

**FIRST QUARTER 2010 EARNINGS REPORT – TRANSCRIPT
WEDNESDAY, JUNE 2, 2010**

Set forth below is a transcript of NOVA Chemicals' conference call on Wednesday, June 2, 2010, related to our first quarter 2010 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.

Pace Markowitz, Investor Relations Manager, NOVA Chemicals Corporation

Good morning. Welcome to the conference call for NOVA Chemicals' first quarter 2010 earnings results.

Today you will hear from:

- Randy Woelfel, our Chief Executive Officer; and
- Todd Karran, our Chief Financial Officer.

After these remarks, we will open the phone lines to debt analysts and investors for a question and answer 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 webcast system.

The answers to your questions may contain forward-looking information. Forward-looking 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 the disclosure about forward-looking information in our first quarter 2010 filing and on page 5 of our 2009 Form 20-F annual filing for more details.

Now I will turn the call over to Randy.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

Good Morning. Today, I would like to comment on the market dynamics we saw in the first quarter of 2010, NOVA Chemicals' response and the results we delivered.

The first quarter was strong, with expanded margins as ethylene, polyethylene and some co-products were short in the market, while demand remained solid and improved in some cases.

There were several supply interruptions in the domestic market that contributed to product shortness and led to price increases and margin expansion. According to CMAI, during the first quarter polyethylene prices increased by 18 cents per pound, while ethylene increased by 12.5 cents per pound and the price of co-products also increased.

NOVA Chemicals took advantage of these dramatic changes in the market by increasing production rates at our ethylene and polyethylene assets – especially at our Eastern Canadian facilities where we increased operating rates to well above industry average – and I would add that our plants responded to the opportunity and delivered great quality with very high reliability.

In Western Canada, natural gas flows and resulting ethane volumes, while still down from prior years, met our expectations and we ran our assets at historical levels.

The decline in natural gas flows across the Alberta border is primarily due to the low selling price for natural gas. Selling prices in turn have been influenced by a number of factors resulting from, for example, the economic downturn, a stronger Canadian dollar, higher tolls on pipelines, and more competition from gas discoveries and developments in the United States.

We continue to work on projects that will maintain and ultimately increase cost competitive feedstock supply for all of our facilities. Our current forecasts show that our ethane supply level will remain at the current levels through 2011, will marginally increase beginning in 2012 and grow after that based on success of the projects in our pipeline.

One example currently being worked in our feedstock project pipeline is shale gas from the Marcellus Shale Basin. We continue to be very excited about the Union Pipeline proposed by Buckeye to transport natural gas liquids ("NGLs") from Western Pennsylvania and other parts of the Marcellus region to our facility near Sarnia, Ontario.

We believe that NOVA's facilities near Sarnia represent the best economic destination for Marcellus shale gas NGLs and we are working with producers to highlight the opportunity that the Sarnia Valley brings for their production. The Ontario government is also a key participant in this process.

At NOVA, we have not only taken advantage of improved market conditions in the first quarter, but we have also been preparing our company for the industry environment we expect to face in the second half of 2010, as more polyethylene supply impacts the global market.

As an example, while we were increasing production rates at our Corunna cracker to take advantage of market conditions, we reduced our crude oil inventories which during periods in 2008 and 2009 were as much as two million barrels resulting from a very long and very uncertain supply chain between NOVA and our deep sea supplier. Today we are running at an inventory level that is 75% below historical levels with a much shorter supply chain. We expect to maintain these new lower levels of feedstock working capital in the future, as well as maintaining aggressive management of polymer working capital levels.

In addition, NOVA has refocused on bringing value to our domestic polyethylene customers as we prepare for a period of growing global supplies and the potential for pressure on North American exports.

We remain committed to leadership in the markets that we have chosen to serve.

As one example, NOVA has been expanding the use of polyethylene thru enhanced barrier properties. One of our Advanced SCLAIRTECH™ products has allowed film producers to achieve optimal film gauge while protecting packaged products from moisture and environmental degradation. This optimization in film structure has been commercially successful in applications as diverse as cereal packaging, refrigerated foods, and specialty personal care.

