FIRST DATA CORP
Form 10-K/A
March 28, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2006

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-11073

FIRST DATA CORPORATION

www.firstdata.com

DELAWARE	**47-0731996**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

6200 SOUTH QUEBEC STREET, GREENWOOD VILLAGE, COLORADO 80111

(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code (303) 967-8000

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

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A. x

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

Common shares of the registrant outstanding at January 31, 2007 (excluding treasury shares) were 752,991,558. The aggregate market value, as of June 30, 2006 of such common shares held by non-affiliates of the registrant was approximately $34.5 billion. On September 29, 2006, the registrant separated its Western Union money transfer business into an independent, publicly traded company. As of December 31, 2006, the registrant s aggregate market value of common shares held by non-affiliates of the registrant was approximately $19.2 billion. (Aggregate market value estimated solely for the purposes of this report. This shall not be construed as an admission for the purposes of determining affiliate status.)

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of Registrant s Proxy Statement relating to the Annual Meeting of

Stockholders to be held on May 30, 2007.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A amends the Company s Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on February 23, 2007, to include in Item 15 (c) the financial statements of Chase Paymentech as required by Regulation S-X Rule 3-09. It also corrects an inadvertent error in identifying the correct filing information for the document incorporated by reference for Exhibit 3(ii), the Company s By-laws. This amendment is not intended to update any other information presented in the Annual Report as originally filed.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:
(3) The following exhibits are filed as part of this Annual Report or, where indicated, were heretofore filed and are hereby incorporated by reference:

EXHIBIT NO.	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of April 1, 2003, among the Registrant, Monaco Subsidiary Corporation and Concord EFS, Inc. (incorporated by reference to Exhibit 2 of the Registrant s Form S-4 filed May 21, 2003, Commission File No. 333-105432).
2.2	Amendment and Abeyance Agreement, dated as of December 14, 2003, among the Registrant, Monaco Subsidiary Corporation and Concord EFS, Inc. (incorporated by reference to Exhibit 2.1 of the Registrant s Form 8-K filed December 15, 2003).
2.3	Separation and Distribution Agreement, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (incorporated by reference to Exhibit 2.1 of the Registrant s Current Report on Form 8-K filed on October 2, 2006).
3(i)	Registrant s Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 4.1 of the Registrant s Form S-8 for the First Data Corporation 2002 Long-Term Incentive Plan filed on June 10, 2002).
3(ii)	Registrant s By-laws (incorporated by reference to Exhibit 3(ii) of the Registrant s Current Report on Form 8-K filed December 11, 2006).
4.1	The instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601 (b)(4)(iii)(A) of Regulation S-K. The Registrant hereby agrees to furnish copies of these instruments to the SEC upon request.
10.1	Revolving Credit Agreement, dated as of October 24, 2005, among the Registrant, Wachovia Bank, National Association, as Administrative Agent, Wells Fargo Bank, National Association, as Syndication Agent, the Documentation Agents and the Banks parties thereto (incorporated by reference to Exhibit 99.1 to Registrant s Current Report on Form 8-K filed October 27, 2005).
10.2	First Data Corporation 1993 Director s Stock Option Plan, as amended December 7, 2005 (incorporated by reference to Exhibit 99.2 of the Registrant s Current Report on Form 8-K filed on December 13, 2005).*
10.3	Registrant s Senior Executive Incentive Plan, as amended and restated effective January 1, 2005 (incorporated by reference to Exhibit B of the Registrant s Definitive Proxy Statement dated March 28, 2005). *
10.4	Registrant s Supplemental Incentive Savings Plan (incorporated by reference to Exhibit 4 of the Form S-8 filed by the Registrant on December 16, 2002). *
10.5	First Data Corporation 1992 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit A of the Registrant s Proxy Statement for its May 12, 1999 Annual Meeting). *
10.6	First Data Corporation 2002 Long-Term Incentive, as amended December 7, 2005 (incorporated by reference to Exhibit 99.1 of the Registrant s Current Report on Form 8-K filed on December 13, 2005). *
10.7	Form of Performance Grant Agreement under the 2002 Long-Term Incentive Plan for the period beginning January 1, 2004 (incorporated by reference to Exhibit 10.9 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2003). *

10.8	Form of Award Agreement under the First Data 1993 Directors Stock Option Plan (incorporated by reference to Exhibit 99.2 of the Registrant s Current Report on Form 8-K filed December 14, 2004). *
10.9	Form of Non-Qualified Purchased Stock Option Agreement under the First Data 1993 Director s Stock Option Plan, as amended July 2005 (incorporated by reference to Exhibit 10.6 of the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005). *
10.10	Form of Non-Qualified Stock Option Agreement under the First Data 1993 Director s Stock Option Plan, as amended July 2005 (incorporated by reference to Exhibit 10.7 of the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005). *
10.11	Form of Non-Qualified Stock Option Agreement under the First Data 2002 Long-Term Incentive Plan for Executive Officers (incorporated by reference to Exhibit 99.1 of the Registrant s Current Report on Form 8-K filed December 14, 2004). *
10.12	Form of Non-Qualified Stock Option Agreement under the First Data 2002 Long-Term Incentive Plan for Section 16 Executive Committee members, as amended July 2005 (incorporated by reference to Exhibit 10.3 of the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005). *
10.13	Form of Non-Qualified Stock Option Agreement under the First Data 2002 Long-Term Incentive Plan for Section 16 non-Executive Committee members, as amended July 2005 (incorporated by reference to Exhibit 10.4 of the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005). *
10.14	Form of Non-Qualified Stock Option Agreement under the First Data 2002 Long-Term Incentive Plan for employees other than Executive Officers (incorporated by reference to Exhibit 10.10 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2004). *
10.15	Form of Non-Qualified Stock Option Agreement under the First Data 2002 Long-Term Incentive Plan for employees other than Executive Committee members, as amended July 2005 (incorporated by reference to Exhibit 10.5 of the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005). *
10.16	Form of Non-Qualified Stock Option Agreement under the First Data 1992 Long-Term Incentive Plan for Executive Officers (incorporated by reference to Exhibit 10.11 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2004). *
10.17	Form of Non-Qualified Stock Option Agreement under the First Data 1992 Long-Term Incentive Plan for employees other than Executive Officers (incorporated by reference to Exhibit 10.12 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2004). *
10.18	Form of Restricted Stock Grant Agreement under the First Data 2002 Long-Term Incentive Plan for Executive Officers (incorporated by reference to Exhibit 10.13 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2004). *
10.19	Form of Restricted Stock Grant Agreement under the First Data 2002 Long-Term Incentive Plan for Executive Committee members, as amended July 2005 (incorporated by reference to Exhibit 10.2 of the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005).*
10.20	Description of Director compensation arrangement (incorporated by reference to the paragraph Compensation of Directors on page 10 of the Registrant s Definitive Proxy Statement on Schedule 14A filed March 27, 2006).*
10.21	First Data Corporation Severance/Change in Control Policy, as adopted July 26, 2005 (incorporated by reference to Exhibit 10.1 of the Registrant s Current Report on Form 8-K filed on August 1, 2005).*

10.22	Form of Director Indemnification Agreement (incorporated by reference to the Exhibit 10.24 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2005). *
10.23	Retirement and Consulting Agreement between the Registrant and Charles T. Fote dated November 26, 2005 (incorporated by reference to the Exhibit 10.25 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2005). *
10.24	Letter Agreement between the Registrant and Henry C. Duques dated November 26, 2005 (incorporated by reference to the Exhibit 10.26 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2005). *
10.25	Employment Agreement between the Registrant and Edward A. Labry III dated April 1, 2003 (incorporated by reference to the Exhibit 10.27 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2005). *
10.26	Description of additional director fees paid to Jack M. Greenberg as the non-executive chairperson of The Western Union Company (incorporated by reference to Item 1.01 of the Company s Current Report on Form 8-K filed on May 12, 2006). *
10.27	Tax Allocation Agreement, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (incorporated by reference to Exhibit 10.1 of the Registrant s Current Report on Form 8-K filed on October 2, 2006).
10.28	Employee Matters Agreement, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (incorporated by reference to Exhibit 10.2 of the Registrant s Current Report on Form 8-K filed on October 2, 2006).
10.29	Patent Ownership Agreement and Covenant Not to Sue, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (incorporated by reference to Exhibit 10.3 of the Registrant s Current Report on Form 8-K filed on October 2, 2006).
10.30	Exchange Agreement, dated as of September 26, 2006, among First Data Corporation, J.P. Morgan Securities Inc., Barclays Capital Inc. and The Western Union Company (incorporated by reference to Exhibit 10.4 of the Registrant s Current Report on Form 8-K filed on October 2, 2006).
10.31	Description of Named Executive Officer salary and bonus arrangements for 2007 (incorporated by reference to Exhibit 10.31 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 23, 2007).*
12	Computation in Support of Ratio of Earnings to Fixed Charges (incorporated by reference to Exhibit 12 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 23, 2007).
21	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 23, 2007).
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm (incorporated by reference to Exhibit 23 of the Registrant s Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 23, 2007).
23.2(1)	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm.
31.1(1)	Certification of CEO pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2(1)	Certification of CFO pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(1)	Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2(1)	Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Hold Separate Stipulation and Order issued by the Department of Justice, signed on December 14, 2003 (incorporated by reference to Exhibit 99.1 of the Registrant s Form 8-K filed December 15, 2003).

(1) Filed herewith.
* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this report.

(c) The following financial statements are included in this amendment to the Company s annual report pursuant to Regulations S-X Rule 3-09:

(1) Chase Paymentech
Combined Financial Statements and Report of Independent Registered Public Accounting Firm

For the fiscal years ended December 31, 2006, 2005 (unaudited) and 2004 (unaudited)

Combined Financial Statements and Report of Independent

Registered Public Accounting Firm for Chase Paymentech

Including:

December 31, 2006

December 31, 2005 (unaudited)

December 31, 2004 (unaudited)

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Report of Independent Registered Public Accounting Firm

Board of Managers

Chase Paymentech Solutions, LLC

We have audited the accompanying combined balance sheet of Chase Paymentech (the Company) as of December 31, 2006, and the related combined statements of income and comprehensive income, changes in owners equity and cash flows for the year ended December 31, 2006. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Chase Paymentech as of December 31, 2006 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying combined balance sheet of Chase Paymentech as of December 31, 2005, and related combined statements of income and comprehensive income, changes in owners equity and cash flows for the two years then ended were not audited by us and, accordingly, we do not express an opinion on them.

