

2010 SUSTAINABLE DEVELOPMENT UPDATE

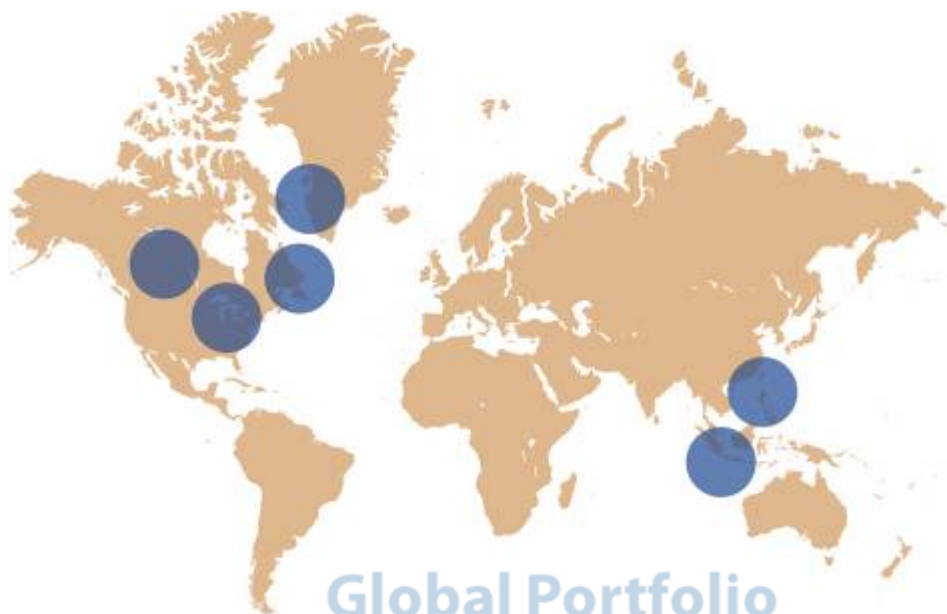




CORPORATE OVERVIEW

Husky Energy is one of Canada's largest integrated energy companies. It is headquartered in Calgary, Alberta, and is publicly traded on the Toronto Stock Exchange under the symbol HSE and HSE.PR.A.

The Company operates worldwide with Upstream, Midstream and Downstream business segments. Husky uses a combination of technological innovation, prudent investment, sound project management and responsible resource development to deliver a consistent return to shareholders.



