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NOVA CHEMICALS CORP /NEW
Form 6-K
October 20, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
The Securities Exchange Act of 1934
Date of Report: October 20, 2004

NOVA Chemicals Corporation
1000, Seventh Avenue S.W., Calgary, Alberta, Canada, T2P 5L5

(Address of principal executive offices)
Commission File Number: 1-13064

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ----- Form 40-F X -----

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ----- No X -----

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A .

A copy of the Registrant's:

- (a) interim financial statements for the third quarter, three months ended September 30, 2004;
- (b) auditors' comfort letter related to the interim financial statements; and
- (c) updated detailed interest and asset coverage calculations related to the interim financial statements

are furnished herewith and are incorporated by reference into the following Registration Statements:

Registration Statement on Form S-8 #33-47673
Registration Statement on Form S-8 #333-520
Registration Statement on Form S-8 #333-9076
Registration Statement on Form S-8 #333-9078
Registration Statement on Form S-8 #33-86218
Registration Statement on Form S-8 #33-77308
Registration Statement on Form S-8 #333-11280
Registration Statement on Form S-8 #333-12910
Registration Statement on Form S-8 #333-101793
Registration Statement on Form S-8 #333-109424
Registration Statement on Form F-9 #333-13824

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A copy of the Registrant's:

- (d) section 302 certification of principal executive officer;
- (e) section 302 certification of principal financial officer;
- (f) certification of principal executive officer pursuant to 18 U.S.C. ss. 1350; and
- (g) certification of principal financial officer pursuant to 18 U.S.C. ss. 1350

are furnished herewith.

Controls and Procedures

- (a) Evaluation of disclosure controls and procedures. Our chief executive officer and our chief financial officer, after evaluating the effectiveness of the company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report, have concluded that our disclosure controls and procedures were adequate and designed to ensure that material information relating to us and our consolidated subsidiaries would be made known to them by others within those entities.
- (b) Changes in internal controls. There were no significant changes in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVA Chemicals Corporation

/s/ Jack S. Mustoe

Jack S. Mustoe
Senior Vice-President Legal & General Counsel
and Corporate Secretary

Date: October 20, 2004

EXHIBITS

Attached hereto are:

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- (a) the interim financial statements of NOVA Chemicals Corporation for the third quarter, three months ended September 30, 2004;
- (b) auditors' comfort letter;
- (c) updated detailed interest and asset coverage calculations related to the interim financial statements;
- (d) section 302 certification of principal executive officer;
- (e) section 302 certification of principal financial officer;
- (f) certification of principal executive officer pursuant to 18 U.S.C. ss. 1350; and
- (g) certification of principal financial officer pursuant to 18 U.S.C. ss. 1350.

Exhibit (a)

NOVA Chemicals: Results Strengthen

PITTSBURGH--(BUSINESS WIRE)--Oct. 20, 2004--NOVA Chemicals Corporation (NYSE:NCX) (TSX:NCX)

NOVA Chemicals will host a conference call today, Wednesday, Oct. 20, 2004, for investors and analysts at 1 p.m. EDT (11 a.m. MDT; 10 a.m. PDT). Media are welcome to join this call in a "listen only" mode. The dial in number for this call is (416) 405-9328. The replay number is (416) 695-5800 (Reservation No. 3099681). The live call is also available on the Internet at www.vcall.com.

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

NOVA Chemicals Corporation (NOVA Chemicals) reported net income to common shareholders of \$56 million (\$0.60 per share diluted) for the third quarter of 2004. This compares to net income to common shareholders of \$27 million (\$0.30 per share diluted) in the second quarter of 2004.

In the third quarter of 2003, NOVA Chemicals reported a net loss to common shareholders of \$65 million (\$0.75 per share diluted). Net income to common shareholders in the third quarter of 2004 rose \$121 million compared to the third quarter of 2003.

"Net income from our Olefins/Polyolefins and Styrenics businesses was up sharply from \$36 million in the second quarter to \$68 million in the third quarter, despite higher feedstock costs. We experienced stronger demand in all of our markets and hit an all-time quarter high for polyethylene volume in a period that is normally limited by summer slowdowns," said Jeff Lipton, NOVA Chemicals' President and Chief Executive Officer.

"We closed the quarter with a strong cash position, even with increases in working capital and the repurchase of 2.2 million shares for \$72 million. As we enter the fourth quarter, volume remains strong, additional price increases are being implemented and our share repurchase program remains on track."

The Olefins/Polyolefins business reported net income of \$78 million in the third quarter, \$19 million higher than the second quarter. Polyethylene sales volumes were up, prices increased and

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contributions from co-products remained strong.

The Styrenics business reported a net loss of \$10 million in the third quarter, versus a second quarter net loss of \$23 million. Both North American and European polymer results improved as prices outpaced rising feedstock costs. Styrene monomer margins held steady on slightly higher volumes despite the flow-through of much higher benzene costs.

Corporate items reduced net income by \$11 million in the third quarter of 2004. This included a \$21 million (after-tax) mark-to-market charge resulting from the impact of NOVA Chemicals' stock price appreciation on cash settled stock-based compensation plans. This charge was somewhat offset by a \$10 million after-tax gain related to an income tax settlement.

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NOVA Chemicals Highlights

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

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Net income (loss)					
Olefins/Polyolefins	\$ 78	\$ 59	\$ (8)	\$ 172	\$ (9)
Styrenics	(10)	(23)	(39)	(53)	(98)
Corporate and other(1)	(11)	(7)	(11)	(21)	106
Operated business income (loss)	57	29	(58)	98	(1)
Methanex	-	-	-	-	37
Preferred securities dividends and distributions(2)	(1)	(2)	(7)	(8)	(22)
Net income (loss) to common shareholders	\$ 56	\$ 27	\$ (65)	\$ 90	\$ 14
Earnings (loss) per common share					
Basic	\$ 0.64	\$ 0.31	\$ (0.75)	\$ 1.03	\$ 0.16
Diluted	\$ 0.60	\$ 0.30	\$ (0.75)	\$ 0.98	\$ 0.16
Weighted-average common shares outstanding (millions) (3)					
Basic	87	88	87	87	87
Diluted	96	97	87	96	88
Revenue	\$1,379	\$1,238	\$ 967	\$3,743	\$ 2,908
EBITDA(4)	\$ 164	\$ 153	\$ 20	\$ 438	\$ 142
Depreciation and amortization	\$ 68	\$ 77	\$ 76	\$ 225	\$ 220
Funds from operations	\$ 141	\$ 126	\$ 4	\$ 359	\$ 85
Capital expenditures (net)	\$ 60	\$ 39	\$ 35	\$ 142	\$ 78

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Average capital employed(5)	\$3,328	\$3,190	\$ 3,204	\$3,241	\$ 3,214
After-tax return on capital employed(6)	9.1 %	5.8 %	(5.1)%	6.2 %	2.2%
Return on average common equity(7)	16.9 %	8.7 %	(21.7)%	9.4 %	(11.7)%

- (1) In the third quarter of 2004, NOVA Chemicals began classifying mark-to-market amounts related to stock based compensation liabilities in the corporate accounts to more clearly present our operating performance and be consistent with a change in the way results are reported to senior management. All prior periods have been restated accordingly. See table on page 11.
- (2) On Mar. 1, 2004, NOVA Chemicals redeemed \$383 million of preferred securities.
- (3) Weighted average of common shares outstanding during the period used to calculate the earning (loss) per share. See page 8, footnote 5 for more information.
- (4) Net income before income taxes, other gains and losses, earnings from equity investment in affiliates, interest expense and depreciation and amortization. This consolidated EBITDA for the third quarter of 2004 includes EBITDA of \$200 million from the Olefins/Polyefins and Styrenics businesses less \$36 million related to the corporate items described in footnote 1 above. See Consolidated Statement of Income and Supplemental Measures on page 10.
- (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 10.
- (6) After-tax return on capital employed equals NOVA Chemicals' net income plus after-tax interest expense (annualized) divided by average capital employed. See Supplemental Measures on page 10.
- (7) Return on average common equity equals annualized net income to common shareholders divided by average common equity.

