

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the "Prospectus Supplement") together with the accompanying short form base shelf prospectus dated November 26, 2010 to which it relates, as amended or supplemented (the "Prospectus"), and each document incorporated by reference into this Prospectus Supplement and into the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "Plan of Distribution".

The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") or any state securities laws. Accordingly, the securities may not be offered or sold in the United States of America (as such term is defined in Regulation S under the U.S. Securities Act). See "Plan of Distribution". This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by those persons permitted to sell these securities.

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Legal & Corporate Secretary of Husky Energy Inc., at 707 - 8th Avenue S W., Calgary, Alberta, T2P 1H5, Telephone (403) 298-6111, and are also available electronically at www.sedar.com.

Prospectus Supplement to the Short Form Base Shelf Prospectus Dated November 26, 2010

New Issue

March 11, 2011



HUSKY ENERGY INC.

\$250,000,000

10,000,000 Cumulative Redeemable Rate Reset Preferred Shares, Series 1

Husky Energy Inc. ("Husky") is hereby qualifying the distribution (the "Offering") of 10,000,000 cumulative redeemable preferred shares, series 1 ("Series 1 Preferred Shares") of Husky at a price of \$25.00 per Series 1 Preferred Share. See "Details of the Offering" and "Plan of Distribution".

The holders of Series 1 Preferred Shares will be entitled to receive, as and when declared by the board of directors of Husky out of moneys of Husky properly applicable to the payment of dividends, fixed cumulative preferential cash dividends for the initial period (the "Initial Fixed Rate Period") from and including the date of issue of the Series 1 Preferred Shares to but excluding March 31, 2016, at an annual rate of 4.45% per annum, payable quarterly on the last day of March, June, September and December in each year (less any tax required to be deducted and withheld by Husky). If any such date is not a business day, the dividend will be paid on the next succeeding business day. Assuming an issue date of March 18, 2011, the first dividend, if declared, will be payable June 30, 2011, in the amount of \$0.31699 per share.

For each five-year period after the Initial Fixed Rate Period (each a "Subsequent Fixed Rate Period", as defined herein), the holders of Series 1 Preferred Shares shall be entitled to receive, as and when declared by the board of directors of Husky, fixed cumulative preferential cash dividends, payable quarterly on the last day of March, June, September and December in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by \$25.00 (less any tax required to be deducted and withheld by Husky). The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by Husky on the Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus a spread of 1.73%. This spread will apply to both the Series 1 Preferred Shares and the Series 2 Preferred Shares described below, and remain unchanged over the life of the Series 1 Preferred Shares and the Series 2 Preferred Shares. See "Details of the Offering".

The Series 1 Preferred Shares shall not be redeemable prior to March 31, 2016. On March 31, 2016, and on March 31 in every fifth year thereafter, Husky may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any number of the outstanding Series 1 Preferred Shares by the payment of \$25.00 per Series 1 Preferred Share plus all accrued and unpaid dividends. See "Details of the Offering".

Option to Convert into Series 2 Preferred Shares

The holders of the Series 1 Preferred Shares will have the right to convert all or any of their shares into an equal number of cumulative redeemable preferred shares, series 2 of Husky (the “Series 2 Preferred Shares”), subject to certain conditions, on March 31, 2016 and on March 31 in every fifth year thereafter. The holders of the Series 2 Preferred Shares will be entitled to receive, as and when declared by the board of directors of Husky, quarterly floating rate cumulative preferential cash dividends payable on the last day of March, June, September and December in each year (each such quarterly dividend period is referred to as a “Quarterly Floating Rate Period”, as defined herein) in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year (less any tax required to be deducted and withheld by Husky). If any such date is not a business day, the dividend will be paid on the next succeeding business day. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) plus a spread of 1.73%. See “Details of the Offering”.

The Series 1 Preferred Shares and Series 2 Preferred Shares are series of shares in the same class. The conversion right entitles holders to elect periodically, subject to certain conditions, which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 1 Preferred Shares and Series 2 Preferred Shares are identical in all material respects.

Price: \$25.00 per Series 1 Preferred Share to initially yield 4.45% per annum

	Price to the Public	Underwriters’ Fee ⁽¹⁾	Net Proceeds to Husky ⁽²⁾
Per Series 1 Preferred Share	\$25.00	\$0.75	\$24.25
Total⁽³⁾	\$250,000,000	\$7,500,000	\$242,500,000

Notes:

- (1) The Underwriters’ fee for the Series 1 Preferred Shares is \$0.25 for each share sold to certain institutions by closing of the Offering, and \$0.75 per share for all other Series 1 Preferred Shares purchased by the Underwriters (as defined herein). The Underwriters’ fee indicated in the table and in note 3 below assumes that no Series 1 Preferred Shares are sold to such institutions.
- (2) Before deducting the estimated expenses of the Offering of approximately \$650,000. The expenses of the Offering and the Underwriters’ fee will be paid from the general funds of Husky.
- (3) Husky has granted to the Underwriters an option (the “Underwriters’ Option”), exercisable at any time up to 48 hours prior to the closing time of the Offering on the Offering Closing Date, to purchase up to an additional 2,000,000 Series 1 Preferred Shares at the offering price. If the Underwriters’ Option is exercised in full, the total price to the public, the Underwriters’ fee and the net proceeds to Husky, before expenses of the Offering, will be \$300,000,000, \$9,000,000 and \$291,000,000, respectively. See “Plan of Distribution”. The distribution of the Series 1 Preferred Shares that may be issued on the exercise of the Underwriters’ Option are also qualified under the Prospectus, as supplemented by this Prospectus Supplement.

Underwriters’ Position	Maximum Size or Number of Securities Held	Exercise Period/Acquisition Date	Exercise Price or Average Acquisition Price
Underwriters’ Option	2,000,000	Until 48 hours prior to the closing time for the Offering	\$25.00

There is no market through which the Series 1 Preferred Shares may be sold and purchasers may not be able to resell Series 1 Preferred Shares purchased under this Prospectus Supplement. This may affect the pricing of the Series 1 Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 1 Preferred Shares and the extent of issuer regulation. See “Risk Factors”.

Husky has applied to the Toronto Stock Exchange (the “TSX”) to list the Series 1 Preferred Shares and Series 2 Preferred Shares described in this Prospectus Supplement. Listing will be subject to Husky fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 1 Preferred Shares and Series 2 Preferred Shares will be accepted for listing on the TSX.

It is currently anticipated that the closing date of the Offering (the “Offering Closing Date”) will be on or about March 18, 2011, or such later date as Husky and the Underwriters may agree but in any event not later than April 30, 2011. See “Details of the Offering”.

CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Canaccord Genuity Corp., Macquarie Capital Markets Canada Ltd., FirstEnergy Capital Corp. and Peters & Co. Limited (collectively, the “Underwriters”), as principals, conditionally offer the Series 1 Preferred Shares, subject to prior sale, if, as and when issued by Husky to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters relating to the Offering on behalf of Husky by Borden Ladner Gervais LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book entry only certificates representing the Series 1 Preferred Shares will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Series 1 Preferred Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 1 Preferred Shares are purchased. See “Depository Services”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Preferred Shares at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Series 1 Preferred Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Series 1 Preferred Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series 1 Preferred Shares remaining unsold. Any such reduction will not affect the proceeds received by Husky.** See “Plan of Distribution”.

In the opinion of counsel the Series 1 Preferred Shares, if issued on the date hereof, generally would be qualified investments under *the Income Tax Act* (Canada) (the “Tax Act”) for certain tax-exempt trusts. See “Eligibility for Investment”.

Investing in the Series 1 Preferred Shares involves certain risks. See “Risk Factors” in the accompanying Prospectus and in this Prospectus Supplement.

For the purposes of applicable securities legislation in certain Canadian provinces, we may be considered to be a connected issuer of each of CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc. and HSBC Securities (Canada) Inc., as each are directly or indirectly wholly-owned or majority owned subsidiaries of Canadian chartered banks or financial institutions which have extended credit facilities to us upon which we may draw from time to time. The net proceeds from this Offering may be used to reduce Husky’s indebtedness to such lenders. See “Use of Proceeds” and “Relationship Between our Bankers and the Underwriters”.

TABLE OF CONTENTS

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS.....	S-4
DOCUMENTS INCORPORATED BY REFERENCE	S-4
FORWARD-LOOKING INFORMATION.....	S-5
USE OF PROCEEDS	S-8
CHANGES IN CONSOLIDATED CAPITALIZATION.....	S-8
DETAILS OF THE OFFERING	S-8
DEPOSITORY SERVICES.....	S-16
CREDIT RATINGS	S-16
EARNINGS COVERAGE RATIOS.....	S-17
PLAN OF DISTRIBUTION.....	S-17
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	S-18
ELIGIBILITY FOR INVESTMENT.....	S-21
MARKET FOR COMMON SHARES	S-21
RELATIONSHIP BETWEEN OUR BANKERS AND THE UNDERWRITERS	S-22
RISK FACTORS	S-22
LEGAL MATTERS	S-24
EXPERTS.....	S-24
TRANSFER AGENT AND REGISTRAR.....	S-24
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	S-24
CONSENT OF KPMG LLP.....	S-25
CERTIFICATE OF THE UNDERWRITERS.....	S-26

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Series 1 Preferred Shares Husky is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Series 1 Preferred Shares offered hereunder.

Prospective investors should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. Husky has not, and the Underwriters have not, authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. Husky is offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. This Prospectus Supplement and the Prospectus, as well as information Husky has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated herein and in the Prospectus by reference, is accurate as of their respective dates only. Husky's business, financial condition, results of operations and prospects may have changed since those dates.

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to “dollars” or “\$” are to lawful currency of Canada. Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus Supplement and the Prospectus is determined using Canadian generally accepted accounting principles which are in effect from time to time. Unless otherwise specified or the context otherwise indicates, all references in this Prospectus Supplement to “Husky”, “we”, “us” and “our” mean Husky Energy Inc. and its subsidiaries, partnership or trust interests and joint venture investments.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed, as of the date hereof, to be incorporated by reference into the Prospectus only for the purposes of the distribution of the Series 1 Preferred Shares offered hereby. Other

documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details. See “Documents Incorporated by Reference” in the Prospectus.

The following documents, which have been filed with the securities commission or similar authority in each of the provinces of Canada are specifically incorporated by reference in and form an integral part of the Prospectus:

- our audited consolidated financial statements for the year ended December 31, 2010, including the notes thereto and the auditor’s report thereon;
- our Management’s Discussion and Analysis for the year ended December 31, 2010;
- our Annual Information Form dated March 8, 2011;
- our Management Information Circular dated March 1, 2010 relating to the annual meeting of our shareholders held on April 20, 2010; and
- our Management Information Circular dated January 31, 2011 relating to the special meeting of our shareholders held on February 28, 2011.

Any documents of the type required to be incorporated by reference in a short form prospectus pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* of the Canadian Securities Administrators, including any of the type referred to above, and any material change reports (excluding confidential material change reports) and business acquisition reports subsequently filed by us with the securities commission or similar authority in each of the provinces of Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement. These documents are available through the Canadian System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com.

Any statement contained in the Prospectus or this Prospectus Supplement, or in a document incorporated, or deemed to be incorporated, by reference in the Prospectus or this Prospectus Supplement shall be deemed to be modified or superseded, for purposes of the Prospectus and this Prospectus Supplement, to the extent that a statement contained in the Prospectus or this Prospectus Supplement or in any subsequently filed document that also is, or is deemed to be, incorporated by reference in the Prospectus and this Prospectus Supplement, modifies or supersedes such statement. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of the Prospectus and this Prospectus Supplement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes.

FORWARD-LOOKING INFORMATION

This Prospectus Supplement and the Prospectus contain certain forward-looking information within the meaning of applicable Canadian securities legislation relating, but not limited, to our operations, anticipated financial performance, business prospects and strategies and which are based on our current expectations, estimates, projections and assumptions and were made by us in light of our experience and our perception of historical trends. All statements that address expectations or projections about the future, including statements about our strategy for growth, expected expenditures, commodity prices, costs, schedules and production volumes, operating or financial results, are forward-looking information. Some of the forward-looking information may be identified by words like “expects”, “anticipates”, “estimated”, “plans”, “intends”, “believes”, “projects”, “indicates”, “could”, “vision”, “goal”, “objective” and similar expressions. In addition, statements relating to reserves are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and can be profitably produced in the future.

Although we believe that the expectations reflected by the forward-looking information presented in this Prospectus Supplement and the Prospectus are reasonable, our forward-looking information is 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 information has been acquired from various sources including third party consultants, suppliers, regulators and other sources. In some instances, material assumptions are disclosed elsewhere in this Prospectus Supplement and the Prospectus in respect of forward-looking information. We caution the reader that the following list of assumptions is not exhaustive. The material factors and assumptions used to develop the forward-looking information include but are not limited to:

- no significant adverse changes to energy markets, competitive conditions, the supply and demand for crude oil, natural gas, natural gas liquids and refined petroleum products, or the political, economic and social stability of the jurisdictions in which we operate;
- no significant delays in the development, construction or commissioning of our projects that may result from the inability of suppliers to meet their commitments, lack of regulatory approvals or other governmental actions, harsh weather or other calamitous event;
- no significant disruption of our operations such as may result from harsh weather, natural disaster, accident, civil unrest or other calamitous event;
- no significant unexpected technological or commercial difficulties that adversely affect our exploration, development, production, processing or transportation;
- continuing availability of economical capital resources;
- demand for our products and our cost of operations;
- no significant adverse legislative and regulatory changes, in particular changes to the legislation and regulation governing fiscal regimes and environmental issues;
- the environmental risks and liability under provincial/state, federal or other jurisdictions;
- stability of general domestic and global economic, market and business conditions; and
- no significant increase in the cost of our major growth projects.

