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HUSKY ENERGY ANNOUNCES INAUGURAL PREFERRED SHARE ISSUANCE

Calgary, Alberta, March 10, 2011 – In alignment with our financial strategy, Husky Energy Inc. (TSX:HSE) (“Husky Energy”) announced today that it has agreed to issue to a syndicate of underwriters led by CIBC, RBC Capital Markets and BMO Capital Markets (collectively the “Underwriters”) for distribution to the public 10,000,000 Cumulative Rate Reset First Preferred Shares, Series 1 (the “Series 1 Shares”). The Series 1 Shares will be issued at a price of \$25.00 per Series 1 Share, for aggregate gross proceeds of \$250 million. Holders of the Series 1 Shares will be entitled to receive a cumulative quarterly fixed dividend yielding 4.45% annually for the initial period ending March 31, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 1.73%.

Holders of Series 1 Shares will have the right, at their option, to convert their shares into Cumulative Rate Reset First Preferred Shares, Series 2 (the “Series 2 Shares”), subject to certain conditions, on March 31, 2016 and on March 31 every five years thereafter. Holders of the Series 2 Shares will be entitled to receive cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 1.73%.

Husky Energy has granted the Underwriters an option, exercisable in whole or in part prior to closing, to purchase up to an additional 2,000,000 Series 1 Shares at the same offering price. The Series 1 Shares will be offered by way of prospectus supplement to the short form base shelf prospectus of Husky Energy dated November 26, 2010.

The prospectus supplement will be filed with securities regulatory authorities in all provinces of Canada.

The net proceeds from this offering will be used for repayment of existing indebtedness, capital expenditures, corporate and asset acquisitions and for general corporate purposes. The offering is expected to close on or about March 18, 2011, subject to customary closing conditions and required regulatory approvals. The preferred shares have not been registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the U.S. Securities Act.

Husky Energy is an integrated energy company headquartered in Calgary, Alberta, Canada. Husky Energy is a publicly traded company listed on the Toronto Stock Exchange under the symbol HSE. For more information about Husky Energy please visit our web site at www.huskyenergy.com.

Forward Looking Information

Certain statements in this document are forward-looking statements or information (collectively "**forward-looking statements**"), within the meaning of the applicable securities legislation. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as: "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "intend," "plan," "projection," "could," "vision," "goals," "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In particular, this document includes forward-looking statements relating to the public offering of Series 1 Shares; expected timing of closing of the public offering of Series 1 Shares; and the use of proceeds from the public offering of Series 1 Shares. Although Husky believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, Husky's forward-looking statements have been 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 Husky about itself and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources. Husky's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com and the EDGAR website www.sec.gov) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. Any forward-looking statement speaks only as of the date on which such statement is made, and except as required by applicable securities laws, Husky disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

For further information, please contact:

Investor Inquiries:

Rob McInnis
Manager, Investor Relations
Husky Energy Inc.
403-298-6817

Media Inquiries:

Graham White
Corporate Communications
Husky Energy Inc.
403-298-7088