VALLEY NATIONAL BANCORP
Form S-8
May 02, 2016

As filed with the Securities and Exchange Commission on May 2, 2016
Registration No. 333-

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

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

VALLEY NATIONAL BANCORP
(Exact name of registrant as specified in its charter)

New Jersey	22-2477875
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1455 Valley Road
Wayne, New Jersey 07470
(Address, including zip code of registrant’s principal executive offices)

VALLEY NATIONAL BANCORP 2016 LONG-TERM STOCK INCENTIVE PLAN
(Full title of the Plan)

Gerald H. Lipkin
Chairman, President and Chief Executive Officer
Valley National Bancorp
1455 Valley Road
Wayne, New Jersey 07470
(973) 305-8800
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a Copy to:
Ronald H. Janis, Esq.
Day Pitney LLP

7 Times Square
New York, New York 10036
(212) 297-5813

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, no par value	9,400,000 shares	$9.445	$88,783,000	$8,941.00

(1) In addition, pursuant to Rule 416 under the Securities Act of 1933, this Registration Statement also covers an indeterminate number of shares of Common Stock that may be issuable pursuant to anti-dilution provisions contained in the Valley National Bancorp 2016 Long-Term Stock Incentive Plan (the “Plan”).

(2) Estimated solely for the purpose of calculating the registration fee. Such estimate has been computed in accordance with Rule 457(c) and Rule 457(h)(1) based on the average of the high and low prices of the Common Stock as reported on the New York Stock Exchange on April 28, 2016.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information.*

Not filed with this Registration Statement.

Item 2. Registrant Information and Employee Plan Annual Information.*

Not filed with this Registration Statement.

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* All information required by Part I to be contained in the Section 10(a) prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act of 1933 and the Note to Part I of Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Documents Incorporated By Reference.

The following documents filed by Valley National Bancorp (the "Company") with the Securities and Exchange Commission (the "Commission") are incorporated by reference in this Registration Statement:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2015.

2. The Company's Current Report on Form 8-K filed with the Commission on May 2, 2016.

3. The description of the Company's common stock contained in the Registration Statement on Form 8-A filed by the Company pursuant to Section 12 of the Securities Exchange Act of 1934, and any amendment or report filed for the purpose of updating such description.

Information in Current Reports on Form 8-K furnished to the Commission, including under Item 2.02 or 7.01 of Form 8-K, prior, on or subsequent to the date hereof is not and will not be incorporated herein by reference.

In addition, all documents hereafter filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, are hereby incorporated herein by reference and are a part hereof from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel

Certain legal matters relating to the issuance of the shares of the Company's Common Stock offered hereby have been passed upon by DAY PITNEY LLP, counsel to the Company. Partners and other attorneys involved in the preparation of this Registration Statement in the law firm of DAY PITNEY LLP beneficially own 17,853 shares of the Company's Common Stock as of May 2, 2016.

Item 6. Indemnification of Directors and Officers.

Indemnification. Article VI of the Company's certificate of incorporation provides that the corporation shall indemnify its present and former officers, directors, employees, and agents and persons serving at its request against expenses, including attorney's fees, judgments, fines or amounts paid in settlement, incurred in connection with any pending or threatened action, suit, or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by the New Jersey Business Corporation Act. The Article also provides that such indemnification shall not exclude any other rights to indemnification to which a person may otherwise be entitled, and authorizes the corporation to purchase insurance on behalf of any of the persons enumerated against any liability whether or not the corporation would have the power to indemnify him under the provisions of Article VI.

The New Jersey Business Corporation Act empowers a corporation to indemnify a corporate agent against his expenses and liabilities incurred in connection with any proceeding (other than a derivative lawsuit) involving the corporate agent by reason of his being or having been a corporate agent if (a) the agent acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and (b) with respect to any criminal proceeding, the corporate agent had no reasonable cause to believe his conduct was unlawful. For purposes of the Act, the term "corporate agent" includes any present or former director, officer, employee or agent of the corporation, and a person serving as a "corporate agent" at the request of the corporation for any other enterprise.

With respect to any derivative action, the corporation is empowered to indemnify a corporate agent against his expenses (but not his liabilities) incurred in connection with any proceeding involving the corporate agent by reason of his being or having been a corporate agent if the agent acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. However, only the court in which the proceeding was brought can empower a corporation to indemnify a corporate agent against expenses with respect to any claim, issue or matter as to which the agent was adjudged liable for negligence or misconduct.

The corporation may indemnify a corporate agent in a specific case if a determination is made by any of the following that the applicable standard of conduct was met: (i) the board of directors, or a committee thereof, acting by a majority vote of a quorum consisting of disinterested directors; (ii) by independent legal counsel, if there is not a quorum of disinterested directors or if the disinterested quorum empowers counsel to make the determination; or (iii) by the shareholders.

A corporate agent is entitled to mandatory indemnification to the extent that the agent is successful on the merits or otherwise in any proceeding, or in defense of any claim, issue or matter in the proceeding. If a corporation fails or refuses to indemnify a corporate agent, whether the indemnification is permissive or mandatory, the agent may apply to a court to grant him the requested indemnification. In advance of the final disposition of a proceeding, the corporation may pay an agent's expenses if the agent agrees to repay the expenses unless it is ultimately determined he is entitled to indemnification.

Exculpation. Article VII of the Company's certificate of incorporation provides:

A director or officer of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for breach of any duty owed to the Corporation or its shareholders, except that this provision shall not relieve a director or officer from liability for any breach of duty based upon an act or omission (i) in breach of such person's duty of loyalty to the Corporation or its shareholders, (ii) not in good faith or involving a knowing violation of law, or (iii) resulting in receipt by such person of an improper personal benefit. If the New Jersey Business Corporation Act is amended after approval by the shareholders of this provision to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director and/or officer of the Corporation shall be eliminated or limited to the fullest extent permitted by the New Jersey Business Corporation Act as so amended.

Any repeal or modification of the foregoing paragraph by the shareholders of the Corporation or otherwise shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such repeal or modification.

The New Jersey Business Corporation Act, as it affects exculpation, has not been changed since the adoption of this provision by the Company in 1987.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

4.1	Valley National Bancorp 2016 Long Term Stock Incentive Plan*
5.1	Opinion of Day Pitney LLP (filed herewith)
23.1	Consent of KPMG LLP (filed herewith)
23.2	Consent of Day Pitney LLP (included in Exhibit 5.1 hereto)
24.1	Power of Attorney (included on the signature page hereto)

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*Incorporated by reference to the Exhibit 10.1 filed with Current Report on Form 8-K dated May 2, 2016.

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant’s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Wayne, State of New Jersey, on the 2nd day of May, 2016.

VALLEY NATIONAL BANCORP

By: /s/ Alan D. Eskow
Alan D. Eskow
Senior Executive Vice President
and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Gerald H. Lipkin, Alan D. Eskow and Mitchell L. Crandell as attorneys-in-fact and agents, with full power of substitution and resubstitution, to sign on his or her behalf, individually and in any and all capacities, including the capacities stated below, any and all amendments (including post-effective amendments) to this Registration Statement and any registration statements filed by the registrant pursuant to Rule 462(b) of the Securities Act of 1933, as amended, relating thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/S/ Gerald H. Lipkin	Chairman of the Board, President and Chief Executive Officer	April 26, 2016
/S/ Alan D. Eskow	Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)	April 26, 2016
/S/ Mitchell L. Crandell	First Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	April 26, 2016
/S/ Andrew B. Abramson	Director	April 26, 2016
/S/ Peter J. Baum	Director	April 26, 2016
/S/ Pamela R. Bronander	Director	April 26, 2016
/S/ Eric P. Edelstein	Director	April 26, 2016
/S/ Mary J. Steele Guilfoile	Director	April 26, 2016
/S/ Graham O. Jones	Director	April 26, 2016
/S/ Gerald Korde	Director	April 26, 2016
/S/ Michael L. LaRusso	Director	April 26, 2016
/S/ Marc J. Lenner	Director	April 26, 2016
/S/ Barnett Rukin	Director	April 26, 2016
/S/ Suresh L. Sani	Director	April 26, 2016
Jeffrey S. Wilks	Director	April 26, 2016

EXHIBIT INDEX

5.1 Opinion of Day Pitney LLP (filed herewith)
23.1 Consent of KPMG LLP (filed herewith)
23.2 Consent of Day Pitney LLP (included in Exhibit 5.1 hereto)
24.1 Power of Attorney (included on the signature page hereto)

ited to transactions with high credit quality banks and financial institutions.

Syngenta regularly monitors its exposure to loss from both country and customer risk. Syngenta has policies and operating guidelines in place to reduce the risk of loss by limiting the amount of exposure to individual countries and customers, or requiring additional security against exposures related to them, based on Syngenta's assessment of the risks involved.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Syngenta□s liquidity situation is monitored in a pro-active manner in order to ensure that Syngenta has sufficient liquidity reserves at all times.

Fair Value Hedges

The Group maintains a combination of interest rate swaps and cross currency swaps that qualify for hedge accounting as designated fair value hedges relating to bond liabilities. The swap portfolio involves the exchange of fixed for floating rate interest payments and (economically) converts fixed euro denominated debt into floating US dollar denominated debt. The fair value movements of these derivatives are included in the income statement and are largely offset by changes in the fair value of the debt due to interest rate changes and the retranslation of the debt from euro to US dollar. There is an immaterial amount of hedge ineffectiveness on these swaps. Hedge effectiveness for these hedges is measured on a quarterly basis, by comparing the movement in the period of the present value of future coupon bond payments to the movement in the value of the associated swaps.

Cash Flow Hedges

Syngenta maintains cross currency swaps that qualify for hedge accounting as designated cash flow hedges relating to future interest and principal payments on bond liabilities. The cross currency swaps economically convert fixed euro denominated debt into US dollar denominated debt. The revaluation of these swaps is included in the cash flow hedge reserve and is recycled to the income statement as the interest charges relating to the bond are recorded. There is an immaterial amount of hedge ineffectiveness related to these hedges. Hedge effectiveness for these hedges is measured on a quarterly basis, by comparing the movement in the present value of future coupon bond payments, to the movement in the present value of forecast future cash flows of the associated swaps.

In 2005 Syngenta also entered into forward starting swaps for the anticipated future issuance of the US dollar fixed rate private placement. Hedge effectiveness was measured using the hypothetical derivative method whereby the change in value of the hypothetical swap is compared to the change in value of the actual swap.

Syngenta uses forward contracts and net purchased currency options to hedge forecast foreign currency cash flows arising from forecast sales and purchases between Syngenta subsidiaries and related third party transactions. The contracts that qualify for hedge accounting are designated as foreign currency cash flow hedges. Gains and losses on the cash flow hedges are held in the cash flow hedge reserve and are recycled to operating income when the third party transaction occurs in order to match the revenue recognition of the underlying hedged transaction. There is an immaterial amount of hedge ineffectiveness related to these hedges. Hedge effectiveness for net purchased options is measured on a quarterly basis. The option hedge designation and effectiveness test excludes the time value element and uses the forward rate methodology. Each quarter the cumulative movement in intrinsic value is compared to the movement in the notional underlying value. Effectiveness for the forward contracts is measured quarterly using the forward rate basis. The probability of forecast items occurring is assessed by updating budgets on a quarterly basis and by the application of quarterly back testing methods.

Syngenta uses commodity forwards, futures and purchased options to hedge anticipated and committed future purchases. The contracts that qualify for hedge accounting are designated as cash flow hedges. Gains and losses are held in the cash flow hedge reserve and are recycled to the income statement when the related purchases are recorded and recognized in the income statement. There is an immaterial amount of hedge ineffectiveness related to these hedges. Hedge effectiveness for net purchased commodity options is measured on a quarterly basis. The option hedge designation and effectiveness test excludes the time value element and uses the forward rate methodology. Each quarter the cumulative movement in intrinsic value is compared to the movement in the notional underlying value.

Gains and losses on cash flow hedges are ultimately recorded in the income statement on a consistent basis with the underlying hedged item. Any gains or losses on cash flow hedges arising due to hedge ineffectiveness will be shown in the income statement within financial expense, net. If it becomes apparent that the hedged forecasted transaction is no longer likely to occur, the hedge will be de-designated and the amount held in the cash flow hedge reserve reclassified into earnings.

