



February 27, 2009

Subject: HPSO Project Update (Husky Procurement System Optimization)

Over the past six months, Husky, our suppliers and Cortex Business Solutions have been hard at work optimizing and automating our procurement and payment processes. At the end of January we have over 1000 suppliers participating in the initiative.

Husky has now expanded the initiative, requiring all suppliers and all business units in Canada to adopt the Cortex solution. Starting in the middle of 2009, we will also include both material suppliers and those suppliers utilizing the Non PO invoice process in the Cortex solution. This will enable all of our suppliers to conduct all of their business with Husky, through one simple, consistent and efficient approach. In 2009 all Requests for Quotation/Proposal now requires adoption of the Cortex solution, as a mandatory condition of award. Husky's goal is to achieve and sustain automation in the procurement and payment process, across all our business units, and with all our suppliers.

The 1000 suppliers currently participating in the program are experiencing numerous benefits, some of which are listed below:

- Suppliers utilizing the system are being paid "on contract" terms; with lower administrative costs, and greater certainty.
- The system is now operational in all Business Units;
- Confirmation of Husky's intent to procure material or services;
- Prompt review, confirmation of approval for materials and/or services provided to Husky;
- Improved transparency into the process and shorter dispute resolution times;
- The system is consistently processing 30,000 receipts and invoices per week with a sustained invoice success rate of over 95%; and
- Invoice payments made by direct deposit to your company's bank account.

The net result for our suppliers is improved cash flow and less administration.

The implementation of this solution may require our suppliers to perform some additional tasks for Husky. However we have found that by working together; we can effectively manage through this change to the benefit of all participants within a few weeks. A Husky or Cortex representative will be in contact with your company shortly, to discuss this program. The set up and training, is provided by Cortex, and can be accomplished quickly with your company.

Your cooperation and support in this matter is greatly appreciated. If you have any questions please contact your Husky contracts representative or Cortex at 1-866-716-6272 option 2.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Manning".

Terry Manning
Vice President, Engineering & Procurement Management