



 **Husky Energy**

**Fixed Income Investors  
March 2010**

**Alister Cowan  
Vice President and  
Chief Financial Officer**

## Corporate Overview



- Fully integrated energy company with upstream, midstream and downstream operations
- Market capitalization approx \$26 billion, enterprise value \$29 billion, at December 31, 2009
- Heavy Oil pioneer – 70-year track record of responsible development
- Diversified operations in Canada, USA, Greenland, China and Indonesia
- Traded on the Toronto Stock Exchange under the symbol HSE



*Focused on Providing Best-in-Class Returns from a Diversified Energy Portfolio*

## Corporate Values



### Mission

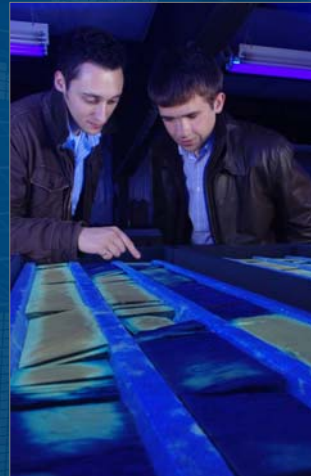
*To maximize returns to shareholders in a socially responsible manner*

### Vision

*To create superior shareholder value through financial discipline and a quality asset base*

### Sustainable Development

*Vision, commitment and leadership, built on integrity and social conscience*



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## Husky's Focus Areas



## Sustainable Development



- Health and safety are of paramount importance to the company
- Husky is committed to development that balances its economic activities in ways that minimize impact on the environment and quality of life
- Advancing a number of environmental stewardship and resource initiatives including:
  - Western Canada's largest producer of renewable fuels
  - Piloting Carbon Capture and Storage technology in Heavy Oil reservoirs
  - Development of a comprehensive Environmental Performance Reporting System (EPRS)



