

# Shareholders' Meeting

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Paris, May 16, 2008 – Thierry Desmarest



# Corporate Governance

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# Total's Board of Directors in 2007

- 10 independent directors among 14 \*
- 1 Chairman and 1 CEO
- 1 director representing employee shareholders
- 7 meetings, 86% attendance rate

***Comprehensive skills and experience***

\* following the evaluation by the Board of Directors on February 12, 2008, pursuant to the 2002 AFEP-MEDEF report, acting on a proposal from the Nominating & Governance Committee

# Board of Director's principal activities in 2007

- › Review and approval of the 2007 Budget
- › Review of Group's and business segments strategies
- › Approval of major investments : Pazflor, Usan...
- › Analysis of Ethics Committee activity
- › Review of quarterly financial statements and close annual financial statements
- › Review of information released to shareholders and financial markets
- › Review of financial policy and insurance policy
- › Proposal of a dividend of 2.07 euros for 2007, an increase of 11%
- › Approval of draft resolutions submitted to the Shareholders' Meeting

# Committees of the Board of Directors



## AUDIT COMMITTEE

- › Assist the Board to ensure:
  - accuracy of financial statements
  - quality of information released to shareholders and financial markets

## NOMINATING AND GOVERNANCE COMMITTEE

- › Recommend qualified persons to be appointed as Board members, Chairman or CEO
- › Prepare and supervise Total's corporate governance rules

## COMPENSATION COMMITTEE

- › Examine executives compensation policies
- › Evaluate performance and recommend compensation of Chairman and CEO

## PRINCIPAL ACTIVITIES IN 2007

- › Review of quarterly and annual financial statements (statutory and consolidated)
- › Oversight of internal control procedures and of internal audits reports

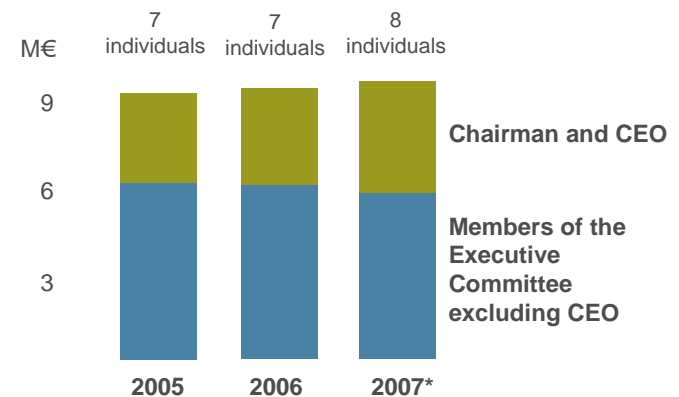
- › Composition of the Board of Directors (renewals and nominations)
- › Review of directors' independence

- › Compensation and benefits awarded to the Chairman and to the CEO
- › Stock option plans and restricted share grants for employees of the Group

# Compensation principles of Chairman, CEO and Executive Committee

- **Compensation of Chairman and CEO decided by the Board of Directors upon recommendations of the Compensation Committee**
  - performance criteria to calculate variable components
  
- **Compensation of Executive Committee members reviewed by the Compensation Committee**
  
- **Employee pension plan and retirement benefits determined by collective bargaining agreement and subject to performance conditions**
  
- **In case of early termination of the Chairman or CEO**
  - No payment if eligible to receive full retirement benefits
  - Severance benefits limited to 2 years of compensation and subject to performance conditions
  - 1 additional year in case of a non-compete agreement, or departure following a change in control of ownership of the Company

Compensation received by members of the Executive Committee, by Chairman and by CEO



\* including Thierry Desmarest's compensation who, since February 14, 2007, is no longer a member of the Executive Committee

# Development of employees' shareholding

## > Strengthen employee shareholding through capital increases

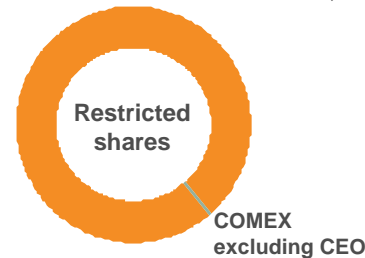
- 3.5 % of capital held by the employees of the Group
- CAC 40's largest employee shareholding group, by amount : 5 billion euros
- One transaction every 2 years
- **Approximately 110,000 current and former employees hold shares**

## > Encourage performance through stock options and restricted share grants

- List of beneficiaries determined by the Board of Directors
- Performance condition for restricted share grants
- No discounted price on stock options
- 45% of new beneficiaries in 2007
- **13,400 distinct beneficiaries since 2005**

### Number of restricted shares and stock options received in 2007

Other employees  
8,608 individuals



Other employees  
2,718 individuals



***Convergence of interests of employees with other shareholders***

# Renewal of Total's Board of Directors

- > Proposal to appoint 2 new independent directors



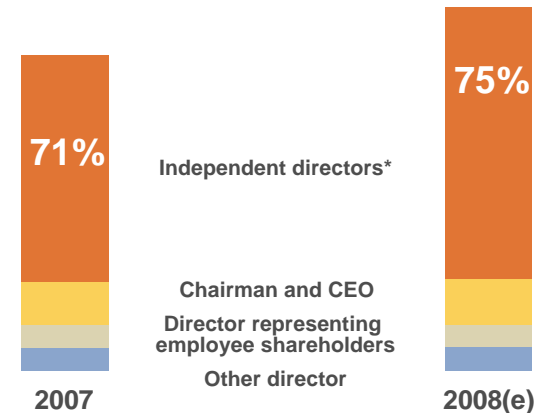
Patricia BARBIZET



Claude MANDIL

- > 12 independent directors\* among 16, subject to approval at the Shareholders' Meeting

## Total's Board of Directors



***Objective to maintain independent directors proportion to a higher level***

\* following the Board of Director's meeting of February 12, 2008, pursuant to the 2002 AFEP-MEDEF report, acting on a proposal from the Nominating & Governance Committee

