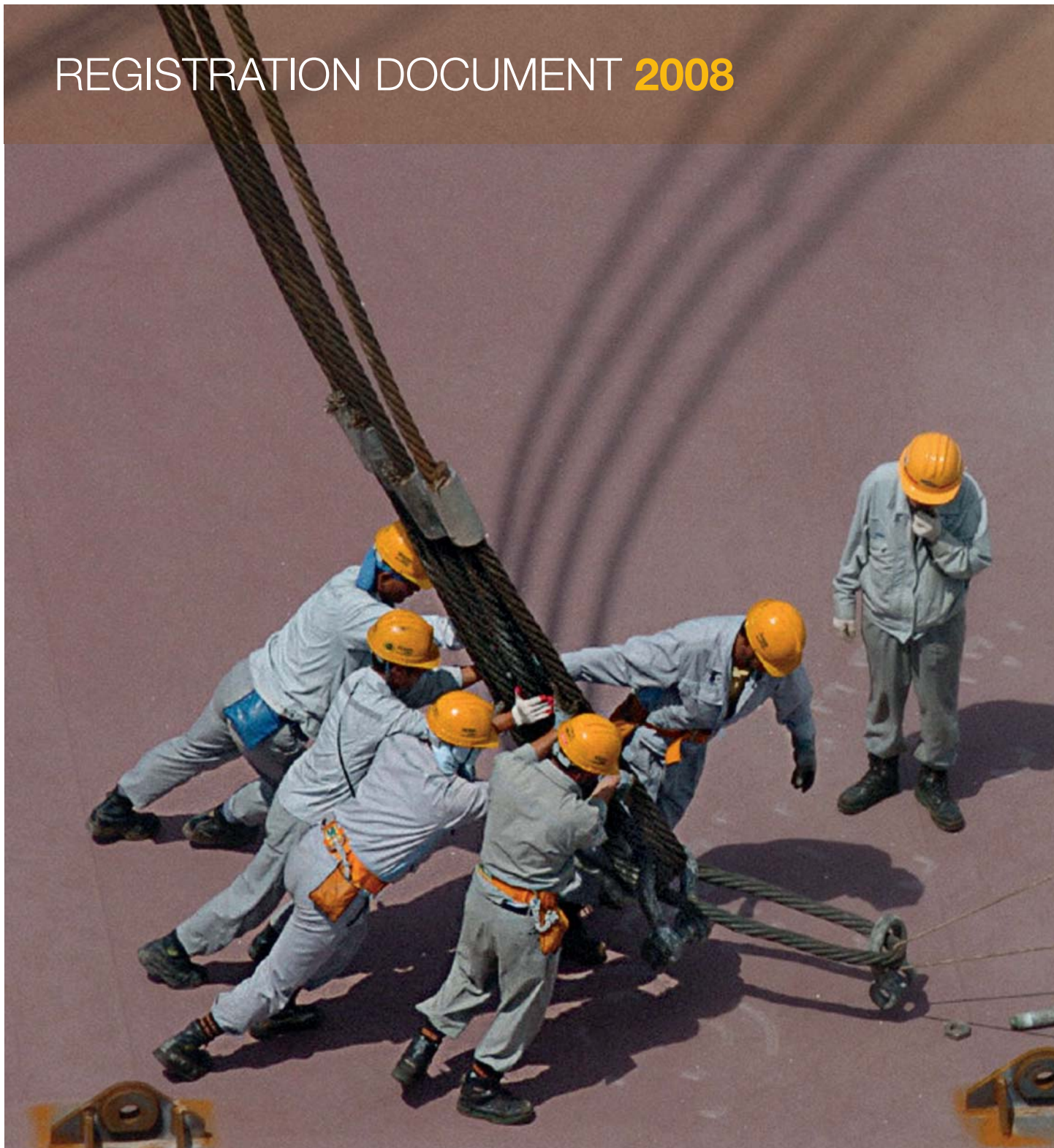


REGISTRATION DOCUMENT 2008



TOTAL

Contents

Chapters 3 (Management Report), 9 (Appendix 1, Consolidated Financial Statements) and 11 (Appendix 3, TOTAL S.A.) were established by the Board of Directors on February 11, 2009 and have not been updated with subsequent events.

1	Key figures Selected financial informations Operating and market data	p. 1 p. 1 p. 2
2	Business overview History and strategy of TOTAL Upstream Exploration & Production Interests in pipelines Gas & Power Downstream Refining & Marketing Trading & Shipping Chemicals Base Chemicals Specialty Chemicals Investments Organizational structure Organization chart Property, plant and equipment	p. 7 p. 8 p. 9 p. 11 p. 29 p. 30 p. 36 p. 37 p. 42 p. 44 p. 45 p. 48 p. 50 p. 51 p. 52 p. 54
3	Management report of the board of directors Summary of results and financial position Liquidity and capital resources Research and development Trends and outlook	p. 55 p. 56 p. 62 p. 64 p. 66
4	Risk factors Market risks Industrial and environmental risks Other risks Insurance and risk management	p. 67 p. 68 p. 76 p. 78 p. 82
5	Corporate governance Report of the Chairman of the Board of Directors (article L. 225-37 of the French Commercial Code) Statutory auditor's report (article L. 225-235 of the French Commercial code) Management Statutory auditors Compensation of the board of directors and executive officers Employees, share ownership	p. 83 p. 84 p. 105 p. 107 p. 108 p. 109 p. 128
6	TOTAL and its shareholders Listing details Dividends Share buybacks Shareholders Information for overseas shareholders Communication with shareholders	p. 131 p. 132 p. 137 p. 139 p. 144 p. 148 p. 150
7	Financial information Historical financial information Audit of the historical financial information Additional information Dividend policy Legal and arbitration proceedings Significant changes	p. 155 p. 156 p. 156 p. 157 p. 157 p. 157 p. 160
8	General information Share capital Articles of incorporation and bylaws; other information Other matters Documents on display Information on holdings	p. 161 p. 162 p. 167 p. 170 p. 170 p. 171
9	Appendix 1 - Consolidated financial statements Statutory auditors' report on the consolidated financial statements Consolidated statement of income Consolidated balance sheet Consolidated statement of cash flows Consolidated statement of changes in shareholders' equity Notes to the consolidated financial statements	p. 173 p. 174 p. 176 p. 177 p. 178 p. 179 p. 180
10	Appendix 2 - Supplemental oil and gas information (unaudited) Oil and gas reserves Financial review	p. 259 p. 260 p. 264
11	Appendix 3 - TOTAL S.A. Statutory auditors' report on regulated agreements and commitments Statutory auditors' report on the annual financial statements Financial statements of TOTAL S.A. as parent company Notes to financial statements Other financial information concerning the parent company Social and environmental information Consolidated financial information for the last five years	p. 269 p. 270 p. 272 p. 274 p. 278 p. 293 p. 298 p. 303
	Glossary European Cross-reference list	p. 304 p. 307

REGISTRATION DOCUMENT 2008

This is a free translation into English of the Chief Executive Officer's certification issued in French, and is provided solely for the convenience of English-speaking readers.

"I certify, after having taken all reasonable measures to this effect, that, to the best of my knowledge, the information contained in this *Document de référence* (Registration Document) is accurate and does not omit any material fact.

I certify, to the best of my knowledge, that the statutory and consolidated financial statements of TOTAL S.A. have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results of the Company and of all the entities taken as a whole included in the consolidation, and that the *Rapport de gestion* (Management Report) of the Board of Directors included on pages 55 through 66 of this *Document de référence* presents a fair view of the development and performance of the business and financial position of the Company and of all the entities taken as a whole included in the consolidation, as well as a description of the main risks and uncertainties they are exposed to.

I have received a letter from the statutory auditors confirming that they have completed the work they undertook to audit the information related to the financial situation and the financial statements included in this *Document de référence*, as well as a review of this document in its entirety.

The statutory auditors have issued reports on the historical financial information contained in this *Document de référence*, included on pages 174 and 272 of this document."

Christophe de Margerie
Chief Executive Officer



The French language version of this *Document de référence* (Registration Document) was filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on April 3, 2009 pursuant to Article 212-13 of the general regulations of the French *Autorité des marchés financiers* (Financial Markets Authority). It may be used in connection with a financial operation if supplemented by a prospectus for the operation and a summary, each of which will have received the visa of the Financial Markets Authority.

In accordance with paragraphs VI and VIII of aforesaid Article 212-13, the French language version of this *Document de référence* (Registration Document) incorporates the Annual Financial Report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code

Abbreviations

b:	barrel
cf:	cubic feet
/d:	per day
/y:	per year
€:	euro
\$ and/or dollar:	U.S. dollar
t:	metric ton
boe:	barrel of oil equivalent
kboe/d:	thousand boe/d
kb/d:	thousand barrel/d
Btu:	British thermal unit
M:	million
B:	billion
MW:	megawatt
MWp:	megawatt peak
TWh:	terawatt hour
TRCV:	An aggregate margin for topping, reforming, cracking, visbreaking in Western Europe developed and used internally by TOTAL's management as an indicator of refining margins.

IFRS:	International Financial Reporting Standards
API:	American Petroleum Institute
LNG:	liquefied natural gas
LPG:	liquefied petroleum gas
ROACE:	return on average capital employed

Conversion table

1 boe	= 1 barrel of crude oil = approx. 5,505 cf of gas in 2008
1 b/d	= approx. 50 t/y
1 t	= approx. 7.5 b (for a gravity of 37° API)
1 Bm ³ /y	= approx. 0.1 Bcf/d
1 m ³	= approx. 35.3 cf
1 t of LNG	= approx. 8.9 boe = approx. 48 Mcf of gas
1 Mt/y of LNG	= approx. 131 Mcf/d

Definitions

The terms "TOTAL" and "Group" as used in this Registration Document refer to TOTAL S.A. collectively with all of its direct and indirect consolidated subsidiaries located in, or outside of France.

The terms "Company" and "issuer" as used in this Registration Document refer only to TOTAL S.A., the parent company of the Group.

© TOTAL S.A. April 2009.

Key figures

Selected financial information

Consolidated data in M€, except earnings per share, dividends, number of shares and percentages.

	2008	2007	2006
Sales	179,976	158,752	153,802
Adjusted operating income from business segments ^(a)	28,114	23,956	25,166
Adjusted net operating income from business segments ^(a)	13,961	12,231	12,377
Net income (Group share)	10,590	13,181	11,768
Adjusted net income (Group share) ^(a)	13,920	12,203	12,585
Fully-diluted weighted-average shares (millions)	2,246.7	2,274.4	2,312.3
Adjusted net fully-diluted earnings per share (€) ^{(a)(b)}	6.20	5.37	5.44
Dividend per share (€) ^{(b)(d)}	2.28	2.07	1.87
Net-debt-to-equity (as of December 31)	23%	27%	34%
Return on average capital employed (ROACE ^(d))	26%	24%	26%
Return on equity	32%	31%	33%
Cash flow from operating activities	18,669	17,686	16,061
Investments	13,640	11,722	11,852
Divestments	2,585	1,556	2,278

(a) Adjusted income is defined as income using replacement cost, adjusted for special items and excluding TOTAL's equity share of amortization of intangibles related to the Sanofi-Aventis merger.

(b) Based on the fully-diluted weighted-average number of common shares outstanding during the period.

(c) 2008 dividend subject to approval by the May 15, 2009 shareholders' meeting.

(d) Based on adjusted net operating income and average capital employed using replacement cost.

1

KEY FIGURES

Operating and market data

Operating and market data

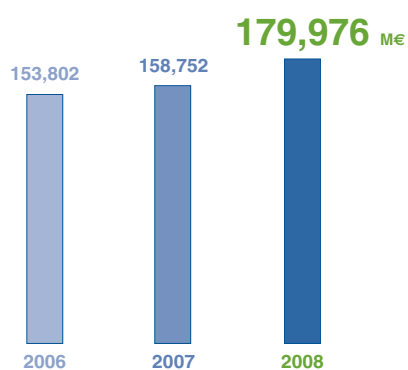
	2008	2007	2006
Brent price (\$/b)	97.3	72.4	65.1
Exchange rate (€-\$/)	1.47	1.37	1.26
TRCV European refining margins (\$/t)	37.8	32.5	28.9
Hydrocarbon production (kboe/d)	2,341	2,391	2,356
Liquids production (kb/d)	1,456	1,509	1,506
Gas production (Mcf/d)	4,837	4,839	4,674
Refinery throughput (kb/d) ^(a)	2,362	2,413	2,454
Refined product sales (kb/d) ^(b)	3,658	3,774 ^(c)	3,682 ^(c)

(a) Including share of CEPSA.

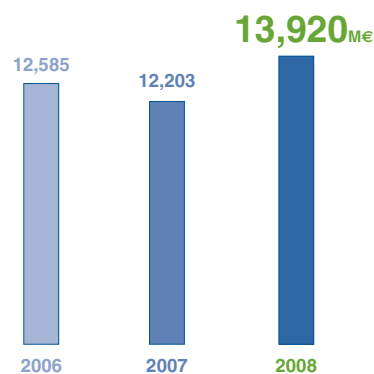
(b) Including Trading activities and share of CEPSA.

(c) Amounts are different from those in TOTAL's 2007 and 2006 Registration Documents due to a change in the calculation method for the sales of the Port Arthur refinery.

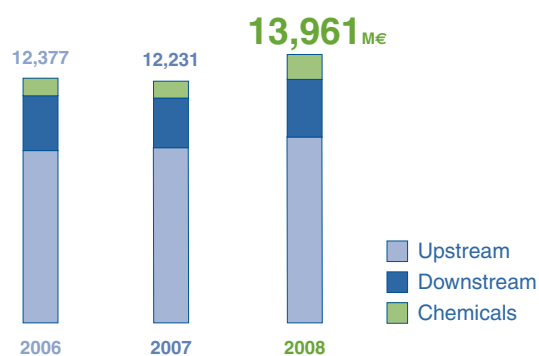
Sales



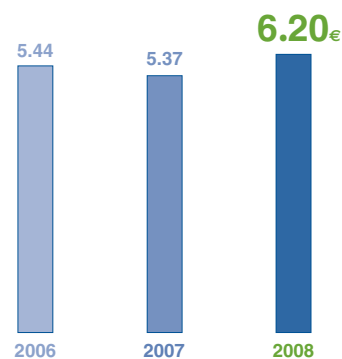
Adjusted net income (Group share)



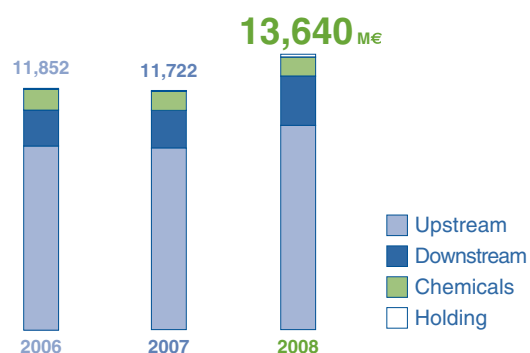
Adjusted net operating income from business segments



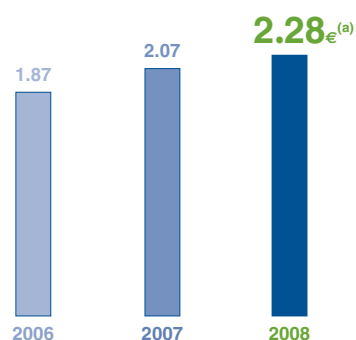
Adjusted fully-diluted earnings per share



Investments



Dividend per share



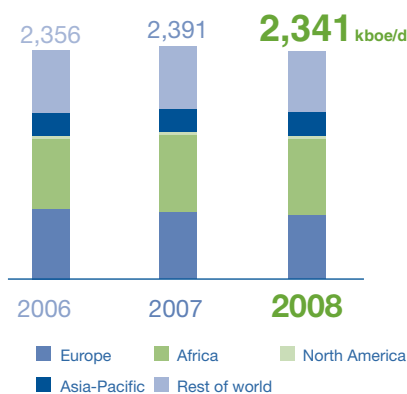
(a) Subject to approval by the shareholders' meeting on May 15, 2009.

KEY FIGURES

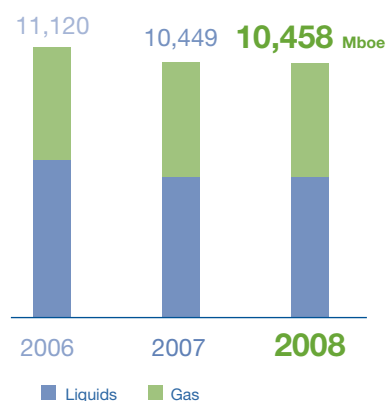
Operating and market data

upstream

Hydrocarbon production

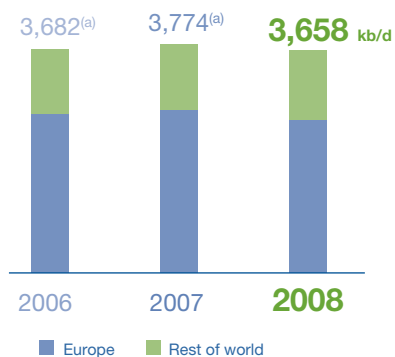


Liquids and gas reserves

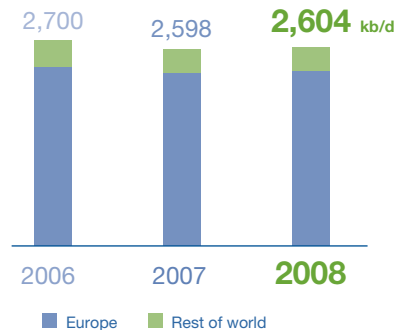


downstream

Refined product sales including Trading



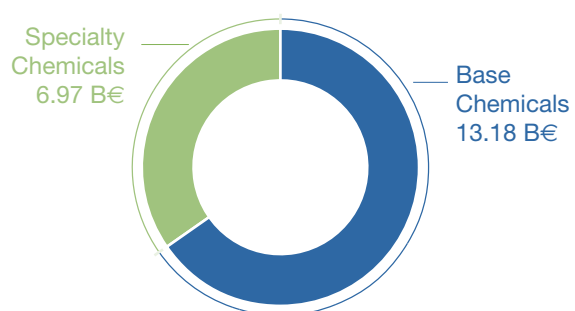
Refining capacity at year-end



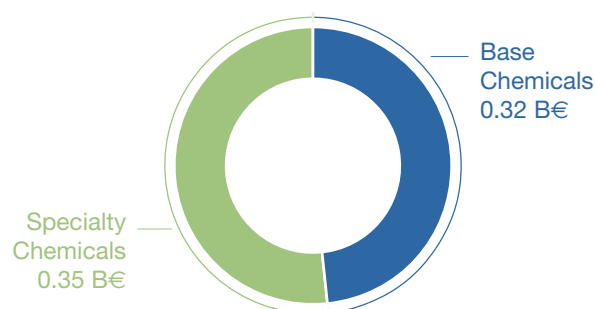
(a) Difference compared to the 2006 and 2007 Registration Documents due to a change in the calculation method for the sales of the Port Arthur refinery.

chemicals

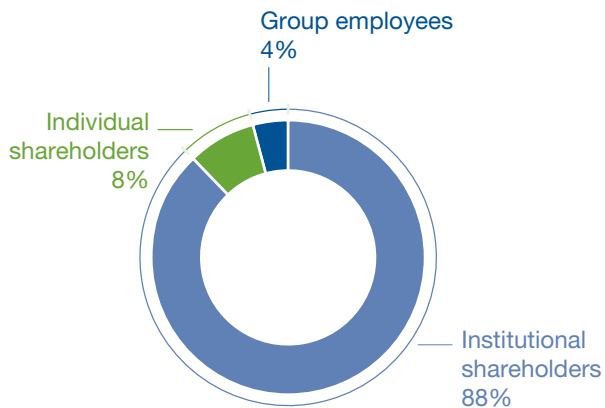
2008 non-Group sales: 20.15 B€



2008 adjusted net operating income: 0.67 B€

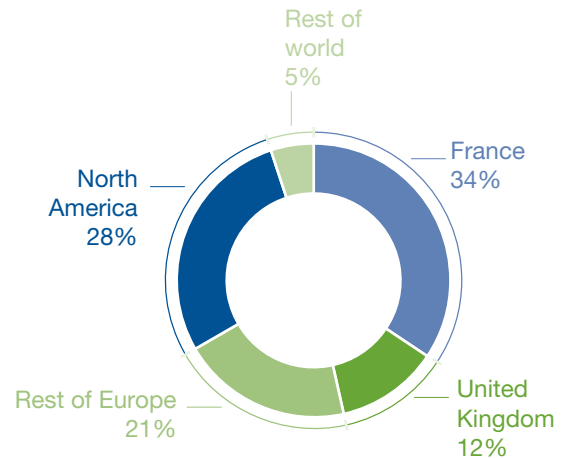


Shareholder base^(a)



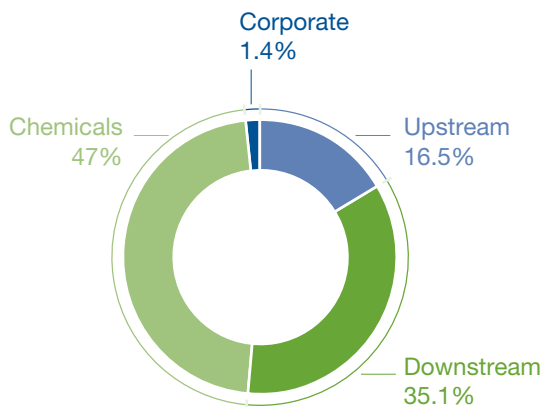
(a) Estimate as of December 31, 2008, excluding treasury shares.

Shareholder base by region^(a)



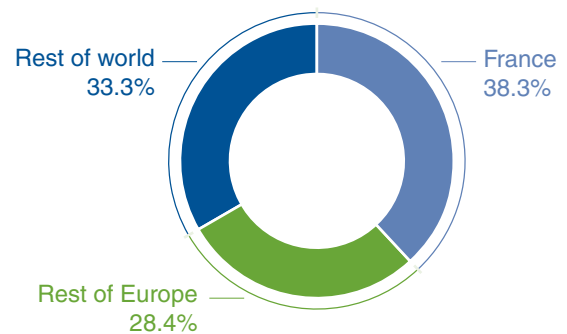
(a) Estimate as of December 31, 2008, excluding treasury shares.

Employees by business segment^(a)



(a) Consolidated subsidiaries : 96,959 employees as of December 31, 2008.

Employees by region^(a)



(a) Consolidated subsidiaries: 96,959 employees as of December 31, 2008.

HISTORY AND STRATEGY OF TOTAL	p. 8
History and development	p. 8
Strategy	p. 8
UPSTREAM	p. 9
Exploration & production	p. 11
Exploration and development	p. 11
Reserves	p. 11
Sensitivity to oil and gas prices	p. 12
Production	p. 13
Production by geographic area	p. 14
Presentation of production activities by geographic area	p. 15
Interest in pipelines	p. 29
Gas & power	p. 30
Natural Gas	p. 30
Liquefied Natural Gas	p. 31
Liquefied Petroleum Gas	p. 33
Electricity and Cogeneration	p. 33
Renewable Energy	p. 33
Coal	p. 34
DME (Di-Methyl Ether)	p. 35
DOWNSTREAM	p. 36
Refining & marketing	p. 37
Refining	p. 37
Marketing	p. 39
Biofuels and hydrogen	p. 41
Trading & shipping	p. 42
Trading	p. 42
Shipping	p. 43
CHEMICALS	p. 44
Base chemicals	p. 45
Petrochemicals	p. 45
Fertilizers	p. 47
Specialty chemicals	p. 48
Rubber processing	p. 48
Resins	p. 48
Adhesives	p. 48
Electroplating	p. 49
INVESTMENTS	p. 50
Principal investments made over the 2006-2008 period	p. 50
Principal investments anticipated	p. 50
ORGANIZATIONAL STRUCTURE	p. 51
Position of the Company within the Group	p. 51
Principal subsidiaries	p. 51
ORGANIZATION CHART	p. 52
PROPERTY, PLANT AND EQUIPMENT	p. 54

History and strategy of TOTAL

History and development

TOTAL S.A., a French *société anonyme* (limited company) incorporated in France on March 28, 1924, together with its subsidiaries and affiliates, is the fifth largest publicly-traded integrated international oil and gas company in the world⁽¹⁾.

With operations in more than 130 countries, TOTAL engages in all aspects of the petroleum industry, including Upstream operations (oil and gas exploration, development and production, LNG) and Downstream operations (refining, marketing and the trading and shipping of crude oil and petroleum products).

TOTAL also produces base chemicals (petrochemicals and fertilizers) and specialty chemicals for the industrial and consumer markets. In addition, TOTAL has interests in the coal mining and power generation sectors, as well as a financial interest in Sanofi-Aventis.

TOTAL began its Upstream operations in the Middle East in 1924. Since that time, the Company has grown and expanded its operations worldwide. Early in 1999 the Company acquired control of PetroFina S.A. and in early 2000, the Company acquired control of Elf Aquitaine S.A. (hereafter referred to as “Elf Aquitaine” or “Elf”). The Company currently owns 99.5% of Elf Aquitaine shares and, since early 2002, 100% of PetroFina shares.

The Company’s corporate name is TOTAL S.A..

The Company’s registered office is 2 place Jean Millier, La Défense 6, 92400 Courbevoie, France.

The telephone number is +33 1 47 44 45 46 and the website address is www.total.com.

TOTAL S.A. is registered in France at the Nanterre Trade Register under the registration number 542 051 180.

Strategy

TOTAL’s strategy, the implementation of which is based on a model for sustainable growth combining the acceptability of operations with a sustained, profitable investment program, aims at:

- expanding hydrocarbon exploration and production activities throughout the world, and strengthening its position as one of the global leaders in the natural gas and LNG markets;
- progressively expanding TOTAL’s energy offerings and developing complementary next generation energy activities (solar, biomass, nuclear);
- adapting its refining system to market changes and consolidating its position in the marketing segment in Europe, while expanding its positions in the Mediterranean basin, Africa and Asia;
- developing its chemicals activities, particularly in Asia and the Middle East, while improving the competitiveness of its operations in mature areas; and
- pursuing research and development to develop “clean” sources of energy, contributing to the moderation of the demand for energy, and participating in the effort against climate change.

⁽¹⁾ Based on market capitalization (in dollars) as of December 31, 2008.

Upstream

TOTAL's Upstream segment includes the Exploration & Production and Gas & Power divisions.

The Group has exploration and production activities in more than forty countries and produces oil or gas in thirty countries.

2.34 Mboe/d produced in 2008

10.5 Bboe of proved reserves as of December 31, 2008⁽¹⁾

10.0 B€ invested in 2008

16,005 employees

Upstream segment financial data

(M€)	2008	2007	2006
Non-Group sales	24,256	19,706	20,782
Adjusted operating income	23,639	19,514	20,307
Adjusted net operating income	10,724	8,849	8,709

For the full-year 2008, adjusted net operating income for the Upstream segment was 10,724 M€ compared to 8,849 M€ in 2007, an increase of 21% that was mainly due to the hydrocarbon price environment (3.5 B€), partially offset by the impact of exchange rates (-0.6 B€) and -0.5 B€ billion related to higher costs, with the balance related to the decrease of production in 2008.

Expressed in dollars, the 2008 adjusted net operating income for the Upstream segment was 15.8 B\$, an increase of 3.6 B\$ compared to 2007.

Price realizations ^(a)	2008	2007	2006
Liquids realizations (\$/b)	91.1	68.9	61.8
Gas realizations (\$/Mbtu)	7.38	5.40	5.91

(a) Consolidated subsidiaries, excluding fixed margin and buyback contracts.

TOTAL's average realized liquids price increased by 32% in 2008 compared to 2007. The average realized price for TOTAL's natural gas increased by 37%.

ROACE⁽²⁾ for the Upstream segment was 35.9% in 2008 compared to 33.6% in 2007.

⁽¹⁾ Based on year-end Brent price of 36.55 \$/b.

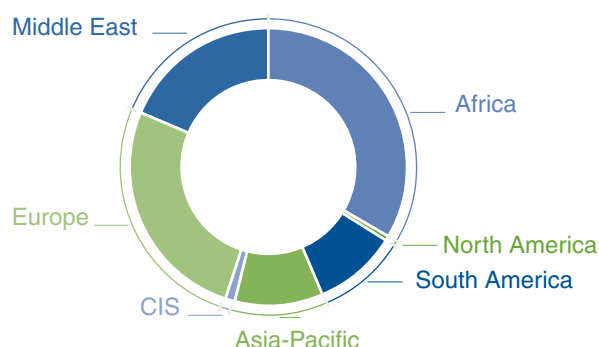
⁽²⁾ Calculated based on adjusted net operating income and replacement-cost average capital employed.

2

BUSINESS OVERVIEW Upstream

Production

Hydrocarbon production	2008	2007	2006
Combined production (kboe/d)	2,341	2,391	2,356
Liquids (kb/d)	1,456	1,509	1,506
Gas (Mcf/d)	4,837	4,839	4,674



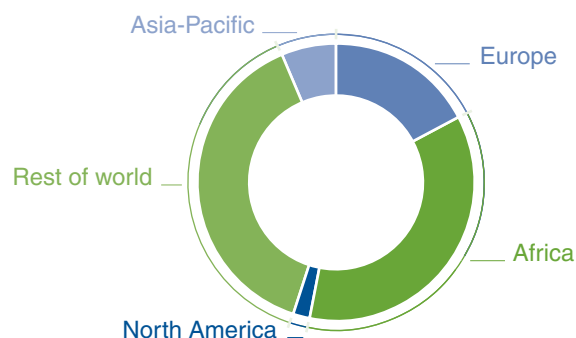
For the full-year 2008, hydrocarbon production was 2,341 kboe/d, a decrease of 2% compared to 2007, mainly as a result of:

- +3.5% of growth from start-ups and ramp-ups of new major projects, including Dolphin, Rosa, Jura and Dalia, net of the normal decline on existing fields;
- -2.5% for unscheduled shutdowns, mainly on the Elgin Franklin field in February, the Bruce and Alwyn fields in the summer, and the Al Jurf field from April to the end of December 2008;
- -2% for the price effect⁽¹⁾; and
- -1% for changes in the portfolio.

Underlying production growth in 2008, excluding the price effect and changes in the portfolio, was +1%.

Reserves

Reserves as of December 31,	2008	2007	2006
Hydrocarbon reserves (Mboe)	10,458	10,449	11,120
Liquids (Mb)	5,695	5,778	6,471
Gas (Bcf)	26,218	25,730	25,539



Proved reserves based on United States Securities and Exchange Commission (SEC) rules (Brent at \$36.55/b) were 10,458 Mboe at December 31, 2008. At the 2008 average rate of production, the reserve life is more than 12 years.

The 2008 reserve replacement rate⁽²⁾, based on SEC proved reserves, was 112% excluding acquisitions and divestments. Including acquisitions and divestments, it was 101%.

At year-end 2008, TOTAL's solid and diversified portfolio of proved and probable reserves⁽³⁾ represented 20 Bboe, or more than 20 years of production based on the 2008 average production rate, and resources⁽⁴⁾ representing more than a 40 years of production.

(1) Impact of changing hydrocarbon prices on entitlement volumes.

(2) Change in reserves excluding production i.e. (revisions + discoveries, extensions + acquisitions - divestments) / production for the period. The 2008 reserve replacement rate was 99% in a constant 93.72 \$/b Brent environment excluding acquisitions and divestments.

(3) Limited to proved and probable reserves covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 60 \$/b Brent environment, including projects to be developed by mining.

(4) Proved and probable reserves plus potential median recoverable reserves from known accumulations (Society of Petroleum Engineers - March 2007).

Exploration & Production

Exploration and development

TOTAL's Upstream segment aims at continuing to combine long-term growth and profitability at the levels of the best in the industry.

TOTAL evaluates exploration opportunities based on a variety of geological, technical, political and economic factors (including taxes and licence terms), and on projected oil and gas prices. Discoveries and extensions of existing fields accounted for approximately 42% of the 2,571 Mboe added to the Upstream segment's proved reserves during the three-year period ended December 31, 2008 (before deducting production and sales of reserves in place and adding any acquisitions of reserves in place during this period). The remaining 58% comes from revisions.

TOTAL continued to follow an active exploration program in 2008, with exploration investments of consolidated subsidiaries amounting to 1,243 M€ (including unproved property acquisition costs). The main exploration investments were made in Angola, Nigeria, Norway, the United Kingdom, Australia, the United States, Libya, Brunei, Gabon, Cameroon, Indonesia, China, the Republic of Congo and Canada. In 2007, exploration investments of consolidated subsidiaries amounted to 1,233 M€ (including unproved property acquisition costs), notably in Nigeria, Angola, the United Kingdom, Norway, Libya, the Republic of Congo, Australia, Venezuela, China, Indonesia, Canada, Brunei, Algeria, the United States, Mauritania, Yemen, Kazakhstan, Brazil, Azerbaijan and Thailand. In 2006, TOTAL's exploration investments amounted to 1,214 M€ (including unproved property acquisition costs, excluding the acquisition of an interest in the Ichthys LNG project in Australia), notably in Nigeria, the United Kingdom, Angola, the United States, Libya, Venezuela, Norway, Algeria, the Republic of Congo, Kazakhstan, Canada, Indonesia, Australia, Argentina, Cameroon, Mauritania, Gabon, China, Azerbaijan and Thailand.

The Group's consolidated Exploration & Production subsidiaries' development expenditures amounted to 7 B€ in 2008, primarily in Angola, Nigeria, Norway, Kazakhstan, Indonesia, the Republic of Congo, the United Kingdom, Gabon, Canada, the United States and Qatar. Development expenditures for 2007 amounted to 7 B€ and were carried out principally in Angola, Norway, Nigeria, Kazakhstan, the Republic of Congo, the United Kingdom, Indonesia, Gabon, Canada, Qatar, Venezuela and the United States. In 2006, development expenditures amounted to 6 B€ (including the acquisition of an interest in the Ichthys LNG project in Australia), predominantly in Norway, Angola, Nigeria, Kazakhstan, Indonesia, the Republic of Congo, Yemen, Qatar, the United Kingdom, Canada, Australia, the United States, Venezuela, Azerbaijan and Gabon.

Reserves

The definitions used for proved, proved developed and proved undeveloped oil and gas reserves are in accordance with the applicable United States Securities & Exchange Commission (SEC) regulation, Rule 4-10 of Regulation S-X.⁽¹⁾ Proved reserves are estimated using geological and engineering data to determine with reasonable certainty whether the crude oil or natural gas in known reservoirs is recoverable under existing economic and operating conditions.

This process involves making subjective judgments. Consequently, estimates of reserves are not exact measurements and are subject to revision.

The estimation of proved reserves is controlled by the Group through established validation guidelines. Reserves evaluations are established annually by senior level geoscience and engineering professionals (assisted by a central reserves group with significant technical experience) including reviews with and validation by senior management.

The reserves estimation process requires:

- internal peer reviews of technical evaluations to ensure that the SEC definitions and guidance are followed; and
- that management make significant funding commitments towards the development of the reserves prior to booking.

TOTAL's oil and gas reserves are assessed annually, taking into account, among other factors, levels of production, field reassessment, additional reserves from discoveries and acquisitions, disposal of reserves and other economic factors. Unless otherwise indicated, any reference to TOTAL's proved reserves, proved developed reserves, proved undeveloped reserves and production reflects the Group's entire share of such reserves or such production. TOTAL's worldwide proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates and of two companies accounted for under the cost method. For further information concerning changes in TOTAL's proved reserves for the years ended December 31, 2008, 2007 and 2006, see "Supplemental oil and gas information (unaudited)", included herein beginning on page 259.

⁽¹⁾ In December 2008, the SEC published a revised set of rules for the estimation of reserves. These revised rules will be used for the 2009 year-end estimation of reserves, and have not been used in the determination of reserves for the year-end 2008.

2

BUSINESS OVERVIEW

Exploration & Production

Rule 4-10 of Regulation S-X requires that the estimation of reserves be based on the economic environment and operating conditions existing at year end. Reserves at year-end 2008 have been determined based on the Brent price on December 31, 2008 (\$36.55/b).

As of December 31, 2008, TOTAL's combined proved reserves of crude oil and natural gas were 10,458 Mboe (50% of which were proved developed reserves). Liquids represented approximately 54% of these reserves and natural gas the remaining 46%. These reserves were located for the most part in Europe (Norway, the United Kingdom, The Netherlands, Italy and France), Africa (Nigeria, Angola, the Republic of Congo, Gabon, Libya, Algeria and Cameroon), Asia/Far East (Indonesia, Myanmar, Thailand and Brunei), North America (Canada and the United States), the Middle East (Qatar, United Arab Emirates, Yemen, Oman, Iran and Syria), South America (Venezuela, Argentina, Bolivia, Trinidad & Tobago and Colombia) and the Commonwealth of Independent States (CIS) (Kazakhstan, Azerbaijan and Russia).

As of December 31, 2007, TOTAL's combined proved reserves of crude oil and natural gas were 10,449 Mboe (52% of which were proved developed reserves). Liquids represented approximately 55% of these reserves and natural gas the remaining 45%. These reserves were located for the most part in Europe (Norway, the United Kingdom, The Netherlands, Italy and France), Africa (Nigeria, Angola, the Republic of Congo, Gabon, Libya, Algeria and Cameroon), Asia/Far East (Indonesia, Myanmar, Thailand and Brunei), North America (Canada and the United States), the Middle East (Qatar, United Arab Emirates, Yemen, Oman, Iran and Syria), South America (Venezuela, Argentina, Bolivia, Trinidad & Tobago and Colombia) and the Commonwealth of Independent States (CIS) (Kazakhstan, Azerbaijan and Russia).

As of December 31, 2006, TOTAL's combined proved reserves of crude oil and natural gas were 11,120 Mboe (50% of which were proved developed reserves). Liquids represented approximately 58% of these reserves and natural gas the remaining 42%. These reserves were

located for the most part in Europe (Norway, the United Kingdom, The Netherlands, Italy and France), Africa (Nigeria, Angola, the Republic of Congo, Gabon, Libya, Algeria and Cameroon), Asia/Far East (Indonesia, Myanmar, Thailand and Brunei), North America (Canada and the United States), the Middle East (Qatar, United Arab Emirates, Yemen, Oman, Iran and Syria), South America (Venezuela, Argentina, Bolivia, Trinidad & Tobago and Colombia) and the Commonwealth of Independent States (CIS) (Kazakhstan, Azerbaijan and Russia).

Proved reserves represent the estimated quantities of TOTAL's entitlement under concession contracts, production sharing contracts or buyback agreements. These estimated quantities may vary depending on oil and gas prices.

Sensitivity to oil and gas prices

Changes in the year-end price results in non-proportionate inverse changes in proved reserves associated with production sharing and buyback agreements (which represent approximately 32% of TOTAL's reserves as of December 31, 2008). Under such contracts, TOTAL is entitled to a portion of the production, the sale of which is meant to cover expenses incurred by the Group. As oil prices increase, fewer barrels are necessary to cover the same amount of expenses. Moreover, the number of barrels retrievable under these contracts may vary according to criteria such as cumulative production, the rate of return on investment or the income-cumulative expenses ratio. This decrease is partly offset by an extension of the duration over which fields can be produced economically. However, the increase in reserves due to extended field life resulting from higher prices is generally less than the decrease in reserves under production sharing or buyback agreements due to such higher prices. As a result, higher year-end prices lead to a decrease in TOTAL's reserves.

If reserves had been estimated in accordance with Rule 4-10 of Regulation S-X, using the same perimeter and if the Brent price at December 31, 2008 had been 93.72\$/b (the year-end 2007 price), reserves would have amounted to 10,351 Mboe.

The table below sets forth the amount of TOTAL's worldwide proved reserves (including both developed and undeveloped) as of the dates indicated.

TOTAL's proved reserves^{(a)(b)}	Liquids (Mb)	Natural Gas (Bcf)	Total (Mboe)
December 31, 2006	6,471	25,539	11,120
Change from December 31, 2005	(1.8%)	3.2%	0.1%
December 31, 2007	5,778	25,730	10,449
Change from December 31, 2006	(10.7%)	0.7%	(6.0%)
December 31, 2008	5,695	26,218	10,458
Change from December 31, 2007	(1.4%)	1.9%	0%

(a) Includes TOTAL's proportionate share of the proved reserves of equity affiliates and of two companies accounted for under the cost method. See "Supplemental oil and gas information (unaudited)", beginning herein on page 259.

(b) Proved reserves as of December 31, 2008, were calculated based on a Brent crude price of \$36.55/b, proved reserves as of December 31, 2007, were calculated based on a Brent crude price of \$93.72/b and proved reserves as of December 31, 2006, were calculated based on a Brent crude price of \$58.93/b, pursuant to Rule 4-10 of Regulation S-X.

Production

For the full year 2008, average daily oil and gas production was 2,341 kboe/d compared to 2,391 kboe/d in 2007.

Liquids accounted for approximately 62% and natural gas accounted for approximately 38% of TOTAL's combined liquids and natural gas production in 2008 on an oil equivalent basis.

The table on the next page sets forth by geographic area TOTAL's average daily production of crude oil and natural gas for each of the last three years.

Consistent with industry practice, TOTAL often holds a percentage interest in its fields rather than a 100% interest, with the balance being held by joint venture partners (which may include other international oil companies, state-owned oil companies or government entities). TOTAL frequently acts as operator (the party responsible for technical production) on acreage in which it holds an interest. See "Presentation of production activities by geographic area" on pages 15 to 18 for a description of TOTAL's principal producing fields.

As in 2007 and 2006, substantially all of the crude oil production from TOTAL's Upstream segment in 2008 was marketed by the Trading & Shipping division of TOTAL's Downstream segment. See table "Supply and sales of crude oil" on page 42 of this Registration Document.

The majority of TOTAL's natural gas production is sold under long-term contracts. However, its North American production is sold on a spot basis, as is part of its production from the United Kingdom, Norway and Argentina. The long-term contracts under which TOTAL sells its natural gas and LNG production usually provide for a price related to, among other factors, average crude oil and other petroleum product prices, as well as, in some cases, a cost-of-living index. Though the price of natural gas and LNG tends to fluctuate in line with crude oil prices, a slight delay may occur before changes in crude oil prices are reflected in long-term natural gas prices. Due to the interaction between the contract price of natural gas and crude oil prices, contract prices are not usually affected by short-term market fluctuations in the spot price of natural gas. See "Supplemental oil and gas information (unaudited)" on pages 259 to 268 of this Registration Document.

Production by geographic area

	2008			2007			2006		
	Liquids (kb/d)	Natural gas (Mcf/d)	Total (kboe/d)	Liquids (kb/d)	Natural gas (Mcf/d)	Total (kboe/d)	Liquids (kb/d)	Natural gas (Mcf/d)	Total (kboe/d)
Consolidated subsidiaries									
Africa	635	655	763	658	636	783	603	479	694
Algeria	32	141	59	32	136	58	35	129	59
Angola	200	33	205	198	29	203	108	24	112
Cameroon	13	2	14	13	2	14	13	2	13
Congo, Republic of	85	23	89	74	17	77	93	22	97
Gabon	73	20	76	78	29	83	82	27	87
Libya	74	-	74	87	-	87	84	-	84
Nigeria	158	436	246	176	423	261	188	275	242
North America	11	15	14	14	34	20	7	47	16
Canada	8	-	8	2	-	2	1	-	1
United States	3	15	6	12	34	18	6	47	15
South America	32	573	136	118	618	230	119	598	226
Argentina	14	365	81	14	365	80	11	375	78
Bolivia	3	105	22	3	131	28	3	97	21
Colombia	9	45	18	10	46	19	13	43	22
Trinidad & Tobago	6	2	6	9	2	9	9	2	9
Venezuela	-	56	9	82	74	94	83	81	96
Asia-Pacific	29	1,236	246	28	1,287	252	29	1,282	253
Brunei	2	60	14	2	60	14	3	65	15
Indonesia	21	857	177	20	882	180	20	891	182
Myanmar	-	117	14	-	136	17	-	121	15
Thailand	6	202	41	6	209	41	6	205	41
Commonwealth of Independent States	12	75	26	10	46	19	7	2	8
Azerbaijan	4	73	18	3	44	11	<1	<1	<1
Russia	8	2	8	7	2	8	7	2	8
Europe	302	1,704	616	335	1,846	674	365	1,970	728
France	6	103	25	6	115	27	6	124	30
The Netherlands	1	244	44	1	252	45	1	247	44
Norway	204	706	334	211	685	338	237	726	372
United Kingdom	91	651	213	117	794	264	121	873	282
Middle East	88	281	137	83	91	99	88	11	90
U.A.E.	10	10	12	11	10	13	14	6	15
Iran	9	-	9	15	-	15	20	-	20
Qatar	44	269	91	33	79	47	29	3	29
Syria	15	2	15	15	2	15	16	2	17
Yemen	10	-	10	9	-	9	9	-	9
Total consolidated production	1,109	4,539	1,938	1,246	4,558	2,077	1,218	4,389	2,015
Equity affiliates and non-consolidated subsidiaries									
Africa ^(a)	19	4	20	23	4	23	25	4	25
Middle East ^(b)	241	288	295	240	277	291	263	281	316
Rest of world ^(c)	87	6	88	-	-	-	-	-	-
Total equity affiliates and non-consolidated subsidiaries	347	298	403	263	281	314	288	285	341
Worldwide production	1,456	4,837	2,341	1,509	4,839	2,391	1,506	4,674	2,356

(a) Primarily attributable to TOTAL's share of CEPSA's production in Algeria.

(b) Primarily attributable to TOTAL's share of production from concessions in the U.A.E.

(c) Essentially TOTAL's share of PetroCedeño's production in Venezuela.

BUSINESS OVERVIEW

Exploration & Production

Presentation of production activities by geographic area

The table below sets forth, by country, TOTAL's principal producing fields, the year in which TOTAL's activities commenced, the principal type of production, the Group's interest in each field and whether TOTAL is operator of the field.

Main producing fields as of December 31, 2008^(a)

	Year of entry into the country	Main Group-operated producing fields (Group share)	Main non-Group-operated producing fields (Group share)	Liquids (L) or Gas (G)
Africa				
Algeria	1952		Hamra (100.00%)	L
			Ourhoud (19.41%) ^(b)	L
			RKF (48.83%) ^(b)	L
			Tin Fouye Tabankort (35.00%)	L, G
Angola	1953	Blocks 3-85, 3-91 (50.00%) Girassol, Jasmim, Dalia, Rosa (Block 17) (40.00%)		L
				L
			Cabinda (Block 0) (10.00%)	L
			Kuito, BBLT (Block 14) (20.00%)	L
Cameroon	1951	Bakingili (25.50%) Bavo-Asoma (25.50%) Boa Bakassi (25.50%) Ekundu Marine (25.50%) Kita Edem (25.50%) Kole Marine (25.50%)		L
				L
				L
				L
				L
				L
			Mokoko - Abana (10.00%)	L
			Mondoni (25.00%)	L
Congo, Republic of	1928	Kombi-Likalala (65.00%) Nkossa (53.50%) Nsoko (53.50%) Moho Bilondo (53.50%) Sendji (55.25%) Tchendo (65.00%) Tchibeli-Litanzi-Loussima (65.00%) Tchibouela (65.00%) Yanga (55.25%)		L
				L
				L
				L
				L
				L
				L
				L
				L
			Loango (50.00%)	L
			Zatchi (35.00%)	L
Gabon	1928	Anguille (100.00%) Atora (40.00%) Avocette (57.50%) Baudroie Nord (50.00%) Gonelle (100.00%) Torpille (100.00%)		L
				L
				L
				L
				L
				L
			Rabi Kounga (47.50%)	L
Libya	1959	Al Jurf (37.50%) Mabruk (75.00%)		L
				L
			NC 115 (El Sharara) (3.90%)	L
			NC 186 (2.88%)	L
Nigeria	1962	OML 58 (40.00%) OML 99 Amenam-Kpono (30.40%) OML 100 (40.00%) OML 102 (40.00%)		L, G
				L, G
				L
			OML102 - Ekanga (40.00%)	L
			Shell Petroleum Development Company fields (SPDC 10.00%)	L, G
			Bonga (12.50%)	L, G

2

BUSINESS OVERVIEW

Exploration & Production

	Year of entry into the country	Main Group-operated producing fields (Group share)	Main non-Group-operated producing fields (Group share)	Liquids (L) or Gas (G)
North America				
Canada	1999	Joslyn (74.00%)	Surmont (50.00%)	L
United States	1957	Matterhorn (100.00%) Virgo (64.00%)		L, G L, G
South America				
Argentina	1978	Aguada Pichana (27.27%) Aries (37.50%) Cañadon Alfa Complex (37.50%) Carina (37.50%) Hidra (37.50%) San Roque (24.71%)		L, G L, G L, G L, G L L, G
Bolivia	1995		San Alberto (15.00%) San Antonio (15.00%)	L, G L, G
Colombia	1973		Caracara (34.18%)(K) Cupiagua (19.00%) Cusiana (19.00%)	L L, G L, G
Trinidad & Tobago	1996		Angostura (30.00%)	L
Venezuela	1980		PetroCedeño (30.323%) Yucal Placer (69.50%)	L G
Asia-Pacific				
Brunei	1986	Maharaja Lela Jamalulalam (37.50%)		L, G
Indonesia	1968	Bekapai (50.00%) Handil (50.00%) Peciko (50.00%) Sisi-Nubi (47.90%) Tambora-Tunu (50.00%)	Badak (1.05%) Nilam (9.29%) Nilam (10.58%)	L, G L, G L, G L, G L, G G L
Myanmar	1992	Yadana (31.24%)		G
Thailand	1990		Bongkot (33.33%)	L, G
Commonwealth of Independant States				
Azerbaijan	1996		Shah Deniz (10.00%)	L, G
Russia	1989	Kharyaga (50.00%)		L

BUSINESS OVERVIEW

Exploration & Production

	Year of entry into the country	Main Group-operated producing fields (Group share)	Main non-Group-operated producing fields (Group share)	Liquids (L) or Gas (G)
Europe				
	France	1939	Lacq (100.00%)	L, G
	Norway	1965	Skirne (40.00%)	G
			Åsgard (7.68%)	L, G
			Ekofisk (39.90%)	L, G
			Eldfisk (39.90%)	L, G
			Embla (39.90%)	L, G
			Gimle (4.90%)	L
			Glitne (21.80%)	L
			Heimdal (26.33%)	G
			Hod (25.00%)	L
			Huldra (24.33%)	L, G
			Kristin (6.00%)	L, G
			Kvitebjørn (5.00%)	L, G
			Mikkjel (7.65%)	L, G
			Oseberg (10.00%)	L, G
			Sleipner East (10.00%)	L, G
			Sleipner West/Alpha North (9.41%)	L, G
			Snøhvit (18.40%)	G
			Snorre (6.18%)	L
			Statfjord East (2.80%)	L
			Sygna (2.52%)	L
			Tor (48.20%)	L, G
			Tordis (5.60%)	L
			Troll (3.69%)	L, G
			Tune (10.00%)	G
			Vale (24.24%)	L, G
			Valhall (15.72%)	L
			Vigdis (5.60%)	L
			Vilje (24.24%)	L
			Visund (7.70%)	L, G
			Volve (10.00%)	G
	The Netherlands	1964	F15-A (32.47%)	G
			F15-B (38.20%)	G
			K1a (40.10%)	G
			K4a (50.00%)	G
			K4b/K5a (36.31%)	G
			K5b (45.27%)	G
			K5F (40.39%)	G
			K6/L7 (56.16%)	G
			L4a (55.66%)	G
			Markham unitized fields (14.75%)	G
	United Kingdom	1962	Alwyn North, Dunbar, Ellon, Grant Nuggets (100.00%)	L, G
			Elgin-Franklin (EFOG 46.17%) ^(c)	L, G
			Forvie Nord (100.00%)	L, G
			Glenelg (49.47%)	L, G
			Jura (100.00%)	L, G
			Otter (81.00%)	L
			West Franklin (EFOG 46.17%) ^(c)	L, G
			Alba (12.65%)	L
			Armada (12.53%)	G
			Bruce (43.25%)	L, G
			Caledonia (12.65%)	L
			Markham unitized fields (7.35%)	G
			ETAP (Mungo, Monan) (12.43%)	L, G
			Everest (0.87%)	G
			Keith (25.00%)	L, G
			Maria (28.96%)	L, G
			Nelson (11.53%)	L
			SW Seymour (25.00%)	L

2

BUSINESS OVERVIEW

Exploration & Production

	Year of entry into the country	Main Group-operated producing fields (Group share)	Main non-Group-operated producing fields (Group share)	Liquids (L) or Gas (G)
Middle East				
U.A.E.	1939	Abu Dhabi - Abu Al Bu Khoosh (75.00%)		L
			Abu Dhabi offshore (13.33%)(d)	L
			Abu Dhabi onshore (9.50%)(e)	L
Iran	1954		Dorood (55.00%)(f)	L
			South Pars 2 & 3 (40.00%)(g)	L, G
Oman	1937		Various fields onshore (Block 6) (4.00%)(h)	L
			Mukhaizna field (Block 53) (2.00%)(i)	L
Qatar	1936	Al Khalij (100.00%)		L
			Dolphin (24.50%)	G
			North Field - NFB (20.00%)	L, G
Syria	1988	Jafra/Qahar (100.00%)(j)		L
Yemen	1987	Kharir/Atuf (bloc 10) (28.57%)		L
			Al Nasr (Block 5) (15.00%)	L

(a) The Group's interest in the local entity is approximately 100% in all cases except Total Gabon (57.96%), Total E&P Cameroon (75.80%) and certain entities in the UK, Algeria, Abu Dhabi and Oman (see notes b through k below).