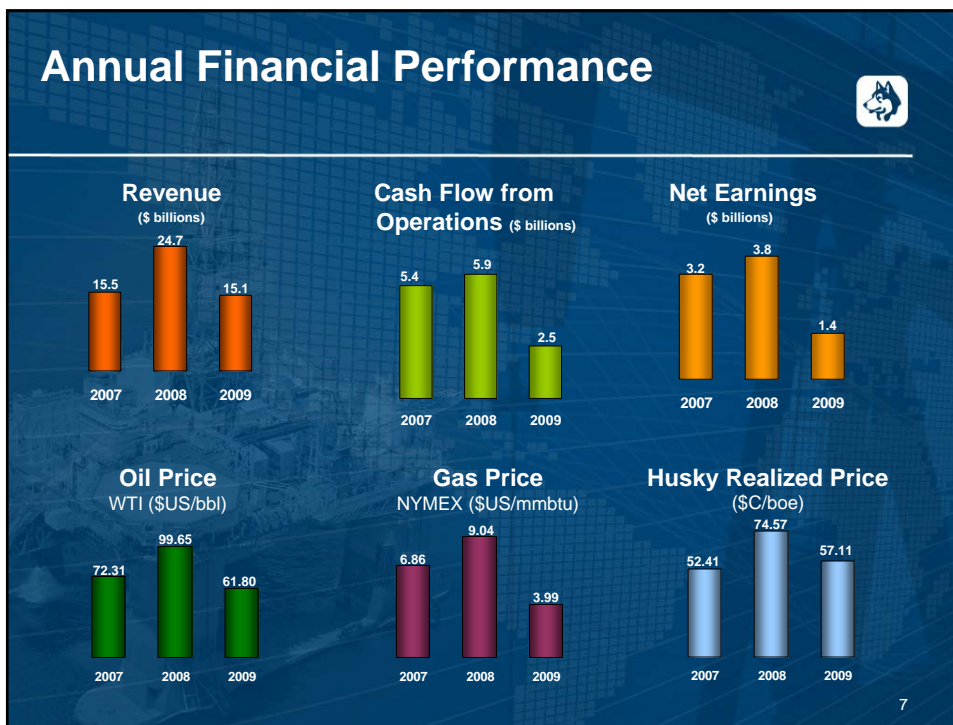
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