

NOVA Chemicals

Jeff Lipton

President and CEO

Fourth Quarter 2005 Earnings Conference Call

January 25, 2006 10AM



Forward-Looking Information

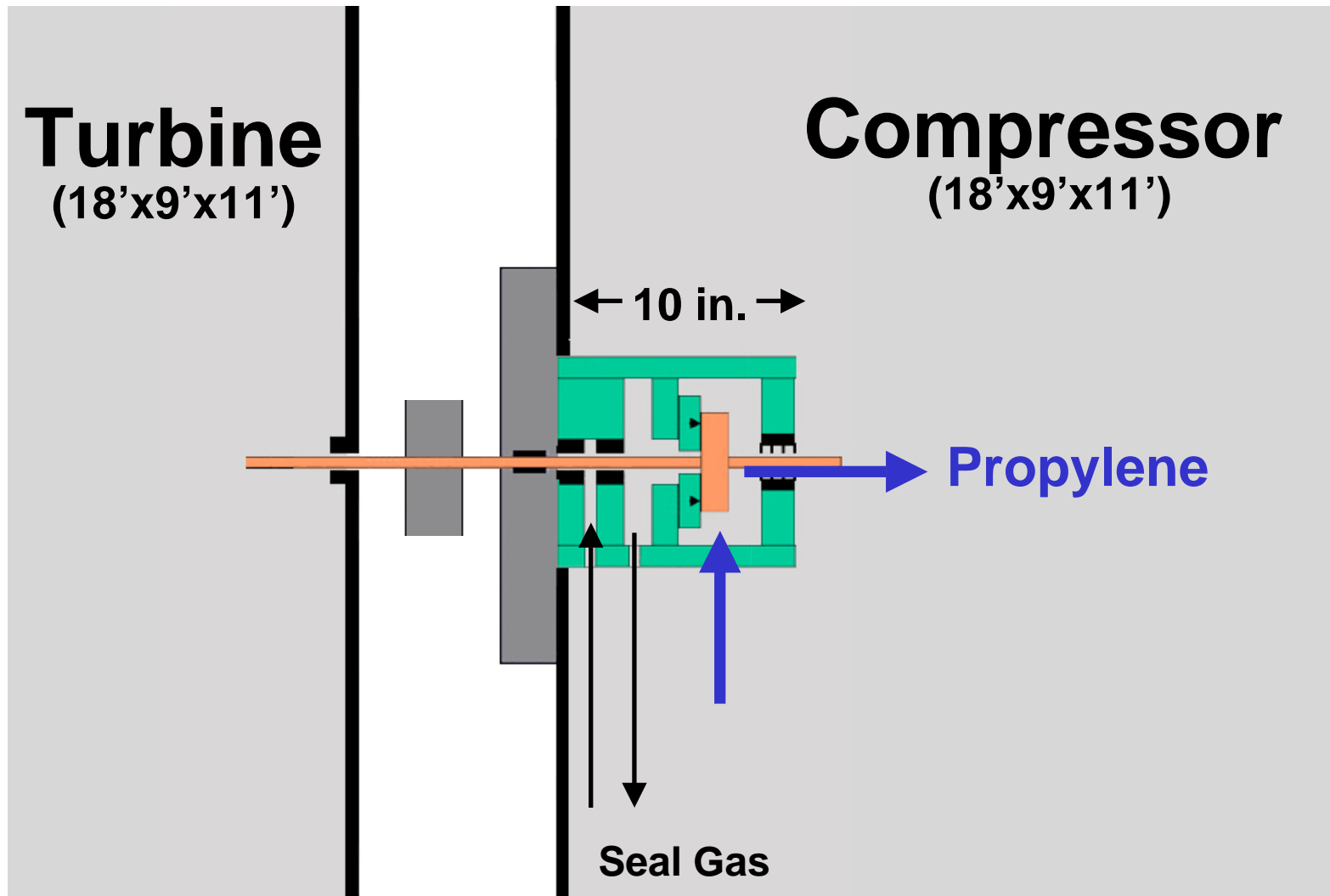
The information in this material contains forward-looking statements with respect to NOVA Chemicals Corporation (NOVA Chemicals), its subsidiaries and affiliated companies. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included 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 news release include, among others, statements regarding: NOVA Chemicals’ expected financial performance in future periods; the start-up of NOVA Chemicals’ Corunna flexi-cracker and the impact of the extended outage on earnings; and NOVA Chemicals’ expectations of favorable market conditions in 2006 and 2007; implementation of announced price increases; inventory build-ups in advance of maintenance turnarounds; and the effect of forward transactions on earnings. With respect to forward-looking statements contained in this news release, NOVA Chemicals has made assumptions regarding, among other things: future oil, natural gas and benzene prices; its ability to obtain raw materials; its ability to market products successfully to its anticipated customers; the impact of increasing competition; and its ability to obtain financing on acceptable terms. Some of the risks that could affect NOVA Chemicals’ future results and could cause results to differ materially from those expressed in the 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; meeting time and budget targets for significant capital investments; avoiding unplanned facility shutdowns; safety, health, and environmental risks associated with the operation of chemical plants and marketing of chemical products, including transportation of these products; public perception of chemicals and chemical end-use products; the impact of competition; changes in customer demand; changes in, or the introduction of new laws and regulations relating to NOVA Chemicals’ business, including environmental, competition and employment laws; costs to comply with the Kyoto Protocol; loss of the services of any of NOVA Chemicals’ executive officers; uncertainties associated with the North American, European, and Asian economies; and other risks detailed from time to time in the publicly filed disclosure documents and securities commission reports of NOVA Chemicals and its subsidiaries or affiliated companies.

Implementation of announced price increases depends on many factors, including market conditions, the supply/demand balance for each particular product and feedstock costs. Price increases have varying degrees of success. They are typically phased in and can differ by product or market. There can be no assurances that any announced price increases will be successful or will be realized within the anticipated time frame. In addition, benchmark price indices sometimes lag price increase announcements due to the timing of publication. NOVA Chemicals’ 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 news release, and except as required by applicable law, NOVA Chemicals undertakes no obligation to publicly update these forward-looking statements to reflect new information, subsequent events or otherwise.

Panel 1 – Compressor at Corunna



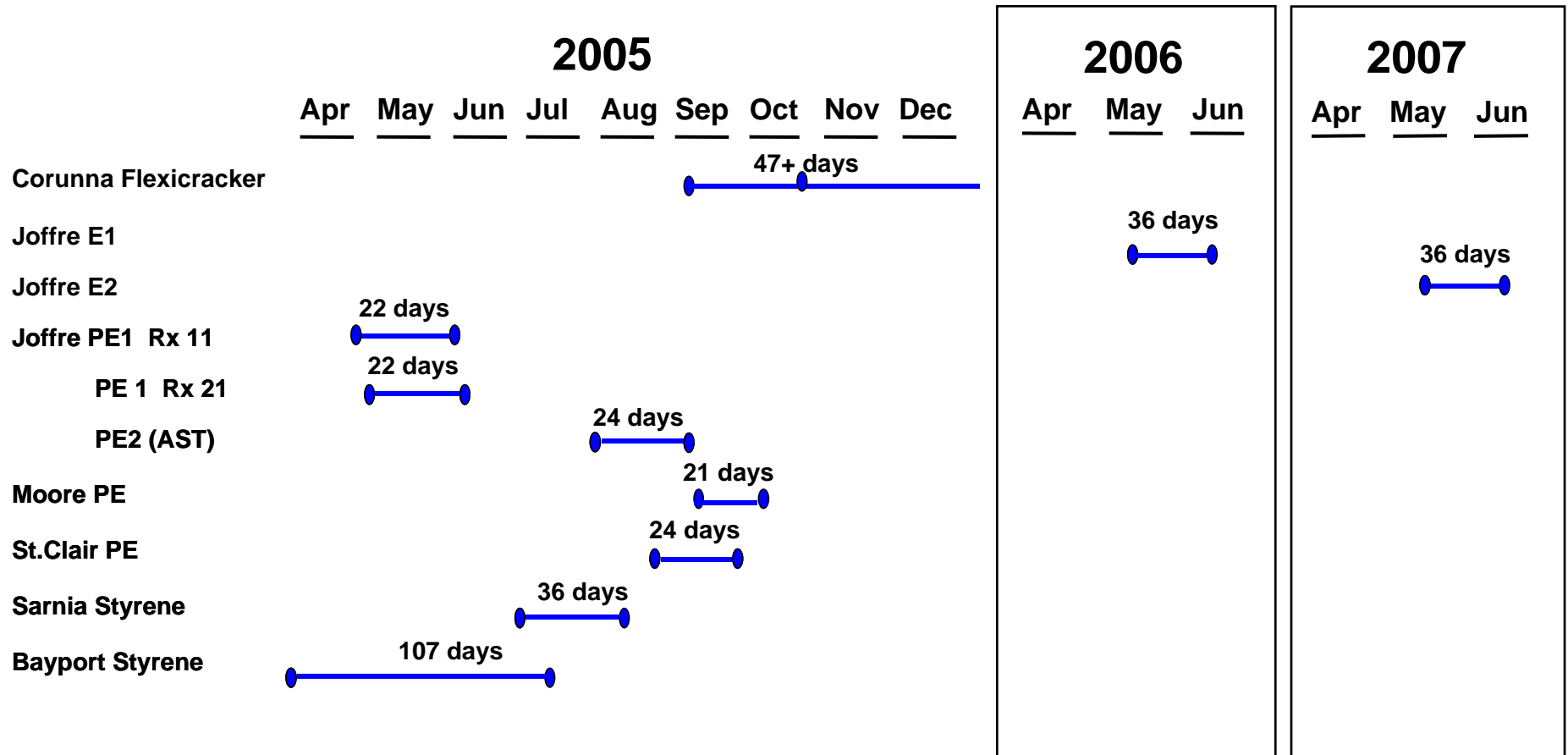
Panel 2 – Compressor Seal Schematic



Schematic drawing not to scale.

