HUSKY ENERGY
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TRANSCRIPT

Date: Wednesday, May 6, 2015

Time: 10:30 AM MT

Speakers: Canning Fok
Co-Chairman of the Board

Asim Ghosh
Director, President and Chief Executive Officer

Jim Girgulis
Senior Vice President, General Counsel and Corporate Secretary
JIM GIRGULIS:
The Annual and Special Meeting of the Shareholders of Husky Energy is about to commence. Please be seated.

We welcome invited members of the media and the financial community who are in attendance. As you know, you need to be a shareholder of the Corporation or proxy holder to be able to vote at this meeting. I presume there are no objections to our invited guests remaining as observers.

I'd now like to introduce our Chairman, Mr. Canning Fok.

CANNING FOK:
Good morning, ladies and gentlemen. The meeting will now come to order. I am 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 you to Husky’s Annual and Special Meeting of Shareholders.

On my far-left is Asim Ghosh, Director, President and CEO; he is joined by Jim Girgulis, Senior Vice President, General Counsel and Secretary. I would like to take a moment to introduce our Board of Directors. Please join me in welcoming Steve Bradley; Mr. Martin Glynn; PC Koh; Mrs. Eva Kwok; Mr. Stanley Kwok; Mr. Fred Ma; Neil McGee; Mr. Colin Russel; Mr. Wayne Shaw; Mr. William Shurniak; and Mr. Frank Sixt. We thank you for all your service this past year.

I will ask Jim Girgulis to act as Secretary of the Meeting and our Transfer Agent, Computershare to act as scrutineers. I have received a Declaration of Mailing from Computershare as to the mailing of the Notice of Meeting, the Management Information Circular, the Form of Proxy, and the Annual Report to shareholders, which includes the financial statements of Husky Energy for the year ended December 31, 2014, and auditor’s report thereon.

This Declaration of Mailing, together with copies of the documents mailed to the shareholders, will be kept with the minutes of this meeting. With the consent of the meeting, we will dispense with the reading of the Notice of Meeting.

In accordance with the bylaw of the Corporation, a quorum for the carrying on of business at the Meeting of Shareholders is at least two persons, person or holding or representing by proxy not...
less than 5% of the outstanding share of the Corporation entitled to vote at the meeting. I have been advised by the scrutineers that there is a quorum present. I direct a copy of the scrutineer’s report to be annexed to the minutes of this meeting.

I now declare that this meeting is regularly and properly constituted for the transaction of business. We will conduct our ballot vote on these three items today, the election of Directors, the appointments of auditors, and the proposed amendments to the Corporation’s Incentive Stock Option Plan.

Employees who hold shares or proxies have agreed to move or second the motions that will be submitted today. I now ask for a motion, dispensing with the reading of the financial statements and the auditor’s report.

KEN MISLAN:
Hello, my name is Ken Mislan. 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, 2014, together with the auditor’s report thereon, be dispensed with.

CANNING FOK:
Thank you. A seconder, please?

ROB SMART:
Good morning. My name is Rob Smart; 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 favour of the motions?

Contrary, if any? I declare the motion to dispense with the reading of the financial statements and the auditor’s report carried.

It is now in order to proceed with the election of Directors as set forth in the Management Information Circular, accompanying the notice of this meeting. I will now entertain nominations of Directors of the Corporation.
ROBERTO BENZAN:
Good morning. My name is Roberto Benzan; I am 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 until the next Annual Meeting or until their successors are duly elected. Victor T.K. Li; Canning K.N. Fok; Stanley E. Bradley; Asim Ghosh; Martin J.G. Glynn; Poh Chan Koh; Eva L. Kwok; Stanley T.L. Kwok; Frederick S. H. Ma; George C. Magnus; Neil D. McGee; Colin S. Russel; Wayne E. Shaw; William Shurniak; and Frank J. Sixt.

CANNING FOK:
Thank you. Is there any other nominations? Thank you. If there’s no further nominations, I now declare the nominations closed. I will now ask for a motion to elect the Directors of the ensuing year.

ELAINE HONSBERGER:
Good morning. My name is Elaine Honsberger; I am an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I move that each of those persons nominated as Directors, be elected as Directors of the Corporation for the ensuing year.

