Press Release

HUSKY ENERGY INC. TSX SYMBOL

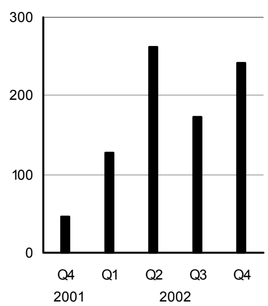
HSE

For Immediate Release
February 6, 2003

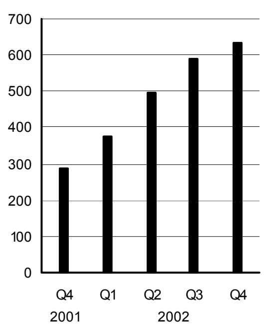
Drilling at Shackleton

Husky Energy Inc. Reports Solid Performance
Achieves Another Record Year

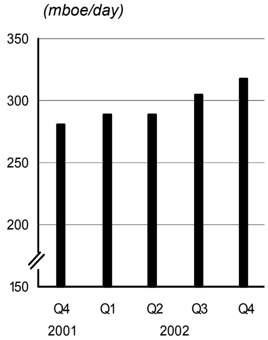
Net Earnings
($ millions – 2001 amounts as restated)



Cash Flow from Operations
($ millions)



Total Production
(mboe/day)



(Calgary, Alberta) Husky Energy Inc. ("Husky") today reported net earnings of $804 million ($1.88 per share - diluted) in 2002, an increase of 23 percent compared with $654 million ($1.48 per share - diluted) in 2001. Cash flow from operations in 2002 increased eight percent to $2.1 billion ($4.92 per share - diluted), up from $1.9 billion ($4.57 per share - diluted) in 2001.

Overall annual production averaged 300,000 barrels of oil equivalent per day, a 10 percent increase over the prior year.

Increased oil production and improved crude oil prices resulted in another record year of earnings for Husky. "Husky's solid performance is indicative of our continued focus on operational excellence and financial discipline. Throughout 2002, the Company demonstrated its commitment to deliver superior financial returns," said John C.S. Lau, President & Chief Executive Officer. Return on equity increased to 16.7 percent and return on average capital employed to 12.2 percent in 2002, compared to 15.4 percent and 10.9 percent in 2001, respectively.

Fourth Quarter

Fourth quarter 2002, net earnings increased by 438 percent to $242 million ($0.57 per share - diluted), compared to $45 million ($0.09 per share - diluted) in 2001. Foreign exchange translation of U.S. dollar denominated debt increased net earnings by $5 million ($0.01 per share) in the fourth quarter of 2002 compared to a reduction in net earnings of $10 million ($0.02 per share) in the fourth quarter of 2001. Cash flow from operations was $635 million ($1.50 per share - diluted), compared with $287 million ($0.66 per share - diluted) for the same period last year. Fourth quarter earnings and cash flow are mainly attributable to increased oil and gas production and higher commodity prices.

In December 2002, Husky announced its capital expenditure program to invest $1.84 billion in 2003, including $1.66 billion in its upstream segment. In 2003, development progress will continue at White Rose, offshore East Coast Canada, the Tucker in-situ oil sands project in east central Alberta, as well as, exploration in the South China Sea. "We believe the South China Sea will become a significant contributor to our upstream business and our focus on these long-term projects will further Husky's future growth and improve its profitability," added Mr. Lau.

Husky Energy

Highlights

(millions of dollars, except per share amounts, ratios and production)		Three months ended December 31 (unaudited) 2002	2001	% Change	Year ended December 31 2002	2001	% Change
Sales and operating revenues, net of royalties		**$ 1,697**	$ 1,615	⇧ 5	**$ 6,384**	$ 6,596	⇩ 3
Cash flow from operations		**635**	287	⇧ 121	**2,096**	1,946	⇧ 8
Per share -Basic		**1.50**	0.67	⇧ 124	**4.94**	4.60	⇧ 7
-Diluted		**1.50**	0.66	⇧ 127	**4.92**	4.57	⇧ 8
Net earnings		**242**	45	⇧ 438	**804**	654	⇧ 23
Per share -Basic		**0.57**	0.09	⇧ 533	**1.88**	1.49	⇧ 26
-Diluted		**0.57**	0.09	⇧ 533	**1.88**	1.48	⇧ 27
Dividend paid per share		**0.09**	0.09	-	**0.36**	0.36	-
Return on average capital employed	*(percent)*				**12.2**	10.9	
Return on equity	*(percent)*				**16.7**	15.4	
Debt to capital employed	*(percent)*				**31.8**	32.8	
Debt to cash flow from operations	*(times)*				**1.1**	1.1	
Daily production, before royalties							
Light/medium crude oil & NGL	*(mbbls/day)*	**137.8**	111.3	⇧ 24	**125.9**	112.0	⇧ 12
Lloydminster heavy crude oil	*(mbbls/day)*	**83.9**	75.0	⇧ 12	**79.4**	65.4	⇧ 21
Natural gas	*(mmcf/day)*	**577.4**	568.7	⇧ 2	**569.2**	572.6	⇩ 1
Barrels of oil equivalent (6:1)	*(mboe/day)*	**317.9**	281.1	⇧ 13	**300.2**	272.8	⇧ 10

Capital Expenditures

(millions of dollars)	Three months ended December 31 2002	2001	Year ended December 31 2002	2001
Upstream				
Exploration				
Western Canada	**$ 98**	$ 57	**$ 304**	$ 236
East Coast Canada	**20**	26	**61**	81
International	**8**	4	**34**	5
	126	87	**399**	322
Development				
Western Canada	**228**	207	**730**	786
East Coast Canada	**77**	28	**397**	110
International	**-**	31	**41**	99
	305	266	**1,168**	995
	431	353	**1,567**	1,317
Midstream				
Upgrader	**11**	37	**41**	47
Infrastructure and marketing	**5**	22	**17**	58
	16	59	**58**	105
Refined Products	**22**	12	**44**	29
Corporate	**10**	11	**23**	22
	$ 479	$ 435	**$ 1,692**	$ 1,473