As discussed in Note 3 to the combined financial statements, in 2006 the Company changed its method of accounting for share-based payments in accordance with Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment,* and its method of accounting for defined benefit and postretirement benefit plans in accordance with Statement of Financial Accounting Standards No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statement No. 87, 88, 106 and 132(R).*

/s/ GRANT THORNTON LLP

Dallas, Texas

March 23, 2007

Chase Paymentech

COMBINED BALANCE SHEETS

(In thousands)

	December 31, 2006	December 31, 2005 (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,315,890	$ 1,233,368
Receivables related to merchant processing	3,771,418	2,044,033
Investments, available-for-sale	136,202	99,118
Accounts receivable, net of allowance for doubtful accounts of $12,397 and $12,941 as of December 31, 2006 and 2005, respectively	394,054	387,465
Deferred income taxes	199	7,364
Prepaid expenses and other current assets	20,757	50,939
Total current assets	5,638,520	3,822,287
Property and equipment, net	84,292	70,789
Goodwill	372,284	372,563
Intangible assets, net of accumulated amortization of $498,048 and $423,457 as of December 31, 2006 and 2005, respectively	61,859	135,095
Other assets	23,994	27,616
Total assets	$ 6,180,949	$ 4,428,350
LIABILITIES AND EQUITY		
Current liabilities		
Liabilities related to merchant processing	$ 4,287,726	$ 2,685,898
Accounts payable	27,838	27,359
Payables to related parties	41,751	69,563
Merchant deposits	651,672	586,992
Liability for Pension Plan	3,235	3,548
Liability for SERP Plan	587	449
Accrued assessments	25,346	20,669
Other accrued expenses	140,759	100,097
Current portion of long-term debt	16,922	16,667
Total current liabilities	5,195,836	3,511,242
Long-term debt, net of current portion		16,959
Deferred income taxes	28,044	25,829
Total liabilities	5,223,880	3,554,030
Minority interest	437	1,311
Commitments and contingencies (Note 5)		
Temporary equity	8,523	
Accumulated other comprehensive income	23,744	25,279
Owners equity	924,365	847,730
Total owners equity	948,109	873,009

Total liabilities and equity	$ 6,180,949	$ 4,428,350

The accompanying notes are an integral part of these combined financial statements.

Chase Paymentech

COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended

(In thousands)

	December 31, 2006	2005 (unaudited)	2004 (unaudited)
Revenue	$ 1,206,583	$ 809,098	$ 638,701
Expenses			
Operating	398,352	247,603	195,854
Salaries and employee benefits	213,133	164,393	142,122
Depreciation and amortization	113,663	76,522	66,035
Total expenses	725,148	488,518	404,011
Operating income	481,435	320,580	234,690
Other income (expense), net			
Interest income	85,202	32,072	10,570
Interest expense	(18,372)	(5,413)	(2,072)
Foreign currency exchange	(149)	(529)	3,327
Total other income, net	66,681	26,130	11,825
Income before income taxes and minority interest	548,116	346,710	246,515
Provision for income taxes	71,766	61,575	56,219
Minority interest	(398)	(1,606)	(1,932)
Net income	$ 475,952	$ 283,529	$ 188,364
Comprehensive income			
Net income	$ 475,952	$ 283,529	$ 188,364
Other comprehensive income (loss), net of tax:			
Net unrealized gains (losses) on investments	209	1,133	(1,997)
Cash flow hedges	(5)	31	(26)
Foreign currency translation adjustment	(1,826)	3,037	7,873
Additional minimum pension liability	105	(280)	(1,035)
Comprehensive income	$ 474,435	$ 287,450	$ 193,179

The accompanying notes are an integral part of these combined financial statements.

Chase Paymentech

COMBINED STATEMENTS OF CHANGES IN OWNERS EQUITY

(In thousands)

			Corporations			Partnerships and LLC s Partners	
	Total	Accumulated Other Comprehensive Income	Common Stock	Additional Paid- In Capital	Retained Earnings	Capital and Members Equity	Elimination of Investment in Subsidiaries
Balances at December 31, 2003 (unaudited)	$ 758,165	$ 16,543	$	$ 200,996	$ 99,293	$ 759,322	$ (317,989)
Net income	188,364				68,684	252,931	(133,251)
Other comprehensive income	4,815	4,815					
Cash dividends and distributions	(209,795)				(76,184)	(265,313)	131,702
Non-cash distributions	(151)					(151)	
Recognition of share-based compensation expense	13,436			13,436			
Stock issuance, repurchases and other	12,725			12,725			
Balances at December 31, 2004 (unaudited)	767,559	21,358		227,157	91,793	746,789	(319,538)
Net income	283,529				92,988	342,846	(152,305)
Other comprehensive income	3,921	3,921					
Cash dividends and distributions	(191,952)				(60,145)	(261,657)	129,850
Non-cash distributions	(939)					(939)	
Contributions	30,434					30,434	
Integration of CMS (Note 1)	40,603			(122,418)		40,603	122,418
Stock issuance, repurchases and other	(60,146)			(60,146)			
Balances at December 31, 2005 (unaudited)	873,009	25,279		44,593	124,636	898,076	(219,575)
Net income	475,952				108,265	539,382	(171,695)
Other comprehensive income	(1,517)	(1,517)					
Cash dividends and distributions	(477,562)				(103,522)	(741,588)	367,548
Non-cash distributions	(863)					(863)	
Contributions	95,641					95,641	
Stock issuance, repurchases and other	(16,533)			(16,533)			
Adjustment to initially apply SFAS 158, net of tax	(18)	(18)					
Balances at December 31, 2006	$ 948,109	$ 23,744	$	$ 28,060	$ 129,379	$ 790,648	$ (23,722)

The accompanying notes are an integral part of these combined financial statements.

Chase Paymentech

COMBINED STATEMENTS OF CASH FLOWS

For the years ended

(In thousands)

	December 31, 2006	2005 (unaudited)	2004 (unaudited)
Operating activities			
Net income	$ 475,952	$ 283,529	$ 188,364
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	113,663	76,522	66,035
Recognition of share-based compensation expense			13,814
Deferred income taxes	9,380	4,052	3,752
Minority interest	398	1,606	1,932
Provision for doubtful accounts	8,512	8,530	4,596
Loss on impairment of investment		126	881
Non-cash expense	5,600	2,434	
Changes in operating assets and liabilities:			
Receivables related to merchant processing	(1,729,913)	(846,071)	(129,285)
Accounts receivable	(19,390)	(41,426)	(67,989)
Prepaid expenses and other assets	25,893	(31,575)	2,903
Accounts payable	(5,786)	73,970	(10,321)
Liabilities related to merchant processing	1,604,049	804,559	239,669
Accrued assessments	4,680	2,360	803
Merchant deposits	64,769	139,501	9,097
Other accrued expenses	39,344	28,558	6,812
Net cash provided by operating activities	597,151	506,675	331,063
Investing activities			
Purchases of property and equipment	(50,823)	(33,494)	(32,766)
Purchases of merchant portfolios	(1,566)	(750)	(2,083)
Investments, net	(36,790)	(14,492)	18,730
Net cash used in investing activities	(89,179)	(48,736)	(16,119)
Financing activities			
Dividends and distributions	(478,152)	(193,795)	(212,324)
Capital contributions	95,641		
Cash retained as a result of excess tax benefits relating to employee share-based awards	2,304	(2,661)	6,044
Proceeds from issuance of common stock related to employee share-based awards	2,471	1,840	3,090
Share repurchases related to employee share-based awards	(6,469)	(26,682)	(14,527)
Payments on short-term financing	(23,867)		
Payments on long-term debt	(17,648)	(17,023)	(16,360)
Operating cash attributed to the integration of CMS on October 1, 2005		568,383	
Net cash provided by (used in) financing activities	(425,720)	330,062	(234,077)
Effect of exchange rate changes on cash and cash equivalents	270	967	354

Increase in cash and cash equivalents	82,522	788,968	81,221
Cash and cash equivalents at beginning of year	1,233,368	444,400	363,179
Cash and cash equivalents at end of year	$ 1,315,890	$ 1,233,368	$ 444,400

The accompanying notes are an integral part of these combined financial statements.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS

For the Year Ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

NOTE 1 - ORGANIZATION AND BUSINESS

Organization

The accompanying combined financial statements include all entities commonly owned by First Data Corporation and its subsidiaries (FDC) and JPMorgan Chase & Co. and its subsidiaries (JPMorgan Chase or JPMC). The common ownership of these entities, which are primarily joint ventures, occurred over the course of several years and involved multiple transactions between FDC, JPMC, Bank One Corporation (Bank One) and the joint ventures. The commonly owned entities include corporations, limited partnerships (LPs), a general partnership and limited liability companies (LLCs) and are functionally grouped into two operating divisions and a group of holding companies. These entities and their form are shown below, by functional grouping, and are collectively referred to as Chase Paymentech, or the Company:

Name of Entity	**Form of Entity**
Holding Companies	
FDC Offer Corp.	Corporation (incorporated in Delaware in 1999)
Subsidiaries:	
Paymentech, Inc.	Corporation (incorporated in Delaware in 1995)
Paymentech Management Resources, Inc.	Corporation (incorporated in Delaware in 1995)
Paymentech Employee Resources LLC	LLC (formed in Delaware in 1999)
Chase Merchant Services, LLC	LLC (formed in Delaware in 1997)
Chase Paymentech U.S. Operations	
Chase Paymentech Solutions, LLC	LLC (formed in Delaware in 1996)
Subsidiaries:	
PTI General Partner, LLC	LLC (formed in Delaware in 2001)
BOPS Holding, LLC	LLC (formed in Delaware in 2001)
Merchant-Link, LLC	LLC (formed in Delaware in 1999)
Paymentech Salem Services, LLC	LLC (formed in Delaware in 2003)
S3 Financial Services, LLC	LLC (formed in Delaware in 2005)
Chase Alliance Partners, L.P.	LP (formed in Delaware in 2005)
Paymentech, L.P.	LP (formed in Delaware in 2001)
Chase Paymentech Canadian Operations	
Chase Paymentech Solutions	General Partnership (formed in Ontario in 2002)

The aggregate beneficial ownership in Chase Paymentech is approximately 51% ownership by JPMC and approximately 49% ownership by FDC. With respect to FDC s ownership interest in Chase Paymentech, the Company met the test provided in SEC Regulation S-X Rule 3-09 (Rule 3-09), in that FDC s equity earnings in the Company exceeded 20% of FDC s consolidated income from continuing operations before income taxes for the year ended December 31, 2006. In accordance with Rule 3-09, these combined financial statements are filed with FDC s Form 10-K/A as part of Item 15(c). The Company did not meet the test for the years ended December 31, 2005 or 2004, as FDC s equity earnings in the Company did not exceed the 20% threshold in Rule 3-09. While the combined financial statements present financial information as of December 31, 2005 and for the years ended December 31, 2005 and 2004, this information is unaudited because the Company was not audited in its combined form for those periods.

Holding Companies

FDC Offer Corp. and its subsidiaries, Paymentech, Inc. and Paymentech Management Resources, Inc. (PMRI), are primarily holding companies whose main source of income results from their ownership interests in the Company s U.S. operations. Paymentech

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

Employee Resources LLC is the employer of all employees associated with the U.S. operations. The accompanying combined

financial statements include the financial position and results of operations and cash flows for these entities for all periods presented.

