

March 4, 2003



NOVA Chemicals Corporation

ANNUAL INFORMATION FORM

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U.S. DOLLAR REPORTING

ALL AMOUNTS IN THIS ANNUAL INFORMATION FORM ARE EXPRESSED IN U.S. DOLLARS, EXCEPT AS SPECIFICALLY NOTED OTHERWISE.

FORWARD-LOOKING INFORMATION

The information in this Annual Information Form contains forward-looking statements with respect to NOVA Chemicals Corporation (“NOVA Chemicals”), its subsidiaries and affiliated companies. By their nature, these forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. These risks and uncertainties 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; performance of Methanex Corporation; risks of a further prolonged economic downturn; 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 commissions reports of NOVA Chemicals and its subsidiaries or affiliated companies. Implementation of announced price increases depends on many factors, including feedstock costs, market conditions and the supply/demand balance for each particular product. Successful price increases are typically phased in over several months, vary from grade to grade and can be reduced in magnitude during the implementation period.

THE CORPORATION

NOVA Chemicals' principal business is the production and marketing of petrochemicals. NOVA Chemicals operates two commodity chemical businesses: olefins/polyolefins and styrenics. The olefins/polyolefins business produces ethylene, polyethylene and a variety of chemical and energy products (commonly known as co-products). The styrenics business produces styrene monomer and styrenic polymers. NOVA Chemicals operates major olefins/polyolefins production facilities near Joffre, Alberta and Corunna, Ontario. It has major styrene plants located near Bayport, Texas and Sarnia, Ontario and polystyrene manufacturing facilities at various sites in the United States, Canada, the United Kingdom, the Netherlands and France. NOVA Chemicals also owns approximately 37% of Methanex Corporation ("Methanex").

Where used in this Annual Information Form, "NOVA Chemicals" or "the Corporation" mean NOVA Chemicals Corporation alone or together with its subsidiaries and affiliates, depending on the context in which such terms are used.

HISTORICAL DEVELOPMENT

NOVA Chemicals Corporation

A brief description of the historical development of the Corporation follows:

NOVA Chemicals' predecessor, NOVA Corporation of Alberta, was incorporated in 1954 by Special Act of the Legislative Assembly of the Province of Alberta. On May 10, 1994, NOVA Corporation of Alberta filed articles of arrangement under the Business Corporations Act of Alberta (the "Act") to complete a reorganization pursuant to which it became a wholly owned subsidiary of NOVA Corporation ("NOVA"), changed its name to NOVA Gas Transmission Ltd. and its common shareholders became the common shareholders of NOVA. At the same time, NOVA also became the parent corporation of NOVA Chemicals Ltd. and NOVA Gas International Ltd.

On July 2, 1998, NOVA and TransCanada PipeLines Limited ("TransCanada") completed a merger of equals by way of a plan of arrangement (the "Arrangement") under the Act. Under the terms of the Arrangement, shareholders of NOVA exchanged each NOVA common share for 0.52 of a TransCanada common share. As part of the Arrangement, TransCanada distributed to its common shareholders, including all of the former common shareholders of NOVA, all of the common shares of NOVA on the basis of 0.2 of a NOVA common share for each TransCanada common share. At the time of the distribution of NOVA common shares, the only material asset of NOVA was all of the common shares of NOVA Chemicals Ltd.

As a result of the Arrangement, NOVA continued to conduct the commodity chemical businesses through NOVA Chemicals Ltd., and TransCanada began to conduct the energy services businesses formerly carried on by NOVA, through NOVA's former subsidiaries, NOVA Gas Transmission Ltd. and NOVA Gas International Ltd. The disclosure in this document relates only to the commodity chemical businesses currently conducted by NOVA Chemicals and formerly conducted by NOVA.

On December 31, 1998, NOVA Chemicals Ltd. changed its name to NOVA Chemicals Corporation. Effective January 1, 1999, NOVA Chemicals Corporation amalgamated with NOVA Corporation under the Act and the resulting corporation adopted the name NOVA Chemicals Corporation.

Development of the Commodity Chemical Businesses

- NOVA Chemicals commenced operation of its first ethylene facility ("E1") in Joffre, Alberta in 1979.
- A second ethylene facility ("E2") commenced operations in Joffre in 1984, in tandem with a linear low-density polyethylene facility ("PE1").
- In February 1987, NOVA Chemicals acquired its low-density and high-density polyethylene facility near Mooretown, St. Clair Township, Ontario from Union Carbide Canada Ltd. and Union Carbide Corporation.
- In September 1988, NOVA Chemicals acquired Polysar Energy & Chemical Corporation ("Polysar"), a company with significant petrochemical operations. Through this purchase, NOVA Chemicals acquired

its Corunna, Ontario olefins facility, its original styrenics business and a rubber business which was sold to Bayer AG in October 1990.

- In January 1994, NOVA Chemicals completed a series of transactions whereby it exchanged its methanol assets for common shares of Methanex and purchased additional Methanex common shares. NOVA Chemicals' interest in Methanex has since increased to approximately 37%.
- In January 1994, NOVA Chemicals acquired its initial interest in Natural Gas Clearinghouse. Through a series of combinations and mergers, NOVA Chemicals retained a 25% interest in Dynegy Inc., the successor to Natural Gas Clearinghouse. During the second quarter of 2000, NOVA Chemicals completed the sale of its 25% interest (38.8 million preferred shares) in Dynegy Inc.
- In June 1994, NOVA Chemicals acquired its linear low-density and high-density polyethylene facility at the St. Clair River plant site in Corunna, Ontario as well as the proprietary SCLAIRTECH™ technology and a global SCLAIRTECH technology licensing business, from DuPont Canada Inc. (“DuPont”).
- In September 1996, NOVA Chemicals acquired the styrenics business of ARCO Chemical Company (“ARCO”).
- In December 1996, NOVA Chemicals announced that it had developed Advanced SCLAIRTECH™ technology.
- In December 1998, NOVA Chemicals acquired the majority of Huntsman Corporation's (“Huntsman”) U.S. and European styrenics businesses, excluding Huntsman's North American expandable polystyrene assets.
- In January 2000, NOVA Chemicals acquired the European polystyrene and expandable polystyrene assets and associated world wide sales and marketing operations of The Shell Petroleum Company Limited (“Shell”).
- In October 2000, NOVA Chemicals and Union Carbide Canada Inc. (now Dow Chemical Canada Ltd. (“Dow”)) commenced commercial operations of a jointly owned, third ethylene plant (“E3”) in Joffre, Alberta.
- In the first quarter of 2001, NOVA Chemicals closed its Joliet, Illinois solid polystyrene plant. This plant was acquired from Huntsman and had a nameplate production capacity of 230 million pounds of polystyrene per year.
- In July 2001, NOVA Chemicals' second polyethylene plant (“PE2”) at Joffre, Alberta began commercial production using Advanced SCLAIRTECH technology.
- In January 2002, NOVA Chemicals sold its 20% interest in the Cochin pipeline system for \$64 million.

RECENT DEVELOPMENTS

- In July 2002, NOVA Chemicals and BP Chemicals Limited (“BP”) entered into an agreement under which NOVA Chemicals granted BP the rights to use and sub-license its proprietary single-site catalysts. In turn, BP licensed its metallocene catalyst technology portfolio to NOVA Chemicals for use in gas-phase polyethylene manufacturing. NOVA Chemicals and BP will also jointly work to accelerate new metallocene catalyst advances in gas-phase polyethylene production.
- In August 2002, NOVA Chemicals and BASF Corporation (“BASF”) signed a long-term styrene monomer supply contract which commits NOVA Chemicals to supply monomer feedstock to BASF’s downstream styrenics business in North America. In addition, the contract commits BASF to supply styrene monomer to NOVA Chemicals’ European downstream styrenics business. NOVA Chemicals plans to meet its supply commitment to BASF from existing facilities in North America, including a planned 450 million pound debottlenecking of its Bayport, Texas styrene plant.
- In September 2002, NOVA Chemicals shut down its commodity solid polystyrene suspension reactors at its Breda, the Netherlands facility and at its Chesapeake, Virginia facility. These reactors had a nameplate production capacity of 55 million pounds and 100 million pounds of solid polystyrene per year, respectively.
- In October 2002, NOVA Chemicals’ Carrington, United Kingdom expandable polystyrene plant was idled. This plant has a nameplate capacity of 165 million pounds of expandable polystyrene per year.

SUBSIDIARIES OF NOVA CHEMICALS

The following list includes all material subsidiaries of NOVA Chemicals as at March 4, 2003 and indicates their respective jurisdictions of incorporation and the percentage of voting securities of each beneficially owned or over which control or direction is exercised by NOVA Chemicals:

<u>Name</u>	<u>Jurisdiction of Incorporation</u>	<u>Percentage of Voting Securities held Directly or Indirectly</u>
NOVA Chemicals (Canada) Ltd./NOVA Chimie (Canada) Ltée	Canada	100%
NOVA Chemicals Holdings Inc.	Delaware, U.S.A.	100%
NOVA Chemicals Inc. ⁽¹⁾	Delaware, U.S.A.	100%
NOVA Chemicals (International) S.A.	Switzerland	100%
Novacor Chemicals Holdings B.V.	the Netherlands	100%
Novacor Chemicals Investments B.V.	the Netherlands	100%
NOVA Investments (U.S.) Inc.	Delaware, U.S.A.	100%
NOVA Petrochemicals Ltd.	Alberta, Canada	100%

- (1) In connection with the acquisition of styrenics assets from Huntsman on December 31, 1998, a NOVA Chemicals subsidiary issued retractable preferred shares with a liquidation preference of \$198 million as partial consideration. Holders of the retractable preferred shares have the right to exchange the shares (a “retraction”) for NOVA Chemicals’ common shares (plus preferred shares if the market value of such common shares is less than \$198 million).

During 2001 and 2002, certain changes were made to the terms of the retractable preferred shares and related stockholder agreements giving NOVA Chemicals the right to call the retractable preferred shares on or after December 15, 2001. These changes effectively provide NOVA Chemicals with the right to repurchase the retractable preferred shares prior to any retraction into NOVA Chemicals’ common shares. If NOVA Chemicals does not exercise its repurchase rights prior to October 1, 2003, the market-based exchange rate at which the retractable preferred shares may be retracted into NOVA Chemicals’ common shares (and, accordingly, the effective price at which the common shares would be issued) will be fixed on that date. The number of NOVA Chemicals’ common shares issuable upon a retraction remains limited to a maximum of 8.5 million shares with the balance of the obligation, if any, met through the issuance of NOVA Chemicals’ preferred shares. The dividend rate on the retractable preferred shares is 2% per year.

Coincident with making the above changes, NOVA Chemicals entered into a total return swap, which terminates on October 1, 2003, with respect to the retractable preferred shares. Under the terms of the total return swap: (i) the counterparty pays NOVA Chemicals the total return on the retractable preferred shares (dividends plus positive changes in equity value of the preferred shares, capped at \$191 million until termination or sale at which time any such positive changes are not capped) and (ii) NOVA Chemicals pays the counterparty a spread to LIBOR as well as any negative changes in the equity value of the retractable preferred shares.