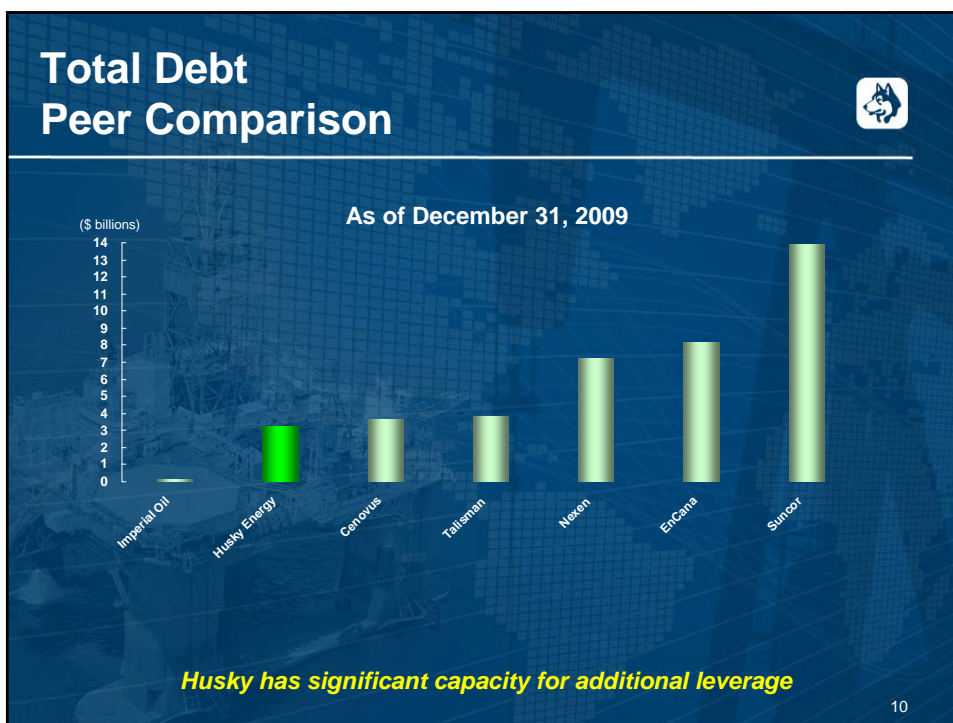
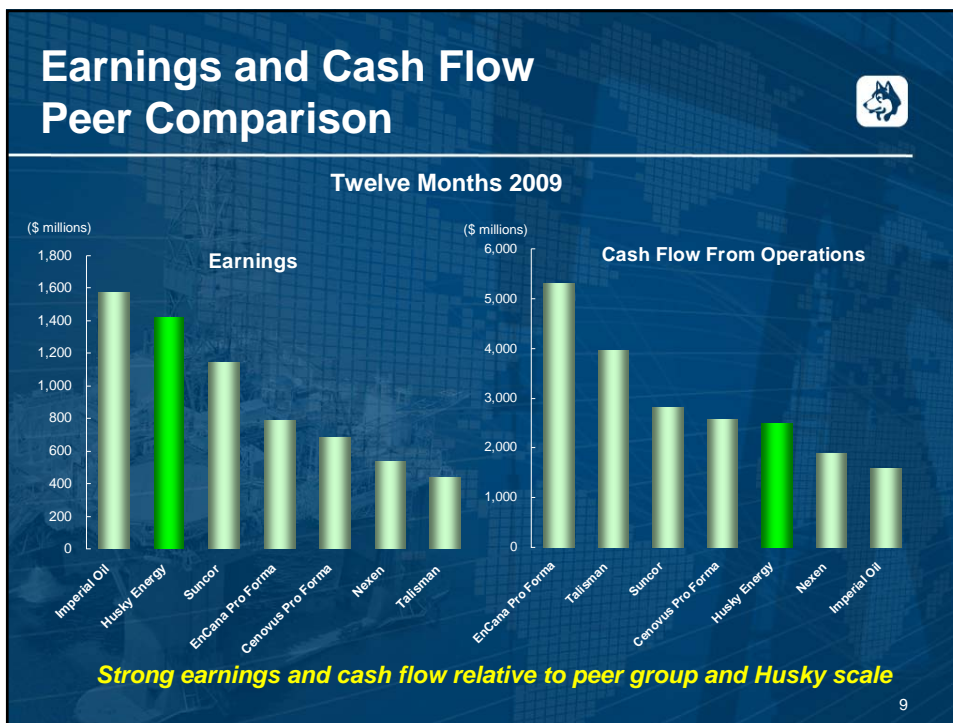
## 2009 Financial Overview