Panel 3 – Planned Maintenance

2005 versus 2006 - 2007



Panel 4 – Key Messages

1/ Maintenance outages taken early

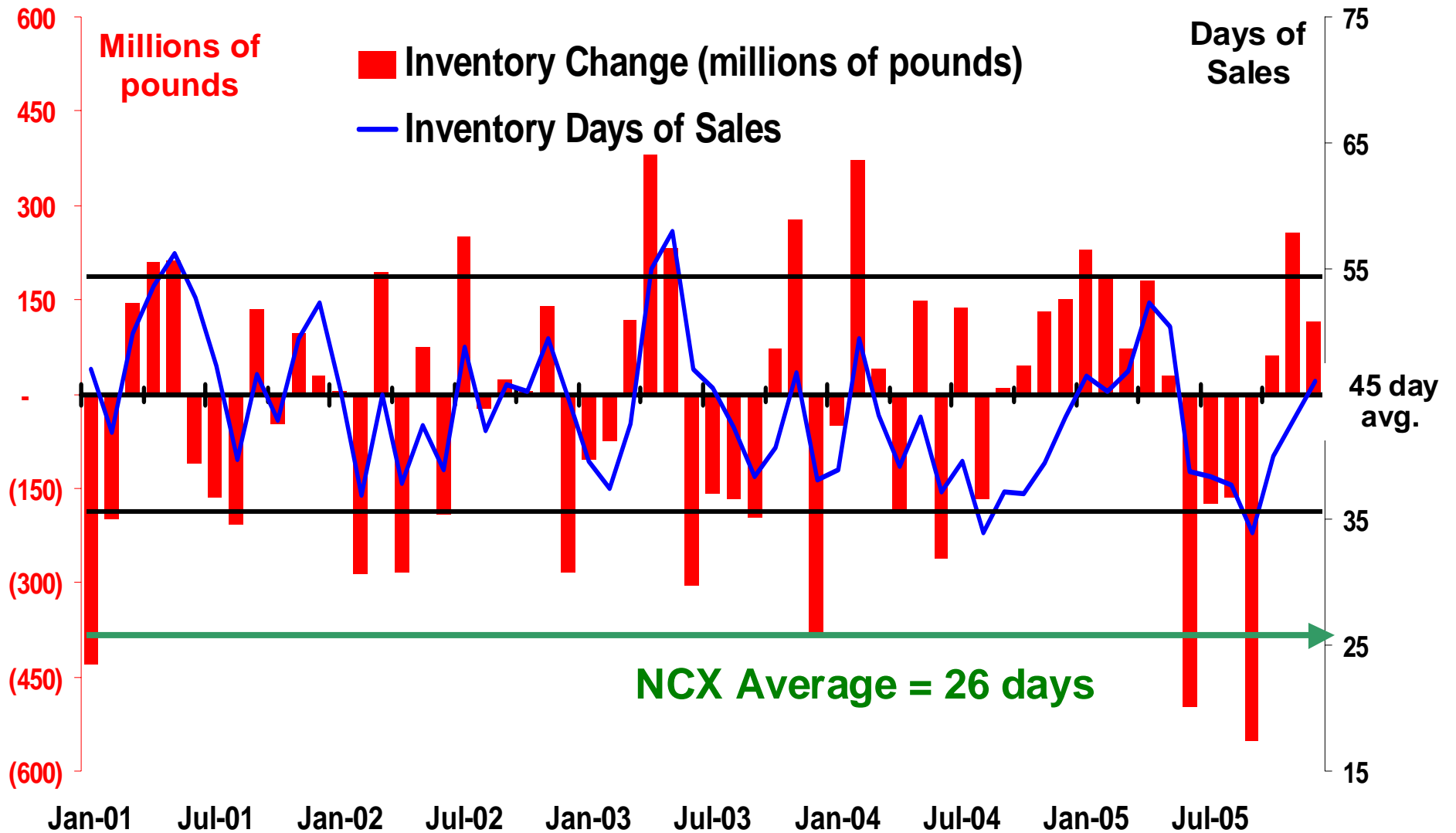
2/ Strong market outlook

➔ Inventory is short term story!

3/ Action in Styrenics

4/ Performance Products on target

Panel 5 – N.A. PE Producer Inventory

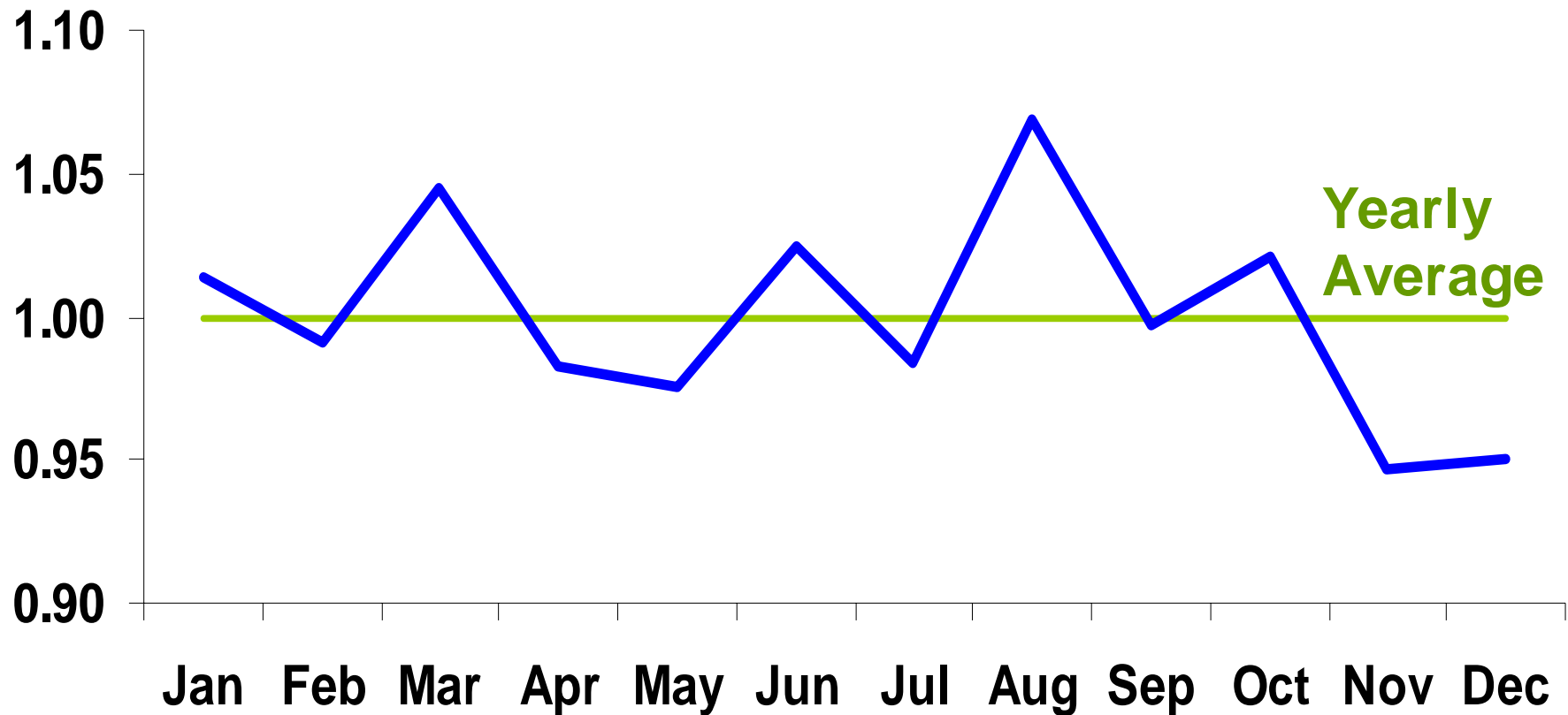


Source: American Plastics Council US producer inventory, adjusted by NOVA Chemicals to represent North American producers. Data through Dec 31, 2005.