# Results and outlook

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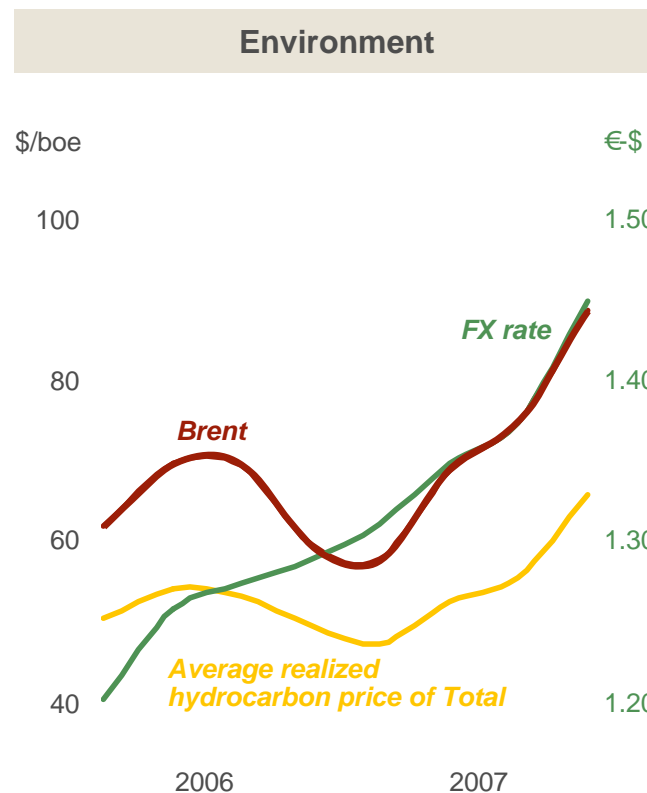
**Christophe de Margerie – CEO**



# Strong 2007 result : 12.2 B€

<i>in billions of euros (B€)</i>	2007	2006	%
<b>Adjusted net income</b>	12.2	12.6	-3%
<b>Adjusted EPS (€)</b>	5.37	5.44	-1%

<i>in billions of dollars* (B\$)</i>	2007	2006	%
<b>Adjusted net income</b>	16.7	15.8	+6%
<b>Adjusted EPS (\$)</b>	7.35	6.83	+8%



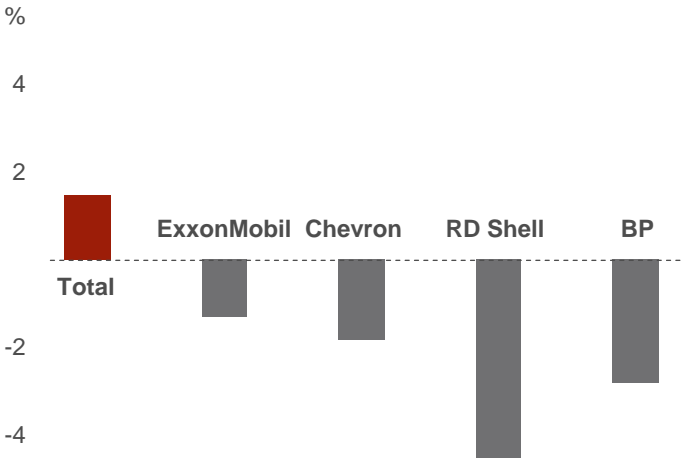
**Adjusted EPS : -1% in €, +8% expressed in \$**

adjusted income defined as income at replacement cost, excluding special items and Total's equity share of the amortization of intangible assets related to Sanofi-Aventis merger

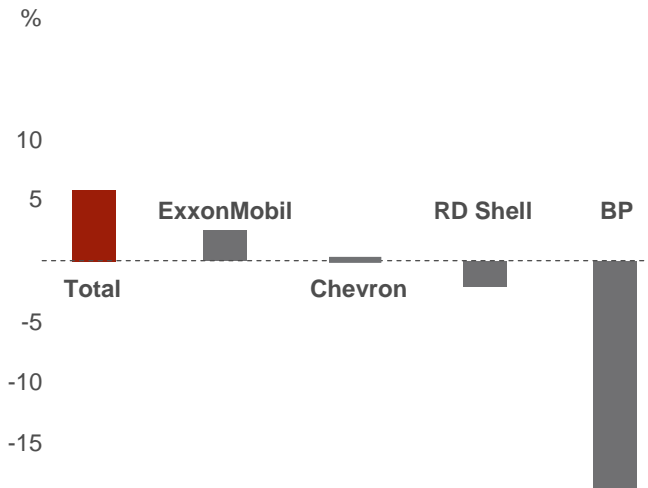
\* dollar amounts converted from euro amounts using the average €/\$ rate for the period

# Performance among the best of the majors

**Production**  
(2007 vs 2006)



**Results (in \$)\***  
(2007 vs 2006)



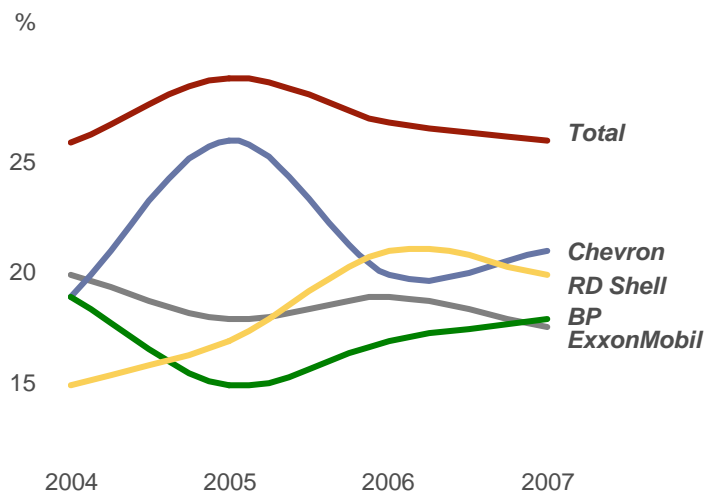
**Production growth : +1.5% to 2.39 Mboe/d**  
**Capex : 16.1 B\$**

\* adjusted net income expressed in dollars ; estimates based on public data for other majors

