

# 2009 mid-year outlook

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# Moving forward to benefit from global economic recovery

## ➤ Optimizing costs and adapting to market trends

- Cost reduction programs in all segments
- Restructuring refining and petrochemicals in Europe
- Capex reduction on pending projects (ex : Jubail -25%)

## ➤ Delivering on major new Upstream projects

- 5 starting in 2009
- 4 currently under development to start-up by 2012(e)
- 7 under FEED to be approved by 2011(e)

## ➤ Strengthening portfolio beyond historical core areas

- Partnerships with Saudi Aramco, Novatek and Cobalt
- Gaining expertise and accelerating the development in new energies

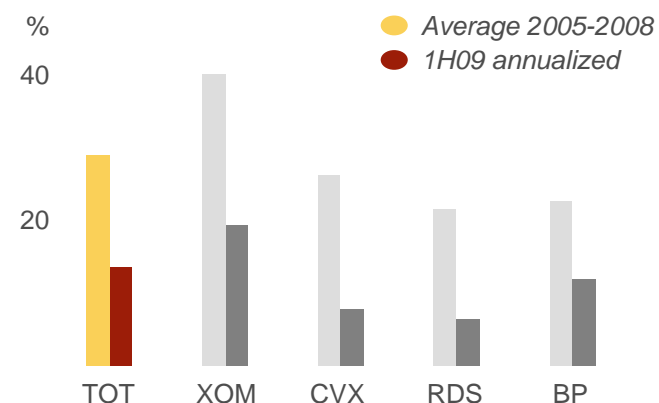
## ➤ Increasing sustainability by responsible action

- Emphasize priority on Health, Safety and Environment
- Strengthen relationships with our stakeholders

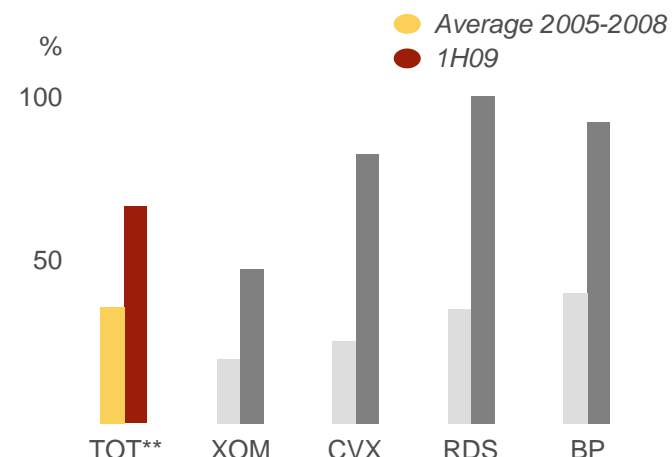
## ➤ Maintaining financial flexibility and strong balance sheet

- Gearing at 25% and cash position at 20 B\$ as of June 30, 2009
- Attractive, affordable dividend

ROACE for business segments\*



Payout ratio\*



**Strict discipline and competitive profitability provide strong foundation for shareholder returns and investments for future growth**

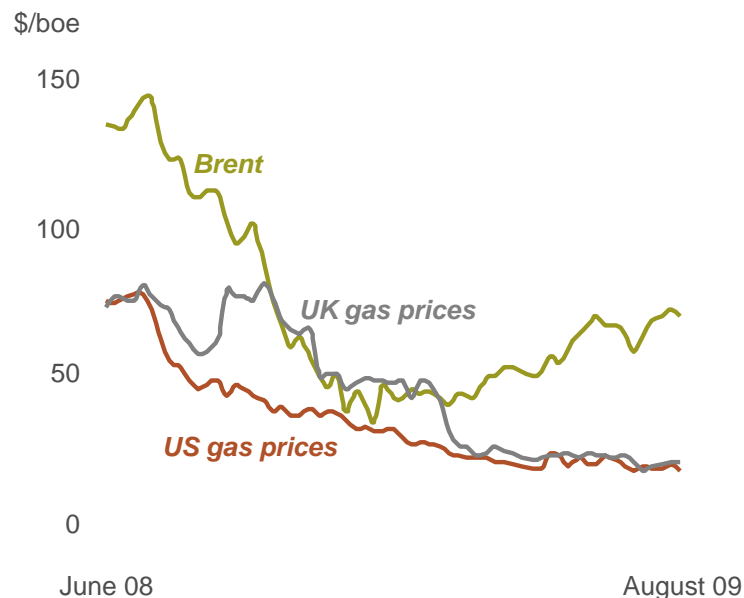
\* estimates for other majors based on public data

\*\* based on amounts in euros

# Supply and demand

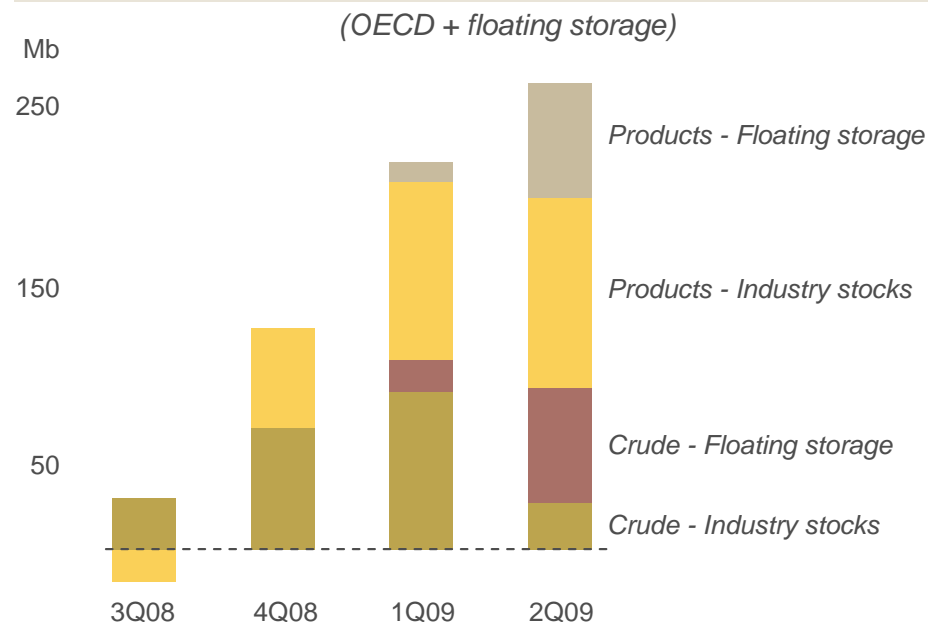
# Current oversupply creates challenging environment

## Oil and gas prices



- > Oil prices recently lifted by the anticipation of an economic recovery and by the use of crude as a hedging instrument
- > Spot gas prices weak and decoupled from oil prices

## Crude and products inventory surplus vs. 5-year average

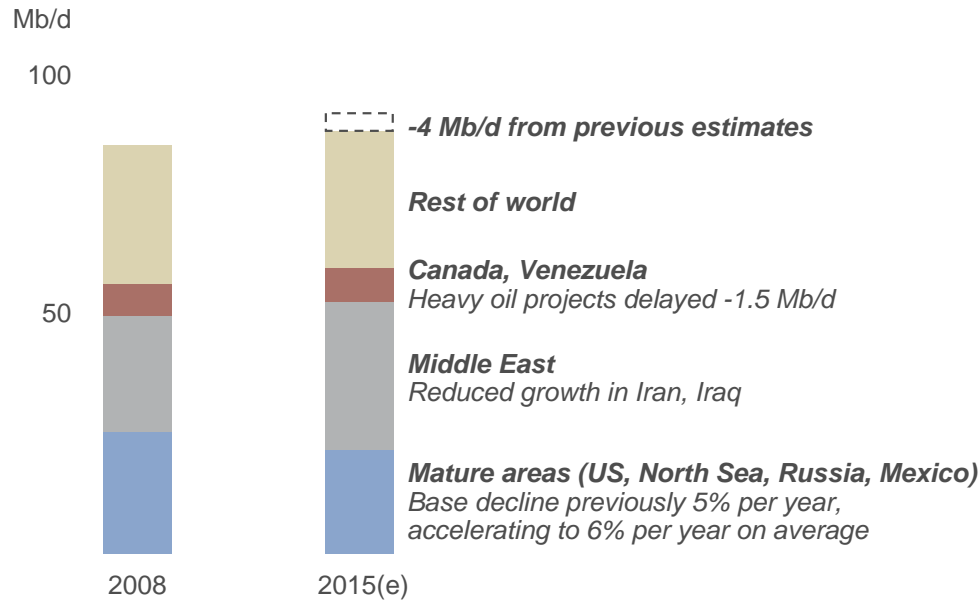


- > Potential short-term volatility of crude prices
  - OECD industry crude inventory surplus shifting to floating storage but overall surplus remains high
  - OPEC spare capacity currently exceeds 5 Mb/d
- > Particular weakness of refining margins
  - Product inventories at record high level
  - Refining spare capacity at a level not seen since the 1980s

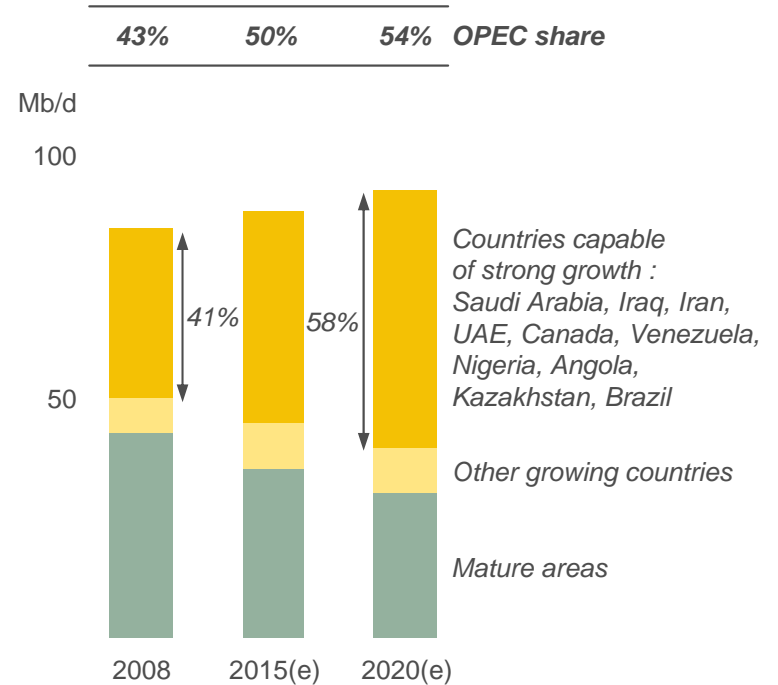
**Financial strength and discipline required**

# Investment cuts and delays reducing future production capacity

Impact on global oil production capacity by 2015(e)



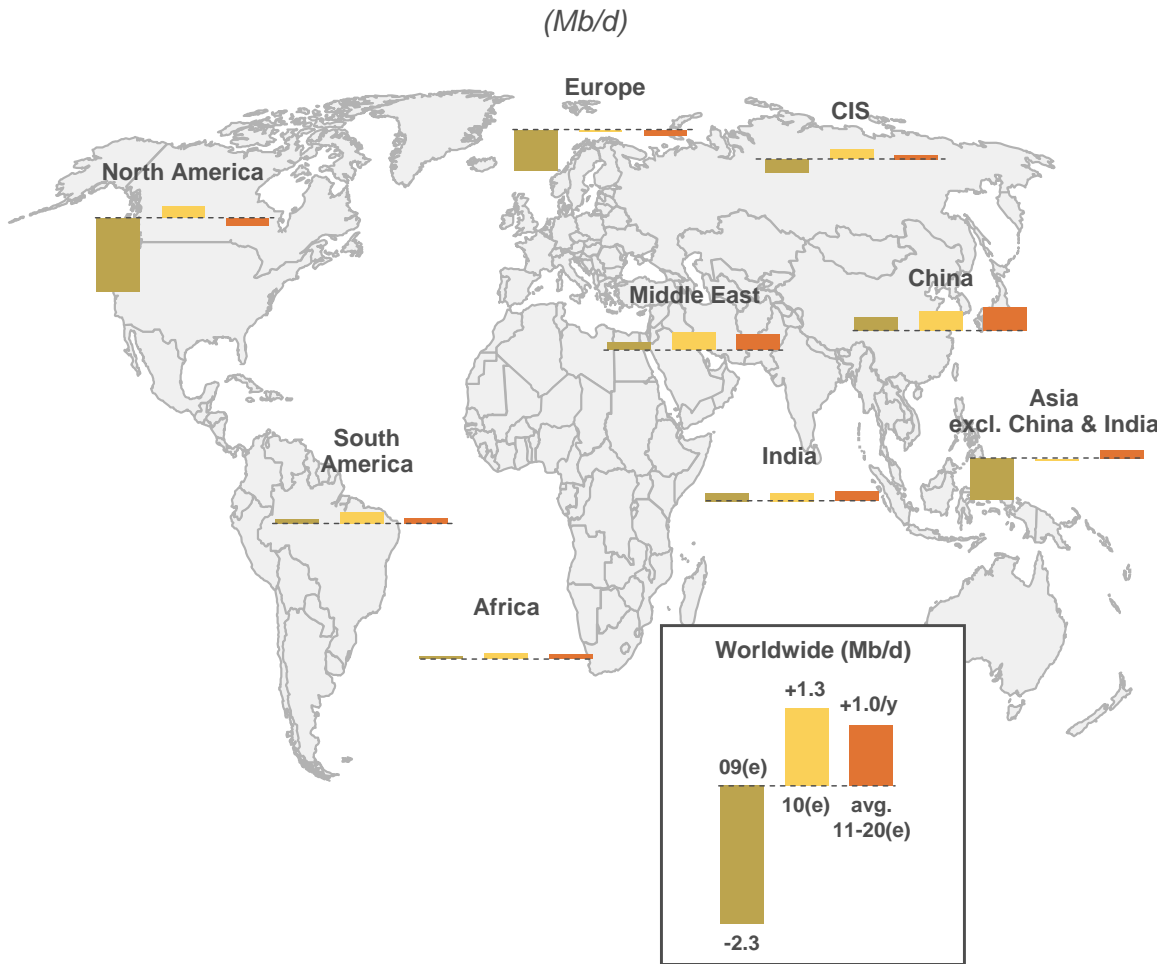
Global oil production capacity by 2020(e)