Panel 6 - PE Seasonality

6 Year Average

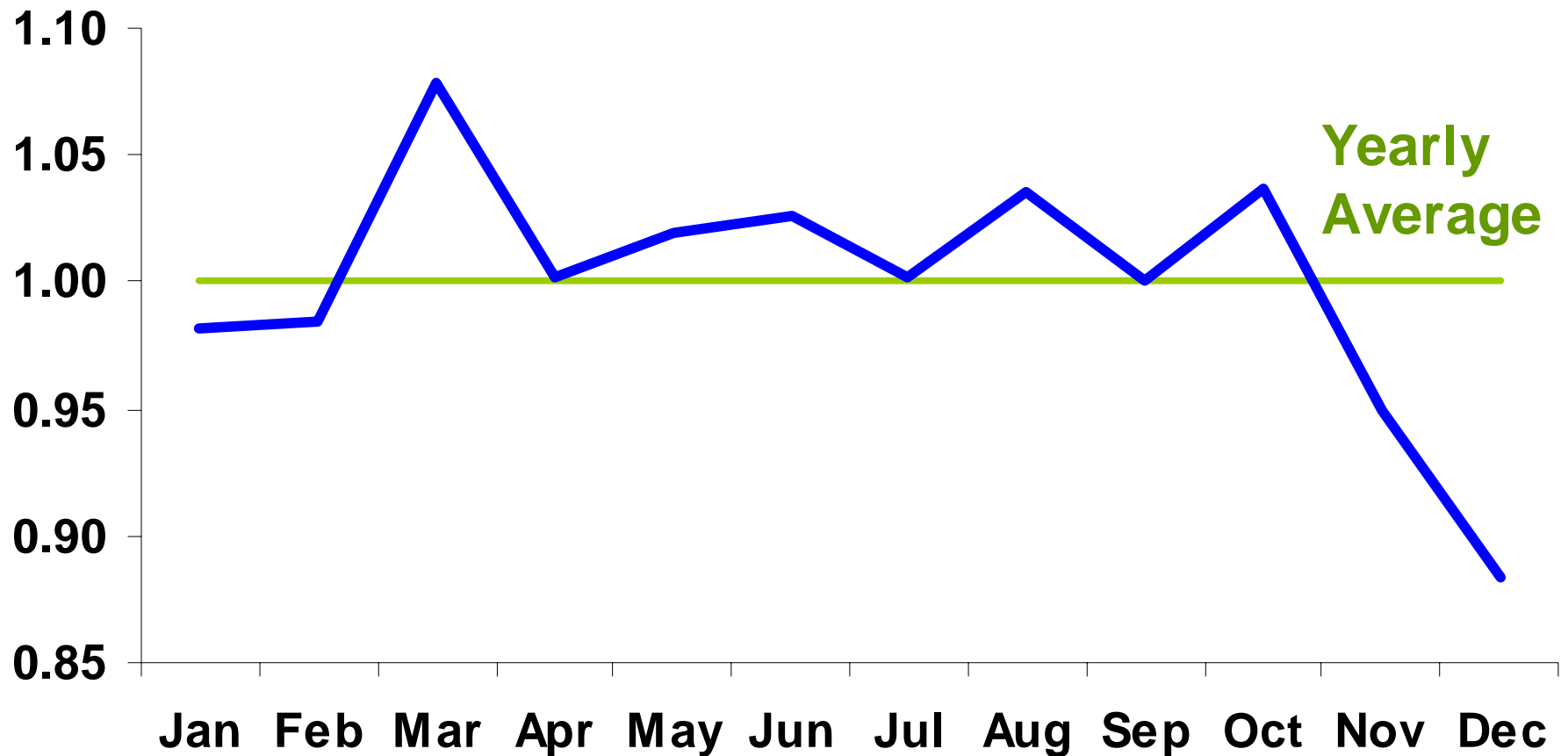


Source: APC - 2000-2005 North American PE Sales Volume



Panel 7 - PS Seasonality

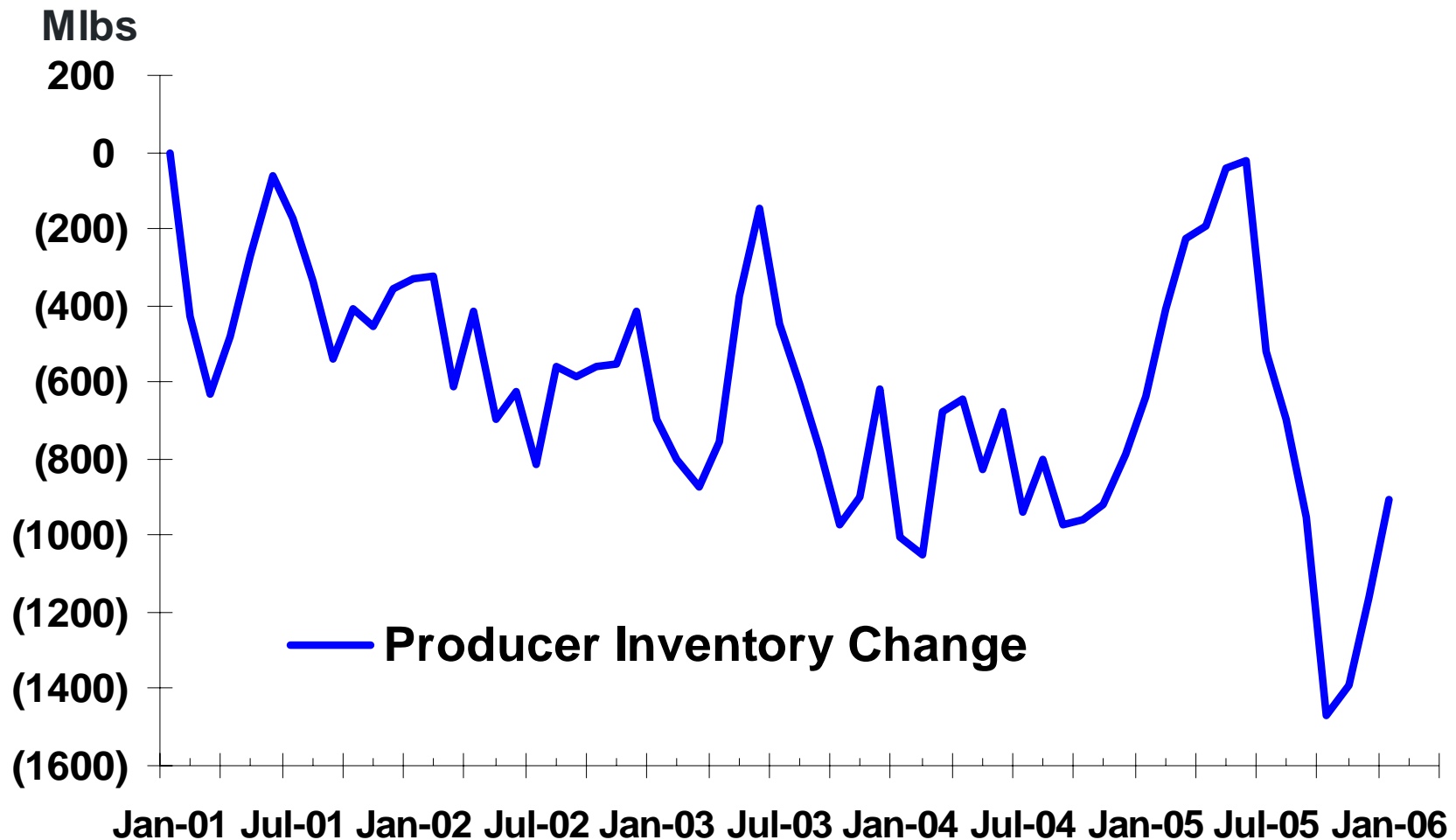
6 Year Average



Source: APC 2000-2005 North American PS Sales Volume



Panel 8 – N.A. PE Producer Inventory Cumulative Change in Pounds

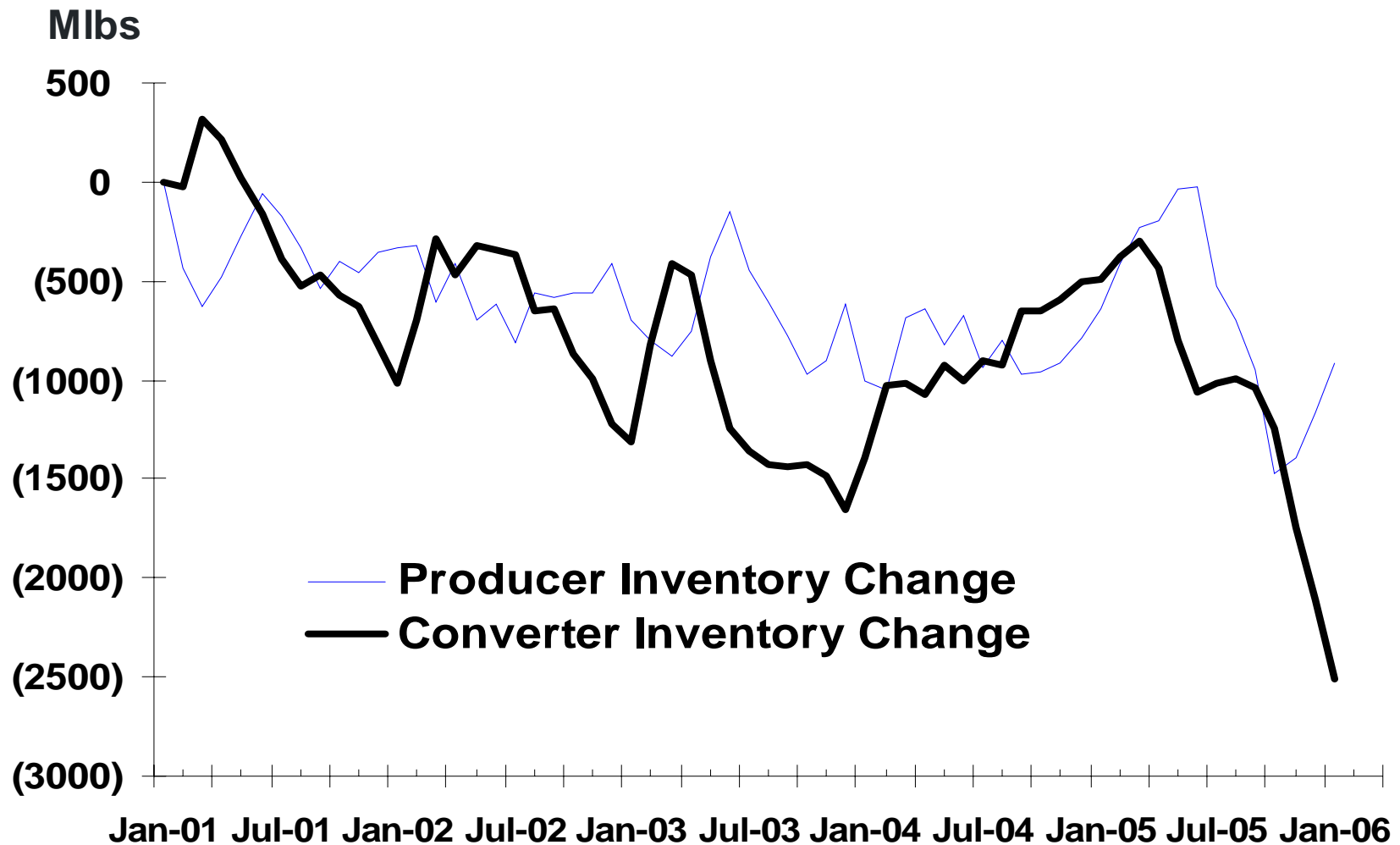


Source: APC. Data through Dec 31, 2005



