

Total E&P in the Middle East

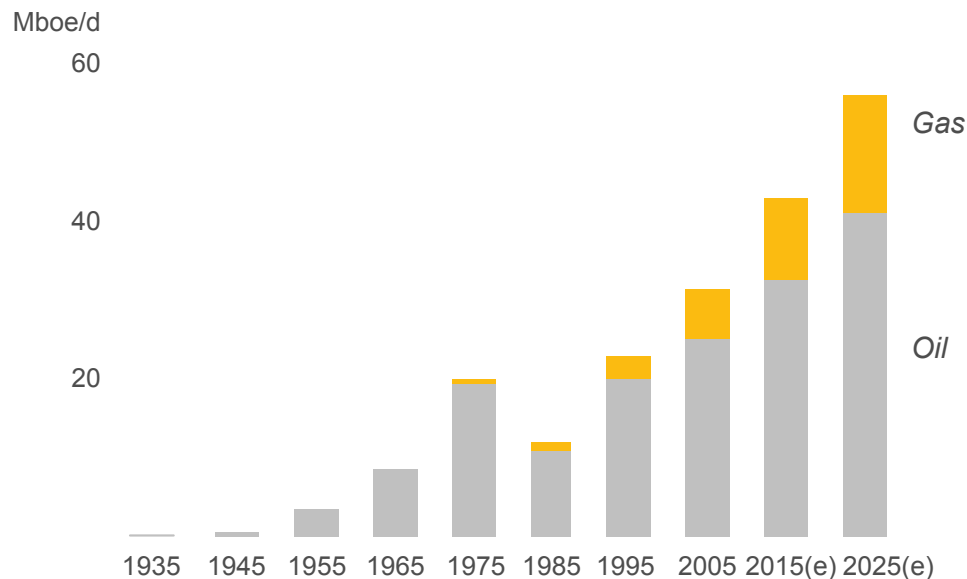
Ladislav Paszkiewicz
President, Middle East



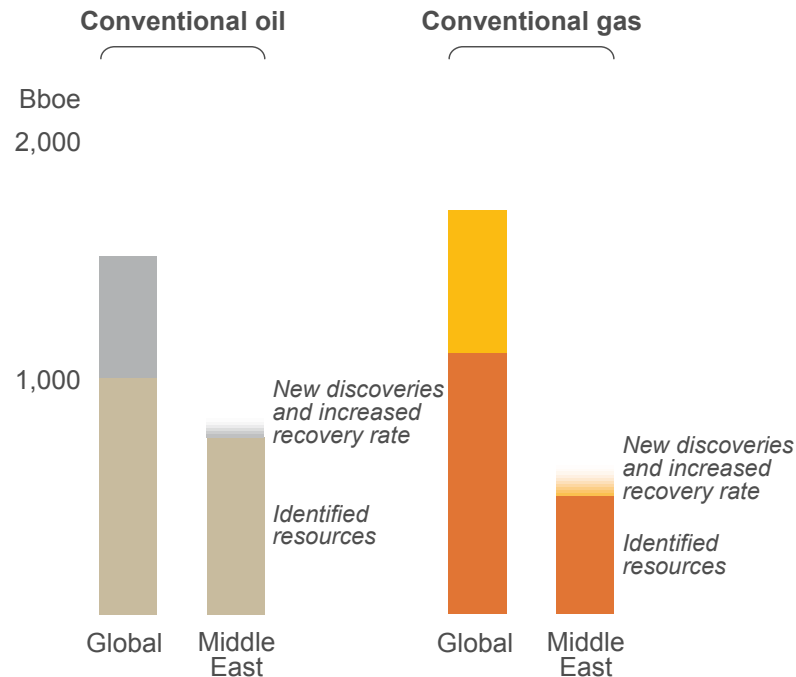
70% of global conventional oil and 40% of gas resources in Middle East

Middle East hydrocarbon production

5%	6%	20%	26%	35%	19%	30%	31%	35%	44%	Share of global oil production
-	-	-	1%	3%	4%	7%	11%	18%	23%	Share of global gas production



Resources



- > Middle East : well explored area but still under produced
- > Close to 2.5%/y average growth through 2030(e) for Middle East oil, relying for around 45% on Iraq
- > Middle East gas production to growth by 5%/y on average thanks to LNG, mainly from Qatar and Iran

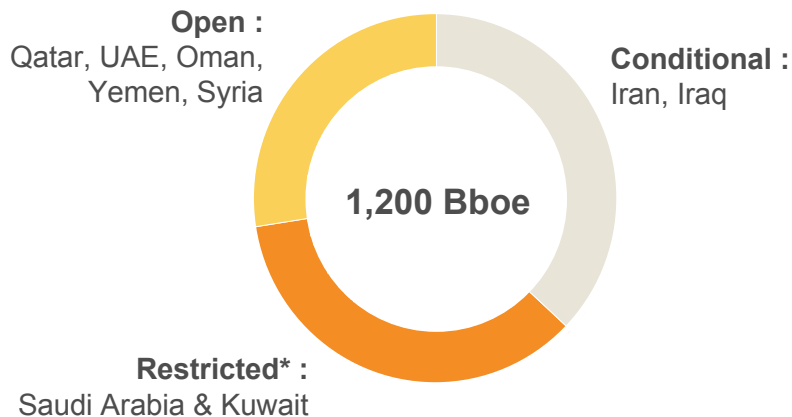
Middle East to represent more than 35% of global hydrocarbon supply by 2025(e)
Doubling production between 2005 and 2025(e)

sources : Total estimates

Diversity of policies regarding access to identified resources

Middle East identified hydrocarbon resources

(as of 31/12/2007)

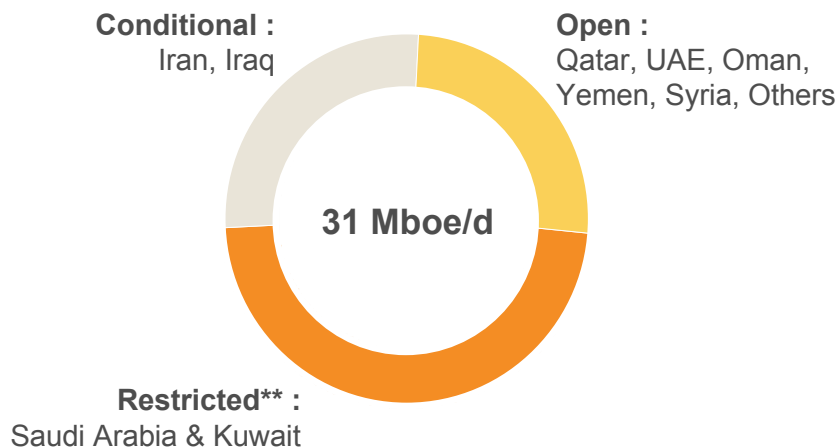


- **30% of resources in countries with a history of long and fruitful NOC/IOC cooperation**
 - Being a core partner of Qatar, UAE, Yemen : leverage technology, innovation, market access...
- **35% of resources accessible... but in specifically challenging contexts**
 - Maintaining strong relationships in Iran and Iraq to access rewarding opportunities
- **35% in countries with restricted access to IOCs**
 - Developing presence through targeted projects in Saudi Arabia and Kuwait to become a strategic long-term partner

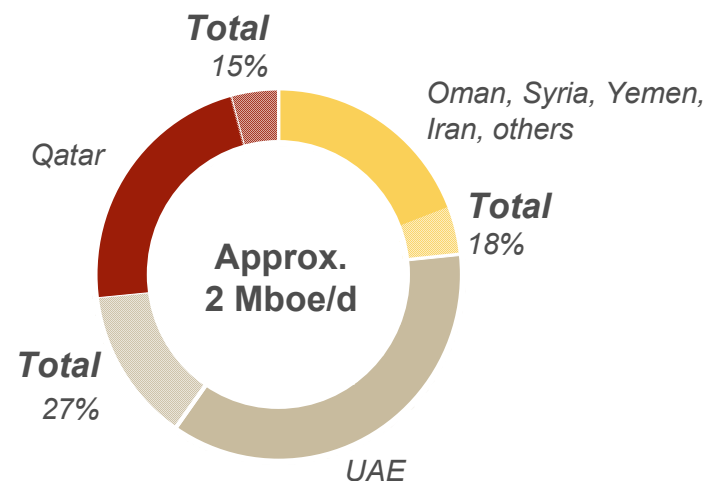
source : Total estimates
* excluding neutral zone

