



Husky Energy Inc.

# Husky Energy

## September 2008

### 2008 First Half Overview



	First Half 2008	First Half 2007	Full Year 2007
Revenue	\$12.3 billion	\$6.4 billion	\$15.5 billion
Cash Flow	\$3.6 billion	\$2.6 billion	\$5.4 billion
Cash Flow per Share	\$4.28	\$3.04	\$6.39
Net Earnings	\$2.3 billion	\$1.4 billion	\$3.2 billion
Earnings per Share	\$2.65	\$1.61	\$3.79
Debt to Cash Flow	0.3 times	0.3 times	0.5 times
Return on Equity	34.9%	27.1%	30.2%
Production	355 mboe/day	385 mboe/day	377 mboe/day

## Six Month Financial Comparison (\$ millions)



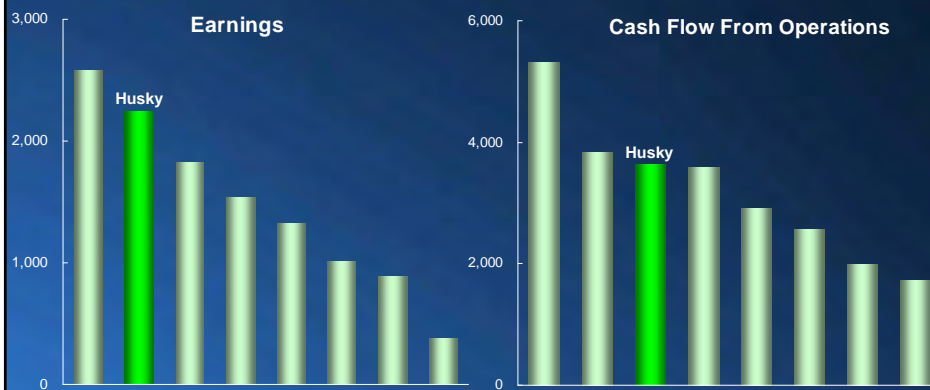
*Husky had record performance in the First Half of 2008*

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## Peer Comparisons\* 2008 First Half Earnings and Cash Flow



(\$ millions)



\* Peer group includes: Canadian Natural, Encana, Imperial Oil, Nexen, Petro-Canada, Suncor & Talisman

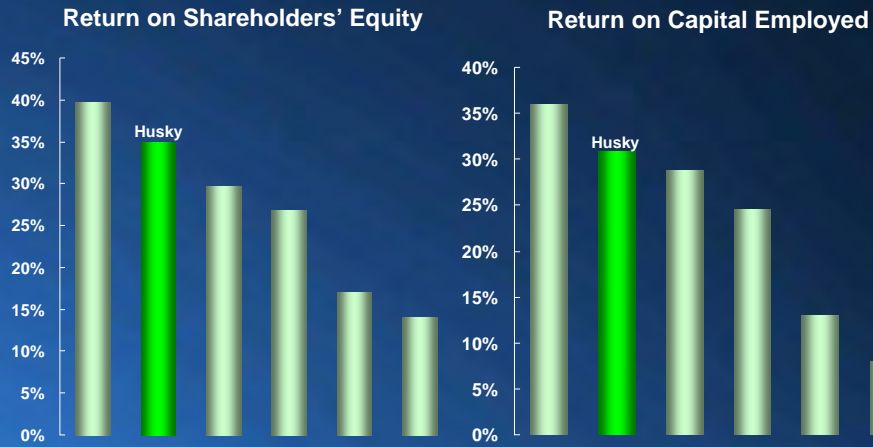
*Husky generates top tier Earnings and Cash Flow*

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## Peer Comparisons\*

### Return on Equity & Return on Capital Employed

(Twelve Month Trailing as at June 30, 2008)



