice, cereals, oilseeds and sugar beet, and horticultural crops, which consist of vegetables and flowers. Through Syngenta's enhanced corn breeding and trait conversion capabilities, 105 new products were brought into North America production in 2011 for customer use in the 2012 crop year. 24 of these products feature the Agrisure® Viptera™ 3111 trait stack, which provides breakthrough control of the broadest spectrum of above- and below-ground insects available. This year, growers also have access to hybrids with the Agrisure® Viptera™ 3220 trait stack for reduced refuge. This trait stack offers growers dual modes of action against above-ground corn pests—including corn borer and corn earworm—with a five percent structured Corn Belt refuge.

In August 2009, Syngenta acquired the global hybrid sunflower seeds business of Monsanto, strengthening its position in the key European and Latin American markets and enhancing its overall market leadership and product portfolio. In September 2010, Syngenta acquired the Maribo Seed sugar beet business from Nordic Sugar, a subsidiary of Nordzucker AG.

In November 2010, Syngenta acquired the 50 percent equity interest in Greenleaf Genetics LLC owned by Pioneer. This transaction dissolved a joint venture and terminated certain license agreements between Syngenta and Pioneer. The acquisition and related joint venture dissolution enables Syngenta and Pioneer to pursue independent licensing strategies for their respective proprietary corn and soybean genetics and biotechnology traits.

#### Key Marketed Products

##### Field Crops

- Corn (AGRISURE®, GARST®, GOLDEN HARVEST®, NK®) 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 in the US via Greenleaf Genetics LLC. 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 and Agrisure® Viptera™ 3111 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 (HILLESÖG®, MARIBO®) 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 hybrids 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 and hybrids offer good oil production and plant health.

- Cereals (NK®, 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.

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### Vegetables

- Vegetables brands include DULCINEA®, ROGERS®, S&G®, ZERAIM GEDERA® and DAEHNFELDT®. Syngenta offers a full range of vegetable seeds, including tomatoes, peppers, melons, watermelons, squash, cauliflower, cabbage, broccoli, lettuce, spinach, sweet corn, cucumbers, beans, peas, okra 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 fresh market growers. In 2009, Syngenta acquired two US based lettuce seed companies, Synergene Seed & Technology, Inc. and Pybas Vegetable Seed Co., Inc., which established lettuce sales in the North American market and broadened its lettuce development portfolio in Europe and Asia.

### Flowers

- Flowers brands include GOLDFISCH®, GOLDSMITH SEEDS, YODER® and SYNGENTA FLOWERS. 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 verbenas; 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

- In 2010, Syngenta's corn portfolio was further enhanced by the launch of Agrisure® Viptera™, which provides enhanced control of lepidopteran insect pests through a new and unique mode of action. In 2011, Syngenta received full cultivation approval in Argentina for Agrisure® Viptera™ and for triple stack corn, combining herbicide tolerance and insect resistance.
- 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 malting varieties suitable for both 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.

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

8 The US Department of Agriculture ("USDA") deregulation of sugar beet varieties with Roundup Ready®7 tolerance in the US is currently the object of third party plaintiff litigation against the US government and, as a result, was vacated in 2010. The USDA interim partial deregulation, which authorized continued planting, was challenged by third parties and is currently pending in the DC District Court. The same third parties also appealed the dismissal in September 2010 of their challenge to the USDA's approval of permits for steckling transplants (small sugar beet plants used to produce hybrid seed) to the Ninth Circuit Court of Appeals. Syngenta joined the DC District Court litigation in

support of full deregulation of Roundup Ready®7 sugar beet varieties in the US. For the 2011/2012 season, sugar beets with Roundup Ready®7 tolerance have been planted on over 90 percent of the US acres under special permits from the USDA.

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### 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 Pepper, a new sweet, baby seedless pepper called Angello™ in Europe.
- In Squash, significant new products Prometheus in Europe and Spineless Perfection in US, which offer growers excellent high yield performing varieties with a broad spectrum disease resistance.
- In Watermelon, Fascination, a large fruit size seedless watermelon, is winning significant market share in the USA and El Ghali, a large fruit size seeded variety, is our first major product launch in North Africa.
- Sweet Corn: GSS2259P/Shinerock, a multi disease resistant processing sweet corn variety with high yield potential and a native herbicide tolerance, launched globally.

### Flowers

In Flowers, some examples of recently launched products include:

- Calliope® – New Geranium series with leading retail shelf life and garden performance. Includes the darkest Red color ever shown in Geraniums.
- Mammoth® – Pansy series from Goldsmith with very large flowers.
- Mira® – Energy-efficient Poinsettia variety that can be grown under lower production temperatures.
- Winfall® – Innovative mini Cyclamen for indoor and outdoor use in fall and winter.

### Products in Late Stage Development

Syngenta seeks to produce improved hybrid and varietal seeds to meet the agronomical conditions and demands of its 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 post-harvest shelf life. Combined with advanced breeding technology, this is accelerating the introduction of novel varieties.

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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 that 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.
- Developing the next generation corn rootworm control trait with a unique mode of action and high efficiency.
- Stacking multiple modes of action for the same target insects (trait pyramiding) to improve efficacy, combat insect resistance and provide refuge reduction in corn while increasing long term product sustainability.
- Creating Agrisure Viptera Artesian corn by combining water optimization technology, Agrisure® Artesian™, with Agrisure® Viptera™ insect control.
- Syngenta is expanding the product offering of the industry's first soybean aphid management system which combines genetics, a naturally occurring trait, and seed treatment products for a total integrated pest management approach. Rust-tolerant soybean varieties in pre-commercial trials will bring a new component to Syngenta's industry-leading solution for control of the critical soybean rust disease in South America. Syngenta continues to deliver a strong portfolio of soybean varieties with high yield, herbicide tolerance, cyst nematode resistance, and overall disease resistance.
- Healthy oil varieties in oilseeds, comprising higher heat stability of plant oils for frying.
- Sunflowers with high stable yields, integrating broomrape, herbicide and disease resistance.
- High yield Safecross™ hybrids with improved disease resistance and stress 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.
- In barley, next generation spring malting barley with improved enzyme characteristics and new winter barley hybrids combining high yield with improved production characteristics.
- Triticale development combines outstanding forage qualities for both the dairy and livestock industries.
- Sugar beet with second generation nematode tolerance for the European market and with broad spectrum disease and virus resistance in combination with Roundup Ready®7 tolerance for the North American market<sup>8</sup>.

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### Vegetables

- Focus on increased agronomic quality, fruit quality and shelf life improvements and better plant performance in combination with virus, fungal and insect resistances to provide increased grower performance reliability.
- Advancing abiotic stress tolerant traits for rootstocks for the high value tomato and pepper markets.
- Developing new fruit sizes in melons and watermelons tailored to shrinking family sizes in North America and Europe.
- Bringing forward new consumer traits for texture that improve the quality of fresh cut fruit.
- Vegetable R&D is advancing convenience traits for consumers.

### Production

Independent contract farmers grow and harvest Syngenta's seed throughout the world. After the harvest, the raw seed is cleaned, calibrated, treated and packaged in Syngenta or third party processing plants. 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 mitigate weather related seed production risk. In addition, because its facilities are located in both the northern and southern hemispheres, Syngenta can shorten the time required to multiply seeds from breeding to commercial production. This enables it to 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®, HILLESÖG®, 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 and soybean. Corn germplasm and traits are marketed via GreenLeaf Genetics LLC, a fully owned subsidiary since fourth quarter 2010. Proprietary corn traits are marketed under the Agrisure® trademark. The HILLESÖG® 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® vegetable 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 uses the Goldfish® brand and the Goldsmith and Yoder® brands as portfolio 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.

### Research and Development

Syngenta operates approximately 100 breeding and germplasm enhancement centers strategically located around the world, with over 3,000 permanent employees focusing on advancing the performance, stability and quality of seed

varieties for over 50 food, feed and flower crops.

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Seeds R&D is dedicated to creating new varieties of major field crops having improved quality and productivity, either alone or in combination with other technologies. The core strategic crops of focus are cereals (wheat, barley), corn, diverse field crops (sunflower, oilseed rape, sugar beet), rice, soybean, specialty crops (including fruits, trees, nuts, vines, potatoes, cotton, plantations), sugar cane and vegetables. This includes improving tolerance to pests and other environmental stresses as well as quality characteristics such as nutritional composition, consumer appeal and shelf life.

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. Working with state-of-the-art breeding techniques, Syngenta is building one of the most extensive germplasm libraries in the world. This diversity, combined with Syngenta's expertise, is expected to enable Seeds R&D to contribute significantly to Syngenta's growth.

Syngenta's biotechnology activities primarily take place at two sites. In Beijing, China, Syngenta focuses on early-stage evaluation of genetically modified traits, while at Research Triangle Park, NC, USA, Syngenta works on both research and development of key native and genetically modified traits. These two main sites, supported by smaller laboratories around the world, work together to significantly progress Syngenta's biotechnology capability.

Biofuels are an important market for corn and sugar cane growers. Approval of ENOGEN® in the US, Syngenta's corn amylase trait and first approved corn output trait worldwide, allows corn to be more easily digested during the biofuel preparation process. PLENE® is Syngenta's solution which is revolutionizing how sugarcane is grown and provides growers with quality and yield benefits. Both solutions provide reduced carbon footprint benefits.

In addition to general research and development agreements with other companies and academic institutions around the world, Syngenta has entered into a number of targeted alliances with other enterprises in order to further broaden its germplasm and trait base with the goal of creating 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.

Total research and development spending in Seeds was US\$423 million in 2011, US\$410 million in 2010 and US\$364 million in 2009.

## 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 became research intensive. Technological advances requiring higher research and development spending have forced new alliances and led to industry consolidation creating greater competition in product development, marketing and pricing. This environment favors 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.



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Syngenta licenses certain of 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

Governmental regulatory authorities perform a variety of risk assessments on genetically modified (GM) seed products to ensure the safety of the resulting plants and the food and feed derived from them. Syngenta must obtain regulatory approvals for both cultivation and for import of products thereof into key countries. Cultivation countries for Syngenta's GM seed currently include the US, Canada, Brazil, Argentina and the Philippines. Key import countries are defined based on the product and cultivation market and may include Japan, one of the largest importers of commodity crops. "Stacked" products developed through breeding to contain multiple GM traits are also subject to regulation in certain countries. Approvals in some countries are time limited and must be renewed on a periodic basis to ensure that each product adheres to current regulatory standards. Some countries also require safety monitoring and insect resistance management after product commercialization. Additionally, registration of new plant varieties, whether transgenic or not, is required in most countries, with the notable exception of the US.

Government regulations and the politics that influence them vary widely among jurisdictions and change often. Obtaining necessary regulatory approvals is time consuming and costly; there can be no guarantee of approval timelines, and data requirements for approval continue to increase.

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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 Syngenta'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 expenditures as well as expenditures for development and marketing activities to create new business opportunities. This 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 partnership arrangements. To drive near term success, Business Development has put emphasis on the acceleration of new agronomic traits, also investing significantly in a new US genetics research facility, and the commercialization of close-to-market projects that are aligned with the strengths of the Syngenta Crop Protection and Seeds businesses.

Syngenta achieved approval of its proprietary ENOGEN® corn amylase, which improves the productivity of ethanol plants, from both the US Food and Drug Administration and the USDA, as well as from regulatory authorities in Japan, Canada, New Zealand, Mexico and the Philippines. Development in plant testing continued in 2011.