(b) In Algeria, TOTAL has an indirect 19.41% interest in the Ourhoud field and a 48.83% indirect interest in the RKF field via its participation in CEPESA (equity affiliate).

(c) TOTAL has a 35.8% indirect interest in Elgin Franklin via its participation in EFOG.

(d) Via ADMA (equity affiliate), TOTAL has a 13.33% interest and participates in the operating company, Abu Dhabi Marine Operating Company.

(e) Via ADPC (equity affiliate), TOTAL has a 9.50% interest and participates in the operating company, Abu Dhabi Company for Onshore Oil Operation.

(f) TOTAL has transferred operatorship of Dorood to the National Iranian Oil Company (NIOC). The Group has a 55% interest in the foreign consortium.

(g) TOTAL has transferred operatorship to the National Iranian Oil Company (NIOC) for phases 2 and 3 of the South Pars field. The Group has a 40.00% interest in the foreign consortium.

(h) TOTAL has a direct participation of 4.00% in Petroleum Development Oman LLC, operator of Block 6, in which TOTAL has an indirect participation of 4.00% via Pohol (equity affiliate). TOTAL also has a 5.54% interest in the Oman LNG facility (trains 1 and 2), and an indirect participation of 2.04% via OLNG in Qalhat LNG (train 3).

(i) TOTAL has a direct participation of 2.00% in Block 53.

(j) Operated by DEZPC which is 50.00% owned by TOTAL and 50.00% owned by SPC.

(k) In Colombia, TOTAL has an indirect 34.18% interest in the Caracara field via its participation in CEPESA (equity affiliate).

Africa

TOTAL has been present in Africa since 1928. The African continent is one of the Group's principal growth regions. Its exploration and production operations are primarily located in countries bordering the Gulf of Guinea, particularly Angola and Nigeria, as well as in North Africa.

The Group's production in Africa amounted to 783 kboe/d in 2008, compared to 806 kboe/d in 2007 and 720 kboe/d in 2006 (including its share in the production of equity affiliates), amounting to 33% of the Group's overall production and making TOTAL one of the leading international oil companies in the region, based on production⁽¹⁾.

Since 2006, production has started on the Dalia (2006) and Rosa (2007) fields in Angola, the Moho Bilondo field (2008) in the Republic of Congo and the Akpo field (March 2009) in Nigeria. TOTAL has also launched the OML 58 upgrade project and the development of Usan in Nigeria and the development of Pazflor in Angola. In Madagascar, the Group has acquired an interest on the Bemolanga oil sands permit.

In **Angola**, the Group's production amounted to approximately 205 kboe/d in 2008 and 2007, compared to 117 kboe/d in 2006. Production comes essentially from Blocks 17, 0 and 14. From 2006 to 2008, several discoveries were made, mainly on Blocks 14, 31 and 32.

- Deep-offshore Block 17 (40%, operator) is TOTAL's principal asset in Angola. It is composed of four major zones: Girassol, Dalia, Pazflor and CLOV (based on the Cravo, Lirio, Orquidea and Violeta discoveries).

On the Girassol production zone, production from the Girassol, Jasmim and Rosa fields averaged 260 kb/d (in 100%) in 2008. The Rosa field, which began production in June 2007, makes a significant contribution to the supply for Girassol's FPSO (Floating Production, Storage and Offloading facility).

On the second production zone, the Dalia field, which began production in December 2006, reached its plateau production of 240 kb/d during the second quarter 2007. This development, launched in 2003, is based on a system of sub-sea wells connected to a new FPSO.

On the third production zone, Pazflor, comprising the Perpetua, Zinia, Hortensia and Acacia fields, production is scheduled to begin in 2011. This development, approved late in 2007, calls for the installation of an FPSO with a production capacity of 200 kb/d.

On the fourth production zone, basic engineering studies were launched in 2008 for the development of the Cravo, Lirio, Orquidea and Violeta fields. This development is expected to lead to the installation of a fourth FPSO with a production capacity of 160 kb/d.

- On Block 14 (20%), the development of the Benguela-Belize-Lobito-Tomboco (BBLT) project continued, after the start-up of the

platform in January 2006, with ongoing drilling operations. Production from this block is expected to continue to increase with the start-up of Tombua Landana scheduled for 2009.

- On ultra- deep offshore Block 32 (30%, operator), the twelve discoveries made between 2003 and 2007 confirmed the oil potential of the block. Pre-development studies for a first production zone in the central/southeastern portion of the block are underway.

From 2006 to 2008, TOTAL also acquired and disposed of acreage. In 2008, leasehold rights for the Calulu zone on Block 33 were extended for five years. TOTAL became the operator of this block, where it has a 55% interest, in 2008. In 2007, TOTAL purchased interests in Blocks 17/06 (30%, operator) and 15/06 (15%) and sold its 27.5% interest in Block 2/85 and its 55.6% share in Fina Petroleos de Angola.

In addition, the Angola LNG project (13.6%) for the construction of a liquefaction plant near Soyo is designed to bring the country's natural gas reserves to market, in particular the associated gas from the fields on Blocks 0, 14, 15, 17 and 18. This project was approved by the government of Angola and the project's partners in December 2007. Construction is underway, with production expected to begin in 2012.

In **Cameroon**, TOTAL has been a producer since 1977 and currently operates production of approximately 60 kb/d, or nearly 70% of the country's overall production.⁽²⁾ In 2008, the Group's share of production was 14 kb/d, a level similar to that of 2007 and 2006, due to the start-up of new discoveries which offset the natural decline of mature fields.

The exclusive authorization to operate the Dissoni field (37.5%, operator) was granted by the Cameroonian authorities in November 2008, with production expected to commence in 2012. Plateau production for this field is expected to reach nearly 15 kb/d (in 100%). The Njonji exploration well on this field, drilled in 2008, made a discovery in the deltaic layers. Appraisal of this well is planned for 2009.

In **Gabon**, the Group's share of production was 76 kboe/d in 2008, compared to 83 kboe/d in 2007 and 87 kboe/d in 2006, due to the natural decline of mature fields. Total Gabon⁽³⁾ is one of the Group's oldest subsidiaries in sub-Saharan Africa. In 2007, the *Convention d'Etablissement* between Total Gabon and the government of Gabon was renewed for a 25-year period. This contractual scheme favors exploration activities and development projects.

- The first phase of redevelopment of the Anguille field, started in 2007, continued in 2008 with the drilling of thirteen wells over the 2007-2008 period.
- On January 1, 2008, Total Gabon sold a 21.25% interest in the deep-offshore Diaba block. Total Gabon now holds a 63.75% interest in this permit, on which a seismic acquisition campaign was conducted early in 2008.

(1) Based on publicly available information.

(2) Source: TEP Cameroun and Société Nationale des hydrocarbures de Cameroun.

(3) Total Gabon is a Gabonese company whose shares are listed on Euronext Paris. TOTAL holds 58%, the Republic of Gabon 25% and the public float is 17%.

In **Libya**, the Group's share of production amounted to 74 kb/d in 2008, down from 87 kb/d in 2007 and 84 kb/d in 2006. This decline is primarily due to the disruption of production on the Al-Jurf offshore field, located on Block C 137, after difficulties encountered in April 2008 during drilling operations.

- On the Mabruk field (Block C 17, 75%, operator), plateau production of 19 kb/d was maintained in 2008 through the commissioning of new production facilities in 2007 and the continuation of drilling operations, notably on the deeper Dahra and Garian zones.

- On Block C 137 (75%⁽¹⁾, operator), operations resumed on the Al Jurf field late in December 2008. The production capacity amounts to 50 kb/d (in 100%).

TOTAL and the Libyan National Oil Corporation (NOC) signed a Memorandum of Understanding in February 2009 to convert the existing contracts for Blocks C 137 and C 17 into exploration and production sharing agreements (EPSA IV) and extend them until 2032.

- On Block NC 186 (24%⁽¹⁾), structure I came onstream in June 2008, while structures B and H began production late in 2006. Pursuant to the renewal of the contract for this block in July 2008 and the extension of the permit until 2032, the consortium made a new commitment to drill eight exploration wells during the period from August 2008 to August 2013.
- On Block NC 115 (30%⁽¹⁾), development work is continuing, with the drilling of several producing wells. A new 5-year exploration phase started in 2008, with a commitment to drill eight wells. The permit was also extended until 2032.
- In the Murzuk Basin, pursuant to the extension of the exploration period for a portion of Block NC 191 (100%, operator), an appraisal well was drilled late in 2008 on the discovery made in 2006. The development plan for this discovery is under study.
- In the Cyrenaic Basin, a seismic campaign was completed on Block 42 (60%, operator), which was awarded pursuant to the second bidding process launched by Libya in 2005. Drilling of an exploration well is scheduled for 2009.

In **Nigeria**, the Group's share of production reached 246 kboe/d in 2008, compared to 261 kboe/d in 2007, and 242 kboe/d in 2006. TOTAL has been present in Nigeria in Exploration & Production since 1962. It operates seven production permits (OML) out of the forty-seven in which it holds an interest, and two exploration permits (OPL) out of the eight in which it holds an interest.

- TOTAL holds a 15% interest in the Nigeria LNG Ltd gas liquefaction facility located on Bonny Island. The sixth liquefaction train came onstream late in 2007, increasing the plant's overall capacity to 22 Mt/y of LNG. Studies for a project to construct a seventh train with a capacity of 8.5 Mt/y continued in 2008.
- In 2008, the Group continued to develop its gas supply scheme for the Brass LNG project (17%), which calls for the construction of two 5 Mt/y trains. Front end engineering and design studies (FEED)

for this plant are currently being completed. The shareholders of this project began site preparation work in 2008.

- TOTAL confirmed its ability to supply gas to the LNG plants in which it has interests to meet the growing domestic demand in gas:
 - On the OML 136 permit (40%), the Group conducted an appraisal of the Amatu field in 2008 and is planning to appraise the Temi Agge field in 2009.
 - On the OML 112/117 permits (40%), TOTAL continued development studies for the Ima gas field in 2008.
 - As part of its joint venture with the Nigerian National Petroleum Corporation (NNPC), TOTAL launched a project to increase the production capacity of the OML 58 permit (40%, operator) to 550 Mcf/d of gas by 2011. A second phase of this project, currently being assessed, would allow the development of other reserves through these facilities. The Group also continued the appraisal of the Amenam East gas and condensates field, located on the OML 99 permit. Studies underway on this field suggest that it may be possible to develop it as a satellite of the currently producing Amenam field.
- On the OML 102 permit (40%, operator), TOTAL continued to develop the Ofon II project in 2008, as part of its joint venture with NNPC. The Group also discovered the Etisong oil field, located 15 km from the Ofon field, which is currently in production.
- On the OML 130 permit (24%, operator), TOTAL is actively valuing its deep-offshore discoveries. Regarding the development of the Akpo field, the FPSO arrived on site in October 2008, as planned, and production started in March 2009 ahead of the planned start-up date. Plateau production is expected to reach 225 kboe/d (in 100%). The Group also completed pre-project studies to develop a second production facility on the Egina field, for which the Nigerian authorities have approved a development plan.
- On the OML 138 permit (20%, operator), TOTAL also launched the Usan project in February 2008. The main engineering and construction contracts are being implemented with the objective of producing 180 kb/d (in 100%) early in 2012.

As part of its strategy of deep-offshore development, the Group acquired interests in three exploration permits in 2008: the OPL 279 (14.5%) and OPL 285 (25.7%) permits, adjacent to the Ehra and Bonga fields, respectively, and the OPL 257 permit (40%), south of the OML 130 permit (Akpo, Egina). An exploration well is expected to be drilled in 2009 on the OPL 285 permit.

Security concerns in the Niger Delta region led the Shell Petroleum Development Company (SPDC, of which TOTAL owns 10%) to progressively stop production at certain facilities, which were targeted in attacks, starting in the first quarter 2006. Repair work on facilities in the western zone of the Niger Delta region continued in 2008, allowing production to partially resume. The SPDC joint venture's gas and condensates production was affected by the shutdown of the Soku treatment plant, which had to be repaired after vandalism on the export pipelines late in 2008. NLNG's export capacity also decreased

(1) Participation in the foreign consortium.

as a result of this shutdown. The offshore Bonga field on the OML 118 permit, operated by SNEPCO in which the Group holds a 12.5% interest, was attacked in June 2008, which did not have a significant impact on the Group's production in the country.

In the **Republic of Congo**, the Group's share of production was 89 kboe/d in 2008, compared to 77 kboe/d in 2007 and 97 kboe/d in 2006.

- Production began on the Moho-Bilondo field (53.5%, operator) in April 2008, where the drilling of development wells is continuing. Plateau production (in 100%), currently approximately 50 kboe/d, is expected to reach 90 kboe/d. The Moho North Marine 3 appraisal well, drilled late in 2008 after two discoveries made in 2007 (Moho North Marine 1 and 2), confirmed the pole of resources in the tertiary layer in the northern portion of this permit.
- In 2008, production resumed on the Nkossa field (53.5%, operator) after the accident that occurred on a cargo hose in 2007. In 2008, production averaged approximately 46 kb/d (in 100%).
- In October 2008, TOTAL approved the launch of the Libondo (65%, operator) development. Located on the Kombi-Likalala-Libondo operating field, 50 km off the coast at a depth of 114 meters below sea level, this field will be developed through an additional fixed platform. The production will be offloaded on the existing Yanga platform. Commissioning is scheduled for the second half 2010, with an expected plateau production of 8 kb/d (in 100%) to be reached in 2011.

This project will be carried out locally in Pointe-Noire, as part of the Group's sustainable development policy, through the redevelopment of a construction site which has been unused for several years.

In **Algeria**, the Group is present with production of 79 kboe/d in 2008 stable compared to 2007 and 2006. The Group's production comes from its direct interests in the TFT (Tin Fouyé Tabenkort) and Hamra gas fields and from its 48.83% interest in CEPESA, a partner of Sonatrach (the Algerian national oil and gas company) on the Ourhoud and Rhourde El Krouf fields.

On TFT, a compression project is expected to be completed in 2009, which would permit plateau production to remain stable.

Early in 2009, TOTAL, in partnership with Sonatrach and CEPESA, requested an operating permit for the Timimoun gas field located in the southwest of the country.

In **Madagascar**, TOTAL acquired a 60% interest in, and the operatorship of, the Bemolanga oil sands permit in September 2008. Bemolanga contains oil sands accumulations which are expected to be developed through mining techniques. A first two-year appraisal phase is expected to confirm the bitumen resources which are necessary for development through mining techniques.

The Group is conducting exploration activities in **Mauritania** on the Ta7 and Ta8 permits (operator), located in the Taoudenni Basin. TOTAL now owns 60% of these permits following the sale of a 20% interest to Sonatrach, the Algerian national company, and a 20%

interest to Qatar Petroleum International, the Qatari national company. Drilling of an exploration well on the Ta8 permit is scheduled for 2009.

In **Sudan**, the Group had its rights to an exploration permit upheld in the southern part of the country, although no activity is currently underway in this country (see Chapter 4 "Risks Factors" on page 80).

North America

The Group has been present in North America since 1957, with production of 14 kboe/d in 2008, compared to 20 kboe/d in 2007 and 16 kboe/d in 2006.

Changes in production were partly due to shutdowns related to hurricane damage in the Gulf of Mexico.

In this region, the strategy of the Group is to strengthen its positions in Canadian oil sands, notably through the acquisition of Synenco in 2008 and the takeover bid for UTS Energy Corporation launched at the end of January 2009, and in deep-offshore permits in the Gulf of Mexico.

In **Canada**, the Group is involved in oil sands projects in Athabasca, Alberta, through its interests in the Surmont (50%), Joslyn (74%, operator, after selling a 10% interest to INPEX in 2007) and Northern Lights (50%) permits. Since the end of 2004, the Group has also acquired 100% of several permits (oil sands leases) through several auction sales, notably the Griffon permit, where the third 2008/2009 winter appraisal campaign is being completed. In 2008, the Group's production was 8 kboe/d.

- On the Surmont permit, after the positive results from the 1999 start-up of a pilot project to extract bitumen using Steam Assisted Gravity Drainage (SAGD), the decision to launch a first phase of industrial development (Surmont Phase 1A) was made late in 2003. Construction of this first phase was completed in June 2007, with the gradual start-up of steam injection for the first eighteen pairs of wells. The first pair of wells switched to SAGD mode in October 2007, and commercial production started in November 2007. Ramp-up of production on Surmont continued throughout 2008 to reach approximately 18 kboe/d (in 100%) late in 2008. In parallel, the operator of the field launched construction for phases 1B and 1C, which are designed to add the sixteen pairs of wells needed to reach plateau production. Since 2005, the Group has acquired several permits north and west of Surmont.
- The Joslyn permit, located approximately 140 km north of Surmont, is expected to be developed through mining techniques in two development phases of 100 kb/d of bitumen each. The decision to launch the Joslyn North Mine phase is expected to be made at the beginning of the next decade, with the decision to launch the Joslyn Mine Expansion phase to be made thereafter. However, this schedule is subject to the Alberta Energy Resources Conservation Board (ERCB) administrative approval process. A small SAGD production unit began production in 2006, but, because it did not reach the expected 10 kb/d plateau production due to constraints on the pressure of the steam being injected, this unit is currently suspended. Both the mothballing of this site's facilities and the

possible complete removal of assets from this site are being studied. The corresponding reserves were debooked as of December 31, 2008.

- In 2006, TOTAL conducted studies leading to the decision to locate a delayed coker technology upgrader with a capacity of approximately 230 kb/d in Edmonton (Alberta). This upgrader is expected to be built in two phases to correspond to the anticipated increase in mining production on the Joslyn permit. The public announcement was made in May 2007 and the ERCB filing was made in December 2007. The final decision to launch this project will be made after basic engineering studies launched in May 2008 are completed, and remains subject to administrative approval.
- In August 2008, the Group closed the acquisition of Synenco, whose two principal assets are a 60% interest in the Northern Lights project and 100% of the adjacent McClelland permit. In the first quarter 2009, the Group sold a 10% share in the Northern Lights project and a 50% share in the McClelland permit to Sinopec, reducing its interest in each of the assets to 50%. The Northern Lights project, located approximately 50 km north of Joslyn, is expected to be developed through mining techniques.
- In January 2009, TOTAL's subsidiary Total E&P Canada Ltd launched a public offer to acquire all the issued and outstanding shares of UTS Energy Corporation (UTS), a company listed on the Toronto Stock Exchange. UTS's main asset is a 20% interest in the Fort Hills project.

In the **United States**, highlights since 2005 included the acquisition of acreage offshore in the Gulf of Mexico and in Alaska. In 2008, the Group's production amounted to 6 kboe/d, compared to 18 kboe/d in 2007 and 15 kboe/d in 2006.

- In 2005, TOTAL acquired a 17% share in the deep-offshore Tahiti field located in the Gulf of Mexico. The Tahiti field is currently being developed and start-up of production is scheduled for June 2009.
- In September 2007, the Group committed to develop the first phase of the offshore Chinook project, with a production test scheduled for 2010. TOTAL increased its share in this project from 15% to 33.33% in August 2006.
- In the Gulf of Mexico, in 2008 TOTAL acquired eighteen deep-offshore exploration blocks. In 2007 and 2006, the Group acquired forty-seven deep-offshore exploration blocks.
- In Alaska, TOTAL acquired a 30% interest in several onshore exploration blocks, referred to as White Hills, in March 2008. These blocks are located 40 km southwest of the Prudhoe Bay field. In 2007, the Group acquired thirty-two offshore exploration blocks in the Beaufort Sea.
- Over the 2006-2007 period, the Group sold its interests in several assets, including two mature fields, Bethany and Maben, located, respectively, in Texas and in Mississippi, the Camden Hills and Aconcagua fields, and the Canyon Express pipeline in the Gulf of Mexico.

In **Mexico**, TOTAL is conducting various studies in cooperation with the state-owned PEMEX under a technical cooperation agreement signed in 2003 and renewed in 2008.

South America

The Group's production in South America reached 224 kboe/d in 2008, compared to 230 kboe/d in 2007 and 226 kboe/d in 2006, nearly 10% of its worldwide production in 2008.

In Venezuela, the transformation of Sincor into a mixed company, PetroCedeño, in which TOTAL now holds a 30.323% interest, was finalized in February 2008.

In Bolivia, six new exploration and production contracts, renegotiated pursuant to the May 1, 2006, decree regarding the nationalization of hydrocarbons, became effective on May 2, 2007. The Group's interest in Block XX West (operator) was increased to 75% in 2006.

TOTAL has been present in **Argentina** since 1978 and operates approximately 25% of the country's gas production.⁽¹⁾ Production averaged 81 kboe/d in 2008, compared to 80 kboe/d in 2007 and 78 kboe/d in 2006.

- In the Neuquen Basin, the connection of satellite discoveries and an increase in the low-pressure compressing capacity allowed the extension of the San Roque (24.7%, operator) and Aguada Pichana (27.3%, operator) fields' production plateaus and the use of the full capacity of the gas treatment plants at each site.

On the San Roque field, the low-pressure compression project, started in January 2006, was brought on-line in March 2008, following up on medium-pressure compression units brought on-line in August 2006. Production on the Rincon Chico Nord discovery started in October 2008.

The low-pressure compression project on the Aguada Pichana field was brought on-line in August 2007. Development of the Aguada Pichana North discovery is underway. Start-up of the second development phase, launched in September 2007, is scheduled for the second half 2009. The first phase began production in December 2007. In addition, drilling of additional wells continued. Sixteen new wells, approved in April 2008, are expected to come onstream in the first half 2009, followed by eighteen contingent wells.

In February 2009, TOTAL and the Argentinean authorities signed an agreement extending the Aguada Pichana and San Roque concessions for ten years (from 2017 until 2027).

- In Tierra del Fuego, where the Group operates notably the offshore Carina and Aries fields (37.5%), a fourth medium-pressure compressor was installed in July 2007 to debottleneck the facilities and increase the Tierra del Fuego gas production capacity from 12 Mm³/d to 15 Mm³/d (approximately 424 Mcf/d to 530 Mcf/d).

The Tierra del Fuego gas export pipeline does not currently have the capacity to transport all of the gas that could be produced with this development. Work to increase the capacity of the pipeline is on-going since 2008. Carina and Aries came onstream in June 2005 and January 2006, respectively.

⁽¹⁾ Source: Argentinean Ministry of Federal Planning, Public Investment and Services – Energy Secretary.

BUSINESS OVERVIEW

Exploration & Production

In **Bolivia**, the Group's share of production, primarily gas, amounted to 22 kboe/d in 2008, compared to 28 kboe/d in 2007 and 21 kboe/d in 2006. TOTAL holds interests in six permits: two producing permits, San Alberto and San Antonio (15%); and four permits in the exploration or appraisal phase, Blocks XX West (75%, of which 34% was acquired in 2006, operator), Aquio and Ipati (80%, operator) and Rio Hondo (50%).

The Group was required to renegotiate the contracts for the fields in which it had interests pursuant to the May 1, 2006, decree regarding the nationalization of hydrocarbons. Six new exploration and production contracts signed in late October 2006 became effective on May 2, 2007, after approval and notarization by the Bolivian legislature.

In September 2008, TOTAL entered into a cooperation agreement with Gazprom and Yacimientos Petrolíferos Fiscales Bolivianos to explore the Azero Block within the framework of a mixed public/private company. This block is adjacent to the Ipati and Aquio blocks where the Group made a significant gas discovery in 2004. Seismic work to appraise this discovery was conducted in 2008. The interpretation of seismic data is underway.

Development studies for the Itau field, discovered on Block XX West, are also underway.

TOTAL has been present in **Venezuela** since 1980 and is one of the main partners of the state-owned PDVSA (Petróleos de Venezuela S.A.). In 2008, the Group's share of production amounted to 92 kboe/d, compared to 94 kboe/d in 2007 and 96 kboe/d in 2006.

- On March 31, 2006, the Venezuelan authorities terminated all operating contracts signed in the 1990s and decided to transfer the management of the fields concerned to new mixed companies to be created with the national company PDVSA as the majority owner.

In May 2006, the Venezuelan organic law on hydrocarbons was amended with immediate effect to establish a new extraction tax, calculated on the same basis as for royalties and bringing the overall tax rate to 33.33%. In September 2006, the corporate income tax was modified to increase the rate on oil activities (excluding natural gas) to 50%. This new tax rate came into effect in 2007.

On June 26, 2007, TOTAL signed heads of agreement with PDVSA, with the approval of the Ministry for Energy and Oil, providing for the transformation of the Sincor association into a mixed company, PetroCedeño, and the transfer of operations to this mixed company. Under this agreement, TOTAL's interest in the project decreased from 47% to 30.323% and PDVSA's interest increased to 60%. Conditions for this transformation were approved by the Venezuelan National Assembly in October 2007 and the transformation was finalized in February 2008.

PDVSA agreed to compensate TOTAL for the reduction of its interest in Sincor by assuming \$326 million of debt and by paying, mostly in crude oil, \$834 million. As of December 31, 2008, substantially all of this compensation had been paid.

- Early in 2008, TOTAL signed two agreements for joint studies with PDVSA on the Junin 10 block, in the Orinoco region.

On April 15, 2008, the Venezuelan Parliament approved a law providing for a special tax on extraordinary profits. This new tax is calculated based on net liquid hydrocarbon volumes exported and is payable when the average reference price for the month exceeds \$70/b.

- TOTAL's holding of a 49% interest in the offshore exploration Block 4, located in the Plataforma Deltana, was formally approved by the authorities in January 2006. The exploration campaign, which involved three wells, was completed on October 23, 2007. In October 2008, the Ministry for Energy and Oil agreed to let the joint venture retain the Cocuina discovery zone (lots B and F) and relinquish the rest of the block.

In **Brazil**, TOTAL holds interests in Block BC-2 (41.2%) and Block BM-C-14 (50%) located in the Campos Basin.

The partners on Block BC-2 drilled an appraisal well early in 2007 and filed a Declaration of Commercial Discovery with the National Oil Agency in late August 2007. Xerelete (formerly Curió), offshore at a depth of 2,400 m, was discovered in 2001. The southern extremity of Xelerete is located on the adjacent BM-C-14 Block.

The partners on both blocks are planning to unitize the field in 2009 and file a development plan with the Brazilian National Oil Agency. A 27-year concession agreement is expected to be granted starting on the date of filing of the unitization agreement.

TOTAL has been present in **Colombia** since 1973 through its 19% interest in the onshore Cupiaga and Cusiana fields located at the base of the Andes, and via its participation in CEPESA (48.83%), which has operated the Caracara oil field since 2008. The Group's share of production was 23 kboe/d in 2008 compared to 19 kboe/d in 2007 and 22 kboe/d in 2006.

Two development projects are currently going through the approval process. They are designed to increase the gas production capacity from 180 Mcf/d to 250 Mcf/d and to begin recovering 6 kb/d of LPG. Construction of the facilities is expected to begin in 2009 and first production for additional gas and LPG is expected in 2010 and 2011, respectively.

TOTAL also holds a 50% interest in the Niscota exploration permit where the drilling of an exploration well is currently underway.

TOTAL has been present in **Trinidad & Tobago** since 1996 through its 30% interest in the offshore Angostura field located on Block 2C. The Group's production was 6 kb/d in 2008 compared to 9 kb/d in 2006 and 2007. A second phase, for the development of gas reserves, is underway, with production expected to begin in 2011.

Asia-Pacific

In 2008, TOTAL's production in the Asia-Pacific region, mainly from Indonesia, was 246 kboe/d, compared to 252 kboe/d in 2007 and 253 kboe/d in 2006, representing approximately 11% of the Group's overall production for the year.

Highlights of the 2006-2008 period included the acquisition of interests in several exploration permits in Vietnam, Australia, Indonesia, Malaysia and Bangladesh and the acquisition of a 24% interest in the Ichthys LNG project in Australia.

In addition, TOTAL started the appraisal and development studies of the South Sulige block in China. During this period, new discoveries were also made in Brunei, Australia, Thailand and in Indonesia on the Mahakam permit.

In **Australia**, where TOTAL has been present since the beginning of 2005, the Group has progressively increased its acreage with the acquisition of interests in thirteen offshore permits, four of which are operated by the Group, off the northwest coast of Australia in the Carnavon, Browse, Vulcan and Bonaparte Basins.

- In the Browse Basin, preparation of the Ichthys gas and condensates field development, located on the WA-285P permit (24%), continued. This LNG project has been designed to produce 8.4 Mt/y of LNG, 1.6 Mt/y of LPG and 75 kb/d of condensates. The gas will be processed offshore to recover, stabilize, stock and export the condensates, and then routed by an 875 km pipeline to Darwin where the liquefaction plant will be built. Front end engineering and design studies (FEED) were launched in January 2009 for the liquefaction plant and are expected to be launched soon for the offshore portion for a start-up of production at the field by the middle of the next decade.

On the WA-344P (40%) permit, located near the Ichthys field, the Mimia-1 well drilled in 2008 led to a gas discovery.

- In 2008, TOTAL strengthened its position near Ichthys with the acquisition of the WA-408P permit (100%, operator). In the Vulcan Basin, TOTAL acquired a 50% interest in the AC/P42 and 43 permits. The WA-297P and WA-301/303/304/305P permits were relinquished.
- In 2008, significant seismic acquisition activities were conducted on the four permits operated by the Group. Data interpretation and site preparation are expected in 2009, to be followed by a drilling campaign.

In **Brunei**, where TOTAL has been present since 1986, the Group operates the offshore Maharaja Lela Jamalulalam field located on Block B (37.5%). Gas and liquids production in Group share was 14 kboe/d in 2008, compared to 14 kboe/d in 2007 and 15 kboe/d in 2006. The gas produced at this field is delivered to the Brunei LNG liquefaction plant.

In 2008, two exploration wells, ML-4 and MLJ2-06, drilled on Block B, south of the zone currently in production, discovered significant new gas and condensates accumulations. The MLJ2-06 well, drilled in high pressure/high temperature formations, has a final depth of 5,850 m. Production began in November 2008. The exploration drilling campaign is expected to resume in 2009.

Exploration activities on deep-offshore Block J (60%, operator) have been suspended since May 2003 due to a border dispute with Malaysia.

In **China**, the Group is active on the South Sulige block, located in the Ordos Basin, in the Inner Mongolia province. In 2008, two additional wells were drilled and successfully tested. Appraisal work, which began in September 2006, continued in 2007 with seismic acquisition, the drilling of two new wells and tests on existing wells. Development studies for this field, carried out in 2008, will continue in 2009 in order to define a joint development plan with the China National Petroleum Corporation (CNPC) by the end of 2009.

In **Indonesia**, where TOTAL has been present since 1968, production amounted to 177 kboe/d in 2008, compared to 180 kboe/d in 2007 and 182 kboe/d in 2006.

TOTAL's operations in Indonesia are primarily concentrated on the Mahakam permit (50%, operator), which covers several fields, including Peciko and Tunu, the largest gas fields in the East Kalimantan zone. TOTAL delivers most of its natural gas production to the Bontang LNG plant operated by the Indonesian company PT Badak. The overall capacity of the eight liquefaction trains of the Bontang plant is 22 Mt/y.

In 2008, gas production operated by TOTAL amounted to 2,570 Mcf/d. The gas delivered by TOTAL to Bontang LNG accounted for 80% of its supply. In addition to gas production, operated condensates and oil production from the Handil and Bekapai fields amounted to 51 kb/d and 24 kb/d, respectively.

- On the Tunu field, drilling of additional wells continued in 2008 as part of the twelfth and thirteenth development phases. A new seismic campaign is scheduled for 2009 to improve imaging on the shallow reservoirs and to identify the optimal location for additional wells. Gas production on Tunu was 1,304 Mcf/d in 2008. The eleventh development phase, launched in 2005 to install onshore low-pressure compression units, is continuing with completion scheduled in 2009.
- The development of the Peciko field continued in 2008, with the drilling of additional wells and the installation of a new platform as part of the fifth development phase. New compression capacities (phase 6) are currently being developed and are expected to be commissioned in 2009. Drilling of additional wells is expected to continue in 2009 (phase 7). Gas production on Peciko was 869 Mcf/d in 2008.
- On the Sisi-Nubi field (47.9%, operator), which began production in November 2007, drilling continued in 2008 and gas exports reached 350 Mcf/d late in 2008. The gas from Sisi-Nubi is produced through Tunu's processing facilities.
- On the Mahakam permit, the oil discovery made in 2008 on the East Bekapai exploration well led to the launch of a development study, currently underway. On this permit, the development of South Mahakam with the Stupa, West Stupa and East Mandu discoveries was launched early in 2008, with production scheduled to begin late in 2011.
- In 2008, a seismic campaign was conducted on the South East Mahakam exploration block (50%, operator), located in the Mahakam Delta. TOTAL was awarded this block early in 2007.

- After disappointing exploration results, TOTAL relinquished the East Sepanjang (27%) offshore permit located northeast of the Island of Java in September 2008.

In **Thailand**, TOTAL's main asset is the Bongkot gas and condensates field (33.3%), where the Group's 2008 production amounted to 41 kboe/d, similar to 2006 and 2007. PTT (the state-owned Thai company) purchases the entire gas and condensates production. Late in 2007, the Thai authorities agreed to extend the end of the concession period of the field by ten years, from 2013 to 2023.

On Bongkot, two successful exploration wells were drilled in 2008 on the Ton Sak and Ton Son structures. Ton Sak is being developed as part of phase 3H and Ton Son is expected to be developed as part of future phase J.

Production from the 3F development phase started in July 2008. This phase included the installation of three production platforms. Start-up of production at the new 3G development phase (two platforms) is expected in the second quarter 2009. This phase was launched in April 2007 after gas discoveries were made early in 2007 on Blocks 15 and 16.

Gas discoveries made in the first half 2008 led to a new development phase. This 3H phase (three platforms) was launched in July 2008. Start-up of production is expected in 2010.

The development plan for the southern portion of the field (Great Bongkot South) was completed. This development, planned in several phases, is designed to include a processing platform, a residential platform and thirteen production platforms. Start-up of the facilities is expected in 2012.

In **Myanmar**, TOTAL operates the Yadana field (31.2%). Located offshore Blocks M5 and M6, this field produces gas which is primarily delivered to PTT to be used in Thai power plants. In 2008, production amounted to 14 kboe/d in Group share, compared to 17 kboe/d in 2007 and 15 kboe/d in 2006.

In **Malaysia**, TOTAL signed a production sharing contract in May 2008 with state-owned Petronas for the offshore exploration Blocks PM303 and PM324 (70%, operator). An operating structure was created in 2008 in Kuala Lumpur. 3D seismic work is expected to be carried out in 2009, followed by drilling in high pressure/high temperature conditions. TOTAL is also involved in exploration activities on the SKF offshore block (42.5%).

In **Vietnam**, a 3D seismic acquisition covering 1,600 km² was conducted from May to July 2008 on the offshore exploration Block 15-1/05. In 2007, TOTAL and PetroVietnam entered into an agreement under which the Group holds a 35% interest in the production sharing agreement for this block.

In March 2009, TOTAL and PetroVietnam signed a production sharing contract for Blocks DBSCL-02 and DBSCL-03. Located in the Mekong Delta region, these onshore blocks are held by TOTAL (75%, operator) and PetroVietnam (25%).

In **Bangladesh**, TOTAL operates two exploration blocks located offshore the southeastern coast, Blocks 17 and 18, acquired in 2007. In 2008, a 3D seismic campaign was conducted on these blocks. Pursuant to the interpretation results, the decision to relinquish the blocks was made late in February 2009.

Commonwealth of Independent States (CIS)

In 2008, TOTAL's production in this area reached 26 kboe/d, representing approximately 1% of the Group's overall production, compared to 19 kboe/d in 2007 and 8 kboe/d in 2006.

Highlights of 2008 included the signature of a number of agreements for the Kashagan field by members of the North Caspian Sea Production Sharing Agreement (NCSPSA) consortium and the Kazakh authorities.

In Russia, TOTAL and Gazprom signed a cooperation agreement in 2007 for the first phase of development on the Shtokman field. In Azerbaijan, the Shah Deniz project began production late in 2006.

In **Azerbaijan**, where TOTAL has been present since 1996, production averaged 18 kboe/d in 2008, compared to 11 kboe/d in 2007. TOTAL's activities are focused on the Shah Deniz field (10%), where production began in December 2006. The South Caucasus Pipeline Company (SCPC), in which TOTAL holds a 10% interest, is the owner of the gas pipeline which transports gas from Shah Deniz to the Turkish and Georgian markets.

Gas deliveries from the Shah Deniz field to Turkey, Georgia and Azerbaijan continued in 2008. A new appraisal well is being drilled on this field to further evaluate available reserves before the launch of a second development phase.

In 2008, the BTC (Baku-Tbilissi-Ceyhan) pipeline was used to drain off the condensates produced at Shah Deniz. This pipeline, owned by BTC Co., in which TOTAL holds a 5% interest, links Baku to the Mediterranean Sea. Construction of this pipeline began in August 2002 and was completed in 2006.

TOTAL and SOCAR also have signed an exploration, development and production sharing agreement in February 2009 for a permit located on the offshore Absheron block. During the exploration phase, TOTAL will be the operator of the block. For the development phase, TOTAL and SOCAR will create a company to conduct operations, with the partners holding, respectively, 60% and 40%.

TOTAL has been present in **Kazakhstan** since 1992 through the interest it holds in the North Caspian Sea permit, which includes notably the Kashagan field. The size of this field may eventually allow production to reach nearly 1,500 kboe/d (in 100%).

On October 31, 2008, members of the NCSPSA consortium and the Kazakh authorities signed a number of agreements to end the disagreement that began at the end of August 2007. The implementation of these agreements led to a reduction of TOTAL's share in NCSPSA from 18.52% to 16.81%. The operating structure was reconfigured and the North Caspian Operating Company (NCOC), a joint operating company, was entrusted with the operatorship. NCOC started operating the field in January 2009. NCOC supervises and coordinates NCSPSA's activities and is directly responsible for scheduling, reservoir modeling, conceptual development studies and relations with the Kazakh authorities. NCOC uses TOTAL's management system. The company's chief executive officer is also an executive from TOTAL.

In February 2004, the Kazakh authorities approved the development plan for this field, allowing work to begin on the first of several successive phases of development.

Drilling of development wells, which began in 2004, continued in 2008 and production is expected to begin late in 2012.

TOTAL has been present in **Russia** since 1989. In 2008, production from the Kharyaga field (50%, operator) averaged 8 kboe/d, similar to 2006 and 2007.

- In July 2007, TOTAL and Gazprom signed a cooperation agreement for the first phase of development on the Shtokman gas and condensates field, covering the design, construction, financing and operation of future facilities. Shtokman Development AG (TOTAL, 25%) was established in February 2008 to operate this first development phase of the project, designed to produce 23.7 Bm³/y of natural gas (nearly 2.3 Bcf/d), approximately 50% of which will be used to supply an LNG plant with a capacity of 7.5 Mt/y. The main technology challenges related to this project have been addressed and engineering studies have been launched for an investment decision expected in 2010.
- On the Kharyaga field, the development plan for phase 3 was approved in December 2007. This phase has an expected production plateau of 30 kboe/d (in 100%) by around 2011. Work on this development is proceeding on schedule.

Europe

In 2008, TOTAL's production in this zone reached 616 kboe/d, representing 26% of the Group's overall production, compared to 674 kboe/d in 2007 and 728 kboe/d in 2006.

In Norway, highlights of the 2006-2008 period included the start-up of the Snøhvit field, the increase of the Group's interest in the PL211 permit (Victoria) and new developments on existing fields. In the UK, production began on satellites of Alwyn (Jura, discovered in 2006) and Elgin-Franklin (Glenelg, West Franklin) as well as on the Maria field.

In both countries, TOTAL made several major discoveries and was awarded new exploration permits.

In **France**, the Group has operated fields since 1939, notably the Lacq (100%) and Meillon (100%) gas fields, located in the southwest. The Group's production was 25 kboe/d in 2008, down from 27 kboe/d in 2007 and 30 kboe/d in 2006.

The Group's most significant production activity in France has been on the Lacq field, which began in 1957. A pilot project to capture, inject and store carbon dioxide is proceeding at this site. In connection with this project, a gas burning plant is being modified to operate in an oxy-combustion environment and the carbon dioxide produced is to be re-injected in the depleted Rousse field. The plant is expected to be operational by mid-2009. As part of the Group's sustainable development policy, this project will allow the Group to assess one of the technological possibilities for reducing emissions of carbon dioxide into the atmosphere.

In **Italy**, the Tempa Rossa field (50%, operator), discovered in 1989 and located on the unitized Gorgoglione concession (Basilicate region), is one of TOTAL's principal assets in the country.

The plan of extending the Tarente refinery export system, which is necessary for the development of the Tempa Rossa field, will be submitted to the Italian authorities in 2009. The partners in the Tempa Rossa field are then expected to make the final investment decision regarding the project, subject to the condition that the commercial offers for the principal engineering and construction contracts are competitive, failing which a new call for tenders may be launched. Proceedings initiated by the Prosecutor of the Potenza Court against Total Italia could also delay this project. Site preparation work started in August 2008. Depending on the date the principal contracts are awarded, production is planned to begin in 2012 or 2013, with a plateau production of 50 kb/d.

In **Norway**, where the Group has been present since the late 1960s, TOTAL holds interests in seventy-four production permits on the Norwegian continental shelf, thirteen of which it operates. Norway is the largest single-country contributor to the Group's production, with 334 kboe/d in 2008, compared to 338 kboe/d in 2007 and 372 kboe/d in 2006.

- In the Norwegian North Sea, the most significant contribution to production, for the most part non-operated, comes from the Ekofisk Area located in the southern region. On this zone, production reached 139 kboe/d in 2008, benefiting from the start-up of the Ekofisk Area Growth project (EAG) in October 2005.
- In the Haltenbanken area in the Norwegian Sea, the Åsgard (7.7%), Mikkil (7.7%) and Kristin (6%) fields contributed nearly 13% of the Group's Norwegian production. Production on the Tyrihans oil, gas and condensates field (23.2%) is expected to begin in July 2009. Yttergryta (24.5%), a satellite of Åsgard, started production in January 2009, and Morvin (6%), a satellite of Åsgard, is expected to be commissioned in August 2010.
- Drilling of an appraisal well on the undeveloped Victoria discovery began in January 2009. Victoria, operated by TOTAL, is part of the PL 211 license in which the Group increased its interest from 20% to 40% in 2006.
- In the Barents Sea, the Snøhvit project (18.4%) started in August 2007. This project includes both the development of the natural gas field and the construction of the associated liquefaction facilities.
- Between 2006 and 2008, exploration and appraisal work occurred on various permits, notably the Onyx SW discovery (PL 255, 20%) on which a successful appraisal well was drilled in 2007. Tornerose (PL 110 B, 18.4%) and Kvitebjørn-Valemon (PL 193, 5%) were also successfully appraised in 2006. In 2008, the oil discovery on Dagny (12%) and the Pandora discovery, in the Visund zone, significantly increased the potential of this zone.

TOTAL has been conducting natural gas exploration and production activities in **The Netherlands** and on the North Sea continental shelf since 1964. In 2008, the Group's production amounted to 44 kboe/d, compared to 45 kboe/d in 2007 and 44 kboe/d in 2006.

TOTAL owns twenty-three offshore production permits, nineteen of which are operated, and one operated exploration permit. In February 2008, the Group was awarded an interest of 16.92% interest in the E17c exploration permit.

BUSINESS OVERVIEW

Exploration & Production

Pursuant to an agreement signed in August 2008, TOTAL acquired Goal Petroleum (Netherlands) B.V. This acquisition is expected to increase the Group's production by 8 kboe/d by 2011.

On the K5F sub-sea field (40.39%, operator), production began in September 2008. This project is comprised of two sub-sea wells connected to the existing production and transport facilities. K5F is the first project in the world to use only electrically driven sub-sea well heads and systems. This advance in sub-sea technologies is expected to increase the reliability of systems and improve environmental performance. The development of the K5CU project (46.6%, operator) is expected to take place from 2009 to 2011. This project is designed to include four wells supported by a new platform connected to the K5A platform by a 15 km gas pipeline.

TOTAL has been present in the **United Kingdom** since 1962. The Group's production reached 213 kboe/d in 2008 compared to 264 kboe/d in 2007 and 282 kboe/d in 2006. The UK accounts for nearly 9% of the Group's overall production. 82% of this production comes from operated fields located in two zones: the Alwyn zone in the northern North Sea, and the Elgin-Franklin zone in the Central Graben. In addition, the Tormore discovery in 2007 led the Group and its partners to consider the joint development of the Laggan/Tormore fields, located west of the Shetland Islands and to select the development plan.

- On the Alwyn zone, the start-up of production from satellites or new reservoir compartments allowed the potential for production to remain at a level near to the processing and compressing capacities of the platform (530 Mcf/d of gas increased to 575 Mcf/d during the summer 2008 planned shutdown for heavy maintenance). In addition, wells drilled on the Alwyn North field (N49 and N50) discovered new reserves, in production since 2007.

The Jura field (100%), discovered late in 2006, started production in May 2008 through two sub-sea wells connected to the pipeline linking Forvie North and Alwyn. The production capacity of this field is 50 kboe/d (gas and condensates).

A second gas and condensates discovery, Islay (100%), located in a faulted panel immediately east of Jura, was made in 2008. Development studies for this discovery are underway.

Late in 2008, TOTAL increased its interest in the Otter field, from 54.30% to 81.00%.

- The development of the Elgin-Franklin zone, in production since 2001, made a significant contribution to the Group's activities in the UK. This investment constituted a technical milestone, combining the development of the deepest reservoirs in the North Sea (5,500 m) with temperature and pressure conditions among the highest in the world (1,100 bars and 190°C).

The development of the Elgin and Franklin operated satellites (respectively Glenelg, 49.5% and West Franklin, 46.2%) started in 2005 with the drilling of the Glenelg well, which came onstream in March 2006. The first well of West Franklin (F7) started production in September 2007 at a rate of 13 kboe/d. A second well, F9, was drilled on this field and production started in September 2008 at a rate of nearly 25 kboe/d. Anticipated production for this field over its life is estimated to total approximately 200 Mboe (in 100%).

On the Elgin field, drilling of an infill well started in October 2008. A similar well was completed on the Franklin field in 2007. Drilling of such a well in a high pressure/high temperature depleted field is a significant technical milestone.

As part of an agreement signed in 2005, TOTAL acquired a 25% interest in two blocks located near Elgin-Franklin by drilling an appraisal well on the Kessog structure. This well, for which drilling operations were completed in May 2007, discovered an oil and gas column exceeding expectations. In addition, this agreement makes it possible for the Group to increase its interest to 50% on this zone by carrying out a long-duration test on this well. This test is expected to be completed in the second quarter 2009. If the development of Kessog were approved, TOTAL would be the operator.

- In the West Shetland zone, a successful exploration well was drilled on the Tormore prospect, located 15 km southwest of the Laggan field. Development studies allowed the Group and its partners to select a joint development plan for both fields, using sub-sea facilities and off-gas treatment (gas and condensates) at a plant in Sullom Voe in the Shetland Islands. The gas would be exported to the Saint-Fergus terminal via a new pipeline connected to the Frigg pipeline (FUKA). Basic engineering studies for the development have been launched and production is expected to begin in 2013.

TOTAL also owns interests in a number of assets operated by third parties, notably in the Bruce and Maria fields. The Bruce field, where a new drilling campaign started in 2008, is the most significant among them. The development of the Maria field was completed and production began in December 2007.

Middle East

TOTAL has been developing long-term partnerships in this region since 1924. The Middle East is one of the major growth regions for the Group over the medium term, with the Yemen LNG and Qatargas II projects expected to start production in 2009. Highlights of 2007 included the start-up of the Dolphin gas project in Qatar, which achieved plateau production in the first quarter 2008.

In 2008, TOTAL's production in the Middle East (including production of equity affiliates and non-consolidated subsidiaries) was 432 kboe/d, representing 18% of the Group's overall production, compared to 390 kboe/d in 2007 and 406 kboe/d in 2006.

In **Saudi Arabia**, following disappointing exploration results and pursuant to contractual arrangements, the Group withdrew in early 2008 from the joint venture with Saudi Aramco, the state-owned oil company.

In the **United Arab Emirates**, where the Group has been present since 1939, TOTAL's production was 243 kboe/d in 2008, compared to 242 kboe/d in 2007 and 267 kboe/d in 2006.

In Abu Dhabi, TOTAL holds interests in the Abu Al Bu Khoosh field (75%, operator), in the Abu Dhabi Company for Onshore Oil Operations (ADCO, 9.5%), which operates the five principal onshore

fields in Abu Dhabi, and in Abu Dhabi Marine (ADMA, 13.3%), which operates two offshore fields. TOTAL also has interests in Abu Dhabi Gas Industries (GASCO, 15%), which produces LPG and condensates from the associated gas produced by ADCO, and in Abu Dhabi Gas Liquefaction Company (ADGAS, 5%), which produces LNG, LPG and condensates.

