

Barclays Capital High Yield Bond and Syndicated Loan Conference – Transcript March 25, 2010

Set forth below is a transcript of NOVA Chemicals' webcast on Thursday, March 25, 2010, related to our presentation for the Barclays Capital High Yield Bond and Syndicated Loan Conference. This transcript has been edited for the purpose of increasing clarity and readability. However, management does not believe any of these changes, individually or in the aggregate, represent a material change from the information presented during the conference call itself.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

Good afternoon. Together with Todd Karran, it's our pleasure to take a few minutes this afternoon with you to share an overview of NOVA Chemicals – who we are today, what we see in our business environment at the moment, and clearly share our sense of excitement about the opportunities that we feel are in front of us.

Forward-Looking Information

This material and the comments made by our management contain forward-looking information with respect to NOVA Chemicals Corporation alone or together with its subsidiaries and affiliates, depending on the context in which such statements are used. By its nature, forward-looking information requires us to make assumptions and is subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution you not to place undue reliance on our forward-looking information as a number of factors could cause actual results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information. The words "believe," "expect," "plan," "intend," "estimate," or "anticipate" and similar expressions, as well as future or conditional verbs such as "will," "should," "would," and "could" often identify forward-looking information. Specific forward looking information contained in this material include, among others, statements regarding: IPIC's vision to be a global polyolefins leader; IPIC's growth plans; our strategic fit within the IPIC family; reasons to invest in NOVA Chemicals; our competitive advantages; general economic conditions; our structurally advantaged feedstock supply; our beliefs about ethane supply; our beliefs about feedstock trends and the crude oil to natural gas ratio; our beliefs about regional ethylene cash costs and feedstocks; our expectations regarding global polyethylene supply/demand and global demand versus global industrial production growth; our expectations and beliefs regarding polyethylene trade flow and export pricing; and our financing plans and plans for current maturities. With respect to the forward-looking information, we have made assumptions regarding, among other things: future oil, natural gas, natural gas liquids and benzene prices; our ability to obtain raw materials; our ability to market products successfully; the impact of increasing competition; and our ability to obtain financing on acceptable terms. Some of our assumptions are based upon internal estimates and analyses of current market conditions and trends, management plans and strategies, economic conditions and other factors and are necessarily subject to risks and uncertainties inherent in projecting future conditions and results. Some of the risks that could affect our future results and could cause results to differ materially from those expressed include: commodity chemicals price levels (which depend, among other things, on supply and demand for these products, capacity utilization and substitution rates between these products and competing products); feedstock availability and prices; operating costs; terms and availability of financing; technology developments; starting up and operating facilities using new technology; realizing synergy and cost savings targets; our ability to implement our business strategies; meeting time and budget targets for significant capital investments; avoiding unplanned facility shutdowns; safety, health, and environmental risks associated with the operation of chemical plants and marketing of chemical products, including transportation of these products; public perception of chemicals and chemical end-use products; the impact of competition; changes in customer demand; changes in, or the introduction of new laws and regulations relating to our business, including environmental, competition and employment laws; loss of the services of any of our executive officers; uncertainties associated with world economies; terrorist attacks; severe weather events; and other risks detailed from time to time in our publicly filed disclosure documents and securities commission reports. Our forward-looking information is expressly qualified in its entirety by this cautionary statement. In addition, the forward-looking information is made only as of the date of this material, and except as required by applicable law, we undertake no obligation to update publicly this forward-looking information to reflect new information, subsequent events or otherwise.

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Of course, Todd and I will make forward-looking statements this afternoon, so as always, we have to remind you of the qualifications associated with any of those statements, and if you'd like to know more information, feel free to look at our 2009 annual disclosure.


NOVA Chemicals Overview

- NOVA Chemicals is focused on plastics and chemicals that make everyday life safer, healthier and easier
- Our 2,500 employees develop and manufacture materials for customers worldwide that produce consumer, industrial and packaging products
- Our innovation and technology create value for our customers, their products and the markets they serve
- NOVA Chemicals is owned by the International Petroleum Investment Company (IPIC) of the Emirate of Abu Dhabi



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So with that, who are we today at NOVA Chemicals? What are we all about? I think some key phrases that would come to mind are: we're a team of about 2,500 headquartered in Canada. We manage a very focused portfolio of petrochemical and polymer activities. We aim to make products that ultimately bring value to our customers and our customers' customers, that have something to do with fundamental quality of life – convenience, hygiene, safety and the like. We're committed to Responsible Care principles in every aspect of our operations. And since July 2009, we've been owned by the International Petroleum Investment Company, or IPIC, of Abu Dhabi.

NOVA Chemicals 

Ownership

- International Petroleum Investment Company (IPIC)
 - IPIC
 - A sovereign wealth investment arm of the Government of the Emirate of Abu Dhabi
 - Invested portfolio value approximately \$30 billion
 - Aa3/AA/AA rated
 - Will leverage the expertise of its investments to fulfill its vision of becoming a global polyolefins leader
 - NOVA Chemicals
 - IPIC's first 100% acquisition
 - Part of IPIC's vision of becoming a global polyolefins leader
 - Excellent strategic fit

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For those of you who may not know IPIC very well, it's one of the sovereign wealth investment arms of the emirate of Abu Dhabi. IPIC is a very highly respected and successful team. They have a very positive goal of becoming a real leader in the worldwide petrochemicals and polymers industries. NOVA Chemicals is their first fully owned investment. Their investment in us gave IPIC a foothold in the North American markets and a base from which to build. Their investment in NOVA Chemicals also brought some very interesting technology and know-how and market positions to their portfolio, especially in the area of film and flexibles. Ultimately, IPIC is a long-term investor who's very much focused on building value within their portfolio.