Chase Merchant Services, LLC (CMS) is a joint venture formed by FDC and JPMC in 1997. As discussed below, effective October 1, 2005, all of the assets and liabilities of CMS were transferred to the Company s U.S. operations in exchange for an ownership interest in Chase Paymentech Solutions, LLC. Subsequent to the October 1, 2005 transaction, CMS primary source of income results from its ownership interests in the Company s U.S. operations. The accompanying combined financial statements include the financial position and results of operations and cash flows for CMS for all periods subsequent to October 1, 2005.

U.S. Operations

Chase Paymentech Solutions, LLC (Chase Paymentech U.S. or the Company s U.S. operations), formerly Banc One Payment Services, L.L.C. (BOPS), and its subsidiaries, as shown above, comprise the Company s U.S. based operations. Chase Paymentech U.S. is a joint venture beneficially owned by FDC and JPMC, through direct investments as well as through investments in FDC Offer Corp. and CMS. Each of these members in the joint venture hold membership interests which are of a single class and have substantially the same rights and privileges.

BOPS was originally formed as a joint venture between FDC and Bank One in 1996. As a result of JPMC s merger with Bank One in July 2004, FDC and JPMC beneficially owned both BOPS and CMS, which while commonly owned, were controlled by different management committees and were competitors in the marketplace. To benefit from the complementary technological and management knowledge, as well as the market presence of each of these joints ventures, on October 1, 2005, through a series of transactions, all of the assets and liabilities of CMS were transferred to BOPS, and the joint venture was subsequently renamed Chase Paymentech Solutions, LLC.

The results of the Company s U.S. operations and cash flows included in the accompanying combined financial statements for the nine month period ended on September 30, 2005 and the year ended December 31, 2004 represent the historical results of BOPS. The financial position and results of operations and cash flows for all periods presented subsequent to October 1, 2005 reflect the operations of Chase Paymentech U.S. in its current form.

Canadian Operations

Chase Paymentech Solutions (Chase Paymentech Canada or the Company s Canadian operations), formerly Paymentech Canada, is a joint venture beneficially owned by FDC and JPMC and comprises the Company s entire Canadian operations. Each of the partners in the joint venture hold partnership interests which are of a single class and have the same rights and privileges.

Business

The Company engages in the electronic payment processing industry for businesses accepting credit, debit, fleet, and stored value card payments via point-of-sale, internet, catalog and recurring billings. The Company provides these services for transactions that originate throughout the world for financial institutions, sales agents and the Company s direct merchants, which are primarily located in North America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying combined financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). All intercompany profits, accounts, and transactions have been eliminated.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

Unaudited Financial Information

The unaudited combined financial statements as of December 31, 2005 and for the years ended December 31, 2005 and 2004 have been prepared in accordance with U.S. GAAP. These financial statements were prepared on the same basis as the combined financial statements as of December 31, 2006 and for the year then ended, and in the opinion of management, reflect all adjustments and accruals considered necessary to fairly present the Company s combined financial position, results of operations, and cash flows.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported on the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Foreign Currency Translation

The Company s Canadian operation uses its local currency, the Canadian dollar (CAD), as its functional currency. The assets and liabilities related to the Canadian operations in the accompanying combined balance sheets are translated at period end exchange rates. Resulting translation adjustments are reported as a separate component of owners equity. All income and expense items are translated using the average exchange rate for the period. Net transaction gains and losses are included in earnings. Unless otherwise stated, amounts presented herein related to the Canadian operations are in U.S. dollars.

Cash and Cash Equivalents

The Company considers cash, certificates of deposit, money market funds, and all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Receivables Related to Merchant Processing

Receivables related to merchant processing represent amounts due from card brands for transactions that have been processed.

Investments

The Company classifies its investments as available-for-sale. Available-for-sale investments consist of government, government-backed, corporate debt securities, equity securities, mutual funds and auction rate securities, which are stated at fair value, with net unrealized gains or losses on the securities recorded as a separate component of comprehensive income. Realized gains and losses are included in earnings and are derived using the average cost method for determining the cost of securities. A decline in market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in an impairment charge to earnings, and a new cost basis for the security is established.

Concentrations of Credit Risk

Concentrations of credit risk with respect to accounts receivable are considered minimal. Amounts receivable are generally deducted from customers accounts either monthly or as debit and credit card transactions are processed. No single customer accounted for more than ten percent of receivables at December 31, 2006 or 2005, or of revenue for the years ended December 31, 2006, 2005 or 2004.

Property and Equipment

Property and equipment are carried at cost, net of accumulated depreciation and amortization. Depreciation for furniture and equipment is recorded on a straight-line basis over periods ranging from three to five years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease. The Company capitalizes computer software costs in accordance with

Statement of Position No. 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.* These costs are amortized on a straight-line basis over the period of benefit ranging from three to five years.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2006, 2005 and 2004, the Company incurred $5.3 million, $4.1 million, and $3.4 million in advertising expense, respectively.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

Goodwill and Intangible Assets

Goodwill represents the excess of purchase price over identifiable assets acquired, less liabilities assumed from business combinations. Under the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets,* goodwill is no longer amortized; it is tested annually for impairment. The Company s annual impairment tests did not identify any impairment in 2006, 2005, or 2004.

Intangible assets primarily consist of purchased merchant portfolios, technology-based intangible assets, and non-compete/referral agreements. These intangible assets are amortized over their estimated useful lives and are subject to impairment testing whenever events occur that would affect the recoverability of the asset. The Company amortizes these intangible assets, primarily on a straight-line basis, over the estimated period to be benefited, ranging from three to ten years beginning January 1, 2006. Intangible assets also include the unrecognized prior service costs relating to the Company s pension plan.

Other Assets

Other assets primarily consist of deferred charges for contributions for services paid on the Company s behalf, which are amortized on a straight-line basis over the period that the services are to be performed.

Liabilities Related to Merchant Processing

Liabilities related to merchant processing primarily represent payables to merchants for transactions that have been processed.

Accrued Assessments

Accrued assessments represent fees payable to card brands for debit and credit card transactions that have been processed.

Minority Interest

Minority interest represents the minority stockholders proportionate share of the equity and earnings of Paymentech, Inc. Minority interest represented 0.3%, 0.8% and 5.0% of Paymentech, Inc. s outstanding stock at December 31, 2006, 2005 and 2004, respectively.

Cash Flow Hedges

The Company s Canadian operations utilize forward contracts to hedge exposure to foreign currency fluctuations in the exchange rate for U.S. dollars. In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities An Amendment of FASB Statement No. 133*, the Company includes derivatives in other accrued expenses on the combined balance sheets at fair value. The Company accounts for these derivatives as cash flow hedges, thus the change in fair value of the derivative contracts and the underlying hedged items were included in foreign currency exchange in the accompanying combined statements of income and comprehensive income.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

Comprehensive Income

Comprehensive income includes net income, changes in unrealized gains and losses on investments, amounts resulting from cash flow hedging activities, changes in the adjustment resulting from foreign currency translation, and changes in the additional minimum pension liability.

Revenue

Revenue represents fees earned for processing credit and debit card transactions for merchants (including merchant discount fees), partially offset by interchange fees and debit network fees. Revenue also includes amounts earned from third party credit and debit authorization services, incentive payments from card brands for participation in certain initiatives, the sale and rental of point-of-sale equipment, the sale of payment processing software, merchant call center help desk services, fees for the deployment of point-of-sale supplies and repair of point-of-sale equipment. Revenue is recorded as services are performed or as merchandise is shipped.

Income Taxes

The Company s functional groups discussed in Note 1 have various treatments for tax purposes. FDC Offer Corp. and its subsidiaries are treated as a corporation for Federal and state income tax purposes. CMS is treated as a pass-through entity for Federal and state income tax purposes. The members include their share of the Company s taxable income in their applicable tax returns. The Company s U.S. operations are also treated as a pass-through entity for Federal and most state income tax purposes. Its members include their share of the Company s taxable income in their applicable tax returns. The Company s Canadian operation is treated as a pass-through entity for Canadian Federal and Provincial income tax purposes. Its partners include their share of the Company s taxable income in their applicable tax returns.

The Company uses the asset and liability method required by SFAS No. 109, *Accounting For Income Taxes,* in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates for the applicable entity in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized.

Asset Impairment

In accordance with the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* management reviews the carrying value of its long-lived assets whenever events indicate that their carrying amounts may not be recoverable. If, upon review, an impairment of the value of the asset is indicated, an impairment loss would be recorded in the period such determination is made. No impairments were recorded for the years ended December 31, 2006, 2005, or 2004.

NOTE 3 NEW ACCOUNTING PRONOUNCEMENTS

Accounting for Share-Based Payments

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), *Share-Based Payment* (SFAS 123R), which became effective for the Company on January 1, 2006. The Company had previously adopted the expense provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. As required, on January 1, 2006, the Company adopted the provisions of SFAS 123R and all related interpretations under the modified prospective method. SFAS 123R requires all share-based payments to employees, including employee stock options and stock appreciation rights (SARs), to be measured at their grant date fair values. As a result of certain redemption features, discussed in Note 15, concurrent with the adoption of SFAS 123R, the Company also applied the provisions of Accounting Series Release 268, *Redeemable Preferred Stocks* (ASR 268). ASR 268 requires the Company to reclassify amounts relating to outstanding options, and shares issued as a result of exercise of these options, outside of permanent equity (to temporary equity). There were no effects on the Company s results of operations or cash flows as a result of adopting the provisions of SFAS 123R or ASR 268.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes*, *An Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 provides a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. FIN 48 defines the threshold for recognizing tax return positions in the financial statements as more likely than not that the position is sustainable, based on its merits. FIN 48 also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to the beginning balance of retained earnings in the period of adoption. The Company will adopt this interpretation in 2007 and is currently evaluating the impact of implementing FIN 48 on its combined financial statements. The Company does not expect adoption of this interpretation to have a material impact on its financial statements.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This statement defines fair value, establishes a fair value hierarchy to be used in U.S. GAAP, and expands disclosures about fair value measurements. Although this statement does not require any new fair value measurements, the application could change current practice. The statement is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of this statement on its combined financial position and results of operations.

Accounting for Defined Benefit and Other Postretirement Plans

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statement No. 87, 88, 106, and 132(R)* (SFAS 158). SFAS 158 requires a company to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, as an asset or liability in its statement of financial position and to recognize previously unrecognized gains/(losses) and prior service costs or credits as components of comprehensive income, net of tax, as of the end of the fiscal year ending after December 15, 2006; and measure defined benefit plan assets as of the date of the employer s statement of financial position for periods ending after December 15, 2008.