OLEFINS/POLYOLEFINS BUSINESS

Financial Highlights

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

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Revenue (1)	\$ 824	\$ 785	\$ 603	\$2,318	\$1,868
Operating income	\$ 137	\$ 109	\$ 7	\$ 311	\$ 45
Depreciation and amortization	40	48	48	139	137
EBITDA(2)	\$ 177	\$ 157	\$ 55	\$ 450	\$ 182
Net income (loss) (3)	\$ 78	\$ 59	\$ (8)	\$ 172	\$ (9)
Capital expenditures (net)	\$ 31	\$ 12	\$ 22	\$ 66	\$ 45
Average capital employed(4)	\$1,942	\$1,854	\$1,892	\$1,895	\$1,885
After-tax return on capital employed(5)	18.0 %	14.6 %	0.2 %	14.0 %	1.2 %

(1) Before intersegment eliminations.

(2) Net income (loss) before income taxes, other gains and losses,

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interest expense and depreciation and amortization. See Supplemental Measures on page 10.

- (3) Before dividends and distributions on preferred securities.
- (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 return on capital employed equals net income plus after-tax interest expense (annualized) divided by average capital employed.

Operating Highlights

Average Benchmark Prices(1)

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

	Three Month Average			Nine Month Average	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Ethylene(2)	\$ 0.33	\$ 0.31	\$ 0.28	\$ 0.32	\$ 0.29
Polyethylene - linear low-density butene liner(3)	\$ 0.48	\$ 0.45	\$ 0.39	\$ 0.46	\$ 0.43
Polyethylene - weighted- average benchmark(4)	\$ 0.49	\$ 0.46	\$ 0.42	\$ 0.47	\$ 0.46
NYMEX natural gas (dollars per mmBTU) (5)	\$ 5.84	\$ 5.97	\$ 5.10	\$ 5.83	\$ 5.73
WTI crude oil (dollars per barrel)	\$43.88	\$38.32	\$30.20	\$39.11	\$30.99

- (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) USGC Net Transaction Price. Includes estimate of \$0.34 for the month of September 2004.
- (3) Source: Townsend Polymer Services Information (TPSI). TPSI's benchmark polyethylene prices received a one-time downward, non-market adjustment beginning in July 2003. The linear low-density butene liner price was reduced by 5 cents per pound. Months prior to July 2003 have not been restated by TPSI.
- (4) Benchmark prices weighted according to NOVA Chemicals' sales volume mix in North America. Source for benchmark prices: TPSI.
- (5) Source: NYMEX Henry Hub 3-Day Average Close.

Polyethylene Sales Volumes

(millions of pounds)

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
NOVAPOL (R)					
Linear low-density polyethylene	329	329	307	962	892
Low-density polyethylene	82	76	60	232	188
High-density polyethylene	115	109	95	332	294
SCLAIR (R)					
Linear low-density and high-density polyethylene	118	108	128	358	374

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Advanced SCLAIRTECH(TM) Linear low-density and high-density polyethylene	198	202	140	573	435
Total	842	824	730	2,457	2,183

NOVAPOL(R) is a registered trademark of NOVA Brands Ltd.;
authorized use.

SCLAIR(R) is a registered trademark of NOVA Chemicals Corporation
in Canada and of NOVA Chemicals (International) S.A. elsewhere;
authorized use.

Advanced SCLAIRTECH(TM) is a trademark of NOVA Chemicals.

Review of Operations

Olefins/Polyolefins

Third Quarter 2004

The Olefins/Polyolefins business reported net income of \$78 million in the third quarter of 2004, compared to net income of \$59 million in the second quarter of 2004. Strong polymer demand enabled price increases and margin expansion. Continued strong co-product contributions, primarily from our Corunna, Ontario flexi-cracker, largely offset rising feedstock costs.

Feedstocks and Ethylene

Average NYMEX natural gas prices were down 2% from the second quarter and average WTI crude oil prices were up 15%.

Our Joffre, Alberta ethane-based crackers' cash-cost advantage averaged approximately 10 cents per pound for the quarter over typical ethane-based U.S. Gulf Coast (USGC) ethylene plants. The increase in the Alberta Advantage from 5 cents per pound in the second quarter was driven by higher ethane prices on the U.S. Gulf Coast and declining natural gas prices in Alberta.

Third party ethylene sales volumes were down versus the second quarter, as Alberta-based customers modified order patterns.

Polyethylene

Third quarter weighted-average benchmark polyethylene prices were up about 3 cents per pound from the second quarter of 2004. A 4 cents per pound polyethylene price increase in North America announced July 1, was fully implemented by the end of the third quarter. Additional price increases of 5 cents per pound were announced for Sept. 1 and 6 cents per pound for Oct. 1, 2004.

Total polyethylene sales volumes for the third quarter were up 2% from the second quarter, and up 15% from the third quarter of 2003, setting a new record. North American volumes were up 3% from the second quarter, and international volumes were flat. International sales represented 15% of NOVA Chemicals' total polyethylene sales volume this quarter.

Advanced SCLAIRTECH(TM) Polyethylene

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The Advanced SCLAIRTECH polyethylene plant, at Joffre, Alberta, sold 198 million pounds of Advanced SCLAIRTECH polyethylene in the third quarter of 2004 and sales of higher-margin performance grades, including new rotational molding and thin wall injection molding products, represented approximately 35% of plant capacity.

Third Quarter 2004 versus Third Quarter 2003

Net income of \$78 million in the third quarter of 2004 was up from a net loss of \$8 million in the third quarter of 2003, primarily due to strong industry operating rates driving up polyethylene margins, as well as stronger co-product contributions. As reported by The American Plastics Council (APC), industry operating rates for polyethylene in North America improved from 83% in the third quarter of 2003 to 97% in the third quarter of 2004. Effective industry operating rates for ethylene in the United States, as reported by Chemical Market Associates, Inc. (CMAI), for the third quarter of 2004 were 95%, up from 88% in the third quarter of 2003.

First Nine Months of 2004 versus First Nine Months of 2003

Net income of \$172 million in the first nine months of 2004 was up from a net loss of \$9 million in the first nine months of 2003. EBITDA was also \$268 million higher during the same period, due to strong industry operating rates driving improvement in polyethylene margins, as well as stronger co-product contributions. During the first nine months of 2004, APC reported that North American industry operating rates for polyethylene improved to 93%, up from 84% for the same period in 2003. CMAI reported effective industry operating rates for ethylene in the United States for the first nine months of 2004 of 95% versus 87% for the same period in 2003.

Our 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 12.

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STYRENICS BUSINESS

Financial Highlights

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

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Revenue (1)	\$ 641	\$ 518	\$ 414	\$1,633	\$1,175
Operating loss	\$ (5)	\$ (20)	\$ (47)	\$ (44)	\$ (108)
Depreciation and amortization	28	29	28	86	83
EBITDA (2)	\$ 23	\$ 9	\$ (19)	\$ 42	\$ (25)
Net loss (3)	\$ (10)	\$ (23)	\$ (39)	\$ (53)	\$ (98)
Capital expenditures (net)	\$ 29	\$ 27	\$ 13	\$ 76	\$ 33
Average capital employed (4)	\$1,405	\$1,351	\$1,308	\$1,366	\$1,318
After-tax return on					

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capital employed(5) (0.4)% (4.2)% (9.4)% (2.7)% (7.1)%

- (1) Before intersegment eliminations.
- (2) Net income (loss) before income taxes, other gains and losses, interest expense and depreciation and amortization. See Supplemental Measures on page 10.
- (3) Before dividends and distributions on preferred securities.
- (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 return on capital employed equals net income (loss) plus after-tax interest expense (annualized) divided by average capital employed.