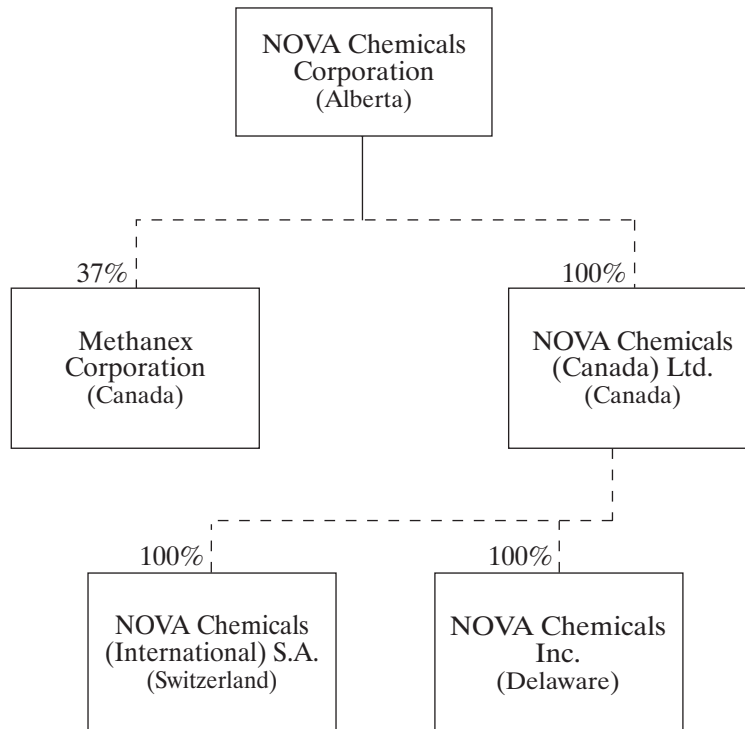
NOVA Chemicals is obligated under the swap to provide margin (cash, government securities or a letter of credit) equal to 20% of the original notional amount of \$191 million, which is currently satisfied by a letter of credit. In addition, NOVA Chemicals is also obligated under the swap to provide margin equal to the difference between the original notional amount and the current notional amount of \$180 million, which will be reduced to \$126 million as of April 1, 2003. This margin is currently satisfied by posting restricted cash. If the equity value of the retractable preferred shares decreases by 5% or more at any time, NOVA Chemicals is required to post additional margin. If the equity value of the retractable preferred shares increases by 5% or more, any excess collateral will be returned to NOVA Chemicals. Changes in equity value of the retractable preferred shares during the term of the swap will be determined based on changes in the average price of the outstanding 9.04% and 9.50% preferred securities issued by NOVA Chemicals.

If NOVA Chemicals defaults on other debt with an aggregate principal amount of \$25 million or more or the closing price of its common shares is \$15.00 or less and upon certain other credit events, the counterparty will have the right to sell the retractable preferred shares to a third party and terminate the swap. NOVA Chemicals would then owe the counterparty the difference between the actual sale price received by the counterparty and the most recent adjusted notional equity value of the retractable preferred shares (in the event the difference was negative). Subsequent to the termination of the swap, NOVA Chemicals may, at its option, repurchase the retractable preferred shares for \$198 million plus accrued and unpaid dividends.

NOVA CHEMICALS' SUBSIDIARIES AND ASSOCIATED COMPANIES

Intercorporate Relationships

The following chart summarizes NOVA Chemicals' simplified corporate structure showing principal operating entities and jurisdictions of incorporation:



Dotted lines signify an indirect holding.
Methanex ownership percentage is approximate.

BUSINESS

General

NOVA Chemicals operates two commodity chemical businesses: olefins/polyolefins and styrenics. The olefins/polyolefins business produces ethylene, polyethylene and co-products. The styrenics business produces styrene monomer and styrenic polymers. NOVA Chemicals operates major olefins/polyolefins production facilities near Joffre, Alberta and Corunna, Ontario. It has major styrene plants located near Bayport, Texas and Sarnia, Ontario and polystyrene manufacturing facilities at various sites in the United States, Canada, the United Kingdom, the Netherlands and France.

Ethylene and styrene are basic petrochemicals used to manufacture a wide variety of polymers and other chemical products. NOVA Chemicals produces polyethylene and polystyrene, primarily from its internal ethylene and styrene production. NOVA Chemicals also has an equity interest and long-term tolling arrangements to acquire styrene from Lyondell Chemical Company (“Lyondell”) on the U.S. Gulf Coast, and styrene purchase arrangements with Shell in Europe and with other parties in North America and Europe. In addition, in August 2002, NOVA Chemicals entered into a long-term styrene monomer supply agreement pursuant to which BASF supplies styrene monomer to NOVA Chemicals in Europe in exchange for the supply of styrene monomer in the United States to BASF from NOVA Chemicals’ existing production and supply facilities. Ethylene and styrene in excess of NOVA Chemicals’ internal consumption is sold to third parties.

The polyethylene NOVA Chemicals produces includes high-density polyethylene (“HDPE”), low-density polyethylene (“LDPE”) and linear low-density polyethylene (“LLDPE”). In addition, NOVA Chemicals develops and markets high value added polyethylene polymers such as its resins made using Advanced SCLAIRTECH technology. The styrenic polymers NOVA Chemicals produces include solid polystyrene (“SPS”), expandable polystyrene (“EPS”) and high performance styrenics (“HPS”). Polyethylene and styrenic polymers are used in a wide range of applications including rigid and flexible packaging, containers, plastic bags, plastic pipe, electronic appliances, television consoles, housing and automotive components, housewares and other industrial and consumer goods.

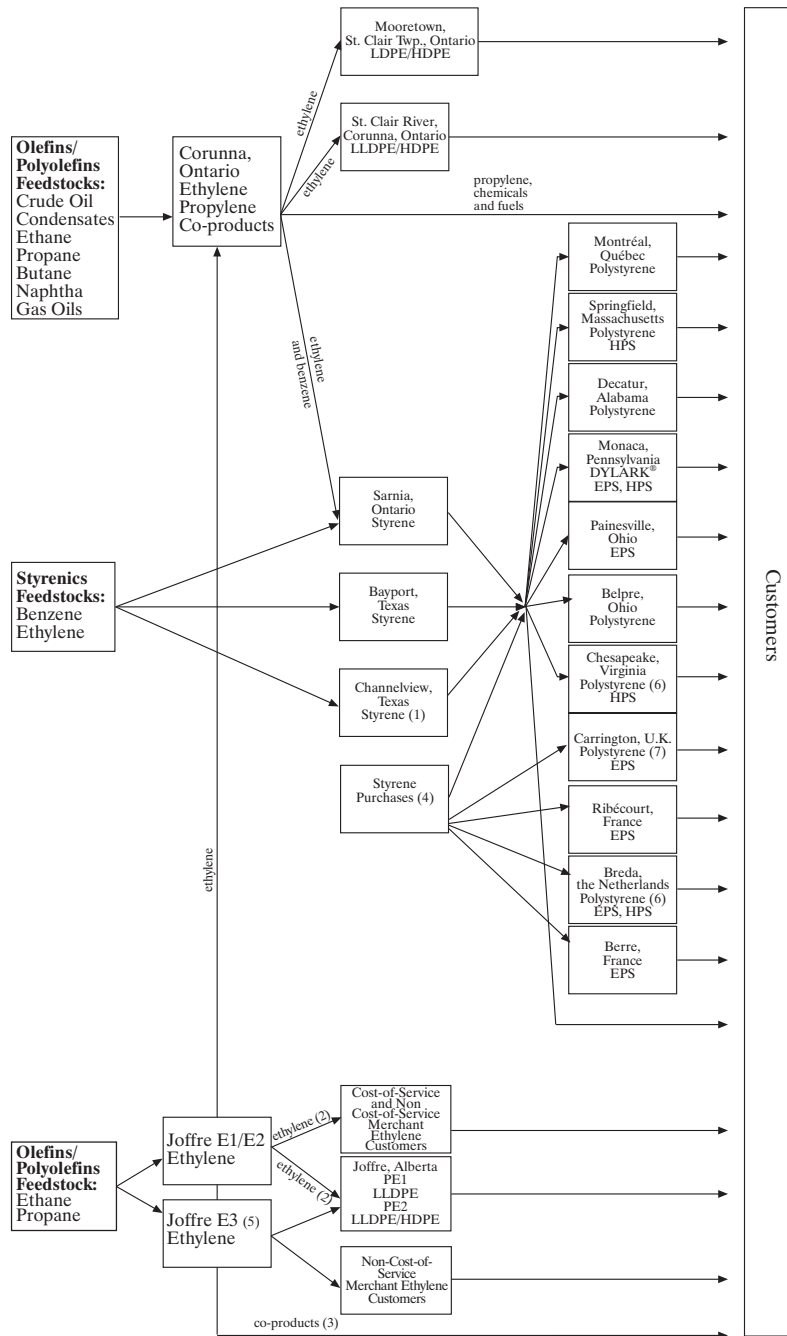
NOVA Chemicals’ 2002 capital expenditures were \$71 million, which included \$43 million in the olefins/polyolefins business and \$28 million in the styrenics business.

NOVA Chemicals also owns approximately 46.9 million shares or approximately 37% of Methanex, the world’s largest producer and marketer of methanol.

Production Facilities

The following two pages show NOVA Chemicals’ production facilities as at December 31, 2002 and the interrelationship between them and their principal products.

Product Flow Chart



Notes:

- (1) NOVA Chemicals owns an equity interest in this Lyondell propylene oxide/styrene monomer (“PO/SM”) facility. NOVA Chemicals provides its share of ethylene and benzene to this facility and receives only styrene from the facility pursuant to a long-term tolling arrangement. NOVA Chemicals also has a tolling arrangement for additional styrene from this facility.
- (2) E1 ethylene production is sold on a non cost-of-service basis. E2 ethylene production will continue to be sold on a cost-of-service basis until June 30, 2004. PE1 and PE2 purchase approximately 35% of E1, E2 and E3 ethylene production capacity.
- (3) A portion of Joffre co-products is provided to Corunna for feedstock.
- (4) Global styrene supply pool consists of long-term purchase agreements and transatlantic product swaps with other producers.
- (5) E3 is a joint venture between Dow and NOVA Chemicals. Nameplate capacity is 2.8 billion pounds per year. NOVA Chemicals’ share of the production capacity is 55%. NOVA Chemicals’ share of the production capacity is used internally or sold on a non cost-of-service basis.
- (6) Effective September 2002, suspension SPS reactors were shut down at Chesapeake, Virginia and Breda, the Netherlands.
- (7) Effective October 2002, the Carrington, U.K., EPS plant was idled.