IOC entitlements represent about 8% of Middle East production

2007 Middle East hydrocarbon production*



2007 Middle East majors hydrocarbon production***



***Qatar and UAE remain main production areas for IOCs
Other producing countries represent close to 25% of majors entitlements in the region***

* 2007 hydrocarbon production estimates based on public data

** excluding neutral zone

*** ExxonMobil, Total, RD Shell, BP and Chevron

The roots of Total in Middle East

1924



> Birth of Compagnie Française des Pétroles

- In 1924, 25% interest in the Turkish Petroleum Company (TPC)
- In 1927, TPC became the Iraq Petroleum Company (23.75% interest in the IPC)

1927 - 1974



> Discoveries, developments and diversification

- **Iraq** : Kirkuk (1927), Buzurgan (1969), Abu Ghirab (1971)
- **UAE** : ADCO (1939), ADMA (1953), DUMA (1954), ABK (Operator in 1972)
- **Iran** : 6% in IOC (1954), discovery of Sirri C and D (1972)
- **Oman** : 4% in PDO (1974)

1974 - 1980



> Nationalized in Saudi Arabia, Kuwait, Qatar, Iran and Iraq

1980 - 2008

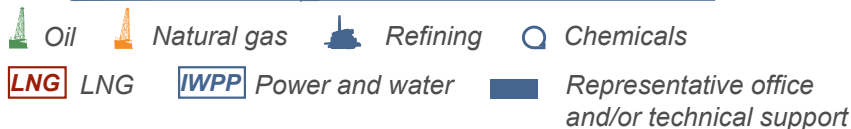
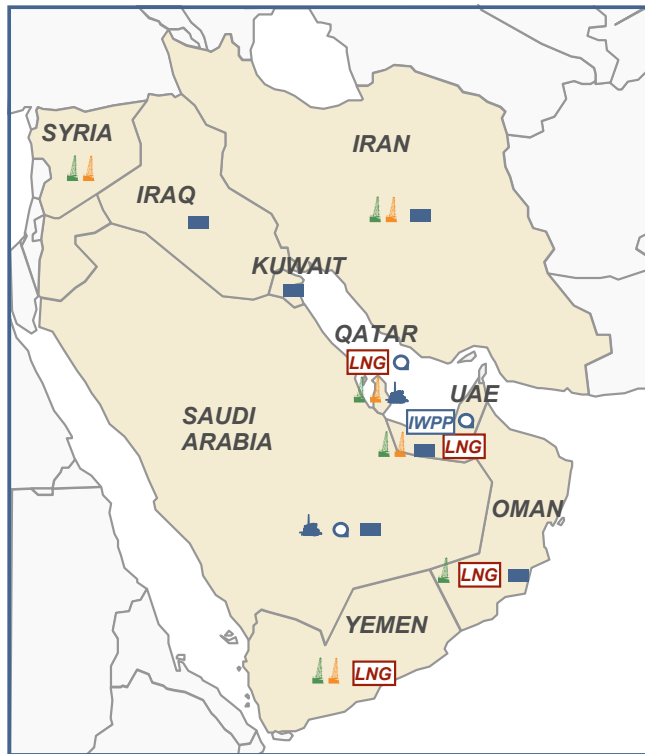


> New partnerships

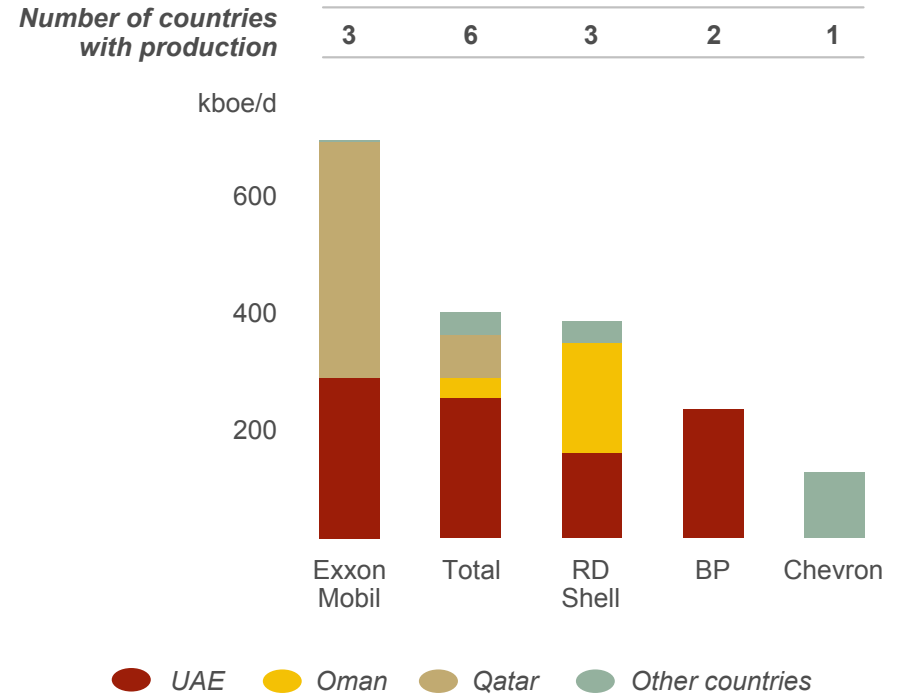
- **UAE** : Adgas (1973), Gasco (1978), Fertil (1980), Taweelah A1 (2000), Dolphin (2001)
- **Qatar** : Al Khalij (1989), Qatargas I (1984), Dolphin (2001), Lafan refinery (2002), Qatargas II (2006)
- **Yemen** : East Shabwa (1987), Jannah (1990), Yemen LNG (2005), exploration Blocks 69 & 71 (2007), Block 70 (2008)
- **Syria** : Deir Ez Zor (1988), Deir Ez Zor Gas (1999-2005), extensions (2008)
- **Iran** : Sirri A&E (1995), South Pars 2&3 (1997), Balal & Dorood (1999), Pars LNG (under study)
- **Oman LNG** (1996 & 2003), Mukhaiznah (2005), Qahlat LNG
- **Kuwait** : technical assistance agreement (1997)
- **Iraq** : MOU (2005)
- **Saudi Arabia** : Jubail refinery (2008)

***Historical presence in 9 countries
Producing since 1924***

Total : most diversified major in the Middle East and well integrated across the value chain