TOTAL signed in 2009 the agreements for a 20-year extension of its participation in the GASCO joint venture.

The Group also holds a 33.3% interest in Ruwais Fertilizer Industries (FERTIL), which produces ammonia and urea. In 2005, FERTIL's corporate life was extended for an additional 25 years. In Dubai, pursuant to an agreement signed with government and international partners in 2006, the concession in which TOTAL had participated was terminated.

In **Iraq**, TOTAL was prequalified by the Iraqi Ministry of Oil to participate in the bidding process related to the development of Iraqi oil fields. TOTAL is pursuing its significant training program for Iraqi engineers.

In **Iran**, the Group's production, under buyback agreements, amounted to 9 kboe/d in 2008, compared to 15 kboe/d in 2007 and 20 kboe/d in 2006.

In **Oman**, the Group's production amounted to 34 kboe/d in 2008 and 2007, compared to 35 kboe/d in 2006. The Group is present in oil production on Blocks 6 and 53 as well as in liquefied natural gas production through its interests in the Oman LNG (5.54%)/Qalhat LNG (2.04%⁽¹⁾) gas liquefaction plant, which has a capacity of 10.5 Mt/y.

TOTAL has been present in **Qatar** since 1936 and holds interests in the Al Khalij and North fields, the Dolphin project, the Qatargas I liquefaction plant and the second train of Qatargas II. The Group's production (including its share in the production of equity affiliates) averaged 121 kboe/d in 2008, up from 74 kboe/d in 2007 and 58 kboe/d in 2006. This production increased significantly with the ramp-up of the Dolphin project.

- Production from the Dolphin project (24.5%) started during the summer of 2007 and reached its full capacity in the first quarter 2008. On the North field, the Group signed a contract with state-owned Qatar Petroleum in December 2001 providing for the sale of

2 Bcf/d of gas produced by the Dolphin project, for a 25-year period. This gas is carried to the United Arab Emirates through a 360 km pipeline.

- In July 2006, TOTAL signed four contracts providing for the purchase by the Group of 5.2 Mt/y of LNG and formalized in December 2006 its acquisition of a 16.7% interest in the second train of Qatargas II. This integrated project includes the development of two new LNG trains, each with a capacity of 7.8 Mt/y. Commissioning is expected in 2009.

TOTAL is present in **Syria** on the Deir Ez Zor permit (100%, operated by DEZPC of which 50% is owned by TOTAL). The Group's production was 15 kboe/d in 2008 and 2007 compared to 17 kboe/d in 2006.

In 2008, TOTAL signed three agreements with the Syrian authorities. The first agreement provides for a 10-year extension of the Deir Ez Zor permit, until 2021. The second sets forth the principles to be incorporated into a final agreement concerning the increase in production on the Tabiyeh gas and condensates field. TOTAL also signed a framework agreement related to the development of oil projects in partnership with the state-owned companies, Syrian Petroleum Company and Syrian Gas Company.

TOTAL has been present in **Yemen** since 1987. In 2008, the Group's production amounted to 10 kboe/d, compared to 9 kboe/d in 2007 and 2006. TOTAL has interests in the country's two oil basins, as the operator on Block 10 (Masila Basin, East Shabwa permit, 28.57%) and as a partner on Block 5 (Marib Basin, Jannah permit, 15%). TOTAL also has an interest of 39.62% in the Yemen LNG project.

- The commissioning of Yemen LNG is expected in the second quarter 2009. This LNG project, launched in August 2005, calls for the construction of two LNG liquefaction trains with a capacity of 6.7 Mt/y, all of which has been sold under long-term contracts.
- In 2008, TOTAL strengthened its position in offshore exploration through the acquisition of a 30.9% interest in Block 70 following the purchase of a 40% share in Blocks 69 and 71 in 2007. Results of the first well drilled on Block 71 are currently being assessed.

⁽¹⁾ Indirect interest through the 36.8% share of Qalhat LNG owned by Oman LNG.

Interests in pipelines

The table below sets forth TOTAL's interests in crude oil and natural gas pipelines throughout the world:

As of December 31, 2008

Pipeline(s)	Origin	Destination	% interest	Operator	Liquids	Gas
EUROPE						
France						
TIGF	Network South West		100.00	x		x
Norway						
Frostpipe (inhibited)	Lille-Frigg, Froy	Oseberg	36.25		x	
Gassled ^(a)			7.995			x
Heimdal to Brae Condensate Line	Heimdal	Brae	16.76		x	
Kvitebjørn pipeline	Kvitebjørn	Mongstad	5.00		x	
Norpipe Oil	Ekofisk Treatment center	Teeside (UK)	34.93		x	
Oseberg Transport System	Oseberg, Brage and Veslefrikk	Sture	8.65		x	
Sleipner East Condensate Pipe	Sleipner East	Karsto	10.00		x	
Troll Oil Pipeline I and II	Troll B and C	Vestprosess (Mongstad refinery)	3.70		x	
The Netherlands						
Nogat pipeline	F3-FB	Den Helder	23.19			x
WGT K13-Den Helder	K13A-K4/K5	Den Helder	4.66			x
WGT K13-Extension	Markham	K13-K4/K5	23.00			x
United Kingdom						
Alwyn Liquid Export Line	Alwyn North	Cormorant	100.00	x	x	
Bruce Liquid Export Line	Bruce	Forties (Unity)	43.25		x	
Central Area Transmission System (CATS)	Cats Riser Platform	Teeside	0.57			x
Central Graben Liquid Export Line (LEP)	Elgin-Franklin	ETAP	15.885		x	
Frigg System: UK line	Alwyn North, Bruce and others	St.Fergus (Scotland)	100.00	x		x
Ninian Pipeline System	Ninian	Sullom Voe	16.00		x	
Shearwater Elgin Area Line (SEAL)	Elgin-Franklin, Shearwater	Bacton	25.73			x
AFRICA						
Algeria						
Medgas	Algeria	Spain	9.77 ^(b)			x
Gabon						
Mandji Pipe	Mandji fields	Cap Lopez Terminal	100.00 ^(c)	x	x	
Rabi Pipe	Rabi	Cap Lopez Terminal	100.00 ^(c)	x	x	
AMERICAS						
Argentina						
Gas Andes	Neuquen Basin (Argentina)	Santiago (Chile)	56.50	x		x
TGN	Network (Northern Argentina)		15.40	x		x
TGM	TGN	Uruguayana (Brazil)	32.68	x		x
Bolivia						
Transierra	Yacuiba (Bolivia)	Rio Grande (Bolivia)	11.00			x
Brazil						
TBG	Bolivia-Brazil border	Porto Alegre via São Paulo	9.67			x
TSB (project)	TGM (Argentina)	TBG (Porto Alegre)	25.00			x
Colombia						
Ocensa	Cusiana, Cupiagua	Covenas Terminal	15.20		x	
Oleoducto de Alta Magdalena	Tenay	Vasconia	0.93		x	
Oleoducto de Colombia	Vasconia	Covenas	9.55		x	
ASIA						
Yadana	Yadana (Myanmar)	Ban-I Tong (Thai border)	31.24	x		x
REST OF WORLD						
BTC	Baku (Azerbaijan)	Ceyhan (Turkey)	5.00		x	
SCP	Baku (Azerbaijan)	Georgia/Turkey Border	10.00			x
Dolphin (International transport and network)	Ras Laffan (Qatar)	U.A.E.	24.50			x

(a) Gassled: unitization of Norwegian gas pipelines through a new joint venture in which TOTAL has an interest of 7.995%. In addition to the direct share in Gassled, TOTAL has a 14.4% interest in the joint-stock company Norseas Gas AS, which holds 2.839% in Gassled.

(b) Through the Group's interest in CEPSA (48.83%).

(c) Interest of Total Gabon. The Group has a financial interest of 57.96% in Total Gabon.

Gas & Power

The Gas & Power division is focused on the optimization of the Group's gas resources through marketing, trading, transport of natural gas and liquefied natural gas (LNG), LNG re-gasification and natural gas storage.

The division also contributes to the Group's activities in the following areas:

- liquefied petroleum gas (LPG) shipping and trading;
- coal production, marketing and trading;
- power generation from gas-fired power plants or renewable energies;
- trading and marketing of electricity; and
- solar power systems (through its subsidiaries Tenesol and Photovolttech).

The Gas & Power division also conducts research and development related to alternative energies as complementary energy resources to oil and gas.

Natural Gas

In 2008, TOTAL pursued its strategy of developing its activities downstream from natural gas production in order to optimize access for the Group's current and future gas production and reserves to traditional markets (with long-term contracts between producers and integrated gas companies) and to markets open to international competition (including short-term contracts and spot sales).

The long-term contracts under which TOTAL sells its natural gas production usually provide for a price related to, among other factors, average crude oil and other petroleum product prices, as well as, in some cases, a cost-of-living index. In most cases, price formulas induce a time-lag or an adjustment over time to reflect changes in oil indexes.

In the context of deregulated natural gas markets, which allow customers to more freely access suppliers, in turn leading to new marketing methods that are more flexible than traditional long-term contracts, TOTAL is developing trading, marketing and logistics activities to offer its natural gas production directly to customers, primarily in the industrial and commercial markets.

→ Europe

TOTAL has been active in the downstream sector of the gas value chain in Europe for more than sixty years. Natural gas transport, marketing and storage activities were initially developed to complement the Group's domestic production in Lacq (France). The Group further developed these activities upon additional gas discoveries, and they are now part of its comprehensive downstream gas chain.

The Group's **transport and storage** activities in southwest France are grouped under TIGF, a wholly-owned subsidiary of the Group. This subsidiary operates a regulated transport network of 4,905 km of gas pipelines, as well as two storage units with 84 Bcf (2.4 Bm³) of combined usable capacity, representing approximately 20% of the overall natural gas storage capacity in France⁽¹⁾. Highlights of 2008 included:

- Obtaining the authorization, pursuant to an April 9, 2008 decree, to increase the storage capacity of the Lussagnet site from 84 Bcf (2.4 Bm³) to 124 Bcf (3.5 Bm³) over a period of eleven years.
- The start-up, on November 7, 2008, of the Artère de Guyenne gas pipeline. This pipeline (70 km long and 900 mm in diameter) connects Captieux and Moullets-et-Villemartin and will allow the flow of gas from the Fos Cavaou LNG terminal to the north of France.
- In addition to retaining its Quality, Security and Environment certification, TIGF was awarded an HEQ (High Environmental Quality) certification for its office and technical buildings at the Lussagnet site.
- The participation of TIGF in Gas Powernext, a gas trading exchange.
- The active participation of TIGF in the development of Franco-Spanish interconnections as part of ERGEG (European Regulator Group for Electricity and Gas).

Regarding TOTAL's **marketing** activities:

- In **Spain**, TOTAL has marketed gas in the industrial and commercial sectors since 2001 through its participation in Cepsa Gas Comercializadora. This company is held by TOTAL (35%), CEPESA (35%) and the Algerian national oil company, Sonatrach (30%).

⁽¹⁾ GIE data (Gaz Infrastructure Europe), February 2008.

Taking into account TOTAL's 48.83% interest in CEPSA, the Group has a combined direct and indirect interest of approximately 52% in this company. In 2008, Cepsa Gas Comercializadora sold approximately 70 Bcf (2 Bm³) of natural gas to industrial and commercial customers compared to approximately 59 Bcf (1.7 Bm³) in 2007 and 49 Bcf (1.4 Bm³) in 2006. CEPSA also has a 20% interest in the Medgaz pipeline project which directly connects Algeria to Spain.

■ In **France**, TOTAL sold 229 Bcf (6.5 Bm³) of gas in 2008 through its marketing subsidiary Total Énergie Gaz (TEGAZ), compared to 245 Bcf (7 Bm³) in 2007 and 240 Bcf (6.9 Bm³) in 2006.

■ In the **United Kingdom**, TOTAL's subsidiary Total Gas & Power Ltd sells gas and power to the industrial and commercial markets. This subsidiary also conducts global gas, electricity and LNG trading activities. In 2008, Total Gas & Power Ltd sold 134 Bcf (3.8 Bm³) of natural gas to industrial and commercial customers, compared to 124 Bcf (3.5 Bm³) in 2007 and 134 Bcf (3.8 Bm³) in 2006. Electricity sales amounted to 4.6 TWh in 2008, compared to 3.6 TWh in 2007 and 3.2 TWh in 2006. In 2007, TOTAL disposed of its 10% interest in Interconnector UK Ltd, a gas pipeline connecting Bacton in the UK to Zeebrugge in Belgium. This disposal did not affect TOTAL's rights to transport gas through the pipeline.

→ The Americas

In the **United States**, TOTAL marketed approximately 1,652 Bcf (46.9 Bm³) of natural gas in 2008, compared to approximately 1,606 Bcf (45.5 Bm³) in 2007 and 923 Bcf (26.2 Bm³) in 2006, supplied by its own production and external sources.

In **Mexico**, Gas del Litoral, a company in which TOTAL holds a 25% interest, sold approximately 173 Bcf (4.9 Bm³) of natural gas in 2008, its second full year of activity, compared to 95 Bcf (2.7 Bm³) in 2007 and 25 Bcf (0.7 Bm³) in 2006.

In **South America**, TOTAL owns interests in several natural gas transport companies in Argentina, Chile and Brazil, including the following:

- a 15.4% interest in Transportadora de Gas del Norte (TGN), which operates a gas transport network covering the northern half of Argentina;
- a 56.5% interest in the companies that own the GasAndes pipeline, which connects the TGN network to the Santiago del Chile region; and
- a 9.7% interest in Transportadora Gasoducto Bolivia-Brasil (TBG), whose gas pipeline supplies southern Brazil from the Bolivian border.

These different assets represent a total integrated network of approximately 9,000 km of pipelines serving the Argentine, Chilean and Brazilian markets from gas-producing basins in Bolivia and Argentina, where the Group has natural gas reserves.

The actions taken by the Argentine government after the 2001 economic crisis and the subsequent energy crisis, marked in 2007 by

a severe gas shortage during the austral winter, put TOTAL's Argentine subsidiaries in difficult financial and operational situations, even after taking into account the restructuring of TGN's debt, which was completed in 2006. The sale of the Group's Argentine power generation assets was completed in 2007, while procedures to protect TOTAL's investments, initiated in 2002, are ongoing.

In 2008, the fall in domestic gas production in Argentina considerably reduced gas export flows to Chile.

→ Asia

TOTAL markets natural gas transported through pipelines in Indonesia, Thailand and Myanmar, and, in the form of LNG, to Japan, South Korea, China, Taiwan and India. The Group is also developing new outlets for re-gasified LNG in emerging markets.

In India, Hazira LNG Private Limited, a company in which TOTAL holds a 26% interest, sold approximately 87 Bcf (2.5 Bm³) of natural gas in 2008, its third full year in operation, compared to 76 Bcf (2.2 Bm³) in 2007 and 28 Bcf (0.8 Bm³) in 2006.

Liquefied Natural Gas

The Gas & Power division conducts LNG activities downstream from liquefaction plants,⁽¹⁾ including LNG shipping, re-gasification, storage and marketing.

TOTAL has entered into agreements to obtain long-term access to LNG re-gasification capacity on the three continents that are the largest consumers of natural gas: North America (the United States and Mexico), Europe (France and the UK) and Asia (India). This diversified access to markets allows TOTAL to develop new liquefaction projects, in particular in the Middle East and Africa, while strengthening its own LNG supply portfolio.

→ Europe

In France, TOTAL acquired in June 2006 a 30.3% interest in the Société du Terminal Méthanier de Fos Cavaou (STMFC). This terminal is expected to have a re-gasification capacity of 291 Bcf/y (8.25 Bm³/y), of which 79 Bcf/y (2.25 Bm³/y) has been reserved by TOTAL through its subsidiary Total Gas & Power Ltd. The terminal is scheduled to come onstream commercially in the second half 2009.

In December 2006, in connection with its entry in the Qatargas II project, TOTAL acquired an 8.35% interest in the South Hook LNG re-gasification terminal project in the United Kingdom. The terminal is scheduled to come onstream in the first half 2009.

In addition, as part of the Snøhvit project (Norway), in which TOTAL holds an 18.4% interest and where the first deliveries started in October 2007, Total Gas & Power Ltd signed in November 2004 a purchase agreement for 35 Bcf/y (1 Bm³/y) of natural gas primarily intended for North America and Europe. TOTAL, through its subsidiary

(1) Natural gas liquefaction activities are conducted by the Exploration & Production division.

Total E&P Norge AS, chartered an LNG tanker, the Arctic Lady, to transport this LNG. This tanker has a capacity of 145,000 m³ and was delivered in April 2006.

In October 2007, TOTAL announced the creation of Adria LNG, in which TOTAL holds a 25.58% interest, to study the construction of an LNG re-gasification terminal on KrK Island (Croatia), in the northern Adriatic Sea. This terminal is expected to have an initial natural gas re-gasification capacity of 353 Bcf/y (10 Bm³/y), which could be subsequently increased to 494 Bcf/y (14 Bm³/y).

In addition, TOTAL holds a 30% interest in Gaztransport & Technigaz (GTT) which primarily focuses on the design and engineering of membrane cryogenic tanks dedicated to LNG tankers. As of December 31, 2008, 193 active LNG tankers were equipped with membrane tanks built under GTT licenses out of a world tonnage estimated at 302 LNG tankers.⁽¹⁾

→ North America

In **Mexico**, the Altamira re-gasification terminal, in which TOTAL holds a 25% interest, has been onstream since summer 2006. This terminal, located on the east coast of Mexico, has an initial LNG re-gasification capacity of 236 Bcf/y (6.7 Bm³/y). This capacity has been entirely reserved by Gas del Litoral, in which TOTAL has a 25% interest. The terminal received forty-two cargos in 2008, compared to thirty-three in 2007.

In the **United States**, TOTAL has reserved re-gasification capacity of 10 Bm³/y (1 Bcf/d) at the Sabine Pass LNG terminal in Louisiana, beginning in April 2009 for a renewable 20-year period. The terminal was inaugurated in April 2008. The LNG to supply Sabine Pass is expected to come from LNG purchase agreements providing for shipments from various producing projects worldwide in which TOTAL holds interests, notably in the Middle East, Norway and West Africa.

→ Asia

The Hazira re-gasification terminal, located on the west coast of **India** in the Gujarat state, was inaugurated in April 2005. It had an initial re-gasification capacity of approximately 120 Bcf/y (3.4 Bm³/y). At the end of 2008, its capacity reached 177 Bcf/y (5 Bm³/y) after debottlenecking operations were conducted during the year.

TOTAL has held a 26% interest in the Hazira merchant terminal since May 2005. Its activities include LNG re-gasification and natural gas marketing. TOTAL has agreed to provide up to 26% of the LNG for the Hazira terminal. Due to market conditions in 2008, the Hazira terminal was operated on the basis of short-term contracts, both for the sale of gas on the Indian market and the purchase of LNG from international markets. Thirty cargos were delivered in 2008, compared to twenty-eight in 2007 and twelve in 2006.

On December 10, 2008, TOTAL, through its subsidiary Total Gas & Power Ltd, signed an LNG sale agreement with China National Offshore Oil Company (CNOOC). As part of this agreement, TOTAL is expected to supply CNOOC with up to 1 Mt/y of LNG starting in 2010. The gas supplied will come from the Group's global LNG resources.

⁽¹⁾ Gaztransport & Technigaz data.

→ Middle East

In **Qatar**, pursuant to heads of agreement signed in February 2005, TOTAL signed purchase agreements in July 2006 for up to 5.2 Mt/y of LNG from Qatargas II (second train) over a 25-year period. This LNG is expected to be marketed principally in France, the UK and North America. In December 2006, TOTAL also concluded an agreement to acquire a 16.7% interest in the second train of Qatargas II. Start-up is expected in 2009.

In **Yemen**, TOTAL, through its subsidiary Total Gas & Power Ltd, signed an agreement in July 2005 with Yemen LNG Ltd (in which TOTAL has a 39.62% interest) to purchase 2 Mt/y of LNG over a 20-year period, beginning in 2009, to be delivered to the United States. The Yemen LNG project is expected to come onstream in the second quarter of 2009.

→ Africa

In **Nigeria**, as part of the expansion of the Nigeria LNG plant (NLNG), in which TOTAL holds a 15% interest, Total Gas & Power Ltd signed an LNG purchase agreement for an initial 0.23 Mt/y over a 20-year period, to which an additional 0.9 Mt/y was added when the sixth train came onstream. The first deliveries under this agreement were received in January 2006.

As part of an additional NLNG expansion project to build a seventh LNG train with a capacity of approximately 8.5 Mt/y, TOTAL signed a purchase agreement in February 2007 for 1.375 Mt/y of LNG over a 20-year period. This agreement is subject to NLNG's final investment decision for this new train.

TOTAL also acquired a 17% interest in the Brass LNG project in Nigeria in July 2006. This liquefaction project calls for the construction of two liquefaction trains, each with a capacity of 5 Mt/y. TOTAL signed a preliminary agreement with Brass LNG Ltd in July 2006 setting forth the principal terms of an agreement to purchase approximately one-sixth of the plant's capacity over a 20-year period. This LNG would be delivered primarily to North America and Western Europe. The purchase agreement is subject to final investment decision for the Brass LNG project.

In **Angola**, TOTAL holds a 13.6% interest in Angola LNG, a project to construct a single-train liquefaction plant with a capacity of 5.2 Mt/y. The construction of this project began in December 2007 and LNG production is expected to start in 2012. As part of the Angola LNG project, TOTAL, through its subsidiary Total Gas & Power North America, signed a regasified natural gas purchase agreement in December 2007 for 13.6% of the quantities to be delivered to the Gulf LNG Clean Energy terminal in Mississippi in the United States.

→ Trading

After a period from 2001 to 2006, when Total Gas & Power Ltd was mainly involved in short-term trading on the LNG cargos market, this subsidiary began to receive cargos in 2007 under its long-term

supply contracts in Nigeria and Norway. In 2008, Total Gas & Power Ltd purchased twelve contractual cargos and twenty-two spot cargos from Nigeria, Egypt, Equatorial Guinea, Abu Dhabi, Oman and Trinidad & Tobago. This mix of spot and term LNG purchases allows TOTAL to supply its principal clients over the world with gas, while retaining a certain degree of flexibility to react to market opportunities or unexpected fluctuations in supply and demand.

Liquefied Petroleum Gas

In 2008, TOTAL traded and sold 5.2 Mt of LPG (butane and propane) worldwide (compared to 5.2 Mt in 2007 and 5.8 Mt in 2006), including approximately 1.4 Mt in the Middle East and Asia, approximately 0.7 Mt in Europe on small coastal trading vessels and approximately 3 Mt on large vessels in the Atlantic and Mediterranean regions. Approximately 40% of these quantities comes from fields or refineries operated by the Group. LPG trading involved the use of seven time-charters and approximately sixty spot charters. In 2008, this activity represented approximately 9% of the worldwide seaborne LPG trade⁽¹⁾.

In January 2008, SALPG (South Asian LPG Limited), a company in which TOTAL holds a 50% interest, in partnership with Hindustan Petroleum Company Ltd, announced the start-up of commercial operations at the underground import and storage LPG terminal located in Visakhapatnam, on the east coast of India in the state of Andhra Pradesh. This terminal, the first of its kind in India, has a storage capacity of 60 kt.

Electricity and Cogeneration

As a refiner and petrochemicals producer, TOTAL has interests in several cogeneration facilities. Cogeneration is a process whereby the steam produced to turn turbines to generate electricity is then captured and used for industrial purposes. TOTAL also participates in another type of cogeneration, which combines power generation with water desalination and gas-fired electricity generation, as part of its strategy of pursuing opportunities at all levels of the gas value chain.

The Taweelah A1 cogeneration plant in **Abu Dhabi**, in operation since May 2003, combines electricity generation and water desalination. It is owned and operated by Gulf Total Tractebel Power Cy, in which TOTAL has a 20% interest. The Taweelah A1 power plant currently has an overall power generation capacity of 1,430 MW and a water desalination capacity of 385,000 m³ per day. An additional development of 250 MW of capacity, under construction, is expected to enter into operation in the first half 2009.

Also in Abu Dhabi, TOTAL entered a partnership agreement in early 2008 with GDF Suez and Areva to propose the development of a nuclear power plant project, based on third generation EPR technology, to the local authorities at the appropriate time. The local authorities have launched a process to develop civil nuclear energy. This process includes the setting up of a national development organization and the publication of a specific law for the use of nuclear energy. To this end, authorities look to international best practices and follow the rules of transparency set forth by the

International Atomic Energy Agency while also relying on partnerships with countries employing nuclear power technologies, such as France, the United States, the UK and Japan. Currently, the authorities have not yet made a decision on this project. This project would provide TOTAL with an opportunity to enter the nuclear energy production sector, building on its historical presence in the Emirates.

TOTAL entered into a partnership with the Spanish company Abengoa Solar to participate in a bidding process launched by Abu Dhabi Future Energy Company (ADFE) in 2008 as part of the MASDAR initiative to support new energies. This call for tenders concerns the construction of a concentrated solar thermal plant.

In **Thailand**, TOTAL owns 28% of Eastern Power and Electric Company Ltd (EPEC), which has operated the combined cycle gas power plant of Bang Bo, with a capacity of 350 MW, since March 2003.

In **Nigeria**, TOTAL and its partner, the state-owned NNPC, are participating in two projects to construct gas-fired power generation units. These projects are part of the Nigerian government's policy to develop power generation, stop gas flaring and privatize the power generation sector:

- the Afam project, part of the SPDC (Shell Petroleum Development Company) joint venture in which TOTAL holds a 10% interest, concerns upgrading the Afam V power plant to increase its capacity to 276 MW and developing the Afam VI power plant, with a planned capacity of approximately 600 MW; and
- the OML 58 project, part of the TEPNG (Total Exploration Production Nigeria) joint venture in which TOTAL holds a 40% interest (operator), concerns the development of a new 400 MW combined-cycle power plant near the city of Obite.

Renewable Energy

As part of its strategy to develop energy resources to complement oil and gas, TOTAL continued in 2008 to strengthen its positions in renewable energies, with a particular focus on solar-photovoltaic power where the Group has been present since 1983.

→ Solar-photovoltaic power

In solar-photovoltaic power (silicon-crystal technology), TOTAL is involved in upstream activities, with the manufacturing of photovoltaic cells, and, in downstream activities, with the marketing of solar panels.

In partnership with GDF Suez and IMEC (Interuniversity MicroElectronics Centre), TOTAL owns 47.8% of Photovoltech, a company specialized in manufacturing high-efficiency photovoltaic cells. This company, whose production capacity is 80 MWp/y, has invested 45 M€ to increase the overall production capacity of its Tierlemont plant (Tienen, Belgium) to 140 MWp/y early in 2010. In 2008, Photovoltech announced a new project to increase the

(1) *Poten & partners LPG in world markets 2008.*

production capacity of photovoltaic cells to 260 MWp/y at its Tierlemont site in 2012. Photovoltech sales rose to approximately 106 M€ in 2008, compared to 73 M€ in 2007 and 42 M€ in 2006.

In addition, TOTAL holds a 50% interest in Tenesol, in partnership with EDF. Tenesol, whose headquarters are located in Lyon (France), designs, manufactures, markets and operates solar-photovoltaic power systems. Tenesol's consolidated sales were 193 M€ in 2008, compared to 133 M€ in 2007 and 134 M€ in 2006, the equivalent of selling production of approximately 61.3 MWp. Its principal markets are for network connections in France and in the French Overseas Territories, and it is also active in certain professional applications (telecommunications, oil and gas sites, etc.). Tenesol owns two solar panel manufacturing plants: Tenesol Manufacturing in South Africa, with an annual production capacity of 60 MWp; and Tenesol Technologies in the Toulouse region of France, which trebled its production capacity in 2008 from 17 MWp/y to 50 MWp/y.

Temasol, a wholly-owned subsidiary of Tenesol in Morocco since the transfer in 2008 of the respective shares of Total Maroc and EDF EDEV, focuses on decentralized rural electrification activities. Since its creation in 2001, approximately 25,500 households have been equipped by Temasol.

TOTAL is pursuing additional decentralized rural electrification activities by responding to calls for tenders from authorities in several countries. In South Africa, KES (Kwazulu Energy Services Company), of which TOTAL owns 35%, was awarded an initial program in the Kwazulu-Natal province in 2002; late in 2008, approximately 8,000 isolated homes were equipped with individual decentralized systems. In 2008, the program was extended to the Eastern Cape province with the objective to equip approximately 26,000 households. In Mali, Korayé Kurumba (TOTAL, 30%), a company specialized in decentralized service, operated decentralized power micro-networks and individual solar photovoltaic kits, with approximately 500 customers at the end of 2008. In Yemen and Indonesia, studies are underway related to decentralized rural electrification projects as part of commitments to support local populations.

On December 10, 2008, TOTAL acquired, as a core industrial shareholder, an interest in the share capital of the U.S. start-up Konarka, which is specialized in the development of third generation organic solar technologies. With a significant interest of slightly below 20%, TOTAL is Konarka's principal shareholder.

As part of the Group's contribution to the "Grenelle de l'environnement" program launched by the French government in 2008, TOTAL established a subsidiary, Total Énergie Solaire, to develop photovoltaic projects. Total Énergie Solaire's primary objectives are to carry out demonstration projects for educational purposes and to display different photovoltaic solutions at the Group's sites. The selection of five industrialized sites was finalized in 2008 (Pau, Lacq, Provence refinery, Sara refinery and Cray Valley Sorgues) with an overall installed capacity of between 2 MWp and 3 MWp and an investment of 15 M€ in 2008 and 2009.

In addition, TOTAL plans to build a plant in the Carling region in eastern France to manufacture silicon wafers for the photovoltaic industry in partnership with GDF Suez.

→ Wind power

TOTAL operates a wind farm in Mardyck (near its Flanders refinery, located in Dunkirk, France). Mardyck, commissioned in November 2003, has a capacity of 12 MW and produced approximately 29.5 GWh of electricity in 2008, compared to an annual average of 24.7 GWh from 2005 to 2007.

TOTAL has decided to dispose of certain of its wind farm projects.

→ Marine energy

In marine energy, TOTAL acquired a 10% interest in a pilot project located offshore Santona, on the northern coast of Spain, in June 2005. The construction of a first buoy, with a capacity of 40 kW, was completed and the buoy was put into the water in September 2008. This project is intended to assess the technical and economic potential of this technology.

With respect to tidal current energy, TOTAL held as of the end of 2007 a 24.9% interest in Scotrenewables Marine Power, located in the Orkney Islands in Scotland. Agreements bringing new partners into the company's share capital were signed in January 2008. As a result, the Group's participation was diluted to 16%. Scotrenewables Marine Power is developing tidal current energy converter technology. A 1/5 scale model is expected to be tested offshore in 2009. Construction of a full-scale prototype is scheduled for 2010.

Coal

For more than 25 years, TOTAL has exported steam coal from its mines located in South Africa, primarily to Europe and Asia. Today, TOTAL owns and operates three mines. A fourth mine is under construction and several mining development projects are being reviewed. The Group also trades and markets steam coal through its subsidiaries Total Gas & Power Ltd., Total Energy Resources (Pacific Basin) and CDF Énergie (France).

TOTAL sold approximately 8.4 Mt of coal worldwide in 2008 (compared to 10 Mt in 2007 and 9.2 Mt in 2006) of which 4.0 Mt was South African steam coal (compared to 4.7 Mt in 2007). Approximately 50% of the Group's South African coal production was sold to European utility companies and approximately 40% was sold in Asia.

The Group's South African coal is exported through the port of Richard's Bay in which TOTAL has a 5.7% interest. In 2008, the Group and its partner Mmakau Mining acquired an additional 1 Mt/y of harbor handling rights through the interests they hold in the fifth phase of the port's development. On the South African domestic market, sales amounted to 0.5 Mt in 2008, primarily destined for the industrial and metallurgical sectors.

Total Coal South Africa (TCSA) is developing new mines. The Forzando South mine, with a planned final capacity of 1.2 Mt/y, entered into production in 2007 and the Tumelo mine in January 2009. In 2007, TCSA became the majority shareholder of the Eloff mine, with a 51% interest.

TOTAL is also active in coal trading through its wholly-owned subsidiary Total Energy Resources (TER) in Hong Kong and through a representative office established in Jakarta. Approximately 34% of the 8.4 Mt of coal traded in 2008 was sold in Asia.

DME (Di-Methyl Ether)

After tests were successfully conducted on DME direct synthesis between 2001 and 2006, TOTAL and eight Japanese partners inaugurated on September 3, 2008, a DME production plant located in Niigata (Honshu Island, Japan). With a capacity of 80 kt/y, this plant produces DME from imported methanol and promotes this new generation clean fuel to Japanese consumers.

Within the consortium led by Volvo, TOTAL has been participating since 2008 in a “bio-DME” European project. DME would be produced

by gasifying black liquor, a production residue from paper pulp. It will then be transported to four cities in Sweden, including Stockholm, to supply a pilot fleet of 14 trucks constructed by Volvo. This project is cofinanced by the partners in the consortium, the EU Seventh Framework Program and the Swedish Energy Agency. This preliminary step precedes production on an industrial scale.

In 2008, the Group’s Chinese subsidiary in charge of marketing LPG, Shanghai Total China Merchants LPG Consulting Co., Ltd (TOTAL, 50%), pursued its test program on mixed LPG and DME products in a sample of seventy-five industrial and individual customers. These tests confirmed the positive results achieved in laboratories in 2007. Continuation of the tests is now subject to regulations to be introduced by the Chinese authorities for these mixed products.

The ISO standardization process for DME, launched in 2007, continued in 2008 through an international working group established for this purpose.

Downstream

The Downstream segment comprises TOTAL's Refining & Marketing and Trading & Shipping divisions.

No. 1 in Western European refining/marketing⁽¹⁾

No. 1 in African marketing⁽²⁾

Refining capacity of approximately **2.6 Mb/d** at year-end 2008

16,425 retail stations at year-end 2008

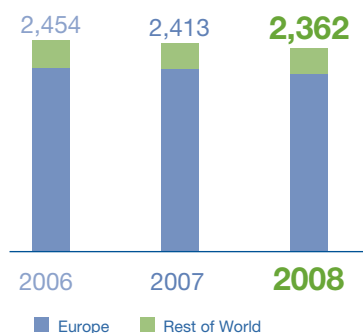
Approximately **3.7 Mb/d** of products sold in 2008

One of the leading traders of oil and refined products worldwide

2.4 B€ invested in 2008

34,040 employees

Refinery throughput (kb/d)^(a)



(a) Includes TOTAL's share in CEPISA.

In 2008, refinery throughput decreased by 2% from 2,413 kb/d to 2,362 kb/d mainly due to the sale of TOTAL's interest in the Milford Haven refinery late in 2007. In 2008, refineries crude utilization rate was 88%.

ROACE⁽³⁾ for the Downstream segment was 19.9% in 2008, compared to 20.6% in 2007.

Downstream segment financial data

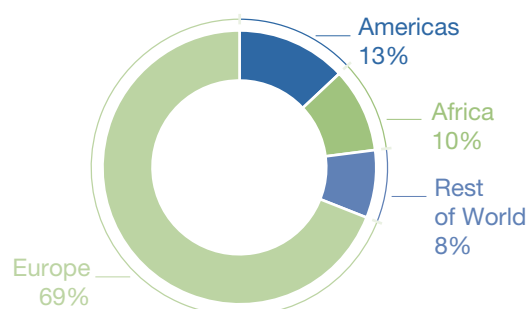
(M€)	2008	2007	2006
Non-Group sales	135,524	119,212	113,887
Adjusted operating income	3,602	3,287	3,644
Adjusted net operating income	2,569	2,535	2,784

For the full-year 2008, adjusted net operating income for the Downstream segment was 2,569 M€ compared to 2,535 M€ in 2007, an increase of 1%.

This result, similar to 2007, was mainly due to the generally satisfactory environment along the downstream value chain in Europe (0.55 B€), partially offset by the impact (-0.2 B€) of the difficulties faced by U.S. refineries (environment and hurricanes), the impact of foreign exchange variation (-0.2 B€) and the impact of losses in refining activities (-0.1 B€) in China through TOTAL's interest in the Wepec refinery.

Expressed in dollars, adjusted net operating income for the Downstream segment was 3.8 B\$ in 2008, an increase of 0.3 B\$ compared to 2007.

2008 refined products sales by geographical area: 3,658 kb/d^(a)



(a) Including trading activities and TOTAL's share in CEPISA.

(1) Based on publicly available information, refining and/or sales capacities.

(2) PFC Energy September 2008, based on quantities sold.

(3) Calculated based on adjusted net operating income and replacement-cost average capital employed.

Refining & Marketing

As of December 31, 2008, TOTAL's worldwide refining capacity was 2,604 kb/d. The Group's worldwide refined products sales were 3,658 kb/d (including trading activities), compared to 3,774 kb/d in 2007 and 3,682 kb/d in 2006. TOTAL is the largest refiner/marketer in Western Europe⁽¹⁾, and the largest marketer in Africa⁽²⁾. As of December 31, 2008, TOTAL's worldwide marketing network consisted of 16,425 retail stations (compared to 16,497 in 2007 and 16,534 in 2006), more than 50% of which are owned by the Group. In addition, TOTAL's refineries allow the Group to produce a broad range of specialty products, such as lubricants, liquefied petroleum gas (LPG), jet fuel, special fluids, bitumen and petrochemical feedstock.

In refining, the Group continues to improve its position by focusing on three key areas: adapting its European refining system to market changes; modernizing its Port Arthur refinery (United States) with the construction of a deep-conversion unit; and pursuing the Jubail refinery project in Saudi Arabia.

Regarding its marketing activities, the Group intends to consolidate its position in Western Europe and to pursue targeted developments in Africa and the growing markets of the Asia-Pacific region, while also growing its worldwide specialty products activities.

Refining

As of December 31, 2008, TOTAL held interests in twenty-five refineries (including twelve that it operates), located in Europe, the United States, the French West Indies, Africa and China.

TOTAL's refining capacity in **Western Europe** was 2,281 kb/d in 2008, accounting for more than 85% of the Group's overall refining capacity and making TOTAL the leading refiner in this region⁽¹⁾. The Group operates eleven refineries in Western Europe, and holds interests in the German refinery of Schwedt and in four Spanish refineries through its holding in CEPESA⁽³⁾.

In France, TOTAL announced in February 2009 its intention to sell its minority interest (40%) in Société de la Raffinerie de Dunkerque (SRD), a company specialized in the production of bitumen and basic oils, subject to the satisfaction of certain conditions precedent and to the consultation of the SRD works council.

In the **United States**, TOTAL operates the Port Arthur refinery in Texas, with a capacity of 174 kb/d.

In **Africa**, TOTAL holds interests in six refineries.

(1) Based on publicly available information, refining capacities.

(2) PFC Energy September 2008, based on quantities sold.

(3) Group's share in CEPESA: 48.83% as of December 31, 2008.

In **China**, TOTAL has held since 1997 a 22.4% interest in the WEPEC refinery, located in Dalian, in partnership with Sinochem and PetroChina.

Over the period from 2009 to 2013, TOTAL plans to invest on average more than 1.3 B€ per year in refining, excluding major turnarounds.

- Nearly 40% of this investment is designated for two major construction projects: a deep-conversion unit in the United States, and a new refinery in Saudi Arabia.
 - At its Port Arthur refinery in the **United States**, TOTAL started the construction in 2008 of a deep-conversion unit (or coker), a vacuum distillation unit, a desulphurization unit and other associated units as part of a modernization project. This project is designed to process more heavy and high-sulphur crudes and to increase production of lighter products, in particular low-sulphur distillates. Start-up is expected in 2011.
 - In **Saudi Arabia**, TOTAL and Saudi Arabian Oil Company (Saudi Aramco) confirmed in May 2008 the construction of a 400 kb/d refinery in Jubail. The heavy conversion process for this refinery is designed for the processing of heavier crudes (Arabian Heavy) and for the production of fuels and lighter products that meet strict specifications and are mainly intended for export.

As part of this project, a joint venture initially held by Saudi Aramco (62.5%) and TOTAL (37.5%) was created in September 2008. TOTAL and Saudi Aramco eventually plan to each retain a 37.5% interest with the remaining 25% expected to be listed on the Saudi stock exchange, subject to the approval of the relevant authorities.

The bidding process for the construction of the project was launched in July 2008. Construction is expected to start in the third quarter 2009 for start-up in 2013.
- Nearly 25% of this investment is designated to adapt TOTAL's European refineries to changes in the oil market: shortage of diesel fuel in Europe; stricter fuel specifications; and an increased portion of supply consisting of high-sulphur crudes.
 - In the **United Kingdom**, the Lindsey refinery started the construction in June 2007 of a hydrodesulphurization unit (HDS) and a steam methane reformer (SMR) to process high-sulphur crudes and to increase its low-sulphur diesel production. The HDS unit is expected to be commissioned in late 2009 and is designed to increase the portion of high-sulphur crude that the plant can process from 10% to nearly 70%.

- In **Germany**, the construction of a new desulphurization unit at the Leuna refinery started in 2008 and is scheduled to be commissioned in the fourth quarter 2009. This unit is designed to supply the German market with low-sulphur heating oil.
- In **France**, the Group announced in March 2009 an industrial plan to adapt its refining base, primarily by reconfiguring the Normandy refinery and rescaling certain corporate departments at its Paris headquarters. The Normandy refinery project will shift the production emphasis to diesel, as oil consumption diminishes and gasoline surpluses increase in France. An investment program of approximately 770 M€ is intended to upgrade and reconfigure the facility, reducing its refining capacity to 12 Mt/y from 16 Mt/y. At the same time, the distillate hydrocracker (DHC) commissioned in 2006, which enables diesel production, will be upsized. These investments will lift the annual average diesel output by 10% and reduce surplus gasoline output by 60%. Implementation of this project, which is scheduled to be spread over three years, is subject to prior consultation with employee representatives.

- Lastly, nearly 35% of this investment is designated for modernizing refining sites, improving safety and energy efficiency, and reducing environmental impact.

CEPSA has also been pursuing a program to invest in the improvement of its refineries' conversion capacity to respond to growing demand for medium distillates on the Spanish market. The construction of a 2.1 Mt/y hydrocracker unit, two additional distillation units (one atmospheric and one vacuum) and a desulphurization unit is underway at the Huelva refinery, with start-up scheduled for early 2010.

2008 was marked by a high level of maintenance activity, with six refineries having undergone complete or partial turnarounds, compared to ten⁽¹⁾ in 2007 and three in 2006. In 2009, six refineries operated by the Group are scheduled for major turnarounds, spread throughout the year.

→ Crude oil refining capacity

The table below sets forth TOTAL's share of the daily crude oil refining capacity of its refineries.

As of December 31 ^(a) (kb/d)	2008	2007	2006
Refineries operated by the Group			
Normandy (France)	339	331	331
Provence (France)	158	158	158
Flandres (France)	137	141	141
Donges (France)	230	230	230
Feyzin (France)	117	117	116
Grandpuits (France)	101	101	99
Antwerp (Belgium)	350	350	350
Leuna (Germany)	230	227	227
Rome (Italy) ^(b)	64	63	64
Immingham (UK)	221	221	221
Milford Haven (UK) ^(c)	-	-	74
Vlissingen (Netherlands) ^(d)	81	81	81
Port Arthur, Texas (United States)	174	174	174
Sub-total	2,202	2,194	2,266
Other refineries in which the Group has an interest^(e)	402	404	434
Total	2,604	2,598	2,700

(a) For refineries not 100% owned by TOTAL, the indicated capacity represents TOTAL's share of the overall refining capacity of the refinery.

(b) TOTAL's interest is 71.9%.

(c) TOTAL's interest was 70% as of December 31, 2006. Interest sold in 2007.

(d) TOTAL's interest is 55%.

(e) TOTAL has interests ranging from 16.7% to 50% in thirteen refineries (six in Africa, four in Spain, one in Germany, one in Martinique and one in China). TOTAL disposed of its 55.6% interest in the Luanda refinery in Angola in 2007.

(1) Including the Milford Haven refinery, in which the Group sold its entire 70% interest in December 2007.

BUSINESS OVERVIEW

Refining & Marketing

→ Refined products^(a)

The table below sets forth by product category TOTAL's net share of refined quantities produced at the Group's refineries.

(kb/d)	2008	2007	2006
Gasoline	443	501	532
Avgas and jet fuel ^(b)	208	208	203
Diesel and heating oils	987	964	952
Heavy fuel oils	257	254	266
Other products	417	412	455
Total	2,312	2,339	2,408

(a) Including TOTAL's share in CEPSA.

(b) Avgas, jet fuel and kerosene.

→ Utilization rate^(a)

The table below sets forth the utilization rate of the Group's refineries.

	2008	2007	2006
Crude	88%	87%	88%
Crude and other feedstock	91%	89%	91%

(a) Including TOTAL's share in CEPSA.

Marketing

TOTAL is one of the leading marketers in Western Europe.⁽¹⁾ The Group is also the largest marketer in Africa, with a market share of 11%.⁽²⁾

TOTAL markets a wide range of specialty products, which it produces from its refineries and other facilities. TOTAL is among the leading companies in the specialty products market⁽³⁾, in particular for lubricants, liquefied petroleum gas (LPG), jet fuel, special fluids and bitumen, with products marketed in approximately 150 countries⁽⁴⁾.

→ Sales of refined products^(a)

The table below sets forth by geographic area TOTAL's volumes of refined petroleum products sold for the years indicated.

(kb/d)	2008	2007	2006
France	822	846	837
Rest of Europe ^(a)	1,301	1,432	1,438
United States	147	162 ^(b)	160 ^(b)
Africa	279	286	274
Rest of world	171	167	153
Total excluding Trading	2,720	2,893^(b)	2,862^(b)
Trading (Balancing and Export Sales)	938	881	820
Total including trading	3,658	3,774^(b)	3,682^(b)

(a) Including TOTAL's share in CEPSA.

(b) Amounts are different from those in TOTAL's 2007 and 2006 Registration Documents due to a change in the calculation method for sales of the Port Arthur refinery.

→ Retail stations

The table below sets forth by geographic area the number of retail stations in TOTAL's network.

As of December 31,	2008	2007	2006
France	4,782 ^(a)	4,992	5,220
Rest of Europe (excluding France and CEPSA)	4,541	4,762	4,628
CEPSA ^(b)	1,811	1,680	1,672
Africa	3,500	3,549	3,562
Rest of world	1,791	1,514	1,452
Total	16,425	16,497	16,534

(a) Of which nearly 2,400 retail stations are under the TOTAL brand, nearly 300 retail stations are under the Elf brand and more than 1,800 retail stations are under the Elan brand.

(b) Including all retail stations within the CEPSA network.

(1) Based on publicly available information, quantities sold. Portfolio: France, Benelux, United Kingdom, Germany, Italy, and, through CEPSA, Spain and Portugal.

(2) PFC Energy September 2008, based on quantities sold.

(3) Based on publicly available information, quantities sold.

(4) Including through national distributors.

→ Europe

In Europe, TOTAL has a network of 11,134 retail stations in France, Belgium, The Netherlands, Luxembourg, Germany, the United Kingdom, Italy, and, through its 48.83% interest in CEPSA, Spain and Portugal. TOTAL is among the leaders in Europe for fuel-payment cards, with approximately 3.4 million cards issued in more than twenty European countries.

In **France**, the TOTAL-branded network benefits from a wide number of retail stations and a diverse selection of products (such as the *Bonjour* convenience stores and car washes). Elf-branded retail stations offer quality fuels at prices that are particularly competitive. As of December 31, 2008, nearly 2,400 TOTAL-branded retail stations and 300 Elf-branded retail stations were operating in France. TOTAL also markets fuels at more than 1,800 Elan-branded retail stations, generally located in rural areas.

TOTAL launched, in the fall of 2008, a universal Visa® card entitling customers to immediate discounts on fuels in all French TOTAL-branded retail stations. The Group intends to strengthen its leadership⁽¹⁾ in the marketing of fuels in France by increasing the attractiveness of its network to its individual customers.

In 2008, TOTAL continued its efforts to optimize its marketing activities in **Western Europe**. In Portugal, TOTAL and CEPSA merged their oil marketing activities in 2008. The combined entity has a leading position on the Portuguese oil market with a market share of approximately 11%⁽¹⁾, a network of 300 retail stations and a strengthened position in the specialty products market. In Spain, the Group sold its LPG marketing activities in August 2008. In France and Germany, TOTAL continued a program initiated in 2007 to adapt and restructure its marketing activities to optimize its organization and to reduce operating costs.

In **Central and Eastern Europe**, the Group is developing its positions primarily through its specialty products. In 2008, TOTAL continued to expand its presence in the growing markets of Eastern Europe, in particular for lubricants. In September 2008, the Group finalized the acquisition of bitumen assets in Poland, strengthening its position in the rapidly growing market for bitumen in that country.

As of December 31, 2008, TOTAL had a network of more than 500 "AS24"-branded retail stations in twenty European countries specialized in the marketing of fuels to professional transporters. During the next few years, the AS24 network is expected to continue its growth and to expand to other countries in northern and southeastern Europe.

→ Africa & the Middle East

As of December 31, 2008, TOTAL is the leading marketer of petroleum products in the African continent, with a market share of 11%⁽²⁾ and 3,500 retail stations in more than forty countries. The Group operates two major networks in South Africa and Nigeria. TOTAL also has a large presence in the Mediterranean Basin, principally in Turkey,

Morocco and Tunisia. In the Middle East, the Group is primarily active in the specialty products market and is pursuing its growth strategy in the region, notably through the production and marketing of lubricants.

In 2008, the Group continued to strengthen its positions on the African continent. In November 2008, TOTAL entered into an agreement to acquire marketing and logistics assets in Kenya and Uganda. The transaction covers 165 retail stations, aviation product distribution as well as several logistics sites and a lubricant manufacturing plant. Subject to the approval of the relevant authorities, this agreement is expected to enable the Group to strengthen its position in Eastern Africa.

In August 2008, TOTAL disposed of its marketing activities in Rwanda, Burundi and Guinea-Bissau.

→ Asia-Pacific

As of December 31, 2008, TOTAL was present in nearly twenty countries in the Asia-Pacific region, primarily through its specialty products. The Group is also developing its position as a fuel distributor in the region, in particular in China, and operates two major networks, in Pakistan and the Philippines.

In **China**, the Group operated approximately 100 retail stations as of December 31, 2008, pursuant to two joint venture agreements signed in 2005 by TOTAL and Sinochem to develop a network of 500 retail stations in the Beijing and Shanghai areas.

In **South Korea**, TOTAL increased its interest in its subsidiary Total ISU Oil Co. Ltd to 100% early in 2008 by acquiring the interests of Isu Chemical Co. Ltd and at the same time announced the creation of a joint venture (TOTAL, 50%) with a South Korean company, S-Oil. This transaction is expected to make TOTAL a leading marketer of lubricants in South Korea.⁽¹⁾

In **India**, the Group is pursuing the development of its specialty products activities. In September 2008, a joint venture (TOTAL, 50%) was created for bitumen activities to supply the Indian road industry in special and emulsion bitumen. Marketing under this joint venture started in December 2008.

