

NOVA Chemicals

Jeff Lipton
President and CEO

Third Quarter 2006 Earnings Conference Call
October 18, 2006 10AM

Forward-Looking Information

This material contains forward-looking statements with respect to NOVA Chemicals Corporation alone or together with its subsidiaries and affiliates, depending on the context in which such statements are used. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. Forward-looking statements for the time periods beyond 2006 involve longer-term assumptions and estimates than forward-looking statements for 2006 and are consequently subject to greater uncertainty. We caution you not to place undue reliance on our forward-looking statements as a number of factors could cause actual results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. The words "believe," "expect," "plan," "intend," "estimate," or "anticipate" and similar expressions, as well as future or conditional verbs such as "will," "should," "would," and "could" often identify forward-looking statements. Specific forward looking statements contained in this material include, among others, statements regarding: our expectation that the supply/demand balance for styrene and its derivatives will strengthen over the coming years; our belief that by the end of 2007 we can get STYRENIX to be the lowest cost operation of its kind and that the formation of STYRENIX could be a catalyst for change in its segment; our plans for and timing of cost reductions for STYRENIX; our expectations with respect to the timing of significant company-wide cost reductions; our expected financial performance in future periods, our expectations regarding future improvements in underlying EBITDA from our business units; our expectations of favorable market conditions for the near term and for at least the next three years; our expectations of the implementation of price increases and margins improvement; our expectation that our Alberta Advantage will stay strong going forward; supply/demand balance and global and North American operating rates in future periods; changes in the demand for our products and the future sales of our standard and Performance Products; and general economic conditions. With respect to forward-looking statements contained in this material, we have made assumptions regarding, among other things: future oil, natural gas, natural gas liquids and benzene prices; our ability to obtain raw materials; our ability to market products successfully to our anticipated customers; the impact of increasing competition; and our ability to obtain financing on acceptable terms. Some of our assumptions are based upon internal estimates and analyses of current market conditions and trends, management plans and strategies, economic conditions and other factors and are necessarily subject to risks and uncertainties inherent in projecting future conditions and results.

Some of the risks that could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements include: commodity chemicals price levels (which depend, among other things, on supply and demand for these products, capacity utilization and substitution rates between these products and competing products); feedstock availability and prices; operating costs; terms and availability of financing; technology developments; currency exchange rate fluctuations; starting up and operating facilities using new technology; realizing synergy and cost savings targets; our ability to implement our business strategies; meeting time and budget targets for significant capital investments; avoiding unplanned facility shutdowns; safety, health, and environmental risks associated with the operation of chemical plants and marketing of chemical products, including transportation of these products; public perception of chemicals and chemical end-use products; the impact of competition; changes in customer demand, including customer acceptance of our Performance Products; changes in, or the introduction of new laws and regulations relating to our business, including environmental, competition and employment laws; costs to comply with the Kyoto Protocol; loss of the services of any of our executive officers; uncertainties associated with the North American, South American, European, and Asian economies; terrorists attacks; severe weather events; and other risks detailed from time to time in our publicly filed disclosure documents and securities commission reports. Our forward-looking statements are expressly qualified in their entirety by this cautionary statement. In addition, the forward-looking statements are made only as of the date of this material, and except as required by applicable law, we undertake no obligation to publicly update these forward-looking statements to reflect new information, subsequent events or otherwise.



Panel 1 - Significant Progress in Q3'06

STYRENIX

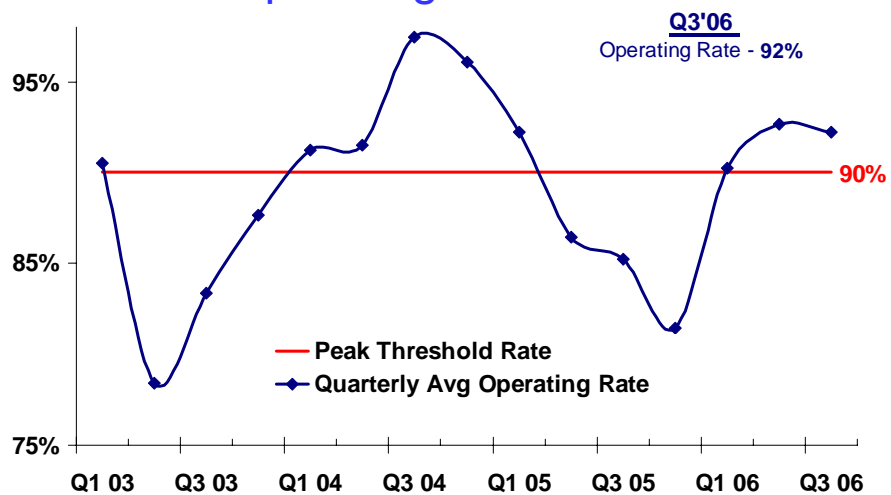
- ✓ Exceeding cost reduction targets and timing
- ✓ Positive EBITDA from the European JV in September

Strong Olefins/Polyolefins Performance

- ✓ Record earnings: \$1B/year annualized EBITDA
- ✓ Record EBITDA from Performance Products
- ✓ Strong Feedstock Advantage