Operating Highlights

Average Benchmark Prices(1)

(U.S. dollars per pound, unless otherwise noted)	Three Month Average			Nine Month Average	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Styrene monomer(2)	\$0.66	\$0.53	\$0.40	\$0.55	\$0.41
Polystyrene - weighted- average benchmark(3)	\$0.77	\$0.65	\$0.52	\$0.67	\$0.55
Benzene (dollars per gallon) (2)	\$3.62	\$2.41	\$1.41	\$2.64	\$1.56

- (1) Average benchmark prices do not necessarily reflect actual prices realized by NOVA Chemicals or any other petrochemical company.
- (2) Source: CMAI Contract Market. A 10 cents per gallon change in the cost of benzene results in about a 1 cents per pound change in the variable cost of producing styrene monomer.
- (3) Benchmark prices weighted according to NOVA Chemicals' polystyrene sales volume mix in North America and Europe. Includes solid and expandable polystyrene, but excludes high performance styrenic polymers. Source for benchmark prices: CMAI.

Styrenics Sales Volumes

(millions of pounds)	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Styrene monomer(1)	431	407	353	1,272	963
Solid and expandable polystyrene	565	563	551	1,683	1,588
High performance styrenics (including DYLARK(R) resins)	59	66	69	182	197
Total	1,055	1,036	973	3,137	2,748

- (1) Third-party sales only.

DYLARK(R) is a registered trademark of NOVA Chemicals Inc.

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Review of Operations

Styrenics

Third Quarter 2004

The Styrenics business reported a net loss of \$10 million in the third quarter, compared to a net loss of \$23 million in the second quarter of 2004. Polymer margins improved in North America and Europe, as price increases more than offset the flow-through of higher feedstock costs. Average realized prices and margins increased across all polymer businesses in North America and Europe.

Third-party styrene monomer sales volume was up 6% from the second quarter, driven by improving global demand. North American and European polymer volumes were essentially flat over the second quarter.

Styrene Monomer

The USGC third quarter average spot price for styrene was 57 cents per pound, up from the second quarter average price of 41 cents per pound. Average third quarter benchmark contract pricing was 66 cents per pound, up from the second quarter price of 53 cents per pound.

Feedstock costs continued to increase through the third quarter and the benzene benchmark rose to an average of \$3.62 per gallon, up from the second quarter average of \$2.41 per gallon. Benzene remains extremely tight and prices continue to be very high as a percentage of crude oil. The contract benzene price reached an all-time high of \$3.95 per gallon for September, and spot prices also reached new all-time highs.

NOVA Chemicals announced price increases for North American styrene monomer of 7 cents per pound effective July 1, 2004; 15 cents per pound effective Aug. 1, 2004; 5 cents per pound effective Sept. 1, 2004; and 2 cents per pound effective Oct. 1, 2004.

In Europe, the third quarter average price for styrene monomer was 59 cents per pound, up from the second quarter price of 46 cents per pound.

Solid Polystyrene (SPS)

The weighted-average North American SPS benchmark price increased from the second quarter by 12 cents per pound. SPS margins expanded in North America and Europe during the third quarter as prices rose faster than feedstock flow-through costs.

NOVA Chemicals announced a price increase for North American SPS of 3 cents per pound effective July 1, 2004; 4 cents per pound effective Aug. 1, 2004; 12 cents per pound effective Aug. 16, 2004; and 8 cents per pound effective Sept. 15, 2004.

NOVA Chemicals announced European SPS price increases of 6 cents per pound effective July 1, 2004; 8 cents per pound effective Aug. 1, 2004; 8 cents per pound effective Sept. 1, 2004; and 5.5 cents per pound effective Oct. 1, 2004.

Expandable Polystyrene (EPS)

EPS margins expanded during the third quarter in North America and Europe as prices rose faster than feedstock flow-through costs.

NOVA Chemicals announced North American EPS price increases of 3 cents per pound effective July 1, 2004; 4 cents per pound effective Aug. 1, 2004; 10 cents per pound effective Aug. 16, 2004; 8 cents per

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pound effective Sept. 1, 2004; and 5 cents per pound effective Nov. 1, 2004.

NOVA Chemicals announced European EPS price increases of 5 cents per pound effective July 1, 2004; 9 cents per pound effective Aug. 1, 2004; 8 cents per pound effective Sept. 1, 2004; 3 cents per pound effective Oct. 1, 2004; and 2.5 cents per pound effective Nov. 1, 2004.

Third Quarter 2004 versus Third Quarter 2003

The Styrenics business had a net loss of \$10 million in the third quarter of 2004, compared to a net loss of \$39 million in the third quarter of 2003, primarily due to the expansion of margins in all of our polymer businesses in North America and Europe as prices outpaced rising feedstock costs.

First Nine Months of 2004 versus First Nine Months of 2003

The net loss of \$53 million in the first nine months of 2004 improved from the net loss of \$98 million in the first nine months of 2003, primarily due to the expansion of margins in all of our polymer businesses in North America and Europe as prices outpaced rising feedstock costs. Volume increased 14% over this period.

Our 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 12.

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Liquidity and Capital Resources

Capitalization

(unaudited, millions of U.S. dollars except as noted)	Sept. 30 2004	June 30 2004	Dec. 31 2003
	-----	-----	-----
Current debt(1)	\$ 100	\$ -	\$ -
Long-term debt(2)	1,406	1,493	1,101
Less: cash and cash equivalents	(233)	(257)	(212)
	-----	-----	-----
Total debt net of cash and cash equivalents	1,273	1,236	889
	-----	-----	-----
Shareholders' equity			
9.50% preferred securities	-	-	210
9.04% preferred securities	-	-	173
Retractable preferred shares(3), (4)	198	198	198
	-----	-----	-----
	198	198	581
	-----	-----	-----
Common share equity(5), (6), (7), (8), (9)	1,346	1,282	1,309
	-----	-----	-----
Total shareholders' equity	1,544	1,480	1,890
	-----	-----	-----
Total capitalization(10)	\$2,817	\$2,716	\$2,779
	-----	-----	-----

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- (1) A total of \$100 million of 7% 10-year notes are due in September 2005.
- (2) On Jan. 13, 2004, NOVA Chemicals issued \$400 million of 6.5% senior notes due 2012. Maturity dates for NOVA Chemicals' Current and Long-term debt range from September 2005 to August 2028. The 2005 maturities total \$103 million.
- (3) Preferred shares of a subsidiary, paying dividends of 2%, which are exchangeable into NOVA Chemicals' common shares.
- (4) A total of 8,500,000 common shares (plus preferred shares if the market value of such common shares is less than \$198 million) have been reserved for future issue under the terms of the retractable preferred share agreement.
- (5) Common shares outstanding at Oct. 15, 2004 were 86,431,167 (Sept. 30, 2004 - 86,396,602; June 30, 2004 - 87,758,083; Dec. 31, 2003 - 87,099,781).
- (6) A total of 7,239,236 stock options were outstanding to officers and employees on Sept. 30, 2004 to purchase common shares of NOVA Chemicals. A total of 1,939,437 common shares were reserved but unallocated. A total of 13 million common shares were initially reserved for issuance under the Option Plan.
- (7) A total of 47,800 shares were reserved for the Directors' Share Compensation Plan.
- (8) In May 2002, NOVA Chemicals' shareholders reconfirmed a shareholder rights plan where one right was issued for each outstanding common share. The plan expires May 2009.
- (9) For the three months ended Sept. 30, 2004, 2,197,500 shares were repurchased and 836,019 shares were issued upon the exercise of stock options. For the three months ended June 30, 2004, 337,879 shares were issued upon the exercise of stock options. For the three months ended March 31, 2004, 320,423 shares were issued upon the exercise of stock options.
- (10) Total capitalization reflects shareholders' equity and total debt net of cash and cash equivalents (see Supplemental Measures on page 10).

