

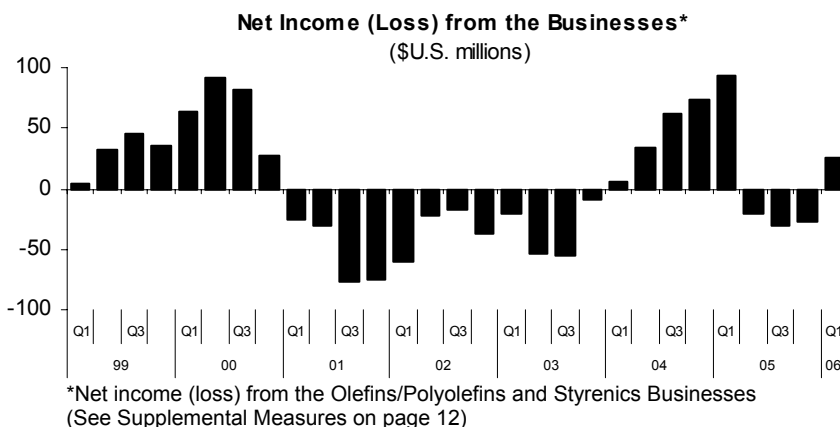
# NOVA Chemicals 2006 Q1 Results: Fundamentals Strengthen, Improvements Expected

For immediate release, Wednesday, April 26, 2006, Pittsburgh, PA

All financial information is in U.S. dollars unless otherwise indicated.

NOVA Chemicals Corporation (NOVA Chemicals) reported a net loss of \$5 million (\$0.06 per share) for the first quarter of 2006. The Olefins/Polyolefins and Styrenics Businesses generated net income of \$25 million (\$0.31 per share) during the quarter.

This first quarter net loss compares to a net loss of \$68 million (\$0.82 per share) for the fourth quarter of 2005, and net income of \$94 million (\$1.06 per share diluted) for the first quarter of 2005.



The following three items negatively impacted earnings by \$51 million (\$0.62 per share) in the first quarter:

#### Unusual items

1. Corunna, ON flexi-cracker start-up delay .... \$25 million (\$0.30 per share)
2. Chesapeake, VA site closure cost accrual ... \$10 million (\$0.12 per share)

#### Non-cash charge

3. Unrealized loss on feedstock derivatives..... \$16 million (\$0.20 per share)  
(see detailed description on page 11)

"We believe we put a long series of negative developments behind us during the first quarter. We now have all of our facilities operating well and a significant ethylene feedstock cost advantage in place." said Jeff Lipton, NOVA Chemicals' President and CEO. "Solid demand growth, based on our customers' need to rebuild inventories and healthy global economies, should drive both short-term improvement and an extended period of strong earnings."

### First Quarter Snapshot

#### **Olefins/Polyolefins:**

- Net income of \$70 million compared to \$40 million in the previous quarter
- Natural gas cash prices in Alberta, Canada fell to a low of \$5.37 per mmBTU in March, and averaged \$6.54 per mmBTU in the quarter
- U.S. Gulf Coast ethane prices moved up to 125% of NYMEX natural gas cash prices by the end of March from a low of 82% on Jan. 22, 2006

#### **Styrenics:**

- Net loss of \$45 million versus a net loss of \$67 million in the previous quarter
- Benzene feedstock costs were \$18 million lower versus the previous quarter

NOVA Chemicals will host a conference call today, Wednesday, April 26, 2006, for investors and analysts at 10 a.m. EST (8 a.m. MDT; 7 a.m. PDT). Media are welcome to join this call in "listen only" mode. The dial-in number for this call is (416) 406-6419. The replay number is (416) 695-5800 (Reservation No. 3177825). The live call is also available on the Internet at [www.investorcalendar.com](http://www.investorcalendar.com) (ticker symbol NCX)  
**Contacts:** *Investor Relations* - Chris Bezaire (412) 490-5070; *Media Relations* - Greg Wilkinson (412) 490-4166

## NOVA Chemicals Highlights

(unaudited; millions of U.S. dollars except per share amounts and as noted)

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Net income (loss)			
Olefins/Polyolefins	\$ 70	\$ 40	\$ 113
Styrenics	(45)	(67)	(20)
Corporate and other <sup>(1)</sup>	(30)	(41)	1
Net income (loss)	<u>\$ (5)</u>	<u>\$ (68)</u>	<u>\$ 94</u>
Earnings (loss) per common share			
- basic	\$ (0.06)	\$ (0.82)	\$ 1.12
- diluted	\$ (0.06)	\$ (0.82)	\$ 1.06
Weighted-average common shares outstanding (millions) <sup>(2) (3)</sup>			
- basic	82	82	83
- diluted	82	82	90
Revenue	\$ 1,553	\$ 1,433	\$ 1,488
EBITDA <sup>(4)</sup>	\$ 121	\$ 78	\$ 242
Depreciation and amortization	\$ 72	\$ 74	\$ 72
Funds from operations	\$ 41	\$ 39	\$ 155
Capital expenditures	\$ 41	\$ 129	\$ 73
Average capital employed <sup>(5)</sup>	\$ 3,579	\$ 3,317	\$ 3,393
After-tax return (loss) on capital employed <sup>(6)</sup>	2.9%	(5.3)%	13.3%
Return (loss) on average common equity <sup>(7)</sup>	(1.6)%	(21.5)%	26.4%

(1) See table on page 12 for a description of all Corporate and Other Items.

(2) Weighted-average number of common shares outstanding during the period used to calculate the earnings (loss) per share (see Note 7, page 19).

(3) For periods where there are losses, diluted shares are the same as basic shares because outstanding securities such as stock options that could potentially dilute earnings per share would be anti-dilutive and are therefore excluded from outstanding diluted shares.

(4) Net income (loss) before restructuring charges, income taxes, other gains and losses, interest expense and depreciation and amortization (see Consolidated Statement of Net Income (Loss) and Reinvested Earnings on page 15 and Supplemental Measures on page 12).

(5) Average capital employed equals cash expended on plant, property and equipment (less accumulated depreciation and amortization) and working capital, and excludes assets under construction and investments. Amounts are converted to U.S. dollars using quarter-end exchange rates (see Supplemental Measures on page 12).

(6) After-tax return (loss) on capital employed equals NOVA Chemicals' net income (loss) plus after-tax interest expense (annualized) divided by average capital employed (see Supplemental Measures on page 12).

(7) Return (loss) on average common equity equals annualized net income (loss) divided by average common equity.

## OLEFINS/POLYOLEFINS BUSINESS

### Financial Highlights

(unaudited; millions of U.S. dollars except as noted)

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Revenue <sup>(1)</sup>	\$ 1,008	\$ 899	\$ 958
Operating income	\$ 129	\$ 82	\$ 187
Depreciation and amortization	43	42	41
EBITDA <sup>(2)</sup>	\$ 172	\$ 124	\$ 228
Net income	\$ 70	\$ 40	\$ 113
Capital expenditures	\$ 19	\$ 81	\$ 46
Average capital employed <sup>(3)</sup>	\$ 2,314	\$ 2,071	\$ 2,047
After-tax return on capital employed <sup>(4)</sup>	15.1%	10.2%	24.1%

(1) Before intersegment eliminations.

(2) Net income before restructuring charges, income taxes, other gains and losses, interest expense and depreciation and amortization (see Supplemental Measures on page 12).

(3) Average capital employed equals cash expended on plant, property and equipment (less accumulated depreciation and amortization) and working capital and excludes assets under construction. Amounts are converted to U.S. dollars using quarter-end exchange rates.

(4) After-tax return on capital employed equals net income plus after-tax interest expense (annualized) divided by average capital employed.

### Operating Highlights

#### Average Benchmark Prices<sup>(1)</sup>

(U.S. dollars per pound, unless otherwise noted)

	Three Month Average		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
<b>Benchmark Principal Products:</b>			
Ethylene <sup>(2)</sup>	\$ 0.50	\$ 0.56	\$ 0.42
Polyethylene – LLDPE butene liner <sup>(3)</sup>	\$ 0.69	\$ 0.76	\$ 0.58
Polyethylene – weighted-average benchmark <sup>(4)</sup>	\$ 0.70	\$ 0.78	\$ 0.62
<b>Benchmark Raw Materials:</b>			
NYMEX natural gas (dollars per mmBTU) <sup>(5)</sup>	\$ 9.07	\$ 12.85	\$ 6.32
WTI crude oil (dollars per barrel) <sup>(6)</sup>	\$ 63.48	\$ 60.02	\$ 49.84

(1) Average benchmark prices do not necessarily reflect actual prices realized by NOVA Chemicals or any other petrochemical company.