The Company adopted the recognition and measurement provisions of SFAS 158 in 2006 for its pension plan and Supplemental Executive Retirement Plan (SERP). The effect of applying the recognition provisions of SFAS 158 to the Company s pension plan was a $28 thousand (pre-tax) decrease in intangible assets related to unrecognized prior service costs and a corresponding increase in accumulated other comprehensive income on the combined statement of owners equity as of December 31, 2006. There was no effect of applying SFAS 158 to the Company s SERP as of December 31, 2006. The Company utilizes a fiscal year-end measurement date for its Pension Plan and SERP, so there was no effect of applying the measurement provisions of SFAS 158 on the Company s combined financial position or results of operations.

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment by major class as of December 31, 2006 and 2005 is as follows (in thousands):

	2006	**2005**
Furniture and equipment	$ 153,266	$ 142,300
Capitalized software	92,809	90,174
Leasehold improvements	12,005	18,648
	258,080	251,122
Less accumulated depreciation and amortization	(173,788)	(180,333)

Property and equipment, net	$ 84,292	$ 70,789

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

Depreciation and amortization expense related to property and equipment was $38.8 million, $34.4 million, and $32.1 million for the years ended December 31, 2006, 2005, and 2004, respectively. For the years ended December 31, 2006 and 2005, software costs of $11.4 million and $6.5 million were capitalized, respectively.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases office space and certain equipment under operating leases with remaining terms ranging up to twelve years. The office space leases contain renewal options and generally require the Company to pay certain operating expenses. Future minimum lease commitments under non-cancelable leases as of December 31, 2006 are as follows (in thousands):

2007	$ 8,402
2008	7,940
2009	8,236
2010	9,063
2011	8,839
Thereafter	46,368
Total	$ 88,848

The combined statements of income and comprehensive income include rental expense for operating leases of $9.7 million, $8.6 million, and $8.1 million for the years ended December 31, 2006, 2005, and 2004, respectively.

Guarantees

Under the card brand rules, when a merchant acquirer processes bankcard transactions, it has certain liabilities for the transactions. These liabilities arise from disputes between cardholders and merchants due to the cardholders dissatisfaction with merchandise quality or the merchants service, which are not resolved with the merchant. In such cases, the transactions are charged back to the respective merchants and the related purchase amounts are refunded to the cardholders by the card issuer. If the merchant does not fund the refund due to insolvency, bankruptcy or other extraneous reasons, the Company, in certain circumstances is liable for the full amount of the transaction. This liability is considered a guarantee under FIN No. 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,* as described below.

A cardholder generally has until the later of four months from the date of purchase or delivery of products or services to present a chargeback. Management believes that the maximum exposure for its liability at any time does not exceed the total amount of bankcard transactions processed for the preceding four-month period. For the four-month periods from September through December 2006, 2005, and 2004, these amounts were $231.5 billion, $175.0 billion, and $73.4 billion, respectively.

The Company records a provision for its estimated obligation based upon factors surrounding the credit risk of specific customers, historical credit losses, current processing volume and other relevant factors. As shown in Note 6, for the years ended December 31, 2006, 2005 and 2004, the Company incurred aggregate merchant credit losses, net of recoveries, of $9.0 million, $9.6 million, and $5.0 million, respectively, on total processed volumes of $660.6 billion, $332.1 billion and $200.7 billion, respectively.

The Company calculates its provision and evaluates the appropriateness of its reserve on a monthly basis. The provision for credit losses is included in operating expenses on the combined statements of income and comprehensive income. The reserve for this obligation is included in accounts receivable on the combined balance sheets. The Company believes the recorded reserve approximates the fair value of the contingent liability.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

The Company also requires cash deposits, guarantees, letters of credit and other types of collateral from certain merchants to minimize its liability. As of December 31, 2006 and 2005, the Company held cash deposits of $651.7 million and $587.0 million, respectively, which were classified as merchant deposits on the combined balance sheets. The Company also held collateral in the form of letters of credit totaling $192.1 million and $180.5 million at December 31, 2006 and 2005, respectively; merchant certificates of deposit totaling $49.0 million and $41.3 million at December 31, 2006 and 2005, respectively, and other types of collateral of $24.8 million at December 31, 2005.

Other Contingencies

Both the Company and our customers handle sensitive information, such as credit card numbers and personal consumer data, utilizing computer and telecommunications systems operated by the Company, our customers and outside third party providers. Despite internal controls and card brand imposed data security rules, which are in place to protect this information, ever evolving technology presents inherent risks of data compromises. Data compromises of our customers systems can result in significant financial liability to the Company if the fines and liability for fraudulent card usage exceeds our customers financial capacity. While the Company has not experienced significant losses in the past, data compromise of sensitive data processed by the Company or a third party vendor could have a material impact on the Company s financial position and results of operations.

In the course of business, the Company is a defendant in various lawsuits. Management believes that the resolution of these lawsuits will not have a material impact on the Company s combined financial position or results of operations.

NOTE 6 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other relevant factors, as discussed in Note 5. Amounts deemed uncollectible are recorded as a reduction to the allowance for doubtful accounts when written off. A summary of the allowance for doubtful accounts is as follows (in thousands):

	2006	2005	2004
Reserve balance at beginning of year	$ 12,941	$ 8,489	$ 8,810
Additional reserve attributed to the integration of CMS on October 1, 2005		5,449	
Provision for doubtful accounts	8,512	8,530	4,596
Write-offs, net	(9,032)	(9,612)	(4,980)
Effects of foreign currency translation	(24)	85	63
Reserve balance at end of year	$ 12,397	$ 12,941	$ 8,489

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

NOTE 7 GOODWILL AND INTANGIBLE ASSETS

Goodwill

As discussed in Note 2, the Company accounts for goodwill in accordance with SFAS 142. A summary of goodwill is as follows (in thousands):

	2006	2005
Balance at beginning of year	$ 372,563	$ 368,697
Effects of foreign currency translation	(279)	3,866
Balance at end of year	$ 372,284	$ 372,563

Intangible Assets

A summary of intangible assets and accumulated amortization by intangible asset category as of December 31, 2006 and 2005 is as follows (in thousands):

	Gross Carrying Amount			
	Merchant Portfolios	Non-compete/ Referral Agreements	Pension Intangibles	Total
Balance at December 31, 2004	$ 320,802	$ 14,080	$ 28	$ 334,910
Additional intangible assets attributed to the integration of CMS on October 1, 2005	220,385			220,385
Other additions	750			750
Effects of foreign currency translation	2,058	449		2,507
Balance at December 31, 2005	543,995	14,529	28	558,552
Additions	1,566			1,566
Effects of foreign currency translation	(151)	(32)		(183)
Adjustment for SFAS 158 (Note 14)			(28)	(28)
Balance at December 31, 2006	$ 545,410	$ 14,497	$	$ 559,907

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

	Accumulated Amortization			
	Merchant Portfolios	Non-compete/ Referral Agreements	Pension Intangibles	Total
Balance at December 31, 2004	$ (197,286)	$ (3,192)	$	$ (200,478)
Additional amortization attributed to the integration of CMS on October 1, 2005	(179,944)			(179,944)
Other additions	(40,630)	(1,468)		(42,098)
Effects of foreign currency translation	(774)	(163)		(937)
Balance at December 31, 2005	(418,634)	(4,823)		(423,457)
Additions	(73,433)	(1,456)		(74,889)
Effects of foreign currency translation	249	49		298
Balance at December 31, 2006	$ (491,818)	$ (6,230)	$	$ (498,048)

Amortization expense related to intangible assets was $74.9 million, $42.1 million, and $34.0 million for the years ended December 31, 2006, 2005, and 2004, respectively.

The Company periodically evaluates the appropriateness of the amortization period to determine whether circumstances warrant revised estimates of the useful lives of its contributed and purchased merchant portfolios and other intangible assets. If, upon review, such revision of useful life is necessary, the remaining unamortized cost would be amortized over the revised useful life. In performing these reviews, the Company takes into account all currently available data. As a result of additional analysis of attrition statistics and other data, the Company s U.S. operations revised the estimated useful lives of some of its purchased merchant portfolios effective January 1, 2006 from useful lives of eleven to forty years to useful lives of ten years. This change in estimate was applied on a prospective basis and resulted in additional amortization in 2006 of $13.8 million, which is included in depreciation and amortization on the combined statements of income and comprehensive income.

During 2006 and 2005, the Company purchased merchant portfolios totaling $1.6 million and $750 thousand, respectively, with a weighted-average amortization period of four years, and no significant residual value.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

The following table presents the Company s estimated amortization expense relating to intangible assets as of December 31, 2006, for the following years ending December 31 (in thousands):

2007	$ 17,572
2008	13,177
2009	9,299
2010	7,820
2011	7,640
Thereafter	6,351
Total	$ 61,859

NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Carrying amounts for certain of the Company s financial instruments including cash and cash equivalents, investments, accounts receivable, receivables related to merchant processing, accounts payable and liabilities related to merchant processing approximate fair value due to their short maturities. Accordingly, these instruments are not presented in the following table. The following table provides carrying amounts and estimated fair values of certain financial instruments (in thousands):

	2006		**2005**	
	Carrying amount	**Estimated fair value**	**Carrying amount**	**Estimated fair value**
Investments	$ 136,202	$ 136,202	$ 99,118	$ 99,118
Cash flow hedges			1,552	1,552
Current portion of long-term debt	16,922	15,956	16,667	14,948
Long-term debt, net of current portion			16,959	16,144

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Investments: Investments are carried at fair value, which is estimated based on market prices and management s judgment, where no market exists.

Cash flow hedges: Cash flow hedges are carried at fair value based on quotes from brokers and represent the cash to be paid if the existing agreement had been settled at year-end.

Long-term debt: The fair values of the current and long-term portions of long-term debt were based on the present value of estimated cash flow for debt service based on the Company s incremental borrowing rate.

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

NOTE 9 - INVESTMENTS

Available-for-Sale Investments

The Company had gross unrealized holding gains of $66 thousand, $47 thousand, and $130 thousand and gross unrealized holding losses of $(677) thousand, $(883) thousand, and $(2.1) million at December 31, 2006, 2005, and 2004, respectively, for its available-for-sale investments. For the years ended December 31, 2005 and 2004, the Company recognized impairments of $126 thousand and $881 thousand, respectively, on available-for-sale securities for declines in fair value deemed to be other-than-temporary in accordance with the provisions of the FASB - Emerging Issues Task Force Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.* For the year ended December 31, 2006, there were no declines in the value of investments deemed to be other-than-temporary.

The total investment in available-for-sale securities was as follows at December 31, (in thousands):

	2006		2005	
	Cost	Estimated fair value	Cost	Estimated fair value
Equity securities	$ 2,817	$ 2,817	$ 2,817	$ 2,817
Debt securities				
U.S. Government obligations	6,052	6,005	6,205	6,093
Government agency obligations	12,827	12,740	21,462	21,316
Corporate obligations	77,654	77,650	39,507	39,419
Mutual funds	37,463	36,990	29,963	29,473
Total	$ 136,813	$ 136,202	$ 99,954	$ 99,118

The cost and estimated fair value of the Company s debt securities, by contractual maturity, are shown below (in thousands). Expected maturities may differ from contractual maturities based on the Company s investment policies.