Senior Debt Ratings(1)

	Senior Unsecured Debt
DBRS	BBB (low) (stable)
Fitch Ratings	BB+ (stable)
Moody's	Ba2 (negative)
Standard & Poor's	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

	Twelve Months Ended		
	Sept. 30 2004	June 30 2004	Sept. 30 2003
Net debt to total capitalization(1)	45.2%	45.5%	37.7%
Interest coverage on long-term debt (2)	2.3x	0.7x	0.3x
Net tangible asset coverage	2.0x	2.0x	2.7x

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on long-term debt (3)

- (1) See Supplemental Measures on page 10.
- (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)	Three Months Ended Sept. 30 2004	Nine Months Ended Sept. 30 2004
	-----	-----
Operating income	\$ 96	\$ 213
Add back - depreciation and amortization	68	225
	-----	-----
EBITDA(1)	164	438
Interest	(25)	(70)
Other gains and losses	12	13
Current tax expense and other	(10)	(22)
	-----	-----
Funds from operations	141	359
Operating working capital increase (56)	(154)	
	-----	-----
Cash from operations	85	205
Asset sale proceeds	19	19
Capital expenditures	(60)	(142)
Project advances from third parties	3	9
Turnaround costs and other assets	(4)	(8)
Dividends paid	(8)	(29)
Common shares issued	13	25
Common shares repurchased	(72)	(72)
Preferred securities redemption	-	(383)
Foreign exchange and other	(13)	(8)
	-----	-----
Total change in cash and debt	\$ (37)	\$ (384)
	-----	-----
Increase (decrease) in cash	\$ (24)	\$ 21
Increase in debt	(13)	(405)
	-----	-----
Total change in cash and debt	\$ (37)	\$ (384)
	-----	-----

- (1) Net income before income taxes, other gains and losses, earnings from equity investment in affiliates, interest expense and

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depreciation and amortization. See Consolidated Statement of Income and Supplemental Measures on page 10.

NOVA Chemicals' net debt to total capitalization ratio was 45.2% at Sept. 30, 2004. Cash on hand at the end of the third quarter was \$233 million, down from \$257 million at the end of the second quarter of 2004. During the third quarter, \$72 million of cash was used to repurchase 2.2 million common shares.

NOVA Chemicals' funds from operations were \$141 million for the third quarter of 2004, up \$15 million from the second quarter of 2004 due to improved earnings during the quarter.

Operating working capital increased by \$56 million in the third quarter of 2004, related primarily to price increases and inventory builds associated with a maintenance turnaround at our Corunna crude unit. NOVA Chemicals assesses its working capital management effectiveness through a Cash Flow Cycle Time (CFCT) measure. CFCT measures working capital from operations in terms of the number of days sales (calculated as working capital from operations divided by average daily sales). This metric helps determine which portion of changes in working capital result from factors other than price movements. CFCT was 33 days as of Sept. 30, 2004, above our target range of 25 to 30 days, and up from 29 days as of June 30, 2004, due to higher inventories and as a result of the scheduled maintenance at Corunna.

During the third quarter, NOVA Chemicals received \$19 million from the sale of its 100% interest in an ethylene delivery system in Alberta. The gain of \$19 million was deferred and will be amortized over the life of an operating lease of the system. Capital expenditures were \$57 million (after third-party project advances) in the third quarter of 2004, compared to \$36 million in the second quarter of 2004 and \$35 million in the third quarter of 2003.

Selling, general and administrative expenses (SG&A) increased by \$21 million from the second quarter of 2004. SG&A was also up \$32 million from the third quarter of 2003, and \$60 million for the first nine months of 2004 versus the first nine months of 2003. These increases were primarily due to NOVA Chemicals' stock appreciation and the \$52 million pre-tax impact on the mark-to-market liability of our stock-based compensation plans.

Depreciation and amortization declined \$9 million in the third quarter of 2004 versus the second quarter due to our second Joffre ethylene plant being fully depreciated. Despite this decline, depreciation for the first nine months of 2004 was up slightly from the first nine months of 2003 due to the appreciation of the Canadian dollar and euro.

Financing

NOVA Chemicals has a \$300 million revolving credit facility, expiring April 1, 2007. NOVA Chemicals continues to comply with all financial covenants under the facility. As of Oct. 19, 2004, NOVA Chemicals has utilized \$53 million of the revolving credit facility in the form of operating letters of credit.

During the third quarter of 2004, NOVA Chemicals increased the capacity of its accounts receivable securitization program from \$200 million to \$250 million. As of Sept. 30, 2004, the amount of receivables sold under this program was \$226 million, compared to \$200 million as of June 30, 2004.

Normal Course Issuer Bid

On July 21, 2004, NOVA Chemicals announced a share repurchase

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program for up to approximately 7.5 million common shares. As of Oct. 19, 2004, 2.2 million common shares have been repurchased at an average price of \$43.29 Cdn.

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 we use FIFO, a portion of the second quarter feedstock purchases flowed through the income statement in the third quarter. Benzene and crude oil prices continued to increase through the third quarter and natural gas prices fell slightly. Third quarter average NYMEX natural gas pricing was lower than the second quarter average price by \$0.13 per mmbTU and WTI crude was higher by \$5.56 per bbl. Benchmark benzene prices continued to rise, starting the quarter at \$2.60 per gallon and ending the quarter at \$3.95 per gallon. We estimate that net income would have been about \$42 million lower in the third quarter had NOVA Chemicals used the LIFO method of accounting.

Feedstock Derivative Positions

NOVA Chemicals maintains a derivatives program to manage its feedstock costs. The loss from natural gas and crude oil positions realized in the third quarter of 2004 was \$3 million after-tax (\$2 million gain after-tax in the first half of the year).

In addition, NOVA Chemicals is required to record on its balance sheet the market value of any outstanding feedstock positions that do not qualify for hedge accounting treatment. The gain or loss resulting from changes in the market value of positions is recorded through earnings each period. NOVA Chemicals has recorded \$11 million of mark-to-market after-tax gains on outstanding feedstock derivative positions since Jan. 1, 2004 (a \$5 million gain in the first quarter, a \$1 million gain in the second quarter, and a \$5 million gain in the third quarter of 2004). This is in addition to the realized loss reported above, bringing the total year-to-date gain to \$10 million after-tax.

Supplemental Measures

In addition to providing measures in accordance with Canadian GAAP, NOVA Chemicals presents certain supplemental measures. These are EBITDA (defined below), average capital employed (defined on page 2) and after-tax return on capital employed (defined on page 2). It also includes net debt to total capitalization (see page 8), with net debt and total capitalization defined to be net of cash and cash equivalents in accordance with the debt covenants for its \$300 million revolving credit facility. 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.

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 Income by adding back income taxes, interest expense, other gains and losses, earnings from equity investment in affiliates and depreciation and amortization. Segment EBITDA is determined as segment operating income or loss before depreciation and amortization.

