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2:15 p.m. Calgary time

Aherne: Good afternoon everyone. Thank you for joining us today to discuss our 2009 third quarter results. With us today 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.

In the third quarter, the global economic downturn continued to dominate financial markets with commodity prices and crack spreads, lower than the same period in 2008.

Despite this challenging period, Husky still achieved solid earnings and cash flow and continues to maintain a very strong financial position.

For the quarter, sales and operating revenues were \$3.90 billion, compared with \$7.72 billion in the third quarter of 2008. Earnings were \$338 million or \$0.40 per share, down from \$1.27 billion or \$1.50 per share in Q3 of 2008. Adjusted net earnings for the third quarter were \$325 million or \$0.38 per share, compared to \$1.27 billion or \$1.49 per share in the same quarter of 2008.

Cash flow from operations of \$452 million or \$0.53 per share, was down from \$2.00 billion or \$2.35 per share in the same quarter of 2008. Cash flow in the third quarter of 2009 was reduced by \$188 million due to cash tax installments related to 2008 earnings.

Financial results have been affected by lower realized commodity prices. The benchmark WTI oil price for the third quarter was down 42% from the same quarter in 2008, and the benchmark NYMEX gas price this quarter was down 67% from the same quarter of the prior year.

In the first nine months of 2009, Husky's sales and operating revenues were \$11.47 billion, net earnings were \$1.10 billion or \$1.29 per share, and cash flow from operations was \$1.85 billion or \$2.18 per share. On an adjusted basis, net earnings for the first nine months were \$1.14 billion or \$1.34 per share.

Husky's production in the third quarter averaged 276 thousand barrels of oil equivalent per day, compared with 2008 third quarter production of 356 thousand barrels of oil equivalent per day.

Total crude oil and natural gas liquids production was 187 thousand barrels of oil per day in the quarter, compared to 256 thousand barrels per day in the third quarter of 2008. Oil production was lower mainly due to the scheduled maintenance and satellite tie-in work at White Rose and the lower than expected performance and planned maintenance at Terra Nova.

Natural gas production for the quarter averaged 535 million cubic feet per day down from 598 million cubic feet per day in the third quarter of 2008. Gas production was lower mainly due to the scale back in capital expenditures on drilling, well completions and tie-ins, and shut-in production. At the end of the quarter, approximately 30 million cubic feet per day was shut-in, and about 25 million cubic feet per day was deferred due to low gas prices.

For the year, total production is expected to be close to the low end of our annual guidance range.

During the past 12 months, the Company has placed stringent focus on operational synergies and financial discipline in line with the market conditions. Year to date, Husky has been able to achieve a nine percent operating cost reduction compared with the same period of 2008.

The company remains in a strong financial position. Total debt at the end of the quarter, net of cash and cash equivalents, was \$2.07 billion compared with \$1.04 billion at the end of 2008. Debt to cash flow and debt to capital employed ratios at September 30, 2009, were 1.5 times and 18.7 percent respectively.

We are pleased to advise that Husky's Board of Directors has approved a quarterly dividend of \$0.30 per share, payable on January 4, 2010, to shareholders of record on November 20, 2009.

In the third quarter, Husky advanced several major projects.

In the East Coast of Canada, progress was made on the North Amethyst satellite tie-back. During the scheduled maintenance turnaround for the *SeaRose*, modifications to the FPSO, sub-sea production equipment and tie-in work were accomplished, ready for future production from North Amethyst.

Testing, commissioning and drilling activities at North Amethyst will continue in the fourth quarter with first production expected in early 2010. Production will ramp-up throughout 2010 as additional wells are brought into operation. Peak production from North Amethyst is expected to be approximately 37,000 barrels per day.

At the Liwan 3-1 gas discovery in the South China Sea, delineation work has been completed with the drilling of the third appraisal well. The Liwan 3-1-4 well tested at an equipment restricted rate of 52 million cubic feet per day, with indications that well future deliverability could exceed 150 million cubic feet per day, consistent with the other appraisal wells.

Front end engineering and design work for the Liwan 3-1 development continues and was approximately 40% complete at the end of the quarter. The plan of development is being prepared with expected submission to partner and regulatory authorities in late 2009 or early 2010. We expect project sanction in 2010 with first production in the 2013 timeframe.

At the end of the third quarter, front end engineering and design work for the Sunrise Phase one project facilities was approximately 60% complete and FEED is on track to be finished by the year-end. Progress has been made in optimizing the project to reduce costs. Sanction of the project is expected in 2010.

Terrance will now talk about the Midstream and Downstream divisions.

Kutryk: Thanks, John.

While Husky's heavy oil production benefited from the low light to heavy oil price differential in the quarter, Upgrader earnings in the quarter, at \$2 million, were impacted. The WTI to Lloydminster Crude Blend heavy oil price differential averaged U.S. \$10.26 per barrel in the third quarter, down 44 percent from U.S. \$18.34 per barrel in the

same period in 2008. Year to date in 2009, the Upgrader has generated \$40 million of net earnings compared to \$199 million during the same period of 2008.

The pipeline and other infrastructure segment of our midstream business continued to perform in line with expectations, generating \$42 million of net earnings in the third quarter compared to \$38 million in the same quarter of 2008.

In the U.S., the Lima and Toledo refineries continue to be impacted by low crack spreads, however they contributed \$10 million of net earnings in the third quarter compared to a loss of \$35 million in the same quarter of 2008. Through the first nine months of 2009 the U.S. downstream has generated \$167 million, up from \$132 million in the same period of 2008.

The Lima Refinery has commenced its five year planned maintenance turnaround, beginning on October 2, and is expected to return to service in mid November.

In the third quarter, our Canadian Refined Products division benefited from the recovery in gasoline demand over the prior year, contributing \$59 million of net earnings in the third quarter, up from \$25 million in 2008. In the first nine months, Canadian Refined

Products has contributed \$131 million of net earnings, up from \$91 million in the same period of 2008. Contribution from the asphalt business was also strong providing a gross margin of \$69 million, up from \$37 million in the same quarter last year.

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

Lau: Thanks Terrance.

Husky continues to achieve solid financial performance in the third quarter. Operating and administrative expenses are well under control and good progress has been made in its strategic projects.

The Company has a healthy balance sheet and will benefit from the world economic recovery.

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.