2007 Middle East production*

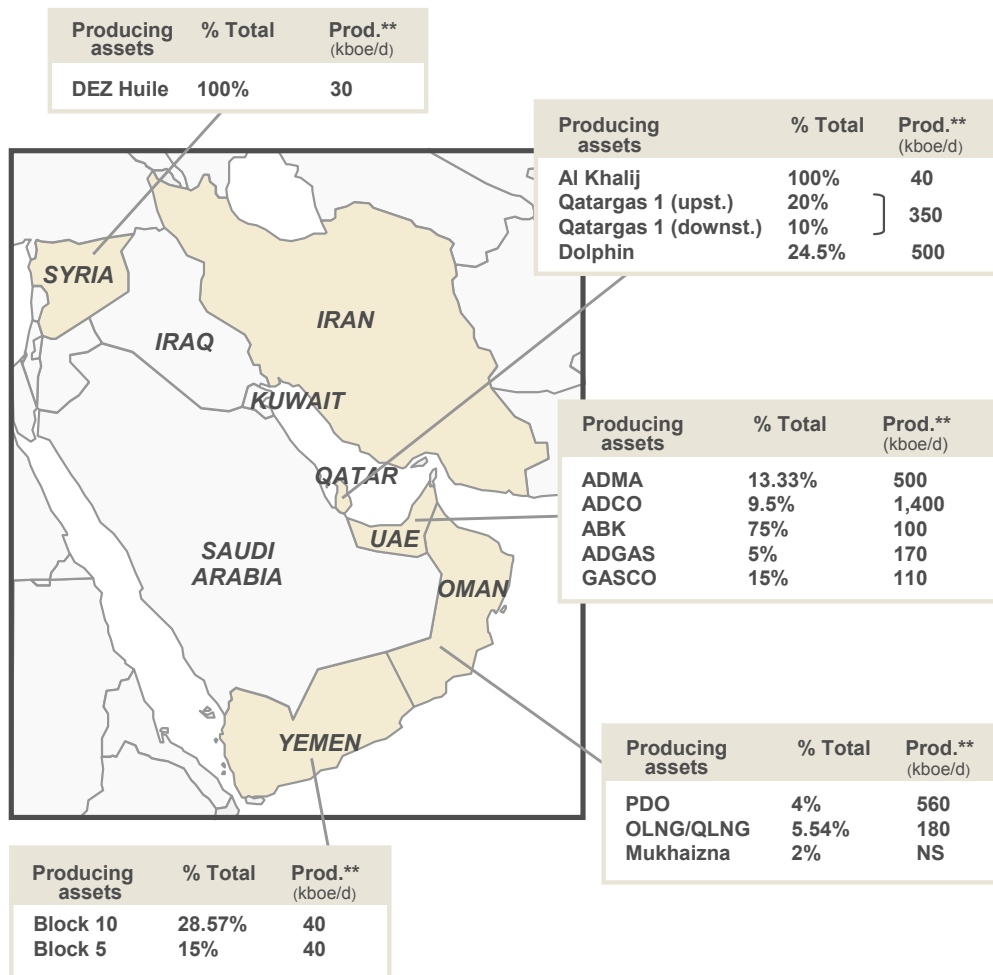


Strongly differentiated IOC strategies
Importance of historical relationships, business integration and geographical diversification

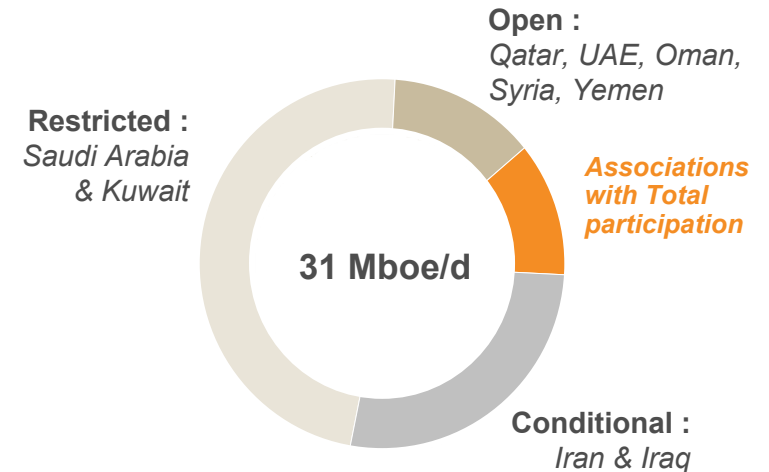
* based on public data



Presence throughout region provides unique perspective



2007 Middle East hydrocarbon production*



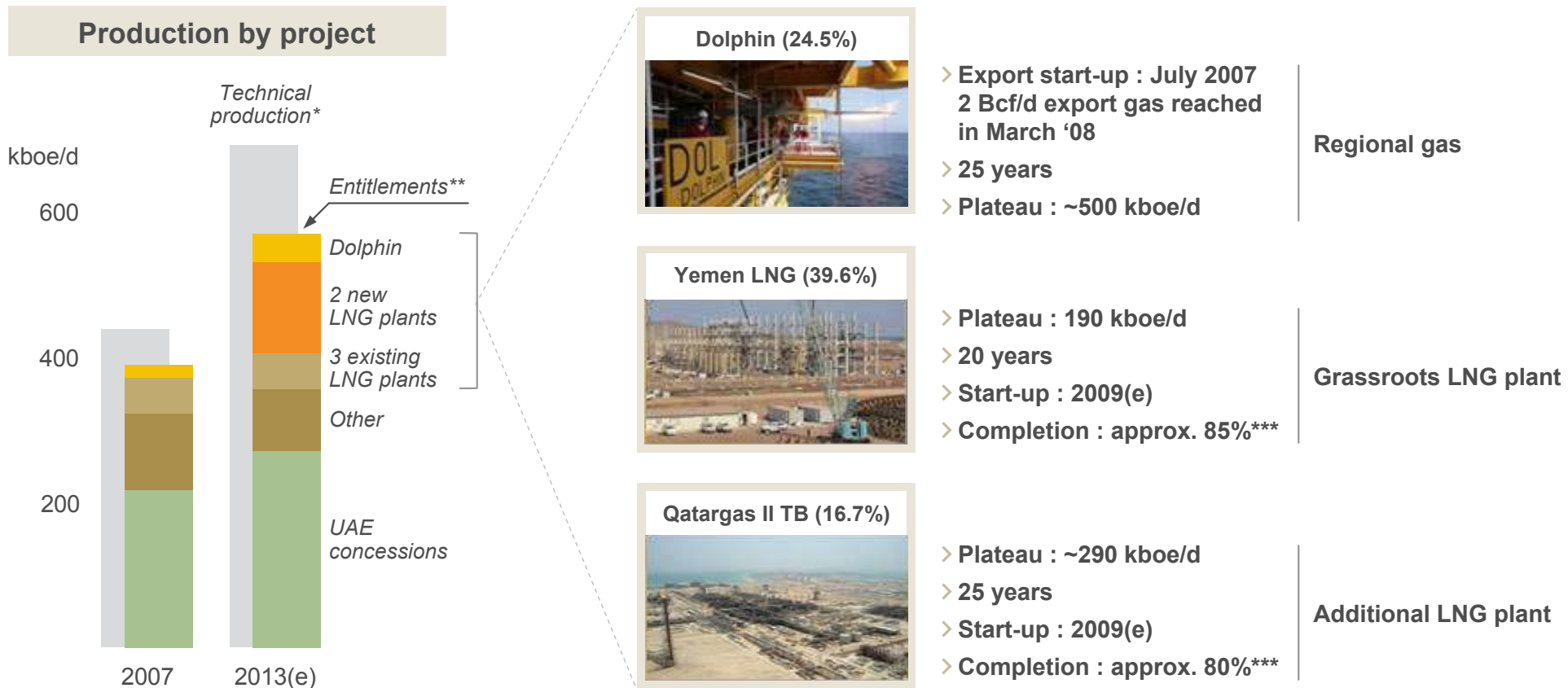
Total has interests in about 50% of the production in open countries
Further production growth from Qatargas II and Yemen LNG in 2009(e)

