

METHANEX CORP  
Form 6-K  
May 21, 2003

# FORM 6-K

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the month of May 2003

Commission File Number 0-20115

# METHANEX CORPORATION

*(Translation of registrant's name into English)*

Suite 1800, 200 Burrard Street

Vancouver, Canada  
BC V6C 3M1

*(Address of principal executive offices)*

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

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): Yes  No

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

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

---

## Edgar Filing: METHANEX CORP - Form 6-K

The following documents furnished with this Form 6-K shall be deemed filed for purposes of the Securities Exchange Act of 1934, including for the purpose of being incorporated by reference into one or more registration statements under the Securities Act of 1933:

1. Material Change Report dated May 20, 2003;
  2. Supplemental Information Item 18 reconciliation with United States generally accepted accounting principles for the years ended December 31, 2002 and 2001 and report of Independent Accountants thereon;
  3. Supplemental Information Reconciliation with United States generally accepted accounting principles for the three months ended March 31, 2003 and 2002 (unaudited); and
  4. Additional Information Supplemental Non-GAAP Measures, which modifies and supplements the information included in management's discussion and analysis for the year ended December 31, 2002 included in the Registrant's 2002 Annual Report on Form 40-F and in management's discussion and analysis for the three months ended March 31, 2003 included in the Registrant's Form 6-K, dated April 23, 2003, as amended.
-

**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.

METHANEX CORPORATION

(Registrant)

By: /s/ Randy Milner

---

Randy Milner Senior Vice President, General Counsel & Corporate Secretary

May 20, 2003

---

**BC FORM 53-901F**

(Previously Form 27)

Securities Act

**MATERIAL CHANGE REPORT**

**Item 1: Reporting Issuer**

Methanex Corporation ( Methanex )  
1800 Waterfront Centre  
200 Burrard Street  
Vancouver, British Columbia V6C 3M1

**Item 2: Date of Material Change**

May 15, 2003

**Item 3: Press Release**

The press release announcing this material change was issued on May 15, 2003 in Canada and the United States.

**Item 4: Summary of Material Change**

Methanex Corporation announced on May 15, 2003 that it had agreed to acquire the remaining 90% interest in the 850,000 tonne per year Titan methanol facility in Trinidad. Methanex also agreed to acquire Solvadis Chemag AG's North American methanol marketing business, including its customer list and its contract to purchase approximately 250,000 tonnes per year of Titan's production. The closing of the Titan acquisition and the Chemag acquisition occurred on May 16, 2003.

**Item 5: Full Description of Material Change**

Methanex Corporation acquired a 10% interest in the 850,000 tonne per year Titan methanol facility in Trinidad in 2000. On May 16, 2003, Methanex acquired the remaining 90% interest in the Titan facility from Beacon Energy and BP for a total purchase price, including estimated transaction costs, of approximately US\$79 million. The purchase price was based on a formula contained in an option that Methanex acquired from Beacon in mid-2001. Concurrent with the acquisition of the 90% equity interest, Methanex repaid approximately US\$29 million of limited recourse long-term debt related to the Titan plant. Total limited recourse debt related to the Titan plant after the repayment is approximately US\$194 million. This debt is described as limited recourse as it is secured only by the assets of Titan Methanol Company, a wholly-owned subsidiary of Methanex which owns the Titan plant.

The Titan plant, which came on stream in 2000, is underpinned by a long-term natural gas contract and further strengthens Methanex's position as a low cost global producer of methanol. The transaction also allows Methanex to move from receiving a commission for marketing 100% of the Titan plant's production to realizing the full margin on the sale of methanol produced from Titan. Titan is located next to the 1.7 million tonne per year Atlas methanol facility, a joint-venture between BP and Methanex, which is currently under construction. Titan and Atlas provide Methanex with the benefits of a low-cost hub and the ability to supply the North American and Western European methanol markets on a duty-free basis.

Also on May 16, 2003, Methanex acquired Solvadis Chemag AG's North American Methanol marketing business for approximately US\$5 million, including its customer list and its contract to purchase approximately 250,000 tonnes per year of Titan's production.

**Item 6: Reliance on section 85(2) of the Act**

This report is not being filed on a confidential basis in reliance on section 85(2) of the Act.

