

# ***Fixed Income Investor Update***

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***February 16-17, 2011***



 **Husky Energy**

# Advisories

## Forward Looking Statements



Certain statements in this presentation are forward looking statements or information within the meaning of applicable securities legislation (collectively "forward-looking statements"). Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "intend," "plan," "projection," "could," "vision," "goals," "objective," "target," "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond the Company's control and difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

In particular, forward-looking statements in this presentation include, but are not limited to: the Company's general strategic plans for its core business areas and anticipated outcomes of the Company's strategic plans; its short, medium, and long-term growth strategies and opportunities; 2011 capital expenditure plans; plans to offer dividend payments in shares or cash; expected timing of development and production at Sunrise and in SE Asia; production growth and reserve replacement targets and expectations; anticipated return on capital employed; expected financial strategy; potential sources of funding; potential divestitures, farmouts and joint ventures; 2011 capital and production guidance; the Company's ability to maintain credit ratings and manage debt maturities; development plans at the Company's key projects and in other areas; project milestones for key projects; five-year production outlook; oil and gas reserves and resources of the Company; anticipated timing of production at Pikes Peak, West White Rose and North Amethyst; anticipated production at White Rose; exploration opportunities on the North American East Coast and in Southeast Asia; and anticipated product mix.

Although the Company believes that the expectations reflected by the forward-looking statements in this presentation are reasonable, the Company's forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to the Company about itself and the businesses in which it operates. In addition, information used in developing forward-looking statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources.

The Company's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website [www.sedar.com](http://www.sedar.com) and the EDGAR website [www.sec.gov](http://www.sec.gov)) describes the risks, material assumptions and other factors that could influence actual results and are incorporated herein by reference.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

## Disclosure of Proved Oil and Gas Reserves and Other Oil and Gas Information

The Company's disclosure of oil and gas reserves and other information about its oil and gas activities has been made based in reliance on an exemption granted by Canadian Securities Administrators. The exemption permits the Company to make certain of its disclosures in accordance with U.S. requirements relating to the disclosure of oil and gas reserves and other information. These requirements and, consequently, the information presented may differ from Canadian requirements under National Instrument 51-101, "Standards of Disclosure for Oil and Gas Activities." The reserves estimates and related disclosures presented in this document have been prepared in accordance with the definitions in Regulation S-X and the disclosure requirements in Regulation S-K prescribed by the United States Securities and Exchange Commission ("SEC"). Please refer to "Disclosure of Exemption under National Instrument 51-101" in the Annual Information Form for the year ended December 31, 2009 filed with securities regulatory authorities for further information.

# Advisories



The Company has disclosed possible reserves in this presentation. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the quantities actually recovered will exceed the sum of the proved plus probable plus possible reserves. There is at least a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

The Company has disclosed contingent resources in this presentation. Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

The Company has disclosed prospective resources in this presentation. Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

3P reserves are disclosed in this presentation on slide 11. This represents the following split for 3P reserves: Western Canada Oil – Proved reserves = 343 MMboe, Probable reserves = 91 MMboe, Possible reserves = 58 MMboe; Western Canada Gas – Proved reserves = 288 MMboe, Probable reserves = 57 MMboe, Possible reserves = 2 MMboe; Bitumen = Proved reserves = 200 MMboe, Probable reserves = 1,094 MMboe, Possible = 1,079 MMboe; East Coast Oil – Proved reserves = 93 MMboe, Probable reserves = 74 MMboe, Possible = 167 MMboe; East Coast Gas – Proved reserves = 0 MMboe, Probable = 0 MMboe, Possible = 278 MMboe.

3P reserves and contingent resources for oilsands are disclosed in this presentation (slide 21). This represents the following split for 3P reserves: Sunrise - Proved reserves = 63.74 MMbbl, Probable reserves = 947.76 MMbbl, Possible reserves = 842.5; Tucker – Proved reserves = 68.25 MMbbl, Probable reserves = 102.68 MMbbl, Possible reserves = 180.26 MMbbl.

In this presentation on slide 17 and 21, additional drilling will be required to delineate the resources and advance development plans to allow booking of contingent resources and/or reserves in the future.

The Company has disclosed discovered petroleum initially-in-place in this presentation. Discovered petroleum initially-in-place is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially-in-place includes production, reserves and contingent resources; the remainder is unrecoverable. A recovery project cannot be defined for these volumes of discovered petroleum initially-in-place at this time. There is no certainty that it will be commercially viable to produce any portion of the resources.

The Company has disclosed its total reserves in Canada in its 2009 Annual Information Form dated February 24, 2010 which reserves disclosure is incorporated by reference herein. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

The Company uses the terms barrels of oil equivalent (“boe”) and thousand cubic feet of gas equivalent (“mcfge”), which are calculated on an energy equivalence basis whereby one barrel of crude oil is equivalent to six thousand cubic feet of natural gas. Readers are cautioned that the terms boe and mcfge may be misleading, particularly if used in isolation. This measure is primarily applicable at the burner tip and does not represent value equivalence at the wellhead.

The SEC permits U.S. oil and gas companies, in their filings with the SEC, to separately disclose proved, probable and possible reserves that have been determined in accordance with SEC rules. Husky uses certain terms in this document, such as “discovered petroleum initially-in-place”, “contingent resources” and “resources” that the SEC’s guidelines strictly prohibit in filings with the SEC by U.S. oil and gas companies.

All currency is expressed in Canadian dollars unless otherwise noted.

