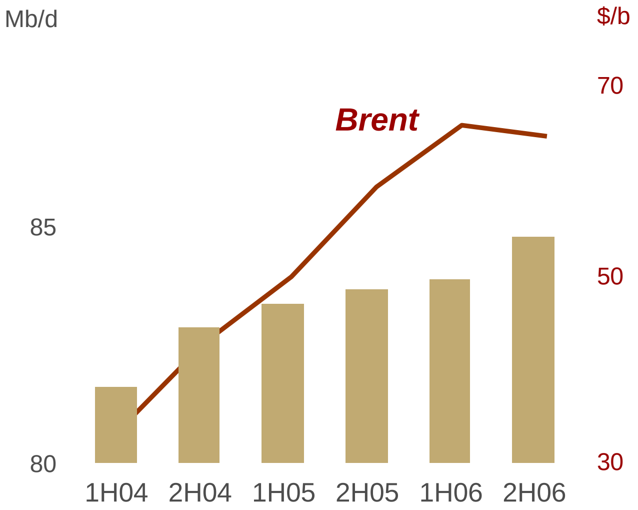
2006 Results & Outlook

Investor Relations - February 2007

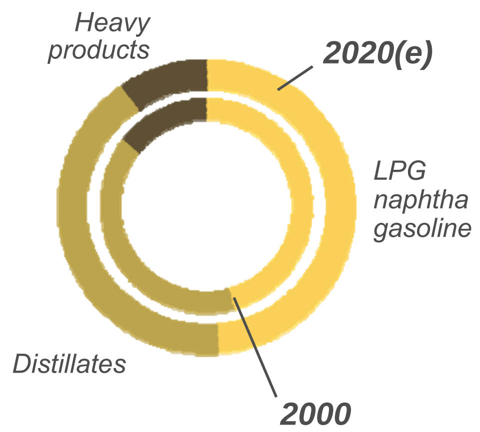
Globally favorable oil market environment

Oil demand



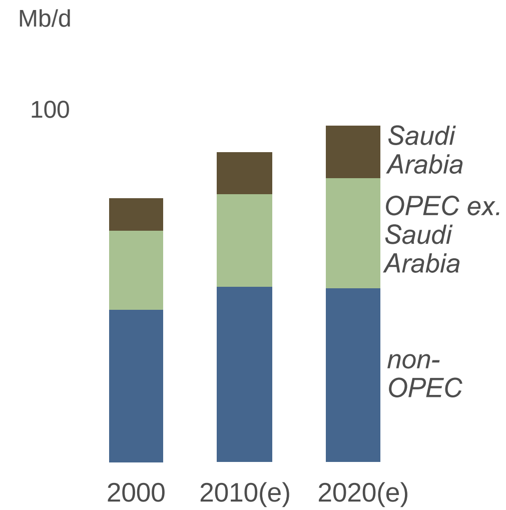
- **Higher oil price had moderate impact on growth in demand**
  - Demand from China, Middle East and US

Refined product demand



- **Growing demand for conversion capacity**

Oil production



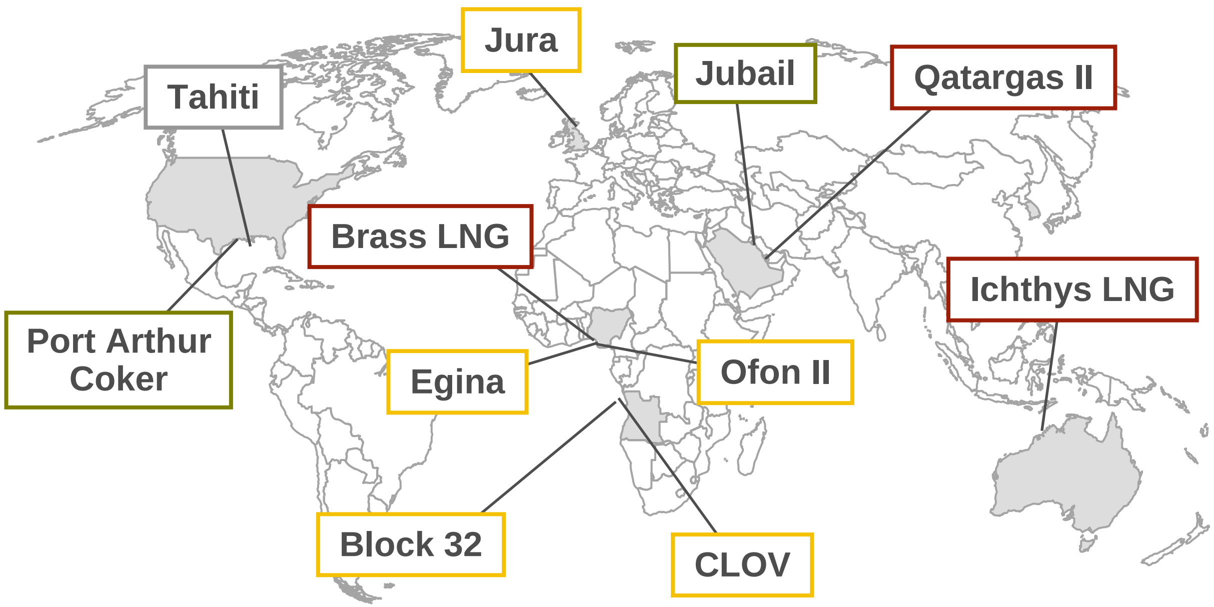
- **OPEC market share increasing**
  - Target price above 50 $/b

High utilization rates for production and refining capacity

sources : IEA, Total estimates

Successful organic growth strategy

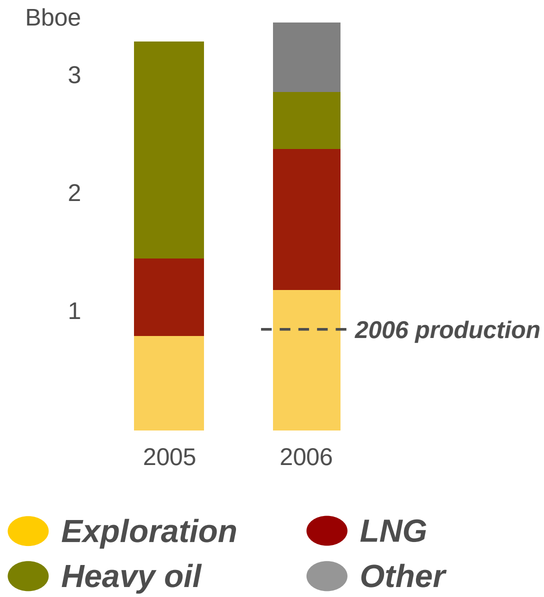
11 major projects added since the start of 2006

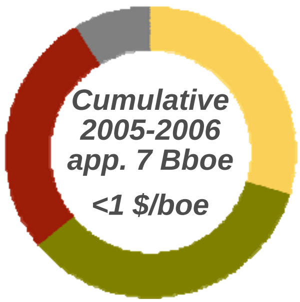


Added close to 7 Bboe of reserve potential in 2005-2006

Well-positioned and diversified portfolio

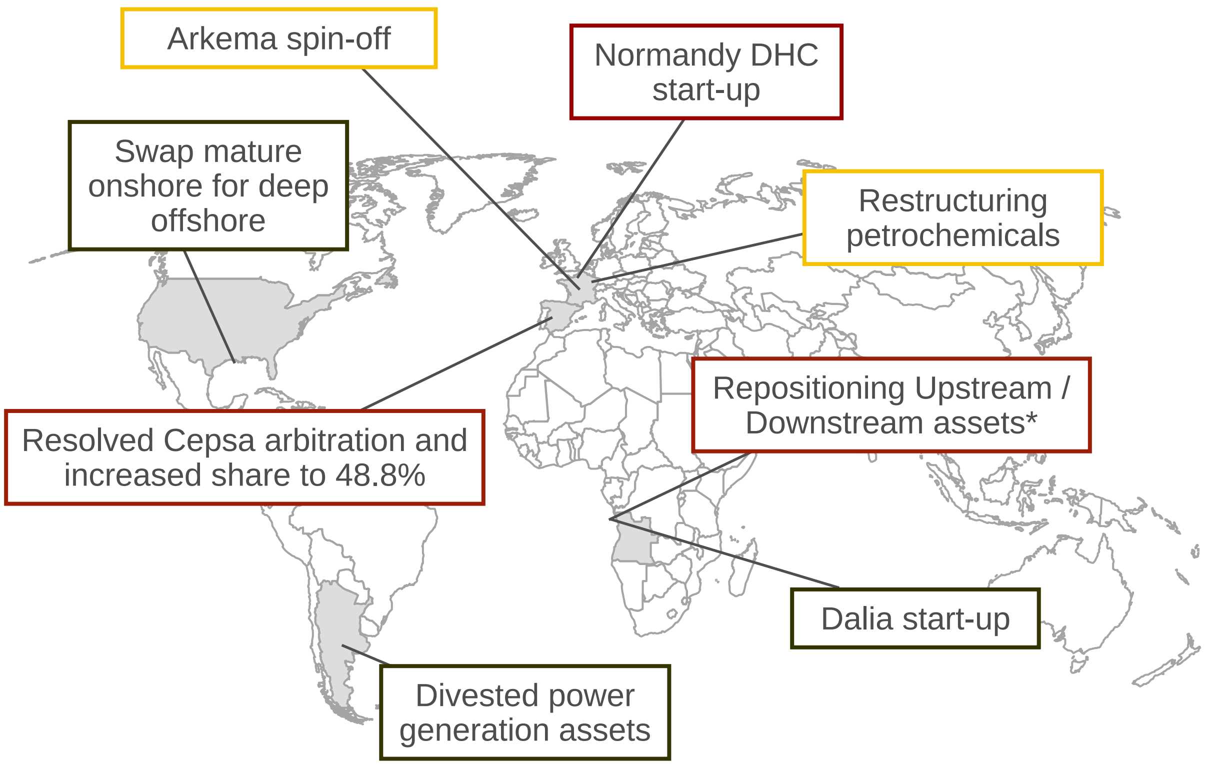
Contribution to reserve potential*





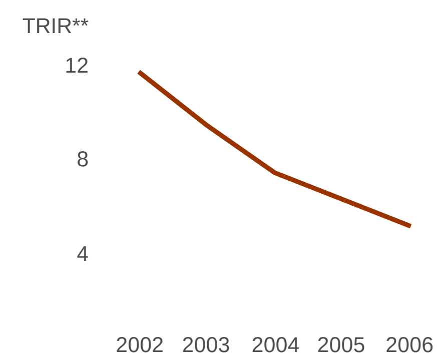
* contribution from exploration and business development, Total estimates, includes mining

Realigned portfolio and successfully managed major projects in 2006



Arkema share performance

Continued improvement in safety performance

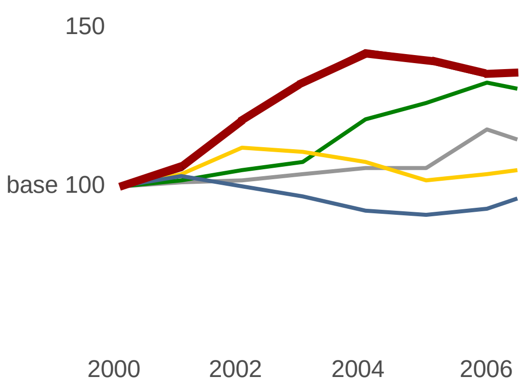


Concentrating on high value added activities
Priority to safety and improving efficiency

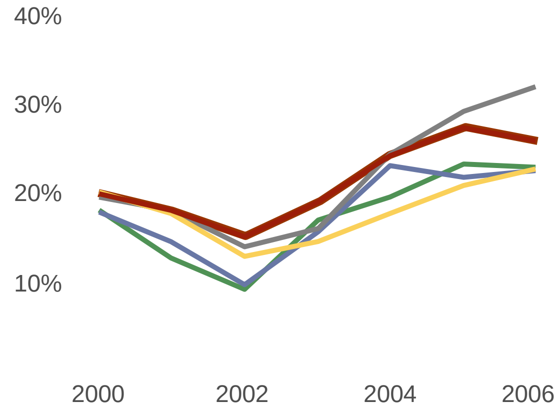
* pending finalization
** Total Recordable Injury Rate (frequency rate for reported incidents per million hours worked), yearly average

Strong creation of value over time

Production per share

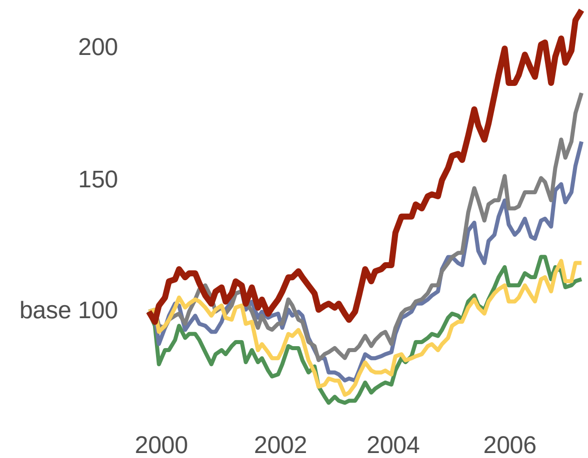


ROACE



Share performance

(in $, NYSE)



Total ***ExxonMobil*** ***Chevron*** ***RD Shell*** ***BP***

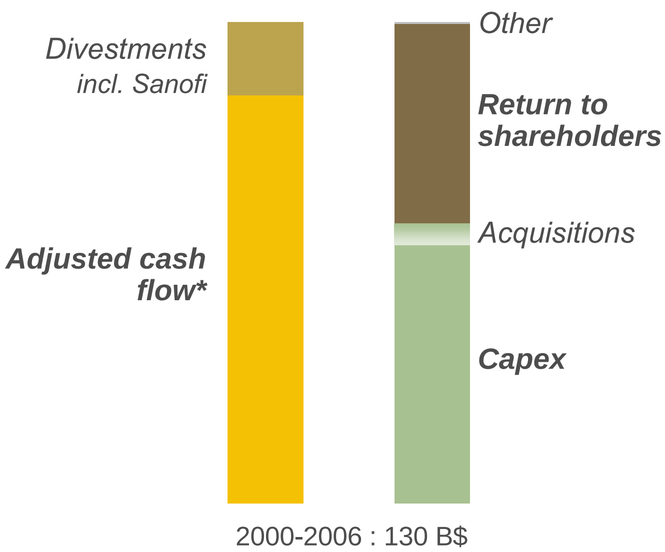
- **Priority to profitable organic growth**
  - Strong visibility on future growth
- **High-quality portfolio and strict financial discipline**

estimates based on company reports and other public reports

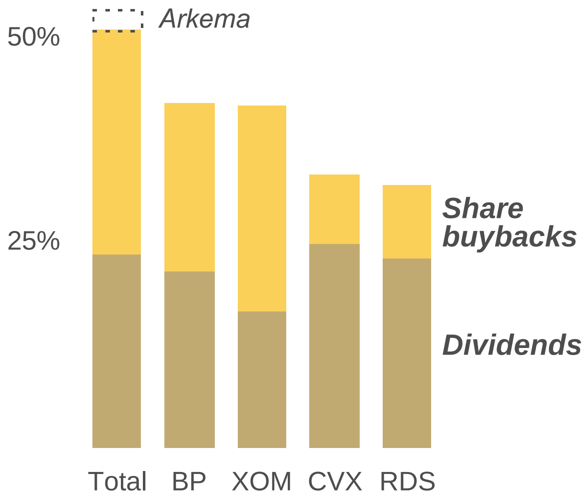
TOTAL

Balanced growth for Capex and return to shareholders

Cash flow allocation 2000-2006



Return to shareholders 2000-2006**



- **Investments excluding acquisitions increased to 13.9 B$ in 2006 from 7.2 B$ in 2000 to fuel growth**
  - 1.0 B$ of acquisitions in 2006 to enrich the portfolio of projects (Tahiti, Ichthys...)
- **Return to shareholders increased to 10.2 B$ in 2006 from 3.5 B$ in 2000**
  - Excluding an additional return in 2006 of 2.4 B$ for the spin-off of Arkema