(2) Source: Chemical Market Associates, Inc. (CMAI) U.S. Gulf Coast (USGC) Net Transaction Price.

(3) Linear Low-Density Polyethylene (LLDPE) butene liner. Source: Townsend Polymer Services Information (TPSI).

(4) Benchmark prices weighted according to NOVA Chemicals' sales volume mix in North America. Source for benchmark prices: TPSI.

(5) Source: New York Mercantile Exchange (NYMEX) Henry Hub 3-Day Average Close, values in millions of British Thermal Units (mmBTU).

(6) Source: NYMEX WTI daily spot-settled price average for calendar month.

#### Polyethylene Sales Volumes

(millions of pounds)

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Standard Products	615	537	659
Performance Products <sup>(1)</sup>	122	110	96
Total	737	647	755

(1) Performance Products include SCLAIR® and SURPASS® resins produced at the Joffre site using Advanced SCLAIRTECH™ technology. SCLAIR and SURPASS are registered trademarks of NOVA Chemicals in Canada and of NOVA Chemicals (International) S.A. elsewhere; authorized use. Advanced SCLAIRTECH is a trademark of NOVA Chemicals.

## **Review of Operations**

### **Olefins/Polyolefins**

The Olefins/Polyolefins business reported net income of \$70 million in the first quarter of 2006 compared to net income of \$40 million in the fourth quarter of 2005. Improved results were largely due to the return to operation of the Corunna, Ontario flexi-cracker. The flexi-cracker outage in the first quarter of 2006 negatively impacted earnings by \$25 million after-tax, after a negative impact of \$65 million after-tax in the fourth quarter of 2005.

Lower first quarter average natural gas feedstock costs at the Joffre, Alberta complex were offset by lower ethylene and polyethylene prices. Higher crude oil costs at Corunna, combined with a reduction in the relative value of co-products, offset increased sales volumes. In addition, sales from polyethylene made from Corunna ethylene did not return to normal levels until mid-March.

#### **Ethylene and Feedstocks**

As reported by CMAI, USGC ethylene prices averaged 50¢ per pound in the first quarter of 2006 compared to 56¢ per pound in the fourth quarter of 2005.

The average price of NYMEX contract natural gas was down 29% to \$9.07 per mmBTU. NOVA Chemicals purchases natural gas based on daily AECO cash prices, which were down 33% to \$6.54 per mmBTU in the first quarter. USGC ethane prices averaged 110% of NYMEX natural gas cash prices, up from an average of 95% in the previous quarter.

The Alberta Advantage averaged 5¢ per pound of ethylene in the first quarter of 2006, up 2¢ per pound from the fourth quarter of 2005. However, by March, the Joffre site had an 8¢ per pound ethylene cash cost advantage compared to typical USGC crackers. The Alberta Advantage increased during the quarter mainly because NOVA Chemicals' ethane cost fell more dramatically than that of USGC peers. NOVA Chemicals' ethane price dropped 29% in the first quarter, while the USGC ethane price dropped 25%. In April, the relative cost of USGC ethane versus natural gas increased further, widening NOVA Chemicals' Alberta Advantage to approximately 10¢ per pound.

The average price of WTI crude oil was up 6% to \$63.48 per barrel in the first quarter. On Mar. 31, 2006, the closing market price for the NYMEX crude oil contract was \$66.63 per barrel.

#### **Polyethylene**

NOVA Chemicals' total polyethylene sales volume for the first quarter was 737 million pounds, up 90 million pounds from the previous quarter. Sales volumes were higher largely due to the reduced impact of the Corunna outage. Joffre polyethylene sales were also stronger in the first quarter versus the fourth quarter. Sales from Eastern Canadian plants that use ethylene from Corunna were limited by the delayed cracker start-up and were about 40% below normal levels.

International volumes increased 47% quarter-over-quarter to 102 million pounds, or 14% of total polyethylene sales, which is in the normal range for the business.

NOVA Chemicals finished the first quarter with 18 days of polyethylene inventory, down from 22 days at the end of the fourth quarter. During the same period, the American Plastics Council (APC) reported North American producer inventories were up 10% to historically typical levels of 44 days of sales.

First quarter weighted-average benchmark polyethylene prices were down approximately 8¢ per pound from the fourth quarter of 2005. In North America, industry polyethylene prices fell approximately 4¢ per pound per month each month from December through March. To-date, polyethylene prices have fallen an additional 2¢ per pound in April. NOVA Chemicals believes customers delayed purchases and reduced inventory levels through the quarter.

On Mar. 31, 2006, NOVA Chemicals announced that it would replace the previously announced 5¢ per pound price increase in North America with a 6¢ per pound price increase, effective May 1.

### ***Performance Products***

First quarter sales of polyethylene Performance Products manufactured using Advanced Sclairtech technology, were 122 million pounds, or 57% of the plant's 215 million pound quarterly capacity, up from 52% in the previous quarter.

The first all-polyethylene rotomolded refuse dumpsters were commercialized in North America on the foundation of unique SURPASS resin performance characteristics.

### ***Corunna, Ontario Flexi-cracker Turnaround***

On Jan. 31, 2006, NOVA Chemicals announced that the Corunna flexi-cracker returned to normal operations following a modernization and maintenance outage that was extended primarily due to equipment problems. The outage negatively impacted fourth quarter 2005 results by approximately \$70 million after-tax (\$65 million in Olefins/Polyolefins and \$5 million in Styrenics) and first quarter 2006 results by approximately \$25 million after-tax in Olefins/Polyolefins. The Corunna flexi-cracker has run steadily since early February and at higher rates than before the outage.

### ***First Quarter 2006 Versus First Quarter 2005***

Net income of \$70 million in the first quarter of 2006 was down from net income of \$113 million in the first quarter of 2005. In addition to the negative impact of the Corunna flexi-cracker outage, polyethylene margins and co-product volumes were lower in the first quarter of 2006.

*NOVA Chemicals' ability to implement announced price increases depends on many factors that may be beyond our control, including market conditions, the supply/demand balance for each particular product and feedstock costs. Successful price increases, when realized, are typically phased in over several months, vary by product or market, and can be reduced in magnitude during the anticipated implementation period. See Forward-Looking Information on page 8.*

## STYRENICS BUSINESS

### Financial Highlights

(unaudited; millions of U.S. dollars except as noted)

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Revenue <sup>(1)</sup>	\$ 604	\$ 587	\$ 607
Operating loss	\$ (51)	\$ (81)	\$ (19)
Depreciation and amortization	29	32	31
EBITDA <sup>(2)</sup>	\$ (22)	\$ (49)	\$ 12
NOVA Chemicals' Styrenics	\$ (14)	\$ (27)	\$ 15
European Styrenic Polymers <sup>(3)</sup>	(8)	(22)	(3)
Total EBITDA	\$ (22)	\$ (49)	\$ 12
Net loss	\$ (45)	\$ (67)	\$ (20)
Capital expenditures	\$ 22	\$ 48	\$ 27
Average capital employed <sup>(4)</sup>	\$ 1,350	\$ 1,323	\$ 1,441
After-tax loss on capital employed <sup>(5)</sup>	(9.2)%	(16.3)%	(3.2)%

(1) Before intersegment eliminations.

(2) Net income (loss) before restructuring charges, income taxes, other gains and losses, interest expense and depreciation and amortization (see Supplemental Measures on page 12).

(3) As of Oct. 1, 2005, European Styrenic Polymers became part of NOVA Chemicals' European joint venture, NOVA Innovene.

(4) Average capital employed equals cash expended on plant, property and equipment (less accumulated depreciation and amortization) and working capital and excludes assets under construction. Amounts are converted to U.S. dollars using quarter-end exchange rates.

