FIRST QUARTER 2008 CONFERENCE CALL – TRANSCRIPT
THURSDAY, APRIL 24, 2008

Set forth below is a transcript of NOVA Chemicals' conference call on Thursday, April 24, 2008, related to our first quarter 2008 earnings. 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.

Chuck Magro, Vice President of Investor Relations

Good morning. Welcome to the conference call for NOVA Chemicals' first quarter 2008 results. Today you will hear from: Jeff Lipton, our Chief Executive Officer, Chris Pappas, our President and Chief Operating Officer, and Larry MacDonald, our Chief Financial Officer.

After these remarks, we will open the phone lines to analysts and investors for a Q&A session. But first, a few comments about disclosure.

Be advised that this call is being recorded for replay through our conference call provider and is being broadcast live through an Internet web-cast system. The audio replay will be available in the Investor Relations section of our company website.

A transcript of the recording will remain available at our company website, as will all posted materials related to this Earnings Release, including a set of slides that will be referenced during our comments.

The comments and answers to your questions will contain forward-looking information. This information, by its nature, is subject to risks and uncertainties, as well as other factors that could cause actual results to differ materially from those suggested today. Certain material facts and assumptions were applied in drawing the conclusions, and making the forecasts or projections, contained in these forward-looking statements. Please refer to page 21 of our First Quarter Earnings release and page 23 of our 2007 Annual Report for more information.

You will notice we have streamlined our Earnings Release considerably this quarter by 11 pages. We redesigned the release after listening to comments and suggestions from investors and analysts. Our objective is to make the document easier to read and analyze while maintaining the transparency and openness that NOVA Chemicals is known for. As always, we would appreciate your feedback.

Now, I will turn the call over to Jeff.

Jeff Lipton, Chief Executive Officer

Thank you Chuck and good morning.

Thanks for joining our call. I know a lot is going on today.

The first quarter, despite the challenging economic conditions, was a strong operating quarter for NOVA Chemicals, which adds to our confidence that we are likely to enjoy a very strong 2008 for our company and I would hope a strong one for our shareholders as well.

Today, we will explain what we are seeing in 2008 and why we also believe 2009 and beyond will be very high quality years for NOVA Chemicals, with full consideration for current economic projections and industry supply / demand balance uncertainties.

Let me summarize the four parts of our first quarter performance:

First, our Alberta ethylene / polyethylene assets delivered exceptional EBITDA based on a continuing substantial feedstock cost advantage compared to our U.S. Gulf Coast competitors and the vast majority of global producers.

Our Ontario ethylene / polyethylene assets on the other hand had challenges similar to the ones refiners and heavy feedstock cracker operators faced everywhere in the world. The Corunna facility generated a lot less EBITDA than in the fourth quarter, but continued to outperform the average U.S. Gulf Coast flexi-cracker.

Corunna out performed because we do not buy naphtha - we make it - and about 50% of our feed in the first quarter was not heavy but light feeds – ethane, propane, and butane.

The INEOS NOVA Styrenics JV continued to deliver rapid cost reduction and reported positive EBITDA in the first quarter. I have to say I am very pleased with the JV's progress and these operating results, particularly with the broad slowdown in industrial activity.

And lastly, in Performance Styrenics, we increased expandable polystyrene sales volume despite weak construction markets and generated positive EBITDA.

Chris Pappas will cover the details of our operating results and then Larry MacDonald will describe details of the corporate charges, and liquidity for the end of the first quarter.

We had two sets of charges for the quarter, over half of which are non-cash. While relatively large, these charges are quite straightforward and shouldn't distract anyone from the fundamental strength of our operations and our company.

The first charge is based on the change in value of open positions on our propane and butane feedstock-purchasing program for the Corunna cracker. Larry will explain this more fully but the non-cash $30 million before-tax or $21 million after-tax charge was due to a decline in the value of positions spread over the next three years. Incidentally, the positions for the remainder of 2008 were still positive at the end of the quarter and remained positive as of yesterday.

The second set of charges totals $20 million pre-tax or $15 million after-tax and relates to employee compensation. An accounting rule that was recently adopted requires us to immediately expense long-term, stock-based compensation grants awarded to retirement eligible employees. This year's charge is about the same as the charge incurred in the first quarter of last year.

The second part of the charge related to larger incentive compensation payouts for 2007. As a commodity product company, we have installed a variable compensation system that moves with business performance. We have pay at risk for every salaried employee in the company. As a result, we pay our employees less in weaker years and more in stronger years.

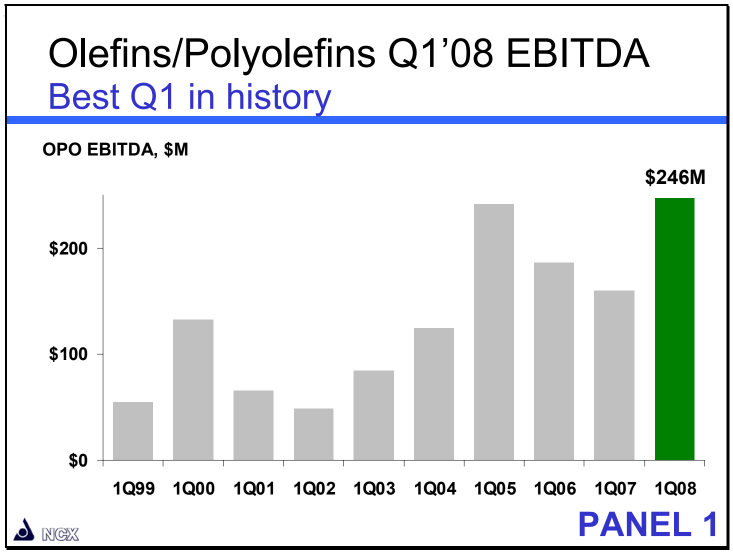
Since 2007 was our all-time high for earnings, we paid all-time high variable compensation. Obviously, we hope that we have to deal with a similar issue in 2008.

I am sure you will find it noteworthy that our senior executives and I put about 83% of our incentive compensation payments back into NOVA Chemicals stock units. As I close today, I will explain why we are so bullish on NCX.

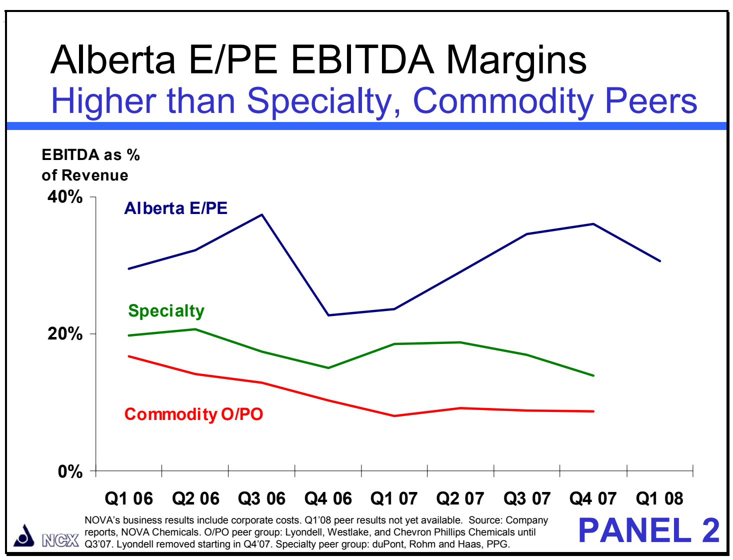
We not only believe our operating performance will be a lot stronger than that of our competitors and will exceed estimates for the next few years, but also that our stock should outperform as well. Before I turn the call over to Chris, let's quickly look at two charts to help you understand why we are so positive about the first quarter and the rest of the year.

In Panel 1, we show our Olefins / Polyolefins EBITDA contribution for the first quarter of 2008 compared to every other first quarter in our history. The first quarter is generally the weakest quarter for Olefins/Polyolefins, so if the rest of 2008 follows a typical pattern we are looking at a very strong year.

For the whole company, the first quarter EBITDA from our businesses was $256 million. We have generated almost $1.1 billion of EBITDA over the past 4 quarters – without much help from styrenics and no help from a faltering economy.



Panel 2 shows our Alberta performance. We delivered 31% EBITDA as a percentage of revenue in the first quarter. We do not yet have all of the first quarter's data on our peers and specialty chemical producers but as you can see from this chart it is highly likely that our Alberta assets will continue to outperform by a big margin.



Given the consistency of our high returns in Alberta, it is pretty clear to me that this set of assets should be valued as a very high quality business.

And I would add that our ethylene/polyethylene performance in Alberta should continue to be superb, both absolutely and relative to U.S. Gulf Coast and almost all other world wide ethylene/polyethylene business results.

Now let's turn the call over to Chris.

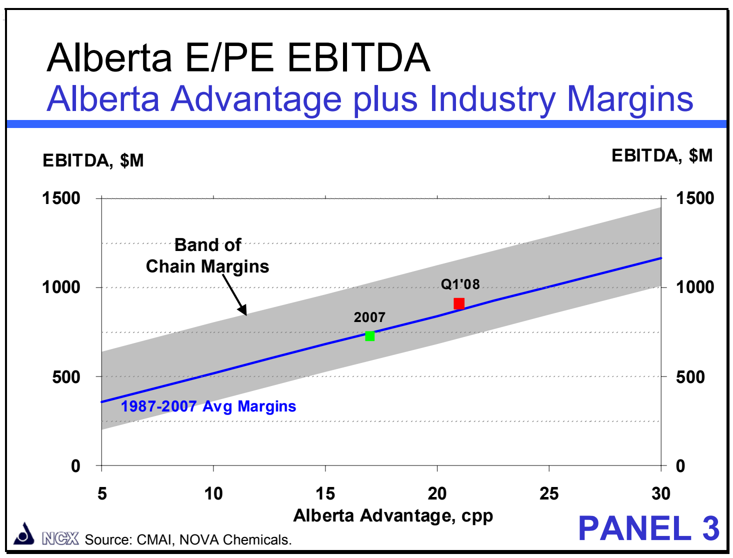
Chris Pappas, President and Chief Operating Officer

Thanks Jeff.