Corporate and other

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

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(unaudited, millions of U.S. dollars)	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Stock based					
compensation(1)	\$ (21)	\$ (7)	\$ (1)	\$ (31)	\$ (1)
Restructuring(2)	-	-	(10)	-	(10)
IRS settlement	10	-	-	10	-
Bayport charge(3)	-	-	-	-	(8)
Gain on sale of investments:					
Methanex(4)	-	-	-	-	61
Fort Saskatchewan Ethylene Storage(5)	-	-	-	-	64
	\$ (11)	\$ (7)	\$ (11)	\$ (21)	\$106
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----

- (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. The market price on Sept. 30, 2004, was \$38.70.

- (2) In 2003, NOVA Chemicals announced the shutdown of its oldest, highest-cost polyethylene production line at the St. Claire River site in Ontario, Canada.

- (3) NOVA Chemicals had an explosion, which resulted in a fire at its Bayport, Texas styrene monomer manufacturing facility and as a result incurred a charge of \$13 million before-tax (\$8 million after-tax) primarily related to the amount of property damage not covered by insurance.

- (4) In the second quarter of 2003, NOVA Chemicals sold its interest in Methanex Corporation, resulting in a gain of \$29 million (\$61 million after-tax) . A future income tax recovery of \$32 million was recorded to reverse income taxes provided for on Methanex related equity earnings in prior periods. NOVA Chemicals has no remaining equity interest in Methanex.

- (5) In the second quarter of 2003, NOVA Chemicals sold its interest in the Fort Saskatchewan Ethylene Storage Facility, resulting in a gain of \$76 million (\$64 million after-tax).

NOVA Chemicals' share price on the New York Stock Exchange (NYSE) increased to U.S. \$38.70 at Sept. 30, 2004 from U.S. \$28.93 at June 30, 2004. NOVA Chemicals' share value increased 34% for the quarter ending Sept. 30, 2004 on the NYSE and 26% on the Toronto Stock Exchange (TSX), while peer chemical companies' share values increased 12% on average and the S&P Chemicals Index increased 2%. The S&P/TSX Composite Index was up 1% and the S&P 500 was down 2% in the third quarter. As of Oct. 19, 2004, NOVA Chemicals' share price was U.S.

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\$37.33, down 3.5% from Sept. 30, 2004. The S&P Chemicals Index was down 2% in the same period.

In the third quarter, approximately 64% of trading in NOVA Chemicals' shares took place on the TSX and 36% of trading took place in the U.S.

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Third quarter trading volumes	Millions of Shares	% of float	% of trading
Toronto Stock Exchange	21.1	24	64
Consolidated U.S. Trading Volumes	11.8	14	36
Total	32.9	38	100

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.

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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.

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.

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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.

Forward-Looking Information

The information in this news release contains forward-looking statements with respect to NOVA Chemicals, its subsidiaries and affiliated companies. By their nature, these forward-looking

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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; the impact of competition; changes in customer demand; changes in, or the introduction of new laws and regulations relating to NOVA Chemicals' business, including environmental, competition and employment laws; loss of the services of any of NOVA Chemicals' executive officers; uncertainties associated with the North American, European and Asian economies; and other risks detailed from time to time in the publicly filed disclosure documents and securities commissions 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.

CHANGES IN NET INCOME TO COMMON SHAREHOLDERS

(unaudited, millions of U.S. dollars)

	Q3 2004 Compared with		First Nine Months 2004 Compared
	----- Q2 2004	Q3 2003 -----	With First Nine Months 2003 -----
Higher net unit margins	\$ 34	\$139	\$ 256
Higher (lower) sales volumes	(2)	22	86
Higher gross margin(1)	32	161	342
Higher research and development	-	-	(1)
Higher selling, general and administrative	(21)	(32)	(60)
Lower restructuring charges	-	15	15
(Higher) lower depreciation and amortization	9	8	(5)
(Higher) lower interest expense	(2)	(2)	2
Lower equity earnings in Methanex	-	-	(39)
Higher (lower) other gains and losses	9	12	(79)
(Higher) lower income tax expense (Note 4 to the Consolidated Financial Statements)	1	(47)	(113)
Lower preferred securities dividends and distributions	1	6	14

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Increase in net income to common shareholders	\$ 29	\$121	\$ 76
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(1) Revenue less feedstock and operating costs.

FINANCIAL STATEMENTS

Consolidated Statement of Income (Loss)

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

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Revenue	\$1,379	\$1,238	\$ 967	\$3,743	\$2,908
Feedstock and operating costs	1,124	1,015	873	3,080	2,587
Research and development	11	11	11	34	33
Selling, general and administrative	80	59	48	191	131
Restructuring charges	-	-	15	-	15
Depreciation and amortization	68	77	76	225	220
	1,283	1,162	1,023	3,530	2,986
Operating income (loss)	96	76	(56)	213	(78)
Interest expense (net)	(25)	(23)	(23)	(70)	(72)
Earnings from equity investment in affiliates	-	-	-	-	39
Other gains and losses	12	3	-	13	92
	(13)	(20)	(23)	(57)	59
Income (loss) before income taxes	83	56	(79)	156	(19)
Income tax (expense) recovery (Note 4)	(26)	(27)	21	(58)	55
Net income (loss)	57	29	(58)	98	36
Preferred securities dividends and distributions	(1)	(2)	(7)	(8)	(22)
Net income (loss) to common shareholders	\$ 56	\$ 27	\$ (65)	\$ 90	\$ 14
Earnings (loss) per share (Note 5)					
- basic	\$ 0.64	\$ 0.31	\$(0.75)	\$ 1.03	\$ 0.16
- diluted	\$ 0.60	\$ 0.30	\$(0.75)	\$ 0.98	\$ 0.16

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Notes to the Consolidated Financial Statements appear on pages 16 to 20.

Consolidated Statement of Reinvested Earnings (unaudited, millions of U.S. dollars)

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Reinvested earnings, beginning of period	\$597	\$577	\$677	\$ 584	\$605
Change in accounting policy (Note 1)	-	-	-	(7)	5
Net income (loss)	57	29	(58)	98	36
Common share dividends	(7)	(7)	(6)	(21)	(18)
Preferred securities dividends and distributions	(1)	(2)	(7)	(8)	(22)
Common share and stock option repurchase (net)	(59)	-	-	(59)	-
	-----	-----	-----	-----	-----
Reinvested earnings, end of period	\$587	\$597	\$606	\$ 587	\$606
	-----	-----	-----	-----	-----

Consolidated Balance Sheet (millions of U.S. dollars)

	Sept. 30, 2004	Dec. 31, 2003
	(unaudited)	
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$ 233	\$ 212
Receivables	488	316
Inventories	575	392
	-----	-----
	1,296	920
Investments and other assets	153	157
Plant, property and equipment, net	3,308	3,336
	-----	-----
	\$4,757	\$4,413
	-----	-----
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 728	\$ 587
Long-term debt due within one year	100	-
	-----	-----
	828	587
Long-term debt	1,406	1,101
Future income taxes	639	586
Deferred credits	340	249
	-----	-----
	3,213	2,523
	-----	-----

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Shareholders' equity		
Preferred securities	-	383
Retractable preferred shares	198	198
Common equity		
Common shares	504	493
Contributed surplus (Note 1)	9	-
Cumulative translation adjustment	246	232
Reinvested earnings	587	584
	-----	-----
	1,544	1,890
	-----	-----
	\$4,757	\$4,413
	-----	-----
	-----	-----

Notes to the Consolidated Financial Statements appear on pages 16 to 20.

