

Dear (first name),

This note is provided to analysts & teams that cover Talisman and will be posted on the Analysts & Investors Section of Talisman's website.

We request all sell-side analysts that cover Talisman to please provide updated estimates for Q1 2011, FY 2011 & FY 2012 by returning the attached survey by Friday April 15<sup>th</sup>. The summary survey results will be compiled and provided to all respondents on a no-names basis early the following week. The summary survey results will contain the high/low/average and number of responses received for each of the metrics.

The company will report its Q1 results on Wednesday May 4<sup>th</sup> with press release at 3:00 am MST (5:00 am EST) and conference call to follow at 8:30 am MST (10:30 am EST). In addition, we remind you of the following key items which have been previously disclosed by Talisman or are a summation of public information.

**US Dollar and IFRS:** Talisman will report Q1-2011 results in US dollars and under International Financial Reporting Standards (IFRS). We will continue to report gross "before royalties" production volumes and plan to provide supplemental information to the IFRS financial statements to ensure continuity of analyst models including Non-GAAP reconciliations for earnings and cash flow. The following exchange rates are provided to assist in converting prior periods from Canadian to US dollars (*US\$/C\$ Source- Bloomberg*):

- Q1-2010: Average 0.9618, Ending 0.9846
- Q2-2010: Average 0.9735, Ending 0.9429
- Q3-2010: Average 0.9625, Ending 0.9711
- Q4-2010: Average 0.9875, Ending 1.0054

**Key Q4-2010 Recap:**

- Production from continuing operations of 409mboe/d with earnings and cash flow from continuing operations of C\$84 million and C\$676 million respectively – *Q4-10 Press Release*
- Cash taxes of C\$442 million (income and PRT) - *Q4-10 Financial Statements*
- Please refer to *page 19 of our most recent MD&A (released February 28<sup>th</sup>)*, which includes a Sensitivity Table for the impact of price and volume changes on earnings and cash flow **before** the impact of hedging

**Production:**

- 2011 guidance of 5 to 10% production growth over total 2010 production plus 12-15mboe/d from Colombia- *Guidance Press Release*
- Q2 & Q3 are typically maintenance quarters for Talisman in the North Sea and typically trend lower than Q1 & Q4 – *Historical quarterly financial statements*

**UK Budget** On March 23, the UK government announced a change to the supplemental tax from 20% to 32% which increases the tax rate for oil and gas producers from 50% to 62% effective immediately - *Budget 2011 HM Treasury*

**Cash Taxes:**

- The 2011 current tax charge will continue to be dependent on production levels and realized prices, since capital expenditure by region is expected to be broadly similar in 2011. - *2011 Conference Call Transcript*
- Please note that our key liquids benchmark, Dated Brent, increased by roughly \$18/bbl versus Q4-2010. We refer you to Note 19 of our year-end financial statements for the historical cash taxes by segment to assist your modeling for cash taxes- *Bloomberg and 2011 Consolidated Financial Statements*

**Royalties:** Analysts should adjust royalty estimates in their models if they desire to match historical trends. Please refer to pages 8 & 9 of the MD&A for prices and royalty rates by reporting segment.

**Hedging:** Please see the attached link “Talisman Energy Inc Hedging Contract Summary” for the latest disclosure of financial and physical contracts outstanding.

- Please note that all oil collars were out of the money in Q1-2011
- We remind you that the majority of Talisman’s liquids production is linked directly or indirectly to the Dated Brent price benchmark. Talisman’s net economic exposure to oil prices should take into account applicable royalties and taxes in each respective jurisdiction. Talisman has 61,000/bbls of its net economic exposure to Brent hedged through oil collars with a ceiling between \$91.27 and \$97.57 per barrel. In addition, Talisman has 9,000/bbls of its net exposure to WTI linked production hedged with a ceiling of \$92 per barrel
- Financial hedging contracts contain both realized and unrealized gains/losses and are reported in the “Held-for-trading financial instruments” line in the income statement
- Physical hedging contracts are accounted for as sales revenue in the income statement and netback tables. Analysts should take into consideration that Talisman’s physical hedges for AECO gas volumes are substantially lower in Q1-2011 compared to 2010 when trending netbacks

**World Oil Prices** (*Source - Bloomberg*): Global oil benchmarks relevant to Talisman averaged approximately 7 to 21% higher than the Q4 2010 average (all in US\$ terms).