In **Vietnam**, TOTAL acquired a company specialized in the marketing of LPG in December 2008. This transaction is expected to enable the Group to substantially strengthen its presence on the market.

→ Rest of world

In **Latin America** and the **Caribbean**, TOTAL is active in nearly twenty countries, primarily through its specialty products. In the Caribbean, the Group pursued the development of its marketing activities through the acquisition, in the second half 2008, of marketing and logistics assets in Puerto Rico, Jamaica and the Virgin Islands. This transaction

(1) Based on publicly available information, quantities sold.

(2) PFC Energy September 2008, based on quantities sold.

covers approximately 200 retail stations, aviation product distribution and several terminals. The purchase of these assets is expected to strengthen TOTAL's activities in the region.

In **North America**, TOTAL markets lubricants and, late in 2008, it expanded its presence in the United States by acquiring a company present in nearly twenty U.S. states.

The Group intends to accelerate the development of its specialty products activities in **Russia** and the **Ukraine**, two regions with significant potential for growth. Through the development of its presence in these markets in 2008, the Group has primarily targeted the growth of its lubricant sales.

Biofuels and hydrogen

→ Biofuels

TOTAL is active in the biodiesel and biogasoline biofuel sectors. In 2008, TOTAL consolidated its position as a leading oil and gas company in the European biofuels market⁽¹⁾ by producing and incorporating 790 kt of ETBE⁽²⁾ at ten refineries⁽³⁾ (compared to 710 kt in 2007 and 500 kt in 2006) and incorporating 1,470 kt of VOME⁽⁴⁾ at fourteen European refineries and several storage sites (compared to 880 kt in 2007 and 420 kt in 2006).

TOTAL, in partnership with the leading companies in this area, is developing second generation biofuels derived from biomass. The Group is also participating in French, European and international bioenergy development programs.

In this framework, TOTAL announced in September 2008 its participation in Futurol, a research and development project for cellulosic bioethanol, which intends to perfect and promote on an industrial scale a production process involving hydrolisis of lignocellulosic biomass.

→ Hydrogen

In 2008, TOTAL continued its research and testing programs for fuel cell and hydrogen fuel technologies. For several years, TOTAL has been developing cooperation agreements for automotive applications (with BMW in 2006, Renault in 2003 and Delphi in 2001) and stationary applications (Electrabel and Idatech in 2004). Under its partnership with BVG, the largest public transport company in Germany and a bus operator in Berlin, TOTAL participated in the creation of a Center of Excellence for Hydrogen in Berlin.

TOTAL is also participating in the hydrogen technology platform launched by the European Commission and is a founding member of the industrial group created in 2007 to participate in the European Joint Technology Initiative to promote the development of hydrogen technology.

(1) Based on publicly available information, quantities sold.

(2) ETBE: Ethyl-Tertio-Buthyl-Ether.

(3) Including the Algeciras and Huelva refineries (CEPSA).

(4) VOME: Vegetable-Oil-Methyl-Ester.

Trading & Shipping

The Trading & Shipping division:

- sells and markets the Group's crude oil production;
- provides a supply of crude oil for the Group's refineries;
- imports and exports the appropriate petroleum products for the Group's refineries to be able to adjust their production to the needs of local markets;
- charters appropriate ships for these activities; and
- undertakes trading on various derivatives markets.

Although the Trading & Shipping division's main focus is serving the Group, its know-how and expertise also allow this division to extend the scope of its activities beyond meeting the strict needs of the Group.

Trading & Shipping's worldwide activities are conducted through various wholly-owned subsidiaries, including TOTSA Total Oil Trading S.A., Total International Ltd, Socap International Ltd, Atlantic Trading & Marketing Inc., Total Trading Asia Pte, Total Trading Canada Ltd, Total Trading and Marketing Canada L.P. and Chartering & Shipping Services S.A.

Trading

TOTAL is one of the world's major traders of crude oil and refined products on the basis of volumes traded. The table below sets forth selected information with respect to TOTAL's worldwide sales and source of supply of crude oil for each of the last three years.

Supply and sales of crude oil

For the year ended December 31

(kb/d, except %)

	2008	2007	2006
Sales of crude oil			
Total sales	3,839	4,194	4,112
Sales to Downstream segment ^(a)	1,995	2,042	2,074
Sales to external customers	1,844	2,152	2,038
Sales to external customers/total sales (%)	48%	51%	50%
Supply of crude oil			
Total supply	3,839	4,194	4,112
Production sold ^{(b)(c)}	1,365	1,502	1,473
Purchased from external suppliers	2,474	2,692	2,639
Production by the Group/total supply (%)	36%	36%	36%

(a) Excluding share of CEPSA.

(b) Including condensates and natural gas liquids (LPG).

(c) Including TOTAL'S proportionate share of the production of joint ventures.

The Trading division operates extensively on physical and derivatives markets, both organized and over the counter. In connection with its trading activities, TOTAL, like most other oil companies, uses derivative energy instruments (futures, forwards, swaps, options) to adjust its exposure to fluctuations in the price of crude oil and refined products. These transactions are entered into with various counterparties.

For additional information concerning Trading & Shipping's derivatives, see Notes 30 (Financial instruments related to commodity

contracts) and 31 (Market risks) to the Consolidated Financial Statements (pages 243 to 250).

All of TOTAL's trading activities are subject to strict internal controls and trading limits.

Throughout 2008, the Trading division maintained a level of activity similar to the levels attained in 2007 and 2006, trading physical volumes of crude oil and refined products amounting to an average of approximately 5 Mb/d.

In 2008, the principal market benchmarks stood at historically high levels of volatility:

		2008	2007	2006	min 2008	max 2008
Brent ICE Futures - 1st Line ^(a)	(\$/b)	98.52	72.67	66.11	36.61 (Dec 24)	146.08 (Jul 03)
Gasoil ICE Futures - 1st Line ^(a)	(\$ /t)	920.65	637.8	580.4	402 (Dec 26)	1,325.25 (Jul 11)
VLCC Ras Tanura Chiba - BITR ^(b)	(\$ /t)	24.09	13.93	14.52	11.16 (Nov 28)	45.49 (Jan 02)

(a) 1st line: Quotation for first month nearby delivery ICE Futures.

(b) VLCC: Very Large Crude Carrier. Data estimated from BITR market quotations. BITR: Baltic International Tanker Routes.

Shipping

The Shipping division arranges the transportation of crude oil and refined products necessary for the Group's activities. The Shipping division provides the wide range of shipping services required by the Group to develop its activities and maintains a rigorous safety policy. Like a certain number of other oil companies and shipowners, the Group uses freight rate derivative contracts in its shipping activity to adjust its exposure to freight-rate fluctuations.

In 2008, the Shipping division of the Group chartered 3,182 voyages to transport approximately 128 Mt of oil. As of December 31, 2008, the Group employed a fleet of sixty-two vessels chartered under long-term or medium-term agreements (including six LPG carriers). The fleet, consisting entirely of double-hulled vessels, has an average age of approximately five years.

While the beginning of the year was marked by relatively low freight-rate levels, the shrinkage in the freight market in 2008, particularly between the end of April and the beginning of August, led to historically high freight-rate levels.

On route TD3 (transportation of crude, Persian Gulf -Japan, VLCC), spot interest rates averaged WS209⁽¹⁾ between May and July (compared to an average of WS106 over the 2003-2007 period). Daily average income on TD3 from May to July exceeded \$158,000/d (compared to approximately \$61,000/d over the 2003-2007 period).

Consistent with past experience, freight rates for other ship sizes predominantly followed the trend recorded by VLCCs. Transport of petroleum products also benefited, to a lesser extent, from the general increase of freight rates.

These historically high freight-rate levels can be explained by several factors. Worldwide tanker fleet growth was moderate, notably with a reduction in size of the VLCC fleet during the first three quarters of the year (with zero overall growth in 2008) and a stagnation of the Suezmax fleet over the same period (weak growth in 2008). This is particularly due to the removal of single-hulled tankers from the fleet for conversion into dry bulks. The use of several VLCCs to store Iranian crude between June and August 2008 also limited the effective tonnage (40 Mb at the beginning of June, *i.e.*, the equivalent of nearly twenty VLCCs).

In addition, demand for transport in 2008 remained strong, in particular during the summer months due to Saudi Arabia's increased production as from July, which led to a growth in demand for crude transport, especially on long-haul VLCC flows from the Persian Gulf.

From the end of August 2008, market trends reversed. The decrease in global oil demand due to the global economic crisis led the OPEC countries to cut production, resulting in a decrease in crude transport demand. As offered tonnage levels increased and demand remained stable, the surplus in tonnage increased, leading to a drop in spot freight rates.

(1) WS (Worldscale rate): "Worldscale" refers to the "New Worldwide Tanker Nominal Freight Scale," an index intended to permit the comparison of freight rates for various size tanker routes. A particular route's "Worldscale Rate" represents a voyage charter rate for a hypothetical 75,000 dwt tanker on such route, with Worldscale 100 representing the break-even cost for such a tanker on that route. Worldscale Rates are calculated in USD per ton of crude oil and are updated annually.

Chemicals

The Chemicals segment includes Base Chemicals, with petrochemicals and fertilizers, and Specialty Chemicals, with the Group's rubber processing, resins, adhesives and electroplating activities.

TOTAL is one of the world's largest integrated chemical producers⁽¹⁾.

On May 12, 2006, TOTAL's shareholders approved the spin-off of Arkema, which, since October 1, 2004, included vinyl products, industrial intermediates and performance products. Arkema has been listed on Euronext Paris since May 18, 2006.

Chemicals segment financial data

(M€)	2008	2007	2006
Non-Group sales	20,150	19,805	19,113
Base Chemicals	13,176	12,558	12,011
Specialty Chemicals	6,974	7,247	7 101
Adjusted operating income	873	1,155	1,215
Base Chemicals	341	526	623
Specialty Chemicals	524	642	606
Adjusted net operating income^(a)	668	847	884
Base Chemicals	323	431	486
Specialty Chemicals	339	413	381

(a) Including deferred tax changes related to Arkema activities of 18 M€ in 2006.

For the full-year 2008, adjusted net operating income for the Chemicals segment was 668 M€ compared to 847 M€ in 2007, a decrease of 21% reflecting essentially the negative impact of the economic environment.

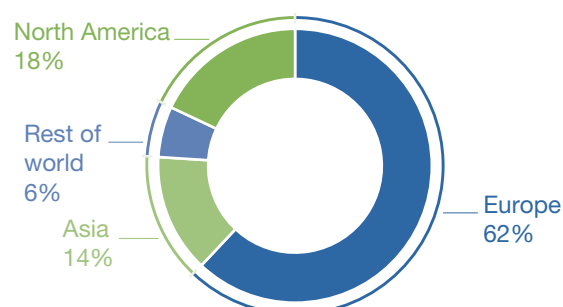
Expressed in dollars, the decrease was 0.18 B\$ and reflects essentially the negative impact of the economic environment.

The ROACE⁽²⁾ for the Chemicals segment was 9.2% in 2008 compared to 12.1% in 2007.

(1) Based on publicly available information, consolidated sales.

(2) Based on adjusted net operating income and average capital employed at replacement cost.

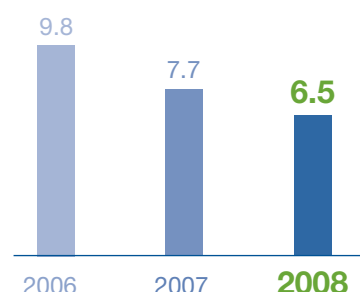
2008 sales by geographic area



The Chemicals segment's sales in 2008 were 20.15 B€, compared to 19.81 B€ in 2007 and 19.11 B€ in 2006. Europe and North America accounted for 62% and 18%, respectively, of the Chemicals segment's sales in 2008, with the remaining sales primarily attributable to Asia (14%) and Latin America (2%).

In 2008, the Chemicals segment was impacted by the global economic slowdown, notably in the second half of the year. During the first half of 2008, the strong increase in commodity and energy prices and the strengthening of the euro against most currencies, in particular the dollar, also adversely affected the Chemicals segment's results. However, the drop in the price of naphtha during the third and fourth quarters of 2008 contributed to a rebound in petrochemicals margins.

Improvement of Security Performance (Changes of TRIR^(a))



(a) Total Recordable Injury Rate (Accidents with or without shutdown per million hours worked)

The Chemicals segment improved its safety performance in 2008 by focusing on on-the-job safety, safety management systems and major risk prevention.

Base Chemicals

The Base Chemicals division includes TOTAL's Petrochemicals and Fertilizers activities.

2008 sales amounted to 13.18 B€, compared to 12.56 B€ in 2007 and 12.01 B€ in 2006. Adjusted net operating income decreased by 25% in 2008 compared to 2007, after an 11% decrease in 2007 compared to 2006. This change primarily reflects the fall in petrochemicals margins in the first half 2008 due to the significant

increase in the price of naphtha and the decrease in sales volume of polymers stemming from the global economic slowdown. In petrochemicals, the Group's operations in Qatar helped to offset the decrease in results in the mature markets of Europe and the United States. The Fertilizers activity benefited from a favorable environment and an improvement of its industrial operations, which contributed to the significant recovery of its results in 2008.

Petrochemicals

TOTAL's production capacities by main product groups and regions

(kt/y)	2008				2007	2006
	Europe	North America	Asia and Middle East ^(c)	Worldwide	Worldwide	Worldwide
Olefins ^(a)	5,085	1,195	1,005	7,285	7,175	7,035
Aromatics	2,665	940	755	4,360	4,335	4,255
Polyethylene	1,315	440	280	2,035	2,035	2,035
Polypropylene	1,275	1,180	295	2,750	2,575	2,420
Styrenics ^(b)	1,240	1,350	630	3,220	3,160	3,105

(a) Ethylene, propylene and butadiene.

(b) Styrene, polystyrene and elastomers (activity discontinued at the end of 2006).

(c) Including minority interests in Qatar and 50% of Samsung-TOTAL Petrochemicals capacities in Daesan (South Korea).

The petrochemicals activities of Total Petrochemicals include base petrochemicals (olefins and aromatics) and their derivatives (polyethylene, polypropylene and styrenics).

TOTAL's main petrochemicals sites are located in Belgium (Antwerp, Feluy), France (Gonfreville, Carling, Lavéra, Feyzin), the United States (Port Arthur, La Porte and Bayport in Texas and Carville in Louisiana), Singapore and China (Foshan). Most of these sites are either adjacent to or connected by pipelines to Group refineries. As a result, most of TOTAL's petrochemicals activities are closely integrated within the Group's refining operations.

TOTAL owns a 50% interest in the Daesan petrochemicals site in South Korea, in partnership with Samsung. This integrated site is located 400 km off the Chinese coast.

TOTAL also holds a 20% interest in a site with a steam cracker and two polyethylene units in Mesaieed, Qatar.

TOTAL has continued to strengthen its leadership positions in the industry by focusing on the following strategic areas:

- In mature markets, TOTAL is improving the competitiveness of its sites notably through continued improvement of energy efficiency and industrial safety at its facilities. The reorganization plans of 2006 (approved) and 2009 (presented) for the Carling and Gonfreville sites in France are part of this strategy.

The first plan calls for the closing of a steam cracker and the styrene plant at Carling and the construction of a world-class⁽¹⁾ styrene plant at Gonfreville to replace the existing one on this site. Implementation of this plan is expected to be completed in the first half of 2009.

In addition, the Group presented in March 2009 a second plan to upgrade its most efficient units and consolidate its petrochemicals competitiveness in France. As part of the project, approximately 230 M€ will be invested to bring to the most efficient level the energy efficiency and competitive strength of the steamcracker and high-density polyethylene (HDPE) unit in Gonfreville and to consolidate polystyrene production at the Carling facility. It will also lead to the closure of structurally loss-making units: a low-density polyethylene line in Carling in eastern France and a low-density

(1) Facilities ranking among the first quartile for production capacities based on publicly available information.

polyethylene line and a polystyrene line in Gonfreville in northwestern France. This reorganization plan is also intended to improve the efficiency of support services and central services.

Furthermore, following the sole customer's termination of the supply contract for the secondary butyl alcohol produced at the Notre-Dame-de-Gravenchon facility in northwestern France, this dedicated facility will have to be closed. Implementation of this project is subject to prior consultation with employee representatives.

Finally, debottlenecking operations conducted in 2008 at the Feluy (Belgium), La Porte and Port Arthur (Texas, United States) sites are expected to strengthen the competitiveness of these sites.

- In Asia, the principal growth area for demand for petrochemicals, Samsung-Total Petrochemicals Co. Ltd completed in 2008 the first modernization phase of the Daesan site in South Korea. This major development increased the site's initial production capacity by nearly one-third by expanding the steam cracking and styrene units, by building a new polypropylene line in 2007 and by starting up a new metathesis⁽¹⁾ plant in 2008. The project was completed on time and on budget.

In May 2008, the project to build a paraxylene plant in Saudi Arabia was confirmed by both partners, TOTAL and Saudi Aramco. This project, carried out in cooperation with the Group's Refining & Marketing division, is expected to lead to the construction of a world-class⁽²⁾ paraxylene plant to supply the Asian market. Start-up of this project is scheduled for 2013.

- TOTAL continues to develop sites in countries with favorable access to raw materials.

In Qatar, where the Group has been present since 1974 through its 20% interest in Qapco, TOTAL's 49% affiliate Qatofin is building an ethane-based steam cracker at Ras Laffan, with a production capacity of 1.3 Mt, and a new world-class⁽²⁾ linear low-density polyethylene plant in Mesaieed.

These two units are scheduled to come onstream in the second half 2009. In addition, Qapco's existing steam cracker in Mesaieed was debottlenecked and its production capacity brought to 720 kt/y in August 2007. Qapco expects to build a new low-density polyethylene unit whose commissioning is scheduled in 2011.

Pursuant to the contract signed in July 2007, TOTAL is continuing its partnership with Sonatrach, the Algerian national oil company, to build a petrochemicals site in Arzew (Algeria). The project includes an ethane-based steam cracker with a production capacity of 1.1 Mt, two polyethylene units and a monoethylene glycol production unit. This world-class⁽²⁾ project, with favorable access, to one of the last particularly competitive sources of relevant raw materials, is ideally located to supply Europe, the Americas and Asia.

In addition, TOTAL inaugurated in October 2008 a pilot MTO plant (Methanol to Olefins) at its Feluy site (Belgium). This research project,

one of the Group's most important research projects, is intended to assess, on a semi-industrial scale, the technical and economical feasibility of producing olefins from methanol derived from natural gas, as well as from coal and biomass, and to consider new methods to produce polyolefins.

On all of TOTAL's petrochemicals sites, the progress realized in 2008 with respect to industrial security and environmental protection was in-line with the Group's annual objectives.

→ Base petrochemicals

Base petrochemicals include olefins and aromatics produced by steam cracking petroleum cuts, mainly naphtha, as well as propylene and aromatics manufactured in the Group's refineries. The economic environment for these activities is strongly influenced by supply and demand and the evolution of the price of naphtha, the principal raw material used.

2008 was marked by highly volatile commodity prices combined with a decrease of demand due to the global economic slowdown.

Olefins production decreased by 2% in 2008 compared to 2007, after a 2% increase in 2007 compared to 2006.

→ Polyethylene

Polyethylene is a plastic produced by the polymerization of ethylene manufactured in the Group's steam crackers. It is primarily intended for the packaging, automotive, food, cable and pipe markets. Margins are strongly influenced by the level of demand and by competition from expanding production in the Middle East, which takes advantage of favorable access to the raw material, ethane, to produce ethylene.

2008 was marked by the global economic slowdown and strong decline in mature regions (Europe and the United States). TOTAL's sales volume dropped by 9% in 2008 compared to 2007 and margins shrank. This pressure on margins is expected to persist during the upcoming years due to competition from new plants in the Middle East and Asia. In this context, TOTAL intends to focus on lowering the break-even points in its plants and strengthening its efforts to better differentiate its range of products.

→ Polypropylene

Polypropylene is a plastic produced by the polymerization of propylene manufactured in the Group's steam crackers and refineries. It is primarily intended for the automotive, packaging, carpet, household, appliances, fibers and sanitary goods markets. Margins are mainly influenced by the level of demand and the availability and price of propylene.

2008 was marked by a decline of the polypropylene market, notably in Europe and in the United States, with TOTAL's sales volume having

(1) Conversion of ethylene and butene into propylene.

(2) Facilities ranking among the first quartile for production capacities based on publicly available information.

decreased by 4% compared to 2007. Taking into account increased competition in the years to come from the start-up of new plants in the Middle East, TOTAL benefits from plants whose industrial performance, both in Europe and the United States, places the Group among the industry's leaders. In this regard, TOTAL successfully achieved capacity increases of 60 kt/y in Feluy (Belgium) and 110 kt/y in La Porte (Texas, United States) in 2008.

→ Styrenics

This business activity includes the production of styrene and polystyrene. Most of the styrene manufactured by the Group is used to produce polystyrene, a plastic principally used in packaging, domestic appliances, electronics and audio-video. Margins are strongly influenced by the level of polystyrene demand and the price of benzene, which is polystyrene's principal raw material.

After a slight rise in world demand in 2007, the polystyrene market decreased in 2008, marked by a sharp decline of demand in mature zones and a net slowdown of growth in Asia, notably in China. After two years of slight increases, TOTAL's polystyrene sales volume decreased by 7% in 2008 compared to 2007.

Fertilizers

Through its subsidiary GPN, TOTAL manufactures and markets nitrogen fertilizers made from natural gas. Margins are strongly influenced by the price of natural gas.

2008 was marked by the significant recovery of GPN's results. GPN's sales increased by 47% in 2008 compared to 2007, after a 20% rise in 2007. The rise in global demand for cereals was reflected in a growth of nearly 5% of fertilizer demand in Europe compared to 2007. Improved production of the ammonia plants at Grandpuits and Rouen (France) enabled GPN to take advantage of this favorable environment.

In 2006, the Fertilizers activity launched a major restructuring plan to restore its profitability on a long-term basis:

- GPN stopped its production in France of complex fertilizers, made from nitrogen, phosphorus and potassium products, due to the declining market for these products, and closed its plants in Bordeaux, Basse Indre, Rouen and Granville. In addition, TOTAL sold its Dutch affiliate, Zuid Chemie, to Engrais Rosier, in which the Group holds a 57% share, to create a more competitive player in the Benelux market.
- The Fertilizers activity's core business, the production of nitrogen fertilizers, was strengthened through a major investment in the construction of two competitive nitric acid plants in Rouen and a urea plant in Grandpuits. Start-up of these plants is expected in the first half 2009. This additional urea production is expected to position GPN on the growing markets for DENOX products for industrial applications and Adblue for transportation applications. These products contribute to reducing nitrogen oxide emissions.⁽¹⁾
- In France, the Oissel site and three obsolete nitric acid units in Rouen and Mazingarbe are expected to shut down during 2009.

This plan is expected to improve the competitiveness of GPN by regrouping its operations at three sites, two of which feature a production capacity greater than the European average, as market perspectives remain satisfactory in the medium term.

⁽¹⁾ Nitrogen oxide's emissions are noxious to the environment and subject to regulation.

Specialty Chemicals

TOTAL's Specialty Chemicals division includes rubber processing (Hutchinson), resins (Cray Valley, Sartomer and Cook Composites & Polymers), adhesives (Bostik) and electroplating (Atotech). The division serves consumer and industrial markets for which customer-oriented marketing and service as well as innovation are key drivers. The Group markets specialty products in more than fifty-five countries. Its strategy is to pursue its international expansion by combining internal growth and targeted acquisitions while concentrating on growing markets and focusing on the distribution of new products with high added value.

In 2008, Specialty Chemicals faced a difficult environment due to the economic slowdown in the United States and Europe. In this adverse environment, Specialty Chemicals' sales decreased by 4% compared to 2007. Adjusted net operating income decreased by 18% compared to 2007.

Rubber processing

Hutchinson manufactures and markets products derived from rubber processing that are principally intended for the automotive, aerospace and defense industries and consumer markets.

- In the industrial market (automotive, aerospace, defense and transports), Hutchinson, among the industry's leaders⁽¹⁾, intends to provide its customers with innovative solutions in the domains of fluid transfer, water and airtightness, transmission, mobility and vibration, sound and thermal insulation.

Globally, Hutchinson's 2008 sales remained at a level similar to 2007 despite an uneven environment for its various activities. Automotive's sales decreased by 6% compared to 2007 in an increasingly challenging environment, both in North America and in Europe, due to the difficulties faced by the automotive industry. In the other industrial markets, sales increased by more than 15% in 2008 compared to 2007 due to strong demand from the defense industry in the United States and from the aerospace and railway industries in Europe. To strengthen its position in the aerospace industry, Hutchinson acquired late in 2008 a company specialized in the expanding carbon fiber industry.

Throughout 2008, Hutchinson continued to develop in expanding markets, primarily Eastern Europe, South America and China, relying notably on the sites launched in 2006 in Romania (Brasov), Poland (Lodz) and China (Suzhou). To further this strategic objective, Hutchinson is expected to open a new site in Tunisia in 2009.

- The consumer market is essentially oriented towards two ranges of products: baby care (Nuk® and Tigex®) and household specialties (Mapa® and Spontex®). These activities depend highly on the level of household consumption. Despite the adverse effects of the economic slowdown that began mid-2008, the baby care sector and the household specialties sector continued to grow in 2008. The purchase of Gerber®'s baby care products in 2008 is expected to consolidate Hutchinson's leading position⁽¹⁾ in this activity by strengthening its presence in the Western Hemisphere, notably in the United States, Canada and Brazil.

Resins

TOTAL produces and markets resins for adhesives, inks, paints, coatings and structural materials through three subsidiaries: Cray Valley, Sartomer, and Cook Composites & Polymers.

Since the middle of 2007, this sector was affected by the slowdown of the U.S. economy. This trend continued in 2008. The decrease in volumes extended to Europe from the middle of 2008. Sales decreased by 9% in 2008 compared to 2007, after a 4% decrease in 2007.

In 2008, Cray Valley continued to streamline its European production.

Cook Composites & Polymers, through its affiliate Composite One, strengthened its composite materials distribution activities in the United States.

In the first quarter 2008, Sartomer started its new plant in Nansha, southern China, to pursue its development in growing markets.

Adhesives

Bostik is one of the world leaders in its sector, based on sales⁽²⁾, with leading positions in the industrial, hygiene, construction and consumer and professional distribution markets.

In 2008, sales decreased by 6% compared to 2007 but remained relatively stable (-1%) at constant exchange rates.

These results in an adverse economy confirm Bostik's strategy of strengthening its position in the industrial market, which has been less affected than the construction industry, and continuing its development in growing markets, especially in the Asia-Pacific region.

(1) Based on publicly available information, consolidated sales.

(2) Based on publicly available information.

As a result, new production units were commissioned in China (Zhuhai) and Australia (Sydney).

Furthermore, Bostik is actively pursuing its program for innovation and is focusing notably on new products and applications contributing to sustainable development.

Electroplating

Atotech, which encompasses TOTAL's electroplating activities, is the second largest company in this sector, based on worldwide sales⁽¹⁾. It is active in both the electronics and general metal finishing markets.

The electroplating activities faced a slowdown at the end of 2008 that affected the general metal finishing market, influenced by the difficulties faced by the automotive industry and the electronics industry. Sales decreased by 4% in 2008 compared to 2007.

During this period of economic slowdown, Atotech intends to pursue a full-service strategy for its customers in terms of equipment, chemical products and global geographical coverage through its technical centers. Major research will continue, notably to bring new solutions that meet the strictest environmental requirements. Finally, Atotech intends to continue its development in Asia, which represents more than 50% of its global sales.

⁽¹⁾ Based on publicly available information.

Investments

Principal investments made over the 2006-2008 period

(M€)	2008	2007	2006
Upstream	10,017	8,882	9,001
Downstream	2,418	1,875	1,775
Chemicals	1,074	911	995
Corporate	131	54	81
Total	13,640	11,722	11,852

Most of the investments made by TOTAL are comprised of additions to property, plant and equipment and intangible assets

Investments, including net investment in equity affiliates and non consolidated subsidiaries and acquisitions, amounted to \$18.3 billion in 2008, compared to \$15.6 billion in 2007.

In the Upstream segment, capital expenditures are mainly intended to develop new hydrocarbon production facilities, exploration activities and acquisitions of new permits. In 2008, development expenditures were devoted primarily to the following projects: Kashagan in Kazakhstan; Akpo, Usan and OML 58 in Nigeria; Pazflor, Angola LNG and Tombua Landana in Angola; Ekofisk in Norway; the Mahakam zone in Indonesia; the Alwyn zone in the United Kingdom; Moho Bilondo in the Republic of Congo and Anguille in Gabon.

In the Downstream segment, capital expenditures are split between refining and marketing activities (notably for the retail network). Refining investments (approximately \$1.6 billion in 2008) are divided between maintenance of the facilities (included major turnarounds amounting to \$0.5 billion in 2008, similar to 2007) and projects to increase the production of light products, add desulphurization capacities, adapt the system to new specifications and improve the plants energy efficiency. Highlights of 2008 included the start-up of the construction of a deep conversion unit at the Port Arthur refinery in the United States.

In the Chemicals segment, capital expenditures for 2008 were approximately 60% for Base Chemicals and 40% for Specialties.

Principal investments anticipated

For the year 2009, TOTAL announced an investment budget⁽¹⁾ of approximately \$18 billion (excluding acquisitions) of which approximately 75% are devoted to the Upstream segment.

Capital expenditures in the Upstream segment are expected to be principally dedicated to major development projects, including: Kashagan in Kazakhstan ; Pazflor and other projects on Block 17,

Angola LNG in Angola; the Mahakam zone in Indonesia; Ekofisk in Norway; Usan, Ofon 2 and Akpo in Nigeria; projects in the British North sea; Anguille in Gabon; Bongkot in Thailand and Moho Bilondo in the Republic of Congo. Furthermore, \$1.7 billion is budgeted for exploration.

In the Downstream segment, investments are expected for, among others, the development of projects intended to increase the conversion and desulphurization capacities, notably through the modernization program of the Port Arthur refinery in the United States.

Beyond 2009, TOTAL plans to pursue a sustained investment effort to supply the growth of its activities, prioritizing the Upstream segment.

TOTAL self-finances most of its capital expenditures from cash flow from operations (see the Consolidated Statement of Cash Flow, page 178), which are essentially augmented by accessing the bond market on a regular basis, when conditions in the financial markets are favourable (see Note 23 to the Consolidated Financial Statements, page 228). However, capital expenditures for joint-ventures between TOTAL and external partners may be funded through project financing.

As part of certain project financing arrangements, TOTAL S.A. has provided guarantees for a maximum aggregate amount of 1.3 B€ in connection with the financing of the Yemen LNG project, recorded under "Guaranties given against borrowings" in Note 23 to the Consolidated Financial Statements. In turn, certain partners involved in this project have given commitments that could, in the case of Total S.A.'s guarantees being called for the maximum amount, reduce the Group's exposure by up to 0.4 B€, recorded under "Other commitments received" in the same Note. These guaranties and other information on the Company's commitments and contingencies are contained in Note 23 to the Consolidated Financial Statements (page 228). The Group does not currently consider that these guaranties, or any other off-balance sheet arrangements of TOTAL S.A. nor any other members of the Group, currently have or are reasonably likely in the future to have a material effect on the Group's financial condition, changes in revenues or expenses liquidity, capital expenditure or capital resources.

(1) Including net investments in equity affiliates and non-consolidated companies, excluding acquisitions and divestments, based on 1 € = \$1.30 for 2009.

Organizational structure

Position of the Company within the Group

TOTAL S.A. is the parent company of the Group. As of December 31, 2008, there were 721 consolidated subsidiaries of which 622 were fully consolidated, 12 were proportionately consolidated, and 87 were accounted for under the equity method.

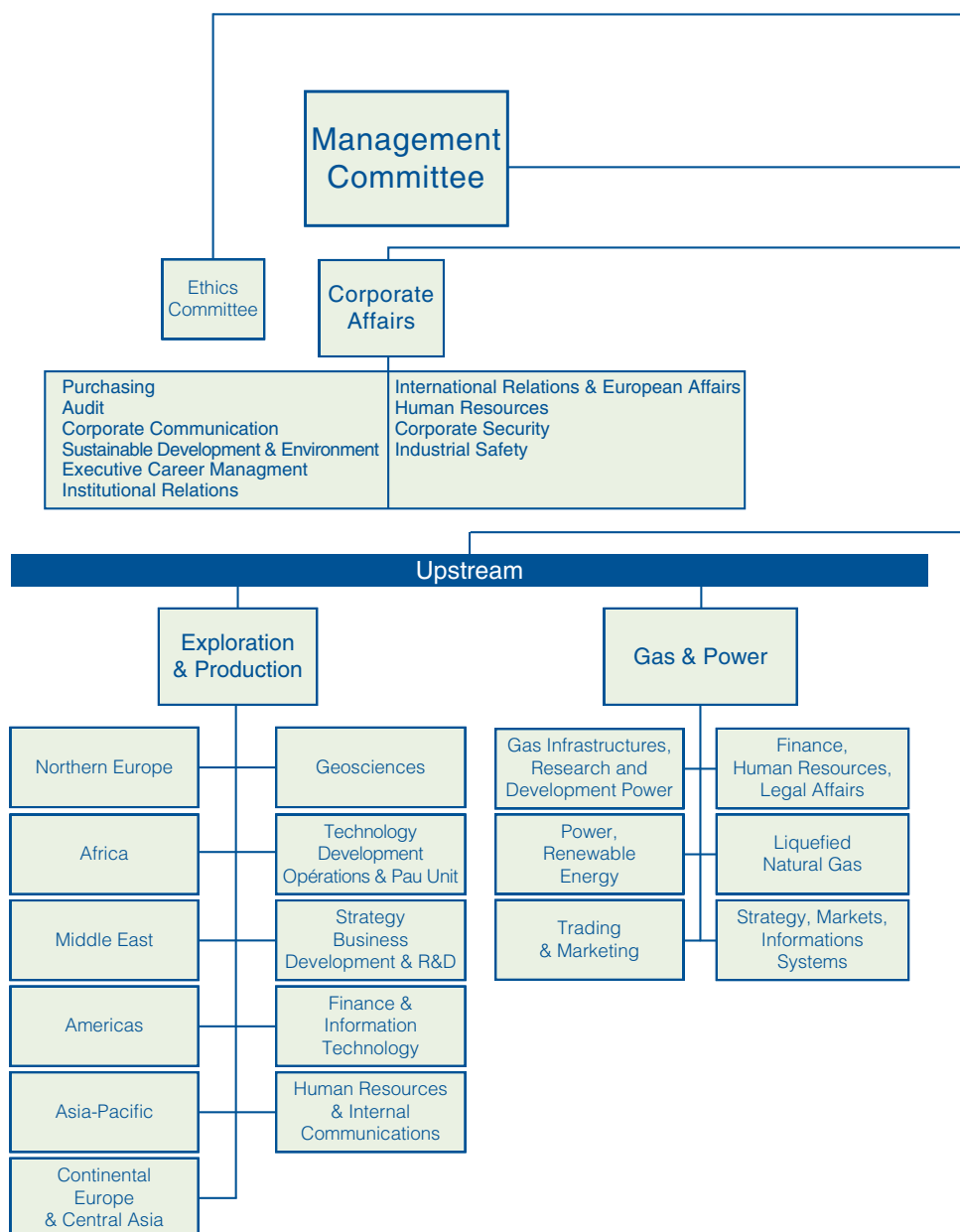
The decision of the principal subsidiaries of TOTAL S.A. to declare dividends is made by their respective shareholders' meetings and remain subject to the provisions of local laws and regulations applicable to them. As of December 31, 2008, there is no restriction under those provisions that would materially restrict the distribution to TOTAL S.A. of the dividends declared by those subsidiaries.

The Group's activities are organized as indicated on the chart on pages 52 and 53 of this Registration Document. The operating segments of the Group are assisted by centralized corporate functions (Finance, Legal, Ethics, Insurance, Strategy & Business Intelligence, Human Resources and Communication) which are also represented in the chart mentioned above and which are part of the parent company, TOTAL S.A.

Principal subsidiaries

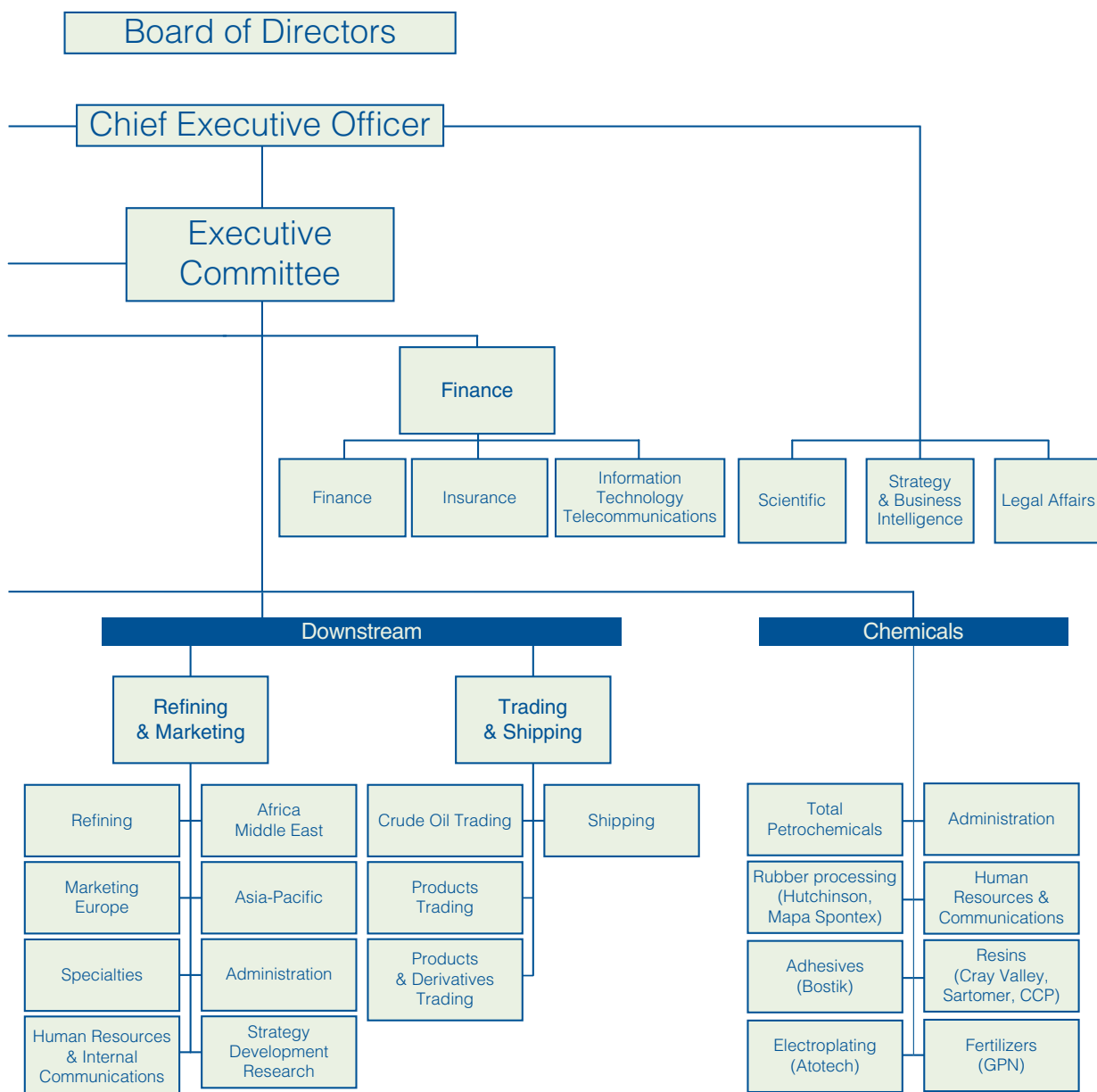
A list of the principal Subsidiaries of the Company is given in Note 35 to the Consolidated Financial Statements (page 256).

Organization chart
March 1, 2009



BUSINESS OVERVIEW

Organization chart



Property, plant and equipment

TOTAL has freehold and leasehold interests in over 130 countries throughout the world. The principal activities based at these sites, fields and other industrial, commercial or administrative properties are described on pages 9 to 35 (Upstream segment), 36 to 43 (Downstream segment) and 44 to 49 (Chemicals segment).

A summary of the fixed assets and their financial impact on the Group (depreciation and impairment) is included in Note 11 to the Consolidated Financial Statements (page 204).

Information about the Company's environmental policy, notably that for the Group's industrial sites, is presented on pages 301 and 302 of this Registration Document.

Chapter 3 (Management report) was established by the Board of Directors on February 11, 2009 and has not been updated with subsequent events.

SUMMARY OF RESULTS AND FINANCIAL POSITION

p. 56

Overview of the 2008 fiscal year for TOTAL S.A.

p. 56

2008 results

p. 57

Upstream results

p. 59

Downstream results

p. 60

Chemicals results

p. 61

TOTAL S.A. 2008 results and proposed dividend

p. 61

LIQUIDITY AND CAPITAL RESOURCES

p. 62

Long-term and short-term capital

p. 62

Cash flow

p. 62

Borrowing requirements and funding structure

p. 63

External financing available

p. 63

Anticipated sources of financing

p. 63

RESEARCH AND DEVELOPMENT

p. 64

Exploration & Production

p. 64

Gas & Power

p. 64

Refining & Marketing

p. 64

Petrochemicals

p. 64

Specialty Chemicals

p. 64

Environment

p. 65

R&D organization

p. 65

TRENDS AND OUTLOOK

p. 66

Outlook

p. 66

Risks and uncertainties

p. 66

2009 sensitivities to market environment

p. 66

Summary of results and financial position

Overview of the 2008 fiscal year for TOTAL S.A.

Unprecedented volatility marked the 2008 oil market environment. In the first part of the year, the price of Brent crude climbed rapidly toward 150 dollars per barrel (\$/b). In the second part of the year, the global economy suffered a sharp slowdown which drove Brent down to a new low for the year of 35 \$/b in December. On average, Brent was 97 \$/b for the year and 55 \$/b for the fourth quarter.

European refining margins were good on average for the year, supported by steady demand for diesel. Petrochemicals, at the end of the petroleum chain, were hurt in the first half of the year by the rapid increase in oil prices. In the second half of the year, petrochemicals benefited from a rebound in margins, but suffered from falling demand linked to the worldwide economic downturn.

Strong volatility also affected the dollar; it depreciated by 7% relative to the euro over the year but rose by 14% during the fourth quarter 2008.

In this environment, adjusted net income⁽¹⁾ for 2008 rose to a record high of more than \$20 billion⁽²⁾, an increase of 22%. This performance was possible despite the 16% decline in the fourth quarter adjusted net income to \$3.8 billion. Nevertheless, TOTAL demonstrated in the fourth quarter its strong resistance to a weaker environment and the benefit of its integrated strategy.

TOTAL invested more than \$18 billion in 2008, a substantial increase compared to 2007, to further prepare the company for the long term. The Group reaffirms as its priorities the safety and reliability of its operations as well as the protection of the environment. In addition, the Company has committed to a number of long-term projects, notably the deep-offshore Usan field in Nigeria, the Jubail refinery in Saudi Arabia, some targeted acquisitions for heavy oil in North America and Madagascar and several projects in renewable energies.

By maintaining strict financial discipline regardless of the environment, TOTAL was able to implement its investment program while delivering strong profitability, proposing a 10% increase in its 2008 dividend and strengthening its balance sheet. The net-debt-to-equity ratio was 23% at the end of 2008 compared to 27% at the end of 2007. In addition, TOTAL has a high level of liquidity and intends to pursue its policy of progressively divesting non-strategic assets.

Given the nature of the business, TOTAL is faced with many risks, particularly industrial and safety risks. The events of the past months in Nigeria, Libya and France are unfortunate reminders that we must redouble our efforts to be ever vigilant when the safety of our people and the protection of the environment are at stake.

TOTAL begins 2009 confident that it can weather a major economic crisis without having to revise its capacity for investments to grow the company over the long term. TOTAL is committed to maintain a balanced growth strategy for the benefit of its workforce, its shareholders and all of its other stakeholders.

(1) Adjusted income (adjusted operating income, adjusted net operating income and adjusted net income) is defined as income using replacement cost, adjusted for special items and excluding TOTAL's equity share of amortization of intangibles related to the Sanofi-Aventis merger; adjusted cash flow is defined as cash flow from operating activities at replacement cost before changes in working capital.
(2) Dollar amounts represent euro amounts converted at the average €-\$ exchange rate for the period (1.4708 in 2008, 1.3704 in 2007, 1.2556 in 2006).

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Summary of results and financial position

2008 results

(M€)	2008	2007	2006
Sales	179,976	158,752	153,802
Adjusted operating income from business segments ^(a)	28,114	23,956	25,166
Adjusted net operating income from business segments ^(a)	13,961	12,231	12,377
Net income (Group share)	10,590	13,181	11,768
Adjusted net income (Group share) ^(a)	13,920	12,203	12,585
Fully-diluted weighted-average shares (millions) ^(a)	2,246.7	2,274.4	2,312.3
Adjusted net fully-diluted earnings per share (euros) ^{(a) (b)}	6.20	5.37	5.44
Dividend per share (€)	2.28	2.07	1.87
Net-debt-to-equity (as of December 31)	23%	27%	34%
Return on average capital employed (ROACE) ^(d)	26%	24%	26%
Return on equity	32%	31%	33%
Cash flow from operating activities	18,669	17,686	16,061
Investments	13,640	11,722	11,852
Divestments	2,585	1,556	2,278

(a) Adjusted income (adjusted operating income, adjusted net operating income and adjusted net income) is defined as income using replacement cost, adjusted for special items and excluding TOTAL's equity share of amortization of intangibles related to the Sanofi-Aventis merger.

(b) Based on the fully-diluted weighted-average number of common shares outstanding during the period.

(c) 2008 dividend is subject to the approval by the shareholders' meeting on May 15, 2009.

(d) Based on adjusted net operating income and average capital employed at replacement cost.

Market parameters

	2008	2007	2006
Exchange rate (€-\$)	1.47	1.37	1.26
Brent (\$/b)	97.3	72.4	65.1
European refining margins TRCV (\$/t)	37.8	32.5	28.9

Adjustments to operating income from business segments

(M€)	2008	2007	2006
Special items affecting operating income from the business segments	(375)	(35)	(177)
■ Restructuring charges	-	-	(25)
■ Impairments	(177)	(47)	(61)
■ Other	(198)	12	(91)
Pre-tax inventory effect: FIFO vs. replacement cost ^(a)	(3,503)	1,830	(314)
Total adjustments affecting operating income from the business segments	(3,878)	1,795	(491)

(a) See Note 1N to the Consolidated Financial Statements.

Adjustments to net income (Group share)

(M€)	2008	2007	2006
Special items affecting net income (Group share)	(485)	11	(150)
■ Equity share of special items recorded by Sanofi-Aventis ^(a)	-	75	(81)
■ Gain on asset sales	214	306	304
■ Restructuring charges	(69)	(35)	(154)
■ Impairments	(205)	(162)	(40)
■ Other	(425)	(173)	(179)
Adjustment related to the Sanofi-Aventis merger (share of amortization of intangible assets) ^(a)	(393)	(318)	(309)
After-tax inventory effect: FIFO vs. replacement cost ^(b)	(2,452)	1,285	(358)
Total adjustments affecting net income	(3,330)	978	(817)

(a) Based on TOTAL's participation in Sanofi-Aventis of 11.38% as of December 31, 2008, 13.06% as of December 31, 2007 and 13.13% as of December 31, 2006.

(b) See paragraph N of Note 1 to the Consolidated Financial Statements.

→ Consolidated sales

Consolidated sales increased by 13% to 179,976 M€ in 2008 from 158,752 M€ in 2007.

→ Operating income

Compared to 2007, the oil market environment in 2008 was marked by a 34% increase in the average Brent crude price to 97.3 \$/b. The TRCV European refining margin indicator increased by 16% to 37.8 \$/t. The environment for TOTAL's Chemicals segment turned sharply negative at year end with a sudden fall-off in demand that resulted from the global economic slowdown.

The average euro-dollar exchange rate was 1.47 \$/€ compared to 1.37 \$/€ in 2007.

In this context, adjusted operating income from the business segments was 28,114 M€, an increase of 17% compared to 2007⁽¹⁾, or, expressed in dollars, an increase of 26%.

The effective tax rate⁽²⁾ for the business segments was 56.4% in 2008 compared to 55.1% in 2007, mainly due to the increase in the share of the Upstream segment in adjusted operating income from the business segments as well as the increase in the effective tax rate for the Upstream segment.

Adjusted net operating income from the business segments was 13,961 M€ compared to 12,231 M€ in 2007, an increase of 14%. The smaller increase, compared to the percentage increase in adjusted operating income, is essentially due to the increase in the effective tax rate between the two periods.

Expressed in dollars, adjusted net operating income from the business segments was \$20.5 billion, an increase of 23%.

→ Net income

Adjusted net income increased by 14% to 13,920 M€ in 2008 compared to 12,203 M€ in 2007. Expressed in dollars, adjusted net income was \$20.5 billion, an increase of 22%.

This excludes the after-tax inventory effect, special items, and the Group's equity share of the amortization of intangibles related to the Sanofi-Aventis merger.

- The after-tax inventory effect had a negative impact on net income of 2,452 M€ in 2008 compared to a positive impact of 1,285 M€ in 2007, reflecting essentially the impact of the sharp decline in oil prices during the fourth quarter;

- Special items had a negative impact on net income of 485 M€ compared to a positive impact of 11 M€ in 2007;

- The Group's share of the amortization of intangibles related to the Sanofi-Aventis merger had a negative impact on net income of 393 M€ and a negative impact of 318 M€ in 2007.

Net income (Group share) was 10,590 M€ in 2008 compared to 13,181 M€ in 2007.

The effective tax rate⁽²⁾ for the Group in 2008 was 56.3% and 55.6% in 2007.

In 2008, the Group bought back 27.6 million of its shares⁽³⁾ for 1,339 M€. There were 2,235.3 million fully-diluted shares outstanding on December 31, 2008 compared to 2,265.2 outstanding on December 31, 2007.

Adjusted fully-diluted earnings per share, based on 2,246.7 million fully-diluted weighted-average shares rose to 6.20 euros compared to 5.37 euros in 2007, an increase of 15%.

Expressed in dollars, adjusted fully-diluted earnings per share increased by 24% to \$9.11/share in 2008 from \$7.35/share in 2007.

→ Investments – divestments

Investments, including net investments in equity affiliates and non-consolidated subsidiaries and acquisitions, were 12,444 M€ (\$18.3 billion) in 2008 compared to 11,371 M€ (\$15.6 billion) in 2007.

Acquisitions were 1,022 M€ (\$1.5 billion) in 2008, reflecting mainly the acquisitions of Synenco in Canada and Goal in The Netherlands, the acquisition of a 60% stake in the Bemolanga permit in Madagascar and payments for new permits and contract extensions in Nigeria and Libya.

Asset sales in 2008 were 1,451 M€ (\$2.1 billion), consisting mainly of Sanofi-Aventis shares.

Net investments⁽⁴⁾ were \$16.3 billion in 2008 compared to \$13.9 billion in 2007.