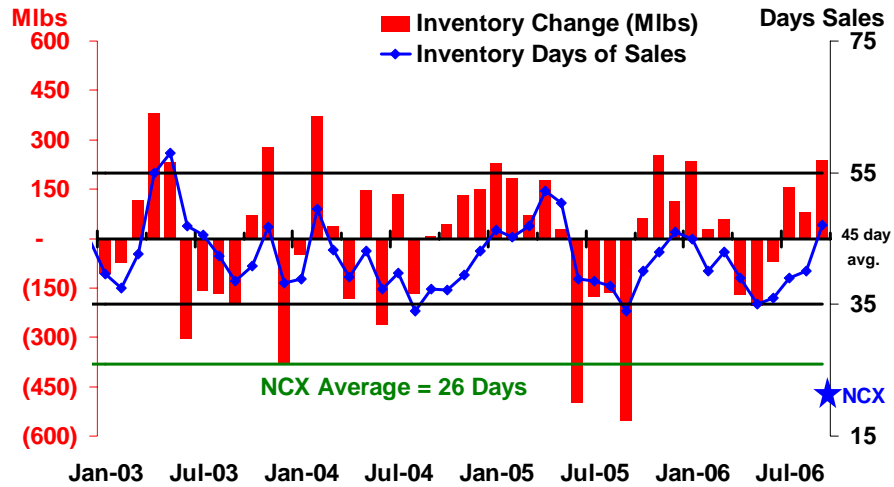


Panel 2 - North American PE Producer Operating Rates



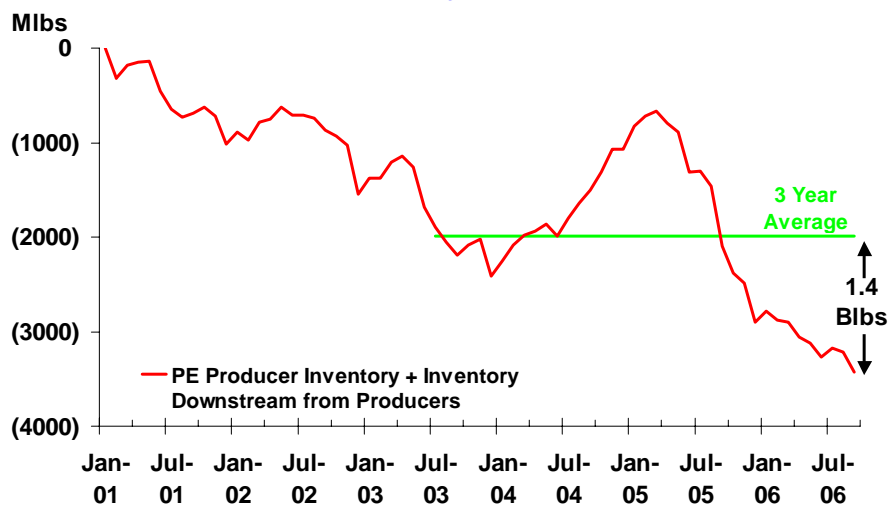
Source: American Plastics Council. Data through September 30, 2006.

Panel 3 - North American PE Producer Inventory



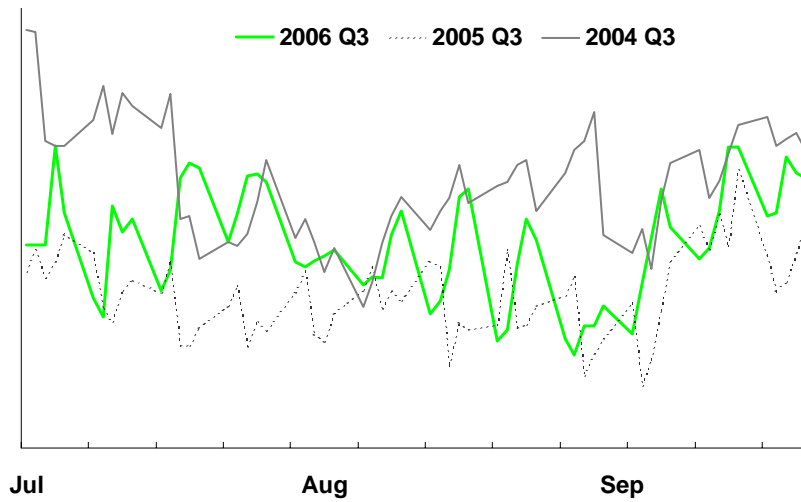
Source: American Plastics Council U.S. producer inventory, adjusted by NOVA Chemicals to represent North American producers. Data through September 30, 2006.

Panel 4 - North American PE ACC Chain Inventory Model



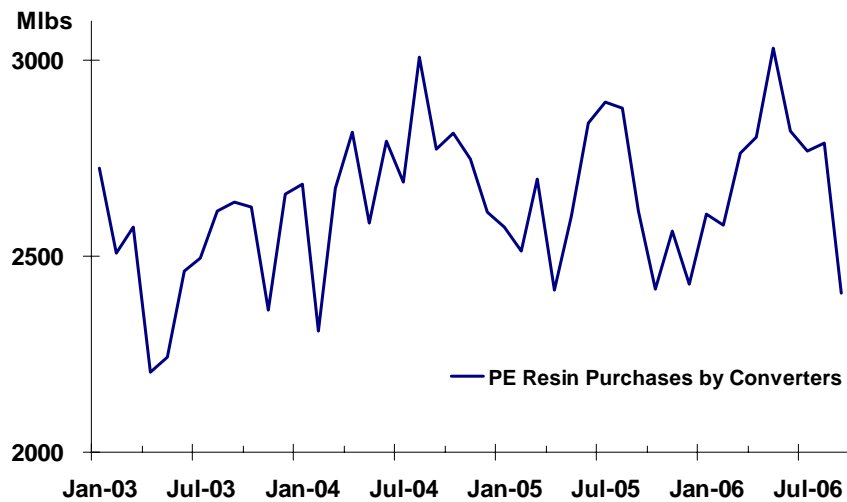
Source: American Plastics Council, American Chemistry Council. Data through September 2006.

