CHIRON CORP
Form DEFM14A
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

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ý Definitive Proxy Statement

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Chiron Corporation

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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4560 Horton Street
Emeryville, California 94608

SPECIAL MEETING OF STOCKHOLDERS

March 6, 2006

Dear Chiron Corporation Stockholders:

You are invited to attend a special meeting of stockholders of Chiron Corporation in the auditorium at our headquarters, located at 1450 53rd Street, Emeryville, California 94608, on Wednesday, April 12, 2006, at 8:30 a.m., Pacific Time. At the special meeting, you will be asked to consider and adopt the Agreement and Plan of Merger, dated as of October 30, 2005, among Chiron, Novartis Corporation, Novartis Biotech Partnership, Inc., an indirect wholly owned subsidiary of Novartis AG and an indirect subsidiary of Novartis Corporation, and Novartis AG, as guarantor.

The merger contemplates Novartis Biotech Partnership, Inc. being merged with and into Chiron, with Chiron as the surviving corporation and becoming an indirect subsidiary of Novartis Corporation and an indirect wholly owned subsidiary of Novartis AG. Upon completion of the merger, each share of Chiron common stock not held by Novartis AG or any of its subsidiaries, Chiron or any of its subsidiaries or a stockholder of Chiron who perfects appraisal rights, will be converted into the right to receive $45.00 in cash, without interest.

Under Delaware law, the affirmative vote of holders of a majority of the shares of Chiron common stock outstanding and entitled to vote at the special meeting is necessary to adopt the merger proposal. In addition, under the merger agreement, the parties have agreed that the affirmative vote of holders of a majority of the shares of Chiron common stock not held by Novartis AG and its subsidiaries outstanding and entitled to vote at the special meeting is necessary to adopt the merger proposal.

In accordance with Chiron's restated by-laws, the board of directors has fixed the close of business on March 3, 2006, as the record date for the purpose of determining stockholders entitled to receive notice of and to vote at the special meeting or any adjournment or adjournments thereof.

A list of the stockholders entitled to vote at the special meeting may be examined at our executive offices, located at 4560 Horton Street, Emeryville, California 94608, during the 10-day period preceding the special meeting.

On October 30, 2005, the board of directors of Chiron (with the three directors nominated to the board by Novartis AG having recused themselves) (1) determined that the merger and the merger agreement are fair to an in the best interests of Chiron's stockholders other than Novartis AG and its subsidiaries and (2) approved the merger agreement and the transactions contemplated thereby, including the merger. **Therefore, the board of directors (other than the Novartis directors) recommends that you vote FOR the adoption of the merger agreement.**

Our board of directors knows of no other matters that will be presented for consideration at the special meeting. If any other matters properly come before the special meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matters.

The enclosed proxy statement provides you with a summary of the merger agreement and the merger, and provides additional information about the parties involved. The closing of the merger will occur as promptly as practicable following the adoption of the merger agreement at the special meeting by Chiron stockholders, subject to the satisfaction or waiver of the other conditions to the closing of the merger, as described in the enclosed proxy statement.

YOUR VOTE IS VERY IMPORTANT. Therefore, whether or not you plan to attend the special meeting in person, please sign and return the enclosed proxy in the envelope provided. You also may vote your proxy by either calling the toll-free number or via the website shown on your proxy card. If you attend the special meeting and desire to vote in person, you may do so even though you have previously sent a proxy. Because adoption of the merger agreement requires, under Delaware law, the affirmative vote of holders of a majority of the shares of Chiron common stock, and under the merger agreement, the affirmative vote of holders of a majority of the shares of Chiron common stock not held by Novartis AG and its subsidiaries, outstanding and entitled to vote at the special meeting, the failure to vote will have the same effect as voting against the merger proposal.

If your shares are held in "street name" by your broker, your broker will be unable to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedures provided by your broker. FAILURE TO INSTRUCT YOUR BROKER TO VOTE YOUR SHARES WILL HAVE THE SAME EFFECT AS VOTING AGAINST ADOPTION OF THE MERGER PROPOSAL.

Thank you for your support.

Sincerely,

Howard H. Pien
Chairman of the Board and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, passed upon the merits or fairness of the merger, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement, dated March 6, 2006, will first be mailed to stockholders on or about March 6, 2006.

4560 Horton Street
Emeryville, California 94608

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To be held on April 12, 2006

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Chiron Corporation, a Delaware corporation, will be held in the auditorium at our headquarters, located at 1450 53rd Street, Emeryville, California 94608, on Wednesday, April 12, 2006, at 8:30 a.m., Pacific Time. A proxy card and a proxy statement for the special meeting are enclosed.

The special meeting is for the purpose of:

1. Considering and voting to adopt the Agreement and Plan of Merger, dated as of October 30, 2005, among Chiron, Novartis Corporation, Novartis Biotech Partnership, Inc., an indirect wholly owned subsidiary of Novartis AG and an indirect subsidiary of Novartis Corporation, and Novartis AG, as guarantor. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement.

2. Approving adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the special meeting to adopt the merger agreement.

3. Transacting any other business as may properly come before the meeting.

Under Delaware law, approval of the merger proposal requires the affirmative vote of the holders of at least a majority of all outstanding shares of Chiron common stock entitled to vote. In addition, under the merger agreement, the parties have agreed that adoption of the merger agreement requires the affirmative vote of the holders of a majority of all shares other than those held by Novartis AG and its subsidiaries.

In accordance with Chiron's by-laws, the board of directors has fixed the close of business on March 3, 2006 as the record date for the purpose of determining stockholders entitled to receive notice of and to vote at the special meeting or any adjournment or adjournments thereof.

A list of the stockholders entitled to vote at the special meeting may be examined at our executive offices, located at 4560 Horton Street, Emeryville, California 94608, during the 10-day period preceding the special meeting.

Under Delaware law, stockholders of Chiron are eligible to exercise appraisal rights in connection with the merger. A stockholder that does not vote in favor of the merger proposal and strictly complies with the other necessary procedural requirements will have the right to dissent from the merger and to seek appraisal of the fair value of their Chiron shares, exclusive of any element of value arising from the expectation or accomplishment of the merger. For a description of appraisal rights and the procedures to be followed to assert them, stockholders should review the provisions of Section 262 of the Delaware General Corporation Law, a copy of which is included as Annex D to the accompanying proxy statement.

YOUR VOTE IS VERY IMPORTANT. Therefore, whether or not you plan to attend the special meeting in person, please sign and return the enclosed proxy in the envelope provided. You also may vote your proxy by either calling the toll-free number or via the website shown on your proxy card. If you attend the special meeting and desire to vote in person, you may do so even though you have previously sent a proxy. BECAUSE

ADOPTION OF THE MERGER AGREEMENT REQUIRES, UNDER DELAWARE LAW, THE AFFIRMATIVE VOTE OF HOLDERS OF A MAJORITY OF THE SHARES OF CHIRON COMMON STOCK, AND UNDER THE MERGER AGREEMENT, THE AFFIRMATIVE VOTE OF HOLDERS OF A MAJORITY OF THE SHARES OF CHIRON COMMON STOCK NOT HELD BY NOVARTIS AG AND ITS SUBSIDIARIES, OUTSTANDING AND ENTITLED TO VOTE AT THE SPECIAL MEETING, THE FAILURE TO VOTE WILL HAVE THE SAME EFFECT AS VOTING AGAINST THE MERGER PROPOSAL.