Hedges of Net Investments in Foreign Operations

The Group designates forward contracts and net purchased currency options as hedges of net investments in foreign operations. Gains and losses are held in the cash flow hedge reserve and will be recycled to the income statement on disposal of the underlying investments. Effectiveness for the forward contracts is measured quarterly using the forward rate basis. Hedge effectiveness for net purchased options is measured on a quarterly basis. The option hedge designation and effectiveness test excludes the time value element and uses the forward rate methodology. Each quarter the cumulative movement in intrinsic value is compared to the movement in the notional underlying value.

Undesignated Hedges

The Group enters into certain foreign currency, commodity and interest rate transactions that are not designated as hedges for accounting purposes. The foreign currency hedges relate to on balance sheet exposures as part of the group's committed exposure program. The fair value movements of the hedge and the retranslation of the underlying exposure are recorded in the income statement and largely offset.

In 2005 Syngenta entered into oil options to hedge an indirect exposure to oil prices. The fair value movements of the hedges are recorded in the income statement. There were no similar transactions in 2003 or 2004.

Syngenta also entered into commodity futures and options to hedge indirect exposures to commodity crop prices. These futures and option contracts did not qualify for hedge accounting. The movements in the fair value of the hedges are recorded in the income statement.

In 2005 Syngenta entered into interest rate swaps to hedge its economic exposure to increases in US dollar interest rates prior to the issuance of the 4.125% Eurobond 2015. These interest rate swaps did not qualify for hedge accounting, so the movement in the fair value and realized gain on unwinding the swaps was recorded in the income statement in 2005. There were no similar transactions in 2003 or 2004.

In 2003, Syngenta used purchased options, based on a basket of equity price indices, to limit its economic exposure to changes in the fair value of equities held by the major defined benefit pension plans which it sponsors. These options were not designated as hedges. Gains and losses on these options were recorded in financial expense, net in the income statement. The changes in fair value of the underlying pension fund equities affect the reported pension expense in future years. Pension expense is reported within operating income. There were no similar transactions in 2004 or 2005.

The contract values of financial instruments held at December 31, 2005, 2004 and 2003 were as follows:

(US$ million)	2005	2004	2003
Interest Rate Swaps			
Less than one year	185	—	—
One to five years	—	1,491	1,686
More than five years	214	—	—
Cross Currency Swaps			
Less than one year	185	—	—
One to five years	—	677	677
More than five years	641	—	—
Foreign Exchange Forward Contracts			
Swiss franc	1,308	1,865	1,226
British pound sterling	1,774	1,679	1,254
Other European currencies	295	655	714
US dollar	2,695	1,992	1,383
Others	341	289	312
Total	**6,413**	**6,480**	**4,889**

Maturities on foreign exchange forward contracts range from 5 to 338 days.

Currency Option Contracts			
Swiss franc	168	669	449
British pound sterling	79	169	285
US dollar	372	182	220
Others	92	—	—
Total	**711**	**1,020**	**954**

Maturities on currency option contracts range from 3 to 304 days.

Commodity Contracts			
US dollar	131	90	43
Total	**131**	**90**	**43**

Maturities on commodity forwards, futures and commodity option contracts range from 26 to 318 days.

The currency shown in the above tables reflects the bought currency, which is in most cases the functional currency of the entity involved. There are many sold currencies reflecting the broad range of Syngenta's exposures.

The notional amounts and fair values of the above instruments at December 31, 2005, 2004 and 2003 are as follows:

	Notional Amount			Positive Fair Value			Negative Fair Value		
(US$ million)	**2005**	**2004**	**2003**	**2005**	**2004**	**2003**	**2005**	**2004**	**2003**
Interest Rate Swaps	399	1,491	1,686	6	46	51	(10)	(24)	(47)
Cross Currency Swaps	826	677	677	73	428	347	(30)	—	—
Foreign Exchange Forward Contracts	6,413	6,480	4,889	75	111	152	(96)	(57)	(79)
Currency Option Contracts	711	1,020	954	7	46	59	(5)	(3)	(18)
Commodity Contracts	131	90	43	6	5	3	—	—	—
Of the above:									
Interest Rate Swaps designated as cash flow hedges	—	1,044	1,686	—	27	34	—	(24)	(31)
Cross currency swaps designated as cash flow hedges	428	—	—	(20)	—	—	—	—	—
Foreign Exchange Forward Contracts and Currency Option Contracts designated as cash flow hedges	1,093	1,422	1,552	11	67	75	(21)	(13)	(36)
Commodity Contracts designated as cash flow hedges	57	90	43	2	5	3	—	—	—
Foreign Exchange Forward Contracts and Currency Option Contracts designated as hedges of net investments in foreign operations	1,055	—	—	26	—	—	—	—	—

At December 31, 2005 Syngenta has the following hedges in place to manage its exposure to its debt portfolio:

The 5.5% Eurobond 2006 repayable in July 2006 is hedged by a combination of cross currency and interest rates swaps, which convert the Euro fixed interest rate debt into US dollar floating rate debt. These swaps are designated as fair value hedges.

The 4.125% Eurobond 2015 is partly hedged by cross currency swaps which convert the euro denominated fixed rate debt into US dollar fixed rate debt. These swaps are designated as cash flow hedges. The remainder of the bond is hedged by a combination of cross currency and interest rate swaps which convert the euro fixed interest rate debt to US dollar floating rate debt. These swaps are designated as fair value hedges.

Gains and losses on interest rate swaps designated as cash flow hedges are as follows:

(US$ million)	**2005**	**2004**	**2003**
Gains/(losses) recognized in equity	(23)	1	27
Gains/(losses) removed from equity and recognized in net income	(9)	—	—

Gains/(losses) adjusted against carrying amount of non-current financial debts	—	—	—

Interest rate swaps designated as cash flow hedges were unwound during 2005 on partial repurchase of the underlying 5.5% Eurobond 2006 on April 22, 2005. The movement in the fair value of the interest rate swaps was recognized in equity until this date. When the underlying debt was repurchased the interest rate swaps were de-designated and the remaining fair value was removed from equity and recognized in net income. For 2004 and 2003, the forecasted future interest payments designated as the hedged item for the above interest rate swaps were expected to occur and be reported in net income as follows:

(US$ million)	**2005**	**2004**	**2003**
Less than one year	—	4	6
One to five years	—	4	3

Gains and losses on cross currency swaps designated as cash flow hedges are as follows:

(US$ million)	2005	2004	2003
Gains/(losses) recognized in equity	(2)	—	—
Gains/(losses) removed from equity and recognized in net income	(2)	—	—

The forecasted future interest payments designated as the hedged item for the above cross currency swaps are expected to occur and be reported in net income as follows:

(US$ million)	2005	2004	2003
Less than one year	16	—	—
One to five years	65	—	—
More than five years	81	—	—

Gains and losses on foreign exchange forward contracts and options designated as cash flow hedges are as follows:

(US$ million)	2005	2004	2003
Gains/(losses) recognized in equity	(80)	51	45
Gains/(losses) removed from equity and recognized in net income	5	41	39

The forecasted foreign currency transactions designated as the hedged items for the above foreign currency forward contracts and options are expected to occur and to be reported within net income within one year from the balance sheet date.

Gains and losses on commodity contracts designated as cash flow hedges are as follows:

(US$ million)	2005	2004	2003
Gains/(losses) recognized in equity	12	(13)	11
Gains/(losses) removed from equity and recognized in net income	(2)	7	3

The forecasted transactions designated as the hedged items for the above commodity contracts are expected to occur and be reported within net income within one year from the balance sheet date.

Gains and losses on foreign exchange forward contracts and options designated as net investment hedges were as follows:

(US$ million)	2005	2004	2003
Gains/(losses) recognized in equity	46	—	—
Gains/(losses) removed from equity and recognized in net income	—	—	—

There were no gains/(losses) reclassified into earnings as a result of cash flow hedge accounting being discontinued, on the grounds that it had become unlikely that the hedged forecasted transactions would occur.

The following transactions were de-designated as hedges for accounting purposes during the year:

During 2005 the portfolio of derivatives hedging the 4.125% Eurobond 2015 was revised and cross currency swaps with a notional amount of US$214 million were de-designated as cash flow hedges. The revaluation deferred in the cash flow hedge reserve to the point of de-designated is being amortized over the remaining life of the cross currency swaps. An immaterial expense has been charged to financial expense, net.

Syngenta entered into forward starting interest rate swaps in 2005 for a future issuance of fixed rate debt and designated the swaps as cash flow hedges. The movement in the fair value of these interest rate swaps to the point of de-designation is being amortized to the income statement over the first fifteen years of the private placement. An immaterial expense has been reported in financial expense, net.

The following transactions were not designated as hedges for accounting purposes:

The oil options entered into to hedge an indirect exposure to oil prices were not designated as hedges for accounting purposes. In 2005, the gain in the fair value of the options of US$1 million was reported in operating income.

Syngenta also entered into some commodity futures and options to hedge indirect exposures to commodity crop prices. These futures and option contracts did not qualify for hedge accounting. An immaterial expense has been reported in cost of goods sold in 2005.

Interest swaps were entered into in 2005 to hedge Syngenta's economic exposure to increases in US dollar interest rates prior to the issuance of the 4.125% Eurobond 2015. These interest rate swaps did not qualify for hedge accounting. Income of US$2 million relating to the unwinding of these swaps was reported in financial expense, net.

Available-for-sale financial assets

Unrealized losses of US$3 million on re-measuring available for sale financial assets to fair value were recognized in equity in 2005 (2004: gains US$9 million; 2003: gains US$20 million). US$10 million gain was removed from equity and classified in net income in 2005 (2004: US$nil; 2003: US$nil). In total, a US$19 million loss was reported in net income for 2005 (2004: US$nil; 2003: loss US$3 million). Quoted market prices are used to determine fair value for quoted investments.

Reported gains and losses were as follows:

(US$ million)	2005	2004	2003
Impairment losses reported in profit or loss	(19)	–	(3)
Unrealized holding gains/(losses) reported in shareholders' equity	(3)	9	20
Unrealized holding gains/(losses) removed from equity and classified in net income	10	–	–

Quoted equity securities are valued at quoted closing prices. Fair value of unquoted equity securities is not material.

Embedded derivatives

Syngenta has procedures which will ensure that existing and new contracts are reviewed for embedded derivatives and their valuation on an ongoing basis. The results of the procedures for embedded derivatives show that Syngenta was not party to any significant contracts that contain embedded derivatives at December 31, 2005, 2004 nor at December 31, 2003.

Off-balance sheet finance

At December 31, 2005, non-recourse factoring amounted to US$6 million (2004: US$7 million; 2003: US$6 million). Under these arrangements, Syngenta has no liability under the factored principal, but pays interest at a commercial rate until the underlying debtor has either settled or has been declared insolvent.

Syngenta has no other off-balance sheet financing transactions or arrangements.

32. Syngentas operations, associates and joint ventures as at December 31, 2005

The following are the significant legal entities in the Syngenta group. Please refer to Note 2 Accounting Policies for the appropriate accounting method applied to each type of entity.