Panel 5 - Customer PE Consumption NOVA Chemicals' Q3 Hopper Car Returns



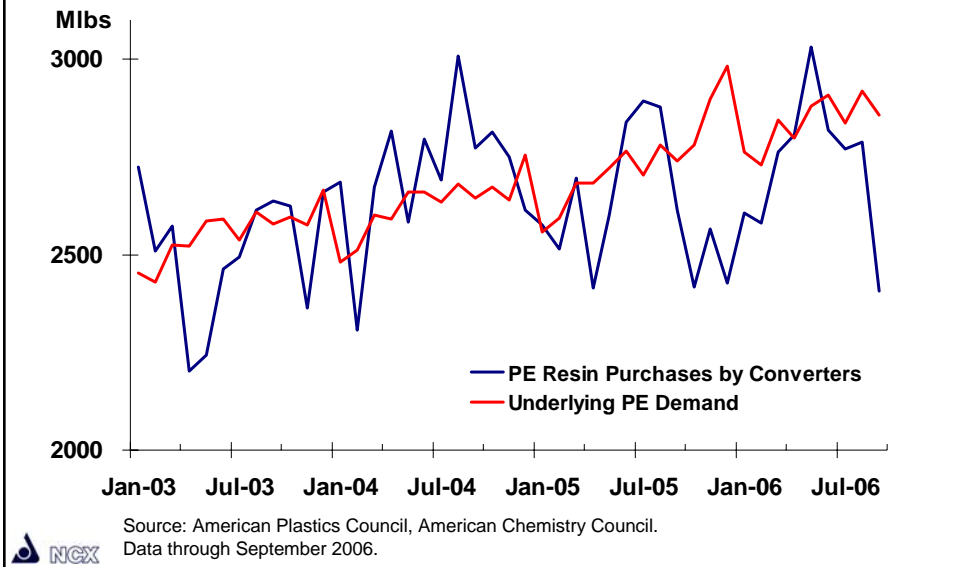
Source: NOVA Chemicals.

Panel 6 - North American PE PE Resin Purchases by Converters

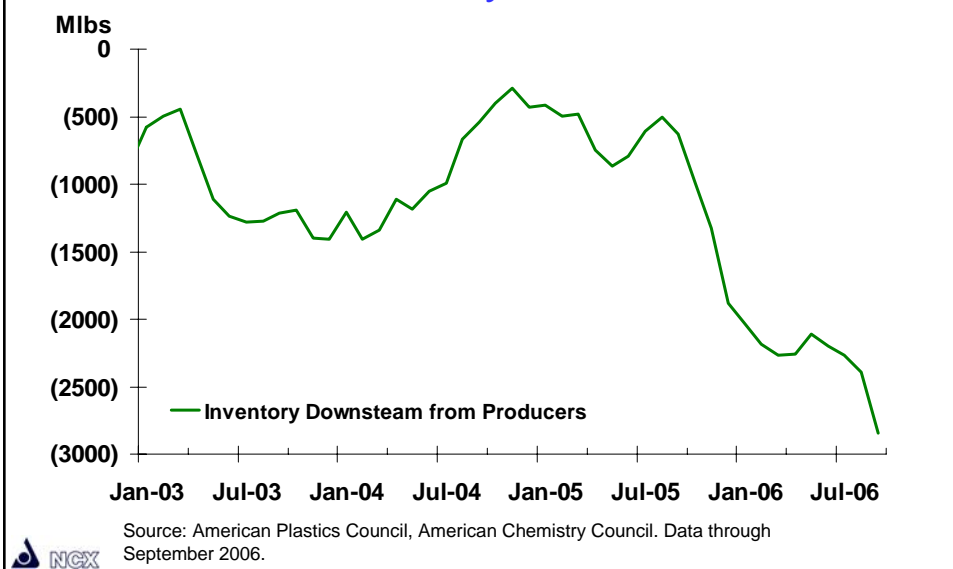


Source: American Plastics Council. Data through September 2006.

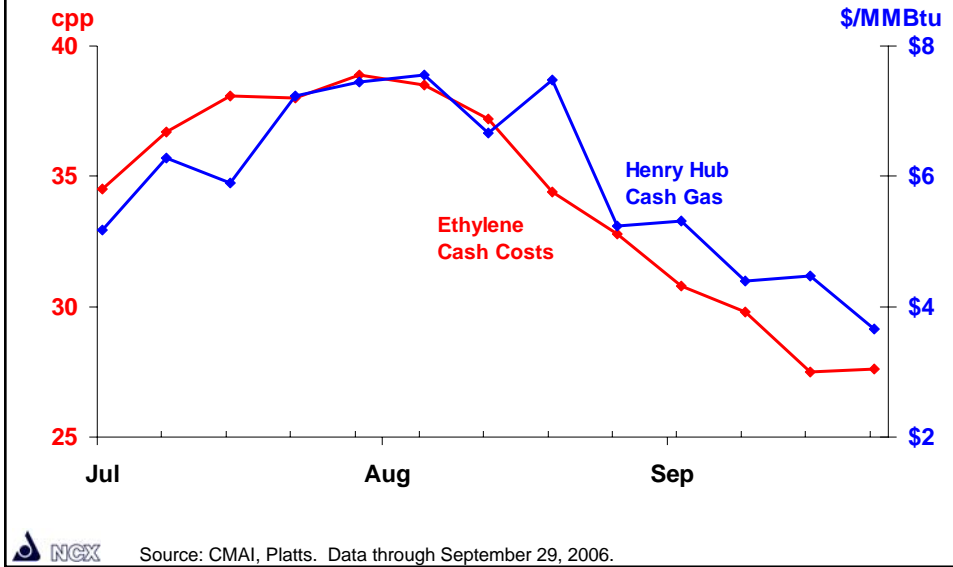
Panel 7 - North American PE Resin Purchases, ACC Underlying Demand