Consolidated Statement of Cash Flows
(unaudited, millions of U.S. dollars)

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
	-----	-----	-----	-----	-----
Operating activities					
Net income (loss)	\$ 57	\$ 29	\$ (58)	\$ 98	\$ 36
Depreciation and amortization	68	77	76	225	220
Future income tax expense (recovery)	15	19	(23)	33	(63)
Earnings from equity investment in affiliates	-	-	-	-	(39)
Dividends received	-	-	-	-	14
Asset write down	-	-	9	-	9
Gain on asset sales	-	-	-	-	(92)
Stock option expense	1	1	-	3	-
	-----	-----	-----	-----	-----
Funds from operations	141	126	4	359	85
Changes in non-cash working capital	(56)	(42)	13	(154)	(97)
	-----	-----	-----	-----	-----
Cash from (used in) operations	85	84	17	205	(12)
	-----	-----	-----	-----	-----
Investing activities					
Proceeds on asset sales	19	-	-	19	564
Plant, property and equipment net additions	(60)	(39)	(35)	(142)	(78)
Turnaround costs, long- term investments and other assets	(4)	1	(6)	(8)	(55)
Changes in non-cash working capital	-	-	(2)	-	10
	-----	-----	-----	-----	-----
	(45)	(38)	(43)	(131)	441

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Financing activities					
Decrease in current bank loans	-	-	-	-	(3)
Long-term debt					
Additions	-	-	-	400	-
Repayments	-	-	(151)	-	(152)
Changes in revolving debt	-	-	(2)	-	(2)
Preferred securities redeemed	-	-	-	(383)	-
Preferred securities dividends and distributions	(1)	(2)	(7)	(8)	(22)
Common shares issued	13	7	3	25	6
Common share repurchase	(72)	-	-	(72)	-
Stock option repurchase	(1)	-	-	(1)	-
Common share dividends	(7)	(7)	(6)	(21)	(18)
Project advances from third parties	3	3	-	9	-
Changes in non-cash working capital	1	2	1	(2)	-
	(64)	3	(162)	(53)	(191)
Increase (decrease) in cash	(24)	49	(188)	21	238
Cash and cash equivalents, beginning of period	257	208	440	212	14
Cash and cash equivalents, end of period	\$233	\$257	\$ 252	\$ 233	\$ 252
Cash tax payments (refunds)	\$ (5)	\$ 8	\$ (15)	\$ 6	\$ (32)
Cash interest payments	\$ 34	\$ 17	\$ 27	\$ 73	\$ 78

Notes to the Consolidated Financial Statements appear on pages 16 to 20.

Notes to Consolidated Financial Statements

(unaudited; millions of U.S. dollars 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, 2003. Certain comparative amounts have been reclassified to conform with the

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current period's presentation.

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, 2003, on pages 53 to 57 of the 2003 Annual Report, except as noted below.

Changes in Accounting Policies Required by Canadian GAAP

A. Stock Option Plan

Effective Jan. 1, 2004, Canadian GAAP requires the fair value of options to be expensed over their vesting period. Prior to Jan. 1, 2004, NOVA Chemicals followed the intrinsic-value approach, where the granting and exercising of stock options are accounted for as equity transactions and no amounts are expensed.

NOVA Chemicals adopted the new accounting policy on a retroactive basis with no restatement of prior periods. Accordingly, on Jan. 1, 2004, retained earnings was reduced and contributed surplus was increased by \$7 million to account for the stock option expense that would have been charged to earnings (loss) in 2002 and 2003 with respect to all stock options granted since Jan. 1, 2002. NOVA Chemicals uses the Black-Scholes option valuation model to calculate the fair value of stock options at the date of grant. In the first nine months of 2004, compensation expense related to stock options was \$3 million after-tax, which serve to increase contributed surplus.

Effective Jan. 1, 2004, NOVA Chemicals also changed its accounting policy with respect to stock options for U.S. GAAP reporting, to be consistent with Canadian GAAP.

Had NOVA Chemicals expensed the fair value of stock options in prior periods, the following pro forma amounts would have resulted:

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	Three Months Ended Sept. 30 2003	Nine Months Ended Sept. 30 2003
	-----	-----
Net income		
As reported	\$ (58)	\$ 36
Pro forma	\$ (58)	\$ 34
Earnings per share - basic and diluted		
As reported	\$(0.75)	\$0.16
Pro forma	\$(0.75)	\$0.13

The weighted-average assumptions used to estimate the fair value of stock options granted since Jan. 1, 2002, based on the Black-Scholes option valuation model are as follows:

	Three and Nine Months Ended Sept. 30 2004	Sept. 30 2003
	-----	-----
Risk-free interest rate	%	3.68
Expected volatility	%	37.3
Expected life	years	3.4
Expected dividend yield	%	1.20
		3.82
		37.8
		3.3
		1.21

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In the 2003 Annual Report, NOVA Chemicals disclosed that it expected to contribute \$27 million to its defined benefit pension plans in 2004. As of Sept. 30, 2004, \$22 million has been contributed, and the company expects to contribute an additional \$5 million over the remainder of the year.

As of Sept. 30, 2004, NOVA Chemicals has contributed \$5 million to its defined contribution plans and is expected to contribute an additional \$2 million over the remainder of 2004.

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3. Interest Expense

Components of Interest Expense

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Interest on long-term debt	\$ 25	\$ 23	\$ 23	\$ 69	\$ 68
Interest on securitizations and other	2	1	1	6	6
Gross interest expense	27	24	24	75	74
Interest capitalized during plant construction	-	(1)	-	(1)	-
Interest income	(2)	-	(1)	(4)	(2)
Interest expense (net)	\$ 25	\$ 23	\$ 23	\$ 70	\$ 72

4. Income Taxes

	Three Months Ended			Nine Months Ended	
	Sept. 30 2004	June 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Income (loss) before income taxes	\$ 83	\$ 56	\$ (79)	\$ 156	\$ (19)
Statutory income tax rate	33.87 %	33.87 %	36.74 %	33.87 %	36.74 %
Computed income tax expense (recovery)	\$ 28	\$ 19	\$ (29)	\$ 53	\$ (7)
Increase (decrease) in taxes resulting from:					
Manufacturing and processing deduction	-	-	-	-	(2)
Lower effective tax rate on earnings from equity investment in affiliates	-	-	-	-	(12)
Lower tax rates on other gains	(2)	-	-	(2)	(56)
Additional cost-of-service income					

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taxes (1)	-	2	2	4	6
Foreign tax rates	(2)	4	4	2	16
Income tax rate adjustment(2)	-	-	-	(7)	-
Other	2	2	2	8	-
	-----	-----	-----	-----	-----
Income tax expense (recovery)	\$ 26	\$ 27	\$ (21)	\$ 58	\$ (55)
	-----	-----	-----	-----	-----

- (1) Income taxes on the Joffre, Alberta second ethylene plant were recoverable from customers until June 30, 2004 and were recorded on the flow-through rather than liability method. Subsequent to June 30, 2004, income taxes are being recorded on the liability method.
- (2) In the first quarter of 2004, the Alberta Government substantively enacted a tax rate reduction, which reduced income tax accruals for future tax liabilities by \$7 million. This one-time benefit has been recorded in the first quarter of 2004 through a reduction of income tax expense.