Our business is subject to risks and uncertainties, some of which are similar to other oil and natural gas companies and some of which are unique to us. Our actual results may differ materially from those expressed or implied by our forward-looking information as a result of known and unknown risks, uncertainties and other factors. You are cautioned not to place undue reliance on our forward-looking information. By its nature, forward-looking information involves numerous inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predicted outcomes will not occur. The risks, uncertainties and other factors, many of which are beyond our control, that could influence our actual results include, but are not limited to:

- the prices we receive for our crude and natural gas production and refined petroleum products;
- demand for our products and our cost of operations;
- our ability to replace our proved oil and gas reserves in a cost effective manner;
- the effect of weather and other environmental conditions;
- inability to obtain regulatory approvals to operate existing properties or develop significant growth projects;

- competitive actions of other companies, including increased competition from other oil and gas companies;
- business interruptions because of unexpected events such as fires, blowouts, freeze-ups, equipment failures and other similar events affecting us or other parties whose operations or assets directly or indirectly affect us and that may or may not be financially recoverable;
- fluctuations in interest rates and foreign currency exchange rates;
- actions by governmental authorities, including changes in environmental and other regulations that may impose operating costs or restrictions in areas where we operate; and
- the inability to reach our estimated production levels from existing and future oil and gas development projects as a result of technological, commercial difficulties or other risk factors.

We caution that the foregoing list of important factors is not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information. You should also carefully consider the matters discussed under “Risk Factors” included in and incorporated by reference into the Prospectus and in this Prospectus Supplement. Except as required by applicable securities laws, we undertake no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

The net proceeds to Husky from the Offering will be approximately \$242,500,000 after deducting the Underwriters' fee of \$7,500,000 and before deducting expenses of the Offering. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of Husky. The net proceeds of the Offering, will be used for repayment of existing indebtedness (which was used to fund the Husky capital program), capital expenditures, corporate and asset acquisitions and for general corporate purposes. Husky may invest funds that it does not immediately require in short-term marketable debt securities.

CHANGES IN CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of Husky on a consolidated basis from December 31, 2010 to the date of this Prospectus Supplement. After giving effect to the Offering, the shareholders' equity of Husky will increase by the amount of the net proceeds of the Offering and there will be 10,000,000 Series 1 Preferred Shares issued and outstanding. In the event of the exercise in full of the Underwriters' Option, the shareholders' equity of Husky will increase by an additional \$50,000,000 and the number of issued and outstanding Series 1 Preferred Shares will increase by an additional 2,000,000 shares. After giving effect to the Offering and the use of proceeds as discussed herein, assuming such funds are initially used to pay down indebtedness, the indebtedness of Husky under its credit facilities will be reduced by approximately \$242,500,000 (assuming no institutional sales of Series 1 Preferred Shares and assuming the Underwriters' Option is not exercised).

DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the preferred shares of Husky as a class ("Preferred Shares") and to be attached to the Series 1 Preferred Shares. Husky will furnish on request a copy of the text of the provisions attaching to the First Preferred Shares as a class and the Series 1 Preferred Shares as a series and such provisions will also be available on SEDAR at www.sedar.com.

Definition of Terms

The following definitions are relevant to the Series 1 Preferred Shares.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 1.73%.

"Business Day" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

"Dividend Payment Date" means the last day of March, June, September and December in each year, provided that if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day.

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 1.73%.

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen

GCAN5YR <Index> Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR <Index> Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to Husky by two registered Canadian investment dealers selected by Husky as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars, at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the date of issue of the Series 1 Preferred Shares to but excluding March 31, 2016.

“**Quarterly Commencement Date**” means the last day of March, June, September and December in each year, commencing March 31, 2016.

“**Quarterly Floating Rate Period**” means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date.

“**Series 1 Conversion Date**” means March 31, 2016, and March 31 in every fifth year thereafter.

“**Series 2 Conversion Date**” means March 31, 2021, and March 31 in every fifth year thereafter.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period from and including March 31, 2016 to but excluding March 31, 2021, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding March 31 in the fifth year thereafter.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Certain Provisions of the Preferred Shares as a Class

The Preferred Shares as a class have attached thereto the rights, privileges, restrictions and conditions set forth below.

The Preferred Shares may from time to time be issued in one or more series, and the board of directors may fix from time to time before such issue the number of Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provision.

The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of Husky, whether voluntary or involuntary, or any other return of capital or distribution of the assets of Husky amongst its shareholders for the purpose of winding up its affairs, be entitled to preference over the common shares of Husky and over any other shares of Husky ranking by their terms junior to the Preferred Shares of that series. The Preferred Shares of any series may also be given such other preferences over the common shares of Husky and any other such Preferred Shares.

If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.

Certain Provisions of the Series 1 Preferred Shares

Issue Price

The Series 1 Preferred Shares will have an issue price of \$25.00 per share.

Dividends on Series 1 Preferred Shares

During the Initial Fixed Rate Period, the holders of the Series 1 Preferred Shares shall be entitled to receive and Husky shall pay, as and when declared by the board of directors, out of the moneys of Husky properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of 4.45% per annum, payable quarterly on each Dividend Payment Date in each year. The first dividend, if declared, shall be payable on June 30, 2011, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$0.31699 by the number of days in the period from and including the date of issue of the Series 1 Preferred Shares to but excluding June 30, 2011, and dividing that product by 365 (less any tax required to be deducted and withheld by Husky).

During each Subsequent Fixed Rate Period, the holders of the Series 1 Preferred Shares shall be entitled to receive and Husky shall pay, as and when declared by the board of directors, out of the moneys of Husky properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00 (less any tax required to be deducted and withheld by Husky).

On each Fixed Rate Calculation Date, Husky shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon Husky and upon all holders of Series 1 Preferred Shares. Husky shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 1 Preferred Shares.

Redemption of Series 1 Preferred Shares

The Series 1 Preferred Shares shall not be redeemable prior to March 31, 2016. Subject to the provisions described under “Restrictions on Payments and Reductions of Capital”, on March 31, 2016, and on March 31 in every fifth year thereafter, Husky may, at its option, redeem all or any part of the Series 1 Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by Husky). If any such date is not a Business Day, the redemption date will be the next succeeding Business Day.

Notice of any redemption of Series 1 Preferred Shares will be given by Husky not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 1 Preferred Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of Husky or the transfer agent, if any, appointed by Husky in respect of such shares shall decide, or, if the board of directors of Husky so decides, such shares may be redeemed pro rata (disregarding fractions).

Conversion of Series 1 Preferred Shares into Series 2 Preferred Shares

The Series 1 Preferred Shares shall not be convertible prior to March 31, 2016. Holders of Series 1 Preferred Shares shall have the right to convert on each Series 1 Conversion Date, subject to restrictions on conversion described below, all or any of their Series 1 Preferred Shares into Series 2 Preferred Shares on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share. Notice of a holder's intention to convert Series 1 Preferred Shares must be received by the transfer agent and registrar for the Series 1 Preferred Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 1 Conversion Date. Once received by the transfer agent and registrar on behalf of Husky, the election of a holder to convert is irrevocable.