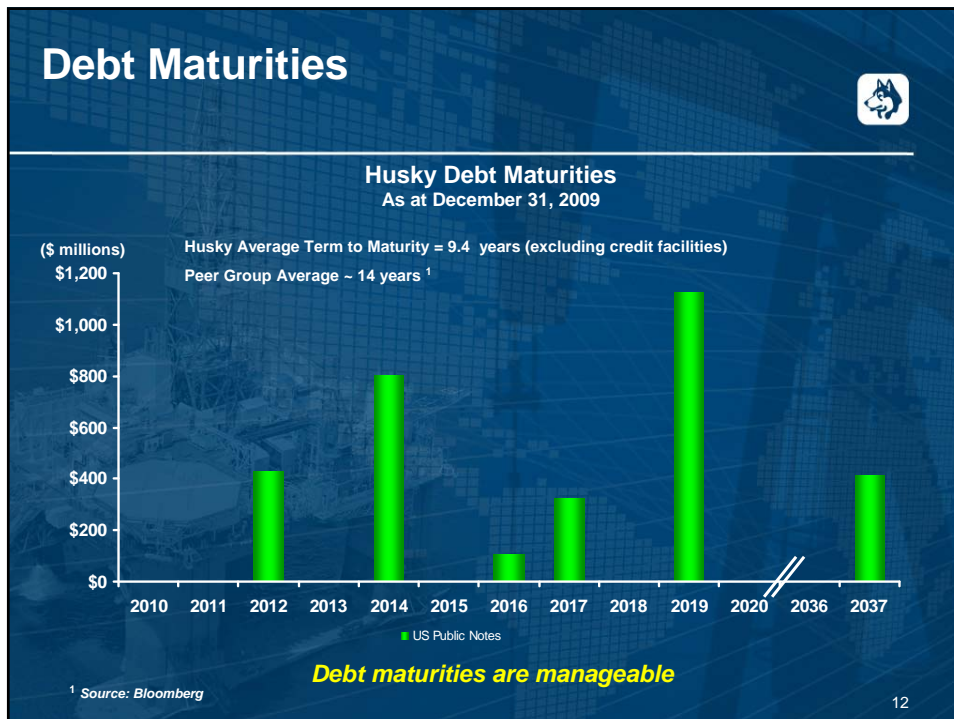
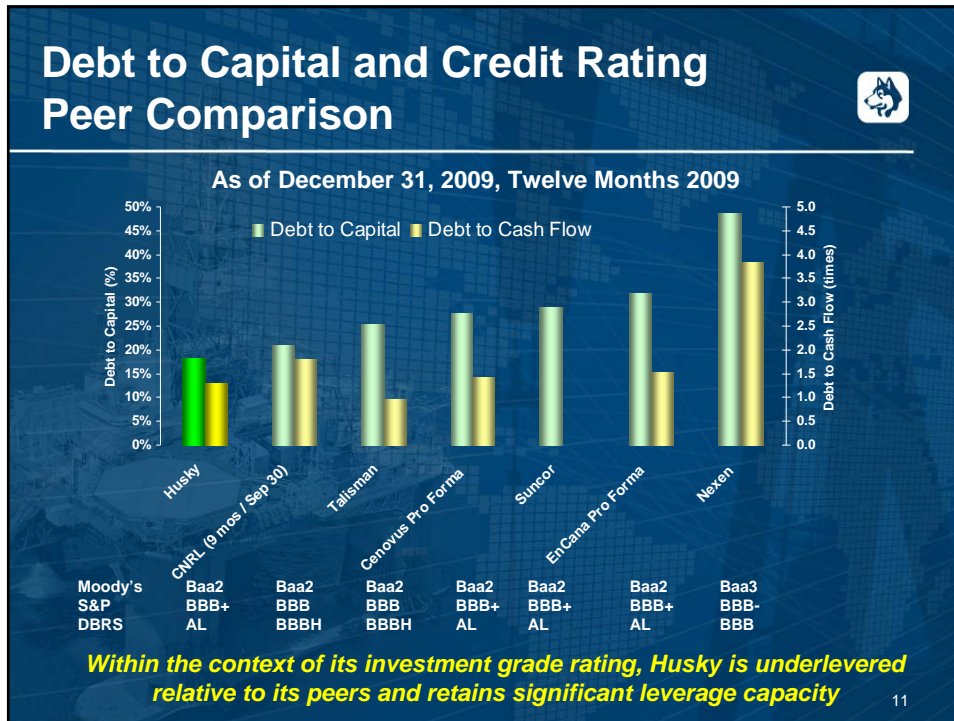