IPIC Investments

 NOVA Chemicals NOVA Chemicals Corporation Petrochemicals HDQ: Canada Shareholding: 100%	 BOREALIS BOREALIS AG (BOREALIS) Petrochemicals HDQ: Austria Shareholding: 64%	 OMV OMV Aktiengesellschaft (OMV) Integrated Oil HDQ: Austria Shareholding: 20%	 Chemix Abu Dhabi National Chemicals Co. Chemical Industry HDQ: Abu Dhabi Shareholding: 40%
 Hyundai Oilbank Hyundai Oilbank Co., Ltd. (HDO) Oil Refining and Marketing HDQ: Korea Shareholding: 70%	 Gulf Energy Maritime (GEM) PJSC Clean Hydrocarbons Shipping HDQ: UAE Shareholding: 30%	 PARCO Pak-Arab Refinery Ltd. Oil Refining / Products Pipeline HDQ: Pakistan Shareholding: 30%	 aabar Aabar Investments PJSC Investment Company HDQ: Abu Dhabi Shareholding: 71.23%
 Oman Polypropylene LLC Polyolefins HDQ: Oman Shareholding: 20%	 CEPSA Compañía Española De Petróleos, S.A. Integrated Oil / Petrochemicals HDQ: Spain Shareholding: 47%	 COSMO Cosmo Oil Co., Ltd. Oil Refining and Marketing HDQ: Japan Shareholding: 20.76%	 Oil Search Limited Oil & Gas - LNG HDQ: Australia Shareholding: 18%
 edp Energias de Portugal, S.A. Utilities HDQ: Portugal Shareholding: 4%	 MAN Ferrostaal Industrial Services HDQ: Germany Shareholding: 70%	 Arab Petroleum Pipeline Company Crude Oil Pipeline HDQ: Egypt Shareholding: 15%	 Oasis International Power LLC Power Utilities HDQ: Abu Dhabi Shareholding: 18%

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So who else is in the IPIC family? As you can see from Slide 4, they are in a very wide range of energy-related companies on a global basis. The closest family member to NOVA Chemicals is Borealis, who is a polypropylene and polyethylene leader in Europe, jointly owned by IPIC and OMV, the international oil company headquartered in Austria. Borealis and ADNOC, the Abu Dhabi National Oil Company, are partners in Borouge in Abu Dhabi, with its focus on polyolefins activities in the Middle East and across Asia Pacific. And together, IPIC, ADNOC and, ADIC, Abu Dhabi Investment Company, are now in the development stages of a very impressive far-reaching complex of petrochemical and plastics activities known as Chemaweyaat, also to be located in Abu Dhabi.

NOVA Chemicals Business Structure

<u>Olefins/Polyolefins</u>	<u>Performance Styrenics</u>	<u>INEOS NOVA Joint Venture⁽¹⁾</u>
Ethylene	North American EPS	North American Styrene Monomer and SPS
Polyethylene	Styrenic Performance Resins	European SPS and EPS
Co-products	EPS-Based Ventures	
2009 Revenue: \$2.7B U.S.	2009 Revenue: \$0.3B U.S.	2009 Revenue⁽²⁾: \$1.2B U.S.

1. NOVA Chemicals owns 50% of INEOS NOVA
 2. NOVA Chemicals' 50% share.

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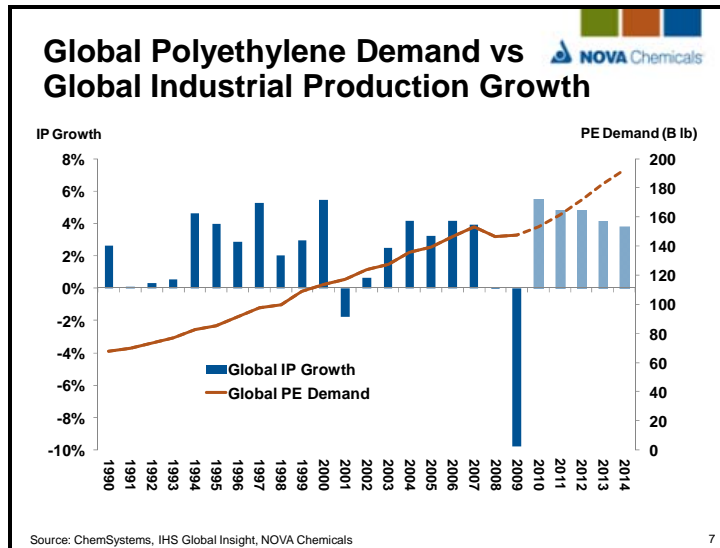
Now let's take a few minutes and look at NOVA Chemicals' portfolio of businesses. Our portfolio really consists of three business areas. The largest, representing about two-thirds of our revenue, is the Olefins/Polyolefins sector. Here we're involved in basic building blocks such as ethylene, propylene and butadiene and other cracker byproducts, and polyethylene. With our core manufacturing locations in Western Canada in Alberta and Eastern Canada in Ontario, we're very well positioned to serve the North American and global markets.

Secondly, we are the 50% owner of a styrenics venture, INEOS NOVA, based both in North America and in Europe, in the styrene/polystyrene and expandable polystyrene areas. And finally, our Performance Styrenics cluster of businesses which includes expandable polystyrene in North America, specialty polymers, and a very interesting portfolio of developing ventures in the building and construction area.