* at replacement cost, before changes in working capital
** estimates based on company reports and market capitalization in $ at end of 1999

Results

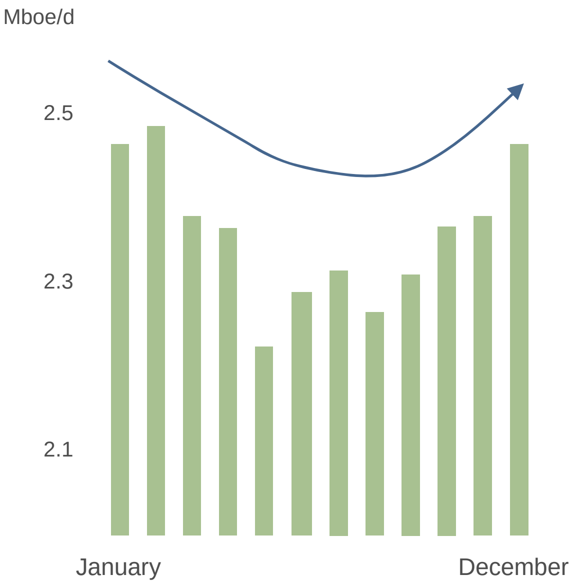
2006 adjusted EPS : + 8% in dollars

	2005	2006	%
Brent ($/b)	*54.5*	*65.1*	*+19%*
European refining margins TRCV ($/t)	*41.6*	*28.9*	*-31%*

in billions of dollars*			
Adjusted net operating income from segments	**14.8**	**15.5**	**+5%**
Adjusted net income	**14.9**	**15.8**	**+6%**
Adjusted earnings per share ($)	**6.32**	**6.83**	**+8%**

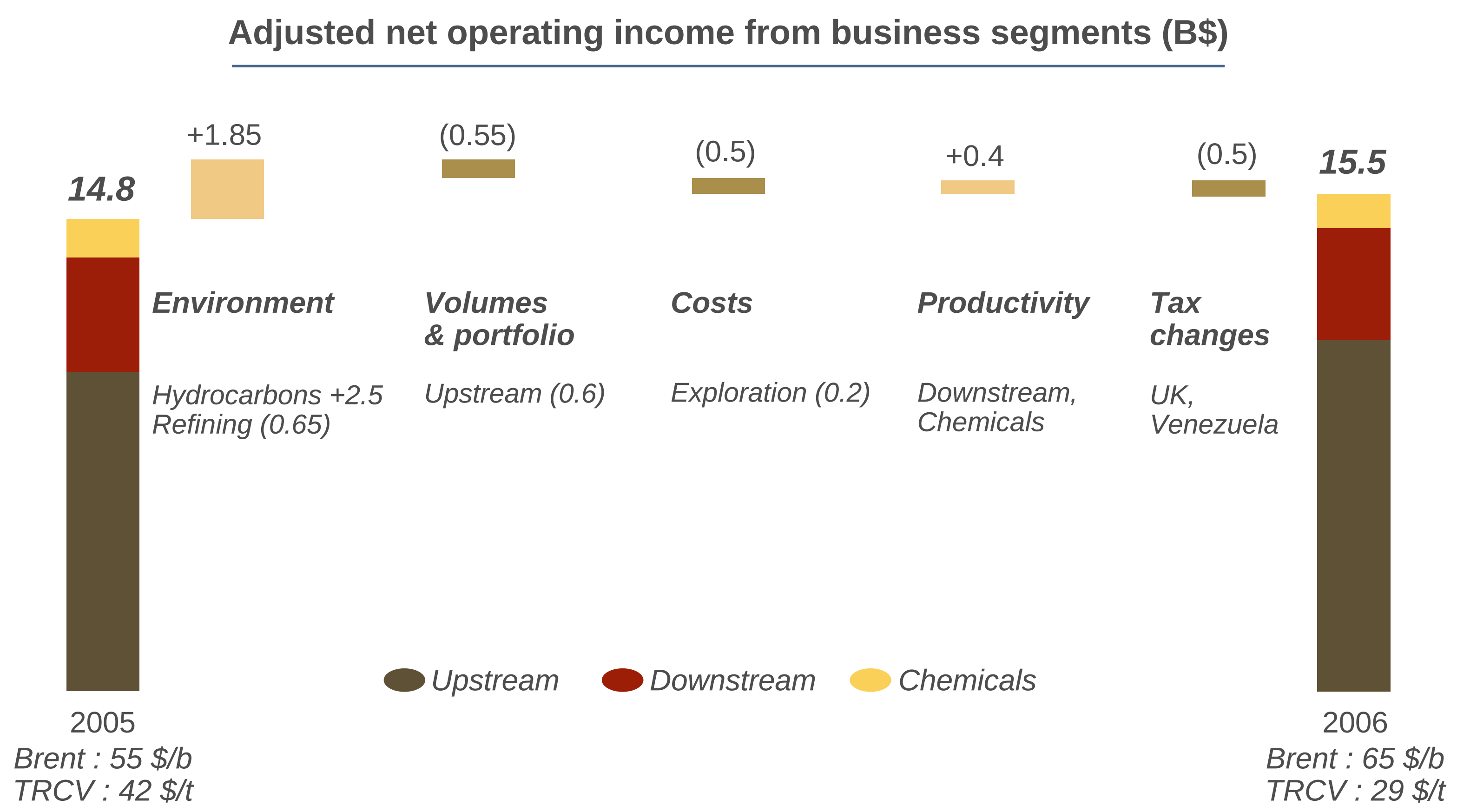
in billions of euros			
Adjusted net operating income from segments	**11.9**	**12.4**	**+4%**
Adjusted net income	**12.0**	**12.6**	**+5%**
Adjusted earnings per share (€)	**5.08**	**5.44**	**+7%**

2006 hydrocarbon production



* dollar amounts converted from euro amounts using the average €/$ exchange rate for the period (1.2441 in 2005, 1.2556 in 2006)

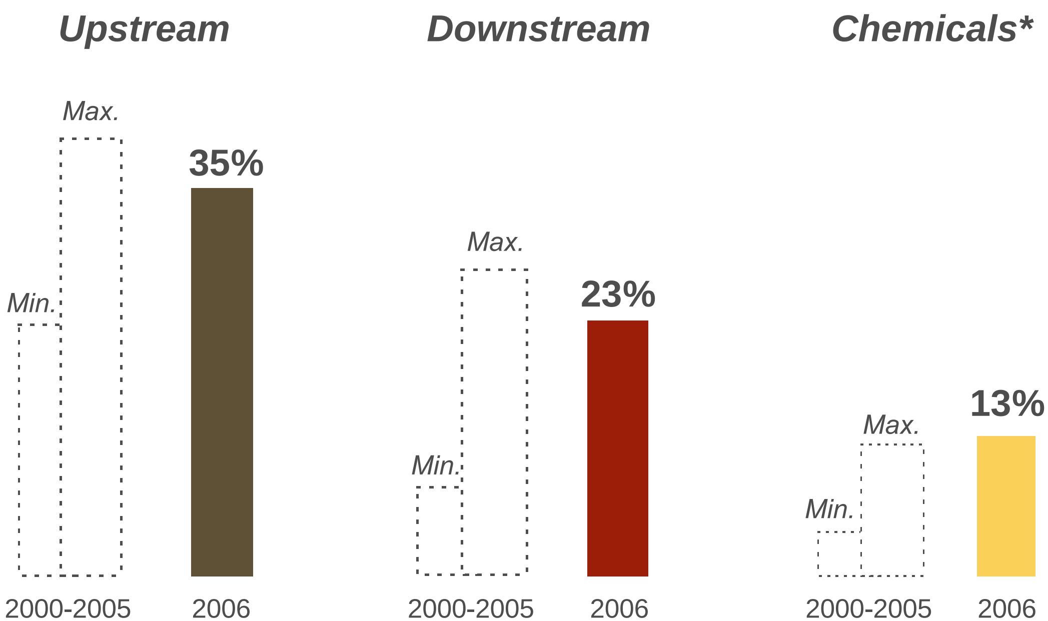
Improved results in a globally favorable environment



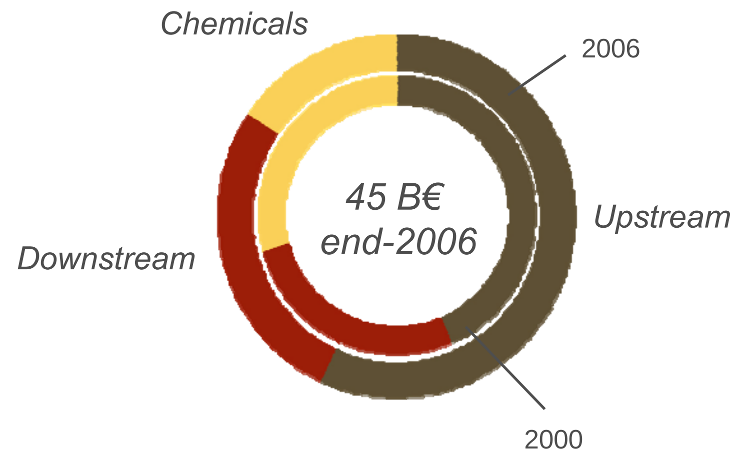
- **Stronger contribution from Upstream despite 5% decrease in production and pressure from higher costs and taxes**
- **Growth and productivity programs in Downstream and Chemicals**

Business segment profitability : 29% in 2006

Segment profitability (ROACE)



Year-end capital employed

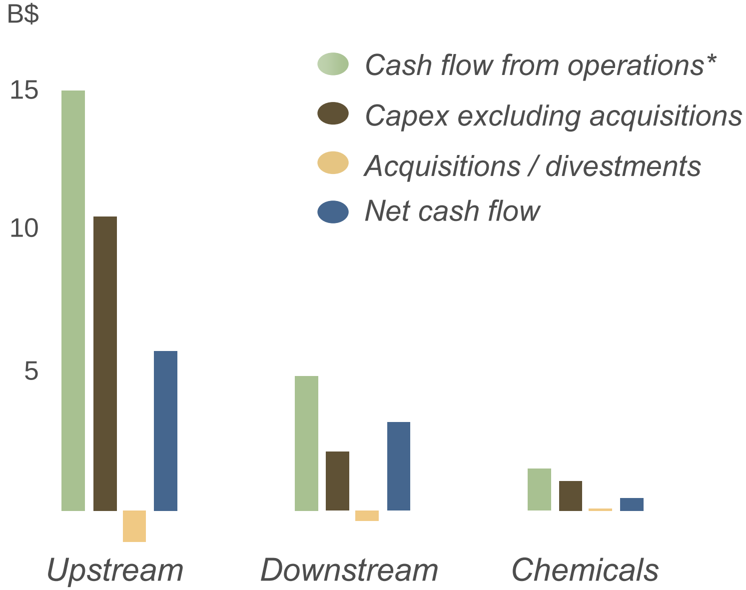


- **Upstream share of capital employed increased to 57% at end-2006**
  - Capex for a return to strong production growth and impact of inflation
- **Downstream share remains stable**
  - Higher investments for conversion
- **Rebalancing Chemicals, primarily through the spin-off of Arkema**

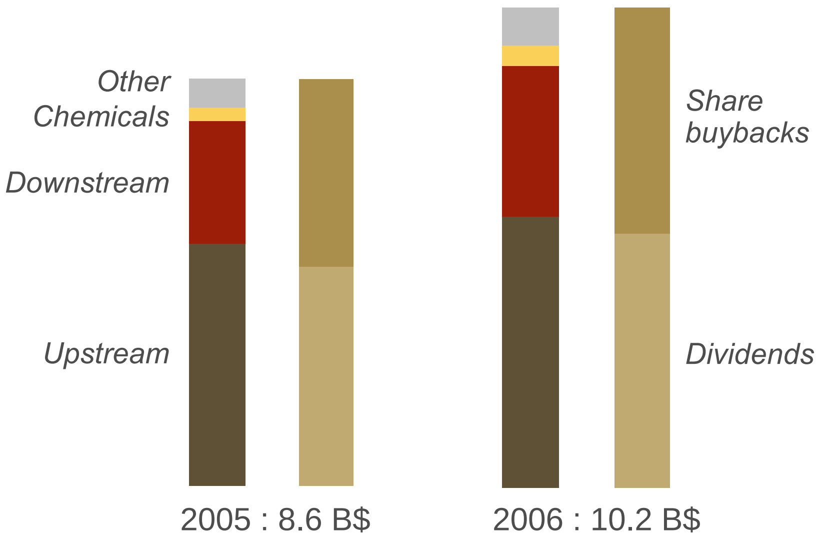
* excluding the restatement of 2005 linked to the spin-off of Arkema

All segments contributed to net cash flow

2006 cash flow by segment



Net cash flow available for shareholders**

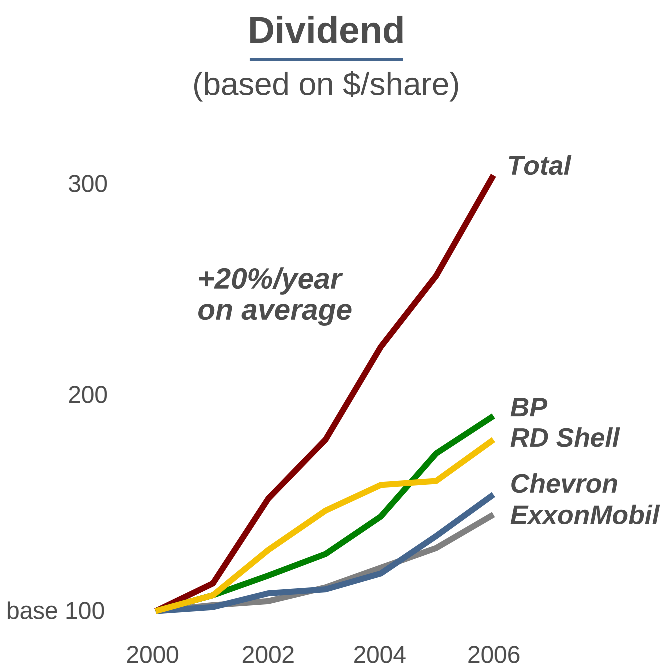


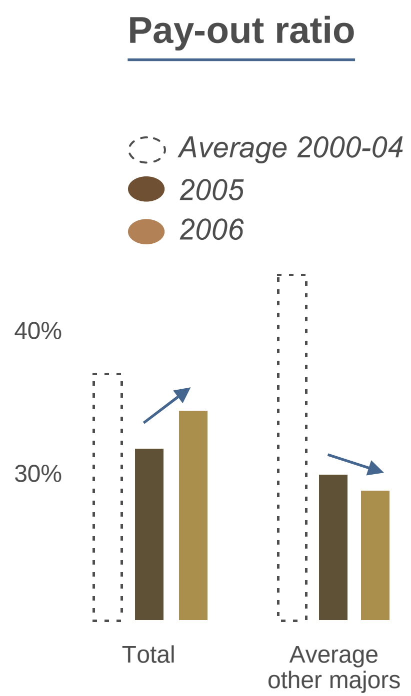
- **Net cash flow available for shareholders increased to 10.2 B$ in 2006**
  - Strong relative contribution from Downstream
- **Divestments in 2006 of 2.9 B$ (excluding 2.4 B$ spin-off of Arkema)**
- **Bought back 3% of share capital in 2006**