Highlights

UPSTREAM
Production

Total Daily Production, Before Royalties					
		Three months ended December 31		Year ended December 31	
		2002	2001	**2002**	2001
Light/medium crude oil & NGL					
Western Canada	*(mbbls/day)*	**94.2**	111.3	**100.5**	112.0
East Coast (Terra Nova)	*(mbbls/day)*	**16.9**	-	**13.2**	-
International (Wenchang)	*(mbbls/day)*	**26.7**	-	**12.2**	-
Total light/medium crude oil & NGL		**137.8**	111.3	**125.9**	112.0
Lloydminster heavy crude oil	*(mbbls/day)*	**83.9**	75.0	**79.4**	65.4
Natural gas	*(mmcf/day)*	**577.4**	568.7	**569.2**	572.6
Barrels of oil equivalent (6:1)	*(mboe/day)*	**317.9**	281.1	**300.2**	272.8

In 2003, Husky's production is expected to average between 305 and 325 thousand barrels of oil equivalent per day. Light and medium crude oil and natural gas liquids production is forecast to be in the range of 120 to 130 thousand barrels per day, heavy oil production at 85 to 90 thousand barrels per day and natural gas production at 580 to 620 million cubic feet per day.

Western Canada
Fourth quarter natural gas production was 15.8 million cubic feet per day higher compared to the previous quarter as a result of increased tie-in activity in the foothills area and the startup of Shackleton, which averaged 23 million cubic feet per day in December. Production of crude oil and natural gas liquids was essentially the same as the third quarter. The Lloydminster heavy oil primary drilling program and the Bolney/Celtic thermal startup offset divestiture of non-core properties, which were producing an aggregate 8,000 barrels of oil equivalent per day.

Husky acquired an additional 150 sections of land in the Shackleton area of southern Saskatchewan and drilled 80 stepout wells in the fourth quarter of 2002. Husky also completed 78 well tie-ins to two new gas compressors and is proceeding with the tie-in of another 46 wells in January, drilling of a further 50 wells and a 12 million cubic feet per day facilities expansion, by the end of the first quarter in 2003.

Stage one of the Bolney/Celtic thermal expansion project commenced production during the fourth quarter and added an average 2,000 barrels per day in December. Stage one is producing from six of eight horizontal steam assisted gravity drainage ("SAGD") well pairs. Regulatory approval for stages two and three of this project has been granted. Five SAGD well pairs and further facilities expansion is planned for 2003.

East Coast, Canada

Terra Nova
Highlights included the approval by Canada-Newfoundland Offshore Petroleum Board (CNOPB) of allowable production of 150,000 barrels of oil per day (18,750 barrels per day net to Husky) and a production test of approximately 190,000 barrels per day.

International

Wenchang
During the fourth quarter of 2002 production was steady from the Wenchang 13/1 and 13/2 oil fields in the South China Sea. Production averaged 66,750 barrels of oil per day, 26,700 barrels per day net to Husky.

EXPLORATION

Western Canada

Husky drilled 19 net exploration wells with a success rate of 90 percent during the fourth quarter of 2002. Overall, for 2002, 165 net exploration wells were drilled with a success rate of 92 percent. In 2003, exploration will continue to be focussed on natural gas potential in the foothills, deep basin and northwest plains regions of Alberta and Northeast British Columbia and on shallow gas in southern Saskatchewan.

International – South China Sea

The first well of a two-well exploratory program in the South China Sea started drilling in December on the 39/05 block. This block surrounds the producing Wenchang 13/1 and 13/2 oil fields. This initial exploratory well did not encounter commercial quantities of hydrocarbons.

In early December Husky signed a petroleum contract with the China National Offshore Oil Corporation (CNOOC) for the 40/30 block in the Pearl River Mouth Basin of the South China Sea. The block is located 100 kilometers south of Wenchang 13/1 and 13/2 oil fields, and 400 kilometers southwest of Hong Kong. The new block is 6,700 square kilometers (approximately 1.7 million acres) in size, in water depth averaging 600 to 1,500 meters. This block provides Husky with a deep-water exploration play to diversify its development and exploration portfolio in offshore southern China. Plans for 2003 include re-processing of 2D seismic data which was shot over the block and obtained from CNOOC. The reprocessing will enhance the data and increase confidence in the selection of drillable prospects.

Wells Drilled [(1)]

		Three months ended December 31				Year ended December 31			
		2002		2001		**2002**		2001	
		Gross	**Net**	Gross	Net	**Gross**	**Net**	Gross	Net
Western Canada									
Exploration	Oil	**3**	**3**	8	8	**21**	**20**	78	76
	Gas	**15**	**14**	10	6	**139**	**131**	102	90
	Dry	**3**	**2**	4	4	**15**	**14**	36	34
		21	**19**	22	18	**175**	**165**	216	200
Development	Oil	**128**	**107**	138	116	**497**	**453**	594	542
	Gas	**166**	**160**	53	53	**485**	**453**	251	221
	Dry	**17**	**17**	14	11	**58**	**55**	68	63
		311	**284**	205	180	**1,040**	**961**	913	826
		332	**303**	227	198	**1,215**	**1,126**	1,129	1,026

(1) Excludes stratigraphic test wells.

