



HUSKY ENERGY ANNUAL GENERAL MEETING TRANSCRIPT

Date: Wednesday, April 27, 2011

Time: 10:30 AM MT

Speakers: **Asim Ghosh**
President and Chief Executive Officer

Jim Girgulis
VP, Legal & Corporate Secretary

Canning Fok
Director, Co-Chairman of the Board of Directors

JIM GIRGULIS:

Good morning. The Annual Meeting of Husky Energy Inc. is about to commence, please be seated.

CANNING FOK:

Good morning ladies and gentlemen, the meeting will now come to order. My name is Canning Fok a director and Co-Chairman of the corporation. I will be chairing the meeting.

On behalf of the Board of Directors I would like to welcome those in attendance, to Husky Energy's Annual Meeting of Shareholders. On my far left is Mr. Asim Ghosh, Director, President and Chief Executive Officer. Sitting next to him is James Girgulis, Vice President, Legal and Corporate Secretary.

Sitting in the first two rows are the following directors; Stephen Bradley, can you just let people know you. He's our new directors and the young man of our -- the youngest man of our Board. R. Donald Fullerton and Martin Glynn, Chairman of our Corporate Committee; Poh Chan Koh, CFO now makes Director. So -- and Eva Kwok, she has huge responsibilities of her because I will tell you why, okay, Stanley Kwok, Stanley actually -- you know, she's got to carry Stanley and -- and our new Director Frederick Ma. George Magnus, George maybe has been my colleague since 30 years ago when I was -- I just came out of high school, you know. Colin Russell, Wayne Shaw, oh wow, is he there, William Shurniak, of course my dear colleague Frank Sixt.

We have invited members of the press and the financial community to attend the meeting and we welcome their attendance. However, only shareholders of the corporations or proxy holders are entitled to vote in this meeting. I presume you have no objection to those invited guests remaining as observers.

All right, now we go. With the approval, I will ask Mr. Jim Girgulis, Vice President Legal and Corporate Secretary to act as Secretary of the meeting and two representatives of Computershare Trust Company of Canada, our transfer agent, to act as Scrutineers of the meeting. Are there any objections to these appointments?

All right, I have received a declaration of mailing from Computershare as to the due mailing of Notice of Meetings, the Management Information Circular and the Formal Proxy and the Annual Report to Shareholders, which includes the financial statement of Husky Energy for the Year Ended December 31, 2010 - 2-0-1-0, and the Auditors Report thereon.

This Declaration of Mailing together with copies of the documents made to the shareholders will be kept with the minutes of this meeting.

With the consent of the meeting, we will dispense with reading of the Notice of The Meeting. In accordance with the bylaws of the corporation a quorum for the carrying on of business, at the meeting of shareholders is at least two persons present and holding or representing by proxy, not less than 5% of the outstanding shares of the corporation, entitled to work at the meeting.

I have been advised by the Scrutineers that there is a quorum present. The Scrutineer's Report has been received and it shows that there are 148 registered shareholder or proxy holders present at this meeting and representing in person, or by proxy, 769,131,228 common shares or 86.25% of the total number of issues and outstanding common shares entitled to be voted at this meeting.

I directly attach a copy of the Scrutineer's Report be annexed to the minutes of this meeting. Great.

I now declare that this meeting is regularly and properly constituted for the construction of business.

At today's meeting we will be voting on two items; the election of directors and the appointment of auditors. It is proposed to conduct each vote by a ballot. In order to deal with the legal requirements as quickly as possible, employees who hold shares or proxies have agreed to move or second the motions that will be submitted today.

The first item of business is the presentation of the financial statement for the fiscal year ended December 31, 2010 and the Auditor's Report thereon which are included in the Annual Report mailed to the shareholders of the corporation.

I would now ask for a motion dispensing with the reading of the financial statement and the Auditor's Report?

PATRICK AHERN:

Good morning, my name is Patrick Ahern I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I move that the reading of the financial statements for the fiscal year ended December 31, 2010 together with the Auditor's Report thereon, be dispenses with.

CANNING FOK:

Thank you. Is there a seconder?

DAVID MCLEOD:

Good morning, my name is David McLeod I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I second the motion.