Let me start with Olefins and Polyolefins, a business that as Jeff pointed out, continues to perform well and differentiate itself from others in the industry. The first quarter EBITDA of $246 million is a record for a first quarter and significantly better than the $159 million we reported in the first quarter last year.

EBITDA from our Alberta based ethylene / polyethylene business was $227 million in the first quarter; again, the best first quarter Alberta EBITDA performance we have ever had.

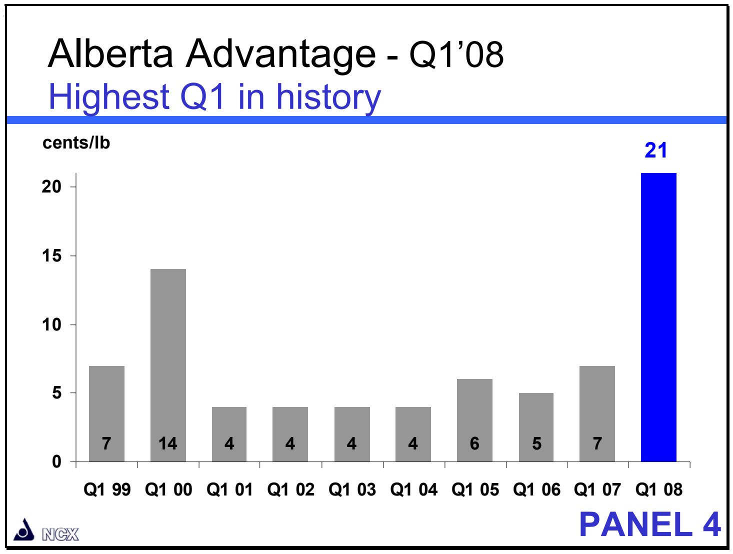
Panel 3 shows our Alberta ethylene and polyethylene EBITDA model which we have presented before. You can see how our EBITDA is impacted by two factors: changes in the Alberta Advantage, and U.S. Gulf Coast ethylene / polyethylene chain margins represented by the grey band.



Our annualized first quarter EBITDA for our Alberta assets is over $900 million, which correlates very well with this model. This strong performance is a direct result of a record first quarter 21 cents per pound Alberta Advantage and ethane-based industry margins of approximately 7 cents per pound, about the 20-year average as represented by the blue line on the panel. In contrast, naphtha cracker margins on the U.S. Gulf Coast are in a loss position because of the high cost of naphtha and the fact that co-product pricing has not kept up with rising feedstock costs.

As you can see from Panel 4, this was the best first quarter for the Alberta Advantage in our history by a large margin and the key driver of performance.

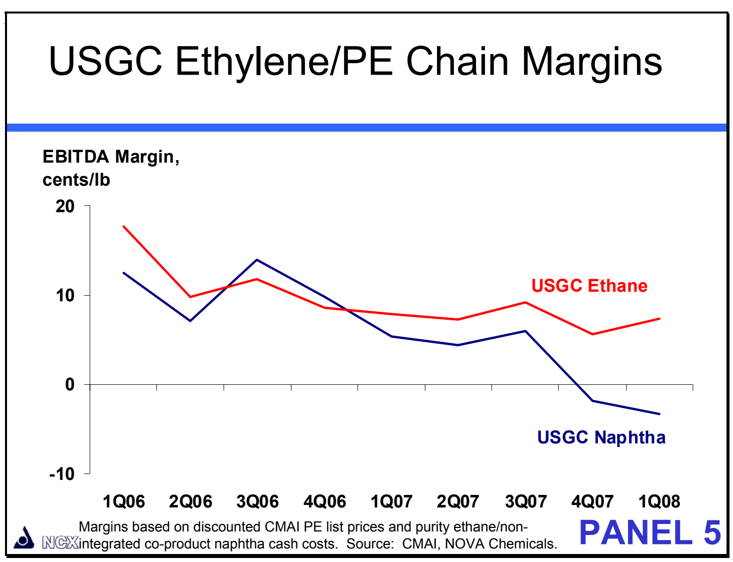
Keep in mind that the Alberta Advantage is generally weakest in the first quarter of the year. This is due to the higher seasonal prices for natural gas and the fact that maintenance outages on the U.S. Gulf Coast reduce the demand for ethane early in the year, softening prices.



It's also worth noting that we averaged 17 cents per pound Alberta Advantage for the full year in 2007, so we are well ahead of last year's pace. The Advantage, so far in April is similar to March, in the 16 to 17 cents per pound range and is higher than a year ago. So we are starting off the second quarter well ahead of last year.

The Corunna flexi-cracker continued to perform better than its direct peers. Even with the ability to use up to 75% light feeds – the cracker must use some heavy feedstock. In our case, we purchase oil not naphtha but like all heavy-feedstock based crackers, Corunna saw weak margins in the first quarter, and as such, reported EBITDA of $14 million compared to $52 million in the fourth quarter 2007. This was better than the loss estimated by industry consultants for heavy feedstock crackers in North America.

Panel 5 is Chemical Market Associates, Inc. (CMAI) data that shows ethylene/polyethylene chain margins for U.S. Gulf Coast ethane crackers have held up reasonably well in the first quarter, while naphtha cracker margins have been very weak for at least the last two quarters at breakeven or slightly negative.



Corunna's profitability trends are similar to those of naphtha-cracker peers. We are seeing higher crude oil prices as we start the second quarter and margins will continue to be pressured until we see co-product prices increase. We should however, continue to perform in the top quartile of heavy crackers in North America and the rest of the world in 2008 and beyond.

In our polyethylene business, we set two sales records in the first quarter:

- Total sales of 916 million pounds, and
- Total export sales of 224 million pounds

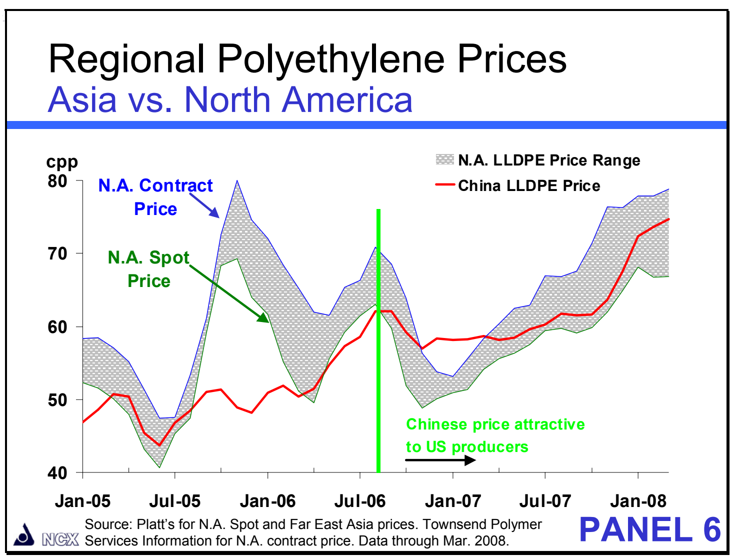
We increased sales volumes during a quarter when industry sales were down and, given our Alberta Advantage and great export opportunities, we expect to continue to sell out our available polyethylene capacity.

On the pricing front, the previously announced 6 cent per pound price increase is now being implemented as 3 cents per pound on April 1, and 3 cents per pound no later than May 1.

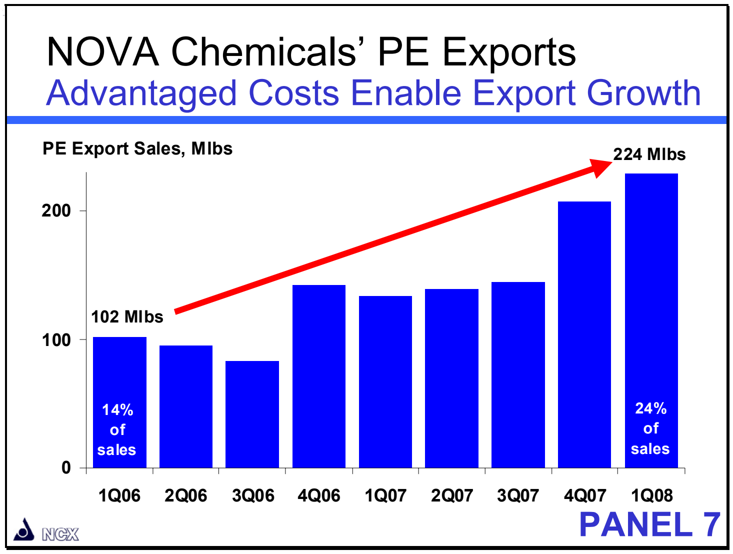
I believe these increases will be implemented because of the relatively high feedstock pressures and improving demand for polyethylene. As of yesterday, we are up at essentially all of our accounts, so we feel good about the price increase.

Our sizable feedstock advantage and relatively low logistics costs allow us to export from Alberta to all major regions of the world very profitably. In fact, some of our export business continues to provide better netbacks than some of our domestic business.