Sincerely,

Ursula B. Bartels
Vice President, General Counsel and Secretary

March 6, 2006
Emeryville, California

SUMMARY TERM SHEET

This summary highlights important and material information from this proxy statement but does not purport to be complete. To fully understand the merger described in this proxy statement, you should read carefully the entire proxy statement. We have included section references to direct you to a more complete description of the topics contained in this summary.

Parties to the Transaction. Certain subsidiaries of Novartis AG collectively currently own approximately 43.6% of the outstanding shares of our common stock. Novartis Corporation, or Novartis, and Chiron have agreed to a merger in which Chiron stockholders other than Novartis AG and its subsidiaries will receive $45.00 per share in cash, without interest. Please read "Special Factors Background of the Merger" beginning on page 4.

Going-Private Transaction. This is a "going private" transaction. If the merger is completed, you will be paid $45.00 per share in cash and:

Novartis will own our entire equity interest;

you will no longer have any interest in our future earnings or growth;

we will no longer be a public company;

our common stock will no longer be traded on the National Association of Securities Dealers Automatic Quotation System, or Nasdaq; and

we may no longer be required to file periodic and other reports with the Securities and Exchange Commission, or SEC.

Please read "Special Factors Certain Effects of the Merger" beginning on page 35.

Board Recommendation. The board of directors (with the three directors nominated to the board by Novartis AG having recused themselves) determined that the merger is fair to and in the best interests of our stockholders other than Novartis AG and its subsidiaries, and unanimously recommend that the stockholders of Chiron adopt the merger agreement. Please read "Special Factors Fairness of the Merger; Recommendation of the Non-Novartis Directors of Chiron's Board of Directors" beginning on page 10.

Opinions of Chiron's Financial Advisors. The board of directors of Chiron received an opinion from each of Credit Suisse First Boston LLC (which entity has been succeeded by Credit Suisse Securities (USA), LLC), or Credit Suisse, and Morgan Stanley & Co. Incorporated, or Morgan Stanley. Credit Suisse rendered its opinion that, as of October 30, 2005 and based on and subject to the matters described in its opinion, the merger consideration to be received in the merger by holders of shares of Chiron common stock other than Novartis AG and its subsidiaries was fair, from a financial point of view, to such holders. Morgan Stanley rendered its opinion that, as of October 30, 2005 and based on and subject to the matters described in its opinion, the merger consideration to be received by the holders of shares of Chiron common stock pursuant to the merger agreement was fair from a financial point of view to such holders (other than holders of "excluded shares," as that term is defined in the merger agreement). The full texts of the written opinions of Credit Suisse and Morgan Stanley are attached as Annex B and Annex C, respectively, to this proxy statement. You are urged to read each of the opinions carefully and in its entirety for a description of the procedures followed, matters considered and qualifications and limitations of the reviews undertaken in rendering each of those opinions. The opinions do not constitute a recommendation to any stockholder as to how they should vote or act on any matter relating to the merger. See "Special Factors Opinions of Chiron's Financial Advisors" beginning on page 23 and Annex B and Annex C.

Position of the Novartis Entities as to Fairness. The Novartis entities Novartis AG, Novartis Corporation and Novartis Biotech Partnership, Inc. believe that the merger consideration is fair in terms of price to Chiron's stockholders and that the procedure followed in reaching such price was also fair to those stockholders. A central consideration to the Novartis entities in establishing the fairness of the merger is that, in addition to the approval of the merger by Chiron's non-Novartis directors including the "independent directors" (as such term is defined in the governance agreement between Chiron and Novartis AG), Novartis agreed to condition the merger on the affirmative vote of a majority of the outstanding shares of Chiron common stock not held by Novartis AG or its subsidiaries. See "Special Factors Position of the Novartis Entities Regarding Fairness of Merger" beginning on page 16.

Purpose of the Transaction. The purpose of the transaction is for Novartis to acquire all of the outstanding shares of Chiron that it does not already own. Please read "Special Factors Novartis' Purpose and Reasons for the Merger" beginning on page 15.

Required Vote. Under Delaware law, the affirmative vote of holders of a majority of the shares of Chiron common stock outstanding and entitled to vote at the special meeting is necessary to adopt the merger proposal. In addition, under the merger agreement, the parties have agreed that the affirmative vote of holders of a majority of the shares of Chiron common stock not held by Novartis AG and its subsidiaries outstanding and entitled to vote at the special meeting is necessary to adopt the merger proposal. Please read "The Special Meeting Quorum; Vote Required" beginning on page 2 and "The Merger Agreement Closing Conditions" beginning on page 62.

Regulatory Approvals Required. In addition to the required stockholder approval discussed above, the merger is subject to various regulatory clearances, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, as amended, regulations of the European Commission and Exon-Florio provisions of the Omnibus Trade and Competitiveness Act of 1988. The parties received early termination of the waiting period under the HSR Act effective December 5, 2005. On January 23, 2006, the Committee on Foreign Investments in the United States (CFIUS) advised Chiron that it had concluded its review of the proposed acquisition of Chiron by Novartis and determined that there are no issues of national security sufficient to warrant an investigation under Exon-Florio. On February 6, 2006, the European Commission adopted a decision pursuant to Article 6(1)(b) of the Council Regulation (EC) No. 139/2004 declaring the combination compatible with the common market. All U.S. and European Union regulatory reviews for the proposed merger have now been completed. Please read "The Merger Agreement Closing Conditions" beginning on page 62 and "Special Factors Regulatory Approvals" beginning on page 50.

Interests of Chiron's Directors and Executive Officers in the Merger. In considering the recommendation of the Chiron board, you should be aware that some executive officers and directors of Chiron have various relationships with Chiron or interests in the merger that may be different from your interests as stockholders and that may present actual or potential conflicts of interest.

Like our other stockholders (except Novartis AG and its subsidiaries), members of our board of directors and our executive officers will be entitled to receive the merger consideration for shares of Chiron common stock that they own. In addition, like other holders of stock options, restricted stock units and restricted share rights, our executive officers and directors will be entitled to cash out stock options, restricted stock units and restricted share rights that they own and that are outstanding immediately prior to the effective time of the merger (whether or not then vested). In addition, if there is a qualifying termination, as that term is defined in Chiron's change in control severance plan, after a change in control (including the merger) any deferred

share units awarded to officers, or others, and that are outstanding and unvested as of their termination date would be vested and cashed out at the merger consideration. Finally, pursuant to our change in control severance plan, if any of our executive officers or other officers covered by the plan is terminated under certain circumstances as provided in the plan within 24 months following a change of control of Chiron, including the merger, such officer will receive a lump sum severance payment based on such officer's salary and bonus and position with Chiron, as well as continuation of certain benefits.