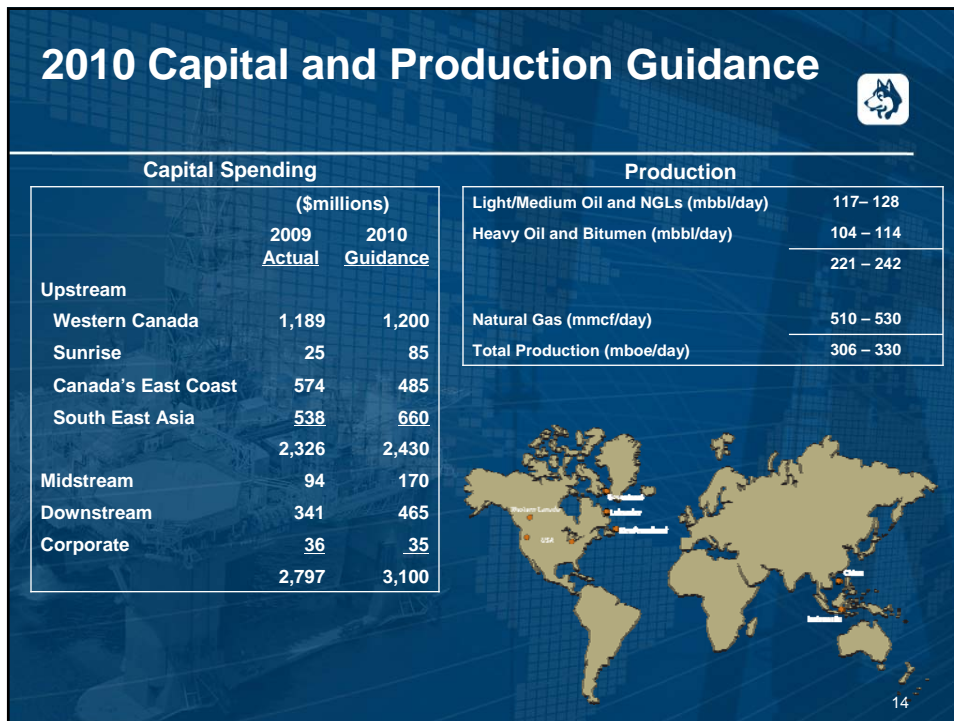
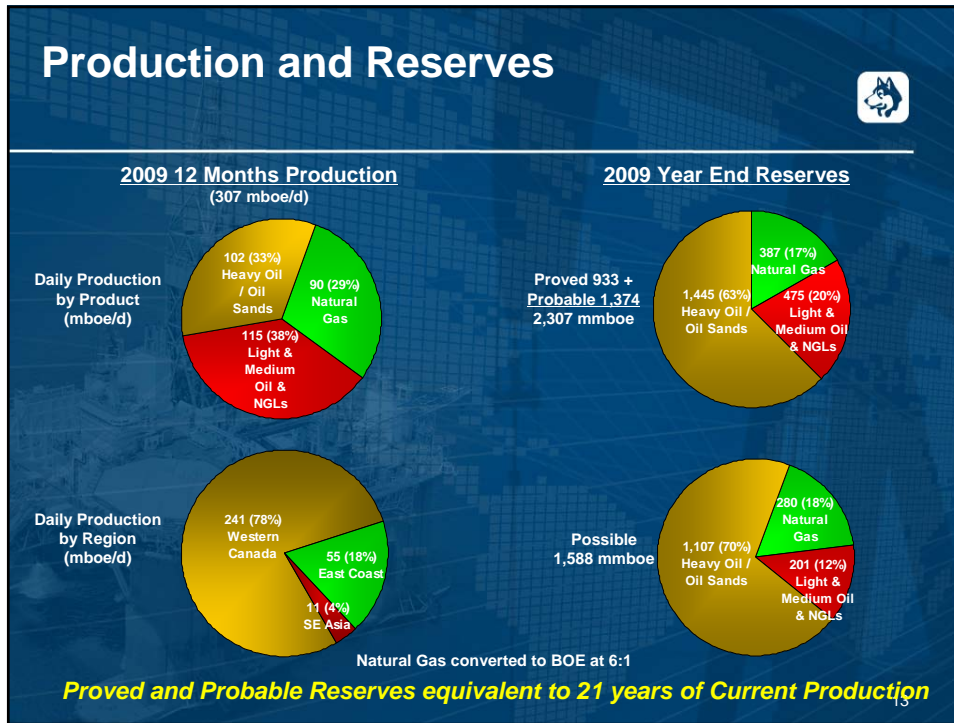
	<u>2007 Actual</u>	<u>2008 Actual</u>	<u>2009 Actual</u>
Revenue	\$15.5 billion	\$24.7 billion	\$15.1 billion
Cash Flow	\$5.4 billion	\$5.9 billion	\$2.5 billion
Cash Flow per share	\$6.35	\$7.00	\$2.95
Net Earnings	\$3.2 billion	\$3.8 billion	\$1.4 billion
Earnings per share	\$3.77	\$4.42	\$1.67
Return on Equity	30.1%	28.9%	9.8%
Total Debt	\$2.8 billion	\$2.0 billion	\$3.2 billion
Cash and Equivalents	\$0.2 billion	\$0.9 billion	\$0.4 billion
Total Debt net of Cash	\$2.6 billion	\$1.1 billion	\$2.8 billion
Debt to Cash Flow	0.5 times	0.3 times	1.3 times
Debt to Capital	19%	12%	18%