Syngenta also continued to focus on further developments in breeding and transformation activities, especially on corn and sugar cane in Latin America, with the long term strategy of enhancing the product portfolio offered to farmers and introducing new genetically modified varieties.

#### Production

Business Development is producing corn amylase via contracts with growers under a USDA permit.

#### Research and Development

Syngenta's primary center for agricultural genomics and biotechnology research is in Research Triangle Park in the United States. This research facility has recently been complemented with the move to a new permanent biotechnology research facility in Beijing, China that performs early stage evaluation of genetically modified traits. 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 in Research Triangle Park in the United States.



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- 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.

All biotechnology products are subject to intense regulatory scrutiny and Syngenta conducts extensive studies to ensure products are safe for both consumers and the environment. 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 spend for Business Development was US\$80 million in 2011, US\$67 million in 2010 and US\$80 million in 2009.

Syngenta’s Business Development segment has entered into a number of targeted alliances with other enterprises in order to broaden further Syngenta’s 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.

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

In addition to Syngenta, the major investors in biotechnology are the other main crop protection and seed companies: Monsanto, Pioneer, Bayer, BASF 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, soybean, cotton and canola (input traits). As a result, companies having access to germplasm as a platform for trait commercialization have 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 and Danisco.

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### 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 Syngenta's 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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### Integrated Crop Strategy

Syngenta announced in February 2011 its new strategy to integrate its commercial operations across Crop Protection and Seeds on a global crop basis and to develop fully integrated product and service offers. Syngenta regards itself as uniquely positioned to address the increasing complexity of the challenges facing farmers. Under this strategy, Syngenta is building on the combined strength of its Crop Protection and Seeds businesses to develop an expanded crop-based product pipeline and local go-to-market strategies. R&D in Crop Protection and Seeds is being re-organized so that it can work more closely together to generate crop-specific combined genetic and chemical solutions for growers.

Integration activities commenced in 2011, with full integration of global commercial operations for Crop Protection and Seeds expected to be complete by mid-2012. The integration of commercial operations includes the creation of a new business model consisting of 19 territories with a strategic crop focus. The territories will be grouped under the four geographic regions against which Syngenta currently reports. In addition, crop teams have been appointed for each of eight global crops: cereals (wheat, barley), corn, diverse field crops (sunflower, oilseed rape, sugar beet), rice, soybean, specialty crops (high-value crops where Syngenta has a Crop Protection but no current Seeds offer, e.g. fruits, trees, nuts, vines, potatoes, cotton, plantations), sugar cane and vegetables. These crop teams will work alongside territory and regional management to develop and maximize an integrated product and services offer by crop.

As a result of the integration of the commercial teams and product offer, Syngenta will combine Crop Protection and Seeds, excluding the lawn and garden business included therein, on an integrated basis segmented by region. The components of Syngenta's lawn & garden business in the Crop Protection or Seeds segments will be combined into a new Lawn & Garden segment. These new segments will reflect the organizational and management structure of Syngenta that is in the process of being implemented. Reporting under this new segment structure is expected to begin by mid-2012 when the integration is completed. Syngenta is also in the process of modifying its information gathering and reporting systems to provide financial and other data under the new segment structure.

### Recently Launched Integrated Products

PLENE® is a revolutionary technology for sugar cane in Brazil, combining chemistry, plant genetics and mechanical technology to provide an integrated cane planting solution.

TEGRA™ is a solution for rice growers in Asia, consisting of high quality seeds coated with seed treatment and a new system to mechanically transplant seedlings and thereby reduce labor input.

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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
<b>Argentina</b>				
Syngenta Agro S.A.	100	% ARS	918,269,877	Sales/Production
<b>Bermuda</b>				
Syngenta Reinsurance Ltd.	100	% USD	120,000	Insurance
<b>Brazil</b>				
Syngenta Proteção de Cultivos Ltda.	100	% BRL	1,172,924,609	Sales/Production/Research
<b>Canada</b>				
Syngenta Crop Protection Canada, Inc.	100	% CAD	–	Sales/Research
<b>France</b>				
Syngenta Seeds S.A.S.	100	% EUR	50,745,240	Sales/Production/Development
Syngenta Agro S.A.S.	100	% EUR	22,543,903	Sales
<b>Germany</b>				
Syngenta Agro GmbH	100	% EUR	2,100,000	Sales
<b>Italy</b>				
Syngenta Crop Protection S.p.A.	100	% EUR	5,200,000	Sales/Production/Development
<b>Japan</b>				
Syngenta Japan K.K.	100	% JPY	–	Sales/Production/Research
<b>Liechtenstein</b>				
Syntonia Insurance AG	100	% USD	14,500,000	Insurance
<b>Mexico</b>				
Syngenta Agro, S.A. de C.V.	100	% MXN	157,580,000	Sales/Production/Development
<b>Netherlands</b>				
Syngenta Seeds B.V.	100	% EUR	488,721	Holding/Sales/Production/Research
Syngenta Finance N.V.	100	% EUR	45,000	Finance
Syngenta Treasury N.V.	100	% EUR	45,001	Holding/Finance
<b>Panama</b>				
Syngenta S.A.	100	% USD	10,000	Sales
<b>Russian Federation</b>				
OOO Syngenta	100	% RUB	895,619,000	Sales
<b>Singapore</b>				
Syngenta Asia Pacific Pte. Ltd.	100	% SGD	1,588,023,595	Holding/Sales
<b>Switzerland</b>				
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
<b>United Kingdom</b>				

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Syngenta Limited USA	100	% GBP	85,000,000	Holding/Production/Research
Syngenta Crop Protection, LLC	100	% USD	100	Sales/Production/Research
Syngenta Seeds, Inc.	100	% USD	–	Sales/Production/Research
Syngenta Corporation	100	% USD	100	Holding/Finance

(1) Direct holding of Syngenta AG.

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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	Approx. area (thou. sq. ft.)	Principal Use
Rosental, Basel, Switzerland	Freehold	282	Headquarters, global functions
Monthey, Switzerland	Freehold	10,448	Production
Stein, Switzerland	Freehold	4,034	Research
Dielsdorf, Switzerland	Freehold	1,049	Administration, marketing
Münchwilen, Switzerland	Freehold	610	Production
Kaisten, Switzerland	Freehold	125	(2) Production
St. Gabriel, Louisiana, USA	Freehold	54,663	Production
Cold Creek, Alabama, USA	Freehold	9,540	Production
Greens Bayou, Texas, USA	Freehold	5,899	Production
Gilroy, California, USA	Freehold	4,208	Production, research(1)
Research Triangle Park, North Carolina, USA	Freehold	3,516	Research
Greensboro, North Carolina, USA	Freehold	2,970	US headquarters, research
Omaha, Nebraska, USA	Freehold	1,830	Production
Pasco, Washington, USA	Freehold	1,742	Production(1)
Lone Tree, Iowa, USA	Freehold	1,307	Production(1)
Minnetonka, Minnesota, USA	Freehold	120	Administration(1)
Jealott's Hill, Berkshire, UK	Freehold	26,910	Research
Huddersfield, West Yorkshire, UK	Freehold	10,756	Production
Grangemouth, Falkirk, UK	Freehold	904	Production
Enkhuizen, The Netherlands	Freehold	3,537	Administration, research, marketing(1)
Andijk, The Netherlands	Freehold	1,292	Research(1)
Aigues-Vives, France	Freehold	1,539	(3) Production
St Pierre, France	Freehold	1,507	Production
Nérac, France	Freehold	587	Production(1)
Landskrona, Sweden	Freehold	8,073	Research, production and marketing(1)
Seneffe, Belgium	Freehold	2,476	Production
Pelpor, Portugal	Freehold	1,884	Production, research(1)
Mezotur, Hungary	Freehold	1,292	Production(1)
Hillscheid, Germany	Freehold	1,175	Administration, research(1)
Paulinia, Brazil	Freehold	6,860	Production
Jalapa, Guatemala	Freehold	4,418	Production, research(1)
Amatitlan, Guatemala	Freehold	3,120	Production(1)
Kapok, Guatemala	Freehold	2,045	Production, research(1)
San Jose Pinula, Guatemala	Freehold	1,655	Production(1)
Nantong, China	Leasehold	1,496	Production
Beijing, China	Leasehold	272	Research(1)
Goa, India	Freehold	8,678	Production, research
Koka, Ethiopia	Leasehold	9,687	Production(1)
Pollen, Kenya	Leasehold	4,843	Production(1)
Thika, Kenya	Leasehold	3,013	Production(1)

- (1) Used for Seeds business.
- (2) Surface area of building/factory that Syngenta owns; land (143 thousand square feet) is owned by a third party.
- (3) Only 876 thousand square feet are currently used and developed.

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

Capacity Expansion Program

In support of the roll-out in Asia of Syngenta’s technology offer, construction was completed in 2011 of a \$25 million hybrid seed corn processing facility in Indonesia having 6,000 metric tons of annual capacity. Syngenta is also near completion of an expansion in Phillipines, which will more than double its annual hybrid corn seed capacity there from 2,000 metric tons to over 4,000 metric tons.

In order to meet growing demand for corn in the European market, a project has commenced at Syngenta’s Mezotur site in Hungary to double its seed processing and storage capacity. The project is expected to cost \$38 million and, when completed in summer 2012, will increase annual capacity at the site by 8,000 metric tons.

To meet increasing demand for the new PLENE® technology for sugar cane, Syngenta is constructing a production facility in Brazil, currently expected to cost \$85 million and scheduled for completion in 2012.

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

Overview

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

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

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta's largest markets are Europe, Africa and the Middle East, and North America<sup>1</sup>, which represent approximately 32 percent and 28 percent respectively of consolidated sales in 2011 (2010: 31 percent and 29 percent). Both sales and operating profit are seasonal and are weighted towards the first half of the calendar year,

<sup>1</sup> Comprising the USA and Canada



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which largely reflects the northern hemisphere planting and growing cycle. Latin America's main selling season is in the second half of the year due to its location in the southern hemisphere. Sales growth in Latin America over the past several years has resulted in the region's 2011 sales exceeding 25 percent of consolidated sales and consequently reduced the weighting of overall sales and operating profit in the first half.

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

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

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

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

## Summary of results

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



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

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

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

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

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

Comparing 2010 to 2009, net income in 2010 was broadly flat, 1 percent lower than 2009, with strong sales volume growth in both Crop Protection and Seeds and cost of goods savings offsetting lower sales prices in Crop Protection. Seeds operating income as a percentage of sales improved by 2 percentage points, with a 1 percentage point improvement in gross profit margin from an increase in the weighting of proprietary triple stack seed in the corn portfolio. In Crop Protection, operating income as a percentage of sales declined by 2 percent with lower local currency sales prices, increased expenditures in Research and development and emerging markets and the favorable outcome of a legal dispute in 2009. Sales in 2010 were 6 percent higher than 2009, 4 percent at constant exchange rates. Sales growth accelerated from 1 percent in the first half to 13 percent in the second and, at constant exchange rates, from a first half decline of 3 percent to second half growth of 14 percent. Gross profit margin in 2010 increased by 0.3 percent, with an improvement in Seeds partially offset by a lower margin in Crop Protection. The improvement in the Seeds gross profit margin largely reflected a continued increase in the weighting of proprietary triple stack corn seeds in the portfolio. In Crop Protection, the negative impact of the lower local currency sales prices was partially offset by raw material cost savings. Marketing and distribution expenses increased by 5 percent, 4 percent at constant exchange rates, from increased spending in emerging markets, particularly in Latin America. Research and development expense was 8 percent higher with increases in both Crop Protection and Seeds more than offsetting lower expenditures in Business Development. General and administrative increased by 26 percent including lower exchange rate hedging gains of US\$30 million compared to US\$109 million in 2009. Excluding currency effects, General and administrative increased by 12 percent over 2009 with increased expenditures in emerging markets,

higher information system costs and lower gains on disposal of property, plant and equipment. 2009 also benefited from a provision release following the favorable outcome of a legal dispute. Restructuring and impairment expenses, excluding those reported in cost of goods sold, were US\$29 million higher due to higher impairments and non-cash restructuring charges. Net financial expense was

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US\$19 million higher than 2009 mainly due to higher net interest and bank charges from financing business growth in Latin America and higher net foreign currency losses. The tax rate decreased by 1 percentage point to 16 percent. Together, these factors resulted in net income attributable to Syngenta AG shareholders and diluted earnings per share for 2010 both being close to the levels achieved in 2009.