Reserve Reconciliation

	Canada				International		Total	
	Western Canada			East Coast				
	Light/Med. Crude Oil & NGL	Lloydminster Heavy Crude Oil	Natural Gas	Light Crude Oil	Light Crude Oil & NGL	Natural Gas	Crude Oil & NGL	Natural Gas
Proved Reserves, before royalties	*(mmbbls)*	*(mmbbls)*	*(bcf)*	*(mmbbls)*	*(mmbbls)*	*(bcf)*	*(mmbbls)*	*(bcf)*
Proved reserves at December 31, 2001	373	169	1,823	17	40	143	599	1,966
Revision of previous estimate	(7)	19	(32)	11	2	-	25	(32)
Purchase of reserves in place	1	4	6	-	-	-	5	6
Sales of reserves in place	(16)	-	(19)	-	-	-	(16)	(19)
Discoveries and extensions	5	18	382	8	-	-	31	382
Production	(36)	(29)	(208)	(5)	(5)	-	(75)	(208)
Proved reserves at December 31, 2002	**320**	**181**	**1,952**	**31**	**37**	**143**	**569**	**2,095**
Proved developed reserves, before royalties								
December 31, 2001	322	96	1,577	6	1	-	425	1,577
December 31, 2002	**285**	**116**	**1,547**	**7**	**31**	**-**	**439**	**1,547**
Probable reserves, before royalties								
December 31, 2001	132	81	406	213	5	19	431	425
December 31, 2002	**161**	**85**	**383**	**202**	**4**	**19**	**452**	**402**

Major Project Update

East Coast, Canada

White Rose

Construction continued in the fourth quarter. Steel cutting for the hull of the Floating Production Storage and Offloading vessel commenced in South Korea.

Husky also signed a contract for the Glomar Grand Banks drilling rig to drill the development wells commencing in the third quarter of 2003.

Oil Sands - Alberta

Tucker

The proposed project, to be located about 30 kilometers west of Cold Lake, is expected to produce about 30,000 barrels of bitumen a day for 25 years. Husky is proposing to use steam assisted gravity drainage technology to extract the bitumen. Submission for regulatory approval by the Energy and Utilities Board and Alberta Environment of the project application and environmental impact assessment is expected in the first quarter of 2003.

Kearl

The Kearl oil sands property has oil sand leases suitable for both in-situ and mining development. In late 2002, Husky swapped with its partner its working interest in the mining portion of the lease for its Partner's interest in the in-situ portion of the lease. Husky now holds a 100 percent working interest in portions of leases 22 and 49 (6,500 hectares) which have in-situ development potential.

Operating Netbacks [(1)]

Western Canada

Light/Medium Crude Oil Netbacks [(2)]

Per boe	Three months ended December 31 2002	2001	Year ended December 31 2002	2001
Sales revenues	**$32.17**	$ 19.17	**$31.10**	$ 27.39
Royalties	**6.14**	3.34	**5.25**	4.87
Hedging	**(0.65)**	-	**(0.15)**	-
Operating costs	**9.52**	8.41	**8.50**	7.47
Netback	**$17.16**	$ 7.42	**$17.50**	$ 15.05

Lloydminster Heavy Crude Oil Netbacks [(2)]

Per boe	Three months ended December 31 2002	2001	Year ended December 31 2002	2001
Sales revenues	**$25.50**	$ 10.48	**$26.02**	$ 16.00
Royalties	**3.79**	0.11	**2.97**	1.27
Operating costs	**8.49**	7.08	**7.03**	7.60
Netback	**$13.22**	$ 3.29	**$16.02**	$ 7.13

Natural Gas Netbacks [(3)]

Per mcfe	Three months ended December 31 2002	2001	Year ended December 31 2002	2001
Sales revenues	**$4.98**	$ 3.06	**$3.96**	$ 5.39
Royalties	**1.05**	0.65	**0.82**	1.30
Operating costs	**0.75**	0.67	**0.70**	0.58
Netback	**$3.18**	$ 1.74	**$2.44**	$ 3.51

Total Western Canada Upstream Netbacks [(2)]

Per boe	Three months ended December 31 2002	2001	Year ended December 31 2002	2001
Sales revenues	**$29.28**	$ 16.55	**$27.04**	$ 26.41
Royalties	**5.49**	2.67	**4.45**	5.04
Hedging	**(0.21)**	-	**(0.05)**	-
Operating costs	**7.38**	6.54	**6.55**	6.07
Netback	**$16.62**	$ 7.34	**$16.09**	$ 15.30

Terra Nova Light/Medium Crude Oil Netbacks				
	Three months ended December 31		Year ended December 31	
Per boe	**2002**	2001	**2002**	2001
Sales revenues	**$37.22**	$ -	**$35.47**	$ -
Royalties	**0.40**	-	**0.36**	-
Operating costs	**3.37**	-	**3.62**	-
Netback	**$33.45**	$ -	**$31.49**	$ -

Wenchang Light/Medium Crude Oil Netbacks				
	Three months ended December 31		Year ended December 31	
Per boe	**2002**	2001	**2002**	2001
Sales revenues	**$46.59**	$ -	**$44.36**	$ -
Royalties	**2.72**	-	**2.65**	-
Operating costs	**1.27**	-	**2.15**	-
Netback	**$42.60**	$ -	**$39.56**	$ -

Total Upstream Segment Netbacks [(2)]				
	Three months ended December 31		Year ended December 31	
Per boe	**2002**	2001	**2002**	2001
Sales revenues	**$31.17**	$ 16.55	**$28.12**	$ 26.42
Royalties	**4.98**	2.67	**4.20**	5.04
Hedging	**(0.18)**	-	**(0.05)**	-
Operating costs	**6.66**	6.54	**6.24**	6.08
Netback	**$19.71**	$ 7.34	**$17.73**	$ 15.30

(1) 2001 amounts as restated. Refer to note 3 to the consolidated financial statements.
(2) Includes associated co-products converted to boe.
(3) Includes associated co-products converted to mcfge.