→ Profitability

The ROACE⁽⁴⁾ for the Group was 26% in 2008 (28% for the business segments) compared to 24% and 27% respectively in 2007.

Return on equity was 32% in 2008 compared to 31% in 2006.

(1) Special items affecting operating income from the business segments had a negative impact of -375 M€ in 2008 and a negative impact of -35 M€ in 2007.

(2) Defined as : (tax on adjusted net operating income) / (adjusted net operating income – income from equity affiliates, dividends received from investments and impairments of acquisition goodwill + tax on adjusted net operating income).

(3) Including 2.8 million shares purchased to cover the program of restricted share grants for employees per the Board of Directors decision of September 9, 2008.

(4) Based on adjusted net operating income and average capital employed at replacement cost.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Summary of results and financial position

Upstream results

Environment – liquids and gas price realizations^(a)

	2008	2007	2006
Brent (\$/b)	97.3	72.4	65.1
Average liquids price (\$/b)	91.1	68.9	61.8
Average gas price (\$/Mbtu)	7.38	5.40	5.91

(a) Consolidated subsidiaries, excluding fixed margin and buyback contracts.

TOTAL's average realized liquids price increased by 32% in 2008 compared to 2007. The average realized natural gas price increased by 37%.

Hydrocarbon production

	2008	2007	2006
Liquids (kb/d)	1,456	1,509	1,506
Gas (Mcf/d)	4,837	4,839	4,674
Combined production (kboe/d)	2,341	2,391	2,356

For the full-year 2008, hydrocarbon production was 2,341 kboe/d, a decrease of 2% compared to 2007, mainly as a result of:

- +3.5% of growth from start-ups and ramp-ups of new major projects, including Dolphin, Rosa, Jura and Dalia, net of the normal decline on existing fields;

- -2.5% for unscheduled shutdowns, mainly on the Elgin Franklin field in February, the Bruce and Alwyn fields in the summer, and the Al Jurf field from April to the end of December 2008;

- -2% for the price effect⁽¹⁾;

- -1% for changes in the portfolio.

Underlying production growth in 2008, excluding the price effect and changes in the portfolio, was +1%.

Year-end 2008 reserves^(a)

	2008	2007	2006
Liquids (Mb)	5,695	5,778	6,471
Gas (Bcf)	26,218	25,730	25,539
Hydrocarbon reserves (Mboe)	10,458	10,449	11,120

(a) TOTAL's proved reserves include fully-consolidated subsidiaries proved reserves and its equity share in equity affiliates proved reserves as well as proved reserves from two non-consolidated subsidiaries.

Proved reserves based on SEC rules (Brent at 36.55 \$/b) were 10,458 Mboe at December 31, 2008. At the 2008 average rate of production, the reserve life is more than 12 years.

The 2008 reserve replacement rate⁽²⁾ based on SEC proved reserves was 112%, excluding acquisitions and divestments.

Including acquisitions and divestments, it was 101%.

At year-end 2008, TOTAL had a solid and diversified portfolio of proved and probable reserves⁽³⁾ representing 20 Bboe, or more than a 20-year reserve life based on the 2008 average production rate, and resources⁽⁴⁾ representing more than a 40-year reserve life.

(1) Impact of changing hydrocarbon prices on entitlement volumes.

(2) Change in reserves excluding production i.e. (revisions + discoveries, extensions + acquisitions – divestments) / production for the period. The 2008 reserve replacement rate was 99% in a constant 93.72 \$/b Brent environment excluding acquisitions and divestments.

(3) Limited to proved and probable reserves covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 60 \$/b Brent environment, including projects developed by mining.

(4) Proved and probable reserves plus potential median recoverable reserves from known accumulations (Society of Petroleum Engineers—03/07).

Results

(M€)	2008	2007	2006
Adjusted operating income	23,639	19,514	20,307
Adjusted net operating income	10,724	8,849	8,709
Cash flow from operating activities	13,765	12,692	11,524
Adjusted cash flow from operating activities	14,313	12,562	12,150
Investments	10,017	8,882	9,001
Divestments	1,130	751	1,458
Return on average capital employed	36%	34%	35%

For the full-year 2008, adjusted net operating income for the Upstream segment was 10,724 M€ compared to 8,849 M€ in 2007, an increase of 21%.

The increase in adjusted net operating income was mainly due to the positive impacts of the price of hydrocarbons (+3.5 B€) partially offset by the negative impacts of the weaker dollar (-0.6 B€), higher production costs (-0.5 B€) and decreased production (-0.5 B€).

Expressed in dollars, the 2008 adjusted net operating income for the Upstream segment was \$15.8 billion, an increase of \$3.6 billion compared to 2007.

Technical costs (FAS 69, consolidated subsidiaries) were 15.4 \$/boe in 2008 compared to 12.4 \$/boe in 2007, an increase of 3.0 \$/boe that was mainly due to the impact of higher depreciation, depletion and amortization (DD&A) charges on new start-up production, portfolio changes⁽¹⁾ and the impact of cost inflation.

The return on average capital employed (ROACE⁽²⁾) for the Upstream segment was 35.9% in 2008 compared to 33.6% in 2007.

Downstream results

Operating data

	2008	2007	2006
Refinery throughput ^(a) (kb/d)	2,362	2,413	2,454
Refined product sales ^(b) (kb/d)	3,658	3,774 ^(c)	3,682 ^(c)

(a) Includes share of CEPSA.

(b) Including Trading and share of CEPSA.

(c) Amounts are different from those in TOTAL's 2007 and 2006 Registration Documents due to a change in the calculation method for the Port Arthur refinery sales.

For the full-year 2008, the utilization rate based on crude was 88% (91% based on crude and other feedstock) compared to 87% in 2007 (89% based on crude and other feedstock). There were six refinery turnarounds in 2008 compared to ten in 2007. The level of refinery turnarounds in 2009 is expected to be comparable to the 2008 level.

Results

(M€)	2008	2007	2006
Adjusted operating income	3,602	3,287	3,644
Adjusted net operating income	2,569	2,535	2,784
Cash flow from operating activities	3,111	4,148	3,626
Adjusted cash flow from operating activities	4,018	3,276	3,904
Investments	2,418	1,875	1,775
Divestments	216	394	428
Return on average capital employed	20%	21%	23%

(1) Including PetroCedeño and impairment of Joslyn.

(2) Based on adjusted net operating income and average capital employed at replacement cost.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Summary of results and financial position

For the full-year 2008, adjusted net operating income for the Downstream segment was 2,569 M€ compared to 2,535 M€ in 2007, an increase of 1%.

This result reflects the generally satisfactory environment, with the impact from the generally positive Downstream environment in Europe (0.55 B€) in 2008 being offset the negative impacts from refining in North America (-0.2 B€) stemming from the negative environment and from hurricanes, as well as the negative impact of the weaker dollar (-0.2 B€) and the impact of losses incurred through TOTAL's participation in Wepec, its Chinese refining affiliate (-0.1 B€).

Expressed in dollars, adjusted net operating income for the Downstream segment was \$3.8 billion in 2008, an increase of \$0.3 billion compared to 2007.

The ROACE⁽¹⁾ for the Downstream segment was 19.9% in 2008 compared to 20.6% in 2007.

Chemicals results

(M€)	2008	2007	2006
Sales	20,150	19,805	19,113
Adjusted operating income	873	1,155	1,215
Net adjusted operating income ^(a)	668	847	884
Cash flow from operating activities ^(b)	920	1,096	972
Adjusted cash flow from operating activities	1,093	1 093	1,220
Investments	1,074	911	995
Divestments	53	83	128
Return on average capital employed	9%	12%	13%
Return on average capital employed excluding deferred tax credits related to Arkema activities	n/a ^(c)	n/a ^(c)	13%

(a) Including deferred tax credits related to Arkema activities: 18 M€ in 2006.

(b) Including expenses related to AZF: 57 M€ in 2006, 42 M€ in 2007 and 18 M€ in 2008.

(c) Not applicable.

For the full-year 2008, adjusted net operating income for the Chemicals segment was 668 M€ compared to 847 M€ in 2007, a decrease of 21%. This decrease reflects essentially the negative impact of the environment.

Expressed in dollars, the decrease was \$0.18 billion.

The ROACE⁽²⁾ for the Chemicals segment was 9.2% in 2008 compared to 12.1% in 2007.

Based on the Group's adjusted net income for 2008, TOTAL's pay-out ratio would be 37%.

After taking into account the interim dividend of 1.14 euro per share paid on November 19, 2008, the remaining 1.14 euro per share would be paid on May 22, 2009⁽²⁾.

TOTAL S.A. 2008 results and proposed dividend

Net income for TOTAL S.A., the parent company, was 6,008 M€ in 2008 compared to 5,779 M€ in 2007. After reviewing the accounts, the Board of Directors has decided to propose that the shareholders' meeting on May 15, 2009 approve a dividend of 2.28 euros per share for 2008, an increase of 10% compared to the previous year.

(1) Based on adjusted net operating income and average capital employed at replacement cost.

(2) The ex-dividend date is scheduled on May 19, 2009.

Liquidity and capital resources

Long-term and short-term capital

Long-term capital

As of December 31 (M€)	2008	2007	2006
Shareholders equity ^(a)	47,410	43,303	38,890
Non-current financial debt	16,191	14,876	14,174
Hedging instruments of non-current financial debt	(892)	(460)	(486)
Total net non-current capital	62,709	57,719	52,578

(a) 2008 equity after the distribution of the 2008 dividend of 2.28 euros per share, par value 2.50 euros, taking into account the 1.14 euro interim dividend paid in November 2008.

Short-term capital

As of December 31 (M€)	2008	2007	2006
Current borrowings	7,722	4,613	5,858
Net current financial assets	(29)	(1,204)	(3,833)
Net current financial debt	7,693	3,409	2,025
Cash and cash equivalents	(12,321)	(5,988)	(2,493)

Cash flow

(M€)	2008	2007	2006
Cash flow from operating activities	18,669	17,686	16,061
Changes in working capital adjusted for the pre-tax FIFO inventory effect	(932)	354	(755)
Cash flow from operating activities before changes in working capital adjusted for the pre-tax FIFO inventory effect	19,601	17,332	16,816
Investments	(13,640)	(11,722)	(11,852)
Divestments	2,585	1,556	2,278
Net cash flow at replacement cost, before changes in working capital	8,546	7,166	7,242
Dividends paid	(5,158)	(4,738)	(4,325)
Share buybacks	(1,189)	(1,526)	(3,830)
Net-debt-to-equity ratio at December 31	23%	27%	34%

Cash flow from operating activities was 18,669 M€ in 2008, an increase of 6% compared to 2007. Expressed in dollars, cash flow from operating activities was \$27.5 billion, an increase of 13%.

Adjusted cash flow⁽¹⁾ was 19,601 M€, an increase of 13%. Expressed in dollars, adjusted cash flow was \$28.8 billion, an increase of 21% compared to 2007.

Net cash flow⁽²⁾ was 7,614 M€ compared to 7,520 M€ in 2007. Expressed in dollars, net cash flow was \$11.2 billion, an increase of 9% compared to 2007.

The net-debt-to-equity ratio was 22.5% on December 31, 2008 compared to 27.3% on December 31, 2007.

(1) Adjusted cash flow = cash flow from operating activities at replacement cost before changes in working capital.

(2) Net cash flow = cash flow from operating activities + divestments – investments.

Borrowing requirements and funding structure

The Group's policy for long-term debt is to borrow primarily at variable rates, or at a fixed rate depending on the level of interest rates at the time, in dollars or in euros based on the Group's general needs. Long-term rate and currency swaps may be used in conjunction with debt issues and bonds to create a synthetic, variable-rate debt. TOTAL may also enter into long-term interest rate swaps in order to partially modify the rate structure of long-term debt.

Long-term financial debt is generally issued centrally by entities managed by the treasury department, either directly in dollars or in euros, or in currencies systematically exchanged for dollars or euros, based on the Group's general needs, through swaps.

Any bank counterparty with which the Group wishes to work in market transactions must first be authorized after an assessment of its financial position and its ratings from Standard & Poor's and Moody's, which must be of high quality.

An authorized aggregate limit is defined for each bank and divided among the subsidiaries and the Group treasury unit based on needs for financial activities.

Due to the recent changes in financial markets, the Group has taken additional measures to strengthen the control of its exposure to the counterparty risk. The Group notably takes into account the banks' financial situation, share market price and Credit Default Swap (CDS) when selecting counterparties.

External financing available

The total amount, as of December 31, 2008, of the principal confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was \$9,621 million (compared to \$10,505 as of December 31, 2007), of which \$9,380 million was unused (compared to \$8,548 million as of December 31, 2007).

TOTAL S.A. has confirmed lines of credit granted by international banks that allow the company to fund a significant cash reserve. As of December 31, 2008, these lines of credit amounted to \$8,966 million (compared to \$8,261 million as of December 31, 2007), of which \$8,725 million are unused (compared to \$8,195 million as of December 31, 2007).

The contracts for the lines of credit granted to TOTAL S.A. contain no provisions that tie the terms and conditions of the loan to the Company's financial ratios, to its financial ratings from specialized agencies, or to the occurrence of events that could have a material negative impact on its financial position.

The lines of credit granted to Group companies other than TOTAL S.A. are not intended to finance the Group's general needs; they are intended to finance either the general needs of the borrowing subsidiary or a specific project.

As of December 31, 2008, there was no restriction on the use of the capital received by the Group's companies (including TOTAL S.A.) which could have a direct or indirect material impact on the Group's operations.

Anticipated sources of financing

In 2008, investments, working capital, dividend payments and share buybacks were financed essentially by the cash flow generated from operating activities and, to a lesser extent, by asset disposals and net borrowings.

For the coming years and based on the current financing conditions, the Company intends to maintain this method of financing its investments and activities.

Research and development

In 2008, research and development (R&D) expenses amounted to 612 M€, compared to 594 M€ in 2007 and 569 M€ in 2006.

4,285 employees were dedicated to these research and development activities in 2008, compared to 4,216 in 2007 and 4,091 in 2006.

There are four major axes for R&D at TOTAL:

- information on and understanding of energy resources, mainly oil and gas but also biomass and next generation energies, to optimize exploitation;
- competitiveness, renewal and quality of products, including adapting to market needs, and understanding their life cycle and their environmental impacts;
- efficiency, reliability and longevity of industrial production facilities, including their energy efficiency; and
- environmental issues related to water, air, soil and biodiversity at industrial sites, and the future of emissions such as carbon dioxide.

The dynamic introduction of advanced technologies, such as in information science and technology, advanced computing systems and nanotechnology and biotechnology fields, is necessary for activities to evolve.

These issues are addressed synergistically within a portfolio of projects. Different aspects may be looked at independently by different divisions.

Exploration & Production

In addition to continuing to improve and optimize the development of offshore projects and bringing natural gas resources to market, TOTAL has substantially increased its computing resources and improved its exploration and seismic acquisition and processing tools, as well as those for the initial appreciation of reservoirs and for simulating field evolution over the operating period. These tools are particularly useful for tight sands, very deep reservoirs and carbonate reservoirs. Enhancing oil recovery from operated reservoirs and recovery of heavy oil and bitumen with lesser environmental impacts are also important subjects.

A new major project to develop technology for the development of oil shale commenced in 2008.

In France, the project for the capture and storage of carbon dioxide in deep depleted gas reservoirs is progressing as planned. Water management is also the subject of R&D activities.

Gas & Power

Energy conversion is one of the important subjects for R&D. For example, the Group is involved in developing new technical possibilities for LNG terminals, DME (DiMethyl Ether) production (where the Group is involved in a testing program) and coal-to-liquids (CTL) processes that convert coal into liquid hydrocarbons while capturing carbon dioxide.

Major research and development themes for next generation energies include increased R&D related to new photovoltaic technology and power generation from biomass. In addition, the Group's involvement in partnerships to study wave power allows the Group to increase its understanding of the related technological challenges.

Refining & Marketing

As part of its Refining & Marketing activities, TOTAL is committed to helping to prepare for future energy resources, including from non-conventional oil and second generation biomass, by developing products that are adapted to the needs of the market, in particular higher performance fuels, additives and lubricants which will better meet clients' specific needs and are more energy efficient. This division is also developing processes and catalysts and studying the operation of its industrial sites to improve production, operate more efficiently and reduce environmental impact. The division is also developing technologies to measure and reduce industrial emissions in the environment. TOTAL is also involved in various research groups with academic, industrial and financial partners for the development of second generation biofuels through the enzymatic and thermo-chemical conversion of biomass.

Petrochemicals

TOTAL's R&D is focusing on the use of resources other than naphtha and ethane, for example methanol from coal, gas or renewable raw materials, as petrochemicals feedstock. The development of new grades of polymers is also a significant R&D activity, with a focus on biodegradable polymers such as polylactic acid (PLA). This activity involves research on catalysts and processes and includes pilot programs for development. An industrial pilot program to convert methanol into olefins, combined with an existing polymerization pilot was inaugurated in 2008 at the Feluy site in Belgium.

Specialty Chemicals

R&D has strategic importance for the Specialty Chemicals activities and it closely linked to operational needs.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Research and development

Atotech is one of the world leaders for integrated production systems (chemicals, equipment, know-how and service) for industrial surface finishing and the manufacturing of integrated circuits. Atotech's R&D department, in response to environmental concerns, is focused on developing cleaner technologies and creating conditions for the sustainable development of these industries.

Hutchinson is focused on innovation in the fields of clean production technology, the development of thermoplastic elastomers and the development of energy efficient systems for large industrial clients.

Bostik and Cray Valley-Sartomer are seeking to develop products (glues and resins) that are adapted to new markets and that will allow new uses because of clean production technologies, including using biomass resources.

Environment

Environmental issues are important throughout the Group and taken into account in all R&D projects, which aim to:

- detect and reduce air emissions;
- prevent soil and water contamination by focusing R&D activity on the most significant environmental risks at the Group's sites or projects;

- prepare the Group's products for the REACH Regulation and manage their life cycles; and
- reduce greenhouse gas emissions through the improvement of energy efficiency and carbon dioxide capture and sequestration.

R&D organization

Significant R&D development is an important part of the Group's long-term strategy for each of its business segments. The Group's approach includes research in each division and also inter-divisional cooperation significant issues and technologies. As a result, attention is given to synergies between R&D efforts in the various divisions.

The Group has 22 principal R&D sites worldwide and has developed approximately 600 active partnerships with other industrial groups, academic or special research institutes. TOTAL also has a network of scientific advisors worldwide who monitor and advise on matters of interest to the Group's R&D activities. Long-term partnerships with universities and academic laboratories, deemed strategic in Europe, the United States, Japan, China, as well as innovating small businesses are part of the Group's approach.

Each branch is developing an active intellectual property activity, aimed at protecting its developments, allowing its activity without constraints as well as facilitating its partnerships. In 2008, close to 240 new patents applications were issued by the Group.

Trends and outlook

Outlook

In the Upstream, TOTAL benefits from the high-quality of its portfolio. Production start-ups for several major projects planned for 2009 include Akpo in Nigeria, Yemen LNG and then Qatargas II. In addition, engineering studies for the next wave of major projects which are expected to be launched between 2009 and 2010 are ongoing, notably for Egina in Nigeria, Laggan Tormore in the UK North Sea, Shtokman in Russia, Ichthys in Australia and certain heavy oil projects in Canada. The Group intends to maintain technical costs at the lowest level among the majors, thus preserving an important competitive advantage in a weaker oil market environment. Also, TOTAL is continuing with its efforts to improve the reliability of its facilities and to emphasize safety throughout its operations.

In Downstream and Petrochemicals, the Group will define the necessary changes needed to adapt its industrial assets to new trends in market demand. At the same time, major construction projects are continuing, notably for the modernization of the Port Arthur refinery in the United States, the Jubail refinery project in Saudi Arabia and the start-up of the Qatofin cracker in Qatar.

The 2009 Capex budget is approximately \$18 billion⁽¹⁾, 75% of it for the Upstream segment. TOTAL is determined to reduce the cost of its projects by reviewing contractual terms, technical plans and timing.

On another front, the Group has already begun to implement company-wide productivity plans to reduce costs and to lower breakeven points for its operations.

In an environment marked by significant weakness for the short term, the management of TOTAL relies on strict financial discipline and is

committed to taking the actions necessary to adapt and rebalance its industrial assets. A solid financial base should allow the company to pursue a sustained investment program to prepare for the long term, while also maintaining good profitability, its dividend policy and a net-debt-to-equity ratio around 25-30%. In addition, the Group plans to continue to progressively divest its Sanofi-Aventis shares.

Since the beginning of 2009, the price of Brent has traded around 45 dollars per barrel. Additional production cuts announced by OPEC should better balance existing supply to the currently weakened market demand.

Risks and uncertainties

Due to the nature of its business, the Company is subject to market risks (in both the oil and financial markets), industrial and environmental risks related to their operations, and to geopolitical risks stemming from the global presence of most of its activities.

In addition, risks related to cash management activities and to interest rate and foreign exchange rate financial instruments are managed according to strict rules set by the Company's management, which also oversees the systematic centralization of liquidity positions and the management of financial instruments.

A detailed description of these risks is included in this Registration Document (pages 67 to 82). Also included in this Registration Document, in accordance with Article L. 225-102-1 of the French Commercial Code, is information on how TOTAL S.A. accounts for the social and environmental effects of its activities (pages 298 to 302).

2009 sensitivities to market environment^(a)

Market environment	Scenario	Change	Estimated impact on adjusted operating income	Estimated impact on adjusted net operating income
Dollar	1,30 \$/€	+0.10 \$ per €	-1.3 B€	-0.7 B€
Brent	60 \$/b	+1 \$/b	+0.32 B€/+0.42 billion	+0.15 B€/+0.20 billion
European refining margins (TRCV)	30 \$/t	+1 \$/t	+0.08 B€/+0.11 billion	+0.06 B€/+0.07 billion

^(a) Sensitivities revised once per year upon publication of the previous year's fourth results. The impact of the €-\$ sensitivity on adjusted operating income and adjusted net operating income attributable to the Upstream segment are approximately 75% and 65% respectively, and the remaining impact of the €-\$ sensitivity is essentially in the Downstream segment.

⁽¹⁾ Including net investments in equity affiliates and non-consolidated companies, excluding acquisitions and divestments, based on 1 € = \$1.30 for 2009.

MARKET RISKS

Sensitivity to market environment	p. 68
Oil and gas market related risks	p. 68
Financial markets related risks	p. 69
Counterparty risk	p. 69
Currency exposure	p. 70
Short-term interest rate exposure and cash	p. 70
Interest rate risk on non-current debt	p. 70
Sensitivity analysis on interest rate and foreign exchange risk	p. 71
Stock market risk	p. 72
Liquidity risk	p. 72
Credit risk	p. 74

p. 68

INDUSTRIAL AND ENVIRONMENTAL RISKS

Type of risks	p. 76
Risk evaluation	p. 76
Risk management	p. 77
Asbestos	p. 77

p. 76

OTHER RISKS

Risks related to oil and gas exploration and production	p. 78
Risks related to economic or political factors	p. 78
Legal aspects of exploration and production activities	p. 79
Legal aspects of other activities of the Group	p. 79
Regulations concerning Iran and Sudan	p. 80
Nigeria	p. 80
Risks related to competition	p. 81
Legal and arbitration proceedings	p. 81

p. 78

INSURANCE AND RISK MANAGEMENT

Organization	p. 82
Risk and insurance management policy	p. 82
Insurance policy	p. 82

p. 82

Market risks

Sensitivity to market environment

The financial performance of TOTAL is sensitive to a number of factors, the most significant being oil and gas prices, generally expressed in dollars, and exchange rates, in particular that of the dollar versus the euro.

Generally, a rise in the price of crude oil has a positive effect on earnings as a result of an increase in revenues from oil and gas production. Conversely, a decline in crude oil prices reduces revenues. For the year 2009, the Group estimates that an increase or decrease of \$1.00 per barrel in the price of Brent crude would respectively increase or decrease annual adjusted

net operating income by approximately 0.15 B€ (\$0.20 billion).⁽¹⁾ The impact of changes in crude oil prices on Downstream and Base Chemicals operations depends upon the speed at which the prices of finished products adjust to reflect these changes. The Group estimates that an increase or decrease in European TRCV refining margins of \$1 per ton would increase or decrease annual adjusted net operating income by approximately 0.06 B€ (\$0.07 billion).⁽¹⁾

All of the Group's activities are, to various degrees, sensitive to fluctuations in the dollar/euro exchange rate. The Group estimates that a strengthening or weakening of the dollar against the euro by \$0.10 per euro would respectively improve or reduce annual adjusted net operating income, expressed in euros, by approximately 0.7 B€.

The Group's results, particularly in the Chemicals segment, also depend on the overall economic environment.

2009 Sensitivities ^(a)	Scenario	Change	Estimated impact on adjusted operating income	Estimated impact on adjusted net operating income
Dollar	1.30 \$/€	+0.10 \$/b	-1.3 B€	-0.7 B€
Brent	60 \$/b	+1 \$/b	+0.32 B€/+ \$0.42 billion	+0.15 B€/+ \$0.20 billion
European refining margins (TRCV)	30 \$/t	+1 \$/t	+0.08 B€/+ \$0.11 billion	+0.06 B€/+ \$0.07 billion

^(a) Sensitivities revised once per year upon publication of the previous year's fourth quarter results. The impact of the \$/€ sensitivity on adjusted operating income and adjusted net operating income attributable to the Upstream segment are approximately 75% and 65% respectively, and the remaining impact of the \$/€ sensitivity is essentially in the Downstream segment.

Oil and gas market related risks

Due to the nature of its business, the Group has significant oil and gas trading activities as part of its day-to-day operations in order to optimize revenues from its oil and gas production and to obtain favorable pricing to supply its refineries.

In its international oil trading activities, the Group follows a policy of not selling its future oil and gas production for future delivery. However, in connection with these trading activities, the Group, like most other oil companies, uses energy derivative instruments to adjust its exposure to price fluctuations of crude oil, refined products, natural gas and electricity. The Group also uses freight rate derivative contracts in its shipping activities to adjust its exposure to freight-rate fluctuations. To hedge against this risk, the Group uses various instruments such as futures, forwards, swaps and options on organized markets or over-the-counter markets. The list of the different derivatives held by the Group in these markets is detailed in Note 30 to the Consolidated Financial Statements (page 243).

The Trading & Shipping division measures its market risk exposure, *i.e.* potential loss in fair value, on its crude oil, refined products and freight rates trading activities using a value-at-risk technique. This technique is based on an historical model and makes an assessment of the market risk arising from possible future changes in market values over a 24-hour period. The calculation of the range of potential changes in fair value takes into account a snapshot of the end-of-day exposures and the set of historical price movements for the last 400 business days for all instruments and maturities in the global trading activities. Options are systematically reevaluated using appropriate models.

⁽¹⁾ Calculated with a base case exchange rate of \$1.30 per 1.00€.

RISK FACTORS

Market risks

The potential movement in fair values corresponds to a 97.5% value-at-risk type confidence level. This means that the Group's portfolio result is likely to exceed the value-at-risk loss measure once over 40 business days if the portfolio exposures were left unchanged.

Trading & Shipping : value-at-risk with a 97.5% probability**As of December 31,**

(M€)

	Highest	Lowest	Average	Closing price
2008	13.5	2.8	6.9	11.8
2007	11.6	3.3	6.7	5.4
2006	12.9	4.3	8.6	11.4

As part of its gas and power trading activity, the Group also uses derivative instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. The Gas & Power division measures its market risk exposure, *i.e.* potential loss in fair values, on its trading activities using a value-at-risk technique. This technique is based on an historical model and makes

an assessment of the market risk arising from possible future changes in market values over a one day period. The calculation of the range of potential changes in fair values takes into account a snapshot of the end-of-day exposures and the set of historical price movements for the past two years for all instruments and maturities in the global trading activities.

Gas & Power: value-at-risk with a 97.5% probability**As of December 31,**(M€) ^(a)

	Highest	Lowest	Average	Closing price
2008	16.3	1.3	5.0	1.4
2007	18.2	3.2	7.9	4.3
2006	21.7	3.5	9.1	6.0

(a) Data takes into account historical price movements over the past two years, for 2008, and over the past year, for 2007 and 2006.

The Group has implemented strict policies and procedures to manage and monitor these market risks. These are based on the splitting of supervisory functions from operational functions and on an integrated information system that enables real-time monitoring of trading activities.

Limits on trading positions are approved by the Group's Executive Committee and are monitored daily. To increase flexibility and encourage liquidity, hedging operations are performed with numerous independent operators, including other oil companies, major energy producers or consumers and financial institutions. The Group has established counterparty limits and monitors outstanding amounts with each counterparty on an ongoing basis.

Financial markets related risks

As part of its financing and cash management activities, the Group uses derivative instruments to manage its exposure to changes in interest rates and foreign exchange rates. These instruments are principally interest rate and currency swaps. The Group may also use, on a less frequent basis, futures, caps, floors and options contracts. These operations and their accounting treatment are detailed in Notes 1 paragraph M, 20, 28 and 29 to the Consolidated Financial Statements.

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed according to rules set by the Group's senior management and that provide for regular pooling of available cash balances, open positions and

management of the financial instruments by the treasury/financing department. Excess cash of the Group is deposited in government institutions or deposit banks selected in accordance with strict criteria, or is used to buy deposit certificates issued by these banks. Liquidity positions and the management of financial instruments are centralized by the treasury/financing department, where they are managed by a team specialized in foreign exchange and interest rate market transactions.

The cash monitoring/management team within the treasury/financing department monitors limits and positions per bank on a daily basis and reports results. This team also prepares marked-to-market valuations and, when necessary, performs sensitivity analysis.

Counterparty risk

The Group has established standards for market transactions under which bank counterparties must be approved in advance, based on an assessment of the counterparty's financial soundness and its ratings with Standard & Poor's and Moody's, which must be of high quality.

An overall authorized credit limit is set for each bank and is allotted among the subsidiaries and the Group's central treasury entities according to their needs.

Due to the recent changes in the financial markets, the Group has taken additional measures to reinforce its management of its exposure to counterparty risk. The Group takes into account the banks' financial situation, share price and Credit Default Swap (CDS) rate when selecting counterparties.

Currency exposure

The Group seeks to minimize the currency exposure of each entity to its functional currency (primarily the euro, the dollar, the pound sterling and the Norwegian krone).

For currency exposure generated by commercial activity, the hedging of revenues and costs in foreign currencies is typically performed using currency operations on the spot market and in some cases on the forward market. The Group rarely hedges future cash flows, although it may use options to do so.

With respect to currency exposure linked to non-current assets booked in a currency other than the euro, the Group has a policy of reducing the related currency exposure by financing these assets in the same currency.

Net short-term currency exposure is periodically monitored against limits set by the Group's senior management.

The non-current debt described in Note 20 to the Consolidated Financial Statements (page 221) is generally raised by the corporate treasury entities either directly in dollars or euros, or in other currencies which are then systematically exchanged for dollars or euros through swaps issues to appropriately match general corporate needs. The proceeds from these debt issuances are loaned to affiliates whose accounts are kept in dollars or in euros. Thus, the net sensitivity of these positions to currency exposure is not significant.

The Group's short-term currency swaps, the notional value of which appears in Note 29 to the Consolidated Financial Statements (page 239), are used to attempt to optimize the centralized cash management of the Group. Thus, the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

Short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and dollars, are managed according to the guidelines established by the Group's senior management (maintain maximum liquidity, optimize revenue from investments considering existing interest rate yield curves, and minimize the cost of borrowing) over a less than twelve-month horizon and on the basis of a daily interest rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modifying currency exposure.

Interest rate risk on non-current debt

The Group's policy consists of incurring non-current debt primarily at a floating rate, or, if the opportunity arises at the time of an issuance, at a fixed rate. Debt is incurred in dollars or in euros according to general corporate needs. Long-term interest rate and currency swaps may be used to hedge bonds at their issuance in order to create a variable rate synthetic debt. In order to partially modify the interest rate structure of the long-term debt, TOTAL may also enter into long-term interest rate swaps.

RISK FACTORS

Market risks

Sensitivity analysis on interest rate and foreign exchange risk

The tables below present the potential impact of an increase or decrease of 10 basis points on the interest rate yield curves for each of the currencies on the fair value of the current financial instruments as of December 31, 2008, 2007 and 2006.

Assets / (Liabilities) (M€)	Carrying amount	Estimated fair value	Change in fair value due to a change in interest rate by	
			+ 10 basis points	- 10 basis points
As of December 31, 2008				
Bonds (non-current portion, before swaps)	(14,119)	(14,119)	47	(43)
<i>Issue swaps and swaps hedging bonds (liabilities)</i>	(440)	(440)		
<i>Issue swaps and swaps hedging bonds (assets)</i>	892	892		
Total issue swaps and swaps hedging bonds (assets and liabilities)	452	452	(44)	44
Current portion of non-current debt after swap (excluding finance lease obligations)	(2,025)	(2,025)	3	(3)
Other interest rates swaps	(4)	(4)	1	(1)
Currency swaps and forward exchange contracts	(56)	(56)	-	-
As of December 31, 2007				
Bonds (non-current portion, before swaps)	(11,741)	(11,741)	37	(37)
<i>Issue swaps and swaps hedging bonds (liabilities)</i>	(369)	(369)		
<i>Issue swaps and swaps hedging bonds (assets)</i>	460	460		
Total issue swaps and swaps hedging bonds (assets and liabilities)	91	91	(39)	38
Current portion of non-current debt after swap (excluding finance lease obligations)	(1,669)	(1,669)	(1)	1
Other interest rates swaps	1	1	-	-
Currency swaps and forward exchange contracts	(34)	(34)	-	-
As of December 31, 2006				
Bonds (non-current portion, before swaps)	(11,413)	(11,413)	26	(26)
<i>Issue swaps and swaps hedging bonds (liabilities)</i>	(193)	(193)		
<i>Issue swaps and swaps hedging bonds (assets)</i>	486	486		
Total issue swaps and swaps hedging bonds (assets and liabilities)	293	293	(26)	26
Current portion of non-current debt after swap (excluding finance lease obligations)	(2,140)	(2,140)	1	(1)
Other interest rates swaps	4	4	(1)	1
Currency swaps and forward exchange contracts	(8)	(8)	1	(1)

The impact of changes in interest rates on the cost of net debt before taxes is presented in the table below:

For the year ended December 31, (M€)	2008	2007	2006
Cost of net debt	(527)	(539)	(364)
Interest rate translation of:			
+ 10 basis points	(11)	(12)	(12)
- 10 basis points	11	12	12
+ 100 basis points	(113)	(116)	(118)
- 100 basis points	113	116	118

As a result of the policy for the management of currency exposure previously described, the Group's sensitivity to currency exposure is primarily influenced by the net equity of the subsidiaries whose functional currency is the dollar and, to a lesser extent, the pound sterling and the Norwegian krone.

4

RISK FACTORS

Market risks

This sensitivity is reflected in the historical evolution of the currency translation adjustment recorded in the statement of changes in shareholders' equity which, in the course of the last three fiscal years, is essentially related to the fluctuation of dollar and pound sterling and is set forth in the table below:

	Euro/Dollar exchange rates	Euro/Pound sterling exchange rates
As of December 31, 2008	1.39	0.95
As of December 31, 2007	1.47	0.73
As of December 31, 2006	1.32	0.67

As of December 31, 2008 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	53,868	25,084	15,429	5,587	7,768
Currency translation adjustment before net investment hedge	(4,876)	-	(2,191)	(1,769)	(916)
Net investment hedge – open instruments	-	-	-	-	-
Shareholders' equity at exchange rate as of December 31, 2008	48,992	25,084	13,238	3,818	6,852

As of December 31, 2007 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	49,254	22,214	12,954	5,477	8,609
Currency translation adjustment before net investment hedge	(4,410)	-	(3,501)	(289)	(620)
Net investment hedge – open instruments	14	-	14	-	-
Shareholders' equity at exchange rate as of December 31, 2007	44,858	22,214	9,467	5,188	7,989

As of December 31, 2006 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	41,704	17,253	11,166	4,940	8,345
Currency translation adjustment before net investment hedge	(1,383)	-	(1,393)	203	(193)
Net investment hedge – open instruments	-	-	-	-	-
Shareholders' equity at exchange rate as of December 31, 2006	40,321	17,253	9,773	5,143	8,152

As a result of this policy, the impact of currency exchange rate fluctuations on consolidated income, as illustrated in Note 7 to the Consolidated Financial statements (page 200), has not been significant over the last three years despite the considerable fluctuation of the dollar (gain of 112 M€ in 2008, gain of 35 M€ in 2007, loss of 30 M€ in 2006).

Stock market risk

The Group holds interests in a number of publicly-traded companies (see Notes 12 and 13 to the Consolidated Financial Statements (pages 206 and following)). The market value of these holdings fluctuates due to various factors, including stock market trends, valuations of the sectors in which the companies operate, and the economic and financial condition of each individual company.

Liquidity risk

TOTAL S.A. has confirmed lines of credit granted by international banks, which are calculated to allow it to manage its short-term liquidity needs as required.

As of December 31, 2008, these lines of credit amounted to \$8,966 million, of which \$8,725 million were unused. The agreements for the lines of credit granted to TOTAL S.A. do not contain conditions related to the Company's financial ratios, to its financial ratings from specialized agencies, or to the occurrence of events that could have a material adverse effect on its financial position. As of December 31, 2008, the aggregate amount of the principal confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was \$9,621 million, of which \$9,380 million was unused. The lines of credit granted to Group companies other than TOTAL S.A. are not intended to finance the Group's general needs; they are intended to finance either the general needs of the borrowing subsidiary or a specific project.

RISK FACTORS

Market risks

The following tables show the maturity of the financial assets and liabilities of the Group as of December 31, 2008, 2007 and 2006 (see Note 20 to the Consolidated Financial Statements, page 221).

Assets / (Liabilities)

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
As of December 31, 2008 (M€)				
Non-current financial debt (net of hedging instruments)		(13,206)	(2,093)	(15,299)
Current borrowings	(7,722)			(7,722)
Other current financial liabilities	(158)			(158)
Current financial assets	187			187
Cash and cash equivalents	12,321			12,321
Net amount before financial expense	4,628	(13,206)	(2,093)	(10,671)
Financial expense	(436)	(1,021)	(181)	(1,638)
Net amount	4,192	(14,227)	(2,274)	(12,309)
As of December 31, 2007 (M€)				
Non-current financial debt (net of hedging instruments)		(11,424)	(2,992)	(14,416)
Current borrowings	(4,613)			(4,613)
Other current financial liabilities	(60)			(60)
Current financial assets	1,264			1,264
Cash and cash equivalents	5,988			5,988
Net amount before financial expense	2,579	(11,424)	(2,992)	(11,837)
Financial expense	(561)	(1,389)	(270)	(2,220)
Net amount	2,018	(12,813)	(3,262)	(14,057)
As of December 31, 2006 (M€)				
Non-current financial debt (net of hedging instruments)		(10,733)	(2,955)	(13,688)
Current borrowings	(5,858)			(5,858)
Other current financial liabilities	(75)			(75)
Current financial assets	3,908			3,908
Cash and cash equivalents	2,493			2,493
Net amount before financial expense	468	(10,733)	(2,955)	(13,220)
Financial expense	(567)	(1,302)	(160)	(2,029)
Net amount	(99)	(12,035)	(3,115)	(15,249)

4

RISK FACTORS

Market risks

Credit risk

Credit risk is defined as the risk of the counterparty to a contract failing to perform or pay the amounts due.

The Group is exposed to credit risks in its operating and financing operations. The Group's maximum exposure to credit risk is partially related to financial assets recorded on its balance sheet, including energy derivative instruments that have a positive market value.

The following table presents the Group's maximum credit risk exposure:

As of December 31,
Assets/ (Liabilities)
(M€)

	2008	2007	2006
Loans to equity affiliates (Note 12)	2,005	2,575	1,533
Loans and advances (Note 14)	1,403	851	1,025
Hedging instruments of non-current financial debt (Note 20)	892	460	486
Accounts receivable (Note 16)	15,287	19,129	17,393
Other operating receivables (Note 16)	6,208	4,430	4,267
Current financial assets (Note 20)	187	1,264	3,908
Cash and cash equivalents (Note 27)	12,321	5,988	2,493
Total	38,303	34,697	31,105

The valuation allowance on loans and advances and on accounts receivable and other operating receivables is detailed respectively in Notes 14 and 16 to the Consolidated Financial Statements (see pages 209 and 211, respectively).

Credit risk is managed by the Group's business segments as follows:

→ Upstream Segment

■ Exploration & Production

Risks arising under contracts with government authorities or other oil companies or under long-term supply contracts necessary for the development of projects are evaluated during the project approval process. The long-term aspect of these contracts and the high-quality of the other parties lead to a low level of credit risk.

Risks related to commercial operations, other than those described above (which are, in practice, directly monitored by subsidiaries), are subject to procedures for establishing and reviewing credit.

Customer receivables are subject to provisions on a case-by-case basis, based on prior history and management's assessment of the facts and circumstances.

■ Gas & Power

The Gas & Power division deals with counterparties in the energy, industrial and financial sectors throughout the world, primarily in Europe and North America. Financial institutions providing credit risk coverage are highly rated international bank and insurance groups.

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as data published by rating agencies. On this basis, credit limits are defined for each potential counterparty and, where appropriate, transactions are subject to specific authorizations.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures.

Credit risk is mitigated by the systematic use of industry standard contractual frameworks that permit netting, enable to require added security in case of adverse change in the counterparty risk, and allow for termination of the contract upon occurrence of certain events of default.

→ Downstream Segment

■ Refining & Marketing

Internal procedures for the Refining & Marketing division include rules on credit risk that describe the basis of internal control in this domain, including the separation of authority between commercial and financial operations. Credit policies are defined at the local level, complemented by the implementation of procedures to monitor customer risk (credit committees at the subsidiary level, the creation of credit limits for corporate customers, portfolio guarantees, etc.).

Each entity also implements monitoring of its outstanding receivables. Risks related to credit may be mitigated or limited by requiring security or guarantees.

Bad debts are provisioned on a case-by-case basis at a rate determined by management based on an assessment of the facts and circumstances.

Trading & Shipping

Trading & Shipping deals with commercial counterparties and financial institutions located throughout the world. Counterparties to physical and derivative transactions are primarily entities involved in the oil and gas industry or in the trading of energy commodities, or financial institutions. Credit risk coverage is concluded with financial institutions, international banks and insurance groups selected in accordance with strict criteria.

The Trading & Shipping division has a strict policy of internal delegation of authority governing establishment of country and counterparty credit limits and approval of specific transactions. Credit exposures contracted under these limits and approvals are monitored on a daily basis.

Potential counterparties are subject to credit assessment and approval prior to any transaction being concluded and all active counterparties are subject to regular reviews, including re-appraisal and approval of granted limits. The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as ratings published by Standard & Poor's, Moody's Investors Service and other agencies.

Contractual arrangements are structured so as to maximize the risk mitigation benefits of netting between transactions wherever possible and additional protective terms providing for the provision of security

in the event of financial deterioration and the termination of transactions on the occurrence of defined default events are used to the greatest permitted extent.

Credit risks in excess of approved levels are secured by means of letters of credit and other guarantees, cash deposits and insurance arrangements. In respect of derivative transactions, risks are secured by formal margining agreements wherever possible.

→ Chemicals Segment

Credit risk in the Chemicals segment is primarily related to commercial receivables. Each division implements procedures for managing and provisioning credit risk that differ based on the size of the subsidiary and the market in which it operates. The principal elements of these procedures are:

- implementation of credit limits with different authorization procedures for possible credit overruns;
- use of insurance policies or specific guarantees (letters of credit);
- regular monitoring and assessment of overdue accounts (aging balance), including collection procedures; and
- provisioning of bad debts on a customer-by-customer basis, according to payment delays and local payment practices.

Industrial and environmental risks

Type of risks

TOTAL's activities involve certain industrial and environmental risks which are inherent in the production of products that are flammable, explosive or toxic. Its activities are therefore subject to government regulations concerning environmental protection and industrial safety in most countries. More specifically, in Europe, TOTAL operates industrial sites that meet the criteria of the European Union Seveso II directive for classification as high-risk sites. Other sites operated by TOTAL in other parts of the world involve similar risks.

The broad scope of TOTAL's activities, which include drilling, oil and gas production, on-site processing, transportation, refining, petrochemicals activities, storage and distribution of petroleum products, production of base chemical and specialty products, involve a wide range of operational risks. Among these risks are those of explosion, fire or leakage of toxic products. In the transportation area, the type of risks depends not only on the hazardous nature of the products transported, but also on the transportation methods used (mainly pipelines, maritime, river-maritime, rail, road), the volumes involved, and the sensitivity of the regions through which the transport passes (population density, environmental considerations).

Most of these activities involve environmental risks related to emissions into the air, water or soil and the creation of waste, and also require environmental site remediation and closure and decommissioning after production is discontinued.

Certain branches or activities face specific risks. In oil and gas exploration and production, there are risks related to the physical characteristics of an oil or gas field. These include eruptions of crude oil or of natural gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, leaks generating toxic risks and risks of fire or explosion. All these events could possibly damage or even destroy crude oil or natural gas wells as well as related equipment and other property, cause injury or even death, lead to an interruption of activity or cause environmental damage. In addition, since exploration and production activities may take place on sites that are ecologically sensitive (tropical forest, marine environment, etc.), each site requires a specific approach to avoid or minimize the impact on the related ecosystem, biodiversity and human health.

TOTAL's activities in the Chemicals segment and the Refining & Marketing division may also have health, safety and environmental risks related to the overall life cycle of the products manufactured. These risks can arise from the intrinsic characteristics of the products involved, which may, for example, be flammable, toxic, or result in long-term environmental impacts such as greenhouse gas emissions. Risks of facility contamination and off-site impacts may also arise from emissions and discharges resulting from processing or refining, and from recycling or disposing of materials and wastes at the end of their useful life.

Risk evaluation

Prior to developing their activities and then on a regular basis during the operations, business units evaluate the related industrial and environmental risks, taking into account the regulatory requirements of the countries where these activities are located.

On sites with significant technological risks, analyses are performed for new developments, updated in case of planned significant modifications of existing equipment, and periodically re-evaluated. To harmonize these analyses and reinforce risk management, TOTAL has developed a group-wide methodology which is being implemented progressively throughout the sites it operates. In France, all the sites that meet the criteria of the European Union Seveso II directive are developing Risk Management Plans pursuant to the French law of July 30, 2003. Each of these plans will introduce various urban planning measures to reduce risks to urban environments surrounding industrial sites. The texts implementing these aspects of the law of July 30, 2003 were published at the end of 2005 and during 2006.

Similarly, environmental impact studies are done prior to any industrial development with a thorough initial site analysis, taking into account any special sensitivities and plans to prevent and reduce the impact of accidents. These studies also take into account the impact of the activities on the local population, based on a common methodology. In countries where prior authorization and supervision is required, the projects are not undertaken without the authorization of the relevant authorities according to the studies they are provided with.

For new products, risk characterizations and evaluations are performed. Furthermore, life cycle analyses for related risks are performed on certain products to study all the stages of a product's life cycle from its conception until the end of its useful life.

TOTAL's entities actively monitor regulatory developments to comply with local and international rules and standards for the evaluation and management of industrial and environmental risks. The Group's environmental contingencies and asset retirement obligations are addressed in "Asset retirement obligation" and "Provisions for environmental contingencies" in Note 19 to the Consolidated Financial Statements (page 218). Future expenses related to asset retirement obligations are accounted for in accordance with the principles described in paragraph Q of Note 1 to the Consolidated Financial Statements (page 186).

RISK FACTORS

Industrial and environmental risks

Risk management

Risk evaluations lead to the establishment of management measures that are designed to minimize the risks of accidents and to limit their consequences and environmental impacts. These measures concern the equipment design itself, the reinforcement of safety devices, the design of structures to be built and the protection against the consequences of environmental events. Risk evaluations may be accompanied, on a case-by-case basis, by an evaluation of the cost of risk control and impact reduction measures.

TOTAL is working to minimize industrial and environmental risks inherent to its activities by putting in place performance procedures and quality, safety and environmental management systems, as well as by moving towards obtaining certification for or assessment of its management systems (including International Safety Rating System, ISO 14001, European Management and Audit Scheme), by performing detailed inspections and audits, training staff and heightening awareness of all the parties involved, and by an active investment policy.

More specifically, following up on the 2002-2005 plan, an action plan was defined for the 2006-2009 period. This plan is focused on two initiatives for improvement: reducing the frequency and seriousness of on-the-job accidents and strengthening the management of industrial risks. The results related to reducing on-the-job accidents are in line with goals, with a significant decrease in the rate of accidents (with or without time-lost) per million hours worked by nearly 75% between the end of 2001 and the end of 2008. In terms of industrial risks, this plan's initiatives include specific organization and behavioral plans as well as plans to minimize risks at source and increase safety for people and equipment use.

Several environmental action plans have been put in place in different activities of the Group covering periods up until 2012. These plans are designed to improve environmental performance, particularly regarding the use of natural resources, air and water pollution, waste production and treatment, and site decontamination. They also contain quantified objectives to reduce greenhouse gas emissions, water pollution and sulphur dioxide emissions and to improve energy efficiency.

As part of its efforts to reduce greenhouse gases and combat climate change, in December 2006 the Group committed to reducing gas flaring at its Exploration & Production sites by 50% compared to 2005

volumes by 2012. By the end of 2009, the Group intends to obtain ISO 14001 certification for all of its sites that it considers particularly important to the environment (as of today, 80% of such sites are so certified). More than 250 of the Group's sites worldwide are certified ISO 14001. These activities are monitored through periodic, coordinated reporting by all Group entities.

More detailed information on TOTAL's actions regarding safety and environmental concerns is provided in the separate report entitled *"Environment and Community: Our Corporate Responsibilities"* published by the Group since 2003.

The Group believes that, according to its current estimates, contingencies or liabilities related to health, safety and environmental concerns would not have a material impact on its consolidated financial situation, its cash flow or its income. Due to the nature of such concerns, however, it is impossible to predict whether additional future commitments or liabilities could have a material adverse effect on the Group's activities.

Asbestos

Like many other industrial groups, TOTAL is involved in claims related to occupational diseases caused by asbestos exposure. The circumstances described in these claims generally concern activities prior to the beginning of the 1980s, long before the adoption of more comprehensive bans on the new installation of asbestos-containing products in most of the countries where the Group operates (January 1, 1997 in France). The Group's various activities are not particularly likely to lead to significant exposure to asbestos-related risks, since this material was generally not used in manufacturing processes, except in limited cases. The main potential sources of exposure are related to the use of certain insulating components in industrial equipment. These components are being gradually eliminated from the Group's equipment through asbestos-elimination plans that have been underway for several years. However, considering the long period of time that may elapse before the harmful results of exposure to asbestos arise (up to 40 years), TOTAL anticipates that claims may be filed in the years to come. Asbestos-related issues have been subject to close monitoring in all branches of the Group. As of December 31, 2008, the Group estimates that the ultimate cost of all asbestos-related claims paid or pending is not likely to have a material adverse effect on the financial situation of the Group.