Husky shall, not more than 60 days and not less than 30 days prior to the applicable Series 1 Conversion Date, give notice to the then registered holders of the Series 1 Preferred Shares of the conversion right. On the 30th

day prior to each Series 1 Conversion Date, Husky shall give notice to the then registered holders of the Series 1 Preferred Shares of the Annual Fixed Dividend Rate for the Series 1 Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 2 Preferred Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 1 Preferred Shares shall not be entitled to convert their shares into Series 2 Preferred Shares if Husky determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 2 Preferred Shares, after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares. Husky shall give notice thereof to all affected registered holders of the Series 1 Preferred Shares at least seven days prior to the applicable Series 1 Conversion Date. Furthermore, if Husky determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 1 Preferred Shares, after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares, then all of the remaining outstanding Series 1 Preferred Shares shall be converted automatically into Series 2 Preferred Shares on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share on the applicable Series 1 Conversion Date and Husky shall give notice thereof to the then registered holders of such remaining Series 1 Preferred Shares at least seven days prior to the Series 1 Conversion Date.

Husky reserves the right not to deliver Series 2 Preferred Shares to any person that Husky or its transfer agent has reason to believe is a person whose address is in, or that Husky or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require Husky to take any action to comply with the securities laws of such jurisdiction.

If Husky gives notice to the holders of the Series 1 Preferred Shares of the redemption of all of the Series 1 Preferred Shares, the right of a holder of Series 1 Preferred Shares to convert such Series 1 Preferred Shares shall terminate and Husky shall not be required to give notice to the registered holders of the Series 1 Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 1 Preferred Shares.

The Series 1 Preferred Shares and Series 2 Preferred Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two Series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights, redemption rights and conversion rights attached thereto, the Series 1 Preferred Shares and Series 2 Preferred Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under “Restrictions on Payments and Reductions of Capital”, Husky may at any time or times purchase for cancellation all or any part of the Series 1 Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors of Husky, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Husky or any other distribution of assets of Husky among its shareholders for the purpose of winding up its affairs, the holders of the Series 1 Preferred Shares shall be entitled to receive \$25.00 per Series 1 Preferred Share plus all accrued and unpaid dividends thereon (less any tax required to be deducted and withheld by Husky) before any amount shall be paid or any property or assets of Husky shall be distributed to the holders of Husky’s common shares or to the holders of any other shares ranking junior to the Series 1 Preferred Shares in any respect. After payment to the holders of the Series 1 Preferred Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of Husky.

Restrictions on Payments and Reductions of Capital

So long as any Series 1 Preferred Shares are outstanding, Husky shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 1 Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 1 Preferred Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of Husky ranking junior to the Series 1 Preferred Shares) on the Common Shares or any other shares of Husky ranking junior to the Series 1 Preferred Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce stated capital maintained by Husky or otherwise pay off any shares of Husky ranking junior to the Series 1 Preferred Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 1 Preferred Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 1 Preferred Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series 1 Preferred Shares are outstanding, Husky shall not, without the prior approval of the holders of the Series 1 Preferred Shares, create or issue any shares ranking prior to the Series 1 Preferred Shares with respect to repayment of capital or payment of dividends, provided that Husky may without such approval issue additional series of Preferred Shares on a parity with the Series 1 Preferred Shares if all dividends then payable on the Series 1 Preferred Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series 1 Preferred Shares are not entitled to any voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 1 Preferred Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive. Until all arrears of dividends have been paid, holders of Series 1 Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 1 Preferred Share held with respect to resolutions to elect directors.

Tax Election

The Series 1 Preferred Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 1 Preferred Shares. The terms of the Series 1 Preferred Shares require Husky to make the necessary election under Part VI. 1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 1 Preferred Shares. See "Certain Canadian Federal Income Tax Considerations - Dividends".

Modification

The series provisions attaching to the Series 1 Preferred Shares may be amended with the written approval of all the holders of the Series 1 Preferred Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose and at which a quorum is present.

Business Day

If any day on which any dividend on the Series 1 Preferred Shares is payable by Husky or on or by which any other action is required to be taken by Husky is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, "business day" shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

Certain Provisions of the Series 2 Preferred Shares

Issue Price

The Series 2 Preferred Shares will be issuable only upon conversion of Series 1 Preferred Shares and will have an ascribed issue price of \$25.00 per share.

Dividends on Series 2 Preferred Shares

During each Quarterly Floating Rate Period, the holders of the Series 2 Preferred Shares shall be entitled to receive and Husky shall pay, as and when declared by the board of directors, out of the moneys of Husky properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year (less any tax required to be deducted and withheld by Husky).

On each Floating Rate Calculation Date, Husky shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon Husky and upon all holders of Series 2 Preferred Shares. Husky shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 2 Preferred Shares.

Redemption of Series 2 Preferred Shares

Subject to the provisions described under “Restrictions on Payments and Reductions of Capital”, Husky may redeem all or any part of the Series 2 Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to (i) \$25.00 in the case of redemptions on any Series 2 Conversion Date on or after March 31, 2021, or (ii) \$25.50 in the case of redemptions on any date after March 31, 2016 that is not a Series 2 Conversion Date, in each case plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by Husky). If any such date is not a Business Day, the redemption date will be the next succeeding Business Day.

Notice of any redemption of Series 2 Preferred Shares will be given by Husky not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 2 Preferred Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of Husky or the transfer agent, if any, appointed by Husky in respect of such shares shall decide, or, if the board of directors of Husky so decides, such shares may be redeemed pro rata (disregarding fractions).

Conversion of Series 2 Preferred Shares into Series 1 Preferred Shares

The Series 2 Preferred Shares shall not be convertible prior to March 31, 2021. Holders of Series 2 Preferred Shares shall have the right to convert on each Series 2 Conversion Date, subject to restrictions on conversion described below, all or any of their Series 2 Preferred Shares into Series 1 Preferred Shares on the basis of one Series 1 Preferred Share for each Series 2 Preferred Share. Notice of a holder’s intention to convert Series 2 Preferred Shares must be received by the transfer agent and registrar for the Series 2 Preferred Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 2 Conversion Date. Once received by the transfer agent and registrar on behalf of Husky, the election of a holder to convert is irrevocable.