Finding and Development Costs

Total [(1)]				
Year ended December 31	**2000-2002**	**2002**	2001	2000
Total capitalized costs *($ millions)*	**$ 3,314.9**	**$1,505.1**	$1,172.0	$637.8
Proved reserve additions and revisions *(mmboe)*	**327.6**	**114.5**	120.4	92.7
Average cost per boe	**$ 10.12**	**$ 13.14**	$ 9.73	$ 6.88

Western Canada [(2)]				
Year ended December 31	**2000-2002**	**2002**	2001	2000
Total capitalized costs *($ millions)*	**$ 2,298.7**	**$ 978.5**	$ 920.1	$400.1
Proved reserve additions and revisions *(mmboe)*	**256.9**	**94.8**	112.9	49.2
Average cost per boe	**$ 8.95**	**$ 10.32**	$ 8.15	$ 8.13

(1) Excludes net acquisitions
(2) Excludes oil sands and net acquisitions

Production Replacement

Total				
Year ended December 31	**2000-2002**	**2002**	2001	2000
Production *(mmboe)*	**273.9**	**109.6**	99.6	64.7
Proved reserve additions and revisions *(mmboe)*	**327.6**	**114.5**	120.4	92.7
Production replacement ratio *(excluding net acquisitions) (percent)*	**120**	**104**	121	143
Proved reserve additions and revisions *(including net acquisitions) (mmboe)* (1)	**372.6**	**100.9**	154.5	117.2
Production replacement ratio *(including net acquisitions) (percent)* (1)	**136**	**92**	155	181

Western Canada (2)				
Year ended December 31	**2000-2002**	**2002**	2001	2000
Production *(mmboe)*	**264.3**	**100.2**	99.5	64.6
Proved reserve additions and revisions *(mmboe)*	**256.9**	**94.8**	112.9	49.2
Production replacement ratio *(excluding net acquisitions) (percent)*	**97**	**95**	113	76
Proved reserve additions and revisions *(including net acquisitions) (mmboe)* (1)	**301.9**	**81.2**	147.0	73.7
Production replacement ratio *(including net acquisitions) (percent)* (1)	**114**	**81**	148	114

(1) Excludes 2000 Renaissance acquisition.
(2) Excludes oil sands.

Recycle Ratio

The recycle ratio is a measure of the efficiency of Husky's capital program relative to product netbacks and is calculated by dividing the netback by the proved finding and development cost on a boe basis. Netback equals upstream net sales less operating and administrative costs per barrel of production.

Total				
Year ended December 31	**2000-2002**	**2002**	2001	2000
Netback *($/boe)*	**$16.89**	**$ 17.66**	$ 15.23	$18.15
Proved finding and development cost *($/boe)* (1)	**$10.12**	**$ 13.14**	$ 9.73	$ 6.88
Recycle ratio	**1.67**	**1.34**	1.57	2.64

Western Canada				
Year ended December 31	**2000-2002**	**2002**	2001	2000
Netback *($/boe)*	**$16.29**	**$ 16.07**	$ 15.21	$18.30
Proved finding and development cost *($/boe)* (2)	**$ 8.95**	**$ 10.32**	$ 8.15	$ 8.13
Recycle ratio	**1.82**	**1.56**	1.87	2.25

(1) Excludes net acquisitions.
(2) Excludes oil sands and net acquisitions.

MIDSTREAM

In the fourth quarter Lloydminster Upgrader throughput averaged 72.8 thousand barrels per day compared to 62.6 thousand barrels per day in the same period of 2001. The lower throughput during the fourth quarter of last year was due to plant outages in November and December 2001.

Selected Operating Data					
		Three months ended December 31		Year ended December 31	
		2002	2001	**2002**	2001
Upgrading Operations					
Upgrader throughput [1]	*(mbbls/day)*	**72.8**	62.6	**65.4**	71.7
Synthetic crude oil sales	*(mbbls/day)*	**67.5**	49.7	**59.3**	59.5
Upgrading differential	*($/bbl)*	**13.06**	16.85	**10.81**	17.91
Unit margin	*($/bbl)*	**11.92**	16.46	**11.05**	19.79
Unit operating cost [2]	*($/bbl)*	**7.11**	6.09	**6.48**	7.35
Infrastructure and Marketing					
Aggregate pipeline throughput	*(mbbls/day)*	**476**	518	**457**	537

[1] *Throughput includes diluent returned to the field.*
[2] *Based on throughput.*

REFINED PRODUCTS

Retail volumes increased five percent to 7.9 million litres per day in the fourth quarter of 2002 compared to 7.5 million litres per day in the fourth quarter of 2001.

The rollout of "StorePoint," an integrated point-of-sale system continued. To-date the system has been installed in a total of 176 locations (35 in the fourth quarter).

The Lloydminster Refinery throughput averaged 17.8 thousand barrels per day in the fourth quarter of 2002 compared to 25.8 thousand barrels per day in the same period of 2001. The lower throughput was due to operational issues that effected throughput at the facility for approximately three weeks.

Selected Operating Data					
		Three months ended December 31		Year ended December 31	
		2002	2001	**2002**	2001
Number of fuel outlets		**571**	580	**571**	580
Refined product sales volumes					
Light oil products	*(million litres/day)*	**7.9**	7.5	**7.7**	7.6
Asphalt products sales volume	*(mbbls/day)*	**14.2**	19.9	**20.8**	21.4
Refinery throughput					
Lloydminster refinery	*(mbbls/day)*	**17.8**	25.8	**22.0**	23.7
Prince George refinery	*(mbbls/day)*	**10.9**	10.2	**10.1**	10.2