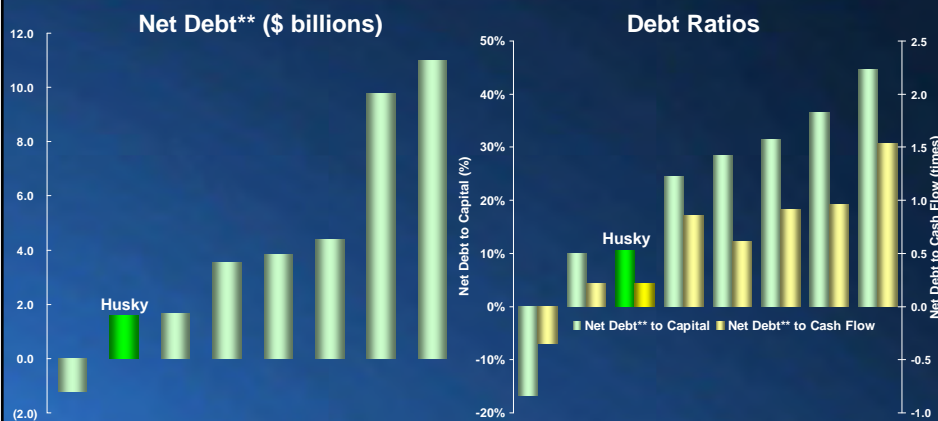
\* Peer group includes: Canadian Natural, Encana, Imperial Oil, Petro-Canada & Suncor

**Husky provides superior shareholder returns**

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## Peer Comparisons\*

### Debt and Debt Ratios as of June 30, 2008



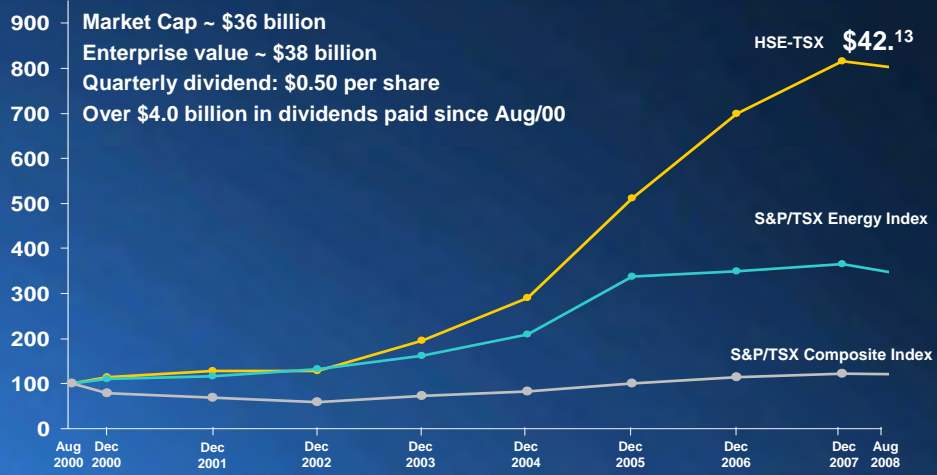
\* Peer group includes: Canadian Natural, Encana, Imperial Oil, Nexen, Petro-Canada, Suncor & Talisman

\*\* Net debt is total debt less cash and cash equivalents

**Husky has sufficient debt capacity to fund its growth plans**

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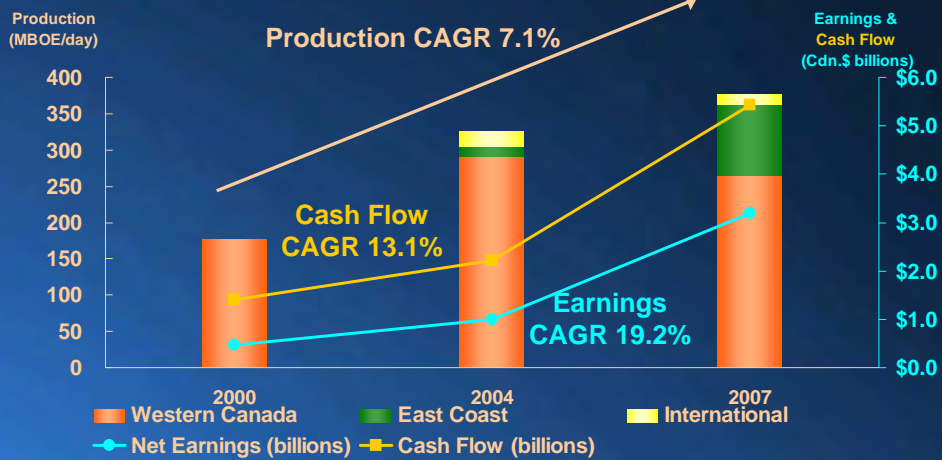
## Shareholder Value Total Shareholder Return vs. Indices