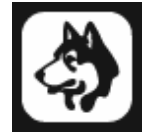


- **Corporate and Financial Strategy**

- **Regenerating the Foundation**

- **Pillars of Growth**

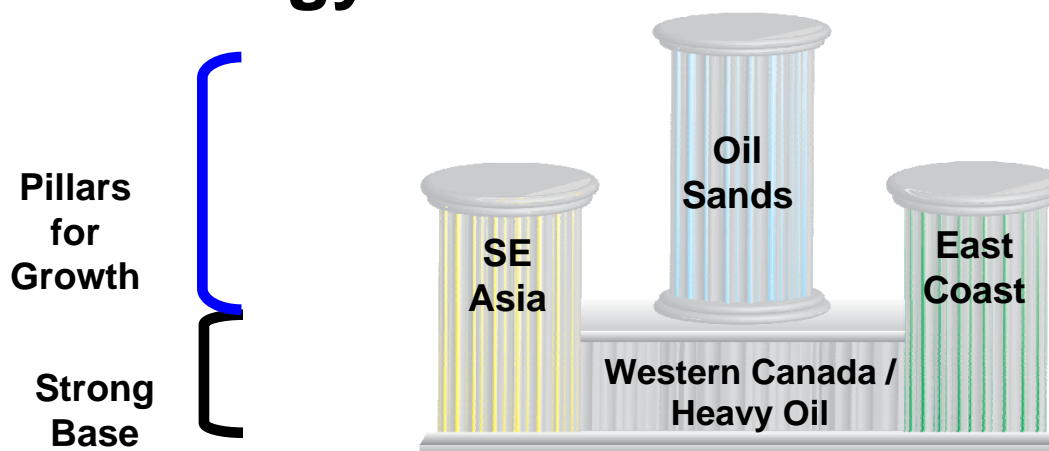
# Setting the Course



- Reprioritization of capital
  - Accelerate projects that can deliver near-term production and returns in excess of our cost of capital by increasing CAPEX
  - Focus on investment in Western Canada
  - Accelerate near-term and inorganic growth through acquisitions
- Advancing mid-term and long-term growth pillars
  - East Coast of Canada – North Amethyst tied in and producing, pilot at West White Rose
  - SE Asia – received 20 year Madura PSC extension, progress Liwan towards development
  - Oil Sands – sanctioned Sunrise Energy Project
- Funding the growth
  - \$1 billion equity issuance closed in December 2010
  - \$4.86 billion capital expenditure program for 2011
  - Opportunity to receive dividend in stock or cash
  - Value acceleration

**Strong foundation for growth**

# What is the Strategy



	Near-Term 0 – 2 Years	Mid-Term 3 – 5 Years	Long-Term 5+ Years
<b>Upstream</b>	Acquisitions	Oil Sands SE Asia	Oil Sands East Coast
	Maintain production from Canada base		
	Value acceleration		
<b>Midstream / Downstream</b>	Support heavy oil and oil sands production Prudent reinvestment		

**A sound portfolio management plan**

# Business Plan Overview



- Based on realistic achievable actions
  - Combination of organic development, acquisitions and value acceleration
  - Key near and mid-term projects on track
  - Commence development of long-term projects and continue investment
- Plan outcomes
  - Annual compound production growth target of 3 – 5%
  - Annual reserve replacement target greater than 140%
  - ROCE increased by ~ 5 percentage points over 5 years
  - Retain investment grade ratings

**Explicit focus on financial discipline and return on capital**

# Financial Strategy



- Ensure adequate liquidity and financial flexibility to fund growth
  - Availability of term committed credit facilities (\$2.9 billion)
  - Continuous and cost-effective access to capital markets
    - US \$3 billion debt shelf (expires Mar. 2011)
    - \$3 billion base shelf (expires Dec. 2012)
- Retain investment grade credit ratings
  - S&P BBB+ (Stable) / Moody's Baa2 (Negative)
  - Target Debt-to-Capital of 25 - 35%
  - Target Debt-to-Cash Flow of 1.5 - 2.5x

## Key Metrics include:

- Return on capital employed
- Production
- Reserves replacement
- Netbacks / F&D / Operating Costs
- Cash flow
- Balance sheet  
(debt-to-cash flow and debt-to-capital)

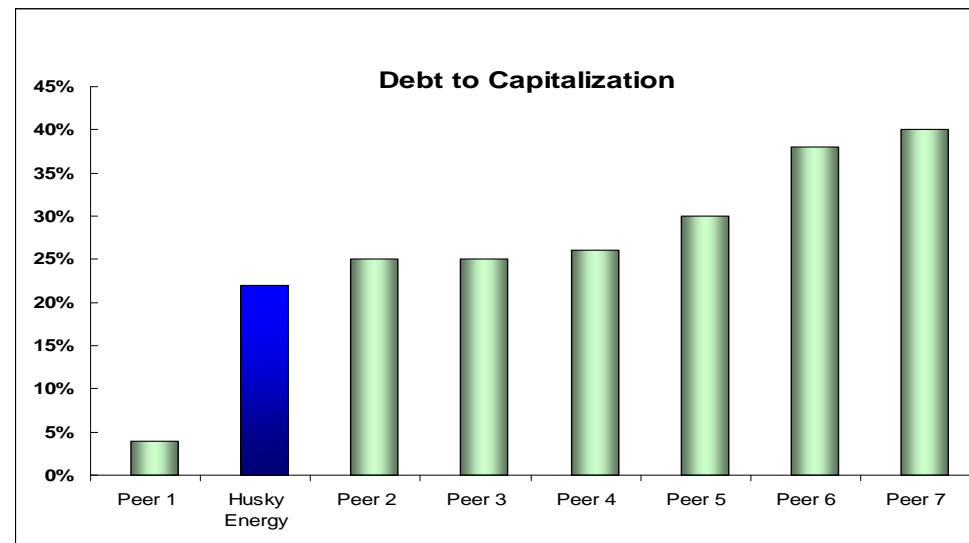
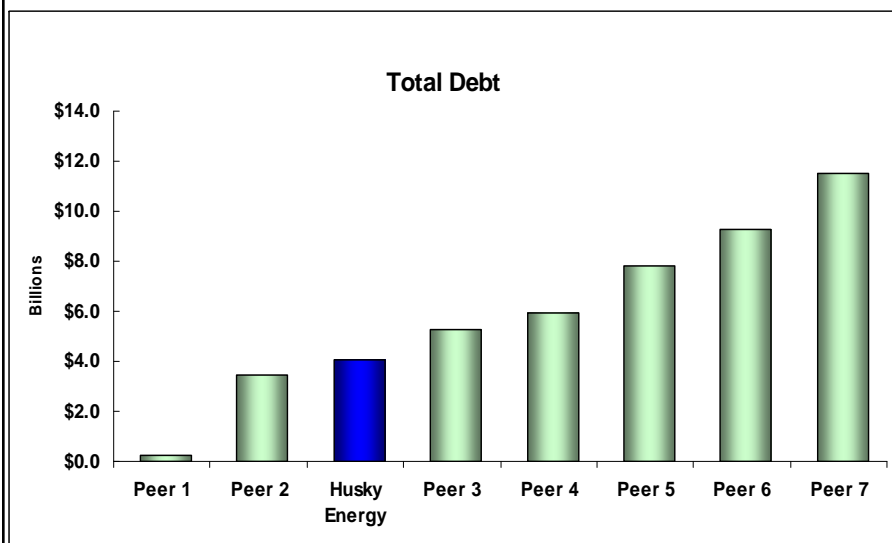
**Financial capacity to execute growth strategy**