CANNING FOK:
Thank you. Is there a seconder?

FRANK VANDONGEN:
Good morning. My name is Frank Vandongen. 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 policy for Directors of the Corporation, we will conduct a vote for the election of the Directors individually.

If you are a registered shareholder or proxy holder, you should have a ballot for the election of Directors. Please, complete it now and the scrutineers will collect them.
Are there any other ballots to collect? If there are no more ballots to collect, I declare the voting closed. The scrutineers will inform the Secretary as soon as they are ready to present the results. While they are counting the ballots, we will continue to other business of the meeting.

The next item of business is to appoint KPMG LLP as auditors of the Corporation for the ensuing year. I would now ask for a motion appointing the auditors for the ensuing year.

**KAREN GRAHAM:**
My name is Karen Graham. I am an employee of Husky Oil Operations Limited and a proxy holder for Husky Energy. I move that the firm KPMG LLP be appointed auditors of the Corporation to hold office until the next Annual Meeting of Shareholders.

**CANNING FOK:**
Thank you. Is there a seconder?

**ADNAN BASHARAT:**
Good morning. My name is Adnan Basharat and 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? If you are a registered shareholder or proxy holder, you should have a ballot for the appointment of Auditors. Please complete it now and the scrutineers will collect them.

Are there any other ballots to collect? If there are no more ballots to collect, I declare the voting closed. The scrutineer will inform the Secretary as soon as they are ready to present the results.

While they are counting the ballots, we will continue with other business of the meeting. The next item of business is the approval of the Amendments of the Corporation’s Incentive Stock Option Plan set forth in the Management Information Circular dated March 16, 2015. I would now ask for a motion to approve the amendments to the Corporation’s Incentive Stock Option Plan.
LOIS GARRETT:
Good morning, my name is Lois Garrett. I am an employee of Husky Oil Operations Limited and proxy holder of Husky Energy. I move that the resolution to approve the amendments to the Corporation’s Incentive Stock Option Plan, as set forth in the Management Information Circular, dated March 16, 2015 be approved.

CANNING FOK:
Thank you. Is there a seconder?

GOKHAN COSKUNER:
Good morning, my name is Gokhan Coskuner. 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? If you are a registered shareholder or proxy holder, you should have a ballot for the approval of the amendments to the Corporation’s Incentive Stock Option Plan. Please complete it now and the scrutineers will collect them.

Are there any ballots to collect? If there are no more ballots to collect, I declare the voting closed. The scrutineers will inform the Secretary as soon as they are ready to present the results.

I have been handed the results of the ballots. Based on these results, I declare that those persons nominated have been elected Directors of the Corporation. I declare that KPMG LLP has been appointed Auditors of the Corporation, to hold office until the next Annual Meeting. I also declare the amendments to the Corporation’s Incentive Stock Option Plan have been approved.

Unless there are other matters that may be properly brought before the meeting, I will ask a motion to terminate the formal part of the meeting.

BLAINE HOLLINGER:
Good morning, my name is Blaine Hollinger. I am an employee of Husky Oil Operations Limited and a proxy holder of Husky Energy. I move that the meeting be terminated.
CANNING FOK:
Thank you. A seconder?

RANDY MARINESCU:
Good morning, my name is Randy Marinescu. 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 favour of the motion, please signify. Contrary, if any? The motion is carried.

JIM GIRGULIS:
Ladies and gentlemen, this concludes the formal portion of the meeting. I will now ask Asim to present an update on the Company's operations. Asim?

ASIM GHOSH:
Thank you, Jim. Good morning, everybody, and welcome. Five-years is but a short chapter in the history of a 75-year-old Company, but nonetheless, a semi-decadal moment is an opportune time for reflection, a stock-keeping, and particularly, since the industry finds itself in quite a different place today, from a year-ago. This morning, I'd like to walk you through how, in the last five-years, we've progressively been able to position Husky to be more resilient and better able to withstand such volatile times.

