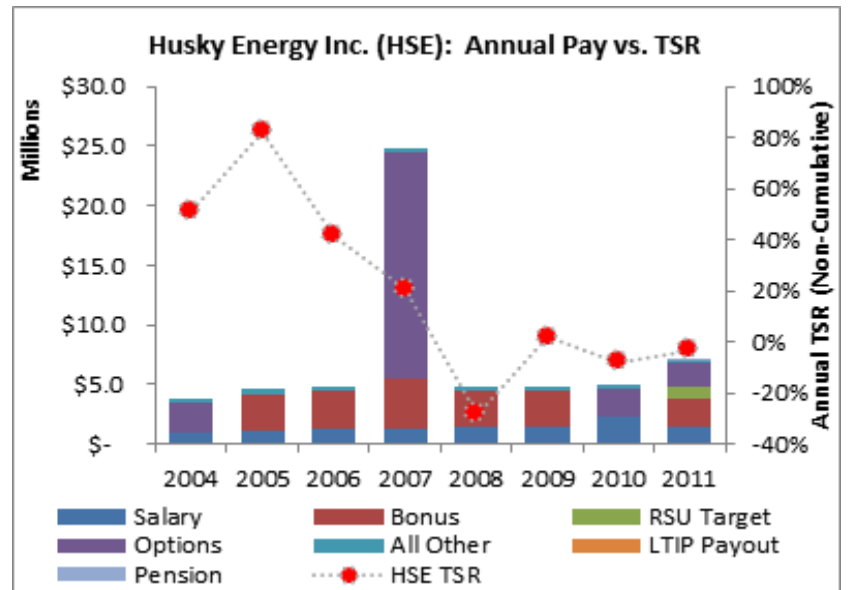
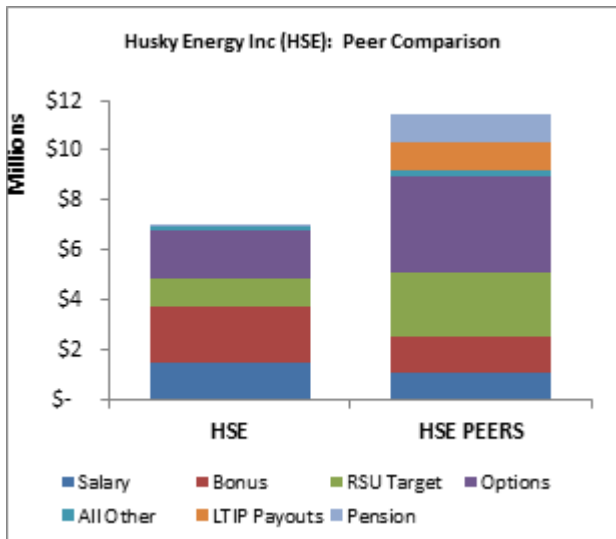


Husky Energy Inc (HSE): 2004-2011 Pay for Performance

| PAY FOR PERFORMANCE SCORE | | | | |
|---------------------------|------------|------------|------------|-------------|
| 1 YEAR = 0 | 4 YEAR = 0 | 6 YEAR = 1 | 8 YEAR = 3 | TOTAL: 4/24 |

Except for a highly anomalous year in 2007, when a special option grant pushed HSE's total CEO pay to \$25m, HSE's typical annual CEO pay has been around \$5m. HSE's 2011 CEO pay of \$7m ranked them 6th out of 8 peers in a year when ROE, ROA and TSR were all in the top 3. The appointment of a new CEO in 2010 resulted in the introduction of options as an annual component of CEO pay, and a bump in CEO pay in 2011, which still leaves HSE well below the average of their peers.