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## Heavy Oil



### Strategic Focus

- Grow production through technology innovation and application

### 2009 Achievements

- Progressed the 8,000 barrels-per-day Pikes Peak South Thermal Project toward first production in 2012
- Acquired new heavy oil production and reserves in the Lloydminster area
- Advanced heavy oil recovery in several areas in Western Canada



### 2010 Plans

- Continue the development of Husky's heavy oil assets

*Canada's Largest Producer of Heavy Oil*

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## Oil Sands



### Strategic Focus

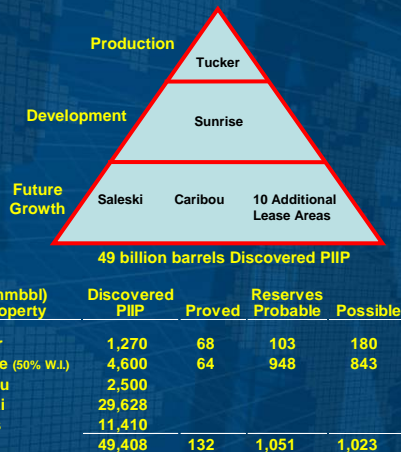
- Expand production from a world-class portfolio of in situ bitumen assets

### 2009 Achievements

- Optimized and redesigned Sunrise Oil Sands Project to substantially reduce capital costs
- Completed front end engineering and design for Sunrise Phase 1

### 2010 Plans

- Sanction the Sunrise Oil Sands Project



\*Reserves and resources estimated at December 31, 2009; all properties except Sunrise have a 100% working interest

*One of the Largest Oil Sands Resource Holders*

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## Sunrise Oil Sands Project

(Husky W.I. 50%)



### Project Overview

- 50/50 partnership with BP
- Phase 1 : 60,000 bbls/d
- Phases 2 – 3 will bring production to 200,000 bbls/d
- 3P Reserves\* of 3.7 billion bbls (100% W.I.)
- 40+ years production
- First oil four years after sanction



\* Husky's W.I. reserves for Sunrise include 64 million barrels of proved, 948 million barrels of probable and 843 million barrels of possible reserves estimated at December 31, 2009.

**Top Tier Oil Sands Project with Planned Production of 200 mbb/d**

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## East Coast of Canada



### Strategic Focus

- Increase offshore Canada production by fully exploiting existing assets, and exploring and developing new fields

### 2009 Achievements

- Completed North Amethyst subsea tie back
- Attained exploration success with the Mizzen deepwater discovery and White Rose Hibernia formation discovery



### 2010 Plans

- First oil from the North Amethyst tie back project, offshore Newfoundland
- Advance the first phase of the West White Rose development for initial production in early 2011
- Evaluate White Rose natural gas and condensate development options



**Interests in 2 Producing Fields and 23 Significant Discovery Areas**

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## North Amethyst Project



### Project Overview

- First White Rose satellite field to be developed
- Subsea tieback to **SeaRose FPSO**
- 90 mmbbls of 3P\* reserves (100% W.I.)
- Capital cost ~ \$1.8B
- First oil scheduled for 2010, only 3.5 years from discovery

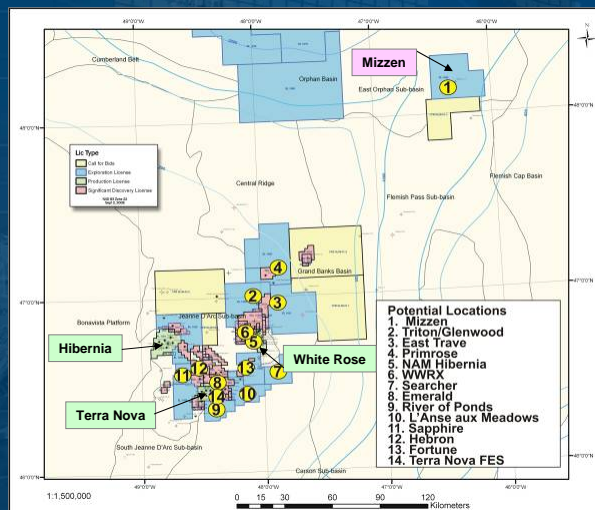


\* Husky's W.I. reserves for North Amethyst include 23.9 mmbbls proved, 24.3 mmbbls probable and 13.8 mmbbls possible, estimated as of Dec. 31, 2009

**One of the World's Largest Offshore Projects in 2009**

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## Offshore Newfoundland Future Growth



- 6 production licenses
  - White Rose
  - Terra Nova
- 17 significant discovery areas (SDAs)
- 12 exploration licenses (ELs)
- Significant inventory of exploration and delineation wells to be drilled in the coming years
- Gas development
  - Long term opportunity
  - Need to define export strategy

**Leading Acreage Position Offshore Canada's East Coast**

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## Extensive Potential in Labrador & Greenland



