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

SCHEDULE 14A

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the Securities Exchange Act of 1934

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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

Projected U.S. Market Share of Main Vaccine Companies

[CHART]

Source: Chiron Internal Marketing Projections

Pandemic Influenza Vaccine Strategy Presents Challenges

PRIOR TO A PANDEMIC

Until there is an actual pandemic, opportunity may be limited to government stockpiling (manufacturing between seasonal campaigns) and government funding of R&D

Commercial potential for stockpiling is unclear

So far, limited demand government tenders have been small

Larger demand would require additional capacity

Narrow window between seasonal campaigns heightens capacity constraints

Each country has different specifications

Government pressure on pricing

Competition is intensifying

GSK, MedImmune and Sanofi-Pasteur have initiated or plan to initiate development

Pandemic Influenza Vaccine Strategy Presents Challenges

DURING A PANDEMIC

An actual pandemic may lead to year-round production of pandemic strain in lieu of seasonal campaigns for a brief period

Proprietary adjuvant MF59 may reduce antigen requirements and increase supplies

Government pressure on pricing may lead to lower margins

But in order to produce a commercial pandemic vaccine, technical obstacles must first be addressed

Pandemic vaccine may require higher number of doses than seasonal vaccine

Adjuvants may be required to improve immunogenicity

Manufacturing yields expected to be relatively low

Unclear that these technical obstacles will be resolved before pandemic arrives

and the regulatory pathway is still not clear

No currently approved pandemic vaccines

FDA and EMEA may have different requirements

FDA has not approved any adjuvant other than alum

Flu cell culture production, which is not reliant on egg supply, may afford an advantage

Significant capital investment is required (U.S.: $350-$400MM, EU: $80-$100MM)

Business Considerations Vaccines

	Opportunities	Risks
Flu	Regained Liverpool license and delivered product for 2005-2006 season Strong terms and relationships with distributors	Continued Liverpool manufacturing issues Begrivac must be re-launched Competitors entering market increasing supply
Flu Cell Culture	Production not reliant on egg supply Pricing opportunity	Regulatory approvals Capacity limitations Competition from increasing egg-based supply
Pandemic	Egg-based capacity may be utilized between annual campaigns for government stockpiling MF59 may reduce antigen requirements Increased sales in pandemic years	Government stockpiling: differing strains, specifications, timing, frequency, pricing, capacity limitations MF59: capacity constraints, unclear regulatory approval path, especially FDA Technical and regulatory hurdles to get an approved pandemic vaccine, pressure on pricing
Meningitis	Novel technology for MenB vaccine - major unmet medical need MenACWY infant data promising	MenB very early MenACWY competition (Sanofi-Aventis already on market) Manufacturing facility for MenB and MenACWY requires new FDA approval

Blood Testing Business is Strong But Has Limited Growth Potential

Strong commercial capabilities and solid intellectual property

Growth is slowing

Key patents are facing expiration

Chiron has no proven internal development or manufacturing capabilities for next generation platform

Business Considerations Blood Testing

	Opportunities	Risks
General	Strong commercial capabilities in well defined market segment Geographic expansion	Slower growth (limited donations, limited assays) Uncertain adoption in developing countries Upcoming expiration of key patents
Assays	Procleix West Nile Virus (WNV) Assay Procleix Ultrio Assay U.S. vCJD Assay	WNV is U.S. only: no growth beyond move to commercial pricing Ultrio regulatory delays vCJD Assay in early stage
Procleix Tigris	Fully-automated NAT platform	Regulatory delay Issues of reliability
Development	Potential next-generation instrument combining NAT and immunoassay tests may afford protection post-patent expirations Enzyme conversion to universal blood group 0 (ECO)	Early stage; ability to internally develop or manufacture next gen. product unproven ECO is unproven technology with uncertain regulatory pathway

Directors Managed Process to Achieve Fair Price

Conducted by Directors with significant industry and financial expertise *

Independent, top-tier financial and legal advisors

Transaction timeline managed by Directors to achieve an optimal outcome

Threat of invoking additional procedural rights provided for in Governance Agreement, such as arbitration and delay, resulted in fair price for stockholders

Unanimous approval by Directors

** See Annex A*

$45 Offer Represents Fair Value for Chiron Stockholders

In assessing the transaction, Directors carefully considered the business risks and opportunities described above

The Directors required and relied on certain analyses, and also obtained fairness opinions from two independent financial advisors, Credit Suisse and Morgan Stanley

Industry-accepted methodologies and sensitivities to projected business performance

Historical trading ranges

Prior to initial offer, research analysts forward price targets of $32 -$42 per share

Selected companies analysis

Discounted cash flow analysis, consolidated and sum of the parts

Various sensitivity analyses and additional data

$45 value is supported by and attractive relative to ranges implied by analysis and Chiron s intrinsic value and reflects a significant portion of synergy value available to Novartis

Value represents outcome of extensive negotiation and careful timing by Directors

$45 offer deemed by Directors to be fair and most attractive alternative available to Chiron

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

Better than status quo

Management s long range plan would not produce higher value

Continued operational challenges and execution risks

Significant downside risk in absence of Novartis deal

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

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

Annex A: Independent Directors Biographies

Vaughn D. Bryson

Director since 1997; former President and CEO of Eli Lilly

Lewis W. Coleman

Director since 1991; former Chairman and CEO of Bank of America Securities

J. Richard Fredericks

Director since 2003; Chairman of Dionis Capital, a New York based-hedge fund focusing on the financial services industry

Howard H. Pien

Chairman and CEO Chiron; former President of Pharmaceuticals International at GSK

Denise O Leary

Director since 2002; former General Partner of Menlo Ventures, a private venture capital firm

Edward Penhoet, Ph.D.

Director since 1981; Co-Founder, Former President and CEO of Chiron

Peter J. Strijkert, M.D.

Director since 1987; Chairman of Crucell N.V., a biotechnology company focused on developing products that prevent and treat infectious diseases

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