(5) After-tax loss on capital employed equals net loss plus after-tax interest expense (annualized) divided by average capital employed.

### Operating Highlights

#### Average Benchmark Prices<sup>(1)</sup>

(U.S. dollars per pound, unless otherwise noted)

	Three Month Average		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
<b>Benchmark Principal Products:</b>			
Styrene monomer <sup>(2)</sup>	\$ 0.61	\$ 0.64	\$ 0.64
Polystyrene weighted-average benchmark <sup>(3)</sup>			
North America	\$ 0.88	\$ 0.92	\$ 0.89
Europe	\$ 0.64	\$ 0.63	\$ 0.71
<b>Benchmark Raw Materials:</b>			
Benzene (dollars per gallon) <sup>(4)</sup>	\$ 2.68	\$ 2.54	\$ 3.17

(1) Average benchmark prices do not necessarily reflect actual prices realized by NOVA Chemicals or any other petrochemical company.

(2) Source: CMAI Contract Market.

(3) Benchmark prices weighted according to NOVA Chemicals' polystyrene sales volume mix. Includes solid and expandable polystyrene, but excludes styrenic Performance Products. Source for benchmark prices: CMAI.

(4) A 10¢ per gallon change in the cost of benzene generally results in about a 1 cent per pound change in the variable cost of producing styrene monomer. Source of benzene benchmark prices: CMAI.

#### Styrenics Sales Volumes

(millions of pounds)

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Styrene monomer <sup>(1)</sup>	446	466	427
Solid and expandable polystyrene			
North America	254	227	293
Europe	248	218	265
Performance Products <sup>(2)</sup>	31	33	29
Total	979	944	1,014

(1) Third-party sales only. Excludes sales to the NOVA Innovene joint venture.

(2) Performance Products include ARCEL®, DYLARK® and ZYLAR®, including NAS®, resins. EPS Silver resins are excluded. ARCEL, DYLARK and NAS are registered trademarks of NOVA Chemicals Inc. ZYLAR is a registered trademark of NOVA Chemicals (Canada) Ltd./NOVA Chimie (Canada) Ltée.; authorized use/utilization autorisée. EPS Silver is a registered trademark of NOVA Chemicals (International) SA in the European Community and a trademark of NOVA Chemicals Inc. in North America.

## **Review of Operations**

### **Styrenics**

The Styrenics business reported a net loss of \$45 million in the first quarter of 2006 compared to a net loss of \$67 million in the fourth quarter of 2005. Margin and sales volume increases in North America and Europe, in addition to lower fixed costs, were the primary reasons for quarter over quarter improvement.

#### ***Styrene Monomer***

Styrene monomer margins were up slightly in the first quarter even though average benchmark styrene monomer prices decreased by 3¢ per pound.

The first quarter 2006 average price of benzene increased to \$2.68 per gallon from \$2.54 per gallon in the fourth quarter, but stabilized within the historical range of 150-225% of crude oil pricing. Ethylene prices decreased by 6¢ per pound from the fourth quarter 2005. Overall, the average industry cost to produce styrene decreased by approximately 3¢ per pound. NOVA Chemicals realized more than a 3¢ per pound reduction in the quarter due to FIFO based accounting.

In the first quarter, third-party styrene monomer sales volume was down 4% compared to the fourth quarter of 2005.

On Apr. 25, NOVA Chemicals announced a 5¢ per pound price increase, effective May 1, 2006.

#### ***North American Solid Polystyrene (SPS)***

North American SPS sales volume increased 12% quarter-over-quarter due to the addition of new customers. North American benchmark SPS prices decreased by approximately 4¢ per pound from the fourth quarter.

On Apr. 21, NOVA Chemicals announced a 5¢ per pound price increase, effective May 1, 2006.

#### ***North American Expandable Polystyrene (EPS)***

North American EPS sales volume was up 16% quarter over quarter as the market improved after a seasonally weak fourth quarter. North American benchmark EPS prices decreased by approximately 5¢ per pound from the fourth quarter of 2005.

On Mar. 20, 2006, NOVA Chemicals announced the commercial availability of ULTRA LOW<sup>®</sup> pentane EPS. This premium resin targets construction applications and will enable business growth for EPS molders who have been constrained by emissions standards.

#### ***European Styrenic Polymers***

##### **Solid PS**

European SPS sales volume was up 21% from the fourth quarter. Demand strengthened over a seasonally weak fourth quarter.

The weighted-average European SPS benchmark price increased by approximately 1¢ per pound from the fourth quarter.

##### **Expandable PS**

European EPS sales volume was up 5% from the fourth quarter.

The weighted-average European EPS benchmark price increased by approximately 2¢ per pound from the fourth quarter of 2005.

## **Performance Products**

Styrenics Performance Products sales volumes for the quarter were down 6% to 31 million pounds. During the first quarter, NOVA Chemicals undertook a planned 60-day outage to expand ARCEL polymer manufacturing capacity.

Performance Products continued to successfully penetrate target markets. In the first quarter, the leading high-end plasma television manufacturer specified ARCEL for shipments of most of its larger models.

## **Closure of Chesapeake, Virginia Site**

In January 2006, NOVA Chemicals announced plans to close its Chesapeake, VA site by the end of the second quarter of 2006. The site includes SPS production capacity of 300 million pounds per year and compounding capability of 170 million pounds per year. The closure is expected to reduce costs by approximately \$15 million per year and will also have the benefit of reducing working capital requirements. NOVA Chemicals took a non-cash, after-tax charge of approximately \$46 million in the fourth quarter of 2005 due to the Chesapeake closure. Additional severance and closure costs of \$10 million after-tax were accrued during the first quarter of 2006.

## **First Quarter 2006 Versus First Quarter 2005**

The Styrenics business had a net loss of \$45 million in the first quarter of 2006, compared to a net loss of \$20 million in the first quarter of 2005. Prices fell across all business lines as the percentage ratio of benzene to crude oil returned to the normal range of 150-225%. In addition to lower prices quarter-over-quarter, polymer volumes were lower in the first quarter of 2006 compared with the first quarter of 2005 as the typical seasonal inflection was not as pronounced as it was in the prior year.

*NOVA Chemicals' ability to implement announced price increases depends on many factors that may be beyond our control, including market conditions, the supply/demand balance for each particular product and feedstock costs. Successful price increases, when realized, are typically phased in over several months, vary by product or market, and can be reduced in magnitude during the anticipated implementation period. See Forward-Looking Information below.*

### Forward-Looking Information

*This news release contains forward-looking statements with respect to NOVA Chemicals, its subsidiaries and affiliated companies. By their nature, forward-looking statements require NOVA Chemicals to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections will not prove to be accurate, that NOVA Chemicals' assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. Forward-looking statements for the time periods beyond 2006 involve longer-term assumptions and estimates than forward-looking statements for 2006 and are consequently subject to greater uncertainty. NOVA Chemicals cautions readers of this news release not to place undue reliance on its forward-looking statements as a number of factors could cause actual results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.*

*The words "believe," "expect," "plan," "intend," "estimate," or "anticipate" and similar expressions, as well as future or conditional verbs such as "will," "should," "would," and "could" often identify forward-looking statements. Specific forward-looking statements contained in this news release include, among others, statements regarding: NOVA Chemicals' expected financial performance in future periods, including cost savings in the Styrenics business; NOVA Chemicals' expectations of short term improvement and an extended period of strong earnings; implementation of announced price increases; and customers' practices regarding inventories. With respect to forward-looking statements contained in this news release, NOVA Chemicals has made assumptions regarding, among other things: future oil, natural gas and benzene prices; its ability to obtain raw materials; its ability to market products successfully to its anticipated customers; the impact of increasing competition; and its ability to obtain financing on acceptable terms. Some of the risks that could affect NOVA Chemicals' future results and could cause results to differ materially from those expressed in the forward-looking statements include: commodity chemicals price levels (which depend, among other things, on supply and demand for these products, capacity utilization and substitution rates between these products and competing products); feedstock availability and prices; operating costs; terms and availability of financing; technology developments; currency exchange rate fluctuations; starting up and operating facilities using new technology; realizing synergy and cost savings targets; NOVA Chemicals ability to implement its business strategies; meeting time and budget targets for significant capital investments; avoiding unplanned facility shutdowns; safety, health, and environmental risks associated with the operation of chemical plants and marketing of chemical products, including transportation of these products; public perception of chemicals and chemical end-use products; the impact of competition; changes in customer demand, including customer acceptance of NOVA Chemicals' Performance Products; changes in, or the introduction of new laws and regulations relating to NOVA Chemicals' business, including environmental, competition and employment laws; costs to comply with the Kyoto Protocol; loss of the services of any of NOVA Chemicals' executive officers; uncertainties associated with the North American, South American, European, and Asian economies; terrorist attacks; severe weather events; and other risks detailed from time to time in the publicly filed disclosure documents and securities commission reports of NOVA Chemicals and its subsidiaries or affiliated companies.*