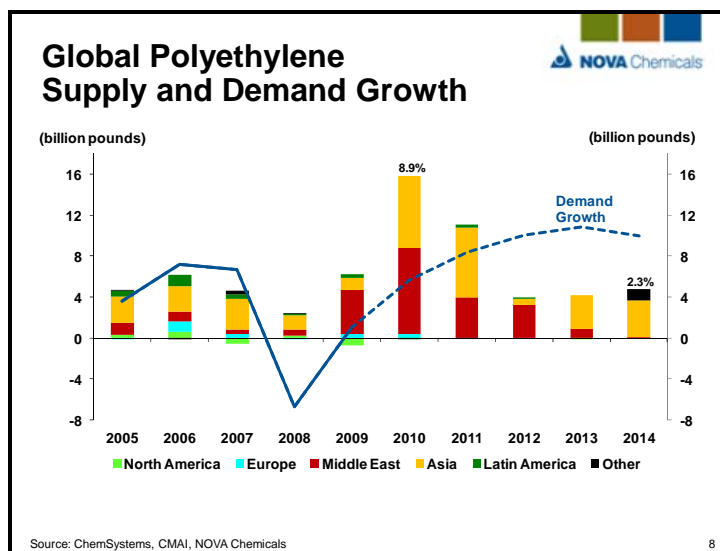
Let me give you a feel for just a moment for some of our polyethylene markets. In polyethylene, NOVA Chemicals clearly is not the largest producer in North America, but we do aim to be a leader in the markets that we choose to serve (particularly for film and flexible applications), supported by unique know-how and a very special suite of technologies including our Advanced SCLAIRTECH™ platform. A lot of our products are oriented to food packaging, and here of course the value in use to our customers that we are able to bring are products that improve freshness of food, sealability of packaging, protection of food throughout the distribution chain, and the ability to freeze foods without damaging their inherent quality.

In the rigid products area, you can see couple of examples of applications made from our polyethylene resins. Whether it's the dumpster or the kayak, here you have the ability to lightweight, but retain or even improve structural performance characteristics. Our customers are able to use less material, down-gauge, thin-wall and the like, to reduce the amount of consumption of material yet preserve the properties and performance.



So what's the outlook for demand, particularly for polyethylene? PE growth correlates rather well historically with industrial production growth and for many years until late 2008 and into 2009 we saw a very consistent 4 to 5% continuing growth trend for polyethylene worldwide. Obviously in the last two years we saw the world fall off of that long-term growth performance. The economic slowdown, financial crisis, and an enormous amount of destocking in the supply chain worldwide have really meant that the industry has lost at least a couple of years of growth.

But the outlook as we see it now is beginning to strengthen and we think, quite frankly, the medium term looks pretty attractive. We're seeing a fairly good bounce-back in growth in emerging economies, the resumption of long-term substitution trends against glass or steel and other materials; quality of life trends in emerging markets where there's a demand for more convenience and improvements in daily life that use plastics, and frankly also some supply chain replenishment from the dramatically lessened levels that we saw in the last 18 months. But overall we still feel, to be quite conservative, we're probably looking until the year 2011 or so before we've recovered back to the demand level peak that we saw in 2007.

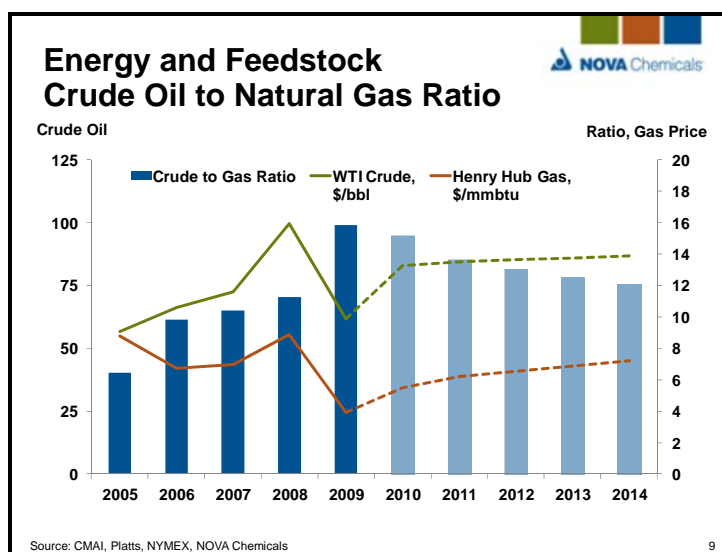


How about capacity utilization and what that could mean for margins? As you see from Slide 8, the outlook for supply growth over the next couple of years is pretty aggressive, especially in 2010. There are a lot of projects that are reaching completion or in the process of startup in the Middle East and Asia

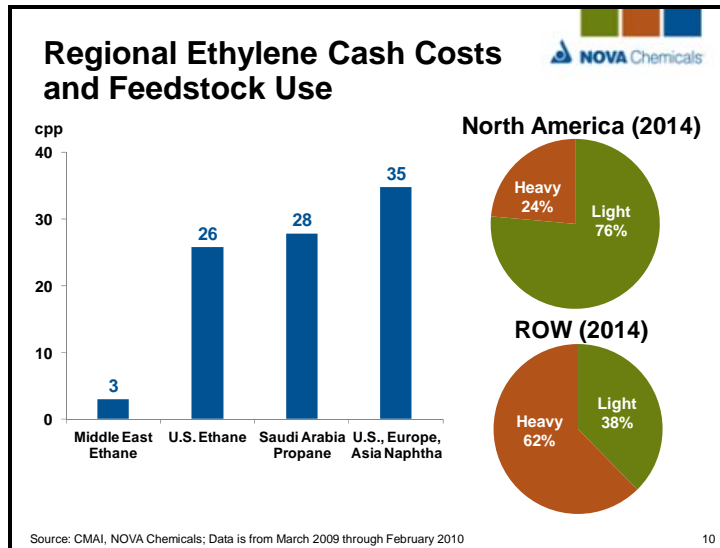
Pacific, clearly implying that we're going to see a further weakening of the balance between supply and demand and therefore lower utilization in the short-term and continuing pressure on margins.

But certainly forecasting in this market is an inexact science. We could well see a recovery take place that's more robust than what we've predicted here, and if you look at the performance in North America and worldwide in the first quarter of 2010, we've actually seen somewhat better growth than we anticipated. At the same time of course, predicting exactly when supply comes on stream is a very complicated task. Certainly we've seen projects delayed because of cost pressures, because of difficulty in accessing labor or engineering expertise, feedstock limitations, and most recently as projects now are moving into the field, they're becoming increasingly complex, and with that complexity come many more startup challenges.