NOVA is currently in the midst of a project that is looking across all of our sales and marketing processes to accelerate our ability to work with our customers to bring value to their products and in turn to their customers.

Now turning to market conditions in the second quarter, most planned and unplanned supply interruptions for ethylene and co-products that prompted the tight supply conditions earlier in the year have ended and prices have softened. As a result ethylene prices declined in April and polyethylene customers became more cautious in their buying as they began to anticipate polyethylene price reductions.

Polyethylene customers remain cautious due to pricing uncertainty in the market and are purchasing at levels that meet only their immediate production requirements. Nevertheless, industry polyethylene

stocks remain at historically low levels and industry polyethylene operating rates remained at about 90% in April.

Now I will turn the call over to Todd for a review of our first quarter 2010 financial results, and further updates on our successful refinancing that has been occurring over the last few quarters.

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

Thank you, Randy.

As Randy mentioned, NOVA Chemicals was able to take advantage of the market dynamics in the first quarter and our financial results improved as a result.

For the first quarter of 2010, we generated net income of \$94 million compared to a net loss of \$123 million in first quarter of 2009 and net income of \$17 million in the fourth quarter of 2009. This increase in net income built on the improvement that started at the beginning of 2009 with net losses through the first three quarters, positive net income in the fourth quarter and now higher net income for the first quarter of this year.

Our results for the first quarter of 2010 included a \$45 million onetime gain related to an arbitration award resulting from a 2005 insurance claim involving our Corunna facility.

In our olefins and polyolefins business unit, operating income for the first quarter of 2010 was \$185 million compared to an operating loss of \$38 million in the first quarter of 2009 and operating income of \$111 million in the fourth quarter of 2009.

The Joffre Olefins segment's operating income increased from \$28 million and \$48 million during the first and fourth quarters of 2009, respectively, to \$100 million during this year's first quarter.

Driven by our ability to respond quickly and effectively to the market opportunities Randy described, the Corunna Olefins segment generated operating income of \$37 million, up from an operating loss of \$54 million in the first quarter of last year and an operating loss of \$3 million during the fourth quarter of 2009.

The Polyethylene segment generated operating income of \$80 million, up from an operating loss of \$7 million during last year's first quarter and operating income of \$75 million during the fourth quarter last year.

All of the increases in the olefins/polyolefins business unit were due to higher sales volumes and margins as compared to the first and fourth quarters of 2009.

Our 50% share of first quarter 2010 operating income for the INEOS NOVA joint venture was \$16 million versus break-even in the first quarter of 2009 and a loss of \$7 million in the fourth quarter of 2009. The improvement was due to higher volumes and improved margins in the North American styrene and solid polystyrene businesses.

In Performance Styrenics, our operating loss for the first quarter of 2010 was \$2 million versus a similar result in the fourth quarter of last year and an operating loss of \$20 million in the first quarter of 2009. The improvement was primarily due to reductions in fixed costs resulting from restructuring, as well as higher sales volumes.

Overall, our operating activities used \$12 million of cash in the first quarter of 2010. While the operations generated strong earnings, higher sales volumes and prices both increased accounts receivable, which together with a reduction in accounts payable resulted in the use of cash. The reduction in accounts payable was primarily due to reduced payables for cargos of oil.

In total our cash balance decreased by \$111 million after capital expenditures, turnaround costs, and the scheduled repayment of the \$75 million total return swap that I will describe further in a moment.

Now moving on to our financing.

On April 12, 2010, our \$350 million of 8.375% senior notes due in 2016 and \$350 million of 8.625% senior notes due in 2019 were registered with the SEC. On May 12, 2010, we completed the exchange offer to exchange the unregistered bonds issued in October 2009 for registered and freely tradable bonds.

In March, we paid off the \$75 million total return swap using a portion of the proceeds from the October 2009 senior notes offering, as planned. The associated Series A preferred shares of our subsidiary, NOVA Chemicals Inc., were returned and cancelled.