TSX:
HSE
& HSE.PR.A

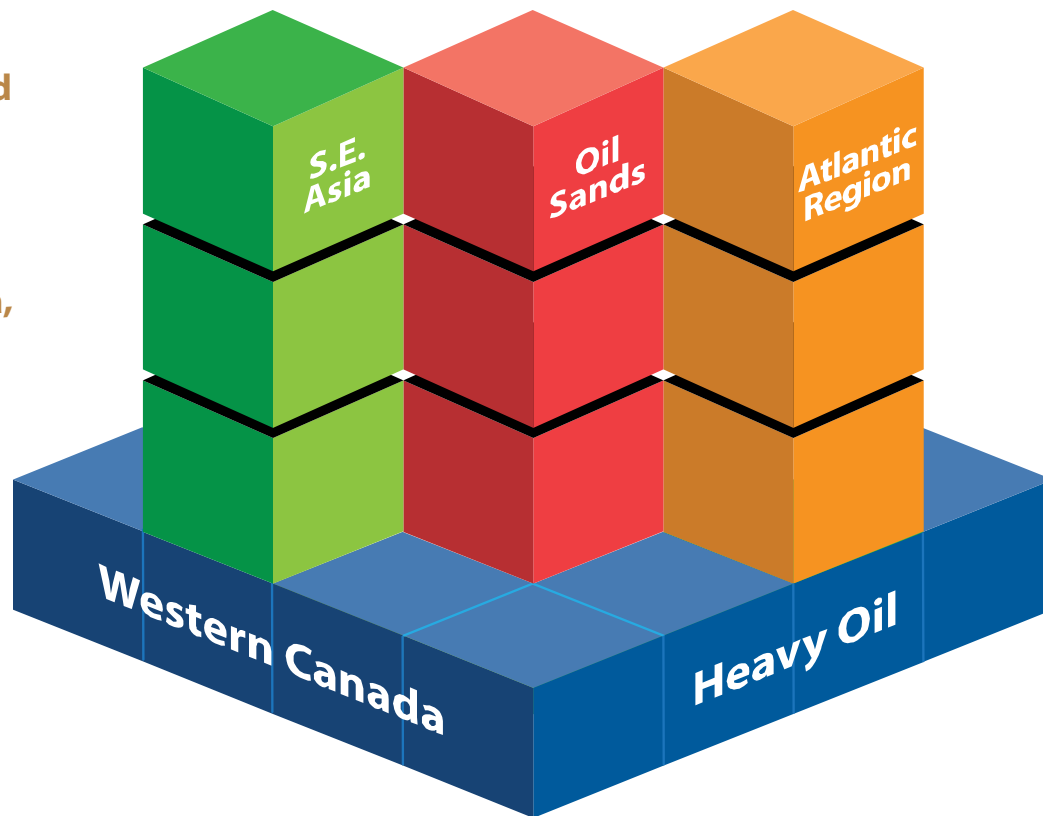


CORPORATE STRATEGY

Husky's foundation is in Western Canada where we have extensive conventional and unconventional oil and natural gas assets and significant heavy oil production. This base provides strong cash flow to develop the three pillars of growth: South East Asia, the Oil Sands and the Atlantic Region.

Business Plan is expected to deliver:

- Annual compound production growth target of 3-5%
- Annual reserve replacement target greater than 140%
- ROCE increased by ~ 5 percentage points
- Retained investment grade ratings





2010 OPERATIONAL HIGHLIGHTS

<u>Year ended December 31</u>	2010	<u>2009</u>
Daily production, before royalties		
Light crude oil & NGL (<i>mbbls/day</i>)	80.4	89.1
Medium crude oil (<i>mbbls/day</i>)	25.4	25.4
Heavy crude oil & bitumen (<i>mbbls/day</i>)	96.8	101.7
Total crude oil & NGL (<i>mbbls/day</i>)	202.6	216.2
Natural gas (<i>mmcf/day</i>)	506.8	541.7
Total (<i>mboe/day</i>)	287.1	306.5
Proved reserves, before royalties ^{(1) (2)}		
Light crude oil & NGL (<i>mmbbls</i>)	237	243
Medium crude oil (<i>mmbbls</i>)	88	82
Heavy crude oil (<i>mmbbls</i>)	110	120
Bitumen (<i>mmbbls</i>)	247	200
Natural gas (<i>bcf</i>)	2,395	1,725
Total (<i>mmboe</i>)	1,081	933
Upgrader throughput (<i>mbbls/day</i>)	65.4	74.1
Commodity volumes marketed (<i>mmboe/day</i>)	0.9	0.9
Pipeline throughput (<i>mbbls/day</i>)	512	514
Light oil sales (<i>million litres/day</i>)	8.2	7.6
Lima Refinery throughput (<i>mbbls/day</i>)	136.6	114.6
Toledo Refinery throughput (<i>mbbls/day, 50% w.i.</i>)	64.4	64.9
Asphalt Refinery throughput (<i>mbbls/day</i>)	27.8	24.1
Prince George Refinery throughput (<i>mbbls/day</i>)	10.0	10.3
Ethanol production (<i>thousand litres/day</i>)	619.3	676.9

(1) 2009 proved reserves based on SEC constant prices.

(2) 2010 proved reserves based on forecasted prices in accordance to N1 51-101.





APPROACH TO SUSTAINABLE DEVELOPMENT

“Sustainability requires a culture of continuous improvement. We challenge ourselves to draw on innovation to continually improve our health, safety, environmental and financial performance.”

– Asim Ghosh, CEO

- Husky is committed to responsible corporate citizenship, operational integrity and environmental stewardship.
- Operations practices are governed by adherence to regulatory requirements, industry best practices and in accordance with our Code of Business Conduct.





OPERATIONAL INTEGRITY COMMITMENT

- The Husky Operational Integrity Management System (HOIMS) is integrated into all aspects of operations.
- Operational integrity means effectively managing all identified risks to people, the environment and physical assets.
- Process safety, occupational safety and sustainable development are fundamental to Husky's risk reduction strategy.