Facility Profile⁽¹⁾

Site	Feedstocks	Main Products	2002 Rated Capacity ⁽¹⁾	
			(millions of lbs/year)	(kilotonnes/year)
Olefins/polyolefins (Western Canada)				
1. Joffre, Alberta	Ethane/Propane	Ethylene (E1)	1,600	726
	Ethane/Propane	Ethylene (E2)	1,800	816
	Ethane	Ethylene (E3) ⁽²⁾	1,550	703
		Co-products ⁽³⁾	770	349
	Ethylene	LLDPE (PE1)	1,310	594
		LLDPE & HDPE (PE2)	850	386
Olefins/polyolefins (Eastern Canada)				
2. Corunna, Ontario	Crude oil, condensates, ethane, butane, propane, naphtha, gas oils	Ethylene	1,600	726
		Propylene	750-875 ⁽⁴⁾	340-400
		Co-products ⁽⁵⁾⁽⁶⁾	3,250-3,750 ⁽⁵⁾⁽⁶⁾	1,475-1,700
3. St. Clair River plant site, Corunna, Ontario	Ethylene	LLDPE	275	125
		HDPE	395	179
4. Mooretown, St. Clair Township, Ontario	Ethylene	HDPE	505	229
		LDPE	325	147
TOTAL ETHYLENE PRODUCTION CAPACITY (Design Production)			6,550	2,971
TOTAL POLYETHYLENE PRODUCTION CAPACITY			3,660	1,660
Styrene Monomer				
5. Bayport, Texas	Benzene, ethylene	Styrene	1,250	568
6. Sarnia, Ontario	Benzene, ethylene	Styrene	950	431
7. Channelview, Texas ⁽⁷⁾	Benzene, ethylene	Styrene	400	182
TOTAL STYRENE PRODUCTION CAPACITY			2,600	1,181
Styrenic Polymers				
8. Beaver Valley Site, Pennsylvania ⁽⁸⁾	Styrene	EPS, HPS, DYLARK and other styrenic polymers	405	184
		Polystyrene	480	218
9. Belpre, Ohio	Styrene	EPS	140	64
10. Berre, France	Styrene	Polystyrene, EPS and HPS	410	186
11. Breda, the Netherlands ⁽⁹⁾	Styrene	Polystyrene and EPS	555	252
12. Carrington, United Kingdom ⁽¹⁰⁾	Styrene	Polystyrene and HPS polymers	300	136
13. Chesapeake, Virginia ⁽⁹⁾	Styrene	Polystyrene	425	193
14. Decatur, Alabama	Styrene	Polystyrene	130	59
15. Montréal, Québec	Styrene	EPS	85	39
16. Painesville, Ohio	Styrene	EPS	200	91
17. Ribécourt, France	Styrene	Polystyrene and HPS polymers	330	150
18. Springfield, Massachusetts	Styrene			
TOTAL STYRENIC POLYMERS PRODUCTION CAPACITY			3,460	1,569

Notes:

- (1) Capacity at December 31, 2002.
- (2) The annual design production capacity of E3 totals 2.8 billion pounds and is divided between Dow and NOVA Chemicals. NOVA Chemicals' share of the production capacity is 55%.
- (3) Co-products include crude C₄ hydrocarbons, pyrolysis gasoline, hydrogen, propylene, carbon dioxide and other hydrocarbons.
- (4) Variable depending on feedstock used.
- (5) Excludes propylene.
- (6) Variable depending on feedstock used includes crude C₄ hydrocarbons, C₅ dienes, dicyclopentadiene ("DCPD"), aromatics, C₉ resin oils, hydrogen and fuels.
- (7) This represents an equity position in the Lyondell, Channelview, Texas facility and the long-term tolling arrangement associated with that interest. It does not include a long-term tolling arrangement for an additional 400 million pounds.
- (8) Includes a total of 120 million pounds of production capacity divided between DYLARK engineering resin, ARCEL[®] moldable foam resin and polystyrene.
- (9) Effective September 2002, suspension SPS reactors were shut down at Breda, the Netherlands and Chesapeake, Virginia.
- (10) Effective October 2002, the Carrington, U.K., EPS plant was idled.

Olefins/Polyolefins

The olefins/polyolefins business manufactures ethylene and polyethylene. As part of NOVA Chemicals' ethylene production process, and in the preparation of feedstocks for this process, a number of chemical and energy co-products are also manufactured, including propylene, crude C₄ hydrocarbons, C₅ dienes, aromatics, C₉ resin oils, DCPD, hydrogen, fuels and carbon dioxide. Olefins/polyolefins revenue was \$1.9 billion in 2002, which represented approximately 60% of NOVA Chemicals' total 2002 revenue (before intersegment eliminations). Olefins/polyolefins revenue for 2001 was \$2.0 billion, which represented approximately 61% of NOVA Chemicals' total 2001 revenue (before intersegment eliminations).

Ethylene

NOVA Chemicals has an annual production capacity of approximately 6.6 billion pounds of ethylene, a commodity chemical produced from natural gas liquids and crude oil derived feedstocks. Ethylene is used in the manufacture of polyethylene, styrene, polystyrene and polyvinyl chloride, as well as chemical intermediates such as ethylene oxide, ethylene glycol, ethylene dichloride and vinyl acetate. NOVA Chemicals produced approximately 5.4 billion pounds of ethylene in 2002 at its facilities in Joffre, Alberta and Corunna, Ontario.

Joffre, Alberta Facility

NOVA Chemicals' has three ethylene production facilities at Joffre, E1, E2 and E3. These three plants have an annual production capacity of 1.6, 1.8 and 2.8 billion pounds of ethylene respectively, for a total combined capacity of 6.2 billion pounds. Production capacity at E3, which started up in August 2000, is shared by NOVA Chemicals and Dow at a 55:45 ratio, bringing NOVA Chemicals' proprietary share of Joffre ethylene production capacity to 5.0 billion pounds. The combined co-product production capacity of E1, E2 and E3 is approximately 770 million pounds ("mmlbs").

Ethylene produced at E1 and E2 was originally sold under cost-of-service sales arrangements. The cost-of-service sales contract for E1 expired on December 31, 1998 and was replaced by more market facing contracts. These contracts included a tolling arrangement using part of the production capacity of E1 as well as sales contracts which use a pricing methodology which consists of a cost recovery mechanism combined with a market-index component. The cost recovery mechanism allows NOVA Chemicals to recover almost all of its costs of production associated with the ethylene from E1 which is sold to third parties. The market-index component allows NOVA Chemicals to earn a margin on the third party sales which fluctuates with market prices. Approximately 55% (0.87 billion pounds) of the ethylene capacity at E1 is contracted to third parties with substantially all of the remaining 45% used to support NOVA Chemicals' polyethylene production.

Ethylene produced at E2 has been sold under 20 year cost-of-service sales contracts with approximately 58% of production, net of resales, being sold to third parties. These cost-of-service contracts are based on a pricing formula which allows NOVA Chemicals to recover, from third parties, a proportionate share of capital and operating costs (including feedstock, fuel and depreciation) and financing costs (including debt amortization) plus a 20% after tax return on equity based on a deemed debt to equity ratio. Cost-of-service arrangements remain in place for E2 until June 30, 2004. NOVA Chemicals is currently negotiating contractual arrangements with potential purchasers of ethylene from E2 for the post June 2004 period. Ethylene from E2 which is not sold to third parties will be used internally by NOVA Chemicals.

NOVA Chemicals' share of ethylene produced at E3 supports polyethylene production at PE2, which uses Advanced SCLAIRTECH technology and supplies ethylene to third parties under long term sales agreements. Since 2000, NOVA Chemicals has contracts in place to market approximately 1.2 billion pounds per year of ethylene from E3 to third parties. The third party contractual arrangements at E3 are similar to the market facing arrangements at E1.

All of the ethylene plants at Joffre use ethane as primary feedstock. Ethane is supplied under medium to long-term ethane supply agreements with owners of natural gas liquids extraction and fractionation plants located in Alberta. NOVA Chemicals has contracted for a supply of ethane with remaining terms of between five and 17 years. NOVA Chemicals balances its ethane requirements with the supply and demand for ethane by using inventory and short-term spot purchases and sales. Further, in 2003, NOVA Chemicals will enhance its

feedstock availability through the development of new sources of ethane. The first is from the Joffre ethane extraction facility, adjacent to the Joffre site, which is designed to extract natural gas liquids from the fuel gas used at the Joffre site as well as from other sources. The second additional supply is expected to be available from technological modifications to existing extraction plants which enable the extraction of additional volumes of ethane from the same volume of natural gas (“deep cuts”).

In addition to ethane, NOVA Chemicals now has the flexibility to use propane for a portion of the feedstock requirements of its Joffre ethylene plants. Propane cracking trials were successfully conducted on Joffre’s E1 plant and NOVA Chemicals has since installed propane injection facilities in all three ethylene plants. This will enable the Joffre site to optimize cost and supply of feedstock whenever favourable market conditions exist.

NOVA Chemicals will continue to look at opportunities to expand feedstock flexibility and supply in an effort to enhance operating flexibility and longer term growth opportunities.

The Alliance pipeline continues to transport natural gas containing natural gas liquids, including ethane, out of Alberta. This has reduced the potential supply of ethane in Alberta and may limit major growth of petrochemicals in the Province.

As part of the ethylene production process at Joffre, approximately 770 mmlbs of co-products are also manufactured. Co-products include hydrogen, propylene, crude C₄ hydrocarbons and C₅ streams. NOVA Chemicals sells up to 85,000 metric tonnes of hydrogen annually to an Alberta based customer under a long-term contract. Co-products, other than hydrogen, are shipped by railcar from Joffre to markets in Alberta, Ontario and the U.S. Gulf Coast.

NOVA Chemicals owns interests in ethane and ethylene pipelines in Alberta, and ethane and ethylene storage facilities in Alberta and Ontario. NOVA Chemicals also owned a 20% interest in the Cochin pipeline, which principally transports propane, ethane and ethylene from Alberta to markets in Ontario and the United States. In January 2002, NOVA Chemicals sold its 20% interest in the Cochin pipeline for \$64 million. The Cochin pipeline is an open access/common carrier pipeline. As such, NOVA Chemicals continues to have access to this pipeline to ship products to eastern Canada. NOVA Chemicals manages part of its ethylene supply balance by transferring ethylene from Joffre to Corunna, Ontario via the Cochin pipeline.

Joffre, Alberta Cogeneration Plant

In June 2000, ATCO Power Canada Ltd. (“ATCO”), EPCOR Power Development Corporation (“EPCOR”) and NOVA Chemicals officially opened a natural-gas-fired cogeneration power plant with a nominal installed annual peak capacity of 450 megawatts at NOVA Chemicals’ production site at Joffre, Alberta. The power plant supplies the electrical and steam needs for the entire Joffre petrochemical site, with excess power sold to Alberta’s provincial power grid. The three companies jointly own the cogeneration facility, with ATCO serving as the facility operator. The respective equity interests of the parties are 40% for each of ATCO and EPCOR and 20% for NOVA Chemicals.

Corunna, Ontario Facility

The Corunna olefins facility, located near Sarnia, Ontario, has an annual production capacity of approximately 1.6 billion pounds of ethylene. The Corunna olefins facility has the flexibility to process a wide range of hydrocarbon feedstocks including crude oil, condensates, ethane, propane, butane, naphtha and other gas oils to produce primary petrochemicals for use by NOVA Chemicals’ downstream operations and for sale to third parties. Virtually all ethylene production from the Corunna olefins facility is used internally by NOVA Chemicals to produce polyethylene and styrene.