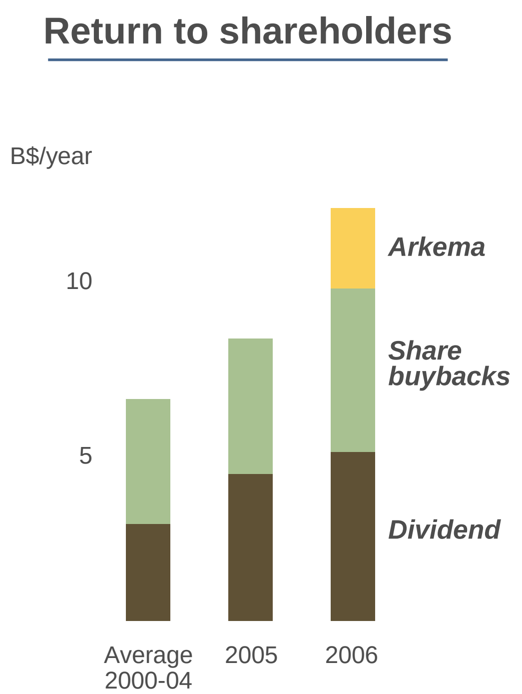
* at replacement cost, before changes in working capital

** contribution from segments at replacement cost, before changes in working capital

2006 dividend : 15% increase to 1.87 €/share







Increased pay-out ratio to 34% in 2006

Expressed in dollars, 2006 dividend increased by 18%
at the best level among the majors

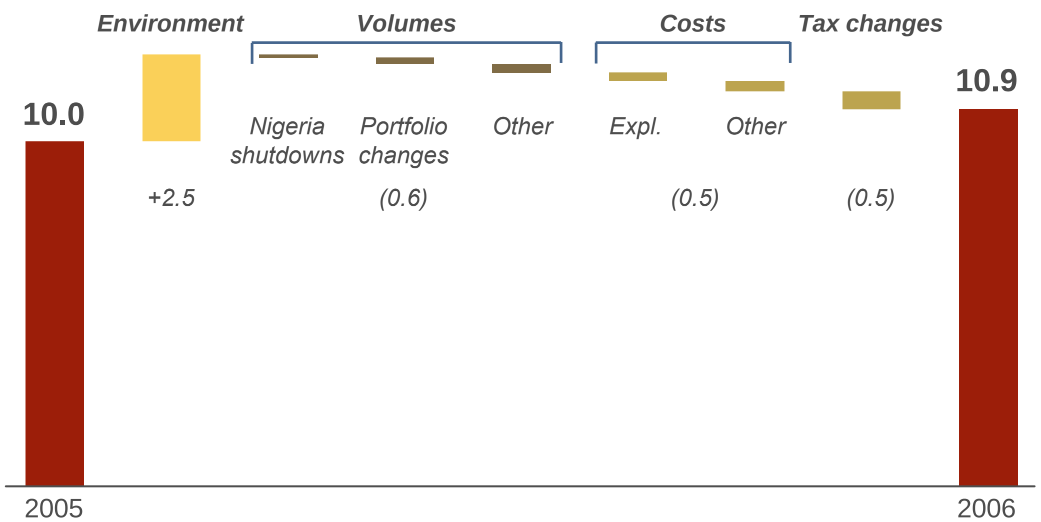
2006 dividend pending approval at the May 11, 2007 Annual Meeting (dollar amount based on 1 € = 1.25 $ at expected payment date for the final dividend, May 18, 2007)

TOTAL

Upstream

Strong Upstream profitability in a mixed operational environment

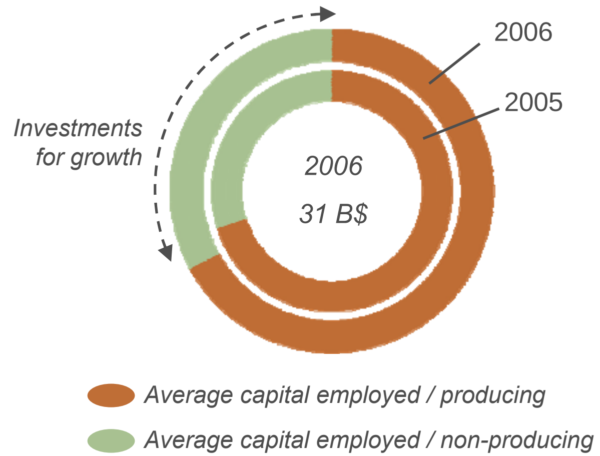
Upstream adjusted net operating income (B$)



Brent : 55 $/b

Brent : 65 $/b

Upstream capital employed



- **Price realizations at the level of the best among the majors***
  - Average realizations increased from 43 $/boe in 2005 to 52 $/boe in 2006
- **Production decreased by 5% in 2006**
  - Price effect : -2%
  - Nigeria shutdowns : -2%
  - Portfolio changes : -1%
  - Start-ups offset by normal decline and high level of shutdowns
- **Increased exploration activity in 2006**

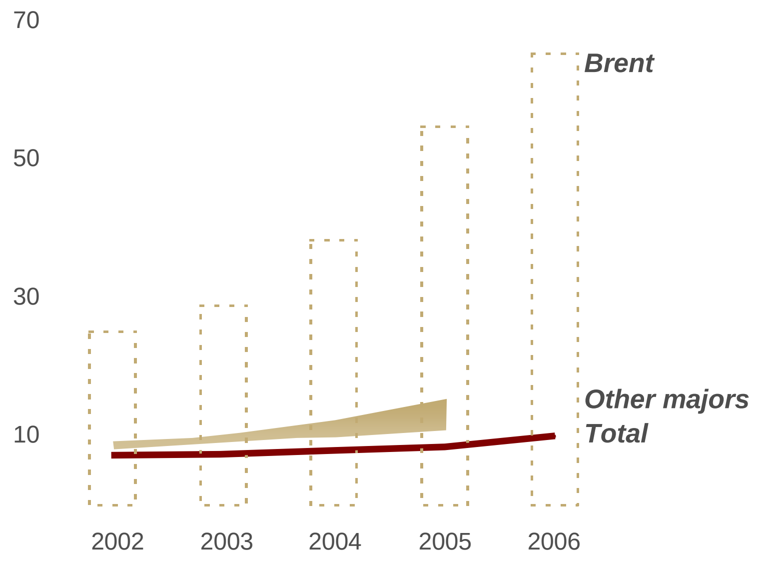
ROACE 2006 : 35%

* estimates from company reports

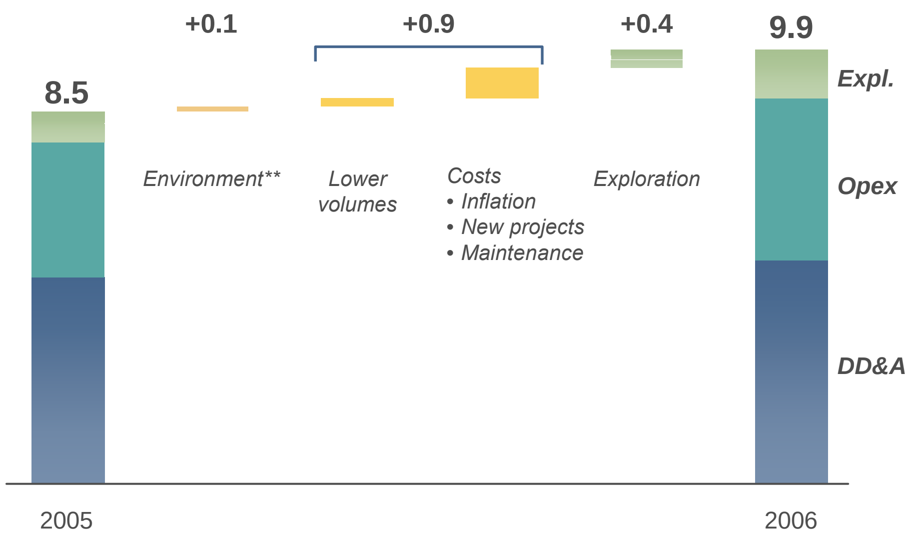
TOTAL

Technical costs : maintaining competitive advantage

Technical costs vs. Brent*
2002-2006 ($/boe)



Technical costs*
2006 vs. 2005 ($/boe)



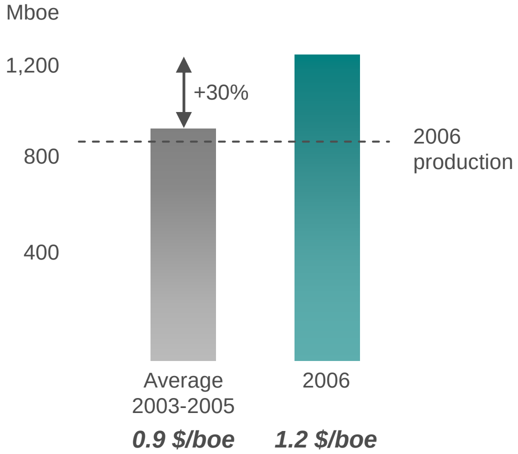
- **Priority to organic growth**
  - Growth focused on 30 giant projects
  - Several satellites on existing projects
- **Increased exploration driven by higher success**
- **Emphasized accountability**

High-quality portfolio and strict discipline

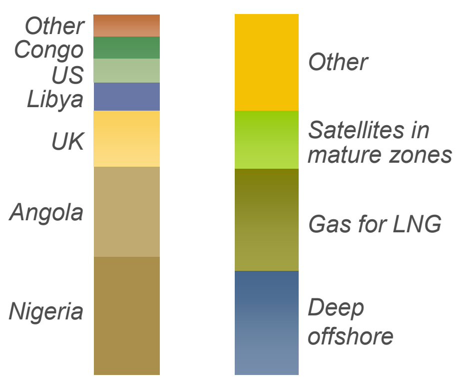
* FAS 69, consolidated subsidiaries
** exchange rate impact and price effect on entitlement volumes

1.2 billion barrels discovered in 2006

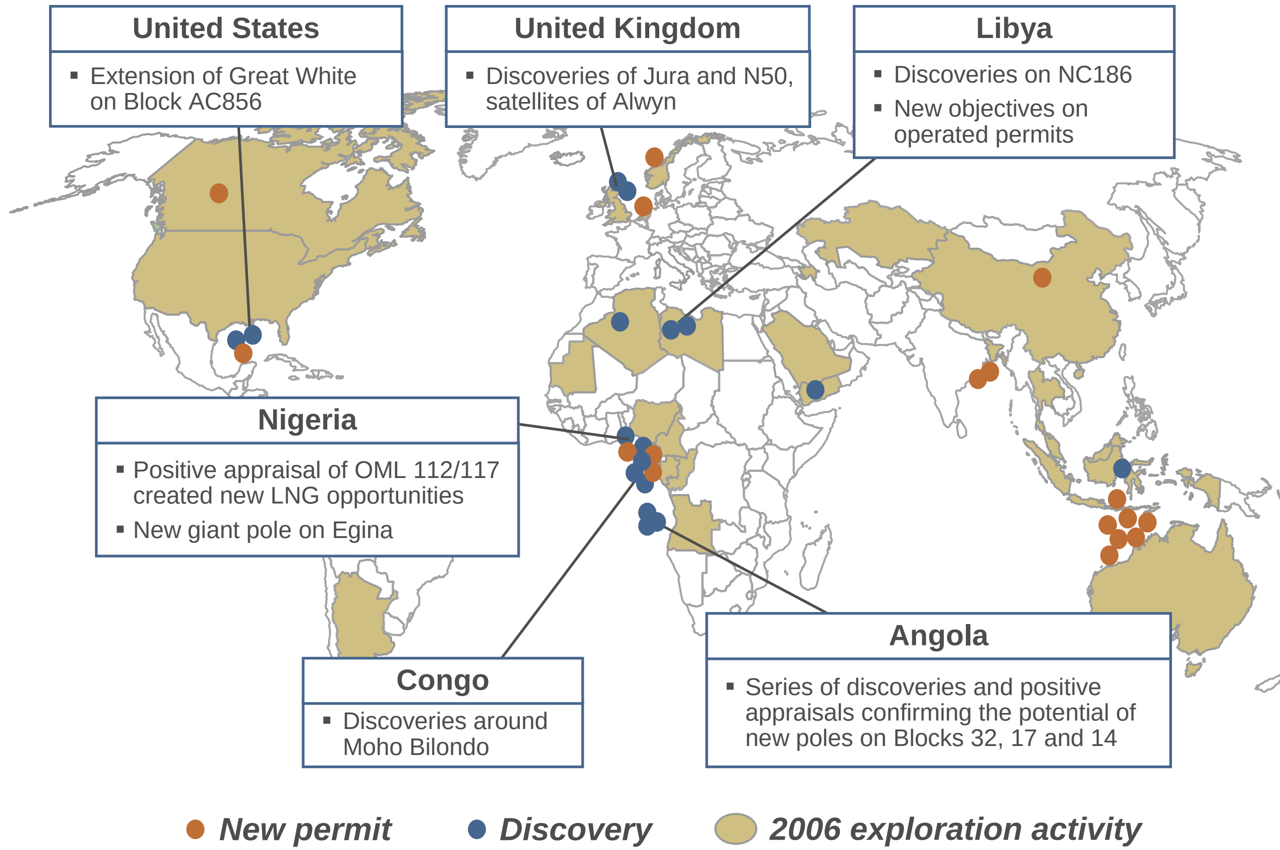
Contribution to reserve potential from exploration