CANNING FOK:

Thank you. All those in favor of the motion please so signify. Thank you. Contrary, any?

I declare the motion to dispense with the reading of the financial statement carried.

It is now in the order to proceed with the election of the directors as set forth in the Management Information Circular accompanied the notice of this meeting. I will now entertain nominations for the directors of the corporation.

ROBERTO BENSAND:

Good morning, my name is Roberto Bensand, I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I nominate the following persons who have consented to act as directors of the corporation as directors of the corporation until the next Annual Meeting or until their successors are duly elected; Victor T.K. Li, Canning K.N. Fok, Steven E. Bradley, R. Donald Fullerton, Asim Ghosh, Martin J.G. Glynn, Poh Chan Koh, Eva L. Kwok, Stanley T.L. Kwok, Frederick S.H. Ma, George C. Magnus, Colin S. Russel, Wayne E. Shaw, William Shurniak, Frank J. Sixt

CANNING FOK:

Thank you. Are there any other nominations? If there are no further nominations I now declare the nominations closed. I would now ask for a motion to elect the directors for the ensuing year.

BEA WATCHUK:

Good morning, my name is Bea Watchuk I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I move that each of these persons nominated as directors be elected as directors of the corporation for the ensuing year.

CANNING FOK:

Thank you. A seconder?

RICHARD WHITNER:

Good morning, my name is Richard Whitner, I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I second the motion.

CANNING FOK:

Thank you. Is there any discussion on the motion?

In accordance with the majority voting for directors policy of the corporation we will contact the votes for the election of the directors individually. When you registered at the front desk and if you are a registered shareholder or proxy holder, you were given a ballot to complete and submit for the election of directors. Please complete those ballots now, a Scrutineer will collect them once completed.

BARONESS KNIPSER:

Sorry, I was delayed. But if you're talking about the directors, I would like to say something.

CANNING FOK:

Sure.

BARONESS KNIPSER:

Thank you. I am a shareholder and my name is Knipser and I've gone over the number of shareholders that we have, it looks to me we have 14, am I correct?

UNIDENTIFIED COMPANY REPRESENTATIVE:

You're referring to?

BARONESS KNIPSER:

I'm sorry sir, would you please speak a little louder I'm a little bit hard of hearing.

UNIDENTIFIED COMPANY REPRESENTATIVE:

Sorry, we just got the mic. You're talking about registered shareholders?

BARONESS KNIPSER:

Yes.

UNIDENTIFIED COMPANY REPRESENTATIVE:

We've also got -- there's beneficial shareholders too. And there's a process for having those beneficial shareholders have their votes recognized, and counted and balanced. Is that your concern?

BARONESS KNIPSER:

No, I'm talking about the directors, do we have 14 directors?

UNIDENTIFIED COMPANY REPRESENTATIVE:

Oh, we've got the directors that are named here.

BARONESS KNIPSER:

Yes, but am I correct in seeing that we have 14?

UNIDENTIFIED COMPANY REPRESENTATIVE:

15.

BARONESS KNIPSER:

15, all together, okay, yes, there is one more. What I would like to make mention of with the 15, which makes it even worse. I hold a lot of shares in a lot of other companies and I'm quite aghast that we have so many. Why do we have so many and particularly, why do we have so many that we have to bring here at great expense because so many of them are not from Calgary?

CANNING FOK:

Well, thank you for your questions. I hope that the directors did a good job for the company and then this is a --

BARONESS KNIPSER:

I'm not talking about a good job, I was just asking why we have to have so many?

CANNING FOK:

Well, you know, we have so many and yes running through the process of shareholders, process and voting and well, I think each of them have a very excellent contribution and we -- and I as Co-Chairman, are very happy with the size of the Board.

BARONESS KNIPSER:

I guess I'm not so happy that we have so many.

CANNING FOK:

Are there any other ballots to collect?

If there are no more ballots to collect, I declare the voting closed and the request for Scrutineers to inform the Secretaries as soon as they are ready to present the results.

While the Scrutineers are counting the ballots, we will continue with the other business of the meeting. The next item of business is to appoint KPMG as the auditors of the corporation for the ensuing year. I would now ask for a motion appointing the auditors for the ensuing year.