* Total estimates based on public data

** 2007 technical production at 100% ; technical production at plateau for Dolphin



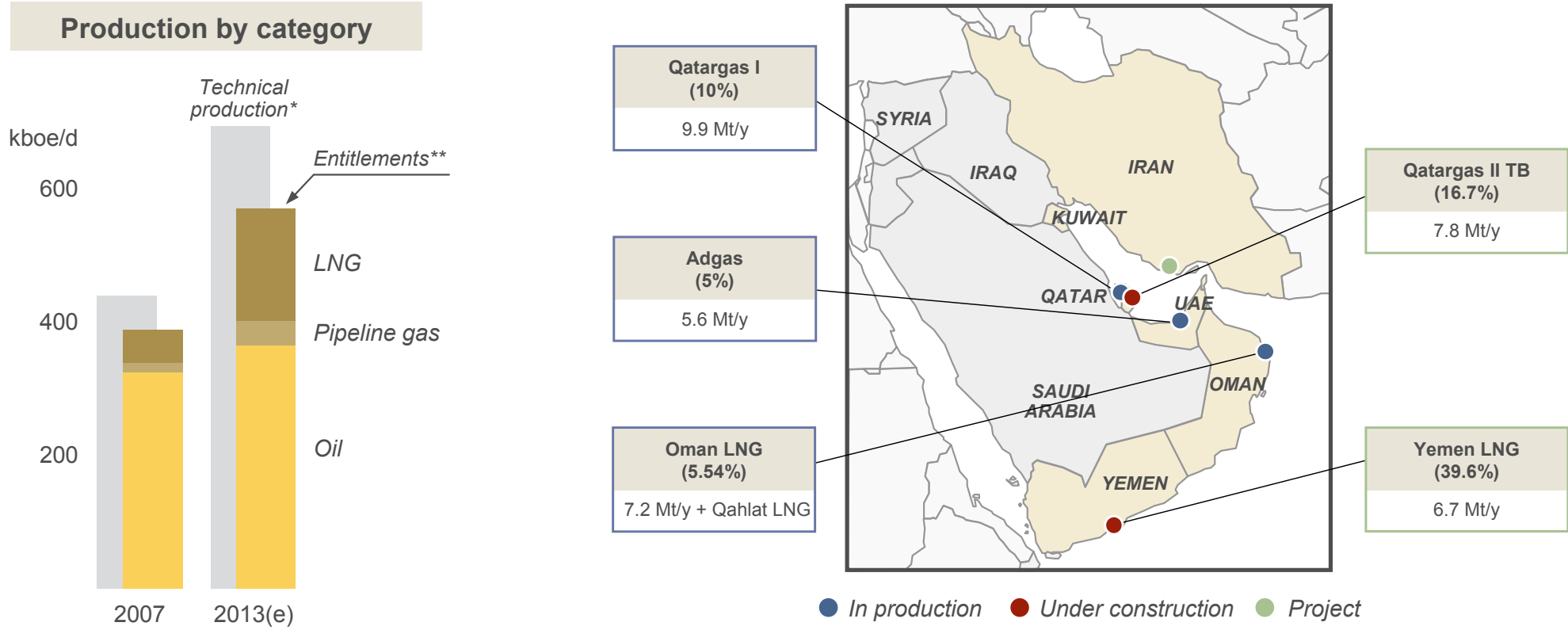
Middle East : 15% of Total's production in 2007 and 20% in 2013(e)



Production growth based on giant gas projects

* technical production defined as equity share of wellhead production
 ** entitlement production, Total share
 *** as of October 31, 2008

LNG : 65% of Middle East production growth to 2013(e)



- Take advantage of the dynamic LNG market growing at more than 5%/year on average
- Presence in 5 LNG plants and 1 project

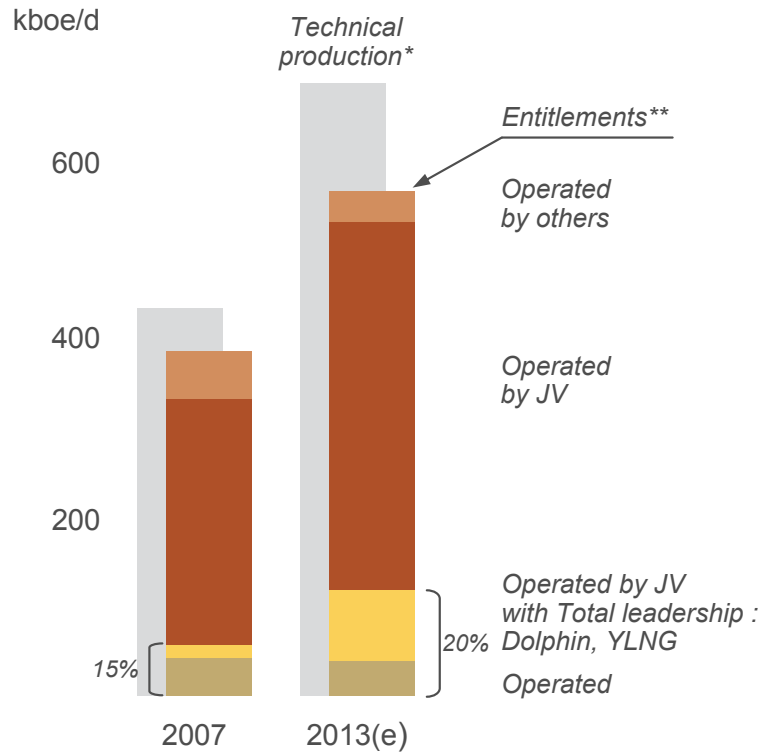
**Share of LNG in Total's production in Middle East to more than double :
13% in 2007 to 30% in 2010(e)**

* technical production defined as equity share of wellhead production

** entitlement production, Total share

Providing more and more expertise in large integrated projects

Production by operatorship



- > Successfully bringing onstream Dolphin and Yemen LNG
- > Increasing participation of Total in JV operations : 124 expatriates in OPCOs in 2008
- > Adding value as a major integrated player in the LNG chain : producer, purchaser, marketer
- > Sharing cutting-edge technology
- > Training local personnel and transferring know-how
- > Addressing growing environmental concerns : reduce flaring...

Share of entitlement production operated by Total increasing from 15% to 20%

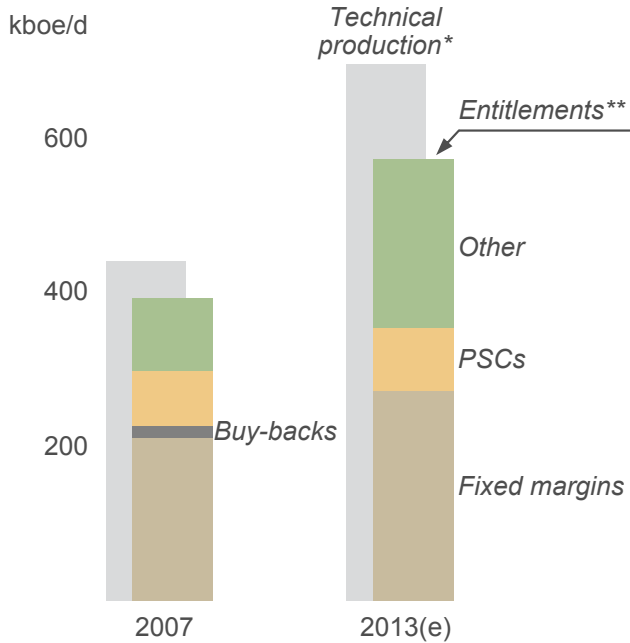
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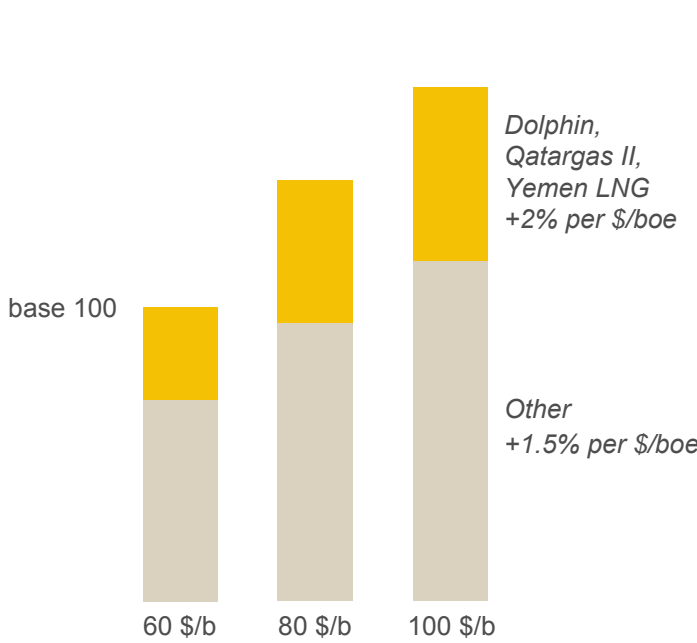