**Item 7: Omitted Information**

None.

**Item 8: Senior Officer**

For further information, contact:

Chris Cook  
Director, Investor Relations  
(604) 661-2600

**Item 9: Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia, the 20th day of May, 2003.

METHANEX CORPORATION

/s/ Randy Milner

---

Randy Milner  
Senior Vice-President, General Counsel  
and Corporate Secretary

**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors

Methanex Corporation

Under date of March 7, 2003, we reported on the consolidated balance sheets of Methanex Corporation as at December 31, 2002 and 2001, and the consolidated statements of income and retained earnings and cash flows for the years then ended, which are included in the Annual Report of the Company dated March 7, 2003. These consolidated financial statements and our report thereon are incorporated by reference in the Annual Report on Form 40-F for the year 2002. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related supplemental information entitled Item 18 Reconciliation with United States Generally Accepted Accounting Principles for the years ended December 31, 2002 and 2001. This supplemental information is the responsibility of the Company's management. Our responsibility is to express an opinion on this supplemental information based on our audits.

In our opinion, such supplemental information, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

(Signed) KPMG LLP

Chartered Accountants  
Vancouver, Canada  
March 7, 2003

---

## METHANEX CORPORATION

**Item 18 Reconciliation with United States Generally Accepted Accounting Principles for the Years Ended December 31, 2002 and 2001**

(Tabular amounts are in thousands of U.S. dollars, except per share amounts)

Methanex Corporation (the Company) follows generally accepted accounting principles in Canada (Canadian GAAP) which are different in some respects from those applicable in the United States and from practices prescribed by the United States Securities and Exchange Commission (U.S. GAAP). The Company has prepared a reconciliation of the significant measurement differences between Canadian GAAP and U.S. GAAP in accordance with Item 17 of Form 20-F, which is included in the Company's 2002 Annual Report on Form 40-F. For purposes of a registration statement on Form F-10, the Company is also required to reconcile additional significant disclosure differences in accordance with Item 18 of Form 20-F. The additional significant disclosure differences between Canadian GAAP and U.S. GAAP are as follows:

*(a) Stock compensation:*

Under Canadian GAAP the Company has provided pro forma net income and pro forma net income per share as if the fair value based method, described in note 1(k) of the consolidated financial statements, had been used to measure and recognize stock-based compensation. The pro forma amounts under Canadian GAAP only include the effect of stock options granted after January 1, 2002. Under U.S. GAAP, pro forma disclosures are required for all stock options granted after January 1, 1995. The pro forma amounts under U.S. GAAP are as follows:

|   | <u>2002</u>       | <u>2001</u>       |
|---|-------------------|-------------------|
| Net income as reported  | \$20,752          | \$68,964          |
| Add: Employee stock-based compensation expense recognized               | 2,493             | 1,931             |
| Less: Stock-based compensation determined under fair value based method | (6,248)           | (5,370)           |
|   | <u>          </u> | <u>          </u> |
| Pro forma net income  | \$ 16,997         | \$ 65,525         |
|   | <u>          </u> | <u>          </u> |
| Basic earnings per share:   |                   |                   |
| As reported   | \$ 0.16           | \$ 0.45           |
| Pro forma   | \$ 0.13           | \$ 0.42           |
| Diluted earnings per share:   |                   |                   |
| As reported   | \$ 0.16           | \$ 0.44           |
| Pro forma   | \$ 0.13           | \$ 0.42           |

The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing method with the following assumptions:

|   | <u>2002</u> | <u>2001</u> |
|---|-------------|-------------|
| Risk-free interest rate                                     | 5.0%        | 5.7%        |
| Expected dividend yield                                     | 0%          | 0%          |
| Expected life   | 5 years     | 5 years     |
| Expected volatility   | 35%         | 40%         |
| Weighted average fair value of options granted (US\$/share) | 2.46        | 2.65        |

*(b) Allowance for doubtful accounts:*

|  | <u>2002</u> | <u>2001</u> |
|--|-------------|-------------|
|--|-------------|-------------|



