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**April 28, 2009**

**2:15 p.m. Calgary time**

**Aherne:** Good afternoon everyone. Thank you for joining us today to discuss our 2009 first quarter results. 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 provide an update on the Midstream and Downstream divisions. John will then conclude at which time 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.

The global economic turmoil has continued into the first quarter of 2009. Despite the weak economic conditions, Husky continued to achieve positive results in earnings and cash flow.

For the quarter, sales and operating revenues were \$3.7 billion, compared with \$5.1 billion in the first quarter of 2008. Earnings were \$328 million or \$0.39 per share, down from \$888 million or \$1.05 per share in Q1 of 2008. Cash flow from operations of \$565 million or \$0.67 per share, was down from \$1.5 billion or \$1.81 per share in the same quarter of 2008. Cash flow in the first quarter of 2009 was negatively impacted by \$131 million due to cash tax installments related to 2008 earnings.

Earnings in the first quarter of 2009 were approximately \$100 million higher than in the prior quarter. Upstream financial performance continues to be affected by lower realized prices whereas the downstream performance rebounded from the prior quarter as crude oil prices stabilized, generating \$53 million in net earnings.

In the first quarter, Husky's production averaged 342 thousand barrels of oil equivalent per day compared with 2008 first quarter production of 350 thousand barrels of oil equivalent per day. Total crude oil and natural gas liquids production was 250 thousand barrels of oil per day in the quarter compared to 252 thousand barrels per day in the first quarter of 2008. Natural gas production averaged 551 million cubic feet per day.

Total debt at the end of the quarter was \$2.26 billion compared with \$1.96 billion at the end of 2008. Currently Husky has available unused committed facilities of \$1.4 billion. Husky's average long-term debt to maturity is 12.2 years with the next maturity payment of U.S. \$400 million due in 2012. Debt to cash flow was 0.5 times compared with 0.6 times at March 31, 2008. Debt to capital was 14% compared to 20% at the end of the first quarter in 2008.

Husky's capital program continues to be focused on those projects with the highest potential returns and future growth. In the first quarter capital spending was \$720 million, down from \$868 million in the first quarter of 2008.

Husky's Board of Directors has approved a quarterly dividend of \$0.30 per share.

In the first quarter Husky made significant progress on some of its major projects.

Work continues on the development of the Sunrise Oil Sands Project. Sunrise has entered into an optimization stage to simplify the project's scope and to take advantage of the recent downturn in the demand for goods and services. In the quarter, approval of the project's application amendments was received from the Alberta Energy Resources Conservation Board and Alberta Environment.

Husky's proposed use of carbon dioxide for enhanced recovery of heavy oil received support from the Government of Canada. The project involves the capture and processing of CO<sub>2</sub> and injection into heavy oil reservoirs.

The goal of the project is to increase recovery of heavy oil while reducing greenhouse gas emissions from Husky's Lloydminster complex. To date Husky has recovered about 7% of the 9.3 billion barrels of discovered petroleum initially in place (PIIP) on its heavy oil leases.

Offshore Eastern Canada, development of the North Amethyst satellite tie-back continues. The satellite tie-back development remains on schedule for a late 2009 or early 2010 start up.

Husky and its partner have made a hydrocarbon discovery at the Mizzen field and further analysis is being conducted on the results to determine its commercial potential.

Offshore China, the *West Hercules* deep water drilling rig, drilled and tested the first appraisal well, Liwan 3-1-2, on the Liwan discovery. The well tested at an equipment restricted rate of 53 million cubic feet per day with indications that future well deliverability could exceed 150 million cubic feet per day.

The rig is currently preparing to test the second appraisal well, Liwan 3-1-3 and, once complete, the rig will move on to drill further exploration wells.

In Indonesia, Husky has contracted the *Transocean Adriatic Eleven* shallow water rig to drill two exploration wells on the East Bawean II Block in the third quarter.

Terrance will now talk about the Midstream and Downstream divisions.

**Kutryk:** Thanks, John.

Performance in the midstream and downstream divisions improved over the fourth quarter of 2008.

Midstream infrastructure and marketing earnings totaled \$56 million, compared to \$72 million in the first quarter of 2008 when commodity prices were much higher, but were up \$28 million compared to the fourth quarter of 2008.

Upgrader earnings in the quarter were \$36 million, down from the same period in 2008 due to a 41% drop in the upgrading differential resulting from the relative strength of heavy oil prices in the quarter. Upgrading throughput improved in the quarter to 76.2 thousand barrels per day.

The U.S. refining segment generated \$23 million in earnings in the first quarter compared to \$8 million in the first quarter of 2008. The refining margin for the segment increased to \$12.86 per barrel from \$6.91 per barrel in the first quarter of 2008.

Our Canadian refined products division contributed \$30 million of net earnings in the first quarter, in line with the same period in 2008. Asphalt sales were particularly strong at \$36 million, almost double those in the first quarter of 2008. The Lloydminster Asphalt refinery

throughput was 28.8 thousand barrels per day for the quarter, an all time high.

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

**Lau:** Thanks Terrance.

Despite the continued weakness in commodity prices, Husky is please with the first quarter performance. Our balance sheet and financial position remain strong. The company is well positioned for the challenging environment ahead.

For the remainder of the year, Husky will continue to focus on safe and reliable operations and the development of its strategic capital projects.

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.