2006 discoveries



2006 major exploration successes



Operated 70% of 2006 discoveries

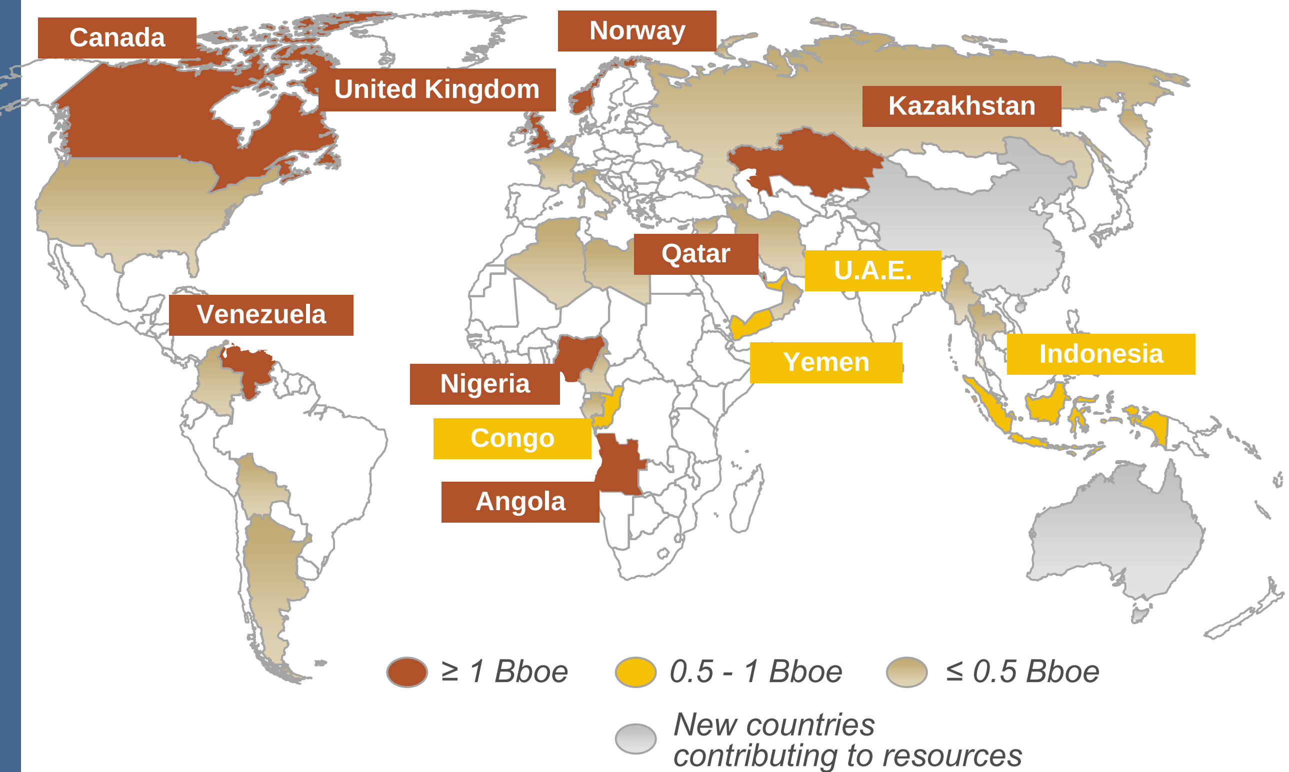
2006 average discovery cost of 1.2 $/boe*

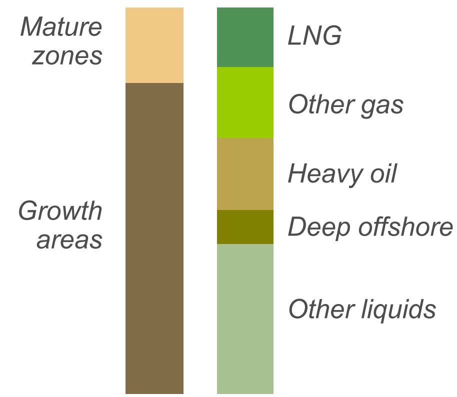
* 3-year average 1.1 $/boe ; exploration and appraisal costs divided by resources discovered or appraised during the year

TOTAL

Increasing diversification and major positioning on most of the important growth areas

Proved and probable reserves* : 20.5 Bboe





- **Strengthen UK, Qatar and Angola**
- **Entering Australia and China**

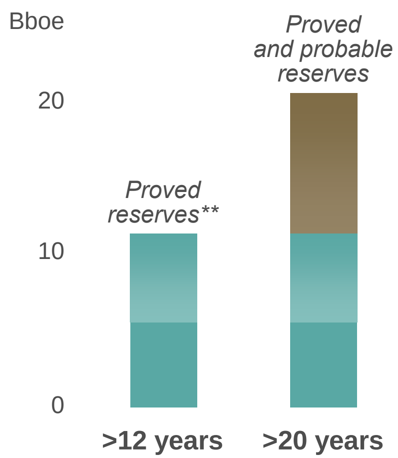
Portfolio offering good risk-reward balance

* limited to proved and probable reserves at year-end 2006 covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 40 $/b Brent environment, also includes Joslyn tar sands to be developed with mining

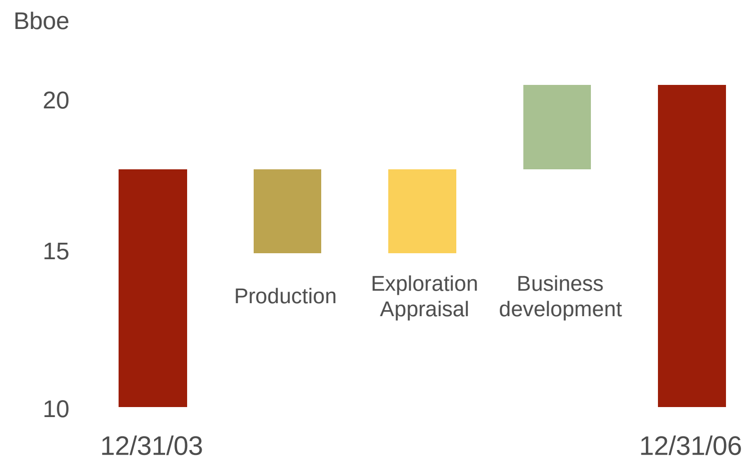
TOTAL

2006 reserve replacement

Reserves
(Dec. 31, 2006)



Proved and probable reserves
(2004-2006)



- **Replacement of proved reserves**
  - 102% in 2006*
  - 110% over 2004-2006 period excluding price effect**

- **Replacement of proved and probable reserves**
  - 127% in 2006
  - Close to 200% over 2004-2006 period

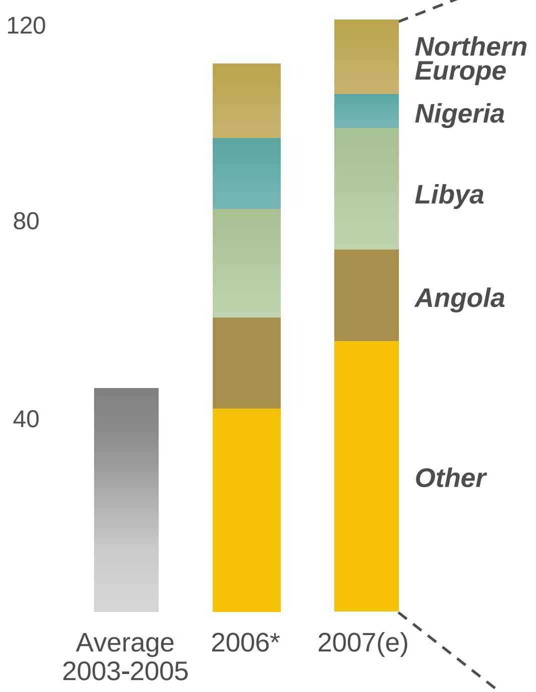
Adding potential for long-term growth

reserves for fully consolidated subsidiaries (FAS 69) and equity affiliates
* reserves calculated according to SEC rules (Brent = 58.9 $/b at 12/31/06), 108% excluding portfolio changes
** reserves calculated at 40 $/b Brent

TOTAL

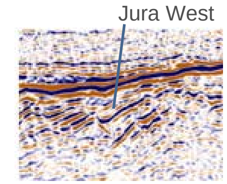
2007 Exploration : capitalizing on 2006 successes

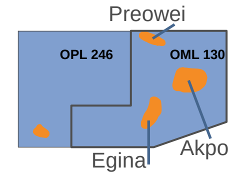
Number of exploration and appraisal wells

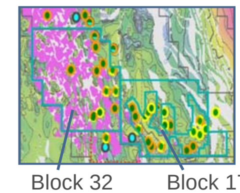


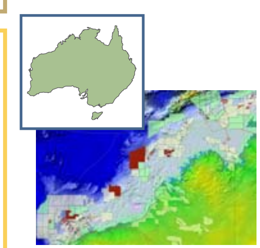
2007 main objectives

Permits	Share	Type	Op.	Objective
▪ Jura East	100%	Offshore	✓	Explore East prospect after sizable discovery on Jura West in 2006
▪ Kessog	25%	HP/HT	✓	Appraisal
▪ PL 255	20%	Offshore		Appraisal of Onyx
▪ PL 323	40%	Offshore	✓	Explore Hans prospect
▪ OML 130	24%	Deep offshore	✓	Evaluate size of Egina development and confirm potential of Preowei
▪ OPL 221	60%	Deep offshore	✓	Evaluate potential of the permit
▪ NC 186	12%	Onshore		Continue to explore the prolific Murzuk Basin
▪ Block 32	30%	Deep offshore	✓	Evaluate the size of a new development pole and continue exploration
▪ Block 17&17/06	40%	Deep offshore	✓	Exploration and appraisal near existing poles
▪ Canada	100%	Heavy oil	✓	Evaluate the potential of new SAGD permits
▪ China	100%	Tight gas	✓	Confirm potential of the Sulige field
▪ Congo		Deep offshore	✓	Confirm the potential of the Haute Mer C and MTPS permits
▪ Saudi Arabia	30%	Onshore		Continue exploration
▪ Australia		Offshore		Explore new high potential prospects







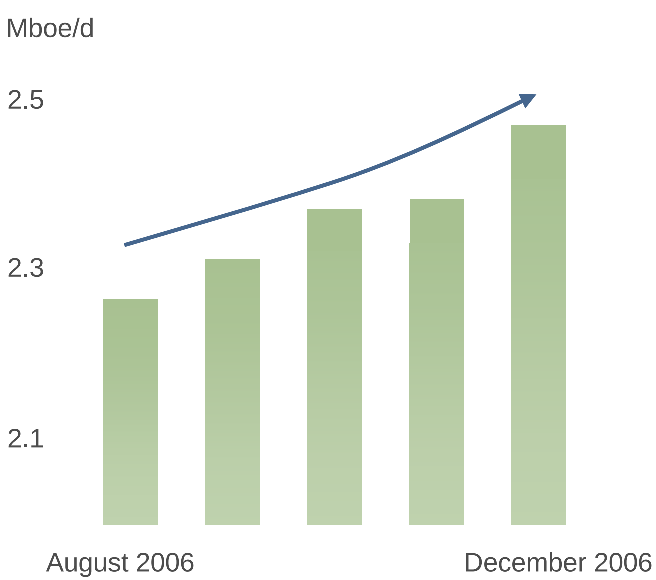


Exploration effort increased to 1.7 B$ in 2007(e)

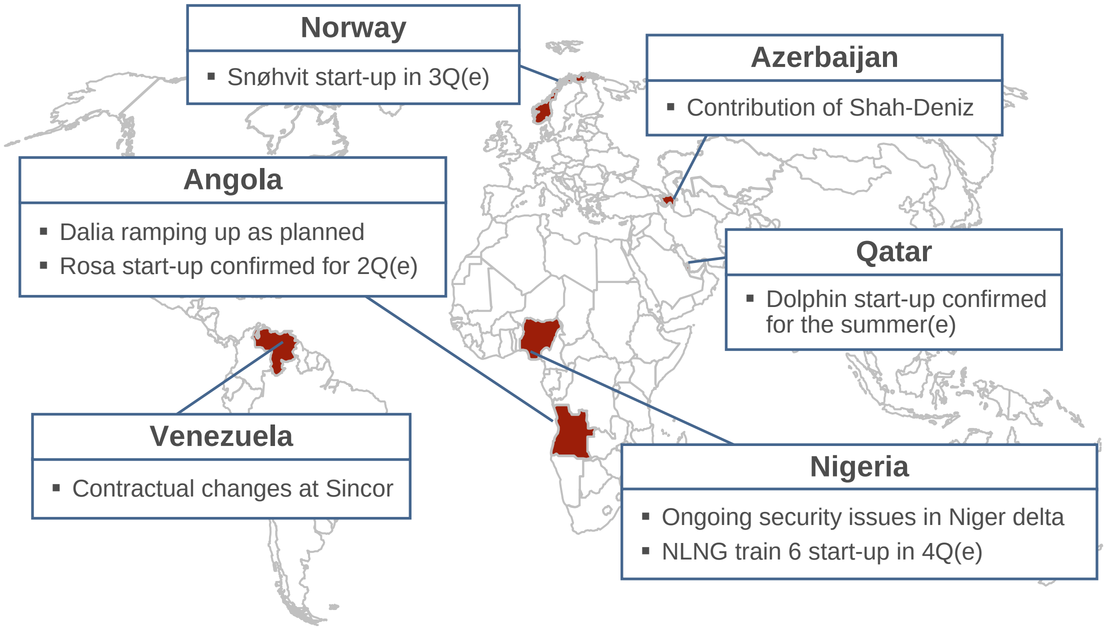
* including wells in progress at year-end

Returning to a period of sustainable growth

Production



Main contributions and other factors affecting 2007 growth



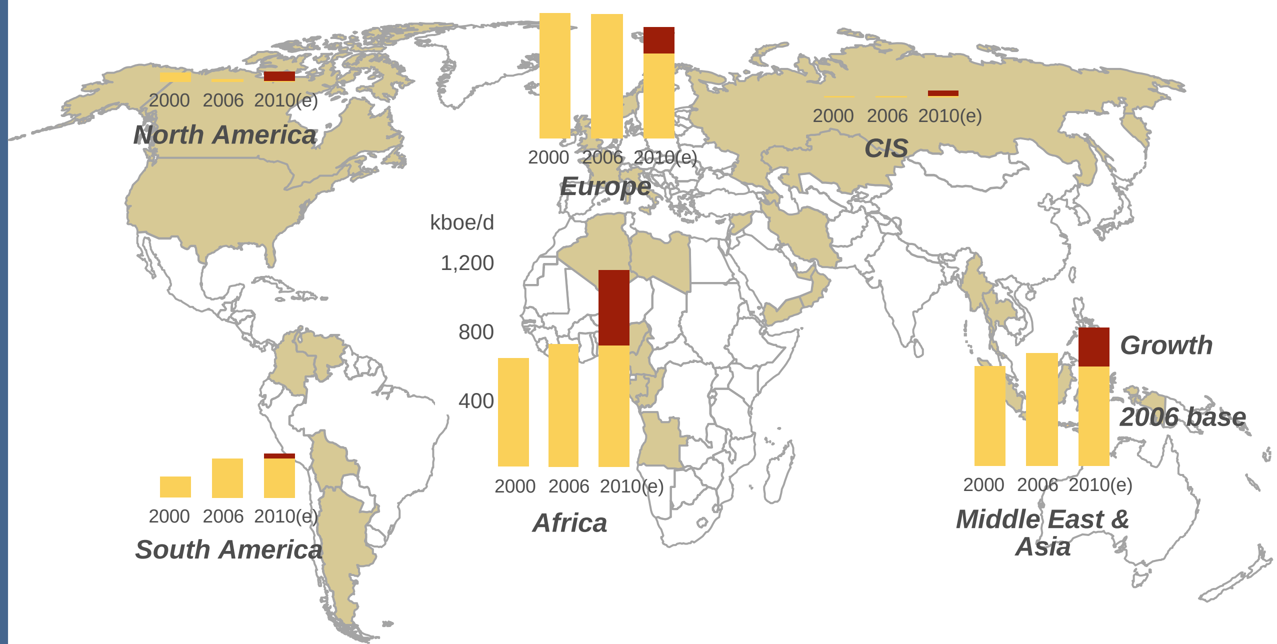
Production growth target of 6% in 2007*
after taking into account an estimated impact of -1% from OPEC quotas