Other risks

Risks related to oil and gas exploration and production

Oil and gas exploration and production require high levels of investment and are associated with particular risks and opportunities. These activities are subject to risks related specifically to the difficulties of exploring underground, to the characteristics of hydrocarbons and to the physical characteristics of an oil or gas field. Of risks related to oil and gas exploration, geologic risks are the most important. For example, exploratory wells may not result in the discovery of hydrocarbons, or in amounts that would be insufficient to allow for economic development. Even if an economic analysis of estimated hydrocarbon reserves justifies the development of a discovery, the reserves can prove lower than the estimates during the production process, thus adversely affecting the economic development.

Almost all the exploration and production activities of TOTAL are accompanied by a high level of risk of loss of the invested capital due to the risks related to economic or political factors detailed hereafter. It is impossible to guarantee that new resources of crude oil or of natural gas will be discovered in sufficient amounts to replace the reserves currently being developed, produced and sold to enable TOTAL to recover the capital it has invested.

The development of oil and gas fields, the construction of facilities and the drilling of production or injection wells require advanced technology in order to extract and exploit fossil fuels with complex properties over several decades. The deployment of this technology in such a difficult environment makes cost projections uncertain. TOTAL's activities can be limited, delayed or cancelled as a result of numerous factors, such as administrative delays, particularly in terms of the host states' approval processes for development projects, shortages, late delivery of equipment and weather conditions, including the risk of hurricanes in the Gulf of Mexico. Some of these risks may also affect TOTAL's projects and facilities further down the oil and gas chain.

Risks related to economic or political factors

The oil sector is subject to domestic regulations and the intervention of governments or state-owned companies in such areas as:

- the award of exploration and production interests;
- authorizations by governments or by a state-controlled partner, especially for development projects, annual programs or the selection of contractors or suppliers;
- the imposition of specific drilling obligations;

- environmental protection controls;
- control over the development and abandonment of a field causing restrictions on production;
- calculating the costs that may be recovered from the relevant authority and what expenditures are deductible from taxes; and
- possible, though exceptional, nationalization, expropriation or reconsideration of contract rights.

The oil industry is also subject to the payment of royalties and taxes, which may be high compared with those imposed with respect to other commercial activities and which may be subject to material modifications by the governments of certain countries.

Substantial portions of TOTAL's oil and gas reserves are located in certain countries which may be considered politically and economically unstable. These reserves and the related operations are subject to certain additional risks, including:

- the establishment of production and export limits;
- the compulsory renegotiation of contracts;
- the expropriation or nationalization of assets;
- risks relating to changes of local governments or resulting changes in business customs and practices;
- payment delays;
- currency exchange restrictions;
- depreciation of assets due to the devaluation of local currencies or other measures taken by governments that might have a significant impact on the value of activities; and
- losses and impairment of operations due to armed conflicts, civil unrest or the actions of terrorist groups.

TOTAL, like other major international oil companies, has a geographically diverse portfolio of reserves and operational sites, which allows it to conduct its business and financial affairs so as to reduce its exposure to such political and economic risks. However, there can be no assurance that such events will not adversely affect the Group.

Legal aspects of exploration and production activities

TOTAL's exploration and production activities are conducted in many different countries and are therefore subject to an extremely broad range of regulations. These cover virtually all aspects of exploration and production activities, including matters such as leasehold rights, production rates, royalties, environmental protection, exports, taxes and foreign exchange rates. The terms of the concessions, licenses, permits and contracts governing the Group's ownership of oil and gas interests vary from country to country. These concessions, licenses, permits and contracts are generally granted by or entered into with a government entity or a state-owned company and are sometimes entered into with private owners. These arrangements usually take the form of concessions or production sharing agreements.

The oil concession agreement remains the traditional model for agreements entered into with States: the oil company owns the assets and the facilities and is entitled to the entire production. In exchange, the operating risks, costs and investments are the oil company's responsibility and it agrees to remit to the relevant State, usually the owner of the subsoil resources, a production-based royalty, income tax, and possibly other taxes that may apply under local tax legislation.

The production sharing contract (PSC) involves a more complex legal framework than the concession agreement: it defines the terms and conditions of production sharing and sets the rules governing the cooperation between the company or consortium in possession of the license and the host State, which is generally represented by a state-owned company. The latter can thus be involved in operating decisions, cost accounting and production allocation.

The consortium agrees to undertake and finance all exploration, development and production activities at its own risk. In exchange, it is entitled to a portion of the production, known as "cost oil", the sale of which should cover all of these expenses (investments and operating costs). The balance of production, known as "profit oil", is then shared in varying proportions, between the company or consortium, on the one hand, and with the State or the state-owned company, on the other hand.

In some instances, concession agreements and PSCs coexist, sometimes in the same country. Even though other contractual structures still exist, TOTAL's license portfolio is comprised mainly of concession agreements. In all countries, the authorities of the host State, often assisted by international accounting firms, perform joint venture and PSC cost audits and ensure the observance of contractual obligations.

In some countries, TOTAL has also signed contracts called "contracts for risk services" which are similar to production sharing contracts, with the main difference being that the repayment of expenses and the compensation for services are established on a monetary basis. Current contracts for risk services are backed by a compensation agreement (buyback), which allows TOTAL to receive part of the production equal to the cash value of its expenses and compensation.

Hydrocarbon exploration and production activities are subject to public authorizations (permits), which can be different for each of

these activities. These permits are granted for limited periods of time and include an obligation to return a large portion, in case of failure the entire portion, of the permit area at the end of the exploration period.

TOTAL is required to pay income tax on income generated from its production and sales activities under its concessions or licenses. In addition, depending on the country, TOTAL's production and sale activities may be subject to a range of other taxes, fees and withholdings, including special petroleum taxes and fees. The taxes imposed on oil and gas production and sale activities may be substantially higher than those imposed on other businesses.

The legal framework of TOTAL's exploration and production activities, established through concessions, licenses, permits and contracts granted by or entered into with a government entity, a state-owned company or, sometimes, private owners, is subject to certain risks which in certain cases can diminish or challenge the protections offered by this legal framework.

Legal aspects of other activities of the Group

The other activities of the Group (Gas & Power, Downstream and Chemicals) are also subject to a wide range of regulation.

In European countries and in the United States, sites and products are subject to environmental (water, air, soil, noise, nature protection, waste management, impact studies, etc.), health (on-the-job safety, chemical product risks) and safety (safety of personnel and residents, major risk facilities) regulations. Product quality and consumer protection are also subject to regulations. Within the European Union, EU regulations must be transposed into member states' national laws or directly enforced. In such member states, EU legislation and regulations may be in addition to national and local government regulations. However, for the European Union, licenses are delivered by local administrations to industrial actors based on national and EU law. As in the European Union, federal regulations may supplement the regulations of each state.

In other countries where the Group operates, legislation is often inspired by European and U.S. rules. These countries may more fully develop certain aspects of regulation, for example protecting water, health and nature.

Irrespective of the particular country in which the Group is operating, TOTAL has developed standards based on best practices existing in countries with more developed regulation and progressively implements policies to improve these standards.

In France, specific legislation governs the oil industry (French law of December 31, 1992 on oil sector reform). However, there is no such general regulation for refining and marketing activities, although there are some restrictions on holding strategic oil reserves, the control (ownership or chartering) of shipping capacity, and the sale or closure of refining facilities. Requirements for strategic oil reserves also exist in other European countries and in the United States.

Regulations concerning Iran and Sudan

In September 2006, the U.S. legislation implementing sanctions against Iran and Libya (Iran and Libya Sanction Act, referred to as “ILSA”), was amended and extended until December 2011. Pursuant to this statute, which now concerns only Iran (Iran Sanctions Act, referred to as “ISA”), the President of the United States is authorized to initiate an investigation into the possible imposition of sanctions (from a list that includes denial of financing by the U.S. Export-Import Bank and limitations on the amount of loans or credits available from U.S. financial institutions) against persons found, in particular, to have knowingly made investments of \$20 million or more in any 12-month period in the petroleum sector in Iran. In May 1998, the U.S. government waived the application of sanctions for TOTAL’s investment in the South Pars gas field. This waiver, which has not been modified since it was granted, does not address TOTAL’s other activities in Iran, although TOTAL has not been notified of any related sanctions.

In November 1996, the Council of the European Union adopted regulations which prohibit TOTAL from complying with any requirement or prohibition based on or resulting directly or indirectly from certain enumerated legislation, including ILSA. It also prohibits TOTAL from extending its waiver for South Pars to other activities.

In each of the years since the passage of ILSA (now ISA) until 2007, TOTAL made investments in Iran (excluding South Pars) in excess of \$20 million. TOTAL’s activities in Iran are currently limited mainly to the implementation of two buyback contracts signed between 1995 and 1999 for two permits on which the Group is no longer the operator. As a result, TOTAL’s involvement consists essentially in being reimbursed for its past investments. In 2008, TOTAL’s production in Iran was 8.8 kboe/d, approximately 0.4% of the Group’s worldwide production. TOTAL does not believe that its activities in Iran have a material impact on the Group’s results.

In the future, TOTAL may decide to invest amounts in excess of \$20 million per year in the country. TOTAL cannot predict interpretations of or the implementation policy of the U.S. government under ISA with respect to its possible future activities in Iran. It is possible that the United States may determine that these or other activities constitute activity prohibited by ISA and will subject TOTAL to sanctions. TOTAL does not believe that enforcement of ISA, including the imposition of the maximum sanctions under the current applicable law and regulations would have a material negative effect on its results of operations or financial condition.

France and the European Union have adopted measures, based on United Nations Security Council resolutions, that restrict the movement of certain individuals and goods to or from Iran as well as certain financial transactions with Iran, in each case when such individuals, goods or transactions are related to nuclear proliferation and weapons activities or likely to contribute to their development. As currently applicable, the Group believes that these measures do not cover TOTAL’s activities and projects in this country.

TOTAL has no active business in Sudan. TOTAL has no oil or gas production in Sudan and, to date, has not made any significant investments or industrial investments there.

TOTAL holds a 32.5% interest in Block B in southern Sudan through a 1980 Exploration and Production Sharing Agreement (EPSA). Operations were voluntarily suspended in 1985 because of escalating security concerns, but the company maintained its exploration rights.

The EPSA was revised, effective December 21, 2004, and provided that the parties (the Government of Sudan and the consortium partners) would mutually agree upon a resumption date when the petroleum operations could be undertaken physically in the contract area. Such resumption date would mark the starting point of the Group’s work obligations as foreseen in the contract. A joint decision on the resumption date has not occurred yet.

If TOTAL were to resume its activities in southern Sudan, it would do so in compliance with applicable national, European and international laws and regulations, as well as with the Group’s Code of Conduct and Ethics Charter. Within the Group’s scope of operations and authority, it is committed to upholding human rights and fundamental freedoms, including social, economic and cultural rights, and the rights and interests of local residents, minorities and any other vulnerable groups. In particular, the Group will study the situation with non-governmental organizations and stakeholders involved in southern Sudan and conduct socio-economic programs adapted to the needs of the local population. Significant programs were launched at the end of 2008 in the fields of access to potable water, social infrastructures and schools with two international non-governmental organizations present in the region.

Certain U.S. states have adopted legislation requiring state pension funds to divest themselves of investments in any company with active business operations in Iran or Sudan. On December 31, 2007, the U.S. Congress adopted the Sudan Accountability and Divestment Act, which supports these state legislative initiatives. If TOTAL’s activities in Iran or Sudan were determined to fall within the prohibited scope of these laws, and TOTAL were to not qualify for exemptions provided by such laws, certain U.S. state pension funds holding interests in TOTAL may be required to sell their interests. If significant, such sales could have an adverse effect on TOTAL’s share price.

Furthermore, the United States currently imposes economic sanctions, which are administered by the U.S. Treasury Department’s Office of Foreign Assets Control and which apply to U.S. persons, with the objective of denying certain countries, including Iran, Syria and Sudan, the ability to support international terrorism and, additionally in the case of Iran and Syria, to pursue weapons of mass destruction and missile programs. TOTAL does not believe that these sanctions are applicable to any of its activities in these countries.

Nigeria

Security concerns in the Niger Delta region led the Shell Petroleum Development Company (SPDC, of which TOTAL owns 10%) to progressively stop production at certain facilities, which were targeted in attacks, starting in the first quarter 2006. Repair work on facilities in the western zone of the Niger Delta region continued in 2008, allowing production to partially resume. The SPDC joint venture’s gas and condensates production was affected by the shutdown of the Soku treatment plant which had to be repaired after vandalism on the export pipelines late in 2008. NLNG export capacity also decreased as a result of this shutdown. The offshore Bonga field on the OML 118 permit, operated by SNEPCO in which the Group holds a 12.5% interest, was attacked in June 2008. This attack did not have a significant impact on the Group’s production in the country.

Risks related to competition

The Group is subject to intense competition within the oil sector and between the oil sector and other sectors aiming to fulfill the energy needs of the industry and of individuals. TOTAL is subject to competition from other oil companies in the acquisition of assets and licenses for the exploration and production of oil and natural gas. Competition is particularly strong with respect to the acquisition of resources of oil and natural gas, which are in great demand. Competition is also intense in the sale of manufactured products based on crude and refined oil.

In this regard, the major international oil companies in competition with TOTAL are ExxonMobil, Royal Dutch Shell, Chevron and BP. As of December 31, 2008, TOTAL ranked fifth among these companies in terms of market capitalization.⁽¹⁾

Legal and arbitration proceedings

The principal legal proceedings in which the Group is involved are described on pages 157 to 160 of this Registration Document (Financial information).

(1) Source: Reuters.

Insurance and risk management

Organization

TOTAL has its own insurance and reinsurance company, Omnium Insurance and Reinsurance Company (OIRC). OIRC is integrated into the Group's insurance management and is used as a centralized global operations tool for covering the Group's risks. It allows the Group to implement its worldwide insurance program in compliance with the various regulatory environments in the countries where the Group operates.

Some countries require the purchase of insurance from a local insurance company. If the local insurer accepts to cover the subsidiary of the Group in compliance with its worldwide insurance program, OIRC requests a retrocession of the covered risks from the local insurer. As a result, OIRC negotiates reinsurance contracts with the subsidiaries' local insurance companies, which transfer most of the risk to OIRC. When a local insurer covers the risks at a lower level than that defined by the Group, OIRC provides additional coverage so as to standardize coverage throughout the Group.

At the same time, OIRC negotiates a reinsurance program at the Group level with mutual insurance companies for the oil industry and commercial reinsurers. OIRC permits the Group to better manage price variations in the insurance market by taking on a greater or lesser amount of risk corresponding to the price trends in the insurance market.

In 2008, the net amount of risk retained by OIRC after reinsurance was 50 M€ per property/business interruption insurance claim and 60 M€ per third party liability insurance claim.

Risk and insurance management policy

In this context, the Group risk and insurance management policy is to work with the relevant internal department of each subsidiary to:

- define scenarios of major disaster risks (estimated maximum loss);
- assess the potential financial impact on the Group in case these disasters should occur;
- help in implementing measures to limit the probability of the event and the extent of the occurrences of such events; and
- manage the level of risk from such events to be either covered internally by the Group or to be transferred to the insurance market.

Insurance policy

The Group has worldwide third party liability and property insurance coverage for all its subsidiaries. These programs are contracted with first-class insurers (or reinsurers and mutual insurance companies of the oil industry through OIRC).

The amounts insured depend on the financial risks defined in the disaster scenarios and the coverage terms offered by the market (available capacities and price conditions).

More specifically, for:

- Third party liability insurance: since the maximum financial risk cannot be evaluated by a systematic approach, the amounts insured are based on market conditions and industry practice, in particular, the oil industry. The insurance cap in 2008 for general and product liability was \$800 million.
- Property damage and business interruption: the amounts insured by sector and by site are based on estimated costs and reconstruction scenarios under the estimated maximum loss scenarios and on insurance market conditions. The Group subscribed for business interruption coverage in 2008 for its main refining and petrochemical sites.

For example, for the highest estimated risks of the Group (main European refineries), the limit of indemnity was \$1.4 billion in 2008.

Deductibles for property damages fluctuate between 0.1 M€ and 10 M€ depending on the level of risk, and are borne by the subsidiary. For business interruption, they represent 60 days.

Other insurance contracts are bought by the Group in addition to property damage and third party liability coverage, mainly for car fleets, credit insurance and employee benefits. These risks are entirely underwritten by outside insurance companies.

The above-described policy is given as an example of past practice over a certain period of time and cannot be considered as representative of future conditions. The Group's insurance policy may be changed at any time depending on the market conditions, specific circumstances and on management's assessment of the risks incurred and the adequacy of their coverage. The Group cannot guarantee that it will not suffer any uninsured loss.

**REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS
(Article L. 225-37 of the French Commercial Code)**

	p. 84
Composition of the Board of Directors	p. 84
Other information	p. 94
Corporate governance code	p. 95
Rules of Procedure of the Board of Directors	p. 95
Committees of the Board of Directors	p. 96
2008 Activity of the Board of Directors and its Committees	p. 99
Board of Directors practices	p. 101
Director independence	p. 101
Internal control and risk management	p. 101
Particular conditions regarding participation at shareholder's meeting	p. 103
Information mentioned in Article L. 225-100-3 of the French Commercial Code	p. 104
Policy for determining the compensation and other benefits of the Chairman and of the Chief Executive Officer	p. 104

**STATUTORY AUDITOR'S REPORT
(Article L. 225-235 of the French Commercial Code)**

p. 105

MANAGEMENT

p. 107

General Management	p. 107
The Executive Committee and the Management Committee	p. 107

STATUTORY AUDITORS

p. 108

Statutory auditors	p. 108
Alternate auditors	p. 108
Auditor's term of office	p. 108
Fees received by the statutory auditors (including members of their network)	p. 108

**COMPENSATION OF THE BOARD OF DIRECTORS
AND EXECUTIVE OFFICERS**

p. 109

Board Compensation	p. 109
Directors attendance at the Board and Committees meetings in 2008	p. 109
Compensation of the Chairman	p. 110
Compensation of the Chief Executive Officer	p. 110
Executive Officer Compensation	p. 111
Pensions and other commitments (Article L. 225-102-1, paragraph 3, of the French Commercial Code)	p. 111
Stock options and restricted share grants policy	p. 113
Summary table for the Chairman and the Chief Executive Officer	p. 114
TOTAL stock option plans	p. 117
TOTAL stock options plans as of December 31, 2008	p. 119
TOTAL restricted share grants	p. 124
Restricted share plans as of December 31, 2008	p. 125
Elf Aquitaine share subscription options	p. 127

EMPLOYEES, SHARE OWNERSHIP

p. 128

Employees	p. 128
Arrangements for involving employees in the capital of the Company	p. 128
Shares held by Directors and Executive Officers	p. 129

Report of the Chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code)

Pursuant to Article L. 225-37 of the French Commercial Code, the following report presents information for the year 2008 related to the composition and practices of the Board of Directors, internal control procedures and risk management implemented by the Company and, eventually, any limits set by the Board of Directors concerning the powers of the Chief Executive Officer. This report sets forth the provisions of the bylaws applicable to participation at shareholders' meetings as well as the principles and rules applied to determine the compensation and other benefits of the directors.

Composition of the Board of Directors

Directors are appointed by the shareholders for a three-year term (Article 11 of the Company's bylaws).

In case of the resignation or death of a director between two shareholders' meetings, the Board may temporarily appoint a replacement director. This appointment must be ratified by the next shareholders' meeting. The terms of office of the members of the Board are staggered to more evenly space the renewal of appointments.

The Board of Directors appoints the Chairman of the Board of Directors from among its members. The Board of Directors also appoints the Chief Executive Officer who may or may not be a member of the Board.

As of December 31, 2008, the Board of Directors has 16 members. Of these, one director has been elected by the shareholders to represent employee shareholders.

The following individuals were members of the Board of Directors of TOTAL S.A. in 2008⁽¹⁾.

Thierry Desmarest

63 years old.

A graduate of the *École Polytechnique* and a Mining Engineer, Mr. Desmarest served as Director of Mines and Geology in New Caledonia, then as technical advisor on the staffs of the Minister of Industry and the Minister of Economy. He joined TOTAL in 1981, where he held various management positions, then served as President of Exploration & Production until 1995. He served as Chairman and Chief Executive Officer of TOTAL from May 1995 until February 2007, and continues to serve as Chairman of the Board of TOTAL.

Director of TOTAL S.A. since 1995 and until 2010 (last renewal: May 11, 2007).

Holds 385,576 shares.

Current directorships

- Chairman of TOTAL S.A.*
- Director of Sanofi-Aventis*
- Member of the Supervisory Board of Areva*
- Director of Air Liquide*
- Director of Renault SA*
- Director of Renault SAS

Directorships that expired in the previous five years

- Chief Executive Officer of TOTAL S.A.* until 2007
- Chairman and Chief Executive Officer of Elf Aquitaine* (until 2007)

⁽¹⁾ Information as of December 31, 2008. Including information pursuant to paragraph 4 of Article L. 225-102-1 of the French Commercial Code or under Item 14.1 of Annex I of EC Regulation no 809/2004 of April 29, 2004.

* Company names marked with an asterisk are publicly-listed companies

Christophe de Margerie

57 years old.

Mr. de Margerie joined the Group after graduating from the *École Supérieure de Commerce* in Paris in 1974. He served in several positions in the Group's Finance Department and Exploration & Production division. He became president of Total Middle East in 1995 before joining the Group's executive committee as the President of the Exploration & Production division in May 1999. He then became Senior Executive Vice-President of Exploration & Production of the new TotalFinaElf group in 2000. In January 2002 he became President of the Exploration & Production division of TOTAL. He was appointed a member of the Board of Directors by the shareholders' meeting held on May 12, 2006 and became Chief Executive Officer of TOTAL on February 14, 2007.

Director of TOTAL S.A. since May 12, 2006 and until 2009.

Holds 85,230 TOTAL shares and 39,330 shares of the TOTAL ACTIONNARIAT FRANCE collective investment fund.

Current directorships

- Chief Executive Officer and Director of TOTAL S.A.*
- Chairman and Chief Executive Officer of Elf Aquitaine*
- Chairman of Total E&P Indonésie
- Director of Shtokman Development AG (Switzerland)
- Manager of CDM Patrimonial SARL

Directorships that expired in the previous five years

- Director of Total E&P Russia until 2008
- Director of Total Exploration and Production Azerbaijan until 2008
- Director of Total E&P Kazakhstan until 2008
- Director of Total Profils Pétroliers until 2008
- Director of Abu Dhabi Petroleum Company Ltd (ADPC) until 2008
- Director of Abu Dhabi Marine Areas Ltd (ADMA) until 2008
- Director of Iraq Petroleum Company Ltd (IPC) until 2008
- Permanent representative of TOTAL S.A. on the Board of Total Abu al Bukhoosh until 2008
- Director of Total E&P Norge A.S. until 2007
- Director of Total Upstream UK Ltd until 2007
- Director of Innovarex until 2006
- Director of Total E&P Myanmar until 2005
- Member of the Supervisory Board of Taittinger until 2005
- Director of Tops (Overseas) Ltd until 2004

* Company names marked with an asterisk are publicly-listed companies

Patricia Barbizet

53 years old.

A graduate of the *École Supérieure de Commerce* of Paris in 1976, Mrs. Barbizet started her career in the Renault Group as the Treasurer of Renault Véhicules Industriels and Chief Financial Officer of Renault Crédit International. She joined the Pinault group in 1989 as the Chief Financial Officer. Since 1992, she has been serving as the Chief Executive Officer of Financière Pinault and the Director and Chief Executive Officer of Artémis. Since 2005, she has been the Vice-President of the PPR Board of Directors and Chairman of Christie's.

Director of TOTAL S.A. since May 16, 2008 and until 2011.

Holds 1,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Vice-President of PPR Board*
- Chief Executive Officer and Director of Artémis
- Chief Executive Officer of Financière Pinault
- Chief Executive Officer and Director of Palazzo Grazzi
- Chairman of Christies International Plc
- Director of Société Nouvelle du Théâtre Marigny
- Permanent representative of Artémis at the Board of Directors of Agefi
- Permanent representative of Artémis at the Board of Directors of Sebdo le Point
- Member of the Supervisory Board of Financière Pinault
- Director of Tawa Plc*
- Director of Fnac
- Member of the Supervisory Board of Gucci Group NV
- Member of the Supervisory Board of Yves Saint Laurent
- Director of Piasa
- Director of Air France-KLM*
- Director of Bouygues*
- Director of TF1*

Directorships that expired in the previous five years

- Chairman of the Board of Piasa until 2008
- Member of the Management Board of Château Latour until 2008
- Director of AFIPA until 2006
- President of the Supervisory Board of PPR* until 2005
- Chairman of the Board of Directors of Société Nouvelle du Théâtre Marigny until 2005
- Permanent representative of Artémis at the Board of Directors of Bouygues* until 2005
- Member of the Supervisory Board of Yves Saint Laurent Parfums until 2004

* Company names marked with an asterisk are publicly-listed companies

Daniel Boeuf

60 years old.

A graduate of the *École Supérieure des Sciences Économiques et Commerciales* (ESSEC), Mr. Boeuf joined the Group in October 1973 and served in several sales positions before holding various operational positions in Refining & Marketing entities. He is currently responsible for training and skills management in specialties within the Refining & Marketing division. An elected member of the Supervisory Board of the TOTAL ACTIONNARIAT FRANCE collective investment fund since 1999, he served as the Chairman of its Supervisory Board from 2003 to 2006.

Director of TOTAL S.A. since 2004 and until 2010 (last renewal: May 11, 2007).

Holds 3,964 TOTAL shares and 3,842 shares of the TOTAL ACTIONNARIAT FRANCE collective investment fund.

Current directorships

- Director of TOTAL S.A.* representing employee shareholders
- Elected member, representing holders, of the Supervisory Board of the TOTAL ACTIONNARIAT FRANCE collective investment fund

Directorships that expired in the previous five years.

- Chairman of the Supervisory Board of the TOTAL ACTIONNARIAT FRANCE collective investment fund until 2006

Daniel Bouton

58 years old.

Inspector General of Finance, Mr. Bouton has held various positions within the French Ministry of Economy. He served as Budget Director at the Ministry of Finance from 1988 to 1990. He joined Société Générale in 1991, where he was appointed Chief Executive Officer in 1993, then Chairman and Chief Executive Officer in November 1997. He has been serving as the Chairman of the Société Générale group since May 12, 2008.

Director of TOTAL S.A.* since 1997 and until 2009 (last renewal: May 12, 2006).

Holds 3,200 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of Société Générale*
- Director of Veolia Environnement*

Directorships that expired in the previous five years

- Chairman and Chief Executive Officer of Société Générale* until 2008
- Director of Schneider Electric S.A.* until 2006
- Director of Arcelor* until 2004

* Company names marked with an asterisk are publicly-listed companies

Bertrand Collomb

66 years old.

A graduate of the *École Polytechnique* and a Mining Engineer, Mr. Collomb held a number of positions within the Ministry of Industry and other staff positions from 1966 to 1975. He joined the Lafarge group in 1975, where he served in various management positions. He served as Chairman and Chief Executive Officer of Lafarge from 1989 to 2003, then as Chairman of the Lafarge Board of Directors from 2003 to 2007 and has been the honorary President since 2007.

He is also President of the *Institut des Hautes Etudes pour la Science et la Technologie* (IHEST) and the *Institut Français des Relations Internationales* (IFRI).

Director of TOTAL S.A. since 2000 and until 2009 (last renewal: May 12, 2006).

Holds 4,712 shares.

Current directorships

- Director of TOTAL S.A.*
- Director of Lafarge*
- Director of DuPont* (United States)
- Director of Atco* (Canada)

Directorships that expired in the previous five years

- Chairman of the Board of Directors of Lafarge* until 2007
- Director of Lafarge North America until 2006
- Director of Unilever* (The Netherlands) until 2006
- Director of Vivendi Universal* until 2005

Paul Desmarais Jr.

54 years old.

A graduate of McGill University in Montreal and INSEAD in Fontainebleau, Mr. Desmarais was elected Vice Chairman (1984) then Chairman of the Board (1990) of Corporation Financière Power, a company he helped to found. Since 1996, he has served as Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada.

Director of TOTAL S.A. since 2002 and until 2011 (last renewal: May 16, 2008).

Holds 2,000 ADRs (corresponding to 2,000 shares).

Current directorships

- Director of TOTAL S.A.*
- Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada*
- Chairman of the Executive Committee and Member of the Board of Corporation Financière Power* (Canada)
- Vice-Chairman and Acting Managing Director of Pargesa Holding S.A.* (Switzerland)
- Member of the Board of Directors and Executive Committee of Great-West Compagnie d'assurance-vie (Canada)
- Member of the Board of Directors and Executive Committee of Great-West Life & Annuity Insurance Company (United States)
- Member of the Board of Directors and Executive Committee of Great-West Lifeco Inc.* (Canada)
- Member of the Board of Directors and Executive Committee of Groupe Bruxelles Lambert S.A.* (Belgium)
- Member of the Board of Directors and Executive Committee of Groupe Investors Inc. (Canada)
- Member of the Board of Directors and Executive Committee of London Insurance Group Inc. (Canada)

* Company names marked with an asterisk are publicly-listed companies

CORPORATE GOVERNANCE

Report of the chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code)

- Member of the Board of Directors and Executive Committee of London Life, Compagnie d'assurance-vie (Canada)
- Member of the Board and Executive Committee of Mackenzie Inc
- Member of the Board of La Presse Ltée (Canada)
- Member of the Board of Les Journaux Trans-Canada (1996) Inc. (Canada)
- Member of the Board of Gesca Ltée (Canada)
- Director of GDF Suez* (France)
- Director of Lafarge*
- Director of The Canada Life Assurance Company (Canada)
- Director of Canada Life Financial Corporation (Canada)
- Director of IGM Financial Inc.* (Canada)
- Director of 152245 Canada Inc, 171263 Canada Inc and 2795957 Canada Inc (Canada)
- Director of GWL&A Financial (Canada) Inc.
- Director of GWL&A Financial (Nova Scotia) Co.
- Director of First Great-West Life & Annuity Insurance Co.
- Director of The Great-West Life Assurance Company
- Director of Power Communications Inc.
- Director of Power Corporation International
- Director of Putman Investments LLC
- Member of the Supervisory Boards of Power Financial Europe B.V. and of Parjointco N.V.

Directorships that expired in the previous five years

- Vice-Chairman of the Board of Directors and member of the Strategic Committee of Imerys* (France) until 2008
- Director of GWL Properties until 2007

* Company names marked with an asterisk are publicly-listed companies

Bertrand Jacquillat

64 years old.

A graduate of *École des Hautes Études Commerciales* (HEC), *Institut d'études politiques de Paris* and Harvard Business School, Mr. Jacquillat holds a PhD in management. He has been a university professor (in both France and the United States) since 1969, and is a professor at the *Institut d'Études Politiques* in Paris as well as Vice-President of the *Cercle des Economistes*.

Director of TOTAL S.A. since 1996 and until 2011 (last renewal: May 16, 2008).

Holds 3,600 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman and Chief Executive Officer of Associés en Finance
- Member of the Supervisory Board of Klépierre*
- Member of the Supervisory Board of Presses Universitaires de France (PUF)

Directorships that expired in the previous five years

None.

Antoine Jeancourt-Galignani

71 years old.

Inspector of Finance, Mr. Jeancourt-Galignani held various positions within the Ministry of Finance before serving as Deputy Managing Director of Crédit Agricole from 1973 to 1979. He became Chief Executive Officer of Indosuez bank in 1979 before serving as its Chairman from 1988 to 1994. He then served as Chairman of Assurances Générales de France (AGF) from 1994 to 2001, before serving as Chairman of Gecina from 2001 to 2005, where he currently serves as a director.

Director of TOTAL S.A. since 1994 and until 2009 (last renewal: May 12, 2006).

Holds 5,440 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of the Supervisory Board of Euro Disney SCA*
- Director of Gecina*
- Director of Kaufman & Broad S.A.*
- Member of the Supervisory Board of Oddo et Cie

Directorships that expired in the previous five years

- Director of Société Générale* until 2008
- Member of the Supervisory Board of Hypo Real Estate Holding* (Germany) until 2008
- Chairman of the Board of Groupe SNA (Lebanon) until 2007 and Director until 2008
- Director of Société des Immeubles de France* until 2007
- Director of Assurances Générales de France* until 2007
- Member of the Supervisory Board of Jetix Europe N.V.* until 2005
- Chairman of the Board of Directors of Gecina* until 2005
- Chairman of the Board of Directors of Société des Immeubles de France* until 2004

* Company names marked with an asterisk are publicly-listed companies

Anne Lauvergeon

49 years old.

Chief Mining Engineer and a graduate of the *École Normale Supérieure* with a doctorate in physical sciences, Mrs. Lauvergeon held various positions in industry before becoming Deputy Chief of Staff in the Office of the President of the Republic in 1990. She joined Lazard Frères et Cie as Managing Partner in 1995. From 1997 to 1999 she was Executive Vice President and member of the Executive Committee of Alcatel, in charge of industrial partnerships.

Mrs. Anne Lauvergeon has served as Chairman of the Management Board of AREVA since July 2001 and Chairman and Chief Executive Officer of Areva NC (formerly Cogema) since June 1999.

Director of TOTAL S.A. since 2000 and until 2009 (last renewal: May 12, 2006).

Holds 2,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairperson of the Management Board of Areva*
- Chairperson and CEO of Areva NC
- Director of GDF-Suez*
- Director of Vodafone Group Plc*
- Vice-President and Member of the Supervisory Board of Safran*

Directorships that expired in the previous five years

- Director of FCI until 2005

Lord Peter Levene of Portsoken

67 years old.

Lord Levene served in various positions within the Ministry of Defense, the office of the Secretary of State for the Environment, the office of the Prime Minister and the Ministry of Trade in the UK from 1984 to 1995. He then served as senior adviser at Morgan Stanley from 1996 to 1998 before becoming the Chairman of Bankers Trust International from 1998 to 2002. He was Lord Mayor of London from 1998 to 1999. He is currently Chairman of Lloyd's.

Director of TOTAL S.A.* since 2005 and until 2011 (last renewal: May 16, 2008).

Holds 2,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of Lloyd's
- Chairman of International Financial Services
- Chairman of General Dynamics UK Ltd
- Director of Haymarket Group Ltd
- Director of China Construction Bank*

Directorships that expired in the previous five years

- Member of the Supervisory Board of Deutsche Börse* until 2005
- Director of J. Sainsbury Plc* until 2004

* Company names marked with an asterisk are publicly-listed companies

Claude Mandil

66 years old.

A graduate of the *École Polytechnique* and a General Mining Engineer, Mr. Mandil served as a Mining Engineer in the Lorraine and Bretagne provinces. He then served as a Project Manager at the *Délégation de l'Aménagement du Territoire et de l'Action Régionale* (City and Department planning/DATAR) and as the Interdepartmental Head of Industry and Research and regional delegate of ANVAR. From 1981 to 1982, he served as the technical advisor on the staff of the Prime Minister, in charge of the industry, energy and research sectors. He was appointed Chief Executive Officer, then Chairman and Chief Executive Officer of the *Institut de Développement Industriel* (Industry Development Institute) until 1988. He was Chief Executive Officer of *Bureau de Recherches Géologiques et Minières* (BRGM) from 1988 to 1990. From 1990 to 1998, Mr. Mandil was Chief Executive Officer for Energy and Commodities at the French Industry Ministry and the first representative for France at the Management Board of the Energy International Agency (EIA) Executive Committee. He served as the Chairman of the EIA in 1997 and 1998. In 1998, he was appointed Deputy Chief Executive Officer of Gaz de France and, in April 2000, Chairman of the *Institut Français du Pétrole* (French Institute of Oil). From 2003 to 2007, he was the Executive Director of the EIA.

Director of TOTAL S.A. since May 16, 2008 and until 2011.

Holds 1,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Director of Institut Veolia Environnement

Directorships that expired in the previous five years

- Director of GDF-Suez* from July to December 2008

Michel Pébereau

66 years old.

Honorary Inspector General of Finance, Mr. Pébereau held various positions in the Ministry of Economy and Finance, before serving, from 1982 to 1993, as Chief Executive Officer and then as Chairman and CEO of *Crédit Commercial de France* (CCF). He was Chairman and Chief Executive Officer of BNP then BNP Paribas from 1993 to 2003, and is currently Chairman of the Board of BNP Paribas.

Director of TOTAL S.A. since 2000 and until 2009 (last renewal: May 12, 2006).

Holds 2,356 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of BNP Paribas*
- Director of Lafarge*
- Director of Saint-Gobain*
- Director of EADS N.V.*
- Director of Pargesa Holding S.A.* (Switzerland)
- Member of the Supervisory Board of AXA*
- Member of the Supervisory Board of Banque marocaine pour le Commerce et l'Industrie*
- Non-voting member (*Censeur*) of the Supervisory Board of Galeries Lafayette

Directorships that expired in the previous five years

- Chairman of la Fédération Bancaire Européenne until 2008
- Director of BNP Paribas UK Holdings Ltd until 2005

* Company names marked with an asterisk are publicly-listed companies

Thierry de Rudder

59 years old.

A graduate of the *Université de Genève* in mathematics, the *Université Libre de Bruxelles* and Wharton (MBA), Mr. de Rudder served in various positions at Citibank from 1975 to 1986 before joining Groupe Bruxelles Lambert, where he was appointed Acting Managing Director.

Director of TOTAL S.A. since 1999 and until 2010 (last renewal: May 11, 2007).

Holds 3,956 shares.

Current directorships

- Director of TOTAL S.A.*
- Acting Managing Director of Groupe Bruxelles Lambert*
- Director of Compagnie Nationale à Portefeuille*
- Director of GDF Suez*
- Director of Suez-Tractebel
- Director of Imerys*
- Director of Lafarge*

Directorships that expired in the previous five years

- Director of SI Finance until 2005

Serge Tchuruk

71 years old.

A graduate of the *École Polytechnique* and an *Ingénieur de l'armement*, Mr. Tchuruk held various management positions with Mobil Corporation, then with Rhône-Poulenc, where he was named Chief Executive Officer in 1983. He served as Chairman and CEO of CDF-Chimie/Orkem from 1986 to 1990, then as Chairman and CEO of TOTAL from 1990 to 1995. In 1995, he became Chairman and Chief Executive Officer of Alcatel. In 2006, he was appointed Chairman of the Board of Alcatel-Lucent.

Director of TOTAL S.A. since 1989 and until 2010 (last renewal: May 11, 2007).

Holds 61,060 shares.

Current directorships

- Director of TOTAL S.A.*
- Director of Thalès*

Directorships that expired in the previous five years

- Chairman of the Board of Alcatel-Lucent* until 2008
- Member of the Supervisory Board of Alcatel Deutschland GmbH until 2008
- Member of the Board of Directors of the École Polytechnique until 2008
- Chairman of the Board of Directors of Alcatel USA Holdings Corp. until 2006
- Director of the Institut Pasteur until 2005

* Company names marked with an asterisk are publicly-listed companies

Pierre Vaillaud

73 years old.

A graduate of the *École Polytechnique*, a Mining Engineer and a graduate of the *École Nationale Supérieure du Pétrole et des Moteurs*, Mr. Vaillaud worked as an engineer with Technip and Atochem before joining TOTAL. He served as Chief Executive Officer of TOTAL from 1989 to 1992, before becoming Chairman and Chief Executive Officer of Technip from 1992 to 1999, and of Elf Aquitaine from 1999 to 2000.

Director of TOTAL S.A. since 2000 and until 2009 (last renewal: May 12, 2006).

Holds 2,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Member of the Supervisory Board of Oddo et Cie

Directorships that expired in the previous five years

- Director of Technip* until 2007
- Member of the Supervisory Board of Cegelec until 2006

Other information

The current members of the Board of Directors of the Company have informed the Company that they have not been convicted, have not been associated with a bankruptcy, receivership or liquidation, and have not been incriminated or publicly sanctioned or disqualified, as stipulated in item 14.1 of Annex I of (EC) Regulation 809/2004 of April 29, 2004.

* Company names marked with an asterisk are publicly-listed companies

Corporate governance code

For several years, TOTAL has been actively examining corporate governance matters. At its meeting on November 4, 2008, the Board of Directors confirmed its decision to use the Corporate Governance Code for Listed Companies published in 2008 by the principal French business confederations, the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF) (the “**AFEP-MEDEF Code**”) as its reference for corporate governance matters.

The AFEP-MEDEF Code is available on the MEDEF website (www.medef.fr).

The Company's corporate governance practices differ from the recommendations contained in the AFEP-MEDEF Code on the following, limited matters:

- The AFEP-MEDEF Code recommends that a director no longer be considered as independent upon the expiry of the term of office during which the length of his service on the board reaches 12 years. The Board has not followed this recommendation in regards to one of its members, in consideration of the experience and authority of which this director is in possession, which reinforce his independence and contribute to the Board's work.
- The Chairman of the Board of Directors chairs the Nominating & Governance Committee of the Board. The Board of Directors and this Committee consider that the participation of the Chairman on the Nominating & Governance Committee enables the Committee to benefit from his experience and his knowledge of the Company's activities, environment and executive teams, which is particularly useful to inform the Committee's deliberations concerning the appointment of executives and directors. The fact that the Chairman of the Board, who does not exercise executive duties, chairs the committee permits close collaboration between the Board and the Committee, the latter being responsible for the review of the Board's workings and corporate governance matters. This committee is comprised of a majority of independent directors and the Chairman and the Chief Executive Officer do not attend deliberations concerning their own situation.

Pursuant to the AFEP-MEDEF Code, on February 11, 2009, the Board of Directors noted that, effective from the same day, the employment contracts of its Chairman and its Chief Executive Officer had been terminated.

Since 2004, the Board of Directors has had a **financial code of ethics** that, in the overall context of the Group's Code of Conduct, sets forth specific rules for its Chairman, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and the financial and accounting officers for its principal activities. The Board has made the Audit Committee responsible for implementing and ensuring compliance with this code.

In 2005, the Board approved the procedure for alerting the Audit Committee of complaints or concerns regarding accounting, internal accounting controls or auditing matters.

Rules of procedure of the Board of Directors

At its meeting on February 13, 2007, the Board of Directors adopted Rules of Procedure to replace the Directors' Charter and to take into account the separation of the positions of Chairman of the Board and Chief Executive Officer implemented at the same meeting.

The Board's Rules of Procedure specify the obligations of each director and set forth the mission and working procedures of the Board of Directors. They also define the respective responsibilities and authority of the Chairman and of the Chief Executive Officer.

The principal matters covered by the Rules of Procedure are summarized below.

Each director undertakes to maintain the independence of his analysis, judgment, decision making and actions as well as not to be unduly influenced. When a director participates in and votes at Board meetings, he is required to represent the interest of the shareholders and the Company as a whole. Directors must actively participate in the affairs of the Board, specifically on the basis of information communicated to them by the Company.

Directors undertake to devote the amount of time required to consider the information they are given and otherwise prepare for meetings of the Board and of the committees on which they sit. Directors may request any additional information that they feel is necessary or useful from the Chairman or the Chief Executive Officer. A director, if he considers it necessary, may request training on the Company's specificities, businesses and activities. Directors participate in all Board meetings and all committees or shareholders' meetings, unless they have previously contacted the Chairman to inform him of scheduling conflicts.

Each director must inform the Board of conflicts of interest that may arise, including the nature and terms of any proposed transactions that could give rise to such situations. If he is opposed to a project brought before the Board, he is required to clearly express his opposition. He is required to own at least 1,000 company shares in registered form (with the exception of the director representing employee shareholders, for whom the requirements are more flexible) and comply strictly with provisions regarding the use of material non-public information. The requirement to hold a minimum of 1,000 shares while in office is accepted by each director as a restriction on his ability to freely dispose of these shares.

In addition to stipulating that any shares and ADRs of TOTAL S.A. and its publicly traded subsidiaries held by directors are to be held in registered form, the Rules of Procedure prohibit buying on margin or short selling those same securities. They also prohibit trading shares of TOTAL S.A. on the dates of the Company's periodic earnings announcements, as well as the 15 calendar days preceding such dates.

The **Board of Directors' mission** is to determine the strategic direction of the Group and supervise the implementation of this vision.

With the exception of the powers and authority expressly reserved for shareholders and within the limits of the Company's legal purpose, the Board may address any issue related to the operation of the Company and take any decision concerning the matters falling within its purview.

Within this framework, the Board's duties and responsibilities include, but are not limited to, the following:

- appointing the Chairman and the Chief Executive Officer and supervising the handling of their responsibilities;
- defining the Company's strategic orientation and, more generally, that of the Group;
- approving investments or divestments under study by the Group that concern amounts greater than 3% of shareholders' equity, whether or not the project is part of the announced strategy;
- reviewing information on significant events related to the Company's affairs, in particular for investments or divestments that are greater than 1% of shareholders' equity;
- monitoring the quality of information supplied to shareholders and the financial markets through the financial statements that it approves and the annual reports, or when major transactions are conducted;
- convening and setting the agenda for shareholders' meetings;
- preparing, for each year, a list of the directors it deems to be independent under generally recognized corporate governance criteria; and
- conducting audits and investigations as it may deem appropriate.

The Board, with the assistance of its specialized committees where appropriate, ensures that:

- authority within the Company has been properly delegated before it is exercised, and that the various entities of the Company respect the authority, duties and responsibilities they have been given;
- no individual is authorized to contract on behalf of the Company or to commit to pay, or to make payments, on behalf of the Company, without proper supervision and control;
- the internal control function operates properly and that the statutory auditors are able to conduct their audits under appropriate circumstances; and
- the committees it has created duly perform their responsibilities.

The Board of Directors is regularly informed, through the Audit Committee, of the Group's financial position, cash position and obligations.

Board of Directors' activity: The Board of Directors meets at least four times a year and as often as circumstances may require.

Directors are generally given written notice eight days prior to Board meetings. Documents to be considered for decisions to be made at Board meetings are, when possible, sent with the notice of meetings, or otherwise delivered to the directors. The minutes of the previous meeting are expressly approved at each Board meeting.

Directors may participate in meetings either by being present, by being represented by another director or via video conference (in compliance with the technical requirements set by applicable regulations).

The Board may establish specialized committees, whether permanent or ad hoc, as required by applicable legislation or as it may deem appropriate. The Board allocates directors' fees to and may allocate additional directors' fees to directors who participate on specialized committees, within the total amount established by the shareholders. The Chairman and the Chief Executive Officer are not awarded directors' fees for their work on the Board and Committees.

The Board conducts, at regular intervals not to exceed three years, an assessment of its practices. It also conducts an annual discussion of its methods.

Responsibility and authority of the Chairman: The Chairman represents the Board, and, except in exceptional circumstances, is the sole member authorized to act and speak on behalf of the Board. He is responsible for organizing and presiding over the Board's activities and monitors corporate bodies to ensure that they are functioning effectively and respecting corporate governance principles. He is responsible, with the Group's management, for maintaining relations between the Board and the Company's shareholders. He monitors the quality of the information disclosed by the Company. In close cooperation with the Group's management, he may represent the Group in high level discussions with government authorities and the Group's important partners, on both a national and international level. He is regularly informed by the Chief Executive Officer of events and situations that are important for the Group and may request that the Chief Executive Officer provide any useful information for the Board or its committees. He may also work with the statutory auditors to prepare matters before the Board or the Audit Committee.

Authority of the Chief Executive Officer: The Chief Executive Officer is responsible for the general management of the Company. He chairs the Group's Executive Committee and Management Committee. Subject to the Company's corporate governance rules (see above: "the Board of Directors' mission"), he has the full extent of authority to act on behalf of the Company in all instances, with the exception of actions that are, by law, reserved to the Board of Directors or to Shareholders' meetings. He is responsible for periodic reporting of the Group's results and outlook to shareholders and the financial community. He reports on significant Group activities to the Board.

Committees of the Board of Directors

→ Audit Committee

The Audit Committee's role is to assist the Board of Directors in ensuring effective internal control and oversight over financial reporting to shareholders and the financial markets.

The Audit Committee's duties include:

- recommending the appointment of statutory auditors and their compensation, ensuring their independence and monitoring their work;
- establishing the rules for the use of statutory auditors for non-audit services and verifying their implementation;

- supervising the audit by the statutory auditors of the Company's financial statements and consolidated financial statements;
- examining the accounting policies used to prepare the financial statements, examining the parent company's annual financial statements and the consolidated annual, semi-annual, and quarterly financial statements prior to their examination by the Board, after regularly monitoring the financial situation, cash position and obligations of the Company;
- supervising the implementation of internal control and risk management procedures and their effective application, with the assistance of the internal audit department;
- supervising procedures for preparing financial information;
- monitoring the implementation and activities of the disclosure committee, including reviewing the conclusions of this committee;
- reviewing the annual work program of internal and external auditors;
- receiving information periodically on completed audits and examining annual internal audit reports and other reports (statutory auditors, annual reports, etc.);
- reviewing the choice of appropriate accounting principles and methods;
- reviewing the Group's policy for the use of derivative instruments;
- reviewing, if requested by the Board, major transactions contemplated by the Group;
- reviewing significant litigation annually;
- implementing, and monitoring compliance with, the financial code of ethics;
- proposing to the Board, for implementation, a procedure for complaints or concerns of employees, shareholders and others, related to accounting, internal accounting controls or auditing matters, and monitoring the implementation of this procedure; and
- reviewing the procedure for booking the Group's proved reserves.

Audit Committee membership and practices

The Committee is made up of at least three directors designated by the Board of Directors. Members must be independent directors.

In selecting the members of the Committee, the Board pays particular attention to their independence and their financial and accounting qualifications. Members of the Committee may not be executive officers of the Company or one of its subsidiaries, nor own more than 10% of the Company's shares, whether directly or indirectly, individually or acting together with another party.

Members of the Audit Committee may not receive from the Company and its subsidiaries, whether directly or indirectly, any compensation other than:

- directors' fees paid for their services as directors or as members of the Audit Committee or, if applicable, another committee of the Board; and
- compensation and pension benefits related to prior employment by the Company, or another Group company, which are not dependent upon future work or activities.

The Committee appoints its own Chairman. The Chairman appoints the Committee secretary who may be the Chief Financial Officer. The Committee meets at least four times a year to examine the consolidated annual and quarterly financial statements.

The Audit Committee may meet with the Chairman of the Board, the Chief Executive Officer, and, if applicable, any acting Managing Director of the Company and perform inspections and consult with managers of operating or non-operating departments, as may be useful in performing its duties.

The Committee meets with the statutory auditors and examines their work, and may do so without management being present. If it deems it necessary to accomplish its duties, the Committee may request from the Board the resources to engage external consultants.

The Committee submits written reports to the Board of Directors regarding its work.

In 2008, the Committee's members were Messrs. Antoine Jeancourt-Galignani, Bertrand Jacquillat, Thierry de Rudder and, from July 31, 2008, Mrs. Patricia Barbizet. All of the members of the Committee are independent directors and have recognized experience in the financial and accounting fields, as illustrated in their summary biographies (see pages 86 to 93 of this Registration Document).

The Committee is chaired by Mr. Antoine Jeancourt-Galignani, who was determined to be the Audit Committee financial expert by the Board at its meeting on September 5, 2006.

→ Compensation Committee

In February 2007, the Compensation Committee was separated from the then existing Nominating & Compensation Committee. The principal objectives of this Committee are to:

- examine the executive compensation policies implemented by the Group and the compensation of members of the Executive Committee; and
- evaluate the performance and recommend the compensation of the Chairman of the Board and of the Chief Executive Officer.