Husky shall, not more than 60 days and not less than 30 days prior to the applicable Series 2 Conversion Date, give notice to the then registered holders of the Series 2 Preferred Shares of the conversion right. On the 30th day prior to each Series 2 Conversion Date, Husky shall give notice to the then registered holders of the Series 2 Preferred Shares of the Annual Fixed Dividend Rate for the Series 1 Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 2 Preferred Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 2 Preferred Shares shall not be entitled to convert their shares into Series 1 Preferred Shares if Husky determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 1 Preferred Shares, after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares. Husky shall give notice thereof to all affected registered holders of the Series 2 Preferred Shares at least seven days prior to the applicable Series 2 Conversion Date. Furthermore, if Husky determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 2 Preferred Shares, after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares, then all of the remaining outstanding Series 2 Preferred Shares shall be converted automatically into Series 1 Preferred Shares on the basis of one Series 1 Preferred Share for each Series 2 Preferred Share on the applicable Series 2 Conversion Date and Husky shall give notice thereof to the then registered holders of such remaining Series 2 Preferred Shares at least seven days prior to the Series 2 Conversion Date.

Husky reserves the right not to deliver Series 1 Preferred Shares to any person that Husky or its transfer agent has reason to believe is a person whose address is in, or that Husky or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require Husky to take any action to comply with the securities laws of such jurisdiction.

If Husky gives notice to the holders of the Series 2 Preferred Shares of the redemption of all of the Series 2 Preferred Shares, the right of a holder of Series 2 Preferred Shares to convert such Series 2 Preferred Shares shall terminate and Husky shall not be required to give notice to the registered holders of the Series 2 Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 2 Preferred Shares.

The Series 1 Preferred Shares and Series 2 Preferred Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights, redemption rights and conversion rights attached thereto, the Series 1 Preferred Shares and Series 2 Preferred Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under “Restrictions on Payments and Reductions of Capital”, Husky may at any time or times purchase for cancellation all or any part of the Series 2 Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors of Husky, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Husky or any other distribution of assets of Husky among its shareholders for the purpose of winding up its affairs, the holders of the Series 2 Preferred Shares shall be entitled to receive \$25.00 per Series 2 Preferred Share plus all accrued and unpaid dividends thereon (less any tax required to be deducted and withheld by Husky) before any amount shall be paid or any property or assets of Husky shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 2 Preferred Shares in any respect. After payment to the holders of the Series 2 Preferred Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property, or assets of Husky.

Restrictions on Payments and Reductions of Capital

So long as any Series 2 Preferred Shares are outstanding, Husky shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 2 Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 2 Preferred Shares with respect to payment of dividends,

- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of Husky ranking junior to the Series 2 Preferred Shares) on the Common Shares or any other shares of Husky ranking junior to the Series 2 Preferred Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce stated capital maintained by Husky or otherwise pay off any shares of Husky ranking junior to the Series 2 Preferred Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 2 Preferred Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 2 Preferred Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series 2 Preferred Shares are outstanding, Husky shall not, without the prior approval of the holders of the Series 2 Preferred Shares, create or issue any shares ranking prior to or on parity with the Series 2 Preferred Shares with respect to repayment of capital or payment of dividends, provided that Husky may without such approval issue additional series of Preferred Shares on a parity with the Series 2 Preferred Shares if all dividends then payable on the Series 2 Preferred Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series 2 Preferred Shares are not entitled to any voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 2 Preferred Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive. Until all arrears of dividends have been paid, holders of Series 2 Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 2 Preferred Share held with respect to resolutions to elect directors.

Tax Election

The Series 2 Preferred Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 2 Preferred Shares. The terms of the Series 2 Preferred Shares require Husky to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 2 Preferred Shares. See "Certain Canadian Federal Income Tax Considerations - Dividends".

Modification

The series provisions attaching to the Series 2 Preferred Shares may be amended with the written approval of all the holders of the Series 2 Preferred Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose and at which a quorum is present.

Business Day

If any day on which any dividend on the Series 2 Preferred Shares is payable by Husky or on or by which any other action is required to be taken by Husky is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, "business day" shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

DEPOSITORY SERVICES

The Series 1 Preferred Shares and Series 2 Preferred Shares will be issued in “book entry only” form and must be purchased or transferred through a participant in the CDS depository service (“CDS Participant”). Husky will cause a global certificate or certificates representing newly issued Series 1 Preferred Shares or Series 2 Preferred Shares to be delivered to, and registered in the name of, CDS or its nominees. All rights of holders of Series 1 Preferred Shares or Series 2 Preferred Shares must be exercised through, and all payments or other property to which such holder of Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, is entitled, will be made or delivered by CDS or the CDS participant through which the holder of Series 1 Preferred Shares or Series 2 Preferred Shares holds such shares. Each person who acquires Series 1 Preferred Shares or Series 2 Preferred Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series 1 Preferred Shares or Series 2 Preferred Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Series 1 Preferred Shares or Series 2 Preferred Shares.

The ability of a beneficial owner of Series 1 Preferred Shares or Series 2 Preferred Shares to pledge such shares or otherwise take action with respect to such owner’s interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Husky has the option to terminate registration of the Series 1 Preferred Shares and Series 2 Preferred Shares through the book entry only system, in which event certificates for Series 1 Preferred Shares and Series 2 Preferred Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither Husky nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 1 Preferred Shares or Series 2 Preferred Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 1 Preferred Shares or Series 2 Preferred Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this Prospectus Supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series 1 Preferred Shares or Series 2 Preferred Shares must look solely to CDS Participants for payments made by or on behalf of Husky to CDS in respect of the Series 1 Preferred Shares or Series 2 Preferred Shares.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) CDS advises Husky that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 1 Preferred Shares or Series 2 Preferred Shares and Husky is unable to locate a qualified successor, or (iv) Husky, at its option, decides to terminate the book entry only system, then certificates representing the Series 1 Preferred Shares and Series 2 Preferred Shares as applicable, will be made available.

CREDIT RATINGS

The Series 1 Preferred Shares have been rated Pfd-2 (low) by DBRS Limited (“DBRS”) and P-2 (Low) by Standard & Poor’s (“S&P”) (DBRS and S&P are each a “Rating Agency”). The rating outlook from DBRS is stable. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies’ ratings for preferred shares range from a high of Pfd-1 to a low of Pfd-5 for DBRS and from a high of P-1 to a low of C for S&P.

According to the DBRS rating system, securities rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as higher rated companies. “High” or “low” grades are used to indicate the relative standing within a rating category. The absence of either a “high” or “low” designation indicates the rating is in the “middle” of the category.

According to the S&P rating system, securities rated P-2 exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the

obligor to meet its financial commitment on the obligation. The ratings from P-1 to C may be modified by “high”, “mid” and “low” grades which indicate relative standing within the major rating categories.

The credit ratings accorded to the Series 1 Preferred Shares by the Rating Agencies are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and are not recommendations to purchase, hold or sell the securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. The credit ratings assigned to the Series 1 Preferred Shares may not reflect the potential impact of all risks on the value of the Series 1 Preferred Shares. Any rating may not remain in effect for any given period of time or may be revised or withdrawn entirely by a Rating Agency in the future if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, we are under no obligation to update this Prospectus Supplement. The lowering of any rating of the Series 1 Preferred Shares may negatively affect the quoted market price, if any, of such shares.