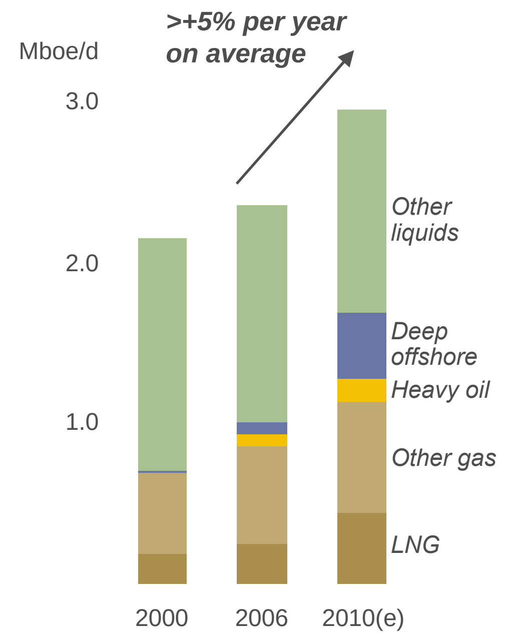
* based on Brent at 60 $/b, excluding changes in the portfolio

TOTAL

2006-2010 production growth target of more than 5% per year on average

Total's hydrocarbon production





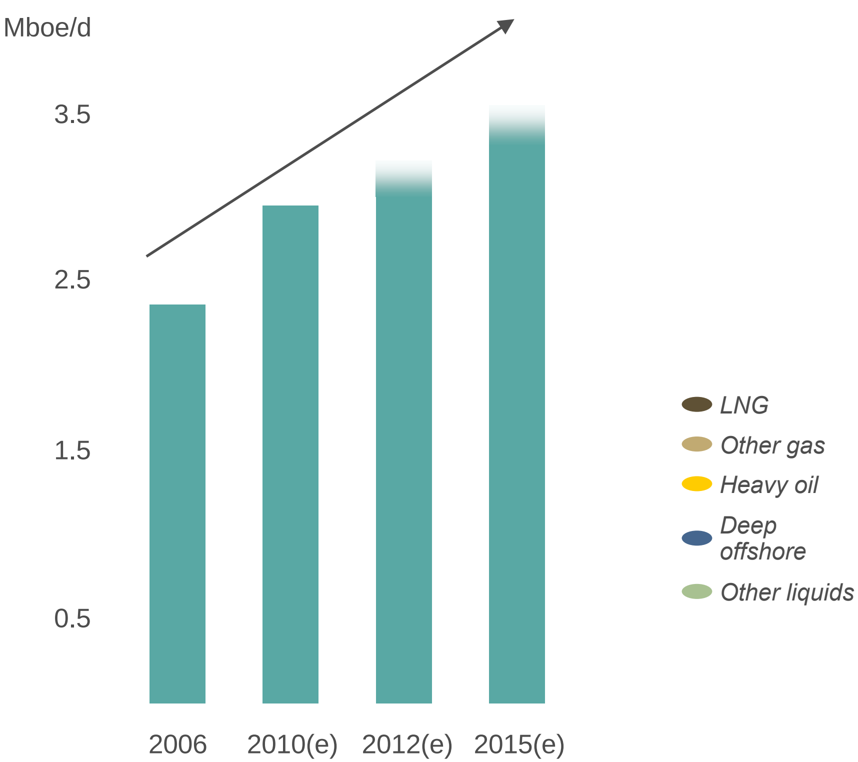
- **Leadership on the fastest growing segments of the industry**
  - Largest international producer in Africa
  - 2nd international producer in the Middle East
  - 2nd international LNG producer worldwide

- **Limited base decline rate**
  - Low exposure to most mature areas
  - Increased investments dedicated to improving the reliability of installations
  - Development of high-value satellite fields

estimates based on Brent at 60 \$/b in 2007 and 40 \$/b thereafter

Continued strong growth after 2010

Hydrocarbon production



	Projects	Share	Capacity (kboe/d)	Op.*	Status
2011-2015(e)	**Victoria**	40%	Study	✓	Appraisal
	Sulige	100%	Study	✓	Appraisal
	Joslyn mining	84%	2x100	✓	Study/basic
	Surmont full field	50%	200		Study
	Ichthys LNG	24%	300		Study
	Egina	24%	>150	✓	Study
	Block 32	30%	Study	✓	Study
	CLOV	40%	Study	✓	Study
	Pars LNG (T1 & T2)	30%	>300	✓	EPC
	Brass LNG	17%	>300		EPC
	NLNG T7	15%	90		EPC
	Angola LNG	13.6%	175		EPC
	Pazflor	40%	200	✓	EPC
	Laggan	50%	60	✓	Study
2010(e)	**Bongkot South**	33.3%	70		Study
	Usan	20%	180	✓	EPC
	Tempa Rossa	50%	50	✓	Dev.
	Kashagan Ph. I	18.5%	450		Dev.
2009(e)	**Tombua Landana**	20%	130		Dev.
	Tyrihans	23.2%	70		Dev.
	Ofon II	40%	100	✓	Dev.
	Qatargas II (T2)	16.7%	230		Dev.
2008(e)	**Yemen LNG**	39.6%	185	✓	Dev.
	Akpo	24%	225	✓	Dev.
	Tahiti	17%	135		Dev.
	Moho Bilondo	53.5%	90	✓	Dev.
	West Franklin	46.2%	20	✓	Dev.
	Sisi Nubi	47.9%	70	✓	Dev.
	Jura	100%	45	✓	Dev.
2007(e)	**NLNG T6**	15%	90		Dev.
	Snøhvit	18.4%	120		Dev.
	Dolphin	24.5%	>370	✓	Dev.
	Surmont Ph. I	50%	27		Dev.
	Rosa	40%	150	✓	Dev.

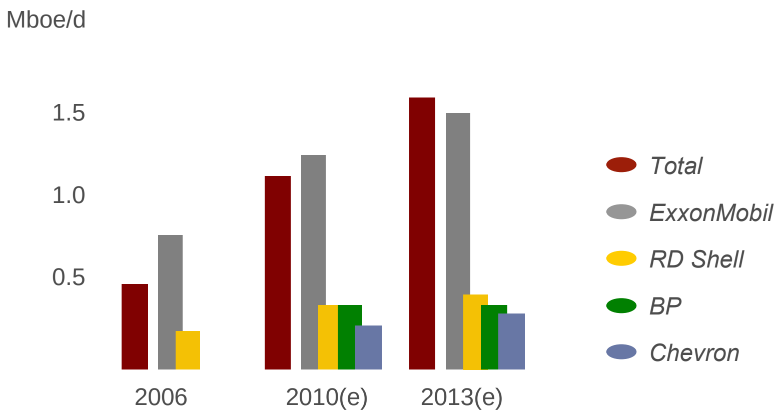
Visibility enhanced by a large base of major long-plateau projects

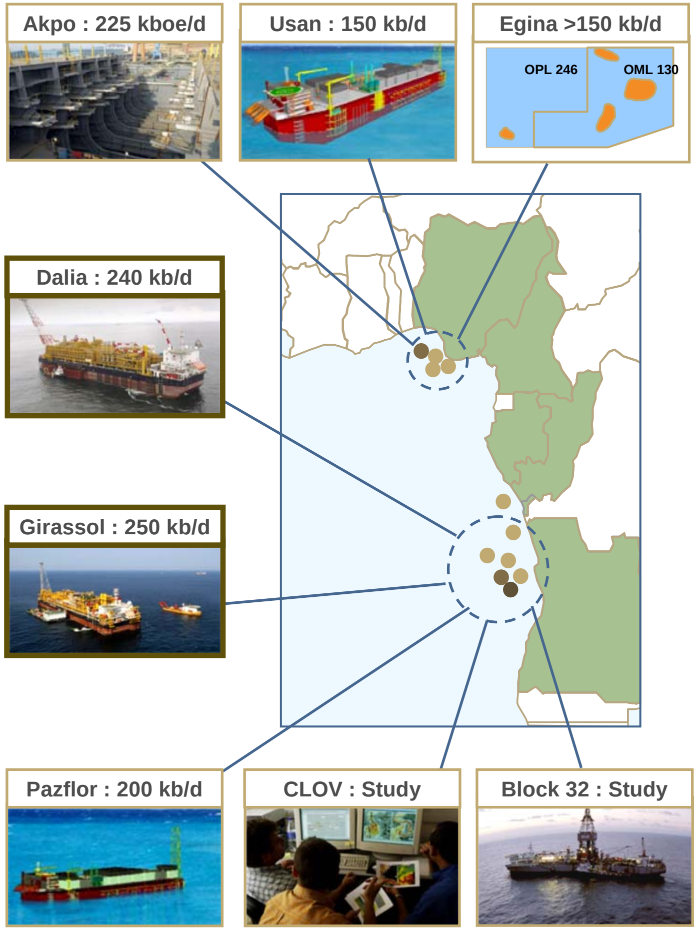
estimates based on Brent at 60 $/b in 2007 and 40 $/b thereafter
* operated by Total or by an operating company

TOTAL

Deep offshore : preparing the next generation of projects born from recent exploration

Cumulative capacity of FPSO/FPU by operator in West Africa*





Capitalizing on the successful development of Dalia

- Preparing to launch Usan and Pazflor
- Engineering studies underway on CLOV and Block 32
- Confirmation of a major pole on Egina

Benefiting from a strong position in West Africa

- Progressive industrialization of the FPSO concept : «Design 1, Build 2»
- Clear medium-term visibility to optimize the need for rigs

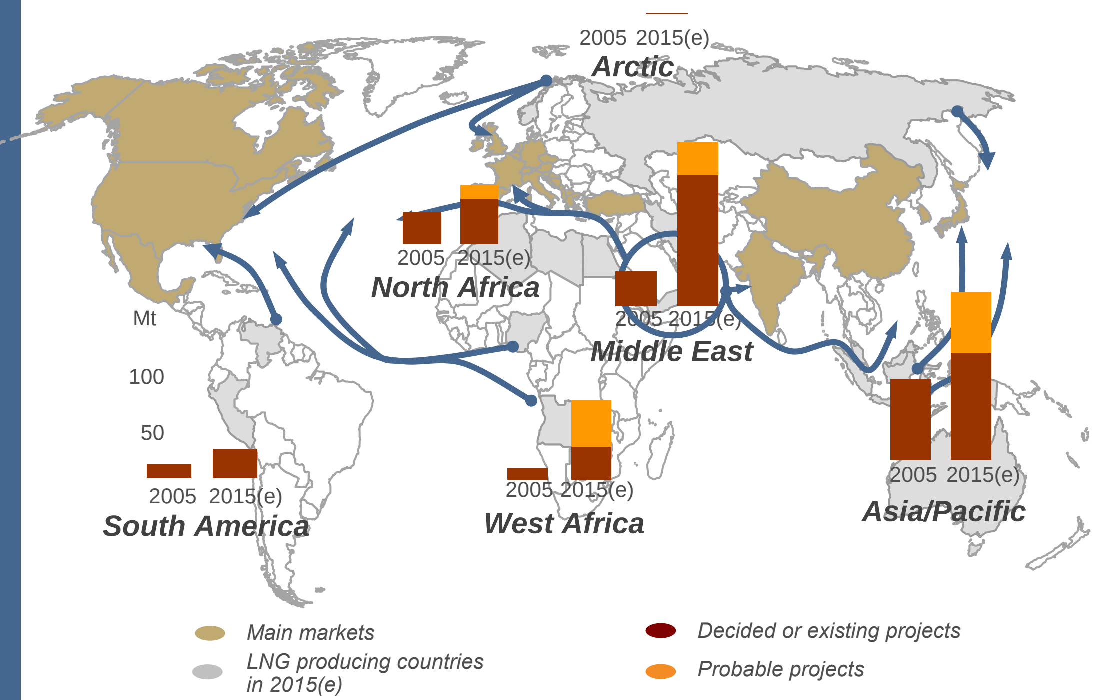
Ongoing exploration on promising blocks (32, 17, and 14) in Angola and the «Triangular Bulge» in Nigeria

* source : Total and public data ; existing, under development and potential FPSO and FPU in water depths greater than 500 m, 100% capacity

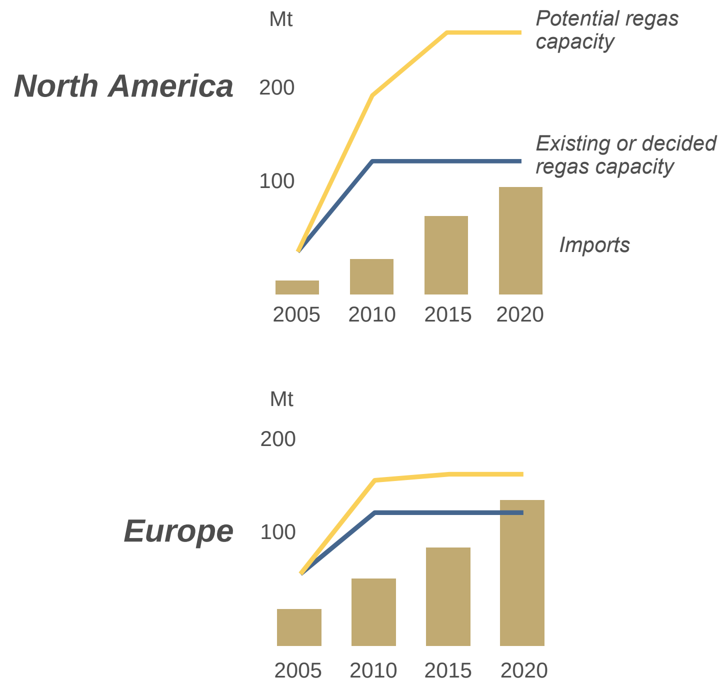
TOTAL

Strong growth in the global LNG market

Global LNG production



LNG consumption in the Atlantic Basin



- LNG price formulas in the Asian market indexed to crude prices for the long term
- Progressive growth of Atlantic Basin spot market
- Long-term over-capacity for North American regas

Middle East is arbitrating the market

source : Total estimates

TOTAL

Major accomplishments in LNG since early 2006

Qatargas II
- Participation finalized

Snøhvit
- Ongoing development

Nigeria
- Acquired 17% of Brass LNG
- NLNG : T4 and T5 start-ups
- Construction of train 6 as planned