Its duties include the following:

- examining the criteria and objectives proposed by management for executive compensation and advising on this subject;

- presenting recommendations and proposals to the Board concerning:
 - (i) compensation, pension and insurance plans, in-kind benefits, and other compensation, including severance benefits, for the Chairman and the Chief Executive Officer of the Company, and
 - (ii) awards of stock options and restricted share grants to the Chairman and the Chief Executive Officer; and
- examining stock option plans, restricted share grants, equity-based plans and pension and insurance plans.

Compensation Committee membership and practices

The Committee is made up of at least three directors designated by the Board of Directors.

A majority of the members must be independent directors. Members of the Compensation Committee may not receive from the Company and its subsidiaries, either directly or indirectly, any compensation other than:

- directors' fees paid for their services as directors or as members of the committee, or, if applicable, as members of another committee of the Company's Board; and
- compensation and pension benefits related to prior employment by the Company which are not dependant upon future work or activities.

The Committee appoints its chairman and its secretary. The secretary is a Company senior executive.

The Committee meets at least twice a year.

The Committee invites the Chairman and the Chief Executive Officer of the Company to present their recommendations.

Neither the Chairman nor the Chief Executive Officer may be present during deliberations regarding his own compensation.

While maintaining the appropriate level of confidentiality for its discussions, the Committee may request that the Chief Executive Officer provide it with the assistance of any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item.

If it deems it necessary to accomplish its duties, the Committee may request from the Board the resources to engage external consultants.

The Committee reports on its activities to the Board of Directors.

In 2008, the Committee's members were Messrs. Bertrand Collomb, Michel Pébureau and Serge Tchuruk, each an independent director.

Mr. Michel Pébureau chairs the Committee.

→ Nominating & Governance Committee

In February 2007, the Nominating & Governance Committee was separated from the then existing Nominating & Compensation Committee. The principal objectives of this Committee are to:

- recommend to the Board of Directors the persons that are qualified to be appointed as directors, Chairman or Chief Executive Officer;
- prepare the Company's corporate governance rules and supervise their implementation; and
- examine any questions referred to it by the Board or the Chairman of the Board, in particular questions related to ethics.

Its duties include the following:

- presenting recommendations to the Board for its membership and the membership of its committees;
- proposing annually to the Board the list of directors who may be considered as "independent directors" of the Company;
- assisting the Board in the selection and evaluation of the Chairman of the Board and the Chief Executive Officer and examining the preparation of their possible successors, in cooperation with the Compensation Committee;
- preparing a list of individuals who might be considered for election as Directors and those who might be named to serve on Board committees;
- proposing methods for the Board to evaluate its performance;
- proposing the procedure for allocating directors' fees; and
- developing and recommending to the Board the corporate governance principles applicable to the Company.

Nominating & Governance Committee membership and practices

The Committee is made up of at least three directors designated by the Board of Directors.

A majority of the members must be independent directors.

Members of the Nominating & Governance Committee, other than the Chairman of the Board and the Chief Executive Officer, may not receive from the Company and its subsidiaries any compensation other than:

- directors' fees paid for their services as directors or as members of the committee, or, if applicable, as members of another committee of the Company's Board; and
- compensation and pension benefits related to prior employment by the Company which are not dependant upon future work or activities.

The Committee appoints its chairman and its secretary. The secretary is a Company senior executive.

The Committee meets at least twice a year.

The Committee may invite the Chairman of the Board or the Chief Executive Officer of the Company, as applicable, to present recommendations.

Neither the Chairman nor the Chief Executive Officer may be present during deliberations regarding his own situation.

While maintaining the appropriate level of confidentiality for its discussions, the Committee may request that the Chief Executive Officer provide it with the assistance of any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item.

If it deems it necessary to accomplish its duties, the Committee may request from the Board the resources to engage external consultants.

The Committee reports on its activities to the Board of Directors.

In 2008, the Committee's members were Messrs. Bertrand Collomb, Thierry Desmarest, Michel Pébereau and Serge Tchuruk. Each, with the exception of the Chairman of the Board, is an independent director.

Mr. Thierry Desmarest chairs the Committee.

2008 Activity of the Board of Directors and its Committees

The Board held six meetings in 2008, with an average attendance of 88.9%.

The Audit Committee held seven meetings in 2008, with 100% attendance.

The Compensation Committee met twice, with an average attendance of 83%.

The Nominating & Governance Committee met twice, with an average attendance of 88%.

A table summarizing individual attendance at the Board of Directors and Committees meetings is provided on page 109 of this Registration Document.

The meetings of the Board of Directors included, but were not limited to, a review of the following subjects:

January 10

- Strategic outlook for the Chemicals division.
- Increase in Exploration & Production technical costs (causes, consequences, solutions).

- 2008 Budget.

- Group insurance policy.

February 12

- 2007 accounts (consolidated financial statements, parent company accounts).
- Debate on Board of Directors practices.
- Assessment of the independence of the Directors.
- Proposal to renew directorships and appoint new directors.
- Policy for determining the compensation and other advantages of the Chairman and of the Chief Executive Officer.
- Compensation of the Chairman and of the Chief Executive Officer and other related commitments.
- Convocation of the shareholders' meeting and approval of the documents related to this meeting.
- Project for the modernization of the Port Arthur refinery (Texas, United States).
- Summary of the Ethics Committee activities.

May 6

- Strategic outlook for the Gas & Power division.
- Earnings for the first quarter 2008.
- Developments on the Anguille field in Gabon.
- Construction project for a refinery in Jubail (Saudi Arabia) with Saudi Aramco.
- Preparation for the shareholders' meeting.
- Group finance policy.

July 31

- Strategic outlook for the Exploration & Production division.
- Earnings for the second quarter 2008 and the first half 2008.
- Composition of the Audit Committee.
- Cancellation of Company shares and corresponding reduction of share capital.

September 9

- Strategic outlook for the Refining & Marketing division.
- Group policy for research and development.
- Role of national oil companies in current energy environment.
- Financial communication for mid-2008.
- Payment of an interim dividend.
- Award of share subscription options and restricted share grants.
- Development project for the Kashagan field in Kazakhstan.

November 4

- Group strategy and five-year plan.
- Earnings for the third quarter 2008.
- Implementation of the AFEP-MEDEF recommendations of October 6, 2008 for the compensation of the Chairman and the Chief Executive Officer for listed companies.
- Investment project for the Clov field on Block 17 (Angola).

Audit Committee activity

In 2008, the members of the Audit Committee reviewed the following matters:

- At its meeting on February 8, the Committee reviewed the accounts for the fourth quarter 2007 as well as the annual consolidated statements report for the Group and the statutory accounts of TOTAL S.A., the parent company, for 2007.
- At its meeting on February 11, the Committee reviewed the prevention of fraud related risks with presentations by the Group audit department, the statutory auditors, the treasurer and the head of the finance department of the Trading & Shipping division. The conclusions of the evaluation of internal control over financial reporting performed pursuant to the Sarbanes-Oxley Act were also presented.
- At its meeting of April 10, the head of internal audit presented the conclusions of the audits conducted in 2007 and the audit plan planned for 2008, as well as the 2008 work program for internal control over financial reporting. The Committee reviewed the conditions for the use of derivatives in crude oil and petroleum products trading activities as well as those for gas, electricity, coal and carbon dioxide trading. The Committee also reviewed the procedures for estimating oil and gas reserves.
- The Committee met on May 5 to review the consolidated financial statements for the first quarter 2008. During this meeting, the members of the Committee also reviewed the Group's accounting

principles for asset retirement obligations for exploration and production activities as well as the methods for their implementation. The two-day period required to separate the review of the accounts by the Audit Committee from that by the Board could not be respected due to scheduling conflicts.

- At its meeting on July 29, the Committee reviewed the financial statements for the second quarter and the first half 2008.
- On October 31, the Committee reviewed the financial statements for the third quarter 2008 and the budget for the fees of the statutory auditors. The Committee examined a presentation of the consequences of the financial crisis on the financial situation of the Group and reviewed significant litigation. The members of the Committee met with the statutory auditors without management being present.
- On November 21, the Committee reviewed the Group's insurance policy and its pension funds.

The statutory auditors were present at all Audit Committee meetings in 2008, except for the review of their compensation. At each presentation of the quarterly consolidated financial statements, the statutory auditors reported on their work and presented their conclusions.

The Committee periodically monitored the financial situation, cash flow, risks and significant off-balance sheet commitments of the Company, as well as internal audit activity.

The chairman of the Committee reported to the Board of Directors on the Committee's activities.

Compensation Committee activity

At its meeting on February 5, 2008, the Committee prepared its proposal to be made to the Board for the rules and principles to determine compensation and other benefits to be awarded to the Chairman and to the Chief Executive Officer as well as the terms that apply in case they are removed from or not renewed in office.

The Committee reviewed the 2008 compensation policy for the Chairman and the Chief Executive Officer and made a proposal for the compensation of the Chairman and Chief Executive Officer compensation, as well as restrictions on share transfers by these individuals. The Committee also examined the compensation of the members of the Executive Committee and reviewed information related to the compensation of the Company's management bodies and to the Company's pension and insurance plans, in preparation for the disclosure of this information in the Company's annual reports for 2007.

At its meeting on September 8, 2008, the Committee reviewed the share subscription option and restricted share grant plans.

Nominating & Governance Committee activity

At its two meetings, the Committee discussed the composition of the Board, in particular in relation to various commonly used independence criteria. The Committee proposed to the Board of

Directors the list of directors to be recommended for appointment by the 2008 shareholders' meeting, which included the recommendation of two new independent directors. The Committee discussed the changes in the composition of the Board to be anticipated for 2009.

The Committee evaluated the independence of the directors and made a list of independent directors as of December 31, 2008.

The Committee also reviewed the Board's methods and practices.

The Committee was also informed of the Ethics Committee activities and the appointment of a new chairman for this Committee.

Board of Directors practices

At its meeting on February 11, 2009, the Board of Directors discussed its practices.

Pursuant to the recommendation of the Nominating & Governance Committee, at its meeting on February 11, 2009, the Board concluded that its methods and practices were appropriate to meet its responsibilities, both in regards to the number and length of its meetings and to the issues addressed at these meetings. In particular, it concluded that matters related to the technical, economic and geopolitical environment had been adequately addressed through the agenda of its meetings in 2008. In addition, the Board decided that certain cross-functional issues related to the environment and transportation would be examined starting in 2009.

Director independence

At its meeting on February 11, 2009, the Board of Directors, acting on a proposal from the Nominating & Governance Committee, reviewed the independence of the Company's directors as of December 31, 2008. Also based on the Committee's proposal, the Board considered that, pursuant to the AFEP-MEDEF Code, a director is independent when "he or she has no relationship, of any nature, with the company, its group, or the management of either, that may compromise the exercise of his or her freedom of judgement".

Mrs. Barbizet, Mr. Bouton, Mr. Collomb, Mr. Desmarais, Mr. Jacquillat, Mr. Jeancourt-Gallignani, Lord Levene of Portsoken, Mr. Mandil, Mr. Pébereau, Mr. de Rudder, Mr. Tchuruk and Mr. Vaillaud were deemed to be independent directors.

These directors meet the criteria set forth in the AFEP-MEDEF Code, with the exception of one individual who has been a director for longer than twelve years. For a company that has long-term investments and activities, a longer term of office gives experience and authority, and thereby reinforces the independence of directors. The Board concluded that Mr. Tchuruk, the only director concerned by this criterion, should be considered as independent.

Concerning "material" relationships, as a client, supplier, investment or finance banker, between a director and the Company, the Board deemed that the level of activity between Group companies and the banks at which two of its Directors are officers, which is less than 0.1% of their net banking income and less than 5% of the Group's

overall external financing (including confirmed but undrawn credit lines) represent neither a material portion of the overall activity of these banks nor a material portion of the Group's external financing. The Board concluded that Mr. Bouton and Mr. Pébereau should be considered as independent Directors.

75% of the directors are independent.

The Board also noted the absence of potential conflicts of interests between the Company and its directors.

Internal control and risk management

The internal control framework adopted by TOTAL is that of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In this framework, internal control is a process intended to provide reasonable assurance that the following will be achieved: effective and efficient operational control, accurate reporting of financial information, and compliance with applicable laws and regulations. As for any system for internal control, there can be no guarantee that all risks are completely eliminated.

As a result, the Group's internal control procedures are based on the COSO framework: design and implementation of internal controls, risk evaluation process, internal control operation, documentation and reporting internal controls, and supervision of the internal control system.

→ Organization and principles of internal control

The Group's internal control procedures are designed around an operating environment with three levels: Group, business segments and profit centers. Each level is directly involved in the design and implementation of internal controls, as determined by the level of centralization desired by the Group's management.

At each of the three levels, internal control procedures are designed to include specific organizational procedures, delegation of authority and employee training that conform to the Group's overall framework.

The principal themes of human resources policy are coordinated at the Group's Human Resources department and human resources are generally managed on a decentralized basis at profit centers.

The design of internal control procedures is based on key values that are deeply rooted in the Group's control environment, including the integrity, ethical conduct and professional competence of its employees.

The Group's values and principles of conduct are formalized and distributed to employees throughout the Group in the Group's code of conduct, its ethics charter and its financial code of ethics. They are also implemented in codes, procedures and practical guides governing certain important procedures at the operating level. These codes explain the Group's values and describe its principles for behavior and conduct with regard to employees, shareholders, clients, suppliers and competitors. They mention principles for individual

behavior that all employees are expected to respect and the conduct that is expected in countries where the Group is present.

The Group's senior management receives regular training on the content and the importance of proper conduct, which is documented in this code of conduct and available on the Group's website. Each year, the chief executive and financial officers of profit centers or subsidiaries provide internal written representations to the Chief Financial Officer that they have complied with internal control procedures and that the financial reporting under their responsibility is accurate.

The Group's Ethics Committee has implemented a program to prevent insider trading. This program alerts employees to their status as permanent or temporary insiders and warns them that they are prohibited from trading Group securities during certain periods.

These control principles are part of the corporate governance framework described above. The Audit Committee is responsible for supervising the implementation of internal control procedures and their effective application, with the assistance of the internal audit department. These rules are designed to allow the Board of Directors to ensure that internal control is effective and that accurate information is disclosed to shareholders and financial markets.

→ Risk evaluation

The Executive Committee, with the assistance of the Risk Committee, the budget management department and the internal audit department, is responsible for compiling and analyzing the internal and external risks that could have an impact on the Group's performance. This approach is part of a continual process within the relevant entities and divisions.

The principal risks monitored at Group level are: sensitivity to the oil market environment (oil prices and refining, marketing and petrochemicals margins); exposure to oil and gas trading risks; financial markets risks (foreign exchange risk, particularly related to the dollar, and interest rate risk given the importance of long-term investments in the Group's businesses); legal and political risks related to the operating and contractual environment of the exploration and production activities; and industrial and environmental risks related to the sectors in which the Group is active.

As regards risks related to the trading of oil and financial instruments, the relevant departments whose activity is restricted to limits defined by the Executive Committee, assess on a daily basis their position and exposition and analyse their market risks using, notably, a value-at-risk technique.

As regards counterpart risks, credit limits and processes to analyse the credit risk are determined at the level of each division and updated on a regular basis.

The broad range of activities and countries in which the Group operates calls for local analysis, by business segment, of the associated legal, contractual and political risks. Compliance programs with regards to competition law matters are implemented by the Group to ensure compliance with applicable legislation.

Business units are responsible for the evaluation of their industrial and environmental risks and for the implementation of the regulatory requirements of the countries where these activities are located as well as any directive or recommendation in this field defined at the Group or division level. TOTAL's entities are also responsible for actively monitoring developments and complying with local and international rules and standards for the evaluation and management of industrial and environmental risks. Risk evaluations lead to the establishment of management measures that are designed to prevent and decrease environmental impacts, to minimize the risks of accidents and to limit their consequences.

The "Risk Factors" section of this Registration Document contains a formal and extensive description of the principal risks faced by the Group and how the Group manages these risks.

→ Internal control operations

Internal control procedures, particularly financial reporting systems, are designed to take into account the specific nature of these risks and the degree to which operational control is delegated to the business segments and profit centers.

Management exercises operational control over the Group's activities through the Executive Committee's approval of investments and commitments for projects, based on defined thresholds. These projects are subject to prior vetting by the Risk Committee, whose report is presented to the Executive Committee.

Non-operating control is primarily based on a strategic plan which is reviewed annually, an annual budget, monthly management financial reports with in-depth analysis of differences between actual and budgeted expenditures, and a quarterly reconciliation between published accounts and management reports. These procedures are supervised by the budget management department and the accounting department, and are conducted according to accepted financial reporting methods that conform to the accounting standards used to publish the Group's accounts. The financial measures that are followed and the accounting methods chosen were selected to accurately report risks and to measure the return on average capital employed (ROACE).

The Group's accounting department centralizes the interpretation and application of accounting standards applicable to the Group's consolidated accounts and transmits these standards through formal procedures and a financial reporting manual. This department monitors the effective implementation of standards throughout the Group through periodic, formal communication with management at the operating level. This department also periodically reports any exceptions to the Chief Financial Officer.

The treasury/financing department monitors and manages the risks related to cash management activities as well as to interest rate related and foreign exchange related financial instruments in accordance with specific rules defined by the Group's management. Cash and cash equivalents, financial positions and financial instruments are centralized by the treasury/financing department.

Oil and gas reserves are reviewed by a committee of experts (the Reserves Committee), approved by the senior management of the

Exploration & Production division and then confirmed by the Group's management.

The Disclosure Committee, whose members are the managers of the principal non-operating departments in the Group, establishes and maintains procedures designed to ensure the quality and accuracy of external communications intended for the public and financial markets.

At the profit center and subsidiary level, daily control operations are organized around the principal operational processes: exploration and reserves, purchasing, capital expenditures, production, sales, oil and gas trading, inventories, human resources, financing and cash management.

The Group has implemented a wide range of procedures and programs that help to prevent, detect and limit different types of fraud. This effort is supported by the principles and conduct described in the Group's code of conduct and in procedures and codes issued at the operating level. The Group has also implemented an ethics alert system for employees and third parties to report circumstances that might amount to fraud or other violations related to accounting and internal control.

The Information Technology department has developed and distributed rules for governance and security that describe the recommended infrastructure, organization and procedures to maintain information systems that are adapted to the needs of the Group and to limit information security risks. These rules are implemented throughout the Group under the responsibility of the various operating divisions.

Internal control procedures intended to prevent industrial or environmental risks are implemented at the profit centers. External certification or third party audits are conducted for some of the management systems related to this type of risk. More detailed information on TOTAL's actions regarding safety and environmental concerns is provided in the separate report entitled *Environment and Society: Our Corporate Responsibilities*.

→ Documentation and communication of internal control procedures

Internal control procedures are defined at each of the three operating levels: General rules at the Group level; sector specific procedures at the business segment level; and more specific procedures at the profit center and subsidiary level. These procedures are circulated in memorandum, and are also available on the intranet sites of the Group and, where applicable, those of the business segments.

The principal procedures regarding financial controls established at the Group level cover acquisitions and disposals, capital expenditures, financing and cash management, budget management and financial reporting. At the operating level, procedures, directives or recommendations cover mainly safety and security (both industrial and information technology), health, environment and sustainable development

The procedures for the business segments primarily concern management supervision specific to each sector. At the profit center

and subsidiary level, the principles of the Group's overall framework are implemented through the creation of specific procedures adapted to the size and context of operations. TOTAL has established documented disclosure controls and procedures for financial information.

→ Internal control supervision

Together, the holding company, each business segment and the profit centers and subsidiaries are responsible for supervising internal control by monitoring the elements assigned to each of them.

Internal control audits are primarily conducted by the Group audit department, which reports to the Executive Committee through the General Secretary. An audit work schedule is set annually. The reports from these audits are periodically summarized and presented to the Audit Committee and, thereby, to the Board of Directors.

In 2008, the Group audit department employed 75 professionals and conducted 223 audits. A representative of this department also attended all meetings of the Audit Committee. The Head of Group internal audit presented internal audit activity on a quarterly basis.

The Group's management is responsible for maintaining and evaluating internal control over financial reporting. In this context, in 2008 the Group conducted an evaluation of the levels of awareness and the quality of execution of the Group's internal control procedures, based on the COSO framework, covering the principal entities of the Group. The Group, with the assistance of its principal entities and the Group audit department as coordinated by the Internal Control Compliance Officer, also examined and evaluated the design and effectiveness of the key operational, information systems and financial controls related to internal control over financial reporting pursuant to section 404 of the Sarbanes-Oxley Act. On the basis of this internal evaluation, the Group's management concluded that internal control over financial reporting was effective.

The statutory auditors perform those verifications of internal control that they deem necessary as part of the mission to certify the Group's accounts and present their observations to the Audit Committee.

For the year 2008, the statutory auditors evaluated the implementation of the Group's internal control framework and the design and execution at its principal entities of the Group's key internal controls over financial reporting. Based on the work performed, the statutory auditors declared that they had no comments on the information and conclusions related to this subject presented in this report.

Particular conditions regarding participation at shareholder's meeting

Shareholders' meetings are convened and deliberate under the conditions provided for by law. However, pursuant to Article 18 of the Company's bylaws, double voting rights are granted to all registered shares held continuously in the name of the same shareholder for at least two years. Article 18 of the Company's bylaws also provides that at shareholders' meetings, no shareholder may cast, by himself or through his agent, on the basis of the single voting rights attached to

the shares he holds directly or indirectly and the shares for which he holds powers, more than 10% of the total number of voting rights attached to the Company's shares. However, if a shareholder holds double voting rights, this limit may be greater than 10%, but shall not exceed 20%.

For more detailed information on these conditions, see pages 168 and 169 of this Registration Document (General information – Shareholders' meetings).

Information mentioned in Article L. 225-100-3 of the French Commercial Code

This information is provided on page 170 of this Registration Document (General information – Agreements mentioned in Article L. 225-100-3 of the French Commercial Code).

Policy for determining the compensation and other benefits of the Chairman and of the Chief Executive Officer

Based on a proposal by the Compensation Committee, the Board adopted the following policy for determining the compensation and other benefits of the Chairman and of the Chief Executive Officer:

- Compensation and benefits for the Chairman and the Chief Executive Officer are set by the Board of Directors after considering proposals from the Compensation Committee. Such compensation shall be reasonable and fair, in a context that values both teamwork and motivation within the Company.

Compensation for the Chairman and the Chief Executive Officer is related to market practice, work performed, results obtained and responsibilities held.

- Compensation for the Chairman and the Chief Executive Officer includes both a fixed portion and a variable portion, each of which is reviewed annually.
- The amount of variable compensation may not exceed a stated percentage of fixed compensation. Variable compensation is determined based on pre-defined quantitative and qualitative criteria. Quantitative criteria are limited in number, objective, measurable and adapted to the Group's strategy.

Variable compensation is designed to reward short-term performance and progress towards medium-term objectives. The qualitative criteria for variable compensation are designed to allow exceptional circumstances to be taken into account, when appropriate.

- The Group does not have a specific pension plan for the Chairman and the Chief Executive Officer. They are eligible for retirement benefits and pensions available to other employees of the Group under conditions determined by the Board.

- Stock options are designed to align the long-term interests of the Chairman and the Chief Executive Officer with those of the shareholders.

Awards of stock options are considered in light of the amount of the total compensation paid to the Chairman and the Chief Executive Officer. The exercise of stock options to which the Chairman and the Chief Executive Officer are entitled is subject to a performance condition.

The exercise price for stock options awarded is not discounted compared to the market price, at the time of the grant, for the underlying share.

Stock options are awarded at regular intervals to prevent opportunistic behavior.

The Board has put in place restrictions on the transfer of a portion of shares issued upon the exercise of options.

- After three years in office, the Chairman and Chief Executive Officer are required to hold at least the number of Company shares set by the Board.
- The Chairman and Chief Executive Officer do not receive restricted share grants.

This report, which has been prepared with the assistance of the relevant corporate departments of the Company, has been approved by the Board of Directors at its meeting on February 11, 2009, after the Board's Committees reviewed the sections relevant to their respective duties.

Thierry Desmarest
Chairman of the Board of Directors

Statutory auditor's report (Article L. 225-235 of the French Commercial Code)

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Law ("Code de commerce"), on the report prepared by the Chairman of the Board of Directors of the company TOTAL S.A.

Year ended 31 December 2008

To the Shareholders,

In our capacity as Statutory Auditors of TOTAL S.A., and in accordance with Article L. 225-235 of the French Commercial Law ("Code de commerce"), we hereby report on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Law for the year ended 31 December 2008.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-37 of the French commercial law ("Code de Commerce") relating especially to corporate governance.

It is our responsibility to:

- report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information, and
- attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Law ("Code de commerce"), it being specified that we are not responsible for verifying the fairness of these other disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;

- obtaining an understanding of the evaluation process in place and assessing the quality and appropriateness of its documentation with respect to the information on the evaluation of internal control procedures;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L. 225-37 of the French Commercial Law ("Code de Commerce").

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Law ("Code de commerce").

Paris La Défense, 2 April 2009

KPMG Audit
A department of KPMG S.A.

René Amirkhanian
Associé

Jay Nirsimloo
Associé

ERNST & YOUNG AUDIT

Gabriel Galet
Associé

Philippe Diu
Associé

Management

General Management

At its meeting on February 13, 2007, the Board of Directors, based on the recommendation of the Nominating & Compensation Committee, resolved to have separate individuals serve in the positions of Chairman of the Board and of Chief Executive Officer of the Company to ensure continuity during changes to the Group's management.

→ The Executive Committee

The following individuals were members of the Executive Committee (COMEX) as of December 31, 2008:

- Christophe de Margerie, Chairman of the COMEX (Chief Executive Officer);
- François Cornélis, Vice-Chairman of the COMEX (President of the Chemicals division);
- Michel Bénézit (President of the Refining & Marketing division);
- Yves-Louis Darricarrère (President of the Exploration & Production division);
- Jean-Jacques Guilbaud (General Secretary);
- Patrick de La Chevardière (Chief Financial Officer).

The Executive Committee and the Management Committee

The Executive Committee is the primary decision-making body of the Group. It implements the strategy formulated by the Board of Directors and authorizes related investments, subject to the approval by the Board of Directors for investments exceeding 3% of the Group's equity.

The Management Committee (CODIR) of the Group facilitates coordination among the divisions and monitors the operating results and activity reports of these divisions.

→ The Management Committee

In addition to the members of the COMEX, the following twenty-one individuals from various non-operating departments and operating divisions serving as members of the Management Committee as of December 31, 2008:

CORPORATE

René Chappaz, Yves-Marie Dalibard, Jean-Michel Gires, Peter Herbel, Jean-Marc Jaubert, Jean-François Minster, Jean-Jacques Mosconi, François Viaud, Bruno Weymuller.

UPSTREAM

Philippe Boisseau, Jacques Marraud des Grottes, Jean-Marie Masset, Charles Mattenet, Patrick Pouyanné.

DOWNSTREAM

Pierre Barbé, Alain Champeaux, Alain Grémillet, Éric de Menten, André Tricoire.

CHEMICALS

Pierre-Christian Clout, Françoise Leroy.

As of March 1, 2008, the Group modified its organization to include, notably, a Corporate Affairs Division containing several cross-functional departments (see Organization chart on pages 52 and 53).

Statutory Auditors

Statutory auditors

Ernst & Young Audit

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex
Appointed on May 14, 2004 for a six-year term
G. Galet
P. Diu

KPMG AUDIT

A division of KPMG S.A.
1, cours Valmy, 92923 Paris-La Défense
Appointed on May 13, 1998 for a six-year term
Appointment renewed on May 14, 2004, for an additional six-year term.
R. Amirkhanian
J. Nirsimloo

Alternate auditors

Jean-Luc Decornoy

2 bis, rue de Villiers, 92300 Levallois-Perret
Appointed on May 14, 2004 for a six-year term

Pierre Jouanne

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex
Appointed on May 14, 2004 for a six-year term

Auditor's term of office

French law provides that the statutory and alternate auditors are appointed for renewable six-year terms. The terms of office of the statutory auditors and of the alternate auditors expire at the conclusion of the shareholders' meeting called to approve the financial statements for the fiscal year 2009.

Fees received by the statutory auditors (including members of their network)

(M€)	Ernst & Young Audit				KPMG AUDIT			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
	2008	2007	2008	2007	2008	2007	2008	2007
Audit								
■ Audit and certification of the parent company and consolidated accounts								
TOTAL S.A.	3.3	3.3	16.1	16.7	3.5	3.5	16.9	17.9
Consolidated subsidiaries	14.4	14.0	70.2	70.7	12.4	12.2	59.9	61.9
■ Other work and services directly related to the responsibilities of statutory auditors								
TOTAL S.A.	0.2	0.2	1.0	1.0	1.2	1.0	5.8	5.1
Consolidated subsidiaries	0.8	0.5	3.9	2.5	2.2	1.6	10.6	8.1
Subtotal	18.7	18.0	91.2	90.9	19.3	18.3	93.2	92.9
Other services provided by the network to consolidated subsidiaries								
Legal, tax, (corporate)	1.8	1.7	8.8	8.6	1.2	1.2	5.8	6.1
Others	0	0.1	0	0.5	0.2	0.2	1.0	1.0
Subtotal	1.8	1.8	8.8	9.1	1.4	1.4	6.8	7.1
Total	20.5	19.8	100	100	20.7	19.7	100	100

Compensation of the Board of Directors and Executive Officers

Board Compensation

The amount paid to the members of the Board of Directors as directors' fees was 0.83 M€ in 2008 in accordance with the decision of the shareholders' meeting held on May 11, 2007. There were sixteen directors as of December 31, 2008, compared with fourteen directors as of December 31, 2007.

Compensation was paid to the members of the Board of Directors in 2008 based on the following principles, which remained unchanged from 2007.

- A fixed amount of 20,000 euros was paid to each director (paid

prorata temporis in case of a change during the period), apart from the Chairman of the Audit Committee who was paid 30,000 euros and the other Audit Committee members who were paid 25,000 euros.

- Each director was paid 5,000 euros for each meeting of the Board of Directors, of the Audit Committee, of the Compensation Committee or of the Nominating & Governance Committee attended. This amount was increased to 7,000 euros for those directors who reside outside of France.
- Neither the Chairman of the Board, nor the Chief Executive Officer received directors' fees as directors of TOTAL S.A. or any other company of the Group.

A table summarizing the total compensation (including in-kind benefits) paid to each director during the last two fiscal years (Article L. 225-102-1 of the French Commercial Code, 1st and 2nd paragraphs) is provided on page 115 of this Registration Document.

Directors attendance at the Board and Committees meetings in 2008

	Board of Directors	Audit Committee	Compensation Committee	Nominating & Governance Committee
Number of meetings in 2008	6	7	2	2
Thierry Desmarest	6			2
Christophe de Margerie	6			
Patricia Barbizet	3 ^(a)	2 ^(b)		
Daniel Boeuf	6			
Daniel Bouton	4			
Bertrand Collomb	5		1	1
Paul Desmarais Jr.	4			
Bertrand Jacquillat	6	7		
Antoine Jeancourt-Galignani	6	7		
Anne Lauvergeon	5			
Lord Peter Levene of Portsoken	3			
Claude Mandil	3 ^(a)			
Michel Pébereau	6		2	2
Thierry de Rudder	6	7		
Serge Tchuruk	6		2	2
Pierre Vaillaud	5			

(a) Director since May 16, 2008

(b) Member of the Committee since July 31, 2008

Compensation of the Chairman

(See summary tables on pages 114 to 116 of this Registration Document)

The total gross compensation paid to Mr. Thierry Desmarest for fiscal 2008 was set by the Board of Directors, based upon the proposal of the Compensation Committee. This compensation is composed of a fixed base salary of 1,100,000 euros and a variable portion.

The variable portion is calculated by taking into account the Group's return on equity, the Group's earnings compared to those of other major international oil companies, as well as the Chairman's personal contribution to the Group's strategy, corporate governance and performance. The variable portion can reach a maximum amount of 100% of the fixed base salary. The objectives related to personal contribution were considered to be fulfilled, and taking into account the comparison of TOTAL's earnings with the major international oil companies that are its competitors, the variable portion paid to the Chairman in 2009 for his contribution in 2008 amounted to 969,430 euros.

The total gross compensation paid to the Chairman for fiscal year 2008 amounted to 2,069,430 euros.

Mr. Thierry Desmarest's total gross compensation for fiscal 2007, when he served as the Group's Chairman and Chief Executive Officer until February 13, 2007 and then as Chairman of the Board of Directors, amounted to 2,263,905 euros, composed of a fixed base salary of 1,151,706 euros and a variable portion of 1,112,199 euros paid in 2008.

Mr. Desmarest does not receive any in-kind benefits.

Compensation of the Chief Executive Officer

(See summary tables on pages 114 to 116 of this Registration Document)

The total gross compensation paid to Mr. Christophe de Margerie for fiscal 2008 was set by the Board of Directors, based upon the proposal of the Compensation Committee. This compensation is composed of a fixed base salary of 1,250,000 euros and a variable portion.

The variable portion is calculated by taking into account the Group's return on equity, the Group's earnings compared to those of other major international oil companies, as well as the Chief Executive Officer's personal contribution to the Group's strategy, evaluated on the basis of objective operational criteria related to the Group's business segments. The variable portion can reach a maximum amount of 140% of the fixed base salary, which limit may be increased to 165% to reward exceptional performance. The objectives related to personal contribution were considered to be fulfilled, and taking into account the comparison of TOTAL's earnings with the major international oil companies that are its competitors, the variable portion paid to the Chief Executive Officer in 2009 for his contribution in 2008 amounted to 1,552,875 euros.

The total gross compensation paid to the Chief Executive Officer for fiscal year 2008 amounted to 2,802,875 euros.

Mr. de Margerie's total gross compensation for fiscal 2007, the year when he was appointed Chief Executive Officer, amounted to 2,687,915 euros, composed of a fixed base salary of 1,191,580 euros and a variable portion of 1,496,335 euros paid in 2008.

Mr. Christophe de Margerie has the use of a company car.

Executive Officer compensation

In 2008, the aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL in office as of December 31, 2008 (twenty-eight individuals, members of the Management Committee and the Treasurer) as a group was 18.0 M€, including 7.4 M€ paid to the six members of the Executive Committee. Variable compensation accounted for 44.2% of the aggregate amount of 18.0 M€ paid to executive officers.

The following individuals were executive officers of the Group as of December 31, 2008 (twenty-eight individuals as of December 31, 2007 and 2008):

Management Committee

Christophe de MARGERIE*
François CORNÉLIS*
Michel BÉNÉZIT*
Yves-Louis DARRICARRÈRE*
Jean-Jacques GUILBAUD*
Patrick de LA CHEVARDIÈRE*
Pierre BARBÉ
Philippe BOISSEAU
Alain CHAMPEAUX
René CHAPPAZ
Pierre-Christian CLOUT
Yves-Marie DALIBARD
Jean-Michel GIRES
Alain GRÉMILLET

Peter HERBEL
Jean-Marc JAUBERT
Françoise LEROY
Jacques MARRAUD DES GROTTES
Jean-Marie MASSET
Charles MATTENET
Éric de MENTEN
Jean-François MINSTER
Jean-Jacques MOSCONI
Patrick POUYANNÉ
André TRICOIRE
François VIAUD
Bruno WEYMULLER

Treasurer

Charles PARIS de BOLLARDIÈRE

* Member of the Executive Committee as of December 31, 2008

Pensions and other commitments (Article L. 225-102-1, paragraph 3, of the French Commercial Code)

- 1) The Chairman and the Chief Executive Officer, pursuant to applicable law, are eligible for the French social security benefits, ARRCO (French Association for Complementary Pension Schemes) and AGIRC (French executive pension scheme federation) complementary pensions, defined benefit pension plans (RECOUP) and the supplementary pension plan created by the Company. This supplementary pension plan, which is not limited to the Chairman and the Chief Executive Officer, is described in more detail below.
- 2) The Chairman and the Chief Executive Officer are eligible for a supplementary pension plan open to all employees of the Group whose annual compensation is greater than the annual French social security threshold multiplied by eight.

This supplementary pension plan is financed and managed by TOTAL S.A. to award a pension that is based on the period of employment (up to a limit of 20 years) and the portion of annual gross compensation (including fixed and variable portions) that exceeds by at least eight times the annual French social security threshold. This pension is indexed to the French Association for Complementary Pensions Schemes (ARRCO) index.

As of December 31, 2008, the Group's supplementary pension obligations related to the Chairman are the equivalent of an annual pension of 23.8% of the Chairman's 2008 compensation.

For the Chief Executive Officer, the Group's pension obligations are, as of December 31, 2008, the equivalent of an annual pension of 18.9% of his 2008 compensation.

- 3) The Company also funds a life insurance policy which guarantees a payment, upon death, equal to two years' compensation (both fixed and variable), increased to three years upon accidental death, as well as, in case of disability, a payment proportional to the degree of disability.
- 4) The Chairman and the Chief Executive Officer are also entitled to retirement benefits equal to those available to eligible members of the Group under the French National Collective Bargaining Agreement for the Petroleum Industry, amounting to 25% of the annual gross compensation (including fixed and variable portions) paid in the 12-month period preceding the retirement of the Chairman or the Chief Executive Officer, as the case may be.
- 5) If the Chairman or the Chief Executive Officer's employment is terminated or his term of office is not renewed, he is eligible for

severance benefits equal to two times an individual's annual pay, based upon the gross compensation (both fixed and variable) paid in the 12-month period preceding termination of employment or term of office.

The severance benefits to be paid upon a change of control or a change of strategy of the Company are cancelled in the case of gross negligence or wilful misconduct or if the Chairman or the Chief Executive Officer leaves the Company of his own volition, accepts new responsibilities within the Group, or may claim full retirement benefits within a short time period.

Since Mr. Desmarest is eligible to claim his full retirement benefits, these provisions are only relevant to Mr. de Margerie.

- 6) The commitments related to the supplementary pension plan, retirement benefits and severance benefits upon termination of employment or term of office will be subject to the procedure for regulated agreements set forth in article L. 225-38 of the French Commercial Code.
- 7) Pursuant to the provisions to the French law of August 21, 2007, which modifies article L. 225-42-1 of the French Commercial Code, the commitments described above related to retirement benefits and severance benefits upon termination of employment or term of office are subject to performance conditions.

These performance conditions are deemed to be met if at least two of the three following criteria are satisfied:

- The average ROE (return on equity) over the three years immediately preceding the year in which the officer retires is at least 12%.

- The average ROACE (return on average capital employed) over the three years immediately preceding the year in which the officer retires is at least 10%.

- The Company's oil and gas production growth over the three years immediately preceding the year in which the officer retires is greater than or equal to the average production growth of the four following companies: ExxonMobil, Shell, BP and Chevron.

- 8) In addition, the Company has the following pension commitments, (described in paragraph 2, above) as defined under French law, to Messrs. Tchuruk and Vaillaud:

- The Company has funded a supplementary pension for Mr. Tchuruk related to his previous employment by the Group. Mr. Tchuruk receives an annual supplementary pension of approximately €73,427, based upon calculations as of December 31, 2008. This pension is indexed to the ARRCO index.

- The Company has funded a supplementary pension for Mr. Vaillaud related to his previous employment by the Group. Mr. Vaillaud receives an annual supplementary pension of approximately €141,873, based upon calculations as of December 31, 2008. This pension is indexed to the ARRCO index.

- 9) For the year 2008, the total amount of the Group's pension commitments related to the directors of the Group is equal to 25.8 M€.

Summary table as of February 28, 2009	Employment contract	Benefits or advantages due or likely to be due upon termination or change of office	Benefits related to a non- complete agreement	Benefits or advantages due or likely to be due after termination or change of office
Thierry Desmarest Chairman of the Board of Directors Member of the Board since May 1995 ^(a) Expiry of current term of office: The shareholders' meeting called in 2010 to approve the financial statements for the year ending December 31, 2009	NO	NO	NO	YES (retirement benefit) ^(b) (supplementary pension plan also applicable to some Group employees)
Christophe de Margerie Chief Executive Officer Member of the Board since February 2007 Expiry of current term of office: The shareholders' meeting called for May 15, 2009	NO	YES (termination benefit) ^(b)	NO	YES (retirement benefit) ^(b) (supplementary pension plan also applicable to some Group employees)

(a) Chairman and Chief Executive Officer until February 13, 2007, and Chairman of the Board of Directors from February 14, 2007.

(b) Payment subject to a performance condition in accordance with the decision of the Board of Directors on February 11, 2009.

Stock options and restricted share grants policy

→ General policy

Stock options and restricted share grants concern only shares of TOTAL S.A. No options for or restricted grants of shares of any of the Group's listed subsidiaries are awarded.

All plans are approved by the Board of Directors, based on recommendations by the Compensation Committee. For each plan, the Compensation Committee proposes a list of the beneficiaries and the number of options or restricted shares granted to each beneficiary. The Board of Directors then gives final approval for this list.

Stock options have a term of eight years, with an exercise price set at the average of the opening share prices during the 20 trading days prior to the award date, without any discount being applied. For the option plans established after 2002, options may only be exercised after an initial two-year period and the shares issued upon exercise may not be transferred prior to the termination of an additional two-year holding period. For the option plans established on July 17, 2007 and October 9, 2008, decided by the Board of Directors on July 17, 2007 and September 9, 2008, respectively, the transfer or conversion to bearer shares of shares issued from the exercise of stock options, for the beneficiaries of an employment contract with a non-French subsidiary on the date of the award, can take place after the termination of the initial two-year period.

Restricted share grants become final after a two-year vesting period, subject to a performance condition related to the Return on Equity (ROE) of the Group, based on the Group's consolidated accounts in the fiscal year preceding the year of final attribution. This performance condition is defined in advance by the Board of Directors on recommendations by the Compensation Committee. At the end of this vesting period, and subject to these performance conditions, the restricted share grants become final. However, these shares may not be transferred prior to the end of an additional two-year holding period.

For the 2006, 2007 and 2008 Plans, the conditional restricted share grants are subject to a performance condition. This condition states that the number of restricted shares finally granted is based on the ROE of the Group related to the fiscal year preceding the year of the final grant. This final acquisition rate, expressed as a percentage of the restricted shares granted by the Board of Directors:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

The 2005 Plan was subject to a performance condition that stated that the acquisition rate of the restricted shares granted was equal to zero

if the ROE for 2006 was less than 10%, equal to 100% if the ROE was more than 20% and varied on a straight-line basis between 0% and 100% if the ROE was between 10% and 20%.

The grant of these options or restricted shares is used to complement, based upon individual performance assessments at the time of each plan, the Group-wide policy of developing employee shareholding (including saving plans, and capital increases reserved for employees every two years) which allows employees to be more closely associated with the financial and share price performance of TOTAL (see pages 128 and 129 of this Registration Document).

→ Grants to the Chairman, the Chief Executive Officer and executive officers

Pursuant to the requirements introduced by French law 2006-1770 of December 30, 2006, the Board of Directors decided that, for the share subscription option plans of July 17, 2007 and October 9, 2008, the Chairman of the Board and the Chief Executive Officer will have to hold a number of TOTAL shares representing 50% of the capital gains, net of tax and related contributions, resulting from the exercise of stock options under these plans. Once the Chairman and the Chief Executive Officer hold a number of shares (including shares or interests in collective investment funds invested in Company securities) corresponding to more than five times their current gross annual fixed salary, this holding requirement will be reduced to 10%. If in the future this ratio is no longer met, the previous 50% holding requirement will once again apply.

The Chairman of the Board of Directors was not granted any stock options under the plan of October 9, 2008, created by the Board of Directors on September 9, 2008.

In addition, the Chairman of the Board of Directors was not granted any restricted shares under the plans awarded on July 18, 2006, July 17, 2007 and October 9, 2008.

The Chief Executive Officer was not granted any restricted shares under the plans awarded on July 18, 2006, July 17, 2007 and October 9, 2008.

In addition, as part of the share subscription option plans awarded on July 17, 2007 and October 9, 2008, the Board required that, for each beneficiary of more than 25,000 stock options, one third of the options granted in excess of this number be subject to a performance condition. This condition states that the final grant rate will be based on the ROE of the Group. The ROE will be calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the year of vesting. The grant rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

Summary table for the Chairman and the Chief Executive Officer (AFEP-MEDEF Code for corporate governance of listed companies)

→ Summary of compensation, stock options and restricted shares granted to the Chairman and the Chief Executive Officer

(€)	2008	2007
Thierry Desmarest		
Chairman of the Board of Directors		
Compensation ^(a)	2,069,430	2,263,905
Value of options granted ^(b)	-	1,529,000
Value of restricted shares granted ^(c)	-	-
Total	2,069,430	3,792,905
Christophe de Margerie		
Chief Executive Officer		
Compensation ^(a)	2,808,395	2,693,435
Value of options granted ^(b)	998,000	2,780,000
Value of restricted shares granted ^(c)	-	-
Total	3,806,395	5,473,435

(a) Compensation detailed in the following table.

(b) Options granted in 2008 are detailed on page 117 of this Registration Document. The value of options granted was calculated on the day they were granted using the Black-Scholes model based on the assumptions used for the consolidated accounts (see Note 25 to the Consolidated Financial Statements on page 235 of this Registration Document).

(c) The Chairman and Chief Executive Officer were not granted any restricted shares as part of the plans awarded on July 17, 2007 and October 9, 2008.

→ Compensation of the Chairman and the Chief Executive Officer

(€)	2008		2007	
	Amount due for 2008	Amount paid in 2008 ^(a)	Amount due for 2007	Amount paid in 2007 ^(a)
Thierry Desmarest				
Chairman of the Board of Directors				
Fixed compensation	1,100,000	1,100,000	1,151,706	1,151,706
Variable compensation ^(b)	969,430	1,112,199	1,112,199	1,676,109
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
In-kind benefits	-	-	-	-
Total	2,069,430	2,212,199	2,263,905	2,827,815
Christophe de Margerie				
Chief Executive Officer				
Fixed compensation	1,250,000	1,250,000	1,191,580	1,191,580
Variable compensation ^(c)	1,552,875	1,496,335	1,496,335	705,140
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
In-kind benefits ^(d)	5,520	5,520	5,520	5,520
Total	2,808,395	2,751,855	2,693,435	1,902,240

(a) Variable portion paid for prior fiscal year.

(b) The variable portion for the Chairman is calculated by taking into account the Group's return on equity during the relevant fiscal year, the Group's earnings compared to those of other major international oil companies, as well as the Chairman's personal contribution to the Group strategy, corporate governance and performance. The variable portion can reach a maximum amount of 100% of the fixed base salary. The objectives related to personal contribution were considered to be met in 2008.

(c) The variable portion for the Chief Executive Officer is calculated by taking into account the Group's return on equity during the relevant fiscal year, the Group's earnings compared to those of other major international oil companies as well as the Chief Executive Officer's personal contribution based on operational target criteria. The variable portion can reach a maximum amount of 140% of the fixed base salary, which may be increased up to 165% for exceptional performance. The objectives related to personal contribution were considered to be met in 2008.

(d) Mr. de Margerie has the use of a company car.

CORPORATE GOVERNANCE

Compensation of the Board of Directors and Executive Officers

→ Directors' fees and other compensation received by directors

Total compensation (including in-kind benefits) paid to each director in the year indicated (Article L. 225-102-1 of the French Commercial Code, 1st and 2nd paragraphs)

(€)	2008	2007
Thierry Desmarest	(a)	(a)
Christophe de Margerie	(a)	(a)
Patricia Barbizet ^(b)	39,651	-
Daniel Boeuf ^(c)	173,910	170,124
Daniel Bouton	40,000	55,000
Bertrand Collomb	55,000	65,000
Paul Desmarais Jr.	48,000	41,000
Bertrand Jacquillat	90,000	90,000
Antoine Jeancourt-Galignani	95,000	90,000
Anne Lauvergeon	45,000	50,000
Peter Levene of Portsoken	41,000	55,000
Maurice Lippens ^(d)	-	21,177
Claude Mandil ^(b)	27,568	-
Michel Pébereau	70,000	70,000
Thierry de Rudder	116,000	109,000
Serge Tchuruk ^(e)	143,427	137,368
Pierre Vaillaud ^(f)	186,873	189,814

(a) For the Chairman of the Board of Directors and the Chief Executive Officer, see summary tables of compensation provided on pages 114 to 116 of this Registration Document. Thierry Desmarest and Christophe de Margerie received no directors' fees for their service on the Company's Board of Directors.

(b) Appointed as a director on May 16, 2008.

(c) Including the compensation received by Mr. Boeuf as an employee of Total Raffinage Marketing, a subsidiary of TOTAL S.A., which amounted to 115,123.88 euros in 2007 and 123,910.48 euros in 2008.

(d) Term of office expired on May 11, 2007.

(e) Including pension payments related to previous employment by the Group, which amounted to 72,368 euros in 2007 and 73,427 euros in 2008.

(f) Including pension payments related to previous employment by the Group, which amounted to 139,814 euros in 2007 and 141,873 euros in 2008.

Over the past two years, the directors currently in office have not received any compensation or in-kind benefits from companies controlled by TOTAL S.A., except for Mr. Daniel Boeuf, who is an employee of Total Raffinage Marketing. The compensation indicated in the table above (except for that of the Chairman, the Chief Executive Officer and Messrs. Boeuf, Tchuruk and Vaillaud) consists solely of directors' fees (gross amount) paid during the relevant period. None of the Directors of TOTAL S.A. have service contracts which provide for benefits upon termination of employment.

→ Stock options granted in 2008 to the Chairman and the Chief Executive Officer

(Details of stock options plans of which the Chairman and the Chief Executive Officer are beneficiaries are provided on pages 121 and 122 of this Registration Document)

	Date of plan	Type of options	Value of options (€)	Number of options granted during fiscal year ^(a)	Exercise price (€)	Exercise period
Thierry Desmarest	2008 Plan ^(b)	Subscription options	-	-	-	-
Chairman of the Board of Directors	10/09/2008					
Total			-	-		
Christophe de Margerie	2008 Plan ^(b)	Subscription options	998,000 ^(c)	200,000	42.90	October 10, 2010
Chief Executive Officer	10/09/2008					October 9, 2016
Total			998,000 ^(c)	200,000		

(a) As part of the share subscription option plan awarded on October 9, 2008, the Board of Directors decided that for each beneficiary of more than 25,000 options, a portion of these options will be finally awarded after a two-year vesting period, subject to a performance condition (see page 113 of this Registration Document).

(b) Option plan decided by the Board of Directors on September 9, 2008, and awarded on October 9, 2008.

(c) The value of options granted was calculated on the day they were granted using the Black-Scholes model based on the assumptions used for the consolidated accounts (see Note 25 to the Consolidated Financial Statements on page 235 of this Registration Document).