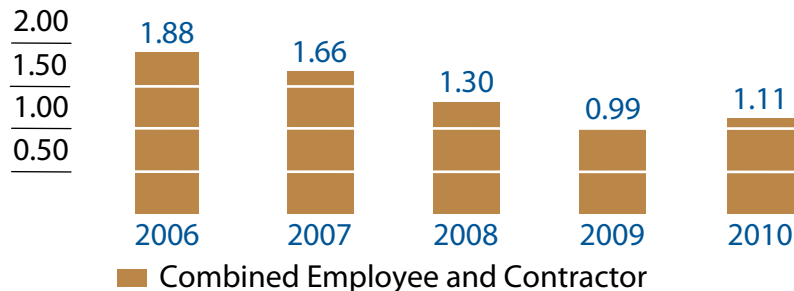
“Process safety, occupational safety and sustainable environmental practices are not ‘nice to haves.’ They are critical to our success. HOIMS is part of everything we do at Husky.”
– Rob Peabody, Chief Operating Officer



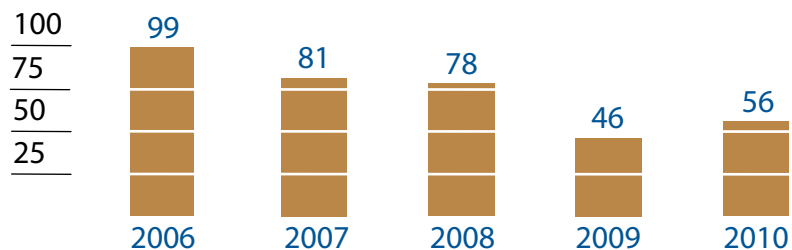


SAFETY PERFORMANCE METRICS

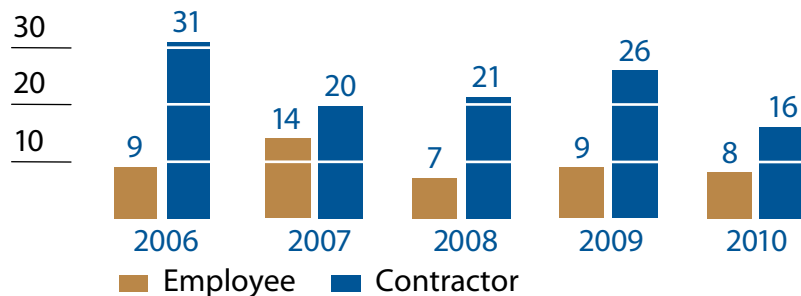
Total Recordable Injury Rate (TRIR)



Employee Motor Vehicle Accidents (MVA)



Lost Time Injuries (LTI)



- Safety is of paramount importance to Husky and any recognized trend or deviation from corporate targets is quickly investigated and acted upon. Learnings from the investigations are shared throughout the organization.
- The more stringent requirements of the HOIMS program are being implemented at the operational field level. When implementation is complete, safety officials expect to see a positive impact on safety statistics.
- Lost time injury rates are trending in a positive direction.



INDUSTRIAL HYGIENE APPROACH

Husky has undertaken a management system approach to identifying and controlling occupational health hazards.

- Husky's active industrial hygiene program provides a thorough understanding of occupational workplace exposures.
- Clear understanding of hazards allows Husky to better prevent the development of occupational illnesses.

Industrial Hygiene Assessment Activities	2009	2010
Surveillance Monitoring	33	57
Business Units Requests	25	26
Exposure Samples Collected	345	598





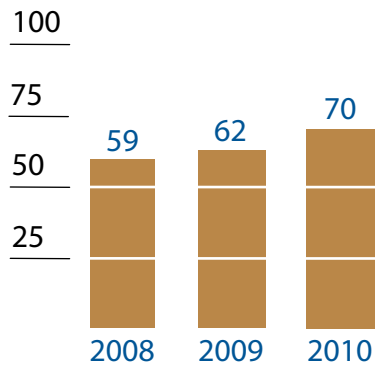
EMERGENCY PREPAREDNESS APPROACH

Husky's Emergency Preparedness Program (ERP) has been developed to meet or exceed the requirements of all applicable governing agencies and regulatory bodies where we operate.