Growing value from the Middle East

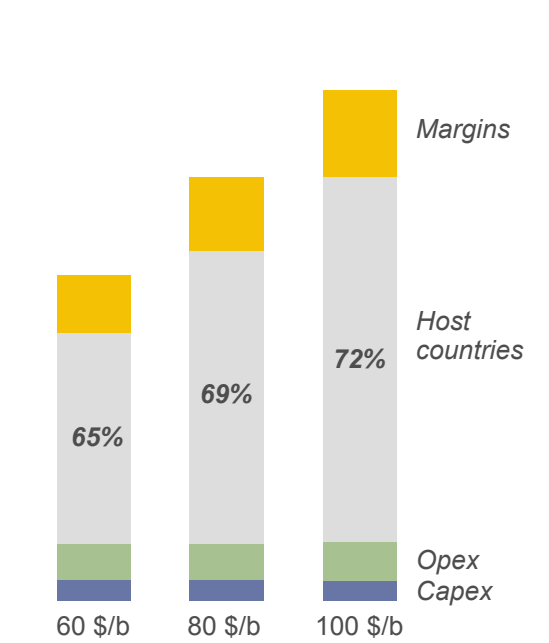
Production* by contract type



Operating cash flow (\$/boe) in 2013(e)



Profit sharing with host countries



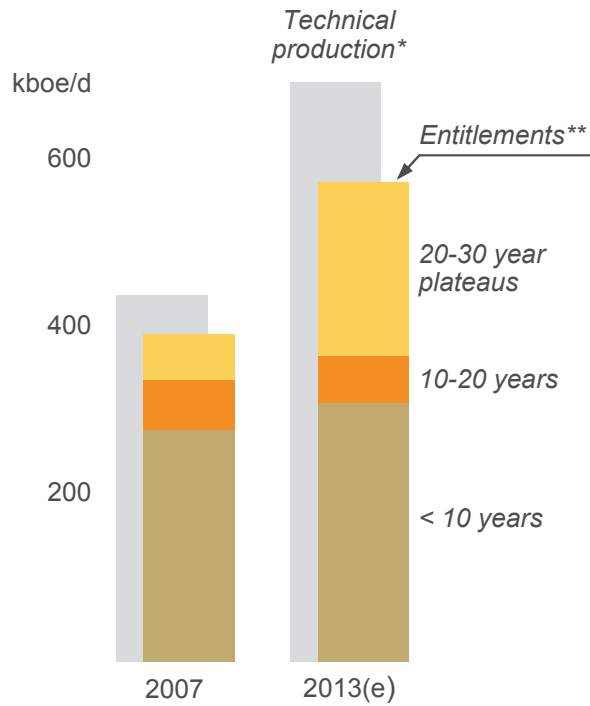
New projects accretive to cash flow generation
Increasing share of additional profits to host countries strengthens existing contractual schemes

* technical production defined as equity share of wellhead production
 ** entitlement production, Total share



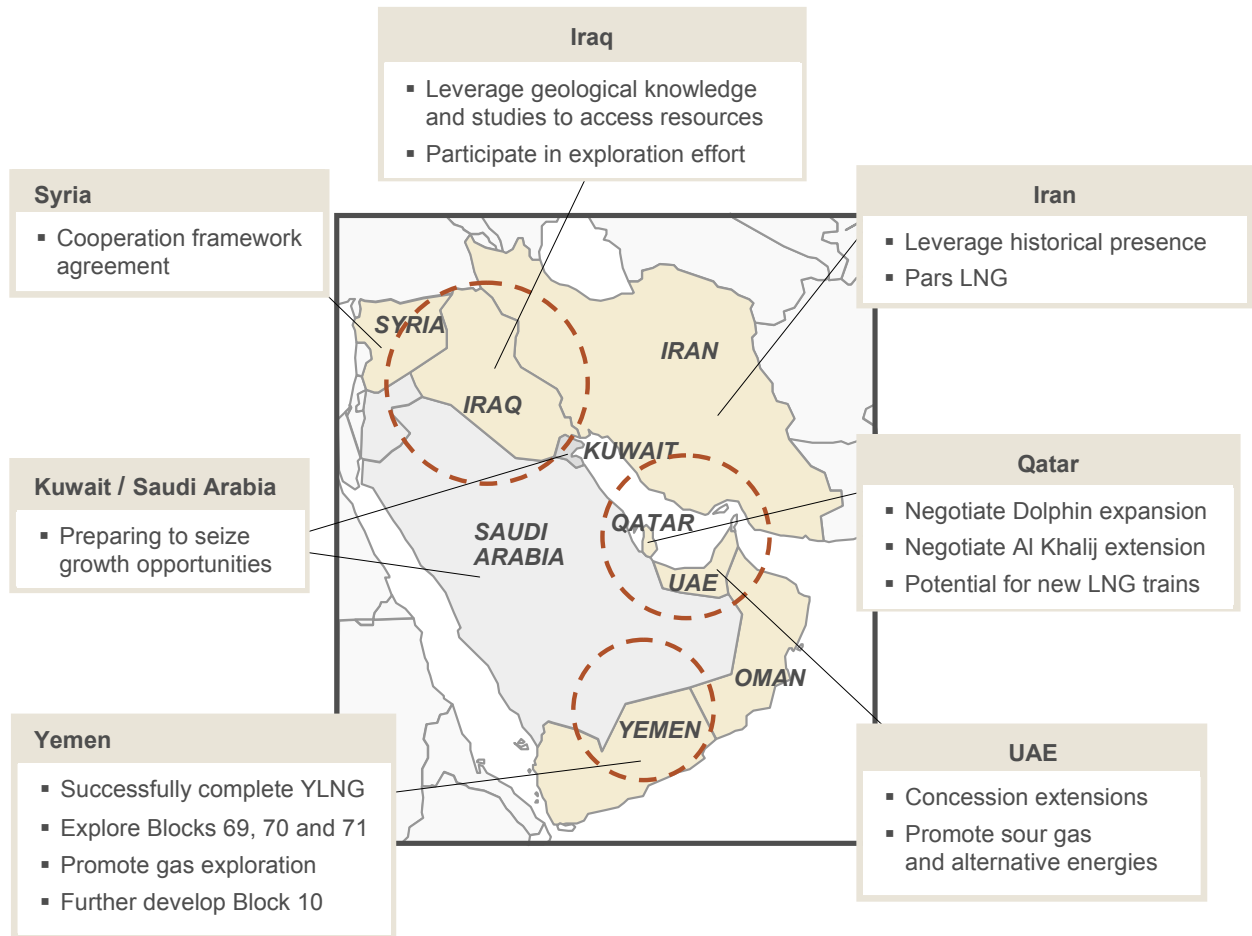
Middle East : a unique set of opportunities for the long-term

Production by reserve life



- > Close to 20 years of proved and probable reserves in line with Total's proved and probable reserve life
- > Minimize decline rate of mature fields

Additional potential from exploration and EOR



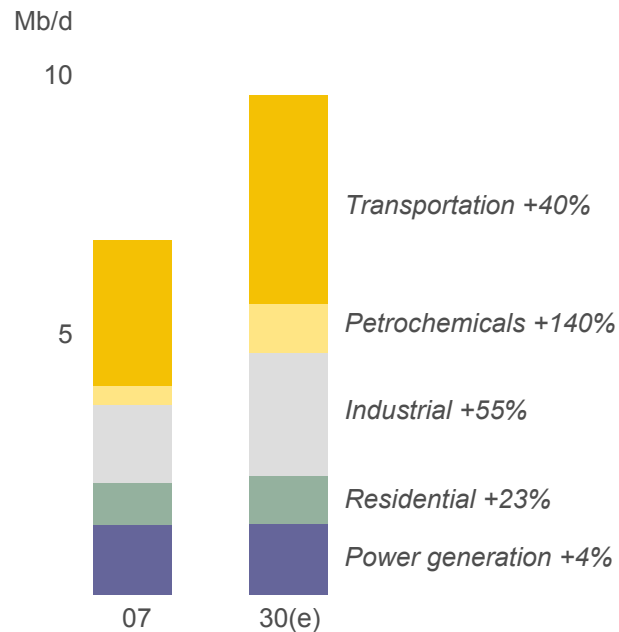
* technical production defined as equity share of wellhead production

** entitlement production, Total share



Key to future success : anticipate rapidly evolving energy needs and propose solutions

Oil demand in the Middle East



- **A sharply increasing number of projects**
 - To satisfy Middle East energy consumption growth estimated at 3-4% per year
- **Emergence of additional regional gas needs**
 - Oman, Abu Dhabi, Kuwait, Saudi Arabia...