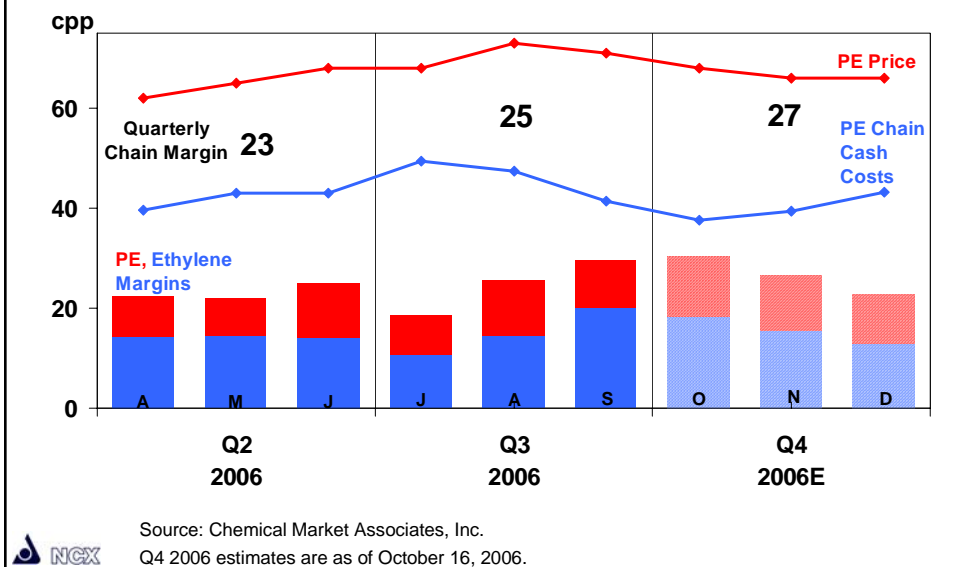
Panel 8 - North American PE ACC Chain Inventory Model



Panel 9 – CMAI Ethylene Cash Costs Light (Ethane) Feedstock

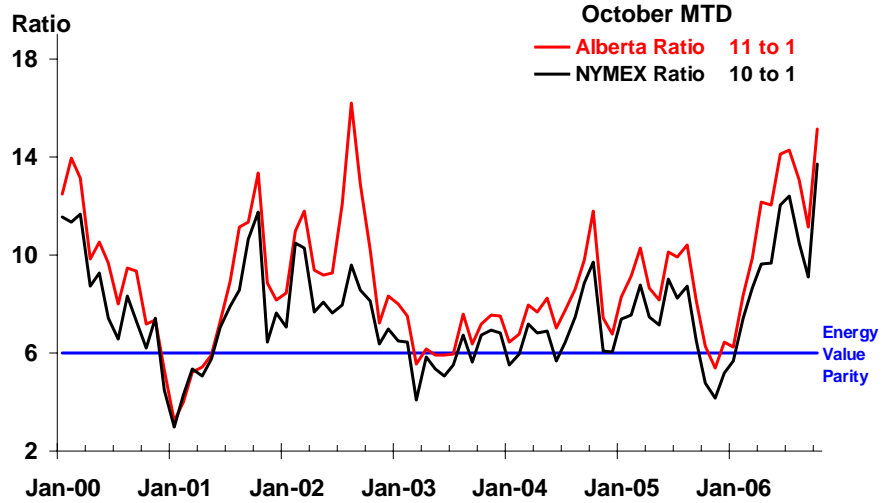


Panel 10 – CMAI PE Chain Margins USGC Ethane



Panel 11 - Oil to Gas Ratio - Contract

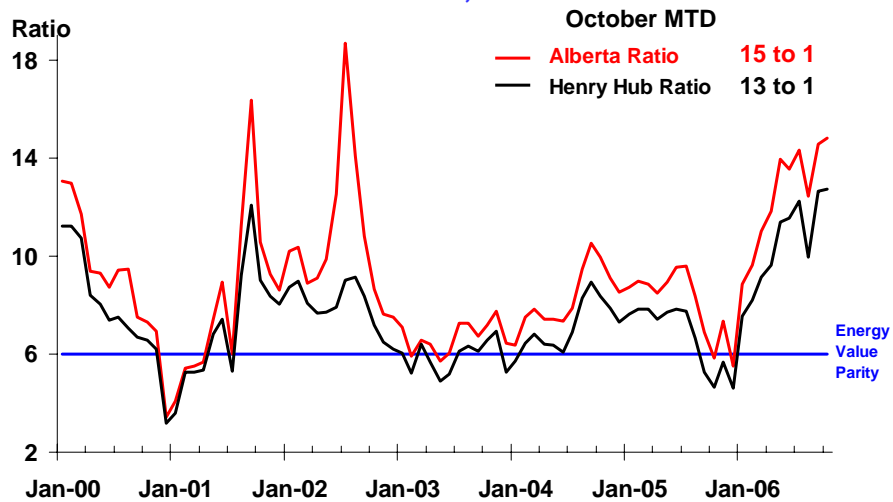
WTI Crude to NYMEX, AECO Gas



Source: Platts. Data through October 16, 2006.