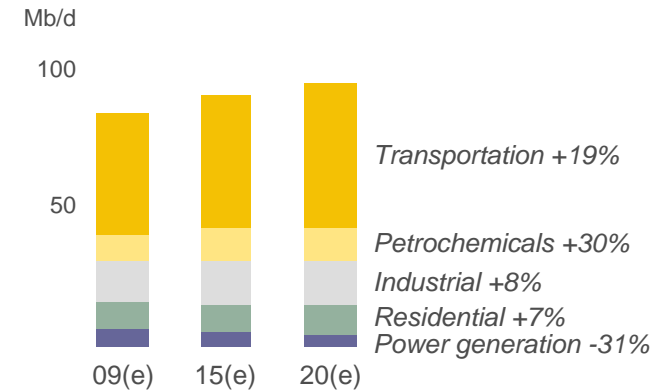
**Adding another challenge to the political, environmental and technological ones**

# Oil demand recovery driven by growth in developing countries

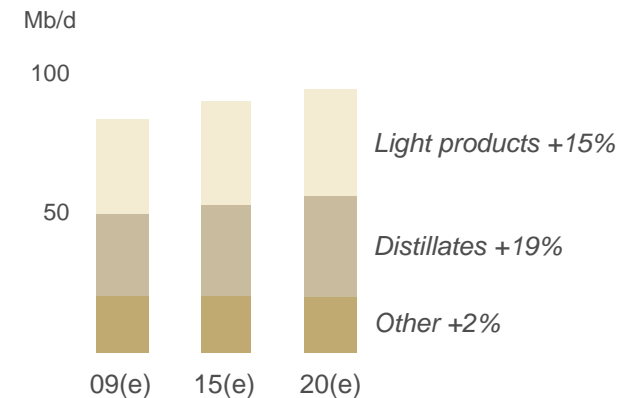
## Change in oil products demand vs. previous year



## Demand by sector



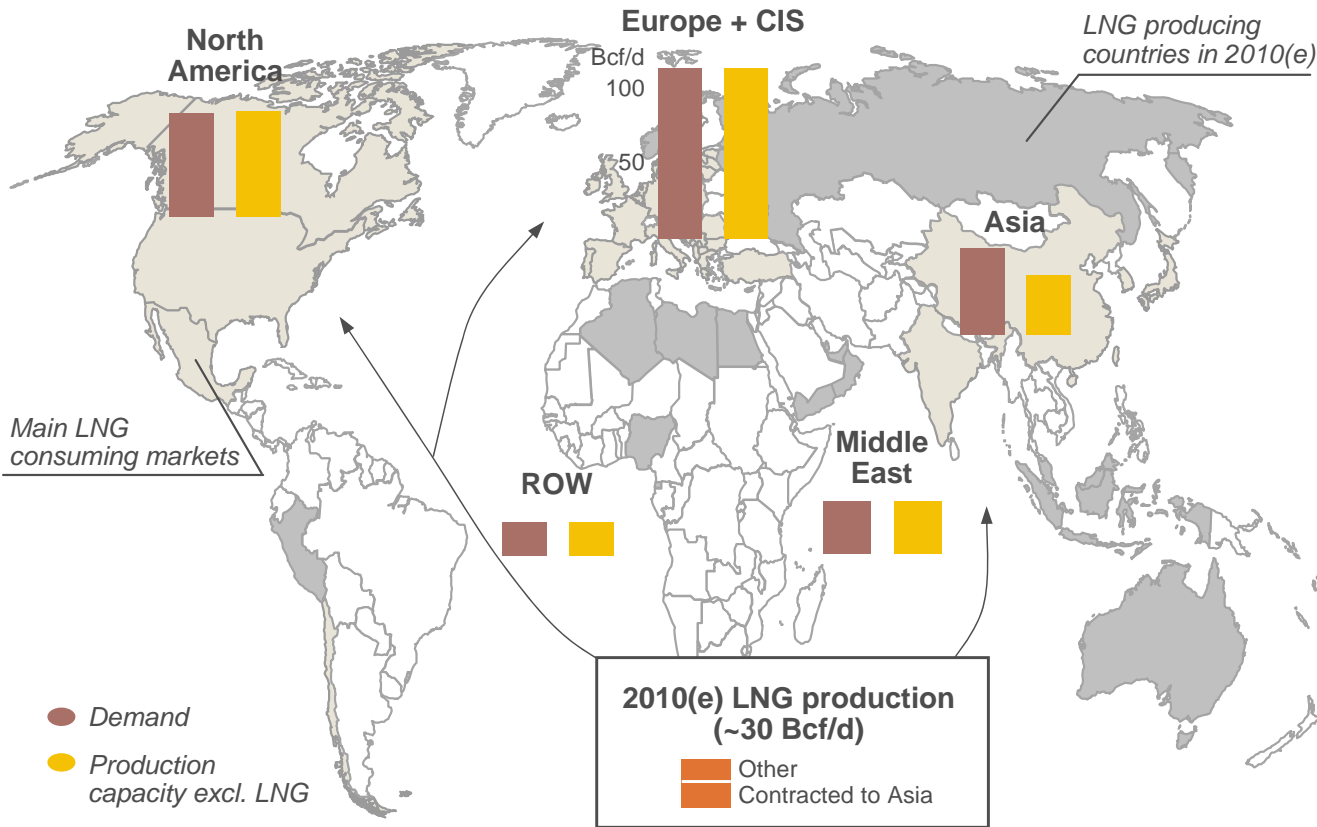
## Demand by product



**Demand to be constrained by supply by middle of next decade**  
**Strong support for higher oil prices and conversion margins in the medium term**

# Gas market oversupplied in the short term

2010(e) supply/demand balance by basin



## Potential flexibilities linked to the drop in spot gas prices

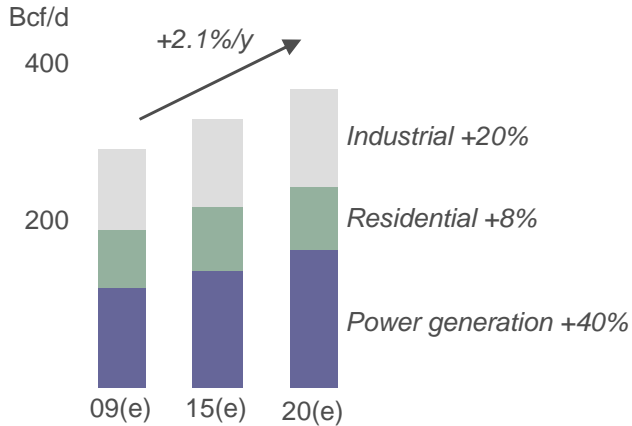
- > Buyers exercising their contractual flexibilities to buy spot LNG
  - ~7 Bcf/d in Europe
- > Gas demand increase by switching power generation from coal to gas (CCGT\*)
  - ~10.5 Bcf/d in the US and in Europe
- > LNG replacing some higher cost domestic production
  - ~5 Bcf/d in the US

**Strong pressure on spot gas prices**  
**LNG at competitive price will increase gas demand**  
**and replace some domestic production**  
**US should be the default market for LNG**

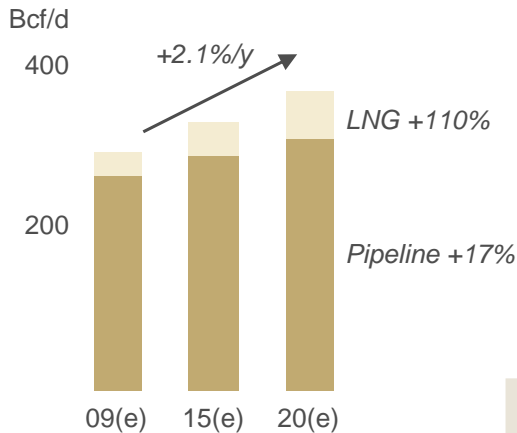
Total estimates  
 \* Combined Cycle Gas Turbine

# Gas demand to grow by 2.1% per year by 2020

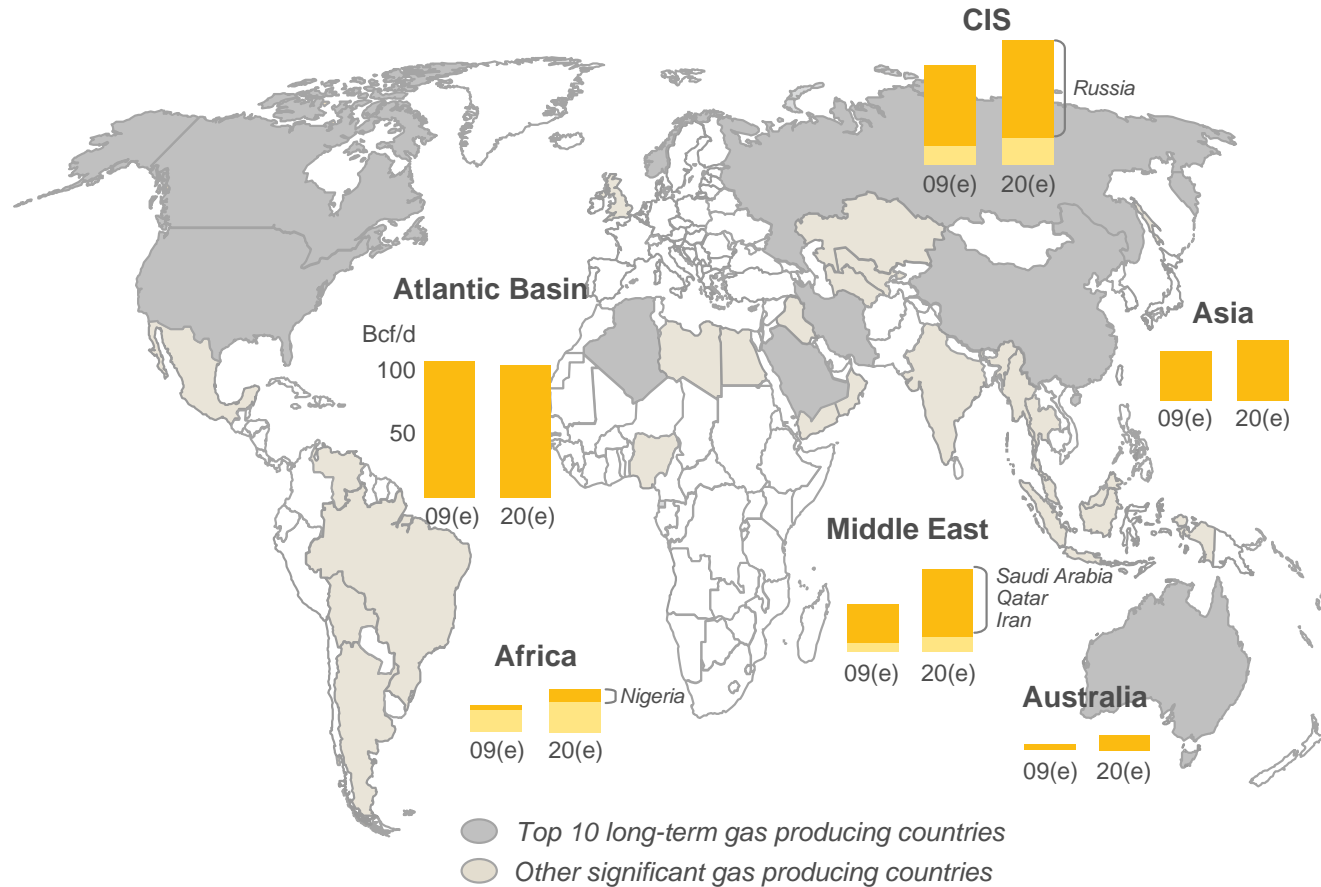
## Gas demand by sector



## Gas production



## Gas production by region

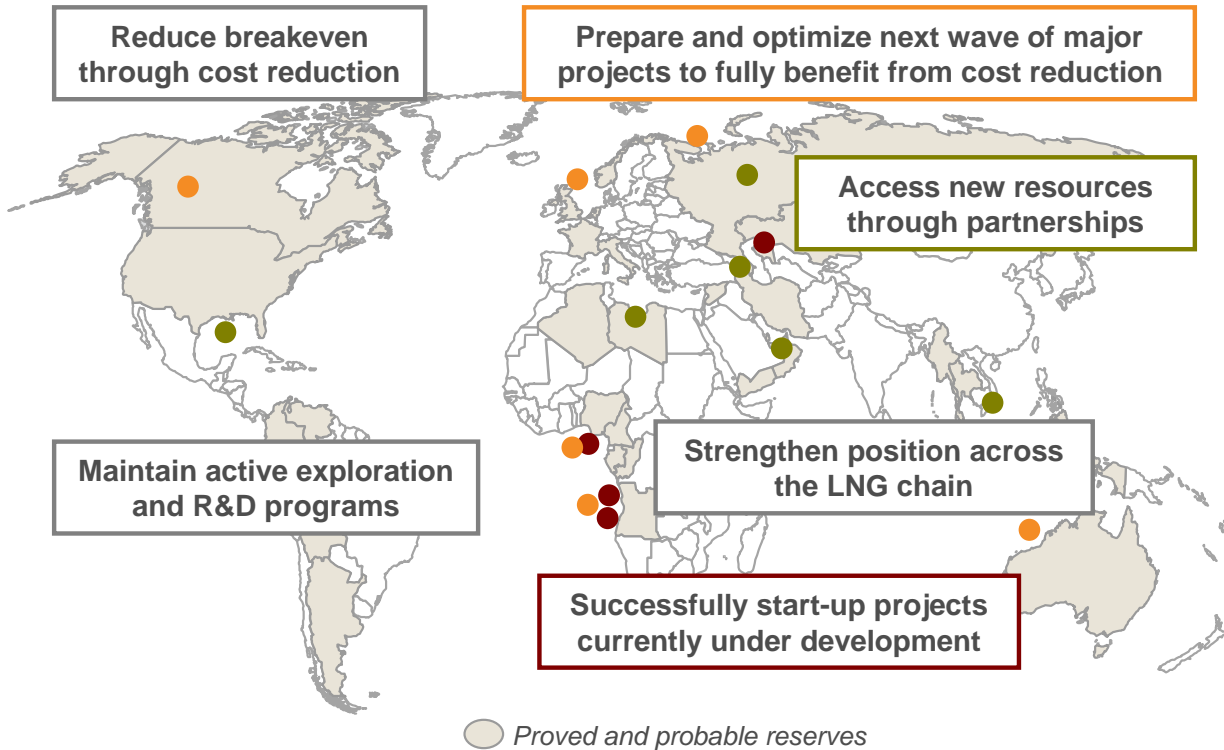


**Growth potential for gas production concentrated in Middle East, CIS and Africa**  
**Strong LNG expansion needed to meet future gas demand**