CONSOLIDATED BALANCE SHEETS

(millions of dollars)	**December 31 2002**	December 31 2001
Assets		
Current assets		
Cash and cash equivalents *(note 2)*	**$ 306**	$ -
Accounts receivable	**572**	376
Inventories	**243**	226
Prepaid expenses	**23**	24
	1,144	626
Property, plant and equipment - (full cost accounting)	**14,450**	13,078
Less accumulated depletion, depreciation and amortization	**5,103**	4,363
	9,347	8,715
Other assets (*note 3*)	**84**	29
	$ 10,575	$ 9,370
Liabilities and Shareholders' Equity		
Current liabilities		
Bank operating loans *(note 5)*	**$ -**	$ 100
Accounts payable and accrued liabilities	**811**	821
Long-term debt due within one year *(note 6)*	**421**	144
	1,232	1,065
Long-term debt *(note 6)*	**1,964**	1,948
Site restoration provision	**249**	212
Future income taxes *(note 8)*	**2,003**	1,659
Shareholders' equity		
Capital securities and accrued return	**364**	367
Common shares *(note 7)*	**3,406**	3,397
Retained earnings	**1,357**	722
	5,127	4,486
	$ 10,575	$ 9,370
Commitments *(note 9)*		
Common shares outstanding *(millions) (note 7)*	**417.9**	416.9

The accompanying notes to the consolidated financial statements are an integral part of these statements. 2001 amounts as restated.

CONSOLIDATED STATEMENTS OF EARNINGS

(millions of dollars, except per share amounts)	Three months ended December 31 *(unaudited)* **2002**	2001	Year ended December 31 **2002**	2001
Sales and operating revenues, net of royalties (*note 3*)	**$ 1,697**	$ 1,615	**$ 6,384**	$ 6,596
Costs and expenses				
Cost of sales and operating expenses (*note 3*)	**1,001**	1,273	**4,009**	4,425
Selling and administration expenses	**27**	25	**94**	88
Depletion, depreciation and amortization	**256**	214	**939**	807
Interest - net *(note 6)*	**25**	23	**104**	101
Foreign exchange *(note 3)*	**(5)**	15	**13**	94
Other - net	**1**	-	**1**	7
	1,305	1,550	**5,160**	5,522
Earnings before income taxes	**392**	65	**1,224**	1,074
Income taxes *(note 8)*				
Current	**6**	5	**66**	20
Future	**144**	15	**354**	400
	150	20	**420**	420
Net earnings	**$ 242**	$ 45	**$ 804**	$ 654
Earnings per share *(note 11)*				
Basic	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.49
Diluted	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.48
Weighted average number of common shares outstanding *(millions) (note 11)*				
Basic	**417.7**	416.5	**417.4**	416.1
Diluted	**419.6**	419.4	**419.3**	418.6

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(millions of dollars)	Three months ended December 31 *(unaudited)* **2002**	2001	Year ended December 31 **2002**	2001
Beginning of period	**$ 1,158**	$ 724	**$ 722**	$ 304
Net earnings	**242**	45	**804**	654
Dividends on common shares	**(38)**	(38)	**(151)**	(150)
Return on capital securities (net of related taxes and foreign exchange)	**(5)**	(9)	**(18)**	(35)
Foreign exchange (retroactive adjustment)	**-**	-	**-**	(51)
End of period	**$ 1,357**	$ 722	**$ 1,357**	$ 722

The accompanying notes to the consolidated financial statements are an integral part of these statements. 2001 amounts as restated.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of dollars, except per share amounts)	Three months ended December 31 *(unaudited)* **2002**	2001	Year ended December 31 **2002**	2001
Operating activities				
Net earnings	**$ 242**	$ 45	**$ 804**	$ 654
Items not affecting cash				
Depletion, depreciation and amortization	**256**	214	**939**	807
Future income taxes	**144**	15	**354**	400
Foreign exchange - non cash *(note 3)*	**(7)**	12	**-**	82
Other	**-**	1	**(1)**	3
Cash flow from operations	**635**	287	**2,096**	1,946
Change in non-cash working capital *(note 10)*	**(48)**	77	**(204)**	(16)
	587	364	**1,892**	1,930
Financing activities				
Bank operating loans financing - net	**-**	89	**(100)**	66
Long-term debt issue	**-**	-	**972**	-
Long-term debt repayment	**(23)**	(24)	**(678)**	(356)
Return on capital securities payment	**-**	-	**(31)**	(30)
Debt issue costs	**-**	-	**(9)**	-
Deferred credits	**-**	(1)	**-**	(4)
Proceeds from exercise of stock options	**4**	4	**9**	9
Dividends on common shares	**(38)**	(38)	**(151)**	(150)
Change in non-cash working capital *(note 10)*	**139**	(3)	**(9)**	42
	82	27	**3**	(423)
Available for investing	**669**	391	**1,895**	1,507
Investing activities				
Capital expenditures	**(479)**	(435)	**(1,692)**	(1,473)
Corporate acquisitions	**(3)**	-	**(3)**	(125)
Asset sales	**11**	4	**93**	67
Other	**(2)**	2	**(20)**	6
Change in non-cash working capital *(note 10)*	**(30)**	38	**33**	18
	(503)	(391)	**(1,589)**	(1,507)
Increase in cash and cash equivalents	**166**	-	**306**	-
Cash and cash equivalents at beginning of period	**140**	-	**-**	-
Cash and cash equivalents at end of period	**$ 306**	$ -	**$ 306**	$ -
Cash flow from operations per share *(note 11)*				
Basic	**$ 1.50**	$ 0.67	**$ 4.94**	$ 4.60
Diluted	**$ 1.50**	$ 0.66	**$ 4.92**	$ 4.57

The accompanying notes to the consolidated financial statements are an integral part of these statements. 2001 amounts as restated.

Except where indicated and per share amounts, all dollar amounts are in millions of Canadian dollars.