	2006		2005	
	Cost	Estimated fair value	Cost	Estimated fair value
Due in one year or less	$ 71,370	$ 71,357	$ 37,545	$ 37,496
Due in one through three years	12,961	12,872	15,512	15,330
Due in three through five years	4,197	4,217	4,768	4,733
Due in five through ten years	1,478	1,468	1,788	1,752
Due after ten years	6,527	6,481	7,561	7,517
Total	$ 96,533	$ 96,395	$ 67,174	$ 66,828

Chase Paymentech

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

NOTE 10 - DEBT

Pursuant to an Asset Purchase Agreement, the Company is required to pay five annual non-interest bearing installments of CAD $20.0 million to The Bank of Nova Scotia (Scotiabank), the first of which was paid in November 2003. The final payment is due November 2007. The accompanying combined balance sheets include these amounts as current portion of long-term debt and long-term debt, net of current portion, net of imputed interest (at a rate of 1.75%) of $246 thousand and $785 thousand as of December 31, 2006 and 2005, respectively. Related interest expense of $552 thousand, $781 thousand, and $1.6 million is included in interest expense in the accompanying combined statements of income and comprehensive income for the years ended December 31, 2006, 2005, and 2004, respectively.

NOTE 11 - CASH FLOW HEDGES

The Company s Canadian operations utilize short-term derivative financial instruments to enhance the ability to manage cash flow risks with respect to changes in foreign currency rates. These risks arise from the Canadian operation s U.S. dollar denominated debt (see Note 10) and the forecasted repayment of debt. The Company recognizes all derivatives in either prepaid expenses and other current assets or other accrued expenses on the combined balance sheets at fair value. No contracts were held as of December 31, 2006. As of December 31, 2005, hedges with notional amounts of $95.0 million were outstanding, with a remaining contract length of 3 days. The net gain/(loss) recognized in income for the years ended December 31, 2006, 2005 and 2004, was $(2.3) million, $(956) thousand and $4 thousand, respectively, which was included in foreign currency exchange in the accompanying combined statements of income and comprehensive income.

In 2005, the Company began utilizing cash flow hedges with maturities of approximately one month instead of longer term derivative instruments. As such, any gains or losses were recorded in the Company s results of operation in the period in which the gain or loss occurred. Prior to that time, the Company s derivative instruments were afforded hedge accounting pursuant to SFAS 133. On the date the derivative instrument was entered into, the Company designated the derivative as a cash flow hedge of a forecasted transaction (repayment of debt). Changes in the fair value of a derivative that is designated and qualifies as a cash flow hedge are generally recorded in other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

The Company formally documents all relationships between hedging instruments and the underlying hedged items, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking all derivatives that are designated as cash flow hedges to forecasted transactions.

The Company applies strict policies to manage its risks, including prohibition against derivatives trading, derivatives market-making or any other speculative activities. Although certain transactions have not qualified for hedge accounting, they were entered into for hedge purposes and were not considered speculative.

The Company s counterparty in all derivative transactions is JPMC. The credit risk inherent in these agreements represents the possibility that a loss may occur from the nonperformance of the counterparty to the agreements. The Company believes its risk is minimal. The Company s exposure is in U.S. dollars, so there is minimal risk that appropriate derivatives to maintain the hedging program would not be available in the future.

NOTE 12 - INCOME TAXES

The components of pretax income excluding minority interest are as follows (in thousands):

	For the Years Ended		
	December 31,		
	2006	2005	2004

Income before income taxes and minority interest - domestic	$ 535,640	$ 350,123	$ 253,045
Income (loss) before income taxes and minority interest - foreign	12,476	(3,413)	(6,530)
Total	$ 548,116	$ 346,710	$ 246,515

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

For the Year ended December 31, 2006 and

the Years Ended December 31, 2005 (unaudited) and 2004 (unaudited)

The components of the provision for income taxes are as follows (in thousands):

	For the Years Ended December 31,				
	2006	**2005**	**2004**		
Current					
Federal income taxes	$ 50,289	$ 49,701	$	41,282	
State income taxes, net of Federal income tax benefit	12,090	7,822		11,185	
Foreign income taxes	7				
Total	62,386	57,523		52,467	
Deferred					
Federal income taxes	9,328	4,150		3,783	
State income taxes, net of Federal income tax benefit	52	(98)		(31)	
Foreign income taxes			<="76%" style="BORDER-TOP: medium none; BORDER-BOTTOM: black 2px solid"> Cash flow used for financing activities	(1,684)	(844)
Net effect of currency translation on cash and cash equivalents	(16)	2			
Net change in cash and cash equivalents	(301)	415			
Cash and cash equivalents at the beginning of the year	1,967	1,552			
Cash and cash equivalents at the end of the year	1,666	1,967			

Condensed Consolidated Statement of Changes in Equity

	Attributable to Syngenta AG shareholders								
(US$ million)	Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total share-holders' equity	Non-controlling interests	Total equity
January 1, 2010	6	3,491	(217)	(113)	486	2,820	6,473	14	6,487
Net income						1,397	1,397	5	1,402
OCI				77	172	33	282	1	283
Total comprehensive income	-	-	-	77	172	1,430	1,679	6	1,685
Share based compensation			23			81	104		104
Dividends paid						(523)	(523)	(1)	(524)
Share repurchases			(295)				(295)		(295)
Other and income taxes on share based compensation						1	1	(9)	(8)
December 31, 2010	6	3,491	(489)	(36)	658	3,809	7,439	10	7,449
Net income						1,599	1,599	1	1,600
OCI				(113)	(233)	(181)	(527)	(1)	(528)
Total comprehensive income	-	-	-	(113)	(233)	1,418	1,072	-	1,072
Share-based compensation			34			65	99		99
Dividends paid						(705)	(705)	(1)	(706)
Share repurchases			(422)				(422)		(422)
Cancellation of treasury shares		(31)	195			(164)	-		-
Other and income taxes on share based compensation						11	11		11
December 31, 2011	6	3,460	(682)	(149)	425	4,434	7,494	9	7,503

A dividend of CHF 7.00 (US$7.64) (2010: CHF 6.00 (US$5.61)) per share was paid to Syngenta AG shareholders during 2011. The 2011 payment was made out of reserves arising from capital contributions.

Syngenta Group

Notes to Condensed Consolidated Financial Statements

Note 1: Basis of preparation

Nature of operations: Syngenta AG ("Syngenta") is a global crop protection and seeds business engaged in the discovery, development, manufacture and marketing of a range of agricultural products designed to improve crop yields and food quality.

Basis of presentation and accounting policies: The condensed consolidated financial statements for the years ended December 31, 2011 and 2010 incorporate the financial statements of Syngenta AG and of all of its subsidiaries ("Syngenta Group"). The condensed consolidated financial statements are based on and are consistent with Syngenta's consolidated financial statements. Syngenta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and, except as described in Note 2 below, with the accounting policies set out in the Syngenta Financial Report 2010. The condensed consolidated financial statements were authorized for issue by the Board of Directors on February 7, 2012.

The condensed consolidated financial statements are presented in United States dollars (US$) as this is the major currency in which revenues are denominated.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Adoption of new IFRSs and changes in accounting policies

Adoption of new IFRSs

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

- "Presentation of items of OCI: amendments to IAS 1", issued June 2011, has been adopted early, altering the presentation of items in the condensed consolidated statement of comprehensive income. Items which will or might potentially be reclassified from OCI into profit or loss have been separated from those for which reclassification is not permitted.

The following IFRSs adopted in 2011 had no impact on Syngenta's condensed consolidated financial statement:

- "Improvements to IFRSs", issued in April 2010.
- "Classification of rights Issues", Amendment to IAS 32, issued October 2009.
- IAS 24, "Related party disclosures", revised November 2009.
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments", issued November 2009.

The following new or revised IFRSs relevant to the Syngenta Group, which Syngenta has not yet adopted, and their effective dates, are:

- IFRS 9, “Financial Instruments”, effective from January 1, 2015.
- “Disclosures – Transfers of Financial Assets”, Amendments to IFRS 7, effective for Syngenta’s consolidated financial statements for years ended December 31, 2012 onwards.
- IFRS 10, “Consolidated Financial Statements”, effective January 1, 2013.
- IFRS 11, “Joint Arrangements”, effective January 1, 2013.
- IFRS 12, “Disclosures of Interests in Other Entities”, effective January 1, 2013.
- IFRS 13, “Fair Value Measurement”, effective January 1, 2013.
- IAS 19, “Employee Benefits” (revised), effective January 1, 2013.
- “Offsetting Financial Assets and Financial Liabilities”, Amendments to IAS 32, effective January 1, 2014.
- “Disclosures - Offsetting Financial Assets and Financial Liabilities”, Amendments to IFRS 7, effective January 1, 2013.

Note 3: Business combinations, divestments and other significant transactions

2011

On March 9, 2011, in order to further strengthen its market position in Paraguay, Syngenta purchased 100% of the shares of Agrosan S.A., an agricultural distributor, together with the trademarks related to its business. As a result of the acquisition accounting, an immaterial bargain purchase gain has been recognized within Restructuring and impairment in the condensed consolidated income statement.

The assets and liabilities recognized for this 2011 business combination were as follows:

(US$ million)	Fair values
Cash and cash equivalents	2
Trade receivables and other assets	55
Intangible assets	19
Trade payables and other liabilities	(44)
Net assets acquired	32
Purchase price	32
Bargain purchase gain	-

Acquisition date fair value of consideration comprised US$32 million of cash, US$12 million of which is deferred.

Gross contractual amounts receivable were not materially different from the fair value of acquired receivables.

On April 13, 2011, Syngenta divested its Materials Protection business to Lanxess AG. The gain on this divestment is shown in Divestment gains in the condensed consolidated income statement.

2010

On March 31, 2010, Syngenta acquired a field station in Chile and the associated contract research business by making a cash payment for the related assets. The primary reason for the acquisition was to support development projects in Syngenta's seeds businesses.

On September 30, 2010, Syngenta acquired 100% of the shares of Maribo Seed International ApS and its five European subsidiaries for a cash payment, plus contingent payments if certain sales targets are achieved. Syngenta finalized the acquisition accounting during 2011, resulting in an immaterial bargain purchase gain mainly due to the Maribo consideration being determined based on the economic value of the business at a different date from the date control transferred to Syngenta. The primary reason for the acquisition was to consolidate Syngenta's position in the European sugar beet market.

On November 8, 2010, Syngenta acquired from Pioneer Hi-Bred International Inc., ("Pioneer"), a subsidiary of E.I Du Pont de Nemours and Co. ("DuPont"), the 50% equity interest in Greenleaf Genetics LLC ("Greenleaf"), which Syngenta did not already own. This transaction dissolved a joint venture and terminated certain license agreements between Syngenta and Pioneer. Syngenta's existing 50% equity interest in Greenleaf has been valued at US$55 million at November 8, 2010, resulting in a US$34 million net gain from remeasurement to fair value. Syngenta finalized the acquisition accounting during 2011, resulting in an immaterial bargain purchase gain. The most important factor contributing to the bargain purchase gain is the tax treatment of the transaction under US tax legislation, which significantly reduces the amount of deferred tax liabilities recognized. The primary reason for the business combination was to allow Syngenta and Pioneer to pursue independent licensing strategies for their respective proprietary corn and soybean genetics and biotechnology traits.