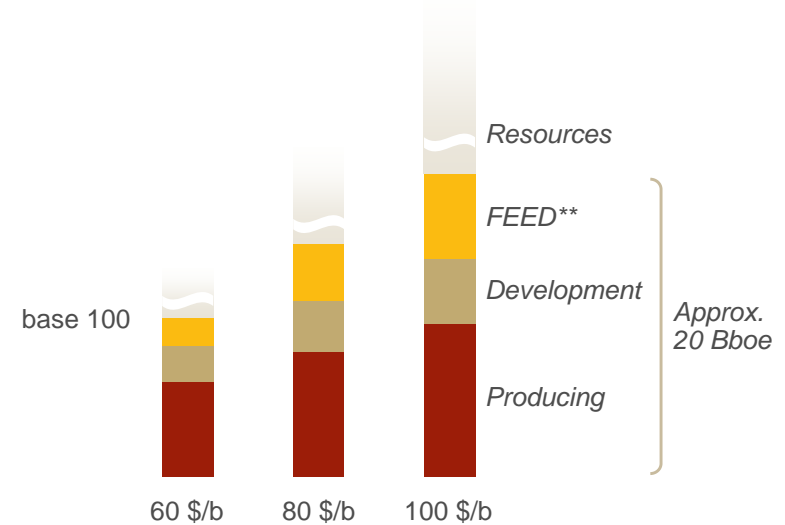
# Upstream

# Creating value through investments and partnerships

## Strategic objectives



## Net present value\* of proved and probable reserves



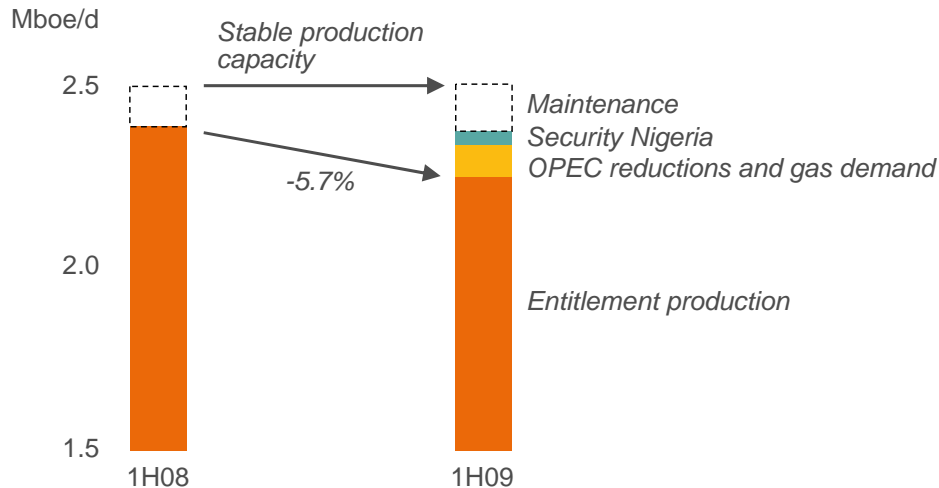
***Increase leverage of portfolio to oil price***

\* net present value discounted at weighted-average cost of capital of the future net cash flow expressed in dollars generated by proved and probable reserves at year-end 2008

\*\* projects under FEED or advanced development studies

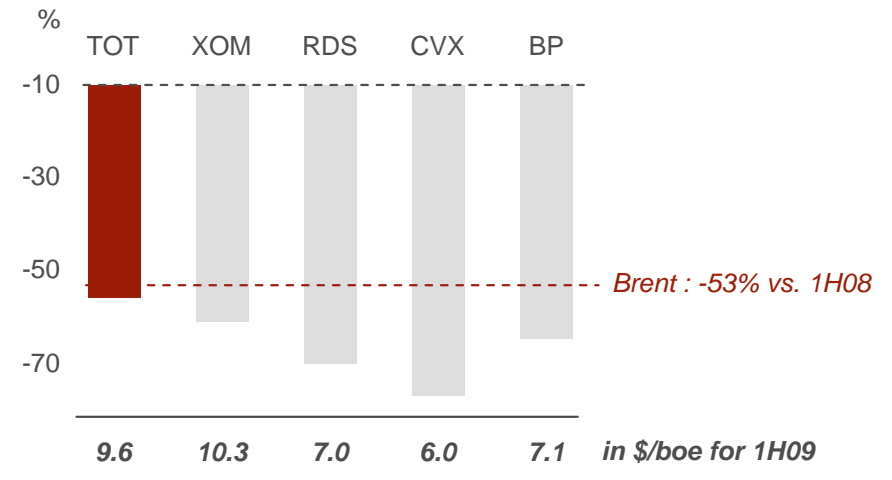
# Best resilience despite disappointing production

## Production capacity



## Upstream adjusted net operating income

(1H09 vs. 1H08)



### > 1H09 entitlement production impacted by

- Security issues in Nigeria : -40 kboe/d
- OPEC reductions and weak gas demand : -90 kboe/d

### > Low exposure to US natural gas

### > Lowest technical costs among the majors in 2008

### > Limited impact of OPEC reductions on net operating income in 1H09

**Benefit by year-end from ramp-up of new projects  
and favorable gas pricing structure**

# 2009 : successful year for production start-ups

**Akpo (24%)**



- > Plateau : 225 kboe/d
- > 0.8 Bboe\*
- > Start-up : March 2009

**Tahiti (17%)**



- > Plateau : 135 kb/d
- > 0.5 Bb\*
- > Start-up : May 2009

**Tombua Landana (20%)**



- > Plateau : 100 kboe/d
- > >0.2 Bboe\*
- > Start-up : August 2009

**Qatargas II TB (16.7%)**



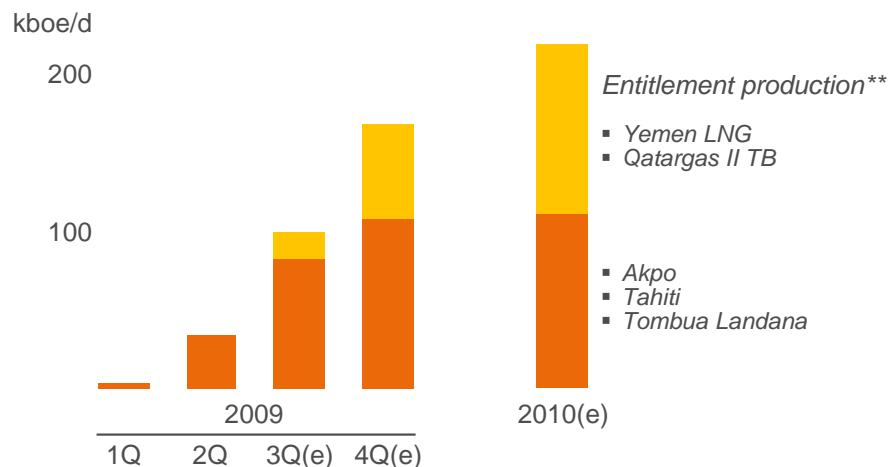
- > Plateau : 290 kboe/d
- > 2.6 Bboe\*
- > Start-up : September 2009

**Yemen LNG (39.6%)**

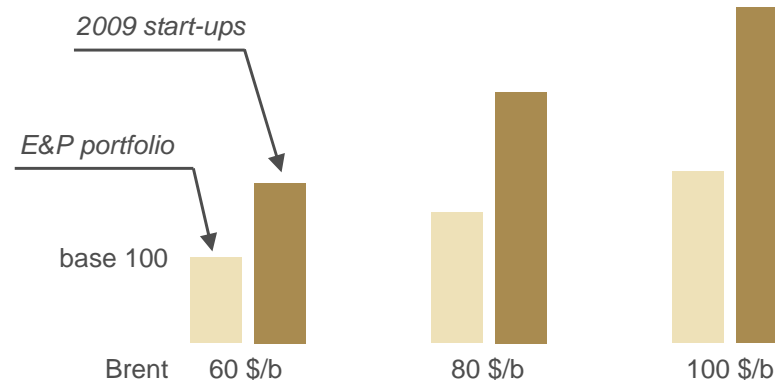


- > Plateau : 190 kboe/d
- > 1.7 Bboe\*
- > Start-up : September 2009(e)

**Production from 2009 start-ups**



**Net operating income per barrel\*\*\* from 2009 start-ups**



**Important contribution to value creation**  
**Well balanced between short and long plateau**

\* proved and probable reserves at 100%, Total estimates

\*\* entitlement production defined as FAS 69 production plus mining, including equity affiliates

\*\*\* calculated at plateau ; Henry Hub @ 3.5 \$/Mbtu

# Four major developments to support medium-term growth



- > Plateau : 200 kb/d
- > 0.5 Bb\*
- > Start-up : 2011(e)



- > Plateau : 180 kboe/d
- > 0.4 Bboe\*
- > Start-up : 2012(e)



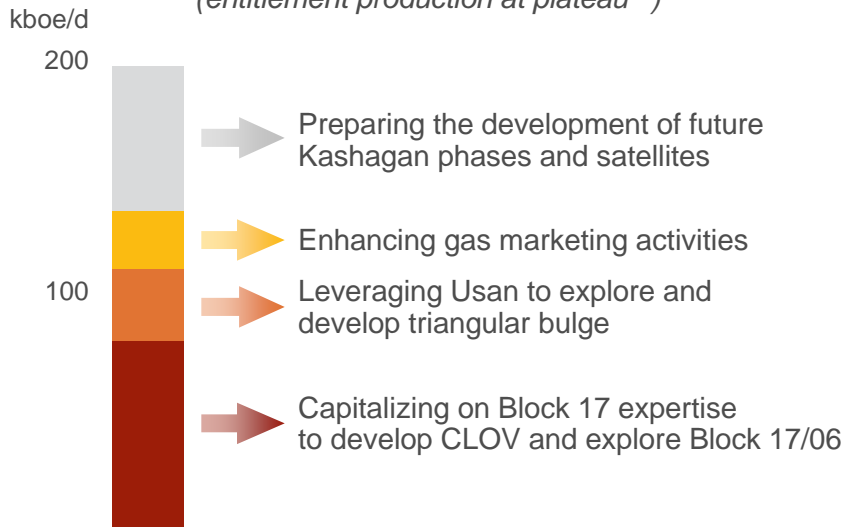
- > Plateau : 175 kboe/d
- > 1.9 Bboe\*
- > Start-up : 2012(e)



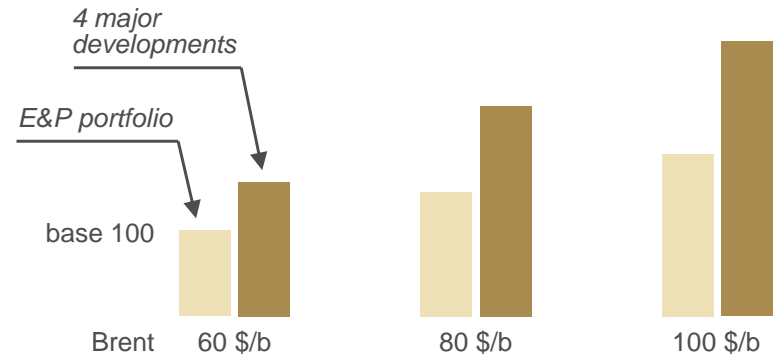
- > Plateau : 300 kb/d
- > >3.0 Bb\*
- > Start-up : 2012(e)

## Production from major developments

(entitlement production at plateau\*\*)



## Net operating income per barrel\*\*\*



***Additional upside to benefit from oil price recovery***

\* proved and probable reserves at 100%, Total estimates

\*\* entitlement production defined as FAS 69 production plus mining, including equity affiliates

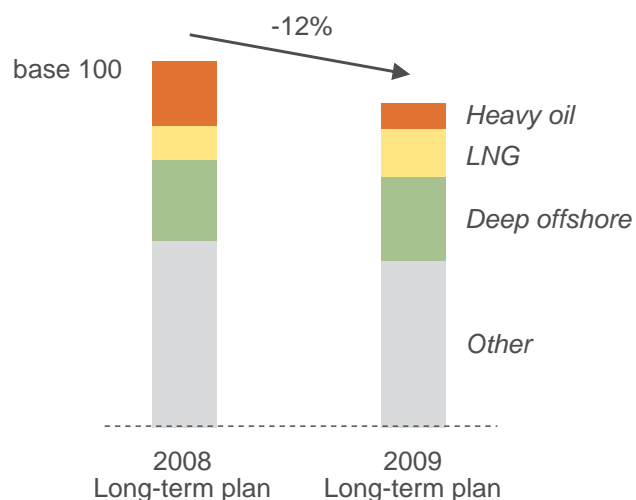
\*\*\* calculated at plateau



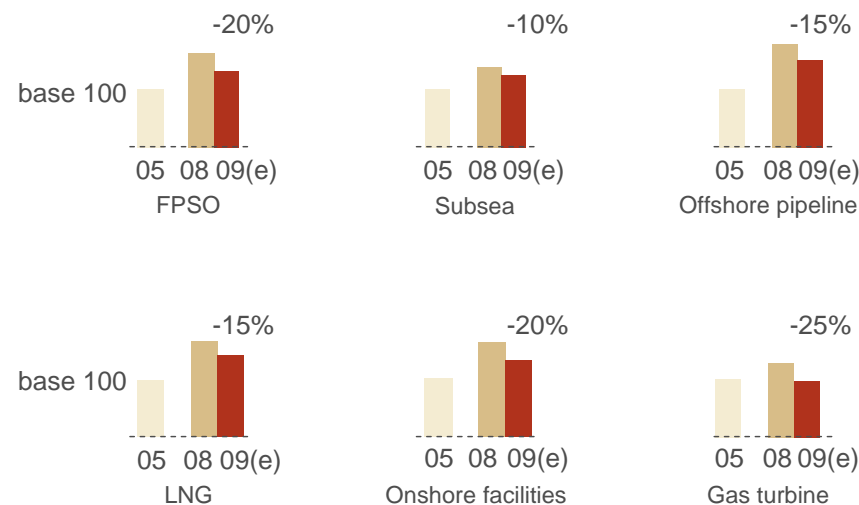
# Optimizing the next wave of projects



Cumulative Upstream development Capex 2010-14(e)



