Dear (first name),

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

We request all sell-side analysts that cover Talisman to please provide updated estimates for Q3 2011, FY 2011 & FY 2012 by returning the attached *survey* by Friday October 14th. The summary survey results will contain the high/low and consensus average for each of the metrics and will be provided to all respondents on a no-names basis early the following week.

The company will report its 2011 3Q results on Wednesday November 2nd with press release at 3:00 am Calgary time (5:00 am Eastern) and conference call to follow at 11:00 am Calgary time (1:00 pm Eastern).

In addition we'd like to remind you of the following items which have been previously disclosed by Talisman or are a summation of public information. All figures in US dollars unless otherwise specified.

Key Q2-2011 Recap

- Gross production of 420 mboe/d generated cash flow of $897 million and earnings from operations of $168 million at benchmark prices of $117.36/bbl for Dated Brent and $4.36/mmbtu for NYMEX gas – *Q2 2011 Press Release and Financial Statements*
- Cash taxes (income and PRT) of $436 million and realized losses on oil hedging contracts of $119 million – *2Q 2011 Conference Call Transcript and Financial Statements*
- "We continue to expect that our cash exploration and development capital spending will be between $4 to $4.5 billion. In addition, we have spent $510 million on land purchases in the quarter." - *Q2 2011 Press Release*

2011 Production:

- "The company currently expects third quarter production to average approximately 400,000 boe/d. North Sea volumes are expected to average 83,000 boe/d in the third quarter, increasing to approximately 100,000 boe/d in the fourth quarter." – *Q3 2011 Press Release – Operational Update*
- Talisman's annual production is now expected to average approximately 425,000 – *Q3 2011 Press Release – Operational Update*

North Sea Maintenance Impact on Production and Operating Expenses: Analysts please note the following historic information relating to the impact of seasonal maintenance activities in the North Sea on production volumes and operating costs:

- The impact of seasonal maintenance activities in the North Sea on operating costs is twofold. First, North Sea operating costs are relatively fixed in nature, so despite lower production levels, unit costs trend higher during periods of maintenance. Analysts that model operating costs on a per unit basis should exercise their own judgment. Second, maintenance activities such as well intervention costs and equipment upgrades are expensed in operating costs as incurred – *Historical quarterly financial statements and 2011 Investor Open House Presentation*

Effective tax rate:

- Consensus earnings estimates have been significantly higher than TLM's recent results, (e.g. Q1 2011 – Analysts $291 million vs. Actuals $157 million; Q2 2011 Analysts $277 million vs. Actuals $168 million)
- For analysts using a targeted effective tax rate to model taxes and earnings, we provide the following information for your consideration. At low gas prices and based on the current production weightings by region, Talisman's income mix and effective tax rate are weighted to high tax rate jurisdictions. We remind you that the tax rates in our key operating countries are as follows: 62% in UK, 78% in Norway, 38-50% in Asia. Income in taxable jurisdictions is offset by losses in North American operations due to low gas prices which results in a high effective tax rate, please refer to the following illustration:

For illustration only

	Region A		Region B		Total Corporate	
Pre-tax income	$	(50)	$	250	$	200
Tax Rate		25%		65%		na
Taxes	$	(13)	$	162	$	149
Earnings	$	(37)	$	88	$	51
Simple Effective Tax Rate*						74%

* Taxes Divided by Pre-tax Income

- Analysts may consider using Talisman's prior results to model cash taxes and hence to determine operating cash flow estimates and then use a reasonable effective tax rate to derive deferred taxes and earnings estimates. The key drivers for cash taxes, namely oil prices and production levels in the North Sea and Asia, remain unchanged.
- Key changes from Q2 to consider for Q3 earnings estimates are lower production, lower benchmark prices, and similar operating costs.

Timing of Liftings and Inventories: As liftings impact a number of items on the income statement and hence earnings and cash flow results, analysts should exercise judgment if adjusting Q3 estimates for liftings.

- The Q2 results included an $40 million positive cash flow impact from a 0.5 million barrel draw in oil inventories caused by the timing of liftings – *Q2 2011 Press Release and Conference Call Transcript*

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 Brent oil collars were out of the money in Q3 2011
- 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. For Q3 2011, Talisman has 41,000/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
- Current taxes on international oil production such as the North Sea are based on realized oil prices and do not benefit from realized commodity losses
- Physical hedging contracts are accounted for as sales revenue in the income statement and netback tables. Talisman's physical hedges for AECO gas volumes are substantially lower in Q3 2011 compared to 2010 which explains much of the difference when trending netbacks.