EARNINGS COVERAGE RATIOS

The following consolidated earnings coverage ratio is calculated for the twelve month period ended December 31, 2010 based on audited financial information. The earnings coverage ratio gives pro forma effect to the issuance of the Series 1 Preferred Shares pursuant to this Prospectus Supplement (other than the Series 1 Preferred Shares issuable pursuant to the Underwriters’ Option). The earnings coverage ratio set forth below is not indicative of earnings coverage ratios for any future periods.

	December 31, 2010
Earnings Coverage.....	<u>7.1 times</u>

Husky’s dividend requirements on its Preferred Shares, after giving effect to the issue of the Series 1 Preferred Shares to be distributed under this Prospectus Supplement, and adjusted to a before-tax equivalent using an effective income tax rate of 25%, amounted to approximately \$15 million for the 12 months ended December 31, 2010. Husky’s interest requirements for the 12 months then ended amounted to approximately \$232 million. Husky’s earnings before interest and income tax for the 12 months ended December 31, 2010 were approximately \$1,760 million, which is 7.1 times Husky’s aggregate dividend and interest requirements for this period.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “Underwriting Agreement”) dated March 11, 2011 between Husky and the Underwriters, Husky has agreed to sell an aggregate of 10,000,000 Series 1 Preferred Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from Husky, as principal, such Series 1 Preferred Shares at a price of \$25.00 per Series 1 Preferred Share payable in cash against delivery on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, Husky will pay the Underwriters a fee of \$0.25 per Series 1 Preferred Share issued and sold by Husky to certain institutions, and \$0.75 per Series 1 Preferred Share for all other Series 1 Preferred Shares issued and sold by Husky as part of the Offering, for an aggregate fee payable by Husky of \$7,500,000, assuming that no Series 1 Preferred Shares are sold to such institutions. The Underwriters’ fee is payable on the Offering Closing Date.

Husky has granted to the Underwriters an option that is exercisable at any time up to 48 hours prior to the time of closing of the Offering on the Offering Closing Date to purchase up to an additional 2,000,000 Series 1 Preferred Shares at a price of \$25.00 per Series 1 Preferred Share. If the Underwriters’ Option is exercised in full, the total price to the public, the Underwriters’ fee and the net proceeds to Husky, before expenses and assuming that no Series 1 Preferred Shares are sold to certain institutions, will be \$300,000,000, \$9,000,000 and \$291,000,000, respectively. The distribution of the Series 1 Preferred Shares to be issued on the exercise of the Underwriters’ Option are also qualified under the Prospectus, as supplemented by the Prospectus Supplement.

The terms of the Offering were established through negotiations between Husky and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. If an

Underwriter fails to purchase the Series 1 Preferred Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 1 Preferred Shares, provided that, if the aggregate number of Series 1 Preferred Shares not purchased is less than or equal to 5% of the aggregate number of Series 1 Preferred Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series 1 Preferred Shares not taken up, on a pro rata basis or as they may otherwise agree as between themselves. The Underwriting Agreement also provides that Husky will indemnify the Underwriters and their respective directors, officers, employees and agents accepted by Husky against certain liabilities and expenses.

The Underwriters propose to offer the Series 1 Preferred Shares initially at the public offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Series 1 Preferred Shares offered by this Prospectus Supplement at the price specified herein, the offering price may be decreased and may be further changed from time to time to an amount not greater than \$25.00. In the event the offering price of the Series 1 Preferred Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series 1 Preferred Shares is less than the gross proceeds paid by the Underwriters to Husky for the Series 1 Preferred Shares. Any such reduction will not affect the proceeds received by Husky.

Subscriptions for Series 1 Preferred Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

Husky has applied to the TSX to list the Series 1 Preferred Shares and the Series 2 Preferred Shares. Listing will be subject to Husky fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 1 Preferred Shares and the Series 2 Preferred Shares will be accepted for listing on the TSX.

Husky has agreed that, subject to certain exceptions, it shall not issue or agree to issue any preferred shares or other securities convertible into, or exchangeable for, preferred shares prior to 90 days after the Offering Closing Date without the prior consent of CIBC World Markets Inc., RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc. on behalf of the Underwriters, which consent shall not be unreasonably withheld.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 1 Preferred Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 1 Preferred Shares. Those exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Preferred Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Series 1 Preferred Shares offered hereby have not been, and will not be, registered under the *U.S. Securities Act*, or any state securities laws, and may not be offered or sold within the United States absent registration or pursuant to an applicable exemption from the registration requirements of the *U.S. Securities Act*, and applicable state securities laws.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to Husky, and McCarthy Tétrault LLP, counsel to the Underwriters, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series 1 Preferred Shares pursuant to this Prospectus Supplement (a "Holder") who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series 1 Preferred Shares and will hold the Series 2 Preferred Shares, as applicable, as capital property, deals at arm's length and is not affiliated with Husky or the Underwriters, and is not exempt from tax under Part 1 of the Tax Act. Generally, the Series 1 Preferred Shares or Series 2 Preferred Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business and has not acquired them in one or more transactions considered to be

an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series 1 Preferred Shares or Series 2 Preferred Shares as capital property may, in certain circumstances, be entitled to have them and every other “Canadian security” (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do not hold their Series 1 Preferred Shares or will not hold their Series 2 Preferred Shares, as applicable, as capital property should consult their own tax advisers with respect to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution”, as defined in the Tax Act for the purpose of the “mark-to-market property” rules; (ii) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” as defined in the Tax Act that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm’s length, in the aggregate dividends in respect of more than 10% of the Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, outstanding at the time the dividend is received; or (iv) which has made a “functional currency” election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency. Any such Holder should consult its own tax advisors with respect to an investment in the Series 1 Preferred Shares or Series 2 Preferred Shares. This summary assumes that the Series 1 Preferred Shares and Series 2 Preferred Shares will be listed on a designated stock exchange in Canada (which currently includes the TSX) at all relevant times.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the “Regulations”), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposals”) and counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed; however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of Series 1 Preferred Shares or Series 2 Preferred Shares. No representations are made with respect to the income tax consequences to any particular Holder. Consequently, prospective Holders should consult their own tax advisers with respect to their particular circumstances for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series 1 Preferred Shares or Series 2 Preferred Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Dividends

Dividends (including deemed dividends) received (or deemed to be received) on the Series 1 Preferred Shares or the Series 2 Preferred Shares, as the case may be, by an individual (other than certain trusts) will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Individuals are entitled to an enhanced gross-up and dividend tax credit in respect of “eligible dividends” received from taxable Canadian corporations, such as Husky, if such dividends have been designated as eligible dividends by Husky at or before the time of payment in accordance with the Tax Act. By notice on Husky’s website, Husky has designated all dividends paid by Husky after December 31, 2005 to be “eligible dividends” within the meaning of the Tax Act unless otherwise notified.

Dividends received by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax.