We also allowed \$95 million of the undrawn bilateral credit facilities to expire in accordance with their terms, also as planned.

Given these changes and the performance of the business, our liquidity at the end of the first quarter of 2010 was \$625 million down from \$831 million as of December 31, 2009, but still at the upper end of our target liquidity range, consistent with our refinancing plan.

In February, we entered into two new accounts receivable securitization programs, one in the U.S. and one in Canada, to replace prior programs before they expired. Together the new programs allow for maximum funding of \$200 million, which represents an increase of \$70 million.

In August, we intend to pay off the Canadian \$250 million 7.85% senior notes using available liquidity. In January, we entered into a series of foreign currency forwards to hedge these notes at a U.S. dollar value of \$237 million.

After August, our next significant debt maturity is not until the beginning of 2012. As I have said before we will continue to watch the markets and plan to take advantage of any opportunities prior to the 2012 maturity.

Thank you and now I will turn the call back over to Randy.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation:

Thank you, Todd.

To summarize our report:

- Business results improved in the first quarter of 2010 as NOVA Chemicals was able to increase production to take advantage of favorable market dynamics, while maintaining reliability and quality;
- The prices for ethylene and co-products have begun to soften and the second half of 2010 may be more challenging than the first half, but NOVA has been preparing for these changing conditions;
- We continue to make large strides in improving the company's debt profile, while keeping liquidity at the upper end of our desired range; and
- We are refocusing our efforts on meeting our customers' needs.

On behalf of our leadership team I want to thank you for your support and interest in NOVA Chemicals.

Todd and I would be happy to take your questions for a few minutes.

Question and Answer Session

Adam Goodwin, Goldman Sachs

Could you give us a sense of what the operating rate was at the Joffre facility for the quarter?

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

Essentially, looking at both East and West, on the East we ran at or close to maximum capacities. In the West we ran basically to fully available ethane supply.

Adam Goodwin, Goldman Sachs

So does that equate to 90%? Can you just clarify a little bit further? Were you in line with the rates that were reported by the industry or above or below that?

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

I would say we were certainly in the range of 80% to 90%. Probably in the West that would be slightly lower than overall industry average, driven again by that ethane supply limitation. In the East we would have been above industry levels.

Adam Goodwin, Goldman Sachs

There is a pretty large working capital build during the quarter. Would you expect to get some of that back in the second quarter?

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

Yes, we had working capital funding through the first quarter. The profile within the quarter was building earnings in terms of the net income through January to March. So, about 57% of the earnings were actually in March. The receivables balance built the most then and is the primary driver of the working capital increase on balance and would be coming back to us as we collect those receivables in Q2.

Adam Goodwin, Goldman Sachs

You just mentioned that you plan to fund the maturity of the bonds that mature in August with available liquidity. Could you just briefly expand on that? Would you be using the secured facility, the unsecured facility, cash on hand?

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

It'll be a combination of cash on hand, we have a significant balance now, cash from operations, and available lines.

Tarek Hamid, JP Morgan

On the ethane availability at Joffre, could you talk a little bit about how much propane you can use at that facility? Also, any color you can give us on how much propane you were using in the first quarter to help get those operating rates where they were?

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

Let me just comment generally. For ethane supply in the west from 2008 to 2010, we've seen roughly an 8% annual average decline in ethane supply availability for NOVA during that period. As I indicated in the prepared remarks, we believe that 2010 represents the low point for us. We expect to be able to hold 2010 levels as we go forward into next year and by 2012 begin to actually accelerate progress on the upside again to improve to much higher levels than we've seen in the last period.

Part of our ability to be able to run as strongly as we have in the first quarter has been through some limited exploration of our ability to crack propane, as well as ethane in the west. I can't give you specific comments on that; it's still a relatively minor component of our feedstock slate. It's easily well less than 10% or so, but we do see this as one important additional component in managing our supply situation, both short- and medium-term.

Tarek Hamid, JP Morgan

You talked a little bit about your liquidity comfort levels. Can you kind of refresh us on what that is, what the expected liquidity range is going to be for the company going forward?