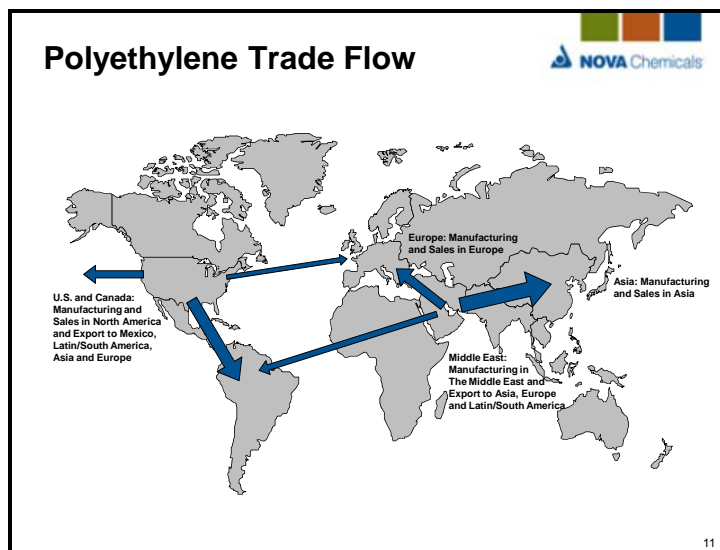
Nevertheless, we have absolutely no naiveté about the fact that we still expect to be in a pretty tough environment for the balance of 2010 into 2011. We're prepared for that from a cash and cost management perspective, but at the same time we want to be absolutely ready to respond to any better-than-anticipated upturn in the markets that we serve, exactly like the cautions we've seen in the first quarter of 2010 in North America where, due to supply issues facing other producers, NOVA Chemicals has been able to step up operationally and respond to some of those short-term incremental opportunities.



How about our competitive cost positioning? While the utilization outlook is challenging, North American producers, and particularly at NOVA Chemicals, we feel like we have important competitive strengths in terms of feedstock supply. Fundamentally, the industry here has driven towards lighter ethane or natural gas-derived feedstocks versus the predominance of naphtha or heavier-based feeds as is common elsewhere in the world. Whenever we're at better than energy parity between natural gas and crude oil, or above a six-to-one ratio, lighter feeds tend to become advantaged. The attractiveness of that ratio has been increasing rather significantly since 2005, and our medium term outlook is for high crude oil-to-gas ratios and therefore continuing attractiveness of light-based feeds.




Putting those thoughts into a global perspective gives you a picture of what it looks like worldwide. This bar chart on Slide 10 shows you the last 12 months' average cost for varying olefin cracker feeds, and that disconnect between gas and oil has certainly pushed North America producers to maximize the light-based feed stream, as you see on the chart. That balance is not the same for the rest of the world, either in terms of sheer availability of feedstock, the nature of the technology that they run, and even for new projects and expansion in the Middle East; ethane supply is not available as it once was, and new projects increasingly are tied to mixed feeds – ethane plus propane or other heavier gas/liquid streams – or in fact naphtha or heavier in terms of their feedstock makeup. Our estimates are by 2014, in fact, half of the capacity in the Middle East will be based on some feed slate other than pure ethane. So observers need to be careful when they think that all capacity increases are created equal in terms of cost, and growth in the future globally will be on the same competitive platform as it's been in the past. It won't.



In terms of global supply trade flows looking forward (Slide 11), the Middle East, driven by those rather dramatic supply increases we've talked about, will continue to push trade globally, especially to Asia which is clearly the preferred destination. The Middle Eastern producers will supply secondarily to Europe and perhaps on a tertiary basis to Latin America. Our view is that North America, which had record exports in 2009, will certainly see those volumes decline in the future. But based on the

attractiveness of the North America feedstock picture, we continue to believe that there will be opportunities to export, at least in a limited way from North America going forward, particularly to destinations like Latin America where the short-term supply increase outlook is much less robust than it is in other areas. We do expect and believe that there is still a substantial amount of globally capacity at risk of being shut down, particularly in Europe and in Asia.

NOVA Chemicals
Reasons for Investment



- Focused portfolio of products
- Oriented to more resilient market segments
 - › Technology platform that fits the markets we choose to serve
- Location of assets leads to advantages
 - › Western Canada - Access to advantaged feedstocks
 - › Eastern Canada - Access to diverse sources of feedstock and proximity to customers
- Challenges in the near term, but positive outlook in medium- to long-term
 - › Recovery from 2008/2009 on the horizon
- Part of a strong global family with goal to be a leader in the industry

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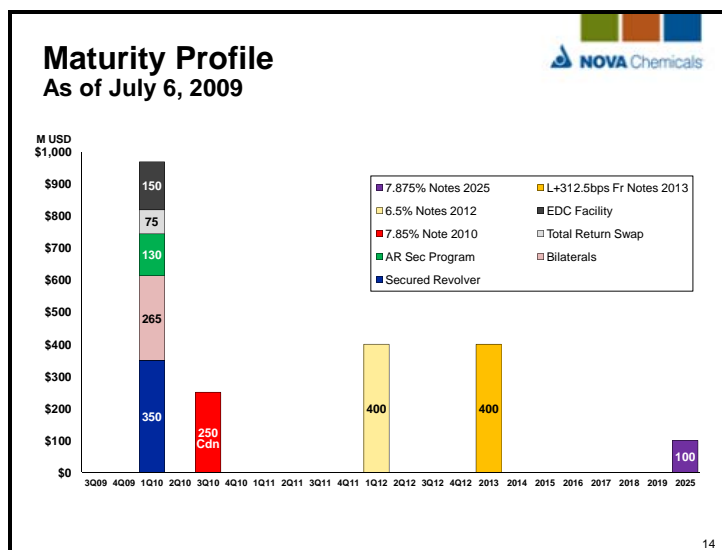
In summary, we feel that NOVA Chemicals is first and foremost a company which is highly focused on very specific and targeted petrochemicals and polymeric products. We choose our markets, we know our customers from top to bottom, and we're based on technology which is really a fit for the markets that we've chosen to serve. We think we have an excellent asset base, clearly with feedstock advantages in our Western Canadian activities based on ethane feed, and in Eastern Canada with our feedstock flexibility and the proximity that we have to major markets.