*Husky has consistently outperformed its competitors*

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## Production and Earnings Growth



*Husky has demonstrated its ability to grow production and earnings*

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## Husky Highlights



- Outstanding track record
- Top tier performance
- Highest dividend yield in peer group (4.8%)
- Competitive advantage in each of our 4 core business areas
- Major projects are drivers for future growth



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## Competitive Advantages



- Financial discipline and strict project execution
- Company resource base includes Western Canada oil and gas, heavy oil, oil sands, East Coast, China and Indonesia
  - Western Canada Oil and Gas (160 mbpd today)
  - Heavy Oil & Oil Sands (exceed 100 mbpd today with defined growth projects)
  - Heavy Oil and Oil Sands integrated into value chain, uses Husky's midstream and downstream expertise
  - Offshore East Coast (85 mbpd net to Husky year to date)
  - Southeast Asia (China and Indonesia have huge development potential)



*Husky's growth strategy is focused on its areas of demonstrated competitive advantage*

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## Western Canada Natural Gas Gas Resource Plays



### Active Resource Plays

- Ansell Galloway – West Central Alberta
- Bivouac – Northeast British Columbia
- Lynx – West Central Alberta
- Coal bed methane joint venture with Trident

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## Western Canada Light / Medium Oil Enhanced Recovery



### Alkylene Surfactant Polymer (ASP)

- Increases the recovery of oil
- Surfactant is used to reduce the adhesion between the oil and reservoir rock
- Polymer is injected into the reservoir to “push” the oil towards the production wells

• Current Projects:	<u>Project Start</u>
Etzikom AP	Dec. 2000
Warner ASP	May 2006
Crowsnest ASP	Dec. 2007
Gull Lake ASP	Q2 2009



### CO<sub>2</sub> Enhanced Recovery

- CO<sub>2</sub> is injected into oil reservoirs to achieve miscibility and lower viscosity to ultimately increase oil recovery that would otherwise be left behind
- Increases the production and reserves from discovered fields
- Reduces the environmental footprint by sequestering CO<sub>2</sub>

*Strategy to increase production and reserves from existing fields through the application of enhanced oil recovery (EOR) technology*

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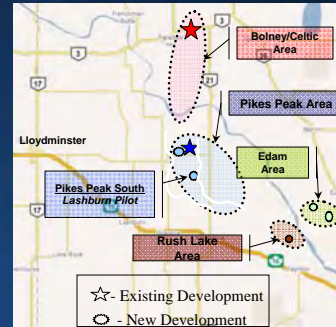
## Heavy Oil Expansion Projects



### Heavy Oil Potential

- Primary cold production (CHOPS) 80,000bpd
- Thermal project pipeline
  - Pikes Peak (existing) 7,000 bpd
  - Bolney / Celtic (existing) 12,000 bpd
  - Lashburn Pilot (existing) 1,000 bpd
  - Pikes Peak South (FEED) 8,000 bpd
  - West & East Edam (pre-FEED) 11,000 bpd
  - Rush Lake (FEED / 2010 Pilot)
- Cold Enhanced
  - Process is in development, strong results from first pilot
  - Second pilot using CO<sub>2</sub> is being commissioned

Husky's Heavy Oil Thermal Projects



## Husky's Growth Potential Oil Sands



### Sunrise Integrated Project (50% W.I.)

Sunrise Bitumen: 7-9° API

Probable reserves of 832 million bbls and possible reserves of 768 million bbls (Husky 50% W.I.)

40+ years of production

First oil expected in late 2012, early 2013

Project planned for 200,000 bpd, Phase 1 60,000 bpd (Husky W.I. 100,000 bpd & 30,000 bpd)

Expansion of Toledo refinery by 2015 - 2020 for integration



*Sunrise is expected to produce 200,000 bpd by 2015 - 2020*

## Husky's Growth Potential Other Oil Sands Project Developments



### Caribou

- Located North of CNRL's Primrose development
- Regulatory approval in place

### Saleski

- 378 sections
- Grosmont Carbonate reservoir
- Evaluation of recovery technologies is underway