5. Earnings (Loss) Per Share

(shares in millions)	Three Months Ended					
	Sept. 30 2004		June 30 2004		Sept. 30 2003	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income (loss) to common shareholders	\$ 56	\$ 56	\$ 27	\$ 27	\$ (65)	\$ (65)
Preferred dividends	-	1	-	2	-	-
Net income (loss) for EPS calculation	\$ 56	\$ 57	\$ 27	\$ 29	\$ (65)	\$ (65)
Weighted-average common shares outstanding	87.2	87.2	87.6	87.6	86.8	86.8
Add back effect of dilutive securities:						
Stock options	-	2.7	-	2.0	-	-
Retractable preferred shares	-	6.0	-	7.3	-	-
Weighted-average common shares for EPS calculations	87.2	95.9	87.6	96.9	86.8	86.8
Earnings (loss) per common share	\$0.64	\$0.60	\$0.31	\$0.30	\$(0.75)	\$(0.75)

Nine Months Ended

Sept. 30 2004	Sept. 30 2003
-----	-----

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	Basic	Diluted	Basic	Diluted
Net income (loss) to common shareholders	\$ 90	\$ 90	\$ 14	\$ 14
Preferred dividends	-	4	-	-
	-----	-----	-----	-----
Net income (loss) for EPS calculation	\$ 90	\$ 94	\$ 14	\$ 14
	-----	-----	-----	-----
Weighted-average common shares outstanding	87.4	87.4	86.8	86.8
Add back effect of dilutive securities:				
Stock options	-	2.2	-	0.7
Retractable preferred shares	-	6.9	-	-
	-----	-----	-----	-----
Weighted-average common shares for EPS calculations	87.4	96.5	86.8	87.5
	-----	-----	-----	-----
Earnings (loss) per common share	\$1.03	\$0.98	\$0.16	\$0.16
	-----	-----	-----	-----

No retractable preferred shares or stock options have been excluded from the computation of diluted earnings per share for the quarters ended Sept. 30 and June 30, 2004. A total of 17.6 million common shares were excluded in the quarter ended Sept. 30, 2003, as their impact would not have been dilutive.

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 retractable preferred shares are only dilutive if our earnings per share is greater than the preferred share dividend divided by the number of shares issued on conversion. At today's common share price and LIBOR rate, these shares become dilutive whenever earnings are greater than approximately \$0.26 per share per quarter.

6. Segmented Information

NOVA Chemicals operates its business under the following principal business segments:

	Three Months Ended			Nine Months Ended	
	Sept. 30	June 30	Sept. 30	Sept. 30	Sept. 30
	2004	2004	2003	2004	2003
	-----	-----	-----	-----	-----
Revenue					
Olefins/Polyolefins	\$ 824	\$ 785	\$603	\$2,318	\$1,868
Styrenics	641	518	414	1,633	1,175
Intersegment eliminations	(86)	(65)	(50)	(208)	(135)
	-----	-----	-----	-----	-----
	\$1,379	\$1,238	\$967	\$3,743	\$2,908
	-----	-----	-----	-----	-----
Operating income (loss)					
Olefins/Polyolefins	\$ 137	\$ 109	\$ 7	\$ 311	\$ 45
Styrenics	(5)	(20)	(47)	(44)	(108)
Corporate and other	(36)	(13)	(16)	(54)	(15)
	-----	-----	-----	-----	-----
	\$ 96	\$ 76	\$ (56)	\$ 213	\$ (78)
	-----	-----	-----	-----	-----

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Net income (loss) (1)					
Olefins/Polyolefins	\$ 78	\$ 59	\$ (8)	\$ 172	\$ (9)
Styrenics	(10)	(23)	(39)	(53)	(98)
Investment in Methanex	-	-	-	-	37
Corporate and other	(11)	(7)	(11)	(21)	106
	-----	-----	-----	-----	-----
	\$ 57	\$ 29	\$ (58)	\$ 98	\$ 36
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----

(1) Before preferred securities dividends and distributions.

	Sept. 30	Dec. 31
	2004	2003
	-----	-----
Assets		
Olefins/Polyolefins	\$2,346	\$2,246
Styrenics	2,005	1,767
Corporate and other(1)	406	400
	-----	-----
	\$4,757	\$4,413
	-----	-----
	-----	-----

(1) Amounts include all cash and cash equivalents.

7. Reconciliation to United States Accounting Principles

	Three Months Ended		Nine Months Ended		
	Sept. 30	June 30	Sept. 30	Sept. 30	Sept. 30
	2004	2004	2003	2004	2003
	-----	-----	-----	-----	-----
Net income (loss) in accordance with Canadian GAAP	\$ 57	\$ 29	\$ (58)	\$ 98	\$ 36
Add (deduct) adjustments for:					
Foreign exchange hedging(1)	-	-	-	-	3
Other hedging and derivative activity(1)	(2)	3	(1)	2	(13)
Equity in earnings of affiliates	-	-	-	-	(1)
Inventory costing(2)	1	-	-	3	(1)
Start-up costs(3)	4	1	1	2	3
Preferred securities distributions(4)	-	-	(5)	(4)	(17)
Other	-	-	1	-	1
Change in accounting policy(5)	-	-	-	(7)	5
Other gains	-	-	-	-	42
Future income taxes(8)	-	7	-	-	-
	-----	-----	-----	-----	-----
Net income (loss) in accordance with U.S. GAAP	\$ 60	\$ 40	\$ (62)	\$ 94	\$ 58
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
Earnings (loss) per share - basic	\$0.68	\$0.44	\$ (0.74)	\$1.03	\$0.61
	-----	-----	-----	-----	-----

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Earnings (loss) per share	-----	-----	-----	-----	-----
- diluted	\$0.63	\$0.41	\$(0.74)	\$0.98	\$0.60
	-----	-----	-----	-----	-----

	Three Months Ended			Nine Months Ended	
	Sept. 30	June 30	Sept. 30	Sept. 30	Sept. 30
	2004	2004	2003	2004	2003
	-----	-----	-----	-----	-----
Comprehensive income (loss) (6)					
Net income (loss) in accordance with U.S. GAAP	\$60	\$40	\$(62)	\$94	\$58
Change in fair value of cash flow hedging instruments(1)	-	-	-	-	4
Equity in affiliates comprehensive income	-	-	-	-	(3)
Cumulative translation adjustment(9)	75	(36)	10	14	239
	-----	-----	-----	-----	-----
Comprehensive income (loss) in accordance with U.S. GAAP	\$135	\$4	\$(52)	\$108	\$298
	-----	-----	-----	-----	-----

	Nine Months Ended	
	Sept. 30	Sept. 30
	2004	2003
	-----	-----
Accumulated other comprehensive income(6)		
Cumulative translation adjustment(9)	\$225	\$109
Minimum pension liability(7)	(4)	(1)
	-----	-----
	\$221	\$108
	-----	-----

	Sept. 30	Dec. 31
	2004	2003
	-----	-----
Balance sheet in accordance with U.S. GAAP		
Current assets(1), (2)	\$ 1,324	\$ 959
Investments and other assets(3), (7)	144	157
Plant, property and equipment, net	3,283	3,311
Current liabilities(1)	(806)	(585)
Long-term -- preferred securities(4)	-	(383)
-- other long-term debt(1)	(1,419)	(1,122)
Deferred credits(1), (7)	(975)	(829)
Retractable preferred shares	(198)	(198)
	-----	-----
Common equity	\$ 1,353	\$ 1,310
	-----	-----

(1) On Jan. 1, 2001, NOVA Chemicals adopted (for U.S. GAAP purposes)

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Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. SFAS No. 133 requires the recognition of all derivatives on the balance sheet at fair value. Derivatives that do not qualify for preferential hedge accounting treatment must be adjusted to fair value through income. If the derivative does qualify, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged item and reported in earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. On Jan. 1, 2004, NOVA Chemicals adopted a new Canadian GAAP guideline for recording the fair value of derivatives. This guideline harmonizes Canadian and U.S. GAAP, however, due to the differing implementation dates, timing differences continue to exist.