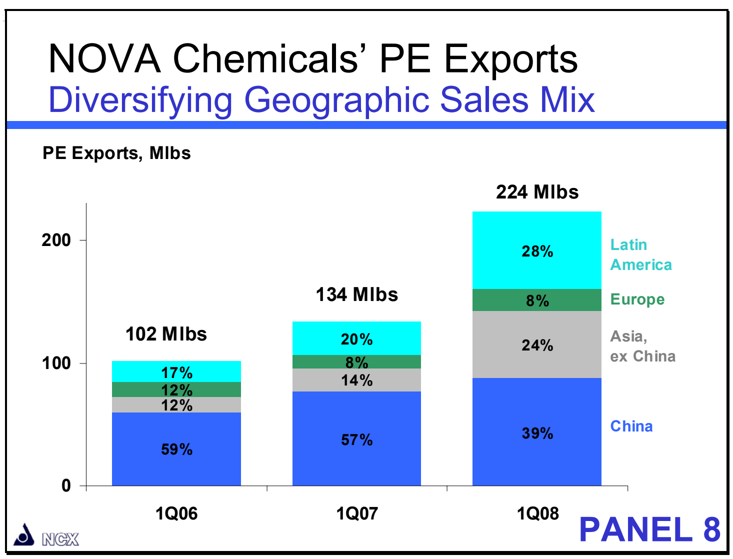
As you can see in Panel 6, average Asian polyethylene prices in the first quarter were 14% higher than the fourth quarter allowing North American ethane based producers to continue to export with attractive netbacks.



Exports have been a significant and growing part of our polyethylene business. Take a look at Panel 7, which shows the total volume of exports since 2006 on a quarterly basis. You can see that our total volume being exported outside of North America has doubled. We have expanded our capability, which allows us to sell polyethylene to any major region, capturing the best netback possible.



We have diversified our export sales in two important ways: geography and grade mix. Panel 8 shows the growing geographic diversity of our export markets. While we have grown our sales in China since 2006, most of our export growth has been in other major polyethylene consuming regions such as Latin America and other parts of Asia. Today our sales in China represent less than 40% of our exports, and our portfolio is more balanced than at any other time in our history.



Our export grade mix now includes higher value polyethylene grades such as food packaging and rotational molding grades. Almost 30% of our sales to China are now food packaging grades, up considerably in the last year.

So to summarize, for Olefins / Polyolefins business fundamentals remain quite strong, with strong polyethylene export markets, and domestic consumption above last year's levels. The Alberta Advantage is stronger than it has ever been in a first quarter and we look forward to a relatively high ongoing Alberta Advantage during 2008.

Let me now turn to our two styrene based segments. Both of these had improved bottom line results quarter-over-quarter, despite record high oil prices.

For the INEOS / NOVA joint venture, NOVA Chemicals reported first quarter EBITDA of $8 million, a $14 million improvement from the loss of $6 million in the fourth quarter.

The quarter-over-quarter improvement is a result of the significant progress being made by the management team towards capturing the annual $80 million synergies target we announced last year. By the end of the first quarter, the JV achieved a synergies run rate of over $40 million, half of which is NOVA Chemicals' share.

North American market conditions in the first quarter improved slightly from the fourth quarter. But in Europe, market conditions fell off somewhat.

Benzene costs continue to come down relative to crude oil and as of Monday benzene was trading at $3.82 per gallon and 136 % of WTI crude oil, on the very low end of the historical trading range. CMAI is forecasting global benzene operating rates to fall significantly over the next few years as new capacity continues to exceed demand growth. We agree with them and expect benzene costs to remain at the low end of the range as a percent of crude, a very significant fundamental shift for styrene producer economics – one that we expect to lead to improving demand growth rates for styrenic polymers of all types.

In Performance Styrenics, we reported first quarter EBITDA of $2 million, a slight improvement from breakeven EBITDA in the fourth quarter of 2007. The Expandable Polystyrene business, which today represents the bulk of Performance Styrenics' revenue, continues to reduce costs and increase sales volumes.

The improvement from our total Styrene based businesses from the fourth quarter to the first quarter was $16 million. We look forward to continued gains over the course of the year, driven by our cost reductions and improved market dynamics. The improvement may not be up in a straight line but we expect them to be significant.

Now over to Larry.

Larry MacDonald, Chief Financial Officer

Thanks Chris.

NOVA Chemicals reported net income of $50 million or $0.60 per share in the first quarter. This compares to $44 million or $0.53 per share in the first quarter of 2007 and $126 million or $1.51 per share for the fourth quarter of 2007.

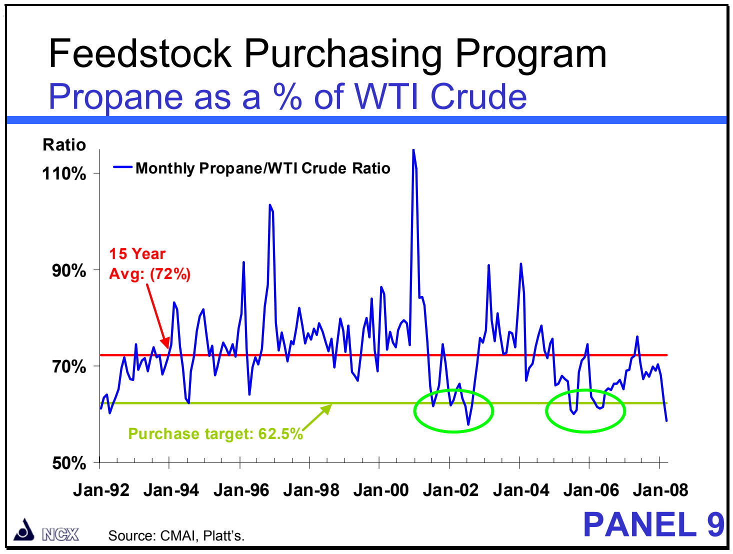
Jeff mentioned two non-operating corporate charges totaling $36 million after-tax which impacted first quarter earnings, which I'll cover in more depth.

First, we incurred a non-cash $30 million pre-tax or $21 million after-tax mark-to-market corporate charge as a result of the accounting treatment for our Corunna feedstock-purchasing program. You will recall that NOVA Chemicals locks in butane and propane positions at a percentage of crude oil when attractive forward prices become available. Positions that have not matured must be marked-to-market every quarter. Since propane and butane pricing in the first quarter had not yet caught up to the unprecedented run up in crude prices, the mark-to-market values of many of our outstanding positions declined.

On December 31, 2007, these open positions were valued at a positive $22 million on March 31, 2008 they had declined to a loss position of $8 million.

Let me put the current mark-to-market impact into perspective. Our feedstock-purchasing program extends for the next three years. If the positions do not change from their current levels for the next three years, which of course, they will – the total cash impact would be $8 million, which is less than $700,000 per quarter over the remaining term of the positions. Since 2004, we have realized cash gains of $67 million on matured positions. The economic benefit of these programs in our view overwhelms the earnings volatility associated with the non-cash mark-to-market accounting requirements.

Lets look at Panel 9 using propane as the example.



Over the past 5 years, there have been two major opportunities to lock in propane at significantly below 72% of crude which is generally the percentage when it is more profitable to run propane as feedstock rather than crude oil. We target a ratio much lower than average break-even to reduce risk.

We are possibly now entering a third period and are analyzing if and/or when we may want to add additional positions to our program. As usual, we will be very careful and thoughtful before we enter into additional positions.

Also included in the Olefins/Polyolefins operating results for the first quarter is $7 million before-tax or, $5 million after–tax in losses on liquidated positions. As Jeff indicated, at the end of the quarter the rest of our positions in 2008 were net positive.

The second issue is a result of our strong results in 2007 and relatively new accounting standards for stock-based compensation, which resulted in NOVA Chemicals taking a corporate charge of approximately $20 million pre-tax or $15 million after-tax in the first quarter.

We are required to expense the full value of stock-based compensation for retirement-eligible employees immediately when they are granted instead of expensing them evenly over the three-year vesting period. Since NOVA grants its stock-based compensation in the first quarter of each year, we take a large up front expense in the first quarter but have lower expenses for the remainder of the vesting period. We had a similar charge in the first quarter of 2007 and expect to have similar charges in future years. In addition, as Jeff said, our record earnings in 2007 caused a 2008 charge in variable compensation charges primarily in corporate costs.

Now let's discuss our cash and liquidity positions.

Record crude prices and record sales volumes require cash to finance working capital increases. In the first quarter our working capital investment increased $123 million due to both higher inventory which increased due to higher crude pricing and higher volumes of ethane and styrene monomer and higher accounts receivables balances – which increased due to higher average selling prices for our products and higher days sales outstanding within the INEOS NOVA joint venture.

As we have mentioned before, we are working diligently to find a way to minimize the working capital tied up in our Corunna feedstock inventory. Our styrenics joint venture is also working hard to permanently reduce their working capital needs as well.

Liquidity at the end of the first quarter was just under $500 million versus $552 million at the end of the fourth quarter, with the working capital increases being the prime driver of the change. We have had a long-term target to stay between $450 and $650 million of liquidity.

During the first quarter, we also amended two of our four revolving credit facilities as one was due to expire on March 31, 2008, as were some of the covenant terms. The net result is virtually no change to our availability on our revolving facilities and simplified covenants. In addition, we are currently negotiating a slight shift in bank participation in our $350 million Account Receivable securitization facility.

We maintain an excellent relationship with our syndicate of banks, which is evidenced by their continued support even in these turbulent times and they and we are very comfortable with our joint plans for the future.

Now I will turn the call back over to Jeff.

Jeff Lipton, President

As I close, I want to make some key points regarding the short term.

In North America:

- Consumption of polyethylene remains strong.