*Implementation of announced price increases depends on many factors, including market conditions, the supply/demand balance for each particular product and feedstock costs. Price increases have varying degrees of success. They are typically phased in and can differ by product or market. There can be no assurances that any announced price increases will be successful or will be realized within the anticipated time frame. In addition, benchmark price indices sometimes lag price increase announcements due to the timing of publication.*

*NOVA Chemicals' forward-looking statements are expressly qualified in their entirety by this cautionary statement. In addition, the forward-looking statements are made only as of the date of this news release, and except as required by applicable law, NOVA Chemicals undertakes no obligation to publicly update these forward-looking statements to reflect new information, subsequent events or otherwise.*

## Liquidity and Capital Resources

### Capitalization

(unaudited, millions of U.S. dollars except as noted)

	<u>Mar. 31 2006</u>	<u>Dec. 31 2005</u>	<u>Mar. 31 2005</u>
Current debt <sup>(1)</sup>	\$ 302	\$ 302	\$ 100
Long-term debt <sup>(2)</sup>	1,740	1,737	1,612
Less: cash and cash equivalents	(94)	(166)	(227)
restricted cash	<u>(65)</u>	<u>(65)</u>	<u>(65)</u>
 Total debt, net of cash, cash equivalents and restricted cash	 1,883	 1,808	 1,420
 Total common shareholders' equity <sup>(3) (4) (5) (6)(7)</sup>	 <u>1,218</u>	 <u>1,219</u>	 <u>1,431</u>
 Total capitalization <sup>(8)</sup>	 <u>\$ 3,101</u>	 <u>\$ 3,027</u>	 <u>\$ 2,851</u>

(1) The \$300 million of 7% medium-term notes are due in May 2006. Current debt also includes bank loans and the current debt related to the Joffre cogeneration facility joint venture.

(2) Maturity dates for NOVA Chemicals' current and long-term debt range from May 2006 to August 2028.

(3) Common shares outstanding on Apr. 21, 2006 were 82,540,944 (Mar. 31, 2006 – 82,540,944; Dec. 31, 2005 – 82,364,899; Mar. 31, 2005 – 82,295,802).

(4) A total of 5,750,962 stock options were outstanding to officers and employees on Apr. 21, 2006, and 5,751,162 were outstanding on Mar. 31, 2006 to purchase common shares of NOVA Chemicals. A total of 1,947,518 common shares were reserved but unallocated at Mar. 31, 2006. A total of 13 million common shares were initially reserved for issuance under the Option Plan.

(5) A total of 47,800 shares were reserved for the Directors' Share Compensation Plan.

(6) In April 2005, NOVA Chemicals' shareholders reconfirmed a shareholder rights plan where one right was issued for each outstanding common share. The plan expires in May 2009.

(7) For the three months ended Mar. 31, 2006, a total of 176,045 shares were issued upon the exercise of stock options.

(8) Total capitalization includes shareholders' equity and total debt net of cash and cash equivalents and restricted cash.

### Senior Debt Ratings <sup>(1)</sup>

DBRS

Fitch Ratings

Moody's

Standard & Poor's

#### Senior Unsecured Debt

BBB (low) (negative)

BB+ (stable)

Ba2 (negative)

BB+ (negative)

(1) Credit ratings are not recommendations to purchase, hold or sell securities and do not comment on market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future.

### Coverage Ratios

	<u>Three Months Ended</u>		
	<u>Mar. 31 2006</u>	<u>Dec. 31 2005</u>	<u>Mar. 31 2005</u>
Net debt to total capitalization <sup>(1)</sup>	60.7%	59.7%	49.8%
Interest coverage on long-term debt <sup>(2)</sup>	0.0x	0.0x	5.3x
Net tangible asset coverage on long-term debt <sup>(3)</sup>	1.6x	1.6x	1.8x

(1) Net debt to total capitalization is equal to total debt, net of cash, cash equivalents and restricted cash, divided by total common shareholders' equity plus net debt (see Capitalization table above and Supplemental Measures on page 12).

(2) Interest coverage on long-term debt is equal to net income before interest expense on long-term debt and income taxes, for the last four quarters, divided by annual interest requirements on long-term debt.

(3) Net tangible asset coverage on long-term debt is equal to total assets (excluding deferred-tax assets) less liabilities (excluding long-term debt) divided by long-term debt.

## **Funds Flow and Changes in Cash and Debt**

The following table shows major sources and uses of cash.

(unaudited, millions of U.S. dollars)

	<b>Three Months Ended Mar. 31, 2006</b>
Operating income	\$ 34
Add back – depreciation and amortization	72
– restructuring charges	15
EBITDA <sup>(1)</sup>	<u>121</u>
Interest expense	(42)
Restructuring charges	(15)
Current tax expense and other	(23)
Funds from operations	<u>41</u>
Operating working capital increase	(59)
Cash used in operations	<u>(18)</u>
Asset sale proceeds	2
Capital expenditures	(41)
Turnaround costs, long-term investments and other assets	(12)
Dividends paid	(7)
Common shares issued	2
Foreign exchange and other	(1)
Total change in cash and debt	<u>\$ (75)</u>
Decrease in cash and cash equivalents	<u>\$ (72)</u>
Increase in debt (including foreign exchange changes)	<u>(3)</u>
Total change in cash and cash equivalents and debt	<u>\$ (75)</u>

(1) See Consolidated Statement of Net Income (Loss) and Reinvested Earnings on page 15 and Supplemental Measures on page 12.

Cash on hand at the end of the first quarter was \$94 million, down from \$166 million at the end of the fourth quarter.

NOVA Chemicals' funds from operations were \$41 million for the first quarter of 2006, up from \$39 million in the fourth quarter. Operating working capital increased by \$59 million primarily as a result of lower feedstock payables in the first quarter of 2006.

NOVA Chemicals measures the effectiveness of its working capital management through Cash Flow Cycle Time (CFCT). See Supplemental Measures on page 12. CFCT measures working capital from operations (excluding the NOVA Innovene joint venture) in terms of the number of days sales (calculated as working capital from operations divided by average daily sales). This metric helps to determine which portion of changes in working capital results from factors other than price movements. CFCT was 31 days as of Mar. 31, 2006, and 26 days as of Dec. 31, 2005. The increase was mainly due to lower accounts payable as a result of lower natural gas prices.

Capital expenditures were \$41 million in the first quarter of 2006, compared to \$129 million in the fourth quarter and \$73 million in the first quarter of 2005. Capital expenditures have declined following the substantial completion of the Corunna flexi-cracker plant modernization project.

Interest expense was \$9 million higher in the first quarter of 2006 compared to the fourth quarter of 2005 due to less capitalized interest, resulting from the completion of the Corunna and Bayport projects, higher debt levels and higher interest rates.

Selling, general and administrative expenses were \$16 million lower in the first quarter of 2006 compared with the fourth quarter of 2005 due to higher than normal severance accruals, stock-based compensation and other costs in the fourth quarter of 2005; and the realization of synergies from the NOVA Innovene joint venture.

Depreciation and amortization has not changed significantly in the first quarter of 2006 compared to the fourth quarter of 2005. The substantial capital improvements to our Bayport and Corunna facilities have extended the useful lives of those plants.