PATRICK AHERN:

Good morning, my name is Patrick Ahern. I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I move that the firm of KPMG, LLP, be appointed auditors of the corporation to hold office until the next Annual Meeting of Shareholders.

CANNING FOK:

Thank you. Secunder?

ROBERTO BENSAND:

Good morning, my name is Roberto Bensand. I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I second the motion.

CANNING FOK:

Thank you. Is there any discussion on the motion?

When you registered at the front desk and if you are a registered shareholder or a proxy holder, you were given a ballot to complete and submit for the appointment of auditors. Please complete the ballot now.

Are there any other ballots to collect? I declare the voting closed and request the Scrutineer to inform the Secretaries as soon as they are ready to present the results.

Questions from the floor will be welcome following the conclusion of the formal meeting of -- the formal business for which this business was called, and after Mr. Ghosh's overview of the corporation. We have microphones placed in the aisles for your use. I would ask those wishing to ask a question, please stand and identify yourself and confirm whether you are a holder of a registered share convention or a proxy holder. We have to wait for the results of the ballot.

UNIDENTIFIED COMPANY REPRESENTATIVE:

If there is no further business to come for the meeting, I would like to ask for a motion to terminate the formal part of this meeting.

BEA WATCHUK:

Good morning, my name is Bea Watchuk I'm an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I move that the meeting be terminated.

UNIDENTIFIED COMPANY REPRESENTATIVE:

Thank you, is there a seconder?

RICHARD WHITNER:

Good morning, my name is Richard Whitner, I'm an employee of Husky Oil Operations Limited and a proxy holder. I second the motion.

UNIDENTIFIED COMPANY REPRESENTATIVE:

Thank you. All of those in favor of the motion please signify. Contrary if any? The motion to terminate the formal part of the meeting is carried. So, ladies and gentlemen this concludes the formal part of the meeting. Asim will now be presenting an overview of the corporation's operations. There is going to be a video that we'll play right now. Thank you.

(Video Playing)

ASIM GHOSH:

Good morning and welcome to this, my first AGM of this company as CEO. I think as a start it will good to harken back briefly to our history. Husky is really a true Canadian success story. In 1938 we produced something like 600 barrels with 20 employees, today we are hovering around 300,000 barrels a day and before you have a picture of the first Husky office, as you can see we've had some renovations, we've added a few windows in between.

But most importantly much of the growth that I just alluded to came under the tenure of my predecessor John Lau and it is only fitting that we realize his contributions to building the foundation that we talk about today.

But let me now spend the next few slides talking about this new era of growth. We had our first Investor Day presentation, first ever, Investor Day presentation actually, last December. As you can see from the notes of the first quarter we -- the momentum in this business is building. Our production is up, our revenues are up, our net earnings are up, our cash flow is up. We did execute \$1.2 billion in acquisitions in the last quarter of last year. We closed the second one of them in early February.

We exploited capital to exploit near-term production. So there's a lot of work ahead but at least we can say with some confidence that it's been a good start.

I harken now, to the -- next slide, to the fresher memories on what we spoke about to those of you who were part of the Investor Day process, to what the building blocks of this company are.

And this mnemonic lays it out very simply; we consider our base foundation of this business to be best in Canada in heavy oil. And within that we have key pillars of growth. In chronological order they are; Southeast Asia, Oil Sands and the Atlantic Region. And that basic foundation we are regenerating, partly through the acquisitions we've done but more importantly through the organic reinvestments in terms of new technologies which are resource plays and moving onto thermal and horizontal drilling in heavy oil.

And on top of it, chronologically, Southeast Asia and then Oil Sands and then the Atlantic Region kick in to give us the future. Every plan requires funding, you know, so success I would say basically requires three things. It requires the right opportunities which we believe we have. It requires the right plan, which we believe we have. And most importantly, through the funding plan we've been executing, we have the funds to put that plan into action.

One thing very interesting, as I took stock of Husky, was that I found that this is an oil company. An oil and gas company which in many ways is quite different from a lot of our peers in the industry. Most of our peers, the basic challenge in the oil industry for most companies is an exploration challenge. Husky does not have that challenge because if you look at our present land positions, and I use the word "land" in the conventional sense of the industry, but actually a lot of that land position actually is offshore. We actually have 1.3 million net acres of potential oil and gas resource plays in Western Canada.