We also continue to drive for excellence in our business and our operational processes and productivity; and ultimately we are all about maximizing value across that full chain, not just in terms of feedstocks or operations or the customer, but doing all of those things extremely well. We think the medium term fundamentals for our business are improving and look quite favorable, but we certainly are not naïve about the difficulties that are still in front of us over the next one to two years, so costs, cash and customers remain absolutely paramount.

With the support of our new ownership in IPIC, we are now part of a leading petrochemical family worldwide and we have strength and support which will enable NOVA Chemicals to go after opportunities that we could only dream about in the past. So in summary, I and all of the team at NOVA Chemicals have a lot of excitement about what's in front of us. And now I'd ask Todd to give you some information on the financial front.

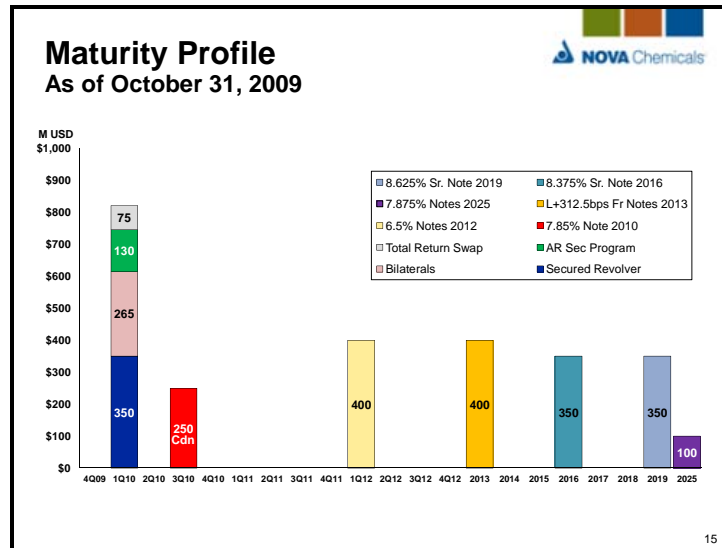
Todd Karran, Chief Financial Officer, Treasurer, NOVA Chemicals Corporation

Thank you, Randy. I'm going to focus on the period of time that coincides with the acquisition of NOVA Chemicals by IPIC, so July 6, 2009. I will begin with the picture on Slide 14.



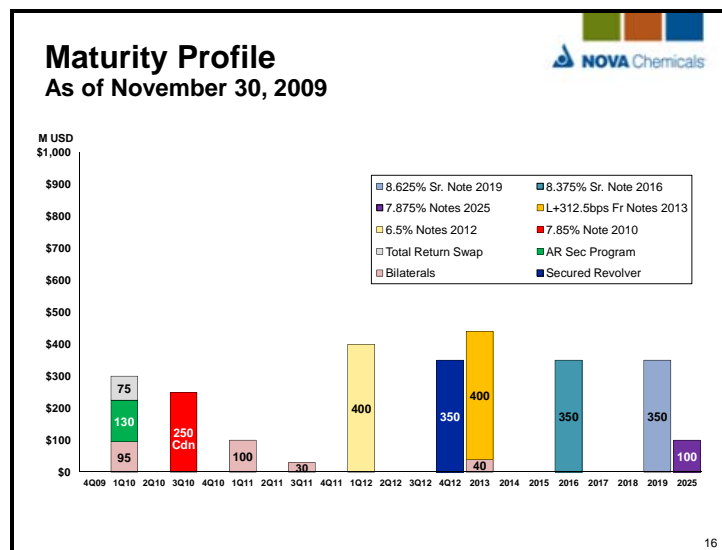
At that time a significant amount of our debt was subject to the change of control provisions within them, and we negotiated with our lenders to push out the maturities to the first quarter of 2010, which gave us nine months to refinance. Some of those were naturally going to mature in and around that time anyway, and in a number of cases they were shortened from longer-term maturities into the second quarter or beyond on the case of the bilaterals.

Working down the first tower on Slide 14, you can see, in the first quarter of 2010 where we find ourselves now. At the time in July of 2009 we had \$150 million due to the EDC facility, which is Export Development Canada; they stepped in earlier in the year to provide a facility for liquidity purposes for NOVA Chemicals leading up to the acquisition. There was \$75 million which was due in the first quarter of 2010 which had been shortened from June 2010, which is a total return swap of \$75 million. We had accounts receivable facilities of \$130 million which were due in February of this year. That was down from \$190 million, so while we changed the maturity dates, we'd also reduced those facilities. It didn't particularly impact us at the time because the receivables were such that we were still able to maximize our draw at that level. We had \$265 million in unsecured bilateral facilities, then lastly \$350 million in terms of a revolver which was syndicated and secured. We had an August 2010 bond of \$250 million Canadian, and then two bonds of \$400 million each in the first quarter of 2012, out in 2013; and lastly, \$100 million due in 2025. So that's the picture as it was when we were acquired. On July 6, 2009 IPIC had also converted \$350 million of debt that we had at that point and had drawn down in terms of the full balance, then they converted that to equity.