Edgar Filing: METHANEX CORP - Form 6-K

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Balance, beginning of year       | \$3,054           | \$ 907            |
| Provision for doubtful accounts  | 1,568             | 2,147             |
| Recoveries and other adjustments | (452)             |                   |
|                                  | <u>          </u> | <u>          </u> |
| Balance, end of year             | \$4,170           | \$3,054           |
|                                  | <u>          </u> | <u>          </u> |

Edgar Filing: METHANEX CORP - Form 6-K

(c) Inventories:

|                                     | 2002           | 2001          |
|-------------------------------------|----------------|---------------|
| Work-in-progress and finished goods | \$ 98,847      | \$ 80,365     |
| Operating and maintenance supplies  | 20,278         | 19,543        |
|                                     | <u>119,125</u> | <u>99,908</u> |

(d) Other assets:

The following table provides information regarding the Company's intangible assets included in Other Assets:

|                  | Gross Carrying<br>Amount | Accumulated<br>Amortization | Net           |
|------------------|--------------------------|-----------------------------|---------------|
| <b>2002</b>      |                          |                             |               |
| Marketing rights | \$ 76,115                | \$ 41,233                   | \$ 34,882     |
| Other            | 1,692                    | 1,209                       | 483           |
|                  | <u>77,807</u>            | <u>42,442</u>               | <u>35,365</u> |
| <b>2001</b>      |                          |                             |               |
| Marketing rights | \$ 76,115                | \$ 34,214                   | \$ 41,901     |
| Other            | 1,692                    | 725                         | 967           |
|                  | <u>77,807</u>            | <u>34,939</u>               | <u>42,868</u> |

Amortization for marketing rights and other intangible assets was \$7.5 million for 2002 (2001 \$8.3 million). The estimated amortization expense for marketing rights and other intangible assets for each of the next five years is as follows:

|      |          |
|------|----------|
| 2003 | \$ 7,300 |
| 2004 | 6,800    |
| 2005 | 3,600    |
| 2006 | 3,500    |
| 2007 | 3,500    |

(e) Accounts payable and accrued liabilities:

|  | 2002           | 2001           |
|--|----------------|----------------|
| Trade  | \$ 92,672      | \$ 77,037      |
| Accrued interest                                 | 16,648         | 11,461         |
| Income taxes                                     | 15,055         | 1,220          |
| Accounts payable related to capital expenditures | 5,595          | 12,137         |
| Other  | 6,065          | 8,426          |
|  | <u>136,035</u> | <u>110,281</u> |

*(f) Statements of cash flows:*

In the Canadian GAAP consolidated statements of cash flows, the Company provides a sub-total representing cash flows from operating activities before changes in non-cash working capital and the utilization of prepaid natural gas. Under U.S. GAAP, this sub-total would not be disclosed.

(g) *Statements of income:*

In the Canadian GAAP consolidated statements of income, the Company provides a sub-total representing operating income before asset restructuring charges and the site restoration adjustment. Under U.S. GAAP, this sub-total would not be disclosed. The following represents condensed consolidated statements of income under U.S. GAAP:

|   | <u>2002</u>      | <u>2001</u>      |
|---|------------------|------------------|
| Revenue   | \$ 1,041,794     | \$ 1,195,480     |
| Cost of sales and operating expenses            | (755,859)        | (936,958)        |
| Depreciation and amortization                   | (136,069)        | (137,192)        |
| Asset restructuring charge                      | (115,387)        | (11,060)         |
| Site restoration adjustment                     | 26,972           |                  |
|   | <u>61,451</u>    | <u>110,270</u>   |
| Operating income                                | 61,451           | 110,270          |
| Interest expense                                | (28,972)         | (31,848)         |
| Interest and other income                       | 10,365           | 19,028           |
|   | <u>42,844</u>    | <u>97,450</u>    |
| Income before income taxes and undernoted items | 42,844           | 97,450           |
| Income tax expense                              | (22,092)         | (27,527)         |
|   | <u>20,752</u>    | <u>69,923</u>    |
| Net income before undernoted item               | 20,752           | 69,923           |
| Cumulative effect of accounting change          |                  | (959)            |
|   | <u>\$ 20,752</u> | <u>\$ 68,964</u> |
| Net income                                      | <u>\$ 20,752</u> | <u>\$ 68,964</u> |

(h) *Dividends per share:*

During 2002, the Company paid \$12.5 million, or \$0.10 per share, in dividends.