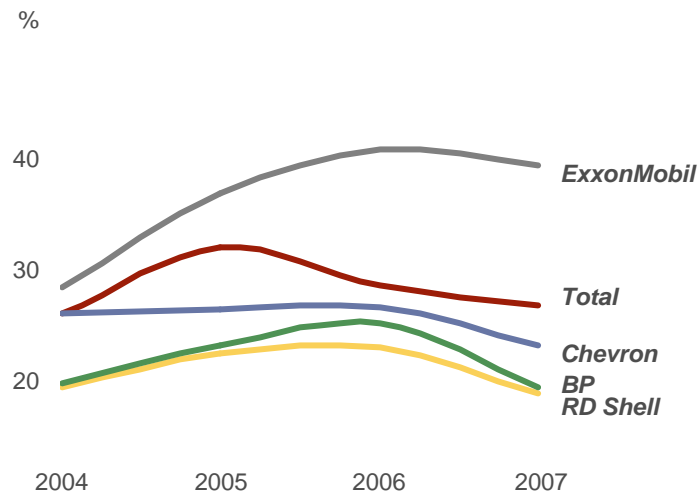


# Substantial investment program and disciplined capital management

**Investment program**  
(Capex / Capital Employed)



**Profitability**  
(ROACE\*)

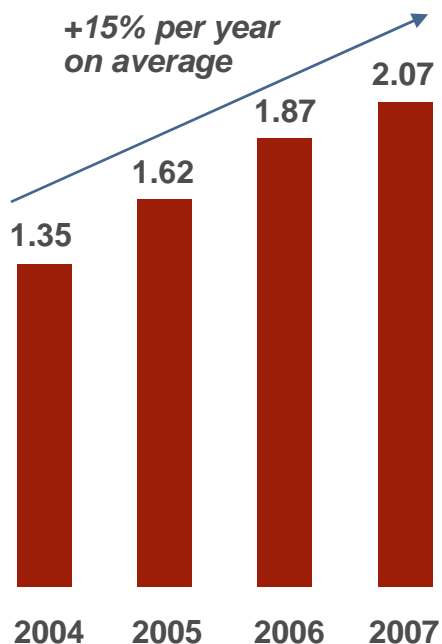


**Capex level commensurate with sustained long-term growth**

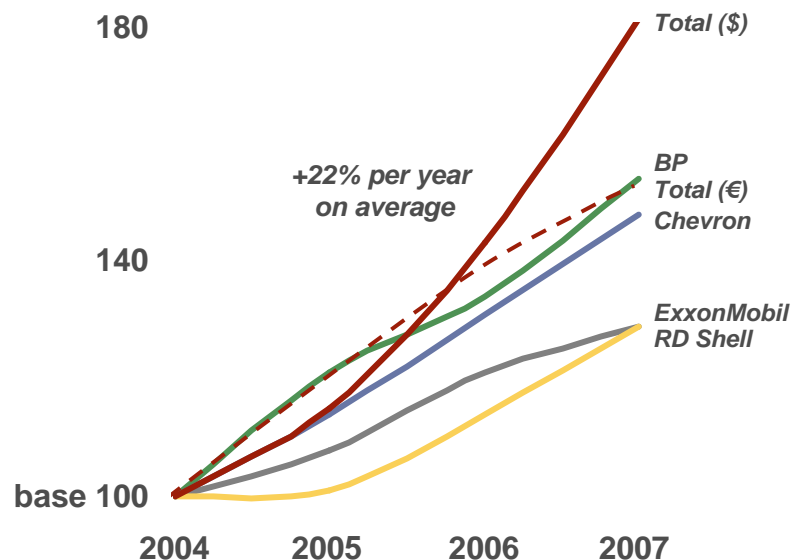
\* profitability of business segments ; estimates for other majors based on public data

# 2007 dividend : +11% to 2.07 € per share

Dividend of Total (€)



Dividend (based on \$/share)



**Favoring dividend for shareholder return**

estimates for other majors based on public data  
 2007 dividend pending approval at the May 16, 2008 Annual Meeting (dollar amount based on 1 € = 1.55 \$ at expected payment date for the remainder of the dividend, May 23, 2008)



# Strong performance since the beginning of 2008 in a mixed environment

	1Q08	1Q07	%
Average hydrocarbon price (\$/boe)	96.7	57.8	+67%
Refining margin indicator TRCV (\$/t)	24.6	33.0	-25%
Average exchange rate €-\$	1.50	1.31	-12%

<i>in billions of euros</i>	1Q08	1Q07	%
Adjusted net income	3.25	2.99	+9%
Adjusted EPS (€)	1.44	1.31	+10%

<i>in billions of dollars*</i>	1Q08	1Q07	%
Adjusted net income	4.87	3.92	+24%
Adjusted EPS (\$)	2.16	1.72	+26%

- > Upstream production at 2,426 kboe/d in the first quarter 2008
- > Ramp-up of Dolphin in the Middle East and start-up of Moho Bilondo in Congo
- > Launching development of several major projects
  - Usan in Nigeria
  - Re-development of the Anguille field in Gabon
  - modernization program of the Port Arthur refinery in the U.S
- > Public offer to buy Synenco in Canada
- > Addition of exploration acreages in the Gulf of Mexico, Alaska, Nigeria and Australia
- > Approval of the Jubail refinery project in Saudi Arabia

adjusted income defined as income at replacement cost, excluding special items and Total's equity share of the amortization of intangible assets related to Sanofi-Aventis merger

\* dollar amounts converted from euro amounts using the average €-\$ rate for the period

# Upstream

# 2006-2010 production growth target of 4% per year on average in a 60 \$/b environment

Akpo (24%)



> Nigeria

Qatargas II TB (16.7%)



> Qatar

Tahiti (17%)



> US

Tombua Landana (20%)



> Angola

Ofon II (40%)



> Nigeria

Yemen LNG (39.6%)



> Yemen

Jura (100%)



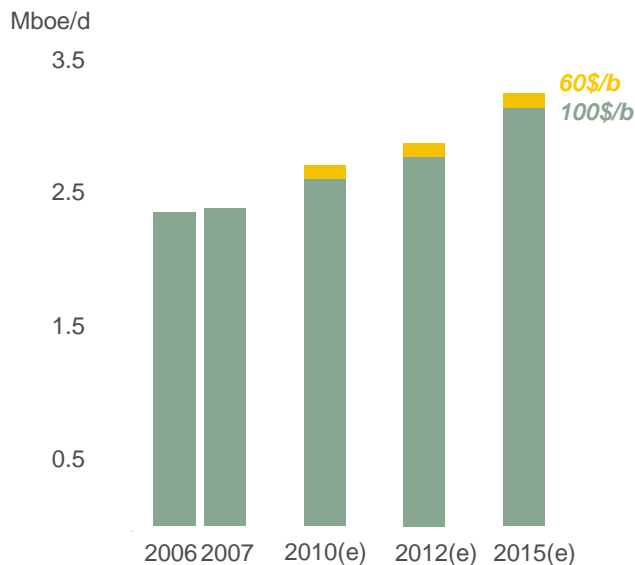
> UK

Moho Bilondo (53.5%)







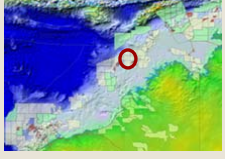
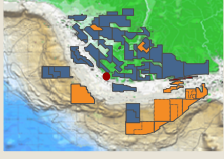