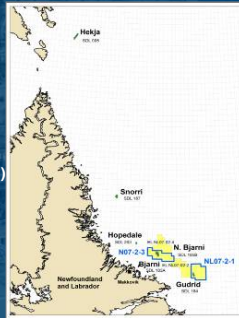
### Labrador Shelf

#### Significant Discovery Licenses

- Hekja (42.5% W.I. - Operator)
- North Bjarni (17.1% W.I.)
- Bjarni (17.1% W.I.)
- Gudrid (17.1% W.I.)
- Snorri (17.1% W.I.)
- Hopedale (19.4% W.I. - Operator)

#### Plans

- Conduct initial seismic program



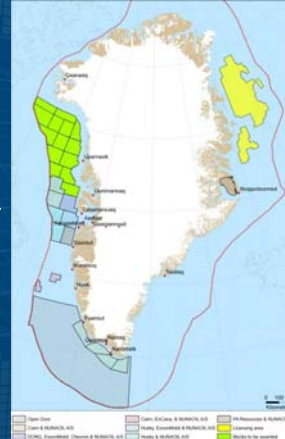
### Greenland

#### Land Position

- Blocks 5 & 7
  - Husky (Operator) 87.5% W.I.
- Block 6
  - Husky 43.75% W.I.
  - ExxonMobil (Operator) 43.75% W.I.

#### Plans

- Acquired 2,200 square km of 3D seismic blocks 5&7



*Leverage East Coast Expertise in Harsh Environment Exploration and Development*

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## South East Asia



### Strategic Focus

- Build a material South East Asia exploration and production business

### 2009 Achievements

- Completed Liwan 3-1 field appraisal and advanced development and gas marketing plans
- Lihua 34-2, second natural gas discovery in Block 29/26, South China Sea

### 2010 Plans

- Sanction the Liwan development project, offshore China
- Complete appraisal drilling and progress facilities engineering for the Lihua 34-2 & Lihua 29-1 discoveries
- Move ahead with Madura BD natural gas project, offshore Indonesia
- Diversify beyond China and Indonesia
- Grow production base via accretive acquisitions and expand exploration portfolio



*Well Positioned Western Based Operator*

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## Liwan Development



- Ultra deepwater gas field discovered by Husky in 2006
- Successfully completed 3 well appraisal program:
  - Liwan 3-1-2, tested 53 mmcf/d (potential > 150 mmcf/d)
  - Liwan 3-1-3, tested 55 mmcf/d (potential > 150 mmcf/d)
  - Liwan 3-1-4, tested 52 mmcf/d (potential > 150 mmcf/d)
- FEED engineering nearing completion
- Efforts underway to access strong gas markets in Hong Kong and Guangdong
- Aim to sanction project in mid 2010
- First gas production targeted for 2013



**Appraisal Program Complete, Accelerating Project Commercialization**

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## Western Canada



### Strategic Focus

- Unlock the value of Husky's oil and gas resource plays

### 2009 Achievements

- Established positions in nine gas resource plays in Western Canada
- Attained exploration success in northeast B.C. natural gas and shale gas

### 2010 Plans

- Continue to expand the resource base and production from gas and oil resource plays in Western Canada
- Assess commercial potential of the successful Grizzly Valley, British Columbia, natural gas exploration
- Expand enhanced oil recovery projects



**Technology is Unlocking Further Resource Potential**

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## Midstream



### Strategic Focus

- Provide an efficient and reliable logistics link between Upstream and Downstream business segments
- Maximize the Midstream value capture from the Company's oil and natural gas production
- Identify and pursue business ventures and opportunities that are strategic, accretive to earnings and add value
- Reduce operating costs by introducing efficiencies and optimization to fuel and feedstock supply provided to Downstream facilities



### 2010 Plans

- Complete the Sunrise Midstream solution
- Expand terminal and storage activities
- Commence deliveries on the Keystone Pipeline to link Husky's Western Canadian oil production to Lower PADDII markets and the Lima Refinery
- Continue to focus on operating efficiency, safety and environmental stewardship