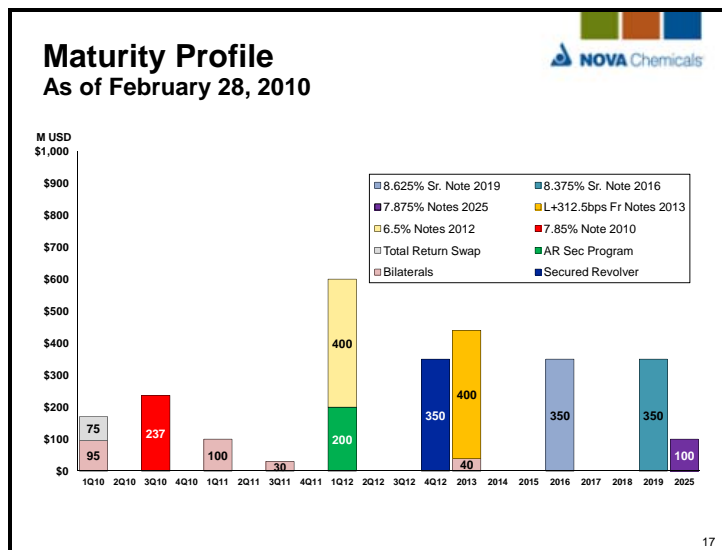
Moving now to October 31, 2009 (Slide 15), I'll now step through all the changes that we made. On October 15, 2009, we terminated that \$150 million facility with EDC. That had never been drawn, so it just went away and reduced liquidity at that point. The next day, October 16, 2009, we issued two notes: \$350 million at 8.375%, and the \$350 million at 8.625%, for 2016 and 2019, respectively. Those were upsized from \$500 million when we went out into the market.

The net proceeds of \$681 million after discounts and fees were used to repay the \$242 million that was on our revolver, and \$254 million outstanding under the bilateral credit facility, as I mentioned. That left us with \$185 million in cash, and we're going to use that to pay the total return swap this quarter.



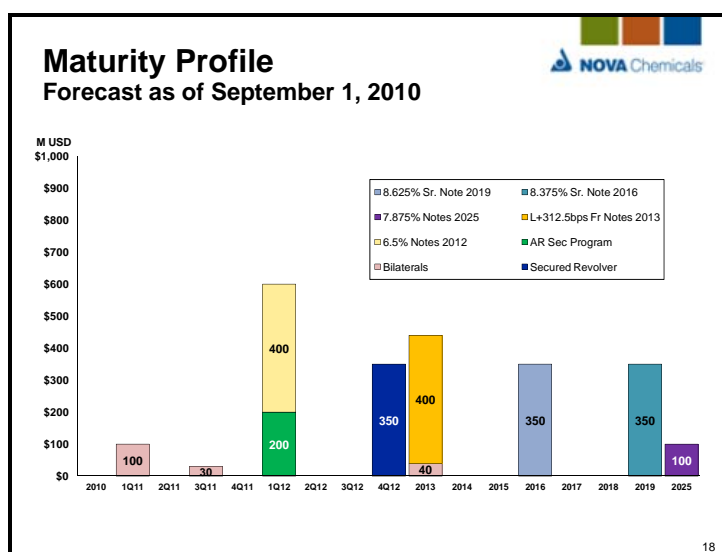
If we move to November 30, 2009 (Slide 16), we then entered into a new \$350 million three-year senior secured revolving credit facility which was replacing the one that we had shortened the maturity to March of 2010. Initially, we have a term of three years and it's renewable up to three years at any time. We then amended our two senior unsecured bilateral credit facilities which had been shortened, so we had \$95 million due in the first quarter and we set the dates for the remaining ones back to where they originally were. That was \$100 million in the first quarter of 2011, \$30 million in the second quarter of 2011, and \$40 million in 2013. So given all these changes and the performance of the business over that

time, our liquidity increased from \$308 million at September 30, 2009 to \$831 million at the end of December 2009.



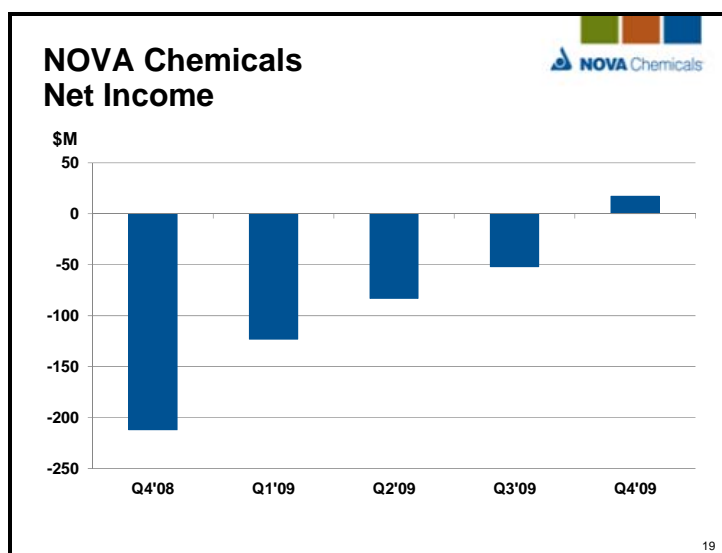
If we look now at Slide 17, in February 2010 we finished off two new accounts receivable securitization programs, one in the U.S. and one in Canada. We replaced the then-existing programs before they expired. Each of these is \$100 million, so we've gone from \$130 million up to \$200 million in total under the programs, and they each have a two-year term which itself is renewable for another year after that. While we replaced the revolving credit facility and the accounts receivable facilities, we changed our covenants. Up until then we just had an EBITDA minimum coverage for that nine-month period while we did the refinancing. They've been replaced with two new ones. We have a cash flow to debt ratio of three to one, which is just on senior debt, and a capitalization ratio not to exceed 60%. You can read about all the detail and the definitions in our disclosures that we just filed.