Panel 9 – N.A. PE Converter Inventory

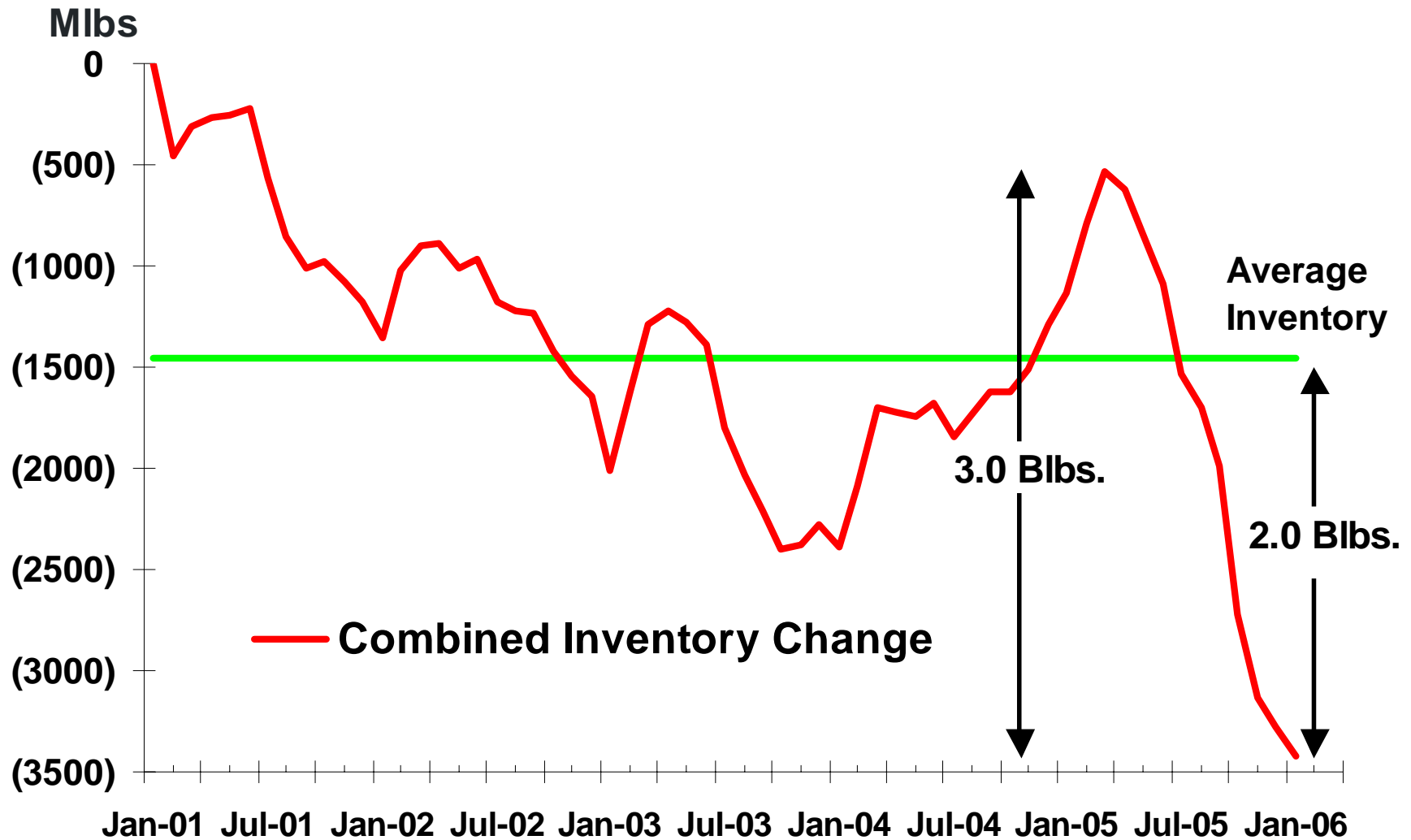
Cumulative Change in Pounds



Source: APC and CMAI. Data through Dec 31, 2005

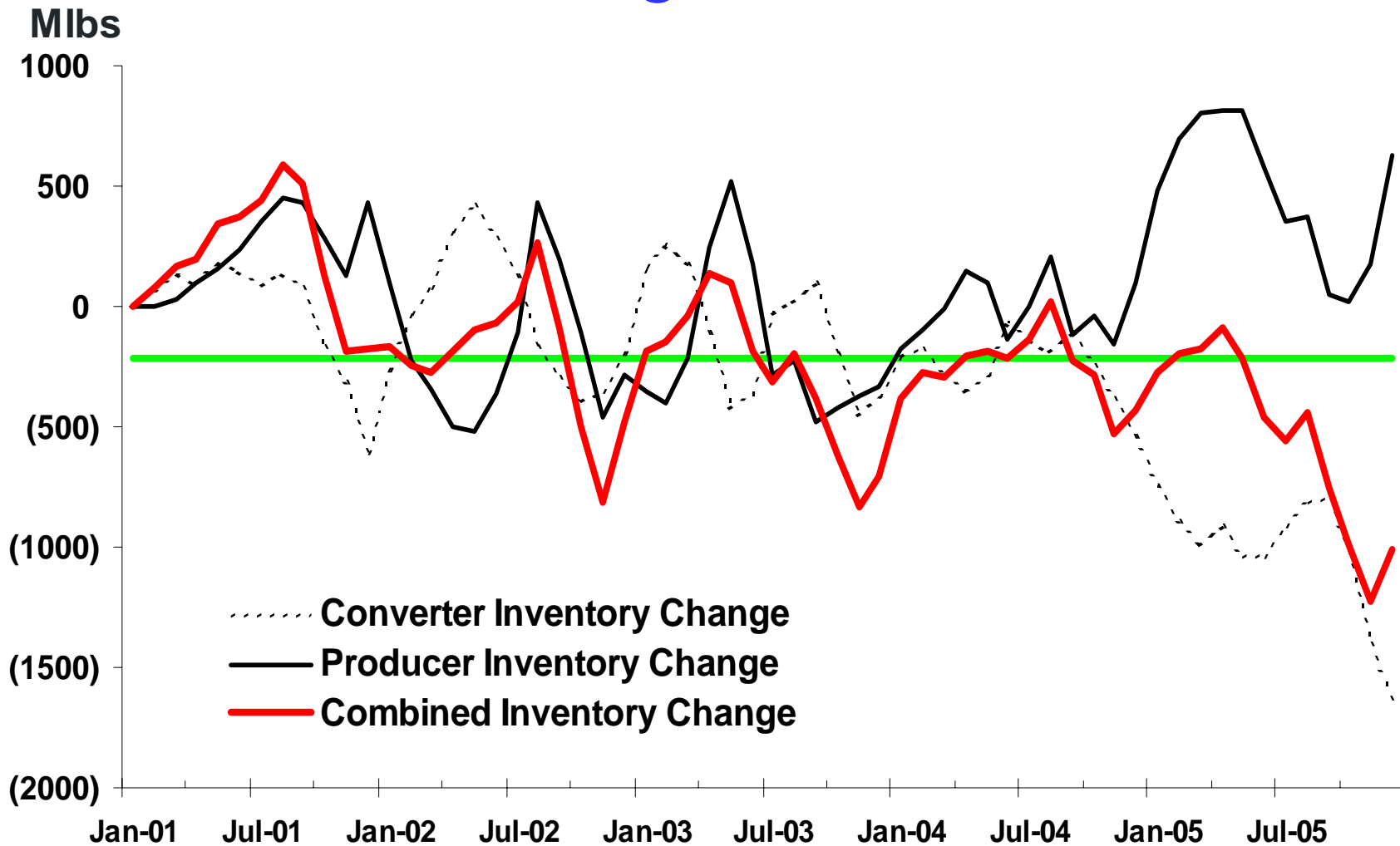
Panel 10 – N.A. PE Inventory Change

Cumulative Change in Pounds



Panel 11 – EU PE Inventory Change

Cumulative Change in Pounds

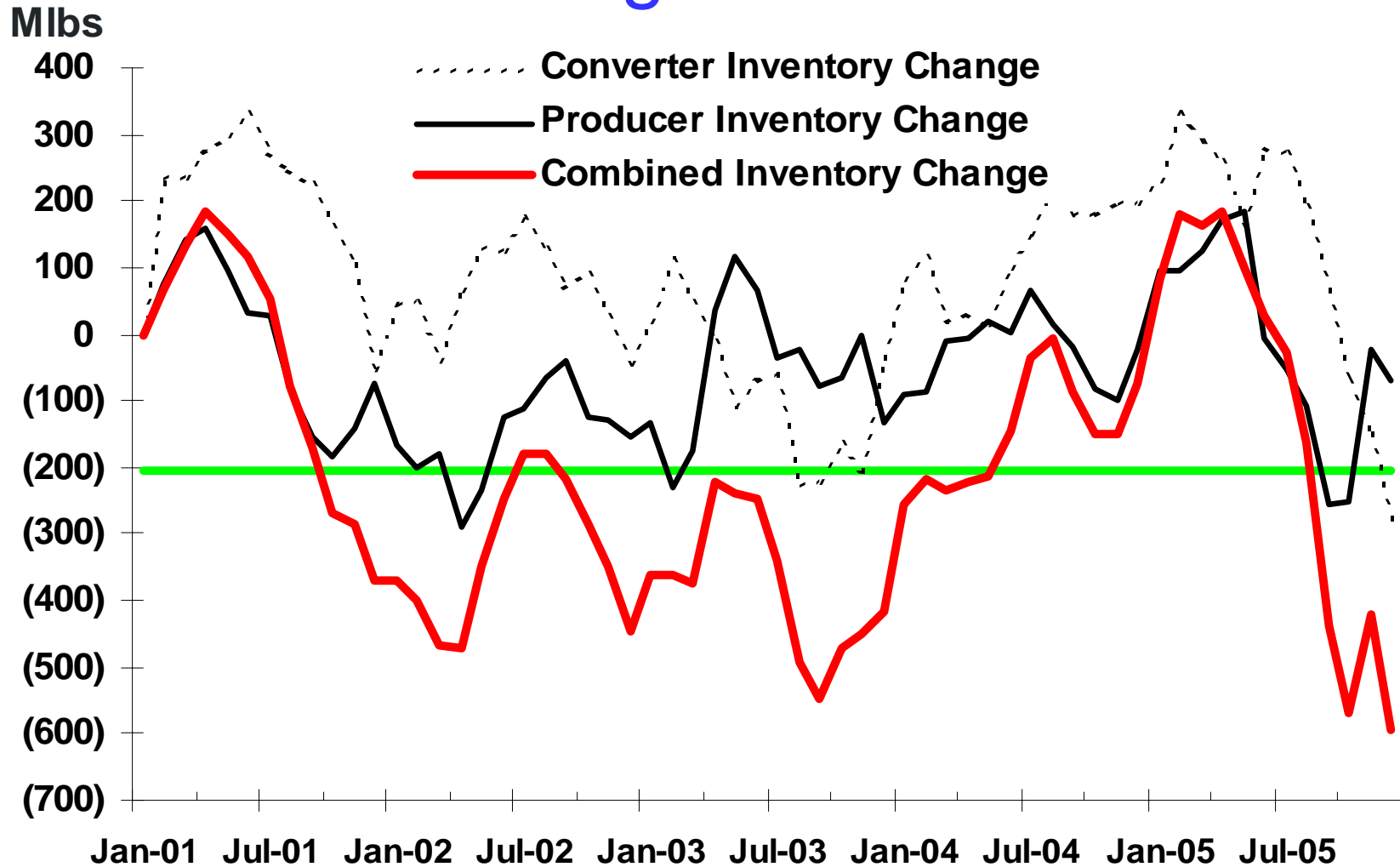


Source: CMAI. Data through Dec 31, 2005