- (2) U.S. GAAP requires an allocation of fixed production overhead to inventory. Canadian GAAP allows these costs to be expensed during the period.
- (3) U.S. GAAP requires that all costs (except interest on constructed assets) associated with start-up activities be expensed as incurred rather than deferred, as under Canadian GAAP.
- (4) Under U.S. GAAP distributions on the preferred securities are recorded as interest expense. The preferred securities were redeemed by NOVA Chemicals on Mar. 1, 2004.
- (5) On Jan. 1, 2003, the company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations." This standard and the CICA standard, also adopted on Jan. 1, 2003, are essentially the same. On Jan. 1, 2004, NOVA Chemicals adopted the CICA standard for expensing of stock options (as discussed in Note 1). This standard was also adopted for U.S. GAAP on that date. Under U.S. GAAP, the cumulative effect of adopting a new standard is reflected in net income in the period of adoption, whereas under Canadian GAAP it is reflected as a charge or credit to reinvested earnings.
- (6) U.S. GAAP requires the presentation of a separate statement of comprehensive income (loss) and accumulated other comprehensive income. This statement is not required under Canadian GAAP. Comprehensive income (loss) includes certain changes in equity during the period that are not in net income.
- (7) U.S. GAAP requires that an additional minimum pension liability be recorded through comprehensive income (loss) when the unfunded accumulated benefit obligation is greater than the accrued pension liability or if there is a prepaid pension asset.
- (8) U.S. GAAP future income taxes are not adjusted for changes in tax rates until they are enacted, whereas Canadian GAAP requires adjustment when rate changes are substantively enacted.
- (9) 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.

CONTACT: NOVA Chemicals Corporation
Investor Relations: Beth Eckenrode, 412-490-4331
Media Relations: Greg Wilkinson, 412-490-4166

Exhibit (b)

October 20, 2004

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission

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Manitoba Securities Commission
Ontario Securities Commission
L'Autorite des marches financiers du Quebec
Office of the Administrator, Securities Administration Branch, New Brunswick
Nova Scotia Securities Commission
Registrar of Securities, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Register of Securities, Government of Northwest Territories
Register of Securities, Government of Yukon Territory
Register of Securities, Government of Nunavut

Dear Sirs/Mesdames:

Re: NOVA Chemicals Corporation (the "Corporation")

We are the auditors of the Corporation and under date of February 12, 2004 we reported on the following consolidated financial statements of the Corporation incorporated by reference in the amended and restated short form shelf prospectus dated August 20, 2001 relating to the sale and issue of up to US \$500,000,000 of Debt Securities of the Corporation (the "Shelf Prospectus"):

Consolidated balance sheets as at December 31, 2003, 2002, and 2001; and

Consolidated statements of income (loss) and reinvested earnings and cash flows for each of the years in the three-year period ended December 31, 2003.

The Shelf Prospectus also incorporates by reference the following unaudited interim consolidated financial statements of the Corporation (the "Unaudited Interim Financial Statements"):

Consolidated balance sheet as at September 30, 2004;

Consolidated statements of income (loss), reinvested earnings and cash flows for the three-month and nine-month periods ended September 30, 2004 and 2003 and for the three-month period ended June 30, 2004.

-2-

We have not audited any financial statements of the Corporation as at any date or for any period subsequent to December 31, 2003. Although we have performed an audit for the year ended December 31, 2003, the purpose and therefore the scope of the audit was to enable us to express our opinion on the consolidated financial statements as at December 31, 2003 and for the year then ended, but not on the consolidated financial statements for any interim period within that year. Therefore, we are unable to and do not express an opinion on the above-mentioned Unaudited Interim Financial Statements, or on the financial position, results of operations or cash flows as at any date or for any period subsequent to December 31, 2003.

We have, however, performed a review of the Unaudited Interim Financial Statements of the Corporation as at September 30, 2004 and for the three-month and nine-month periods ended September 30, 2004 and 2003 and for the three-month period ended June 30, 2004. We performed our review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the financial statements. An interim

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review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our review, we are not aware of any material modification that needs to be made for these Unaudited Interim Financial Statements to be in accordance with Canadian generally accepted accounting principles.

This letter is provided solely for the purpose of assisting the securities regulatory authorities to which it is addressed in discharging their responsibilities and should not be used for any other purpose. Any use that a third party makes of this letter, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Yours very truly,

/s/ Ernst & Young LLP

Chartered Accountants

Exhibit (c)

NOVA CHEMICALS CORPORATION
COVERAGE RATIOS (1)
(unaudited)

Interest coverage on long-term debt for the twelve months ended September 30, 2004 (2)
Net tangible asset coverage on long-term debt as at September 30, 2004 (3)

Notes:

- (1) Calculated in accordance with Canadian securities law disclosure requirements.
- (2) Interest coverage on long-term debt is equal to net income (loss) before interest expense on long-term debt and income taxes, for the preceding 12 months, divided by annual interest requirements on long-term debt.
- (3) Net tangible asset coverage on long-term debt is equal to total assets (excluding future tax assets) less liabilities (excluding long-term debt) divided by long-term debt.
- (4) See attached for detailed calculation of the above coverage ratios.

For purposes of calculating these financial ratios, long-term debt includes the long-term debt installments due within one year.

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NOVA CHEMICALS CORPORATION
 COVERAGE RATIOS
 September 30, 2004
 (MILLIONS OF U.S. DOLLARS)
 (unaudited)

INTEREST COVERAGE ON LONG-TERM DEBT FOR THE TWELVE MONTHS ENDED
 September 30, 2004

NET INCOME		\$	90
INTEREST EXPENSE			87
INCOME TAXES (RECOVERY)			52

			\$ 229
			=====
ANNUAL INTEREST REQUIREMENT			\$ 98
			=====
INTEREST COVERAGE ON LONG-TERM DEBT			2.3x
			=====

Interest coverage on long-term debt is equal to net income (loss) before interest expense on long-term debt and income taxes, for the preceding 12 months, divided by annual interest requirements on long-term debt.

NET TANGIBLE ASSET COVERAGE ON LONG-TERM DEBT AT September 30, 2004

TOTAL ASSETS		\$4,757	
TOTAL LIABILITIES		(3,213)	
EXCLUDE CURRENT PORTION LONG-TERM DEBT		--	
EXCLUDE LONG-TERM DEBT		1,506	

NET TANGIBLE ASSETS		\$3,050	
			=====
LONG-TERM DEBT INCLUDING CURRENT PORTION		\$1,506	
			=====
NET TANGIBLE ASSET COVERAGE ON LONG-TERM DEBT			2.0x
			=====

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

Exhibit (d)

CERTIFICATIONS

I, Jeffrey M. Lipton, certify that:

1. I have reviewed this report on Form 6-K of NOVA Chemicals Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of

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- a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeffrey M. Lipton

Jeffrey M. Lipton
Chief Executive Officer
(Principal Executive Officer)

October 20, 2004

Exhibit (e)

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I, Larry A. MacDonald, certify that:

1. I have reviewed this report on Form 6-K of NOVA Chemicals Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Larry A. MacDonald

Larry A. MacDonald
Chief Financial Officer

October 20, 2004

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(Principal Financial Officer)

EXHIBIT (f)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying quarterly report on Form 6-K of NOVA Chemicals Corporation for the quarter ended September 30, 2004 (the "Report"), I, Jeffrey M. Lipton, Chief Executive Officer of NOVA Chemicals Corporation, hereby certify pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) such Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of NOVA Chemicals Corporation.

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 6-K.

/s/ Jeffrey M. Lipton

Jeffrey M. Lipton
Chief Executive Officer

October 20, 2004

EXHIBIT (g)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying quarterly report on Form 6-K of NOVA Chemicals Corporation for the quarter ended September 30, 2004 (the "Report"), I, Larry A. MacDonald, Chief Financial Officer of NOVA Chemicals Corporation, hereby certify pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) such Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of NOVA Chemicals Corporation.

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 6-K.

/s/ Larry A. MacDonald

Larry A. MacDonald

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October 20, 2004

Chief Financial Officer