We have 500,000 acres, net acres, of potential Oil Sands plays. We have an extension exploration portfolio both in Asia and offshore the East Coast. And if you would take last year's production rate, just looking at the present resource base, we have potentially over 65 years of production. So if I could coin a word, if I were to look at resource life index for this company we're talking of something like a 65-year resource life index. And this does not include our oil carbonates plays in Sileski.

The -- this 65 years actually is not a generality. If you look at the specific plays that are possible, which we have laid out chronologically, as you can see that this statement is grounded in reality, it's grounded very granularly in concrete plays and concrete projects. And what emerges is that it's a good mix of Oil Sands, of oil projects, and liquids-rich gas resources plays, in the near term.

So our task, really, our biggest priority is not exploration but our task is to prioritize and bring forth and commercialize the best projects, which leads me to the strategic deliverables. But basically the highlights are; you can read the key elements before you. We want to maintain in the next five-year timeframe 70% range oil rating. We want to increase our return on capital employed outside of major variations in the oil price, by 5 percentage points.

We're looking for a production go-forward rate of 3% to 5% compounded over the term of the five-year plan. And we're going to get that through obviously the disciplines of tight F&D costs and a strong balance sheet. So that's going to be our measure of success.

I'll now spend a few slides discussing with you, the separate elements of the foundation and the growth pillars. So first, talking about regenerating the foundation; I'll start with our resource play position. The

conventional wisdom, no pun intended, is that conventional Western Canada is a declining basin. But in reality there are massive innovations that are taking place that are rejuvenating the basin as we speak just as, gas and oil is being rejuvenated in the United States through resource plays.

At Husky we have extensive land positions that lend themselves just to such plays. In fact, we have something like 800,000 acres of potential gas resource plays and approximately 500,000 acres of potential oil resource plays. So therefore, our Western Canada basin is capable within the Husky portfolio of something like 1.3 million acres of potential resource plays.

The other part of our foundation, what I call our foundation is heavy oil. And in many ways you can think of heavy oil as the original resource play, well before the term resource play was invented. We've been doing resource plays in heavy oil at Lloyd for 70 years.

Now, with over 10 billion barrels in place, for the past 70 years, what we produced, the 800 million of barrels is only 8% of the total petroleum in place in the Lloyd complex. So with new and emerging technologies we have the potential to produce as much, if we reach a total 15% recoverable in the next few years, as we have produced in the past 70 years.

So again, enormous life ahead in this very critical resource. But coming now to the pillars of growth, as I said earlier, there are three pillars of growth for us. I'll start first with Southeast Asia. At this time last year we were evaluating the pros and cons of a spinoff and after an extensive deliberation process the Board decided that retaining the assets within the core of Husky was the best decision for the company.

That's the decision we made and announced last quarter. I'll refresh your memory, the key assets there are the producing Wenchang Oil Fields, the Liwan natural gas discovery and then we have as a next phase the Madeira assets, offshore Indonesia.

These -- this project comes on-stream in late 2013 and then this is in addition to Wenchang, Wenchang of course is a producing property now, and then we are looking to get the equivalent of 50,000 barrels of oil equivalent a day in 2014.

The first major new project there will be Liwan, our share of the production is 49%, the pricing there is being negotiated but the -- it will be linked to oil and as I said the first gas is expected in 2013 and if we pull that off this project really will be one of the fastest ever deepwater developments in the world, to go from discovery to production.

In Oil Sands, not including Selisky which is oil carbonates, we have in excess of 15 billion barrels of resource in place. The first of these that we are going to commercialize is the Sunrise Energy project. It really is a world-class project it's the crown jewel in our Oil Sands portfolio. We did, remember, we did sanction the project late last year. It's designed to produce in Phase I, a growth of 60,000 barrels a day and that project is now on track for production in late 2014. And not only that, we have now commenced pre-engineering on Phase II.

Over the long haul we believe this project is capable of producing a growth of 400,000 barrels a day range.