Acquisitions, divestments and other significant transactions

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

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

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

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

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

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

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

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

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

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

In April 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.

Acquisitions and divestments are described in Note 3 to the consolidated financial statements in Item 18.

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## Operational efficiency and integrated crop strategy restructuring programs

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

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

Results of operations  
2011 compared to 2010

## Sales commentary

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

(US\$ million, except growth %)

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

## Sales by region were as follows:

(US\$ million, except growth %)

Region	2011	2010	Volume %	Local price %	Growth		Actual %
					CER %	Currency %	
Europe, Africa and Middle East <sup>1</sup>	4,242	3,661	+11	+1	+12	+4	+16
North America <sup>1</sup>	3,669	3,368	+9	-1	+8	+1	+9
Latin America <sup>1</sup>	3,355	2,807	+15	+4	+19	-	+19
Asia Pacific	2,002	1,805	+6	+1	+7	+4	+11
Total	13,268	11,641	+11	+1	+12	+2	+14

1 In 2011, Syngenta re-organized its region structure resulting in certain countries moving from one region to another and the former region “NAFTA” becoming region “North America”. For comparability purposes, 2010 region information has been adjusted to reflect the new region structure. See Note 5 to the consolidated financial statements in Item 18.

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## Crop Protection

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

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

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

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

Sales by product line are set out below:

(US\$ million, except growth %)			Growth				
Product line	2011	2010	Volume %	Local price %	CER %	Currency %	Actual %
Selective herbicides	2,617	2,308	+11	-	+11	+2	+13
Non-selective herbicides	1,117	987	+9	+1	+10	+3	+13
Fungicides	2,998	2,662	+8	+2	+10	+3	+13
Insecticides	1,790	1,475	+17	+2	+19	+2	+21
Seed care	1,018	838	+17	+1	+18	+3	+21

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Professional products	511	470	+8	-3	+5	+4	+9
Others	111	138	-17	-4	-21	+2	-19
Total	10,162	8,878	+11	+1	+12	+2	+14

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Seed Care sales grew by 21 percent, 18 percent at constant exchange rates, to over US\$1 billion with continued strong growth in emerging markets where adoption of the technology is increasing. Sales volume increased by 17 percent and sales prices were increased by 1 percent. Expanded registrations in major markets as well as increased adoption in oilseeds resulted in sales of CRUISER® in Europe

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growing by more than 50 percent. Sales of AVICTA® nematicide increased largely driven by a launch on soybean and increased use on cotton in the USA, and the launch on both corn and soybean in Brazil where sales more than tripled.

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

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

### Commentary on regional performance

(US\$ million, except growth %)

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

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

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

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

due to increased glyphosate tolerant crop acreage.

In Asia Pacific, sales growth was broad-based across all product lines as growers in the region accelerate the adoption of technology. Sales increased by 14 percent, 9 percent at constant exchange rates, as volume grew by 8 percent and local currency prices were increased by 1 percent. Sales in China were up 11 percent at constant exchange rates reflecting the successful launch of DURIVO® as well as

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significantly expanded Seed care adoption rates and increased AMISTAR® volume. Sales growth was particularly strong in South East Asia due to continued government support to growers, high rice prices and favorable weather conditions.

**Seeds**

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

(US\$ million, except growth %)

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

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

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

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

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

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

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

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

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

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## Commentary on regional performance

(US\$ million, except growth %)

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

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

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

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

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

## Operating income

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

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

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

Currency movements increased sales by 2 percent; at constant exchange rates, sales grew by 12 percent with sales volumes 11 percent higher from increases in both Crop Protection and Seeds, and overall local currency sales prices 1 percent higher. Gross profit margin was 1 percent lower, adversely impacted by the strength of the Swiss franc on cost of goods sold, and at constant exchange rates was approximately 1 percent higher than 2010. Marketing and distribution costs increased by 13 percent, 10 percent at constant exchange rates, with increased expenditures in

emerging markets, particularly Latin America, higher variable costs from the 11 percent higher sales volumes, some increase in charges to bad debt provisions compared to 2010 and increased employee incentive costs, together more than offsetting first-year savings from the program to integrate Crop Protection and Seeds commercial operations. Research and development expense increased by 9 percent, 4 percent at constant exchange rates, with higher expenditures in Crop Protection and Business Development.

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General and administrative was 9 percent higher than in 2010. General and administrative is reported net of the result of currency hedging programs, which in 2011 was a net gain of US\$177 million, US\$147 million more than in 2010. At constant exchange rates, general and administrative was 13 percent higher with increased information system costs and amortization, higher litigation costs and employee incentive costs more than offsetting savings from the ongoing restructuring programs. Restructuring and impairment, including the portion recorded in cost of goods sold, is described in Note 6 to the consolidated financial statements in Item 18 and increased by US\$67 million in 2011 to US\$245 million mainly due to costs incurred on the restructuring program announced in February 2011 to integrate the commercial operations of Crop Protection and Seeds.

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

## Crop Protection operating income

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

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

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

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

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

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

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

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

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

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

## Seeds operating income

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

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

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

Seeds sales in 2011 were 14 percent higher than 2010, 12 percent at constant exchange rates, with 9 percent from higher sales volumes and 3 percent from increased sales prices. Gross profit margin increased by 2 percentage points as the result of higher margins on Corn & Soybean sales. Increased

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royalty income and sales prices, and a higher weighting of proprietary triple stack seeds in the corn portfolio more than offset increased cost of goods sold caused by increased corn and soybean prices. Restructuring and impairment costs included in cost of goods sold in 2011 related to the purchase accounting inventory step-ups from the Agrosan, Maribo Seeds, Pybas and Synergene acquisitions, and in 2010 related to the inventory step-ups from the acquisitions of Goldsmith, Pybas, Synergene and Monsanto's sunflower business.

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

Restructuring and impairment costs in 2011 and 2010 included the reversals of the purchase accounting inventory step-ups noted above. Costs in 2011 also included US\$14 million amortization of licensing rights reacquired as part of the Greenleaf Genetics LLC ("Greenleaf") acquisition as described in Note 3 to the consolidated financial statements in Item 18. This offsets a similar sized gain resulting from the revaluation to fair value of the 50 percent equity interest in Greenleaf already owned by Syngenta when it acquired the remaining 50 percent interest in Greenleaf from Pioneer in 2010. Costs in 2011 are also net of the gains on the disposal of certain assets acquired in 2009 as part of Monsanto's sunflower business and US\$10 million of gains equal to the excess of fair values of the net assets acquired in the Maribo and Greenleaf acquisitions over their respective purchase prices. Cash restructuring costs in 2011 included US\$33 million related to the first year of the program announced in February 2011 to integrate the commercial operations of Crop Protection and Seeds, as well as US\$ 41 million related to the continuation of programs to standardize and outsource back office operations.

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

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

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

## Business Development operating loss

	Total as reported under IFRS		Restructuring and impairment		Before Restructuring and impairment <sup>1</sup>		Growth	
	2011	2010	2011	2010	2011	2010	Actual %	CER %
(US\$ million, except growth %)								
Sales	1	23	–	–	1	23	–94	–95

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Cost of goods sold	–	(11 )	–	–	–	(11 )		
Gross profit	1	12	–	–	1	12	–92	–96
as a percentage of sales	100 %	52 %			100 %	52 %		
Marketing and distribution	(16 )	(12 )	–	–	(16 )	(12 )	–33	–23
Research and development	(80 )	(67 )	–	–	(80 )	(67 )	–19	–18
General and administrative	(19 )	(15 )	–	–	(19 )	(15 )	–27	–7
Restructuring and impairment	(1 )	(9 )	(1 )	(9 )	–	–	–	–
Operating loss	(115 )	(91 )	(1 )	(9 )	(114 )	(82 )	–39	–34

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

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

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

## Defined benefit pensions

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

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

## Restructuring and impairment

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

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

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

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

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

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

2011

### Operational efficiency programs

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

### Integrated crop strategy programs

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

### Acquisition and related integration costs

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

As part of the Greenleaf acquisition, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, these reacquired rights have been recognized as an

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intangible asset and are being amortized over the remaining term of the Syngenta/Greenleaf license contract, 3 years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. The resulting acceleration of amortization results in a 2011 charge of US\$14 million. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta.

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

### Other non-cash restructuring and impairment

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

## 2010

### Operational efficiency programs

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

### Integrated crop strategy programs

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

### Acquisition and related integration costs

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

### Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs included US\$9 million of impairments of available-for-sale financial assets, US\$4 million of impairment in the Professional products business within Crop Protection, US\$12

million of impairment of a site disposal receivable due to a decrease in expected proceeds from redevelopment and US\$3 million of other costs.

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## Financial expense, net

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

## Taxes

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

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

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

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

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

## Results of operations

2010 compared to 2009

## Sales commentary

Total Syngenta consolidated sales for 2010 were US\$11,641 million, compared to US\$10,992 million in 2009, a 6 percent increase year on year. At constant exchange rates sales grew by 4 percent. The analysis by segment is as follows:

(US\$ million, except growth %)			Growth				
Segment	2010	2009	Volume %	Local price %	CER %	Currency %	Actual %
Crop Protection	8,878	8,491	+9	-6	+3	+2	+5
Seeds	2,805	2,564	+8	-	+8	+1	+9
Business Development	23	8	+197	-	+197	-	+197
Inter-segment elimination	(65 )	(71 )	-	-	-	-	-
Total	11,641	10,992	+9	-5	+4	+2	+6

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Sales by region were as follows:

(US\$ million, except growth %)

Region	2010	2009	Volume %	Local price %	Growth		
					CER %	Currency %	Actual %
Europe, Africa and Middle East <sup>1</sup>	3,661	3,576	+4	-3	+1	+1	+2
North America <sup>1</sup>	3,368	3,521	+3	-9	-6	+2	-4
Latin America <sup>1</sup>	2,807	2,344	+23	-4	+19	+1	+20
Asia Pacific	1,805	1,551	+10	-	+10	+6	+16
Total	11,641	10,992	+9	-5	+4	+2	+6

### Crop Protection

Crop Protection sales in 2010 increased by 5 percent to US\$8,878 million, and by 3 percent at constant exchange rates. Volume growth beginning in the second quarter was further aided by a strong Latin American season in the second half of the year and more than offset lower prices. Sales volume was 9 percent higher than prior year. Following two years of price increases, the price environment in 2010 was more competitive, notably in North America, resulting in a 6 percent overall year on year decrease in local currency prices. The rate of price decline was less in the second half of the year. Sales in 2010 were further increased by 2 percent due to currency effects, particularly the stronger Canadian and Australian dollars and Japanese yen relative to the US dollar.