The aggregate amounts of the gains on revaluing Syngenta's former 50% interest in Greenleaf, re-acquiring the Greenleaf license rights and the bargain purchase gains on both the above acquisitions have been presented within Restructuring and impairment in the consolidated income statement.

The assets and liabilities recognized for these 2010 business combinations were as follows:

(US$ million)	Fair values
Cash and cash equivalents	51
Trade receivables and other current assets	41
Inventories	34
Property, plant and equipment	11
Intangible assets	79
Trade payables and other current liabilities	(43)
Deferred tax liabilities	(24)
Net assets acquired	149
Fair value of consideration	84
Fair value of interest already held by Syngenta	55
Bargain purchase gains	(10)

Fair value of consideration comprises US$68 million cash paid, US$11 million other assets and US$5 million acquisition date fair value of contingent future cash payments.

The gross contractual amounts receivable were not significantly different from the fair value of the acquired receivables.

On June 14 and December 17, 2010 respectively, Syngenta acquired the non-controlling interests in its Golden Harvest and Garst seed businesses in the USA. The total cash paid was US$48 million, presented within Cash flow used for financing activities, which was substantially equal to the total of the equity attributable to the non-controlling interests and the liability recognized for the options granted over those interests as part of the various acquisition agreements in 2004.

Note 4: Segmental information

During 2011 and in prior years, Syngenta was organized on a worldwide basis into three reportable segments: Crop Protection, Seeds and Business Development. No operating segments have been aggregated to form the above reportable operating segments.

2011 (US$ million)	Crop Protection	Seeds	Business Development	Elimination(1)	Total
Segment sales – third party	10,082	3,185	1		13,268
Segment sales – other segments	80	-	-	(80)	-
Segment sales	10,162	3,185	1	(80)	13,268
Cost of goods sold	(5,226)	(1,578)	-	67	(6,737)
Gross profit	4,936	1,607	1	(13)	6,531
Marketing and distribution	(1,521)	(608)	(16)	-	(2,145)
Research and development	(624)	(423)	(80)	-	(1,127)
General and administrative	(733)	(225)	(19)	-	(977)
Restructuring and impairment	(152)	(78)	(1)	-	(231)
Operating income/(loss)	1,906	273	(115)	(13)	2,051
Income from associates & joint ventures					15
Financial expense, net					(165)
Income before taxes					1,901

2010 (US$ million)	Crop Protection	Seeds	Business Development	Elimination(1)	Total
Segment sales – third party	8,813	2,805	23		11,641
Segment sales – other segments	65	-	-	(65)	-
Segment sales	8,878	2,805	23	(65)	11,641
Cost of goods sold	(4,496)	(1,450)	(11)	91	(5,866)
Gross profit	4,382	1,355	12	26	5,775
Marketing and distribution	(1,321)	(559)	(12)	-	(1,892)
Research and development	(555)	(410)	(67)	-	(1,032)
General and administrative	(667)	(217)	(15)	-	(899)
Restructuring and impairment	(101)	(49)	(9)	-	(159)
Operating income/(loss)	1,738	120	(91)	26	1,793
Income from associates & joint ventures					25
Financial expense, net					(141)
Income before taxes					1,677

(1) Intersegment elimination.

All activities were in respect of continuing operations.

Note 5: General and administrative

General and administrative includes gains of US$177 million (2010: US$30 million) on cash flow hedges reclassified from other comprehensive income in connection with the income statement recognition of the related hedged transactions.

Note 6: Restructuring and impairment before taxes

For the year ended December 31, (US$ million)	2011	2010
Operational efficiency programs:		
Cash costs	98	101
Non-cash impairment costs	3	17
Integrated crop strategy programs:		
Cash costs	149	14
Acquisition and related integration costs:		
Cash costs	14	19
Non-cash items		
Reversal of inventory step-ups	14	18
Reacquired rights	14	-
Divestment gains	(76)	(19)
Bargain purchase gains	(10)	-
Other non-cash restructuring and impairment:		
Financial asset impairments	1	9
Other fixed asset impairments	38	4
Other non-cash costs	-	15
Total restructuring and impairment before taxes(1)	245	178

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

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

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

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

2011

Operational efficiency programs

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

Integrated crop strategy programs

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

Acquisition and related integration costs

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

As part of the Greenleaf acquisition, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, these reacquired rights have been recognized as an intangible asset and are being amortized over the remaining term of the Syngenta/Greenleaf license contract, 3 years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. The resulting acceleration of amortization results in a 2011 charge of US$14 million. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta.

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

Other non-cash restructuring and impairment

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

2010

Operational efficiency programs

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

Integrated crop strategy programs

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

Acquisition and related integration costs

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

Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs included US$9 million of impairments of available-for-sale financial assets, US$4 million of impairment in the Professional Products business within Crop Protection, US$12 million of impairment of a site disposal receivable due to a decrease in expected proceeds from redevelopment and US$3 million of other costs.

Note 7: Non-cash items included in income before taxes

The following table analyzes non-cash items included in income before taxes for the years ended December 31, 2011 and 2010:

For the year ended December 31, (US$ million)	2011	2010
Depreciation, amortization and impairment of:		
Property, plant and equipment	349	278
Intangible assets	300	250
Financial assets	1	21
Deferred revenue and gains	(41)	(36)
Gain on disposal of non-current assets	(78)	(20)
Charges in respect of equity-settled share based compensation	54	66
Charges in respect of provisions	253	153
Financial expense, net	165	141
Gains on hedges reported in operating income	(187)	(23)
Share of net income from associates	(15)	(25)
Total	801	805

Note 8: Principal currency translation rates

As Syngenta is an international business selling in over 100 countries, with major manufacturing and R&D facilities in Switzerland, the UK, the USA and India, movements in currencies impact business performance. The principal currencies and exchange rates against the US dollar used in preparing the financial statements contained in this communication were as follows:

		Average		Period ended December 31	
Per US$		2011	2010	2011	2010
Brazilian real	BRL	1.66	1.77	1.87	1.66
Swiss franc	CHF	0.88	1.05	0.94	0.94
Euro	EUR	0.71	0.75	0.77	0.75
British pound sterling	GBP	0.62	0.65	0.65	0.65

The average rates presented above are an average of the monthly rates used to prepare the condensed consolidated income and cash flow statements. The period end rates were used for the preparation of the condensed consolidated balance sheet.

Note 9: Issuances, repurchases and repayments of debt and equity securities

2011

During 2011, Syngenta repurchased 1,351,123 of its own shares at a cost of US$422 million, of which 714,373 shares will be used to meet the future requirements of share based payment plans and 636,750 shares relate to the share repurchase program announced in February 2011. No treasury shares were reissued except in accordance with Syngenta's share based payment plans.

During 2011, a Eurobond with principal of EUR 500 million was fully repaid at maturity.

2010

During 2010, Syngenta repurchased 1,266,950 of its own shares at a cost of US$295 million, of which 430,000 shares will be used to meet the future requirements of share based payment plans and 836,950 shares relate to the share repurchase program announced in February 2010. No treasury shares were reissued except in accordance with Syngenta's share based payment plans.

Note 10: Subsequent events

No events occurred between the balance sheet date and the date on which these condensed consolidated financial statements were approved by the Board of Directors that would require adjustment to or disclosure in the condensed consolidated financial statements.

Supplementary Financial Information

Financial Summary

For the year ended December 31, (US$ million, except per share amounts)	Excluding Restructuring & impairment(1) 2011	2010	Restructuring & impairment 2011	2010	As reported under IFRS 2011	2010
Sales	13,268	11,641	-	-	13,268	11,641
Gross profit	6,545	5,793	(14)	(18)	6,531	5,775
Marketing and distribution	(2,145)	(1,892)	-	-	(2,145)	(1,892)
Research and development	(1,127)	(1,032)	-	-	(1,127)	(1,032)
General and administrative	(977)	(899)	-	-	(977)	(899)
Restructuring and impairment	-	-	(231)	(159)	(231)	(159)
Operating income	2,296	1,970	(245)	(177)	2,051	1,793
Income before taxes	2,146	1,855	(245)	(178)	1,901	1,677
Income tax expense	(356)	(317)	55	42	(301)	(275)
Net income	1,790	1,538	(190)	(136)	1,600	1,402
Attributable to minority interests	(1)	(5)	-	-	(1)	(5)
Attributable to Syngenta AG shareholders:	1,789	1,533	(190)	(136)	1,599	1,397
Earnings/(loss) per share(US$)(2)						
- basic	19.47	16.54	(2.07)	(1.47)	17.40	15.07
- diluted	19.36	16.44	(2.05)	(1.45)	17.31	14.99

	2011	2010	2011 CER(3)
Gross profit margin excluding restructuring and impairment	49.3 %	49.8 %	50.4 %
EBITDA(4)	2,905	2,505	
EBITDA margin	21.9 %	21.5 %	22.8 %
Tax rate on results excluding restructuring and impairment	16.6 %	17.1 %	
Free cash flow(5)	1,537	1,129	
Trade working capital to sales(6)	30 %	33 %	
Debt/Equity gearing(7)	15 %	20 %	
Net debt(7)	1,135	1,473	
Cash flow return on investment(8)	14 %	13 %	

(1) For further analysis of restructuring and impairment charges, see Note 6 on page 21. Net income and earnings per share excluding restructuring and impairment are provided as additional information and not as an alternative to net income and earnings per share determined in accordance with IFRS.

(2)

The weighted average number of ordinary shares in issue used to calculate the earnings per share were as follows: For 2011 basic EPS 91,892,275 and diluted 92,383,611; for 2010 basic EPS 92,687,903 and diluted 93,225,303.

(3) For a description of CER see Appendix A on page 32.

(4) EBITDA is defined in Appendix B on page 32.

(5) For a description of free cash flow, see Appendix E on page 35.

(6) Period end trade working capital as a percentage of twelve-month sales, see Appendix F on page 35.

(7) For a description of net debt and the calculation of debt/equity gearing, see Appendix G on page 36.

(8) For a description of the cash flow return on investment calculation, see Appendix H on page 37.