World Oil Prices (*Source - Bloomberg*)**:** Global oil benchmarks relevant to Talisman are currently tracking ~2 to 14% lower than the Q2 2011 average (all in US$ terms).
<u>From the Prior Quarter:</u>

- Canada – Western Canadian Select benchmark down 14%
- North Sea – Brent light crude benchmark down 4%
- Indonesia – Minas light crude benchmark down 2%
- Malaysia – Tapis benchmark down 3%
- Indonesia – Duri heavy crude benchmark, which the majority of Talisman's Indonesian gas production is linked to, down 2%
- Malaysia – Singapore High Sulphur Fuel Oil benchmark, which Malaysian gas production is linked to, flat
- Colombia – Cusiana light crude benchmark down 2%

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*)**:** NYMEX is tracking 7% lower in US$ terms and the AECO basis differential to NYMEX is slightly smaller compared to the prior quarter

Exchange Rates (*Source – Bloomberg*)**:** The Canadian dollar has weakened by roughly 1% versus the US dollar during the second quarter

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

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Talisman Energy Inc
Hedging Contract Summary (as disclosed in July 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	71,202	1-Jul-11	30-Sep-11	92
NYMEX Contracts Average		6.14	6.47	94,936	1-Jul-11	30-Sep-11	92

Natural Gas Physical Contracts (Reported under sales revenue)

Benchmark	Contract	Price Floor ($US/mcf)	Price Ceiling ($US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	3.00	3.00	3,671	1-Jul-11	30-Sep-11	92
Physical Contracts Average		3.00	3.00	3,671	1-Jul-11	30-Sep-11	92

2011 Gas Contracted Volumes				98,607	1-Jul-11	30-Sep-11	92

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

2011 Oil Contracted Volumes				70,000	1-Jul-11	30-Sep-11	92

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Talisman Energy Inc
Hedging Contract Summary (as disclosed in July 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	71,202	1-Oct-11	31-Dec-11	92
NYMEX Contracts Average		6.14	6.47	94,936	1-Oct-11	31-Dec-11	92

Natural Gas Physical Contracts (Reported under sales revenue)

Benchmark	Contract	Price Floor ($US/mcf)	Price Ceiling ($US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	3.00	3.00	3,671	1-Oct-11	31-Dec-11	92
Physical Contracts Average		3.00	3.00	3,671	1-Oct-11	31-Dec-11	92

2011 Gas Contracted Volumes				98,607	1-Oct-11	31-Dec-11	92

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

2011 Oil Contracted Volumes				70,000	1-Oct-11	31-Dec-11	92

TALISMAN
ENERGY

Talisman Energy Inc

Hedging Contract Summary (as disclosed in July 28, 2011 MD&A)

Full Year 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
ICE	Swap	6.49	6.49	17,824	1-Jan-11	31-Mar-11	90
ICE	Swap	6.07	6.07	16,886	1-Apr-11	30-Jun-11	91
ICE Swaps Annualized		6.28	6.28	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	94,936	1-Jan-11	30-Jun-11	181
NYMEX	Collar	6.14	6.59	71,202	1-Jan-11	31-Dec-11	365
NYMEX Contracts Annualized		5.85	6.53	142,014	1-Jan-11	31-Dec-11	365

Natural Gas Physical Contracts (Reported under sales revenue)

Benchmark	Contract	Price Floor ($US/mcf)	Price Ceiling ($US/mcf)	Volume (mcf/d)	Contract Start	Contract Expiry	Days
AECO	Swap	3.00	3.00	3,671	1-Jan-11	31-Dec-11	365
Physical Contracts Annualized		3.00	3.00	3,671	1-Jan-11	31-Dec-11	365

2011 Gas Contracted Volumes				154,290	1-Jan-11	31-Dec-11	365

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

2011 Oil Contracted Volumes				70,000	1-Jan-11	31-Dec-11	365

Talisman Energy Inc

Hedging Contract Summary (as disclosed in July 28, 2011 MD&A)

Full Year 2012

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	90.00	148.32	20,000	1-Jan-12	31-Dec-12	366
Collars Annualized		90.00	148.32	20,000	1-Jan-12	31-Dec-12	366
2012 Oil Contracted Volumes				20,000	1-Jan-12	31-Dec-12	366

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