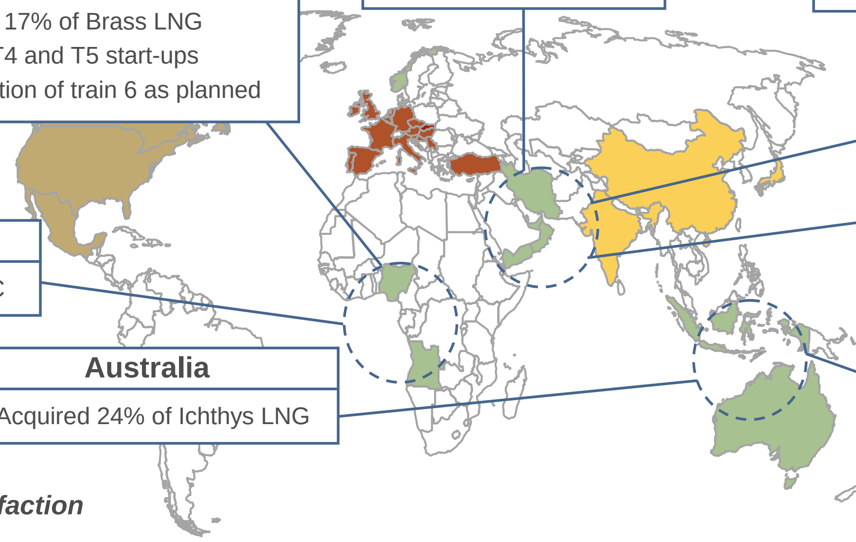
Pars LNG
- Studying call for tenders

Yemen LNG
- Project advancing as planned

Angola LNG
- Finalization of EPC

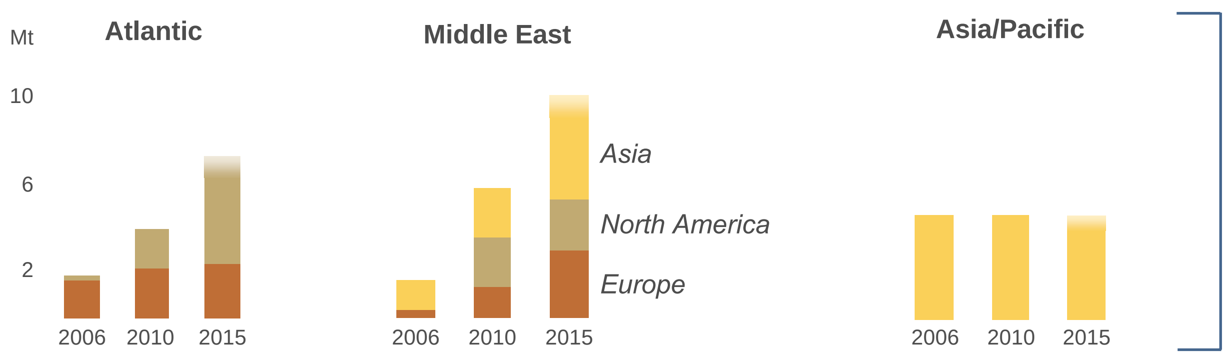
Australia
- Acquired 24% of Ichthys LNG

Indonesia
- Record production in 2006
- Total-operated production provides > 70% of Bontang supply
- Opening negotiations for the post-2017 extension of the Mahakam PSC



Total's liquefaction projects

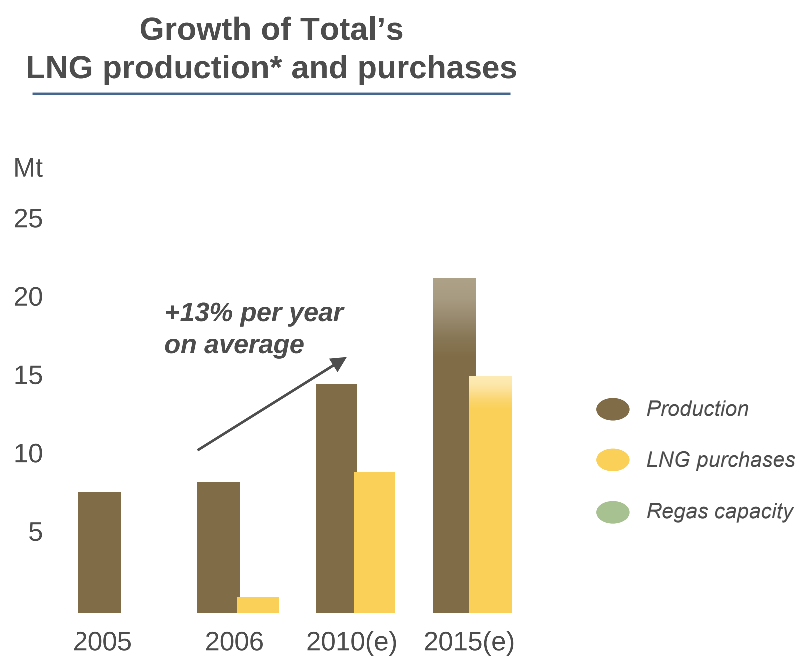
LNG production of Total by destination*

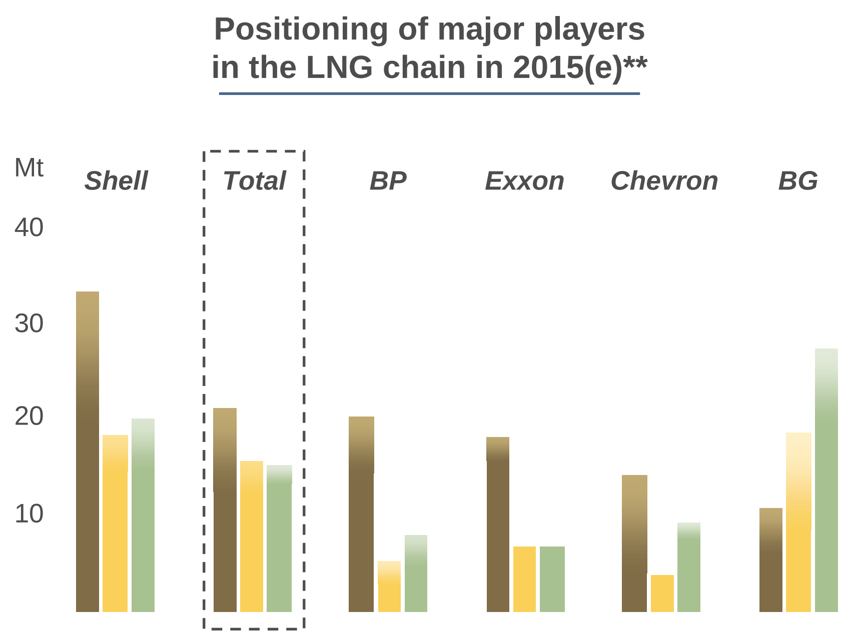


Geographic positions well balanced and well adapted to changing global market

* LNG sales, Group share, excluding trading, estimates for 2010 and 2015

LNG : 13% growth per year on average for Total over 2006-2010





- LNG production growth of more than 9% in 2006
- 12 projects in production in 10 countries by 2015

- Growing leadership of Total across the LNG chain
- Regas capacity adapted and concentrated in the Atlantic Basin

Leverage effect from LNG purchases to accelerate production growth

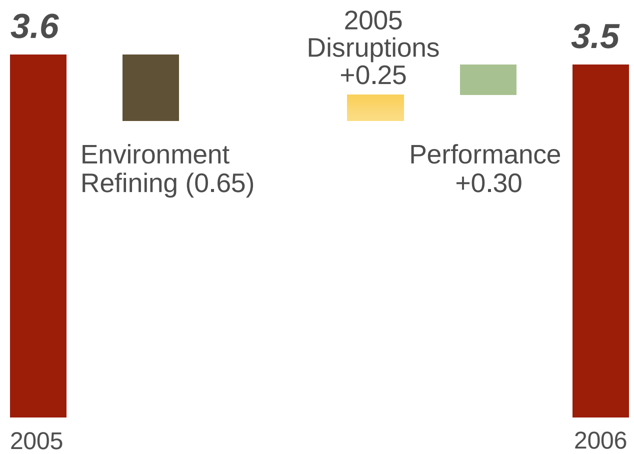
* sales, Group share, excluding trading
** estimates for 2015 ; public data and Wood-Mackenzie for other companies

TOTAL

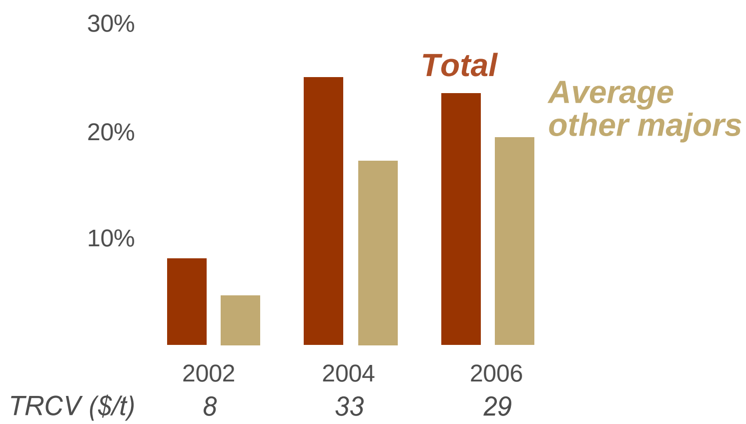
Downstream

Strong Downstream performance in 2006

Adjusted net operating income (B$)



Downstream ROACE*



- **Good performance from refining despite less favorable environment**
  - Benefit of refinery hub system
  - Higher throughput
- **Improved results for marketing, notably in the specialties**

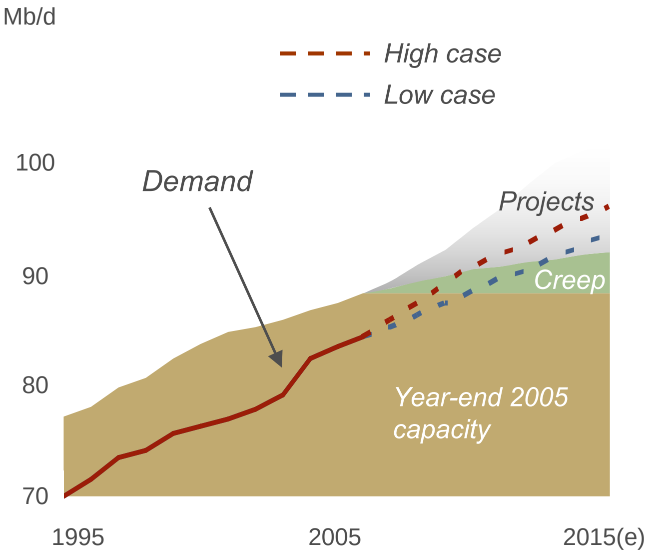
- **Leadership positions in Europe and Africa**
- **Investment discipline and ongoing productivity programs**

Competitive advantage reflects quality of portfolio

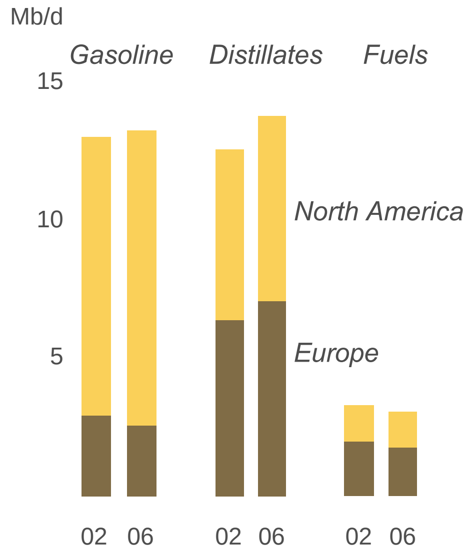
* ROACE estimates based on company reports, weighted-average for the other majors

Downstream environment globally favorable

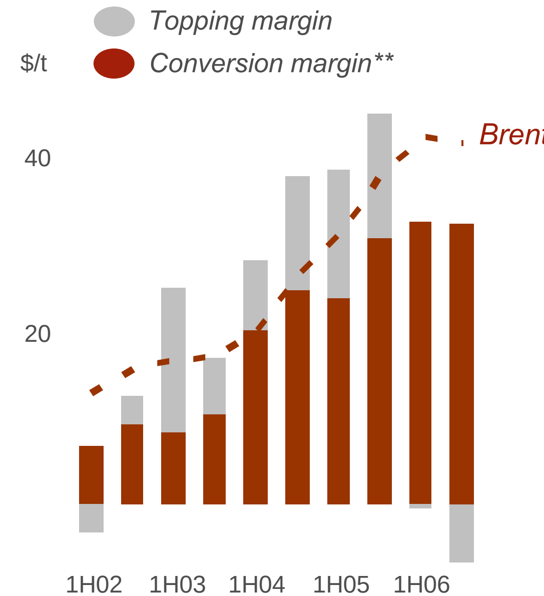
Global demand vs. refining capacity*



Atlantic Basin product demand*



European refining margins (TRCV)



- **High refining capacity utilization rate**
  - Robust demand in Asia
  - … and uncertainty on the timing of start-ups of new units
- **Need for new conversion capacity**
  - … but construction costs are rising
- **Strong correlation between conversion margins and oil price**
  - … and volatility of topping margins

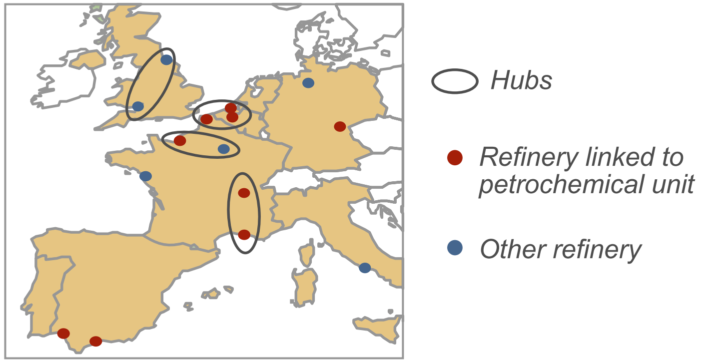
* IEA, Total estimates
** reforming, cracking and visbreaking margins

TOTAL

Refining : Capex of approx. 1 B€ per year through 2010*

Europe : continuing to adapt to market trends

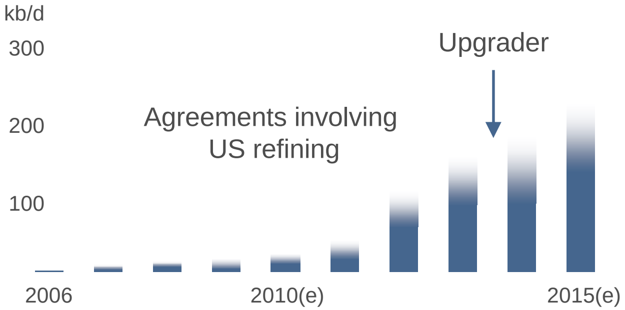
- Increasing diesel production : Normandy DHC and hydrocracker project at Huelva
- Adding new desulphurization capacity : Lindsey, Donges…
- Upgrading units during major turnarounds
- Reducing fixed costs and improving reliability



North America : studying a combination of integrated solutions to valorize heavy oil over the long term

- Upgrader in Canada
- Agreements with US refiners
- Synergies with Port Arthur Coker project

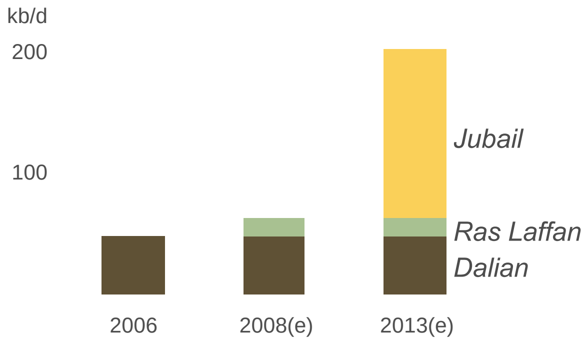
Heavy oil production of Total in Canada



Asia / Middle East : taking advantage of growing markets through targeted positions