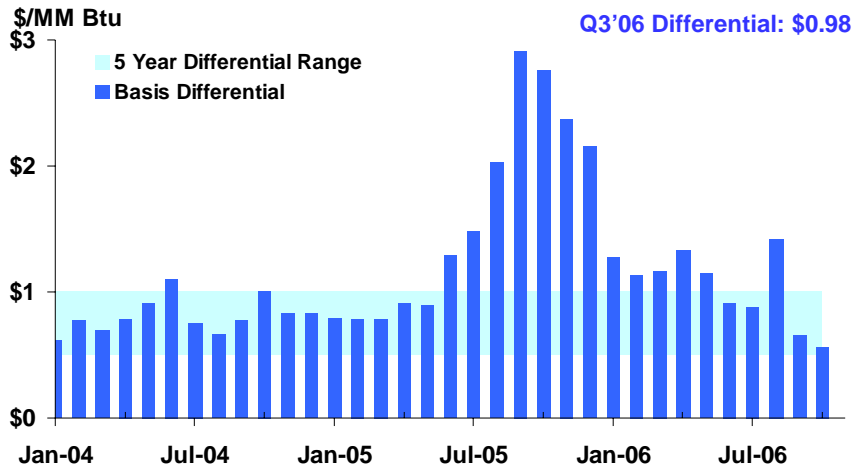
Panel 12 - Oil to Gas Ratio – Cash

WTI Crude to NYMEX, AECO Gas



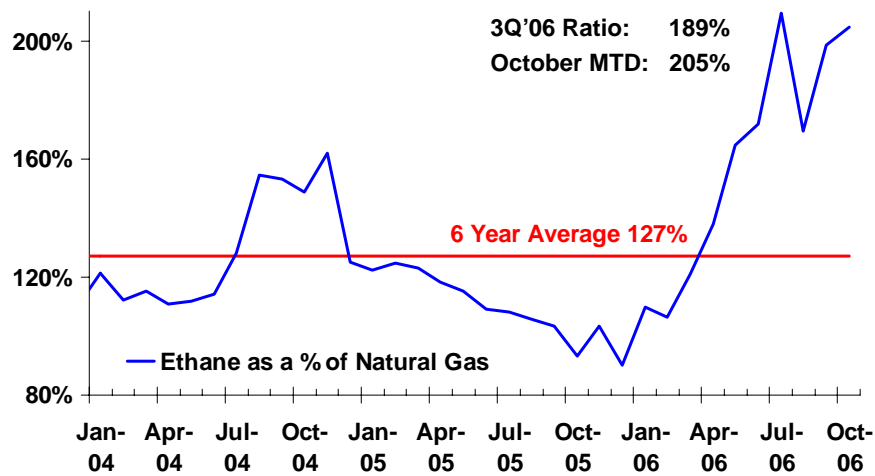
Source: Platts. Data through October 16, 2006.

Panel 13 - Gas Basis Differential Henry Hub vs AECO Cash Gas



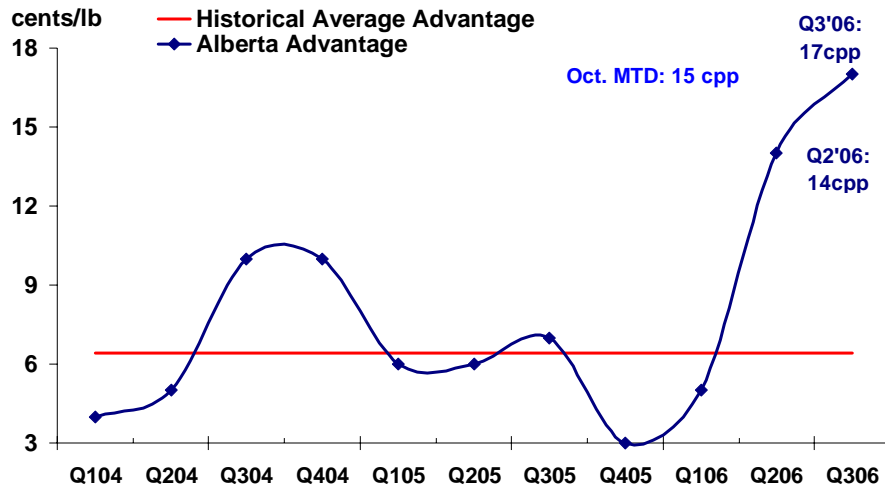
Source: Platts. Data through October 16, 2006.

Panel 14 - U.S Gulf Coast Ethane Ethane as a % of Henry Hub Cash Gas



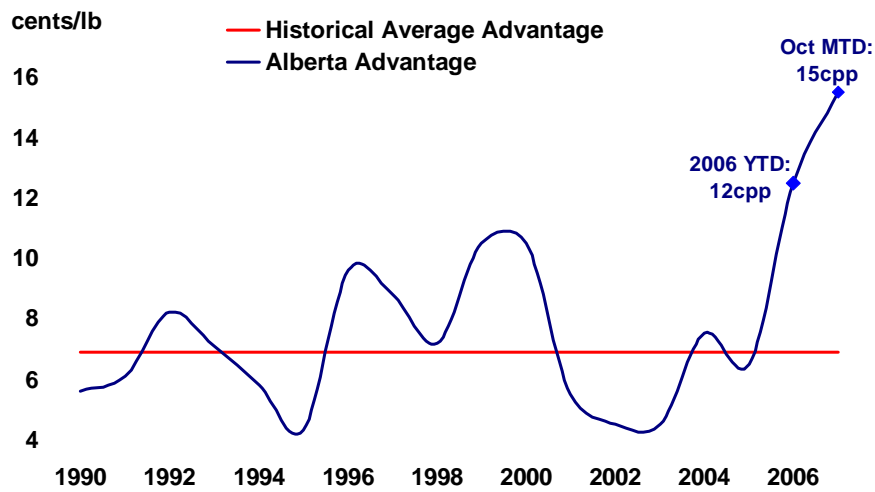
Source: Platts. Data through October 16, 2006.