The following table sets forth for each of Chiron's executive officers (1) the aggregate amount payable as a result of the vesting and cancellation of currently unvested options, (2) the aggregate amount payable as a result of the cancellation of unvested restricted stock units and unvested restricted share rights, (3) the aggregate amount payable if there is a qualifying termination, as that term is defined in Chiron's change in control severance plan, after a change in control (including the merger) in respect of unvested deferred share units and (4) the aggregate amount payable under Chiron's change in control severance plan, assuming a hypothetical closing date for the merger of May 1, 2006 and an immediate termination of each executive officer at that time and based on their current base salary and bonus:

Director/ Executive Officer	Unvested Stock Options	Restricted Stock Units/ Share Rights	Deferred Share Unit Awards	Change in Control Plan
Ursula B. Bartels	$ 531,669	$ 877,500	$ 85,500	$ 2,753,661
Jack Goldstein	$ 2,177,022	$ 2,790,000	$ 211,500	$ 5,436,462
Anne Hill	$ 1,047,985	$ 405,000	$ 72,000	$ 2,116,054
Jessica M. Hoover	$ 470,964	$ 491,400	$ 72,000	$ 2,127,005
Meghan B. Leader	$ 480,695	$ 492,750	$ 72,000	$ 1,922,817
Howard H. Pien	$ 4,817,287	$ 4,612,500	$ 0	$ 12,198,116
Rino Rappuoli	$ 516,134	$ 855,000	$ 72,000	$ 942,262
David V. Smith	$ 556,937	$ 1,030,500	$ 85,500	$ 2,528,707
Daniel B. Soland	$ 1,311,836	$ 630,000	$ 99,000	$ 3,252,528
Bryan L. Walser	$ 489,187	$ 888,750	$ 72,000	$ 1,996,456
Gene W. Walther	$ 1,013,467	$ 716,400	$ 99,000	$ 3,281,122
Craig A. Wheeler	$ 1,372,172	$ 1,170,000	$ 99,000	$ 4,489,188

Chiron's directors do not own any unvested options, unvested restricted stock units or unvested restricted share rights and are not participants in Chiron's change of control severance plan. See "Special Factors Interests of Chiron's Directors and Executive Officers in the Merger" beginning on page 37.

Appraisal Rights. Stockholders who oppose the merger may exercise appraisal rights but only if they do not vote in favor of the merger proposal and otherwise strictly comply with the procedures of Section 262 of the Delaware General Corporation Law, which is Delaware's appraisal statute. A copy of Section 262 is included as Annex D to this proxy statement. See "Appraisal Rights" beginning on page 53.

Merger Financing. Your shares will be purchased in the merger for cash and the merger is not subject to any financing condition. Because Novartis AG and its subsidiaries have sufficient cash to finance the merger, we do not believe that its financial condition is relevant to your decision on how to vote.

Material Federal Tax Consequences. In general, your receipt of the merger consideration will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under applicable state, local, foreign and other tax laws. However, the tax consequences of the merger to you will depend upon your own financial and tax situation. We recommend that you consult

your tax and legal advisors for a full understanding of the tax consequences of the merger to you. Please read "Special Factors Material Federal Income Tax Considerations" beginning on page 48.

Treatment of Stock Options, Restricted Stock and Restricted Units. If you are an employee, for each stock option (whether vested or unvested) you hold, you will receive the excess, if any, of $45.00 over the applicable per share exercise price of the stock option, less any applicable withholding tax. For each restricted stock unit or restricted share right (whether vested or unvested) you hold, you will receive $45.00 per share of Chiron common stock subject to such unit or right, subject to any deferral election, less any applicable withholding tax.

Anticipated Closing of Merger. The merger will be completed after all of the conditions to completion of the merger are satisfied or waived, including approval of the merger proposal at the special meeting by the stockholders of Chiron described above. We will complete the merger as promptly as possible following such approval, subject to the satisfaction or waiver of the other conditions to the merger. We currently expect the merger to be completed in the first half of 2006. Novartis will issue a press release once the merger has been completed.

Additional Information. You can find more information about Chiron, Novartis AG, Novartis Corporation and Novartis Biotech Partnership, Inc. in the periodic reports and other information we and Novartis AG file with the SEC. The information is available at the SEC's public reference facilities and at the Internet site maintained by the SEC at *http://www.sec.gov*. For a more detailed description of the information available, please see the section entitled "Where You Can Find More Information" on page 76.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What Am I Being Asked to Vote On?

A: You are being asked to vote on the adoption of the merger agreement entered into among Chiron Corporation, Novartis Corporation, Novartis Biotech Partnership, Inc., an indirect wholly owned subsidiary of Novartis AG and an indirect subsidiary of Novartis Corporation, and Novartis AG, as guarantor. Pursuant to the merger agreement, Novartis Biotech Partnership, Inc. will be merged with and into Chiron, with Chiron surviving as an indirect wholly owned subsidiary of Novartis AG and an indirect subsidiary of Novartis Corporation. See "The Merger Agreement The Merger" on page 56.

Q: When and Where Is the Special Meeting?

A: The special meeting of stockholders of Chiron will be held in the auditorium at our headquarters, located at 1450 53rd Street, Emeryville, California 94608, on Wednesday, April 12, 2006, at 8:30 a.m., Pacific Time. See "The Special Meeting" beginning on page 2.

Q: May I Attend the Special Meeting?

A: All stockholders of record as of the close of business on March 3, 2006, the record date, may attend the special meeting. Proof of ownership of Chiron common stock, such as a bank or brokerage account statement, as well as a form of personal identification, must be presented in order to be admitted to the special meeting.

Please note that if you hold your shares in the name of a bank, broker or other holder of record, and plan to vote at the meeting, you must also present at the meeting a proxy issued to you by the holder of record of your shares.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the special meeting.

Q: Who Can Vote at the Chiron Special Meeting?

A: You can vote at the special meeting if you owned shares of Chiron common stock at the close of business on March 3, 2006, the record date. As of the close of business on that day, approximately 197,753,623 shares of Chiron common stock were outstanding. See "The Special Meeting" beginning on page 2.

Q: How Are Votes Counted?

A: Votes will be counted by the inspector of election appointed for the special meeting, who will separately count "For" and "Against" votes, abstentions and broker non-votes. A "broker non-vote" occurs when a nominee holding shares for a beneficial owner does not receive instructions with respect to the merger proposal from the beneficial owner. Because adoption of the merger agreement requires, under Delaware law, the affirmative vote of holders of a majority of the shares of Chiron common stock, and under the merger agreement, the affirmative vote of holders of a majority of the shares of Chiron common stock not held by Novartis AG and its subsidiaries, outstanding and entitled to vote at the special meeting, the failure to vote, broker non-votes and abstentions will have the same effect as voting "Against" the merger proposal.

Q: How Many Votes Are Required to Approve the Merger Proposal?

A: Under Delaware law, the affirmative vote of holders of a majority of our outstanding shares of common stock as of the close of business on the record date is required to adopt the merger agreement. As of the close of business on March 3, 2006, the record date, there were

197,753,623 shares of Chiron common stock outstanding. This means that under Delaware law, 98,876,812 shares or more must vote in the affirmative to adopt the merger agreement. Also, in the merger agreement, the Novartis entities and Chiron have agreed that the merger will be conditioned on the affirmative vote of the holders of a majority of all outstanding shares other than those held by Novartis AG or its subsidiaries as of the close of business on the record date. As of the close of business on March 3, 2006, the record date, there were 111,536,993 shares of Chiron common stock outstanding other than those held by Novartis AG or its subsidiaries. This means that pursuant to the merger agreement, the merger is conditioned on the affirmative vote of 55,768,497 or more of such shares. See "The Special Meeting" beginning on page 2.