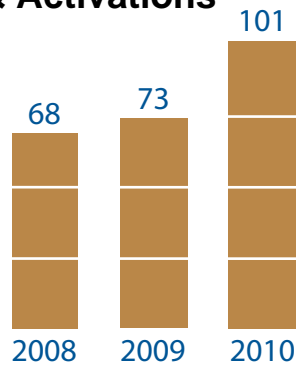
- ERP contains Husky's Emergency Management Standards as outlined in HOIMS.
- Husky has committed to the highest levels of security to protect all Husky assets.
- Husky has implemented Business Continuity Plans across the entire organization.



ERPs in Place



ERP Exercises & Activations





ENVIRONMENTAL PERFORMANCE – LAND

Husky meets or exceeds regulatory compliance requirements.

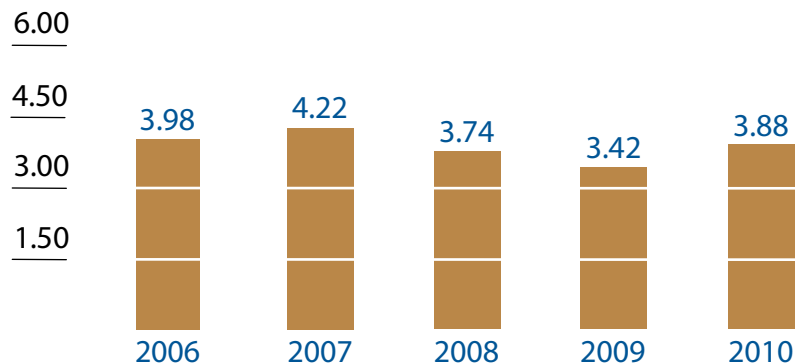
- Husky is committed to a full life-cycle approach to manage land and habitat to maintain biodiversity.
- Work sites are stewarded for the natural development of native species with projects as diverse as creating scallop habitat off the East Coast of Canada to reclaiming native prairie grasslands.
- We partner with multi-stakeholder groups and organizations dedicated to habitat conservation and the reintroduction of endangered species.
- Through constant monitoring, Husky works to maintain integrity and prevent spills in our 29,600 kilometres of pipelines.



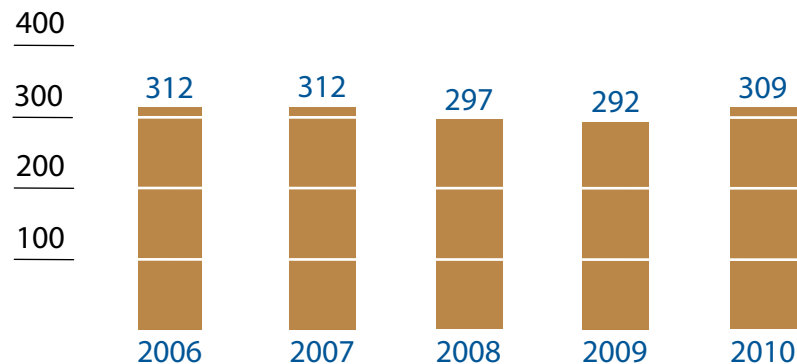


ENVIRONMENTAL PERFORMANCE – LAND

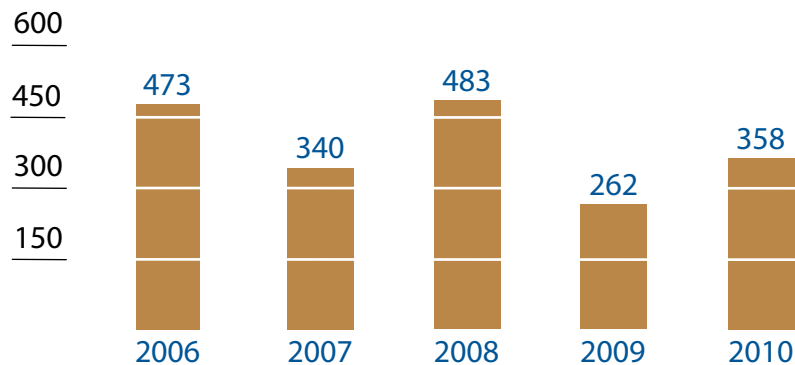
Pipeline Incidents (per 1,000 km)