Panel 15 - Alberta Advantage Competitive Cost Ethylene



Source: NOVA Chemicals. Data through October 16, 2006.

Panel 16 - Alberta Advantage Competitive Cost Ethylene



Source: NOVA Chemicals. Data through October 16, 2006.

Panel 17 - Cost Reduction

Three Components = \$125M/yr savings

1. **EU JV Improvement: \$30M/year**
 - Plant Closures: Berre, FR and Carrington, UK
 - JV Synergies
2. **North American Restructuring: \$65M/year**
 - Chesapeake Plant Closure
 - Restructuring: Core Business and STYRENIX
3. **Styrene Contract Expiry: \$30M/year**
 - Balanced SM position and increased asset utilization



Panel 18 - Causal Analysis

Q2 to Q3 2006 Variance

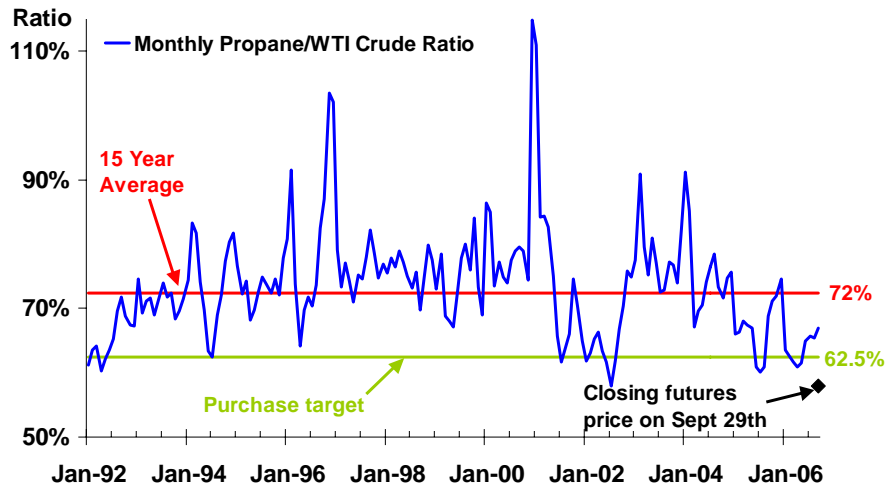
(Millions of U.S. dollars, all amounts are after-tax)

Q2 '06 Net Income		\$108
Margin expansion	49	
FIFO/LIFO Impact	(14)	
FX, Fixed costs, other	3	
Restructuring charges in Q3	(79)	
Tax adjustment in Q2	(60)	
Derivative mark-to-market	(19)	
Insurance wind-up costs in Q3	(13)	<u>\$(133)</u>
Q3 '06 Net Income		<u>\$(25)</u>



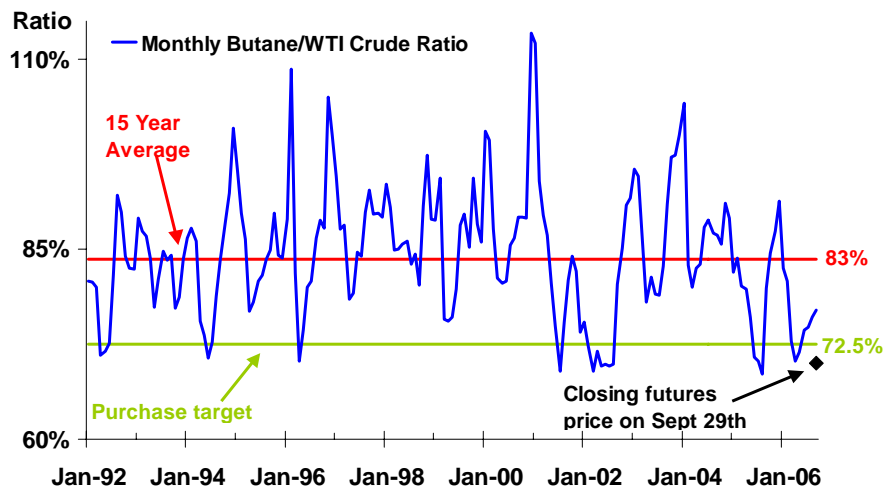
Unusual items listed in red.

Panel 19 - Feedstock Hedge Program Propane as a % of WTI Crude



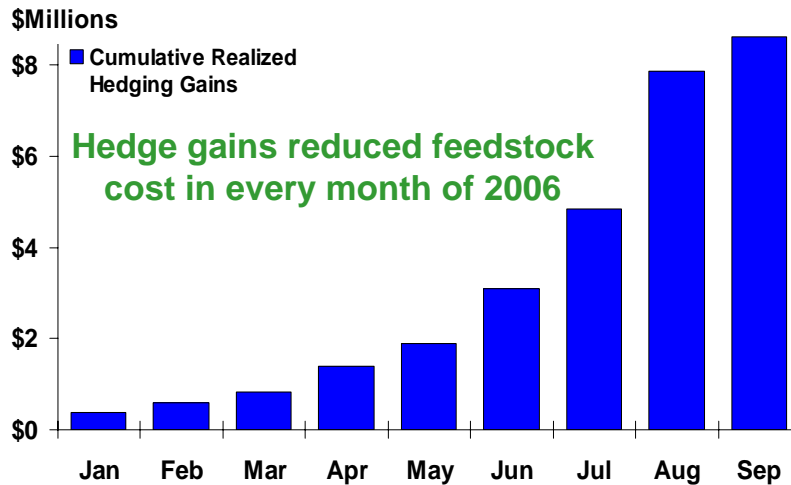
Source: Chemical Market Associates, Inc. Data through September 30, 2006.