Country	Domicile	Percentage Owned by Syngenta		Share Capital Local Currency (1)	Function of Company
Argentina					
Syngenta Agro S.A.	Buenos Aires	100%	ARS	1,998,205	Sales/Production
Australia					
Syngenta Crop Protection Pty Ltd.	North Ryde	100%	AUD	13,942,909	Sales/Production
Syngenta Seeds Pty Ltd.	Keysborough	100%	AUD	1,000,000	Sales/Production
Bangladesh					
Syngenta Bangladesh Limited	Dhaka	60%	BDT	102,644,000	Sales/Production
Belgium					
Syngenta Crop Protection N.V.	Ruisbroek	100%	EUR	3,809,521	Sales
Bermuda					
Syngenta Investment Ltd.	Hamilton	100%	USD	12,000	Finance
Syngenta Reinsurance Ltd.	Hamilton	100%	USD	120,000	Insurance
Brazil					
Syngenta Seeds Ltda.	São Paulo	100%	BRL	34,678,391	Sales/Production/ Research
Syngenta Proteção de Cultivos Ltda.	São Paulo	100%	BRL	1,309,468,424	Sales/Production/ Research
Canada					
Syngenta Seeds Canada, Inc.	Arva, Ont	100%	CAD	1,000	Sales/Production/ Research
Syngenta Crop Protection Canada,	Guelph, Ont	100%	CAD	1,700,000	

Inc.					Sales/Research
Chile					
Syngenta Agribusiness S.A.	Santiago de Chile	100%	CLP		Sales/Production
China					
Syngenta (Suzhou) Crop Protection Company Limited	Kunshan	100%	CNY	203,747,322	Production
Syngenta Seeds (Beijing) Co., Ltd.	Beijing	100%	CNY	10,476,201	Sales
Syngenta (China) Investment Company Limited	Beijing	100%	CNY	293,564,523	Holding/Sales
Syngenta Nantong Crop Protection Company Limited	Jiangsu Province	100%	CNY	264,900,506	Production
Syngenta Crop Protection Limited	Hong Kong	100%	HKD	500,000	Sales
Colombia					
Syngenta S.A.	Bogotá	100%	COP	58,134,293,300	Sales/Production
Costa Rica					
Syngenta Costa Rica S.A.	San José	100%	CRC	105,000,000	Sales
Czech Republic					
Syngenta Czech s.r.o.	Prague	100%	CZK	21,100,000	Sales/Development
Denmark					
Syngenta Seeds A/S	Skaelskor	100%	DKK	2,000,000	Sales
Syngenta Crop Protection A/S	Copenhagen	100%	DKK	9,500,000	Sales

Country	Domicile	Percentage Owned by Syngenta		Share Capital Local Currency (1)	Function of Company
Egypt					
Syngenta Agro S.A.E.	Giza	100%	EGP	3,000,000	Sales
France					
Syngenta France S.A.	Saint Cyr l’Ecole	100%	EUR	74,017,500	Holding
Syngenta Seeds S.A.S.	Saint-Sauveur	100%	EUR	47,600,000	Sales/Production/ Development
Syngenta Production France S.A.S.	Saint Pierre La Garenne	100%	EUR	16,500,000	Production
Syngenta Agro. S.A.S.	Saint Cyr l’Ecole	100%	EUR	22,543,903	Sales/Development
Agrosem S.A.S	Sacy-Le-Petit	80%	EUR	290,000	Sales
C.C. Benoist	Orgerus	100%	EUR	2,222,768	Sales/Production
Germany					
Syngenta Seeds GmbH	Kleve	100%	EUR	1,330,000	Sales/Research/ Production
Syngenta Germany GmbH	Maintal	100%	EUR	6,129,000	Holding
Syngenta Agro GmbH	Maintal	100%	EUR	2,100,000	Sales
Greece					
Syngenta Hellas AEBE	Athens	100%	EUR	4,126,933	Sales/Production
Guatemala					
Syngenta LAN, S.A.	Guatemala City	100%	GTQ	1,941,400	Sales/Research
Hungary					
Syngenta Seeds Kft.	Budapest	100%	HUF	47,450,000	Sales/Production
Syngenta Kft.	Budapest	100%	HUF	280,490	Sales
India					
Syngenta India Limited	Mumbai	84%	INR	159,308,320	Sales/Production/ Research
Syngenta Crop Protection Private Limited	Mumbai	100%	INR	275,000,000	Sales/Production

Indonesia					
P.T. Syngenta Indonesia	Jakarta	100%	IDR	58,122,874,000	Sales/Production
Ireland					
Syngenta Ireland Limited	Dublin	100%	EUR	50,789	Sales
Italy					
Syngenta Crop Protection S.p.A.	Milan	100%	EUR	5,200,000	Sales/Production/ Research
Syngenta Seeds S.p.A.	Milan	100%	EUR	5,772,000	Sales/Production/ Research
Agra Società del Seme S.r.l.	Massa Lombarda	100%	EUR	3,400,000	Sales
Ivory Coast					
Syngenta Côte d'Ivoire S.A.	Abidjan	100%	XOF	5,858,930,000	Sales/Production
Japan					
Syngenta Seeds K.K.	Chiba-ken	100%	JPY	10,000,000	Sales
Syngenta Japan K.K.	Tokyo	100%	JPY	475,000,000	Sales/Production/ Research
Liechtenstein					
Syntonia Insurance AG	Vaduz	100%	USD	7,500,000	Insurance

Country	Domicile	Percentage Owned by Syngenta		Share Capital Local Currency (1)	Function of Company
Luxembourg					
Syngenta Participations AG & Co. SNC	Luxembourg	100%	USD	100,000	Holding/Finance
Syngenta Luxembourg Finance (#2) Sàrl	Luxembourg	100%	USD	12,500	Finance
Syngenta Luxembourg Finance (#2) S.c.A.	Luxembourg	100%	EUR	100,000	Finance
Syngenta Luxembourg (#1) S.A.	Luxembourg	100%	USD	100,000	Finance
Malaysia					
Syngenta Corporation Sdn. Bhd.	Selangor Darul Ehsan	100%	MYR	10,000,002	Holding
Syngenta Crop Protection Sdn. Bhd.	Selangor Darul Ehsan	85%	MYR	6,000,000	Sales
Mexico					
Syngenta Agro, S.A. de C.V.	Mexico City	100%	MXN	157,580,000	Sales/Production
Morocco					
Syngenta Maroc S.A.	Casablanca	100%	MAD	55,000,000	Sales/Development
Netherlands					
Syngenta Seeds B.V.	Enkhuizen	100%	EUR	488,721	Holding/Sales/ Production/ Research
Syngenta Manufacturing B.V.	Roosendaal	100%	EUR	2,260,000	Sales/Production
Syngenta Mogen B.V.	Enkhuizen	100%	EUR	9,343,785	Holding
Syngenta Chemicals B.V.	Enkhuizen	100%	EUR	31,583,104	Sales/Production
Syngenta Crop Protection B.V.	Roosendaal	100%	EUR	19,059	Sales
Syngenta Alpha B.V.	Enkhuizen	100%	EUR	18,192	Holding
Syngenta Beta B.V.	Enkhuizen	100%	EUR	18,154	Holding
Syngenta Kappa B.V.	Enkhuizen	100%	EUR	20,001	Holding
Pakistan					
Syngenta Pakistan Limited	Karachi	99.7%	PKR	75,937,500	Sales/Production/ Development

Panama					
Syngenta S.A.	Panama	100%	USD	10,000	Sales
Philippines					
Syngenta Philippines, Inc.	Makati City	100%	PHP	59,850,000	Sales
Poland					
Syngenta Crop Protection Sp.z.o.o.	Warsaw	100%	PLN	15,000,000	Sales
Syngenta Seeds Sp.z.o.o.	Piaseczno	100%	PLN	50,000	Sales
Portugal					
Syngenta Crop Protection Solucões Para A Agricultura, Lda.	Lisbon	100%	EUR	30,000	Sales
Russian Federation					
OOO Syngenta	Moscow	100%	RUR	675,000	Sales
Singapore					
Syngenta Asia Pacific Pte Ltd.	Singapore	100%	SGD	1,587,523,595	Sales

Country	Domicile	Percentage Owned by Syngenta		Share Capital Local Currency (1)	Function of Company
South Africa					
Syngenta South Africa (Pty) Ltd.	Midrand	100%	ZAR	100	Sales/Production/ Research
South Korea					
Syngenta Seeds Co. Ltd.	Seoul	100%	KRW	20,050,000,000	Sales/Production/ Research
Syngenta Korea Ltd.	Seoul	100%	KRW	54,950,000,000	Sales/Production
Spain					
Syngenta Agro S.A.	Madrid	100%	EUR	7,544,828	Sales/Production
Syngenta Seeds S.A.	Barcelona	100%	EUR	2,404,000	Sales/Production
Syngenta Spain S.L.	Madrid	100%	EUR	3,006	Holding
Koipesol Semillas S.A.	Seville	68%	EUR	3,966,600	Sales/Production/ Research
Sweden					
Syngenta Seeds AB	Landskrona	100%	SEK	210,000,000	Sales/Production/ Research
Switzerland					
Syngenta Supply AG	Basel	100%	CHF	250,000	Sales
Syngenta Crop Protection AG	Basel	100%	CHF	257,000	Holding/Sales/ Production/ Research
Syngenta Agro AG	Dielsdorf	100%	CHF	2,100,000	Sales/Production/ Research
Syngenta Crop Protection Schweizerhalle AG	Schweizerhalle	100%	CHF	103,000	Production
Syngenta Crop Protection Münchwilen AG	Münchwilen	100%	CHF	5,010,000	Production/ Research
Syngenta Crop Protection Monthey SA	Monthey	100%	CHF	70,000,000	Production
CIMO Compagnie Industrielle de Monthey SA	Monthey	50%	CHF	10,000,000	Production
Syngenta International AG	Basel	100%	CHF	100,000	Management Services
Syngenta Participations AG	Basel	100%	CHF	25,000,020	Holding

Syngenta South Asia AG	Basel	100%	CHF	9,000,000	Holding
Taiwan					
Syngenta Taiwan Ltd.	Taipei	100%	TWD	30,000,000	Sales
Thailand					
Syngenta Crop Protection Limited	Bangkok	100%	THB	1,000,000	Sales/Production/ Research
Turkey					
Syngenta Tarim Sanayi ve Ticaret A.S.	Izmir	100%	TRL	2,035,000,000,000	Sales/Production

Country	Domicile	Percentage Owned by Syngenta		Share Capital Local Currency (1)	Function of Company
United Kingdom					
Syngenta Seeds Limited	Halsall	100%	GBP	1,760,935	Sales/Production/ Research
Syngenta Bioline Production Limited	Little Clacton	100%	GBP	10,000	Sales/Production
Syngenta Crop Protection UK Limited	Whittlesford	100%	GBP	500	Sales/Research
Syngenta Grimsby Limited	Guildford	100%	GBP	16,500,000	Production
Syngenta Holdings Limited	Guildford	100%	GBP	135	Holding/Finance
Syngenta Treasury Services Limited	Guildford	100%	GBP	100	Holding/Finance
Syngenta Europe Limited	Guildford	100%	GBP	1	Management Services
Syngenta Limited	Guildford	100%	GBP	464,566,941	Holding/Production/ Research
USA					
Syngenta Crop Protection, Inc.	Greensboro, NC	100%	USD	1	Sales/Production/ Research
Syngenta Seeds, Inc	Golden Valley MN	100%	USD	—	Sales/Production/ Research
Syngenta Biotechnology, Inc.	Research Triangle Park, NC	100%	USD	—	Research
Syngenta Corporation	Wilmington, DE	100%	USD	100	Holding/Finance
Syngenta Finance Corporation	Wilmington, DE	100%	USD	10	Finance
Syngenta Investment Corporation	Wilmington, DE	100%	USD	1,000	Holding/Finance
GB Biosciences Corporation	Greensboro, NC	100%	USD	—	Sales/Production
Garst Seed Company	Slater, IA	90%	USD	101	Sales/Research
Golden Seed Company, Inc.	Cordova, IL	90%	USD	1,477	Sales/Production
Garwood Seed Co.	Stonington, IL	90%	USD	56,916	Sales/Production
J.C. Robinson Seeds Inc.	Waterloo, NE	90%	USD	472,900	Sales/Production/ Research
Sommer Bros. Seeds Co.	Pekin, IL	90%	USD	69,911	Sales
Thorp Seed Co.	Clinton, IL	90%	USD	240,000	Sales
Dulcinea Farms, LLC	Ladera Ranch,CA	100%	USD	—	Sales/Development
Syngenta Animal Nutrition, Inc.	Research Triangle Park, NC.	100%	USD	—	Sales/Production/ Research
Ukraine					
TOV Syngenta	Kiev	100%	USD	15,000	Sales
Vietnam					

Syngenta Vietnam Limited	Bien Hoa City	100%	VND	55,063,000,000	Sales

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

Listed Companies

Syngenta India Limited (International Securities Identification Number: INE. 402.CO.1016) is listed on the Calcutta Stock Exchange and the Mumbai Stock Exchange. On December 31, 2005 it had a market capitalization of INR 13,973 million.