***Need to develop projects in Upstream,
Downstream and Petrochemicals and promote regional cooperation
Alternative energies supply necessary***

Key to future success : contributing to the achievement of local ambitions

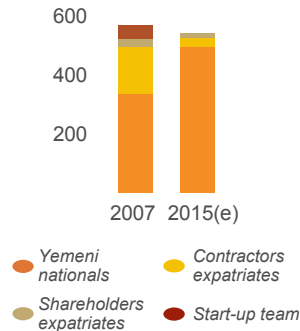
Developing local content in the framework of our activities

- > Training courses on Total's industrial sites
- > Increasing share of local managers
- > Supporting local services companies

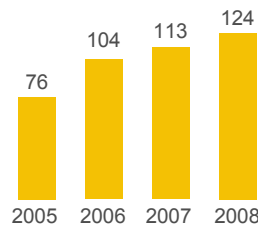
Transferring know-how

- > **Seconding Total employees to OPCOs and NOCs**
 - UAE, Qatar, Kuwait...
- > **Contribution to Total Research Centre Qatar :**
 - R&D, training, technical assistance
 - 25 M\$ over a five-year period
- > **Research and technically driven studies performed locally**
 - Sour gas
 - Technical service agreement with Qatar and Saudi Arabia...

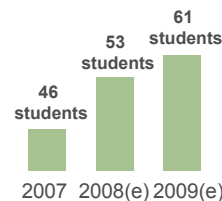
Yemen LNG staffing



Total Expatriates in OPCOs



Scholarships



Accompanying NOCs in their ambitions beyond their boundaries

- > Mauritania...

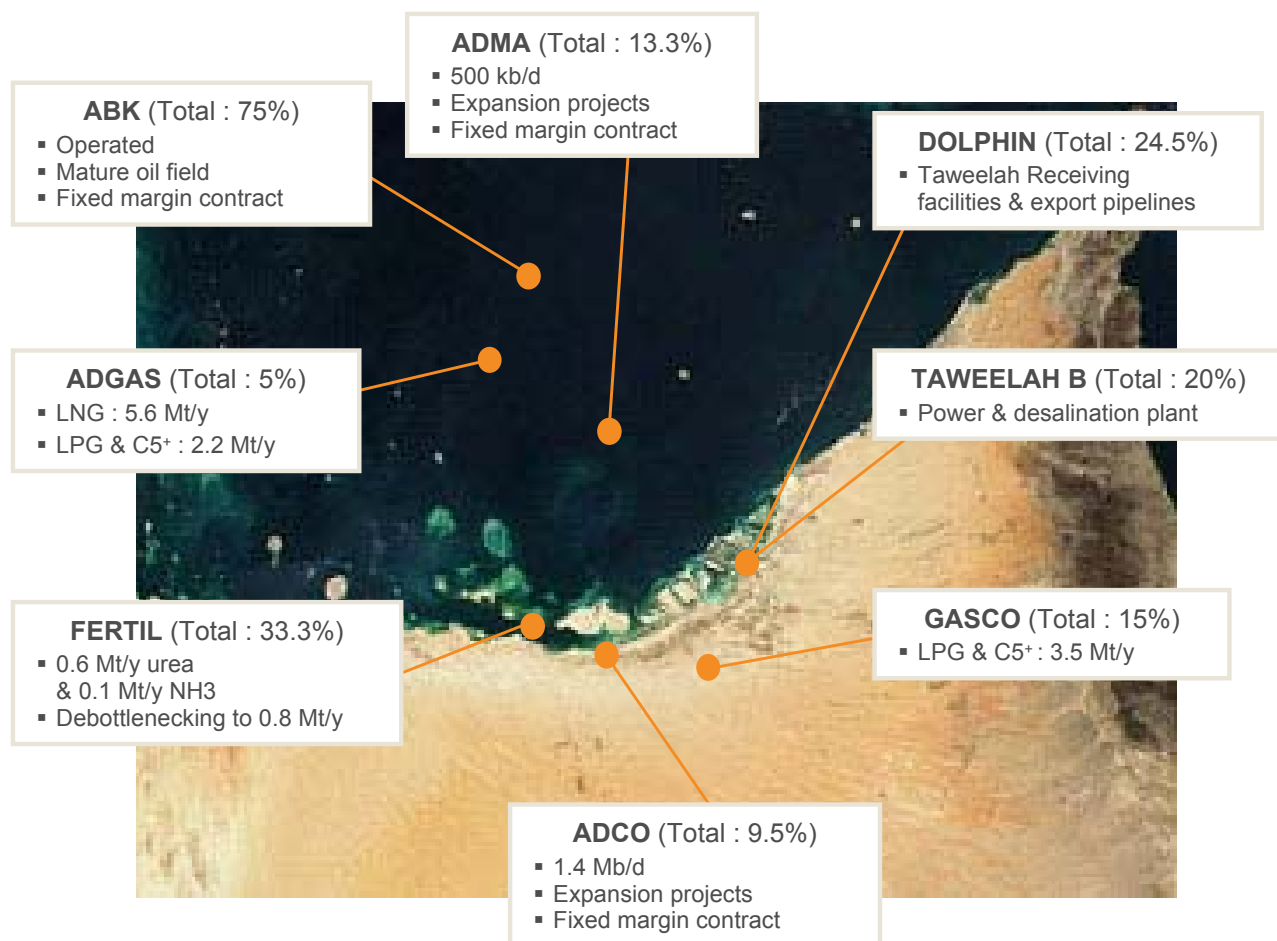
Participating in local development at different levels

- > **Regional**
 - Student scholarships
 - Renovation of schools
- > **National**
 - Contribution to Emirates Foundation
 - Participation in Qatar Foundation vision through promotion of high-quality education program (HEC/IFP)
 - Partnership with the Abu Dhabi Petroleum Institute...

Maintain focus, combining sense of urgency and patience

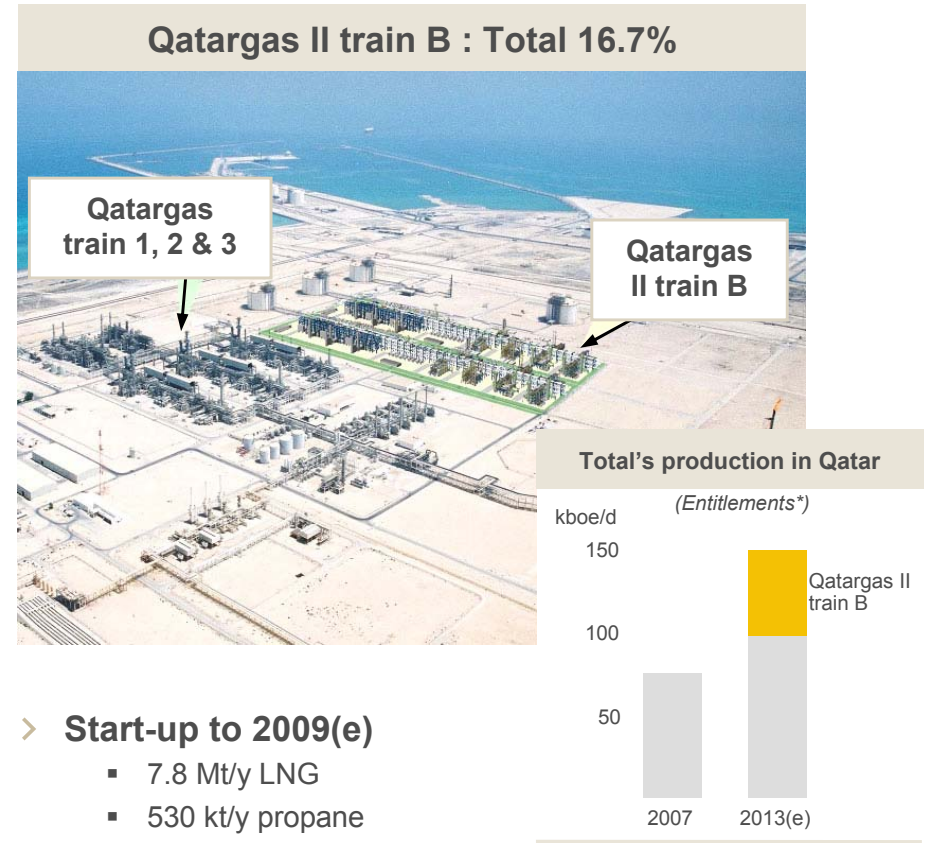
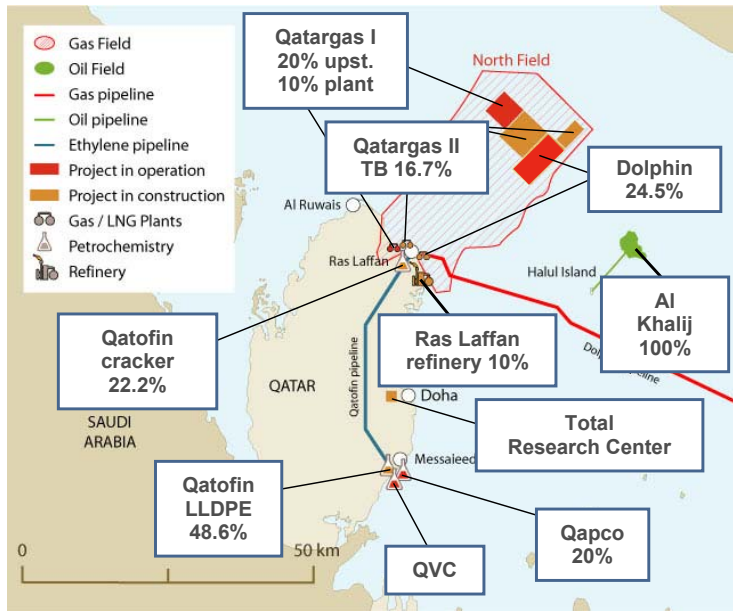
Focus on countries