> Congo  
> Producing

## Hydrocarbon production

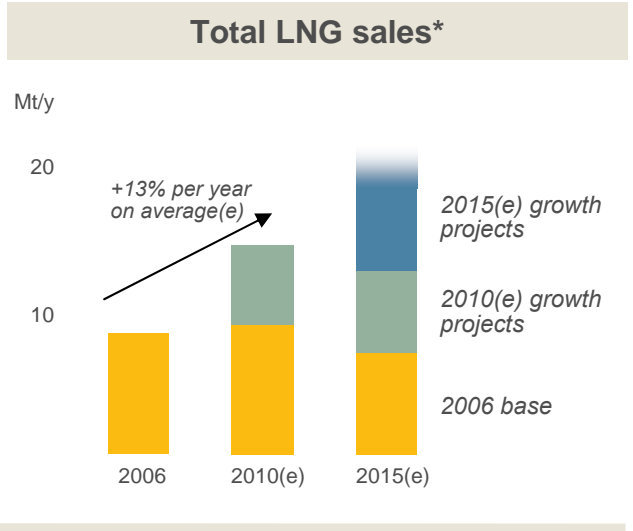


**80% of new production through 2010 operated by Total**

# Changing scale of Total's LNG portfolio

Yemen LNG (39.6%)	Qatargas II TrB (16.7%)	Angola LNG (13.6%)	NLNG T7 (15%)	Ichthys LNG (24%)	Brass LNG (17%)	Shtokman (25%)
						
<ul style="list-style-type: none"> <li>&gt; Yemen</li> <li>&gt; Capacity : 6.7 Mt/y</li> <li>&gt; Start-up winter 08-09(e)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Qatar</li> <li>&gt; Capacity : 7.8 Mt/y</li> <li>&gt; Start-up 2009(e)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Angola</li> <li>&gt; Capacity : 5.2 Mt/y</li> <li>&gt; FID Dec. 2007</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Nigeria</li> <li>&gt; Capacity : 8.5 Mt/y</li> <li>&gt; FID 2008-2009(e)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Australia</li> <li>&gt; Capacity : 8.4 Mt/y</li> <li>&gt; FID 2008-2009(e)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Nigeria</li> <li>&gt; Capacity : 10 Mt/y</li> <li>&gt; FID 2008-2009(e)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Russia</li> <li>&gt; Capacity : 7.5 Mt/y</li> <li>&gt; FID 2009(e)</li> </ul>

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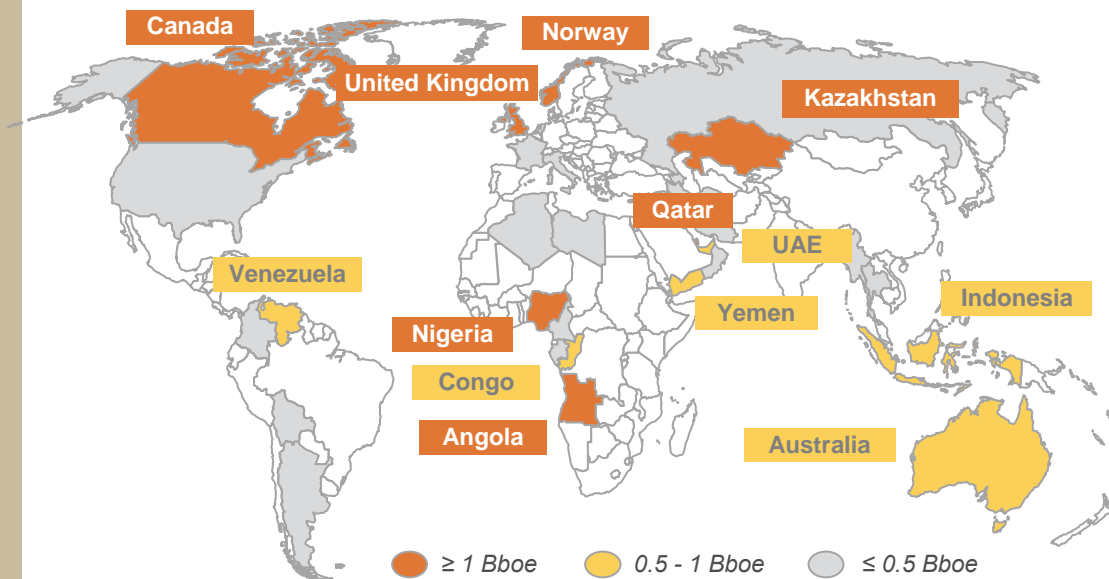
**Major LNG producer with approx 17% of Group production in 2010(e)**

\* sales, Group share, excluding trading



# Strong positions on majority of growth basins

Proved and probable reserves\* : 20 Bboe



- > 1 billion boe added from exploration in 2007
- > 13 countries with more than 500 Mboe of proved and probable reserves at end-2007 compared to 9 at end-2003
- > Significant additional resources\*\* in Russia and heavy oil

***Portfolio offers good risk-reward balance***  
***Proved and probable reserves\* > 20 years of production***  
***Resources\*\* > 40 years of production***

\* limited to proved and probable reserves at year-end 2007 covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 60 \$/b Brent environment, also includes Joslyn tar sands to be developed with mining  
\*\* proved and probable reserves plus reserves potentially recoverable from known accumulations (SPE - 03/07)

# Downstream - Chemicals


# Targeted investments to adapt European refining to market changes

**DHC Normandie**



France  
Capacity : 2.4 Mt/y  
Start-up end-2006

**HDS Lindsey**



UK  
Capacity : 1.8 Mt/y  
Start-up 2009(e)

**HDS Leuna**



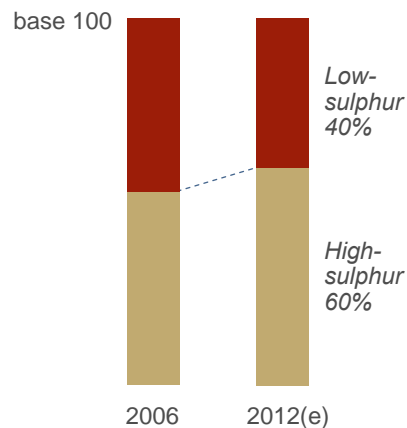
Germany  
Capacity : 1 Mt/y  
Start-up 2009(e)