When I joined Husky in 2010, we took a close look at our business and made a series of structural decisions. We mined our portfolio and started a transition towards a lower sustaining capital business. In this context, when I say lower sustaining capital, I mean those projects that can withstand periods of low capital investment without major declines in production. At the time, there was also pressure from some in the financial community for Husky to join the pack, to become a pure upstream play. Indeed, to become a narrower play even within our upstream portfolio.

We chose instead to maintain a degree of diversification and to stay integrated. In particular, there was consideration given to spinning off the Asia-Pacific assets. We made the strategic decision to keep that business. Today, we are harvesting the benefits of all of those decisions.
As you saw from our first quarter results, these have given us a more resilient business. This resiliency comes from the inherent elements of our strategy; it means we require less capital to sustain a larger base of production. A significant part of the business is not directly related to volatile oil prices, namely our downstream and our Asia-Pacific businesses, and with that diversity, we can afford to stage our projects from our expansive portfolio at just the timing to available cash, to manage the risk associated with our investments, and still deliver high-margin production growth.

Let’s start with our historic foundation in heavy oil. In 2010, production was about 89,000 barrels a day from this business unit. It was absorbing capital like a sponge just to stay still in one place. Today, that business unit is producing about 120,000 barrels a day, and within that, versus was five-years ago we had two thermal projects. By the end of 2016, we will have 10. A series of long-life, low-sustaining capital thermal projects are low-risk, bite-sized investments that provide greater cost certainty and a low decline rate.

What’s important about this transition is that these projects offer good returns even in a low-price environment. We have low execution risk and what’s more, we have a lot more earning room with such projects in the Lloydminster region. This area has the best contingent resource estimate of 1.9 billion barrels, which compares to a total of 950 million barrels recovered over the past 70-years from our Lloyd operations, and with current thermal technologies, we expect to extract even greater value from this vast resource in the years to come.

In Western Canada, we began to transition towards oil and gas resource plays at a measured pace. We tested a number of plays within our portfolio and continue to highlight investments in this market. At the forefront, would be our Ansell Gas Resource Play, which is providing good rates of return even with today’s low-gas prices. Production from these resource plays has more than doubled since 2010.

Supporting Western Canada and our Heavy Oil, our downstream business has generated great value for the Company with relatively modest incremental investment. Across this business, we’ve increased the flexibility of the factors we can control, the types of crude we process, the range of products we produce, and the markets we access. We identified a number of quick wins, including additional storage capacity and expanded our pipeline connectivity. I’d remind you that downstream is margin business, it contributed almost half of our net earnings and cash
flow in 2014, and indeed in 2013. In our facilities, we have a strong track record for reliability, running at over 85% capacity in 2014.

Moving on now to our growth areas: The first two fields in the Liwan Gas Project started producing last year and are providing significant cash flow through our fixed-price sales contracts at set volumes. The third field, Liuhua 29-1 will add production with little added cost as we tie-back to existing infrastructure. With the major capital costs behind us, the fields require little additional capital for the next five-years. Let me point out, that Liwan was Husky’s largest project to-date and advanced from discovery to production in just seven-years. This project was recognized as one of the best-in-class offshore developments in the world, last year, and the facility’s operated at 99% reliability in 2014, which is particularly noteworthy, given that it’s a new project.

We’ve also been advancing our development opportunities in Indonesia, in the Madura Strait. We have four projects in the queue, which all benefit from fixed-price contracts at rates significantly higher than those we’re currently seeing in North America. They also require relatively low initial capital investment and once producing, will add to our inventory of projects that require low-ongoing sustaining capital.

We have achieved a major milestone in the Oil Sands with our Sunrise Energy Project, which is now in production. All systems have been filled and we began shipping product in late April. We have currently, over the last several days, been producing 2,500 to 3,000 barrels per day gross with volumes continuing to build. This is yet another example of a low-sustaining capital project with production ramping up to 60,000 barrels a day gross by the end of next year. With our vast resource at Sunrise, we can actually sustain the 60,000 barrels per day volume for the next 170-years.

Finally, in the Atlantic region, we set out to develop a range of new opportunities to stabilize production, which in 2010 was in steep decline. These have included satellite extensions in the Jeanne d’Arc Basin, where we’ve been able to efficiently tie-back new production from our SeaRose processing vessel. Incidentally, the SeaRose had an uptime of 96% in 2014, which is strong reliability by any measure. To maintain the stable production profile, we have a couple of other projects which will come onstream in the coming months, namely the South White Rose and the Hibernia Well.