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33. Significant differences between IFRS and United States Generally Accepted Accounting Principles

Syngenta□s consolidated financial statements have been prepared in accordance with IFRS which, as applied by Syngenta, differs in certain significant respects from US GAAP. The effects of the application of US GAAP to net income and equity are set out in the tables below. 2003 comparative IFRS amounts and related reconciliations have been adjusted to apply retroactively the change in accounting policy for financial asset impairment described in Note 2.

(US$ million, except earnings per share amounts)	Notes	2005	2004	2003 (adjusted)
Net income/(loss) reported under IFRS attributable to Syngenta AG shareholders		**622**	**460**	**248**
US GAAP adjustments:				
Purchase accounting: Zeneca agrochemicals business	a	(7)	62	43
Purchase accounting: other acquisitions	b	(80)	(62)	(67)
Restructuring charges	c	(9)	47	32
Pension provisions (including post-retirement benefits)	d	(15)	43	2
Deferred taxes on share based compensation	e	3	(3)	2
Deferred taxes on unrealized profit in inventory	f	(33)	(61)	36
Impairment losses	g	(7)	(1)	□
Other items	h	28	(17)	(4)
Valuation allowance against deferred tax assets	i	26	(34)	□
Tax on undistributed earnings of subsidiaries	j	1	(27)	□
Deferred tax effect of US GAAP adjustments		27	(55)	(42)
Net income/(loss) reported under US GAAP		**556**	**352**	**250**
Basic earnings/(loss) per share under US GAAP				
Continuing operations		5.56	4.14	2.42
Discontinued operations		□	(0.79)	0.04
Total		**5.56**	**3.35**	**2.46**
Diluted earnings/(loss) per share under US GAAP				
Continuing operations		5.49	4.10	2.41
Discontinued operations		□	(0.78)	0.04
Total		**5.49**	**3.32**	**2.45**

(US$ million)	Notes	2005	2004	2003
Shareholders□ Equity reported under IFRS		**5,403**	**5,658**	**5,056**
US GAAP adjustments:				

Purchase accounting: Zeneca agrochemicals business	a	(486)	(483)	(494)
Purchase accounting: other acquisitions	b	724	806	868
Restructuring provisions	c	57	76	26
Pension provisions (including post-retirement benefits)	d	18	(176)	(166)
Deferred taxes on stock-based compensation	e	(26)	(13)	4
Deferred taxes on unrealized profit in inventory	f	(118)	(79)	(3)
Impairment losses	g	16	23	23
Other items	h	34	32	32
Valuation allowance against deferred tax assets	i	(4)	(35)	—
Tax on undistributed earnings of subsidiaries	j	(26)	(27)	—
Deferred tax effect of US GAAP adjustments		(175)	(134)	(144)
Shareholders’ Equity reported under US GAAP		**5,417**	**5,648**	**5,202**

(US$ million)	2005	2004	2003
Components of shareholders equity in accordance with US GAAP:			
Share capital	353	525	667
Additional paid-in capital	5,067	5,223	5,195
Treasury shares, at cost	(473)	(329)	(504)
Retained earnings/(deficit)	507	(282)	(366)
Accumulated other comprehensive income:			
Currency translation adjustment	(126)	520	202
Unrealized holding gains/(losses) on available for sale financial assets	21	34	24
Unrealized holding gains/(losses) on derivative financial instruments designated as cash flow hedges	12	73	66
Additional minimum pension liability adjustment	(12)	(229)	(169)
Deferred taxes	68	113	87
Total	**5,417**	**5,648**	**5,202**

Changes in shareholders equity in accordance with US GAAP are as follows:

(US$ million)	(Adjusted)
January 1, 2003 (US GAAP)	**4,536**
Net income for the year under US GAAP attributable to Syngenta AG shareholders	250
Issuance of shares under employee share purchase plans	21
Dividends paid to group shareholders	(65)
Unrealized holding gains on available-for-sale financial assets	22
Net gains on derivative financial instruments designated as cash flow hedges	53
Additional minimum pension liability	(75)
Income taxes credited to shareholders equity	25
Foreign currency translation adjustment	435
December 31, 2003 (US GAAP)	**5,202**
Net income for the year under US GAAP attributable to Syngenta AG shareholders	352
Re-issuance of treasury shares under employee share purchase plans	32
Share based compensation	33
Sale of treasury shares in exchange for own equity instruments	4
Repurchase of shares under share repurchase program	(143)

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Cash impact of share options related to share repurchase program	
Dividends paid to group shareholders as par value reduction	(142)
Unrealized holding gains on available-for-sale financial assets	10
Net gains on derivative financial instruments designated as cash flow hedges	7
Additional minimum pension liability	(54)
Income taxes credited to shareholders equity	28
Foreign currency translation adjustment	310
December 31, 2004 (US GAAP)	**5,648**
Net income for the year under US GAAP attributable to Syngenta AG shareholders	556
Re-issuance of shares under employee share purchase plan	68
Share based compensation	37
Repurchase of shares under share repurchase program	(251)
Dividends paid to group shareholders as par value reduction	(207)
Unrealized holding gains on available-for-sale financial assets	(13)
Net gains on derivative financial instruments designated as cash flow hedges	(61)
Additional minimum pension liability	217
Income taxes credited to shareholders equity	(45)
Foreign currency translation adjustment	(532)
December 31, 2005 (US GAAP)	**5,417**

a: Purchase accounting: Zeneca agrochemicals business

The November 13, 2000 merger of Novartis agribusiness and Zeneca agrochemicals business to form Syngenta has been accounted for under the purchase method for both IFRS and US GAAP. Initial application of the purchase method under US GAAP rules then in force differed from IFRS, mainly in the following areas:

- In-Process Research and Development costs of US$365 million were expensed for US GAAP in 2000 but were treated as part of goodwill for IFRS.

- Exit costs of US$174 million associated with restructuring Zeneca agrochemicals business increased goodwill for US GAAP but were expensed for IFRS because IAS 22 had a shorter time period for recognizing such costs in goodwill than does EITF 95-3.

- Additional evidence became available before the end of 2001, which changed the estimated values of certain assets and liabilities as of the acquisition date. For IFRS, goodwill was adjusted for these changes in accordance with IAS 22 paragraph 71, whereas for US GAAP, 2001 net income was reduced by US$364 million. As a result US GAAP property, plant and equipment and intangible asset carrying amounts were lower than the IFRS carrying amounts of these assets by US$54 million and US$47 million respectively. US GAAP depreciation and amortization expense for subsequent periods has consequently been lower than the IFRS expense.

Subsequent IFRS and US GAAP accounting has led to further differences:

- In 2005, goodwill has been adjusted by US$8 million post-tax for a refund of escrow monies.

- In 2004, to reflect new developments in income tax matters which were uncertain at the date of acquisition, Syngenta recorded a US$51 million (2003: US$54 million) reduction in income tax liabilities. There was no corresponding adjustment in 2005. IAS 22 requires changes in estimates of pre-acquisition income tax liabilities to be recorded in net income if they are made after the end of the first full accounting period following the acquisition - in this case, after December 31, 2001. Under US GAAP (Emerging Issues Task Force consensus 93-7 (EITF 93-7)) and Statement of Financial Accounting Standards (SFAS) 109 - changes in estimates relating to taxes of the acquired entity and to periods prior to the acquisition date are adjusted against goodwill in whichever subsequent period they are made.

- With effect from January 1, 2002, Syngenta adopted SFAS No.142 and consequently ceased to amortize goodwill for US GAAP. For IFRS, Zeneca agrochemicals business goodwill of US$694 million was amortized until December 31, 2004.

The purchase price allocation was as follows under US GAAP:

(US$ million)	2005 purchase price allocation	2005 changes	2004 purchase price allocation	2004 changes	2003 purchase price allocation	2003 changes
Intangible assets related to marketed products	1,491	—	1,491	—	1,491	—
Property, plant and equipment	1,200	—	1,200	—	1,200	—
Assembled workforce	142	—	142	—	142	—
Other identifiable intangible assets	149	—	149	—	149	—
In-process R&D	365	—	365	—	365	—
Current assets	2,013	—	2,013	—	2,013	—
Current liabilities	(2,166)	—	(2,166)	—	(2,166)	—
Other net liabilities	(1,492)	4	(1,496)	51	(1,547)	54
Goodwill	55	(12)	67	(51)	118	(54)

Total	**1,757**	**(8)**	**1,765**		**1,765**	

The components of the equity and income adjustment related to the US GAAP purchase accounting adjustments are as follows:

	2005 Components to reconcile		2004 Components to reconcile		2003 Components to reconcile	
(US$ million)	Net income	Equity	Net income	Equity	Net income	Equity
Property, plant and equipment	3	(17)	22	(20)	6	(42)
Intangible assets marketed products	2	(39)	2	(41)	2	(42)
Goodwill	(12)	(430)	38	(422)	35	(410)
Total adjustment	**(7)**	**(486)**	**62**	**(483)**	**43**	**(494)**

b: Purchase accounting: other acquisitions

The components of the equity and income adjustments related to the US GAAP purchase accounting adjustments for 2005, 2004 and 2003 related to other acquisitions are as follows:

	2005 Components to reconcile		2004 Components to reconcile		2003 Components to reconcile	
(US$ million)	Net Income	Equity	Net Income	Equity	Net Income	Equity
CibaGeigy	(85)	606	(88)	691	(84)	779
Pre1995 goodwill		81		81		81
Merck goodwill		(11)	6	(11)	6	(17)
Other goodwill including Garst & Golden Harvest	5	48	20	45	11	25
Total	**(80)**	**724**	**(62)**	**806**	**(67)**	**868**

Ciba-Geigy

Novartis, the former parent company of Novartis agribusiness, Syngentas predecessor, was formed on December 20, 1996 by the merger of Sandoz and Ciba-Geigy. The merger was accounted for as a uniting (pooling) of interests under IFRS business combination rules then in force, but US GAAP rules required accounting under the purchase method, with Sandoz deemed to be the acquirer. The fair value of net assets acquired exceeded the purchase price, resulting in negative goodwill of US$1,163 million. Acquired non-current non-monetary assets were reduced by this amount and by the allocation of the deferred tax adjustment arising from that reduction. Therefore, no goodwill is carried on the balance sheet for either IFRS or US GAAP. However, the US GAAP carrying amounts of acquired property, plant and equipment and intangible assets are based on their fair values at the acquisition date. The intangible asset fair values are greater than the equivalent IFRS carrying amounts, which were not revalued; US GAAP amortization expense for subsequent periods has consequently been greater than the IFRS expense.

The purchase price allocation was as follows under US GAAP:

(US$ million)	
Intangible assets related to marketed products	1,787
Property, plant and equipment	1,095
Other identifiable intangible assets	257
In process R&D	866
Other net assets	1,471
Total	**5,476**

Pre-1995 Goodwill

Prior to January 1, 1995, Sandoz, Syngenta s predecessor, wrote-off all goodwill directly to equity in accordance with IFRS existing at that time. The adoption of IAS 22 (revised) did not require prior period restatement. Accordingly, a US GAAP difference exists with respect to pre-January 1, 1995 goodwill, which was capitalized in accordance with US GAAP. In accordance with SFAS No. 142, this goodwill ceased to be amortized with effect from January 1, 2002.

Merck & Co, Inc.

The May 10, 1997 acquisition of product rights and related net assets from Merck & Co. Inc. by Novartis agribusiness, Syngenta s predecessor, was accounted for under the purchase method for both IFRS and US GAAP. Under IFRS rules then in force, US$38 million in-process research and development was treated as part of goodwill, whereas under US GAAP it was expensed at the time of acquisition. As a result, IFRS goodwill of US$91 million at the acquisition date exceeded US GAAP goodwill. In accordance with SFAS No. 142, US GAAP goodwill ceased to be amortized as from January 1, 2002. IFRS goodwill continued to be amortized until December 31, 2004.