**DHC Huelva (Cepsa)**

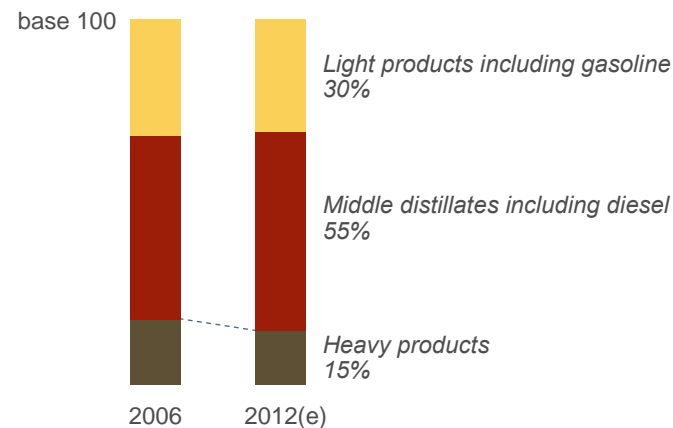


Spain  
Capacity : 2.1 Mt/y  
Start-up 2010(e)

**Crude throughput\***



**Refined products\***



**Increasing throughput of heavier and higher-sulphur crude and output of diesel**

\* including share of Cepsa (48.83%)

# Development of profitable growth projects in refining

## Launching modernization program for Port Arthur refinery



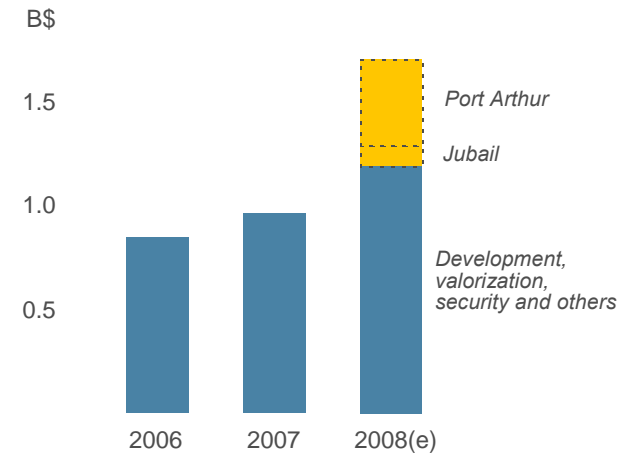
- Construction of a deep conversion unit to increase diesel production capacity
- Start-up 2011(e)

## Approval of the Jubail refinery project in Saudi Arabia



- Total - Saudi Aramco partnership
- 400 kb/d Arab Heavy (dedicated production)
- Expected listing on Ryad market
- Start-up 2012(e)

## Refining Capex\*



***Robust economics thanks to the high correlation of distillate conversion margins to crude price despite cost increases***

\* including net investment in equity affiliates and non-consolidated companies, excluding turnarounds, based on 1 € = 1.50 \$ for 2008(e)


# Investments for growth projects in petrochemicals

**Daesan (50%)**



**Korea**  
Expansion +30%

**Qapco (20%)**




**Qatar**  
Debottlenecking +30%

**Qatofin (49%)**



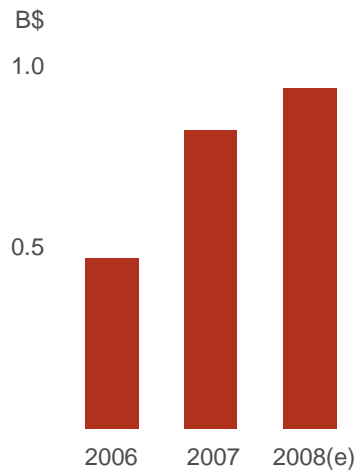
**Qatar**  
New ethane cracker

**Arzew (51%)**

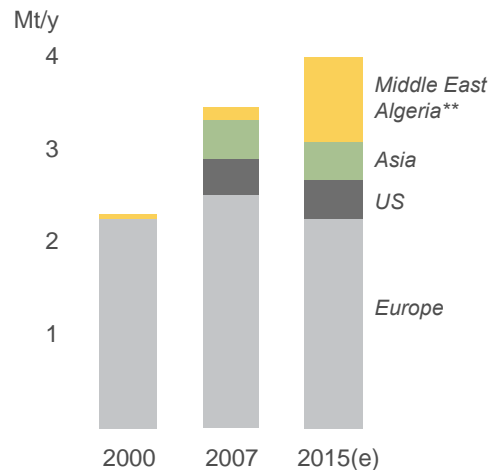


**Algeria**  
New ethane cracker

**Petrochemicals Capex\***



**Ethylene production capacity**



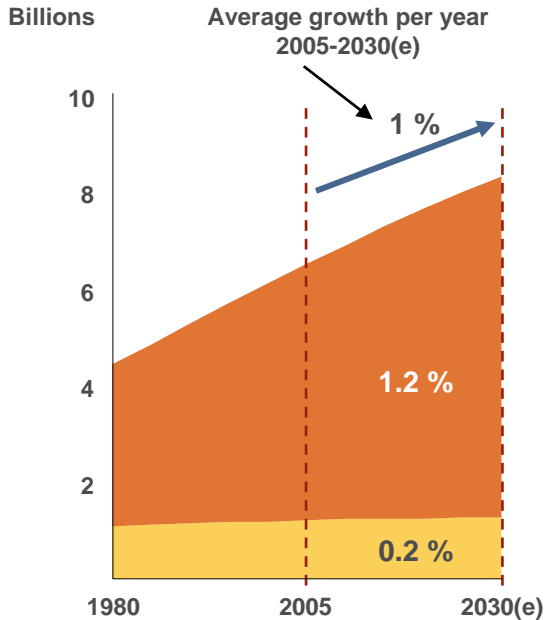
**More than 50% of petrochemicals results based on ethane or in Asia by 2015(e)**

\* including net investment in equity affiliates and non-consolidated companies, excluding acquisitions and based on 1 € = 1.50 \$ for 2008(e)  
 \*\* Arzew pending final agreement