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As you’re aware, the exploration in the Flemish Pass with our partner has resulted in three discoveries, including Bay du Nord as one of the largest oil discoveries in the world in 2013. Appraisin drilling in the area is underway, this year, and will inform the development of this resource. Our production continues to provide good netbacks even in today’s markets and looking to the future, we see continued running room.

As you’ve already heard, we have top quarter upturns at the refineries, the SeaRose FPSO and indeed, at our Liwan facilities and this has been key to our ability to deliver reliable results in all areas of our business. We have successfully started up two major projects and a series of Heavy Oil thermal projects without a major incident. This wouldn’t have been possible without a heightened focus at Husky on process safety and operational reliability.

We have been steadily reducing the rate of critical and serious incidents and the total recordable incident rate, and we continued to improve on both last year. We recognize that this is an area where our work is never done, but philosophically, at Husky we believe that good safety is good business.

No strategic decisions work without strong financial underpinnings, maintaining a low-level of debt relative to assets is a key driver in our planning process. Even when oil was above a hundred, we kept our debt to capital ratios in the 20% range and we have taken action in the financial markets over the past few months, to strengthen our balance sheet and to provide further flexibility. A clear focus on our balance sheet keeps spending discipline top-of-mind throughout our organization.

So, the question is, how has our balance growth strategy held up to the dramatic collapse in oil prices starting in the second half of last year? Cash flow in 2014 was $5.5 billion compared to $5.2 billion the year before, which translates over the 2010 to 2014 timeframe to a compound annual growth rate of 12%. Net earnings before one-time charges were $2 billion comparable to the year before. Our production in 2014 averaged 340,000 barrels per day, consistent with our annual guidance.

It’s noteworthy that we have hit our guidance in each of the past five-years, and over that period, our production has grown on average by 6.5% per year on a compound basis. Since 2010, we’ve grown our 2P reserves by 31% to over 3 billion barrels of oil equivalent.
A key measure as to whether our strategy is delivering is our relative performance in total shareholder returns and our TSR continues to be strong. Along with the highest dividend yield, we have been one of only two companies in our Canadian peer group since 2010 to deliver share price appreciation.

But, no company is an island unto itself. So, let me take a bird’s eye view of the price volatility in our industry. A year-ago, WTI was almost 99, Brent around 108. In the first quarter of 2015, WTI averaged a little over 48, less than half and the lowest in six years, and Brent was just shy of 54, just about half.

We’ve plotted a few graphs so you can see how each commodity price cycle has its own unique complexion. The constant route that period, which we captured in the first three graphs, is that OPEC has stepped in, in each of the cases, to restore stability to prices. As you can see in the last box, in November 2014, this did not happen for the first time since OPEC was created. I’m not going to speculate about where prices may go, because frankly, I can’t. Our job at Husky is not to prepare for a price turnaround, it is to create a resilient business to withstand what could be a new normal, which could include more pricing volatility.

Given this new dynamic, permit me to give you some insight into our thinking, as we put together our 2015 capital plan of $3.1 billion. Basically, we will pace our projects’ timing to available cash. We were fortunate in that capital costs for our two large projects, namely Liwan and Sunrise, were largely behind us. Our level of spending this year will generate near-term production growth that will offset natural declines across our portfolio and provide for margin from that new production.

We have set our guidance for 2015 to between 325,000 and 355,000 barrels per day. The project’s currently inflight, adding about 85,000 barrels a day of new production by the end of 2015—2016, I should say. We’ve also been finding cost efficiencies and improving margins. Over the past five-years, we’ve saved more than $1.3 billion through procurement initiatives. This year, we set a target of achieving a further $400 million to $600 million in cash savings, and of that $475 million has already been locked in on a run-rate basis.

An initiative that is yielding further positive results is the actual physical integration of our upstream, midstream, and downstream businesses. This integration’s providing higher quality
earnings, in a seamless value chain running from the industry, from the reservoir to the refinery rack. While our production has been growing, just as important is the change in the structure of our production mix. As I said earlier, in 2010 we made a deliberate decision to balance more investment towards low-sustaining capital projects.

