

2005 YEAR-END REVIEW

NOVA CHEMICALS' FIVE-POINT BUSINESS STRATEGY

NOVA Chemicals continues to focus on the implementation of our five-point strategy. As the summary below indicates, we continued to make good progress in 2005:

1. FOCUS ON PLASTICS AND CHEMICALS

- We continued to improve the risk/reward balance for our two businesses by upgrading our product slate to include a higher proportion of Performance Products and by developing business opportunities that leverage our products and technologies.

2. BE THE LOW-COST PROVIDER

- We launched our new 50:50 European styrenic polymers joint venture, called NOVA Innovene. Synergies are expected to deliver \$60 million per year by 2008.
- In January 2006, we announced plans to close our Chesapeake, Virginia, site, which had annual polystyrene production capacity of 300 million pounds and compounding capability of 170 million pounds. The closure is expected to reduce fixed costs by approximately \$15 million per year.
- We reduced our non-feedstock variable costs by \$40 million for the year through a wide variety of business process improvement projects.
- We announced plans to shut down a small, high-cost expandable polystyrene production line at our Quilicura, Chile, manufacturing site. We plan to use the site and infrastructure to expand our capacity to produce high-value molded products for the growing Chilean construction and packaging markets.

3. INVEST ONLY FOR HIGH RETURNS

- The expansion and modernization of the Bayport styrene plant was completed, taking capacity from 1.25 to 1.7 billion pounds annually and enhancing energy efficiency by 11%.
- The modernization project at Corunna, Ontario, is expected to increase energy efficiency by 15% and reduce costs by \$20-25 million per year, while generating increased margins associated with expanded throughput.

4. BUILD UPON AND ADD TO OUR SUSTAINABLE COMPETITIVE ADVANTAGE

- We increased sales of our SURPASS and SCLAIR polyethylene Performance Products by 52% and introduced new, best-in-class resins for the rapidly growing rotational molding market.
- We increased North American production capacity of ARCEL resins by approximately 50% to meet the increased global demand for this unique moldable foam. Additionally, we signed an agreement with Loyal Chemical Industrial Corporation for the manufacture of ARCEL resins in China, starting in 2006.
- Construction was completed on a new feedstock pipeline for our Joffre, Alberta, facility. In 2005, we used the pipeline to transport cost-effective feedstocks to Joffre, protecting our Alberta Advantage.

5. BE AN INDUSTRY CONSOLIDATOR

- Our new 50:50 European joint venture, known as NOVA Innovene, announced plans to permanently shut down two expandable polystyrene production facilities (Berre, France and Carrington, UK), removing capacity from the European market. NOVA Innovene is the largest styrenic polymers business in Europe.