Note 1 Segmented Financial Information

	Upstream		Midstream				Refined Products		Corporate and Eliminations [2]		Total	
			Upgrading		Infrastructure and Marketing							
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Three months ended December 31 [1]												
Sales and operating revenues, net of royalties	**$ 781**	$ 367	**$ 301**	$ 147	**$1,367**	$1,153	**$ 326**	$ 274	**$(1,078)**	$ (326)	**$ 1,697**	$1,615
Costs and expenses												
Operating, cost of sales, selling and general	**206**	182	**265**	81	**1,321**	1,111	**318**	254	**(1,081)**	(330)	**1,029**	1,298
Depletion, depreciation and amortization	**231**	193	**5**	4	**6**	4	**9**	9	**5**	4	**256**	214
Interest - net	**-**	-	**-**	-	**-**	-	**-**	-	**25**	23	**25**	23
Foreign exchange	**-**	-	**-**	-	**-**	-	**-**	-	**(5)**	15	**(5)**	15
	437	375	**270**	85	**1,327**	1,115	**327**	263	**(1,056)**	(288)	**1,305**	1,550
Earnings (loss) before income taxes	**344**	(8)	**31**	62	**40**	38	**(1)**	11	**(22)**	(38)	**392**	65
Current income taxes	**26**	3	**-**	1	**(19)**	-	**(1)**	1	**-**	-	**6**	5
Future income taxes	**108**	3	**11**	21	**31**	16	**1**	7	**(7)**	(32)	**144**	15
Net earnings (loss)	**$ 210**	$ (14)	**$ 20**	$ 40	**$ 28**	$ 22	**$ (1)**	$ 3	**$ (15)**	$ (6)	**$ 242**	$ 45
Year ended December 31 [1]												
Sales and operating revenues, net of royalties	**$2,665**	$2,165	**$ 909**	$ 886	**$4,230**	$4,380	**$1,310**	$1,349	**$(2,730)**	$(2,184)	**$ 6,384**	$ 6,596
Costs and expenses												
Operating, cost of sales, selling and general	**729**	648	**811**	638	**4,038**	4,193	**1,222**	1,206	**(2,696)**	(2,165)	**4,104**	4,520
Depletion, depreciation and amortization	**851**	728	**18**	17	**20**	17	**34**	31	**16**	14	**939**	807
Interest - net	**-**	-	**-**	-	**-**	-	**-**	-	**104**	101	**104**	101
Foreign exchange	**-**	-	**-**	-	**-**	-	**-**	-	**13**	94	**13**	94
	1,580	1,376	**829**	655	**4,058**	4,210	**1,256**	1,237	**(2,563)**	(1,956)	**5,160**	5,522
Earnings (loss) before income taxes	**1,085**	789	**80**	231	**172**	170	**54**	112	**(167)**	(228)	**1,224**	1,074
Current income taxes	**55**	17	**1**	1	**6**	1	**4**	1	**-**	-	**66**	20
Future income taxes	**342**	290	**25**	72	**59**	71	**18**	48	**(90)**	(81)	**354**	400
Net earnings (loss)	**$ 688**	$ 482	**$ 54**	$ 158	**$ 107**	$ 98	**$ 32**	$ 63	**$ (77)**	$ (147)	**$ 804**	$ 654
Capital employed – As at December 31	**$ 6,040**	$5,713	**$ 319**	$ 320	**$ 352**	$ 357	**$ 448**	$ 401	**$ 353**	$ (113)	**$ 7,512**	$6,678
Total assets – As at December 31	**$ 8,220**	$7,405	**$ 658**	$ 644	**$ 771**	$ 824	**$ 534**	$ 428	**$ 392**	$ 69	**$ 10,575**	$9,370

[1] *2001 amounts as restated.*
[2] *Eliminations relate to sales and operating revenues between segments recorded at transfer prices based on current market prices, and to unrealized intersegment profits in inventories.*

Note 2 Significant Accounting Policies

The interim consolidated financial statements of Husky Energy Inc. ("Husky" or "the Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2001, except as noted below. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2001. Certain information provided for prior periods has been reclassified to conform with current presentation.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and deposits with a maturity of less than three months.

Note 3 Accounting Changes

Effective January 1, 2002, the Company retroactively adopted the revised recommendations of the Canadian Institute of Chartered Accountants on Foreign Currency Translation. The new recommendations eliminated the deferral and amortization of foreign exchange gains and losses on long-term monetary items. This change resulted in a reduction of retained earnings at January 1, 2001 of $51 million. This change also resulted in a reduction to other assets of $133 million, a reduction to the future income tax liability of $36 million and an increase to capital securities of $17 million as at December 31, 2001. Net earnings for the year ended December 31, 2001 were reduced by $47 million and retained earnings were reduced by $63 million, which included an adjustment to the accrued return on the capital securities.

In 2001 and previously, the Company presented certain crown charges as a component of operating expenses. These charges have been reclassified as royalties for 2002 and for all comparative periods presented in these financial statements. There is no impact on the earnings or cash flow of the Company as a result of this change.

Note 4 Financial Instruments and Risk Management

Commodity Marketing Activities

The Company has entered into variable price physical forward sales with respect to crude oil of 20,000 bbls/day for January 2003, 30,000 bbls/day for February to May 2003 and 20,000 bbls/day for June 2003. The physical sales were hedged by a number of financial transactions in which Husky pays the same variable pricing but receives fixed pricing. The average fixed price Husky receives under the financial transactions for January is U.S. $30.41/bbl, February and March U.S. $30.45/bbl, April and May U.S. $30.38/bbl and for June U.S. $30.30/bbl. Also, the Company hedged 30.0 mmcf/day of natural gas for April to October 2003 at an average price of U.S. $5.04.

Foreign Currency Rate Risk

In January 2003, the Company used a currency swap to convert the 6.875 percent notes of U.S. $150 million due November 15, 2003 to Canadian $229 million. The exchange rate of the swap was $1.5250 and will result in a foreign exchange gain of $8 million (before tax). The interest rate on the swap is 8.50 percent.