In January, we entered into a forward contract to hedge and fix the value of that Canadian dollar bond due in August at \$237 million U.S., so you'll note the change there from the \$250 million Canadian reference to \$237 million U.S.



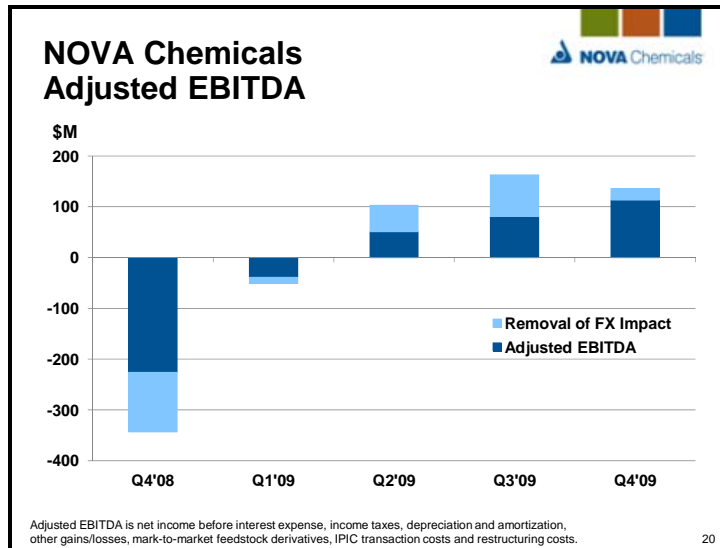
Looking now to Slide 18 and the picture in September 2010, this will bridge us past the August \$250 million Canadian bond due date. Last week we allowed the \$95 million portion of the unsecured bilateral facility to expire. That was according to its terms and was undrawn. Later this month we'll pay off the \$75 million total return swap, so we'll be left with \$130 million in 2011 for the unsecured bilateral facilities. Of course then in August of this year, we'll pay off the \$250 million Canadian bond, fixed at the \$237 million U.S. We'll do that out of the existing liquidity that we've prefunded.

Over time I should note that our strategy is going to be to de-lever from where we are today. This will put us at the lower end of our range for liquidity in 2010, so as we have said since when we were issuing the bonds in the last quarter and then in our recent quarterly release and conference call, we will opportunistically approach the markets – we know they are open now – and that we will tap those at a point that makes sense, certainly between now and the 2012 maturities which we see coming at us for the \$400 million in January of that year.

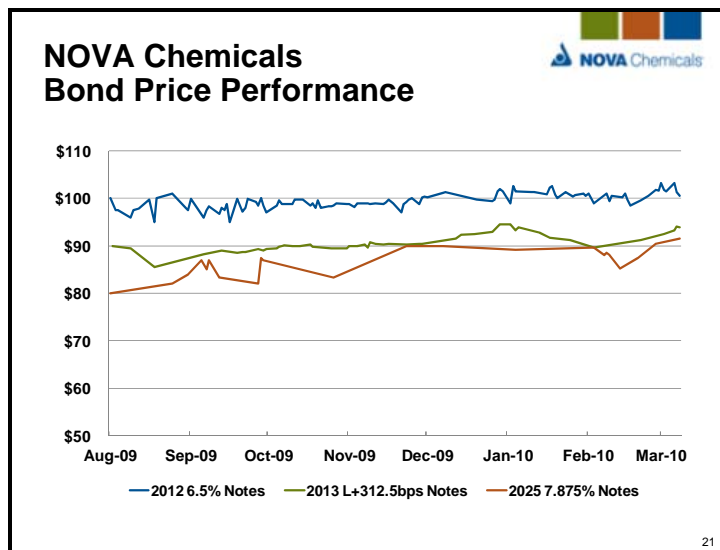


So with the refinancing behind us, let's just take a look at the net income story and how that has changed sequentially quarter-over-quarter. The fourth quarter of 2008 was quite horrific in our industry. We had the combination of the credit crisis upon us and earnings were falling through the floor as the crude price dropped precipitously from July of that year.

Going through the first, second and third quarters of 2009, we had a significant number of restructuring and one-time-type costs as we were going through the IPIC acquisition and all this refinancing. Coming into the fourth quarter of 2009, we've seen a turnaround. It's a clean quarter in terms of the restructuring costs and fees related to refinancing and so forth, and shows a slight positive for the quarter.




If we turn to an adjusted EBITDA perspective, which is probably of more interest to this audience, we see a similar sequential improvement period-over-period. We've highlighted for you the impact of foreign exchange in the adjusted EBITDA calculation and essentially the story is the same, where we have improvement through the period with the fourth quarter of 2009 being reasonably strong in the core operational business, removing foreign exchange (FX).



If we turn to Slide 21, we can look at our bond price performance over the period. It's been pretty consistent overall, with a few dips in sync with market impacts that have touched a lot of bondholders. Current yields are in the range of 7% to 8%, so we're tracking well with recent history.

NOVA Chemicals
Debt Ratings




Dominion Bond Rating Service Limited ⁽¹⁾	BBB (low)
Fitch Ratings Ltd.	B+
Moody's Investor Service	Ba3
Standard & Poor's	B+

1. The rating is NOVA Chemicals' senior unsecured debt rating. DBRS has withdrawn the corporate family debt rating because NOVA Chemicals is now rated investment grade.

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Now I'll turn to the debt ratings. We have a B+ rating from Fitch and Standard & Poor's. S&P moved us up two notches. These are all stable ratings at this point. The initial view on the closing of the IPIC deal was that the execution risk was behind us for the transaction, but we still had risk on the refinancing front. As we've described, that's largely behind us now and the rating agencies are still looking at us from a perspective of overall industry risk related to the economy and when it recovers.