- Conversion refinery project at Jubail
- Building DHC at Dalian and studying other projects that integrate refining-petrochemicals in China

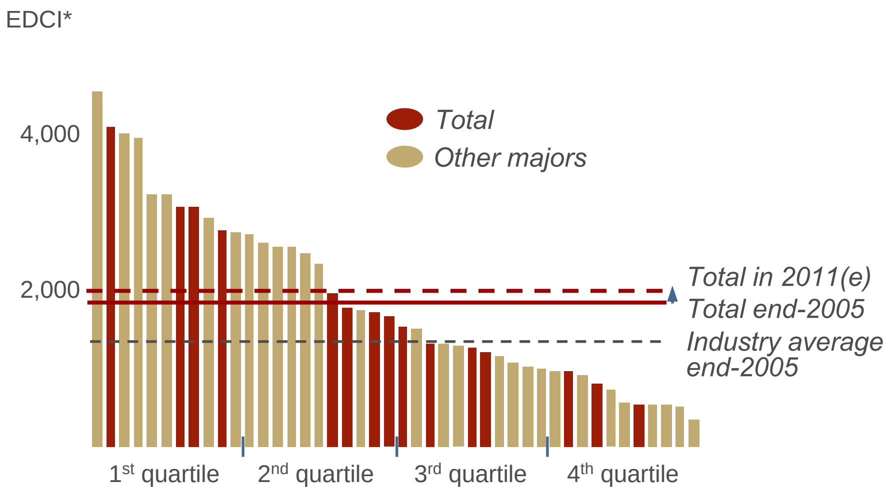
Refining capacity in Asia / Middle East



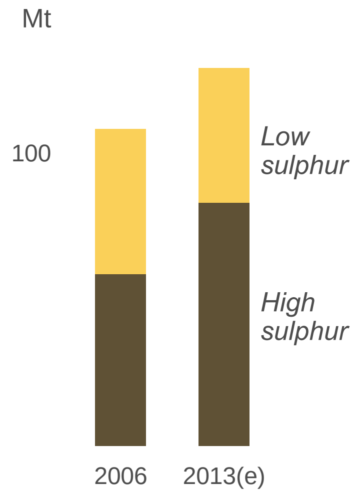
* excluding capitalization of major turnarounds, average 2007-2010(e)

Improving competitive performance of Total's refineries

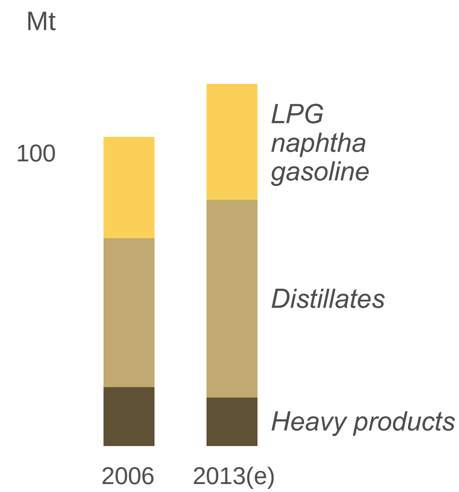
Ranking of the majors' refineries in Europe



Refinery throughput for Total**



Refined product output for Total**

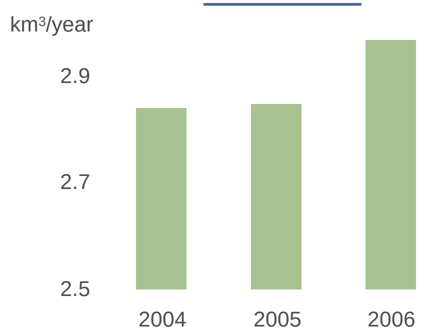


- **Four of the top refineries in Europe**
  - 4 projects in development or under study to increase the EDCI*
- **Increasing capacity by close to 10% with start-up of the Jubail refinery**
- **Gasoline and distillates production increasing to close to 85% of the products at the start of the next decade despite the crude supply becoming heavier and higher in sulphur**

* EDCI : Equivalent Distillation Capacity Index, estimates based on end-2005 published data, including participations
** after start-up of Jubail and including share of Cepsa (48.8%)

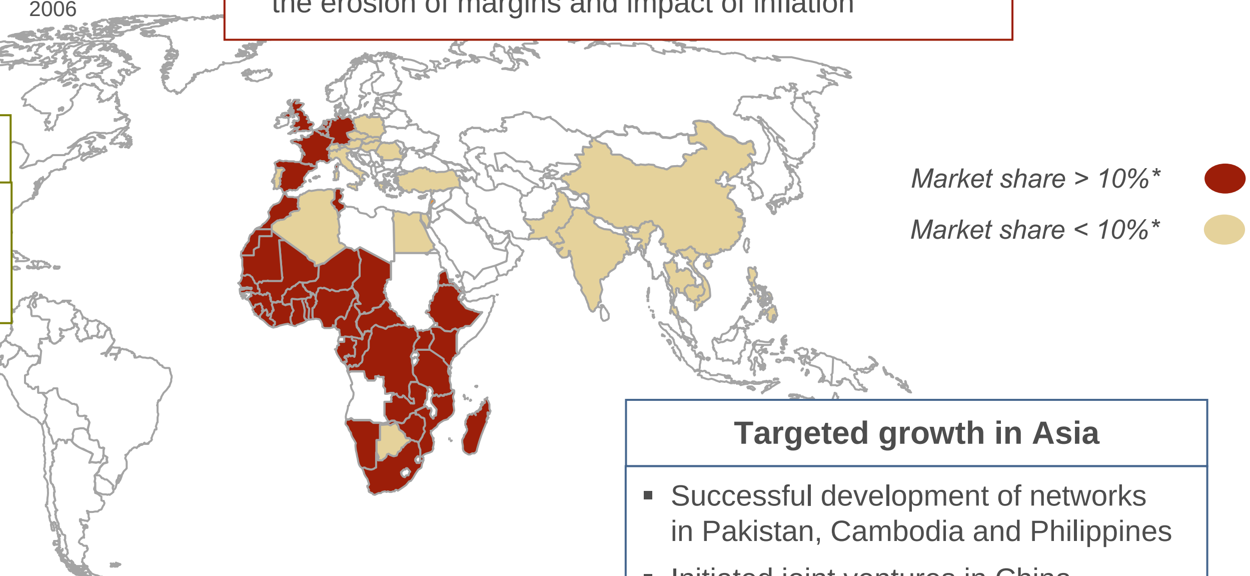
Marketing : adapting to market changes

Throughput per station in Europe



Consolidation of European marketing in a context of high oil prices

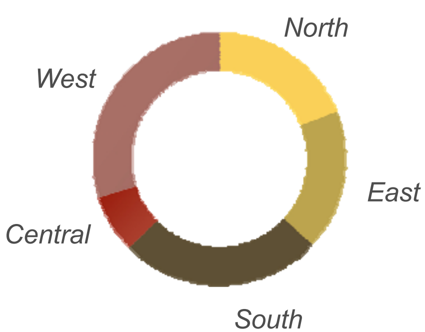
- Largest in Western Europe
  - Premier brand identity : TOTAL
  - Successful restructuring (Germany, UK)
  - Increasing diversification of sales (road fuel, non-fuel)
  - Participation in bio-fuels market growth
- Continuing to implement productivity programs to offset the erosion of margins and impact of inflation



Largest in Africa

- Successful integration of activities acquired in 2005
- Well-diversified portfolio

Sales in Africa



Targeted growth in Asia

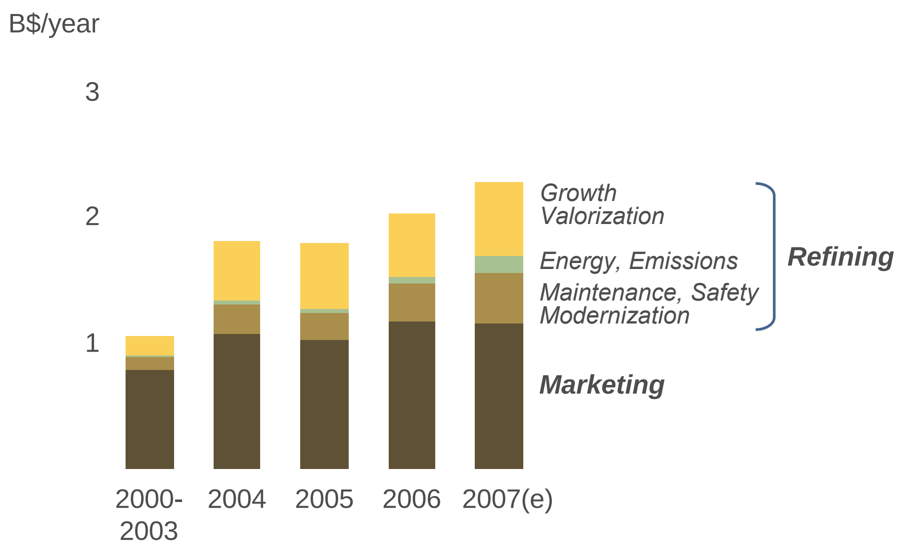
- Successful development of networks in Pakistan, Cambodia and Philippines
- Initiated joint ventures in China (Beijing, Shanghai)
- Growth in specialties

* includes share of Cepsa

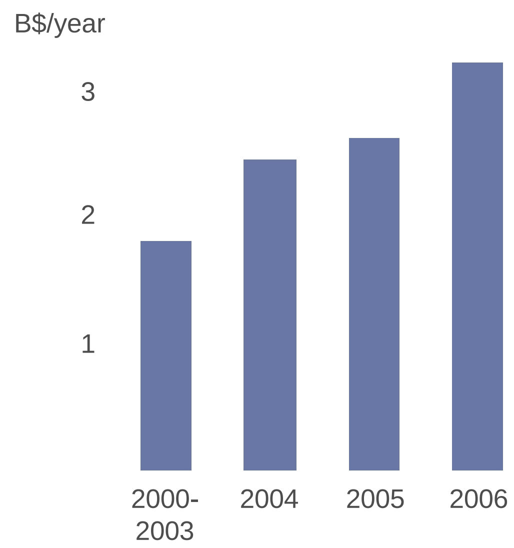
TOTAL

Strong contribution of Downstream to net cash flow

Downstream Capex*



Downstream net cash flow**



- **New project to upgrade refining**
  - Lindsey HDS, Huelva DHC, Port Arthur Coker
- **Renewed effort to improve reliability**
  - +1% improvement in refining reliability ⇔ approx. +0.1 B$ on 2006 net cash flow
- **Successful productivity programs**
  - +0.8 B$ over the period 2000-2005
  - +0.2 B$ in 2006
- **Contribution of the Normandy DHC in 2007**

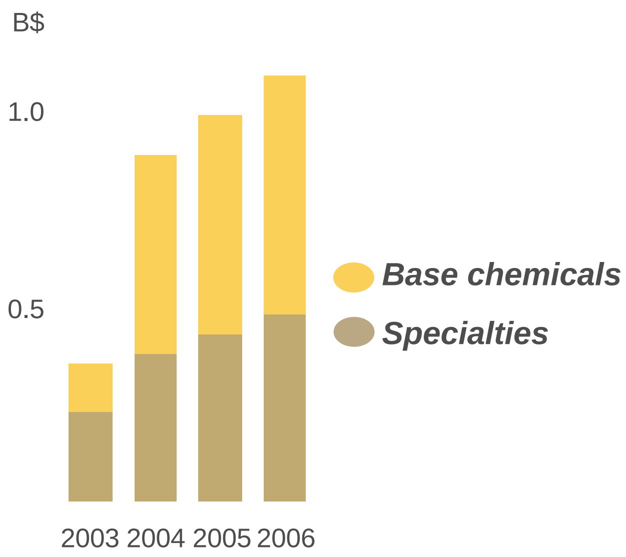
* excluding capitalization of major turnarounds, approx. 0.5 B$ in 2007(e)
** at replacement cost, before changes in working capital

TOTAL

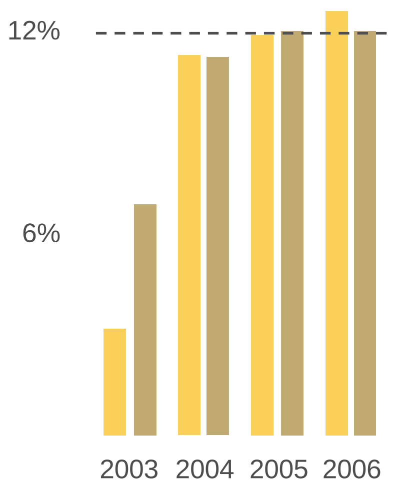
Chemicals

Continued improvement of Chemicals activities

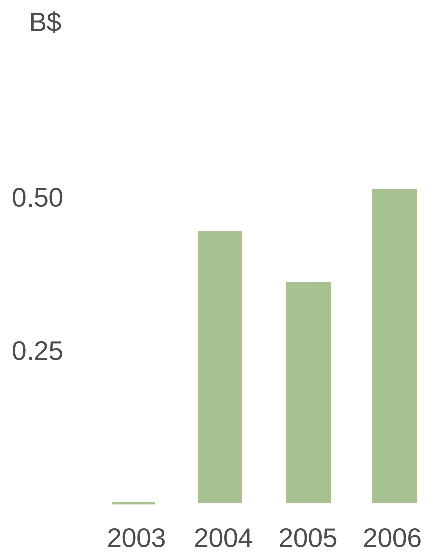
Adjusted net operating income



ROACE



Chemicals net cash flow*



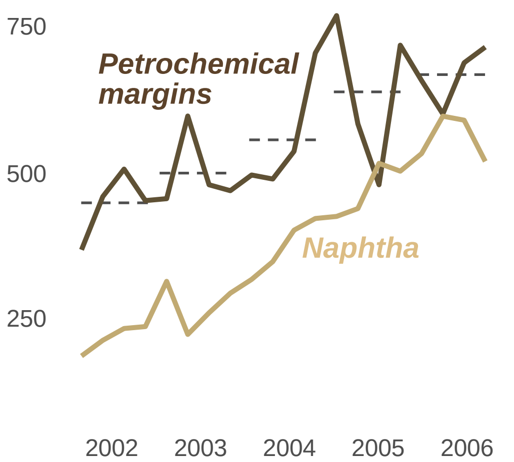
- **9% increase in Base chemicals results in 2006**
  - Higher contribution from aromatics and petrochemicals unit in South Korea
  - More difficult market conditions for styrenics
- **Specialties improved results largely due to growth and developments in Asia**
  - Sales growth of 7% per year on average since 2003

* at replacement cost, before changes in working capital, excluding AZF payments and the sale of the paints sector in 2003, and including Arkema through 1Q2006