Sales of new products (defined as those launched since 2006) increased by 25 percent to reach US\$402 million. The cereal herbicide AXIAL® was launched in France and in Russia. The fungicide REVUS® showed strong growth in the USA and in a number of emerging markets. Sales of the insecticide DURIVO®/AMPLIGO® more than doubled with a highly successful launch in Brazil on vegetables and strong growth in emerging Asia. Sales of AVICTA® also doubled, with launches on corn in the USA and on soybean in Brazil. Isopyrazam, the first in a new class of next generation fungicides which work in an advanced way to control and shut down disease, had a successful initial launch on barley in the UK.

In Selective herbicides, sales increased by 4 percent driven by volume increases in Syngenta's corn and soybean crop protection portfolio from increased acreage and the continued benefit of its effectiveness in the management of glyphosate resistant weeds. Sales of Non-selective herbicides decreased by 13 percent due to a significant price reduction in glyphosate, although volumes recovered sharply in the second half of 2010. Growth of 9 percent in Fungicides was driven by AMISTAR®, particularly in Latin America where soybean rust pressure increased. Total sales of the AMISTAR® family of products reached a record level of US\$1.2 billion. Insecticides sales grew by 12 percent reflecting rapid growth in emerging Asia and Latin America where ACTARA® and DURIVO® showed strong growth on multiple crops. Strong Seed Care growth in emerging markets more than offset lower sales in North America resulting in sales growth of 2 percent. Professional Products sales increased due to currency effects as increased volume from some recovery in consumer demand in the garden and ornamental markets was offset by price declines in the turf market.

Volume growth was achieved in all four regions and was particularly strong in Latin America and Asia Pacific. In Europe, Africa & the Middle East, sales improved after a late start in the first half, which was caused by weather and high inventories in the distribution channel, notably in France. Eastern Europe continued to demonstrate strong growth potential despite drought in Russia over the summer. In North America, the impact of the competitive price environment was partly offset by volume growth. Latin America benefited from improved weather and economic conditions as well as higher commodity prices, and Syngenta was able further to reinforce its leading market position. In Asia-Pacific, strong demand was sustained throughout the year particularly in emerging markets, where growers

continued to invest in order to improve yield.

1 In 2011, Syngenta re-organized its region structure resulting in certain countries moving from one region to another and the former region “NAFTA” becoming region “North America”. For comparability purposes, 2010 and 2009 region information has been adjusted to reflect the new region structure. See Note 5 to the consolidated financial statements in Item 18.

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Sales by product line are set out below:

(US\$ million, except growth %)

Product line	2010	2009	Volume %	Local price %	Growth CER %	Currency %	Actual %
Selective herbicides	2,308	2,221	+8	-7	+1	+3	+4
Non-selective herbicides	987	1,141	-3	-13	-16	+3	-13
Fungicides	2,662	2,442	+12	-5	+7	+2	+9
Insecticides	1,475	1,312	+14	-3	+11	+1	+12
Seed care	838	821	+8	-6	+2	-	+2
Professional products	470	458	+5	-5	-	+3	+3
Others	138	96	+40	+3	+43	-	+43
Total	8,878	8,491	+9	-6	+3	+2	+5

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

Sales in 2010 increased by 4 percent and 1 percent at constant exchange rates. Volume growth of 8 percent, driven in particular by corn herbicides, was largely offset by sales price declines. The CALLISTO® family of products showed growth in all regions, with the main contribution coming from the USA, where early purchases in advance of the 2011 season affirmed Syngenta's strong market position there. Sales of TOPIK® decreased significantly due to reduced acreage and increased competition in Canada. Significant volume growth in soybean herbicides reflected their value in combating glyphosate-resistant weeds.

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

Sales decreased by 13 percent from prior year mainly due to lower prices for TOUCHDOWN®, in line with developments in the glyphosate market. After decreasing earlier in the year, TOUCHDOWN® volumes recovered sharply in the second half with strong demand in Latin America, resulting in a slight overall year on year decrease. GRAMOXONE® volumes were lower during the year, but also improved in the second half with good growth in Asia-Pacific.

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

The 9 percent sales growth in fungicides was driven by AMISTAR®, which grew by 21 percent during 2010, 20 percent at constant exchange rates. The main growth area was Latin America, where applications against soybean rust increased owing to more moist conditions. Syngenta's market share in Latin America was reinforced with the opening of new azoxystrobin capacity. In Asia Pacific, AMISTAR® sales exceeded US\$100 million for the first time as the product was introduced in a number of emerging markets on a wide variety of crops.

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

Sales of insecticides increased by 12 percent, 11 percent at constant exchange rates, led by the broad spectrum insecticide ACTARA®, used on multiple crops worldwide, which increased in 2010 by 27 percent, 25 percent at constant exchange rates. Sales of the new product DURIVO® more than doubled with a highly successful launch in Brazil and strong growth on rice and vegetables in a number of Asian markets.

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

Seed care volume grew by 8 percent, with strong growth in emerging markets where adoption of the technology increased. Sales prices were 6 percent lower than prior year due mainly to North America, where high channel inventories of treated seed and a competitive environment affected sales of CRUISER® and MAXIM®. This was partly offset by the introduction of AVICTA® on corn in the USA and on soybean in Brazil.

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

Sales increased by 3 percent, but were flat at constant exchange rates, as a recovery in the Garden and Ornamentals product area from improved consumer demand was offset by a competitive North American turf market. New registrations in Europe contributed to an 11 percent volume increase in the region.

Commentary on regional performance

(US\$ million, except growth %)

Region			Volume %	Local price %	Growth		Actual %
	2010	2009			CER %	Currency %	
Europe, Africa and Middle East1	2,638	2,662	+3	-4	-1	-	-1
North America1	2,185	2,381	+3	-14	-11	+3	-8
Latin America1	2,509	2,098	+24	-5	+19	+1	+20
Asia Pacific	1,546	1,350	+9	-1	+8	+7	+15
Total	8,878	8,491	+9	-6	+3	+2	+5

Sales decreased slightly in Europe, Africa and the Middle East as the 3 percent volume increase was more than offset by sales price declines. In Western Europe, sales volumes recovered strongly in the second half of the year, following a slow start to the season due to cold weather and high channel inventories in France. Eastern Europe showed solid volume growth for the full year driven by Ukraine, where sales increased by almost 50 percent as the result of accelerated investment in cereals in an improved credit environment.

In North America, sales were 8 percent lower due to price pressure caused by the high level of channel inventories at the start of the year, which resulted in a more competitive market. This was partially offset by volume growth and favorable currency movements. Sales prices were lower across all product lines, particularly in Fungicides and Non-selective herbicides. Sales of the Non-selective herbicide glyphosate decreased significantly from 2009 levels due both to lower prices and volumes, although volumes recovered during the second half of 2010. Double digit volume growth, which was broad-based across product lines, was recorded in the second half of the year as customers started to respond to higher crop prices. Sales volume growth was particularly strong in corn Fungicides, which achieved adoption close to levels reached in the strong 2008 growing season.

The sales growth rate was double digits in all product lines in Latin America, where an overall 24 percent volume increase, slightly offset by a 5 percent decrease in prices, resulted in overall sales increasing by 19 percent. Soybean acreage expanded and more favorable weather conditions also brought increased disease pressure. A strong soybean price resulted in greater usage by growers of technology to improve yields. Consequently, sales volume of Syngenta's product PRIORI Xtra™, based on azoxystrobin, increased by almost 50 percent. Argentina experienced particularly strong volume growth, with sales up by 46 percent resulting from an easing of liquidity constraints, drought recovery and a resumption of technology adoption, notably in Seed care.

In Asia Pacific, sales growth was broad-based across the region as the result of a crop yield productivity drive in many emerging markets. Sales volume grew by 9 percent, favorable currency movements contributed 7 percent and sales prices decreased slightly resulting in an overall 15 percent growth in sales in the region. The sales growth rate was double digits in China, India and Vietnam, with the rapid expansion of AMISTAR® and strong growth of Insecticides and Seed care. In developed markets in the region, sales in Australia grew in all product lines while sales in Japan were unchanged.

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1 In 2011, Syngenta re-organized its region structure resulting in certain countries moving from one region to another and the former region “NAFTA” becoming region “North America”. For comparability purposes, 2010 and 2009 region information has been adjusted to reflect the new region structure. See Note 5 to the consolidated financial statements in Item 18.

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## Seeds

Seeds sales grew by 9 percent, with all regions and all product lines showing increased sales over prior year. Reported sales volume growth was 8 percent despite 2009 sales having benefitted from the implementation of new sales terms in the fourth quarter of that year in North America Corn & Soybean. The new sales terms resulted in sales that otherwise would have been recognized in early 2010 being recognized in 2009, and reduced reported sales volume growth in 2010 by approximately 6 percent. Favorable currency movements increased sales by 1 percent. Prices were flat year on year.

(US\$ million, except growth %)

Product line	2010	2009	Volume %	Local price %	Growth		Actual %
					CER %	Currency %	
Corn & Soybean	1,281	1,210	+5	-1	+4	+2	+6
Diverse Field							
Crops	524	429	+18	-	+18	+4	+22
Vegetables	663	594	+9	+2	+11	+1	+12
Flowers	337	331	+1	+1	+2	-	+2
Total	2,805	2,564	+8	-	+8	+1	+9

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

Sales grew in all regions, led by North America, Asia Pacific and Eastern Europe, resulting in an overall increase of 6 percent over prior year, 4 percent at constant exchange rates, with 5 percent volume growth partly offset by a 1 percent reduction in local currency prices. Reported volume growth was reduced by 12 percent due to the aforementioned change in North America sales terms. In the USA, Syngenta's AGRISURE® 3000 GT proprietary triple stack corn seed accounted for 60 percent of the corn portfolio compared with 25 percent in 2009. In soybean, while reported volume decreased due to the change in North America sales terms in 2009, Syngenta estimates to have increased market share in both North America and Latin America. The 1 percent reduction in local currency sales prices reflected the competitive market environment, particularly in soybean.

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

Sales increased by 22 percent on strong underlying growth supplemented by acquisitions, which added 9 percent to sales. Growth was particularly strong in Eastern Europe, with expanded sales in Russia and Ukraine on higher sunflower acreage and improved credit conditions compared with 2009. This, combined with the full year impact on sales from the third-quarter 2009 acquisition of Monsanto's sunflower business, resulted in overall volume growth of 18 percent.

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

Sales grew by 12 percent as a strong start to the year accelerated in the second half, with all regions except Europe, Africa and the Middle East showing double digit growth. In Europe, Africa and the Middle East, sales grew by 4 percent as the expansion of fresh vegetable sales more than offset a decline in the processing market. Growth in emerging markets was broad-based and reflected increased demand for high quality produce.

Flowers: major brands Fischer, Goldfish, Goldsmith Seeds, S&G®, Yoder

Sales grew by 2 percent from both volume and price increases. Moderate volume growth occurred in the two main Flowers regions of Western Europe and the USA reflecting advances in genetics as well as some improvement in the economic environment.