# Oil & gas environment

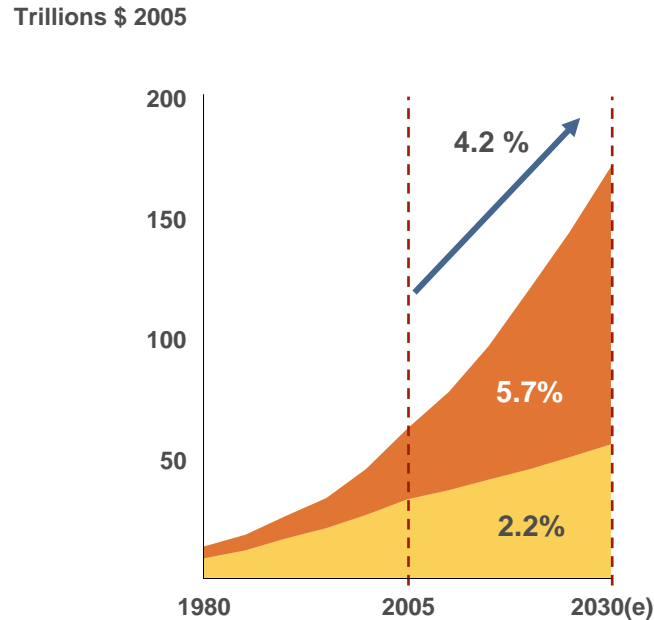
# Global energy demand growth

## Population

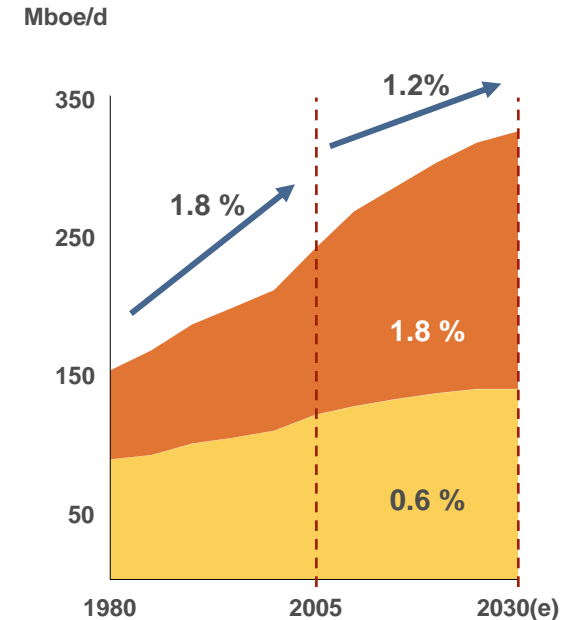


## GDP

(purchasing power parity)