And finally, the last growth pillar in our portfolio is the Atlantic Region. This has been a very, very significant contributor to our production. So unlike Southeast Asia and unlike the Sunrise project which will all be incremental, this really is not -- it's more for the rejuvenation of an existing field. We have produced more than 150 million barrels to date and the next stage we are now in the early stages of evaluating is the commercial viability of a fixed drilling platform so that this project can also start to be generative from 2016.

So, in summary, we are uniquely positioned. We have a commercialization challenge, not a exploration challenge. We have a plan for growth while maintaining an attractive dividend. We call that a balanced growth story.

We have the right opportunities, the right plan we have a comprehensive financing plan in place to achieve that plan. And I would like to think that our first quarter results demonstrate the plan is real and that we are executing on track. Thank you. We'll open up the floor to questions, now?

UNIDENTIFIED COMPANY REPRESENTATIVE:

Just to remind people, when you are asking questions just please identify yourself as a shareholder or a proxy holder. Please go ahead.

AUDREY BRIDGEWATER:

My name is Audrey Bridgewater. I am a shareholder of Husky. I would like to thank you very much for that very optimistic report and outlook. I'm wondering when this will be reflected in the share price?

And the second part of the question is, there has been a lot of discussion over the past year or so about retirement benefits and CEO, President compensation. I'm just wondering what effect these payouts have had on share prices. The share prices seem to have stayed about the same, regardless of fluctuating prices in oil etcetera.

Not that the compensations and payouts are not warranted and well deserved, but I'm just wondering what organizations can afford. Thank you.

ASIM GHOSH:

Well, that was several questions in one. But let me attempt to answer those. The first one I'd like to make and then I'll defer to the Co-Chairman he might want to add some things.

We as management control delivery. The market determines the share price and from our point of view we are managing the delivery as best as we can and I think the results of the first quarter and in fact the last six months, would -- should show that.

Having said that, I do wish to remind you that since the low of last year and I'm ignoring the two-day low when we issued some new shares, but since sort of a stable-state low of last year, the share -- that was

around \$25.50 dollars, we are now running at the \$28.00, \$29.00 range. That's in addition to a 5% dilution and in addition to a 5% range dividend. So when you compound all of that the total return to shareholders has been quite respectable.

I don't know if it's really appropriate for me to comment on my compensation or the compensation of my peers, but certainly I have, if you read the MD&A I have nothing to be apologetic about the compensation that I received. Thank you.

CANNING FOK:

The compensation of the CEO is determined by the Compensation Committee, which I'm the Chairman. And basically we've got to look at the peers, what does the industry do and also how do we measure the CEO. So this is the first years of Asim, so I hope that he can earn a lot of money that means that the company is doing well.

So we -- just going back to the share price, we always have a belief that if the company have good foundation and execute well and have a good dividend policy so I think those things will support the share price. We are major shareholder of the company too, so we -- this is what we believe by keeping us more consistent production and more reserve and the more cash flow, and good balance sheet I think we will have a good share price, I believe that.

UNIDENTIFIED COMPANY REPRESENTATIVE:

Yes.

BARONESS KNIPSER:

Good morning gentleman, I too am a shareholder. My name is Baroness Knipser. I know I asked a question before and I must say I'm sorry, but the answer that I had received before, in my opinion, not an acceptable answer. However, I'm hoping to get an acceptable answer to the question I'm about to pose.

I have in front of me the Management Information Circular which all of us have received and I too, like the lady before me, am going to continue on this question because on page 24, I am rather aghast and I think it's the only polite word I could use because I could use many others. Aghast at the compensation level.

I see here that we have, and I take a three-year span, it is written here 2010, 2009, 2008, we have one executive officer here who in total has earned \$13,343,697. Then I take another one in the same three-year period and we look and we see \$5 million, we're not saying \$5,000, we're saying \$5,485,301 and that would be Mr. Cohen. That's in a three-year period for compensation, all the benefits, all the goodies and all that.

We have done more with the company, I look at the employees I find that they are the backbone. I'm sure that when you add \$13 million and \$5 million and you get \$18 million, I'm sure the employees would all have liked to, in the last three years, have been able to get perhaps \$8,000 to \$10,000 each, more. Yet we have this lavish amount of money being given to two individuals.