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## Commentary on regional performance

(US\$ million, except growth %)

Region	2010	2009	Volume %	Local price %	Growth		Actual %
					CER %	Currency %	
Europe, Africa and Middle East <sup>1</sup>	1,047	933	+10	-	+10	+2	+12
North America <sup>1</sup>	1,203	1,169	+2	-	+2	+1	+3
Latin America <sup>1</sup>	306	261	+15	+1	+16	+1	+17
Asia Pacific	249	201	+14	+4	+18	+6	+24
Total	2,805	2,564	+8	-	+8	+1	+9

Sales increased by 12 percent in Europe, Africa and the Middle East mainly due to strong volume growth in corn and Diverse Field Crops, including benefits from the sunflower acquisition. Volume growth was strongest in Eastern Europe. Sales prices in local currency were flat as price increases in Vegetables offset decreases in corn, which reflected high industry stock levels. Currency movements increased reported sales in the region by 2 percent.

In North America, sales grew by 3 percent led by increased volume in Vegetables and Corn & Soybean. Sales prices were flat as price increases in Diverse Field Crops and Flowers were offset by price decreases in Corn & Soybean. Sales growth in 2010 was impacted by the aforementioned new sales terms in fourth quarter 2009 in North America Corn & Soybean.

Sales grew 17 percent in Latin America led by Corn & Soybean, particularly in Brazil where corn sales increased significantly. Argentina sales also showed strong growth, increasing over prior year due to increased soybean volumes and the full year impact on sales from the third quarter 2009 acquisition of Monsanto's sunflower business.

In Asia Pacific, sales grew in all product lines and most major countries. The main contributors to the 24 percent sales growth were Corn & Soybean, which grew by over 30 percent driven by higher volumes and prices in emerging markets, and Vegetables which grew by 24 percent on higher volumes in China and India.

## 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)	2010	2009	Actual %
Crop Protection	1,738	1,909	-9
Seeds	120	42	+186
Business Development	(91 )	(127 )	-
Inter-segment profit elimination	26	(5 )	-
Total	1,793	1,819	-1

Operating income decreased from 2009 by US\$26 million, 1 percent, as strong sales and margin growth in Seeds coupled with lower raw material costs in Crop Protection were more than offset by a significant decline in Crop Protection sales prices. Currency movements increased sales by 2 percent; at constant exchange rates, sales grew by 4 percent with higher sales volumes in both Crop Protection and Seeds offsetting lower sales prices in Crop Protection. Overall gross profit margin increased slightly with higher gross profit margins in Seeds offsetting a 1 percent decline in the larger Crop Protection business. Marketing and distribution costs increased by 5 percent, 4 percent at constant exchange rates, including increased expenditures in emerging markets, particularly Latin America, and higher variable

costs from

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1 In 2011, Syngenta re-organized its region structure resulting in certain countries moving from one region to another and the former region “NAFTA” becoming region “North America”. For comparability purposes, 2010 and 2009 region information has been adjusted to reflect the new region structure. See Note 5 to the consolidated financial statements in Item 18.

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the 9 percent higher sales volumes. Research and development expense increased by 8 percent, with higher expenditures in Crop Protection and Seeds having more than offset a reduction in Business Development.

General and administrative was 26 percent higher than in 2009. General and administrative is reported net of the result of currency hedging programs described below, where the net gain in 2010 was US\$79 million less than in 2009. At constant exchange rates, general and administrative was 12 percent higher including the impact of acquisitions in Seeds, increased information system costs and amortization and lower gains on disposals of property, plant and equipment, all of which more than offset savings coming from the operational efficiency programs. Restructuring and impairment, including the portion recorded in cost of goods sold, is described in Note 6 to the financial statements in Item 18 and increased by US\$29 million in 2010 to US\$178 million mainly due to higher asset impairments.

Excluding the impact of hedging, the favorable impact on sales of a weaker US dollar relative to the Australian and Canadian dollars and overall relative to emerging market currencies was partly offset by the adverse impact on costs, particularly from the stronger Swiss franc. The net result of the hedging program for forecast foreign currency transactions ("EBITDA program") was a gain of US\$30 million compared to a gain of US\$109 million in 2009. Taken together, the overall impact of exchange rate movements on operating income was broadly neutral.

## Crop Protection operating income

	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment <sup>1</sup>		Growth	
(US\$ million, except growth %)	2010	2009	2010	2009	2010	2009	Actual %	CER %
Sales	8,878	8,491	—	—	8,878	8,491	+5	+3
Cost of goods sold	(4,496 )	(4,262 )	—	—	(4,496 )	(4,262 )	-5	-4
Gross profit	4,382	4,229	—	—	4,382	4,229	+4	+1
as a percentage of sales	49 %	50 %			49 %	50 %	-	-
Marketing and distribution	(1,321 )	(1,255 )	—	—	(1,321 )	(1,255 )	-5	-4
Research and development	(555 )	(508 )	—	—	(555 )	(508 )	-9	-8
General and administrative	(667 )	(496 )	—	—	(667 )	(496 )	-35	-15
Restructuring and impairment	(101 )	(61 )	(101 )	(61 )	—	—	—	—
Operating income	1,738	1,909	(101 )	(61 )	1,839	1,970	-7	-6
as a percentage of sales	20 %	22 %			21 %	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.

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

Sales in 2010 increased by 5 percent, 3 percent at constant exchange rates, with volumes 9 percent higher but local currency prices 6 percent lower. Gross profit margin decreased by approximately 1 percentage point from 2009, with the adverse impact of the lower local currency sales prices largely offset by reductions in raw material costs, including the full year benefit of savings achieved in 2009. Marketing and distribution costs were higher from the 9 percent growth in sales volumes and increased expenditures in emerging markets, particularly Latin America, where sales were 21 percent higher, partially offset by lower provisions for doubtful receivables in the region. Research and development costs were 9 percent higher, 8 percent at constant exchange rates, as Syngenta continued to progress its strong development pipeline. General and administrative costs increased by 35 percent, partly impacted by lower gains on the currency hedging program for forecast transactions and at constant exchange rates increased by 15 percent. In 2009 these costs were net of the impact of the favorable outcome of a legal dispute.

Restructuring and impairment in 2010 and 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 increase in costs in 2010 was mainly the

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result of higher impairments and non-cash restructuring charges, including US\$12 million for the impairment of a receivable related to a site disposal due to lower likely redevelopment proceeds.

Operating income in 2010 of US\$1,738 million was 9 percent lower than 2009, due to the increased restructuring and impairment charges and because the benefits of the increased sales volumes and lower raw material costs were more than offset by the impact of the lower sales prices and higher other operating costs. Operating income margin declined by 2 percentage points with gross profit as a percentage of sales 1 percentage point lower than in 2009.

The weaker US dollar relative to the Australian and Canadian dollars and emerging market currencies increased reported sales by approximately 2 percent, but this was partly offset by the adverse impact on the cost base of the stronger Swiss franc. In addition, hedging gains under the program to cover forecast transaction exposures, at US\$28 million, were US\$75 million lower than in 2009 and were reported in general and administrative. The net effect of the US dollar movements was to decrease the segment's operating income by approximately 1 percent.

## Seeds operating income

	Total as reported under IFRS		Restructuring and impairment		Before Restructuring and impairment <sup>1</sup>		Growth	
(US\$ million, except growth %)	2010	2009	2010	2009	2010	2009	Actual %	CER %
Sales	2,805	2,564			2,805	2,564	+9	+8
Cost of goods sold	(1,450 )	(1,361 )	(18 )	(17 )	(1,432 )	(1,344 )	-7	-4
Gross profit	1,355	1,203	(18 )	(17 )	1,373	1,220	+13	+12
as a percentage of sales	48 %	47 %			49 %	48 %		
Marketing and distribution	(559 )	(540 )	–	–	(559 )	(540 )	-4	-4
Research and development	(410 )	(364 )	–	–	(410 )	(364 )	-13	-13
General and administrative	(217 )	(199 )	–	–	(217 )	(199 )	-9	-11
Restructuring and impairment	(49 )	(58 )	(49 )	(58 )	–	–	–	–
Operating income	120	42	(67 )	(75 )	187	117	+60	+46
as a percentage of sales	4 %	2 %			7 %	5 %		

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.

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

Seeds sales in 2010 were 9 percent higher than 2009, 8 percent at constant exchange rates, due to higher sales volumes. Gross profit margin increased by 1 percentage point due to higher margins on North America Corn & Soybean sales from the increased weighting of proprietary triple stack seeds in the corn portfolio and increased royalty income. Cost of goods sold in restructuring and impairment in 2010 related to the reversal of the purchase accounting inventory step-up from the Goldsmith, Monsanto's sunflower business, Pybas and Synergene acquisitions and, in 2009, to the Goldsmith acquisition.

Marketing and distribution costs were 4 percent higher than in 2009 due to continued investment in emerging markets and acquisitions, though partly offset by lower charges for doubtful receivables. Research and development costs were 13 percent higher driven by increased spending in field crops and vegetables. General and administrative costs increased 9 percent, 11 percent at constant exchange rates, due to additional costs resulting from the acquisitions completed in the latter part of 2009 and, in 2010, from higher amortization of acquired intangible assets as well as expenses and amortization related to the implementation of a new global seeds business system.

Restructuring and impairment costs included the reversal of the purchase accounting inventory step-ups noted above. In addition, costs in 2010 included US\$15 million to achieve synergies across Flowers sites, US\$17 million to integrate recently acquired businesses and US\$36 million for the continuation of the programs to standardize and outsource back office operations across the Syngenta business segments, of which US\$14 million related to implementing a global system across Seeds. In 2010, these costs were

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reported net of divestment gains of US\$19 million from the de-recognition of the investment in the Greenleaf Genetics LLC joint venture. Syngenta acquired the remaining 50 percent equity interest in Greenleaf Genetics LLC during 2010. Costs in 2009 included US\$12 million for the global systems implementation and US\$24 million to integrate and drive synergies from the acquisitions of Goldsmith, Yoder, Fischer and Zeraim Gedera.

The weaker average US dollar increased 2010 reported sales by approximately 1 percent and operating income by US\$16 million.

## Business Development operating loss

	Total as reported under IFRS		Restructuring and impairment		Before Restructuring and impairment <sup>1</sup>		Growth Actual	
(US\$ million, except growth %)	2010	2009	2010	2009	2010	2009	%	CER %
Sales	23	8	–	–	23	8	+197	+197
Cost of goods sold	(11 )	(15 )	–	–	(11 )	(15 )	+28	+29
Gross profit	12	(7 )	–	–	12	(7 )	–	–
as a percentage of sales	52 %	–88 %	–	–	52 %	–88 %	–	–
Marketing and distribution	(12 )	(10 )	–	–	(12 )	(10 )	-18	-17
Research and development	(67 )	(80 )	–	–	(67 )	(80 )	+17	+17
General and administrative	(15 )	(19 )	–	–	(15 )	(19 )	+23	+26
Restructuring and impairment	(9 )	(11 )	(9 )	(11 )	–	–	–	–
Operating loss	(91 )	(127 )	(19 )	(11 )	(82 )	(116 )	+30	+31

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.

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

Higher sales in 2010 were due to the completion of biofuel technology sales in the year. Otherwise, sales and cost of goods sold related largely to products used in development and marketing trials. Research and development spending decreased 17 percent, with lower expenditures on enzymes and biofuel projects partly offset by increases in sugar cane. Restructuring and impairment in both years largely related to losses on disposal and impairments of available-for-sale financial assets.

