

## **HUSKY ENERGY INC.**

### **COMPENSATION COMMITTEE MANDATE**

#### **A. PURPOSE**

The Compensation Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of Husky Energy Inc. (the “Corporation”). The Committee’s primary function is to assist the Board in carrying out its responsibilities with respect to:

1. determining the general compensation structure and benefit programs for the Corporation, including that such compensation is linked appropriately to corporate performance;
2. determining compensation of the, President and Chief Executive Officer and senior management, including that such compensation is linked appropriately to corporate performance;
3. setting in advance and evaluating the annual performance objectives for the President and Chief Executive Officer and senior management, and advising the Board in this regard;
4. oversight of the succession planning process for the President and Chief Executive Officer and senior management; and
5. oversight of the Corporation’s long term incentive planning, including any stock grant, stock option equity linked or similar plan.

#### **B. COMPOSITION**

The Committee will consist of not less than three directors, as determined by the Board, all of whom shall be independent of management.

Members of the Committee will be appointed annually at a meeting of the Board, on the recommendation of the Corporate Governance Committee to the Co-Chairs, and will be listed in the annual report to shareholders.

Committee members may be removed or replaced at any time by the Board, and will, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

The Committee Chair will be appointed by the Board, on the recommendation of the Corporate Governance Committee to the Co-Chairs.

### **C. MEETINGS**

The Committee will meet at least once annually at the call of the Chair or any other Committee member, and as many additional times as the Committee deems necessary.

Committee members will strive to be present at all meetings either in person, by telephone or other communications facilities as permit all persons participating in the meeting to hear each other.

A majority of Committee members, present in person, by telephone, or by other permissible communication facilities will constitute a quorum.

The Committee will appoint a secretary who need not be a member of the Committee or a director of the Corporation. The secretary will keep minutes of the meetings of the Committee. Minutes will be sent to all Committee members, on a timely basis.

### **D. AUTHORITY**

The Committee has the authority to engage and set the compensation of independent counsel and other advisors, at the Corporation's expense, as it determines necessary to carry out its duties.

### **E. SPECIFIC DUTIES & RESPONSIBILITIES**

The Committee will have the oversight responsibilities and specific duties as described below.

1. Act in an advisory capacity to the Board.
2. Establish industry benchmarks and comparables for the Corporation's approach to compensation.
3. Determine the compensation of the President and Chief Executive Officer, subject to the terms of any existing contractual arrangements.
4. After considering the recommendation of the President and Chief Executive Officer, to determine:
  - (i) the general compensation structure and programs for the Corporation; and
  - (ii) the compensation levels for the senior management.
5. Review the Corporation's long term incentive plans (including any stock grant, stock option, equity linked or similar plan) and establish, modify or discontinue such plans from time to time as it judges appropriate, and to approve any issuance or allocation under any such plan in relation to any period and the terms thereof.

6. Review and make recommendations to the Board on issues that arise in relation to any employment contracts in force from time to time.
7. Review benefit programs for salaried personnel, when required.
8. Review and approve severance arrangements for senior management.
9. Deliver the annual report to shareholders on executive compensation required to be included in the information circular for the annual general meeting.
10. Review and report annually to the Board on the effectiveness of the organizational structure and succession planning processes of the Corporation.
11. Review and monitor the overall employment environment of the Corporation, looking both internally and externally.
12. Carry out such other responsibilities as the Board may from time to time, set forth.
13. Advise and report to the Co-Chairs of the Board and the Board, relative to the duties and responsibilities set out above, from time to time, and in such detail as is reasonably appropriate.

**Effective Date: February 24, 2010**