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February 4, 2010

2:15 p.m. Calgary time

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

2009 was a challenging year for the oil and gas industry. Commodity prices fell from the record highs of 2008 and the global economic meltdown raised many uncertainties for energy supply and demand.

Husky took early actions to contain costs and focus on operational efficiencies. As a result, Husky was able to achieve significant reductions in operating costs for the year. The Company enters 2010 with an enviable position of strong growth projects, a solid balance sheet with huge financial flexibility, and reliable and efficient operations.

Results in the fourth quarter of 2009 reflected a stronger commodity price environment with cash flow from operations significantly higher than the amount generated in the fourth quarter of 2008.

Earnings were up 39 percent to $320 million or $0.38 per share, from $231 million or $0.27 per share in Q4 of 2008. Sales and operating revenues were $3.61 billion, compared with $4.70 billion in the fourth quarter of 2008.

Cash flow from operations doubled to $657 million or $0.77 per share, from $330 million or $0.39 per share in the same quarter of 2008.

Husky's production in the fourth quarter averaged 292 thousand barrels of oil equivalent per day, compared with 2008 fourth quarter production of 358 thousand barrels of oil equivalent per day.

Total crude oil and natural gas liquids production was 203 thousand barrels of oil per day in the quarter, compared to 263 thousand barrels per day in the fourth quarter of 2008.

Liquids production in the fourth quarter was lower mainly due to the shutdown of the White Rose and Terra Nova fields which extended into the start of the fourth quarter for maintenance turnarounds and the tie-in of the North Amethyst facilities to the White Rose field. Total production levels at the White Rose field will be ramping up when the North Amethyst satellite begins production in the second quarter of 2010.

Average natural gas production was 529 million cubic feet per day down from 571 million cubic feet per day in the fourth quarter of 2008. Gas production was lower because of the planned reduction in capital expenditures on drilling and tie-ins as a result of lower commodity prices, flowline restrictions and reservoir decline.

For the year, Husky's sales and operating revenues, net of royalties were $15.07 billion compared with $24.70 billion in 2008. Net earnings were $1.42 billion or $1.67 per share, compared with $3.75 billion or $4.42 per share in 2008.

Cash flow from operations was $2.51 billion or $2.95 per share, compared with $5.95 billion or $7.00 per share in 2008. Cash flow in 2009 was impacted by cash taxes of $1.3 billion, which were based on record earnings in 2008. Current taxes in 2010 are expected to be about $500 million, based on earnings generated in 2009.

The company remains in a strong financial position. Total debt at the end of 2009, net of cash and cash equivalents, was $2.84 billion. Debt to cash flow and debt to capital employed ratios at December 31, 2009, were 1.3 times and 18.3 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 April 1, 2010, to shareholders of record on March 1, 2010.

During the fourth quarter, Husky progressed on mega projects in line with our medium and long term growth plan.

Front end engineering design work for the Sunrise Phase One project facilities was completed. Optimization and re-design of the project has reduced the capital costs of Phase One by over $1 billion to about $2.5 billion. Government and regulatory approvals for the revised design are now in place and corporate sanction of the project is expected later in 2010.

On the East Coast of Canada, Husky completed a major turnaround on the *SeaRose FPSO* (floating production, storage and offloading vessel), as well as completed the North Amethyst sub-sea tie-in work. Production from North Amethyst will begin in the second quarter and ramp-up in 2010 as additional wells are brought into operation.

During the fourth quarter, Husky and its partner in the Mizzen discovery in the Flemish Pass Basin applied to the C-NLOPB (Canada – Newfoundland and Labrador Offshore Petroleum Board) for a significant discovery license.

In China, front end engineering design work for the Liwan 3-1 Deepwater Project was substantially complete. The Overall Development Plan is being finalized with expected submission to partner and regulatory authorities in early 2010. Project sanction is expected this year.

Block 29/26 continues to show excellent exploration potential. In December Husky announced another significant discovery with the Liuhua 34-2-1 exploration well located approximately 23 kilometres northeast of the Liwan 3-1 field. Delineation of the new discovery and development engineering work are about to commence to tie the field into the planned infrastructure for the Liwan 3-1 field, with first production from both fields in the 2013 timeframe.

In addition to the Liuhua 34-2 discovery, three appraisal wells were drilled by the *West Hercules* on the Liwan 3-1 field. The rig is currently drilling an exploration well at Liuhua 29-1-1 and when complete will move back to the Liuhua 34-2 discovery to drill an appraisal well.

In western Canada, Husky continued to build its position in a number of gas resource plays and in 2009 acquired an additional 89,000 net acres around established assets in the Alberta foothills and northeast British Columbia.

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, were impacted realizing a unit margin of $13.67/bbl compared with $24.60/bbl during the same period in 2008. This decrease was partially offset by lower unit operating costs in the fourth quarter of 2009.

The pipeline and other infrastructure segment of our midstream business continued to perform in line with expectations.

U.S. Refining and Marketing earnings increased in the fourth quarter of 2009 compared with the fourth quarter of 2008 as a result of improved product margins offsetting reduced sales volumes. The Lima and Toledo refineries continue to be impacted by low crack spreads and falling crude oil prices which resulted in inventory write downs resulting in net earnings of negative $43 million in the fourth quarter.

The Lima refinery completed a major maintenance turnaround in the quarter with operations resuming on November 30. At Toledo, Husky and its partner announced the sanction of the Continuous Catalytic Regeneration Reformer Project. The project will improve the competitiveness of the refinery by reducing energy consumption and lowering operating costs.

In the fourth quarter of 2009, our Canadian refined products division benefited from a higher ethanol gross margin of $19 million compared with $3 million for the same quarter in 2008. The higher gross margin was due to higher sales volumes combined with the receipt of funds earned under government incentive programs. Ethanol production in the fourth quarter was 11 percent higher than in the same period of 2008.

In December, Husky signed an agreement to purchase 98 retail outlets in the southern Ontario market, increasing the Company's network by 20 percent to 571 retail outlets. The stations will be re-branded over the second and third quarters of 2010.

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

Lau: Thanks Terrance.

Husky achieved solid financial performance in 2009. Operating and administrative expenses are well under control and good progress has been made in its strategic projects.

Husky has exciting major projects including the Liwan discovery in the South China Sea, the Sunrise Oil Sands Project in Alberta and White Rose and its satellite developments on the East Coast of

Canada. The Company also has its extensive western Canadian heavy oil, light oil and natural gas portfolio.

Husky enters the decade positioned to create shareholder value with a core asset base to grow in the near, medium and long term.

Husky has a bright future and thank you for your continued support.

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.