Full Year Segmental Results excluding Restructuring and Impairment

Syngenta	For the year ended December 31,		
(US$ million)	2011	2010	CER %
Third party sales	13,268	11,641	+12
Gross profit	6,545	5,793	+13
Marketing and distribution	(2,145)	(1,892)	-10
Research and development	(1,127)	(1,032)	-4
General and administrative	(977)	(899)	-13
Operating income	2,296	1,970	+21
EBITDA(1)	2,905	2,505	+18
EBITDA (%)	21.9	21.5	
Crop Protection			
(US$ million)			
Total sales	10,162	8,878	+12
Inter-segment elimination	(80)	(65)	n/a
Third party sales	10,082	8,813	+12
Gross profit	4,936	4,382	+13
Marketing and distribution	(1,521)	(1,321)	-11
Research and development	(624)	(555)	-5
General and administrative	(733)	(667)	-17
Operating income	2,058	1,839	+15
EBITDA(1)	2,476	2,194	+15
EBITDA (%)	24.4	24.7	
Seeds			
(US$ million)			
Third party sales	3,185	2,805	+12
Gross profit	1,621	1,373	+17
Marketing and distribution	(608)	(559)	-6
Research and development	(423)	(410)	0
General and administrative	(225)	(217)	+1
Operating income	365	187	+107
EBITDA(1)	544	357	+56
EBITDA (%)	17.1	12.7	
Business Development			
(US$ million)			
Third party sales	1	23	-95
Gross profit	1	12	-96
Marketing and distribution	(16)	(12)	-23
Research and development	(80)	(67)	-18
General and administrative	(19)	(15)	-7
Operating (loss)	(114)	(82)	-34
EBITDA(1)	(102)	(72)	-38
EBITDA (%)	n/a	n/a	

(1) For a reconciliation of segment EBITDA to segment operating income, see Appendix D on page 34.

Second Half Segmental Results excluding Restructuring and Impairment

Syngenta	For the six months ended December 31,		
(US$ million)	2011	2010	CER %
Third party sales	5,566	4,901	+12
Gross profit	2622	2,288	+15
Marketing and distribution	(1093)	(989)	-7
Research and development	(568)	(525)	-3
General and administrative	(520)	(456)	-8
Operating income	441	318	+70
EBITDA(1)	756	578	+45
EBITDA (%)	13.6	11.8	
Crop Protection			
(US$ million)			
Total sales	4,528	3,882	+15
Inter-segment elimination	(55)	(41)	n/a
Third party sales	4,473	3,841	+14
Gross profit	2,105	1,743	+22
Marketing and distribution	(794)	(702)	-9
Research and development	(315)	(280)	-4
General and administrative	(385)	(325)	-11
Operating income	611	436	+60
EBITDA(1)	834	621	+46
EBITDA (%)	18.4	16.0	
Seeds			
(US$ million)			
Third party sales	1,093	1,042	+3
Gross profit	546	546	-1
Marketing and distribution	(289)	(278)	-1
Research and development	(210)	(210)	+3
General and administrative	(125)	(123)	0
Operating income	(78)	(65)	-5
EBITDA(1)	7	5	+209
EBITDA (%)	0.7	0.5	
Business Development			
(US$ million)			
Third party sales	-	18	-97
Gross profit	1	9	-95
Marketing and distribution	(10)	(9)	-3
Research and development	(43)	(35)	-20
General and administrative	(10)	(8)	-6
Operating (loss)	(62)	(43)	-39
EBITDA(1)	(55)	(38)	-42
EBITDA (%)	n/a	n/a	

(1) For a reconciliation of segment EBITDA to segment operating income, see Appendix D on page 34.

Full Year Product Line and Regional Sales

Syngenta	For the year ended December 31,			
(US$ million)	2011	2010	Actual %	CER %
Crop Protection	10,162	8,878	+14	+12
Seeds	3,185	2,805	+14	+12
Business Development	1	23	n/a	n/a
Inter-segment elimination	(80)	(65)	n/a	n/a
Third Party Sales	13,268	11,641	+14	+12
Crop Protection				
Product line				
Selective Herbicides	2,617	2,308	+13	+11
Non-selective Herbicides	1,117	987	+13	+10
Fungicides	2,998	2,662	+13	+10
Insecticides	1,790	1,475	+21	+19
Seed Care	1,018	838	+21	+18
Professional Products	511	470	+9	+5
Others	111	138	-19	-21
Total	10,162	8,878	+14	+12
Regional(1)				
Europe, Africa and Middle East	3,046	2,638	+15	+11
North America	2,406	2,185	+10	+9
Latin America	2,955	2,509	+18	+17
Asia Pacific	1,755	1,546	+14	+9
Total	10,162	8,878	+14	+12
Seeds				
Product line				
Corn and Soybean	1,470	1,281	+15	+14
Diverse Field Crops	676	524	+29	+26
Vegetables	703	663	+6	+4
Flowers	336	337	-	-3
Total	3,185	2,805	+14	+12
Regional(1)				
Europe, Africa and Middle East	1,235	1,047	+18	+14
North America	1,291	1,203	+7	+7
Latin America	410	306	+34	+34
Asia Pacific	249	249	-	-1
Total	3,185	2,805	+14	+12

(1) Mexico sales reported in Latin America (previously NAFTA).

Second Half Year Product Line and Regional Sales

Syngenta	For the six months ended December 31,			
(US$ million)	2011	2010	Actual %	CER %
Crop Protection	4,528	3,882	+17	+15
Seeds	1,093	1,042	+5	+3
Business Development	-	18	n/a	n/a
Inter-segment elimination	(55)	(41)	n/a	n/a
Third Party Sales	5,566	4,901	+14	+12
Crop Protection				
Product line				
Selective Herbicides	870	688	+26	+24
Non-selective Herbicides	552	439	+26	+23
Fungicides	1,269	1,174	+8	+7
Insecticides	932	775	+20	+19
Seed Care	588	469	+25	+22
Professional Products	244	228	+7	+4
Others	73	109	-32	-32
Total	4,528	3,882	+17	+15
Regional(1)				
Europe, Africa and Middle East	894	853	+5	-1
North America	838	641	+31	+30
Latin America	2,000	1,676	+19	+19
Asia Pacific	796	712	+12	+8
Total	4,528	3,882	+17	+15
Seeds				
Product line				
Corn and Soybean	509	475	+7	+7
Diverse Field Crops	161	138	+17	+13
Vegetables	305	303	+1	-1
Flowers	118	126	-7	-11
Total	1,093	1,042	+5	+3
Regional(1)				
Europe, Africa and Middle East	283	285	-1	-7
North America	380	392	-3	-3
Latin America	305	229	+34	+34
Asia Pacific	125	136	-9	-8
Total	1,093	1,042	+5	+3

(1) Mexico sales reported in Latin America (previously NAFTA).

Fourth Quarter Product Line and Regional Sales

Syngenta	4th Quarter			
(US$ million)	2011	2010	Actual %	CER %
Crop Protection	2,352	2,119	+11	+11
Seeds	593	600	-1	-
Business Development	-	15	n/a	n/a
Inter-segment elimination	(42)	(32)	n/a	n/a
Third Party Sales	2,903	2,702	+7	+8
Crop Protection				
Product line				
Selective Herbicides	417	386	+8	+9
Non-selective Herbicides	231	163	+42	+41
Fungicides	704	671	+5	+5
Insecticides	496	438	+13	+14
Seed Care	332	267	+24	+24
Professional Products	136	131	+4	+3
Others	36	63	-42	-40
Total	2,352	2,119	+11	+11
Regional(1)				
Europe, Africa and Middle East	364	434	-16	-15
North America	371	260	+42	+42
Latin America	1,224	1040	+18	+18
Asia Pacific	393	385	+2	+2
Total	2,352	2,119	+11	+11
Seeds				
Product line				
Corn and Soybean	334	321	+4	+5
Diverse Field Crops	77	70	+10	+10
Vegetables	131	147	-11	-9
Flowers	51	62	-18	-18
Total	593	600	-1	-
Regional(1)				
Europe, Africa and Middle East	105	127	-18	-17
North America	295	276	+7	+7
Latin America	118	111	+6	+7
Asia Pacific	75	86	-12	-9
Total	593	600	-1	-

(1) Mexico sales reported in Latin America (previously NAFTA).

Supplementary Financial Information

Appendix A: Constant exchange rates (CER)

Results in this report from one period to another period are, where appropriate, compared using constant exchange rates (CER). To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than at the exchange rates for the current year. CER margin percentages for gross profit and EBITDA are calculated by the ratio of these measures to sales after restating the measures and sales at prior period exchange rates. The CER presentation indicates the underlying business performance before taking into account currency exchange fluctuations.

Appendix B: Reconciliation of EBITDA to net income

EBITDA is defined as earnings before interest, tax, minority interests, depreciation, amortization, restructuring and impairment. Information concerning EBITDA has been included as it is used by management and by investors as a supplementary measure of operating performance. Management excludes restructuring from EBITDA in order to focus on results excluding items affecting comparability from one period to the next. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measures used by Syngenta may not be comparable to other similarly titled measures of other companies. EBITDA should not be construed as an alternative to operating income or cash flow as determined in accordance with generally accepted accounting principles.

For the year ended December 31, (US$ million)	2011	2010
Net income attributable to Syngenta AG shareholders	1,599	1,397
Non-controlling interests	1	5
Income tax expense	301	275
Financial expenses, net	165	141
Pre-tax restructuring and impairment	245	178
Depreciation, amortization and other impairment	594	509
EBITDA	2,905	2,505

Appendix C: Segmental results and inter-segment elimination excluding restructuring and impairment

For the year ended December 31, 2011 (US$ million)	Sales	Gross profit	Operating income	EBITDA
Crop Protection	10,162	4,936	2,058	2,476
Seeds	3,185	1,621	365	544
Business Development	1	1	(114)	(102)
Total	13,348	6,558	2,309	2,918
Inter-segment elimination(1)	(80)	(13)	(13)	(13)
Total 3rd party	13,268	6,545	2,296	2,905

For the second half 2011 (US$ million)	Sales	Gross profit	Operating income	EBITDA
Crop Protection	4,528	2,105	611	834
Seeds	1,093	546	(78)	7
Business Development	-	1	(62)	(55)
Total	5,621	2,652	471	786
Inter-segment elimination(1)	(55)	(30)	(30)	(30)
Total 3rd party	5,566	2,622	441	756

For the year ended December 31, 2010 (US$ million)	Sales	Gross profit	Operating income	EBITDA
Crop Protection	8,878	4,382	1,839	2,194
Seeds	2,805	1,373	187	357
Business Development	23	12	(82)	(72)
Total	11,706	5,767	1,944	2,479
Inter-segment elimination(1)	(65)	26	26	26
Total 3rd party	11,641	5,793	1,970	2,505

For the second half 2010 (US$ million)	Sales	Gross profit	Operating income	EBITDA
Crop Protection	3,882	1,743	436	621
Seeds	1,042	546	(65)	5
Business Development	18	9	(43)	(38)
Total	4,942	2,298	328	588
Inter-segment elimination(1)	(41)	(10)	(10)	(10)
Total 3rd party	4,901	2,288	318	578

(1) Crop Protection inter-segment sales to Seeds.