From the Prior Quarter:

- Canada- Edmonton light benchmark up 12% and Western Canadian Select up 7%
  - North Sea- Brent light crude benchmark up 21%
  - Indonesia- Minas light crude benchmark up 20%
  - Malaysia - Tapis benchmark up 19%
  - Indonesia- Duri heavy crude benchmark, which the majority of Talisman’s Indonesian gas production is linked to, up 19%
  - Malaysia – Singapore High Sulphur Fuel Oil benchmark, which Malaysian gas production is linked to, up 21%
  - Colombia – Cuisiana light crude benchmark at a 9% premium to WTI during the quarter
- Talisman’s gross revenues are correlated to changes in the price of oil as approximately 60% of the company’s overall production (including most Southeast Asian gas) is sold at prices indexed to a liquids benchmark.

In addition to benchmark prices, the timing of liftings can have an impact on realized prices and gross revenues.

**North America Gas Prices** (*Source - Bloomberg*): Actual Q1 prices for key North American gas benchmarks were up slightly versus Q4 2010. NYMEX was up 6% in US\$ terms and the AECO basis differential to NYMEX narrowed slightly from the prior quarter. Please note that these prices affect Talisman’s North America natural gas volumes only.

**Exchange Rates** (*Source - Bloomberg*): The Canadian dollar strengthened versus the US dollar during the first quarter, averaging 1.0154 versus 0.9875 in 4Q 2010.

Please call if you have any questions about the survey or require clarifications for modeling.  
Best regards,

**Shailender Randhawa**

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Note: If you are not part of a sell-side team yet are receiving this message, you are receiving it at your request or as a courtesy. Please ignore the request to fill out the survey, however, if you would like to be removed from this list reply to this e-mail.

# Talisman Q1 2011 Analyst Survey

Sent: April 7th, 2011

Please respond by: Friday, April 15th

**Firm:** \_\_\_\_\_

<b>Total Production (before royalties)</b>		Q1 2011	FY 2011	FY 2012
Oil & Liquids	mbbls/d			
Gas	mmcf/d			
BOE	mboe/d	0.0	0.0	0.0

<b>Production from Continuing Ops (before royalties)</b>		Q1 2011	FY 2011	FY 2012
Oil & Liquids	mbbls/d			
Gas	mmcf/d			
BOE	mboe/d	0.0	0.0	0.0

<b>Financial</b>		Q1 2011	FY 2011	FY 2012
Pre-tax Cash Flow	US\$ million			
Cash Flow	US\$ million			
Income Before Taxes	US\$ million			
Net Income	US\$ million			
Earnings from operations*	US\$ million			

<b>Commodity price assumptions</b>		Q1 2011	FY 2011	FY 2012
WTI Crude	US\$/bbl			
NYMEX Gas	US\$/mmbtu			
Exchange Rate	C\$/US\$			

**Comments** \_\_\_\_\_

\*Talisman calculates Earnings from Continuing Operations as Net Income plus (or minus) non-operational items such as stock-based compensation expense, gains (or losses) on asset sales, unrealized gains (or losses) on risk management contracts etc.

Please return the completed spreadsheet to us by **Friday April 15, 2011**. We will tabulate the results and provide respondents with a high-level summary (on a no-names basis) early the following week.

If you have any questions or comments, please do not hesitate to call.

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Talisman Energy Inc  
Hedging Contract Summary (as disclosed in February 28, 2011 MD&A)  
Full Year 2011

**Natural Gas Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$C/mcf)	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
ICE	Swap	6.45	6.45	17,824	1-Jan-11	31-Mar-11	90
ICE	Swap	5.89	5.89	16,886	1-Apr-11	30-Jun-11	91
ICE Swaps Annualized		6.18	6.18	8,605	1-Jan-11	31-Dec-11	365

Benchmark	Contract	Price Floor (\$US/mcf)	Price Ceiling (\$US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
NYMEX	Swap	6.12	6.12	23,734	1-Jan-11	31-Dec-11	365
NYMEX	Collar	5.27	6.66	95,000	1-Jan-11	30-Jun-11	181
NYMEX	Collar	6.14	6.59	71,200	1-Jan-11	31-Dec-11	365
NYMEX Contracts Annualized		5.85	6.53	142,044	1-Jan-11	31-Dec-11	365

**Natural Gas Physical Contracts (Reported under sales revenue)**

Benchmark	Contract	Price Floor \$C/mcf	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	2.98	2.98	3,671	1-Jan-11	31-Dec-11	365
Physical Contracts Annualized		2.98	2.98	3,671	1-Jan-11	31-Dec-11	365

