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2:15 p.m. Calgary time

Aherne: Good afternoon everyone. We are pleased that you could join us today to discuss our 2008 third quarter. With me in the room are Mr. John Lau, President and Chief Executive Officer; Alister Cowan, Chief Financial Officer; Rob Peabody, Chief Operating Officer – Operations and Refining; and Terrance Kutryk, Vice President of Midstream and Refined Products.

In today's call, John will discuss the financial results and give an overview of the operational highlights. Terrance Kutryk will give an update on the Midstream and Downstream divisions. John will then conclude and we will open the call up for questions, starting with analysts followed by the media.

Please note that today's comments contain forward-looking information. Actual results may differ materially from expected results because of various risk factors and assumptions that are described in our quarterly release and in our annual filings, which are available on SEDAR, EDGAR and our website.

I'll now turn the call over to John.

Lau: Thank you, Patrick, and good afternoon to everyone.

I am pleased to report that in the third quarter of 2008, Husky maintained its strong financial performance.

For the third quarter of 2008, sales and operating revenue was up by 77 percent to \$7.7 billion, compared with \$4.4 billion in the same quarter of 2007. Cash flow from operations increased 42 percent to \$2.0 billion or \$2.36 per share. Earnings were \$1.27 billion or \$1.50 per share in the third quarter, up 65 percent from \$769 million or \$0.91 per share in the same quarter of 2007.

For the first nine months, sales and operating revenue was \$20.0 billion, up 86 percent compared with \$10.8 billion in the same period of 2007. Cash flow from operations increased 41 percent to \$5.6 billion or \$6.63 per share. Earnings were \$3.5 billion or \$4.15 per share, up 65 percent from \$2.1 billion or \$2.52 per share in the first nine months of 2007.

In the third quarter, Husky's production averaged 356 thousand barrels of oil equivalent per day, reflecting a reduction of four percent in production from the third quarter of 2007. Total crude oil and

natural gas liquids production was 256 thousand barrels of oil per day in the quarter while natural gas production averaged 598 million cubic feet per day.

The decrease in production volumes was in line with the guidance of a reduction of five to seven percent for the year as reported in the second quarter of 2008 and reflects the delay of the eighth production well at White Rose due to severe ice conditions earlier this year.

Total long-term debt at the end of the quarter was \$1.7 billion down from \$2.8 billion at the end of 2007. This debt was offset by cash and cash equivalents of \$966 million resulting in net debt of \$753 million. Husky currently has unused committed credit facilities of \$1.5 billion. Husky's long-term debt average term to maturity is 13.5 years with the next maturity in 2012. Debt to cash flow fell to 0.2 times compared with 0.5 times at the end of 2007.

Husky's strong financial performance in terms of net earnings and cash flow enables the Company to fund its current capital program, redeem its debt and accumulate cash to take advantage of further investment opportunities. Due to this financial position, Husky's Board of Directors has approved a quarterly dividend of \$0.50 per share.

Husky is positioned to perform well in these volatile financial and commodity markets as a result of its focus on financial discipline with respect to costs and project execution over the years.

In the third quarter, Husky acquired a 50 percent working interest in a joint venture in the United States that holds approximately 844,000 net acres in the Columbia River Basin in the states of Washington and Oregon.

This is another move by Husky to develop a diversified portfolio of resource plays in North America. The Columbia River Basin is one of the last major untapped, onshore basins in North America possessing significant upside gas potential.

At the Sunrise Oil Sands Project, work continued in the third quarter on development planning, area infrastructure and site preparation.

At the McMullen property, located in the west central region of the Athabasca oil sands, Husky has progressed planning for its primary and thermal development. In October, Husky began drilling wells in the primary production designated area and commenced with the

drilling of stratigraphic wells to delineate the reservoir for thermal recovery.

Offshore the East Coast of Canada, the eighth production well in the White Rose field commenced production late in the quarter. The North Amethyst satellite tieback development remains on schedule for a late 2009 or early 2010 start up.

Husky has acquired two exploration blocks on the Labrador shelf, adding to its existing leasehold inventory offshore Labrador. This is a gas prone region in which Husky holds an interest in discoveries of approximately four trillion cubic feet of natural gas resources as reported by the Canada–Newfoundland and Labrador Offshore Petroleum Board.

Internationally, the *West Hercules* deep water drilling rig, currently undergoing commissioning in South Korea, is expected to arrive at the Liwan field in the South China Sea in November of 2008. The initial program involves the drilling of four delineation wells and two exploration wells. Front end engineering and design work for the Liwan development is being tendered and design work is expected to commence in 2009.