# 2010 Financial Snapshot



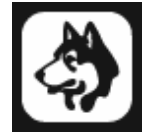
- Solid balance sheet
- Increased 2010 capital program from \$3.1 billion to \$4.0 billion
- Manageable bond maturities US\$400 million (2012) and US\$750 million (2014)
- Strong principal shareholder support



Source: Reuters Estimates as at September 30, 2010

Source: Reuters Estimates as at September 30, 2010

**Solid financial position facilitates growth strategy**

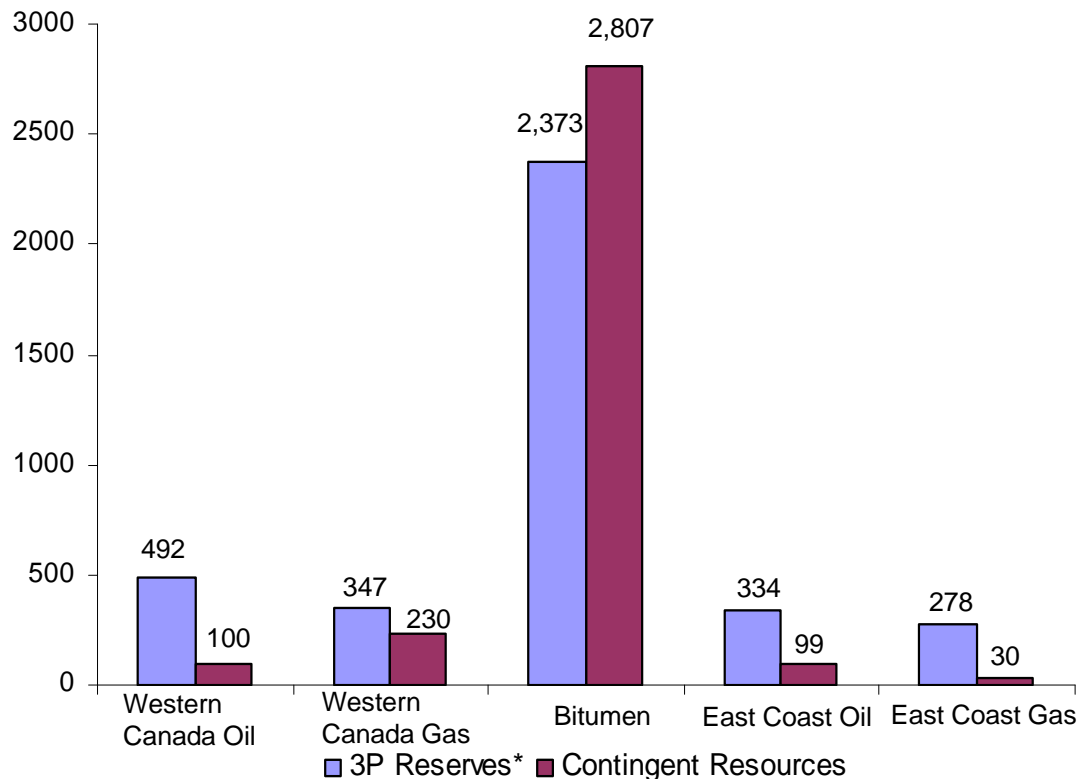
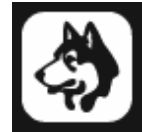


# Financing Sources

- Common equity
  - \$1 billion common equity offering closed December 2010
  - Dividend payment by shares or cash (shareholder option)
  - Principal shareholders (71%) support:
    - Subscribed for pro-rata share of December common equity offering
    - Agreement to take stock dividends from Q1 2011 to end of 2012 as required to support current investment grade profile
- Hybrid capital
  - Preferred shares and perpetual capital securities
- Non-core asset sales
  - Assets that do not affect production or reserves or strategically support upstream
- Joint ventures/farm outs
  - Accelerate project development, production and value

**Access to a variety of financing options to deliver growth plan**

# Value Acceleration - Large Underexploited Resource



- Significant resource base
  - 65 years of production at 2010 rates
- Potential to create value by accelerating development
  - Inactive non-producing assets
  - Accelerates production, operating earnings
  - Provides cash flow for further reinvestment

**3.8 billion barrels of 3P reserves\* + 3.2 billion of contingent resources**

Reserves as of December 31, 2009

Contingent Resource as of November 1, 2010 (excludes SE Asia and Saleski)

\* See advisory for breakdown of reserves

**Leverage asset base through joint ventures to accelerate production and value**

# 2011 Capital and Production Guidance



## Capital Expenditures (\$millions)

## Production

	2009 <u>Actual</u>	2010 <u>Forecast</u> <sup>5</sup>	2011 <u>Guidance</u> <sup>5</sup>		2010 <u>Forecast</u>	2011 <u>Guidance</u>
Upstream						
Western Canada <sup>1</sup>	1,160	2,080 <sup>1</sup>	2,450 <sup>3</sup>			
Oil Sands	29	70	415 <sup>4</sup>			
East Coast of Canada	<u>574</u>	<u>500</u>	<u>350</u>	Light / Medium Oil and NGL (mbbls/day)	106 – 111	100 - 110
Canada	1,763	2,650	3,215	Heavy Oil and Bitumen (mbbls/day)	<u>94 - 97</u>	<u>95 – 105</u>
US	25	-	-			
South East Asia	<u>538</u>	<u>500</u>	<u>1,180</u>			
	2,326	3,150	4,395	Total Oil	200 - 208	195 – 215
Midstream	94	215	80	Natural Gas (mmcf/day)	<u>510 - 520</u>	<u>560 – 610</u>
Downstream	341	550 <sup>2</sup>	335			
Corporate	36	40	55	<b>TOTAL PRODUCTION</b> (mboe/day)	<b>285 - 295</b>	<b>290 – 315</b>
<b>Total</b>	<b><u>2,797</u></b>	<b><u>3,955</u></b>	<b><u>4,865</u></b>			

(1) Includes acquisition of natural gas properties in west central Alberta

(2) Includes purchase of 98 retail stations in Ontario

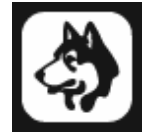
(3) Includes announced \$860 million acquisition of assets from ExxonMobil Canada Ltd.