## ***Financing***

NOVA Chemicals has a \$375 million revolving credit facility, expiring Jun. 30, 2010. As of Mar. 31, 2006, NOVA Chemicals has utilized \$1 million of the revolving credit facility in the form of operating letters of credit. On Mar. 31, 2006, NOVA Chemicals amended its debt to capitalization ratio financial covenant from 55% to 60% for the period Mar. 31, 2006 to Sep. 30, 2006. Using the covenant methodology in the revolving credit facility, the debt to capitalization ratio was 55.5% at Mar. 31, 2006. NOVA Chemicals continues to comply with all financial covenants under the facility.

On Jan. 20, 2006, a new unsecured revolving facility in the amount of \$100 million was established. The facility expires in March 2011. As of Mar. 31, 2006, NOVA Chemicals utilized \$54 million of the revolving credit facility in the form of operating letters of credit.

NOVA Chemicals has accounts receivable securitization programs in the aggregate amount of \$300 million that expire on Jun. 30, 2010. As of Mar. 31, 2006, \$176 million was sold under the accounts receivable securitization programs compared to \$153 million as of Dec. 31, 2005.

## ***Feedstock Derivative Positions***

NOVA Chemicals maintains a derivatives program to manage risk associated with feedstock purchases. The after-tax impact from natural gas, benzene and crude oil positions, which matured in the first quarter of 2006, was a \$4 million gain compared to a \$5 million loss in the fourth quarter.

In addition, NOVA Chemicals is required to record on its balance sheet the market value of any outstanding derivative positions that do not qualify for hedge accounting treatment. The gain or loss resulting from changes in the market value of these derivatives is recorded through earnings each period. The mark-to-market earnings impact in the first quarter of NOVA Chemicals' outstanding feedstock derivative portfolio was a \$16 million after-tax loss compared to a \$6 million after-tax gain in the fourth quarter. These mark-to-market adjustments are recorded as part of Corporate and Other results until the positions are realized. Once realized, any income effects are recorded in business results.

NOVA Chemicals added to this program in the first quarter as it locked in the cost of additional butane feedstock requirements through the third quarter of 2007 and additional propane feedstock requirements through the first quarter of 2008. As the hedges lock in the costs relative to a specific percentage of the cost of crude oil, they do not qualify for hedge accounting and must be marked to market each quarter. The contracts were entered into at very low percentages to crude compared to levels seen during the last several years. The percentage to crude reduced even further after the hedges were put in place, resulting in a large portion of the first quarter mark-to-market loss of \$16 million referred to above. If the prices for propane and butane return to more normal levels, NOVA Chemicals will experience significant gains on those contracts. Since the start of 2004, NOVA Chemicals' feedstock costs have been reduced by approximately \$17 million after-tax through the employment of this procurement strategy.

## ***FIFO Impact***

NOVA Chemicals uses the first-in, first-out (FIFO) method of valuing inventory. Most of NOVA Chemicals' competitors use the last-in, first-out (LIFO) method. Because NOVA Chemicals uses FIFO, a portion of the fourth quarter feedstock purchases flowed through the Consolidated Statement of Net Income (Loss) and Reinvested Earnings in the first quarter. December benzene prices were \$2.18 per gallon increasing to \$2.73 per gallon in March and crude oil increased from \$59.45 per barrel in December to \$62.97 per barrel in March. March NYMEX natural gas pricing was lower than December by \$4.19 per mmBTU. NOVA Chemicals estimates that earnings would have been about \$4 million lower in the first quarter had NOVA Chemicals used the LIFO method of accounting as the effect of higher benzene and oil costs were greater than the effect of lower natural gas prices.

## Supplemental Measures

In addition to providing measures in accordance with Canadian Generally Accepted Accounting Principles (GAAP), NOVA Chemicals presents certain supplemental measures as follows:

- EBITDA - This measure is provided to assist investors in determining the ability of NOVA Chemicals to generate cash from operations. EBITDA can be determined from the Consolidated Statement of Net Income (Loss) and Reinvested Earnings by adding to net income (loss) interest expense, income taxes, depreciation and amortization, other gains and losses, and restructuring charges. Segment EBITDA is determined as segment operating income or loss before depreciation and amortization.
- Average capital employed – defined on page 2
- CFCT – defined on page 10
- After-tax return (loss) on capital employed – defined on page 2
- Net debt to total capitalization – defined on page 9
- Net income (loss) from the businesses – total net income or loss from the Olefins/Polyolefins and Styrenics businesses, which equals NOVA Chemicals' net income less corporate and other items (see page 1).
- Net tangible asset coverage on long-term debt – defined on page 9

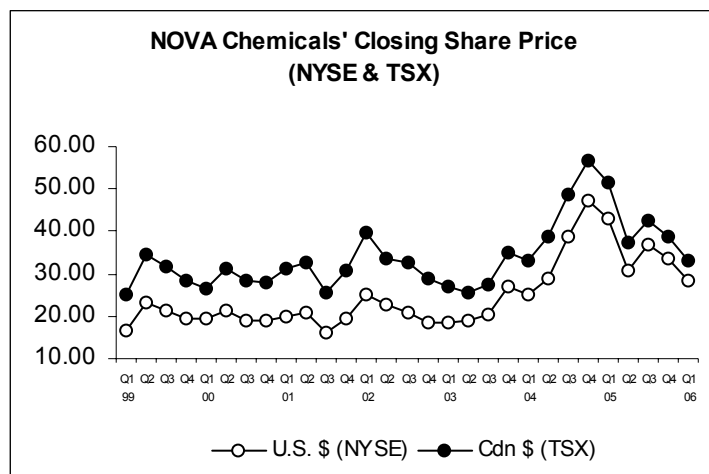
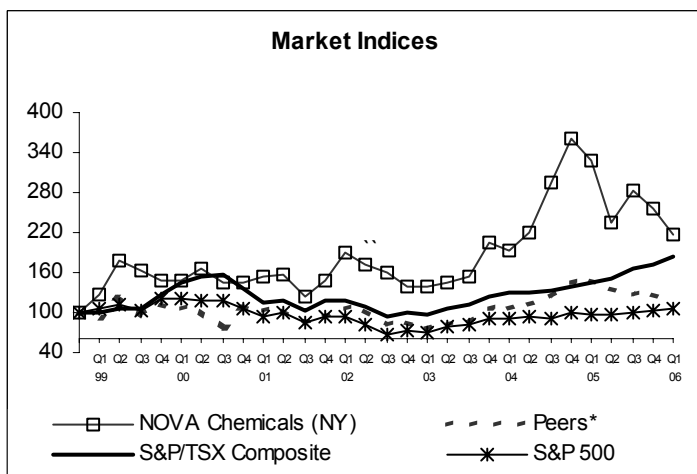
These measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

## Corporate and Other

A listing of after-tax corporate and other items for the periods presented is as follows:

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005 <sup>(5)</sup>	Mar. 31 2005 <sup>(5)</sup>
(unaudited, millions of U.S. dollars)			
Stock-based compensation and profit sharing <sup>(1)</sup>	\$ (4)	\$ (2)	\$ 1
IRS Settlement <sup>(2)</sup>	-	5	-
Restructuring <sup>(3)</sup>	(10)	(50)	-
Mark-to-market feedstock derivatives <sup>(4)</sup>	(16)	6	-
	<u>\$ (30)</u>	<u>\$ (41)</u>	<u>\$ 1</u>

- (1) NOVA Chemicals has two cash-settled stock-based incentive compensation plans that are marked-to-market with changes in the value of the common stock price. In November 2005, NOVA Chemicals entered into a three-year hedging arrangement that effectively neutralizes the mark-to-market impact on the stock-based incentive compensation plans. In addition, NOVA Chemicals maintains a profit sharing program available to most employees based on the achievement of shareholder return on equity targets. Stock-based compensation also includes the amount expensed related to the fair value of stock options earned by employees during the period.
- (2) The fourth quarter of 2005 included an after-tax gain of \$5 million related to the final resolution of a tax dispute. The dispute was related to the deductibility of foreign taxes in certain returns filed with the United States Internal Revenue Service prior to 1982.
- (3) On Jan. 19, 2006, NOVA Chemicals announced its decision to close the Chesapeake, VA site and took a charge for restructuring in the amount of \$46 million after-tax as of Dec. 31, 2005. The remaining \$4 million in the fourth quarter of 2005 relates to NOVA Chemicals' share of NOVA Innovene severance costs associated with plant closures. An additional \$10 million was accrued in the first quarter of 2006 related to severance costs for the Chesapeake, VA plant site closure.
- (4) See page 11 for description.
- (5) Beginning in 2006, NOVA Chemicals has classified stock option expense and mark-to-market adjustments on feedstock derivative positions as corporate items as they are non-cash items and are not relevant in measuring business performance. Previously these amounts were allocated to the Olefins/Polyolefins and Styrenics Businesses. Prior periods have been restated to conform with the new presentation.



