CHIRON CORP
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SCHEDULE 14A

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Novartis Merger:

Presentation to Stockholders

March 2006

Agenda

1. **Chiron s Perspective on the Transaction**

2. **Questions & Answers**

3. **Session with Chiron Directors***

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* Directors throughout this presentation refers to the Non-Novartis Directors. See Annex A for biographical material on the Directors.

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Fair Price and Better Than Status Quo

Novartis has had the right to acquire Chiron since 1994

Appropriate time

11 month process to allow time to address business challenges

No significant near-term milestones to drive value

Fair price: Determined by Directors following careful consideration of opportunities and risks

BioPharma - tifacogin significant opportunity but high risk; molecular oncology promising but very early

Vaccines - substantial opportunity but ongoing challenges and intensified competition

Blood Testing - strong commercial capabilities but key patents expiring and no proven development or manufacturing capabilities

Royalties - significant to earnings but expected to decline as key patents expire

Better than status quo: significant downside risk in absence of Novartis deal

Valuation of management s long range plan shows significant risk of lower value

Continued operational challenges and execution risks

Potentially protracted uncertainty may impact operations (including ability to hire and retain key personnel) and share price

Novartis Has the Right to Acquire Chiron

Under the 1994 Agreements, Novartis has the right to acquire Chiron in accordance with a specified process

Directors leveraged Chiron s rights under Governance Agreement to achieve optimal outcome for Chiron stockholders

Governance Agreement enabled Directors to optimize outcome

Appropriate time

Better than status quo

Fair price

11-Month Process Allowed Chiron to Address Business Challenges

The Directors conducted discussions with Novartis at a deliberate pace

11 months elapsed from first discussions to definitive merger agreement

During this period, Chiron achieved several significant milestones:

Re-entry to U.S. flu market

Completion of Phase 3 trial in EU for flu cell culture

Initiation of Phase 1 / Phase 2 trial in U.S. for flu cell culture

Positive data on MF59 adjuvant with potential pandemic strain

Steady progress on patient enrollment in tifacogin trial

Initiation of Phase 3 trial for TIP

Initiation of Phase 1 trials for CHIR-258 and CHIR-12.12

Geographic expansion and ex-U.S. Procleix Ultrio Assay penetration

These achievements were expected and well communicated to investors and marketplace

Directors managed process to increase value

No Compelling Reason to Further Extend Discussions

No significant value-enhancing milestones in the near term beyond those considered

While Chiron successfully addressed many critical challenges, significant issues still lie ahead, including:

Flu vaccine manufacturing challenges, including regulatory agencies interactions relating to Fluvirin and Begrivac, and increased competition

Heavy dependence of BioPharma business on tifacogin

Risks intrinsic to drug development and regulatory approval (e.g. Pulminiq approvable letter)

Slower growth and regulatory delay in Blood Testing business (Procleix Ultrio and Procleix Tigris)

Ongoing litigation relating to Fluvirin

Managerial and operational challenges of running complex, global business

Risk of Novartis invoking arbitration process, with unpredictable results

Discussions with Novartis concluded at appropriate time for Chiron

Appropriate time

Better than status quo

Fair price

Better Than Status Quo: Significant Downside Risk If No Novartis Deal

Valuation of long range plan shows significant risk of lower value

Prepared by management and thoroughly reviewed by Directors

No milestones have been achieved since the date of the transaction that are not captured in the long range plan and reflected in the valuation

Continued operational challenges and execution risks

Earnings misses

MMR recall and withdrawal

Potentially protracted uncertainty may impact operations (including ability to hire and retain key personnel) and share price

Novartis veto power over certain strategic transactions, publicly stated intention not to sell its 44% stake, and right to initiate new buy-out proposal at any time

Appropriate time

Better than status quo

Fair price

Determined by Directors with significant industry and financial expertise following careful consideration of opportunities and risks

BioPharma Business is Challenging for Chiron

Scale of business: high levels of R&D spend relative to current sales

And current R&D spend is only a fraction of what will be required to advance promising early stage programs

Need to make significant investments in manufacturing and commercial capabilities pre-launch

Mixed record of internal product development most existing products have been obtained via acquisition or licensing, including Betaseron, Proleukin, TOBI, and Cubicin

Certain current products are under competitive pressure or subject to near-term patent expiration Proleukin, Betaseron

The molecular oncology program, while showing initial promise, is very early in development

Tifacogin is potentially a substantial opportunity but entails significant risk

Future growth and profitability of BioPharma is heavily dependent on tifacogin, which remains a high-risk program

BioPharma Business Is Heavily Dependent on Tifacogin

Tifacogin Revenue Share

[CHART]

Source: Chiron Management Projections

Business Considerations BioPharma

	Opportunities	Risks
Tifacogin	Large market opportunity and profitability potential	Clinical trial results subject to substantial uncertainty Commercialization not expected until 2008 or beyond and will require a partner to realize full potential (share profitability) Scale and timing to commercial manufacturing and potential capacity constraints
Molecular Oncology Program	Traction in small molecule research efforts and XOMA collaboration Innovative development approach (molecular oncology / translational medicine)	Very early stages of development Ability to resource development programs adequately, will need to partner Long timeline to commercialization Highly competitive field
TIP	Expansion of TOBI franchise Potential improvement in patient compliance	Limited incremental growth potential above TOBI Scale up to commercial manufacturing
Existing Products	Established market presence Divestiture of legacy product lines could provide cash for additional investment	Proleukin - rapidly losing market share Betaseron - significant competition and patent expiration in 2007/2008

Vaccines Represents Substantial Opportunity But Has Risks

Traditional egg-based influenza vaccines, including Fluvirin vaccine and Begrivac vaccine, have fueled Chiron s vaccines growth

While remediation efforts to date have been successful, financial and reputational costs to Chiron are substantial

GMP compliance will require continuous improvement to meet ever higher regulatory standards over time

Chiron s competitive position in influenza market has declined with new market entrants, including GSK and CSL

Flu cell culture conversion, which is a significant opportunity for Vaccines segment, faces developmental, regulatory, and manufacturing hurdles

Pandemic flu is an important strategic opportunity, although incremental commercial value is uncertain and technical challenges must be overcome

Meningitis B program is promising and proprietary, but development, manufacturing, and commercial risks remain; MenACWY will be second to market

Vaccines business remains an attractive opportunity but key products and programs face intensifying competition and on-going challenges

Competition in the Flu Vaccines Market Is Growing