The blend of feedstocks processed in the Corunna olefins facility determine the range of co-products obtained, with heavier feedstocks such as naphtha producing more co-products. Co-products include benzene (used by NOVA Chemicals in the production of styrene), propylene, crude C₄ hydrocarbons, C₅ dienes, DCPD, aromatics, C₉ resin oils, hydrogen and fuels. Total volumes of co-products are in the range of 4.0-4.6 billion pounds per year.

Feedstocks for the Corunna olefins facility are obtained from a wide variety of sources. A substantial proportion of crude oil, the main feedstock, is sourced from western Canadian and United States domestic producers and delivered via the Enbridge Inc. (“Enbridge”) pipeline system. Condensate, a lighter feedstock than crude oil, yields a higher proportion of olefins feedstocks versus fuel oil products. Crude oil and condensate feedstock are also sourced from outside North America with delivery via pipeline from Portland, Maine connecting to Enbridge’s reversed line No. 9 in Montreal, Quebec, providing Corunna with purchasing flexibility and less reliance on western Canadian crude and condensates. Ethane, propane, butane and naphtha are sourced from western Canadian and local producers.

Polyethylene

NOVA Chemicals has an annual production capacity, as at December 31, 2002, of approximately 3.7 billion pounds of polyethylene. Polyethylene is a polymer produced from ethylene and is used in a wide variety of applications such as packaging, plastic pipe, blow-molded drums and plastic containers. NOVA Chemicals produced approximately 2.8 billion pounds of polyethylene in 2002. NOVA Chemicals produces polyethylene from ethylene supplied from its Joffre, Alberta and Corunna, Ontario facilities at three locations in Canada, Joffre, Corunna and Mooretown, St. Clair Township, Ontario.

NOVA Chemicals’ first polyethylene plant located at Joffre, PE1, has an annual production capacity of approximately 1.3 billion pounds and produces LLDPE from ethylene supplied from E1, E2 and E3. The plant utilizes UNIPOL® technology licensed from Dow. NOVA Chemicals pays no royalties for the use of this technology and independently sustains and develops this technology as used in the NOVA Chemicals’ facilities.

NOVA Chemicals’ polyethylene plant located near Mooretown has an annual production capacity of approximately 830 mmlbs and produces both LDPE and HDPE. Ethylene feedstock is supplied from the Corunna olefins facility and from Joffre via the Cochin pipeline. This plant also uses the UNIPOL technology licensed from Dow for production of HDPE resins and Dow’s high pressure process for the production of LDPE resins. NOVA Chemicals pays no royalties for the use of this technology and independently sustains and develops this technology as used in the NOVA Chemicals’ facilities.

In June 1994, NOVA Chemicals purchased DuPont’s Canadian polyethylene business. Assets of the business included a polyethylene plant located at the St. Clair River plant site in Corunna, the proprietary SCLAIRTECH technology and a global SCLAIRTECH technology licensing business. This plant has an annual production capacity of approximately 670 mmlbs and produces both LLDPE and HDPE. Ethylene feedstock is supplied from the Corunna olefins facility and from Joffre via the Cochin pipeline.

NOVA Chemicals is committed to further developing the SCLAIRTECH technology and in December 1996 announced that it had developed Advanced SCLAIRTECH technology. Advanced SCLAIRTECH solution-phase technology yields high performance polyethylene resins with several advantages over traditional polyethylene resins. A second polyethylene plant at Joffre, PE2, began commercial production in July 2001 using Advanced SCLAIRTECH technology. The plant has a design capacity of 850 mmlbs per year. In 2001, a total of 188 mmlbs of polyethylene produced at PE2 was sold from a product slate of 6 grades. In 2002, 410 mmlbs of polyethylene were sold and the number of grades increased to 16. These products compete with octene and metallocene resins which are known for their toughness and processability. The PE2 plant is now running both proprietary Ziegler-Natta catalyst and single site catalysts. The final product slate is expected to contain about 30 commercial grades.

In May 2002, NOVA Chemicals launched its first octene-based LLDPE resins for film applications, made at PE2 at Joffre using Advanced SCLAIRTECH solution-phase technology.

Other Facilities

In the third quarter of 2001, a linear alpha olefins (“LAO”) plant was commissioned on NOVA Chemicals’ Joffre, Alberta site by a predecessor of BP Canada Chemical Company. NOVA Chemicals supplies ethylene to the LAO plant and receives linear alpha olefins for use by NOVA Chemicals’ polyethylene facilities at a competitive cost, contributing to the cost-efficiencies of the large-scale Joffre site.

Sarnia, Ontario Cogeneration Plant

In September 2000, TransAlta Energy Corporation (“TransAlta”) announced it had signed an agreement to build, own and operate a 440 megawatt cogeneration plant near Sarnia, Ontario and acquire existing utility plants representing 210 megawatts from NOVA Chemicals, Dow and Bayer Inc. (“Bayer”). In October 2002, NOVA Chemicals, Bayer and Dow completed the sale of their existing utility plants near Sarnia to TransAlta and began to purchase steam and power from TransAlta pursuant to the agreements made in September 2000. Full commercial operation of TransAlta’s new cogeneration plant is expected in the first quarter of 2003.

Styrenics

In December 1998, NOVA Chemicals expanded its styrenics business to include an additional 1.25 billion pounds of styrene capacity and an additional 1.7 billion pounds of polystyrene manufacturing capacity at plants in North America and Europe purchased from Huntsman. With the acquisition of Shell’s European polystyrene assets in January 2000, NOVA Chemicals has 3.5 billion pounds of polystyrene capacity world wide. Styrenics revenue was \$1.3 billion in 2002, which represented approximately 40% of NOVA Chemicals’ total 2002 revenue (before intersegment eliminations). Styrenics revenue for 2001 was \$1.3 billion, which represented approximately 39% of NOVA Chemicals’ total 2001 revenue (before intersegment eliminations).

With two wholly owned styrene plants, and an equity position in Lyondell’s PO/SM facility at Channelview, Texas, NOVA Chemicals has the capacity to produce 2.6 billion pounds of styrene annually. Most of this styrene is used internally.

NOVA Chemicals produces SPS (which comes in various forms including crystal and high impact), EPS (foamable resin beads) and HPS (SPS and styrene co-polymers and blends incorporating additives such as color, flame retardants and UV-resistant stabilizers). Styrenic polymers are used in the manufacture of a wide range of consumer and industrial products including electronics and food packaging, television consoles, computer peripherals, insulation foam for construction, medical applications and housewares.

North American Styrene

NOVA Chemicals has a total rated production capacity of 2.6 billion pounds of styrene per year at sites in Sarnia, Ontario; Bayport, Texas; and Channelview, Texas (equity position in one of the two facilities located at the Channelview site). The Sarnia facility has a rated capacity of 950 mmlbs per year of styrene production. Bayport has a rated capacity of 1,250 mmlbs and Channelview provides 400 mmlbs of annual capacity. In addition, as part of the acquisition of ARCO’s plastics business in 1996, NOVA Chemicals entered into a tolling agreement with Lyondell (as successor to ARCO) for approximately 400 million additional pounds per year of styrene monomer from the Channelview plant. The balance of NOVA Chemicals’ styrene requirements are obtained through long-term contracts.

Styrene is produced from benzene and ethylene. NOVA Chemicals supplies a portion of its internal requirements for these feedstocks and enters into other arrangements with third parties for the remainder. To optimize the logistics costs of supplying styrene to its manufacturing facilities and to balance internal requirements between North America and Europe, NOVA Chemicals enters into transatlantic product swaps with other producers. Additionally, NOVA Chemicals participates in the merchant market as a seller of styrene monomer to third parties.

All of the ethylene and a significant portion of the benzene requirements for the Sarnia styrene facility are supplied from NOVA Chemicals’ Corunna, Ontario olefins facility. The balance of the benzene feedstock is obtained from nearby petroleum refineries. Except for some ethylene obtained through exchange, the balance of ethylene and all benzene for the Bayport and Channelview facilities are obtained from external sources.

In August 2002, NOVA Chemicals and BASF signed a long-term styrene monomer supply contract. The agreement commits NOVA Chemicals to supply styrene monomer to BASF’s downstream styrenics business in North America. In addition, the contract commits BASF to supply styrene monomer to NOVA Chemicals’ European downstream styrenics business. The agreement gives both producers a low-cost styrene monomer position for their respective SPS and EPS businesses. NOVA Chemicals plans to meet its supply commitment to BASF from existing facilities in North America, including a planned 450 mmlb debottlenecking of its Bayport

styrene plant. NOVA Chemicals' Bayport capacity will increase to 1.7 billion pounds in 2004 and total styrene monomer capacity will increase by about 17% to 3.05 billion pounds per year.

North American Expandable Polystyrene

NOVA Chemicals produces EPS at its Beaver Valley site at Monaca, Pennsylvania and at its Painesville, Ohio facility. Their total rated production capacity of 370 mmlbs ranks NOVA Chemicals as the largest EPS producer in North America. EPS resins are used in applications such as foam cups, insulation board and foam packaging. The EPS cup grade is sold under the trademark DYLITE®. The Beaver Valley site also produces ARCEL moldable foam which contains polystyrene and polyethylene. This expandable bead is sold into the protective packaging market. In 2001, ULTRA LOW™ EPS was introduced. This technology produces EPS with 50% less pentane than standard grades and 25% less than other low pentane EPS grades without a sacrifice in product properties.

In May 2001, NOVA Chemicals converted a portion of its existing EPS capacity to premium DYLITE cup and container bead production at its Beaver Valley site. This project has increased Beaver Valley's DYLITE cup and container bead capacity by almost 60%. Total styrenic polymer production capacity at Beaver Valley remains at 405 mmlbs.

North American High Performance Styrenics

NOVA Chemicals produces HPS at its Springfield, Massachusetts and Chesapeake, Virginia facilities. Both facilities also produce SPS. Chesapeake is the location of the research and technology center for HPS. Compounding assets at the Chesapeake site allow NOVA Chemicals to produce custom colour, as well as flame retardant and UV-resistant products. In addition, NOVA Chemicals contracts with two compounders to manufacture HPS polymers. Current sales in the HPS business are in ignition resistant products used primarily for television cabinets and marketed under the trademark ZYNTAR®, NAS® and ZYLAR® (high clarity styrene acrylic co-polymers and blends or alloys thereof, respectively) and enhanced colouring UV SPS make up the balance of the HPS products.

North American Polystyrene

NOVA Chemicals' SPS business has a total of five manufacturing facilities in North America (Belpre, Ohio; Chesapeake, Virginia; Decatur, Alabama; Montréal, Québec; and Springfield, Massachusetts). Total styrenic polymer production capacity for North America is 1.8 billion pounds annually, consisting of crystal polystyrene, impact polystyrene, HPS and DYLARK. In June 2001, NOVA Chemicals idled, and continues to idle, 100 mmlbs per year of SPS capacity at its Belpre, Ohio site. Additionally, in September 2002, the SPS suspension reactors at Chesapeake, Virginia were shut down to reduce costs. These reactors had a production capacity of 100 mmlbs per year.