Garst and Golden Harvest

The acquisitions of Garst and Golden Harvest, which are further described in Note 3, have been accounted for under the purchase method for both IFRS and US GAAP. Initial application of the purchase method differs as follows:

- Syngenta announced before the acquisitions that it intended to restructure the combined NAFTA corn and soy seed businesses once the acquisitions had completed. IFRS 3 requires exit costs related to restructuring acquired businesses to be expensed, whereas US GAAP (EITF 95-3) requires goodwill to be increased by the amount of exit costs if exit plans are finalized within 12 months of acquisition and implemented within a further limited period.Restructuring costs of US$5 million less related deferred tax of US$2 million (2004: Costs of US$9 million less deferred tax of US$4 million) have been expensed for IFRS in 2005 but have been added to goodwill for US GAAP.

- IAS 38 (revised March 2004) requires in-process research and development to be recognized as an intangible asset and subsequently tested for impairment annually until the development leads to the introduction of a marketed product.US GAAP requires in-process research and development to be expensed if its technological feasibility has not been established and there is no alternative future use for it. In-process research and development of US$4 million capitalized as an intangible asset for IFRS was expensed for US GAAP in 2004.

- The transaction agreements for Golden Harvest give both Syngenta and the former owners of Golden Harvest options to transfer to Syngenta the remaining 10% shareholding under certain future circumstances. Syngenta's option has been accounted for as an asset, and the former owners' option as a liability. For IFRS, both options are measured at fair value at the balance sheet date; the net effect on the consolidated financial statements is not material. For USGAAP, the former owners' option is measured at fair value at the balance sheet date, whereas Syngenta's option is carried at its fair value at the acquisition date and is not marked to market.

The final purchase price allocation for these two acquisitions in accordance with US GAAP is as follows:

	Garst (Final)			Golden Harvest (Final)		
(US$ million)	**Carrying amount**	**Fair value Adjustments**	**Fair values**	**Carrying amount**	**Fair value Adjustments**	**Fair values**
Cash and cash equivalents	60	—	60	33	—	33
Trade receivables	73	—	73	49	—	49
Other receivables and current assets	15	(4)	11	5	—	5
Inventories	44	18	62	48	5	53
Property, plant & equipment	33	9	42	26	6	32
Intangible assets	—	39	39	—	24	24
In-process research and development	—	3	3	—	1	1
Deferred tax assets	13	3	16	8	3	11
Assets held for resale	195	—	195	—	—	—
Trade accounts payable	(32)	—	(32)	(72)	—	(72)
Financial debts	(72)	—	(72)	(24)	—	(24)
Income taxes payable	(7)	(2)	(9)	(1)	—	(1)
Other current liabilities	(4)	(14)	(18)	(15)	—	(15)
Provisions	—	—	—	(2)	(10)	(12)
Deferred tax liabilities	(7)	(20)	(27)	(6)	(13)	(19)
Other liabilities	—	(11)	(11)	—	—	—
Net assets acquired	311	21	332	49	16	65
Minority interest	(6)	(2)	(8)	(5)	(2)	(7)
Syngenta AG shareholders' interest	305	19	324	44	14	58
Purchase price paid, including acquisition costs			582			187
Goodwill			258			129
2004 Post-acquisition Profit/(Loss) of acquiree			(29)			(35)

The seeds business is highly seasonal. The Garst and Golden Harvest acquisitions were made at the end of the 2004 selling season. Post-acquisition losses in 2004 resulted from this seasonal effect and are not indicative of full year performance.

Pro forma disclosures for Post-combination Syngenta group:

The following pro forma figures have been prepared as though the acquisition date for the above acquisitions had been January 1, 2004.

	2004

Pro forma net income in accordance with US GAAP (unaudited)	408
Pro forma earnings per share in accordance with US GAAP (unaudited)	
Basic:	4.16
Fully diluted:	4.13

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The weighted average amortization period of the acquired intangibles is 11 years. Syngenta expects to claim a tax deduction for the goodwill in future periods tax returns.

Other goodwill

The adjustment for Other goodwill in 2003 and 2004 mainly represents the amortization expense charged in those years in accordance with IFRS on goodwill arising from the business combinations detailed in Note 3 to the financial statements. In accordance with SFAS 142, this goodwill has not been amortized after January 1, 2002, whereas for IFRS it continued to be amortized until December 31, 2004.

c: Restructuring charges

Under IFRS, restructuring charges are accrued in full against operating income in the period in which Syngenta develops a detailed formal plan in respect of the restructuring, a valid expectation has been raised in those affected by the restructuring that termination benefits will be paid, and the amount can be reasonably estimated. Provision is made for the cost of terminating contracts which have or will become onerous as a result of restructuring plans when it becomes probable that the costs of fulfilling the contract exceed the economic benefits Syngenta will obtain from it.

Exit or disposal activities initiated before January 1, 2003 have continued to be accounted for in accordance with EITF 94-3 and 95-3.

For US GAAP, Syngenta has applied SFAS No. 146 to exit and disposal initiatives initiated after December 31, 2002. Certain employees affected by these restructuring initiatives will continue to work beyond the minimum retention period stipulated by SFAS 146. Where this is the case, SFAS 146 requires that employee termination costs are accrued rateably over the remaining service period of the employees. SFAS 146 also requires onerous contract termination costs to be recognized only when legal notice of termination has been given or an agreement to terminate has been made, or, for onerous leases, when the leased premises have been vacated. Consequently, restructuring charges of US$9 million were recognized for US GAAP in 2005 which had been recognized in prior years for IFRS (2004 and 2003: restructuring charges of US$47 million and US$32 million respectively were recognized for IFRS but not recognized for US GAAP until later periods). The US$57 million adjustment in shareholders equity at December 31, 2005 represents costs which will be recognized for US GAAP in future periods as the employees complete their remaining service and the criteria for recognizing onerous contract provisions are fulfilled.

The following schedule reconciles restructuring provisions under IFRS to amounts determined under US GAAP:

(US$ million)	**2005**	**2004**	**2003**
Restructuring provisions in accordance with IFRS	203	273	262
Adjustments in restructuring provisions to accord with US GAAP	(57)	(76)	(26)
Restructuring provisions in accordance with US GAAP	**146**	**197**	**236**

Adjustments to restructuring provisions to accord with US GAAP are comprised of the following:

(US$ million)	**2005**	**2004**	**2003**
Employee termination costs	(17)	(53)	(21)
Other third party costs	(40)	(23)	(5)

Adjustments to restructuring provisions to accord with US GAAP	**(57)**	**(76)**	**(26)**

Restructuring provisions in accordance with US GAAP are comprised of the following:

(US$ million)	**2005**	**2004**	**2003**
Employee termination costs	95	118	124
Other third party costs	51	79	112
Restructuring provisions in accordance with US GAAP	**146**	**197**	**236**

Restructuring charges in accordance with US GAAP are comprised of the following:

(US$ million)	2005	2004	2003
Total charges in accordance with IFRS	115	221	175
Adjustments in restructuring charges to accord with US GAAP	4	(56)	(32)
Restructuring charges in accordance with US GAAP	**119**	**165**	**143**

Adjustments to restructuring charges to accord with US GAAP are comprised of the following:

(US$ million)	2005	2004	2003
Restructuring provision recognition	9	(47)	(32)
Garst and Golden Harvest fair value adjustments (Note 33b)	(5)	(9)	
Adjustments to restructuring charges to accord with US GAAP	**4**	**(56)**	**(32)**

d: Pension provisions (including post-retirement benefits)

Under IFRS, pension costs and similar obligations are accounted for in accordance with IAS 19 (revised 2002), Employee Benefits. For purposes of US GAAP, pension costs for defined benefit plans are accounted for in accordance with SFAS No. 87 Employers Accounting for Pensions, other post-employment benefits are recorded in accordance with SFAS No. 106 Employers Accounting for Post-retirement Benefits other than Pensions and the disclosure is presented in accordance with SFAS No. 132 Employers Disclosures about Pensions and Other Post-retirement Benefits. Syngenta adopted SFAS No. 87 as of January 1, 1998, whereas it adopted IAS 19 (revised 2002) as of January 1, 1999; the difference in adoption dates results in a change in unrecognized actuarial amounts and the timing of any related amortization for both pension and post-retirement benefit plans. Application of IFRS and US GAAP rules results in consistent valuation of the projected benefit obligation and plan assets for Syngenta except that the effects of certain plan settlements on plan assets and liabilities have been recognized earlier for IFRS than for US GAAP.

For the year ended December 31, 2005, Syngenta recorded a credit to shareholders equity of US$217 million (2004: debit of US$54 million; 2003: debit of US$75 million) to record the additional minimum pension liability required by SFAS No. 87. Unlike IAS 19, SFAS No. 87 requires that pension provisions be at least equal to any funded deficit of a pension plan calculated on an accumulated benefit (ABO) basis, which assumes that pensionable pay and pensions in payment remain at their levels at the reporting date. The reductions in discount rates used to measure the ABO, caused by falls in the yields of the corporate bonds used as benchmarks for the discount rate assumption in accordance with SFAS No. 87, have resulted in reported ABO basis deficits for Syngentas main pension plans in the UK and the USA at December 31, 2004. In 2005, Syngenta made special contributions totalling US$350 million to the two plans. As a result, both plans are fully funded on an ABO basis at December 31, 2005. The additional minimum pension liability has therefore been reversed. The US$12 million minimum liability at December 31, 2005 relates mainly to unfunded plans in the USA.

The amendment to Syngentas Dutch pension plan described in Note 26 was accounted for as a curtailment for IFRS, with a gain of US$10 million recognized in 2005. SFAS 88 defines a curtailment differently from IAS 19. Because the amendment does not eliminate the accrual of benefits for future service for any members of the plan, it is not a curtailment as defined by SFAS 88, where as IAS 19 requires any amendment which reduces benefits for future service to be accounted for as a curtailment. For US GAAP, the amendment is being accounted for in accordance with SFAS 87, and the gain is being amortized on a straight-line basis over the expected average future service of approximately 15 years.

As described in Note 26, past service cost of US$60 million related to the Swiss pension plan rule change was expensed for IFRS in 2004. For US GAAP, in accordance with SFAS No. 87, this cost is being amortized over the expected future service period of that part of the workforce which was affected - approximately 8 years. Amortization expense of US$7 million was recorded for US GAAP in 2005.

Curtailment and settlement gains were recognized in 2005, 2004 and 2003 for IFRS as a result of restructuring actions under which Syngenta has materially reduced, or is committed to make material reductions in, the number of employees who are members of certain pension plans. Under IAS 19 (revised 2002), a proportion of unrecognized actuarial gains or losses is recognized in net income when a curtailment or settlement occurs, in addition to the change in benefit obligation and, if applicable, plan assets. Under SFAS 88, there is no such proportionate recognition of unrecognized gains and losses when a curtailment occurs. Consequently, certain losses recognized for IFRS in net income have not been recognized for US GAAP. Also, under IAS 19 (revised 2002), the net curtailment result is recognized in net income whether it is a gain or loss. Under SFAS 88, curtailment gains are only recognized to the extent that they exceed cumulative unrecognized actuarial losses at the curtailment date. Consequently, certain gains recognized for IFRS have not been recognized for US GAAP. The timing of recognition of curtailments and settlements under US GAAP and IFRS also differs. Under IFRS, curtailments and settlements are recognized at the same time as the related restructuring provisions. Under SFAS 88, curtailment losses are recognized when their occurrence becomes probable, while curtailment gains and settlements are not recognized until the event or transaction which causes the curtailment or settlement has occurred. Consequently, certain gains recognized for IFRS in net income have not been recognized for US GAAP, while certain gains were recognized for US GAAP in 2003 which were recognized for IFRS in previous periods.