Q: How Many Votes Do I Have?

A: You have one vote for each share of common stock you own as of the record date.

Q: If My Shares Are Held in "Street" Name by My Broker, Will My Broker Vote My Shares for Me?

A: Your broker will vote your shares only if you provide instructions to your broker on how to vote. You should instruct your broker to vote your shares by following the directions provided to you by your broker. See "The Special Meeting" beginning on page 2.

Q: What If I Fail to Instruct My Broker?

A: Without instructions, your broker will not vote any of your shares held in "street" name. Broker non-votes will be counted for the purpose of determining the presence or absence of a quorum, but will not be deemed votes cast and will have the same effect as a vote "Against" the merger proposal.

Q: Will My Shares Held in "Street" Name or Another Form of Record Ownership Be Combined for Voting Purposes With Shares I Hold of Record?

A: No. Because any shares you may hold in "street" name will be deemed to be held by a different stockholder than any shares you hold of record, any shares so held will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity, and shares held in an IRA must be voted under the rules governing the account.

Q: What Happens If I Do Not Vote?

A: Because the vote required is based on the total number of shares of common stock outstanding on the record date, and not just of the shares that are voted, if you do not vote, it will have the same effect as a vote against the merger proposal. If the merger is completed, whether or not you vote for the merger proposal, you will be paid the merger consideration for your shares of Chiron common stock upon completion of the merger, unless you properly exercise your appraisal rights as described in "Appraisal Rights" beginning on page 53. See "The Special Meeting" beginning on page 2.

Q: When Should I Send in My Stock Certificates?

A: After the special meeting, you will receive a letter of transmittal to complete and return to Computershare Trust Company of New York, which is the paying agent. In order to receive the merger consideration as soon as reasonably practicable following the completion of the merger, you must send the paying agent your validly completed letter of transmittal together with your Chiron stock certificates as instructed in the separate mailing. ***You should not send in your stock certificates now***.

Q: When Can I Expect to Receive the Merger Consideration For My Shares?

A: Once the merger is completed, you will be sent in a separate mailing a letter of transmittal and other documents to be delivered to the paying agent in order to receive the merger consideration. Once you have submitted your properly completed letter of transmittal, Chiron stock certificates and other required documents, to the paying agent, the paying agent will send you the merger consideration as soon as reasonably practicable.

Q: I Do Not Know Where My Stock Certificate Is. How Will I Get My Cash?

A: The materials we will send you after completion of the merger will include the procedures that you must follow if you cannot locate your stock certificate. This will include an affidavit that you will need to sign attesting to the loss of your certificate. We may also require that you provide a bond to cover any potential loss to Chiron.

Q: What Do I Need to Do Now?

A: You should indicate your vote on your proxy card and sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the special meeting. You may also vote your proxy by either calling the toll-free number or via the website shown on your proxy card. The meeting will take place on April 12, 2006. See "The Special Meeting" beginning on page 2.

Q: What Happens If I Sell My Shares of Chiron Common Stock Before the Special Meeting?

A: The record date for the special meeting is earlier than the expected date of the merger. If you transfer your shares of Chiron common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares.

Q: Can I Change My Vote After I Have Mailed in My Proxy Card?

A: Yes. You can change your vote at any time before we vote your proxy at the special meeting. You can do so in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy to the Secretary of Chiron at the address given below. Second, you can request a new proxy card and complete it and send it to the Secretary of Chiron at: 4560 Horton Street, M/S R-422, Emeryville, California 94608 or complete a new proxy by calling the toll-free number or via the website shown on your proxy card. Third, you can attend the special meeting and vote in person. You should send any written notice or request for a new proxy card to the attention of Corporate Secretary, Chiron Corporation, 4560 Horton Street, Emeryville, California 94608. Voting by telephone, over the Internet or by mailing in your proxy card will not prevent you from voting in person at the meeting. See "The Special Meeting" beginning on page 2.

Q: Who Can Answer Further Questions?

A: If you would like additional copies of this proxy statement or a new proxy card or if you have questions about the merger, you should contact our Corporate Secretary, Chiron Corporation, 4560 Horton Street, Emeryville, California 94608. You may call our proxy solicitor Innisfree M&A, Incorporated toll-free at 888-750-5835 (banks and brokers may call collect at 212-750-5833) or Novartis' proxy solicitor, Georgeson Shareholder Communications Inc., toll-free at 877-278-4774 (banks and brokers may call collect at 212-440-9800).

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INTRODUCTION

This proxy statement and the accompanying form of proxy are being furnished to the holders of shares of common stock, $0.01 par value, of Chiron Corporation, a Delaware corporation, in connection with the solicitation of proxies by the board of directors of Chiron for use at the special meeting of the stockholders of Chiron to be held in the auditorium at our headquarters, located at 1450 53rd Street, Emeryville, California 94608, on Wednesday, April 12, 2006, at 8:30 a.m., Pacific Time.

We are asking our stockholders to vote on the adoption of the merger agreement, dated as of October 30, 2005, among Chiron, Novartis Corporation, Novartis Biotech Partnership, Inc., an indirect wholly owned subsidiary of Novartis AG and an indirect subsidiary of Novartis Corporation, and Novartis AG, as guarantor. If the merger is completed, we will become a wholly owned subsidiary of Novartis, and our stockholders (other than Novartis AG and its subsidiaries and other than those who perfect their appraisal rights under Delaware law) will have the right to receive $45.00 in cash without interest for each share of our common stock.

THE PARTIES TO THE TRANSACTION

Chiron Corporation

Chiron Corporation was incorporated in California in 1981 and merged into a Delaware corporation in November 1986. Chiron is a global biopharmaceutical company that participates in three healthcare markets: blood testing, vaccines, and biopharmaceuticals. Our revenues, which totaled $1.7 billion in 2004, consist of product sales, revenues from a joint business contractual arrangement, collaborative agreement revenues, royalty and license fee revenues and other revenues, primarily consisting of contract manufacturing and grant revenues. Our research and development efforts are focused on programs to improve blood safety, developing next generation influenza manufacturing capability and new vaccines for pandemic preparedness, broadening our meningococcal franchise and developing products for oncology and infectious and pulmonary disease.

Novartis currently owns approximately 43.6% of our outstanding common stock, including 6,896,552 newly issued shares sold to Novartis Biotech Partnership, Inc. on December 8, 2005 pursuant to Chiron's exercise of its mandatory subscription rights contained in the subscription agreement with Novartis AG. These shares were issued for $300 million at $43.50 per share. Novartis AG also has an option to acquire additional newly issued shares from Chiron at a market price to increase its ownership to 55%.

Our principal executive offices are located at 4560 Horton Street, Emeryville, California 94608, and our main telephone number is (510) 655-8730.

Novartis AG, Novartis Corporation and Novartis Biotech Partnership, Inc.

Novartis AG is a Swiss corporation with principal executive offices at Lichtstrasse 35, CH-4002 Basel, Switzerland. The telephone number of Novartis AG's principal executives is 011-41-61-324-1111**.** Novartis AG's group of companies is a world leader in the discovery, development, manufacture and marketing of prescription medications.

