News Release

For immediate release December 17, 2002

HUSKY ANNOUNCES 2003 CAPITAL EXPENDITURES AND PRODUCTION GUIDANCE

Calgary, Alberta - Husky Energy Inc. announced today a capital expenditure program of approximately $1.8 billion for 2003.

"Our planned 2003 capital expenditures reflect Husky's focus on long-term projects such as White Rose, exploration and development programs in the South China Sea, and oil sands development at Tucker and Kearl," said John C.S. Lau, President and Chief Executive Officer.

The 2003 capital expenditure program is currently allocated as follows:

($millions)	Forecast 2002	Estimate 2003
Upstream		
Western Canada	$ 860	$ 870
Western Canada Exploration	170	170
East Coast	495	560
International	75	55
	1,600	1,655
Midstream	70	100
Refined Products	40	60
Corporate	30	25
	$1,740	$ 1,840

Husky is planning to invest $1.66 billion in its upstream segment in 2003, including $1.0 billion in Western Canada. Plans for Western Canada include natural gas exploration in the British Columbia and Alberta foothills, northeastern British Columbia and northwestern Alberta regions, as well as continued natural gas development at Shackleton in Saskatchewan. Oil development will focus on heavy oil in the Lloydminster area. Capital expenditures allocated to oil sands development are $70 million.

The 2003 East Coast allocation includes $515 million for the White Rose project, which is forecast to commence production by the end of 2005. White Rose activities include development drilling and continued construction of the floating production storage and offloading (FPSO) vessel.

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In 2003, international expenditures of $55 million will be allocated to exploration including two exploration wells and an extensive seismic program in the South China Sea in China.

Capital expenditures in the midstream segment is expected to total $100 million in 2003. This includes capital for de-bottlenecking work at the Lloydminster Upgrader which is expected to increase throughput to 82,000 barrels of oil per day from the current 77,000 barrels per day, by the end of 2004.

For the year 2003 production guidance, Husky estimates production of 305 to 325 thousand barrels of oil equivalent per day. Light and medium crude oil and natural gas liquids (NGLs) production is estimated at 120 to 130 thousand barrels per day, heavy oil production is estimated at 85 to 90 thousand barrels per day, and natural gas production is estimated at 580 to 620 million cubic feet per day. Production guidance reflects Western Canada divestitures completed in September 2002 of 7,000 barrels of oil equivalent per day and anticipated divestitures in the first quarter of 2003 of 3,000 barrels of oil equivalent per day. Husky will continue to pursue acquisition opportunities and the 2003 production guidance does not assume acquisition volumes.

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

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

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