Cost estimates for major components of Capex



> **Maintain investment discipline**

- 80 \$/b base case scenario for long-term oil price
- Test resilience at 60 \$/b and upside at 100 \$/b

> **FIDs for major new projects not expected before 2010(e)**

> **Relaunch of some calls for tender on Ofon II**

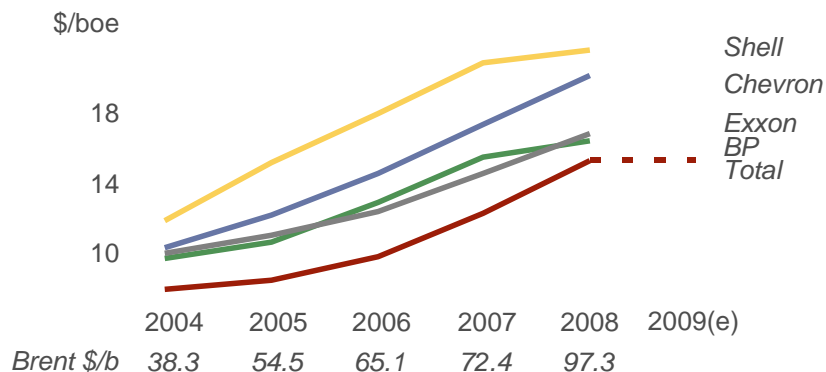
***Cost reduction and delay of some projects if needed***

\* Final Investment Decision to launch project

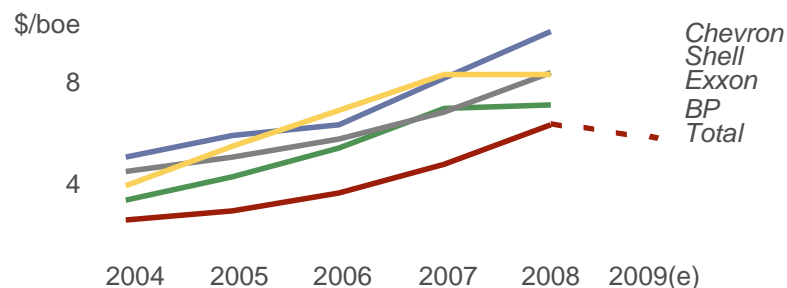


# Active cost reduction program

## Lowest technical costs\*



## Opex\*



- > 2009(e) DD&A increase offset by Opex reduction
- > Benefit from market effects : FX, idle capacities

## Opex reduction

### > Contract renegotiation

- Well servicing contract (up to -30%)
- Maintenance contract (up to -20%)
- Tender offer for jack-up rigs in Qatar and Vietnam (up to -40%)
- Group purchase agreement on steel and chrome tubulars (up to -25%)
- Logging contract price reduction in exchange for extension (up to -30%)

### > Optimization

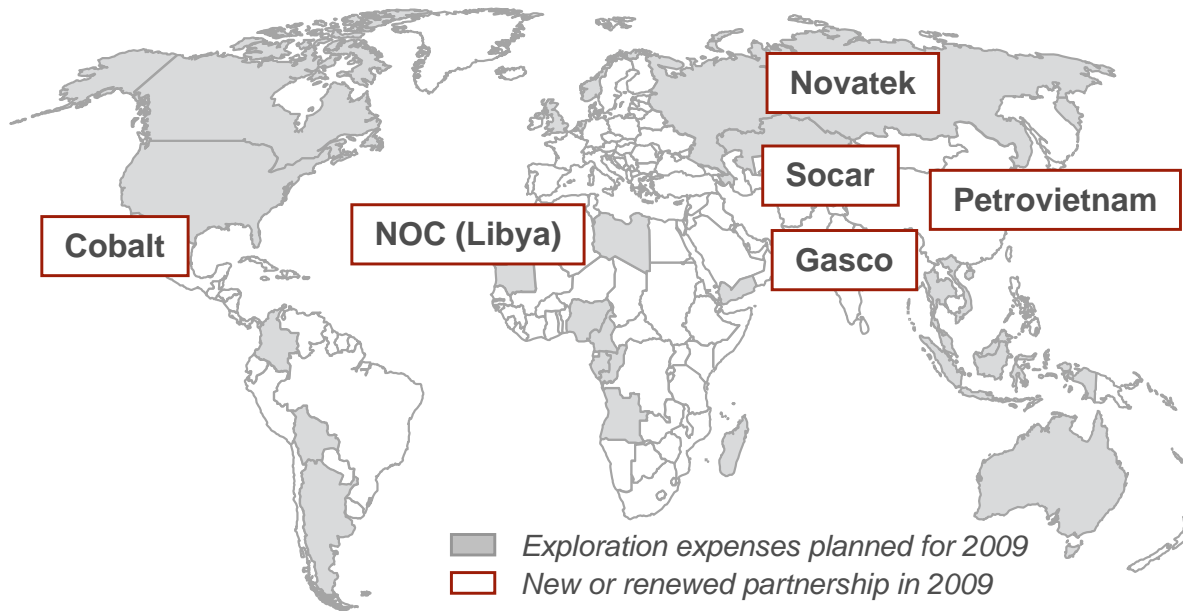
- Logistics : transportation sharing (supply boats, helicopters)...
- Efficiency : reduce speed of vessels...
- Simplification : exploration well architecture...
- G&A cost reduction

**Implementing plans  
to reduce cash breakeven  
1H09 Opex per barrel  
reduced by 14% vs. 2008**

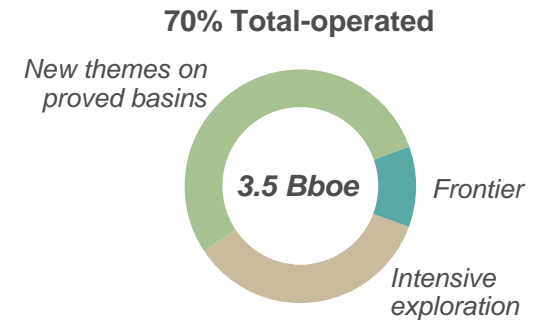
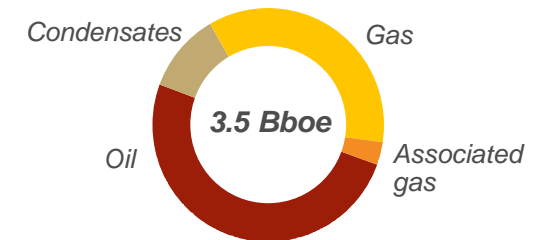
\* FAS 69 (Opex, DD&A and Expl.), consolidated subsidiaries, estimates for other majors based on public data

# Preparing for the long term through exploration and partnerships

## Access to potential resources



## Current exploration potential\*



- > **Strengthen position in prolific or new basins since beginning of 2009**
  - GOM, Egypt, Russia, Azerbaijan, Vietnam
- > **Discovery cost around 2-3 \$/boe\*\***
- > **Capitalize on technology**
  - HP/HT, complex reservoir, seismic data collection and interpretation

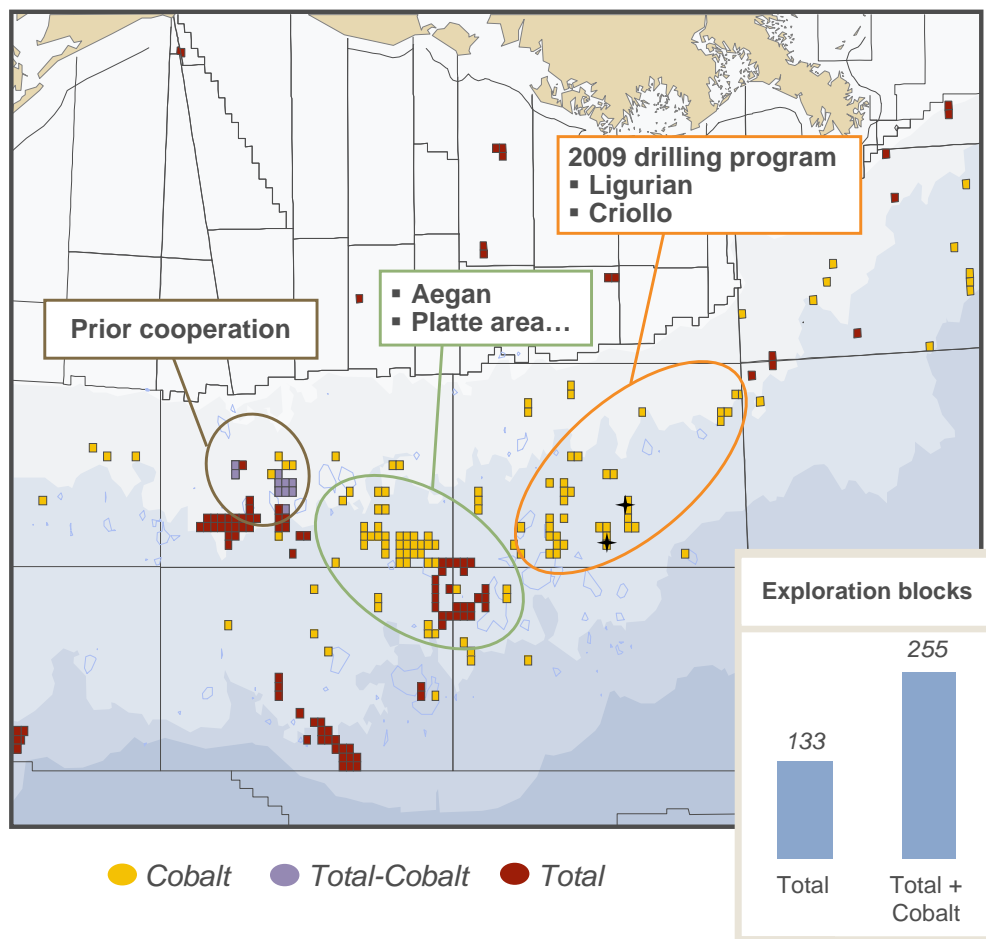
- > **Continue exploration in core areas**
  - West Africa, North Sea
- > **Develop new partnerships to access high potential areas**
  - Iraq, Venezuela, Libya

***Around 500 Mboe accessed since beginning 2009***  
***Maintain a competitive advantage vs. other majors on discovery cost***

\* mean risked resources ; Group share

\*\* 3-year average

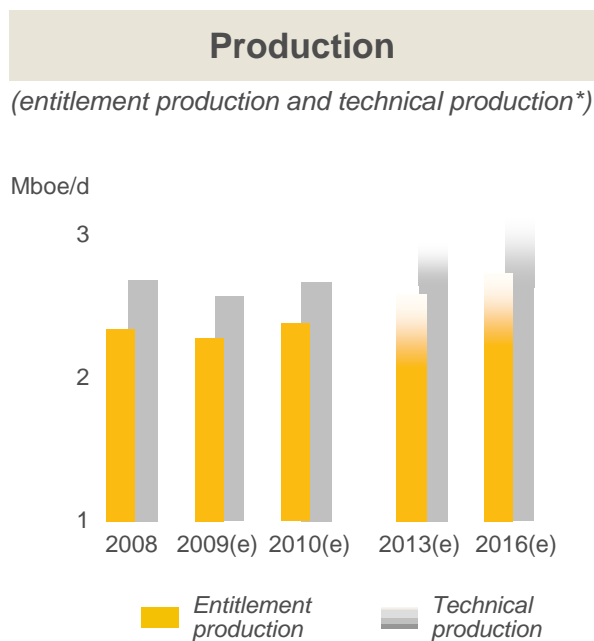
# Alliance for exploration in the Gulf of Mexico



- > Total 40% - Cobalt 60% merger of GOM exploration portfolios (255 blocks)
- > Subsalt prospects analogous to major GOM discoveries (Miocene and Paleocene)
  - Drilling program
    - 2009 : Ligurian (3Q) and Criollo (4Q)
    - 2010(e) : 3 additional wells
- > Capitalize on Cobalt's GOM exploration expertise

***Large and promising exploration program over the coming years***

# Large portfolio of projects sustains long-term production growth



➤ **Projected base decline rate at about 5% per year on average**

	Projects	Country		Capacity (kboe/d)	Share	Op**	Status
2018(e)	Kashagan Ph. 2	Kazakhstan	Liquids	850	16.8%		Study
	Pars LNG	Iran	LNG	295	30%	✓	Study
	NLNG T7	Nigeria	LNG	250	15%		FEED
	Joslyn North Mine	Canada	Heavy oil	100	75%	✓	Pre-FEED
	Ichthys LNG	Australia	LNG	335	24%		FEED
	Brass LNG	Nigeria	LNG	300	17%	✓	FEED
	Shah Deniz FF	Azerbaijan	Gas	475	10%		Study
	Shtokman Ph. 1	Russia	LNG/pipeline	410	25%		FEED
	Block 32-CSE	Angola	Deep offshore	Study	30%	✓	Study
	Eldfisk 2	Norway	Liquids	70	39.9%		FEED
	Moho North	Congo	Deep offshore	Study	53.5%	✓	Study
	Egina	Nigeria	Deep offshore	200	24%	✓	FEED
	Hild	Norway	Liq/Gas	70	49%	✓	Appr.
	Ekofisk South	Norway	Liquids	60	39.9%		FEED
	Tempa Rossa	Italy	Heavy oil	50	50%	✓	Dev.
	Surmont Ph. 2	Canada	Heavy oil	90	50%		FEED
	Laggan/Tormore	UK	Liq/Gas	90	50%	✓	FEED
	CLOV	Angola	Deep offshore	160	40%	✓	FEED
	Anguille redev.	Gabon	Liquids	40	100%	✓	Dev.
	2013(e)	Ofon II	Nigeria	Liquids	100	40%	✓
OML 58 upgrade Ph. 1		Nigeria	Gas/Cond.	50	40%	✓	Dev.
Sulige		China	Gas	70	100%	✓	Study
Kashagan Ph. 1		Kazakhstan	Liquids	300	16.8%		Dev.
Angola LNG		Angola	LNG	175	13.6%		Dev.
Bongkot South		Thailand	Gas	70	33.3%		EPC
South Mahakam Ph. 1/2		Indonesia	LNG	55	50%	✓	FEED
Usan		Nigeria	Deep offshore	180	20%	✓	Dev.
Pazflor		Angola	Deep offshore	200	40%	✓	Dev.
2009(e)		Yemen LNG	Yemen	LNG	190	39.6%	✓
	Qatargas II (TB)	Qatar	LNG	290	16.7%		Prod.
	Tombua Landana	Angola	Liquids	100	20%		Prod.
	Tyrihans	Norway	Liq/Gas	96	23.2%		Prod.
	Tahiti	US	Deep offshore	135	17%		Prod.
	Akpo	Nigeria	Deep offshore	225	24%	✓	Prod.