Crystal polystyrene end-use applications include CD jewel boxes, food packaging, one-time-use foodservice ware (cups/plates/bowls/utensils), medical applications, fast-food/convenience packaging and insulation. Impact polystyrene resins are used in applications such as office/desk supplies, small appliances, industrial spools, bathroom accessories, electronics housings, food packaging and one-time-use foodservice ware.

DYLARK Resin

The Beaver Valley site at Monaca, Pennsylvania also produces DYLARK which is a modified styrenic based polymer that provides ease of processing, performance at elevated temperatures and foam adhesion for use in soft instrument panels in the global automotive industry.

Europe

The European styrenics business has four manufacturing sites. With the Huntsman acquisition, NOVA Chemicals acquired plants at Carrington, United Kingdom and Ribécourt, France. With the Shell acquisition, NOVA Chemicals doubled its styrenic polymer production capacity in Europe with the acquisition of a second plant at Carrington and plants at Berre, France and Breda, the Netherlands. The Shell acquisition

also included a research and technology center located in Breda. Total rated styrenic polymer production capacity in Europe is 1.3 billion pounds annually. NOVA Chemicals is the third largest producer of styrenic polymers in Europe.

NOVA Chemicals has the capability to produce EPS at four of its European sites, with an aggregate capacity of 695 mmlbs, making it the largest producer of EPS in Europe.

In October 2002, the EPS plant at Carrington was idled and will continue to be idled for an indefinite period. The idling reduces costs and reduces NOVA Chemicals' EPS production capacity by 165 mmlbs per year. NOVA Chemicals' existing European EPS customers are being supplied from NOVA Chemicals' other European production facilities. The SPS plant operations on the same site was not affected by this decision.

NOVA Chemicals produces SPS at two of its European sites, Breda and Carrington, with an aggregate capacity of 610 mmlbs per year. NOVA Chemicals is the sixth largest producer of SPS in Europe. In September 2002, two of the three existing SPS suspension reactors at Breda were shut down in order to reduce costs. The reactors had a product capacity of 55 mmlbs per year. The Breda site also produces HPS.

NOVA Chemicals does not produce any of its own styrene in Europe. It purchases styrene from third parties and has entered into transatlantic product swaps of NOVA Chemicals' produced styrene to satisfy its styrene requirements. NOVA Chemicals has entered into a medium-term styrene purchase agreement with Shell, which provides feedstock for the former Shell plants.

Fribourg, Switzerland is the commercial headquarters for the European styrenics business, international polyethylene sales and technology licensing. The Fribourg location houses approximately 60 employees. The Breda technology center houses approximately 25 employees and centralizes all research, technology and product support activities for the European region. A shared services center in Manchester, United Kingdom provides support functions such as finance, information technology, the Responsible Care® program, supply chain and human resources and is staffed by approximately 30 employees.

Methanex — Equity Investment

In January 1994, NOVA Chemicals completed a series of transactions whereby it exchanged its methanol facilities for common shares of Methanex and purchased additional Methanex common shares and common share installment receipts. As a result of these transactions, NOVA Chemicals became the largest shareholder in Methanex owning approximately 24% of its common shares. During 2001, Methanex completed a substantial issuer bid for 18% of its outstanding common shares and subsequently commenced a normal course issuer bid for not more than 10% of the "public float" of its common shares. NOVA Chemicals did not tender any of its common shares. As at December 31, 2002 NOVA Chemicals' holding in Methanex was 37.4%. In 2002, NOVA Chemicals' interest in Methanex yielded earnings of \$5 million (after-tax), compared with earnings of \$11 million (after tax) for 2001. The decline was primarily due to a write-off of Methanex's Fortier, Louisiana facility. This facility has been mothballed since 1999. NOVA Chemicals' share of this write-off is \$27 million (after tax) based on its 37.4% ownership. In July 2002, Methanex announced the commencement of a regular quarterly dividend to shareholders of \$0.05 per share. The first quarterly dividend was paid September 30, 2002 which resulted in NOVA Chemicals receiving \$2.35 million. A second dividend of \$2.35 million was paid on December 31, 2002. In January 2003 Methanex announced a special dividend of \$0.25 per share, payable February 14, 2003. NOVA Chemicals will receive approximately \$12 million in the first quarter of 2003 as a result of the special dividend.

Methanex is the world's largest producer and marketer of methanol, which is used in the manufacture of formaldehyde, methyl tertiary butyl ether and acetic acid. Methanex produces methanol at facilities located in North America, New Zealand and Chile.

DISTRIBUTION OF PRODUCTS

NOVA Chemicals' products are marketed primarily through its sales force, with support from established distributors and traders. When products produced in Canada are sold into the United States, NOVA Chemicals sells such products to its wholly owned subsidiary, NOVA Chemicals Inc., for resale through distribution arrangements. Distribution agreements among NOVA Chemicals' affiliates provide for arm's length commissions.

European and Asian sales are made by NOVA Chemicals' subsidiary, NOVA Chemicals (International) S.A., either directly or through distribution arrangements.

No significant portion of NOVA Chemicals' business is dependent upon a single customer. Sales to Canadian and United States federal, state, provincial and local governmental bodies account for less than 1% of annual sales.

Geographic Distribution of Revenue by Segment

The following table summarizes for the years ended December 31, 2002, 2001 and 2000, the geographic segments in which NOVA Chemicals sells its products and the percentage of sales in such segment:

Geographic Segment	Percentage of Sales, Year Ended December 31		
	2002	2001	2000
Canada	35%	39%	34%
United States	46%	44%	46%
Europe and Others	19%	17%	20%

LOGISTICS

NOVA Chemicals leases approximately 6,000 railcars from various companies for use in transportation and delivery of its polyethylene and polystyrene products to customers in North America. NOVA Chemicals also owns approximately 350 railcars. Trucks are used for distributing products sold in bags and boxes and smaller loads of bulk products. Transport ships are used to transport bulk product, mostly to Asia. NOVA Chemicals does not own or lease trucks or ships, but does pay transportation fees under short-term arrangements.

NOVA Chemicals' feedstocks and co-products are produced in liquid or gaseous form, and are transported primarily by pipeline, but also in significant quantity by barge, truck and in rail tank cars. NOVA Chemicals leases approximately 1,400 rail tank cars from various companies in order to transport feedstocks, co-products and styrene monomer.

COMPETITION

NOVA Chemicals competes with other commodity chemical producers on the basis of price, deliverability service, product quality and performance. Among NOVA Chemicals' competitors are some of the world's largest chemical companies and major integrated oil companies that are larger and have greater financial resources. Some also have their own raw material resources. The keys to competing successfully in this industry are scale of facilities and low cost feedstocks.

Prices for NOVA Chemicals' petrochemical and polymer products are determined by market factors like supply/demand balances and feedstock costs that are beyond NOVA Chemicals' control. NOVA Chemicals generally sells these products at prevailing market prices but, on occasion, negotiates the current market price. One exception to product sales being made at prevailing market prices is the sale of ethylene produced at E2.

PATENTS, LICENSES AND TRADEMARKS

NOVA Chemicals owns directly, or licenses from affiliates, a large number of patents in Canada, the United States and other countries. NOVA Chemicals also owns, or licenses through a wholly owned subsidiary, a number of trademarks which are used to identify various petrochemical products. While these patents and trademarks constitute valuable assets, NOVA Chemicals does not regard any single patent or trademark as being material to its operations as a whole.

During 2002, 50 patent applications were filed in the name of NOVA Chemicals or its subsidiaries world wide. These include divisional and continuation patent applications as well as national and regional patent applications (which may result in more than one issued patent). Forty-two of the applications were in the olefins/polyolefins field and eight were in the styrenics field. World wide, during 2002, 33 patents were issued to NOVA Chemicals or its subsidiaries, 26 in the olefins/polyolefins field and seven in the styrenics field.

TECHNOLOGY

While a number of NOVA Chemicals' technologies are licensed from third parties, and are therefore subject to certain restraints concerning fields of use, NOVA Chemicals actively maintains and supports all of its technologies to maintain its competitive position.

Olefins/Polyolefins

In November 2000, NOVA Chemicals announced the successful transition of its Advanced SCLAIRTECH technology Ziegler Natta (Z-N) catalyst to its gas-phase plant, PE1, in Joffre, Alberta. The new drop-in catalyst NOVACAT™ T provides enhanced throughput, product range and properties when compared with conventional Z-N catalysts in commercial gas-phase polyethylene production facilities.

Advanced SCLAIRTECH technology yields high performance polyethylene resins with several advantages over traditional polyethylene resins. NOVA Chemicals' PE2 plant at Joffre was designed to use Advanced SCLAIRTECH technology. PE2 began commercial production in July 2001 using Z-N catalysts adapted for use with the Advanced SCLAIRTECH technology platform. At the end of 2002, NOVA Chemicals was using Advanced SCLAIRTECH technology to produce 16 grades of resins for commercial sale.

In December 2001, NOVA Chemicals began trial polymerizations using a single site catalyst with the Advanced SCLAIRTECH technology platform at Joffre. This catalyst combines the best qualities of traditional Z-N catalysts and single site catalysts and creates polyethylene having significantly enhanced polymer properties. This represents a significant demonstration of the commercial applicability of single site catalysts on the Advanced SCLAIRTECH technology platform. During 2002, additional commercial trials of NOVA Chemicals' single site technology were successfully completed and extensive product performance trials were completed with selected development partners. The results of the trials met or exceeded expectations, and indicated that the product performance was highly competitive to existing commercial benchmarks. On this basis, in 2003 NOVA Chemicals will proceed with commercial production of polyethylene using a single site catalyst with the Advanced SCLAIRTECH technology platform at PE2.

In April 2002, NOVA Chemicals announced the commercial introduction of a new group of premium octene copolymer polyethylene resins for film applications, called SCLAIR ASTute™ FP120. These new resins are specifically for use in premium film applications, including food and specialty packaging, laminations and co-extrusions and heavy-duty shipping sacks. The grades also meet U.S. Food & Drug Administration requirements for food contact.

In February 2001, NOVA Chemicals and BP announced an agreement to jointly develop and commercialize advanced Z-N catalysts including NOVACAT T for gas-phase polyethylene processes, including BP's INNOVENE® gas-phase process. During 2002, further enhancements to the NOVA Chemicals' NOVACAT T catalyst have been commercially demonstrated, focusing on reactor rate improvements and extension of the product slate. In particular, NOVA Chemicals has commercialized new hexene resins for use in applications demanding high puncture resistance, as well as growing the volume of LLDPE butene copolymers manufactured at the Joffre plant.