\*Peers include Dow Chemical Company, Eastman Chemical Company, and Lyondell Chemical Company.

NOVA Chemicals' share price on the New York Stock Exchange (NYSE) fell to \$28.50 at Mar. 31, 2006 from \$33.40 at Dec. 30, 2005. NOVA Chemicals' share value decreased 15% for the quarter ending Mar. 31, 2006 on the NYSE and on the Toronto Stock Exchange (TSX), while peer chemical companies' share values decreased 6% on average and the S&P Chemicals Index increased 3%. The S&P/TSX Composite Index was up 7% and the S&P 500 was up 4% in the first quarter. As of Apr. 25, 2006, NOVA Chemicals' share price was \$30.58, up 7% from Mar. 31, 2006. The S&P Chemicals Index was up 2% over the same period.

In the first quarter, approximately 45% of trading in NOVA Chemicals' shares took place on the TSX and 55% of trading took place on the NYSE and other U.S. markets.

First Quarter Trading Volumes	Millions of Shares	% of Float	% of Trading
Toronto Stock Exchange	34.5	42%	45%
Consolidated U.S. Trading Volumes	41.6	50%	55%
<b>Total</b>	<b>76.1</b>	<b>92%</b>	<b>100%</b>

### INVESTOR INFORMATION

For inquiries on stock-related matters including dividend payments, stock transfers and address changes, contact NOVA Chemicals toll-free at 1-800-661-8686 or e-mail to [shareholders@novachem.com](mailto:shareholders@novachem.com).

#### Contact Information

Phone: (403) 750-3600 (Canada) or (412) 490-4000 (United States)  
 Internet: [www.novachemicals.com](http://www.novachemicals.com) E-Mail: [invest@novachem.com](mailto:invest@novachem.com)

NOVA Chemicals Corporation  
 1000 Seventh Avenue S.W., P.O. Box 2518  
 Calgary, Alberta, Canada T2P 5C6

If you would like to receive a shareholder information package, please contact us at (403) 750-3600 or (412) 490-4000 or via e-mail at [publications@novachem.com](mailto:publications@novachem.com).

We file additional information relating to NOVA Chemicals, including our Annual Information Form (AIF), with Canadian securities administrators. This information can be accessed through the System for Electronic Document Analysis and Retrieval (SEDAR), at [www.sedar.com](http://www.sedar.com). This same information is filed with the U.S. Securities and Exchange Commission and can be accessed via their Electronic Data Gathering Analysis and Retrieval System (EDGAR) at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml)

#### Transfer Agent and Registrar

CIBC Mellon Trust Company  
 600 The Dome Tower, 333 Seventh Avenue S.W.  
 Calgary, Alberta, Canada T2P 2Z1

Phone: (403) 232-2400/1-800-387-0825  
 Fax: (403) 264-2100  
 Internet: [www.cibcmellon.ca](http://www.cibcmellon.ca)  
 E-Mail: [inquiries@cibcmellon.ca](mailto:inquiries@cibcmellon.ca)

#### Share Information

NOVA Chemicals' trading symbol on the New York and Toronto Stock Exchanges is NCX. On the TSX, NOVA Chemicals is listed and traded in both Canadian and U.S. dollars. The U.S. dollar trading symbol on the TSX is NCX.U.

## CHANGES IN NET INCOME (LOSS)

(unaudited, millions of U.S. dollars)

	Q1 2006 Compared with	
	Q4 2005	Q1 2005
Higher (lower) net unit margins .....	\$ 6	\$ (93)
Higher (lower) sales volumes .....	21	(22)
Higher (lower) operating margin <sup>(1)</sup> .....	27	(115)
Lower (higher) selling, general and administrative .....	16	(6)
Lower (higher) restructuring charges .....	68	(15)
Lower depreciation and amortization .....	2	-
Higher interest expense .....	(9)	(17)
(Lower) higher other gains and losses .....	(6)	2
(Higher) lower income tax expense .....	(35)	52
Increase (decrease) in net income (loss) .....	<u>\$ 63</u>	<u>\$ (99)</u>

(1) Operating margin equals revenue less feedstock and operating costs.

## CAUSAL ANALYSIS – Fourth Quarter 2005 to First Quarter 2006 Net Loss

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

<b>Q4 2005 Net Loss</b>		\$ (68)
Gross margin <sup>(1)</sup> erosion – LIFO basis .....	\$ (33)	
Difference between LIFO basis and FIFO basis .....	21	
Gross margin <sup>(1)</sup> erosion – FIFO basis, before unusual items .....		(12)
<u>Unusual items</u>		
Corunna start-up delay .....	45	
Restructuring and closure costs .....	40	85
<u>Non-cash charge</u>		
Feedstock derivatives mark-to-market .....		(22)
Licensing revenue .....		4
Other .....		8
<b>Q1 2006 Net Loss</b>		<u>\$ (5)</u>

(1) Gross margin equals revenue less variable costs.

The above table is provided to describe significant items affecting the variance in net loss from quarter-to-quarter.

Margins eroded in the first quarter as selling prices fell at a faster rate than feedstock costs; this erosion was lower as a result of using FIFO-based accounting rather than LIFO-based accounting. The overall quarter-to-quarter loss in margin was \$12 million before unusual items.

Restart delays at the Corunna flexi-cracker resulted in lost margin of \$25 million in the first quarter, compared to \$70 million in the fourth quarter. In the fourth quarter of 2005, NOVA Chemicals took a non-cash writedown of \$46 million as a result of the decision to close its Chesapeake site in 2006 and accrued \$4 million for its share of NOVA Innovene severance costs. In the first quarter of 2006, NOVA Chemicals recorded \$10 million of severance costs related to the Chesapeake site closure.

NOVA Chemicals recognized a \$6 million after-tax mark-to-market gain on feedstock derivatives in the fourth quarter of 2005 compared to a \$16 million mark-to-market after tax loss in the first quarter of 2006. This resulted in a quarter over quarter decrease in earnings of \$22 million.

## FINANCIAL STATEMENTS

### Consolidated Statement of Net Income (Loss) and Reinvested Earnings

(unaudited, millions of U.S. dollars except per share amounts)

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Revenue .....	\$ 1,553	\$ 1,433	\$ 1,488
Feedstock and operating costs.....	1,370	1,277	1,190
Research and development.....	12	12	12
Selling, general and administrative.....	50	66	44
Restructuring charges (Note 3).....	15	83	-
Depreciation and amortization.....	72	74	72
	<u>1,519</u>	<u>1,512</u>	<u>1,318</u>
Operating income (loss) .....	<u>34</u>	<u>(79)</u>	<u>170</u>
Interest expense (net) (Note 4).....	(42)	(33)	(25)
Other gains and losses (net) (Note 5) .....	2	8	-
	<u>(40)</u>	<u>(25)</u>	<u>(25)</u>
Income (loss) before income taxes.....	(6)	(104)	145
Income tax recovery (expense) (Note 6) ....	1	36	(51)
Net income (loss).....	\$ (5)	\$ (68)	\$ 94
Reinvested earnings, beginning of period ..	390	465	633
Common share dividends .....	(7)	(7)	(7)
Common share repurchase.....	-	-	(107)
Options retired for cash (net) .....	(1)	-	(5)
Reinvested earnings, end of period.....	<u>\$ 377</u>	<u>\$ 390</u>	<u>\$ 608</u>
Earnings (loss) per share (Note 7)			
- basic.....	\$ (0.06)	\$ (0.82)	\$ 1.12
- diluted.....	\$ (0.06)	\$ (0.82)	\$ 1.06

### Summary Quarterly Financial Information

(unaudited; millions of U.S. dollars, except per share amounts)

	Three Months Ended							
	2006		2005			2004		
	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30
Revenue.....	\$ 1,553	1,433	1,366	1,329	1,488	1,527	1,379	1,238
Operating income (loss).....	\$ 34	(79)	(96)	1	170	51	96	76
Net income (loss).....	\$ (5)	(68)	(105)	(25)	94	162	56	27
Net income (loss) per share								
-basic .....	\$ (0.06)	(0.82)	(1.28)	(0.29)	1.12	1.91	0.64	0.31
-diluted .....	\$ (0.06)	(0.82)	(1.28)	(0.29)	1.06	1.78	0.60	0.30
Weighted-average common shares outstanding (millions)								
-basic .....	82.5	82.4	82.3	82.3	83.2	84.8	87.2	87.6
-diluted .....	82.5	82.4	82.3	82.3	90.0	92.4	95.9	96.9

Notes to the Consolidated Financial Statements appear on pages 18 to 21.