The following is a reconciliation of the balance sheet and income statement amounts recognized for IFRS and US GAAP for both pension and post-retirement benefit plans:

Pension benefits

(US$ million)	**2005**	**2004**	**2003**
Asset/(liability) recognized for IFRS	304	(110)	(17)
Difference in unrecognized past service costs	37	64	5
Additional minimum pension liability for US GAAP	(12)	(229)	(169)
Effect of curtailment recognition timing on reported funded status	(9)	(11)	(6)
Difference in unrecognized actuarial gains and losses	9	10	14
Prepaid asset/(liability) recognized for US GAAP	**329**	**(276)**	**(173)**
Net periodic benefit cost recognized for IFRS	125	221	175
Past service cost vested and recognized in prior years for IFRS	7	(55)	2
IFRS curtailment gain deferred as past service gain for US GAAP	10	—	—
Other curtailment and settlement gains/(losses)	—	11	(3)
Amortization of actuarial amounts	1	3	1
Net periodic benefit cost recognized for US GAAP	**143**	**180**	**175**

Other post-retirement benefits

(US$ million)	**2005**	**2004**	**2003**
Liability recognized for IFRS	(38)	(39)	(70)
Difference in unrecognized amounts	(7)	(9)	(11)
Liability recognized for US GAAP	**(45)**	**(48)**	**(81)**
Net periodic benefit cost recognized for IFRS	10	14	16
Amortization of actuarial amounts	(2)	(2)	(2)
Net periodic benefit cost recognized for US GAAP	**8**	**12**	**14**

e: Stock-based compensation and deferred tax thereon

IFRS 2 requires a deferred tax asset to be recognized for stock compensation as if the market value of Syngenta shares at the period end, less the price payable by the employee, was the tax base for the stock based payment transaction. SFAS No. 123(R) requires the deferred tax asset to be calculated as if the cumulative stock compensation expense recognized was the tax base for the transaction. For the periods presented, this had the following effects on deferred tax amounts in the financial statements:

Income tax expense/(credit) in net income

(US$ million)	**2005**	**2004**	**2003**
In accordance with IFRS			
Current income tax	4	(5)	(1)
Deferred income tax	(4)	(8)	(2)
Total income tax in accordance with IFRS	—	(13)	(3)
Adjustments in accordance with US GAAP	(3)	3	(2)
In accordance with US GAAP	(3)	(10)	(5)

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(US$ million)	2005	2004	2003
Income tax expense/(benefit) in shareholders equity			
In accordance with IFRS	(17)	(14)	(1)
Adjustments in accordance with US GAAP	16	14	1
In accordance with US GAAP	**(1)**		

f: Deferred taxes on unrealized profit in inventory

Under IAS 12 (revised 2000), unrealized profits resulting from intercompany transactions are eliminated from the carrying amount of assets, such as inventory. The tax effect thereon is calculated with reference to the local tax rate of the company that holds the inventory (the buyer) at the period-end. However, US GAAP prohibits the recognition of a deferred tax asset for the difference between the tax basis of the assets in the buyers tax jurisdiction and their cost as reported in the historical consolidated financial statements and requires the deferral of the sellers tax expense incurred upon the intercompany sale.

g: Impairment losses:

(1) Goodwill

In accordance with IAS 36, goodwill has been reviewed for impairment at the lowest level of cash-generating unit where cash flows are separately identifiable. This led to impairments of US$23 million being recognized for the year ended December 31, 2002. Since the adoption of SFAS No. 142, under US GAAP, goodwill is required to be tested for impairment at the level of reporting unit. On review of published guidance, Syngenta has determined that the operating segments are the most appropriate interpretation of the definition of a reporting unit. Under SFAS No. 131, Syngentas operating segments are the same as its reportable segments.

Hence under US GAAP, goodwill was tested for impairment at the segment level. For each segment, there was no indication of impairment to goodwill from the first step of the test set out in SFAS 142 for either the transitional test performed with data as at January 1, 2002 or the annual test performed with data as at September 30, in 2002 and all subsequent years. As a result in 2002, impairment was recognized under IFRS, but not under US GAAP, due to the differences between the prescribed testing regimes. There have been no significant events or changes in circumstances between September 30, 2005 and the balance sheet date that indicate goodwill needs to be re-tested for impairment.

(2) Property, Plant and Equipment

In accordance with IAS 36, impairment losses recorded for property, plan and equipment in prior periods are reversed if impairment testing in subsequent periods re-assesses the assets recoverable amount as higher than estimated when the original loss was recorded. US GAAP, in accordance with SFAS 144, does not permit the subsequent reversal of impairment losses. Reversals of impairment losses of US$7 million recognized for IFRS in 2005 have not been recognized for US GAAP.

h: Other items

(1) Capitalized interest

Syngenta does not capitalize interest on constructed assets, as it is not required by IFRS. In accordance with US GAAP, interest costs incurred during the construction period (i.e. the period of time necessary to bring a constructed fixed asset to the condition and location necessary for its intended use) must be capitalized and amortized over the useful life of the asset. Under US GAAP, Syngenta would have capitalized US$3 million, US$1 million and US$5 million of interest costs that were expensed for IFRS reporting purposes for the years ended December 31, 2005, 2004 and 2003 respectively. This amount is net of amortization expense of US$3 million, US$3 million and US$2 million respectively.

(2) Cash flow hedges

Until December 31, 2004, for IFRS, Syngenta recognized gains and losses on cash flow hedges of inter-company forecast transactions in profit or loss when the hedged transaction occurred. For US GAAP, in accordance with SFAS No. 133 implementation guidance issue H13, Syngenta deferred these gains and losses until the related third party transaction occurred. As disclosed in Note 2 to these financial statements, Syngenta has adopted a revised version of IAS 39 as from January 1, 2005, with the result that gain and loss recognition for IFRS is now also deferred until the third party transaction occurs. This IFRS accounting change has been applied prospectively, so that the IFRS US GAAP net income reconciliation for 2005 contains a reversal of the timing differences reported in 2003 and 2004. US GAAP pre-tax income was higher/(lower) than IFRS by the following amounts in each year:

(US$ million)	2005	2004	2003
	25	(16)	(9)

Gains and losses recognized in US GAAP shareholders’ equity on derivative financial instruments recognized as cash flow hedges were as follows as at December 31, 2005, 2004 and 2003.

(US$ million)	2005	2004	2003
In accordance with IFRS, before income taxes	12	48	57
Additional amounts deferred in shareholders’ equity for US GAAP	—	25	9
In accordance with US GAAP	**12**	**73**	**66**

(i) Valuation allowance against deferred tax assets

IAS 12, “Income Taxes” requires a deferred tax asset to be recognized for unused tax losses and other deductible temporary differences to the extent that it is probable that future taxable profit will be available to allow their utilization. At December 31, 2004 a deferred tax asset was recognized in full for unused tax losses and other temporary differences of US$35 million in France. The majority of the tax losses were incurred in association with three recent restructuring initiatives which have been or are being implemented.

SFAS No. 109, “Accounting for Income Taxes” requires deferred tax assets to be reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed. However, where cumulative recent losses have been incurred, based on the criteria in SFAS No. 109, future projections of income alone, which are by their nature subject to estimation uncertainty, are not generally sufficient to support a position that a valuation allowance is not needed. In assessing the potential need for a valuation allowance for the French deferred tax assets, therefore, Syngenta has not taken account of the future forecast benefits of the restructuring in France. Accordingly, a valuation allowance of US$34 million was recognized for these deferred tax assets at December 31, 2004 for US GAAP.

In 2005, the tax position of this Syngenta entity changed, and it recorded a taxable profit. Consequently, the US GAAP valuation allowance has been reduced to US$4 million, increasing US GAAP net income for 2005 by US$26 million and the currency translation shareholders’ equity component by US$4 million.

(j) Income tax on undistributed earnings of subsidiaries

In accordance with IAS 12, no deferred tax liability is recognized for the irrecoverable withholding tax which would be payable if the retained earnings of subsidiaries were distributed to the parent company, if the parent has determined that no distribution will be made in the foreseeable future. Syngenta has recognized a deferred tax liability in line with its best estimate of future distributions by group subsidiaries. This is shown within “other” deferred tax liabilities in Note 16 above. However, for US GAAP, Accounting Principles board (APB) No. 23 and SFAS No. 109 require full provision to be made assuming all earnings will be distributed, unless there is evidence that the subsidiaries’ reinvestment requirements would prevent distribution of their retained earnings. An additional US$26 million deferred tax liability and a US$1 million reduction in income tax expense have been recognized for US GAAP in 2005 (2004: US$27 million additional deferred tax liability and additional income tax expense) in respect of subsidiaries where distribution of earnings would be possible but no distribution of earnings is currently planned.

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Additional US GAAP disclosures

Earnings per share

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computation for the years ended December 31, 2005, 2004 and 2003.

Numerator:	**2005**	**2004**	**2003**
Net income/(loss) attributable to Syngenta AG shareholders (US$ million)	556	352	250
Denominator:			
Weighted—average number of shares— basic	100,017,271	105,208,929	101,682,672
Adjustments for dilutive potential ordinary shares:			
Grants of options over Syngenta AG shares	1,023,052	672,031	62,069
Grants of Syngenta AG shares	204,763	134,409	55,158
Weighted—average number of shares—diluted	**101,245,086**	**106,015,369**	**101,799,899**

The following numbers of potential shares outstanding at the years ended December 31, 2005, 2004 and 2003 have not been included in the computation of diluted earnings per share, because the effect would have been antidilutive:

	2005	**2004**	**2003**
Grants of options over Syngenta AG shares to employees	429,188	—	—
Grants of Syngenta AG shares to employees	101,250	—	—
Share repurchase options	—	4,500,000	—

The above potential shares may cause dilution of earnings per share in the future.
The weighted-average diluted number of shares is lower than the corresponding IFRS number because, for US GAAP, in accordance with SFAS 123(R), the hypothetical share issuance proceeds that Syngenta would have received if all options outstanding during the period had been exercised, must include the excess tax benefits that Syngenta would have received from claiming related tax deductions based on the average share price during the period. For IFRS, the calculation of the hypothetical share issuance proceeds does not include this tax benefit in accordance with IFRS 2. For this reason, the dilutive effect of these options is lower in the US GAAP calculation.

Amortization of intangible assets

Amortization expense under US GAAP for intangible assets, excluding goodwill was US$290 million, US$283 million and US$276 million for the years ended December 31, 2005, 2004 and 2003, respectively.

The estimated amortization expense for intangible assets under US GAAP for each of the five years following the balance sheet date is as follows:

(US$ million)	
2006	305
2007	229

2008	223
2009	222
2010	206

Carrying amount of goodwill

The movements in the carrying amount of goodwill for the years ended December 31, 2005, 2004 and 2003 were as follows:

(US$ million)	2005	2004	2003
January 1	794	459	506
Movements due to purchase business combinations	25	327	(48)
Amortization expense	—	—	—
Impairment losses	—	—	(2)
Other movements	(8)	(4)	—
Translation effects	6	12	3
December 31	**817**	**794**	**459**

The above figures are analyzed by reportable segment as follows. No goodwill is attributable to the Plant Science segment.

Crop Protection

(US$ million)	2005	2004	2003
January 1	297	339	387
Movements due to purchase business combinations	6	(48)	(48)
Amortization expense	—	—	—
Impairment losses	—	—	(2)
Other movements	52	(4)	2
Translation effects	9	10	—
December 31	**364**	**297**	**339**

Seeds

(US$ million)	2005	2004	2003
January 1	497	120	119
Movements due to purchase business combinations	19	375	—
Amortization expense	—	—	—
Impairment losses	—	—	—
Other movements	(60)	—	(2)
Translation effects	(3)	2	3
December 31	**453**	**497**	**120**

Shipping and handling costs

Syngenta classifies shipping and handling costs associated with purchasing and movements of products between Syngenta locations within Cost of goods sold. Shipping and handling costs directly related to delivery of products to third party customers are classified within Marketing and distribution. The amount included in Marketing and distribution in 2005 was US$178 million (2004: US$129 million; 2003: US$121 million).

Advertising and promotion costs

Advertising and promotion costs for the periods ended December 31, 2005, 2004 and 2003 were US$202 million; US$217 million, and US$179 million respectively. Advertising and promotion costs are expensed as incurred.

Available-for sale financial assets

Gross proceeds from the sale of available-for-sale financial assets during 2005 were US$nil (2004: US$nil, 2003: US$4 million). There were no disposals during 2005 or 2004 (2003: Gains and losses on disposal were not material).

There were no available-for-sale financial assets with unrealised losses at December 31, 2005.