## Energy demand

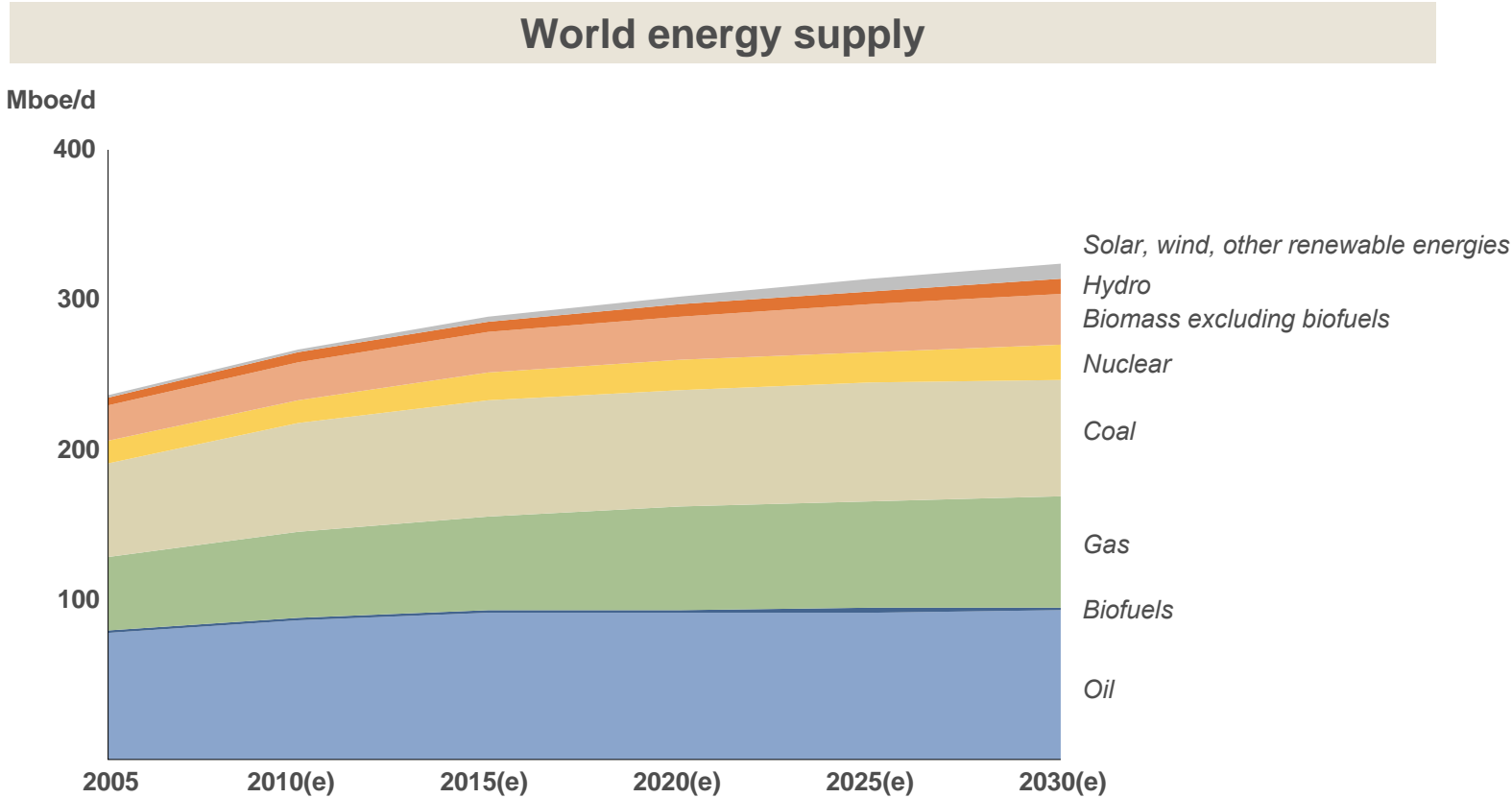


● OECD

● Non-OECD

**Energy demand growth mainly driven by transportation and power generation**

# Fossil energies to represent 75% of energy supply in 2030(e)



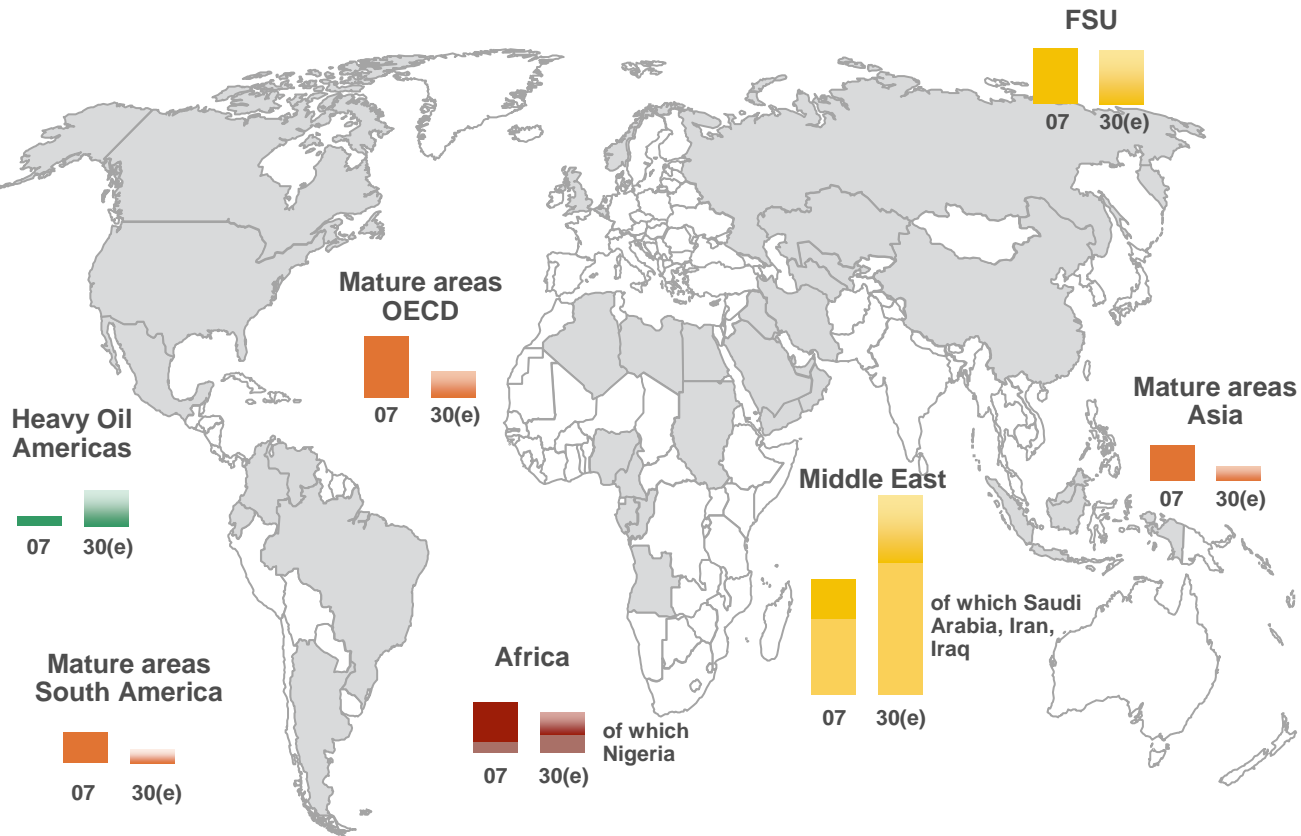
***Limitation of CO<sub>2</sub> emissions necessary to increase coal and hydrocarbon production  
Required diversification of energy supply***

sources : Total estimates



# Oil production capacity below 100 million of barrels per day towards 2020 - 2030

## Oil production

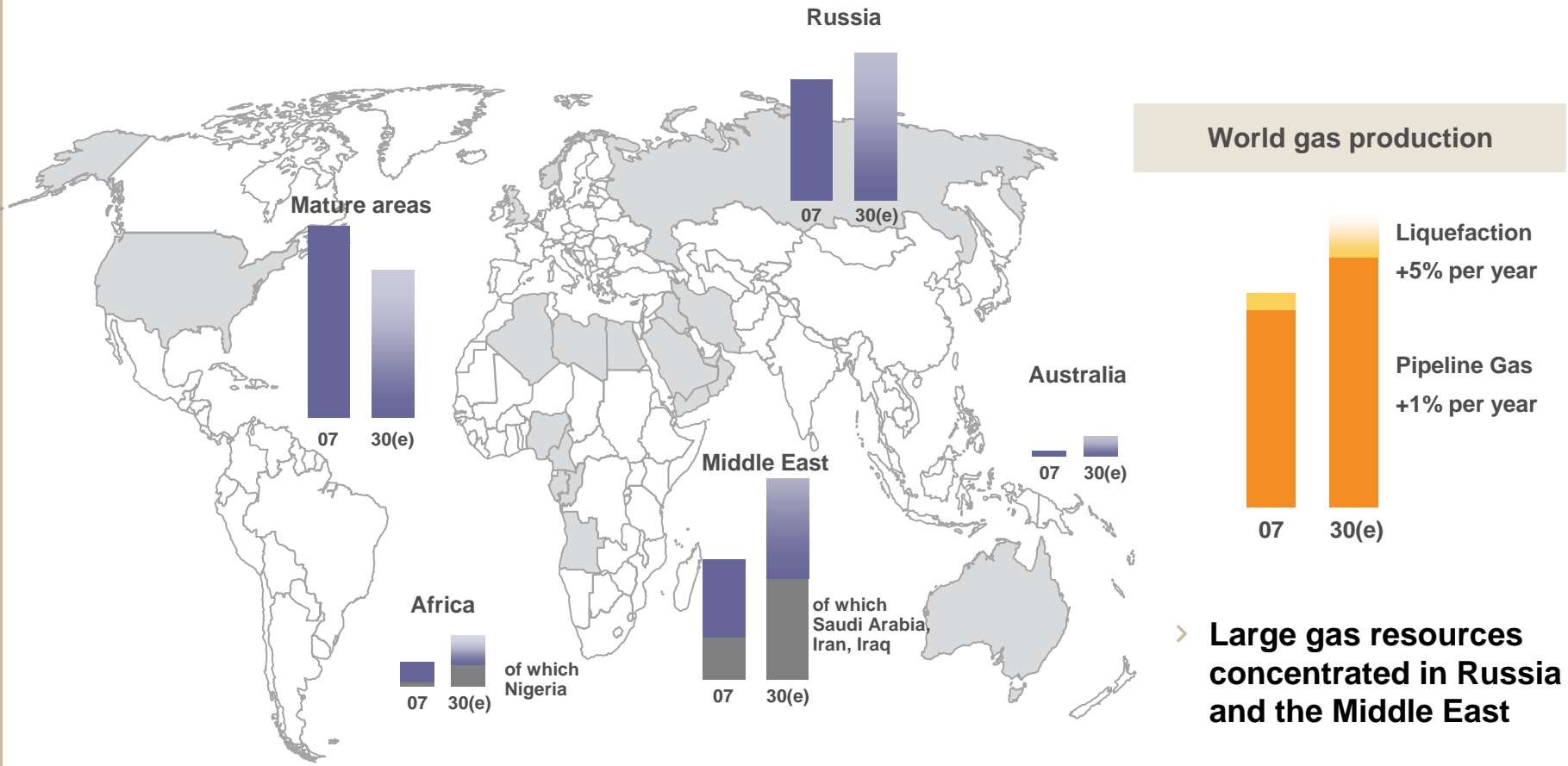


- > Plenty of resources but technically challenging
- > Geopolitical uncertainties delaying development of new capacities
- > Growing role of OPEC

