

based on the information available to it, by over 65,000 beneficial shareholders as at 28 January 2011, most of whom Husky understands are United States and Canadian funds, entities and individuals;

- (ii) to the best of Husky's knowledge based on the information available to it, as at 28 January 2011, there were approximately 90 identified Hong Kong based beneficial shareholders who hold approximately 0.05% shares in Husky through nominees. It is Husky's belief that the number of such shareholders, and the number of shares which they may be beneficially interested in, are insignificant in light of Husky's broad shareholder base. As at 18 March 2011, none of the registered shareholders of Husky recorded an address in Hong Kong;
- (iii) although the majority of Husky's shares are indirectly held or controlled by two Hong Kong-based entities (namely L.F. Investments and HW Luxembourg), Husky expects that the substantial majority of its public shareholders will remain in North America and that its shareholding base in Hong Kong will be small compared to the remainder of its minority shareholder base;
- (iv) Husky's planned global offering in conjunction with the secondary listing is expected to comprise a public offering to retail investors in Hong Kong and an international placing. It is expected that the global offering will

connected directors are involved in the day-to-day operations and management of the Company;

- (iii) Husky's senior management team (save for one member who is responsible for Husky's Asian operations and who is based in Hong Kong), as well as its sole executive director (i.e. the President and Chief Executive Officer), are residents of Canada; and
- (iv) Husky has a small presence in Hong Kong through a small regional office.

In view of the above, the Executive accepted that the location of Husky's head office and place of central management are in Canada and not in Hong Kong.

23. Location of business and assets - the Executive noted Latham & Watkins' submission that:

- (i) Husky's main businesses and assets are located in Canada with operations in the upstream, midstream and downstream segments. Husky also has operations in the United States and a small presence in China, Indonesia and Greenland. Husky does not, other than a small regional office, have any business operations or assets in Hong Kong;
- (ii) the majority of Husky's oil and gas exploration and development programs take place in Canada and all of Husky's infrastructure pipeline systems for the processing and transportation of heavy crude oil are physically situated in Canada;
- (iii) as at 31 December 2010, Husky reported 1,081 million barrels of oil equivalent of gross proven oil and gas reserves, producing approximately 287.1 thousand barrels of oil equivalent per day through 18,829 gross producing wells. Of these, 95.3% of the proven oil and gas reserves, and 99.8% of the gross producing wells, are located in Canada;
- (iv) all of Husky's owned branded retail outlets that sell products to, and provide services to, the retail market and end users are located in Canada;
- (v) Husky's financial figures clearly show that its results from operations are primarily dependent on its business operations based in Canada and the United States, with limited contribution from its operations in China and none from Hong Kong;
- (vi) approximately 98% of Husky's employees are located in North America; and
- (vii) as of and for the financial year ended 31 December 2010:
 - (a) China accounted for only 3.7% of total gross proved and probable light crude oil reserves and 0.3% of total gross proved and probable natural gas liquids reserves, and had no contribution to other reserves;
 - (b) China accounted for only 5.2% and 7.3% of total gross crude oil produced by Husky and total gross crude oil revenue respectively, and had no contribution to natural gas production;
 - (c) China accounted for only 0.3% of total gross producing oil wells and had no natural gas wells;

- (d) China accounted for only 0.3% of total gross developed landholdings of Husky;
- (e) less than 2% of total operating costs were attributable to Husky's international operations outside North America (which include two exploration programs in Indonesia); and
- (f) only 13.5% of upstream capital expenditure were attributable to China.

In view of the above, the Executive accepted that the primary location of Husky's business and assets is in Canada and not in Hong Kong.

24. Alternative shareholder protection - the Executive:

- (i) adopts a practical approach to determine whether the protection available to Hong Kong

35. Husky is required to make full disclosure in its Hong Kong prospectus of the regulatory position and in particular, of the fact that the Codes do not apply to Husky. It is further required to disclose in its Hong Kong prospectus (i) the fact that the Canadian takeovers regime does not automatically require a takeovers bid to be extended to shareholders outside Canada; and (ii) the terms of the undertakings to be given by Husky (as referred to at paragraph 25 above) and, if applicable, by its controlling shareholders.
36. If Husky's listing in Hong Kong were to become a primary listing (this would be a matter to be determined by the Stock Exchange) then the Codes would apply to Husky in accordance with section 4.1 of the Introduction to the Codes.

Publication of the Panel decision

37. Husky also made an application to the Panel to defer publication of this Panel decision until such time as the matter is no longer price sensitive.

The Panel was prepared to defer the announcement of this decision until the earliest of (i) the date on which Husky has made an official announcement regarding its intention to seek a secondary listing on the Stock Exchange; (ii) the date on which Husky withdraws the application for secondary listing, and (iii) 15 June 2011. Husky may apply to the Panel for further extension if this is justifiable.

Husky Ene
17 May 2011

Parties present at the hearing:

The Takeovers Executive

Husky Energy Inc.,