Dividends (including deemed dividends) received on the Series 1 Preferred Shares or the Series 2 Preferred Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder’s income and will generally be deductible in computing the Holder’s taxable income. A “private corporation”, as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33½% refundable tax under Part IV of the Tax Act on dividends received (or

deemed to be received) on the Series 1 Preferred Shares or the Series 2 Preferred Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

The Series 1 Preferred Shares and the Series 2 Preferred Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 1 Preferred Shares and the Series 2 Preferred Shares require Husky to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 1 Preferred Shares or the Series 2 Preferred Shares.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 1 Preferred Shares or Series 2 Preferred Shares (on the redemption of such shares or other acquisition by Husky but not including on a conversion of Series 1 Preferred Shares into Series 2 Preferred Shares or a conversion of Series 2 Preferred Shares into Series 1 Preferred Shares) will generally realize a capital gain (or a capital loss) to the extent that the Holder’s proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by Husky of Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, will generally not be included in computing the Holder’s proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be. See “Redemption” below.

If the Holder is a corporation, any capital loss arising on a disposition of Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends, which have been received (or deemed to be received) on the Series 1 Preferred Shares or Series 2 Preferred Shares to the extent and in the manner provided for in the Tax Act. Analogous rules apply where the Series 1 Preferred Shares or Series 2 Preferred Shares are owned by a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. Such Holders should consult their own advisors.

Generally, one-half of any capital gain will be included in computing the Holder’s income in the year of disposition as a taxable capital gain and one-half of any capital loss (an “allowable capital loss”) realized in the year must be deducted from the Holder’s taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains of the Holder for a taxation year generally may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other taxation years in accordance with the rules in the Tax Act. Capital gains realized by an individual may give rise to a liability for alternative minimum tax. A “Canadian-controlled private corporation”, as defined in the Tax Act, may be subject to an additional refundable tax at a rate of 6²/₃% on their “aggregate investment income” (which is defined in the Tax Act to include an amount in respect of taxable capital gains, but not dividends or deemed dividends that are deductible in computing taxable income).

Redemption

If Husky redeems Series 1 Preferred Shares or Series 2 Preferred Shares, or otherwise acquires or cancels Series 1 Preferred Shares or Series 2 Preferred Shares (other than by a purchase by Husky of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by Husky in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid by Husky and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Dispositions” above. In the case of a corporate Holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of Series 1 Preferred Shares into Series 2 Preferred Shares and the conversion of Series 2 Preferred Shares into Series 1 Preferred Shares pursuant to the exercise of the conversion privilege will not

constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series 2 Preferred Shares or the Series 1 Preferred Shares, as the case may be, received on the conversion will be deemed to be equal to the Holder's adjusted cost base to such Holder of the converted Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, immediately before conversion. The adjusted cost base of all Series 1 Preferred Shares or Series 2 Preferred Shares held by the Holder will be determined in accordance with *the cost averaging rules* in the Tax Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to Husky and McCarthy Tétrault LLP, counsel to the Underwriters, the Series 1 Preferred Shares offered hereby, if issued on the date hereof, generally would be qualified investments under the Tax Act and the regulations thereunder for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account ("TFSA"). Notwithstanding the foregoing, if the Series 1 Preferred Shares are a "prohibited investment" for purposes of the Tax Act, a holder will be subject to a tax on the Series 1 Preferred Shares held in a TFSA as set out in the Tax Act. The Series 1 Preferred Shares will not be a "prohibited investment" for a TFSA provided that the holder of the TFSA deals at arm's length with Husky for purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act) in Husky or in any corporation, partnership or trust with which Husky does not deal at arm's length for purposes of the Tax Act.

Prospective investors who intend to hold Series 1 Preferred Shares in their TFSA should consult their own tax advisors regarding their particular circumstances.

MARKET FOR COMMON SHARES

Our common shares are listed and posted for trading on the TSX under the trading symbol "HSE".

The following table discloses the trading price range and volume of our common shares traded on the TSX for the months indicated.

2010	High(\$)	Low(\$)	Volume (000s)
January.....	30.88	26.46	21,327
February.....	27.84	26.27	29,013
March.....	29.22	26.77	30,003
April.....	30.70	28.61	20,473
May.....	29.06	25.37	29,108
June.....	27.30	25.13	22,809
July.....	27.10	24.87	17,517
August.....	26.06	24.21	25,287
September.....	26.14	24.95	21,938
October.....	25.81	24.97	21,892
November.....	26.37	24.44	31,382
December.....	26.58	24.41	23,607
2011	High(\$)	Low(\$)	Volume (000s)
January.....	27.12	25.60	17,787
February.....	30.05	27.15	22,884
March 1 - 10.....	30.58	28.23	11,936

RELATIONSHIP BETWEEN OUR BANKERS AND THE UNDERWRITERS

Under applicable securities legislation in certain provinces of Canada, we may be considered to be a connected issuer of each of CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc. and HSBC Securities (Canada) Inc., as they are directly or indirectly wholly-owned or majority owned subsidiaries of Canadian chartered banks or financial institutions which have extended credit facilities to us upon which we may draw from time to time (the “Lenders”). As of February 28, 2011, we were indebted to certain of the Lenders under these credit facilities in the aggregate amount of \$418.8 million. These credit facilities are unsecured and we are presently in compliance with the terms of such credit facilities. Our financial position has not changed in a material adverse way since the credit facilities were entered into. None of the Lenders were involved in the decision to offer the Series 1 Preferred Shares and none will be involved in the determination of the terms of the distribution of the Series 1 Preferred Shares. As a consequence of the sale of the Series 1 Preferred Shares under the Prospectus as supplemented by this Prospectus Supplement, each of the Underwriters will receive a commission on the amount of any Series 1 Preferred Shares sold through such Underwriter and the Lenders may receive a portion of the proceeds from us as a repayment of any indebtedness outstanding to them. See “Use of Proceeds”.

RISK FACTORS

An investment in the Series 1 Preferred Shares offered hereunder involves certain risks. In addition to the other information contained in this Prospectus Supplement and the accompanying Prospectus, and in the documents incorporated by reference therein, prospective purchasers of Series 1 Preferred Shares should consider carefully the risk factors set forth below, as well as the risk factors referenced in the accompanying Prospectus under the heading “Risk Factors”.

Market for Securities

There is currently no market through which the Series 1 Preferred Shares may be sold and purchasers of Series 1 Preferred Shares may not be able to resell the Series 1 Preferred Shares purchased under this Prospectus Supplement. The price offered to the public for the Series 1 Preferred Shares and the number of Series 1 Preferred Shares to be issued have been determined by negotiations among Husky and the Underwriters. The price paid for each Series 1 Preferred Share may bear no relationship to the price at which the Series 1 Preferred Shares will trade in the public market subsequent to this Offering. Husky cannot predict at what price the Series 1 Preferred Shares will trade and there can be no assurance that an active trading market will develop for the Series 1 Preferred Shares or, if developed, that such market will be sustained. Husky has applied to list and post for trading the Series 1 Preferred Shares and the Series 2 Preferred Shares on the TSX. Listing will be subject to Husky fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 1 Preferred Shares and the Series 2 Preferred Shares will be accepted for listing on the TSX.