<b>2011 Gas Contracted Volumes</b>	154,319	1-Jan-11	31-Dec-11	365
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**Oil Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$US/bbl)	Price Ceiling (\$US/bbl)	Volume (bbls/d)	Contract Start	Contract Expiry	Days
Brent	Collar	80.00	92.41	20,000	1-Jan-11	30-Jun-11	181
WTI	Collar	80.00	92.00	9,000	1-Jan-11	31-Dec-11	365
Brent	Collar	80.00	91.27	21,000	1-Jan-11	31-Dec-11	365
Brent	Collar	84.00	97.57	20,000	1-Jan-11	31-Dec-11	365
Collars Annualized		81.34	93.67	59,918	1-Jan-11	31-Dec-11	365
Brent	Put	90.00		20,000	1-Jul-11	31-Dec-11	184
Brent Put Annualized		90.00		10,082	1-Jan-11	31-Dec-11	365

<b>2011 Oil Contracted Volumes</b>	70,000	1-Jan-11	31-Dec-11	365
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Talisman Energy Inc  
Hedging Contract Summary (as disclosed in February 28, 2011 MD&A)  
1Q 2011

**Natural Gas Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$C/mcf)	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
ICE	Swap	6.45	6.45	17,824	1-Jan-11	31-Mar-11	90
ICE Swaps Average		6.45	6.45	17,824	1-Jan-11	31-Mar-11	90

Benchmark	Contract	Price Floor (\$US/mcf)	Price Ceiling (\$US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
NYMEX	Swap	6.12	6.12	23,734	1-Jan-11	31-Mar-11	90
NYMEX	Collar	5.27	6.66	95,000	1-Jan-11	31-Mar-11	90
NYMEX	Collar	6.14	6.59	71,200	1-Jan-11	31-Mar-11	90
NYMEX Contracts Average		5.70	6.57	189,934	1-Jan-11	31-Mar-11	90

**Natural Gas Physical Contracts (Reported under sales revenue)**

Benchmark	Contract	Price Floor \$C/mcf	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	2.98	2.98	3,671	1-Jan-11	31-Mar-11	90
Physical Contracts Average		2.98	2.98	3,671	1-Jan-11	31-Mar-11	90

<b>2011 Gas Contracted Volumes</b>				211,429	1-Jan-11	31-Mar-11	90
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**Oil Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$US/bbl)	Price Ceiling (\$US/bbl)	Volume (bbls/d)	Contract Start	Contract Expiry	Days
Brent	Collar	80.00	92.41	20,000	1-Jan-11	31-Mar-11	90
WTI	Collar	80.00	92.00	9,000	1-Jan-11	31-Mar-11	90
Brent	Collar	80.00	91.27	21,000	1-Jan-11	31-Mar-11	90
Brent	Collar	84.00	97.57	20,000	1-Jan-11	31-Mar-11	90
Collars Average		81.14	93.49	70,000	1-Jan-11	31-Mar-11	90
Financial Contracts Average		81.14	93.49	70,000	1-Jan-11	31-Mar-11	90

<b>2011 Oil Contracted Volumes</b>		81.14	93.49	70,000	1-Jan-11	31-Mar-11	90
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Talisman Energy Inc  
Hedging Contract Summary (as disclosed in February 28, 2011 MD&A)  
2Q 2011

**Natural Gas Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$C/mcf)	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
ICE	Swap	5.89	5.89	16,886	1-Apr-11	30-Jun-11	91
ICE Swaps Average		5.89	5.89	16,886	1-Apr-11	30-Jun-11	91

Benchmark	Contract	Price Floor (\$US/mcf)	Price Ceiling (\$US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
NYMEX	Swap	6.12	6.12	23,734	1-Apr-11	30-Jun-11	91
NYMEX	Collar	5.27	6.66	95,000	1-Apr-11	30-Jun-11	91
NYMEX	Collar	6.14	6.59	71,200	1-Apr-11	30-Jun-11	91
NYMEX Contracts Average		5.70	6.57	189,934	1-Apr-11	30-Jun-11	91

**Natural Gas Physical Contracts (Reported under sales revenue)**

Benchmark	Contract	Price Floor \$C/mcf	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	2.98	2.98	3,671	1-Apr-11	30-Jun-11	91
Physical Contracts Average		2.98	2.98	3,671	1-Apr-11	30-Jun-11	91