- Inventories of polyethylene from converters to retail stores have gotten very low. In the past this has consistently led to sharp upturns in orders for producers.

As a consequence, I believe North American industry margins will likely be stronger than most published opinions and operating rates should remain high.

Outside of North America:

- Market conditions remain robust and chain inventories are low.

- High global polyethylene pricing is being driven by very high naphtha costs and limited naphtha feedstock supply.

- Ethylene and polyethylene capacity additions are coming more slowly than most expect.

- The Alberta Advantage remains very strong relative to almost all global production and will likely continue to be very strong with naphtha prices staying high.

As a consequence, I believe export opportunities for North American producers will be robust.

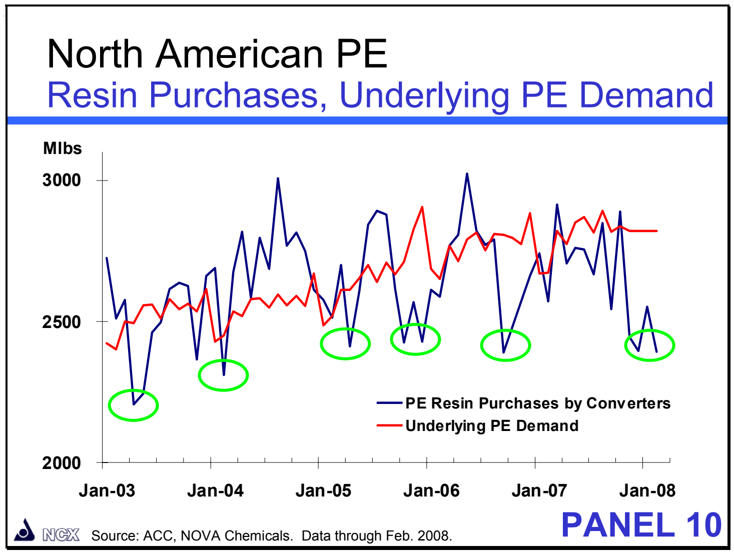
And since I expect NOVA Chemicals to continue to generate much higher margins than almost all of our competitors I fully expect us to sell all of the polyethylene we can produce.

Let's look at some of the relevant data:

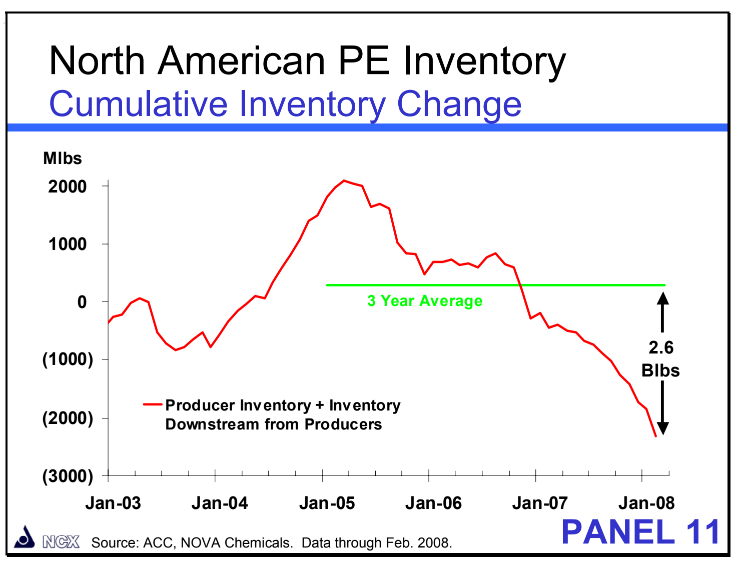
To study the North American markets, we start with the American Chemistry Council economists' model for underlying polyethylene demand. Their work has proven reliable in past years and the red line in Panel 10 shows steady consumption for much of 2007 and early 2008.

The blue line shows polyethylene resin purchases by converters. The conclusion we make is that the economy is consuming much more polyethylene than converters are buying and inventory is being depleted.

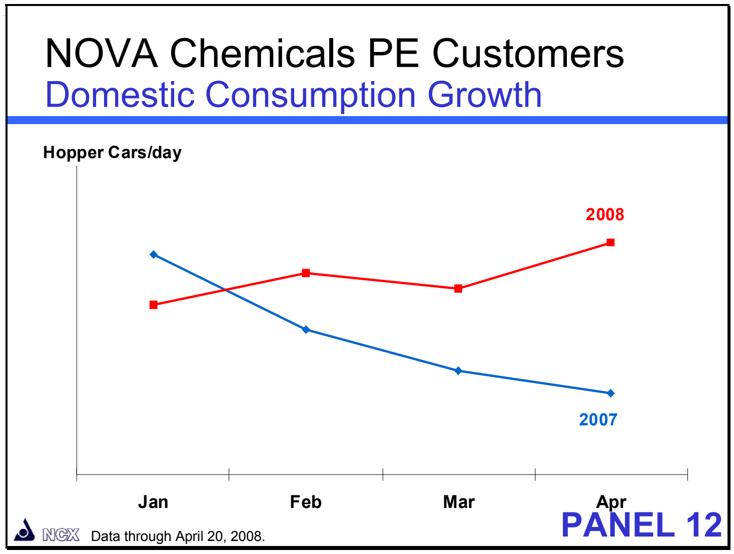
In our experience every time we have seen this gap between converter orders and underlying consumption, resin producer sales rebound sharply; as you can see from the ovals on this chart.



Panel 11 shows the inventory story, chain inventory is 2.6 billion pounds below the last 3-year average and has been reduced by about 4.5 billion pounds since the 2005 inventory peak. This makes sense to me – high prices for resin combined with nervousness about general economic conditions and financing risks have motivated everyone in the chain to reduce inventories. However, polyethylene is mainly a consumer oriented product and demand for it holds pretty steady even in uncertain times – so flat consumption is very consistent with the North American economic picture.



Now, let's look at consumption by NOVA Chemicals' polyethylene customers as shown in Panel 12 which uses our empty hopper car return data. Our North American customers have increased their consumption of our polyethylene through the first quarter compared to the same period in 2007 and April consumption as you can see, is off to a great start.



First quarter domestic consumption of NOVA Chemicals' polyethylene was up 5% vs. the first quarter in 2007. Our domestic volume from market share growth was up 4%, so you can call it 1% real consumption growth in this slowed down economy, compared to the robust environment at the start of 2007. Not bad at all!

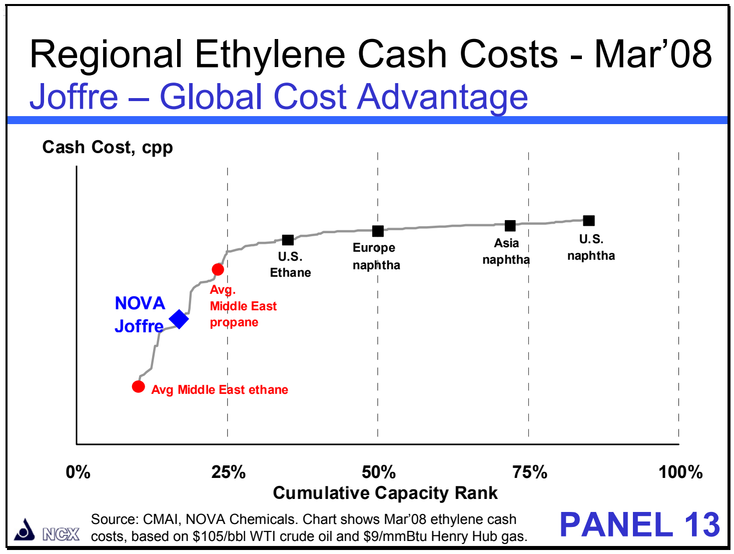
April is starting off at a rate that is 7% higher than the first quarter and 25% higher than April 2007. Remember, we are talking about real resin consumption not orders from converters.

The net of all this is pretty clear to me – solid, steady consumption and rapidly lowering inventory levels, at some point soon, will likely result in a strong upturn in orders to fill inventory needs in addition to strong consumption.

And, the increase in domestic orders combined with the continued strong export demand means the highest cost producers, the heavy feedstock cracker based operations, should be able to increase prices to allow reasonable returns for them. For the rest of us that would mean stronger margins than we've seen for the last few quarters.

Based on this data, I'm confident that 2008 will be a better year for the industry and for NOVA Chemicals than most project today. And, we do not see a sharp decline over the next few years as some do. Longer-term prospects remain very positive.

Panel 13 shows CMAI data for March 2008 regional ethylene cash costs. Joffre is positioned in the center of Middle East costs – Alberta is the lowest cost region except for the ethane crackers in the Middle East. In this environment we will generate much stronger margins than most of the world's producers.



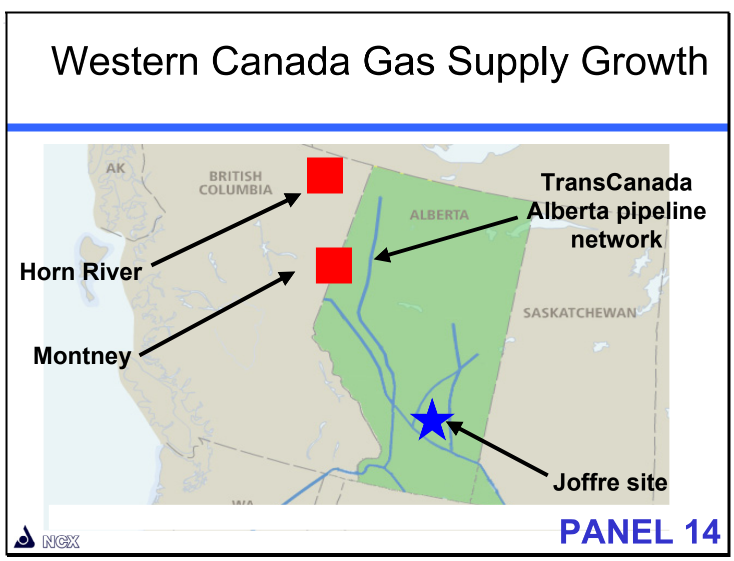
The Alberta Advantage is large, and is sustainable – not many argue with that these days. However, some investors have questioned whether or not we can get sufficient feedstock to grow or even maintain our production.

