

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 Q4 2011, FY 2011 & FY 2012 by returning the attached *survey* by Monday January 16th. 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 4Q results on Wednesday February 15th 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 Q3-2011 Recap

- Gross production of 400 mboe/d generated cash flow of \$902 million and earnings from operations of \$165 million at benchmark prices of \$113.46/bbl for Dated Brent and \$4.19/mmbtu for NYMEX gas – *Q3 2011 Press Release and Financial Statements*
- Cash taxes (income and PRT) of \$272 million and realized losses on oil hedging contracts of \$66 million – *3Q 2011 Conference Call Transcript and Financial Statements*
- The Kitan project offshore Timor-Leste/Australia started up in October, adding 40,000 bbls/d (10,000 bbls/d net) – *Q3 2011 Press Release*

2011 Production:

- Production for 2011 was approximately 425 mboe/d – *2012 Guidance Press Release*
- North Sea production in the 4th quarter will be in the 100,000 bbls/d range – *2012 Guidance Conference Call Transcript*

Effective tax rate: We have received a number of queries regarding Talisman's effective tax rate on earnings from operations. Talisman's effective tax rate on earnings from operations has averaged between 70% and 75% in 2011. Please see the previously issued Effective Tax rate on Earnings from Operations Analyst Note illustrating Talisman's effective tax rate.

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.

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 Q4 estimates for liftings.

- There was a significant build-up of inventory during the first quarter, which had a negative \$80 million impact on cash flow. Following an inventory reduction of 600,000

bbls in the third quarter, the negative cash flow impact has largely reversed in the year-to-date numbers – Q3 2011 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 Q4 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 Q4 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 were substantially lower in Q4 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 ~3 lower to 15% higher than the Q3 2011 average (all in US\$ terms).

From the Prior Quarter:

- Canada – Western Canadian Select benchmark up 15%
- North Sea – Brent light crude benchmark down 3%
- Indonesia – Minas light crude benchmark no movement
- Malaysia – Tapis benchmark down 2%
- Indonesia – Duri heavy crude benchmark, which the majority of Talisman's Indonesian gas production is linked to, no movement
- Malaysia – Singapore High Sulphur Fuel Oil benchmark, which Malaysian gas production is linked to, no movement
- Colombia – Cusiana light crude benchmark up 1%

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 11% lower in US\$ terms and the AECO basis differential to NYMEX is relatively the same as Q3 2011

Exchange Rates (Source – Bloomberg): The Canadian dollar has weakened by roughly 4% versus the US dollar during the fourth quarter

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

Ryan McRae

Investor Relations Analyst

Talisman Energy Inc.

Direct: +1.403.237.1778

Geoff Holmlund

Senior Economic and Strategy Analyst

Talisman Energy Inc.

Direct: +1.403.920.8701

Talisman Energy Inc
Hedging Contract Summary (as disclosed in the November 2, 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 Inc

Hedging Contract Summary (based on year to date disclosure within quarterly MD&A's)

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 the November 2, 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	126.93	9,000	1-Jan-12	30-Jun-12	182
Brent	Collar	90.00	155.16	11,000	1-Jan-12	30-Jun-12	182
Brent	Collar	90.00	148.36	20,000	1-Jan-12	31-Dec-12	366
Brent	Collar	90.00	123.08	10,000	1-Jan-12	30-Jun-12	182
Brent	Collar	90.00	119.80	10,000	1-Jul-12	31-Dec-12	184
2012 Oil Contracted Volumes				39,945	1-Jan-12	31-Dec-12	366