Novartis Corporation is a New York corporation with principal executive offices at 608 Fifth Avenue, New York, NY 10020 and is an indirect wholly owned subsidiary of Novartis AG. The telephone number of Novartis Corporation's executive offices is (212) 307-1122. Novartis Corporation indirectly owns most of the companies of the Novartis AG group operating in the U.S.

Novartis Biotech Partnership, Inc., or Novartis Biotech, is a Delaware corporation with principal executive offices at 608 Fifth Avenue, New York, NY 10020 and is an indirect subsidiary of Novartis Corporation and an indirect wholly owned subsidiary of Novartis AG. Novartis Biotech was formed on November 18, 1994 for the purpose of holding Novartis AG's investment in Chiron and to date, Novartis Biotech has engaged in no activities other than those relating to Novartis AG's investment in Chiron and its participation in the transactions contemplated by the merger agreement.

THE SPECIAL MEETING

Date, Time and Place

The special meeting is scheduled to be held in the auditorium at our headquarters, located at 1450 53rd Street, Emeryville, California 94608, on Wednesday, April 12, 2006, at 8:30 a.m., Pacific Time.

Matters to be Considered

At the special meeting, Chiron stockholders will be asked:

- to consider and vote upon the adoption of the merger agreement among Chiron, Novartis Corporation (sometimes referred to as "Novartis" in this proxy statement), Novartis Biotech Partnership, Inc., an indirect wholly owned subsidiary of Novartis AG and an indirect subsidiary of Novartis Corporation, and Novartis AG, as guarantor;

- to vote upon an adjournment or postponement of the special meeting, if necessary, to solicit additional proxies; and

- to transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

On October 30, 2005, the board of directors of Chiron (with the three directors nominated to the board by Novartis having recused themselves) (1) determined that the merger and the merger agreement are fair to and in the best interests of Chiron's stockholders other than Novartis AG and its subsidiaries and (2) approved the merger agreement and the transactions contemplated thereby, including the merger. **Therefore, the board of directors of Chiron (other than the Novartis directors) recommends that you vote FOR the adoption of the merger agreement.** See "Special Factors Fairness of the Merger; Recommendation of the Non-Novartis Directors of Chiron's Board of Directors" beginning on page 10.

Our board of directors knows of no other matters that will be presented for consideration at the special meeting. If any other matters properly come before the special meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matters.

Record Date; Shares Outstanding and Entitled to Vote

Our board of directors has fixed the close of business on March 3, 2006 as the record date for the determination of the holders of Chiron's common stock entitled to notice of and to vote at the special meeting.

Only holders of record of Chiron's common stock as of the close of business on March 3, 2006, the record date, will be entitled to notice of and to vote at the special meeting. As of the record date, there were approximately 197,753,623 shares of Chiron common stock outstanding and entitled to vote at the special meeting, held by approximately 3,488 stockholders of record, with each share entitled to one vote.

Quorum; Vote Required

The presence, in person or represented by proxy, of holders of a majority of the shares of common stock issued and outstanding and entitled to vote at the special meeting will constitute a quorum. Both abstentions and broker non-votes will be counted for the purpose of determining the presence or absence of a quorum. Under Delaware law, approval of the merger proposal will require the affirmative vote of the holders of a majority of the shares of Chiron common stock outstanding on the record date. As of the close of business on March 3, 2006, the record date, there were 197,753,623 shares of Chiron common stock outstanding. This means that under Delaware law, 98,876,812 shares or more must vote in the affirmative to adopt the merger agreement. Under the merger agreement, the parties have agreed that approval of the merger agreement will require the affirmative vote of a majority of the shares of Chiron common stock not held by Novartis AG or its subsidiaries outstanding

on the record date. As of the close of business on March 3, 2006, the record date, there were 111,536,993 shares of Chiron common stock outstanding other than those held by Novartis AG or its subsidiaries. This means that pursuant to the merger agreement, the merger is conditioned on the affirmative vote of 55,768,497 or more of such shares.

Novartis AG and its subsidiaries will be present or represented at the special meeting and will vote for the merger proposal. While their presence or representation at the special meeting and vote for the merger proposal, by itself, will not satisfy the quorum requirement or the vote required pursuant to Delaware law, the 43.6% of our outstanding shares held by them will substantially reach such quorum and vote requirement. However, Novartis AG and its subsidiaries' vote will not be counted for purposes of the vote required pursuant to the merger agreement.

The merger will not be completed, and you will not receive the merger consideration, if either of the votes described above are not obtained. Your vote is very important. FAILURE TO VOTE WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE MERGER.

Voting and Revocation of Proxies

Stockholders are requested to complete, date, sign and promptly return the accompanying form of proxy in the enclosed envelope. You may also vote your proxy by either calling the toll-free number or via the website shown on the proxy card. Shares of Chiron common stock represented by properly executed proxies received by Chiron and not revoked will be voted at the special meeting in accordance with the instructions contained in the proxies. If instructions are not given, proxies will be voted for adoption of the merger agreement. However, brokers do not have discretionary authority to vote shares held in street name. Accordingly, a broker non-vote will have the same effect as a vote against the merger proposal. An abstention will also have the same effect as a vote against the merger proposal.

Any proxy may be revoked at any time before it is voted either by delivering to the Corporate Secretary of Chiron, at Chiron Corporation, 4560 Horton Street, M/S R-422, Emeryville, California 94608, written notice of such revocation or a duly executed proxy bearing a later date, or by completing a new proxy by calling the toll-free number or via the website shown on your proxy card, or by attending the special meeting and voting in person. Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

All votes will be tabulated by the inspector of election appointed for the special meeting, who will separately tabulate "for" votes, "against" votes, abstentions and broker non-votes. As described above, abstentions and broker non-votes will have the effect of a vote against the merger proposal.

Proxy Solicitation

We and Novartis will share the cost of printing, filing and mailing this proxy statement in connection with the special meeting. In addition to solicitation by mail, our directors, officers and regular employees may solicit proxies from stockholders in person, by telephone, or otherwise. Directors, officers and employees will not receive additional compensation in connection with their solicitation of proxies. Brokers, nominees, fiduciaries and other custodians have been requested to forward soliciting material to the beneficial owners of shares of Chiron common stock held of record by them, and such custodians will be reimbursed by us for their reasonable expenses. We retained Innisfree to provide a number of information, analytic and other services, including assisting with the solicitation of proxies from stockholders, pursuant to an engagement letter under which we pay Innisfree $25,000 per month. We estimate that the portion of the fee payable to Innisfree that is allocable to the anticipated proxy solicitation period will range from $25,000 to $50,000. We have also agreed to reimburse Innisfree for reasonable expenses. Novartis has retained Georgeson Shareholder Communications Inc. and MacKenzie Partners, Inc. to assist with the solicitation of proxies from stockholders for a fee of $50,000 and an initial fee of €40,000 (with a final fee to be mutually agreed between Novartis and Mackenzie), respectively, plus, in each case, reasonable expenses.

You should not send any stock certificates representing shares of Chiron common stock with your proxy. Once the merger has been completed you will receive a separate mailing with instructions on where and how to mail your stock certificates and your letter of transmittal.

SPECIAL FACTORS

Except as otherwise noted, references to Novartis in this section "Special Factors" are to Novartis AG.