In July 2002, NOVA Chemicals and BP entered into an agreement under which NOVA Chemicals granted BP the rights to use and sub-license its proprietary single-site catalyst technology. In turn, BP licensed its metallocene catalyst technology portfolio to NOVA Chemicals for use in polyethylene manufacturing. By working together, the companies expect to help accelerate new technology advances that produce gas-phase polyethylene resins delivering both superior performance and value to customers. NOVA Chemicals and BP will cooperate in both the sale of catalysts and the licensing of the combined portfolio of metallocene and single site catalysts.

NOVA Chemicals' other polyethylene technologies include UNIPOL gas-phase polymerization technology. NOVA Chemicals independently sustains and develops this technology as used in NOVA Chemicals' facilities. During 2002, nine new polyethylene grades were introduced at NOVA Chemicals' gas-phase plants. Six of these were LLDPE and three were HDPE grades manufactured at the Moore, Ontario plant. These developments are one component of NOVA Chemicals' product development efforts across the full polyethylene asset base.

In April 2002, NOVA Chemicals and Kubota Corporation ("Kubota") reached an agreement under which NOVA Chemicals licensed its ANK400 anti-coking technology to Kubota. Kubota will manufacture and globally market the product to ethylene facilities for gas feedstock cracking applications. ANK400 is a new anti-coking furnace tube product that increases on-stream time for ethylene furnaces. This new technology achieves an inner surface chemistry with a demonstrated ability to significantly reduce catalytic coking.

Styrenics

NOVA Chemicals also owns or has rights to a significant portfolio of styrenics technology, both in the fields of production and styrenics applications. Prior to the Huntsman acquisition, NOVA Chemicals licensed technology from a number of other companies and developed its own technology for the polymerization of styrenic polymers. As part of the Huntsman and Shell acquisitions, NOVA Chemicals acquired additional access to a broad range of styrenics technology and an experienced workforce with insight into the current and potential application of this technology. The Shell workforce transferred to NOVA Chemicals is comprised of highly skilled researchers and technicians. With the Shell acquisition, NOVA Chemicals acquired substantive additional product and process technology related to EPS manufacture as well as knowledge in polystyrene and HPS. The technologies acquired include the one-step process Shell technology for EPS and polystyrene process technology relating to several HPS products.

In May 2002, NOVA Chemicals announced that its STYROSUN® weather-resistant polystyrene was available in North America. STYROSUN is an ethylene propylene diene monomer based high-impact polystyrene. In addition to its strength, it exhibits higher resistance to UV rays and oxidative deterioration than traditional styrene polymers. STYROSUN polystyrene is available in extrusion and injection molding grades and is produced at NOVA Chemicals' manufacturing facility in Breda, the Netherlands. STYROSUN polystyrene is currently used in numerous outdoor applications including telecommunications equipment, transportation and recreational vehicles, household appliances, placards, billboards and building and construction elements. In addition, applications for UV-resistant STYROSUN polystyrene continue to grow in the wood replacement market for such applications as outdoor decking, porch railings and decorative molding.

In June 2002, NOVA Chemicals announced new patent coverage on volatile organic compound free EPS technology. This technology has the potential to reduce the pentane content in EPS to zero, using water instead of pentane. This would reduce the transportation hazards and air quality concerns associated with pentane. In addition, NOVA Chemicals will be increasing the capacity of high margin products at its Beaver Valley site at Monaca, Pennsylvania. NOVA Chemicals will double the manufacturing capacity for ARCEL foam resin and increase capacity for DYLLARK engineering resins by 10 mmlbs per year. The total capital cost for the ARCEL and DYLLARK resin expansions will be modest.

In October 2002, NOVA Chemicals announced the commercialization of a new ZYLAR, a clear alloy of an acrylic co-polymer. The new ZYLAR 390 resin offers a significantly improved balance of clarity and toughness and also offers enhanced chemical resistance. Potential applications for the impact-modified resin include medical devices, appliance parts, personal care products and consumer electronics. ZYLAR 390 resin will initially be available in North America and Europe. One of the first applications for the new ZYLAR 390 resin is a surgical blood filter canister.

In January 2003, NOVA Chemicals purchased Deltech Polymers Corporation's ("Deltech") polystyrene business at nominal cost. The purchase included Deltech's customer base and associated technology for crystal polystyrene and methyl methacrylate-styrene copolymers and inventory of finished products. NOVA Chemicals did not acquire any production assets from Deltech and has no environmental or employment liability with respect to the Deltech purchase.

In January 2003, NOVA Chemicals announced the commercialization of a new advanced styrenic polymer. Designated FX550, the polystyrene resin offers high-impact and high-gloss properties for applications such as small appliances and housewares.

RESEARCH AND DEVELOPMENT

NOVA Chemicals spent \$32 million, \$33 million and \$31 million in the years 2002, 2001 and 2000 respectively, on research and development activities. NOVA Chemicals also spent \$7 million in 2002 and 2001 and \$8 million in 2000 on technical support and activities relating to improvements of existing products. NOVA Chemicals' operating budget for research and development for the year 2003 is \$36 million and \$9 million for technical support.

Olefins/Polyolefins

NOVA Chemicals olefins/polyolefins business conducts research at the NOVA Research & Technology Center and at the NOVA Chemicals Technical Center, both located in Calgary, Alberta. Both centers are equipped with state of the art test facilities for the development of new catalysts, olefin and polyolefin processes as well as full scale testing of new products. The demonstration plant for the Advanced SCLAIRTECH technology is located at the St. Clair River plant site in Corunna, Ontario and is capable of testing new catalysts, new polyethylene products, mixing methods in reactors and solvent separation processes.

Currently, the olefins/polyolefins business is supported by 173 technical and support staff working directly on the development of new technologies.

Styrenics

Since completion of the Shell acquisition in January 2000, NOVA Chemicals' styrenics business has operated three technical centers. In the United States, technical centers are situated at the Beaver Valley site in Monaca, Pennsylvania and at Chesapeake, Virginia. In Europe, NOVA Chemicals has a technical center at Breda, the Netherlands. The styrenics business also operates three pilot plants, one in the United States (the Beaver Valley site) and two in Europe (Ribécourt, France and Breda). These pilot plants are capable of simulating mass and suspension polymerization, as well as synthesis of EPS and the compounding of specialty blends and alloys. The styrenics business also provides computer-aided design engineering resources in Southfield, Michigan and Chesapeake to support DYLARK resin automotive applications and HPS customers, respectively. Some longer-term styrenics research programs are also carried out from NOVA Chemicals' research center in Calgary, Alberta.

The styrenics business is supported by 123 technical and support staff working directly on the development of new technologies.

In January 2002, NOVA Chemicals confirmed its commitment to polystyrene applications research with the official opening of a \$5 million European styrenics technology center in Breda. The Breda technology center provides NOVA Chemicals with the ability to develop new SPS, EPS and HPS styrenic polymers, support polystyrene converter customers in developing new applications for EPS, SPS and HPS polymers and provides increased technical support to NOVA Chemicals' polystyrene manufacturing plants around the world.

GOVERNMENT REGULATION AND ENVIRONMENTAL PROTECTION

Like other companies in its industry, NOVA Chemicals is subject to extensive environmental laws and regulations at all levels of government concerning the manufacture, processing and importation of certain petrochemical substances, air emissions, water discharges and the generation, handling, storage, transportation, treatment, disposal and clean-up of waste materials.

Although NOVA Chemicals believes that its businesses, operations and facilities are being operated in material compliance with applicable environmental laws and regulations, the operation of any petrochemical facility and the distribution of petrochemical products involve the risks of accidental discharges of hazardous materials, personal injury and property and environmental damage. Furthermore, applicable environmental laws and regulations provide for substantial fines and criminal sanctions in the event of non-compliance. There can be no assurance that NOVA Chemicals will not incur material costs or liabilities as a result of such occurrences or the enforcement of environmental laws.

Risk of substantial environmental costs and liabilities is inherent in particular operations and products of NOVA Chemicals, as it is with other companies engaged in similar businesses, and there can be no assurance that material costs and liabilities, including uninsured liabilities, will not be incurred with respect to future operations. NOVA Chemicals has liabilities and obligations arising under applicable environmental laws and regulations in connection with discontinued operations, and in addition has specific contractual obligations with respect to pre-closing environmental conditions at certain facilities divested by predecessor companies. Environmental investigations have been or are being conducted in accordance with governmental standards and guidelines at such discontinued operations and facilities. Remedial work based on these investigations has commenced. A \$12 million provision has been made in NOVA Chemicals' financial statements to cover the estimated costs of remediation of discontinued sites. At some locations, NOVA Chemicals has negotiated agreements to recover a portion of these costs from third parties on the basis of their previous activities. NOVA Chemicals has also accrued \$17 million towards the costs of future decommissioning and site restoration for currently operating facilities which have not yet been scheduled for closure.

NOVA Chemicals is currently involved in investigations and clean-ups under the U.S. Comprehensive Environmental Response, Compensation and Liability Act and comparable state laws in several jurisdictions in connection with hazardous substances which in the past had been transported to third party disposal sites. NOVA Chemicals does not believe that its share of response costs at any of such sites will, individually or in the aggregate, result in a material liability for NOVA Chemicals. It is possible that, based upon the nature of the hazardous substances generated at existing and discontinued operations, NOVA Chemicals may be involved in investigations and clean-ups in the future.

From time to time NOVA Chemicals has entered into various consent agreements or been subject to administrative orders for pollution abatement or remedial action in connection with its businesses.

NOVA Chemicals has operated an environmental audit program to determine regulatory compliance by its operating facilities since 1990. In September 1995, NOVA Chemicals developed a more comprehensive safety, health, environment and risk audit program. NOVA Chemicals' Responsible Care Audit Program was evaluated by a leading international environment, health and safety consulting firm in January 2002. On the basis of its review the consultant found that the Audit Program was progressive, soundly designed and effectively implemented, and concluded that it was highly rated when compared to other programs with which the consultant was familiar.

NOVA Chemicals has adopted the Responsible Care program as the basis for its overall safety, health, environment and risk program. The Responsible Care program is a comprehensive program which was initiated by the Canadian Chemical Producers' Association ("CCPA") and has since been adopted by the American Chemistry Council ("ACC") in the United States as well as by chemical industry associations in over 40 countries world wide. The Responsible Care program requires program participants to commit to the responsible management of the total life cycle of their products. NOVA Chemicals has implemented the Responsible Care program in all its Canadian and U.S. operations. NOVA Chemicals is accelerating the implementation of the Responsible Care program in its European operations and expects to achieve full implementation in 2003.

NOVA Chemicals is active in a number of voluntary environmental initiatives to reduce emissions and wastes from its facilities. In addition to participation in the CCPA's National Emissions Reduction Masterplan, NOVA Chemicals is also participating in Canada's Accelerated Reduction and Elimination of Toxics and Greenhouse Gas ("GHG") emissions management programs. Through an aggressive GHG emissions management program and its participation in Canada's Voluntary Climate Change Challenge and Registry Program, NOVA Chemicals is committed to economically viable solutions to climate change concerns, for example, NOVA Chemicals participation in the joint venture with ATCO and EPCOR to construct a natural-

gas-fired cogeneration power plant at its production site at Joffre, Alberta. This project has substantially reduced GHG emissions when compared with continuing to supply the electrical needs of the Joffre site from Alberta's primarily coal fired electrical generation facilities. NOVA Chemicals is also directly involved in the Canadian Chemical Industry's Environmental Performance Memoranda of Understanding with the Federal, Ontario and Alberta governments.