\* technical production defined as equity share of wellhead production ; entitlement production defined as FAS 69 production plus mining, including equity affiliates and non-consolidated subsidiaries ; based on Brent oil price environment of 60 \$/b in 2010 and 80 \$/b thereafter ; 2010 estimates include OPEC reduction of 80 kb/d

\*\* operated by Total or through an operating company

# Upstream - LNG

# Adding two very competitive and long-lasting major LNG projects

## Qatargas II TB (16.7%)



- > Start-up : September 2009
- > Capacity : 7.8 Mt/y
- > 55 kb/d of condensates
- > Capex : 4.1 B\$
- > Purchases by Total : 5.2 Mt/y

Very low breakeven price thanks to liquids contribution

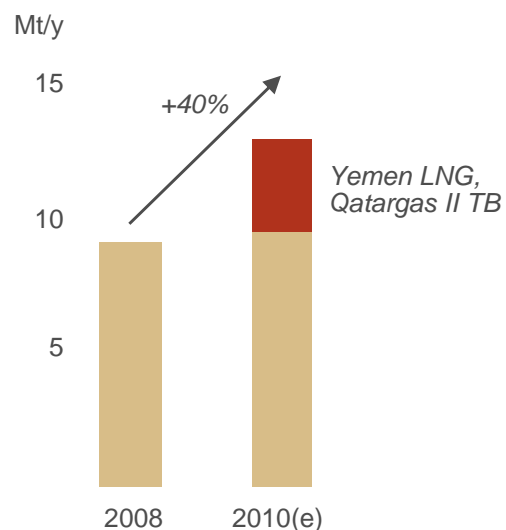
## Yemen LNG (39.6%)



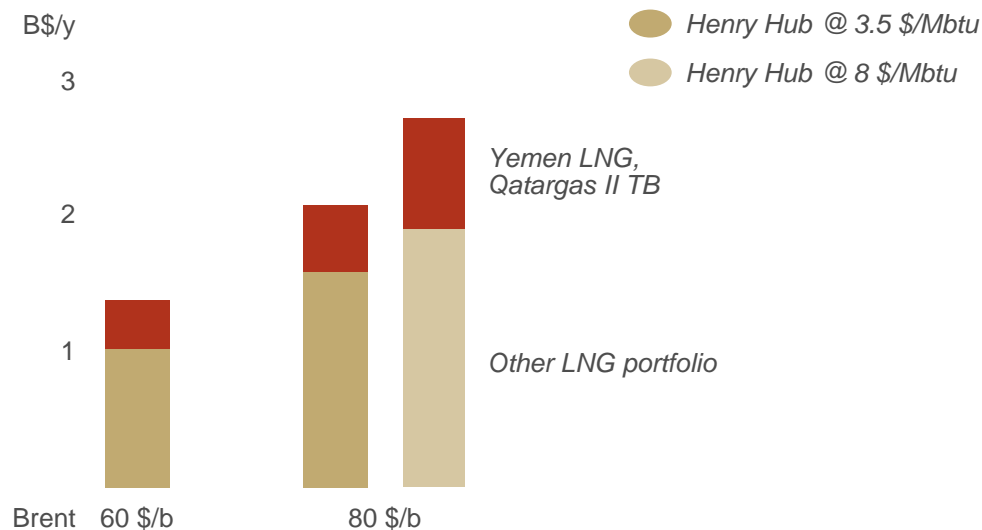
- > Start-up : September 2009(e)
- > Capacity : 6.7 Mt/y
- > Capex : 4.5 B\$
- > Purchases by Total : 2 Mt/y

Breakeven price after regas in the US around 2.5 \$/Mbtu

## LNG sales by Total\*



## Contribution of LNG sales to net operating income\*\*

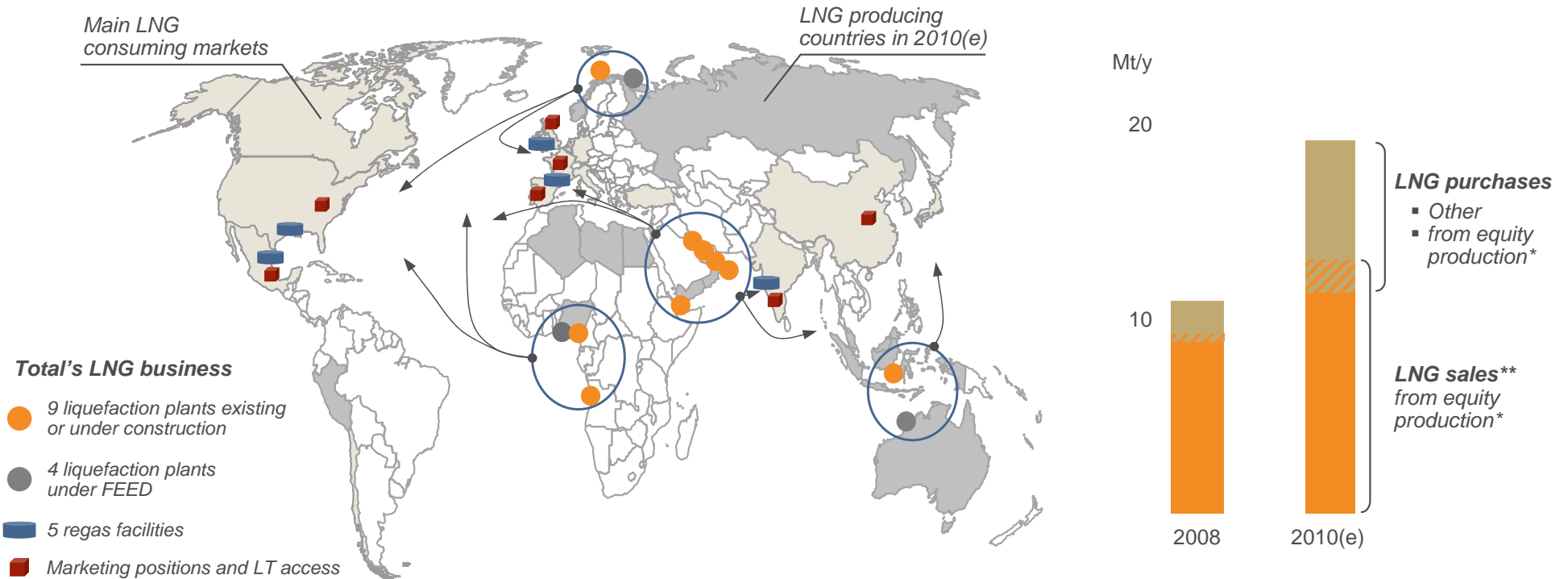


**70% of Total's LNG sales based on oil-indexed formulas**  
**Resilient portfolio offering strong leverage to oil and gas prices**

\* Group share of LNG sales by affiliates and participations, including FAS 69 production equivalent for Bontang sales and excluding trading  
 \*\* 2011(e)

# Capturing value along the entire LNG chain

## Total's balanced exposure on LNG market



**Strong geographical diversification of the liquefaction portfolio**

**Secured access to the main consuming markets through regas facilities or long-term contracts**

**Benefit of strong downstream gas positions to trade and market volumes**

\* in proportion to equity share in selling entity

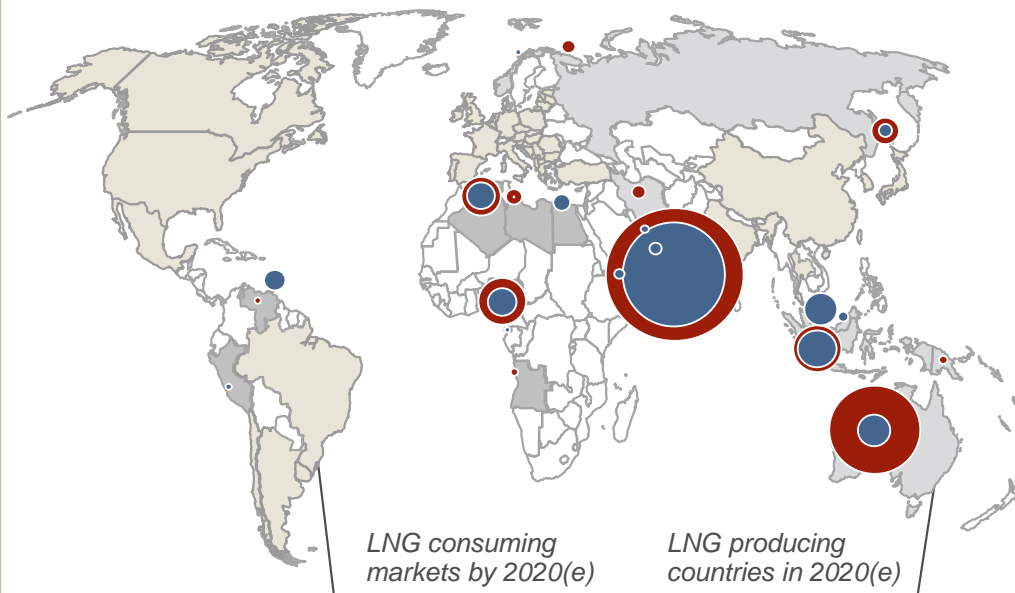
\*\* Group share of LNG sales by affiliates and participations, including FAS 69 production equivalent for Bontang sales and excluding trading



# Securing access to future LNG capacity

## Worldwide planned and potential LNG capacity

(Total estimates)



● Planned capacity by 2012(e) ● Potential capacity in 2020(e)

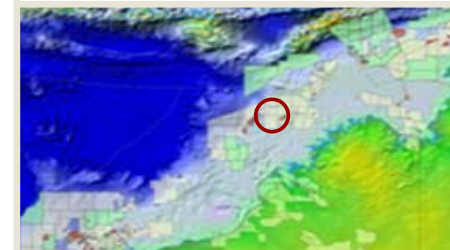
- LNG to grow by 7% per year on average through 2020(e)
- Few LNG substitutes for Asia
- Long-term growth potential concentrated in Nigeria, Iran, Australia and Russia

### Shtokman Ph.1 (25%)



- Strategic partnership with Gazprom
- Gas field (134 Tcf) 600 km offshore, arctic conditions
- Reserves Ph.1 : 21 Tcf of gas
- Capacity Ph.1 : 2.3 Bcf/d, including 7.5 Mt/y of LNG
- Strong potential beyond Ph.1
- FEED completed in 4Q09(e)
- Offshore FPU gas producing and processing facilities
- LNG and pipeline gas treatment plants onshore near Murmansk
- FID : 2010(e)

### Ichthys LNG (24%)



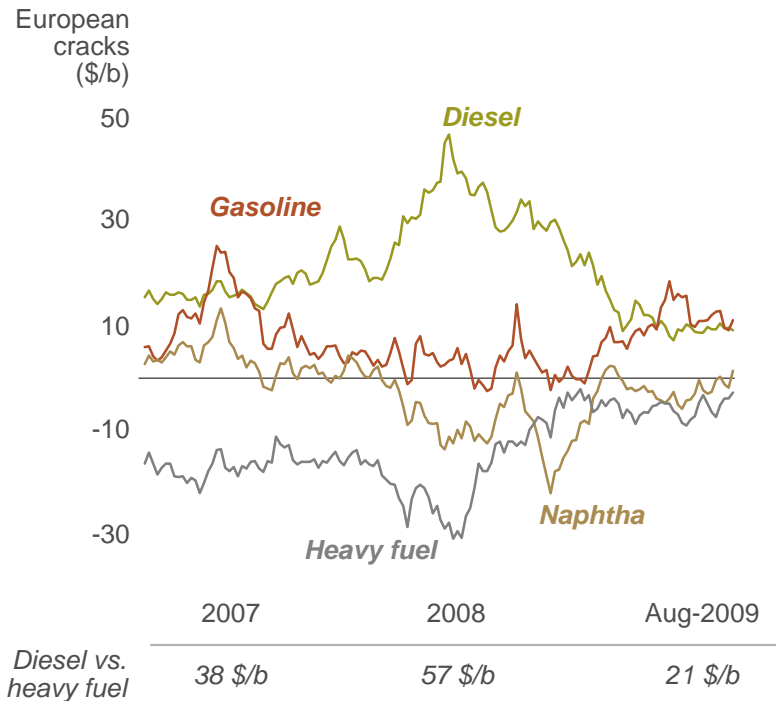
- Strategic partnership with Inpex
- Gas and condensate field 850 km west of Darwin
- Reserves : 530 Mb of condensates, 13 Tcf of gas
- Capacity : 8.4 Mt/y of LNG, 100 kb/d of condensates, 1.6 Mt/y of LPG
- Additional exploration potential
- FEED started in 2009
- Offshore processing facilities for gas, FPSO for condensates
- LNG plant onshore in Darwin
- FID : end-2010(e)