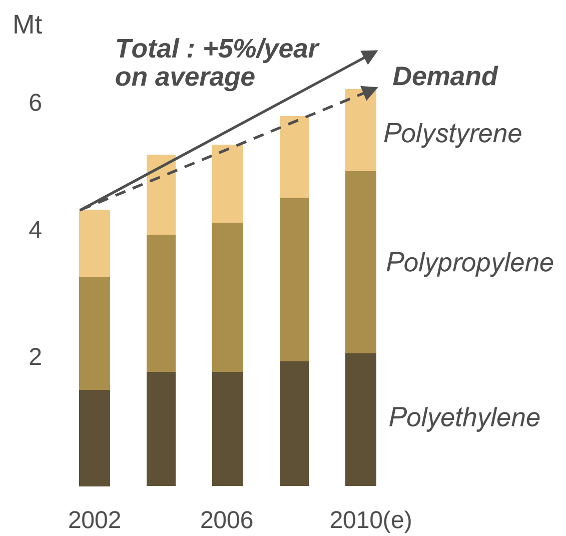
TOTAL

Favorable outlook for petrochemicals

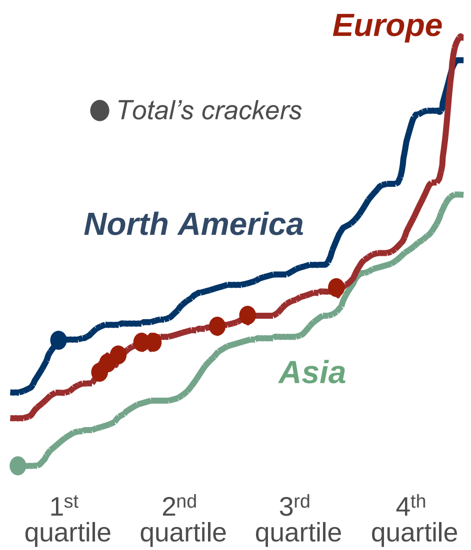
Petrochem margin vs. naphtha
(Atlantic margin vs. CIF NWE in $/t)



Total's polymers production



Ranking of crackers
(unit energy consumption*)

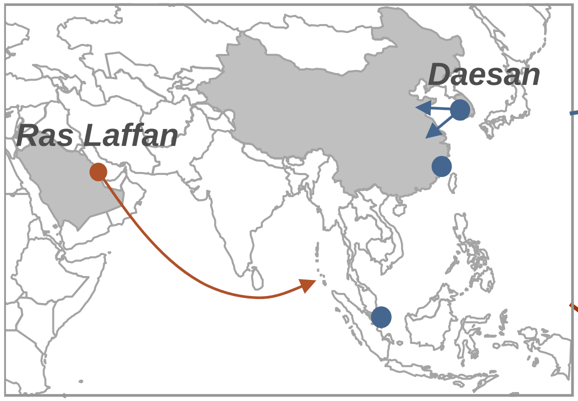


- **Favorable market conditions prolonged**
  - Stronger demand in Asia
  - Uncertainly on timing of start-ups for new capacity in the Middle East
- **Total's polymers production growing rapidly**
- **Total's crackers are ranked well : 50% in the top quartile**

* 2005 Solomon study

TOTAL

Petrochemicals : nearly 1 B€ of Capex through 2010 to take advantage of growth in Asia



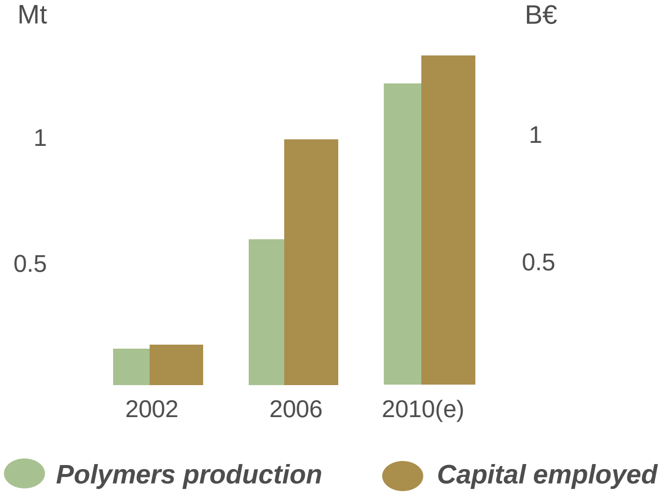
Reaching critical mass in Asia through world-class facilities

- Daesan facility in South Korea (Total 50%)
  Major expansion (+30%) over 2007-2008(e)
  - Steamcracker : +200 kt ethylene, +200 kt propylene
  - New propylene unit : +320 kt
  - Debottlenecking styrene unit : +230 kt
- Studying integrated solutions in China

Developing projects to benefit from competitive resource base in the Middle East

- Qapco (Total 20%)
  - Debottlenecking ethane cracker in 2007(e) : +170 kt
  - 3rd LDPE line in 2010(e) : +250 kt
- Qatofin
  - Launch ethane cracker in 2008(e) (Total 22%) : 1,300 kt
  - LLDPE line in 2008(e) (Total 49%) : +450 kt
- Studying a 650 kt paraxylene unit on Jubail project

Asia / Middle East petrochemicals



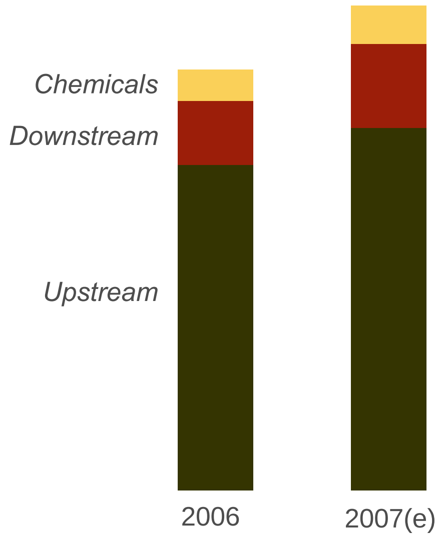
Benefit of an integrated approach Upstream / Downstream / Petrochemicals

TOTAL

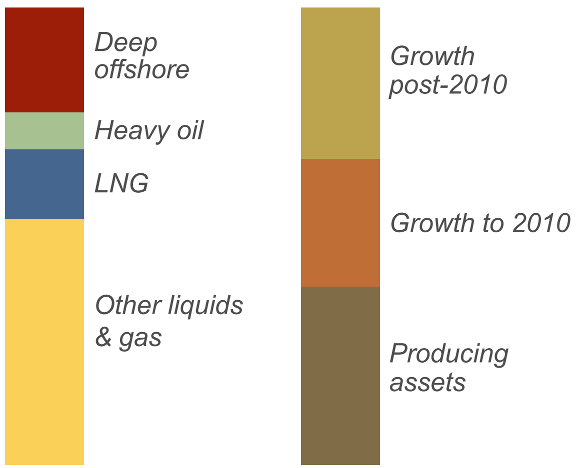
Outlook

Increasing Capex to fuel future growth

Capex by segment* approx. 16 B$ in 2007



Upstream Capex excluding exploration 2007-2010(e)



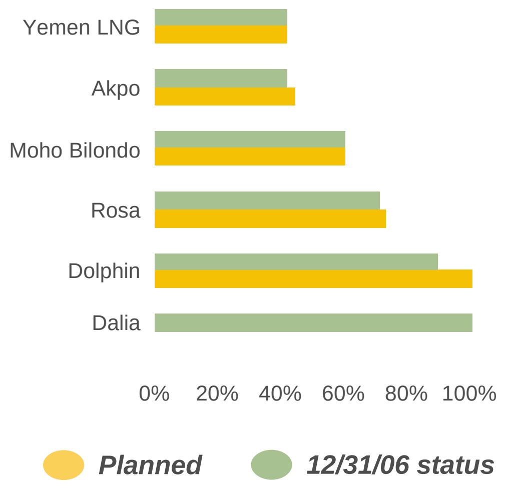
- **Continuing sustained exploration program**
- **Fueling future growth**
  - Ongoing development of major projects : Yemen LNG, Moho Bilondo, Akpo, Kashagan…
  - Major projects about to be launched : Pazflor, Usan, Angola LNG…
  - New projects : Qatargas II, Brass LNG, Jura, Jubail, Port Arthur Coker…
- **Improving reliability and extending the productive life of mature fields**
- **Developing petrochemicals in Asia and conversion capacity in refining**

* excluding acquisitions

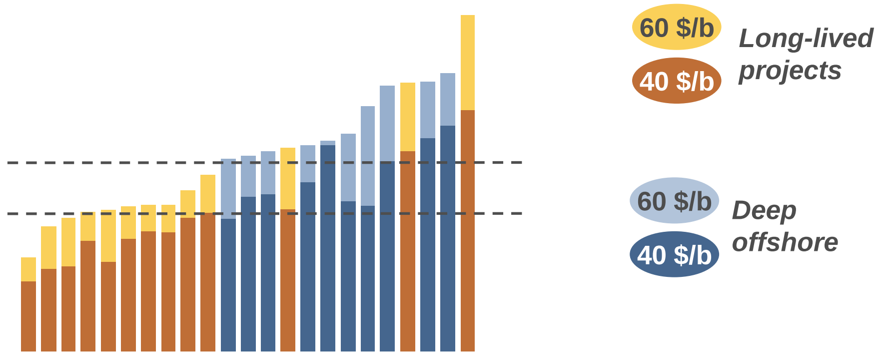
Maintaining strong discipline

- **Strict criteria for investment**
  - Balancing long-lived projects that offer strong value creation with shorter-term projects offering high returns
  - Considering upsides for the long-term
- **Accountability stressed throughout operations**
  - Priority to safety, environment and energy efficiency
  - Reliability and security of installations
  - Cost management
- **Maintaining track record in project management**

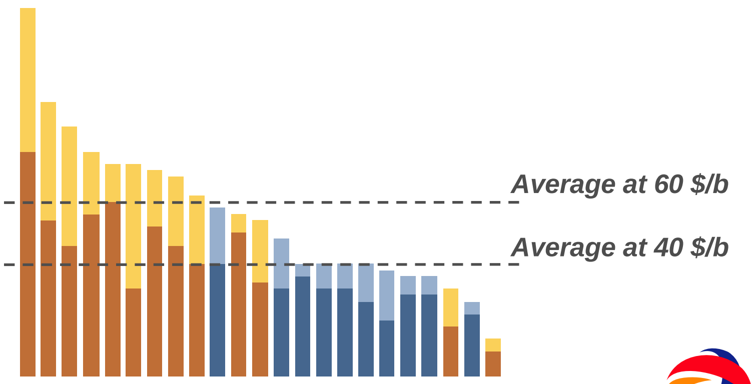
Advancement of main operated projects*



Project IRR



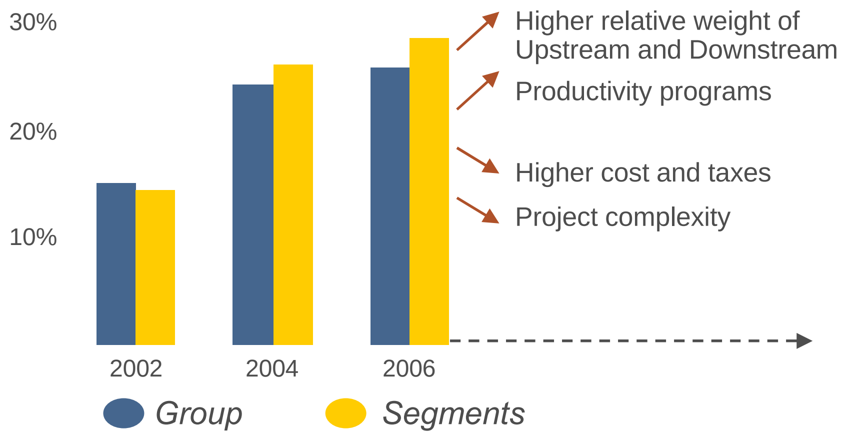
Project enrichment



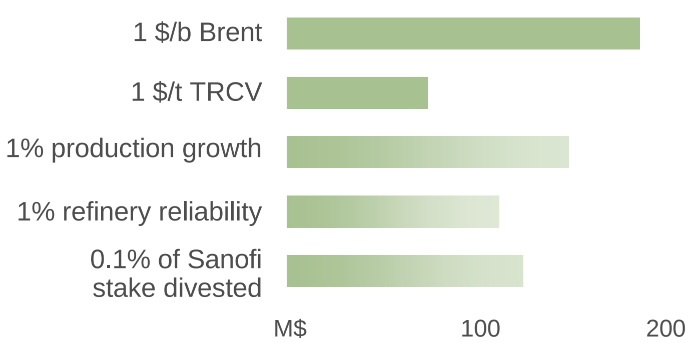
* operated by Total or by an operating company

Profitable growth supports the creation of value

ROACE



Contribution to 2007 net cash flow



- **Outlook for production growth at the level of the best among the majors**
  - 2006-2010 more than 5% per year on average*
  - Post-2010 growth at a sustained pace
- **Continued productivity programs in Downstream and Chemicals**

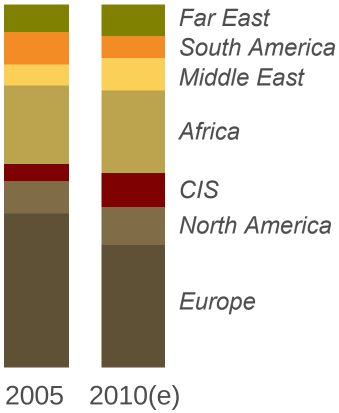
- **Outlook for oil price and conversion margins to remain relatively high**
- **Sanofi-Aventis : 12 B€ stake to be sold progressively and opportunistically**

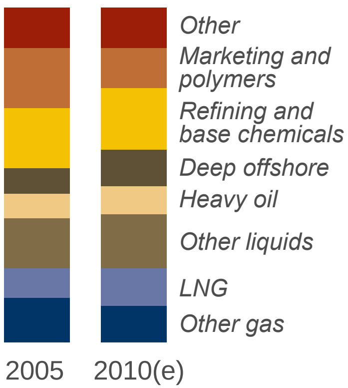
Continue to pursue dynamic dividend policy

* estimates based on Brent at 60 $/b in 2007 and 40 $/b thereafter

Strategy and portfolio well adapted to new challenges

Capital employed by segment*





- Priority to safety and environmental protection
- Continuity of a Human Resources policy to retain skilled and experienced teams
- High-quality Upstream portfolio
  - Lowest technical costs among the majors
  - Clear visibility on the production profile
  - Excellent geographic and technological diversity
  - Leadership on the fastest growing segments of the industry
- Exploration success with finding costs among the best of the majors
- Continued productivity programs in Downstream and Chemicals
- Track record for project management
- Strengthen R&D to add new long-term options needed to face energy and environmental challenges

* at year-end

TOTAL

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.

The 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.

In accordance with IAS 2, the Group values inventories of crude oil and petroleum products in the financial statements in accordance with the FIFO (First in, First out) method and other inventories using the weighted-average cost method. However, in the note setting forth information by business segment, the Group continues to present the results for the Downstream segment according to the replacement cost method and those of the Chemicals segment according to the LIFO (Last in, First out) method in order to ensure the comparability of the Group's results with those of its main competitors, notably from North America. The inventory valuation effect is the difference between the results according to the FIFO method and the results according to the replacement cost or LIFO method.

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 "resources", "proved and probable reserves" and "future production", 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 20F, 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.

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