## Consolidated Balance Sheet

(unaudited, millions of U.S. dollars)

	<u>Mar. 31, 2006</u>	<u>Dec. 31, 2005</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents .....	\$ 94	\$ 166
Accounts receivable .....	605	564
Inventories .....	666	680
	<u>1,365</u>	<u>1,410</u>
Investments and other assets .....	187	181
Plant, property and equipment, net .....	<u>3,609</u>	<u>3,626</u>
	<u>\$ 5,161</u>	<u>\$ 5,217</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Bank loans .....	\$ -	\$ 1
Accounts payable and accrued liabilities .....	937	996
Long-term debt due within one year .....	302	301
	<u>1,239</u>	<u>1,298</u>
Long-term debt .....	1,740	1,737
Future income taxes .....	635	645
Deferred credits and long-term liabilities .....	329	318
	<u>3,943</u>	<u>3,998</u>
Shareholders' equity		
Common shares .....	496	494
Contributed surplus .....	14	11
Cumulative translation adjustment .....	331	324
Reinvested earnings .....	377	390
	<u>1,218</u>	<u>1,219</u>
	<u>\$ 5,161</u>	<u>\$ 5,217</u>

Notes to the Consolidated Financial Statements appear on pages 18 to 21.

## Consolidated Statement of Cash Flows

(unaudited, millions of U.S. dollars)

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
<b>Operating activities</b>			
Net income (loss) .....	\$ (5)	\$ (68)	\$ 94
Depreciation and amortization .....	72	74	72
Future income tax recovery.....	(27)	(35)	(14)
Non-cash restructuring charges .....	-	76	-
Other gains and losses .....	(2)	(8)	-
Stock option expense .....	3	-	3
Funds from operations .....	41	39	155
Changes in non-cash working capital ....	(59)	(172)	(59)
Cash (used in) from operations.....	(18)	(133)	96
<b>Investing activities</b>			
Proceeds on asset sales and other capital transactions.....	2	11	-
Plant, property and equipment additions.....	(41)	(129)	(73)
Turnaround costs, long-term investments and other assets .....	(12)	(77)	(17)
Changes in non-cash working capital ....	-	2	108
	(51)	(193)	18
<b>Financing activities</b>			
Decrease in current bank loans .....	(1)	-	-
Long term debt additions.....	4	400	-
Long term debt repayments .....	-	(2)	-
Long term debt – changes in revolving debt.....	(1)	-	-
Options retired for cash.....	-	(1)	(10)
Common shares issued .....	2	2	11
Common share repurchases.....	-	-	(125)
Common share dividends .....	(7)	(7)	(7)
Changes in non-cash working capital ....	-	3	(1)
	(3)	395	(132)
Increase (decrease) in cash and cash equivalents .....	(72)	69	(18)
Cash and cash equivalents, beginning of period .....	166	97	245
Cash and cash equivalents, end of period .....	\$ 94	\$ 166	\$ 227
Cash tax payments .....	\$ -	\$ 1	\$ 9
Cash interest payments.....	\$ 36	\$ 29	\$ 38

Notes to the Consolidated Financial Statements appear on pages 18 to 21.

## Notes to Consolidated Financial Statements

(unaudited, millions of U.S. dollars, except per share amounts and unless otherwise noted)

These interim Consolidated Financial Statements do not include all of the disclosures included in NOVA Chemicals' annual Consolidated Financial Statements. Accordingly, these interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended Dec. 31, 2005.

### 1. Significant Accounting Policies

These interim Consolidated Financial Statements have been prepared in accordance with Canadian GAAP, using the same accounting policies as set out in Note 2 to the Consolidated Financial Statements for the year ended Dec. 31, 2005 on pages 71 to 75 of the 2005 Annual Report.

Certain comparative figures have been restated to conform with the current periods' presentation.

### 2. Pensions and Other Post-Retirement Benefits

Components of Net Periodic Benefit Cost  
for Defined Benefit Plans

	Three Months Ended					
	Mar. 31, 2006		Dec. 31, 2005		Mar. 31, 2005	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Current service cost .....	\$ 7	\$ 1	\$ 6	\$ -	\$ 6	\$ 1
Interest cost on projected benefit obligations.....	9	1	10	1	9	1
Actual return on plan assets .....	(9)	-	(9)	-	(9)	-
Costs arising in the period.....	7	2	7	1	6	2
Differences between costs arising in the period and costs recognized in the period in respect of the long-term nature of employee future benefit costs:						
Return on plan assets.....	-	-	-	-	-	-
Transition (asset) obligation .....	(1)	-	(1)	-	(1)	1
Actuarial loss .....	2	-	3	-	2	1
Past service and actual plan amendments .....	-	-	(1)	-	-	-
Net defined benefit cost recognized .....	<u>\$ 8</u>	<u>\$ 2</u>	<u>\$ 8</u>	<u>\$ 1</u>	<u>\$ 7</u>	<u>\$ 4</u>

The expected long-term rate of return on plan assets is 7.3%.

#### Employer Contributions

NOVA Chemicals contributed \$10 million to its defined benefit pension plans and \$2 million to its defined contribution plans in the first quarter of 2006.

### 3. Restructuring Charges

On Jan. 19, 2006, NOVA Chemicals announced its intention to permanently close its Chesapeake, VA plant. A \$76 million (\$46 million after-tax) write-down of the plant value was recorded in the fourth quarter of 2005. An additional \$7 million (\$4 million after tax) was recorded in the fourth quarter to accrue for severance costs related to plant closures in Europe. In addition, severance costs of \$15 million (\$10 million after-tax) related to the Chesapeake closure were accrued in the first quarter of 2006.

#### 4. Interest Expense

##### Components of Interest Expense

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Interest on long-term debt .....	\$ 38	\$ 33	\$ 27
Interest on securitizations and other .....	5	6	1
Gross interest expense.....	43	39	28
Interest capitalized during plant construction .	(1)	(5)	(2)
Interest income .....	-	(1)	(1)
Interest expense (net).....	<u>\$ 42</u>	<u>\$ 33</u>	<u>\$ 25</u>

#### 5. Other Gains and Losses

NOVA Chemicals recorded a \$2 million before-tax gain on the sale of land at its former Joliet plant site in the first quarter of 2006. In the fourth quarter of 2005, NOVA Chemicals also recorded a tax-related settlement which accounts for the majority of the \$8 million gain.