**Taking advantage of the deflationary environment to optimize costs**

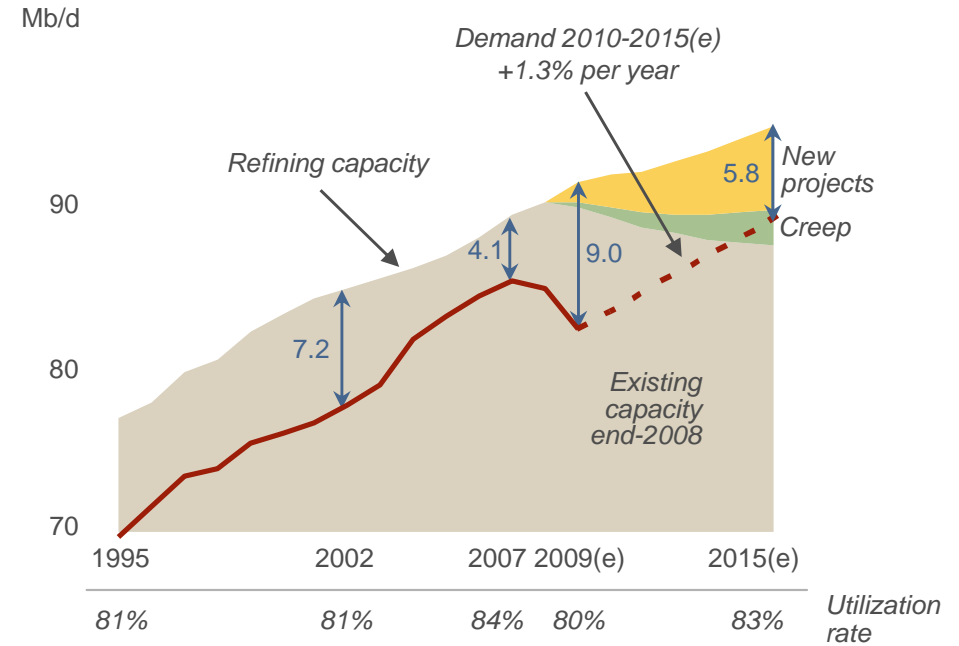
# Downstream - Chemicals

# Depressed refining environment

## Current refining margins severely affected



## Worldwide spare capacity progressively reduced



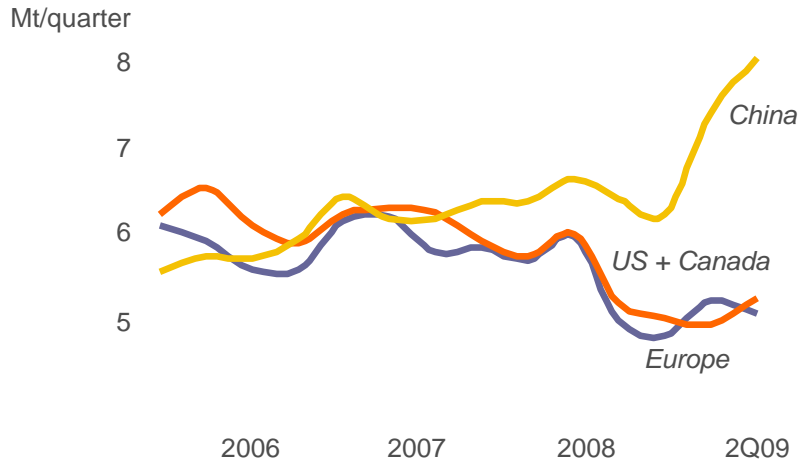
- > Decline in demand and new capacity coming onstream in Asia
- > Diesel margins down sharply due to reduction in transport activity
- > Impact of OPEC reductions on crude mix affecting conversion and desulfurization margins

- > Need to reduce capacity, mostly in OECD countries
- > Middle distillate margins and crude spreads to recover with economic growth and increased call on OPEC
- > Worldwide demand growth of gasoline to slow down due to US environmental measures and progressive change in consumption behavior

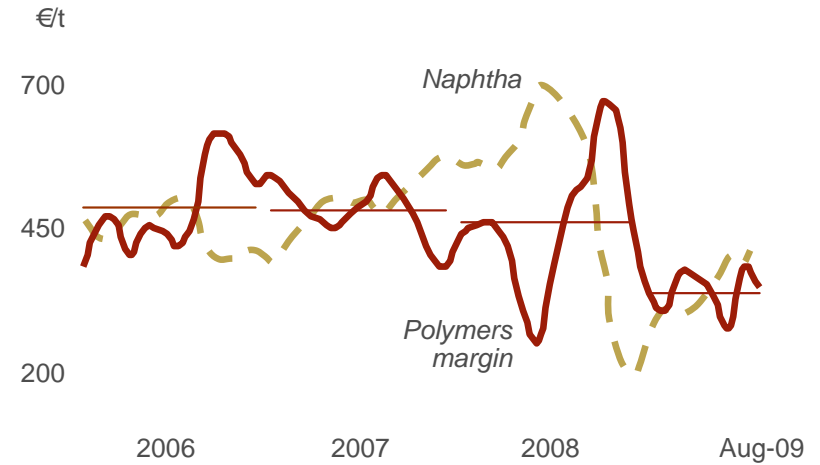
**Long-term demand driven by non-OECD countries and middle distillates**

# Chemicals : first signs of recovery coming from Asia

Polymers demand\*



Polymers margin in Europe\*



Total's polymers sales worldwide

(3-month rolling average)

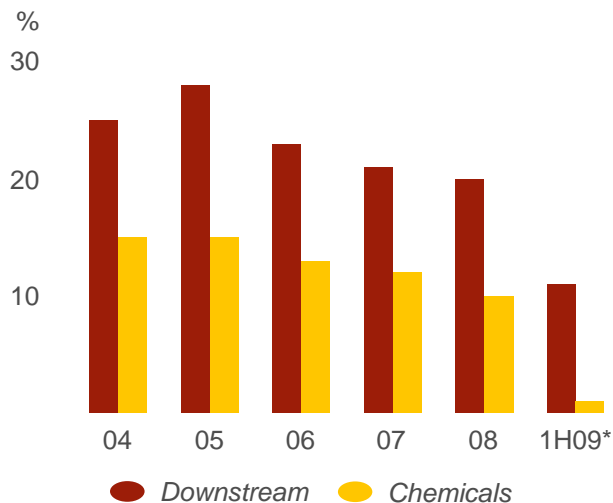


**Unprecedented drop in demand in Europe and US**  
**Export opportunities for US and European plants**  
**Specialty chemicals showing signs of recovery**

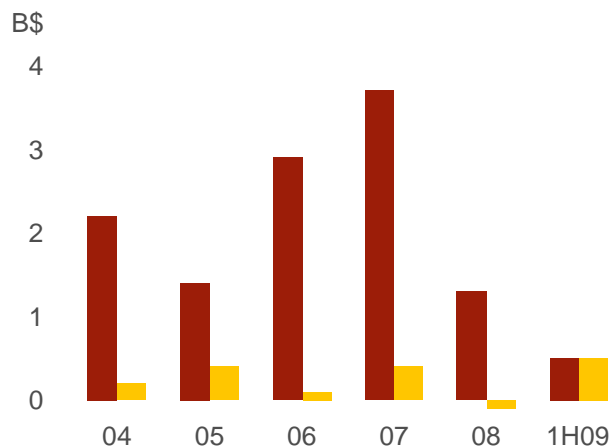
polymers = polyethylene, polypropylene, polystyrene  
 \* public data

# Taking necessary steps to restore good profitability

Downstream - Chemicals ROACE

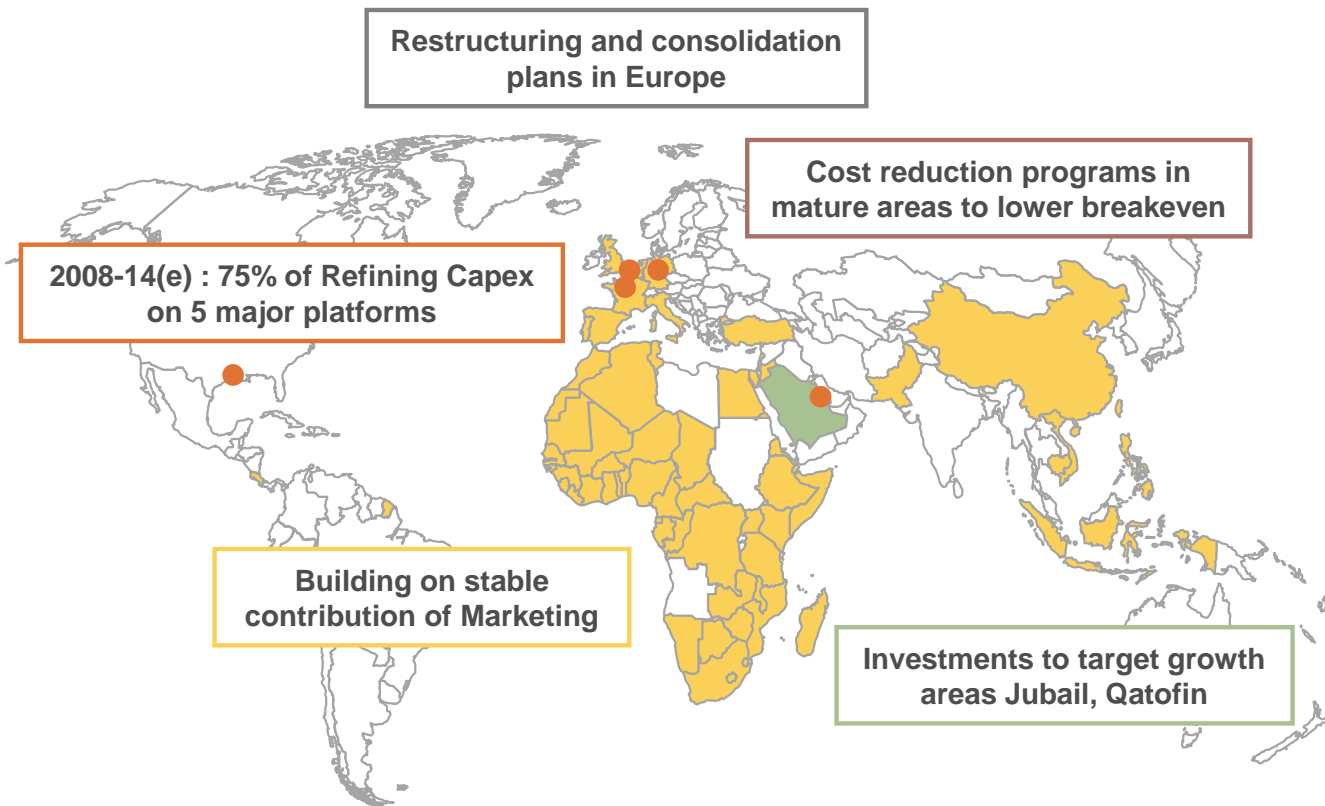


Downstream - Chemicals net cash flow\*\*



\* annualized

\*\* after Capex ; excluding Arkema and AZF

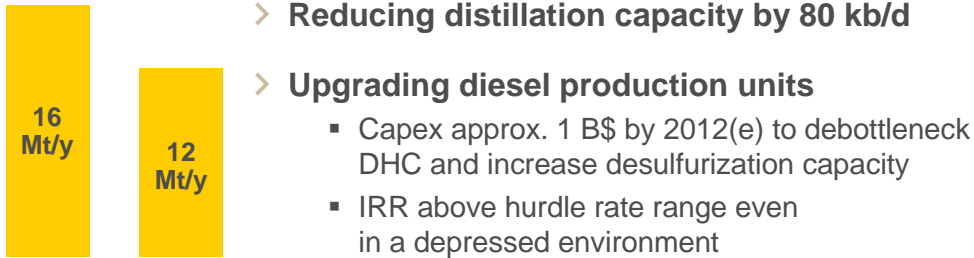


**High-grading Total's portfolio by taking into account new environment**

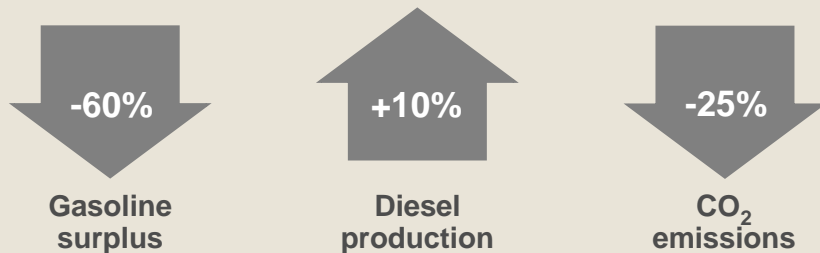


# Upgrading and restructuring refining in Europe

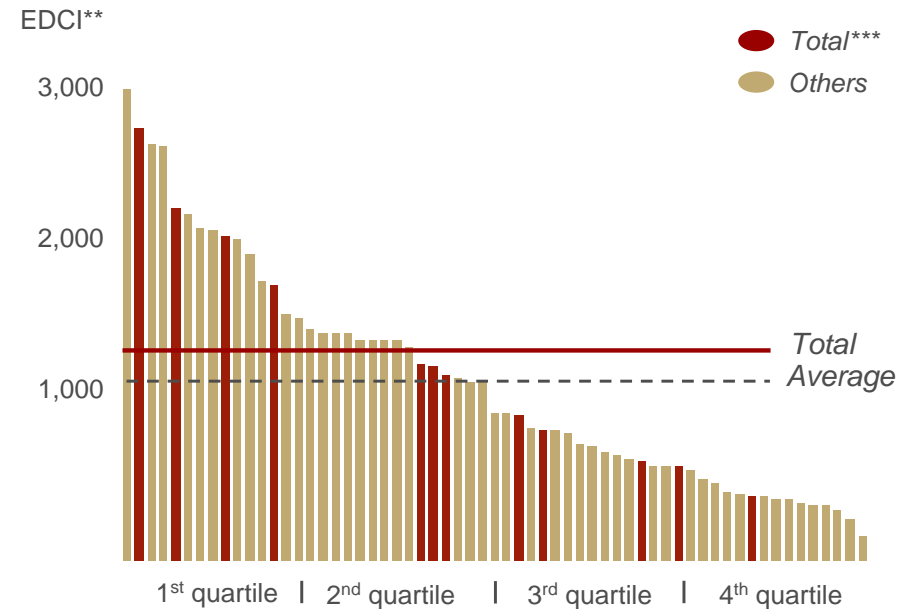
## March 2009 modernization plan of Normandy refinery