(4) Husky's partner committed to funding first US \$2.5 billion of the Sunrise Energy Project (Husky US\$2.5 billion commitment to Toledo refinery repositioning)

(5) Excludes capitalized interest and administration

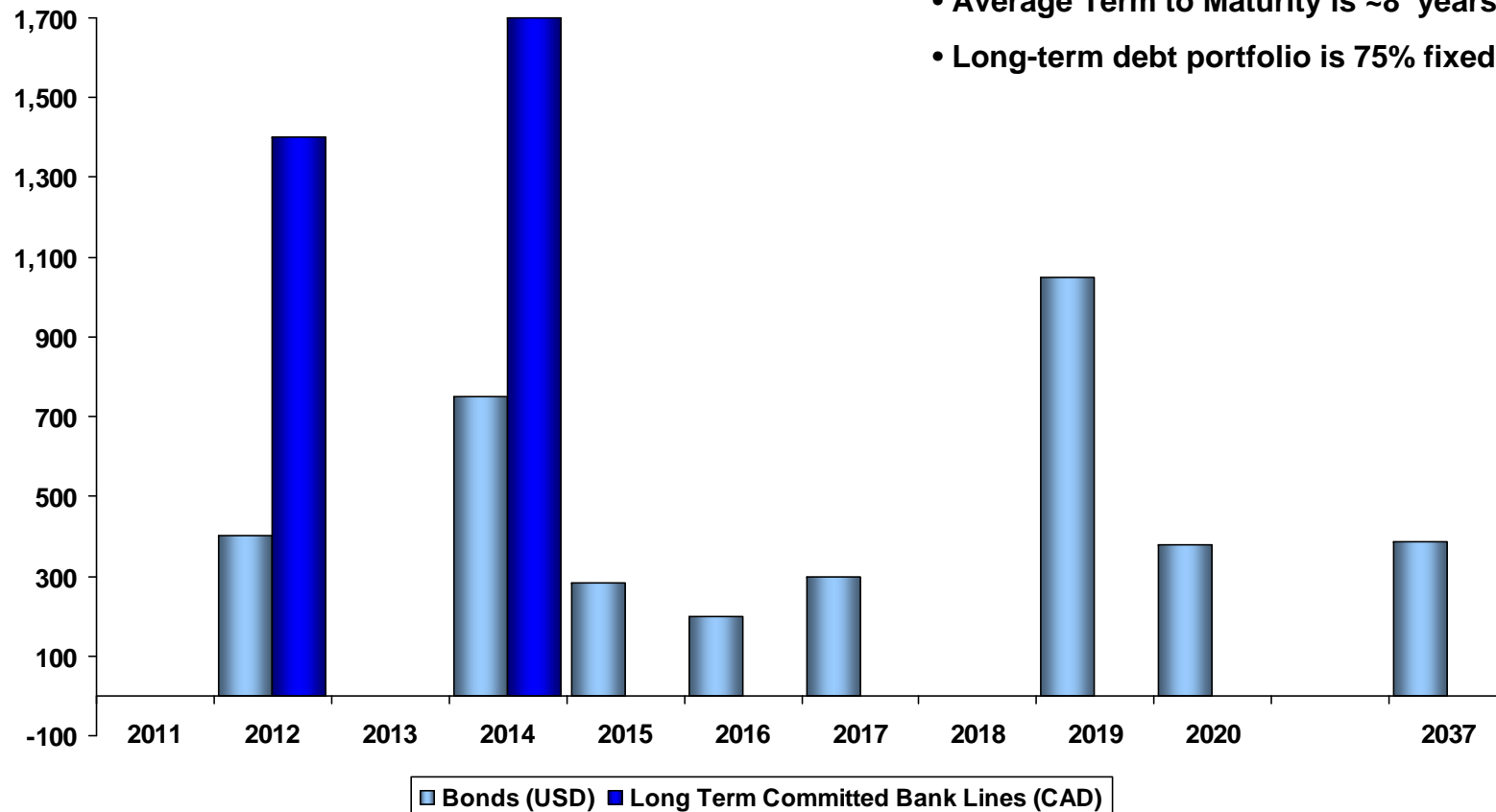
**Capital expenditures targeting near, mid and long-term opportunities**

# Limited Refinancing Risk



## Maturity Profile

(Millions \$)



**Debt maturities are manageable**

# Financing for Growth



- Capital investments to drive future growth
- Husky has the financial capacity to support plans
  - Continuous and cost effective access to capital
  - Liquidity in place
  - Manageable debt maturities
- Retain investment grade credit ratings
- Support of principal shareholders for financing plan