## Defined benefit pensions

Defined benefit pension expense increased to US\$77 million in 2010 from US\$72 million in 2009. Employer contributions to defined benefit pension plans, excluding contributions related to restructuring, increased to US\$337 million in 2010 from US\$125 million in 2009, mainly due to accelerated payment of US\$200 million of employer contributions which Syngenta would otherwise have been required to pay in 2011 and 2012. The amounts prepaid included all deficit recovery contributions expected to be due for Syngenta's UK plan up to its next statutory valuation, which will take place in 2012, a portion of the 2011 and 2012 service contributions for the Swiss plan, and all contributions to the US plan expected at that time to be required until the second half of 2012.

## Restructuring and impairment

The following table analyzes restructuring and impairment charges for the years ended December 31, 2010 and 2009:

(US\$ million)	2010	2009
Cash costs:		
Operational efficiency programs	101	98
Integration and acquisition costs	19	28
Other restructuring costs	14	—
Total cash costs	134	126
Non-cash restructuring and impairment, net	44	23
Total restructuring and impairment <sup>1</sup>	178	149

<sup>1</sup> US\$18 million (2009: US\$17 million) is included within cost of goods sold and US\$1 million (2009: US\$2 million) is included within income/(loss) from associates and joint ventures.

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### 2010

For discussion regarding Restructuring and impairment during 2010, please see the “Restructuring and impairment” sub-section of the preceding “2011 compared to 2010” section under “Results of Operations” in this “Operating and financial review and prospects”.

### 2009

#### Operational efficiency programs

Operational efficiency cash costs included US\$15 million for site closure costs in North America, US\$18 million for further outsourcing of information systems and US\$55 million for the global back office operations project across Crop Protection and Seeds. Non-cash costs consisted of US\$16 million of fixed asset write-offs.

#### Acquisition and related integration costs

Acquisition and related integration cash costs related mainly to the Goldsmith and Yoder acquisitions made in 2008 and to the continued integration and synergy program of the Fischer group. Non-cash costs included reversal of inventory step-up related mainly to the Goldsmith acquisition, divestment gains related to the sale of an available-for-sale financial asset and a bargain purchase gain realized on the Goldsmith acquisition.

#### Other non-cash restructuring and impairment

Other non-cash restructuring and impairment included financial asset impairments of US\$16 million related to write-downs of available-for-sale financial assets and a gain of US\$10 million from the recognition of a reimbursement receivable for a product right impairment.

#### Financial expense, net

Financial expense, net increased by US\$19 million compared to 2009 mainly due to higher net interest and bank charges from financing business growth in Latin America and higher net currency losses caused by currency gains from 2009 internal funding restructuring not having reoccurred in 2010.

#### Taxes

Syngenta’s effective tax rate in 2010 was 16 percent, compared with 17 percent in 2009. The Swiss statutory tax rate applicable to Syngenta remained at 23 percent and the impact of income taxed at different rates reduced the rate by 3 percent in 2010 compared to 4 percent in 2009, due to a smaller share of profit in certain lower tax jurisdictions. The effect of other disallowed expenditures and income not subject to tax reduced the tax rate by 1 percent in 2010, less than the 3 percent decrease in the 2009 tax rate, mainly due to lower non-taxable income. Recognizing previously unrecognized deferred tax assets reduced the tax rate by 5 percent, net, in 2010 compared to a 2 percent decrease in 2009. The recognition was due to improved profitability in a Latin American country, following strong sales growth, although the benefit was partly offset by the impact of deteriorating profitability in another country. The tax rate on restructuring and impairment costs was 24 percent, compared to 28 percent in 2009 due to the mix of pre-tax gains and losses in the net charge.

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

Net income attributable to Syngenta shareholders in 2010 was US\$1,397 million, 1 percent lower than the 2009 amount of US\$1,408 million primarily due to lower operating income, including higher net restructuring and impairment charges.

After related taxation, restructuring and impairment charges in 2010 were US\$136 million compared to US\$107 million in 2009.

### Foreign operations and foreign currency transactions

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

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

### Liquidity and capital resources

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

For information on Syngenta's funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, please see Note 27 to the consolidated financial statements in Item 18.

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

### Capital markets and credit facilities

Funds for Syngenta's working capital needs were available during the year from its US\$2,500 million Global Commercial Paper program supported by a US\$1,200 million committed, revolving, multi-currency, syndicated credit

facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. At December 31, 2011, Syngenta had no commercial paper issuances outstanding.

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The US\$1,200 million syndicated credit facility (the “Credit Facility”) was signed in 2006, amended in 2007, and will mature in July 2013. At December 31, 2011, Syngenta had no borrowings under the Credit Facility.

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

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

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

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

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

## Cash flow

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

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

## Cash flow from operating activities

Cash flow from operating activities was US\$1,871 million in 2011, increased from US\$1,707 million in 2010. Income before taxes after adjusting for non cash charges was US\$220 million higher in 2011 than in 2010 due to growth in

operating income. Contributions to pension plans were US\$137 million lower than 2010, with an accelerated contribution of US\$125 million in 2011 compared to US\$200 million in 2010. Contributions of approximately US\$80 million are expected to be made in 2012 excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2012. Restructuring costs were US\$33 million

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higher from the implementation of the integrated crop strategy restructuring program. Net outflows from financial expenses were US\$114 million in 2011, down from US\$164 million in 2010 due to higher gains realized on hedges of uncommitted foreign exchange transaction exposures. Cash outflows from working capital of US\$50 million in 2011 contrasted with US\$125 million of inflows in 2010, with higher investments in inventories and trade receivables reflecting the sales growth in 2011, largely offset by increased payables including accruals for employee incentives.

### Cash flow used for investing activities

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

### Cash flow used for financing activities

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

### Research and development (R&D)

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

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

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

The total spent on research and development was US\$1,127 million in 2011, US\$1,032 million in 2010 and US\$952 million in 2009. Attribution of research and development costs for 2011 was US\$624 million for Crop Protection, US\$423 million for Seeds and US\$80 million in Business Development. In 2010, the attribution was US\$555 million for Crop Protection, US\$410 million for Seeds and US\$67 million in Business Development. In 2009, the attribution was US\$508 million for Crop Protection, US\$364 million for Seeds and US\$80 million in Business Development.

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, 2011 Syngenta had the following contractual obligations to make future payments in the following periods:

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

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

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

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

Provisions for long-term liabilities totaling US\$968 million shown in Syngenta's consolidated balance sheet have not been included in the above table because the timing of their payment is not contractually fixed and cannot be estimated with sufficient certainty within the context of the time periods in the table. This applies particularly to those amounts which are not expected to be paid during 2012. Note 19 to the consolidated financial statements in Item 18 presents the components of the estimated US\$232 million of provisions that are expected to be paid during 2012.

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

The above table excludes pension contributions. The rules of Syngenta's main Swiss defined benefit pension fund commit Syngenta to contributing a fixed percentage of employees' pensionable pay to the fund. Syngenta's 2012 contributions to the Swiss fund were partly prepaid in December 2010 and December 2011. Syngenta is committed to pay contributions to its UK defined benefit pension fund according to a schedule, which it agrees in advance with the plan Trustee following each statutory valuation, which normally takes place every three years. In addition to paying a fixed percentage of pensionable pay for employees' current service, the schedule requires payment of a fixed amount over a fixed number of years to eliminate the past service deficit in the fund. Under the schedule of contributions in force at December 31, 2011, Syngenta is committed to pay deficit contributions of approximately US\$31 million per year to the UK fund over the agreed 10 year deficit recovery period, which ends in March 2019. A further US\$16 million per year may be payable at three year intervals over this period if the actual return on plan assets falls below a specified level. Syngenta prepaid US\$100 million of deficit contributions to the fund in December 2010. As a result, no further deficit contributions are expected to be payable before the next valuation, which will be as at March 31, 2012. Upon completion of the valuation, a revised schedule of contributions will be agreed based on the fund's actuarial position at that date. Because of this, the future contributions payable in accordance with the existing schedule have not been included in the above table. As disclosed in Note 22 to the consolidated financial statements in Item 18, Syngenta expects to pay \$80 million of contributions to its defined benefit pension plans in 2012 excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2012.

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

### Off-balance sheet arrangements

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

### Critical accounting estimates

Critical accounting estimates and new accounting pronouncements are discussed in Note 2 to the consolidated financial statements 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 16, 2012, the date of this filing, that would require adjustment to or disclosure in the consolidated financial statements.

### Future prospects

Farm incomes in most regions in 2011 were at high levels. At the start of 2012, prices of key crops such as corn, soybean, wheat and cotton remain higher than at the end of 2009 and, except for wheat, were close to or above the average for the last three years. These conditions continue to be supportive to farmer profitability and incentivize use

of high quality seeds and crop protection products to maximize yields and improve crop quality. Volatility in all financial markets, including crop commodities, continues to be at a high level and crop prices may weaken in response to further adverse economic or financial market conditions.

Sales volumes of Crop Protection products were 11 percent higher in 2011 than in 2010. With crop prices near current levels and assuming generally normal weather patterns, Syngenta expects continued volume

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growth in 2012, although at a lower rate than in 2011 and 2010. Local currency sales prices in 2011 were 1 percent higher on average than 2010 and in the second half were 4 percent higher than the comparable prior year period. With this positive momentum at the end of 2011, some local currency price growth is expected in 2012.

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

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

As a Swiss-based company operating globally and with a relatively small domestic market, Syngenta has significant currency exposures, with a short position against the US dollar in Swiss francs and British pounds, and a long position in Euros and many emerging market currencies. Forecast transaction exposures in the major currencies are hedged under a rolling 12 month program, largely through forward contracts. In 2011, hedge gains of approximately US\$177 million were realized under this program, mainly due to the strength of the Swiss franc, and will not reoccur in 2012. Partly due to the implementation by the Swiss National Bank in September 2011 of a cap on appreciation of the Swiss franc at 1.2 francs to the Euro, at rates at the beginning of January 2012 Syngenta expects a favorable impact on operating income from the underlying exposures in developed market currencies. This will be partially offset by losses on the related 2012 hedges. However, the resulting net gain is currently expected to be offset by losses on the underlying long exposures to emerging market currencies. The combined adverse year-on-year impacts of the change in the net hedging result and underlying exposures are estimated to total approximately US\$250 million to US\$300 million. However, as emerging market currency exposures are largely unhedged, the actual impact may differ positively or negatively from this estimate. The net hedging result is reported within General and administrative in the consolidated income statement in Item 18.

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

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



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

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

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

### Quantitative and qualitative disclosure about market risk

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

### 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

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over several years, similar to capital investments, and control over restructuring expenditures is performed on a similar project basis to that applied with capital investments.

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

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

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

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



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

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

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

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

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

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

## Constant exchange rates

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

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### ITEM 6 — DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

#### Board of Directors

##### Members of the Board of Directors (at February 15, 2012)

##### Qualifications, elections and terms of office

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.

The activities performed by the non-executive Directors, apart from their duties as non-executive Directors of the Board of Syngenta, are not related to the Company.

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 are coordinated so that every year approximately one-third of all members of the Board are subject to election; a term of office may not exceed three years. The members of the Board automatically retire after the lapse of the twelfth year of office or, if earlier, on expiry of the seventieth year of age. In each case, retirement becomes effective on the date of the next Annual General Meeting following such event.

##### Role of the Board of Directors and the Board Committees

The Board exercises full and effective control of the Company. It holds ultimate responsibility for the strategy and for the supervision of executive management. In addition, the Board of Directors takes an active role in reviewing and enhancing Corporate Governance within Syngenta.