## Impact on Normandy refinery outflows



## Ranking of the main refineries in Europe\*



- > Four refineries in the top quartile of Europe
- > But still less sophisticated refineries in the portfolio

## Adapting refining positions

**Increasing middle distillate yields to benefit from economic recovery**

\* including Majors + Eni + Repsol + Petroplus

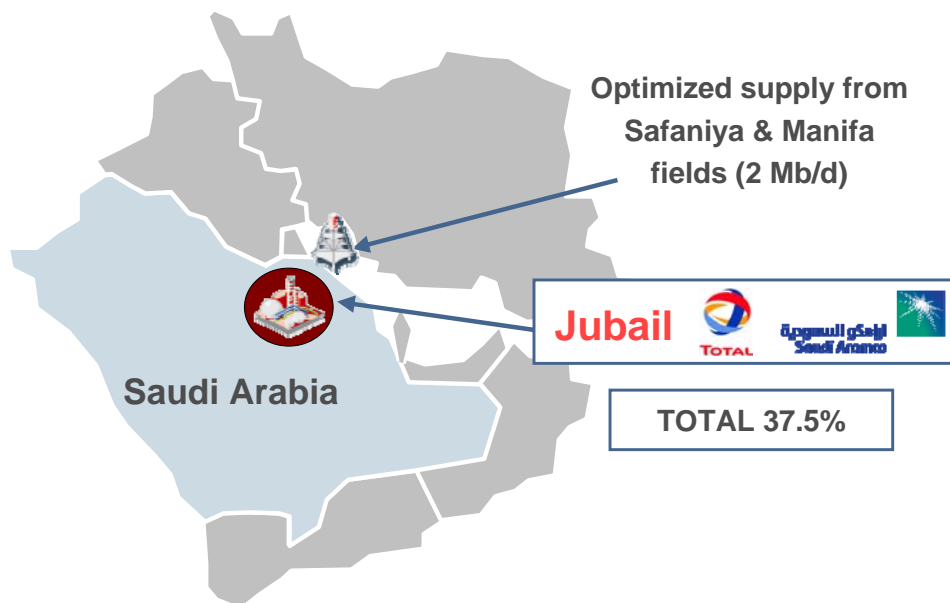
\*\* EDCI : Equivalent Distillation Capacity Installed, estimates based on published data

\*\*\* Total's refineries, including participations

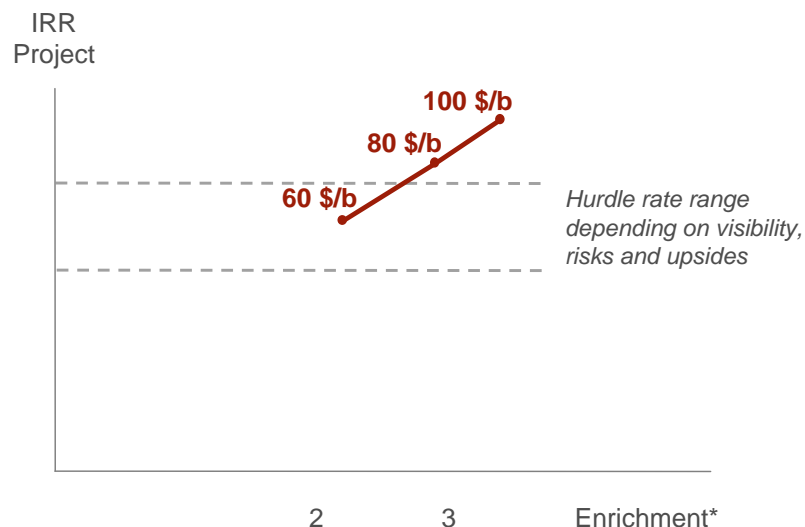


# Jubail : high value project reinforced by 25% cost reduction

Excellent location for both supply and export



Profitable and financially robust project



> Successful partnership with Saudi Aramco

> Production start-up mid-2013(e) :

- 400 kb/d capacity to treat Arab Heavy
- Full conversion with high middle distillate yield
- Integrated with 700 kt/y paraxylene unit
- Targeting both export and local markets

> EPC contracts awarded in June 2009 for 9.6 B\$

> Top ranked estimated net cash margin per ton worldwide among large refineries\*\*

> 25% equity to be listed on the Riyadh stock market and ~65% of the project financed with external debt

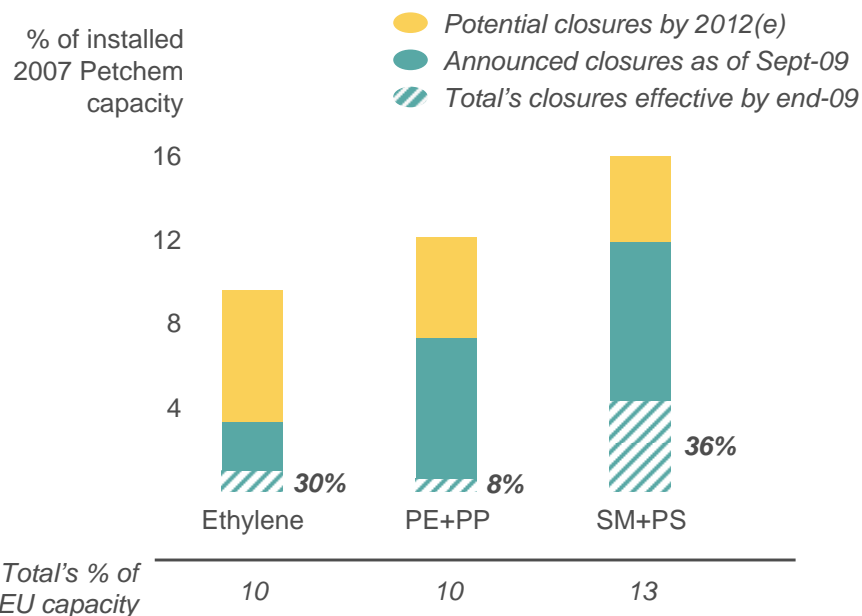
***Ideally positioned to meet long term demand***

\* cumulative net cash flow over life of project divided by development Capex

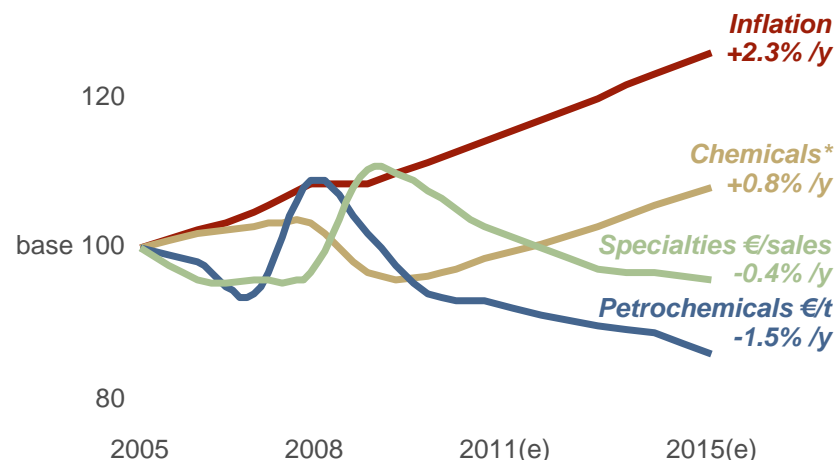
\*\* published data

# Chemicals : ongoing restructuring in mature markets to emerge stronger after the recession

Capacity reduction in Europe



Fixed costs for Total's Chemicals in US and Europe



## > Restructuring Total's petrochemicals in France :

- Effective early-2009, styrene restructuring and closure of one cracker in Carling
- New plan announced in March 2009 : permanent closure of non-competitive units (2 LDPE lines & 1 PS line) and reorganization

## > Focus on cost control in all Chemicals divisions

- > Fixed costs Chemicals 1H09 : -12% vs. 1H08\*\*
- > HSE remains the priority

**Reducing breakeven and focusing on top tier production units**

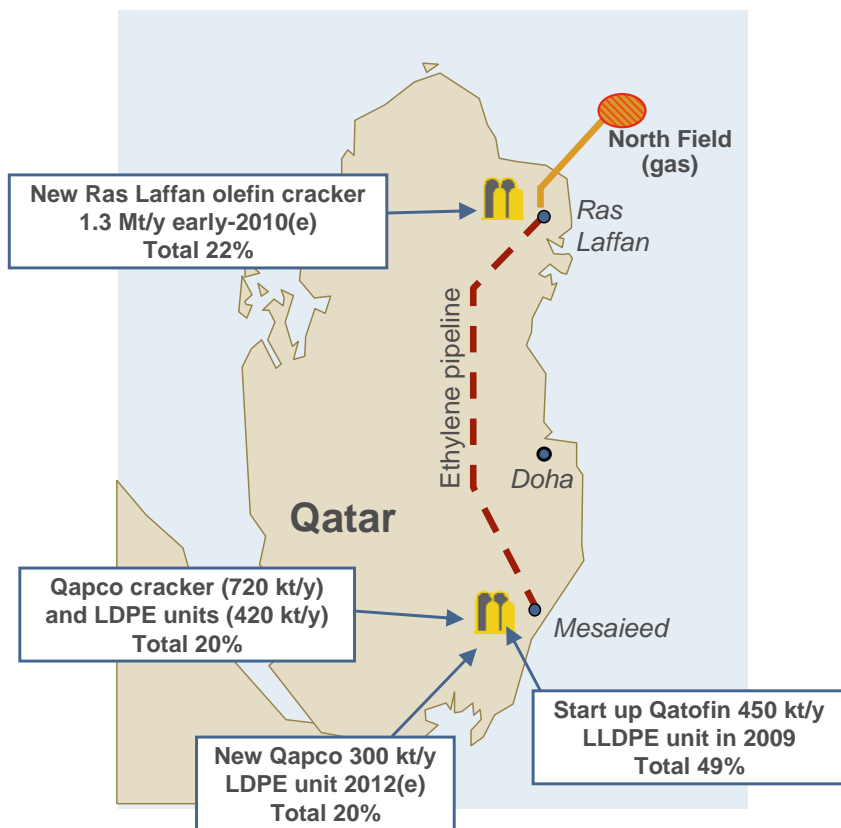
**Chemicals share of business segments capital employed 12% in 2009 vs. 24% in 2004**

\* excluding Arkema in 2005

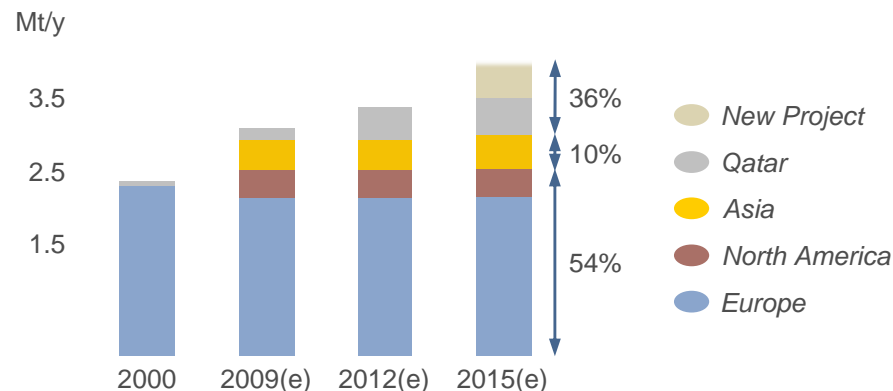
\*\* recurring cash costs, excluding portfolio changes and currency effects

# Petrochemicals : increasing leverage to advantaged feedstock and growth areas

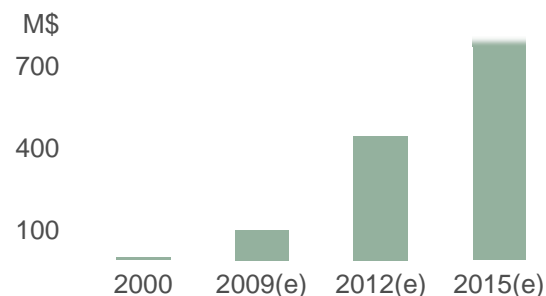
## Successful integration in Qatar



## Total's ethylene capacity



## Net operating income from growth areas\*



**Total's share of ethylene production from stranded ethane increasing from 6% in 2008 to 14% in 2010(e)**

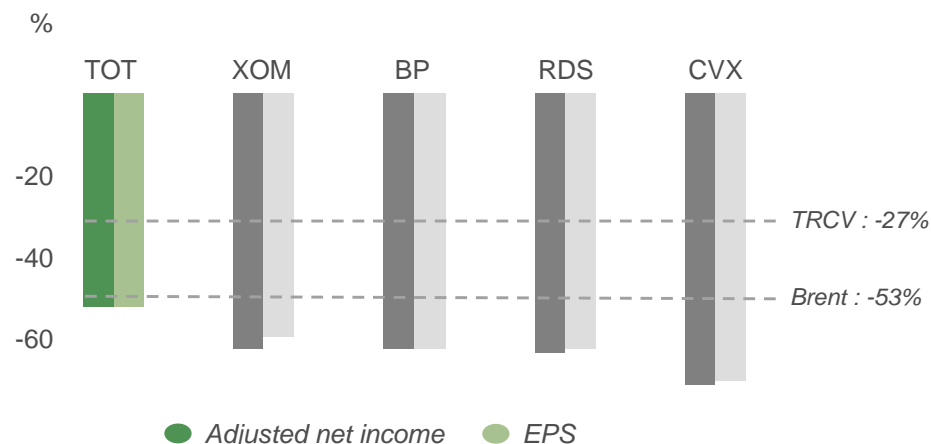
**Share of growth areas in Petrochemicals capital employed increasing from 5% in 2000 to 36% in 2015(e)**