Background of the Merger

Novartis (through its predecessor company Ciba-Geigy Limited) initially acquired its interest in Chiron in 1994 and currently owns approximately 43.6% of the outstanding common stock of Chiron. As part of its original investment, Novartis also obtained a right to acquire the remaining shares of Chiron common stock it did not already own at a price an unaffiliated party would pay only after complying with various procedures set forth in the governance agreement with Chiron, as well as a right to increase its stake in Chiron to up to 55% either by acquiring an amount of newly issued shares from the Company (based on a market price formula) or through market purchases. Also as part of these agreements, Chiron acquired the right to require Novartis to purchase, under certain conditions and based on a market price formula, up to $500 million in newly issued shares, pursuant to which Chiron issued to Novartis Biotech on December 8, 2005 6,896,552 shares of common stock for $300 million at $43.50 per share.

Over the eleven years that Novartis has been Chiron's largest stockholder, Chiron has periodically held exploratory discussions with Novartis on a number of strategic initiatives, including, on occasion, mergers, significant acquisitions and other transactions, including some discussions initiated by Novartis. As Chiron's largest stockholder, Novartis' view has been one factor affecting the Chiron board's decision-making process with respect to strategic matters.

From time to time, Novartis has consulted Goldman, Sachs & Co., or Goldman Sachs, with respect to its Chiron investment. Novartis formally engaged Goldman Sachs on August 31, 2005 to assist Novartis management in preparing its financial analysis, and for Goldman Sachs' strategic expertise in connection with a possible transaction involving Chiron. Novartis engaged Wachtell, Lipton, Rosen & Katz to act as its legal counsel in connection with Novartis' analysis and evaluation of the Chiron situation and to assist Novartis in connection with a possible transaction in October 2004.

On December 2, 2004, Lewis Coleman, Chiron's lead independent director, and Dr. Raymund Breu, a Novartis designee to the Chiron board and Chief Financial Officer of Novartis, met and discussed, among other things, the recent developments involving FLUVIRIN® and the fact that Novartis was considering all of its options regarding its Chiron stake but that in the absence of access to due diligence, including with respect to Chiron's manufacturing facility in Liverpool, England, Novartis was not in a position to decide how it wished to proceed. Dr. Breu indicated in general terms that these potential options included maintaining Novartis' current investment in Chiron, increasing Novartis' percentage ownership in Chiron to over 50% through the acquisition of newly issued Chiron shares under the existing market price option agreement between Novartis and Chiron or otherwise as permitted under the governance agreement between Novartis and Chiron, seeking to acquire all of the remaining shares of Chiron, entering into strategic initiatives involving Chiron or its vaccines business, or potentially seeking to divest its existing interest in Chiron. Also in December 2004, executives of Chiron and Novartis held discussions regarding a possible vaccines joint venture, but these discussions were not pursued beyond this very preliminary stage.

The recent developments involving FLUVIRIN related to the fact that, during the third quarter of 2004, in conducting final internal release procedures for its FLUVIRIN influenza virus vaccine, Chiron's quality systems identified lots that did not meet product sterility specifications. On October 5, 2004, the Medicines and Healthcare products Regulatory Agency, or MHRA, prohibited Chiron from releasing any FLUVIRIN vaccine doses manufactured at its Liverpool, England facility since March 2, 2004 and suspended Chiron's license to manufacture influenza virus vaccine in the facility for three months (the suspension was later extended for an additional three months). Following these events and prior to the December 2 meeting between Mr. Coleman and Dr. Breu, Chiron received a grand jury

subpoena from the U.S. Attorney's Office for the Southern District of New York requesting production of certain documents relating to FLUVIRIN vaccine and the license suspension, and certain of Chiron's officers and directors were named as defendants in several putative shareholder class action and derivative lawsuits alleging various claims arising out of or relating to these developments regarding FLUVIRIN vaccine. Following the license suspension, Chiron developed and embarked on an extensive remediation effort with respect to its Liverpool facility.

In a conversation on January 11, 2005, Mr. Coleman informed Dr. Breu that, in light of on-going extensive remediation efforts with respect to Chiron's Liverpool facility and FLUVIRIN manufacturing generally, the time and resources required of Chiron management and the Chiron board of directors with respect to the remediation efforts and the potential disruption to those executing the remediation plan resulting from the visit of due diligence teams at the Liverpool plant and the need for Chiron's board to have a thorough discussion of Chiron's strategy, it was not an opportune time for Chiron to divert resources in order to facilitate due diligence for Novartis.

On March 8, 2005, Mr. Coleman and Dr. Breu met again and discussed certain high level strategic matters regarding Chiron and Novartis' intentions with respect to Chiron, including specifically whether Novartis was considering making an offer to purchase those shares of Chiron common stock that Novartis did not already own. Dr. Breu explained that Novartis was not at that time prepared to make a proposal with respect to Chiron, but indicated that if Novartis was given the opportunity to perform due diligence, depending on the outcome of that due diligence, Novartis might make an offer.

A meeting of the non-Novartis directors was held in late March 2005, which Ursula B. Bartels, Vice President and General Counsel and other members of Chiron management and a representative of Sullivan & Cromwell LLP, legal counsel to Chiron and the non-Novartis directors, also attended. At that meeting, Howard Pien, Chiron's Chief Executive Officer, discussed briefly, among other things, the remediation efforts at Chiron's Liverpool facility. In addition, Mr. Coleman reported on his discussions with Dr. Breu, and a representative of Sullivan & Cromwell LLP discussed with the board members their fiduciary duties. Following discussion of these matters, the non-Novartis directors concluded that, in order to be prepared to respond to any offer from Novartis, Chiron would need to update its long-range plan and obtain advice from financial advisors with respect to Chiron's valuation and instructed management to undertake this updating and evaluation. Chiron communicated the results of this meeting to Novartis.

The long-range plan is a rolling ten-year plan for each of Chiron's three business units biopharmaceuticals, vaccines and blood-testing prepared by Chiron management. The long-range plan addresses Chiron's strategies for each business unit and includes forecasts of Chiron's financial performance on a business unit-by-business unit basis and a description of the key drivers and assumptions underlying those forecasts. The plan is prepared annually by management each summer and is then reviewed with the Chiron board at its September meeting. At the direction of the non-Novartis directors, beginning in March 2005 Chiron management undertook an update of the 2004 long-range plan that had been approved by the board at its meeting in September 2004. Chiron's executive management team (without involving less senior members of management for confidentiality purposes) undertook this update by, among other things, analyzing and updating the key assumptions underlying the 2004 long-range plan and revising the projections contained in the plan accordingly. The projections contained under "Financial Projections" were derived from the 2004 long-range plan, after updating by Chiron management as described above and additional updating in September 2005 as discussed below on page 69.

Since and including Novartis' initial acquisition of its interest in Chiron in 1994, the principal representatives of each of Credit Suisse and Morgan Stanley with respect to this current transaction have advised Chiron and its board of directors regarding various strategic initiatives, including on occasion in connection with discussions between Chiron and Novartis. On April 15, 2005, in accordance

with the instructions from the non-Novartis directors at the late March meeting, Chiron formalized its engagement of Credit Suisse and Morgan Stanley with respect to a possible transaction with Novartis and entered into engagement letters with those firms.