The main responsibilities of the Board of Directors are the following:

##### Responsibilities

- Ultimate direction of the business of the Company and the giving of the necessary directives
- Approval of the strategic direction and the strategic plans of the Company and of its Divisions; approval of budgets and other financial targets and decisions on the financial means necessary to attain those targets
- Determination of the essential features of the organization of the Company
- Determination of the duties and responsibilities of the Chairman of the Board, the Chairman's Committee, the CEO and the Executive Committee
- Approval of the organization of accounting, financial control, and financial planning
- Approval of the quarterly Reports and of the Annual Report for the Company as a whole and for the Divisions
- Appointment and removal of the persons entrusted with the management and representation of the Company
- Approval of the principles of leadership and communication
- 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 General Meetings of shareholders and the carrying out of the resolutions adopted by such General Meetings of shareholders
- Approval of corporate policy, including financial, investment, personnel, and safety and environmental protection policies

- Approval of acquisitions/divestments of companies, businesses, fixed assets, land, IT projects, product lines and licenses

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- Approval of the Company's entry into new spheres of activity and withdrawal from existing ones
- Approval of the choice of new or the closing of existing sites of fundamental significance
- 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 the external auditor
- Approval of the institution or defense of legal proceedings in cases of fundamental significance for the Company
- Notification of the court if liabilities exceed assets.

The Company Secretary acts as Secretary to the Board.

The Board of Directors meets on a regular basis. The Chairman, after consultation with the Chief Executive Officer (CEO), determines the agenda for the Board meetings. Any member of the Board of Directors may request the convening of a meeting or the inclusion of items of business in the agenda. In 2011, apart from the Board meetings, 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 Board of Directors regularly reviews its own and senior management's performance, and takes responsibility for succession planning.

Some of the Board's responsibilities are delegated to the Chairman's Committee, the Audit Committee, the Compensation Committee, and the Corporate Responsibility Committee. 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.

Risk Management is of highest importance in Syngenta; responsibility for this is assumed by the full Board and, within the scope of its duties, by every individual Board Committee.

The Board members nominate the Chairman of the Board. He shares responsibility for the strategic direction of Syngenta with the 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.

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

The Board recognizes the importance of being fully informed on material matters that impact Syngenta. It supervises management and monitors its performance through reporting and controlling processes and through the Board Committees. It 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.
- Board Committees regularly meet as appropriate with members of management, external advisors and the external auditor.
  - Important information is regularly sent to the Board.

#### Internal Audit

Internal Audit, as an inspecting and monitoring body, carries out control, operational and system audits. All organizational subsidiaries are within the scope of internal 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.

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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 through 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.

**External auditor**

The external auditor is accountable to the Audit Committee, the Board of Directors and ultimately to the shareholders. At the completion of the audit, the external auditor presents and discusses the audit report on the financial statements with the Audit Committee, highlighting any significant internal control issues identified during the course of the audit. The external 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.

**Board of Directors oversight over external audit**

The Audit Committee, on behalf of the Board of Directors, is responsible for monitoring the performance of the external auditor and checking its independence. In addition, the Audit Committee monitors the implementation of findings of external and internal auditors by management. The Audit Committee meets regularly with the lead partners of the external auditor, as well as with Internal Audit. In addition, it prepares proposals for the appointment or removal of the external auditor for submission to the Board, which then nominates the external auditor for election by the Annual General Meeting. As an additional duty, according to the US Sarbanes-Oxley Act of 2002, the Audit Committee pre-approves all audit and non-audit services rendered by the external auditor. It reports to the Board of Directors about the discussions with the external auditor.

**Board of Directors**

Members	Meetings attended <sup>1</sup>
Martin Taylor <sup>2</sup>	7
Jürg Witmer	5
Michael Mack	6
Stefan Borgas	6
Peggy Bruzelius	7
Pierre Landolt	7
David Lawrence	7
Peter Thompson	7
Jacques Vincent	6
Rolf Watter	7
Felix A. Weber	7

<sup>1</sup> Seven meetings held in 2011, thereof two phone conferences

<sup>2</sup> Chairman

**Chairman’s Committee****Responsibilities**

- Prepares the meetings of the Board of Directors
- Makes decisions on behalf of the Board in urgent cases
- 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
- Acts as Nomination Committee for Board successions
- Upon request of the CEO, approves on its own authority appointments to selected senior positions

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- Approves acquisitions/divestments of companies, businesses, fixed assets, land, IT projects, product lines and licenses within the financial limits established by the Board of Directors

The Chairman's Committee consists of four members: the Chairman, the Vice Chairman, the CEO and one other member of the Board; the Company Secretary acts as Secretary to the Committee.

Members	Meetings attended <sup>1</sup>
Martin Taylor <sup>2</sup>	6
Jürg Witmer	6
Michael Mack	6
Rolf Watter	6
1	Six meetings held in 2011, thereof one phone conference
2	Chairman

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### Audit Committee

#### Responsibilities

- Monitors the performance of external and internal auditors as well as the independence of the external auditor
- Monitors the implementation of findings of external and internal auditors by Management
- Assesses the quality of the financial reporting and prepares Board decisions in this area
- Reviews critical accounting policies, financial control mechanisms and compliance with corresponding laws and regulations

The Audit Committee consists of at least three independent, non-executive Directors; a member of the Corporate Legal Department acts as Secretary to the Committee<sup>1</sup>.

Members	Meetings attended <sup>2</sup>
Peggy Bruzelius <sup>3</sup>	4
Stefan Borgas	4
Peter Thompson	4

- |   |   |
|---|---|
| 1 | The external auditor attended all meetings in 2011                  |
|   | The CFO is generally invited to the meetings of the Audit Committee |
| 2 | Four meetings held in 2011  |
| 3 | Chairman  |

### Compensation Committee

#### Responsibilities

- Reviews and sets the compensation of the members of the Executive Committee
- Makes recommendations to the Board on the compensation of the Chairman, the CEO and the members of the Board
- Approves the structure of the compensation plans for senior management based on the CEO's recommendations
- Defines the rules of the Long-Term Incentive Plan (LTI) and the Deferred Share Plan (DSP)

The Compensation Committee consists of four non-executive Directors; the Global Head of Human Resources acts as Secretary to the Committee<sup>1</sup>.

Members	Meetings attended <sup>2</sup>
Felix A. Weber <sup>3</sup>	4
Martin Taylor	4
Jacques Vincent	3
Jürg Witmer	3

- |   |  |
|---|--|
| 1 | 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 |
| 2 | Four meetings held in 2011   |
| 3 | Chairman   |

### Corporate Responsibility Committee

#### Responsibilities

- Acts as custodian of the Board in all Corporate Responsibility matters
- Reviews Corporate Responsibility related actions proposed by the Executive Committee

- Monitors the effectiveness of the implementation of Corporate Responsibility related internal policies

The Corporate Responsibility Committee consists of at least three non-executive Directors and the CEO; the Company Secretary acts as Secretary to the Committee.

Members	Meetings attended <sup>1</sup>
Martin Taylor <sup>2</sup>	2
Pierre Landolt	2
Michael Mack	2
David Lawrence	2

<sup>1</sup> Two meetings held in 2011  
<sup>2</sup> Chairman

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Members of the Board of Directors  
(at February 15, 2012)

Martin Taylor  
British, age 59

Functions in Syngenta

Chairman of the Board, non-executive Director

Chairman of 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.

Professional background

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). He recently served as a member of the British Government's Independent Banking Commission.

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

Initial appointment

in: 2000

Term of office: 2013

Jürg Witmer  
Swiss, age 63

Functions in Syngenta

Vice Chairman, non-executive Director

Member of the Chairman's Committee and of the Compensation Committee

Professional background

Jürg Witmer is currently Chairman of Givaudan SA and Clariant AG. He joined Roche (1978) in the legal department and subsequently held a number of positions including Assistant to the CEO, General Manager of Roche Far East based in Hong Kong, Head of Corporate Communications and Public Affairs at Roche headquarters in Basel, Switzerland, and General Manager of Roche Austria. Thereafter he became Chief Executive Officer of Givaudan Roure (1999) and then Chairman of the Board of Directors of Givaudan (2005).

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.

Initial appointment: 2006

Term of office: 2012

Michael Mack  
American, age 51

Functions in Syngenta

Chief Executive Officer (CEO), executive Director

Member of the Chairman's Committee and the Corporate Responsibility Committee

Professional background

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.

Initial appointment

in: 2008

Term of office: 2013

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Stefan Borgas  
German, age 47

Functions in Syngenta  
Non-executive Director  
Member of the Audit Committee

Professional background

Stefan Borgas was Chief Executive Officer of Lonza Group from June 2004 to January 2012. Prior to joining Lonza, he spent 14 years with BASF Group where he held various leadership positions in Fine Chemicals and Engineering Plastics in the USA, Germany, Ireland and China. Stefan Borgas is a member of the Board of scienceindustries, the association of Swiss chemical, pharmaceutical and biotech industries, and of the Swiss-American Chamber of Commerce. He is also president of the Swiss Management Gesellschaft (SMG). Stefan Borgas holds a degree in Business Administration from the University of Saarbrücken and an MBA from the University of St. Gallen.

Initial appointment: 2009  
Term of office: 2012

Peggy Bruzelius  
Swedish, age 62

Functions in Syngenta  
Non-executive Director  
Chairman of the Audit Committee

Professional background

Peggy Bruzelius is currently Chairman of Lancelot Holding AB. In addition she serves as Vice Chairman of Electrolux AB and as a Director of Husqvarna AB, Akzo Nobel NV, Axfood AB and Diageo plc. Peggy Bruzelius is a member of the Royal Swedish Academy of Engineering Sciences. 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.

Initial appointment: 2000  
Term of office: 2012

Pierre Landolt  
Swiss, age 64

Functions in Syngenta  
Non-executive Director  
Member of the Corporate Responsibility Committee. He is also a member of the Board of the Syngenta Foundation for Sustainable Agriculture.

Professional background

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.

Initial appointment: 2000

Term of office: 2012

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David Lawrence  
British, age 62

Functions in Syngenta  
Non-executive Director

Member of the Corporate Responsibility Committee and Chairman of the Science and Technology Advisory Board

Professional background

David Lawrence was Head of Research & Development at Syngenta from September 1, 2002 until the end of September, 2008. Prior to this role, 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 was a member of the UK Foresight Lead Expert Group on Food and Farming. Currently he is a member of the BBSRC Council and of the UK Industrial Biotechnology Leadership Team. He is also a Board member for Rothamsted Research, Plastid AS and the UK Biosciences Knowledge Transfer Network for which he chairs the Industrial Biotechnology Group.

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

Initial appointment: 2009  
Term of office: 2012

Peter Thompson  
American, age 65

Functions in Syngenta  
Non-executive Director  
Member of the Audit Committee

Professional background

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). He is also Chairman of the Vero Beach Museum of Art.

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

Initial appointment: 2000  
Term of office: 2013

Jacques Vincent  
French, age 65

Functions in Syngenta  
Non-executive Director  
Member of the Compensation Committee

Professional background

Jacques Vincent has been Vice Chairman and Chief Operating Officer of the Danone Group, Paris, from 1998 until 2008. Since 2010 he has been sitting on the board of various companies, among them Danone, Cereplast and Mediaperformance. 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. He holds a bachelor in Economics from Paris University and a Master of Science from Stanford University.

