

TALISMAN

E N E R G Y

2011 INVESTOR DAYS SUMMARY

Talisman Energy Executing Successful Strategy Portfolio Positioned for Growth and Profitability

Talisman Energy's investor day presentations from New York and Toronto on May 11 and 12, respectively, will be webcast live commencing May 11 at 8:30 am EDT and can be accessed via the Talisman website (www.talisman-energy.com) and following the links from the home page.

“We continue to successfully execute the strategy Talisman outlined two years ago,” said John A. Manzoni, President & CEO. “The company has made a number of significant advances since we updated our shareholders at this time last year. Our safety processes and performance are getting better and better, which is our first priority.

“We have largely completed our portfolio transition, selling over \$5 billion in non-core assets. These assets were predominantly high cost North American natural gas properties. The company now has a solid platform of sustainable production from our conventional North American and North Sea assets for a decade. On top of this, we continue to build our capacity for growth in low-cost incremental production from Southeast Asia and North American shale.

“Talisman has also built a much deeper exploration portfolio over the past two years, which will contribute to the renewal of the company. We are excited by early success in both Papua New Guinea (PNG) and Colombia. All of this has been designed to work at current gas prices and oil prices lower than today's. We continue to improve our cost base, and our balance sheet is in excellent shape.”

The Portfolio Transition is Largely Complete

Talisman has sold more than 80,000 boe/d of non-core assets in the past two years, with proceeds of \$5.3 billion, exiting six countries. These assets sales were predominantly high-cost, high-decline North American natural gas properties.

The company has significantly strengthened its shale portfolio, adding substantial Tier 1 (low cost) acreage in the Marcellus and Montney over the past three years. In addition, Talisman has built a material position in the liquids rich Eagle Ford shale play and partnered with Sasol to provide liquids optionality in the Montney.

The company has added producing assets in Colombia and deepened its exploration presence in Southeast Asia and Latin America.

Sustainable Annual Production Growth of 5-10% into the Future

The North Sea and North American conventional portfolios have been positioned to provide a core base of stable production for a decade. Talisman believes it can hold a range of 190,000 – 230,000 boe/d

(predominantly liquids) of production from these two regions, which are expected to generate significant free cash flow.

The company has proven that its North American shale properties are a low cost growth engine. Talisman's shale production has grown from 10 mmcf/d two years ago, to 450 mmcf/d in the first quarter of 2011.

The other growth area is Southeast Asia, where the company has large, long-life, low cost reserves. Talisman expects an average of 8% per annum self funded growth from known projects in Southeast Asia over the 2008-2015 period.

The Exploration Portfolio has been Focused and Strengthened

The international exploration portfolio has been refocused, with more land and larger prospects in fewer countries. The two core exploration areas are Latin America and Southeast Asia, where there have been a number of recent successes.

Talisman has also built future growth options in the Kurdistan region of northern Iraq and a shale play in Poland.

The Current Portfolio is Structured for Increased Profitability and Free Cash Flow

The company is reducing its cost base both through non-core asset sales and lower reserve replacement costs. Reserve replacement costs are down 63% over the past two years.

Future drivers include low cost shale plays, higher operational efficiency (North Sea), low cost growth in Southeast Asia, and bigger exploration targets.

Talisman is Well Positioned in a Volatile Environment

Talisman's diversified portfolio mitigates against risk, with three major producing regions and production balanced between oil & liquids and natural gas. Net debt has been reduced from \$4.4 billion in January 2008, to \$2.6 billion at the end of 2010.

North America

In the company's North American operations the shale portfolio is now positioned to provide substantial, low-cost, sustainable production growth. The company has lots of running room in three of the highest quality plays in North America (Eagle Ford, Pennsylvania Marcellus and Montney).

Each of these shale plays is expected to work at sub \$4/mcf gas prices, with substantial capital flexibility as a result of minimal land retention requirements. In addition, the strategic partnership with Sasol (gas-to-liquids feasibility study) and high quality land position in the liquids rich transition window of the Eagle Ford provide liquids potential.

Talisman has a proven track record in shale development, currently producing 351 mmcf/d in Pennsylvania. The company has sold approximately 70,000 boe/d (75% natural gas weighted) of higher-cost North American production over the past two years. The remaining conventional portfolio has a higher liquids percentage and is expected to provide 10 years of stable, highly economic production.

Southeast Asia

The company's assets in Southeast Asia are expected to provide largely self-funded production growth of 8% per annum over the medium term. Key development projects include Corridor, Jambi Merang, PM3-CAA, HST-HSD. This is a low cost region for Talisman, supported by long-life reserves (e.g. Corridor, PM3).

Since 2008 Talisman has expanded its net land holdings in the region four-fold to support ongoing growth, with current land holdings of approximately 20 million net acres. Strong regional gas demand supports premium (oil-linked) natural gas prices. With over 15 years of history in Southeast Asia, Talisman's relationships and experience provide a competitive advantage.

North Sea

In the North Sea the company has a conveyor belt of projects in both the UK (Auk South, MonArb, Flyndre/Cawdor) and Norway (Varg infill, Grevling, Yme, Grosbeak, Beta). The company expects to be able to sustain production rates of 110,000 – 140,000 boe/d annually, at least to 2020.

Over the past two years Talisman has focused on improvements to operating efficiency and building a reliable project delivery system. The North Sea provides significant leverage to oil prices.

International Exploration

Over the past two years Talisman has moved its international exploration portfolio from the building phase to early testing phase, with promising initial results in Colombia and PNG. During this period the company has refocused the portfolio, exploring in fewer areas, with greater prospectivity.

The two focus areas are Latin America and Southeast Asia, with a total of seven billion boe of unrisks prospective resources. Talisman has expanded its presence in Colombia with the acquisition of BP Exploration Company (Colombia), now called Equion Energia, with 12,000 boe/d of production (11,000 boe/d annualized in 2011) and is positioned in three major plays (Foothills, heavy oil, offshore gas).

The company is also evaluating and exploring for big gas potential in PNG, Indonesia (S. Makassar) and Vietnam (Nam Con Son Basin). Beyond the current play horizon, Talisman is in the early stage of evaluating future options in Poland and the Kurdistan region of northern Iraq.

The company believes it is on target for 600 – 700 million boe of discoveries over five years at a finding cost of less than \$5/boe.

Talisman Energy Inc. is a global, diversified, upstream oil and gas company, headquartered in Canada. Talisman's three main operating areas are North America, the North Sea and Southeast Asia. The Company also has a portfolio of international exploration opportunities. Talisman is committed to conducting business safely, in a socially and environmentally responsible manner, and is included in the Dow Jones Sustainability (North America) Index. Talisman is listed on the Toronto and New York stock exchanges under the symbol TLM. Please visit our website at www.talisman-energy.com.

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