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

The range that we've quoted before and we would still maintain would be \$450 million to \$650 million, which is why I referred to Q1 as within our range and part of our plan.

Tarek Hamid, JP Morgan

Given where the financing structure sits right now with the remaining bilaterals, do at some point you envision a comprehensive refinancing to take out the 10's, 12's and redo the revolvers on a more standardized basis?

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

With respect to our secured revolver and our accounts receivable securitization facilities, we see those as part of the long-term structure, largely as they are now. The revolving line extends out to 2012. In terms of the bilaterals, we're looking at those and the bonds on an opportunistic basis going forward. So I think now, in 2009 we fundamentally reset the capital structure post-change of control and then we'll just work at it as the maturities start to near in terms of making sure that we're prefunded at an adequate time frame.

Tarek Hamid, JP Morgan

Adequate time frame, what does that mean to you guys? Is that a couple years, is that one year? How should we think about that?

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

Well, we're sitting in 2010 now. We have the \$400 million due in January 2012. We know there's a global large refinancing demand out there in 2012 and 2013. So the 2012 issue is one that we would look at in the back half of this year or early 2011.

Roger Spitz, Merrill Lynch

How much of the sequential improvement at the INEOS NOVA joint venture was due to margin expansion as a result of inventory holding gains on older, lower benzene and ethylene pricing?

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

Just bear with me a second. I'll see what I can cover for you.

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

While Todd is looking for a specific answer, certainly there is a component of the profitability there that was due to inventory gain. At the same time we saw good results of the restructuring that took place throughout 2009, including a closure late in the year of a further facility in Europe. So those additional restructuring benefits, as well as a relatively decent marketplace, particularly in North America, were clearly evident in the first quarter results.

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

We'll have to follow up with you with more specifics. I don't have it at my fingertips here, but I think it would have been weighted in terms of those flow through benefits in the first part of the quarter.

Roger Spitz, Merrill Lynch

Can you give a sense of guidance for the 2010 capital expenditures?

Todd Karran, Chief Financial Officer, NOVA Chemicals Corporation

Our capital expenditures year-over-year will probably be about 75% to 80% of depreciation going forward.

Roger Spitz, Merrill Lynch

What is the split in Corunna in Q1 '10 between naphtha and propane/butane?

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

I don't have a specific breakdown on the top of my head, but I would estimate it was probably somewhere in the range of two-thirds light and one-third heavy, roughly, for the first quarter.

Roger Spitz, Merrill Lynch

Any update on if and when Borealis may purchase that 24.9% interest in NOVA from IPIC?

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

I would just say that fundamentally, it's not NOVA's position to comment on what IPIC's and Borealis's plans may ultimately prove to be regarding that possible acquisition that was announced at the time in October of last year. What I would say is quite encouraging and very beneficial to NOVA going forward is the fact that together with Borealis, Borouge and OMV we are engaged now in an ever-expanding list of targeted cooperation projects between the various companies.

So we have in place now efforts looking at opportunities in areas as wide ranging as purchasing, manufacturing best practices, what is state-of-the-art in terms of responsible care policies, procedures and approaches, and we're extremely encouraged by the results that are already coming through that kind of voluntary collaborative activity between the various companies.

Timothy Horan, RBS

You mentioned that ethane availability, you expect to see it improve in the near term in the west. Could you explain that? Is that due to increased drilling expectations? What gives you that confidence?

Randy Woelfel, Chief Executive Officer, NOVA Chemicals Corporation

I can't, unfortunately, at this point talk specifically about the ethane projects that are in our pipeline. I would say that we have a number of very important opportunities that we feel are getting very close to a definitive agreement and conclusion. So I'm quite hopeful that we'll be able to bring those through to fruition over the coming months. Clearly, given the importance of this for us, we'll be looking forward to sharing that good news with some definitive public statements as soon as we're in a position to be able to do so.

On behalf of everyone in the company, we'd like to thank you for your questions. If there are other areas where you would like some more information, please feel free to contact Pace Markowitz, who manages our investor relations activity. Thanks again for your participation. Enjoy the rest of your day.