Well, in recent weeks we have seen important announcements that could cement our long-term feedstock supply and lead to different questions – more like – how fast can you grow?

There is little doubt that supply of natural gas and natural gas liquids will be increasing substantially. New supplies will come soon and eventually the Alaskan pipeline will allow very significant ethylene capacity expansion in Alberta.

Over the last couple of years, we have talked about expanding the throughput of our ethane extraction and gathering system and that we are working on the extraction of ethane from gas streams leaving the province and the separation of feed from oil sands off gas streams. That work continues.

However, just recently two major natural gas supply additions have been announced in Western Canada – we show their locations in Panel 14. The use of horizontal, deep well drilling in the Montney region in Alberta and British Columbia will add substantially to production over the next few years.



The series of announcements about huge natural gas supplies from the Horn River area in British Columbia (estimates run from 15 to 25 trillion cubic feet of natural gas) could add up to 50% to Canada's total proven gas reserves.

On top of this Alberta has decided to provide larger incentives for deep well drilling because new project incentives in British Columbia and Saskatchewan are allowing those provinces to compete more effectively for oil and gas investment dollars. Of course, we welcome the investment incentives in all three provinces.

All of these developments are very positive for us in the short and medium term – but of course, the big feedstock surge will come from the Mackenzie Delta pipeline and the Alaskan pipeline, which will run through Alberta.

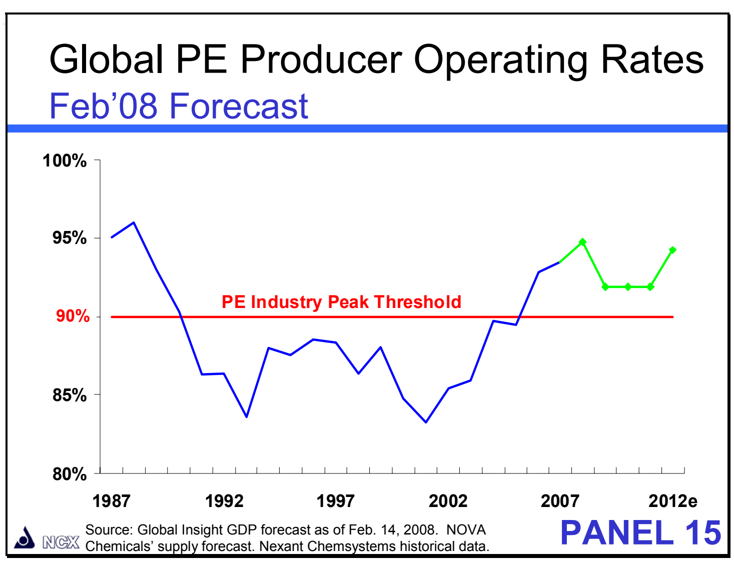
The Alaskan gas flows alone have sufficient capacity and gas liquids content to support the addition of two world scale crackers. The project sponsors just recently announced a pipeline start-up target of 2018. That announcement should spur on the Mackenzie Delta pipeline sponsors to get their pipe in operation before the Alaskan gas gets to Alberta.

The volume of gas production flowing from the North should ensure Alberta natural gas and therefore Alberta ethane will remain much lower cost than U.S. production. Pipeline costs from Alberta to the U.S. keep rising relative to U.S. pipeline costs, increasing the natural gas price spread between the U.S. Gulf Coast and Alberta. And excess supply leads to lower prices in North American gas markets – if not in current oil markets.

A few final points, I know some of you recently attended the CMAI World Conference where an ethylene / polyethylene industry trough was forecasted in the 2010 to 2012 time frame with average margins potentially falling all the way to 2001 levels. We disagree with this perspective – I would like to explain why.

We believe global operating rates will be higher than those predictions because of stronger underlying demand and delays in the timelines for new supply.

Panel 15 shows the Operating Rate forecast we presented at our fourth Quarter call in January. At the time we stated that we use a multiple of 1.5 times Gross Domestic Product (GDP) growth for polyethylene demand growth, a number that reflects an average over the last 10 years, and Global Insight's GDP forecast that had a recession in the U.S. for the first half of 2008.



You may be surprised to know that historically the polyethylene demand multiple often increases when GDP growth slows because there is a minimum consumption level that does not change with slowing economic conditions.

The fact that packaging food reduces overall food costs by sharply reducing spoilage and logistical costs is a big factor for developing countries in today's high food cost environment.

Consequently, we believe developing nations will consume proportionally more polyethylene than their U.S. dollar GDP would suggest.

As for supply, we track new projects on an ongoing basis. We have recently had our experts traveling in China and other parts of Asia, where a high percentage of new capacity is slated for commissioning starting in 2009. We found that significant changes should be taken into account for a number of announced schedules.

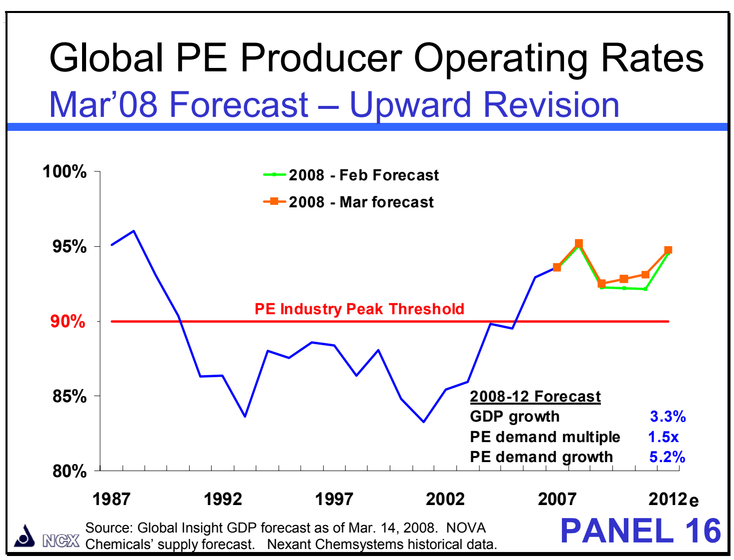
Looking at Panel 16, you can see the old forecast in green and our new projection in orange.   We have made two changes to our forecast.

On the demand side we have incorporated, Global Insight's March 14th GDP forecast that is slightly lower than their previous numbers. They are now projecting a slightly deeper US recession in early 2008, a full year growth rate of 1.2% but no global recession.

The more important change is to the supply side. Based on our field visits and direct discussions we have determined that many projects are still on track, but several are going to be late by as much as one and a half years.

In one case, we believe a project will start-up one year earlier than our previous estimate – but that is a clear exception.

You can study our updated project schedule forecast on our website.



Our view does include a drop in operating rates next year due to capacity being brought on-stream in the Middle East in late 2008 and early 2009. However, our analysis of that drop differs from CMAI in two significant ways:

We see operating rates dropping to approximately the level we experienced in 2006. Supply was hardly loose that year. Then we expect operating rates to stabilize and improve after 2009.

In 2001, which by the way produced the worst industry conditions in my working career, we saw average EBITDA chain margins of 1 cent per pound for U.S. Gulf Coast ethane crackers and breakeven for heavy crackers. Unlike CMAI, I don't expect to see margins anywhere near that low anytime soon as demand in 2001 was impacted severely by excess inventories built up to prepare for global production losses that never came in 2000.

Another key point, is the spread between heavy cracker margins and light feed cracker margins was only 1 cent per pound because the oil to gas ratio in 2001, at 7 to 1, was just above energy parity.

As of Monday the oil to gas ratio was over 11 to 1 on the U.S. Gulf Coast and the spread between naphtha cracker and light feed cracker margins was about 10 cents per pound. CMAI, and others, have suggested the pricing pressures on oil will continue to be greater than that for natural gas and the oil to gas ratio will continue to be significantly above energy parity.

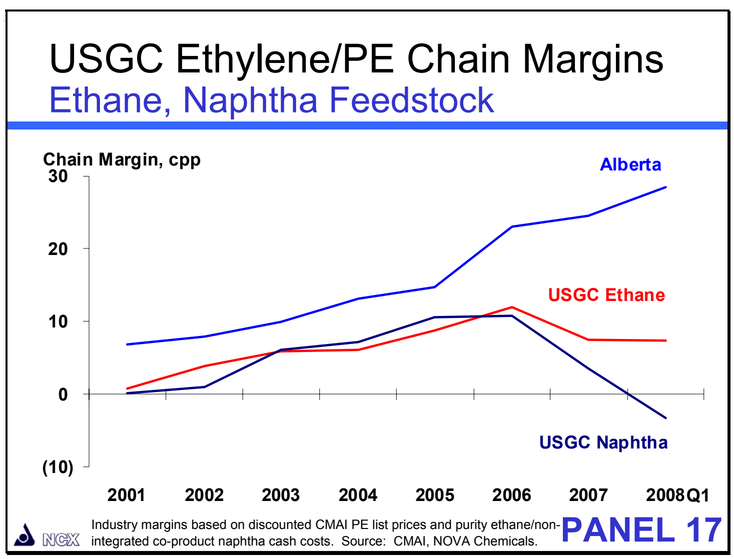
We started talking about the very tight supply of naphtha over a year ago, predicting that naphtha would get very expensive, supporting global polyethylene price increases and allowing attractive export opportunities for light feedstock based producers. And that is exactly what has happened.