NOVA Chemicals
Summary



- Business results improved steadily in 2009, ending with a quarterly net profit
- Successful refinancing – including \$700M of senior notes
- Focus on meeting our customers' needs
- Part of a larger IPIC family that gives us new opportunities

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In summary, business results have improved steadily. We ended 2009 with a quarterly profit, which was a nice change from the prior four quarters. We successfully refinanced all those facilities, extended out those maturities, and issued the \$700 million in net senior notes. We're focused now more on the needs of our customers moving forward, and take comfort in the fact that we're part of the larger IPIC family, which gives us a lot of implied support from a debt and credit perspective, and also in terms of being able to seize opportunities to grow going forward, where we were constrained in the past.

With that, we can pause and take any questions.

Question

You've mentioned since the bond deal and post IPIC acquisition that IPIC's goal is potentially to create one of the world's leading global petrochemical companies. How do you see NOVA Chemicals' – and I

know things are probably evolving over time, and Randy, you've only been at the company for a short time – how do you see NOVA Chemicals' role within that new organization? I know there are some governance changes as well, and how NOVA Chemicals might fit in, more in the medium to longer-term outlook.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

I think the completely candid answer is, it's not altogether clear how things are going to look from an interconnection standpoint medium term, whether it's direct ownership positions in and among the various companies. What is clear is that we as a part of IPIC's family of companies and we filled a real opportunity gap that they saw to have a position in North America. They were very excited by NOVA Chemicals' technology platform. If you look at the IPIC position, for example, in Borealis, they have a very strong position in a number of areas that fit the European market and fit the Borstar technology platform very well, but NOVA Chemicals brings some very exciting add-on technology to the scene, and in particular the viewpoint about our Advanced SCLAIRTECH technology for film and flexible applications was something that they found particularly appealing and really rounded off the technology's portfolio.

I think we're quite relaxed about how things will evolve going forward. We have in place today in our board representation from Borealis, OMV and IPIC. That gives us a lot of expertise and global industry strength to draw upon. Together with the other IPIC companies, we are step-by-step exploring opportunities for collaboration, exchange of best practices and the like. So I think our view, as I've described, is quite relaxed because we feel we can gain many benefits going forward while over time IPIC will sort out what may make the most sense in terms of how best to have a governance structure for all of those various portfolio companies.

Question

You'd mentioned, and everyone speaks about the looming supply that's out there on the commodity chemical side – I was curious, looking at demand, in the short run a big swing factor can be the level of customer inventories and I was just curious where that currently stands, and could we expect some juice from the potential increase in inventories from your customers there.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

A couple of comments. I think first of all, looking to North America, we witnessed as one of the many consequences of what we've all lived through great recession, the overall stock levels throughout the supply chain in polyethylene, for example, are at extremely low levels. And I think there are some views now that in fact this may be the way in which the industry supply chain will tend to run itself, and that we may never return to the same more robust stock levels throughout the supply chain we saw in the past.

What we are seeing of course is that after a period of probably 18 months where we were producing less than fundamental underlying demand, because that supply chain was contracting and people were trying to maximize stocks that they already held and trying to position themselves as carefully and as conservatively as possible. What I think we now see is that we exhausted the ability of the supply chain to contract any further. We're really running at the absolute minimum or in some cases even below minimum levels to maintain reasonable service quality to our customers, and in turn to their customers. As a result of that what we really see now is that consumption really is returning to the absolute level of underlying demand.

So with that, I think in certain areas we are beginning to see some level of demand recovery and a greater sense of optimism with people looking forward.

Question

I wonder if you could just explain slide 10 to me once again. It relates obviously the various different parts of the world have different feedstocks and therefore different costs, and – how does that relate – is that an advantage to you, or – I'm sorry, I just didn't understand it.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

Sure. The North America base is roughly 75% / 25% light versus heavy feeds. There's some fluctuation, some flexibility around that split. Probably the industry in the first quarter of this year, fourth quarter of last year, was probably running closer to 80% ethane or NGL feed based versus naphtha or heavier based.

If you then look to the left-hand side of that graph, that's a 12-month average from March of last year to February of this year, showing the average cash cost for ethylene based on those various feedstocks and technologies in different regions. So if you're in the Middle East and you're running pure ethane, no question, you're in the absolute superior position. If however over that same yearly period you are running U.S. Gulf Coast ethane, you are the second-most competitive producer globally. NOVA Chemicals' position in Western Canada would sit between the first and that second bar. Our position in Eastern Canada would sit somewhere between Saudi propane and a cracker who ran in the U.S. Gulf Coast or elsewhere on straight naphtha during that period. So in that sense, from a feedstock competitiveness standpoint, we would say that we were basically at industry average for heavier-based feeds in the East, but clearly in a superior position in the West, and therefore in a better position competitively overall.

Question

Just a quick question on the manufacturing: Could you comment briefly on your operating rates and what you kind of view as fully engaged?

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

What I would say is at the moment, there have been quite a number of supply disruptions in the first quarter. Quite a number of producers either on polyethylene or ethylene, for example, have declared force majeure at various points, have had difficulties coming out of turnarounds or had various operational upsets. As a result of that, we have been able to ramp up our Ontario assets to full capacity utilization, and that's where we're running at present. Obviously in the West, we're running to the maximum capability that we have, to the limits of our ethane supply availability.

Question

You had mentioned a liquidity target range. Could you remind us what that is?

Todd Karran, Chief Financial Officer, Treasurer, NOVA Chemicals Corporation

Yes. We've said a number of times publicly that a liquidity target range for NOVA Chemicals would be somewhere between \$450 million and \$650 million.

Question

And where do you stand today?

Todd Karran, Chief Financial Officer, Treasurer, NOVA Chemicals Corporation

At the end of December we were at \$831 million of liquidity, which is why I mentioned that we're fine in terms of repaying the August 2010 bonds.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

Thank you, it looks like we're out of time. Thank you for your interest.