At that time, only 8% of our production would fall into that category. Since then, projects like Liwan, Sunrise; our Heavy Oil Thermal developments have come on, boosting that number today to over 23%, and it continues to climb. With our plans well inflight, by 2016 over 40% of our production will come from low-sustaining capital projects, strengthening our ability to withstand periods of low commodity prices.

Looking to the future, in the near-term, as I’ve already said, we have several projects underway that’ll add 85,000 barrels a day of new production by the end of 2016, including the steady ramp up of Sunrise.

In the Atlantic region, production at the South White Rose satellite field and the Hibernia Well will start up soon, and the four new thermal projects that we have inflight will come online by the end of 2016. All the projects we’re advancing, reflect our focus of higher quality, higher margin production with a bias to low-sustaining capital projects or as I say to my colleagues, its production growth with improved margins.

To sum up, our balance growth strategy, underpinned by a strong balance sheet, has not only stood the test of time over the past five-years, it’s passing the test of this distressed pricing environment. Our decision to stay diversified, integrated, and to transition towards a low-sustaining capital business contributes greatly to this resiliency. With this portfolio, we’re able to pace the timing of our projects to the cash available. Our strategy remains unchanged and it continues to be the beacon by which we set our course. Thank you.

JIM GIRGULIS:
Thank you, Asim. The meeting is now open for questions. We have four volunteers in the aisles with microphones. I’d like to remind you that only shareholders or proxy holders are eligible to ask a question. So, before you begin, please introduce yourself and identify if you’re a shareholder or a proxy holder. Thank you. I’d like to invite your questions.
GEORGE MORGAN:
My name’s George Morgan (phon 33:43), shareholder, and it’s a very opaque general question, but it concerns the long-term strategic ownership of the Company. We all know that Mr. Li and Mr. Fok have done a wonderful job in terms of steering the bigger Corporation. The Board is presently tied quite closely, there’s a lot of hutch (phon 34:06), etc, relationships with Husky to the parent, but two/three-years ago and pardon me, if my (inaudible 34:16) there was a sort of a proposition that maybe at some point you might be listed partially in Hong Kong. As I say, perhaps (inaudible 34:25), but could you give us a sense of where that stands? I realize too that you’re probably not going to say much, and least of all, Mr. Li’s likely not going to sell much of the Company now or maybe he’s going to buy it?

CANNING FOK:
Well, thank you very much for your questions. So, number one; I think we have no intentions, we are long-term shareholders after we bought this Company since 1986. So, we are very stable, long-term shareholder and we will continue to hold the shares. I can speak on behalf of the company and Mr. Li. Number two; currently, there’s no plan of listing anything in the next five-years. So, we are quite happy the way it is.

JIM GIRGULIS:
Any other questions?

MALE SPEAKER:
Yes, good morning, Mr. Ghosh. This morning we have a new government in the province of Alberta. You’re having trouble hearing? This morning, we have a new government in the province of Alberta and one of their platform planks is to add more value to production in Alberta, i.e. upgrading and refineries. Not to mention a review in royalties. What would be your response to these two planks, please?

ASIM GHOSH:
Well, let me just speak to the election as a general proposition. You know, we work in multiple jurisdictions. We work with governments across the full spectrum. We have in fact worked with NDP governments before in other provinces that we work in, and from our point of view, our philosophy’s very simple, we’ve been around for 75-years. We worked with governments of all
complexions and will continue to do so. So, we were very encouraged by the moderate comments made by the Premier late yesterday, so it’s business as usual. As to the specific business priorities, frankly, we look at our business in terms of being good corporate citizens that earn a fair return for our shareholders and we will set our policies in terms of our investment—we choose our investment projects in terms of what will give us fair returns for our shareholders. That is how we run our business and nothing changes whether the government changes in that regard.

JIM GIRGULIS:

Any other questions? Ladies and gentlemen, if there are no other questions, this concludes the Annual Meeting of Husky Energy. Thank you for taking the time to come out today.