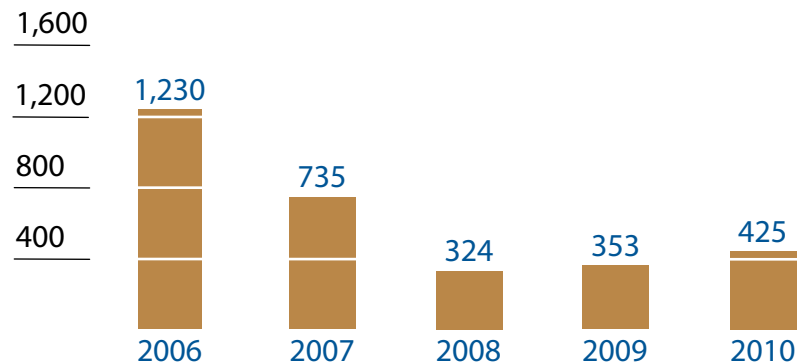
Reportable Spill Events



Wellsite Reclamation Certificates



Hydrocarbon Spill Volumes (m³)





ENVIRONMENTAL PERFORMANCE – AIR

Husky's Environmental Performance Reporting System (EPRS) applies financial reporting rigour to producing reports that are consistent, reproducible and auditable.

- Husky's air quality and climate change strategies address criteria air contaminants (CAC) and greenhouse gas (GHG) emissions.

- The Company's Air Management Framework addresses:

- Policy and Regulations
- Emissions Inventory, Reporting and Compliance
- Emission Reduction Initiatives
- Corporate Governance

- We are implementing GHG reduction initiatives including:

- Carbon capture and storage
- Energy efficiency
- Fugitive emission reduction
- Flaring and venting mitigation

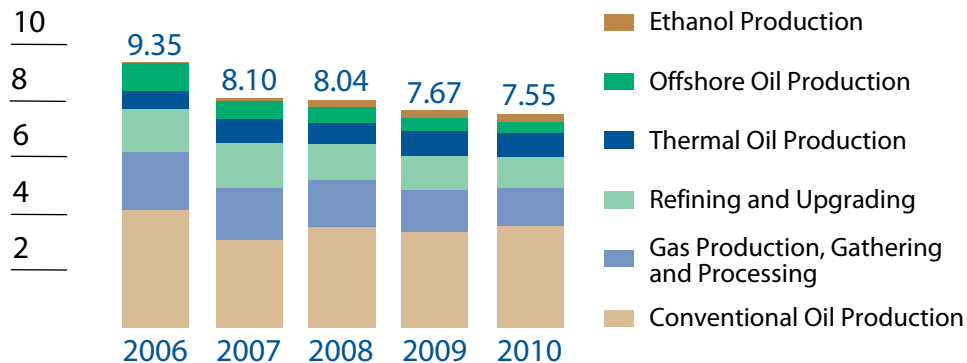
- Husky contributes to the Carbon Disclosure Project (CDP).



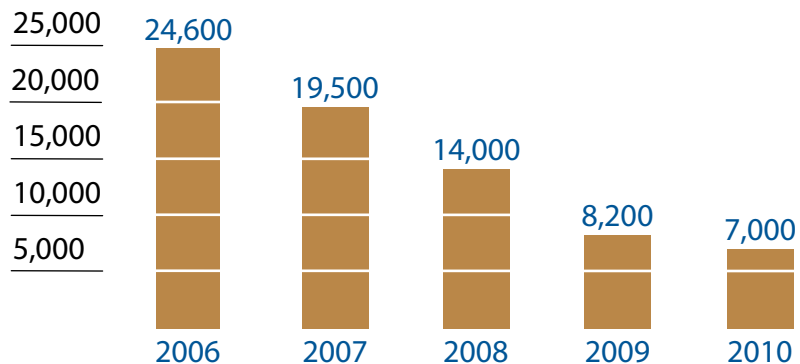


ENVIRONMENTAL PERFORMANCE – AIR

GHG Emissions (millions of tonnes carbon dioxide equivalent)



Sulphur Dioxide Emissions (tonnes)



Facility Emissions

Tonnes CO₂E

2009 2010

Lloydminster Upgrader	956,030	870,700
Ram River Gas Plant	539,400	437,100
SeaRose FPSO	474,880	428,000
Bolney Thermal Oil	343,730	312,400
Tucker Oil Sands Project	273,020	276,100
Pikes Peak Thermal Oil	236,980	239,900
Minnedosa Ethanol Plant	184,340	194,900
Prince George Refinery	132,830	124,000
Lloydminster Refinery	86,800	92,800
Lloydminster Ethanol Plant	116,500	81,500
Rainbow Lake Gas Plant	60,570	57,500



ENVIRONMENTAL PERFORMANCE – WATER

Water stewardship is a fundamental component of sustainable development.