Syngenta’s share of the unrealized losses on available-for-sale securities held by an associated company is US$3 million on a post-tax basis, according to the most recent valuations available at December 31, 2005 (2004: US$nil, 2003: US$2 million).

Taxes

Income tax expense from continuing operations in accordance with US GAAP consists of the following:

(US$ million)	2005	2004	2003 (adjusted)
Current	(158)	(146)	(177)
Deferred	41	33	37
Total income tax (expense)/benefit from continuing operations	**(117)**	**(113)**	**(140)**

Deferred income taxes in accordance with US GAAP consist of the following:

(US$ million)	**2005**	**2004**	**2003 (adjusted)**
Assets associated with:			
inventories	242	169	136
accounts receivable	85	75	62
property, plant and equipment	11	16	14
pension and employee costs	11	107	152
other provisions	249	262	240
net operating losses	179	212	344
financial instruments, including derivatives	41	24	14
other	41	194	83
Total assets	859	1,059	1,045
Less valuation allowance	(195)	(192)	(312)
Total assets, net	**664**	**867**	**733**
Liabilities associated with:			
property, plant and equipment depreciation	172	289	224
intangible assets	618	713	742
pension and employee costs	35	13	32
inventories	55	42	35
financial instruments, including derivatives	55	59	85
other provisions and accruals	148	213	152
Total liabilities	**1,083**	**1,329**	**1,270**
Net deferred tax asset/(liability)	**(419)**	**(462)**	**(537)**

A reversal of the valuation allowance could occur when circumstances result in the realization of deferred tax assets becoming more likely than not. This would result in a decrease in Syngentas effective tax rate.

The movement on the valuation allowance for deferred tax assets during the year was as follows:

(US$ million)	**2005**	**2004**	**2003**
January 1	(192)	(312)	(203)
Net operating losses and deductible temporary differences:			
arising during the period but not recognized	(40)	(11)	(101)
which arose in previous periods and were recognized in the period	13	112	(6)
which expired during the period	1	25	1
Effect of change in tax rate	10		
Translation effects	13	(6)	(3)

December 31	**(195)**	**(192)**	**(312)**

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized. In making this assessment, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not that Syngenta will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2005. The amount of the deferred tax asset considered realizable could however be reduced in subsequent years if estimates of future taxable income during the carry forward period are reduced.

The valuation allowances principally relate to deferred tax assets arising from taxable losses and deductible temporary differences in jurisdictions where there was insufficient evidence to support the likelihood of their utilization against taxable profits in future periods. The principal jurisdiction where valuation allowances against deferred tax assets have been established is Brazil.

Analysis of tax rate

The main elements contributing to the difference between Syngentas overall expected tax rate and the effective tax rate for US GAAP for the years ended December 31, 2005, 2004 and 2003 are given below.

	2005 %	2004 %	2003 %
Statutory tax rate	25	25	25
Overseas income taxed at different rates	(6)	2	(19)
Restructuring costs	(2)	(13)	(4)
Effect of disallowed expenditures and income not subject to tax	(1)	5	16
Effect of utilization of previously unrecognized deferred tax assets	(6)	(23)	(18)
Effect of nonrecognition of tax losses in current year	4	2	18
Effect of change in tax rates on opening deferred tax balances			
Increase in valuation allowance against previously recognized deferred tax assets	9	6	3
Changes in prior year estimates and other items	(6)	17	15
Effective tax rate	**17**	**21**	**36**

Subsequently recognized tax benefits relating to the valuation of deferred tax assets as of December 31, 2005, 2004 and 2003 would be allocated as follows:

(US$ million)	2005	2004	2003
Income tax benefit that would be reported in the consolidated statement of net income	153	150	270
Goodwill	42	42	42
Total	**195**	**192**	**312**

Foreign currency translation

Syngenta has accounted for operations in highly-inflationary economies in accordance with IAS 21 (revised) and IAS 29. The accounting required under IAS 21 (revised) and IAS 29 complies with the rules as promulgated by the US Securities and Exchange Commission although it is different from that required by US GAAP. As such, no reconciling adjustment has been included for this difference between IFRS and US GAAP.

Comprehensive income

SFAS No. 130 Reporting Comprehensive Income established standards for the reporting and display of comprehensive income and its components. Comprehensive income includes net income and all changes in equity during a period that arise from non-owner sources, such as foreign currency items and unrealized gains and losses on securities available-for-sale. The additional disclosures required under US GAAP are as follows.

(US$ million)	**2005**	**2004**	**2003**

Net income/(loss) under US GAAP	556	352	250
Other comprehensive income:			
Unrealized holding gains/(losses) on available□for□sale financial assets	(10)	10	22
Net gains/(losses) on derivative financial instruments designated as cash flow hedges	(61)	7	53
Foreign currency translation adjustment	(532)	310	435
Additional minimum pension liability adjustment	217	(54)	(75)
Income tax (charged)/credited to other comprehensive income	(45)	28	25
Comprehensive income/(loss) under US GAAP	**125**	**653**	**710**

Total income tax (expense)/benefit for the period was allocated as follows:

(US$ million)	2005	2004	2003
To continuing operations	(117)	(113)	(140)
To discontinued operations		1	(1)
To gains and losses included directly in comprehensive income	(45)	28	25
Total income tax (expense)/benefit for the period	**(162)**	**(84)**	**(116)**

The income tax (charged)/credited to other comprehensive income was as follows:

(US$ million)	2005	2004	2003
On unrealized holding gains/losses on available for sale financial assets	(1)	(4)	(3)
On unrealized gains/losses on derivative financial instruments designated as			
cash flow hedges	17	(3)	(11)
On additional minimum pension liability	(73)	20	22
On items included in foreign currency translation adjustment	12	15	17
Total tax (charge)/credit on comprehensive income/(loss)	**(45)**	**28**	**25**

Income/(losses) before tax from continuing operations consists of

(US$ million)	2005	2004	2003
Switzerland	317	238	193
Foreign	360	303	191
Total	**677**	**541**	**384**

Income tax (expense)/benefit from continuing operations consists of:

(US$ million)	2005	2004	2003 (adjusted)
Current income tax expense			
Switzerland	(50)	(22)	(22)
Foreign	(108)	(124)	(195)
Total	(158)	(146)	(217)
Deferred income tax expense			
Switzerland	(29)	76	(5)
Foreign	70	(43)	82

Total	**41**	**33**	**77**
Total income tax expense			
Switzerland	(79)	54	(27)
Foreign	(38)	(167)	(113)
Total	**(117)**	**(113)**	**(140)**

Employee benefit plans

Presented below are the disclosures required by US GAAP that are different than those provided under IFRS. The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	Pension			Other post-retirement benefits		
(US$ million)	**2005**	**2004**	**2003**	**2005**	**2004**	**2003**
Benefit obligation						
Projected benefit obligation January 1	3,903	3,382	2,884	170	176	138
Current service cost	108	126	113	2	2	2
Interest cost	167	176	153	10	10	10
Curtailments and settlements	(12)	29	13	—	—	—
Plan amendments	(10)	25	(2)	(3)	(3)	(1)
Actuarial (gain)/loss	368	230	60	2	(7)	35
Foreign currency translation	(397)	257	299	(1)	2	2
Benefit payments	(158)	(191)	(152)	(10)	(10)	(9)
Acquired in business combinations	(1)	10	—	—	—	—
Disposals of subsidiaries	—	(163)	—	—	—	—
Other movements	(6)	22	14	—	—	—
Projected benefit obligation at December 31	3,962	3,903	3,382	170	170	177
Accumulated benefit obligation at December 31	3,573	3,472	2,882			
Plan assets at fair value						
At January 1	3,212	2,852	2,313	91	50	—
Actual return on plan assets	310	247	294	4	5	—
Curtailments and settlements	(34)	(9)	(24)	—	—	—
Foreign currency translation	(346)	223	249	—	—	—
Employer contributions	520	187	148	10	46	59
Employee contributions	24	25	19	—	—	—
Benefit payments	(158)	(191)	(152)	(10)	(10)	(9)
Acquired in business combinations	—	9	—	—	—	—
Disposals of subsidiaries	—	(170)	—	—	—	—
Other movements	(3)	39	5	—	—	—
Plan assets at fair value at December 31	**3,525**	**3,212**	**2,852**	**95**	**91**	**50**
Funded status	**(437)**	**(691)**	**(530)**	**(75)**	**(79)**	**(127)**
Unrecognized past service cost/(gain)	7	24	5	(15)	(17)	(18)
Unrecognized actuarial (gain)/loss	771	620	520	45	48	64
Additional minimum liability adjustment	(12)	(229)	(168)	—	—	—

Prepaid/(accrued) benefit cost	**329**	**(276)**	**(173)**	**(45)**	**(48)**	**(81)**
Amounts recognized in the balance sheet						
Prepaid benefit costs	526	124	159	—	—	—
Accrued benefit liability	(197)	(400)	(332)	(45)	(48)	(81)
Net amount recognized	**329**	**(276)**	**(173)**	**(45)**	**(48)**	**(81)**
Benefit cost						
Current service cost	108	126	113	2	2	2
Past service cost/(gain)	15	12	2	(5)	(3)	(3)
Interest cost	167	176	153	10	10	10
Expected return on plan assets	(161)	(172)	(145)	(6)	(3)	—
Employee contributions	(24)	(25)	(19)	—	—	—
Amortization of actuarial (gain)/loss	20	17	28	7	6	5
Curtailments and settlements	18	46	43	—	—	—
Net periodic benefit cost	**143**	**180**	**175**	**8**	**12**	**14**

Principal actuarial assumptions are given in Note 26.

All significant plans were measured as of December 31 in each year presented.

Certain pension plans had an accumulated benefit obligation in excess of the fair value of plan assets. The benefit obligation and plan assets for these plans were as follows:

(US$ million)	**2005**	**2004**	**2003**
Projected benefit obligation as at December 31	159	2,495	2,131
Accumulated benefit obligation as at December 31	146	2,242	1,901
Fair value of plan assets as at December 31	20	1,927	1,638

The corresponding figures for pension plans with projected benefit obligation in excess of the fair value of plan assets were as follows:

(US$ million)	**2005**	**2004**	**2003**
Funded plans:			
Projected benefit obligation as at December 31	3,782	3,586	3,047
Fair value of plan assets as at December 31	3,483	3,049	2,655
Unfunded plans:			
Projected benefit obligation as at December 31	150	154	143

An analysis of defined benefit pension plan assets by type of asset at December 31, 2005, with weighted average target asset allocation ranges, is as follows:

	2005 Market Value		**2004 Market Value**		**2005 Target Allocation %**	
Asset Category	**US$m**	**Percentage**	**US$m**	**Percentage**	**Min**	**Max**
Total Equity Securities	1,001	29	1,038	32	25	45
Debt Securities	1,740	49	1,589	50	35	60
Real Estate	156	4	136	4	0	10
Other	628	18	449	14	10	25
Total Assets	**3,525**	**100**	**3,212**	**100**		

Target allocation ranges are likely to be revised in 2006 as the December 2005 special employer contributions totalling US$350 million are invested by the UK and US pension funds.

Investment policies and strategies are determined separately for each of the major defined benefit pension plans. Asset allocation strategies are set with the aim of ensuring that:

- investment return objectives are balanced against volatility risk;
- sufficient liquid or readily realizable assets are held to meet any unexpected cash flow requirements arising from foreseeable circumstances;

- responsibility for day-to-day investment decisions is diversified across a range of Investment Managers with different investment styles;
- currency, inflation and interest rate risk is minimized through the use of derivatives; and
- political risk is reduced by diversification of assets across many countries.

Syngenta determines the expected long-term rate of return on pension plan assets separately for each asset category held within each of the major defined benefit pension funds which it sponsors. The rate of return assumption for each fund is determined after taking professional advice from independent actuaries or investment advisers, taking into account the investment performance benchmarks set by the governing body of the pension fund. Historical rates of return and the investment outlook for the future are both considered.

Syngenta's best estimate of employer contributions to be paid to defined benefit plans in 2006 is US$190 million, including US$40 million of contributions to enhance benefits of employees leaving due to restructuring initiatives. Actual payments could differ materially from the above estimate if any new funding regulations or laws are enacted or due to business and market conditions during 2006.