Interest Rate Risk

The Company has entered into interest rate swap arrangements whereby the fixed interest rate coupon on certain debt was swapped to floating rates with the following terms:

Debt	Amount (millions)	Swap Maturity	Swap Rate (%)
6.875% notes	U.S. $ 35	November 15, 2003	U.S. LIBOR - 13 bps
6.95% medium-term notes	$200	July 14, 2009	CDOR + 175 bps
7.125% notes	U.S. $150	November 15, 2006	U.S. LIBOR + 235 bps
7.55% debentures	U.S. $200	November 15, 2011	U.S. LIBOR + 194 bps
6.25% senior notes	U.S. $150	June 15, 2012	U.S. LIBOR + 88 bps

During 2002, the Company recognized a gain of $29 million from interest rate management activities (2001 - gain of $2 million).

Sale of Accounts Receivable

The Company has an agreement to sell net trade receivables of up to $200 million on a continual basis. The agreement calls for purchase discounts, based on Canadian commercial paper rates, to be paid on an ongoing basis. The average effective rate for 2002 was 2.82 percent (2001 - 4.74 percent). The Company has potential exposure to an immaterial amount of credit loss under this agreement. At December 31, 2002, $200 million of net trade receivables had been sold under the agreement.

Note 5 Bank Operating Loans

At December 31, 2002 the Company had outstanding bank operating loans of $0.3 million compared with $100 million at December 31, 2001. The Company has $195 million in short-term borrowing facilities available to it. The interest rates applicable to these facilities vary and are based on Canadian prime, Bankers' Acceptance, money market rates or U.S. dollar equivalents.

Note 6 Long-term Debt

			Maturity	**Dec. 31 2002**	Dec. 31 2001
Long-term debt					
Revolving syndicated credit facility	*-2001*	*U.S. $116*		$ -	$ 185
6.25% notes	*-2002*	*U.S. $400*	2012	632	-
6.875% notes	*-2002 & 2001*	*U.S. $150*	2003	237	239
7.125% notes	*-2002 & 2001*	*U.S. $150*	2006	237	239
7.55% debentures	*-2002 & 2001*	*U.S. $200*	2016	316	318
8.45% senior secured bonds	*-2002*	*U.S. $162;*	2003-12	256	276
	2001	*U.S. $173*			
Private placement notes	*-2002*	*U.S. $68;*	2003-5	107	135
	2001	*U.S. $85*			
Medium-term notes			2003-9	600	700
Total long-term debt				2,385	2,092
Amount due within one year				(421)	(144)
				$ 1,964	$ 1,948

At December 31, 2002, the Company did not have any borrowings under the Company's $940 million syndicated credit facility. Interest rates under the facility vary based on Canadian prime, Bankers' Acceptance, U.S. LIBOR or U.S. base rate, depending on the borrowing option selected, credit ratings assigned by certain rating agencies to the Company's senior unsecured debt and whether the facility is revolving or non-revolving.

Interest - net consists of:

	Three months ended December 31		Year ended December 31	
	2002	2001	**2002**	2001
Long-term debt	**$ 33**	$ 35	**$ 128**	$ 148
Short-term debt	**1**	1	**3**	5
	34	36	**131**	153
Amount capitalized	**(9)**	(14)	**(26)**	(51)
	25	22	**105**	102
Interest (income) expense	**-**	1	**(1)**	(1)
	$ 25	$ 23	**$ 104**	$ 101

Note 7 Share Capital

The Company's authorized share capital consists of an unlimited number of no par value common and preferred shares. Changes to issued share capital during 2002 were as follows:

	Three months ended December 31		Year ended December 31	
	Number of Common Shares	Amount	Number of Common Shares	Amount
Balance at beginning of period	417,584,384	$ 3,402	416,878,093	$ 3,397
Exercised for cash - options and warrants	289,217	4	995,508	9
Balance at December 31, 2002	**417,873,601**	**$ 3,406**	**417,873,601**	**$ 3,406**

The fair values of all common share options granted are estimated on the date of grant using the Modified Black-Scholes option-pricing model. The weighted average fair market value of options granted during the year and the assumptions used in their determination are as noted below:

	Three months ended December 31		Year ended December 31	
	2002	2001	**2002**	2001
Weighted average fair market value per option	**$4.10**	$5.70	**$5.19**	$5.70
Risk-free interest rate *(percent)*	**3.9**	3.5	**3.6**	3.5
Volatility *(percent)*	**29**	45	**43**	45
Expected life *(years)*	**5**	5	**5**	5
Expected annual dividend per share	**$0.36**	$0.36	**$0.36**	$0.36

The Company follows the intrinsic value method of accounting for stock-based compensation for its fixed stock option plan, under which compensation cost is not recognized. If the Company applied the fair value method at the grant dates for options granted in 2002 and also to all options granted, the Company's net earnings and earnings per share would have been as follows:

	Three months ended December 31		Year ended December 31	
	2002	2001	**2002**	2001
Compensation cost - options granted in 2002	**$ -**	$ -	**$ -**	$ -
Compensation cost - all options granted	**$ (1)**	$ -	**$ 13**	$ 13
Net earnings available to common shareholders				
As reported	**$ 238**	$ 38	**$ 787**	$ 620
Options granted in 2002	**$ 238**	$ 38	**$ 787**	$ 620
All options granted	**$ 239**	$ 38	**$ 774**	$ 607
Weighted average number of common shares outstanding *(millions)*				
- Basic	**417.7**	416.5	**417.4**	416.1
- Diluted	**419.6**	419.4	**419.3**	418.6
Basic earnings per share				
As reported	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.49
Options granted in 2002	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.49
All options granted	**$ 0.57**	$ 0.09	**$ 1.86**	$ 1.46
Diluted earnings per share				
As reported	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.48
Options granted in 2002	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.48
All options granted	**$ 0.57**	$ 0.09	**$ 1.85**	$ 1.45

A summary of the status of the Company's fixed stock option plan and changes during 2002 is presented below:

	Three months ended December 31, 2002		Year ended December 31, 2002	
Fixed Options	Number of Shares *(thousands)*	Weighted Average Exercise Prices	Number of Shares *(thousands)*	Weighted Average Exercise Prices
Outstanding, beginning of period	8,069	$13.86	8,602	$13.78
Granted	239	$15.81	568	$16.11
Exercised	(252)	$13.71	(608)	$13.63
Forfeited	(136)	$14.47	(642)	$14.37
Outstanding, December 31	**7,920**	**$13.91**	**7,920**	**$13.91**
Options exercisable at December 31			4,822	$13.72

At December 31, 2002, the options outstanding had exercise prices ranging from $11.16 to $19.76 with a weighted average contractual life of 2.8 years.