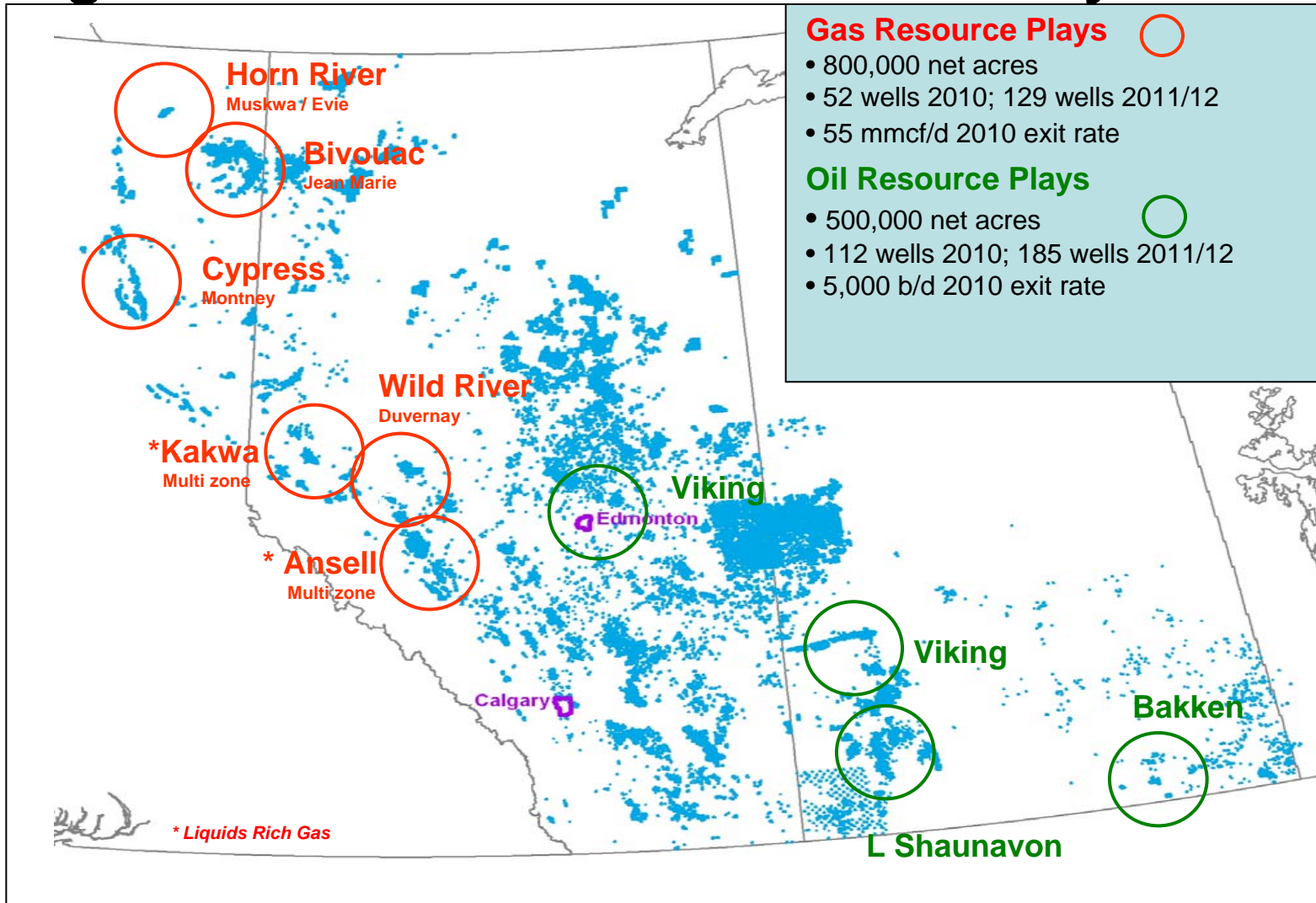
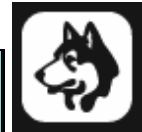


- **Corporate and Financial Strategy**

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# Significant Position in Resource Plays



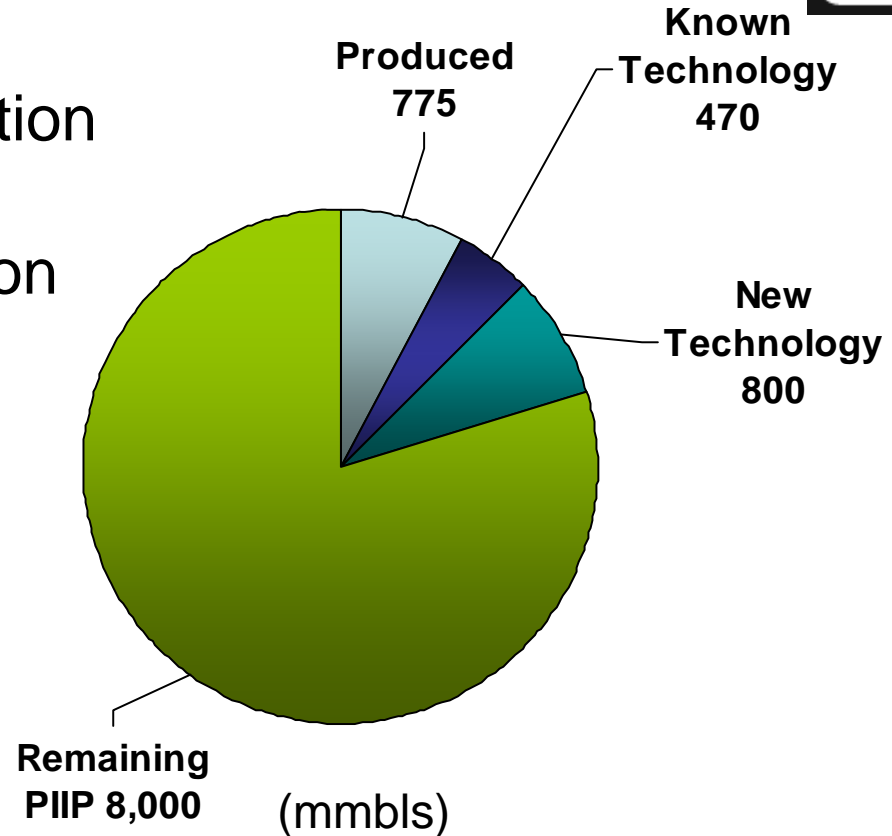
Large land base supports scale, flexibility and diversification



# Heavy Oil – the Original Resource Play



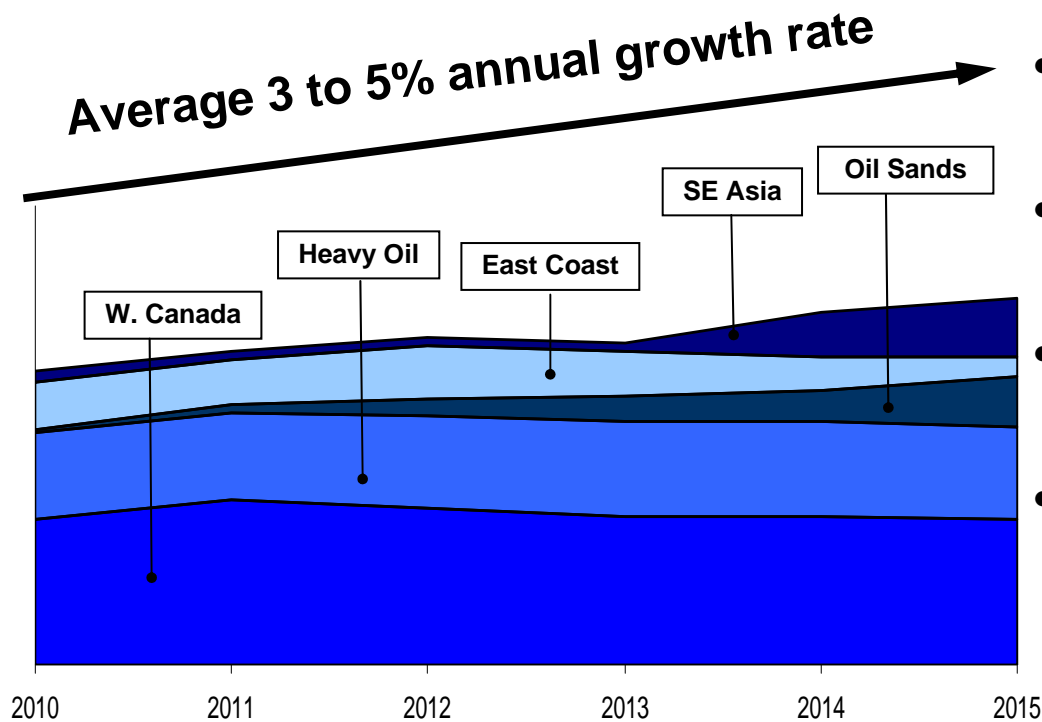
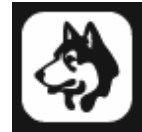
- Continue primary production
- Expand thermal production
- Pursue the application of emerging recovery technologies