\* Asia, Middle East and Africa

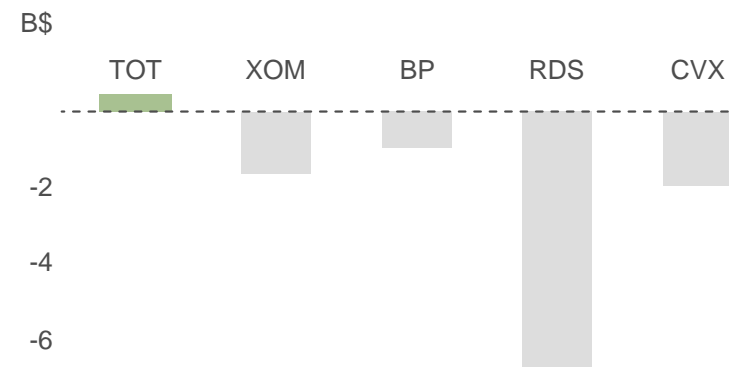
# Outlook

# Competitive performance of Total in 1H09

Adjusted net income : 1H09 vs. 1H08



1H09 cash flow\*



- > Limited impact from decrease in production
- > Upstream technical costs at the lowest level among the majors
- > Gas mainly sold on oil-indexed formulas and limited exposure to US gas price

- > Cash breakeven around 60 \$/boe in 1H09
  - Investments of 7.8 B\$ excluding acquisitions
  - Dividend payment of 3.5 B\$ in May 2009
  - Ongoing Sanofi divestment of 1.4 B\$ in 1H09

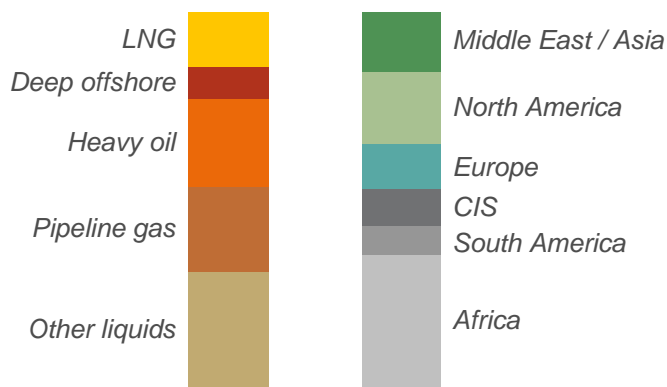
**1H09 annualized ROACE of 13%**

expressed in dollars ; estimates for other majors based on public data

\* cash flow from operation excluding change in working capital, minus net investment and dividend payments

# Strengthening Total's portfolio

## Upstream : >40 years of resources\*



> **Aiming for excellence in safety and environment**

> **Delivering stronger performance in operations and adapting to market trends**

- Successful start-up and ramp-up of new projects
- Improvement of reliability of Upstream base production
- Restructuring Refining and Chemicals in Europe
- Growth of conversion capacity and ethane based petrochemicals
- Breakeven to be progressively reduced mainly through cost reduction

> **Optimizing FID conditions for the next wave of projects**

- Large Upstream projects under FEED or study include Surmont Phase 2, CLOV, Laggan/Tormore, Shtokman, Ichthys LNG, Egina...

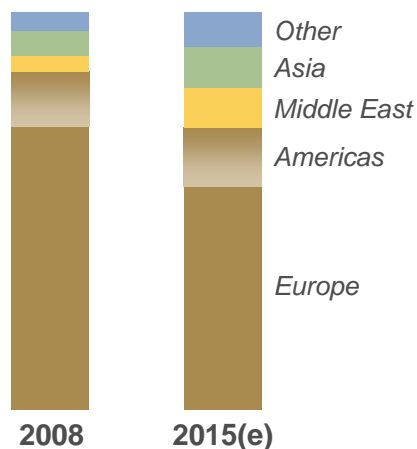
> **Increasing growth potential thanks to partnerships and exploration**

- Decision to launch Jubail development with Saudi Aramco
- Agreements with Cobalt and Novatek
- New exploration acreage : Azerbaijan, Egypt, Norway, Vietnam...
- Contract extensions : GASCO, Libya, Argentina

> **Pursuing an intensive R&D program**

- Technological leadership in frontier areas
- Increase recovery factors

## Capital employed of Downstream and Chemicals



***Well diversified to capture growth and returns***

\* year-end 2008 proved and probable reserves plus potential median recoverable reserves from known accumulations (SPE - 03/07) ; at current rate of production

# Anticipating the evolution of the energy mix



## Contributing to limitation of CO<sub>2</sub> emissions

- Carbon capture and storage pilot to start in 4Q09(e)

## Integrating on the silicon chain

- Increasing Photovoltech capacity from 80 to 260 MWc by 2012(e)
- Plan to build a wafer production unit in France
- Developing thin layer cell production

## Developing solar power plants

## Increasing R&D on non-conventional resources and X-to-Y processes

- Shale oil : AMSO
- Biomass
- DME/Bio-DME

## Reinforcing partnerships through local development projects

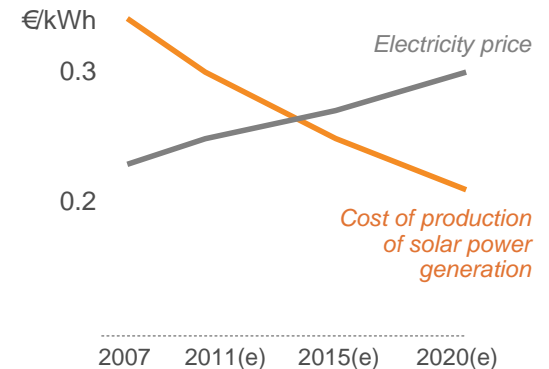
## Developing expertise in nuclear

- Participating in nuclear projects in producing countries
- Taking part in the development of one EPR in France

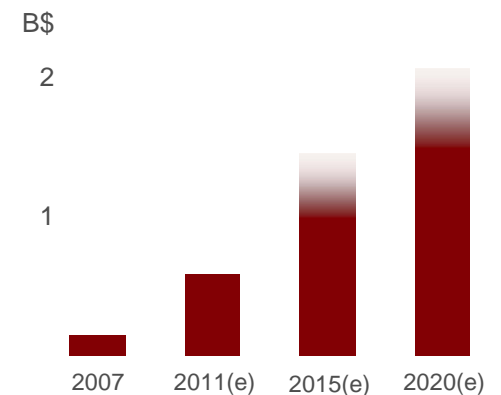
## Increasing R&D on solar technologies

- Improving efficiency and reducing costs
- Partnership with Konarka to develop organic technologies

## Grid parity (Southern Europe)



## Capital employed in new energies



**Prepared to seize opportunities in high growth segments**

**Increasing sustainability of Total's business model**

# Strict investment discipline

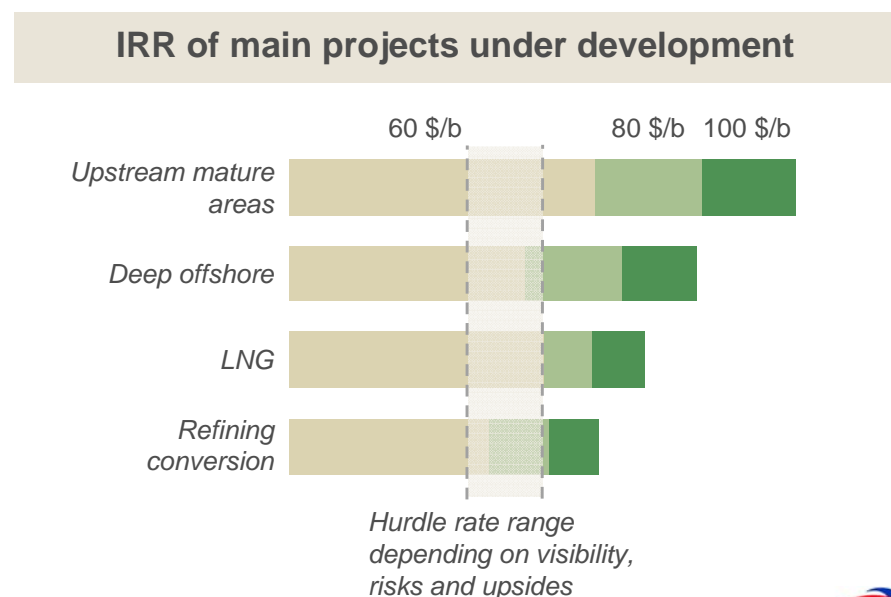
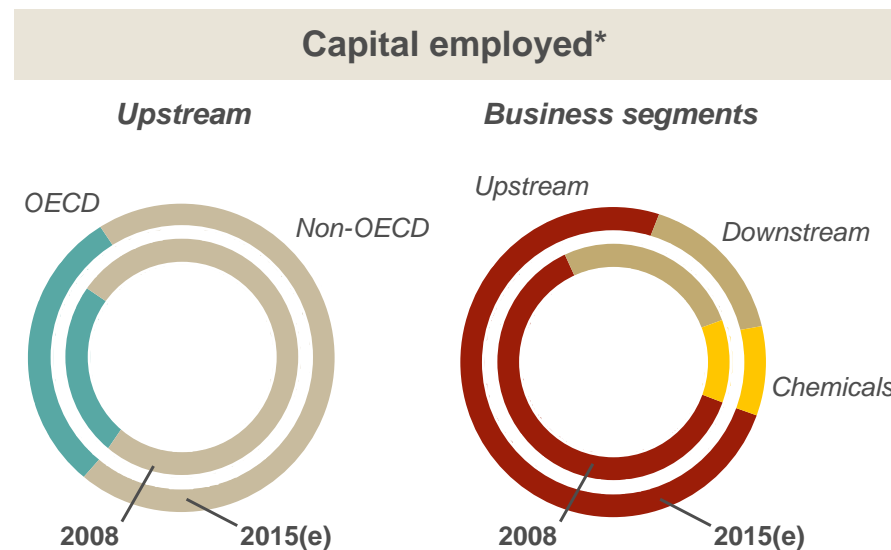
## > Allocate capital to high-value segments

- 75% of Capex in Upstream
- Downstream and Chemicals investments focused on the most profitable areas
- Disposal of non-strategic assets

## > Maintain strict criteria for investments

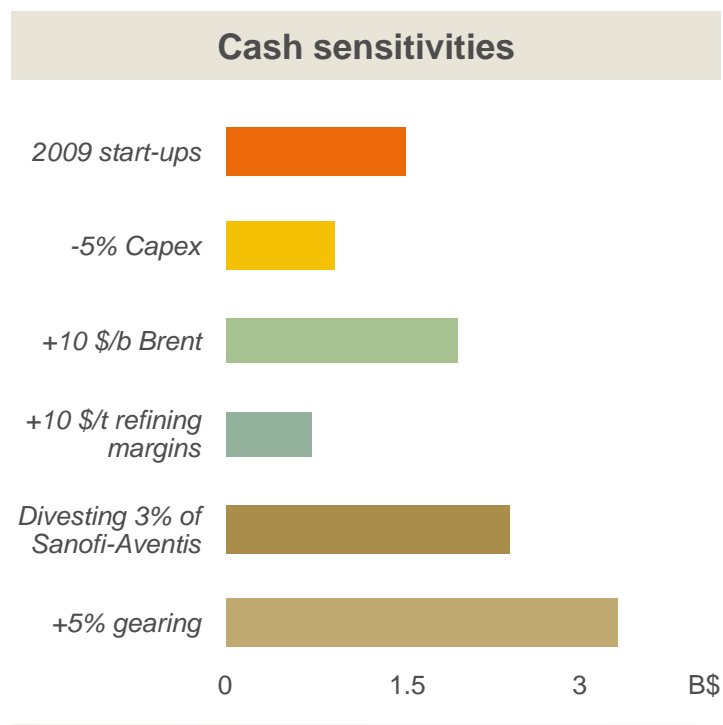
- Base case scenario at 80 \$/b for project valuation and resilience test at 60 \$/b
- Considering upsides for the long-term
- Balancing long-lived projects with strong value creation and shorter-term projects with high returns

**Maintaining strong profitability while mitigating risks**



\* at year-end, at replacement cost

# Strong balance sheet and financial flexibility



- **Cash position of 20 B\$ as of end-June 2009**
  - 7 B\$ of bonds issued under competitive conditions
- **Ample flexibility to manage net debt**
  - 7.5 B\$ of Sanofi shares still to be sold\*
  - Net-debt-to-equity ratio at 25%
- **2010 cash flow benefiting from 2009 start-ups and cost reduction**

**2009 Capex within budget of 18 B\$\*\***  
**Managing near term investments to reduce breakeven price**  
**2009 interim dividend of 1.14 €/share**  
**Committed to our dividend policy**

2009 sensitivities and impact in 2010 of main start-ups in 2009 ; calculated in a 60 \$/b environment

\* based on June 30, 2009 position and share price

\*\* includes net investment in equity affiliates and non-consolidated companies, excluding acquisitions and divestments

# 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 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.

Dollar amounts presented herein represent euro amounts converted at the average euro-dollar exchange rate for the applicable period and are not the result of financial statements prepared in dollars.

Cautionary Note to U.S. Investors - The United States Securities and Exchange Commission currently 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", "reserve potential" 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 Jean Millier - La Défense 6 - 92400 Courbevoie - France. You can also obtain this form from the SEC by calling 1-800-SEC-0330.