(i) *Accumulated other comprehensive income:*

The effective portion of the mark-to-market adjustments for cash flow hedges are recorded in accumulated other comprehensive income ( AOCI ) until the hedged transaction affects income. As at December 31, 2002, a net gain of approximately \$1.2 million is expected to be reclassified from AOCI to income within the next twelve months.

(j) *Operating leases:*

Rental expenses under operating leases were \$103.4 million for 2002 (2001 \$100.2 million).

(k) *Domestic and foreign components of income (loss) before income taxes:*

|          | <u>2002</u>      | <u>2001</u>      |
|----------|------------------|------------------|
| Domestic | \$ (78,388)      | \$ (107,750)     |
| Foreign  | 121,232          | 205,200          |
|          | <u>\$ 42,844</u> | <u>\$ 97,450</u> |
|          | <u>\$ 42,844</u> | <u>\$ 97,450</u> |

Edgar Filing: METHANEX CORP - Form 6-K

Substantially all of the future income tax liability recorded at December 31, 2002 and 2001 relates to the Company's operations in Latin America.

Page 3

---

(l) *Asset restructuring charges:*

The following table summarizes the activity in accruals for asset restructuring charges:

|                            | <u>Write-down<br/>of Assets</u> | <u>Labour Related<br/>Costs</u> | <u>Other</u>      | <u>Total</u>      |
|----------------------------|---------------------------------|---------------------------------|-------------------|-------------------|
| Balance, December 31, 2000 | \$                              | \$                              | \$ 7,455          | \$ 7,455          |
| Asset restructuring charge |                                 | 7,400                           | 3,660             | 11,060            |
| Charges against reserve    |                                 | (3,371)                         | (3,146)           | (6,517)           |
|                            | <u>          </u>               | <u>          </u>               | <u>          </u> | <u>          </u> |
| Balance, December 31, 2001 |                                 | 4,029                           | 7,969             | 11,998            |
| Asset restructuring charge | 108,704                         |                                 | 6,683             | 115,387           |
| Charges against reserve    | (108,704)                       | (3,531)                         | (4,422)           | (116,657)         |
|                            | <u>          </u>               | <u>          </u>               | <u>          </u> | <u>          </u> |
| Balance, December 31, 2002 | \$                              | \$ 498                          | \$ 10,230         | \$ 10,728         |
|                            | <u>          </u>               | <u>          </u>               | <u>          </u> | <u>          </u> |

## METHANEX CORPORATION

**Reconciliation with United States Generally Accepted Accounting Principles for the Three Months Ended March 31, 2003 and 2002**

(unaudited)

The interim consolidated financial statements of the Company as at March 31, 2003, and for the three month periods ended March 31, 2003 and 2002 have been prepared in accordance with Canadian GAAP for interim financial reporting. Such principles differ in certain respects from U.S. GAAP. For information on material differences between Canadian GAAP and U.S. GAAP, reference should be made to the *Supplemental Information, Reconciliation with United States Generally Accepted Accounting Principles for the Years Ended December 31, 2002 and 2001* included in the Company's Annual Report on Form 40-F and the *Item 18 Reconciliation with United States Generally Accepted Accounting Principles for the Years Ended December 31, 2002 and 2001* (the U.S. GAAP Reconciliations), which is included in this filing.

The financial information presented in the interim consolidated financial statements and in this reconciliation to U.S. GAAP is unaudited. However, in the opinion of management such information reflects all adjustments, consisting solely of normal recurring adjustments, which are necessary to a fair statement of the results for the interim periods presented.

The significant measurement differences listed in the U.S. GAAP Reconciliations are as follows:

Under Canadian GAAP, a 1993 business combination was accounted for using the pooling-of-interest method. Under U.S. GAAP, the business combination would have been accounted for as a purchase with the Company identified as the acquirer. As a result, under U.S. GAAP there is a difference in the carrying value of property, plant and equipment and in the amount depreciation and amortization expense.

Under Canadian GAAP, interests in joint ventures are accounted for using the proportionate consolidation method. Under U.S. GAAP, interests in joint ventures are accounted for using the equity method. However, this departure from U.S. GAAP is acceptable for foreign private issuers under the practices prescribed by the United States Securities and Exchange Commission. A summary balance sheet and cash flow statement for the interest in the joint venture is provided in note 2 to the Company's interim consolidated financial statements as at March 31, 2003.