Panel 20 - Feedstock Hedge Program Butane as a % of WTI Crude



Source: Chemical Market Associates, Inc. Data through September 30, 2006.

Panel 21 – Propane, Butane Hedging Cumulative Realized Gains - 2006



Data from January 1, 2006 through September 30, 2006.

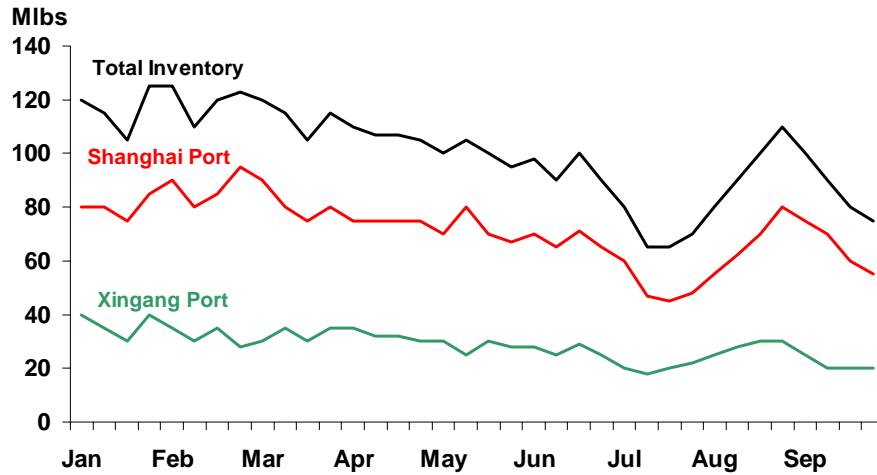
Panel 22 - Cost Reduction Current Progress, Projections

(\$Millions/year)	Expected Annualized Savings				Charges
	Target	Start Q4'06	Start Q1'07	Start Q1'08	Q3'06 after tax
North American Restructuring	\$65	\$52	\$65	\$69	\$33
EU JV Improvement	\$30	\$17	\$33	\$40	\$46
Styrene Contract Expiry	\$30	-	\$22	\$30	-
Total	\$125	\$69	\$120	\$139	\$79



EU JV improvement represents NOVA Chemicals' share of the savings.

Panel 23 – Chinese Polyethylene Weekly Port Inventory

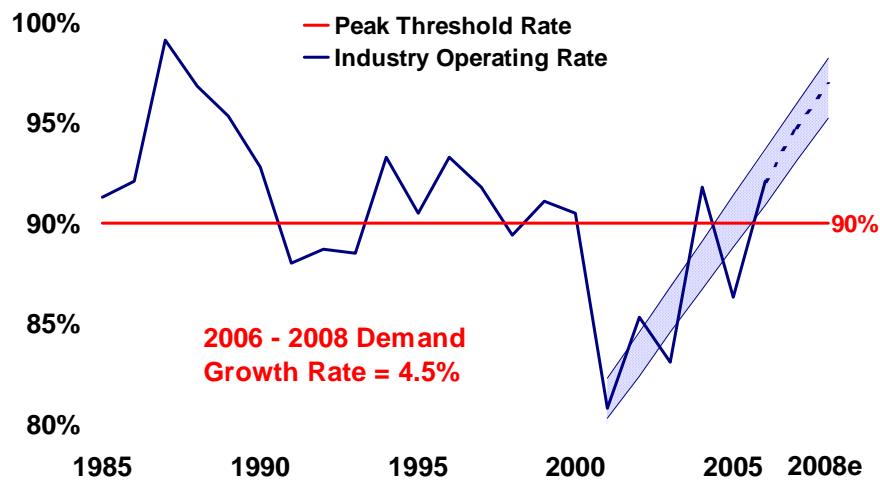


Port inventory includes cargo waiting to clear Chinese customs, and/or cargo that has cleared customs in bonded warehouses within Chinese Free Trade Zones.

Source: NOVA Chemicals



Panel 24 - North American PE Producer Operating Rates



2006 - 2008 Demand
Growth Rate = 4.5%

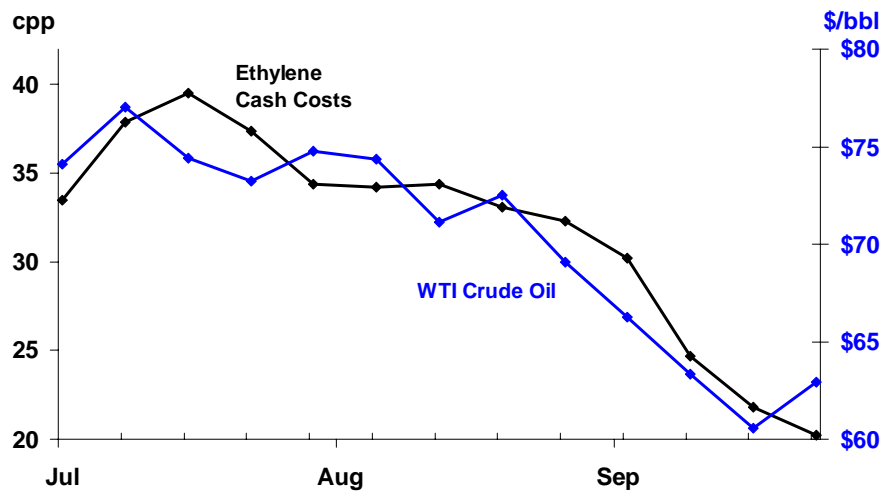
Source: American Plastics Council, Nexant ChemSystems and NOVA Chemicals.