### McMullen

- Purchased 110,000 acres from Devon in December 2007 for \$105 million
- Development planning is underway

### Tucker

- Continue with Tucker development to reach 30,000 bpd

(mmbbl) Lease	Discovered PIIP	Proved	Reserves Probable	Possible
Tucker	1,270	70	102	180
Sunrise (50%)	4,600		832	768
Caribou	2,500			
Saleski	24,330			
McMullen	3,550			
Others	3,780			
<b>Total</b>	<b>40,030</b>	<b>70</b>	<b>934</b>	<b>948</b>



*Oil Sands is part of Husky's 2020 Growth Targets*

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## Heavy Oil & Oil Sands Integration



- Ensures Husky captures the value chain
- Minimizes exposure to heavy to light oil differential fluctuations
- Reduces exposure to synthetic crude to refined product differentials
- U.S. upgrading is more economic (half the cost of Ft. McMurray greenfield investment)
- Midstream involvement / expertise improves operating flexibility
- Provides alternative option value

### Activities

- Lloydminster Upgrader expanded to 82,000 bpd
- Lima repositioning to handle 108,000 bpd of heavy crude (173,000 bpd total)
- Toledo (Husky 50% W.I.) reconfiguration to handle 120,000 bpd of bitumen (180,000 bpd total)



*Integration maximizes the value of Husky Heavy Oil & Oil Sands*

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## Heavy Oil & Oil Sands Integration Strategy



- Captures both crack and coking margins
- Husky's strategy has superior economics:

<u>Lima Refinery</u>	<u>Cost</u>	<u>Capacity</u>	<u>\$/bbl/d</u>
• Purchase Price	\$1.9B	160,000bbl	\$12k
• Conversion Capital	3B	175,000bbl	
• Total Cost	4.9B	175,000bbl	\$28k

Refined products for \$28k/bbl/d

### Alberta Upgrader

• Construction Cost*	\$4.2B	77,000bbl	\$55k
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Synthetic Crude for \$55k/bbl/d



\* Source: NorthWest Upgrading

*Lima Refinery Conversion Project has superior economics*

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## Husky's Growth Canada's East Coast



### White Rose

- Maximize SeaRose throughput
- North Amethyst and South White Rose extension tie-backs have received development approval
- North Amethyst production scheduled for late 2009
- West White Rose engineering continues
- Agreement on royalties reached with government



### Terra Nova

- Potential incremental improvement

*Positioned to maintain or grow production*

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# Canada's East Coast North Amethyst, West White Rose & South White Rose



## West White Rose

Pilot well Summer 2008  
 Glory Hole to be excavated summer 2009  
 Development drilling to commence Fall 2009  
 First Oil 2010

WWRX

## North Amethyst

Glory Hole excavated in 2007  
 Pilot well to be drilled summer 2008  
 Development drilling to commence Fall 2008  
 First Oil Fall 2009

CDC

SDC

NADC

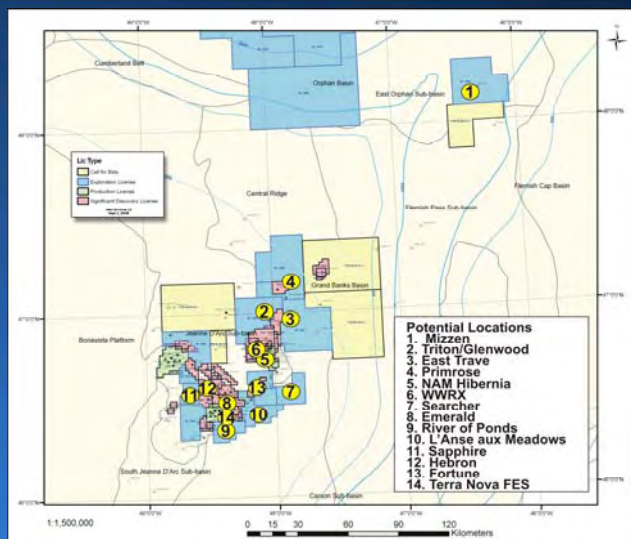
SWRX

## South White Rose

Option to excavate glory hole summer 2009

Satellite developments will maintain production at White Rose

# East Coast – Future Growth



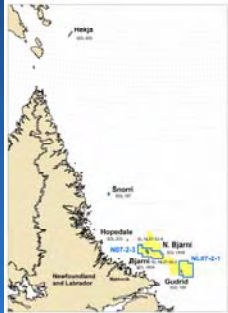
- Significant inventory of exploration and delineation wells to be drilled over next 4 years
- Largest 3-D seismic program ever on East Coast (2,500 km<sup>2</sup>) is in progress