<b>2011 Gas Contracted Volumes</b>				210,491	1-Apr-11	30-Jun-11	91
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**Oil Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$US/bbl)	Price Ceiling (\$US/bbl)	Volume (bbls/d)	Contract Start	Contract Expiry	Days
Brent	Collar	80.00	92.41	20,000	1-Apr-11	30-Jun-11	91
WTI	Collar	80.00	92.00	9,000	1-Apr-11	30-Jun-11	91
Brent	Collar	80.00	91.27	21,000	1-Apr-11	30-Jun-11	91
Brent	Collar	84.00	97.57	20,000	1-Apr-11	30-Jun-11	91
Collars Average		81.14	93.49	70,000	1-Apr-11	30-Jun-11	91
Financial Contracts Average		81.14	93.49	70,000	1-Apr-11	30-Jun-11	91

<b>2011 Oil Contracted Volumes</b>		81.14	93.49	70,000	1-Apr-11	30-Jun-11	91
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**Talisman Energy Inc**  
**Hedging Contract Summary (as disclosed in February 28, 2011 MD&A)**  
**3Q 2011**

**Natural Gas Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$US/mcf)	Price Ceiling (\$US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
NYMEX	Swap	6.12	6.12	23,734	1-Jul-11	30-Sep-11	92
NYMEX	Collar	6.14	6.59	71,200	1-Jul-11	30-Sep-11	92
NYMEX Contracts Average		6.13	6.47	94,934	1-Jul-11	30-Sep-11	92

**Natural Gas Physical Contracts (Reported under sales revenue)**

Benchmark	Contract	Price Floor (\$C/mcf)	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	2.98	2.98	3,671	1-Jul-11	30-Sep-11	92
Physical Contracts Average		2.98	2.98	3,671	1-Jul-11	30-Sep-11	92

<b>2011 Gas Contracted Volumes</b>	98,605	1-Jul-11	30-Sep-11	92
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**Oil Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$US/bbl)	Price Ceiling (\$US/bbl)	Volume (bbls/d)	Contract Start	Contract Expiry	Days
WTI	Collar	80.00	92.00	9,000	1-Jul-11	30-Sep-11	92
Brent	Collar	80.00	91.27	21,000	1-Jul-11	30-Sep-11	92
Brent	Collar	84.00	97.57	20,000	1-Jul-11	30-Sep-11	92
Collars Average		81.60	93.92	50,000	1-Jul-11	30-Sep-11	92
Brent	Put	90.00		20,000	1-Jul-11	30-Sep-11	92
Put Average		90.00		20,000	1-Jul-11	30-Sep-11	92

<b>2011 Oil Contracted Volumes</b>	70,000	1-Jul-11	30-Sep-11	92
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**Talisman Energy Inc**  
**Hedging Contract Summary (as disclosed in February 28, 2011 MD&A)**  
**4Q 2011**

**Natural Gas Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$US/mcf)	Price Ceiling (\$US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
NYMEX	Swap	6.12	6.12	23,734	1-Oct-11	31-Dec-11	92
NYMEX	Collar	6.14	6.59	71,200	1-Oct-11	31-Dec-11	92
NYMEX Contracts Average		6.13	6.47	94,934	1-Oct-11	31-Dec-11	92

**Natural Gas Physical Contracts (Reported under sales revenue)**

Benchmark	Contract	Price Floor (\$C/mcf)	Price Ceiling (\$C/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	2.98	2.98	3,671	1-Oct-11	31-Dec-11	92
Physical Contracts Average		2.98	2.98	3,671	1-Oct-11	31-Dec-11	92

<b>2011 Gas Contracted Volumes</b>	98,605	1-Oct-11	31-Dec-11	92
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**Oil Financial Contracts (Reported under held-for-trading financial instruments)**

Benchmark	Contract	Price Floor (\$US/bbl)	Price Ceiling (\$US/bbl)	Volume (bbls/d)	Contract Start	Contract Expiry	Days
WTI	Collar	80.00	92.00	9,000	1-Oct-11	31-Dec-11	92
Brent	Collar	80.00	91.27	21,000	1-Oct-11	31-Dec-11	92
Brent	Collar	84.00	97.57	20,000	1-Oct-11	31-Dec-11	92
Collars Average		81.60	93.92	50,000	1-Oct-11	31-Dec-11	92
Brent	Put	90.00		20,000	1-Oct-11	31-Dec-11	92
Put Average		90.00		20,000	1-Oct-11	31-Dec-11	92

<b>2011 Oil Contracted Volumes</b>	70,000	1-Oct-11	31-Dec-11	92
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