A meeting of the non-Novartis directors was held on April 25, 2005. Jessica M. Hoover, Vice President, Head of Corporate Business Development, and Ms. Bartels and a representative of Sullivan & Cromwell LLP also attended this meeting, as did representatives of Credit Suisse and Morgan Stanley. During the meeting, Mr. Pien reviewed the materials being prepared by Chiron management for the meeting of the non-Novartis directors to be held on May 20, 2005 to discuss the updating of the 2004 long-range plan. Ms. Hoover reported that Chiron had engaged financial advisors Credit Suisse and Morgan Stanley as directed by the non-Novartis directors at the late March meeting. Mr. Coleman reported on discussions he had had with Dr. Breu and a representative of Sullivan & Cromwell LLP reported on discussions held with representatives of Wachtell, Lipton, Rosen & Katz regarding the process for due diligence activities should the board determine to approve due diligence by Novartis and the next steps in the event Novartis determined to make an offer.

A subsequent meeting of the non-Novartis directors was held on May 20, 2005. Also in attendance at this meeting were Ms. Hoover, Ms. Bartels, Dr. Goldstein, President and Chief Operating Officer of Chiron, other members of management and representatives of Credit Suisse, Morgan Stanley and Sullivan & Cromwell LLP. At this meeting, management of Chiron presented the update to Chiron's 2004 long-range plan. Following an overview by Dr. Goldstein of the long-range plan update and the key assumptions underlying the plan, Dr. Goldstein, other members of management and the board discussed the plan and key assumptions. The representatives of Credit Suisse and Morgan Stanley then made a presentation to the non-Novartis directors that included a discussion of the long-range plan and a preliminary discussion of Chiron's valuation. See " Other Written Presentations" for further information on this presentation made by Credit Suisse and Morgan Stanley. Following these presentations and further discussion by the non-Novartis directors, the non-Novartis directors agreed that Mr. Coleman would report to Novartis that due diligence could take place in the beginning of June 2005, subject to an appropriate confidentiality agreement.

Another meeting of the non-Novartis directors was held on May 26, 2005, which was also attended by Dr. Goldstein, Ms. Hoover, Ms. Bartels, other members of management and representatives of Credit Suisse and Morgan Stanley. The purpose of this meeting, as explained by Mr. Coleman, was to update the non-Novartis directors on discussions that had been held with Novartis, including the coordination of due diligence. Mr. Coleman also informed the non-Novartis directors of a discussion he had had with Dr. Breu on the timing of due diligence. Ms. Hoover described the due diligence process that had been agreed upon between Chiron and Novartis. Representatives of Credit Suisse and Morgan Stanley reviewed their financial analyses from the prior meeting of the non-Novartis directors, and the non-Novartis directors and the representatives of the financial advisors discussed generally Chiron's strategic options and the impact of Novartis' ownership in Chiron on these options. No action was taken formally or informally by the non-Novartis directors at this meeting. On the same date, Novartis and Chiron entered into a confidentiality agreement.

From May 31, 2005 to June 2, 2005, Novartis and its advisors conducted preliminary due diligence with respect to Chiron. In addition to management presentations, representatives of Novartis toured various Chiron facilities in the United States and Europe, including in Emeryville, California; Vacaville, California; Liverpool, England; Siena, Italy; Rosia, Italy; and Marburg, Germany. In late June 2005, Novartis, through Dr. Breu, informed Mr. Coleman that Novartis would not be able to decide whether or not to make an offer for Chiron unless and until Novartis conducted further due diligence and received the results of the pending FDA inspection of Chiron's Liverpool facility, which inspection was expected to occur in July 2005, because Novartis considered the results of the FDA's inspection of the Liverpool facility critical in determining whether Chiron would be capable of delivering flu vaccine for the 2005-2006 influenza season and of maintaining its market share in flu vaccines going forward.

Following that inspection, Novartis conducted additional due diligence consisting of a second site visit to Chiron's facility in Liverpool on August 12, 2005.

On August 18, 2005, Dr. Breu informed Mr. Coleman that Novartis' board would be meeting to consider whether to make an offer for the outstanding shares of Chiron not owned by Novartis. On August 25 and 26, 2005, the Novartis board met and resolved that it was supportive in principle of making an offer to acquire all of Chiron and delegated the authority to management to decide whether or not, and on what terms, to make such an offer. Following the board meeting, Dr. Breu informed Mr. Coleman that Novartis was still deliberating but might make an offer for Chiron shortly and that, if it did so, it might be appropriate for the parties to meet in person to discuss any such offer. A meeting of the non-Novartis directors was held on August 28, 2005. Ms. Hoover and representatives of Credit Suisse, Morgan Stanley and Sullivan & Cromwell LLP also participated in this meeting. At the meeting, Mr. Coleman reported on this conversation with Dr. Breu. A representative of Sullivan & Cromwell LLP reviewed again with the non-Novartis directors their fiduciary obligations, and representatives of management discussed with the non-Novartis directors certain updates to Chiron's long-range plan. The non-Novartis directors determined that further updates by management and the financial advisors would be required in the event Chiron had to respond to an offer from Novartis, and also selected those members of the board and management who would attend a meeting with Novartis, in the event any such meeting were to take place.

On August 29, 2005, Chiron learned that the FDA found as a result of its inspection of Chiron's Liverpool facility, that Chiron's responses and proposed corrective actions to the FDA's prior warning letter to be "generally acceptable." Chiron promptly informed Novartis of the results of the inspection.

On August 31, 2005, Novartis sent Chiron a letter with respect to a proposed offer for Chiron, which it also included within Amendment No. 11 to its Schedule 13D with respect to Chiron, filed on September 1, 2005 with the Securities and Exchange Commission. In its letter, Novartis offered to acquire all of the shares of Chiron common stock that Novartis did not already own for $40.00 per share in cash. Novartis also stated that it intended to condition its proposal on the approval of a majority of the outstanding Chiron shares not owned by Novartis and that it had no intention of selling its Chiron shares.

The non-Novartis directors held a meeting on September 1, 2005, with Ms. Hoover, Ms. Bartels and representatives of Credit Suisse, Morgan Stanley and Sullivan & Cromwell LLP in attendance. At this meeting, the participants discussed, among other things, Novartis' $40.00 offer, the offer letter and its Schedule 13D amendment. The non-Novartis directors agreed that management and the financial advisors should provide certain updates to the long-range plan and the financial analyses of Chiron and scheduled an additional meeting to receive these updates. On September 4, 2005, the non-Novartis directors met, with Dr. Goldstein, David Smith, Chief Financial Officer, Ms. Hoover, Ms. Bartels, the head of each of Chiron's three business units and other members of management and representatives of Credit Suisse, Morgan Stanley, Sullivan & Cromwell LLP and Citigate Sard Verbinnen, communications consultant to Chiron in attendance. At the September 4 meeting, Dr. Goldstein and the heads of Chiron's three business units discussed with the non-Novartis directors additional updates to the long-range plan previously discussed at the May 26 meeting that resulted from events that had taken place since the May 26 meeting, including, among other things, reduced expected PROLEUKIN revenues as a result of accelerated approval of competing compounds, developments with respect to PULMINIQ and developments with respect to production of influenza vaccines for the 2005-2006 season. In addition, representatives of Credit Suisse and Morgan Stanley made a presentation to the non-Novartis directors with respect to Chiron's valuation See " Other Written Presentations" for further information on this presentation made by Credit Suisse and Morgan Stanley. Representatives of Sullivan & Cromwell LLP discussed with the non-Novartis directors their fiduciary duties. Based on all relevant factors they considered material, including, among other things, the updated long-range plan presented by management and Chiron's prospects and the preliminary valuation and financial analyses

as presented by and discussed with Chiron's financial advisors, the non-Novartis directors determined that the Novartis offer was inadequate and directed management to issue a press release to that effect. The material factors considered by the non-Novartis directors in reaching this determination, including with respect to Chiron's prospects, are the same factors described under "Fairness of the Merger; Recommendation of the Non-Novartis Directors of Chiron's Board of Directors," but viewed in light of Novartis' then offer of $40.00. The financial projections considered by the non-Novartis directors in making this determination have been included in this document under "Financial Projections." In addition, the non-Novartis directors believed that Novartis would be willing to pay a higher price.