Source: National Energy Board of Canada, Husky estimates / represents discovered PIIP / as of December 31, 2009

**Application of new technology to develop resource**

# Production – Five Year Outlook



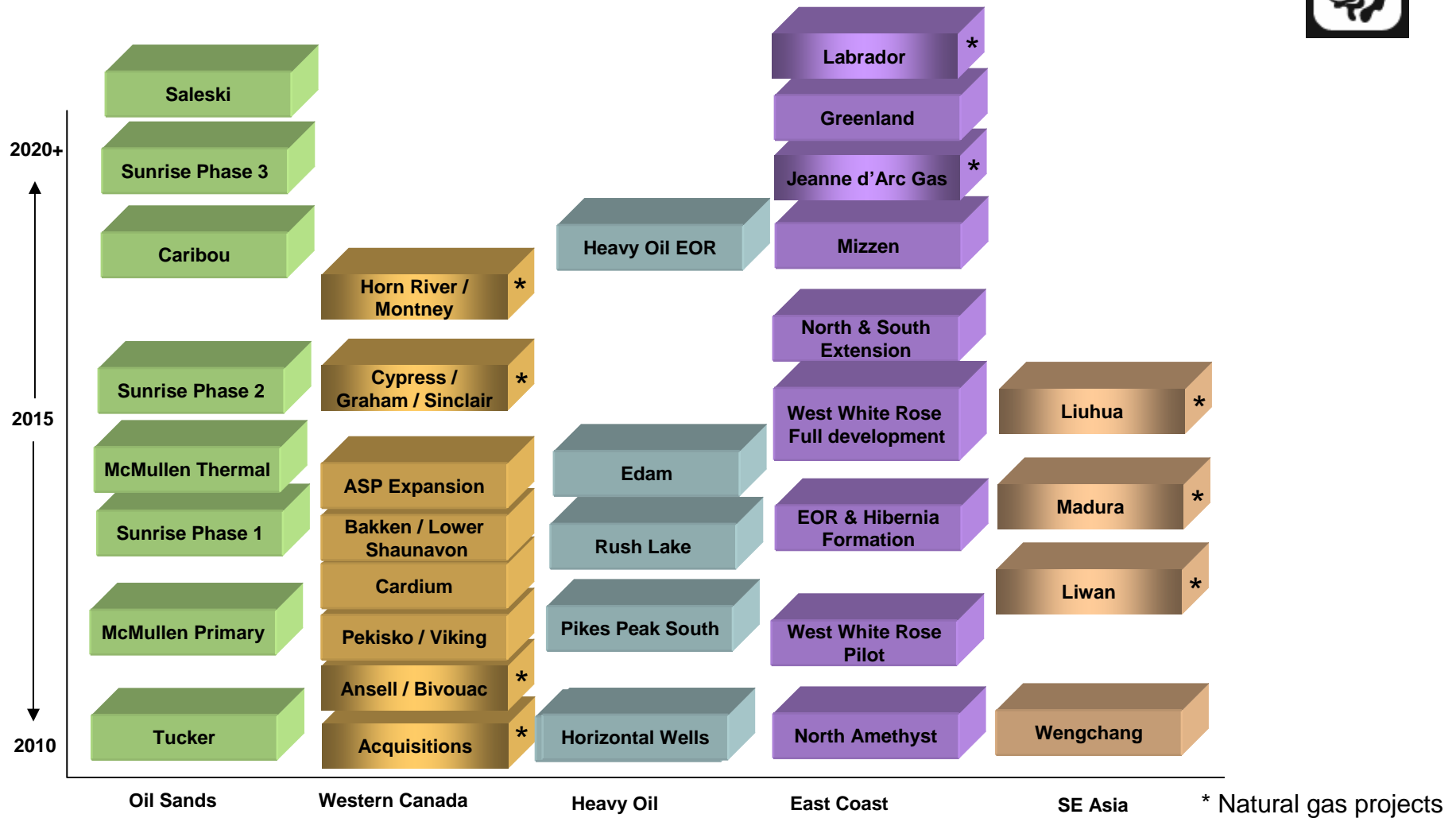
- Acquisitions and North Amethyst provide immediate growth in 2011
- Pikes Peak South and increased thermal volumes in 2012
- Increased volumes from resource plays contribute in 2013
- Sunrise and Liwan contribute in 2014

**Average 3 to 5% annual growth over plan period**



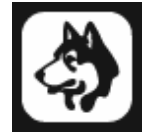
- **Corporate and Financial Strategy**
- **Regenerating the Foundation**
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# Pipeline of Growth Projects