***Strong positioning of Total both in growing regions and on growing segments***

sources : Total estimates

# Natural gas production growth driven by LNG



> Large gas resources concentrated in Russia and the Middle East

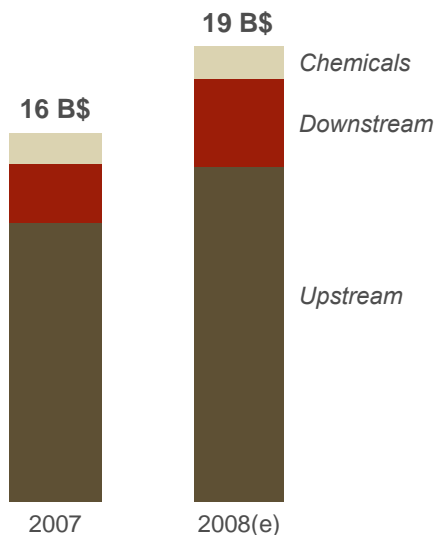
***Growth of gas supply constrained by the pace of development of liquefaction projects***

sources : Total estimates



# Substantial 2008 Capex program mainly dedicated to production growth and safety

## Capex by segment\*



## Main 2008 investments(e)

(Group share)



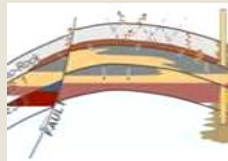
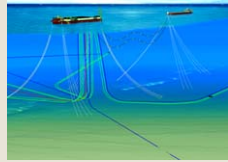
**Increasing R&D budget by more than 20% to 1 B\$ in 2008(e)**

\* including net investment in equity affiliates and non-consolidated companies, excluding acquisitions and based on 1 € = 1.50 \$ for 2008(e)

# Progressively developing new axes of profitable growth

Supply / demand tension and global climate change are raising the stakes

- More technological content in new projects
- Growing need for conversion to fulfill transportation sector demand
- Developing CO<sub>2</sub> economics
- Improving returns for alternative energies
- Importance of nuclear as part of the supply of clean energy for the long term



Total's strategic response for the long term

- Maintain our technological leadership
- Continue intensive R&D for clean coal and XTL and CO<sub>2</sub> sequestration technologies
- Attain critical mass in new high-tech energies
- Participate in energy arbitrage of major producing countries
- Contribute to reducing oil demand by improving the efficiency of fuels

***Expanding the model for sustainable growth by increasing the acceptability of our operations***

# Joint auditors' reports

# Joint auditors' reports

1. Auditors' report on the annual financial statements
2. Auditors' report on the consolidated financial statements
3. Auditors' report on regulated agreements and commitments
4. Auditors' report on share capital increases
5. Auditors' additional report on the issuance of common shares reserved to employees
6. Auditors' report on the report of the chairman of the board of directors on internal control

# Report on the annual and consolidated financial statements

## > 1<sup>st</sup> resolution : annual financial statements of the parent company

- We certify that the annual financial statements present fairly the results of the transactions for the past year of the parent company in accordance with French accounting rules and practices

## > 2<sup>nd</sup> resolution : consolidated financial statements

- In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group
- The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

# Report on regulated agreements and commitments

## > Resolutions n° 4 - 6 : Report on regulated agreements and commitments

- Agreements of your company with directors
  - Concerning the pension plans : retirement benefits and complementary pension plan
  - Concerning the termination or non-renewal of their terms of office
  
- Agreements relating to securities granted to a banking pool which includes BNP Paribas and Société Générale approved in previous years have expired in March 2007

# Auditors' report on share capital increases

## > Resolutions n° 13 - 17 and resolution C

- Nature of operations
  - Issuance of common shares or any securities providing access to share capital with / without preferential subscription rights
  - Issuance of common shares restricted to employees participating in a company savings plan
  - Grant of restricted shares of the company to group employees and to executive officers
- We have no matter to report on the information given in the reports:
  - Of the Company board of directors,
  - Of the group workers' council and the supervisory board of the Total Actionnariat France employee investment fund presenting resolution C
- We will issue additional reports on the condition of the issuance when the transactions occur

# Other reports issued by the joint auditors

- **Additional report (April 2008) on the issuance of shares restricted to employees**
  - Issuance approved by the Shareholders' Meeting of May 11, 2007
  - No matter to report on:
    - the arithmetical information given in the report of the board of directors,
    - the examination of the issue terms,
    - the cancellation of preferential subscription rights and the price setting features
    - the presentation of the impact of the issuance
  
- **Auditors' report on the report of the chairman of the board on internal control**
  - No matter to report on :
    - the information and declarations given on the internal control procedures relating to the preparation and processing of financial and accounting information

# Disclaimer

This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business, strategy and plans of Total. Such statements are based on a number of assumptions that could ultimately prove inaccurate, and are subject to a number of risk factors, including currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, environmental regulatory considerations and general economic and business conditions. Total does not assume any obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Further information on factors which could affect the company's financial results is provided in documents filed by the Group and its affiliates with the French Autorité des Marchés Financiers and the US Securities and Exchange Commission.

Business segment information is presented in accordance with the Group internal reporting system used by the Chief operating decision maker to measure performance and allocate resources internally. Due to their particular nature or significance, certain transactions qualified as "special items" are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, certain transactions such as restructuring costs or assets disposals, which are not considered to be representative of normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to recur within following years.

The adjusted results of the Downstream and Chemical segments are also presented according to the replacement cost method. This method is used to assess the segments' performance and ensure the comparability of the segments' results with those of the Group's main competitors, notably from North America.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the income statement is determined by the average price of the period rather than the historical value. The inventory valuation effect is the difference between the results according to FIFO (First-In, First-Out) and replacement cost.

In this framework, performance measures such as adjusted operating income, adjusted net operating income and adjusted net income are defined as incomes using replacement cost, adjusted for special items and excluding Total's equity share of the amortization of intangibles related to the Sanofi-Aventis merger. They are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

Cautionary Note to U.S. Investors - The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as "proved and probable reserves", "potential reserves" and "resources", that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File N° 1-10888, available from us at 2, place de la Coupole - La Défense 6 - 92078 Paris la Défense cedex - France. You can also obtain this form from the SEC by calling 1-800-SEC-0330.