HSE's very low Pay for Performance Score of 4 out of 24 has is a result of two factors: the unusual option grant in 2007, and HSE's poor TSR performance in the years since the new CEO's appointment.



| COMPANY'S DISCLOSED PEER FIRMS | |
|--------------------------------|------------------------------------|
| TICKER | NAME |
| TSE:CNQ | Canadian Natural Resources Limited |
| TSE:CVE | Cenovus Energy Inc. |
| TSE:ECA | Encana Corporation |
| TSE:IMO | Imperial Oil Limited |
| TSE:NXY | Nexen Inc. |
| TSE:SU | Suncor Energy Inc |
| TSE:TLM | Talisman Energy inc. |

| FY 2011 FINANCIAL PERFORMANCE RANKINGS | | | | | | |
|--|----------------|--------------|----------------|--------------|----------------|-------------|
| # | PEER | TSR | PEER | ROE | PEER | ROA |
| 1 | TSE:IMO | 12.9% | TSE:IMO | 25.3% | TSE:IMO | 13.3% |
| 2 | TSE:CVE | 4.1% | TSE:CVE | 15.7% | TSE:HSE | 6.8% |
| 3 | TSE:HSE | -3.4% | TSE:HSE | 12.7% | TSE:CVE | 6.7% |
| 4 | TSE:CNQ | -13.2% | TSE:CNQ | 11.5% | TSE:SU | 5.8% |
| 5 | TSE:SU | -22.3% | TSE:SU | 11.2% | TSE:CNQ | 5.6% |
| 6 | TSE:NXY | -28.2% | TSE:NXY | 8.3% | TSE:NXY | 3.5% |
| 7 | TSE:ECA | -33.0% | TSE:TLM | 7.6% | TSE:TLM | 3.1% |
| 8 | TSE:TLM | -40.3% | TSE:ECA | 0.8% | TSE:ECA | 0.4% |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |

| CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS | | | | | | | | | | |
|--|----------------|--------------------|----------------|--------------------|----------------|--------------------|----------------|--------------------|----------------|--------------------|
| | PEER | TOTAL PAY | PEER | SALARY | PEER | BONUS | PEER | TOTAL CASH | PEER | TOTAL EQUITY |
| 1 | TSE:SU | \$17,287,193 | TSE:SU | \$1,483,846 | TSE:SU | \$3,060,000 | TSE:SU | \$4,543,846 | TSE:SU | \$11,621,931 |
| 2 | TSE:ECA | \$10,364,165 | TSE:TLM | \$1,481,077 | TSE:HSE | \$2,300,000 | TSE:HSE | \$3,759,625 | TSE:ECA | \$7,725,580 |
| 3 | TSE:CVE | \$10,066,000 | TSE:HSE | \$1,459,625 | TSE:CVE | \$2,165,625 | TSE:CVE | \$3,234,375 | TSE:TLM | \$5,749,815 |
| 4 | TSE:TLM | \$9,788,028 | TSE:ECA | \$1,399,929 | TSE:ECA | \$1,207,439 | TSE:ECA | \$2,607,367 | TSE:CNQ | \$4,860,000 |
| 5 | TSE:CNQ | \$7,722,768 | TSE:NXY | \$1,331,250 | TSE:TLM | \$1,009,690 | TSE:TLM | \$2,490,767 | TSE:CVE | \$4,821,640 |
| 6 | TSE:HSE | \$7,050,398 | TSE:CVE | \$1,068,750 | TSE:CNQ | \$500,000 | TSE:NXY | \$1,331,250 | TSE:HSE | \$3,027,750 |
| 7 | TSE:NXY | \$5,003,511 | TSE:CNQ | \$600,000 | TSE:IMO | \$362,604 | TSE:CNQ | \$1,100,000 | TSE:IMO | \$2,192,320 |
| 8 | TSE:IMO | \$4,348,470 | TSE:IMO | \$524,223 | TSE:NXY | \$0 | TSE:IMO | \$886,827 | TSE:NXY | \$1,823,834 |
| 9 | | | | | | | | | | |
| 10 | | | | | | | | | | |
| 11 | | | | | | | | | | |

PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

| 1-YEAR SCORE | 4-YEAR SCORE | 6-YEAR SCORE | 8-YEAR SCORE |
|--------------|--------------|--------------|--------------|
| A = 3 | A = 4 | A = 7 | A = 10 |
| B = 3 | B = 3 | B = 5 | B = 8 |
| C = 2 | C = 2 | C = 3 | C = 5 |
| D = 1 | D = 1 | D = 1 | D = 3 |
| E = 0 | E = 0 | E = 0 | E = 0 |