Panel 12 – N.A. PP Inventory Change

Cumulative Change in Pounds

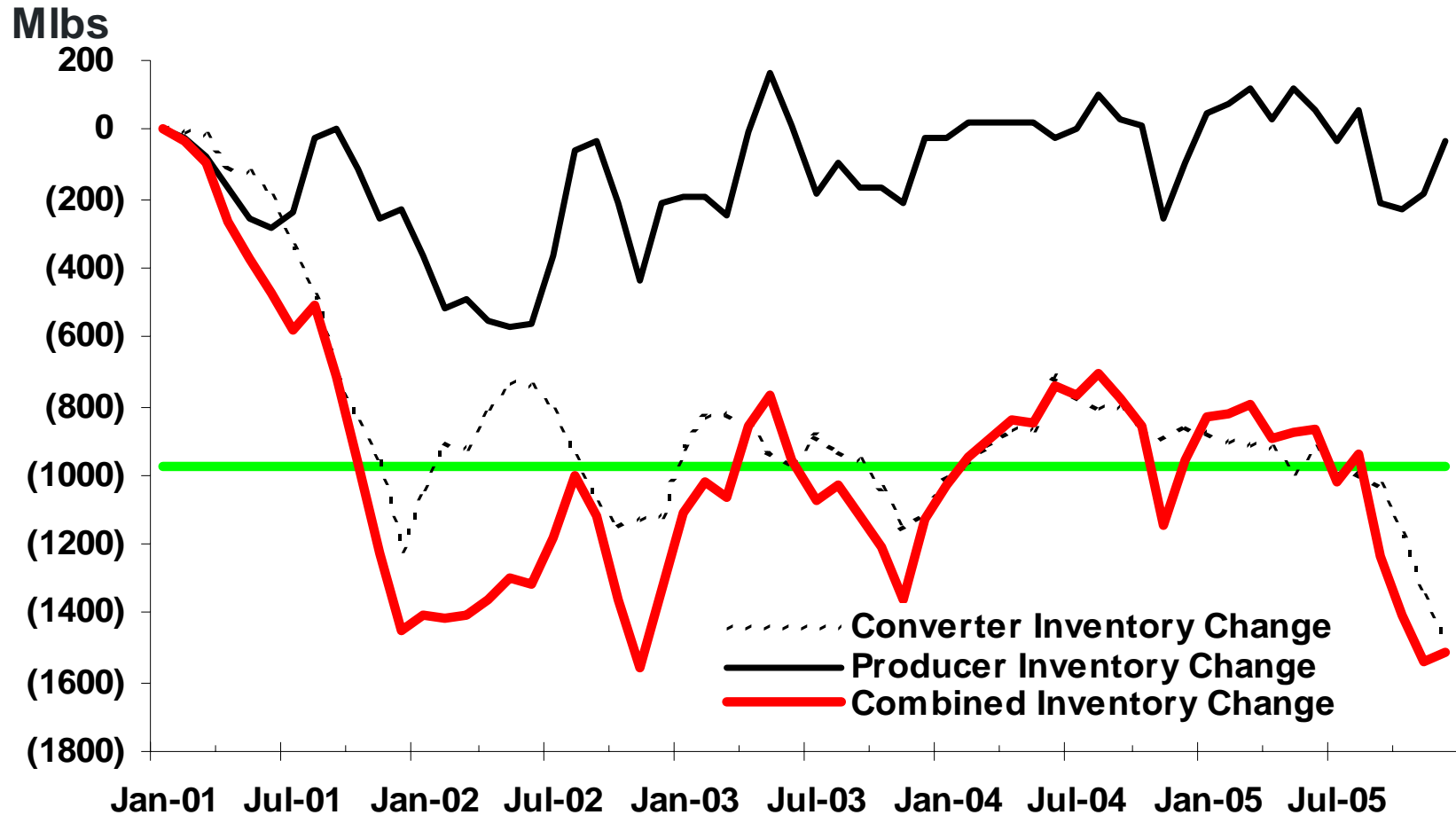


Source: CMAI. Data through Dec 31, 2005



Panel 13 – EU PP Inventory Change

Cumulative Change in Pounds

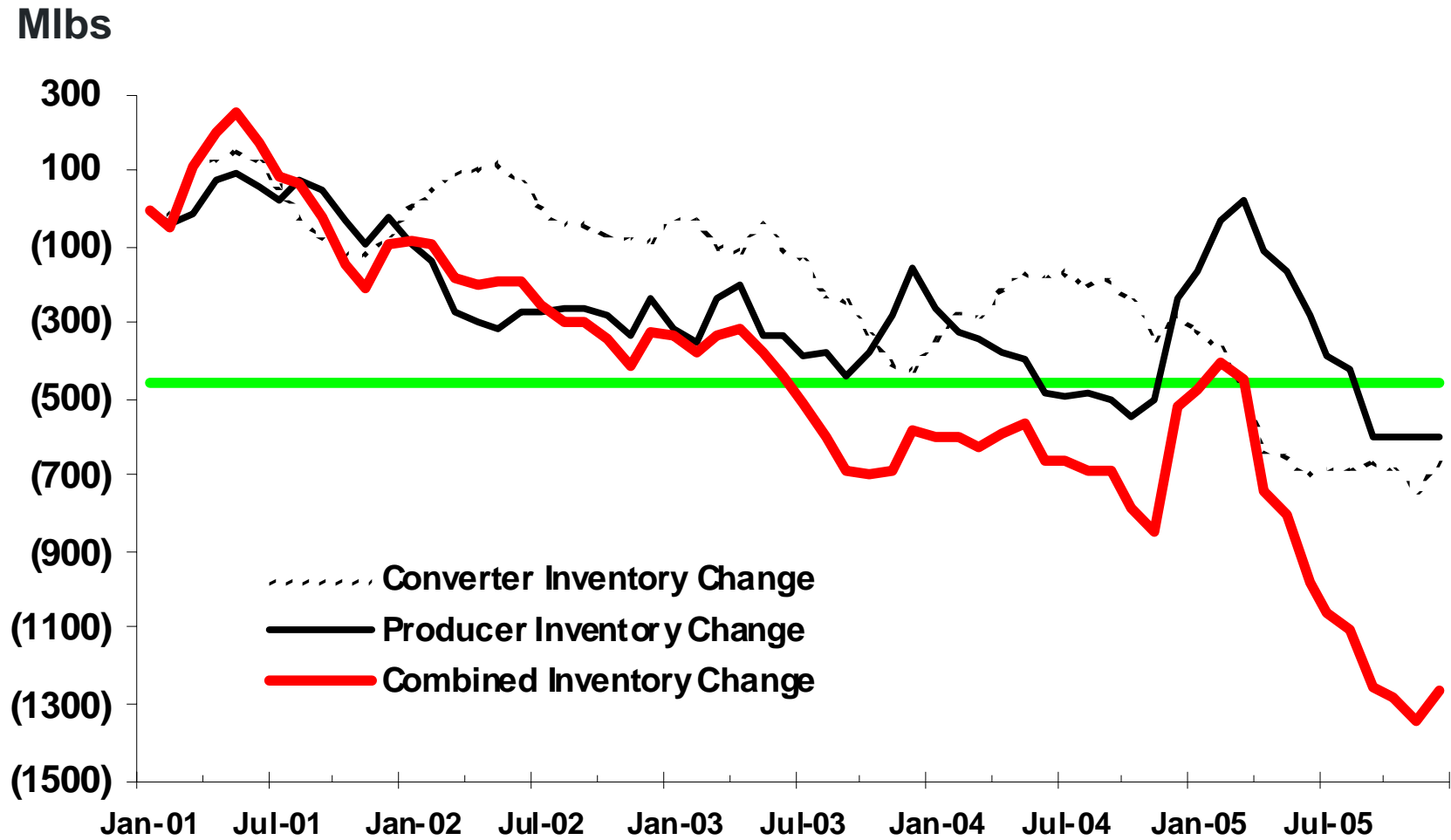


Source: CMAI. Data through Dec 31, 2005



Panel 14 – EU PVC Inventory Change

Cumulative Change in Pounds

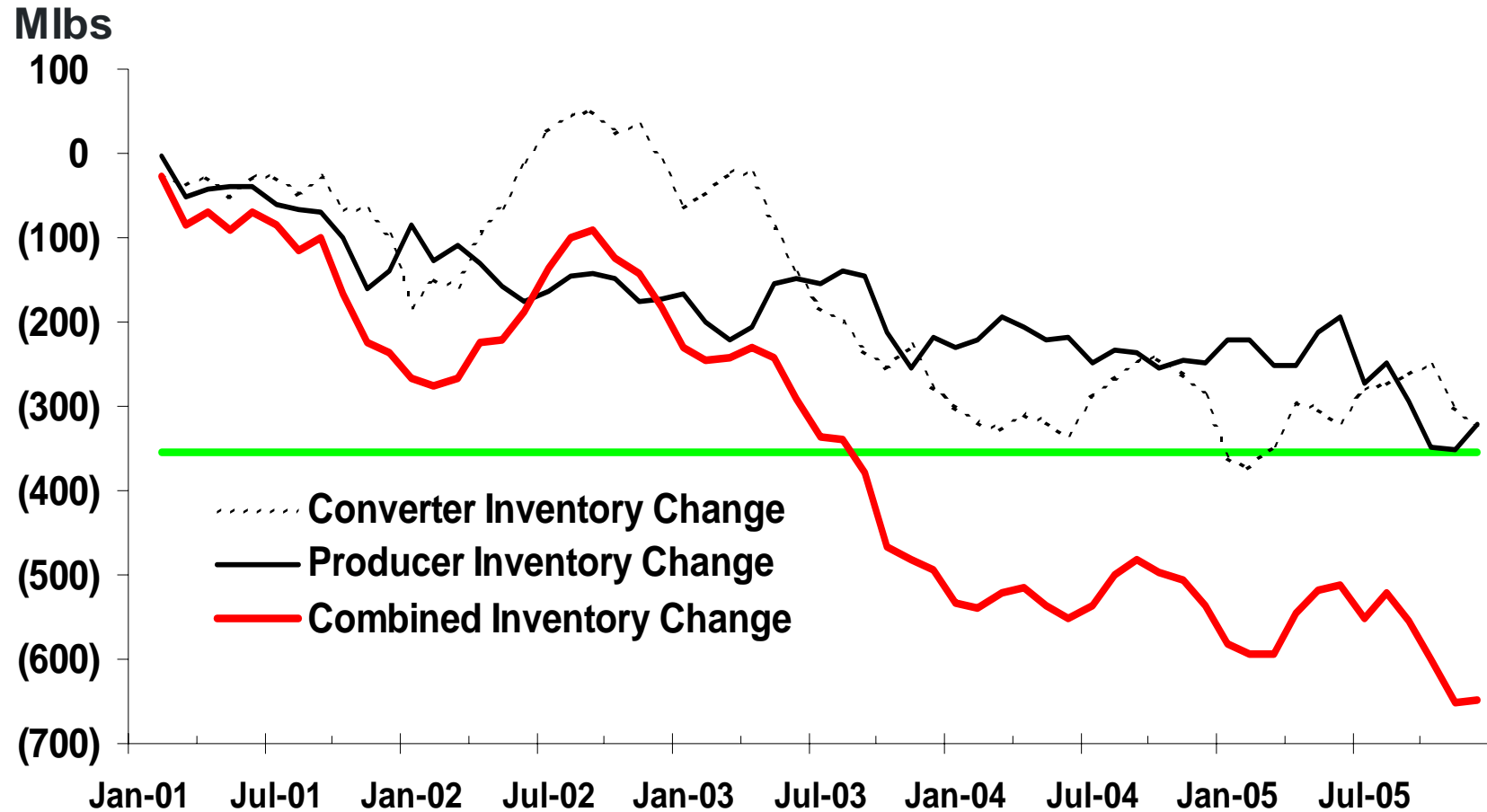