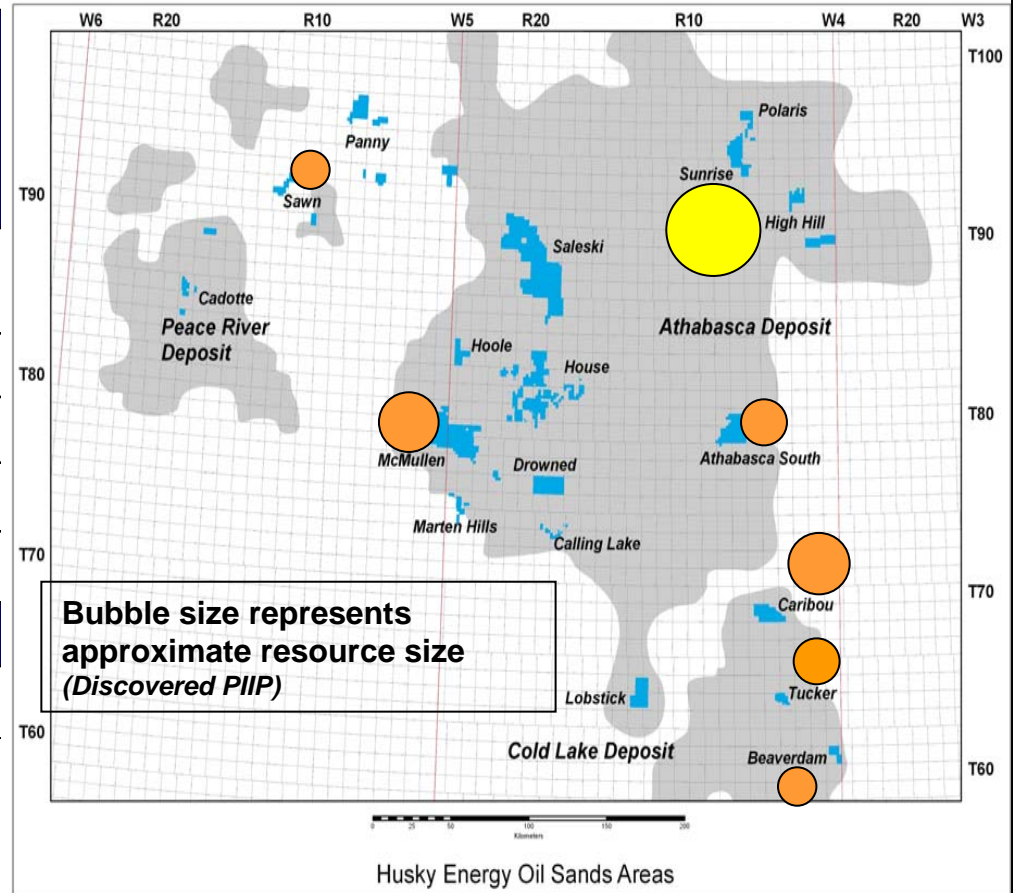


**Strong portfolio of growth projects**

# Oil Sands Portfolio



Property	Discovered Petroleum Initially-in-Place <sup>1</sup> (billion bbls)	3P Reserves <sup>1,2</sup> (billion bbls)	Contingent Resources <sup>1,2</sup> (billion bbls)
Sunrise (Net 50%)	4.6	1.8	0.5
Tucker	1.3	0.4	0
McMullen	4.4	0	1.0
Caribou	3.2	0	0.5
Others	2.1	0	0.2
<b>Total</b>	<b>15.6</b>	<b>2.2</b>	<b>2.2</b>
Saleski	32.2	Carbonate	



(1) As of December 31, 2009

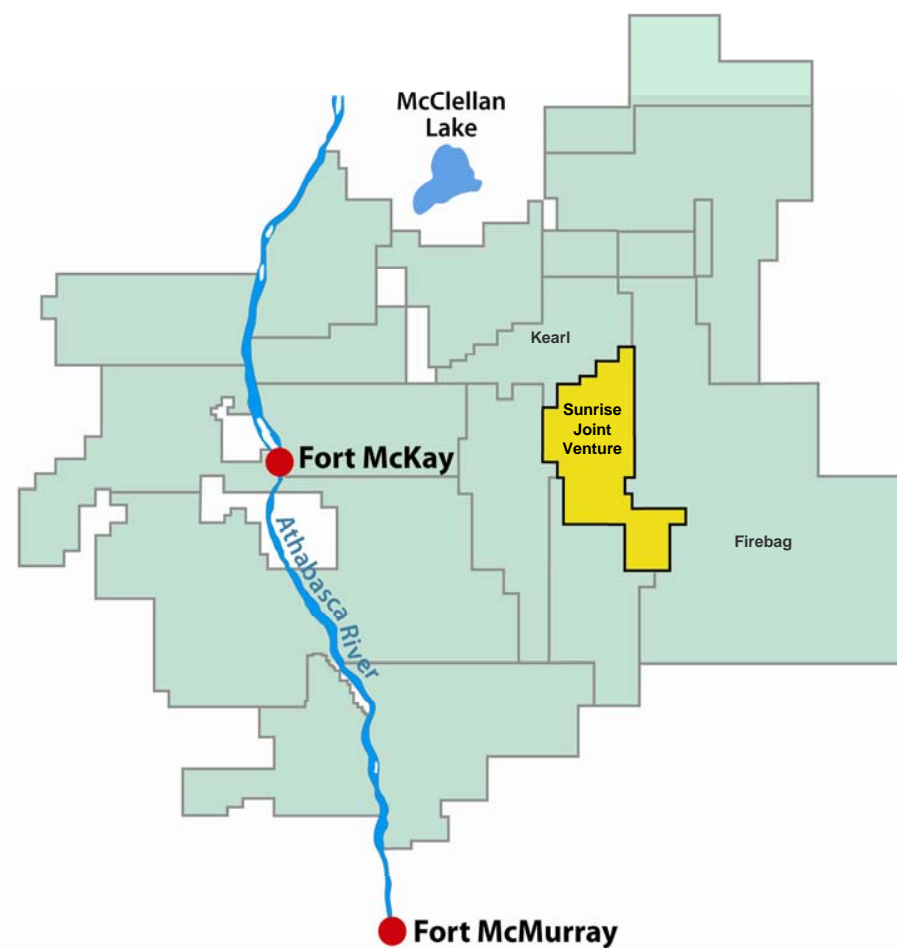
(2) See advisory for breakdown of reserves and contingent resources

2.2 billion barrels of 3P reserves and 2.2 billion barrels contingent resources

# Sunrise Energy Project



- World-class oil sands reservoir
- Project will utilize established technologies
- Regulatory approvals in place for initial phases
- Phase I sanctioned and key contracts in place to support drilling and construction in 2011



**Economically sound, long-term strategic investment**

# White Rose Core Area and Satellites



## White Rose

- Over 150-million barrels produced
- Strong reservoir performance
- Infill and EOR/IOR opportunities