Variable Interest Entity (VIE)

As disclosed in Note 15 to the financial statements, Syngenta has a 36% equity interest in the North American Nutrition and Agribusiness Fund, LLP ("NANAF"), a limited liability partnership. Syngenta is a limited partner in NANAF, and Syngenta's potential losses are therefore limited to the value of its investment and any future investments it is committed to make. In the opinion of Syngenta, the LLP is a VIE as defined by FASB Interpretation (FIN) No. 46 (revised December 2003). Syngenta is not the primary beneficiary of the VIE, but its interest is a significant variable interest.

NANAF is an investment fund specializing in biotechnology and nutrition research and start-up entities in the USA and Canada. Syngenta's involvement with NANAF began in 1999. Syngenta's 36% interest is valued at US$10 million as disclosed in Note 15. This represents Syngenta's proportionate share of the fair value of the total investments in the fund. Syngenta's maximum exposure to potential loss is this amount, together with potential future investment of US$6 million which Syngenta would be committed to make if required, under its agreement with NANAF. This amount of US$6 million is included in the US$27 million "Other commitments" disclosed in Note 29.

34. Effect of new accounting pronouncements

International Financial Reporting Standards

The effect of new and revised standards adopted by Syngenta in these consolidated financial statements, is set out in Note 2 above. The effect of new and revised standards issued, but not yet adopted by Syngenta, is as follows:

Amendment to IAS 19, "Actuarial Gains and Losses, Group Plans and Disclosures", was issued in December 2004. It will be effective for Syngenta as from January 1, 2006. The amendment allows actuarial gains and losses for defined benefit post employment benefits to be recognized immediately in retained earnings. Syngenta's existing policy, the 10% corridor method of deferred recognition, continues to be permitted. Syngenta is considering whether to adopt the method of recognizing actuarial gains and losses immediately in retained earnings with effect from January 1, 2006. If Syngenta decides to make this change, this will be accounted for as a voluntary change in accounting policy and applied retrospectively in accordance with IAS 8. The retrospective effect of this policy change on the IFRS figures presented in these financial statements would be as follows:

(US$ million)	**2005**	**2004**	**2003**
Income Statement			
Increase in operating income and pre-tax income due to elimination of gain/loss amortization from pension and post employment benefit expense	28	24	38
Balance sheet			
(Decrease) in pension asset within non-financial assets	(497)	(33)	(126)
(Increase) in provisions for defined benefit pensions and post-retirement benefits	(320)	(636)	(465)
(Decrease) in retained earnings, excluding tax effect	(817)	(669)	(591)

Syngenta has not yet determined the income tax accounting effect of this possible accounting policy change.

The amendment also introduces revised guidance for applying defined benefit accounting to multi-employer plans and requires additional disclosures. Syngenta does not expect those requirements to have a material effect on the financial statements. Many of the additional disclosures are already given by Syngenta in Notes 26 and 33 to these consolidated financial statements.

- IFRIC 4, Determining whether an Arrangement contains a lease, was issued in December 2004, and requires contracts for the supply of goods or services which depend upon the use of a specific asset to be treated in certain circumstances as containing a lease of that asset in addition to a supply contract. IFRIC 4 will be mandatory for Syngenta with effect from January 1, 2006. Adoption of IFRIC 4 will have no effect on the periods presented in these financial statements. However, three recently signed contracts which are expected to become operational in 2006 will be accounted for as leases as well as supply contracts in accordance with IFRIC 4. Property, plant and equipment and financial debt will increase by US$4 million as a result. It is possible that further similar contracts will be signed which would increase the overall effect of adopting IFRIC 4.

- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation funds, was issued in December 2004, and requires a contributor to a fund to recognize a liability for decommissioning costs and to recognize separately an asset for its interest in the fund. IFRIC 5 will be mandatory for Syngenta with effect from January 1, 2006. Syngenta estimates that adoption of IFRIC 5 will not have a material effect on its consolidated financial statements.

- IFRS 7, Financial Instruments: Disclosures was published in August 2005 and requires disclosures about financial instruments additional to those presented in these financial statements, IFRS 7 is not mandatory until January 1, 2007 for Syngenta. However, Syngenta currently intends to adopt IFRS 7 in 2006.

- IFRIC 8, Scope of IFRS 2, was issued in January 2006, and requires share based payment expense to be recorded when equity instruments are granted at less than fair value in situations where the goods or services received in exchange for the grant cannot be specifically identified. IFRIC 8 will be mandatory for Syngenta with effect from January 1, 2007. None of Syngentas share based payment grants made to date are transactions of the type to which IFRIC 8 refers.

US GAAP

The effect of new any new and revised accounting pronouncements is as follows:

SFAS No. 123(R), Share-Based Payment, was issued in December 2004, and aligns US GAAP accounting for share-based payment more closely with IFRS 2 principally by requiring the use of the fair value based method. Syngenta has adopted SFAS No. 123(R) in these financial statements as from January 1, 2005 using the modified-retrospective transition method. Under this method, financial statements for prior periods are adjusted to include the proforma disclosures that were previously required by SFAS No. 123. In 2004, Syngenta voluntarily adopted SFAS No. 123 using the full retroactive restatement transition method, as permitted by SFAS No. 148, and adjusted 2004 and prior years comparative figures to include the SFAS 123 proforma disclosure amounts as stock compensation expense. No further adjustments to 2004 and prior years share based payment expense are required to implement SFAS No. 123(R) using the modified-retrospective transition method. Upon the adoption of FAS 123(R), Syngenta adopted the policy of acceleration of vesting for non-substantive service conditions occurring due to retirement provisions and employment terms. For awards granted prior to the adoption of statement FAS 123(R), Syngenta is continuing to recognize compensation cost over the explicit vesting period. Since January 1, 2004, Syngenta has applied the IFRS 2 requirement to estimate the number of options and shares expected to vest. This is also the method required by FAS 123(R). If the requirement of FAS 123(R) had been adopted in earlier years, the recognized compensation cost would not have been materially impacted.

SFAS No. 151, Inventory Costs, was issued in November 2004, and requires fixed production overhead absorption in inventory to be based on normal production capacity, with abnormal costs expensed. Syngenta has adopted SFAS No 151 in these financial statements as from January 1, 2005. Adoption has no effect on the financial statements because this was already Syngentas accounting policy.

SFAS No 153, Exchanges of Non monetary Assets, was issued in December 2004, and amends APB No. 29 to require non-monetary exchanges of similar productive assets to be measured at fair value, with certain exceptions. Syngenta has adopted SFAS No. 153 early, in these financial statements, as from January 1, 2005. Adoption had no effect on the financial statements because no such transactions have occurred.

SFAS No 154, Accounting Changes and Error Corrections, was issued in May 2005, and requires error corrections and voluntary changes of accounting policy to be accounted for by retrospective adjustment to previously published figures for the periods affected. Adoption of new US GAAP accounting standards, and pronouncements is also required to be accounted for in this way if the pronouncement in question does not specify a transition method. SFAS No. 154 will be mandatory for Syngenta with effect from January 1, 2006.

FSP FAS 123(R)-2, Practical Accommodation to the Application of Grant Date as Defined in FASB Statement No. 123(R), was issued in October 2005, and provided additional guidance on determining grant date for share based payment awards to employees. Implementation of FSP FAS 123(R)-2 has caused no changes to Syngentas method of determining grant date.

FSP FAS 115-1 & 124-1, The Meaning of Other than Temporary Impairment and Its Application to Certain Investments was issued in November 2005, and provides guidance on recognizing and measuring impairment loses on available-for-sale financial assets. This FSP will be mandatory for Syngenta with effect from January 1, 2006. Its effect on the financial statements will depend on whether further impairments of assets held by Syngenta arise in future periods. Impairment losses were recorded in

2005 and prior periods for certain assets as disclosed in Note 2 above. In the opinion of Syngenta, the impairment losses recognized in these financial statements would not have been recognized differently had the guidance in the FSP been applied during the periods presented.

SEC Staff Accounting bulletin (SAB) No. 107, was issued in March 2005, and provides additional guidance to SEC registrants on valuation of share-based payment arrangements. Except for certain additional disclosures given in Note 27 above, application of SAB 107 required no changes to these financial statements or to Syngenta's share based payment accounting methods.

FIN No. 47 "Accounting for Conditional Asset Retirement Obligations", was issued in March 2005, and requires conditional asset retirement obligations, such as a requirement to remove hazardous material from an asset when it is disposed or abandoned at a future date, to be recognized as part of the asset's cost and as a liability in the period in which the liability was incurred. Syngenta has adopted FIN No. 47 in these financial statements, from January 1, 2005. The carrying amount of Property, plant and equipment and asset retirement liabilities were not affected by initial implementation of FIN No. 47, but could be affected in future periods if asset retirement obligations are incurred.

EITF 01-9, "Accounting for Consideration given by a Vendor to a Customer", was modified in June 2005, and requires sales to be reduced by cash consideration payable to a customer as a result of a single exchange transaction, regardless of when the customer receives the cash. Syngenta already accounted for customer discounts in this way. Adoption of the modified EITF 01-9 consensus therefore had no effect on these financial statements.

EITF 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144 in Determining Whether to Report Discontinued Operations", was ratified in November 2004. Syngenta has adopted EITF 03-13 as from January 1, 2005. Adoption had no effect on the financial statements, because EITF 03-13 is applied prospectively and no operations were discontinued in 2005.

EITF 04-1, "Accounting for Pre-Existing Relationships between the Parties to a Business Combination" was ratified in October 2004, and required settlements of pre-existing relationships as a result of a business combination to be accounted for separately to the combination itself. Syngenta has adopted EITF 04-1 in these financial statements, as from January 1, 2005 applying it to the increase in its interest in Dulcinea Farm LLC, which included the settlement of relationships with the former minority shareholder which have been excluded from the goodwill amount recognized.

EITF 04-5, "Determining Whether a General Partner Controls a Limited Partnership" was ratified in June 2005, and requires the general partner of a limited partnership to consolidate the partnership unless the limited partners have certain rights. Syngenta has adopted EITF 04-5 early in these financial statements, as from January 1, 2005. Adoption had no effect on the accounting applied by Syngenta for any limited partnership or similar entity in which Syngenta holds a partnership interest.

EITF 05-6, "Determining the Amortization Period for Leasehold Improvements Purchased after Inception or Acquired in a Business Combination", was ratified in June 2005, and requires leasehold improvements acquired in a business combination to be amortized over the shorter of the asset's "useful life" and the remaining required and reasonably assured lease terms at the acquisition date. Syngenta has adopted EITF 05-6 early in these financial statements, as from January 1, 2005. Adoption had no material effect on the financial statements.

FASB Staff Position (FSP) FAS 13-3, "Accounting for Rental Costs Incurred during a Construction Period" was issued in October 2005, and prohibits the capitalization of operating lease expense for land and buildings as part of the cost of assets constructed on or in the leased land and buildings. FSP FAS 13-1 is mandatory for Syngenta with effect from January 1, 2006. Syngenta estimates that adoption of FSP FAS 13-1 will not have a material effect on its financial statements.

35. Subsequent events

Unaudited

On February 22, 2006, the Company granted to shareholders one free put option per share with an initial intrinsic value of CHF 1.50. With 30 put options each shareholder has the right to sell one Syngenta registered share to the Company on May 29, 2006 at a strike price of CHF 234. Each put option has a maturity of three months from grant and will be tradeable on the SWX Swiss exchange between February 23 and May 22, 2006. The exercise of all options will result in the Company being committed to repurchase approximately 3.3 million shares in 2006.

On February 23, 2006, the Company announced an agreement to acquire from DuPont an exclusive worldwide license to develop DuPont's new insecticide RYNAXPYR™ in mixtures with its own insect control products. At the same time, the Company agreed to sell to DuPont worldwide rights to Syngenta's strobilurin fungicide picoxystrobin, sold as ACANTO®. These transactions are subject to certain national regulatory approvals.

Approval of the Financial Statements

These financial statements were approved by the Board of Directors on February 8, 2006.