Appendix D: Reconciliation of segment EBITDA to segment operating income

For the year ended December 31, 2011 (US$ million)	Crop Protection	Seeds	Business Development	Elimination(1)	Total
EBITDA	2,476	544	(102)	(13)	2,905
Depreciation, amortization & impairment	(406)	(177)	(11)	-	(594)
Income from associates & joint ventures	(12)	(2)	(1)	-	(15)
Operating income excl. restructuring & impairment	2,058	365	(114)	(13)	2,296
Restructuring & impairment(2)	(152)	(92)	(1)	-	(245)
Operating income	1,906	273	(115)	(13)	2,051

For the second half 2011 (US$ million)	Crop Protection	Seeds	Business Development	Elimination(1)	Total
EBITDA	834	7	(55)	(30)	756
Depreciation, amortization & impairment	(211)	(83)	(6)	-	(300)
Income from associates & joint ventures	(12)	(2)	(1)	-	(15)
Operating income excl. restructuring & impairment	611	(78)	(62)	(30)	441
Restructuring & impairment(2)	(149)	(70)	(1)	-	(220)
Operating income	462	(148)	(63)	(30)	221

For the year ended December 31, 2010 (US$ million)	Crop Protection	Seeds	Business Development	Elimination(1)	Total
EBITDA	2,194	357	(72)	26	2,505
Depreciation, amortization & impairment	(348)	(151)	(10)	-	(509)
Income from associates & joint ventures	(7)	(19)	-	-	(26)
Operating income excl. restructuring & impairment	1,839	187	(82)	26	1,970
Restructuring & impairment(2)	(101)	(67)	(9)	-	(177)
Operating income	1,738	120	(91)	26	1,793

For the second half 2010 (US$ million)	Crop Protection	Seeds	Business Development	Elimination(1)	Total
EBITDA	621	5	(38)	(10)	578
Depreciation, amortization & impairment	(181)	(69)	(5)	-	(255)
Income from associates & joint ventures	(4)	(1)	-	-	(5)
Operating income excl. restructuring & impairment	436	(65)	(43)	(10)	318
Restructuring & impairment(2)	(59)	(22)	(2)	-	(83)
Operating income	377	(87)	(45)	(10)	235

(1) Crop Protection inter-segment sales to Seeds.

(2) Including reversal of inventory step-up included in Cost of goods sold.

Appendix E: Free cash flow

Free cash flow comprises cash flow from operating and investing activities:

- excluding investments in and proceeds from marketable securities, which are included in investing activities;
- excluding cash flows from and used for foreign exchange movements and settlement of related hedges on inter-company loans, which are included in operating activities; and
- including cash flows from acquisitions of non-controlling interests, which are included in financing activities.

Free cash flow is not a measure of financial performance under generally accepted accounting principles and the free cash flow measure used by Syngenta may not be identical to similarly titled measures of other companies. Free cash flow has been included as it is used by many investors as a useful supplementary measure of cash generation.

For the year ended December 31,

(US$ million)	2011	2010
Cash flow from operating activities	1,871	1,707
Cash flow used for investing activities	(472)	(450)
Cash flow from marketable securities	(11)	(31)
Cash flow used for acquisitions of non-controlling interests	-	(48)
Cash flow used for/(from) foreign exchange movements and settlement of hedges of inter-company loans	149	(49)
Free cash flow	1,537	1,129

Appendix F: Period end trade working capital

The following table provides detail of trade working capital at December 31, 2011 and 2010 expressed as a percentage of sales for the year ended at each date:

(US$ million)	2011	2010
Inventories	4,190	3,844
Trade accounts receivable	2,736	2,554
Trade accounts payable	(2,881)	(2,590)
Net trade working capital	4,045	3,808
Twelve-month sales	13,268	11,641
Trade working capital as percentage of sales (%)	30%	33%

In addition to period end trade working capital and due to the seasonal nature of the business, Syngenta also monitors average trade working capital as a percentage of sales. This is determined by dividing the average month-end net trade working capital for the past twelve months by sales for the same twelve-month period.

Appendix G: Net debt reconciliation

Net debt comprises total debt net of related hedging derivatives, cash and cash equivalents and marketable securities. Net debt is not a measure of financial position under generally accepted accounting principles and the net debt measure used by Syngenta may not be comparable to the similarly titled measure of other companies. Net debt has been included as it is used by many investors as a useful measure of financial position and risk. The following table provides a reconciliation of movements in net debt during the period:

For the year ended December 31, (US$ million)	2011	2010
Opening balance at January 1	1,473	1,802
Debt acquired with business acquisitions and other non-cash items	(26)	51
Foreign exchange effect on net debt	142	(21)
Purchase/(sale) of treasury shares, net	377	246
Distributions paid to shareholders	706	524
Free cash flow	(1,537)	(1,129)
Closing balance at December 31	1,135	1,473
Components of closing balance:		
Cash and cash equivalents	(1,666)	(1,967)
Marketable securities(1)	(3)	(16)
Current financial debt	743	992
Non-current financial debt(2)	2,178	2,585
Financing-related derivatives(3)	(117)	(121)
Closing balance at December 31	1,135	1,473

(1) Long-term marketable securities are included in other non-current financial assets. Short-term marketable securities are included in derivative and other financial assets.

(2) Included within financial debt and other non-current liabilities.

(3) Short-term derivatives are included within derivative and other financial assets and derivative financial liabilities. Long-term derivatives are included within derivative financial assets and financial debt and other non-current liabilities.

The following table presents the derivation of the debt/equity gearing ratio for the years ended December 31, 2011 and 2010:

(US$ million)	2011	2010
Net debt	1,135	1,473
Shareholders' equity	7,494	7,439
Debt/Equity gearing ratio (%)	15%	20%

Appendix H: Cash flow return on investment

Cash flow return on investment is a measure used by Syngenta to compare cash returns to average invested capital. Gross cash flow used in the calculation comprises cash flow before change in net working capital, excluding interest and other financial receipts and payments. In 2011 and 2010, accelerated contributions to the defined benefit pension plans were also excluded. Invested capital comprises:

- total current assets, excluding cash and derivative and other financial assets;
- total non-current assets, excluding non-current derivative and other financial assets and defined benefit pension assets, and adjusted to reflect the gross book values of property, plant and equipment and intangible assets;
- total current liabilities, excluding derivative financial liabilities and current financial debt; and
- deferred tax liabilities.

For the year ended December 31, (US$ million)	2011	2010
Cash flow before change in net working capital	1,921	1,582
Interest and other financial receipts	(312)	(144)
Interest and other financial payments	426	308
Accelerated defined benefit pension plan contributions	125	200
Gross cash flow	2,160	1,946
Total current assets	9,750	9,716
Less: cash	(1,666)	(1,967)
Less: derivative and other financial assets	(269)	(502)
Total non-current assets	7,491	7,569
Add: property, plant and equipment, accumulated depreciation	3,546	3,295
Add: intangible assets, accumulated amortization	2,346	2,796
Less: non-current derivative and other financial assets	(180)	(219)
Less: defined benefit pension assets	(145)	(147)
Total current liabilities	(5,643)	(5,353)
Less: derivative financial liabilities	212	291
Less: current financial debt	743	992
Deferred tax liabilities	(753)	(813)
Invested capital	15,432	15,658
Average invested capital	15,545	15,403
Cash flow return on investment (%)	14%	13%

Glossary and Trademarks

All product or brand names included in this results statement are trademarks of, or licensed to, a Syngenta group company. For simplicity, sales are reported under the lead brand names, shown below, whereas some compounds are sold under several brand names to address separate market niches.

Selective Herbicides	
AXIAL®	cereal herbicide
BICEP II MAGNUM®	broad spectrum pre-emergence herbicide for corn and sorghum
CALLISTO®	herbicide for flexible use on broad-leaved weeds for corn
DUAL MAGNUM®	grass weed killer for corn and soybeans
FLEX®	broad spectrum grass and broadleaf herbicide for soybeans
FUSILADE® MAX	grass weed killer for broad-leaf crops
TOPIK®	post-emergence grass weed killer for wheat
Non-selective Herbicides	
GRAMOXONE®	rapid, non-systemic burn-down of vegetation
TOUCHDOWN®	systemic total vegetation control
Fungicides	
ALTO®	broad spectrum triazole fungicide
AMISTAR®	broad spectrum strobilurin for use on multiple crops
BRAVO®	broad spectrum fungicide for use on multiple crops
REVUS®	for use on potatoes, tomatoes, vines and vegetable crops
RIDOMIL GOLD®	systemic fungicide for use in vines, potatoes and vegetables
SCORE®	triazole fungicide for use in vegetables, fruits and rice
TILT®	broad spectrum triazole for use in cereals, bananas and peanuts
UNIX®	cereal and vine fungicide with unique mode of action
SEGURIS®	new fungicide with a unique mode action that controls the main European wheat diseases
Insecticides	
ACTARA®	second-generation neonicotinoid for controlling foliar and soil pests in multiple crops
DURIVO®	broad spectrum, lower dose insecticide, controls resistant pests
FORCE®	unique pyrethroid controlling soil pests in corn
KARATE®	foliar pyrethroid offering broad spectrum insect control
PROCLAIM®	novel, low-dose insecticide for controlling lepidoptera in vegetables and cotton
VERTIMEC®	acaricide for use in fruits, vegetables and cotton
Seed Care	
AVICTA®	breakthrough nematode control seed treatment
AVICTA® COMPLETE	broad spectrum control seed treatment for insects, nematodes, diseases in multiple crops
CRUISER®	novel broad spectrum seed treatment - neonicotinoid insecticide
DIVIDEND®	triazole seed treatment fungicide
MAXIM®	broad spectrum seed treatment fungicide
VIBRANCE™	new proprietary broad spectrum seed care fungicide with novel root health properties
Professional Products	
FAFARD®	global brand for growing media

HERITAGE®	strobilurin turf fungicide
ICON®	public health insecticide
Field Crops	
AGRISURE®	new corn trait choices
AGRISURE® VIPTERA™	insect control trait in corn
AGRISURE® ARTESIAN™	high-yield corn hybrids with superior drought resistance characteristics
ENOGEN®	trait for improving ethanol product in corn
GARST®	US brand for corn and soybean
GOLDEN HARVEST®	brand for corn and soybean in North America and Europe
HILLESHÖG®	global brand for sugar beet
NK®	global brand for corn, oilseeds and other field crops
Vegetables and Flowers	
DULCINEA®	consumer produce brand for value-added fruits and vegetables in North America
S&G® vegetables	leading brand in Europe, Africa and Asia
ROGERS® vegetables	leading brand throughout the Americas
GoldFisch®	Flowers Professional brand for cuttings assortment
Goldsmith Seeds	Flowers Professional brand for seeds assortment
Yoder®	Flowers Professional brand for chrysanthemum assortment

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Cautionary Statement Regarding Forward-Looking Statements

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SYNGENTA AG

Date:	February 8, 2012	By:	/s/ Sandra Bürli-Borner	
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		By:	/s/ Brigitte Benz	
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