Shares potentially issuable on the settlement of the capital securities have not been included in the determination of diluted earnings and cash flow per share, as the Company has neither the obligation nor intention to settle amounts due through the issue of shares.

Note 8 Income Taxes

Income tax expense for the year ended December 31, 2002 included an adjustment to future income taxes of $31 million resulting from reductions to the British Columbia and Alberta corporate income tax rates and a reduction in the federal corporate income tax rate for non-resource income. The same period in 2001 included an adjustment to future income taxes of $42 million resulting from a reduction to the Alberta corporate income tax rate.

Note 9 Commitments

The Company has awarded various contracts for the construction of the floating production, storage and offloading vessel and several other components of the White Rose development project with expected completion dates in 2005. The Company's share of the total value of contractual obligations at December 31, 2002 was $1.1 billion. As at December 31, 2002, the Company had spent $322 million on these contracts.

Note 10 Cash Flows

	Three months ended December 31		Year ended December 31	
	2002	2001	**2002**	2001
a) Changes in non-cash working capital were as follows:				
Decrease (increase) in non-cash working capital				
Accounts receivable	**$ 161**	$ 112	**$ (153)**	$ 361
Inventories	**(2)**	3	**(17)**	(40)
Prepaid expenses	**9**	5	**1**	3
Accounts payable and accrued liabilities	**(107)**	(8)	**(11)**	(280)
Change in non-cash working capital	**61**	112	**(180)**	44
Relating to:				
Financing activities	**139**	(3)	**(9)**	42
Investing activities	**(30)**	38	**33**	18
Operating activities	**$ (48)**	$ 77	**$ (204)**	$ (16)
b) Other cash flow information:				
Cash taxes paid	**$ -**	$ -	**$ 20**	$ 13
Cash interest paid	**$ 45**	$ 39	**$ 139**	$ 145

Note 11 Net Earnings and Cash Flow from Operations Per Common Share

	Three months ended December 31		Year ended December 31	
	2002	2001	**2002**	2001
Cash flow from operations	**$ 635**	$ 287	**$ 2,096**	$1,946
Return on capital securities	**(7)**	(9)	**(32)**	(34)
Cash flow from operations available to common shareholders	**$ 628**	$ 278	**$ 2,064**	$1,912
Net earnings	**$ 242**	$ 45	**$ 804**	$ 654
Return on capital securities (net of related taxes and foreign exchange)	**(4)**	(7)	**(17)**	(34)
Net earnings available to common shareholders	**$ 238**	$ 38	**$ 787**	$ 620
Weighted average number of common shares outstanding - Basic *(millions)*	**417.7**	416.5	**417.4**	416.1
Effect of dilutive stock options and warrants	**1.9**	2.9	**1.9**	2.5
Weighted average number of common shares outstanding - Diluted *(millions)*	**419.6**	419.4	**419.3**	418.6
Cash flow from operations				
Per share - Basic	**$ 1.50**	$ 0.67	**$ 4.94**	$ 4.60
- Diluted	**$ 1.50**	$ 0.66	**$ 4.92**	$ 4.57
Net earnings				
Per share - Basic	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.49
- Diluted	**$ 0.57**	$ 0.09	**$ 1.88**	$ 1.48

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, and changes in business plans and estimated amounts and timing of capital expenditures, that could influence actual results.

Terms and Abbreviations

bbls	barrels
mbbls	thousand barrels
mbbls/day	thousand barrels per day
mmbbls	million barrels
mcf	thousand cubic feet
mmcf	million cubic feet
mmcf/day	million cubic feet per day
bcf	billion cubic feet
tcf	trillion cubic feet
boe	barrels of oil equivalent
mboe	thousand barrels of oil equivalent
mboe/day	thousand barrels of oil equivalent per day
mmboe	million barrels of oil equivalent
mcfge	thousand cubic feet of gas equivalent
GJ	gigajoule
mmbtu	million British Thermal Units
mmlt	million long tons
NGL	natural gas liquids
hectare	1 hectare is equal to 2.47 acres
Capital Employed	The average of short and long-term debt and shareholders' equity.
Capital Expenditures	Includes capitalized administrative expenses and capitalized interest but does not include proceeds or other assets.
Cash Flow from Operations	Earnings from operations plus non-cash charges before change in non-cash working capital.
Equity	Capital securities and accrued return, shares and retained earnings
Total Debt	Long-term debt including current portion and short-term debt

Natural gas converted on the basis that six mcf equals one barrel of oil.

In this report, the terms "Husky Energy Inc.", "Husky" or "the Company" mean Husky Energy Inc. and its subsidiaries and partnership interests on a consolidated basis.

Husky Energy will host a conference call for analysts and investors on Thursday, February 6, 2003 at 4:15 p.m. Eastern time to discuss Husky's fourth quarter and year-end results. To participate, please dial 1 (888) 740-8770 beginning at 4:05 p.m. Eastern time. Media are invited to participate in the call on a listen-only basis by dialing 1 (888) 799-1759 beginning at 4:05 p.m.

Those who are unable to listen to the call live may listen to a recording of the call by dialing 1 (800) 558-5253 one hour after the completion of the call, approximately 6:15 p.m. Eastern time, then dialing reservation number 21104919. The PostView will be available until Thursday, February 20, 2003.

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