Market Price

The market price of the Series 1 Preferred Shares and Series 2 Preferred Shares may fluctuate due to a variety of factors relative to Husky’s business, including announcements of new developments, fluctuations in Husky’s operating results, sales of the Series 1 Preferred Shares and the Series 2 Preferred Shares in the marketplace, failure to meet analysts’ expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series 1 Preferred Shares and the Series 2 Preferred Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Husky’s performance.

Prevailing yields on similar securities will affect the market value of the Series 1 Preferred Shares and the Series 2 Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series 1 Preferred Shares and the Series 2 Preferred Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 1 Preferred Shares and the Series 2 Preferred Shares in an analogous manner.

Credit Ratings

The credit ratings applied to the Series 1 Preferred Shares are an assessment, by the Rating Agencies, of Husky's ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of Husky that may or may not reflect the actual performance or capital structure of Husky. Changes in credit ratings of the Series 1 Preferred Shares may affect the market price or value and the liquidity of the Series 1 Preferred Shares. There is no assurance that any credit rating assigned to the Series 1 Preferred Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See "Credit Ratings".

Insolvency

The Series 1 Preferred Shares and the Series 2 Preferred Shares are equity capital of Husky which rank equally with other Preferred Shares, not ranking junior to the Series 1 Preferred Shares and the Series 2 Preferred Shares, if any, in the event of an insolvency of Husky. If Husky becomes insolvent, Husky's assets must be used to pay liabilities and other debt before payments may be made on the Series 1 Preferred Shares, the Series 2 Preferred Shares, and other Preferred Shares, if any.

Automatic Conversion

An investment in the Series 1 Preferred Shares, or in the Series 2 Preferred Shares, as the case may be, may become an investment in Series 2 Preferred Shares, or in Series 1 Preferred Shares, without the consent of the holder in the event of an automatic conversion in the circumstances described under "Details of the Offering – Conversion of Series 1 Preferred Shares into Series 2 Preferred Shares" and "Details of the Offering – Conversion of Series 2 Preferred Shares into Series 1 Preferred Shares". Upon automatic conversion of the Series 1 Preferred Shares into Series 2 Preferred Shares, the dividend rate on the Series 2 Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 2 Preferred Shares into Series 1 Preferred Shares, the dividend rate on the Series 1 Preferred Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 1 Preferred Shares into Series 2 Preferred Shares in certain circumstances. See "Details of the Offering – Conversion of Series 1 Preferred Shares into Series 2 Preferred Shares" and "Details of the Offering – Conversion of Series 2 Preferred Shares into Series 1 Preferred Shares".

No Fixed Maturity

Neither the Series 1 Preferred Shares nor the Series 2 Preferred Shares have a fixed maturity date and are not redeemable at the option of the holders of the Series 1 Preferred Shares or the Series 2 Preferred Shares, as applicable. The ability of a holder to liquidate its holdings of the Series 1 Preferred Shares and the Series 2 Preferred Shares, as applicable, may be limited.

Redeemable

Husky may choose to redeem the Series 1 Preferred Shares and the Series 2 Preferred Shares from time to time, in accordance with its rights described under "Details of the Offering — Redemption of Series 1 Preferred Shares" and "Details of the Offering — Redemption of the Series 2 Preferred Shares", including when prevailing interest rates are lower than the yield borne by the Series 1 Preferred Shares and the Series 2 Preferred Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 1 Preferred Shares or the Series 2 Preferred Shares being redeemed. Husky's redemption right also may adversely impact a purchaser's ability to sell Series 1 Preferred Shares and Series 2 Preferred Shares.

Dividends

The dividend rate in respect of the Series 1 Preferred Shares will reset on March 31, 2016 and every five years thereafter. The dividend rate in respect of the Series 2 Preferred Shares will reset quarterly. In each case, the

new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Investments in the Series 2 Preferred Shares, given their floating interest component, entail risks not associated with investments in the Series 1 Preferred Shares. The resetting of the applicable rate on a Series 2 Preferred Share may result in a lower yield compared to fixed rate Series 1 Preferred Shares. The applicable rate on a Series 2 Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which Husky has no control. See “Details of the Offering – Dividends on Series 2 Preferred Shares”.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Common Shares will be passed upon for us by Borden Ladner Gervais LLP, Calgary, Alberta, and by McCarthy Tétrault LLP, Calgary, Alberta, on behalf of the Underwriters.

As of the date of this Prospectus Supplement, the partners and associates of Borden Ladner Gervais LLP and McCarthy Tétrault LLP, as a group beneficially own, directly or indirectly, less than 1% of our securities of any class.

EXPERTS

KPMG LLP are the auditors of Husky and have confirmed that they are independent with respect to Husky within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Certain information relating to our reserves incorporated by reference in the Prospectus has been calculated by us and audited and opined upon by McDaniel and Associates Consultants Ltd. (“McDaniel”), independent petroleum engineering consultants retained by us, and has been so included in reliance on the opinion and analysis of McDaniel, given upon the authority of said firm as experts in reserve engineering. As of the date of this Prospectus Supplement, the partners and employees of McDaniel as a group beneficially own, directly or indirectly, less than 1 % of our securities of any class.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Series 1 Preferred Shares and the Series 2 Preferred Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after the receipt or deemed receipt of a prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment thereto. In several of the provinces the securities legislation further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

CONSENT OF KPMG LLP

We have read the prospectus supplement of Husky Energy Inc. (the “Company”) dated March 11, 2011 to the short form base shelf prospectus dated November 26, 2010 (collectively the “Prospectus”) relating to the sale and issuance of cumulative redeemable rate reset preferred shares, series 1 of the Company. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2010 and 2009 and the consolidated statements of earnings and comprehensive income, changes in shareholders’ equity and cash-flows for each of the years in the three-year period ended December 31, 2010. Our report is dated March 8, 2011.

“*KPMG LLP*”

Chartered Accountants
Calgary, Canada

March 11, 2011

CERTIFICATE OF THE UNDERWRITERS

Dated: March 11, 2011

To the best of our knowledge, information and belief, the prospectus, together with the documents incorporated herein by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of all provinces of Canada.

CIBC World Markets Inc.

By: (signed) *Michael W. de Carle*

RBC Dominion Securities Inc.

By: (signed) *Adam Rosenfeld*

BMO Nesbitt Burns Inc.

By: (signed) *Shane C. Fildes*

TD Securities Inc.

By: (signed) *Robert J. Mason*

Scotia Capital Inc.

By: (signed) *Drew Ross*

HSBC Securities (Canada) Inc.

By: (signed) *Jay Lewis*

National Bank Financial Inc.

By: (signed) *Craig M. Langpap*

Canaccord Genuity Corp.

By: (signed) *Karl B. Staddon*

Macquarie Capital Markets Canada Ltd.

By: (signed) *Daniel J. Cristall*

FirstEnergy Capital Corp.

By: (signed) *Robyn T. Hemminger*

Peters & Co. Limited

By: (signed) *Cameron E. Plewes*