#### 6. Income Taxes

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Income (loss) before income taxes.....	\$ (6)	\$ (104)	\$ 145
Statutory income tax rate.....	33.62%	33.62%	33.62%
Computed income tax (recovery) expense .....	\$ (2)	\$ (35)	\$ 49
(Decrease) increase in taxes resulting from:			
Lower tax rates on other gains.....	-	(2)	-
Foreign tax rates .....	(1)	(1)	2
Other .....	2	2	-
Income tax (recovery) expense .....	<u>\$ (1)</u>	<u>\$ (36)</u>	<u>\$ 51</u>

#### 7. Earnings (Loss) Per Share

(shares in millions)	Three Months Ended					
	Mar. 31 2006		Dec. 31 2005		Mar. 31 2005	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income (loss).....	\$ (5)	\$ (5)	\$ (68)	\$ (68)	\$ 94	\$ 94
Interest on preferred shares .....	-	-	-	-	-	2
Net income (loss) for EPS calculation .....	<u>\$ (5)</u>	<u>\$ (5)</u>	<u>\$ (68)</u>	<u>\$ (68)</u>	<u>\$ 94</u>	<u>\$ 96</u>
Weighted-average common shares outstanding.....	82.5	82.5	82.4	82.4	83.2	83.2
Add back effect of dilutive securities:						
Stock options .....	-	-	-	-	-	2.5
Preferred shares .....	-	-	-	-	-	4.3
Weighted-average common shares for EPS calculations .....	<u>82.5</u>	<u>82.5</u>	<u>82.4</u>	<u>82.4</u>	<u>83.2</u>	<u>90.0</u>
Earnings (loss) per common share.....	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ (0.82)</u>	<u>\$ (0.82)</u>	<u>\$ 1.12</u>	<u>\$ 1.06</u>

A total of 4.4 and 4.6 million stock options have been excluded from the computation of diluted earnings per share for the quarters ended Mar. 31, 2006 and Dec. 31, 2005, respectively. As of Mar. 31, 2006, the fully diluted share count was 82.5 million. Options become dilutive when the market price is higher than the strike price and NOVA Chemicals is profitable. The amount of dilution will vary with the stock price. The preferred shares were dilutive prior to September 2005 when our earnings per share was greater than the preferred share dividend divided by the number of shares issued on conversion. As of Sept. 30, 2005, the preferred shares are no longer convertible to NOVA Chemicals' common stock and therefore are no longer a dilutive factor in the earnings per share calculation. No restatements were made to prior periods.

## 8. Segmented Information

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Revenue			
Olefins/Polyolefins.....	\$ 1,008	\$ 899	\$ 958
Styrenics .....	604	587	607
Intersegment eliminations .....	(59)	(53)	(77)
	<u>\$ 1,553</u>	<u>\$ 1,433</u>	<u>\$ 1,488</u>
Operating income (loss)			
Olefins/Polyolefins.....	\$ 129	\$ 82	\$ 187
Styrenics.....	(51)	(81)	(19)
Corporate and other .....	(44)	(80)	2
	<u>\$ 34</u>	<u>\$ (79)</u>	<u>\$ 170</u>
Net income (loss)			
Olefins/Polyolefins.....	\$ 70	\$ 40	\$ 113
Styrenics.....	(45)	(67)	(20)
Corporate and other .....	(30)	(41)	1
	<u>\$ (5)</u>	<u>\$ (68)</u>	<u>\$ 94</u>

	Mar. 31 2006	Dec. 31 2005
Assets		
Olefins/Polyolefins.....	\$ 2,896	\$ 2,888
Styrenics .....	1,945	1,917
Corporate and other <sup>(1)</sup> .....	320	412
	<u>\$ 5,161</u>	<u>\$ 5,217</u>

(1) Amounts include all cash and cash equivalents.

## 9. Reconciliation to United States Generally Accepted Accounting Principles

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Net income (loss) in accordance with Canadian GAAP.....	\$ (5)	\$ (68)	\$ 94
Add (deduct) adjustments for:			
Hedging and derivative activity <sup>(1)</sup> .....	-	-	(2)
Inventory costing <sup>(2)</sup> .....	(3)	11	(1)
Start-up costs <sup>(3)</sup> .....	(7)	(16)	1
Net income (loss) in accordance with U.S. GAAP .....	<u>\$ (15)</u>	<u>\$ (73)</u>	<u>\$ 92</u>
Earnings (loss) per share – basic.....	<u>\$ (0.18)</u>	<u>\$ (0.89)</u>	<u>\$ 1.10</u>
Earnings (loss) per share – diluted.....	<u>\$ (0.18)</u>	<u>\$ (0.89)</u>	<u>\$ 1.04</u>

	Three Months Ended		
	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Comprehensive income (loss) <sup>(4)</sup>			
Net income (loss) in accordance with U.S. GAAP .....	\$ (15)	\$ (73)	\$ 92
Cumulative translation adjustment <sup>(5)</sup> .....	7	(7)	(32)
Minimum pension liability adjustment <sup>(6)</sup> .....	-	(9)	-
Comprehensive income (loss) in accordance with U.S. GAAP.....	<u>\$ (8)</u>	<u>\$ (89)</u>	<u>\$ 60</u>

	<b>Mar. 31 2006</b>	<b>Dec. 31 2005</b>
Accumulated other comprehensive income <sup>(4)</sup>		
Cumulative translation adjustment <sup>(5)</sup> .....	\$ 310	\$ 303
Minimum pension liability <sup>(6)</sup> .....	(12)	(12)
	<u>\$ 298</u>	<u>\$ 291</u>
Balance sheet in accordance with U.S. GAAP		
Current assets <sup>(2)</sup> .....	\$ 1,406	\$ 1,455
Investments and other assets <sup>(3), (6)</sup> .....	155	159
Plant, property and equipment, net.....	3,588	3,604
Current liabilities <sup>(1)</sup> .....	(1,234)	(1,293)
Long-term debt <sup>(1)</sup> .....	(1,744)	(1,742)
Deferred credits and long-term liabilities <sup>(1), (6)</sup> .....	(971)	(972)
Common equity .....	<u>\$ 1,200</u>	<u>\$ 1,211</u>

- (1) **Derivative Instruments and Hedging Activities.** Canadian GAAP does not require the recognition of derivative instruments on the consolidated balance sheet at fair values, unless the derivative instrument does not qualify for hedge accounting under Canadian Accounting Guideline 13, Hedging Relationships (AcG-13). Non-qualifying derivatives are adjusted to fair value through income (loss). Under U.S. GAAP, entities must follow the recommendations of Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, which require the recognition of all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income (loss). If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. For derivatives that are designated and qualify as hedging instruments, the Corporation documents the hedging strategy, including hedging instrument and hedged item, based on the risk exposure being hedged. Based upon the designated hedging strategy, effectiveness of the hedge in offsetting the hedged risk is assessed at inception and on an ongoing basis during the term of the hedge. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. The application of SFAS No. 133 for U.S. GAAP reporting results in differences related to foreign exchange, commodity-based and other derivative instruments used by NOVA Chemicals.
- (2) **Inventory Costing.** Canadian GAAP allows fixed overhead costs associated with production activities to be expensed during the period whereas U.S. GAAP requires an allocation of fixed production overhead to inventory.
- (3) **Start-up Costs.** Canadian GAAP provides that when an entity starts up a new facility, expenditures incurred during the pre-operating period may be deferred when certain criteria are met. Under U.S. GAAP, all costs (except interest on constructed assets) associated with start-up activities must be expensed as incurred.
- (4) **Comprehensive Income.** U.S. GAAP SFAS No. 130, Reporting Comprehensive Income, requires the presentation of a statement containing the components of comprehensive income (loss) and the accumulated balance of other comprehensive income. Comprehensive income includes all changes in equity during the period including items that are not in net income (loss). This statement is not currently required under Canadian GAAP.
- (5) **Cumulative Translation Adjustment.** Under U.S. GAAP unrealized gains (losses) resulting from translation of self-sustaining foreign operations are recorded in other comprehensive income until there is a realized reduction in the investment.
- (6) **Minimum Pension Liability.** SFAS No. 87, Employer's Accounting for Pensions, requires an employer to record an additional minimum liability (AML) if the unfunded accumulated benefit obligation exceeds the accrued pension liability or if there is a prepaid pension asset with respect to the plan. If an AML is recognized, an intangible asset, in an amount not exceeding the unrecognized prior service cost, is also recognized. The excess of the AML, over the intangible asset, if any, is charged to other comprehensive income, net of income tax effects.
- (7) **Joint Ventures.** NOVA Chemicals accounts for its interests in joint ventures using the proportionate consolidation method under Canadian GAAP. As permitted by specific United States Securities and Exchange Commission exemptions, adjustments to reflect equity accounting, as required under U.S. GAAP, have not been made. The equity method would not result in any changes in NOVA Chemicals' net income (loss) or shareholders' equity, however, all assets, liabilities, revenue, expenses, and most cash flow items would decrease when compared with the amounts that are presented using proportionate consolidation.