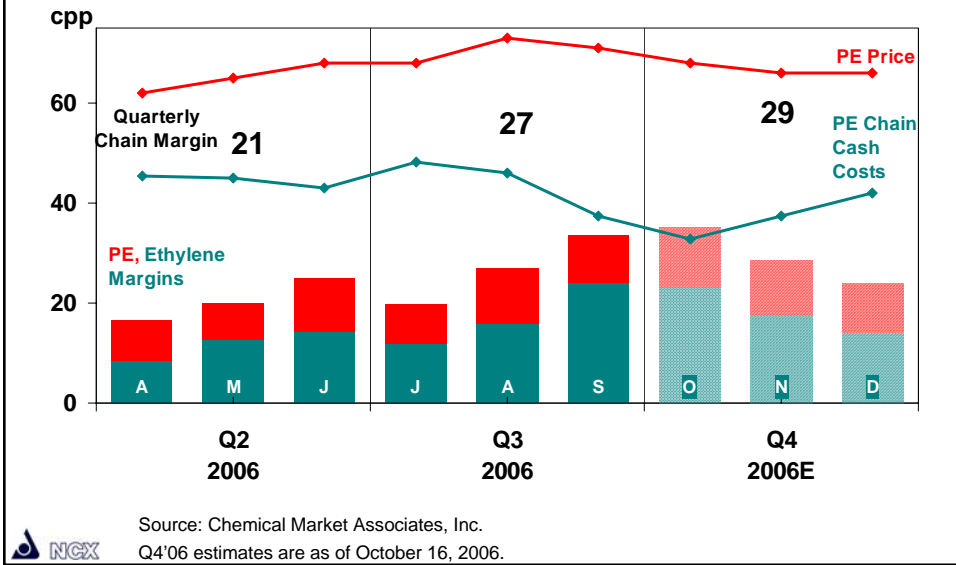
NCX

Panel A1 – CMAI Ethylene Cash Costs Heavy (Naphtha) Feedstock

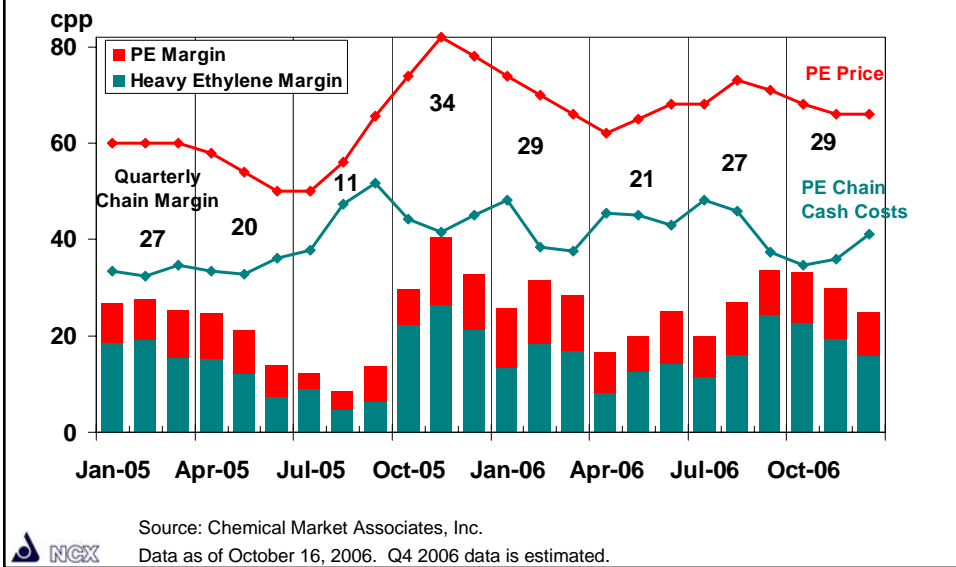


Source: CMAI, Platts. Data through September 29, 2006.

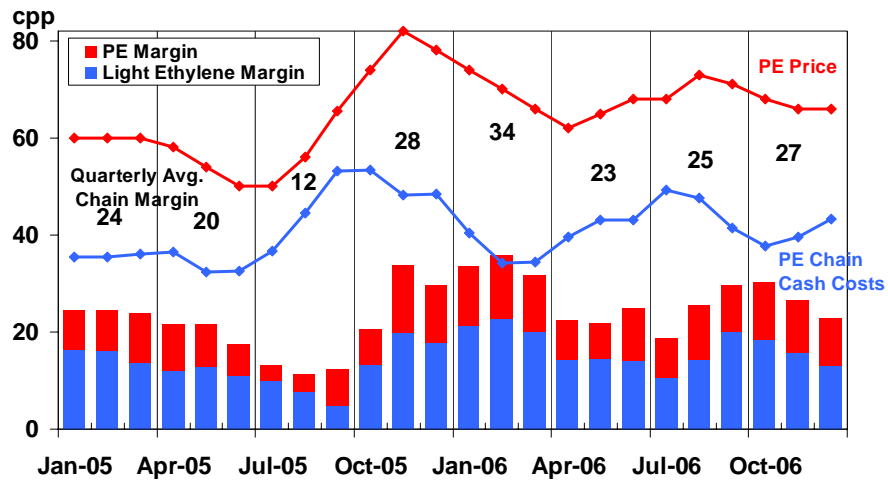
Panel A2 – CMAI PE Chain Margins USGC Naphtha



Panel A3 – CMAI PE Chain Margins USGC Naphtha Feedstock



Panel A4 – CMAI PE Chain Margins USGC Ethane Feedstock



Source: Chemical Market Associates, Inc.

Data as of October 16, 2006. Q4 2006 data is estimated.



NCX