So what does this mean for NOVA Chemicals? We believe it is highly likely that future tight supply / demand balances will lead to sustained, strong margins for the foreseeable future. However, while we don't agree with CMAI's projections – we could be wrong. It is conceivable that industry polyethylene operating rates could fall faster than we think and stay lower. But even if they do drop, NOVA Chemicals should generate strong margins in a low operating rate environment.

Alberta is the low-cost producing region outside of Middle East ethane based assets.

And with the oil to gas ratio at today's levels, we suspect that the spread between naphtha crackers and ethane crackers will remain large - and remember the Alberta Advantage would be on top of U.S. Gulf Coast ethane margins. As you can see in Panel 17 Alberta is a very special place.

In our view NOVA Chemicals is in a very special place as well. We should make excellent returns in Alberta, under any economic scenario and we are growing our polyethylene capacity over the next two years. In the medium to long term, we will be able to grow significantly in a politically supportive and lower income tax region of the world with plenty of advantaged feedstock.



I think you can figure out why senior NOVA Chemicals management reinvested their incentive compensation in stock units this past February; by the way, the amount I invested was over $3.6 million which is about 3 times my annual salary.

We have put our money where our mouths are because we believe:

1. Our industry will do better than many now project – we'll see stronger margins with stronger volumes

2. Even if our supply/demand projections are somewhat off and we see a deeper or longer U.S. recession than economists now project – our core business in Alberta will far surpass the U.S. Gulf Coast and most global production margins.

3. Our expanded polyethylene assets and low costs will provide volume growth and we will continue to sell everything we can make.

4. NOVA Chemicals' Corunna based assets will do somewhat better than similar assets' margins even though they will follow industry crack spread trends.

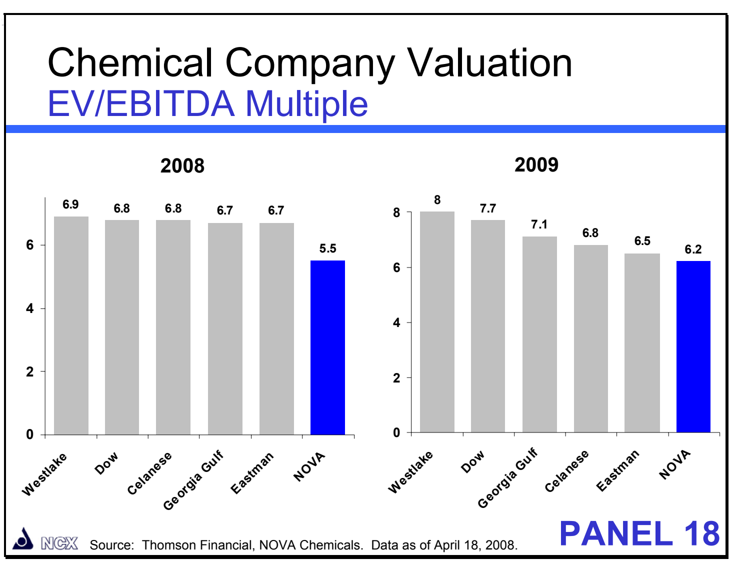
5. We will develop plans for high return long-term growth in Alberta that will offer unique opportunities.

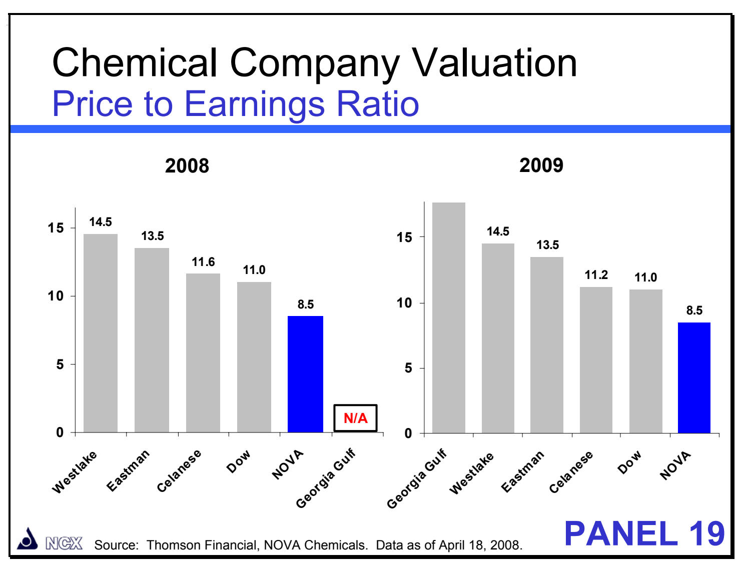
So the bottom line is: Whatever the ethylene / polyethylene industry does we will do better – and, in addition:

6. Our styrenics business will improve due to cost synergies in the JV – and we will continue to move faster and improve our margins faster than any other entity in the industry.

7. We believe, our Performance Styrenics business is ready to break out – we hope to soon have some news that will show we have real opportunities to generate big rewards from this business versus very modest risk.

And finally, one very important factor in my thinking. Look at Panels 18 and 19. The market seems to be saying that all of NOVA Chemicals' value is in its ethylene / polyethylene business and that our Alberta assets – despite their cost advantaged feedstock, outstanding scale, superior product quality and ability to grow rapidly over the next decade and our modernized, highly competitive Ontario assets – are not worth normal industry multiples.





I would guess this is because the market doesn't believe our higher level of earnings relative to our peers can be sustained. Even though we have done much better in every year of our existence.

I think those beliefs will change rapidly as we continue to deliver high levels of EBITDA – remember that we have delivered $1.1 billion over the last four quarters in a slowing economy – mainly from our ethylene and polyethylene business.

I expect we will also continue to deliver meaningful improvements from our styrenics JV and our new Performance Styrenics developments.

As a consequence, I can't see a better investment opportunity for me than NCX – so I have added to my already substantial position.

Thanks for your attention - we look forward to your questions.

Frank Mitch, BB&T Capital Markets

Jeff, I caught part of the call where you guys were talking about polyethylene prices moving up and obviously the panel that showed the hopper car data for April meaningfully higher. Is your sense that that is being driven by a realization that pricing is going up finally? Because obviously we've had some fits and starts with respect to polyethylene price. Can you take a moment or two to talk about the dynamics that are going on there that's driving that demand specifically?

Jeff Lipton, Chief Executive Officer

First, I'd point out, Frank, that Panel 12 shows consumption or empty hopper cars coming back, it doesn't show full hopper cars going out. And why don't I let Chris describe what he sees going on in the market with regard to pricing and our customers' actions.

Chris Pappas, President & COO

Frank, we have a condition where our customers are consuming inventory that's really the key point and our view is that they are essentially at the end of that rope and they are going to be purchasing a lot more polyethylene moving forward to support what basically are pretty strong consumption levels. So we modified the six-cent a pound price increase to three cents in April and three cents in May and have implemented that three cents essentially across the board. The pushback from our customers around that three cents is frankly quite minimal and it's minimal because they're now in a position, we believe, that they're going to have to start buying more polyethylene as their consumption pattern continues to be good and their inventory pattern continues to be low.

In addition to that, the naphtha producers, both here, of course, in North America, and around the world, are under extreme margin pressures.   Margin improvement pressure should drive polyethylene price increases. So we feel pretty good as we sit here in April on the three cents, and look at three cents in May.

Frank Mitch, BB&T Capital Markets

All right, so it seems to me that the domestic market, the North American market's going to be better in the second quarter than it was in the first quarter?

Chris Pappas, President & COO

Well, the demand curve looks like it's going to be quite good and in our case, we would expect to have a sold-out business in the second quarter just as we had in the first quarter.

Frank Mitch, BB&T Capital Markets

OK. Well, obviously you did a lot of exporting in the first quarter so -- so that's why I was referring to the domestic market.

Jeff Lipton, Chief Executive Officer

I think, Frank, it's worthwhile saying that we're going to continue to export. In many cases the export netbacks today are stronger than segments of the North American market and we're going to keep on moving to wherever the highest returns are. So that's why Chris showed the spread of the markets we're serving and talked about the product spread. We're now exporting for the first time relatively high price, high margin polyethylenes to many different parts of the world and we're going to keep that up.

Frank Mitch, BB&T Capital Markets

OK, terrific. And then Larry, you discussed the situation with your working capital, particularly in Corunna. And I know that you've been trying to make some progress in terms of securitizing the inventory there and the pipeline. How has that progressed and any update there?

Larry MacDonald, Chief Financial Officer

We continue to have those discussions. I would say we are making very good progress. It is a complex deal in that it does cross different borders and different jurisdictions. But we're making a lot of progress. And I'm hoping that we've got something that is basically term sheets over the next four to six weeks and hopefully have a deal done either late in the second quarter or early in the third quarter.

Eric Katz, Citigroup

Eric Katz sitting in for PJ. I just have one quick question. Once the Middle East capacity comes online, where do you see polyethylene exports as a percentage of total polyethylene volumes normalizing to?

Jeff Lipton, Chief Executive Officer

I would have no doubt that should the structural situation stay the way it is today with very high naphtha costs, we're going to have very large export opportunities that we'll be able to take advantage of. I don't really see a change for NOVA Chemicals. The percentage of the world's supply that will come incrementally from the Middle East is very modest. And there will be huge export opportunities for us all through Asia, increasing in South America and I don't see any significant change.

