Husky Energy

News Release

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HUSKY ENERGY'S CAPITAL EXPENDITURES IN 2002

(Calgary, Alberta) Husky Energy Inc. today announced a capital spending plan of $1.4 billion for 2002.

"The 2002 capital expenditures plan is consistent with our strategy for growth and our ongoing commitment to generate greater shareholder value," said John C.S. Lau, President and Chief Executive Officer. "For 2002, our focus on growth and maximizing opportunities will stress a strong degree of financial discipline in a climate of economic challenges."

Husky will invest $1.2 billion in its upstream segment in 2002, including approximately $975 million in Western Canada. Spending will focus on oil and gas production in the B.C. Foothills and Northwest Alberta Plains, where Husky has achieved its lowest operating cost and highest netbacks.

Part of Husky's plan for Western Canada is to accelerate development of its oil sands assets in Northeastern Alberta. Delineation drilling is currently underway in the Athabasca region, and Front End Engineering Design (FEED) will commence in 2002.

Capital expenditures in the frontier and international areas are set at $210 million in 2002. With the development projects at Terra Nova and Wenchang coming on stream in 2002, capital expenditures will be focused on the Wenchang offshore China exploration project and the White Rose development project assuming a leased Floating Production Storage and Offloading facility (FPSO).

The first well in the Far East Block of the Terra Nova Development was successfully drilled in 2001. Pre-drill estimates indicated that the Far East Block may contain in excess of 100 million barrels of reserves. A reserve re-determination for the Far East Block could result in an increase in Husky's participating interest in the Terra Nova project as a whole. Further delineation wells in the Far East Block are planned over the next three years.

Capital expenditure in the midstream segment is expected to total $130 million in 2002. The capital expenditure program of $92 million for the Husky Lloydminster Upgrader includes the capital for de-bottlenecking work as well as the FEED for the expansion. A decision to proceed with the Upgrader expansion will be made following completion of the FEED.

Capital expenditure in the Refined Products segment of $82 million will focus on asset maintenance and optimization. This includes $20 million for the maintenance of refinery and retail assets; $14 million on refinery upgrades; and $40 million on asset optimization including asphalt storage facilities, retail outlets upgrading and technology investment.

A major program in 2002 will be the installation of the Storepoint system, a fully-integrated touch-screen petroleum point-of-sale and pay-at-the-pump solution in 150 Husky/Mohawk retail outlets.

Husky Energy is a Canadian-based integrated energy and energy-related company headquartered in Calgary, Alberta. Husky Energy is publicly traded on the Toronto Stock Exchange under the symbol HSE.

Certain information in this release may contain forward-looking statements. Actual future results may differ materially. Husky's annual report to shareholders and other documents filed with securities regulatory authorities describe the risks, uncertainties and other factors, such as drilling results, business plans, and estimated amounts and timing of capital expenditures that could influence actual results.

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