**Midstream Business Contributes Significant Value**

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## Downstream



### Strategic Focus

- Ensure Husky captures the full value from its heavy oil and bitumen production
- Ensure a market for Upstream and Midstream products
- Adopt, adapt and develop best practices that contribute to operational efficiency and reliability
- Minimize market volatility as it impacts income and cash flow



### 2010 Plans

- Progress Downstream component of the Sunrise project
- Integrate 98 recently acquired Ontario service stations into Husky branding, systems and operations
- Research and test the potential of producing additional biofuels
- Continue to pursue refining facility synergies and optimization
- Continue to focus on operating efficiency, safety and environmental stewardship



**Developing U.S. Refining Business is Key to Capturing Full Value from Heavy Oil and Oil Sands Assets**

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## Downstream



### Lima Refinery

- Throughput Design Capacity 160,000 bbls/day
- Engineering completed to select optimum refinery process configuration



### BP-Husky Toledo Refining LLC

- Continuous Catalytic Regeneration Reformer project will improve gasoline yield/flexibility

### Canadian Refined Products

- Agreed to acquire 98 retail outlets bringing Husky's total retail count to 571 outlets
- Asphalt Refinery capacity of 28 mbb/d
- Largest producer of Ethanol in Western Canada
- 2 Ethanol facilities with annual production capacity of 130 million liters



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## Financial Strategies



- Manage the Company's financial condition prudently
  - Target debt to capital of 30 – 40%
  - Target debt to cash flow of 2 – 3 times
  - Have historically managed ratios within these targets
- Ensure ability to fund growth projects throughout the commodity price cycle
  - Company maintains strong bank relationships and adequate committed credit lines
  - Modest leverage relative to peers provides significant financial flexibility
- Maintain financial flexibility by accessing capital from a variety of sources
  - Targeting U.S. and Canadian debt capital markets
  - Continuously evaluating alternative funding options



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## Investment Thesis



- Strong financial condition, prudent financial management
- High quality asset base
- Integrated energy business model that reduces cash flow volatility
- Diversification of revenues across products and geographies
- Strong medium and long term growth prospects
- Clear competitive advantages in growth areas
- Significant reserve additions pending sanction of Sunrise and Liwan

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## Advisories



### Forward Looking Statements

Certain statements in this presentation are forward looking statements within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended and forward-looking information within the meaning of applicable Canadian securities legislation (collectively "forward-looking statements"). The Company hereby provides cautionary statements identifying important factors that could cause actual results to differ materially from those projected in these 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; piloting of carbon capture and storage technology; development of the Environmental Performance Reporting System; 2010 capital expenditure and production guidance; reserve and resource estimates; production plans for the Pikes Peak South Thermal Project; anticipated project sanction and production plans for the Sunrise Oil Sands Project; production plans for the North Amethyst field; development and production plans for the West White Rose field; exploration plans for offshore Canada's East Coast and Greenland; anticipated project sanction and production and marketing plans for the Liwan development project; advancement of the Madura BD natural gas project; Western Canada expansion plans; implementation of enhanced oil recovery techniques; planned execution of the agreement to purchase southern Ontario retail outlets; 2010 plans for the Midstream and Downstream business segments; and the Company's financial strategies.

Although the Company believes that the expectations reflected by the forward-looking statements presented in this document 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 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.

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## Advisories



### 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 these 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. 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.

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.

Finally, 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 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.

### Cautionary Note to U.S. Investors

The United States Securities and Exchange Commission ("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" 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.

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## Investor Relations



**Sharon Murphy**  
**General Manager**  
**Corporate Communications and Investor Relations**  
**403-298-6096**  
[Sharon.Murphy@HuskyEnergy.com](mailto:Sharon.Murphy@HuskyEnergy.com)

**Patrick Aherne**  
**Manager**  
**Investor Relations**  
**403-298-6817**  
[Patrick.Aherne@HuskyEnergy.com](mailto:Patrick.Aherne@HuskyEnergy.com)

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