Total : a core partner of the UAE



- > **Present since 1939**
 - Operator or partner in 8 associations
 - Production of approx. 240 kboe/d in 2007
- > **Large expansion projects in ADMA & ADCO to contribute to increase in UAE production**
- > **Necessity to develop sour gas fields with high technological content to meet demand**
- > **Capacity to contribute to energy balance optimizations**
 - Partnership with Suez and Areva to study the development of a nuclear plant in Abu Dhabi

Qatar : a long-standing partnership



- > More than 70 years of continuous presence
- > A player in all business segments
 - Upstream : Al Khalij, QG1, QG2, Dolphin
 - Refining : Ras Laffan refinery
 - Petrochemicals : Qapco, Qatofin

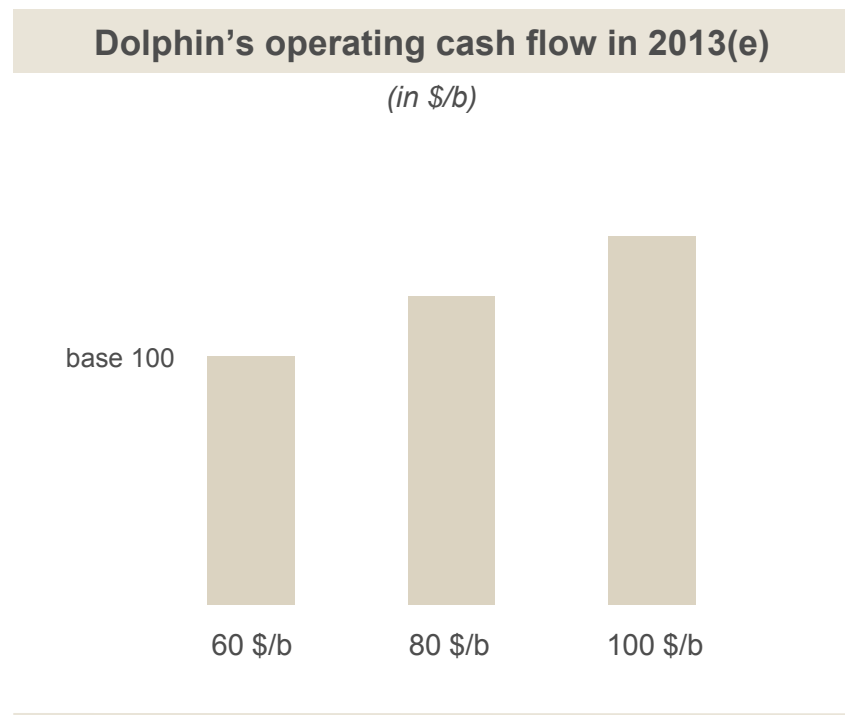
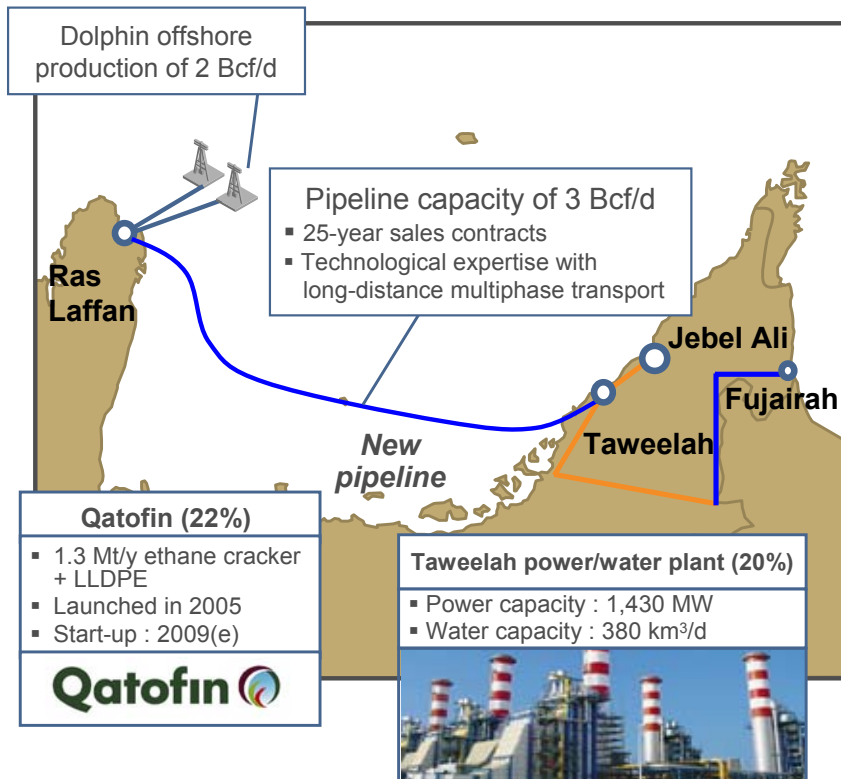
- > Start-up to 2009(e)
 - 7.8 Mt/y LNG
 - 530 kt/y propane
 - 370 kt/y butane
 - 45 kb/d condensates