Under Canadian GAAP, unrealized gains or losses on foreign currency contracts are recognized in earnings when the related hedged transaction is realized. Under U.S. GAAP, the Company has adopted FAS 133, *Accounting for Derivative Instruments and Hedging Activities* and related guidance. As a result, under U.S. GAAP there is a difference in the carrying value of assets and liabilities and in the recognition of income and expenses and comprehensive income.

Under Canadian GAAP, the Company accounts for employee stock-based compensation by the settlement method. Under U.S. GAAP, the Company has elected under Statement of Finance Accounting Standards No. 123, *Accounting for Stock Based Compensation* to continue to apply the provisions of Accounting Principles Board Opinion 25 to its accounting for stock compensation to employees. Under APB 25, compensation expense is measured based on the intrinsic value method, as described in the U.S. GAAP Reconciliations. In most cases, the application of the intrinsic value method by the Company does not result in compensation expense under U.S. GAAP. However, as described in the U.S. GAAP Reconciliations, there are two situations under which the Company has recorded compensation expense for U.S. GAAP.

Under Canadian GAAP, the Company records certain shipping and handling costs against revenue. U.S. GAAP requires the presentation of revenue without deduction for shipping and handling costs. As a result, under U.S. GAAP, reported revenue and cost of sales are higher by the same amount.

As described in the U.S. GAAP Reconciliations, there are certain recently issued U.S. accounting pronouncements that were not effective for the year ended December 31, 2002 but would have been effective for the three month period ended March 31, 2003 had the Company prepared its interim consolidated financial statements under U.S. GAAP. The Company is evaluating the impact of adopting the recently issued U.S. accounting pronouncements and has not yet quantified the effect.

**Additional Information Supplemental Non-GAAP Measures**

In addition to providing measures prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) in its Annual Report and other documents filed with securities regulators prior to the date of this current report on Form 6-K, Methanex has presented non-GAAP measures in certain of such documents. These measures are EBITDA, Income (loss) before unusual items (after-tax), Basic income (loss) before unusual items (after-tax) per share and Net debt to capitalization. These measures do not have any standardized meaning prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. These measures are provided to assist readers in evaluating the operating performance and liquidity of the Company's ongoing business. These measures should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss), cash flows and other measures of financial performance and liquidity previously reported in accordance with GAAP.

***Income (loss) before Unusual Items (after-tax) and Basic Income (loss) before Unusual Items (after-tax) Per Share***

These non-GAAP measures are provided to assist readers in comparing earnings from one period to another without the impact of unusual items that are considered to be non-recurring as the same type of adjustment has neither occurred within the previous two years nor is expected to reoccur in the next two years. Income (loss) before unusual items (after-tax) differs from the most comparable GAAP measure, net income, because it does not include the after-tax impact of asset restructuring charges and the site restoration adjustment. Basic income (loss) before unusual items (after-tax) per share has been calculated by dividing income (loss) before unusual items (after-tax) by the weighted average number of common shares outstanding.

The following table shows a reconciliation of net income (loss) to income (loss) before unusual items (after-tax) and of net income (loss) per share to income (loss) before unusual items (after-tax) per share:

|  | 2003                        |                                | 2002                        |                             | 2003                           |                             | 2002                        |                             |
|--|-----------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | Three months ended March 31 | Three months ended December 31 | Three months ended March 31 | Three months ended March 31 | Three months ended December 31 | Three months ended March 31 | Three months ended March 31 | Three months ended March 31 |
|  | (\$ thousands)              | (\$ thousands)                 | (\$ thousands)              | (\$ per share)              | (\$ per share)                 | (\$ per share)              | (\$ per share)              | (\$ per share)              |
| Net income (loss)                                | \$75,536                    | \$ (30,382)                    | \$ (17,377)                 | \$0.60                      | \$ (0.24)                      | \$ (0.13)                   |                             |                             |
| Add (deduct) unusual items:                      |                             |                                |                             |                             |                                |                             |                             |                             |
| Asset restructuring charge                       |                             | 115,387                        |                             |                             | 0.92                           |                             |                             |                             |
| Site restoration adjustment                      |                             | (26,972)                       |                             |                             | (0.22)                         |                             |                             |                             |
| Income tax recovery related to the unusual items |                             | (2,700)                        |                             |                             | (0.02)                         |                             |                             |                             |
| Income (loss) before unusual items (after-tax)   | \$75,536                    | \$ 55,333                      | \$ (17,377)                 | \$0.60                      | \$ 0.44                        | \$ (0.13)                   |                             |                             |