Dave Silver, JP Morgan

I had a question, I guess about the Alberta Advantage. So historically, it's been at a high level and did come down sequentially. And there's a number of moving parts. Could you share your thoughts on what you think the Alberta Advantage might be, let's say, for the second quarter and maybe -- maybe for full year '08?

Jeff Lipton, Chief Executive Officer

Well, you know, it's really hard to project because I am not an oil industry expert but I will tell you that we're starting the second quarter in the same range of value as we were in as we ended the first quarter. So I would expect the second quarter to be higher than the second quarter of last year and I'm looking for an Alberta Advantage that is similar to or better than last year. So if we are anywhere close to the 17 cents we had in 2007, even though we're starting off better than 2007, we'll all be thrilled. We'll see what happens.

But the real key is what's happening with oil prices and will oil prices relative to natural gas stay with the kind of ratio we're looking at today. The ratio on the U.S. Gulf Coast is 11-to- and in Alberta it's 12-to-1 plus and that always leads to very strong Alberta Advantage numbers. And I think it's important to understand that the ratio is one thing, but the absolute numbers make the ratio more powerful. So if you have a 12-to-1 ratio when oil is at $50, that's very different than having that same ratio when oil is $115. The absolute difference in oil prices and natural gas prices is a very big part of why the Alberta Advantage is so big. So in reality, we like the high ratios but we also like high oil prices.

Dave Silver, JP Morgan

Thank you. If I was going to ask one question on the balance sheet, you know, per page 8 of the press release, earnings release, you know, your net debt, if you include the accounts receivable securitization is still kind of similar to where it's been for the last couple of years. Could you give us a view of where you think your net debt will be let's say at the end of this year and if you have a view to where you want to target it for the end of 2009?

Jeff Lipton, Chief Executive Officer

Sure. I would tell you that we have consumed about $300 million in working capital increases while we've been generating $1.1 billion of EBITDA from our operations over the last 12 months. If oil stays stable or goes down and our business results stay in a similar place, it would be nice to be able to turn that $300 million into debt reduction.

The work that Larry is focusing on, finding a way to help with our working capital needs at Corunna but also the work that the joint venture is doing to help with their working capital needs, together, have a very sizeable impact on cash flows in the not too distant future. We think it's the most important thing we're doing with regards to the balance sheet in the short-term.

Fai Lee, RBC Capital Markets

As you mentioned heavy cracker margins are under pressure right now and given the outlook that CMAI has for new capacity coming online how long do you think the situation will continue before we start seeing some shutdowns?

Jeff Lipton, Chief Executive Officer

Well, I don't think you're going to see much in the way of shutdowns. I think what you'll see is people trying to move towards lighter feed mixes. If you recall, I said 50% of our feed going into Corunna was light in the first quarter. We have the capacity to get up to 70 or 75% light feeds. The other flexi-crackers can't move as far as we can but they'll try to move as far as they possibly can. And I don't think you're going to see any short-term crack spreads motivate anybody to permanently shut down a refinery. They might cut back operations or refineries or crackers if they can pick up demand from some other locations but I don't think you're going to see any permanent shutdowns. Now, if the facility is quite old and needs a lot of maintenance or environmental work, that might lead people to make different decisions.

Fai Lee, RBC Capital Markets

OK. And maybe a question for Larry. With respect to the working capital maybe just even in the short-term, do you expect a more modest, I guess, demands on working capital heading into the second quarter?

Larry MacDonald, Chief Financial Officer

Well, I certainly would say that if crude prices stay where they are, I think that we can keep working capital relatively flat to down. In fact, we were up a few days in cash flow cycle time in the first quarter versus the fourth quarter. We've got some volume to take out of inventory that will generate some cash so we're looking to get working capital down a bit assuming crude oil prices stay relatively flat but obviously, if crude oil prices continue to run, it's going to continue to put demands on cash and to fund working capital.

Mark Connelly, Credit Suisse

We're looking at the China customs data and it looks like polyethylene imports were down about 8% in the first quarter but ethylene was up 100%. Just wondering if you have any insight into what is going on in China? And whether you think that this data means anything or if it's just noise.

Jeff Lipton, Chief Executive Officer

Well, our view is that the market there remains quite strong. Prices continue to move up. And that's the key determinant of supply-demand balance in China. And our measurement of inventories of imported polyethylene which we get -- because we get data at the docks, is that the inventories there are modest and not moving up sharply at all. So we had a very good season for making film to cover food-growing, you know the pressure's on food everywhere in the world so they consumed a lot of polyethylene for the growing season. And I think the market there remains quite robust.

The real key to us, though, is rapid growth in other parts of Asia. We see India demand growing rapidly, we see demand growing rapidly in Vietnam and other places in Asia. We see South American demand being quite robust. So as Chris pointed out, our opportunities have multiplied and given our cost structure we're exporting in a lot of different directions these days.

Bob Hastings, Canaccord Adams

Good quarter. I know you touched on this but I want to go a little bit more into it. After a long time of waiting for mix to improve and seeing your polyethylene selling price move up from just the linear low-density price we finally got it in spades in the first quarter here, up -- I guess your average metric is about a nickel higher than the linear low-density price whereas normally it's like a couple of cents. So can you go a little bit more into that in terms of why, if you think that was just a temporary opportunity that you were able to take advantage of, or looking forward, are we there now and what do you expect?

Jeff Lipton, Chief Executive Officer

Let me let Chris talk about our product mix. He's very proud of what we've been doing in terms of upgrading our mix.

Chris Pappas, President & COO

Bob, I'm really glad you noticed that because I think it's essentially the beginning of the fruits of several quarters' worth of hard work in the market. You know, we've been working all over the market, not just in North America but as Jeff mentioned all over the world, to find the best places - best places being defined as the highest value - to sell our various polyethylene products. And particularly in our Advanced SCLAIRTECH™ (AST) product family, we're starting to hit our stride in the market. We've got a whole series of high value customers that have been qualifying the product, working with us to grow the product in their various end uses and it's starting to show up. So we expect to have continued success in differentiating our AST products but it's also happening in some of our other polyethylene product lines as well.

It's not just AST. We're able to find better places for our regular SCLAIR® grades, we're able to find better markets for our high-density products out of our eastern Canadian assets. We have a full court press on marketing, product development and market development for higher value polyethylenes across North America and other parts of the world. And I think showing its results and hopefully will continue down the road.

<u>Jeff Lipton, Chief Executive Officer</u>

Bob, I think you should look for a significant announcement coming from Chris and his team with regard to another technology break through in one of our other product areas. I'm not going to steal his thunder but keep looking.

<u>Bob Hastings, Canaccord Adams</u>

Just to conclude there, this is not just a temporary opportunity that you're -- that you saw out there, but you think these kind of margins are sustainable going forward?

<u>Chris Pappas, President & COO</u>

Well, the numbers won't always be exactly the same but yes, a whole drive in the company is to continue to upgrade our mix and to get higher returns than the standard product producers. We have some standard grade producers that we are often compared to but I will tell you we would expect the margins that we produce to continue to expand due to product quality and marketing capability versus those producers.

<u>Edlain Rodriguez, Goldman Sachs</u>

Question on polyethylene prices, I mean, what gives you more confidence, Jeff, that you'll have more success in the second quarter compared to the first quarter and that you will be able to raise prices sufficiently to exceed costs and allow for margin expansion?

<u>Jeff Lipton, Chief Executive Officer</u>

Edlain, the whole key is Panel 10 and the follow-on panel that shows where inventories are relative to where they have been. We know that our direct customers and their customers have been holding back on purchasing resin and then resin-based products downstream because oil prices have been so high and they understand the direct connection. And if you look at those charts, inventories can't get much lower. And it's not that they wouldn't like to get lower, inventories just can't operate their businesses if they get much lower. So we're confident that it won't be much longer and you will see a significant need on the part of converters and their customers to rebuild their inventories. We're also seeing, as I pointed out for April, significant increases in consumption versus the first quarter by our customers, so they're consuming resin but not buying tremendous quantities more. And you can't go on that way. We think the cupboard's bare through the chain and we're going to see a surge. Take a look at Panel 10. We've been here before and look at how sharply orders rebound once we hit the kind of levels we've been bouncing around at.

<u>Edlain Rodriguez, Goldman Sachs</u>

Actually, my second question, my follow-up was on Panel 10. If you go back further, like in a recessionary environment like 2001-2003, does the chart look any different or does the bottom, I mean then we don't see the sharp increases.

Jeff Lipton, Chief Executive Officer

Now, remember, 2001 was a period where we had huge industry-wide excess inventories. One of the reasons 2001 was so bad is everybody was concerned that the turnover of the clock in the year 2000 was going to shut down operating computers and people in the petrochemical industry built huge inventories because they were worried about refineries coming down. That all came home to roost in 2001.

So the issue for 2001 was big excess inventories. And then if you look at this chart on Panel 10 in 2003 you see we had a drop in 2003 and we came back hard after that drop down to today's level. So you need to look at the relative difference between the red line and where the blue line is. We're as low as I think we can get. Now, that doesn't mean we won't see orders coming back but I think once our customers are convinced that the price increases are, in fact, going to go in place, that there is no value for them in waiting any longer to buy, we will see significant upturns in orders, as a whole industry.

Sergey Vasnetsov, Lehman Brothers

Very interesting slides, as always, thank you very much. I have questions on Panel 16. Here you suggested that the operating rates for the global industry would be higher in 2008 than they were in 2007 and this expectation along with high energy costs and high Alberta Advantage, this combination should translate to significantly higher NOVA Chemicals earnings in 2008 versus last year. So even assuming Styrenics is going sequentially flat which is probably too conservative but do you think that NOVA Chemicals could generate more than four dollars per share this year?