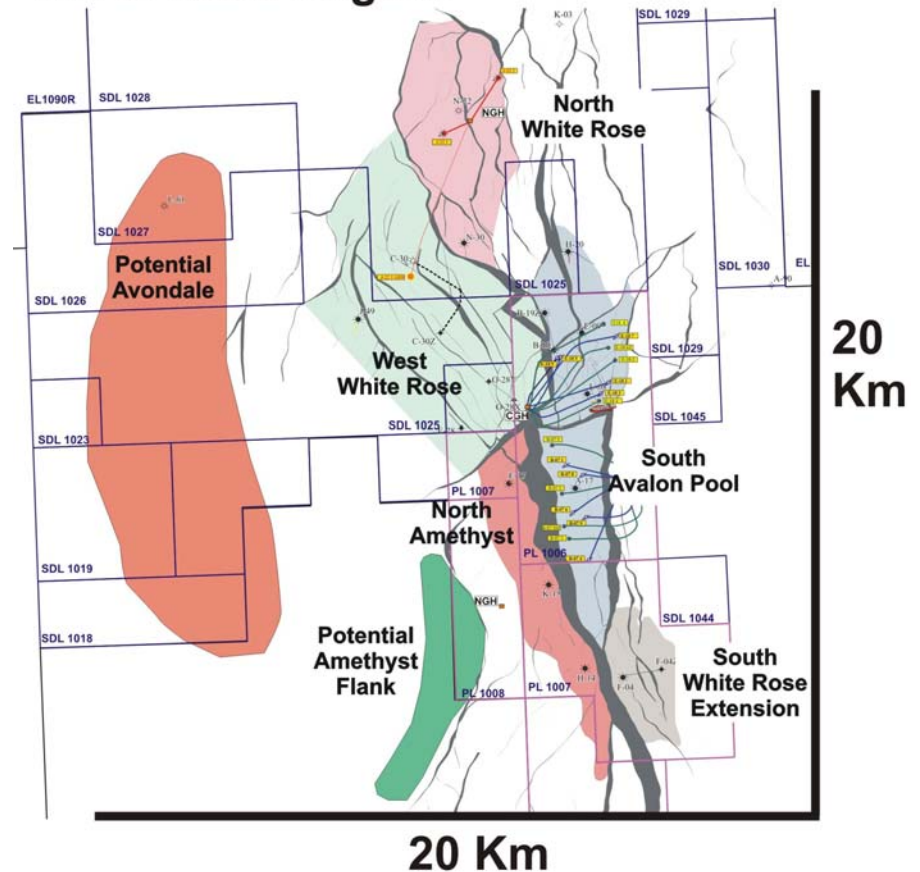
## North Amethyst

- 11 development wells
- 2 producers; 2 water injectors
- Peak production ~ 37,000 bbls/day
- Hibernia, development plan application expected Q1, 2011

## West White Rose

- Staged development; pilot pair
- Production well drilled; injector this year
- First oil target mid 2011

## White Rose Region

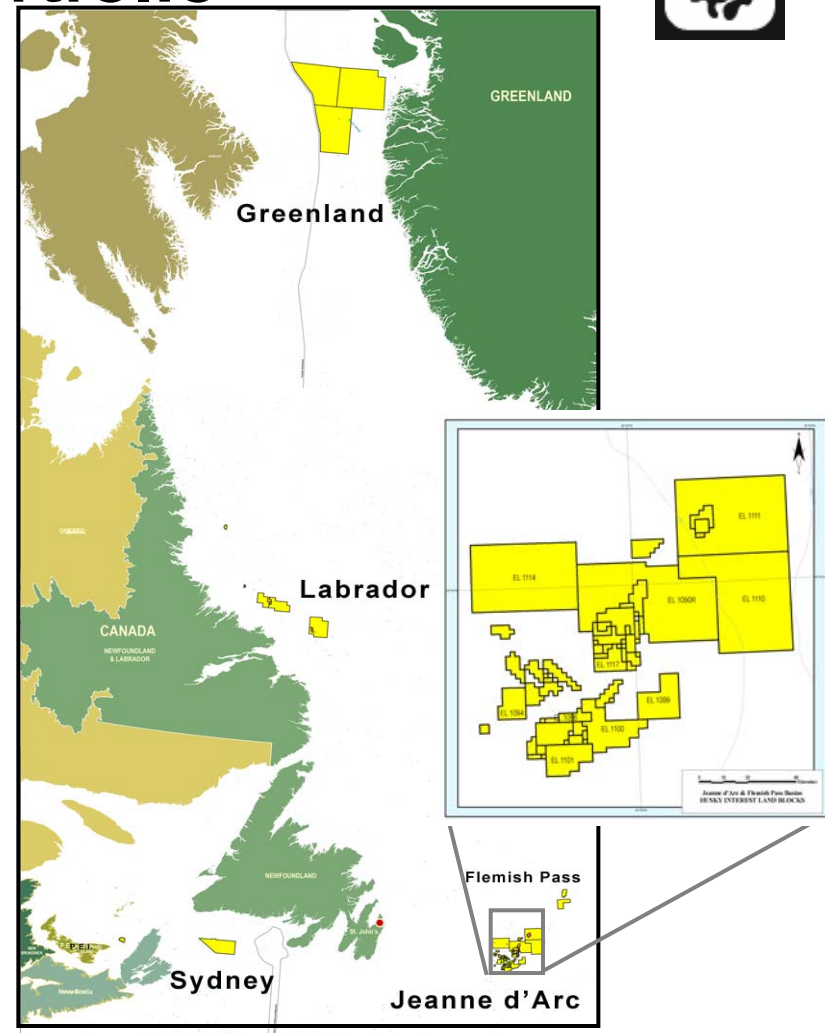


**Significant resource base**

# East Coast Exploration Portfolio



- Near-term
  - Jeanne d'Arc Basin
  - 12 ELs
  - Extensive seismic data base
- Mid-term
  - Flemish Pass
  - Mizzen SDL awarded 2010
  - Appraisal well in 2011
- Long-term
  - Greenland, Labrador, Sydney
  - World Class Hydrocarbon Potential
  - Billion barrel and TCF size prospects
- Strategic partnerships



**Attractive portfolio, plenty of running room**



# SE Asia Overview



## China

- Block 29/26 Gas Fields
  - Liwan 3-1 well advanced
  - Liuhua 34-2, the appraisal is complete and preparing regulatory approval
  - Liuhua 29-1 is under appraisal
- Block 63/05
  - Seismic evaluation and exploration well in 2011

## Indonesia

- Madura Strait PSC - extended for 20 years
- Madura BD Gas Field - engineering being completed
- North Sumbawa - exploration drilling in 2011



**Significant progress made**

# Summary



- Clear strategy with experienced team to deliver
- Near-term production gap filled
- Solid balance sheet strength and financial flexibility
- Track record of financial discipline
- Support of principal shareholders for financing plan
- Value proposition – “balanced growth”

# Investor Relations Contacts



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