I understand, from the 40 other companies that I own, the pat answer is, "Oh, but we have to be competitive." I'm sorry, that is not an acceptable answer if that's the one that you're going to give us, mainly because if everyone jumps off a bridge does not mean you have to. I'm quite aghast at what we are giving our top people and I feel it's uncalled for and I feel it needs to stop.

In that regard, I'd like to ask and it is something that has been going on in the States and it's called Pay -- Say on Pay, and I'd like to find out if and when that is going to be coming to the shareholders here, Say on Pay is -- let me get it straight, it's a section of the SEC, Section 14 (A) and it has something to do with the approval on executive compensation. It is where the shareholders get to vote on that and I was wondering if that is going to come here to us so that we can finally vote on the executive compensation albeit that we as shareholders are the small, little people and we don't have enough shares to really afford anything, but at least we'd like to be able to vote. I'd like your comments please.

CANNING FOK:

So first of all, let me say that I -- those figures that you point out are as a result of share options, right.

UNIDENTIFIED COMPANY REPRESENTATIVE:

That's correct. It's -- part of the numbers that you're quoting are essentially Black Scholes calculations that are required by Canadian regulatory disclosure to allow apple-and-apple disclosure of stock options. It essentially represents a valuation of stock options on the day of grant. It doesn't actually represent what the individual may or may not get if those options are exercised. So that's always one thing to take under consideration when looking at those numbers.

BARONESS KNIPSER:

I understand that, however, it's somewhere along the line that it's being given out. And I believe all the hardworking employees are not being given this type of option.

UNIDENTIFIED COMPANY REPRESENTATIVE:

Well, you know --

BARONESS KNIPSER:

It's still too large and you're still not answering the question, especially the Say on Pay?

CANNING FOK:

You know, they earn -- well as part of the share option scheme, they earn those amounts when and only if the share price goes up. So this is the way that the company in general, has designed it. So, that the executive earning are in line with the shareholders. And that's number one.

Number two, I -- the policy of Husky is not excessive because we only aim for 50 percentile payment. So some -- you know, that is the policy of our Human Resource package.

And then number three, we have two major shareholder 71% our interest is the same as you. And you once mentioned about the direct -- too many directors on the Board. I -- A, I think also each of

them are contributing. And then B, actually all of the directors charge no fee. Right. From -- for major shareholder; no fee? So that you know, I -- the interest of the major shareholder is the same as the minority shareholder and if you would like the company to perform and the pay package, if they get -- executive earns money, hopefully the shareholder will earn the same. So this is the whole target.

BARONESS KNIPSER:

Thank you for your answer, although I cannot accept it.

CANNING FOK:

So any -- ?

PAUL ZIFF:

Hello, good morning. Paul Ziff Question for Mr. Ghosh, Mr. --

UNIDENTIFIED COMPANY REPRESENTATIVE:

Paul, can you just identify whether you're a shareholder or proxy holder?

PAUL ZIFF:

Yes, shareholder.

UNIDENTIFIED COMPANY REPRESENTATIVE:

Okay. Thank you.

PAUL ZIFF:

To Mr. Ghosh, thank you for your remarks and welcome to Calgary. Appreciative of the outline of the base and the pillars for growth, could you share with us if we were here five years from now, roughly what you estimate the contribution will be, let's just say production for the base and for the three pillars, each of the pillars? If that question is clear?

ASIM GHOSH:

Well, if I had been here five years from now, that's a completely hypothetical question and all I can say is that I mean one of the things I did recognize at the outset was that I was the beneficiary of a very solid foundation as well as a very solid pipeline of projects and any CEO who pretends that he can create magic overnight without the benefit of that foundation is living in self-delusion.

So I don't -- you know, I think John Lau has left a good legacy in this company and I'm -- my job is simply to build on that.

UNIDENTIFIED COMPANY REPRESENTATIVE:

Are there any other questions?

Ladies and gentlemen, this concludes the Annual Meeting of Husky Energy. Please -- I would like to thank you for taking the time to attend and this concludes our meeting.

Thank you.