In December 2002, the Government of Canada announced its ratification of the Kyoto Protocol to the United Nations Framework Convention on Climate Change. The Kyoto Protocol requires Canada to reduce its GHG emissions by 6% below 1990 levels by 2012. A detailed Implementation Plan ("Plan") is expected to be developed by the Canadian government through ongoing consultations with provinces, territories, industry and other stakeholders within the next 18 months. The outcome of this Plan is uncertain and as a result NOVA Chemicals cannot estimate the effect on future consolidated results of operations, cash flows or financial position. The Corporation remains engaged in discussions with those developing the Plan and continuously assesses the commercial implications of the Kyoto Protocol for its markets around the world.

NOVA Chemicals is participating in an initiative by the ACC to conduct research into the long range health and environmental impacts of chemicals. This participation is consistent with NOVA Chemicals' Responsible Care commitment, and the resulting research will enable the chemicals industry to contribute to the scientific and public policy debates which impacts legislation affecting the industry.

Environmental capital expenditures for NOVA Chemicals, including pollution abatement and remedial programs, were \$6 million in 2002 and \$12 million in each of 2001 and 2000 and are estimated to be \$14 million in 2003. Operating expenses relating to environmental protection were \$12 million in 2002, \$14 million in 2001 and \$10 million in 2000 and are estimated to be \$11 million in 2003. Total remedial expenditures to dismantle and remediate discontinued facilities and sites totaled \$1 million in 2002 and \$3 million in each of 2001 and 2000. This figure is expected to be \$2 million in 2003. NOVA Chemicals believes it has sufficient capital resources to meet all of its present and anticipated future obligations under environmental protection legislation.

NOVA Chemicals is actively involved in promoting public awareness of the benefits of plastics through its participation in various industry associations.

EMPLOYEE AND LABOUR RELATIONS

NOVA Chemicals currently employs approximately 4,300 full-time employees globally.

Collective bargaining agreements with various unions, covering 518 of the approximately 3,775 North American employees, are in place at certain plants located in Ontario and the United States. The term of a collective bargaining agreement involving 59 employees at NOVA Chemicals' styrene plant in Sarnia, Ontario will expire on January 31, 2004. The term of a collective bargaining agreement involving 244 employees at NOVA Chemicals' Corunna, Ontario site will expire on March 31, 2004. A collective bargaining agreement involving 28 employees at the polystyrene plant at Springfield, Massachusetts was negotiated in September 1999 and will expire on September 30, 2007. A collective bargaining agreement involving 187 employees at the polystyrene plant at the Beaver Valley site in Monaca, Pennsylvania was negotiated in May 2001 and will expire on May 12, 2006.

Workforces in Europe are significantly more unionized than their North American counterparts. European employment laws and regulations are more restrictive than in North America. These factors operate to limit the flexibility of NOVA Chemicals' relations with its employees. Many of NOVA Chemicals' approximately 570 European employees are represented by works councils. A works council, elected by the employees, represents employees' rights and interests, including rights to information and consultation relating to conditions of work, working hours, remuneration and vacation entitlement.

NOVA Chemicals provides medical, health, life insurance, pension plans and other benefits to its employees, which are comparable with other companies in the chemical industry where its operations are located.

FOREIGN OPERATIONS

Foreign operations are subject to various risks differing from those in Canada including political events, tax changes, labour difficulties, price controls and other governmental actions. NOVA Chemicals actively addresses these risks as part of its risk management system.

With the Huntsman and Shell acquisitions, NOVA Chemicals' exposure to foreign operations increased as a significant amount of the assets acquired are in Europe. In addition to the economic risks of foreign operations, there are commercial, cultural and language differences that increase business risk.

NOVA Chemicals sells its products world wide. NOVA Chemicals has established commercial headquarters in Switzerland to coordinate commercial activities outside of North America and maintains representative offices in over 12 countries.

PROPERTIES

The "Facility Profile" on page 11 provides a description of NOVA Chemicals' production facilities. All production facilities are owned by NOVA Chemicals (except Channelview, Texas in which NOVA Chemicals only has an equity position).

NOVA Chemicals leases or owns in excess of 665,000 square feet of office space in numerous locations, mostly in North America. Its head office and Canadian operating center is located in Calgary, Alberta. Its global and United States operating center is located in Pittsburgh, Pennsylvania. Its European operating center is in Fribourg, Switzerland.

In March 2002, NOVA Chemicals completed the sale and leaseback of NOVA Chemicals' Calgary technology buildings and adjacent Corporation-owned lands. NOVA Chemicals signed an 18 year lease with two five-year options to renew the lease. Ongoing operation of the technology center will not be impacted in any way.

LEGAL PROCEEDINGS

NOVA Chemicals is involved in litigation from time to time in the ordinary course of its business. In management's opinion none of such litigation is material to NOVA Chemicals' financial condition or results of operations. The major legal proceedings against the Corporation are described below.

In 1987 a tank car containing butadiene owned by a subsidiary of Polysar, a predecessor of NOVA Chemicals, leaked and ignited while parked in New Orleans, Louisiana resulting in the evacuation of nearby inhabitants. At no time did Polysar have care, custody or control over the butadiene or the tank car. A number of separate individual and class actions for damages for personal injury and property damage were commenced against Polysar and others. The personal injury actions were consolidated into a single class action. The Louisiana Court decided to hear the matter in a series of mini trials, two of which have been completed. Polysar was not found liable for any punitive damages but was found liable for 5% of the compensatory damages. Polysar could potentially be liable for \$5 million to \$11 million. Although NOVA Chemicals' Writ Petition for Allowance of Appeal was denied by the Louisiana Supreme Court, NOVA Chemicals is in the process of filing a further Writ Petition for Allowance of Appeal with the United States Supreme Court. The ACC, as well as several other organizations whose members engage in the transportation of hazardous products, have agreed to file briefs in support of NOVA Chemicals.

In January 2001, Husky Oil Operations Ltd. ("Husky") filed a statement of claim against NOVA Chemicals alleging breach of a natural gas supply agreement. Husky is claiming Cdn. \$30 million. NOVA Chemicals has filed a Statement of Defence and believes that it has meritorious defences to Husky's claims and intends to vigorously defend against such litigation. Trial is set for September 2003.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

THREE YEAR SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information for each of the three years in the three year period ended December 31, 2002 included in NOVA Chemicals' 2002 Annual Report under the heading "Consolidated Six-Year Review" is incorporated by reference into this Annual Information Form.

DIVIDENDS

Payment of Dividends

Historically, NOVA Chemicals has paid dividends on its common shares at the rate of \$0.10 Canadian per quarter. In 2002, NOVA Chemicals paid \$23 million in dividends on its common shares. There are currently no material contractual restrictions on NOVA Chemicals' ability to declare and pay dividends on its common shares. The declaration and payment of dividends is at the discretion of the Board of Directors of NOVA Chemicals, which will consider earnings, capital requirements, the financial condition of NOVA Chemicals and other relevant factors. It is, however, the Corporation's intention to retain most of its earnings to support current operations, further reduce debt and continue to pay dividends at historic levels.

Dividend Record

NOVA Chemicals has paid the following dividends on common shares during the preceding three years:

		Dividends per share		
		2002	2001	2000
Common Shares Cdn.	\$0.40	\$0.40	\$0.40

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NOVA Chemicals' Management Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2002 included in NOVA Chemicals' 2002 Annual Report is incorporated by reference into this Annual Information Form.

MARKET FOR SECURITIES

COMMON SHARES

NOVA Chemicals' outstanding common shares are listed on the Toronto and New York stock exchanges.

The closing price for NOVA Chemicals' common shares on the Toronto Stock Exchange on December 31, 2002 was Cdn. \$28.89 and on March 4, 2003 was Cdn. \$25.78. The closing price on the New York Stock Exchange on December 31, 2002 was \$18.30 and on March 4, 2003 was \$17.42.

PREFERRED SECURITIES

NOVA Chemicals has preferred securities that are listed on the New York Stock Exchange. A principal amount of \$382.5 million of these preferred securities are listed.

NOVA Chemicals pays distributions on its preferred securities on a quarterly basis, at an annual rate of 9.5% on the \$210 million of preferred securities due 2047 and 9.04% on the \$172.5 million of preferred securities due 2048. NOVA Chemicals has the right to redeem the preferred securities at any time on or after October 22, 2003 and January 26, 2004, respectively. These distributions are tax deductible. NOVA Chemicals has the right, under certain circumstances, to elect to defer payment of distributions on the securities for up to 20 consecutive quarterly periods. No distributions have been deferred to date.

MANAGEMENT OF NOVA CHEMICALS

As a group, and based on information provided to NOVA Chemicals by each director and executive officer, all directors and executive officers of NOVA Chemicals beneficially owned, directly or indirectly, or exercised control or direction over 836,030 common shares of NOVA Chemicals as at March 4, 2003, representing approximately .96% of the outstanding common shares.

DIRECTORS

The following table and associated notes sets forth, in alphabetical order, the names of each director of NOVA Chemicals, their municipality of residence, their principal occupations during the five preceding years and the period during which each director has served as a director of NOVA Chemicals or its predecessors. The terms of office of all of the directors of NOVA Chemicals expire at the termination of the 2003 annual meeting, or until a successor is elected or appointed.

<u>Name and Municipality of Residence</u>	<u>Period during which a director of NOVA Chemicals or its predecessor</u>	<u>Present principal occupation (including senior position currently held with NOVA Chemicals)⁽¹⁾</u>
JERALD ALLEN BLUMBERG Houston, Texas	Since February 15, 2000	Retired President and Chief Executive Officer, Ambar, Inc. (private oilfield services)
DR. FRANK PETER BOER Boynton Beach, Florida	Since February 21, 1991	President and Chief Executive Officer, Tiger Scientific Inc. (science and technology, consulting and investments)
JACQUES BOUGIE, O.C. Iles-des-Soeurs, Québec	Since June 14, 2001	Retired President and Chief Executive Officer, Alcan Inc. (international aluminum company)

<u>Name and Municipality of Residence</u>	<u>Period during which a director of NOVA Chemicals or its predecessor</u>	<u>Present principal occupation (including senior position currently held with NOVA Chemicals)⁽¹⁾</u>
JOANNE VANISH CREIGHTON South Hadley, Massachusetts	Since June 14, 2001	President and Professor of English, Mount Holyoke College (higher education)
ROBERT EMMET DINEEN, JR. New York, New York	Since July 2, 1998	Partner, Shearman & Sterling, Attorneys-at-Law
LOUIS YVES FORTIER, C.C., Q.C. Westmount, Québec	Since July 2, 1998	Chairman and Senior Partner, Ogilvy Renault, Barristers and Solicitors
KERRY LLOYD HAWKINS Winnipeg, Manitoba	Since July 2, 1998	President of Cargill Limited and Chief Executive Officer of Canadian Operations, Cargill Limited (grain handling, transportation and processing of agricultural products)
JEFFREY MARC LIPTON Sewickley, Pennsylvania	Since April 18, 1996	President and Chief Executive Officer, NOVA Chemicals
ARNOLD MARTIN LUDWICK Montréal, Québec	Since February 15, 2000	Retired Deputy Chairman, Claridge Inc. (investment holding company)
JAMES MALCOLM EDWARD NEWALL, O.C. Calgary, Alberta	Since August 13, 1991	Chairman of the Board, NOVA Chemicals
JANICE GAYE RENNIE, F.C.A. Edmonton, Alberta	Since April 23, 1991	Principal, Rennie and Associates (investment management)
JAMES MARK STANFORD Calgary, Alberta	Since December 3, 1999	President, Stanford Resource Management, Inc. (investment management)
JOSEPH DALE THOMPSON Edmonton, Alberta	Since July 2, 1998	Chairman, PCL Construction Group Inc. (general construction contractors)

EXECUTIVE OFFICERS

The following table and associated notes sets forth, in alphabetical order, the names of each executive officer of NOVA Chemicals, their municipality of residence, their present positions within NOVA Chemicals and their principal occupations during the five preceding years.