In the following weeks, representatives of Credit Suisse and Morgan Stanley, on the one hand, and Goldman Sachs, on the other, held discussions from time to time concerning the valuation of Chiron. Representatives of Goldman Sachs explained Novartis' due diligence findings and the rationale behind Novartis' $40.00 offer. Novartis viewed the $40.00 offer as an attractive all-cash premium offer to Chiron's stockholders, particularly in light of the risks associated with Chiron's business and regulatory strategies. These risks included uncertainty surrounding Chiron's manufacturing problems at its Liverpool, England and Marburg, Germany facilities and its related ongoing remediation efforts, its relationships with various regulatory authorities in light of these production difficulties and uncertainty as to Chiron's ultimate exposure in connection with its flu vaccine-related litigation. Novartis formed the opinion, as a result of its due diligence, that Chiron's broad operations limited its ability to invest appropriately across its three businesses and that Chiron would benefit from the financial resources of a much larger company. In particular, heavy investment in Chiron's biopharmaceutical unit limited Chiron's ability to invest appropriately into manufacturing and research and development for its vaccines and blood testing businesses. Novartis believed, as a result of its due diligence, that Chiron's under-investment in vaccines manufacturing led to the production problems at its Liverpool and Marburg facilities and posed a risk of additional production problems. In addition, Novartis believed that Chiron's vaccine product pipeline needed to be replenished and would require a combination of internal product development, product in-licensing and technology acquisitions. Novartis further believed the Chiron's blood testing franchise would require substantial investment in the medium term to maintain its proprietary position. In addition, in Novartis' opinion, other business risks included a high degree of uncertainty regarding the future of Chiron's biopharmaceutical product pipeline in light of recent late stage product failures such as PULMINIQ's approvable letter and Tifacogin's failure to meet study endpoints in the OPTIMIST phase III trial and the relatively early stage balance of the pipeline, as well as the need to improve management oversight and control over Chiron's wide-ranging operations spread across geographic regions. On July 15, 2005, Chiron announced that it had received a letter from the FDA stating that its new drug application for PULMINIQ inhalation solution was "approvable" but, in light of the fact that the application was based on a single-center clinical trial with a small patient population, an additional pre-approval study would be required to confirm the efficacy of the drug. In addition, Chiron had previously announced in the fall of 2001 that its OPTIMIST phase III trial had failed to demonstrate that Tifacogin reduced mortality for severe sepsis (a disease syndrome defined by a systemic response to an infection that frequently leads to multiple-organ failure and death) as compared to a placebo, and that safety issues, primarily nosebleeds, were more prevalent with Tifacogin than with other anticoagulants. Further, in light of Chiron's manufacturing problems, key Chiron personnel were diverted from their regular duties in order to manage Chiron's remediation efforts. The $40.00 offer represented a 12% premium to Chiron's one week average trading price and acquiring all of the remaining outstanding Chiron shares would also eliminate any potential future downside risk for Chiron's stockholders. Representatives of Credit Suisse and Morgan Stanley discussed the Novartis offer in the context of their financial analysis of Chiron.

With the knowledge and approval of their respective clients, but without specific direction or authority to make price proposals, the parties' financial advisors began to explore ranges of value that they believed might prompt their respective clients to engage in further discussions. During this period, the Chiron financial advisors had suggested to Novartis' financial advisors that Novartis consider making an offer in excess of $50.00. However, the Novartis financial advisors maintained their position that $40.00 was a fair price and that Novartis would not consider ranges in the $50.00's or even in the mid to high $40.00's. As a result of these discussions over a several week period, the Novartis financial advisors came to a range of $43.00-$44.00 per share and the Chiron financial advisors came to $46.00 per share or higher, in each case as potential valuations that might prompt their respective clients to engage in further discussions.

Chiron's and Novartis' respective financial advisors discussed the proposed value ranges with their clients. Chiron's financial advisors consulted with Chiron management, representatives of Sullivan & Cromwell LLP and Chiron's lead independent director and other non-Novartis directors, including at the board meetings described in the following paragraph, prior to each meeting to determine the strategy for continuing discussions with a view to maximizing any offer Novartis might make.

Meetings of the non-Novartis directors were held on each of September 14, September 22 and September 28. Each meeting was attended by Ms. Hoover and various members of management and representatives of Credit Suisse, Morgan Stanley and Sullivan & Cromwell LLP. The meetings were generally held for the purpose of updating the non-Novartis directors on the status of discussions between Credit Suisse and Morgan Stanley, on the one hand, and Goldman Sachs, on the other, and generally no actions were taken formally or informally at these meetings other than to authorize representatives of Credit Suisse and Morgan Stanley to continue their discussions with representatives of Goldman Sachs or to wait for further contact from Goldman Sachs. A meeting of the non-Novartis directors was held on October 18 with Dr. Goldstein, Ms. Hoover and Ms. Bartels and representatives of Credit Suisse, Morgan Stanley and Sullivan & Cromwell LLP at which the non-Novartis directors were updated on the status of discussions between the representatives of Chiron's and Novartis' respective financial advisors. At this meeting, Mr. Pien discussed updates to Chiron's business and reviewed Chiron's recent earnings release and related matters. Representatives of Credit Suisse and Morgan Stanley made a presentation to the non-Novartis directors with respect to Chiron's valuation See " Other Written Presentations" for further information on this presentation made by Credit Suisse and Morgan Stanley.

On October 20, 2005, Dr. Breu spoke to Mr. Coleman and asked whether the non-Novartis directors were aware of the discussions between the financial advisors and were prepared to meet to discuss further a possible transaction on the basis of those discussions. The parties agreed to meet on October 28, 2005 in New York to discuss whether a transaction might be possible. On October 21, 2005, Wachtell, Lipton, Rosen & Katz, Novartis' legal counsel, distributed to Sullivan & Cromwell LLP, Chiron's legal counsel, a draft merger agreement, and on October 27, 2005, Sullivan & Cromwell LLP delivered a comprehensive redraft of the agreement.

On the evening of October 28, Ms. Hoover and three non-Novartis directors, for Chiron, and Dr. Breu and other members of Novartis management, for Novartis, as well as representatives of their respective financial and legal advisors met to discuss the proposed transaction, including discussions of price and, to be prepared in the event the parties were able to reach agreement on a price, the terms of the merger agreement. The parties determined to defer any price discussions on October 28 in order to allow legal counsel for both sides to seek to narrow the issues on the draft merger agreement and Novartis to complete some additional due