> Completion : 80%**

Well positioned for future North Field development phases

* entitlement production, Total share
 ** as of October 31, 2008

Dolphin : demonstrated expertise in a large integrated project



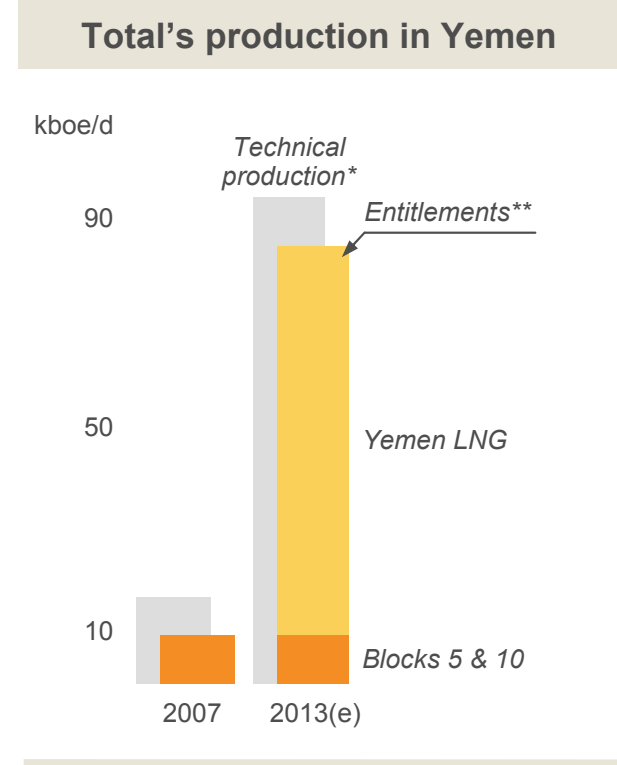
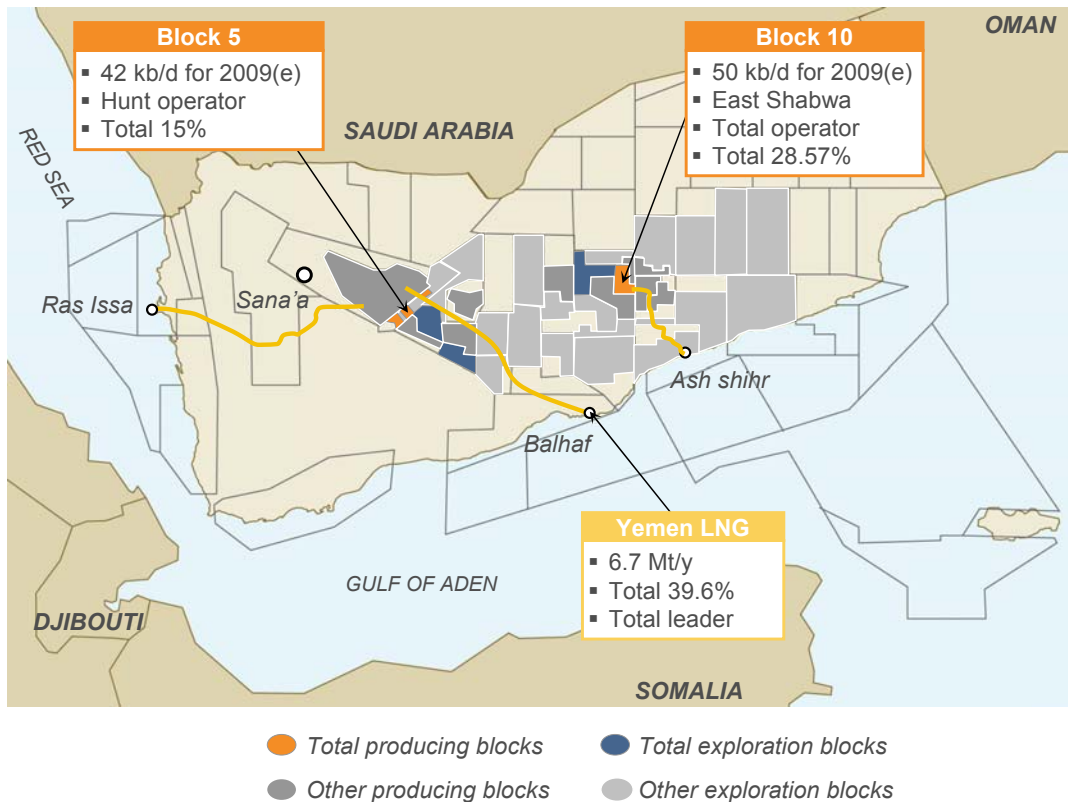
- > Participation of 25% in a unique regional project
- > Building block for vertical integration strategy
 - Production, transportation, condensate refinery, ethylene petrochemical plant, gas marketing and distribution, power generation and water desalination

- > Contractual schemes providing strong economics
 - PSC for Upstream in Qatar
 - Concession for transportation
- > Economics leveraged to condensate prices

Unique regional integrated gas project
Possibility to increase capacity to 3 Bcf/d



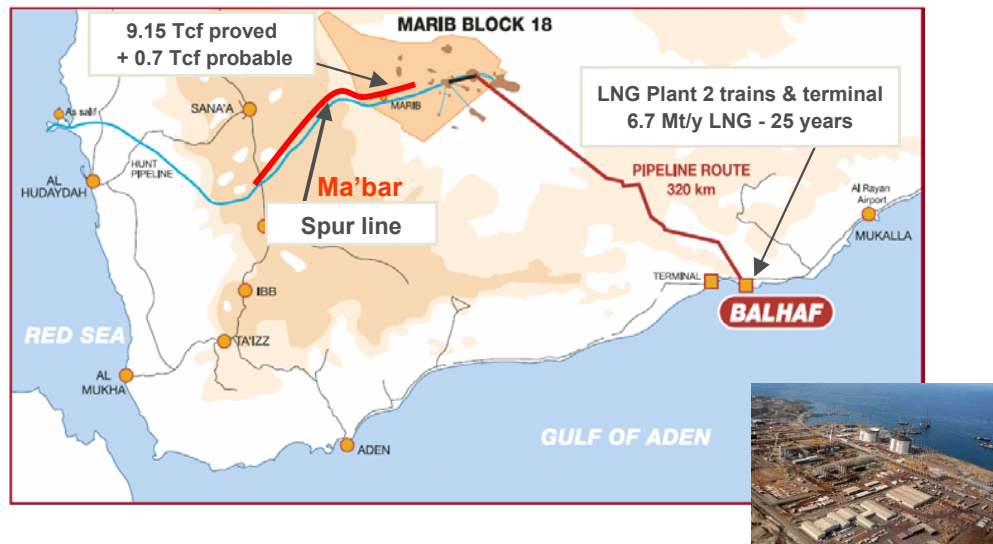
Yemen : changing scale in 2009 by starting up Yemen LNG



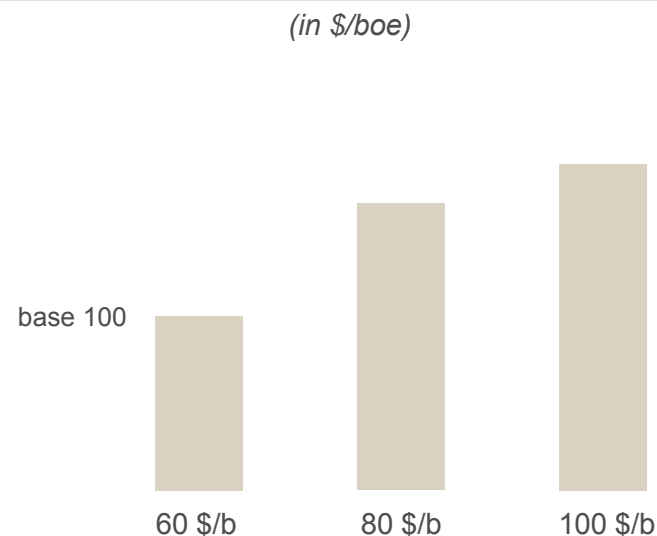
Recent farm-in into exploration Blocks 69, 70 and 71
New outlook for Block 10 : unconventional basement reservoir
Significant exploration potential on existing blocks

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 ** entitlement production, Total share

Yemen LNG : largest industrial project in Yemen



Yemen LNG's operating cash flow in 2013(e)



> Total leader, 39.6%

- 2 trains of 3.35 Mt/y each
- Completion : approx. 85%

> Supply coming from Marib Block 18

- Operated by SEPOC

> 25 years of production

> Upstream fee paid to YGC and YEPC

***Benefiting from low cost development Capex
Long-term LNG purchase by Total of 2 Mt/y***

Total in Iran

> 4 oil and gas fields developed since 1995

- Sirri A&E signed in 1995 – handed over to NIOC in 2001
- South Pars Phases 2&3 signed in 1997 – handed over in 2004
- Balal signed in 1999 – handed over in 2004
- Dorood signed in 1999 – handover in progress in 2008



> Pars LNG :

- Pars LNG and South Pars Phase 11 framework agreements signed in 2004
- 10 Mt/y – potentially the first Iranian LNG export project
- Project currently under study

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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.

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