In 2010, Husky:

- Voluntarily returned water licences totalling nearly 300,000 cubic metres per year in water-short areas of southern Alberta.
- Participated in the inaugural CDP Water Disclosure providing critical water-related data.
- Continued to use highly saline water and recycled produced water at its Tucker Oil Sands Project. This saline water is obtained from a deep groundwater aquifer and is considered unfit for human consumption or agriculture.
- Implemented a water metrics module in EPRS, focused on enhanced oil recovery projects to better identify water use efficiency and re-use opportunities at the project level.





SUSTAINABILITY PLANNING – SUNRISE ENERGY PROJECT

As a major developer of oil sands leases in Alberta, Husky is committed to developing its bitumen resources responsibly and incorporating best practices.

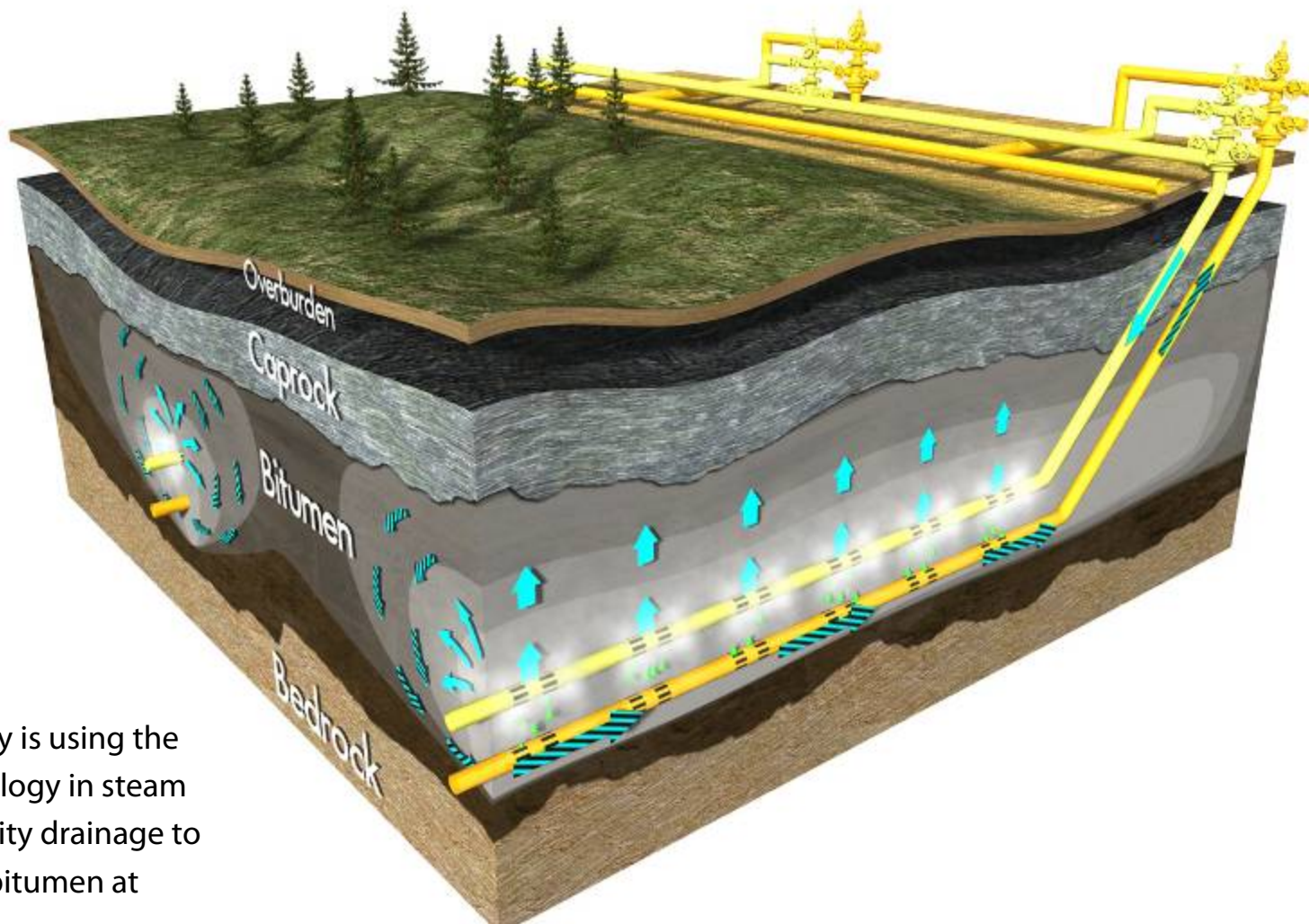
- Environmental stewardship starts at the planning stage and is integral to the life cycle of the project.
- The practice of constraints mapping strengthens the commitment to maintaining biodiversity.
- Wildlife and habitat inventory and monitoring are key parts of mitigating the impact of the development.
- Through careful water sourcing, measurement and reporting, water use will be minimized.
- Progressive reclamation minimizes the amount of ground disturbance at any one time.