Source: CMAI. Data through Dec 31, 2005



Panel 15 – N.A. PS Inventory Change

Cumulative Change in Pounds



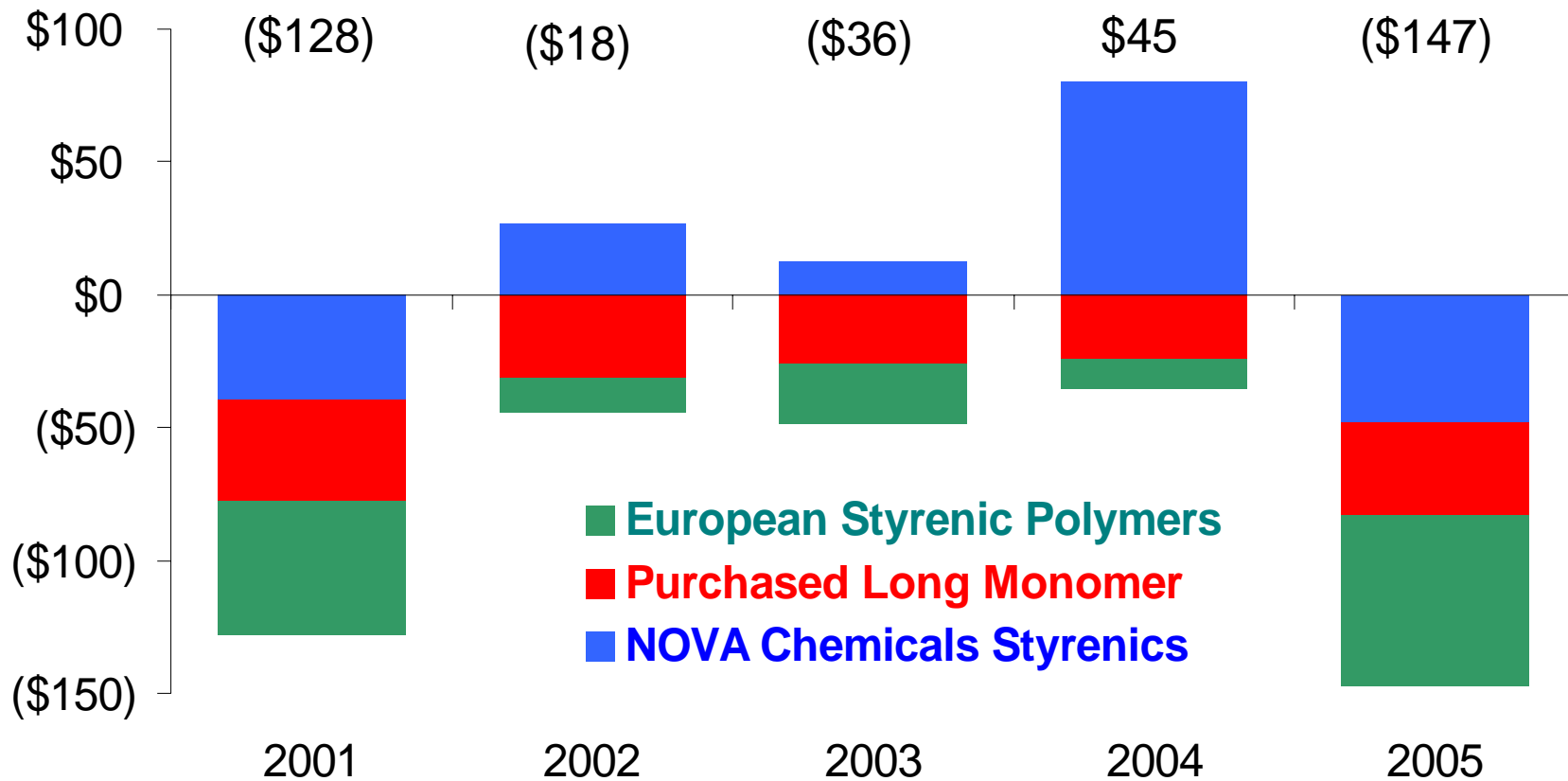
Source: APC and CMAI. Data through Dec 31, 2005



Panel 16 - Styrenics EBITDA Results

\$Millions

2001 - 2005 Total = (\$284M) / (\$57M)/yr



Panel 17 - Styrenics Improvements

Annual Average
EBITDA

2001 – 2005 Actual

(\$57M)

- Chesapeake savings
- European JV Savings