<u>Name and Municipality of Residence</u>	<u>Present principal occupation⁽¹⁾</u>
JEFFREY MARC LIPTON Sewickley, Pennsylvania	President and Chief Executive Officer
LAWRENCE ALLAN MACDONALD Crescent Township, Pennsylvania	Senior Vice President and Chief Financial Officer
JACK STEPHEN MUSTOE Sewickley, Pennsylvania	Senior Vice President, Legal and General Counsel
SHEILA HELEN O'BRIEN, C.M. Sewickley, Pennsylvania	Senior Vice President, Human Resources, Public Affairs, Government and Investor Relations
CHRISTOPHER DANIEL PAPPAS Sewickley, Pennsylvania	Senior Vice President and President, Styrenics

<u>Name and Municipality of Residence</u>	<u>Present principal occupation⁽¹⁾</u>
ALBERT TERENCE POOLE Pittsburgh, Pennsylvania	Executive Vice President, Corporate Strategy and Development
DALE HOWARD SPIESS Nevillewood, Pennsylvania	Senior Vice President and President, Olefins/Polyolefins
JOHN LAW WHEELER Pittsburgh, Pennsylvania	Senior Vice President and Chief Information Officer

Notes:

- (1) Information provided with respect to the principal occupation of each director and executive officer is based on information furnished to NOVA Chemicals. All of the above directors and executive officers have held their present principal occupations or held executive positions with the same or associated firms for the past five years, except as indicated below. Where used "NOVA" means NOVA Corporation as it existed before the Arrangement, or any predecessor.

J. A. Blumberg	Prior to December 2000, President and Chief Executive Officer, Amber, Inc.;
J. Bougie, O.C.	Prior to June 2001, President and Chief Executive Officer, Alcan Inc.;
J. M. Lipton	Prior to July 1998, President, NOVA, and President and Chief Executive Officer, NOVA Chemicals Ltd.;
A. M. Ludwick	Prior to December 2002, Deputy Chairman, Claridge Inc.; prior to December 1998, Vice President, The Seagram Company Ltd. and President and Chief Executive Officer, Claridge Inc.;
L. A. MacDonald	Prior to October 2001, Senior Vice President, Manufacturing East, NOVA Chemicals; prior to March 1999, Senior Vice President, Corporate Development, NOVA Chemicals; prior to July 1998, Vice President, Chief Information Officer and Treasurer, NOVA;
J. E. Newall, O.C.	Prior to July 1998, Vice Chairman and Chief Executive Officer, NOVA;
S. H. O'Brien, C.M.	Prior to May 2001, Senior Vice President, Human Resources, Public Affairs and Investor Relations, NOVA Chemicals;
C. D. Pappas	Prior to July 2000, President and Chief Executive Officer, Paints and Coatings.com; prior to March 2000, Commercial Vice President, DuPont-Dow Elastomers;
A. T. Poole	Prior to May 15, 2000, Executive Vice President, Finance and Strategy, NOVA Chemicals; prior to July 1998, Senior Vice President and Chief Financial Officer, NOVA;
J. G. Rennie F.C.A.	Prior to January 1999, President, Research Technology Management Inc.;
D. H. Spiess	Prior to November 2001, Senior Vice President, Polyethylene Sales and Marketing, NOVA Chemicals;
J. M. Stanford	Prior to January 2000, President and Chief Executive Officer, Petro-Canada;
J. D. Thompson	Prior to July 1998, Chairman, President and Chief Executive Officer, PLC Construction Group Inc.;
J. L. Wheeler	Prior to July 1998, Vice President, Business Systems, PolyGram Holding, Inc.

BOARD OF DIRECTORS

The Board of Directors is responsible for managing the business and affairs of NOVA Chemicals. It establishes the overall policies and standards for NOVA Chemicals. The directors are kept informed of NOVA Chemicals' operations at meetings of the Board and its Committees and through reports and analyses prepared by and discussions with management.

The Board of Directors meets on a regularly scheduled basis. In addition, communications between the directors and management occur apart from regularly scheduled Board and Committee meetings.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established four standing Committees and has delegated certain responsibilities to each of those Committees. Each Committee has been mandated to perform certain advisory functions, make recommendations and report to the Board.

The Board of Directors of NOVA Chemicals does not have an Executive Committee. The four standing Committees of the Board of Directors are the Corporate Governance Committee, the Audit, Finance and Risk Committee, the Human Resources Committee and the Public Policy and Responsible Care Committee. A brief summary of the Committee mandates follows.

The Corporate Governance Committee of the Board is responsible for the composition, compensation and governance of the Board of Directors of NOVA Chemicals and recommends to the Board nominees for election or appointment to the Board. In addition, this Committee is responsible for maintaining an effective working relationship between the Board of Directors and management of NOVA Chemicals. The Corporate Governance Committee is composed of Messrs. Newall (Chairman), Blumberg, Bougie, Dineen, Fortier and Stanford.

The Audit, Finance and Risk Committee of the Board reviews and inquires into matters affecting the financial reporting of NOVA Chemicals, the system of internal accounting and financial controls and procedures and NOVA Chemicals' financial audit procedures and plans; recommends the approval of the issuance of debt securities; oversees the policies and practices of NOVA Chemicals relating to risk management strategies; recommends to the Board of NOVA Chemicals the appointment and remuneration of the external auditors and approves the mandate and appointment of internal auditors; is responsible for the proper and orderly funding, administration and investment of the trust funds associated with NOVA Chemicals' savings and profit sharing plans and pension plans; and reviews with management and reports to the Board on the financing plans and objectives of NOVA Chemicals. The Audit, Finance and Risk Committee is composed of Messrs. Hawkins (Chairman), Dineen, Ludwick and Thompson and Ms. Rennie. In February 1999 the Blue Ribbon Committee issued a report on Improving the Effectiveness of Corporate Audit Committees. In December 1999 the Securities and Exchange Commission ("SEC") and the Auditing Standards Board adopted rules in response to the Blue Ribbon Committee's recommendations. The Audit, Finance and Risk Committee is aligned with these rules.

Throughout 2000 and early 2003, the SEC adopted additional rules with respect to corporate governance. The Board has determined that Mr. Ludwick and Ms. Rennie are "audit committee financial experts" as defined by the SEC, are independent from management as described in Item 7(d)(3)(iv) of Schedule 14A of the Securities and Exchange Act and are "unrelated" as that term is defined in the Toronto Stock Exchange ("TSX") Corporate Governance Guidelines, including the TSX proposed amendments published in April 2002 and November 2002 (the "TSX Proposals").

The TSX Proposals include a new guideline that all members of a corporation's audit committee should be financially literate and at least one member should have accounting or related financial expertise. Under the TSX suggested definitions of "financial literacy" and "accounting or related financial expertise", all of the Audit, Finance and Risk Committee members are financially literate and each of Mr. Ludwick and Ms. Rennie have financial expertise.

The Human Resources Committee of the Board is responsible for overseeing policies and practices of NOVA Chemicals with respect to its human resources. The Committee reviews recommendations for the appointment of persons to senior executive positions, considers terms of employment including succession planning and matters of compensation. The Committee recommends to the Board the goals and objectives used to determine executive leadership compensation, evaluates the executive leadership team's performance and makes recommendations to the Board with respect to awards under the Management Incentive Plan and the Option Plan and is responsible for the proper and orderly administration of NOVA Chemicals' savings and profit sharing plans and pension plans, other than matters relating to the funding and investment of the plans' trust funds. The Human Resources Committee is composed of Messrs Stanford (Chairman), Blumberg, Hawkins, Dr. Boer and Ms. Creighton.

The Public Policy and Responsible Care Committee of the Board is responsible for overseeing the policies and practices of NOVA Chemicals relating to its Responsible Care audit and the environment, occupational health and safety, communications, corporate contributions, public policy matters and NOVA Chemicals' relationships with all of its stakeholders. The Public Policy and Responsible Care Committee is composed of Dr. Boer (Chairman), Messrs. Bougie, Fortier, Ludwick and Thompson and Mmes. Creighton and Rennie.

In December 1996, a Technology Advisory Committee was created to advise NOVA Chemicals on its research strategy. The Technology Advisory Committee consists of two directors of NOVA Chemicals, Dr. Boer and Mr. Blumberg (Co-chairs); Mr. Christopher D. Pappas, Senior Vice President and President, Styrenics of NOVA Chemicals; Mr. Paul Clark (Co-chair), Vice President, Research and Technology of NOVA Chemicals; Mr. Gerry Dyer, retired Research and Development Director, DuPont Canada Inc.; and three world-class

research scientists, Dr. Musa Kamal, Professor, McGill University, Dr. Kurt Zilm, Professor, Yale University and Dr. Robert Waymouth, Professor, Stanford University.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of NOVA Chemicals' securities, options to purchase securities and interests of insiders in material transactions, is contained in NOVA Chemicals' Management Information Circular with respect to the 2003 Annual Meeting of Shareholders.

Additional financial information is provided in the 2002 audited comparative Consolidated Financial Statements, together with the auditors' report thereon, included in NOVA Chemicals' 2002 Annual Report.

A copy of NOVA Chemicals' 2002 Annual Report and its Management Information Circular referred to above, as well as additional copies of this Annual Information Form and of any subsequent interim financial statements of NOVA Chemicals, may be obtained by any person without charge by writing to:

NOVA Chemicals Corporation
P.O. Box 2518
Postal Station M
Calgary, Alberta
T2P 5C6

Attention: Corporate Secretary

Copies of any other documents not referred to above that are incorporated by reference into a preliminary short form prospectus or a short form prospectus of NOVA Chemicals when the securities of NOVA Chemicals are in the course of a distribution pursuant to a preliminary short form prospectus or a short form prospectus filed in respect of such distribution may also be obtained by any person without charge by writing to the Corporate Secretary at the above-noted address.