In Indonesia, the Madura BD field development plan was approved by the Indonesian Government. Husky is expecting the Production Sharing Contract (PSC) extension to be approved by the Indonesian authorities by year end. Husky has secured a jack-up rig to drill two exploration wells on the East Bawean II PSC in 2009.

On October 17, 2008 Husky received notice that it had been awarded, by the government of Indonesia, a 100 percent working interest in an exploration block in the East Java Sea. The North Sumbawa II Block is approximately 5,000 square kilometres and is located about 450 kilometres east of the Madura Strait PSC.

I will now turn the call over to Terrance Kutryk to give an update on the Midstream and Downstream divisions.

Kutryk: Thanks, John.

Our downstream and midstream divisions were buffeted by volatile market conditions in the third quarter. Despite the narrow crack spreads in the early part of the quarter, refining margins have improved and this will become evident as inventory valuations stabilize. It should also be noted that on a year-to-date basis our infrastructure related businesses have surpassed last year's performance.

Upgrader earnings for the third quarter were \$62 million, similar to last year. Higher volumes in 2008 were offset by a unit margin that was 16 percent lower than in the third quarter of 2007 due to a lower upgrading differential.

Infrastructure and marketing earnings for the third quarter of 2008 were \$38 million compared to \$64 million in the third quarter of 2007. Lower brokering margins on crude and natural gas, and lower gas storage spreads were responsible for the reduction. The pipeline and infrastructure business was steady and partially offset marketing declines.

Our Canadian refined products division contributed \$25 million of net earnings in the third quarter, down from the same period in 2007. The Prince George Refinery's throughput was down 27 percent due to planned maintenance.

Higher asphalt sales volumes in the third quarter of 2008 were more than offset by a decrease in product margins compared to the third quarter of 2007. However, as mentioned earlier, margins will improve as lower cost feedstocks are processed and sold.

Refining crack spreads at the beginning of the quarter were low, primarily driven by weak gasoline cracks that were partially offset by firmer distillates spreads. Gulf Coast refinery disruptions associated with hurricanes Gustav, Hanna and Ike widened spreads later in the quarter.

In the U.S. Downstream segment, third quarter earnings were a loss of \$34 million from our 100 percent interest in the Lima refinery and our 50 percent interest in the Toledo refinery. Higher cost inventory at the beginning of the quarter negatively impacted earnings. Lima's operating performance was positive with high on-stream reliability during the quarter.

At the Lima Refinery, Husky completed the conceptual stage evaluation of the optimal reconfiguration to increase capacity and enable it to process heavier feedstocks. Strong demand for materials and craft labour is easing which is a favourable trend for the continuation of this project.

Toledo had limited ability to capitalize on the wider sweet/sour differentials as throughput and its ability to process heavy crudes was impacted by turnaround activities.

The partners continued progress on the Continuous Catalyst Regeneration Reformer project. The project's objectives are to effectively and safely improve profitability while reducing the operating risk, meet future product requirements and reduce the environmental footprint of the refinery.

I will now pass the call back to John for his concluding remarks.

Lau: Thanks Terrance.

The year 2008 demonstrated Husky's strategy and success in a volatile commodity market environment. We are continuing to execute our growth strategies in Western Canada, oil sands, offshore Canada's East Coast and in South East Asia. With strong cash flow and earnings and cash on hand, Husky is well positioned to consider investment opportunities.

Back to you Patrick.

Aherne: Thank you John. That concludes the formal part of the call. We would be pleased to answer any questions you might have. I will now turn it back to the conference operator.

Question and Answer Period

Aherne: Thank you for your participation in our conference call today. If you have any additional questions or comments, please do not hesitate to follow up with me offline.

Certain statements contained in this document constitute forward looking statements or information (collectively, "forward looking statements") within the meaning of applicable securities legislation. These forward looking statements relate to future events or Husky's future performance. The use of any of the words "could", "expect", "believe", "will", "projected", "estimated", "anticipated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking statements and are based on Husky's current belief or assumptions as to the outcome and timing of such future events and in this document include the North Amethyst development schedule, the Liwan development schedule, the schedule for the extension of the Madura PSC, drilling plans for East Bawean and changes in asphalt margins. Although we believe that the expectations reflected by the forward-looking statements presented in this document are reasonable, our 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 us about ourselves and the businesses in which we operate. Information used in developing forward-looking statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources.

Husky's annual report to shareholders and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com and the EDGAR website www.sec.gov) describe the risks, material assumptions and other factors that could influence actual results. Except as required by applicable securities laws, Husky disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.