- Balanced SM Position

\$15M

\$30M

\$30M

Baseline

\$18M

Panel 18 - Causal Analysis

Q3 '05 to Q4 '05 Variance

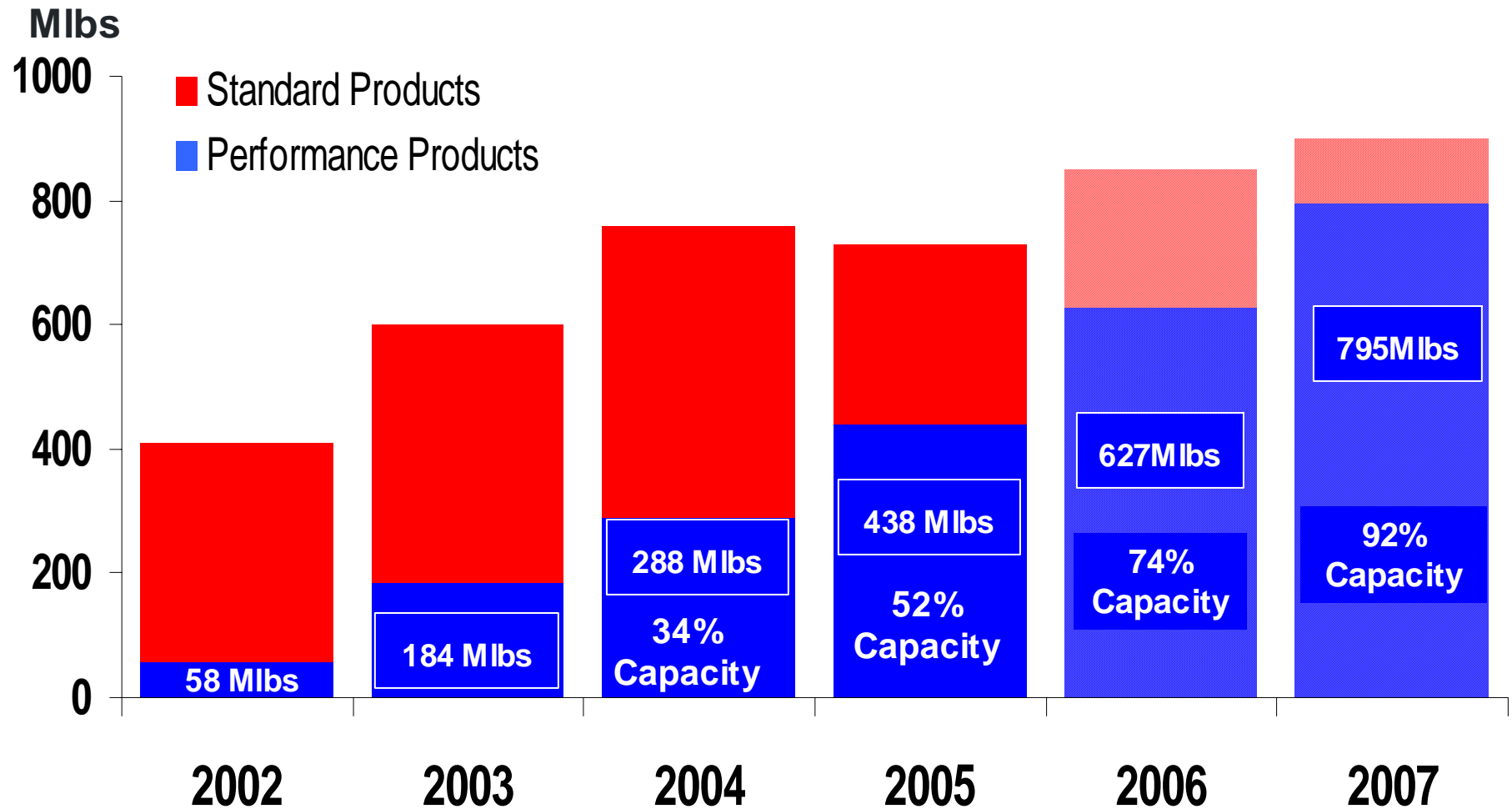
Q3 '05 Net Loss		\$(105)
Margin Expansion - LIFO accounting	83	
Margin Erosion – FIFO accounting	<u>(30)</u>	<u>53</u>
Joffre ethane interruption – Jun 21	20	
Corunna outage	<u>(56)</u>	<u>(36)</u>
Restructuring		25
Other		<u>(5)</u>
Q4 '05 Net Loss		<u><u>(\$68)</u></u>