## Holdings in Labrador and Greenland



### Labrador Shelf

- Hekja (42.5% - Operator)
- North Bjarni (17.1%)
- Bjarni (17.1%)
- Gudrid (17.1%)
- Snorri (17.1%)
- Hopedale (19.4% - Operator)
- Block NL07-2-1 (100% - Operator)
- Block NL07-2-3 (75% - Operator)



### Greenland

- Blocks 5 & 7
  - Husky (Operator) 87.5%
- Block 6
  - Husky 43.75%
  - ExxonMobil (Operator) 43.75%



*Leverage East Coast expertise in offshore exploration*

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## Southeast Asia Husky's Position in China



- The Wenchang oil fields produce about 12,000 bpd net to Husky (2008 ytd)
- 7 Exploration blocks offshore China
- Husky holds about 27,000 km<sup>2</sup> in exploration acreage in the South and East China Seas

### Deep Water

- Block 29/26 - 3,100 km<sup>2</sup> 3-D seismic program completed Q2 2008
  - Exploration well in Q1 2009
- Block 29/06 - 700 km<sup>2</sup> 3-D seismic program completed Q2 2008
  - 2 exploration wells in Q2 2009

### Shallow Water

- Block 39/05 - Exploration well in Q4 2008
- Block 4/35 - Exploration well in Q1 2009
- Block 35/18 - 750 km<sup>2</sup> 3-D seismic program completed Q2 2008
  - Exploration well in Q2 2009
- Block 50/14 - Exploration well in Q2 2009
- Block 63/05 - 300 km<sup>2</sup> 3-D seismic planned for Q2 2009



*Extensive shallow and deep water, seismic and drilling programs underway*

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## Southeast Asia Liwan Discovery



- Contingent resource of 4–6 tcf of natural gas (100% W.I.)
- 3-1-1 discovery well drilled in 2006
- The Seadrill West Hercules drilling rig has been contracted for 3 years plus a 2-year option
- Commence initial 6-well drilling program in Q4 2008
  - 4 appraisal wells at Liwan 3-1
  - 2 satellite prospects located to the south of Liwan 3-1
- Commence front end engineering and design in late 2008
- First gas targeted for late 2012
- CNOOC has the option to take a 51% W.I. in the project



*The Liwan discovery opened a new deepwater exploration area offshore China*

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## Southeast Asia Indonesia

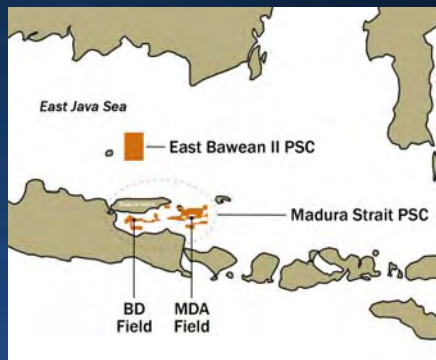


### Madura Strait PSC (50% W.I.)

- BD gas field 100% W.I. production estimate:
  - 100 mmcf/d
  - 6,500 bbls/day NGLs
- Gas sales agreements complete
- BD Plan of Development Approved
- PSC extension nearing completion
- FEED Work is progressing
- Exploration to recommence once PSC extension has been granted
- MDA Gas Discovery

### East Bawean II PSC (100% W.I.)

- 1,410 km<sup>2</sup> 3D seismic acquired Dec. 2007
- 2 exploration wells to be drilled in second quarter 2009



*Indonesia expands Husky's International Portfolio*

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## Mega Projects - 2009 through 2013