Initial appointment: 2005

Term of office: 2013

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Rolf Watter  
Swiss, age 53

Functions in Syngenta  
Non-executive Director  
Member of the Chairman's Committee

Professional background

Rolf Watter has been a partner of the law firm Bär & Karrer in Zurich since 1994. He was a member of its executive board and later an executive Director from 2000 until 2009. He is a non-executive Director of Zurich Financial Services (and its subsidiary Zurich Insurance Company), of Nobel Biocare Holding AG (currently interim Chairman), of UBS Alternative Portfolio AG and A.W. Faber-Castell (Holding) AG. He was formerly 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.

Initial appointment: 2000  
Term of office: 2012

Felix A. Weber  
Swiss, age 61

Functions in Syngenta  
Non-executive Director  
Chairman of the Compensation Committee

Professional background

Felix A. Weber is currently Executive Committee Co-Chairman of Nomura Switzerland, a Managing Director of Nomura International Ltd. and Chairman of Nomura Insurance Holdings AG. 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 (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.

Initial appointment: 2000  
Term of office: 2013

Changes announced

Rolf Watter's and Pierre Landolt's terms of office expire at the Annual General Meeting of shareholders (AGM) of April 24, 2012; they will retire from the Board at this date. The Company has announced on February 8, 2012, that at the 2012 AGM, Mrs. Vinita Bali, Mr. Gunnar Brock and Mr. Michel Demaré will be proposed to shareholders for election to the Board.



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### Executive Committee

Under the direction of the CEO, the Executive Committee is responsible for the operational management of the Company. It consists of the Chief Executive Officer (CEO), the Chief Operating Officer (COO) EAME & Latin America, the Chief Operating Officer (COO) APAC & North America, 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.

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 both inside and outside the Company. Members of the Executive Committee are directly responsible to the CEO. The CEO in turn ensures the Executive Committee's efficiency and effectiveness for 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.

### Executive Committee

#### Responsibilities

- Formulates the fundamentals of corporate policy
- Draws up and approves the Group strategy and strategic plans for the submission to the Board of Directors or the Chairman's Committee
- Implements the strategies and the periodic assessment of the attainment of goals
- Draws up, approves, and implements one-year plans for the Company and the Divisions for the attention of the Chairman's Committee
- Submits quarterly and yearly reports for the attention of the Board of Directors or its Committees
- Makes personnel appointments and modifications to the organization within its own area of authority
- Promotes a modern and active leadership style
- Ensures provision and optimal utilization of resources (finances, management capacity)
- Promotes an active communications policy both within and outside the Company
- Examines and approves significant agreements with third parties and business activities involving extraordinary high risks
- Establishes guidelines for planning, organization, finance, reporting, information technology etc.

#### Members

Michael Mackl  
Alejandro Aruffo  
John Atkin  
Robert Berendes  
Christoph Mäder  
Mark Peacock  
Davor Pisk  
John Ramsay



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Members of the Executive Committee  
(at February 15, 2012)

Michael Mack  
American, age 51

Functions in Syngenta  
Chief Executive Officer (CEO), executive Director  
Member of the Chairman's Committee and the Corporate Responsibility Committee

Professional background

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.

Appointment: 2008

Alejandro Aruffo  
Italian/American, age 52

Function in Syngenta  
Head of Research & Development

Professional background

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

Appointment: 2008

John Atkin  
British, age 58

Function in Syngenta  
Chief Operating Officer

Professional background

John Atkin was Chief Operating Officer Crop Protection for Syngenta since its foundation until February 2011. Prior to that, he 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. He is also Chairman of CropLife’s Crop Protection Strategy Council (global industry association). He was appointed as a non-executive Director of Driscoll’s in 2011. He graduated from the University of Newcastle upon Tyne with a PhD and a BSc degree in agricultural zoology.

Appointment: 2000

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Robert Berendes  
German, age 47

Function in Syngenta  
Head of Business Development

Professional background

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.

He 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.

Appointment: 2007

Christoph Mäder  
Swiss, age 52

Functions in Syngenta  
Head of Legal & Taxes and Company Secretary

Professional background

Christoph Mäder was Head of Legal & Public Affairs for Novartis Crop Protection (1999–2000) and Senior Corporate Counsel for Novartis International AG (1992–1998). He is Chairman of scienceindustries, the association of Swiss chemical, pharmaceutical and biotech industries. He is also a Vice Chairman of economiesuisse, the main umbrella organization representing Swiss economy, and a member of the Executive Board of the Business and Industry Advisory Committee (BIAC) to the Organization for Economic Co-operation and Development (OECD).

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

Appointment: 2000

Mark Peacock  
British, age 51

Function in Syngenta  
Head of Global Operations

Professional background

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.

He has a degree in chemical engineering from Imperial College, London, and a Masters in international management from McGill University in Montreal.

Appointment: 2007

Davor Pisk  
British, age 53

Function in Syngenta  
Chief Operating Officer

Professional background

Davor Pisk was Chief Operating Officer Seeds for Syngenta from 2008 to February 2011. Prior to that, he 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).

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

Appointment: 2008

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John Ramsay  
British, age 54

Function in Syngenta  
Chief Financial Officer

Professional background

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). Before joining ICI in 1984, he worked in Audit and Tax at KPMG. He is a Chartered Accountant and also holds an honors degree in finance and accounting.

Appointment: 2007

Service contracts / Change of control

The employment agreements with members of the Executive Committee, including the CEO, and the agreements with the members of the Board of Directors, including the Chairman, do not have any change of control clauses. Neither the Executive Committee nor the Board of Directors agreements contain any provisions for termination payments (“golden parachute” or “handshake” or similar arrangements) with regard to severance or other termination events. In case the Chairman is removed from office by the Board of Directors prior to expiry of his term of office, he is entitled to a payment of one fourth of the annual fee.

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 Report

Compensation, shareholdings and loans

Syngenta refers to the following discussion and disclosures regarding compensation, shareholdings and loans as its “Compensation Report” (or “report”). References herein to the “2010 report” are referring to the Compensation Report included in the “Compensation, shareholdings and loans” section of Item 6 in Syngenta’s annual report on Form 20-F for the year ended December 31, 2010, as filed on February 17, 2011.

Content and method of setting compensation and share-based awards

Members of the Syngenta Executive Committee and Board of Directors receive their cash compensation in Swiss francs. The US dollar compensation amounts presented below have been converted into US dollars using the average currency exchange rate in effect during each year reported. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2011 is 0.88 (2010: 1.05). The exchange rate movement from 2010 to 2011 increased reported US dollar compensation amounts by 19 percent over what they would have been had the exchange rate remained constant. For further information regarding currency exchange rates, see Note 26 to consolidated financial

statements in Item 18.

#### Overview

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

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### Compensation system

#### Compensation principles

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

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

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

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

#### Compensation of employees and managers

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

#### Compensation of Board of Directors and the Executive Committee

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

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

–North America Group: 21 comparable companies (19 USA and two Canada). These are companies in the agribusiness, pharmaceutical, chemical and biotechnical industries. The same selection criteria as for the Pan-European Group apply.

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

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

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

### Compensation elements

Syngenta's total compensation package includes:

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

### Fixed compensation

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

- size and scope of the job
- external market value of the job
- level or grade to which the job is assigned
- skills, experience and performance of the employee.

To ensure market competitiveness, base salaries are subject to review every year by considering factors such as Company affordability, benchmark data, market movement, economic environment and individual performance.

In addition, certain employees may receive customary cash allowances for expenses and, if applicable, housing, relocation or transition assistance as part of an international transfer.

### Variable compensation

Variable compensation consists of short-term and, for selected leaders, long-term incentives. Both are linked to financial and individual performance. Variable compensation is determined by the level and scope of the individual's job, as well as the external market value of the respective job, the location, business performance and individual performance. It may be granted in cash, shares, restricted stock units and/or stock options. Equity-based compensation is subject to a three-year vesting period.

Short- and long-term incentive awards are based on pre-defined performance measures. They are only awarded if the employee or executive fully meets the performance objectives. Details of the various short- and long-term incentive plans are provided in the following sections.



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Table 1. Fixed and variable compensation

	Chairman of the Board	Members of the Board	Executive Committee	Senior Management	All employees	Description	Linkage to compensation principles
Fixed compensation							
Fixed pay	•	•	•	•	•	Cash – all employees Members of the Board may opt for cash and/or shares	Attract and retain high quality employees; reference to relevant markets and comparable companies
Variable compensation							
Short-Term Incentive (STI)			•	•	•	Cash – all employees	Performance-based compensation
Deferred Share Plan (DSP)			•	•		For senior management and Executive Committee, deferred share awards or shares and matching shares <sup>1</sup>	Equity-based compensation focusing on sustainable business performance and alignment to shareholders
Long-Term Incentive Plan (LTI)			•	•		For senior management and Executive Committee, stock options and RSUs	Equity-based compensation focusing on sustainable business performance and alignment to shareholders
Sales Incentive Plan (SIP)				•	•	Cash – sales employees only	Performance-based compensation
Employee Share Purchase Plan (ESPP)			•	•	•	Plan for all Switzerland-based Syngenta employees: share purchase up to CHF 5,000 <sup>2</sup> p.a. at 50 percent discount rate <sup>3</sup>	Identification with and commitment towards Company

<sup>1</sup> In Switzerland, employees are offered a choice of share awards or shares under the DSP and in all other countries, share awards. For purposes of this report, both are referred to as “share awards”

<sup>2</sup> Equivalent to US\$5,682 using the average exchange rate for 2011 of 0.88 CHF per US\$.

<sup>3</sup> Employee Share Purchase Plans are also established in many other countries



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## Short-Term Incentive (STI)

The STI is an annual discretionary award paid in cash for all eligible employees.

## STI targets for managers and Executive Committee members

Individuals are granted an STI award as a percentage of their base salary.

	STI targets (as a percentage of base salary)
Management <sup>1</sup>	25%
Senior Management <sup>1</sup>	30%–40%
Executive Committee	50%
Chief Executive Officer	80%

<sup>1</sup> Higher target percentages apply to managers and senior managers in the USA

## STI award for employees and managers below the Executive Committee

For employees and managers below the Executive Committee, the STI award weights equally Company financial results and individual performance. This variable compensation allows employees to participate in the Company's success while being rewarded for their individual performance. Personal objectives are set as part of the annual performance management program. Financial targets are also set on an annual basis and may include measures such as Group net income, business value added, EBITDA, etc.

At the end of the incentive year both individual and financial performance are assessed, and actual achievement is compared with the targets set at the beginning of the year. The assessment of individual performance results in a performance rating which is used to determine an individual percentage award for STI purposes. The assessment of financial performance is formula-driven, i.e. actual achievement against target determines the STI percentage award.

Both the individual and financial percentage awards can range from zero to 200 percent of the STI target. The STI payout is therefore limited to two times the target award. In addition, the STI payout at all levels is contingent upon the annual Group net income (GNI) reaching a threshold of 85 percent of the target budget.

## STI award for Executive Committee members

For Executive Committee members, a greater emphasis is placed on the achievement of financial results. Group financial performance measures account for 70 percent of the STI award while 30 percent is based on individual performance. The Group financial performance measures are earnings per share (EPS) and return on invested capital (ROIC) of the Group.

The methodology and conditions of STI awards for members of the Executive Committee are identical to all other employees.

## Deferred Share Plan (DSP)

The DSP is an additional long-term incentive for members of the Executive Committee and selected senior managers to further align their interest with shareholders by converting part of their STI into Syngent