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



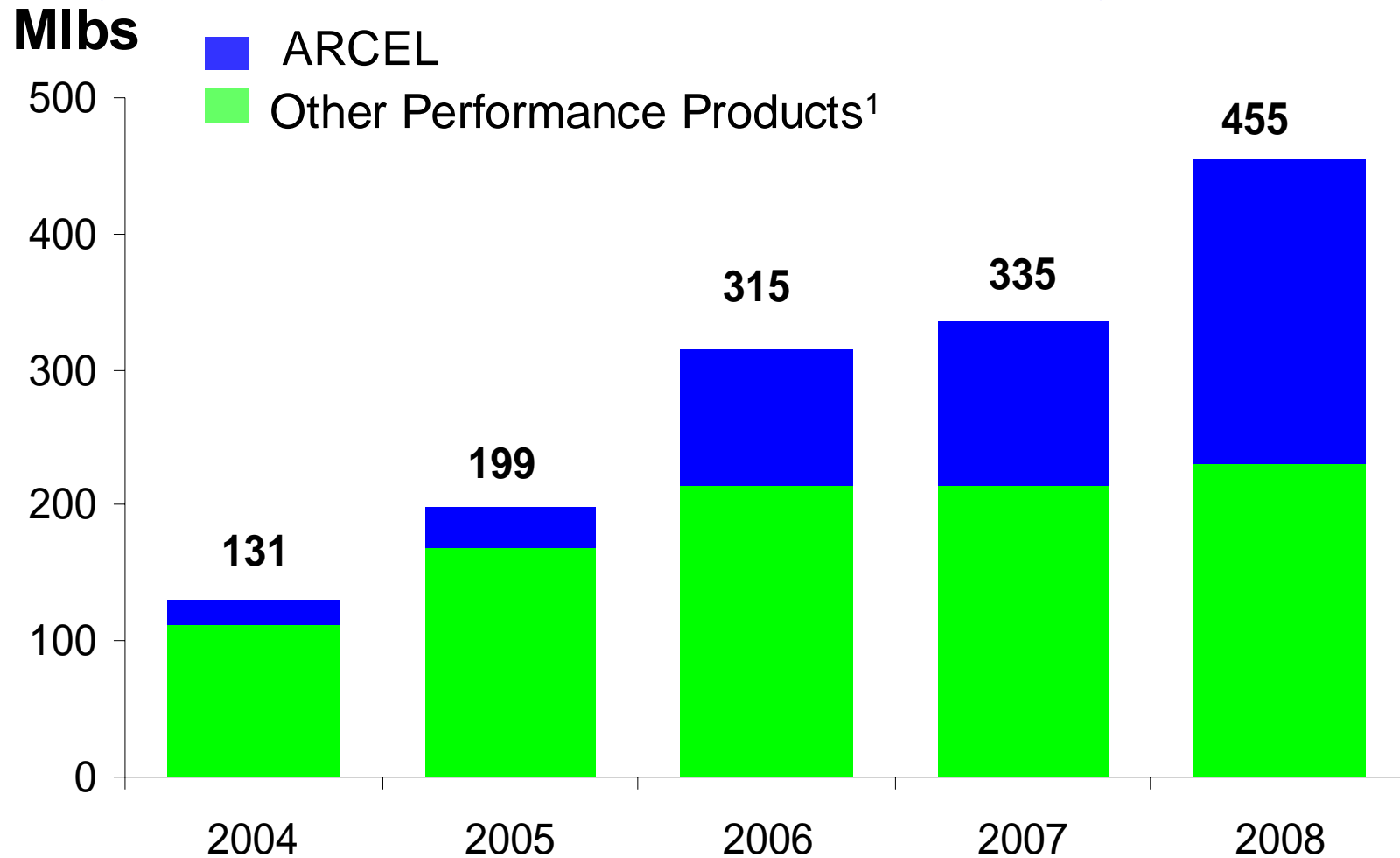
Panel 19 - AST Asset Transition

Sales Projected through 2007



Panel 20 – Performance Products

Styrenics Production Capacity Growth



1. Other Performance Products include Dylark and Zylar/NAS

Panel 21 - Underlying EBITDA

2003 - 2008

(\$Millions)	<u>'03</u>	<u>'04</u>	<u>'05</u>	<u>'06e</u>	<u>'07e</u>	<u>'08e</u>
Underlying EBITDA	316	569	694	<i>746-811¹</i>	<i>866-956¹</i>	<i>974-1039¹</i>
Performance Products	(40)	16	35	<i>75-135</i>	<i>160-245</i>	<i>240-300</i>
Long SM Position	(26)	(24)	(35)	<i>(30)²</i>	<i>(18)²</i>	<i>0</i>
EU JV Synergies	-	-	-	<i>5-10</i>	<i>15-20</i>	<i>25-30</i>
Chesapeake Closure	-	-	-	<i>2³</i>	<i>15</i>	<i>15</i>
Turnarounds	(13)	-	(57)	-	-	-
Corunna outage	-	-	(106)	-	-	-
Unusual Items	(14)	-	(77)	-	-	-
Reported EBITDA	223	561	454			

1. Estimated potential range of EBITDA

2. Estimate at 1Q 2006

3. \$15M benefit net 2006 closure costs



Panel 22 – Key Messages

1/ Maintenance outages taken early

2/ Strong market outlook

➔ Inventory is short term story!

3/ Action in Styrenics

4/ Performance Products on target



NCX



Q1 2005 Results

Net Income and EBITDA Summary

	Net	Total	EBITDA		
	Income		OPO	Styrenics	Corp.
Q1 Actual Results	<u>\$94</u>	<u>\$242</u>	<u>\$227</u>	<u>\$11</u>	<u>\$4</u>
<u>Q1 Impacts:</u>					
1. FIFO Accounting	16	26	21	5	-
2. Mark-to-market Stock-based Comp.	10	15	-	-	15
3. Profit Sharing	(3)	(5)	-	-	(5)
	<u>\$23</u>	<u>\$36</u>	<u>\$21</u>	<u>\$5</u>	<u>\$10</u>
Q1 Results (excl. 1- 3)	<u>\$ 71</u>	<u>\$206</u>	<u>\$206</u>	<u>\$6</u>	<u>(\$6)</u>

(millions of U.S. dollars)



Causal Analysis

Q1 2005 to Q2 2005 Variance

Q1 '05 Net Income		\$94
Margin Erosion - LIFO accounting	(43)	
Additional Margin Erosion – FIFO	(39)	(82)
Unusual charge - Insurance	(15)	
Corunna power outage – Apr 16	(20)	
Joffre ethane interruption – Jun 21	(4)	(39)
Stock Based Compensation	18	
Other	(16)	<u>2</u>
Q2 '05 Net Loss		<u><u>(\$25)</u></u>

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



Q2 2005 Results

Net Income and EBITDA Summary

	Net	<u>EBITDA</u>			
	Income	Total	OPO	Styrenics	Corp.
Q2 Actual Results	<u>(\$25)</u>	<u>\$75</u>	<u>\$127</u>	<u>(\$65)</u>	<u>\$13</u>
<u>Q2 Impacts:</u>					
1. Unusual Items	(39)	(60)	(37)	-	(23)
2. FIFO Accounting	(23)	(35)	3	(38)	-
3. Mark-to-Market Stock-based Comp.	28	43	-	-	43
4. Income Tax Rate Mix	(8)	-	-	-	-
	<u>(\$42)</u>	<u>(\$52)</u>	<u>(\$34)</u>	<u>(\$38)</u>	<u>\$20</u>
Q2 Results (excl. 1- 4)	<u>\$17</u>	<u>\$127</u>	<u>\$161</u>	<u>(\$27)</u>	<u>(\$7)</u>

(millions of U.S. dollars)



Causal Analysis

Q2 2005 to Q3 2005 Variance

Q2 '05 Net Loss		\$(25)
Margin Erosion - LIFO accounting	(29)	
Margin Contribution – FIFO	<u>36</u>	<u>7</u>
Joffre ethane interruption – Jun 21	(16)	
Corunna power outage – Apr 16	19	
Insurance accrual from Q2	<u>15</u>	<u>18</u>
Non-cash asset write-downs		(75)
Profit Sharing	9	
Stock-based Compensation	(40)	
Other	<u>1</u>	<u>(30)</u>
Q3 '05 Net Loss		<u><u>(\$105)</u></u>

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



Q3 2005 Results

Net Income and EBITDA Summary

	Net	Total	<u>EBITDA</u>		
	Income		OPO	Styrenics	Corp.
Q3 Actual Results	<u>(\$105)</u>	<u>\$59</u>	<u>\$118</u>	<u>(\$45)</u>	<u>(\$14)</u>
<u>Q3 Impacts:</u>					
1. Unusual Items	(95)	(30)	(30)	-	-
2. FIFO Accounting	13	21	13	8	-
3. Profit Sharing and Stock-based Comp.	(14)	(21)	-	-	(21)
4. Profit Sharing	6	9	-	-	9
	<u>(\$90)</u>	<u>(\$21)</u>	<u>(\$17)</u>	<u>\$8</u>	<u>(\$12)</u>
Q3 Results (excl. 1- 4)	<u>(\$15)</u>	<u>\$80</u>	<u>\$135</u>	<u>(\$53)</u>	<u>(\$2)</u>

(millions of U.S. dollars)



Causal Analysis

Q3 '05 to Q4 '05 Variance

Q3 '05 Net Loss		\$(105)
Margin Expansion - LIFO accounting	83	
Margin Erosion – FIFO accounting	<u>(30)</u>	<u>53</u>
Joffre ethane interruption – Jun 21	20	
Corunna start-up delay	<u>(56)</u>	<u>(36)</u>
Non-cash asset write-downs		25
Other		<u>(5)</u>
Q4 '05 Net Loss		<u><u>(\$68)</u></u>

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



Q4 2005 Results

Net Income and EBITDA Summary

	Net Income	Total	<u>EBITDA</u>		
			OPO	Styrenics	Corp.
Q4 Actual Results	<u>(\$68)</u>	<u>\$77</u>	<u>\$130</u>	<u>(\$48)</u>	<u>(\$5)</u>
<u>Q4 Impacts:</u>					
1. Corunna start-up delay	(70)	(106)	(106)	-	-
2. Restructuring	(50)	-	-	-	-
3. FIFO Accounting	(17)	(27)	(3)	(24)	-
4. Stock-based Comp.	<u>(2)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
	<u>(\$139)</u>	<u>(\$136)</u>	<u>(\$109)</u>	<u>\$(24)</u>	<u>(\$3)</u>
Q4 Results (excl. 1- 4)	<u>\$71</u>	<u>\$213</u>	<u>\$239</u>	<u>(\$24)</u>	<u>(\$2)</u>

(millions of U.S. dollars)