<u>CORE AREA</u>	<u>TIMING</u>	<u>IMPACT TO HUSKY</u>
<u>Western Canada</u> Natural Gas Projects	2009 – 2010	140 mmcfepd
Enhanced Oil Recovery Projects	2009 - 2013	13,000 bpd
<u>Heavy Oil &amp; Oil Sands with Integration</u> Thermal Heavy Oil	2010 – 2012	19,000 bpd
Sunrise Phase 1 (50% W.I.)	2012	Phase 1: 60,000 bpd (100% W.I.) Up to 200,000 bpd; (100% W.I.)
Lima Reconfiguration	2013	Reconfigure for heavier feedstock
Toledo Repositioning	2013 +	Reconfigure to process bitumen
(Additional from McMullen, Caribou and EOR)		
<u>East Coast</u> White Rose Satellites (North Amethyst, West and South White Rose)	Q4 2009 - 2011	Maintain FPSO production levels
<u>Southeast Asia</u> Madura (50% W.I.)	2011	139 mmcfepd (100% W.I.)
Liwan Gas *	Late 2012	4 – 6 tcf (100% W.I.)

\* CNOOC has the option to take a 51% working interest.

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## Advisories



### Forward Looking Statements

Certain statements contained in this presentation 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 beliefs or assumptions as to the outcome and timing of such future events, and in this presentation include our general strategic plans, reserve and resource estimates, production estimates, heavy oil and oil sands development and expansion plans, Lima Refinery and Alberta Upgrader cost estimates, East Coast development plans and Southeast Asia development plans. Actual future results may differ materially. Although we believe that the expectations reflected by the forward-looking statements in this presentation 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](http://www.sedar.com) and the EDGAR website [www.edgar.com](http://www.edgar.com)) describe the risks, material assumptions uncertainties and other factors, such as drilling results, the receipt of regulatory approvals, changes in business plans and potential delays or changes in plans with respect to development projects or capital expenditures, 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.

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

Husky's disclosure of proved oil and gas reserves and other information about its oil and gas activities has been made based on reliance of an exemption granted by Canadian Securities Administrators. The exemption permits Husky to make these disclosures in accordance with requirements in the United States. These requirements and, consequently, the information presented may differ from Canadian requirements under National Instrument 51-101, "Standards of Disclosure for Oil and Gas Activities." The proved oil and gas reserves disclosed in this document have been evaluated using the United States standards contained in Rule 4-10 of Regulation S-X of the Securities Exchange Act of 1934 and Guide 2 of the Securities Act Industry Guides. The probable and possible oil and gas reserves disclosed in this presentation have been evaluated in accordance with the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of proved plus probable plus possible reserves. Please refer to "Disclosure of Exemption under National Instrument 51-101" in the Annual Information Form for the year ended December 31, 2007 filed with securities regulatory authorities for further information. Husky has disclosed contingent resources of natural gas in this presentation. Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. The contingent resources disclosed refer to the Liwan natural gas discovery in the South China Sea on Block 29/26. These contingent resources were estimated following the drilling of the Liwan 3-1-1 discovery well in June 2006. Delineation of Liwan is planned for the second half of 2008. Completion of delineation drilling will provide data necessary to assign reserves and advance development plans. Other contingencies may include factors such as adequate economic and market considerations and commitment to develop these resources as well as other factors such as legal, environmental, political and regulatory issues. There is no certainty that it will be commercially viable to produce any portion of these resources. CNOOC has the right to participate in up to 51% in the development of any discoveries. Husky has disclosed discovered petroleum initially-in-place in this presentation in respect of bitumen. Discovered petroleum initially-in-place is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially-in-place includes production, reserves and contingent resources; the remainder is unrecoverable. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

Husky uses the term barrels of oil equivalent (boe) which is 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 term boe may be misleading if used in isolation. Please refer to page 62, "Disclosure of Proved Oil and Gas Reserves and Other Oil and Gas Information" of Husky's 2007 Annual Report for further information. This measure is primarily applicable at the burner tip and does not represent value equivalence at the well head.

### Cautionary Note to U.S. Investors

The United States Securities and Exchange Commission permits U.S. oil and gas companies, in their filings with the SEC, to disclose only proved reserves, that is reserves that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made. We use certain terms in this release, such as "probable reserves", "possible reserves", "contingent resources" and "discovered petroleum initially-in-place" that the SEC's guidelines strictly prohibit in filings with the SEC by U.S. oil and gas companies. U.S. investors should refer to our Annual Report on Form 40-F available from us or the SEC for further reserve disclosure.

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