SUSTAINABILITY PLANNING – SUNRISE ENERGY PROJECT

Husky is constantly evaluating new technologies and procedures that will improve environmental performance in all aspects of the Sunrise Energy Project.



- The Company is using the latest technology in steam assisted gravity drainage to recover the bitumen at Sunrise.



PEOPLE

People are vital to our performance.

- The Company has approximately 4,400 employees worldwide.
- Husky encourages regular and transparent communication, contributing to an open, informed workplace where creativity and ideas are valued at all levels.
- Husky maintains and develops a diverse and respectful workplace.
- Through charitable and volunteer initiatives, Husky employees are actively engaged in their communities.





STAKEHOLDERS

At Husky, operations are conducted with respect for stakeholders and the community. We do this with an unyielding emphasis on safety, operational integrity and continuous improvement to create value for shareholders.

- We provide pertinent information on our operations to the local community and consult with them on our proposed plans prior to development.
- We are proud of the partnerships we have with the Aboriginal communities in the areas where we operate; and in particular with our programs that support Aboriginal economic development, which promotes competitiveness and entrepreneurial spirit in the communities.
- Partnerships with Aboriginal communities are based on three principles:
 - Promoting educational attainment
 - Supporting community wellness
 - Fostering economic development





COMMUNITY INVESTMENT

As part of our community investment strategy, Husky supports a variety of environmental initiatives that reflects our commitment to responsible corporate citizenship and environmental stewardship. We have strategically partnered with several groups and organizations dedicated to the conservation of habitat, biodiversity and the reintroduction of endangered species in Western Canada.

Select Husky initiatives include:

- The Husky Endangered Species Reintroduction Program at the Calgary Zoo's Centre for Conservation Research.
- The Habitat Compensation Program at our White Rose project created 22 square kilometres of scallop habitat in Placentia Bay, North Harbour, Newfoundland and Labrador. Already deemed a success, the banked habitat will be verified through monitoring over the coming years.





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Forward-Looking Information

Certain statements in this document are forward-looking statements or information (collectively “forward-looking statements”), within the meaning of the applicable securities legislation. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as: “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In particular, this document includes forward-looking statements relating to the Company's general strategic and business plans; expected results of the Company's business plan; the Company's ability to deliver balanced growth over the next five years; reduction initiatives being pursued by the Company, including carbon capture and storage; and implementation and effect of sustainability plans, including water sourcing and usage, at the Company's Sunrise oil sands project. Although Husky believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, Husky's 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 Husky about itself and the businesses in which it operates. 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 Information Form 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 and which are incorporated herein by reference. Any forward-looking statement speaks only as of the date on which such statement is made, and 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. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Disclosure of Oil and Gas Reserves and Other Oil and Gas Information

The Company uses the terms barrels of oil equivalent (“boe”) and thousand cubic feet of gas equivalent (“mcfge”), which are calculated on an energy equivalence basis whereby one barrel of crude oil is equivalent to six thousand cubic feet of natural gas. Readers are cautioned that the terms boe and mcfge may be misleading, particularly if used in isolation. This measure is primarily applicable at the burner tip and does not represent value equivalence at the wellhead.