***EBITDA***

This non-GAAP measure is provided to assist readers in determining the ability of Methanex to generate cash from operations. EBITDA differs from the most comparable GAAP measure, cash flows from operating activities, primarily because it does not include changes in non-cash working capital and the utilization of prepaid natural gas, cash flows from interest, income taxes, asset restructuring charges and other unusual items.



Edgar Filing: METHANEX CORP - Form 6-K

The following table shows a reconciliation of cash flows from operating activities to EBITDA:

|  | Years Ended          |                      | Three Months Ended |                      |                   |
|--|----------------------|----------------------|--------------------|----------------------|-------------------|
|  | December 31,<br>2002 | December 31,<br>2001 | March 31,<br>2003  | December 31,<br>2002 | March 31,<br>2002 |
|  |                      |                      | (\$ thousands)     |                      |                   |
| Cash flows from operating activities   | \$ 190,109           | \$ 376,456           | \$ 104,799         | \$ 87,236            | \$ 10,118         |
| Add (deduct):  |                      |                      |                    |                      |                   |
| Changes in non-cash working capital and the utilization of prepaid natural gas | 54,485               | (157,027)            | 6,692              | 4,509                | (73)              |
| Asset restructuring charge   |                      | 11,060               |                    |                      |                   |
| Other non-cash operating expenses  | (10,030)             | (12,130)             | (1,711)            | (3,162)              | (2,071)           |
| Interest expense   | 28,972               | 31,848               | 7,722              | 5,945                | 6,651             |
| Interest and other income  | (10,365)             | (19,028)             | (3,892)            | (1,665)              | (2,365)           |
| Income tax expense (recovery) current  | 16,465               | 7,185                | 11,506             | 6,159                | (1,688)           |
| <b>EBITDA</b>  | <b>\$ 269,636</b>    | <b>\$ 238,364</b>    | <b>\$ 125,116</b>  | <b>\$ 99,022</b>     | <b>\$ 10,572</b>  |

**Net Debt to Capitalization**

This non-GAAP measure is provided to assist readers in analyzing our liquidity. This measure assumes that cash and cash equivalents are utilized to repay outstanding long-term debt. Net debt to capitalization is defined as total debt less cash and cash equivalents ( net debt ) divided by capitalization less cash and cash equivalents ( net capitalization ). The most comparable GAAP measure is total debt to total capitalization.

The following table shows the calculation of net debt and net capitalization and the ratios of total debt to total capitalization and net debt to net capitalization:

|                                 | Years Ended          |                      |
|---------------------------------|----------------------|----------------------|
|                                 | December 31,<br>2002 | December 31,<br>2001 |
|                                 | (\$ thousands)       |                      |
| <b>DEBT</b>                     |                      |                      |
| Long-term debt                  | \$ 450,000           | \$ 399,444           |
| Limited recourse long-term debt | 97,578               |                      |
| Total debt                      | 547,578              | 399,444              |
| Less: cash and cash equivalents | (421,387)            | (332,129)            |
| <b>Net Debt</b>                 | <b>\$ 126,191</b>    | <b>\$ 67,315</b>     |
| <b>CAPITALIZATION</b>           |                      |                      |
| Total debt                      | \$ 547,578           | \$ 399,444           |
| Shareholders' equity            | 904,078              | 935,461              |
| Total capitalization            | 1,451,656            | 1,334,905            |
| Less: cash and cash equivalents | (421,387)            | (332,129)            |

Edgar Filing: METHANEX CORP - Form 6-K

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| Net capitalization                  | \$1,030,269 | \$1,002,776 |
| Total debt to total capitalization  | 38%         | 30%         |
| Impact of cash and cash equivalents | (26%)       | (23%)       |
| Net debt to net capitalization      | 12%         | 7%          |