Jeff Lipton, Chief Executive Officer

Well, that would be nice. I think the real key is what will happen on the U.S. Gulf Coast. And what kind of strength we're going to see on the part of U.S. based producers in terms of their willingness to move prices through and I think our EBITDA will be quite positive. I am very optimistic about 2008. I expect another very strong year. I wouldn't want to quote a number because then I'll only get myself in trouble with my lawyer sitting here across the table but I think we'll have a very strong year and I think everything is lining up to be quite strong. Particularly inventories. That's what I look at.

Sergey Vasnetsov, Lehman Brothers

And second question is to Larry. LIFO/FIFO impact, you're no longer reporting but it's a very important factor particularly in sharply rising energy environments that was seen for the past six months. I estimated approximately that the LIFO/FIFO positive impact for the previous quarter was 70 cents and it was about 50 cents this quarter. Do you think that is approximately correct?

Larry MacDonald, Chief Financial Officer

As long as you're using the flow-through model that we provided to you that provides the flow-through of crude oil through to cost of sales, then that calculation should be roughly correct, Sergey.

Jeff Lipton, Chief Executive Officer

I thought a little bit about it Sergey, I think it's probably a little bit on the high side. If you notice, we had some comments in the quarterly report on the flow-through cost at Corunna being higher on a percentage basis than we were able to take prices up. So our flow-through crude oil costs increased 15% and that kind of gives you a feel for the kind of impact we had there which is the most important one for us.

Peter Butler, Glen Hill Investments

Well, if management's willing to buy the stock, when is the company going to be in a position to do the same sometime during 2008 - 2009?

Jeff Lipton, Chief Executive Officer

Well, of course, Peter, a lot of it is going to rely on what we can do in terms of slowing down our working capital needs. You heard that number I talked about, $300 million or a little less, I think that's key. And, of course, we are going to pay down some of the debt we have facing us in the short-term. But I would like to do that and then get on to the next issue so I'd like to do both. And if we can get some of the efforts that Larry is working very hard on to fruition, I think there's a reasonable shot at that.

Peter Butler, Glen Hill Investments

Am I missing something on this polyethylene pricing? If I was a customer of yours and I really thought the price increases were going to go through why wouldn't I be, you know, why wouldn't they be buying? They must be thinking that the price increases are going to fail.

Jeff Lipton, Chief Executive Officer

Well, as usual, they're trying hard to make them fail. And I would tell you we're seeing a lot of resolute selling out there in the marketplace and Chris and his team are very confident that they will be put in place. I believe that once our customers realize that they're going to have to pay, they're going to start ordering at higher levels than they have been to refill their inventories.

Peter Butler, Glen Hill Investments

On the last subject, is it possible in any way to quantify the increase in NOVA Chemicals' long-term valuation due to the developments of the new gas coming in western Canada in the pipelines?

Jeff Lipton, Chief Executive Officer

Well, it's possible but it's still a long way out. We're talking about 2018. We're going to have to start thinking about how we're going to step up our growth rate in Alberta. And I will tell you that it's a big part of our 2008 strategic thinking to think about how we're going to take advantage of that increased growth and hopefully we'll have something intelligent to say and do after we get through all that work.

Jeff Lipton, Chief Executive Officer

OK, thank you, Peter. I would like to ask Larry, before we take the next question, to comment a little bit on our tax rates. I'm a little surprised no one's asked the question about it and I would like to cover it before we finish the call. We have worked very hard to find pathways to reduce our tax rate and also we've had some things happen to us that forced tax rate reductions that should last for a relatively long period of time so Larry, why don't you cover that.

Larry MacDonald, Chief Financial Officer

OK, Jeff. If you look on page 15 of our quarterly report, the tax table at the bottom, I think it can help explain where our tax rates are going. First of all, you'll see that the statutory rate that we've got for the first quarter is 29.5% down from just over 32% in 2007. That's the combined Alberta provincial rate plus the lower federal rate that is currently in effect. Over the next couple of years the total tax rate will be reduced to 26% based on further scheduled reductions. So that's the first major tranche of reduction in the federal rate.

As you go down the table to reconcile down to the income tax expense recovery, in effect, the foreign tax rates and the reduction in valuation allowance really could have been combined as a $4 million reduction and it's associated with profits we had in Switzerland in the first quarter and the Swiss tax rate is in effect 10% versus 29% for our combined Canadian rate. And, in fact, the effective tax rate is to zero because we have loss carry-forwards. So that $4 million credit to taxes is a result of profits in Switzerland that we do not pay taxes on.

Jeff Lipton, Chief Executive Officer

And the Swiss profits are related in part to the earnings that the Swiss subsidiary makes when they handle the exports of our polyethylene so the higher the exports, the better our tax rate.

Larry MacDonald, Chief Financial Officer

Yes, in the Swiss company, the higher the volume of exports going through, the higher margin that it will earn there. There's also a lot of other moving parts in Switzerland. All of our international operations flow through Switzerland so there's a lot of puts and takes that can go up and down. There's a whole bunch of other things. So I think on a going-forward basis, using the Canadian tax rate as a proxy is a good one. We'll see over the next two or three quarters to see whether or not there's a permanent reduction in the Canadian rate as a result of the profitability in Switzerland.

Jeff Lipton, Chief Executive Officer

Talk a little bit about our Styrenics profits and what the tax rate will be there.

Larry MacDonald, Chief Financial Officer

Most of our Styrenics business is in the United States where we've got significant loss carry-forwards for the foreseeable future and I'm talking many, many, many years of strong profits in U.S. Styrenics would not be tax effected.

Mike Judd, Greenwich Consultants

On that tax rate, what was the absolute number you thought we should use for the June quarter, then?

Larry MacDonald, Chief Financial Officer

Right now I'd use about 29% for the next couple of quarters and we'll see what the Swiss results are after the next couple of quarters. You might tick that down by a point or two as we go forward.

Mike Judd, Greenwich Consultants

Jeff, just looking at the most recent spot prices for ethylene, I understand what you're saying about inventory levels being low and in the past we haven't seen the impact yet of the increase in orders but it's sort of interesting that we had a nice tick up in ethylene spot prices and then in the last couple of weeks at least that we have data, there was kind of a collapse in those spot prices. Just, you know, any thoughts about that in terms of the short-term plunge?

Jeff Lipton, Chief Executive Officer

I've said a number of times we don't pay much attention to spot ethylene prices in North America. Mainly what you saw was spot business going to producers of ethylene that had difficulty getting their plants restarted and so the spot market was up a little bit but the spot market in North America is very small, not meaningful, and the contract market is the key. However, I will tell you that the spot market in Asia, and

China in particular, everything is spot. You might look at ethylene prices there as being more meaningful for the Asian market than spot prices are for the U.S. market.

Mike Judd, Greenwich Consultants

Do you feel the same way about the spot polyethylene prices?

Jeff Lipton, Chief Executive Officer

Well, spot polyethylene generally goes to distributors or is off grade. And you'll have six or 7% of the North American marketplace being a spot market for polyethylene. So it is more meaningful than the spot ethylene market and it is something that we do look at on a regular basis.

Mike Judd, Greenwich Consultants

OK, the base hasn't started to move yet, you think that's just a time lag?

Jeff Lipton, Chief Executive Officer

Well, our people are reporting spot prices are up this month, and up about the same level as the first grade product are up, about three cents a pound.

Chris Pappas, President & COO

That's right. Contract ethylene is up three cents in place and nominated up five cents in May also.

Mike Judd, Greenwich Consultants

The last spot polyethylene price that I have, I think this might be a Bloomberg source or something, it's around 65 cents and that's, you know, roughly flat with, you know, where it was in February so, it's gone up and down a little bit but really not much change.

Jeff Lipton, Chief Executive Officer

Mike, I would tell you that a single spot price might be for junk and real off grade product, or it might be something that's a little bit better, and you can't just look at a single price, you have to look at the range of qualities that are being offered because what you're seeing is transition product going from one grade to the other for the most part and you can’t look at a single transaction and really make any judgment about it. I would tell you that clearly our spot markets for like product month to month are up about three cents.

Gregg Goodnight, UBS Securities

With your view that capacity delays will make for a stronger 2008, have you considered the possibility of delaying what I believe is your E-3 scheduled shutdown in August which I recall is a five-week outage?

Jeff Lipton, Chief Executive Officer

I would say no. We do have excess ethylene hardware in Alberta, as you know and we also have storage capacity in Alberta, with caverns. So I don't think we would be delaying that work.

Gregg Goodnight, UBS Securities

OK. Second question: Your operating rates for polyethylene were pretty close to 100%. You have new capacity, I guess, scheduled for first quarter of next year and then third quarter of next year. Is there any possibility of moving those projects up a bit?

Jeff Lipton, Chief Executive Officer

Well, I don't think we're going to move those projects up, but I would tell you that we are working with new catalysts and much better operation of our existing facilities. We're breaking records on a regular basis so we expect Chris and his team are going to perform at higher levels versus our rated capacity than we have done in the past.

Gregg Goodnight, UBS Securities

OK. Other than the one shutdown we mentioned the E-3, are there any other shutdowns, notable shutdowns this year that are planned?

Chris Pappas, President & COO

Gregg, we have a couple of small planned outages in this quarter in our polyethylene assets. That will be about 4% of nameplate through the quarter. And that would be it for us, really, in this time frame.

Jeff Lipton, Chief Executive Officer

Well, thank you, everybody. Thank you, operator. We appreciate you taking all this time with us. Thank you very much.