→ Stock options exercised in 2008 by the Chairman and the Chief Executive Officer

(Detailed stock option plans for the Chairman and the Chief Executive Officer are provided on pages 121 and 122 of this Registration Document)

	Date of plan	Number of options exercised during fiscal year	Exercise price (€)
Thierry Desmarest Chairman of the Board of Directors	2002 Plan 07/09/2002	139,000	39.03
Total		139,000	
Christophe de Margerie Chief Executive Officer	2000 Plan 07/11/2000	73,012	40.11
Total		73,012	

→ Restricted share grants awarded in 2008 to the Chairman, the Chief Executive Officer or any director (conditional award)

	Date of plan	Number of shares granted during fiscal year	Value of shares granted (€) ^(a)	Acquisition date	Availability date	Performance condition
Thierry Desmarest Chairman of the Board of Directors	2008 Plan ^(b) 10/09/2008	-	-	-	-	-
Christophe de Margerie Chief Executive Officer	2008 Plan ^(b) 10/09/2008	-	-	-	-	-
Daniel Boeuf Director representing the employee shareholders	2008 Plan ^(b) 10/09/2008	588	18,175	10/10/2010	10/10/2012	Condition based on the Group's ROE for fiscal year 2009 ^(c)
Total		588	18,175			

(a) The value of the restricted shares granted is determined on the day of the award in compliance with IFRS 2.

(b) Share grant decided by the Board of Directors on September 9, 2008, and awarded on October 9, 2008. The Chairman and Chief Executive Officer were not granted any restricted shares as part of the plan awarded on October 9, 2008.

(c) See page 113 of this Registration Document.

→ Restricted shares finally granted in 2008 to the Chairman, the Chief Executive Officer or any director

	Date of plan	Number of shares finally granted during fiscal year ^(a)	Acquisition condition
Thierry Desmarest Chairman of the Board of Directors	2006 Plan 07/18/2006	-	n/a
Christophe de Margerie Chief Executive Officer	2006 Plan 07/18/2006	-	n/a
Daniel Boeuf Director representing the employee shareholders	2006 Plan 07/18/2006	416	^(b)
Total		416	

(a) Shares finally granted to the beneficiaries after a 2-year vesting period, i.e. on July 19, 2010.

(b) The Chairman and Chief Executive Officer were not granted any restricted shares as part of the plan decided by the Board of Directors on July 18, 2006. In addition, the Board of Directors on May 6, 2008 noted that the acquisition rate, connected to the performance condition, amounted to 100% (see page 125 of this Registration Document). Moreover, the transfer of the restricted shares finally granted will only be permitted after the end of a 2-year mandatory holding period, i.e. from July 19, 2010.

CORPORATE GOVERNANCE

Compensation of the Board of Directors and Executive Officers

TOTAL stock options plans

The following table gives a breakdown of stock options awarded by category of beneficiaries (executive officers, senior managers and other employees) for the plans in effect during 2008.

		Number of beneficiaries	Number of options awarded ^(a)	Percentage	Average number of options per beneficiary ^(a)
2000 Plan^{(a)(f)}: Purchase options (Decision of the Board on July 11, 2000; exercise price: €162.70; discount: 0.0%, exercise price since May 24, 2006: €40.11 ^(f))	Executive officers ^(a)	24	246,200	10.2%	10,258
	Senior managers	298	660,700	27.2%	2,217
	Other employees	2,740	1,518,745	62.6%	554
	Total	3,062	2,425,645	100%	792
2001 Plan^{(a)(f)}: Purchase options (Decision of the Board on July 10, 2001; exercise price: €168.20; discount: 0.0%, exercise price since May 24, 2006: €41.47 ^(f))	Executive officers ^(a)	21	295,350	11.0%	14,064
	Senior managers	281	648,950	24.1%	2,309
	Other employees	3,318	1,749,075	64.9%	527
	Total	3,620	2,693,375	100%	744
2002 Plan^{(a)(f)}: Purchase options (Decision of the Board on July 9, 2002; exercise price: €158.30; discount: 0.0%, exercise price since May 24, 2006: €39.03 ^(f))	Executive officers ^(a)	28	333,600	11.6%	11,914
	Senior managers	299	732,500	25.5%	2,450
	Other employees	3,537	1,804,750	62.9%	510
	Total	3,864	2,870,850	100%	743
2003 Plan^{(a)(f)}: Subscription options (Decision of the Board on July 16, 2003; exercise price: €133.20; discount: 0.0%, exercise price since May 24, 2006: €32.84 ^(f))	Executive officers ^(a)	28	356,500	12.2%	12,732
	Senior managers	319	749,206	25.5%	2,349
	Other employees	3,603	1,829,600	62.3%	508
	Total	3,950	2,935,306	100%	743
2004 Plan^(a): Subscription options (Decision of the Board on July 20, 2004; exercise price: €159.40; discount: 0.0%, exercise price since May 24, 2006: €39.30 ^(f))	Executive officers ^(a)	30	423,500	12.6%	14,117
	Senior managers	319	902,400	26.8%	2,829
	Other employees	3,997	2,039,730	60.6%	510
	Total	4,346	3,365,630	100%	774
2005 Plan^(a): Subscription options (Decision of the Board on July 19, 2005; exercise price: €198.90; discount: 0.0%, exercise price since May 24, 2006: €49.04 ^(f))	Executive officers ^(a)	30	370,040	24.3%	12,335
	Senior managers	330	574,140	37.6%	1,740
	Other employees	2,361	581,940	38.1%	246
	Total	2,721	1,526,120	100%	561
2006 Plan^(a): Subscription options (Decision of the Board on July 18, 2006; exercise price: €50.60; discount: 0.0%)	Executive officers ^(a)	28	1,447,000	25.3%	51,679
	Senior managers	304	2,120,640	37.0%	6,976
	Other employees	2,253	2,159,600	37.7%	959
	Total	2,585	5,727,240	100%	2,216
2007 Plan^(a): Subscription options (Decision of the Board on July 17, 2007; exercise price: €60.10; discount: 0.0%)	Executive officers ^{(a)(h)}	27	1,329,360	22.8%	49,236
	Senior managers	298	2,162,270	37.1%	7,256
	Other employees	2,401	2,335,600	40.1%	973
	Total	2,726	5,827,230	100%	2,138
2008 Plan^(a): Subscription options (Grant decided by the Board of Directors on September 9, 2008 and awarded on October 9, 2008; exercise price: €42.90; discount: 0.0%)	Executive officers ^{(a)(h)}	26	1,227,500	27.6%	47,212
	Senior managers	298	1,988,420	44.7%	6,673
	Other employees	1,690	1,233,890	27.7%	730
	Total	2,014	4,449,810	100%	2,209

(a) Options are exercisable after a four-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the five-year period from the date of the Board meeting awarding the options.

(b) Options are exercisable after January 1, 2005, and expire eight years after the date of the Board meeting awarding the options. The underlying shares may not be transferred during the four-year period from the date of the Board meeting awarding the options.

(c) Options are exercisable after a two-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the four-year period from the date of the Board meeting awarding the options.

(d) Options are exercisable after a two-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the four-year period from the date of the Board meeting awarding the options. The four-year transfer restriction period does not apply to employees of non-French subsidiaries as of July 17, 2007, who may transfer the underlying shares after July 18, 2009.

(e) Options are exercisable after a two-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the four-year period from the date of the Board meeting awarding the options. The four-year transfer restriction period does not apply to employees of non-French subsidiaries as of October 09, 2008, who may transfer the underlying shares after October 10, 2010.

- (f) Certain employees of the Elf Aquitaine group in 1998 also benefited in 2000, 2001, 2002 and 2003 from the vesting of Elf Aquitaine options awarded in 1998 subject to performance conditions related to the Elf Aquitaine group from 1998 to 2002. These Elf Aquitaine plans expired on March 31, 2005.
- (g) Members of the Management Committee and the Treasurer as of the date of the Board meeting awarding the options.
- (h) The Chairman of the Board, not being a member of the Management Committee as of the Board of Directors meetings held on July 17, 2007 and September 9, 2008, is not included in the Executive Officers. The Chairman was granted 110,000 options by the July 17, 2007 Board meeting and no option as decided by the Board of Directors on September 9, 2008.
- (i) To take into account the spin-off of Arkema, pursuant to Articles 174-9, 174-12 and 174-13 of Decree number 67-236 of March 23, 1967, effective at that time and as of the date of the shareholders' meeting on May 12, 2006, at its meeting of March 14, 2006, the Board of Directors resolved to adjust the rights of holders of TOTAL stock options. For each plan and each holder, the exercise prices for TOTAL stock options were multiplied by 0.986147 and the number of unexercised stock options was multiplied by 1.014048 (and then rounded up), effective as of May 24, 2006. Additionally, to take into account the four-for-one stock split approved by the shareholders' meeting on May 12, 2006, the exercise price for stock options was divided by four and the number of unexercised stock options was multiplied by four. The presentation in this table of the number of options initially awarded has not been adjusted to reflect the four-for-one stock split.

CORPORATE GOVERNANCE

Compensation of the Board of Directors and Executive Officers

TOTAL stock options as of December 31, 2008

→ Outstanding TOTAL stock options plans

Type of options	2000 Plan Purchase options	2001 Plan Purchase options	2002 Plan Purchase options	2003 Plan Subscription options	2004 Plan Subscription options	2005 Plan Subscription options	2006 Plan Subscription options	2007 Plan Subscription options	2008 Plan Subscription options	Total
Date of the shareholders' meeting	May 21, 1997	May 17, 2001	May 17, 2001	May 17, 2001	May 14, 2004	May 14, 2004	May 14, 2004	May 11, 2007	May 11, 2007	
Date of the award ^(a)	July 11, 2000	July 10, 2001	July 9, 2002	July 16, 2003	July 20, 2004	July 19, 2005	July 18, 2006	July 17, 2007	October 9, 2008	
Total number of options granted, including^(b):	9,702,580	10,773,500	11,483,400	11,741,224	13,462,520	6,104,480	5,727,240	5,937,230	4,449,810	79,381,984
■ directors ^(c)	200,000	300,000	240,000	240,000	240,000	240,720	400,720	310,840	200,660	2,372,940
- T. Desmarest	200,000	300,000	240,000	240,000	240,000	240,000	240,000	110,000	-	1,810,000
- C. de Margerie	n/a	n/a	n/a	n/a	n/a	n/a	160,000	200,000	200,000	560,000
- D. Boeuf	n/a	n/a	n/a	n/a	-	720	720	840	660	2,940
Additional award	-	16,000	-	-	24,000	134,400	-	-	-	174,400
Adjustments related to the spin-off of Arkema^(d)	84,308	113,704	165,672	163,180	196,448	90,280	-	-	-	813,592
Date as of which the options may be exercised	July 12, 2004 ^(e)	January 1, 2005	July 10, 2004	July 17, 2005	July 21, 2006	July 20, 2007	July 19, 2008	July 18, 2009	October 10, 2010	
Expiration date	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	July 17, 2015	October 9, 2016	
Exercise price (€) ^(f)	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	42.90	
Cumulated number of options exercised as of December 31, 2008	9,220,289	6,115,039	5,107,425	4,315,134	655,895	38,497	8,620	-	-	
Cumulated number of options cancelled as of December 31, 2008	566,599	96,739	90,790	87,922	259,896	98,959	67,564	51,785	6,000	
Number of options:										
■ Outstanding as of January 1, 2008	3,142,188	5,150,258	7,063,183	8,368,378	13,197,236	6,243,438	5,711,060	5,920,105	-	54,795,846
■ Granted in 2008	-	-	-	-	-	-	-	-	4,449,810	4,449,810
■ Cancelled in 2008	(480,475)	(3,652)	(13,392)	(25,184)	(118,140)	(34,032)	(53,304)	(34,660)	(6,000)	(768,839)
■ Exercised in 2008	(2,661,713)	(455,180)	(598,934)	(841,846)	(311,919)	(17,702)	(6,700)	-	-	(4,893,994)
■ Outstanding as of December 31, 2008	-	4,691,426	6,450,857	7,501,348	12,767,177	6,191,704	5,651,056	5,885,445	4,443,810	53,582,823

(a) The date of the award is the date of the Board meeting awarding the options, except for the share subscription option plan of October 9, 2008, decided by the Board on September 9, 2008.

(b) The number of options awarded before May 23, 2006 has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.

(c) Options awarded to directors at the time of award. For the share subscription option plan of July 18, 2006, options awarded to Messrs. Thierry Desmarest, Chairman of the Board of Directors and CEO, Christophe de Margerie, Board member, and Daniel Boeuf, the director representing employee shareholders. For the share subscription option plan of July 17, 2007 and October 9, 2008, options awarded to Messrs. Desmarest, Chairman, de Margerie, CEO, and Boeuf, director representing employee shareholders.

(d) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

(e) January 1, 2004 for employees under contract with a subsidiary incorporated outside of France.

(f) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then-current has been divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 231 and 232 of this Registration Document.

If all the outstanding stock options as of December 31, 2008 were exercised, the corresponding shares would represent 2.22%⁽¹⁾ of the Company's potential share capital as of December 31, 2008.

(1) Out of a total potential share capital of 2,415,383,826 shares (See page 165 of this Registration Document).

→ TOTAL stock options awarded to executive officers (Management Committee and Treasurer) as of December 31, 2008

Type of options	2000 Plan Purchase options	2001 Plan Purchase options	2002 Plan Purchase options	2003 Plan Subscription options	2004 Plan Subscription options	2005 Plan Subscription options	2006 Plan Subscription options	2007 Plan Subscription options	2008 Plan Subscription options	Total
Expiration date	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	July 17, 2015	October 9, 2016	
Exercise price (€) ^(a)	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	42.90	
Options granted by the Board ^(b)	523,800	627,000	722,400	808,904	1,028,000	882,240	1,016,920	1,203,840	1,240,000	8,053,104
Adjustments related to the spin-off of Arkema ^(c)	3,972	5,116	9,856	10,492	14,500	12,316	-	-	-	56,252
Outstanding options as of January 1, 2008	191,320	319,460	401,232	536,268	1,033,500	894,664	1,016,920	1,203,840		5,597,204
Options awarded in 2008 ^(d)	-	-	-	-	-	-	-	-	1,240,000	1,240,000
Options exercised in 2008	(177,120)	(2,500)	-	(82,849)	(14,368)	-	-	-	-	(276,837)
Options cancelled in 2008	(14,200)	-	-	-	-	-	-	-	-	(14,200)
Options outstanding as of December 31, 2008	-	316,960	401,232	453,419	1,019,132	894,664	1,016,920	1,203,840	1,240,000	6,546,167

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then-current has been divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006 are shown on pages 231 and 232 of this Registration Document.

(b) The number of options awarded before May 23, 2006 has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.

(c) Adjustments approved by the Board on March 14, 2006, pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

(d) The number of options awarded in 2008 to executive officers, having this title as of December 31, 2008, does not match the amount shown on page 117 of this Registration Document, due to the appointment of a new Management Committee member after the date the Board decided the share option plan.

Certain executive officers of TOTAL as of December 31, 2008, who were previously with the Elf Aquitaine group hold Elf Aquitaine options that, upon exercise, benefit from exchange rights for TOTAL shares based upon the exchange ratio used in the public tender offer of TOTAL for Elf Aquitaine in 1999, adjusted on May 22, 2006, to six TOTAL shares for each Elf Aquitaine share in order to take into account the Arkema spin-off and the four-for-one stock split (see page 233 of this Registration Document).

Furthermore, as part of the share subscription option plans of July 17, 2007 and October 9, 2008, the Board of Directors required that for each beneficiary of more than 25,000 stock options, the grant be subject to a performance condition (see page 113 of this Registration Document).

In addition, Mr Daniel Boeuf, the director representing employee shareholders, has not exercised any option in 2008 and was awarded 660 share subscription options on October 9, 2008.

→ **TOTAL stock options awarded to Mr. Thierry Desmarest, Chairman of the Board of TOTAL S.A.**

Type of options	2000 Plan Purchase options	2001 Plan Purchase options	2002 Plan Purchase options	2003 Plan Subscription options	2004 Plan Subscription options	2005 Plan Subscription options	2006 Plan Subscription options	2007 Plan Subscription options	2008 Plan Subscription options	Total
Expiration date	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	July 17, 2015	October 9, 2016	
Exercise price (€) ^(a)	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	42.90	
Options granted by the Board ^(b)	200,000	300,000	240,000	240,000	240,000	240,000	240,000	110,000	-	1,810,000
Adjustments related to the spin-off of Arkema ^(c)	-	2,532	3,372	2,476	3,372	3,372	-	-	-	15,124
Outstanding options as of January 1, 2008	-	-	209,372	-	243,372	243,372	240,000	110,000		1,046,116
Options awarded in 2008	-	-	-	-	-	-	-	-	-	-
Options exercised in 2008	-	-	(139,000)	-	-	-	-	-	-	(139,000)
Options outstanding as of December 31, 2008	-	-	70,372	-	243,372	243,372	240,000	110,000	-	907,116

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then-current has been divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006 are shown on pages 231 and 232 of this Registration Document.

(b) The number of options awarded before May 23, 2006, has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.

(c) Adjustments approved by the Board on March 14, 2006, pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006, and became effective on May 24, 2006.

As part of the plan awarded on July 17, 2007 (see page 113 of this Registration Document), the Board has conditioned the award of these options to the Chairman of the Board on the fulfillment of a performance condition.

As of December 31, 2008, the Chairman of the Board of Directors' outstanding options represent 0.038%⁽¹⁾ of the Company's potential share capital as of December 31, 2008, and the exercise price of such options exceeds the price of the underlying shares.

(1) Out of a total potential share capital of 2,415,383,826 shares (see page 165 of this Registration Document).

→ TOTAL stock options awarded to Mr. Christophe de Margerie, Chief Executive Officer of TOTAL S.A.

Type of options	2000 Plan Purchase options	2001 Plan Purchase options	2002 Plan Purchase options	2003 Plan Subscription options	2004 Plan Subscription options	2005 Plan Subscription options	2006 Plan Subscription options	2007 Plan Subscription options	2008 Plan Subscription options	Total
Expiration date	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	July 17, 2015	October 9, 2016	
Exercise price (€) ^(a)	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	42.90	
Options granted by the Board ^(b)	72,000	88,000	112,000	112,000	128,000	130,000	160,000	200,000	200,000	1,202,000
Adjustments related to the spin-off of Arkema ^(c)	1,012	1,240	1,576	1,576	1,800	1,828	-	-	-	9,032
Outstanding options as of January 1, 2008	73,012	89,240	113,576	113,576	129,800	131,828	160,000	200,000		1,011,032
Options awarded in 2008	-	-	-	-	-	-	-	-	200,000	200,000
Options exercised in 2008	(73,012)	-	-	-	-	-	-	-	-	(73,012)
Options outstanding as of December 31, 2008	-	89,240	113,576	113,576	129,800	131,828	160,000	200,000	200,000	1,138,020

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then-current was divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 231 and 232 of this Registration Document.

(b) The number of options awarded before May 23, 2006, has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.

(c) Adjustments approved by the Board on March 14, 2006, pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967, in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

As part of the plans awarded on July 17, 2007 and October 9, 2008 (see page 113 of this Registration Document), the Board has conditioned the award of these options to the Chief Executive Officer on the fulfillment of a performance condition.

As of December 31, 2008 the Chief Executive Officer's outstanding options represent 0.047%⁽¹⁾ of the Company's potential share capital as of December 31, 2008, and only the exercise price of the 2003 Plan options is below the price of the underlying shares.

(1) Out of a total potential share capital of 2,415,383,826 shares (see page 165 of this Registration Document).

CORPORATE GOVERNANCE

Compensation of the Board of Directors and Executive Officers

→ Stock options awarded to the ten employees (other than directors) receiving the largest awards /
Stock options exercised by the ten employees (other than directors) exercising the largest number
of options

	Total number of options awarded/ options exercised	Exercise price (€)	Date of the award ^(a)	Expiration date
Options awarded in 2008 to the ten employees of TOTAL S.A., or any company in the Group, receiving the largest number of options	700,000	42.90	10/09/2008	10/09/2016
Options exercised in 2008 by the ten employees of TOTAL S.A., or any company in the Group, exercising the largest number of options ^(b)	114,256	40.11	07/11/2000	07/11/2008
	42,430	41.47	07/10/2001	07/10/2009
	34,168	39.03	07/09/2002	07/09/2010
	96,284	32.84	07/16/2003	07/16/2011
	12,172	39.30	07/20/2004	07/20/2012
	299,310	37.81^(c)		

(a) The date of the award is the date of the Board meeting awarding the options, except for the share subscription option plan awarded on October 9, 2008, decided by the Board on September 9, 2008.
(b) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then-current has been divided by four.
In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 231 and 232 of this Registration Document.
(c) Weighted-average price.

TOTAL restricted share grants

The following table gives a breakdown of restricted share grants by category of grantee (executive officers, senior managers and other employees).

		Number of grantees	Number of restricted shares granted ^(a)	Percentage	Average number of restricted shares per beneficiary
2005 Plan^(b) (Decision of the Board on July 19, 2005)	Executive Officers ^(f)	29	13,692	2.4%	472
	Senior managers	330	74,512	13.1%	226
	Other employees ^(g)	6,956	481,926	84.5%	69
	Total	7,315	570,130	100%	78
2006 Plan^(c) (Decision of the Board on July 18, 2006)	Executive Officers ^(f)	26	49,200	2.2%	1,892
	Senior managers	304	273,832	12.0%	901
	Other employees ^(g)	7,509	1,952,332	85.8%	260
	Total	7,839	2,275,364	100%	290
2007 Plan^(d) (Decision of the Board on July 17, 2007)	Executive Officers ^(f)	26	48,928	2.1%	1,882
	Senior managers	297	272,128	11.5%	916
	Other employees ^(g)	8,291	2,045,309	86.4%	247
	Total	8,614	2,366,365	100%	275
2008 Plan^(e) (Decision of the Board on September 9, 2008, and awarded on October 9, 2008)	Executive Officers ^(f)	25	49,100	1.8%	1,964
	Senior managers	300	348,156	12.5%	1,161
	Other employees ^(g)	9,028	2,394,712	85.8%	265
	Total	9,353	2,791,968	100%	299

(a) The number of restricted shares granted shown in this table has not been recalculated to take into account the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(b) Grant approved by the Board on July 19, 2005, pursuant to the authorization given by the shareholders' meeting on May 17, 2005. These restricted shares, which the Company purchased on the market in 2005, were finally granted after a two-year vesting period, i.e. on July 20, 2007. The final grant was conditioned to fulfilling a performance condition (see page 113 of this Registration Document). The Board of Directors on May 3, 2007, noticed that the acquisition rate, connected to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 20, 2009. To provide for the eventual final grant of these restricted shares, the Company purchased 574,000 previously issued shares, par value €10 per share, on the market at an average price of €206.49 per share, par value €10 per share, the equivalent of an average price of €51.62 per share, par value €2.50 per share.

(c) Grant approved by the Board on July 18, 2006, pursuant to the authorization given by the shareholders' meeting on May 17, 2005. These restricted shares, which the Company purchased on the market in 2006, were finally granted after a two-year vesting period, i.e. on July 19, 2008. The final grant was conditioned to fulfilling a performance condition (see page 113 of this Registration Document). The Board of Directors on May 6, 2008 noticed that the acquisition rate, connected to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. from July 19, 2010. To provide for the eventual final grant of these restricted shares, the Company purchased 2,295,684 previously issued shares at an average price of €51.91 per share.

(d) Grant approved by the Board on July 17, 2007, pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2007, will become final, subject to performance conditions, after a two-year vesting period, i.e. on July 18, 2009, (see page 113 of this Registration Document). Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. on July 18, 2011. To provide for the eventual final grant of these restricted shares, the Company purchased 2,387,355 previously issued shares at an average price of €61.49 per share.

(e) Shares granted on October 9, 2008, as decided by the Board at its meeting on September 9, 2008, pursuant to the authorization given by the shareholders' meeting on May 16, 2008. Grants of these restricted shares, which the Company purchased on the market in 2008, will become final, subject to performance conditions, after a two-year vesting period i.e. on October 10, 2010, (see page 113 of this Registration Document). Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. on October 10, 2012. To provide for the eventual final grant of these restricted shares, the Company purchased 2,800,000 previously issued shares at an average price of €41.63 per share.

(f) Members of the Management Committee and the Treasurer as of the date of the Board meeting granting the restricted shares. The Chairman of the Board and the Chief Executive Officer were not granted restricted shares under the 2006, 2007 and 2008 plans.

(g) Mr. Daniel Boeuf, employee of Total Raffinage Marketing, a subsidiary of TOTAL S.A. and the director of TOTAL S.A. representing employee shareholders, was granted 416 restricted shares by the July 19, 2005, Board meeting, 416 restricted shares by the July 18, 2006, Board meeting, 432 restricted shares by the July 17, 2007, Board meeting and 588 shares by the September 9, 2008, Board meeting.

Restricted share plans as of December 31, 2008

→ Outstanding TOTAL restricted share grants

	2005 Plan ^{(a)(b)}	2006 Plan ^(c)	2007 Plan ^(d)	2008 Plan ^(e)
Date of the shareholders' meeting	May 17, 2005	May 17, 2005	May 17, 2005	May 16, 2008
Date of the award^(f)	July 19, 2005	July 18, 2006	July 17, 2007	October 9, 2008
Closing price on the date of the award ^(g)	€ 52.13	€ 50.40	€ 61.62	€ 35.945
Average repurchase price per share paid by the Company	€ 51.62	€ 51.91	€ 61.49	€ 41.63
Total number of restricted shares granted, to	2,280,520	2,275,364	2,366,365	2,791,968
■ directors ^(h)	416	416	432	588
■ Ten employees with largest grants ⁽ⁱ⁾	20,000	20,000	20,000	20,000
Start of the vesting period	July 19, 2005	July 18, 2006	July 17, 2007	October 9, 2008
Date of final grant, subject to specified condition (end of the vesting period)	July 20, 2007	July 19, 2008	July 18, 2009	October 10, 2010
Transfer possible from (end of the holding period)	July 20, 2009	July 19, 2010	July 18, 2011	October 10, 2012
Number of restricted shares:				
■ Outstanding as of January 1, 2008	-	2,263,956	2,363,057	-
■ Granted in 2008	-	-	-	2,791,968
■ Cancelled in 2008	2,840 ^(k)	(43,822)	(29,504)	(19,220)
■ Finally granted in 2008 ^(j)	(2,840) ^(k)	(2,220,134)	(336)	-
■ Outstanding as of December 31, 2008	-	-	2,333,217	2,772,748

(a) Grant approved by the Board on July 19, 2005, pursuant to the authorization given by the shareholders' meeting on May 17, 2005. These restricted shares, which the Company purchased on the market in 2005, were finally granted after a two-year vesting period, i.e. on July 20, 2007. The final grant was conditioned to fulfilling a performance condition (see page 113 of this Registration Document). The Board of Directors on May 3, 2007, noticed that the acquisition rate, connected to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 20, 2009. To provide for the eventual final grant of these restricted shares, the Company purchased 574,000 previously issued shares, par value €10 per share, on the market at an average price of €206.49 per share, par value €10 per share, the equivalent of an average price of €51.62 per share, par value €2.50 per share.

(b) The number of restricted shares granted has been multiplied by four to take into account the four-for-one stock split approved by TOTAL shareholders' meeting on May 12, 2006.

(c) Grant approved by the Board on July 18, 2006, pursuant to the authorization given by the shareholders' meeting on May 17, 2005. These restricted shares, which the Company purchased on the market in 2006, were finally granted after a two-year vesting period, i.e. on July 19, 2008. The final grant was conditioned to fulfilling a performance condition (see page 113 of this Registration Document). The Board of Directors on May 6, 2008, noticed that the acquisition rate, connected to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. from July 19, 2010.

(d) Grant approved by the Board on July 17, 2007, pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2007, will become final, subject to performance conditions, after a two-year vesting period, i.e. on July 18, 2009, (see page 113 of this Registration Document). Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. on July 18, 2011. To provide for the eventual final grant of these restricted shares, the Company purchased 2,387,355 previously issued shares at an average price of €61.49 per share.

(e) Shares granted on October 9, 2008, as decided by the Board at its meeting on September 9, 2008, pursuant to the authorization given by the shareholders' meeting on May 16, 2008. Grants of these restricted shares, which the Company purchased on the market in 2008, will become final, subject to performance conditions, after a two-year vesting period, i.e. on October 10, 2010 (see page 113 of this Registration Document). Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. on October 10, 2012. To provide for the eventual final grant of these restricted shares, the Company purchased 2,800,000 previously issued shares at an average price of €41.63 per share.

(f) The date of the award is the date of the Board meeting awarding the restricted share grant, except for the restricted shares awarded on October 9, 2008, decided by the Board on September 9, 2008.

(g) The closing price for TOTAL shares on July 19, 2005, (€208.50) has been divided by four in order to take into account the four-for-one stock split. The average repurchase price per share in 2005 (€206.49) has also been divided by four.

(h) The Chairman of the Board was not granted restricted shares by the Board meetings on July 19, 2005, July 18, 2006, July 17, 2007, and September 9, 2008. Furthermore, Mr Christophe de Margerie, Director of TOTAL S.A. since May 12, 2006, and Chief Executive Officer of TOTAL S.A. since February 13, 2007, was not granted restricted shares by the Board meetings of July 18, 2006, July 17, 2007 and September 9, 2008. The Chief Executive Officer was finally granted on July 20, 2007, the 2,000 restricted shares he had been granted by the Board meeting of July 19, 2005, date at which he was not a director of TOTAL S.A.. Mr. Daniel Boeuf, the director of TOTAL S.A. representing employee shareholders, was finally granted on July 19, 2008, the 416 shares he had been granted by the July 18, 2006, Board meeting, and was granted 588 restricted shares by the September 9, 2008, Board meeting.

(i) Employees of TOTAL S.A., or of any Group company, who were not directors of TOTAL S.A. as of the date of grant.

(j) For the 2007 Plan, final grants following the death of the beneficiary.

(k) Final restricted share grants for which entitlement right had been cancelled erroneously.

In case of a final award of the outstanding restricted shares as of December 31, 2008, the corresponding shares would represent 0.21%⁽¹⁾ of the Company's potential share capital as of such date.

(1) Out of a total potential share capital of 2,415,383,826 shares (see page 165 of this Registration Document).

→ **Restricted share grants to the ten employees (other than directors) receiving the largest amount of grants / Restricted shares finally granted to the ten employees (other than directors at the time) receiving the most shares**

	Restricted share grants / Shares finally granted	Date of the award	Date of the final grant	End of the holding period
TOTAL restricted share grants decided by the Board meeting of September 9, 2008 to the ten employees (other than directors) receiving the largest amount of grants ^(a)	20,000	10/09/2008	10/10/2010	10/10/2012
TOTAL restricted shares finally granted in 2008, following the decision by the Board meeting of July 18, 2006, to the ten employees (other than directors at the time) receiving the largest amount of shares ^(b)	20,000	07/18/2006	07/19/2008	07/19/2010

(a) Shares granted on October 9, 2008, as decided by the Board at its meeting on September 9, 2008, pursuant to the authorization given by the shareholders' meeting on May 16, 2008. Grants of these restricted shares, which the Company purchased on the market in 2008, will become final, subject to performance conditions, after a two-year vesting period i.e. on October 10, 2010, (see page 113 of this Registration Document). Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. on October 10, 2012.

(b) Grant approved by the Board on July 18, 2006, pursuant to the authorization given by the shareholders' meeting on May 17, 2005. These restricted shares, which the Company purchased on the market in 2006, were finally granted after a two-year vesting period, i.e. on July 19, 2008. The final grant was conditioned to fulfilling a performance condition (see page 113 of this Registration Document). The Board of Directors on May 6, 2008, noticed that the acquisition rate, connected to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted until the end of a two-year mandatory holding period, i.e. from July 19, 2010.

Elf Aquitaine share subscription options

→ Elf Aquitaine stock options of Executive Officers (Members of the Management Committee and the Treasurer) as of December 31, 2008

Certain executive officers of TOTAL as of December 31, 2008, who were previously with the Elf Aquitaine group hold Elf Aquitaine options that, upon exercise, benefit from exchange rights for TOTAL shares based upon the exchange ratio used in the public tender offer of TOTAL for Elf Aquitaine in 1999.

This exchange ratio was adjusted on May 22, 2006, as described in note (c) to the table below as well as Note 25 to the Consolidated Financial Statements (see page 231 of this Registration Document).

Elf Aquitaine stock subscription plan	1999 Plan No.1
Exercise price per Elf Aquitaine share (€) ^(a)	114.76
Expiration date	March 30, 2009
Options awarded	15,280
Adjustments for S.D.A. spin-off ^(b)	36
Options outstanding as of January 1, 2008	700
Options exercised in 2008	-
Options outstanding as of December 31, 2008	700
Corresponding number of TOTAL shares, as of December 31, 2008, likely to be created pursuant to the exchange guarantee^(c)	4,200

(a) Exercise price as of May 24, 2006. The exercise price for Elf Aquitaine share subscription options was adjusted to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine. This adjustment consisted of multiplying the exercise price by 0.992769, effective as of May 24, 2006. Exercise prices prior to May 24, 2006, are shown on pages 231 and 232.

(b) Adjustments approved by the Board of Elf Aquitaine on March 10, 2006, pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967, in effect at the time of this meeting as well as at the time of the shareholders' meeting of Elf Aquitaine on May 10, 2006, related to the spin-off of S.D.A.. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

(c) To take into account the spin-off of S.D.A. by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, on March 14, 2006 the Board of TOTAL S.A. approved an adjustment to the exchange ratio used under the exchange guarantee mentioned above (see page 22 of the Prospectus for the Listing of Arkema shares on Eurolist by Euronext in connection with the distribution of Arkema shares to shareholders of TOTAL S.A.). This exchange ratio was adjusted to become six TOTAL shares per each Elf Aquitaine share upon approval of the S.D.A. spin-off by the shareholders' meeting of Elf Aquitaine on May 10, 2006, and of the Arkema spin-off as well as the four-for-one TOTAL stock split by the shareholders' meeting of TOTAL S.A. on May 12, 2006.

Employees, share ownership

Employees

The tables below set forth the number of employees, by division and geographic location, of the Group (fully consolidated subsidiaries) as of the end of the periods indicated:

	Upstream	Downstream	Chemicals	Corporate	Total
2008	16,005	34,040	45,545	1,369	96,959
2007	15,182	34,185	45,797	1,278	96,442
2006	14,862	34,467	44,504	1,237	95,070

	France	Rest of Europe	Rest of world	Total
2008	37,101	27,495	32,363	96,959
2007	37,296	27,374	31,772	96,442
2006	37,831	26,532	30,707	95,070

Arrangements for involving employees in the capital of the Company

Pursuant to agreements signed on March 15, 2002, as amended, the Group created a "Total Group Savings Plan" (PEGT), a "Partnership for Voluntary Wage Savings Plan" (PPESV, later becoming PERCO) and a "Complementary Company Savings Plan" (PEC) for employees of the Group's French companies. These plans allow investments in a number of mutual funds including one that invests in Company shares ("TOTAL ACTIONNARIAT FRANCE"). A "Shareholder Group Savings Plan" (PEG-A) has also been in place since November 19, 1999 to facilitate capital increases reserved for employees of the Group's French and foreign subsidiaries covered by these plans.

→ Company savings plans

The various Company savings plans (PEGT, PEC) give the employees of French Group Companies belonging to these savings plans access to several collective investment funds (*Fonds communs de placement*), including a Fund invested in shares of the Company ("TOTAL ACTIONNARIAT FRANCE").

The capital increases reserved for employees are conducted under PEG-A through the "TOTAL ACTIONNARIAT FRANCE" fund for employees of the Group's French subsidiaries and through the "TOTAL ACTIONNARIAT INTERNATIONAL CAPITALISATION" fund for the employees of foreign companies. In addition, U.S. employees participate in these operations through ADRs and Italian employees may participate by directly subscribing to new shares at the Caisse Autonome of the Group in Belgium.

→ Incentive agreements

Performance indicators used under the June 30, 2006, profit-sharing agreements for employees of ten Group companies, when permitted by local law, link amounts available for profit sharing to the performance (ROE) of the Group as a whole (see page 170 of this Registration Document).

→ Employee shareholding

The total number of TOTAL shares held by employees as of December 31, 2008, is as follows:

TOTAL ACTIONNARIAT FRANCE	69,206,754
TOTAL ACTIONNARIAT INTERNATIONAL CAPITALISATION	16,364,272
ELF PRIVATISATION No.1	1,423,273
Shares held by U.S. employees	779,445
Group Caisse Autonome in Belgium	336,001
TOTAL shares from the exercise of the Company's stock options and held as registered shares within a Company Savings Plan (PEE)	3,201,243
Total shares held by employee shareholder funds	91,310,988

As of December 31, 2008, the employees of the Group held, on the basis of the definition of employee shareholding contained in Article L. 225-102 of the French Commercial Code, 91,310,988 TOTAL shares, representing 3.85% of the Company's share capital and 7.40% of the voting rights that could be exercised at a shareholders' meeting on that date.

→ Capital increase reserved for employees

At the shareholders' meeting held on May 11, 2007, the shareholders delegated to the Board of Directors the authority to increase the share capital of the Company in one or more transactions and within a maximum period of 26 months from the date of the meeting, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made reserving subscriptions for such issuance to the Group employees participating in a company savings plan. It was specified that the amount of any such capital increase reserved for Group employees would be counted against the aggregate maximum nominal amount of share capital increases authorized by the shareholders' meeting held on May 11, 2007 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with pre-emptive subscription rights (4 B€ in nominal value). This delegation of authority has cancelled and replaced, for the unused part, the one granted by the shareholders' meeting of May 17, 2005.

Pursuant to this delegation of authority, the Board of Directors decided on November 6, 2007, to proceed with a capital increase of a maximum of 12 million shares with a subscription price of €44.40 per share reserved for TOTAL employees, bearing dividends as of January 1, 2007. In accordance with Article 14 of the French *Autorité des marchés financiers* (AMF) instruction No. 2005-11 as of December 13, 2005, regarding the information to be disclosed in case of a capital increase operation, TOTAL S.A. released on January 16, 2008, on its website and filed with the AMF a press release which specified the terms of the offering. The offering was opened to the employees of TOTAL S.A. and to the employees of its French and foreign subsidiaries in which TOTAL S.A. holds directly or indirectly 50% at least of the capital, who are participants in the TOTAL Group Savings Plan (PEG-A) and for which local regulatory approval was obtained. The offering was also open to former employees of TOTAL S.A. and its French subsidiaries who have retired and still have holdings in TOTAL employee savings plans. Subscription was open from March 10, 2008, through March 28, 2008, and 4,870,386 new TOTAL shares were issued in 2008.

Shares held by Directors and Executive Officers

As of December 31, 2008, based upon information from the members of the Board and the share registrar, the members of the Board and the Executive Officers of the Group (Management Committee and Treasurer) held a total of less than 0.5% of the Company's shares:

- Members of the Board of Directors (including the Chairman and the Chief Executive Officer): 569,094 shares;
- Chairman of the Board of Directors: 385,576 shares;
- Chief Executive Officer: 85,230 shares and 39,330 shares of the TOTAL ACTIONNARIAT FRANCE collective investment plan;
- Management Committee and Treasurer (including the Chief Executive Officer): 830,461 shares.

By decision of the Board of Directors:

- The Chairman and Chief Executive Officer are required to hold a number of shares of the Company equal in value to two years of the fixed portion of their annual compensation.
- Members of the Executive Committee are required to hold a number of shares of the Company equal in value to two years of the fixed portion of their annual compensation. These shares have to be acquired within three years of the appointment to the Executive Committee.

The number of TOTAL shares to be considered includes:

- directly held shares, whether or not they are subject to transfer restrictions; and
- shares in collective investment plans (FCPE) invested in TOTAL shares.

→ Summary of transactions in the Company's securities (Article L. 621-18-2 of the French Monetary and Financial Code)

The following table presents transactions, of which the Company has been informed, in the Company's shares or related financial instruments carried out in 2008 by the individuals concerned under paragraphs a) through c) of Article L. 621-18-2 of the French Monetary and Financial Code.

Year 2008		Acquisition	Subscription	Transfer	Exchange	Exercise of stock options
Thierry Desmarest ^(a)	TOTAL shares	12,000		160,000		139,000
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)					
Christophe de Margerie ^(a)	TOTAL shares			45,982		73,012
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	1,713.28	1,857.26			
Michel Bénézit ^(a)	TOTAL shares			135		
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	149.18	4,539.46			
Robert Castaigne ^{(a)(c)}	TOTAL shares			10,000		39,696
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)		7,100.00	6,950.00		
François Cornélis ^(a)	TOTAL shares			13,576		13,576
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	557.46	4,353.00			
Yves-Louis Darricarrère ^(a)	TOTAL shares					2,500
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	2.52	2,071.08	2,108.45		
Jean-Jacques Guilbaud ^(a)	TOTAL shares			14,000		3,043
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	232.22	3,928.61	1,320.03		
Antoine Jeancourt-Galignani ^(a)	TOTAL shares	1,000				
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)					
Patrick de La Chevadière ^{(a)(d)}	TOTAL shares					
	Shares in collective investment plans (FCPE), and other related financial instruments ^(b)	21.06	113.07			

(a) Including the related persons in the meaning of the provisions of the Article R. 621-43-1 of the French Monetary and Financial Code.

(b) Collective investment plans (FCPE) primarily investing in Company shares.

(c) Until May 30, 2008.

(d) From June 1, 2008.

LISTING DETAILS

Listing	p. 132
Share performance	p. 133
Arkema spin-off	p. 133

DIVIDENDS

Dividend policy	p. 137
Dividend payment	p. 137
Coupons	p. 138

SHARE BUYBACKS

Share buybacks and share cancellations in 2008	p. 139
Board's report on share buybacks	p. 140
2009-2010 share buyback program	p. 141

SHAREHOLDERS

Relationship between TOTAL and the French State	p. 144
Merger of TOTAL with PetroFina in 1999	p. 144
Merger of TotalFina with Elf Aquitaine in 1999 and 2000	p. 144
Principal shareholders	p. 145
Treasury shares	p. 146
Shares held by members of the administrative and management bodies	p. 146
Employee shareholding	p. 146
Shareholding structure	p. 147
Regulated agreements and related party transactions	p. 147

INFORMATION FOR OVERSEAS SHAREHOLDERS

United States holders of ADRs	p. 148
Non-resident shareholders (other than U.S. Shareholders)	p. 148
Dividends	p. 148

COMMUNICATION WITH SHAREHOLDERS

Communication policy	p. 150
Relationships with institutional shareholders and financial analysts	p. 150
First Individual Shareholder service to be awarded the ISO 9001 version 2000 certification	p. 151
Registered shareholding	p. 151
Contacts (Individual Shareholders)	p. 152
2009 Calendar	p. 153
2010 Calendar	p. 153
Financial information contacts	p. 153

Listing details

Listing

→ Exchanges

Paris, Brussels, London and New York

→ Codes

ISIN	FR0000120271
Reuters	TOTF.PA
Bloomberg	FP FP
Datastream	F: TAL
Mnémono	FP

→ Included in the following stock indexes:

CAC 40, DJ Euro Stoxx 50, DJ Stoxx 50, DJ Global Titans

→ Included in the following sustainable development and governance indexes

DJSI World, DJ STOXX SI, FTSE4Good, ASPI

→ Weight in indexes as of December 31, 2008

CAC 40	15.6%	1 st place
DJ EURO STOXX 50	6.5%	1 st place
DJ STOXX 50	4.3%	4 th place
DJ GLOBAL TITANS	2.3%	15 th place

→ Largest market capitalization on Euronext Paris and in the euro zone as of December 31, 2008

Largest companies by market capitalization in the euro zone^(a) As of December 31, 2008
(B€)

TOTAL	92.3
GDF SUEZ	77.5
EDF	75.6
Telefónica	74.6
Volkswagen	73.7

(a) Bloomberg for companies other than TOTAL.→ Market capitalization as of December 31, 2008⁽¹⁾92.3 B€⁽²⁾131.2 B\$⁽³⁾

→ Percentage of free float:

100% since September 19, 2008⁽⁴⁾

→ Par value:

2.50 euros

→ Credit ratings as of December 31, 2008 (long term/outlook/short term)

Standard & Poor's: AA/Stable/A-1+

Moody's: Aa1/Stable/P-1

DBRS: AA/Stable/R-1(middle)

These ratings were unchanged in 2008.

⁽¹⁾ Shares outstanding as of December 31, 2008: 2,371,808,074.⁽²⁾ TOTAL share price in Paris as of December 31, 2008: 38.91 euros.⁽³⁾ TOTAL ADR price in New York as of December 31, 2008: 55.30 dollars.⁽⁴⁾ Euronext Paris recalculated the free float for TOTAL on September 19, 2008, increasing it from 95% to 100%. As from December 24, 2007, the calculation of the free float excludes the interests greater than 5% of the total voting rights of the issuer, except if these interests are held by a collective investment fund or a pension fund. This rule is applied to all the Euronext Paris indexes weighted by the percentage of free float.

Share performance

TOTAL share price (in euros) in Paris (2005-2008)^(a)



Source Datastream - Price as of December 31, 2008: 38.91 euros

(a) Base 100 as of January 1st 2005; TOTAL's historical share price has been adjusted by Euronext Paris to take into account the spin-off of Arkema and the four-for-one stock split. TOTAL's stock price before May 18, 2006 has been multiplied by a 0.9871 adjustment coefficient (based on TOTAL's 210 euros closing price on May 17, 2006 as well as Arkema's reference stock price (before quotation) of 27 euros)) and by 0.25. These adjustments, defined by Euronext Paris have been taken into account in the stock price evolution shown on this chart.

TOTAL ADR price (in dollars) in New York (2005-2008)^(a)



Source Datastream - Price as of December 31, 2008: 55.30 dollars

(a) Base 100 as of January 1st 2005; TOTAL's historical share price has been adjusted by the New York Stock Exchange (NYSE) to take into account the spin-off of Arkema and the ADR's division by two. TOTAL's ADR price before May 23, 2006 has been multiplied by an 0.9838 adjustment coefficient (based on TOTAL ADR's \$130.40 closing price on May 22, 2006 as well as Arkema's OTC closing price on May 18, 2006 of \$42.15) and by 0.5. These adjustments, defined by the NYSE have been taken into account in the stock price evolution calculation shown on this chart.

Arkema spin-off

Within the framework of the spin-off of Arkema's chemical activities from the Group's other chemical activities, the shareholders' meeting of May 12, 2006 approved TOTAL S.A.'s contribution to Arkema, under the regulation governing spin-offs, of all its interests in the businesses included under Arkema's scope, as well as the allocation of one Arkema share allotment right for each TOTAL share, with ten allotment rights entitling the holder to one Arkema share. Since May 18, 2006, Arkema's shares have been freely traded on Euronext Paris.

Pursuant to provisions stated in the notice prior to the sale of unclaimed shares (*Avis préalable à la mise en vente de titres non*

réclamés) published on August 3, 2006 in the French newspaper *Les Échos*, Arkema shares corresponding to allotment rights for fractional shares which were unclaimed as of August 3, 2008 were sold on Euronext Paris at an average price of 32.5721 euros per share. As a result, from August 3, 2008, the indemnity price per share of allotment rights for Arkema share is 3.25721€. (NYSE Euronext notice No.PAR_20080812_02958_EUR). BNP Paribas Securities Services paid an indemnity to the financial intermediaries on remittance of corresponding allotment rights for Arkema shares. As from August 4, 2018, the unclaimed amounts will be handed over to the French Caisse des dépôts et consignations where the holders will still be able to claim them for a period of twenty years. After this time limit, the amounts will permanently become the property of the French State.

6

TOTAL AND ITS SHAREHOLDERS

Listing details

→ Change in share prices in Europe compared to major European oil companies between January 1, 2008 and December 31, 2008 (closing price in local currency)

TOTAL (euro)	-31.5%
BP (British pound)	-14.5%
Royal Dutch Shell A (euro)	-34.8%
Royal Dutch Shell B (British Pound)	-17.4%
ENI (euro)	-33.2%

→ Change in share prices in the United States (ADR quotes in dollars for European companies) compared to major international oil companies between January 1, 2008 and December 31, 2008 (closing price in dollars)

TOTAL	-33.1%
ExxonMobil	-14.8%
BP	-36.1%
Royal Dutch Shell A	-37.1%
Royal Dutch Shell B	-38.0%
Chevron	-20.7%
ENI	-34.0%
ConocoPhillips	-41.3%

→ Appreciation of a portfolio invested in TOTAL shares

Net yield of 10.6% per year over ten years (excluding tax credit).

→ Multiplication of the initial investment by 2.7 over ten years

For every 1,000 euros invested in TOTAL shares as of December 31, in year N, by an individual residing in France, assuming that the net dividends (excluding the tax credit) are reinvested in TOTAL shares, and excluding tax and social withholding.

Investment date		Average annual total return ^(a)		Total investment at the end of the period would be:	
		TOTAL	CAC 40 ^(b)	TOTAL	CAC 40
1 year	January 1, 2008	-27.9%	-40.3%	721	597
5 years	January 1, 2004	6.3%	0.9%	1,357	1,046
10 years	January 1, 1999	10.6%	0.2%	2,739	1,020
15 years	January 1, 1994	12.0%	4.5%	5,474	1,935

(a) TOTAL's share prices, used for the calculation of the total return (including dividends and appreciation), take into account the adjustment made by Euronext Paris ex Arkema's share allocation rights.
(b) CAC 40 quotes taken into account to calculate the total return (including dividends and appreciation) include all dividends distributed by the companies that are in the index.

TOTAL AND ITS SHAREHOLDERS

[Listing details](#)

→ Information summary

Information in this table prior to May 18, 2006 has been adjusted to reflect the four-for-one stock split. Trading prices and dividends have been divided by four and trading volumes in Paris and London have been multiplied by four.

Share price

(€)	2008	2007	2006	2005	2004
Highest (during regular trading session)	59.50	63.40	58.15	57.28	42.95
Adjusted highest ^(a) (during regular trading session)	-	-	57.40	56.54	42.40
Lowest (during regular trading session)	31.52	48.33	46.52	39.50	34.85
Adjusted lowest ^(a) (during regular trading session)	-	-	-	38.99	34.40
End of the year (close)	38.91	56.83	54.65	53.05	40.18
Adjusted end of the year ^(a) (close)	-	-	-	52.37	39.66
Average of the last 30 trading sessions of the year (close)	39.58	55.31	54.30	54.11	40.51

Trading volume (average per session)

Euronext Paris	11,005,751	10,568,310	10,677,157	10,838,962	10,975,854
London Stock Exchange	3,027,694	5,531,472	3,677,117	3,536,068	3,800,048
New York Stock Exchange ^(b) (number of ADRs)	2,911,002	1,882,072	1,500,331	1,716,466	1,199,271

Dividend per share (€)

Net dividend ^(c)	2.28	2.07	1.87	1.62	1.35
Tax credit ^(d)	-	-	-	-	0.30

(a) Adjusted market price of the spin-off of Arkema.

(b) Pursuant to the four-for-one stock split approved by the shareholders' meeting of May 12, 2006, and effective on May 18, 2006, and pursuant to the change in the ADR ratio, effective on May 23, 2006, one ADR corresponding to one TOTAL share. Trading volumes in New York before May 23, 2006 have been multiplied by two.

(c) For 2008, subject to approval by the shareholders' meeting of May 15, 2009. This amount includes the interim dividend 2008 of 1.14 euro per share paid on November 19, 2008.

(d) Based on a tax credit of 50% applicable to the net dividends paid before January 1, 2005, enforceable date of the abolition of tax credit for individuals under the 2004 French Finance Law. For other shareholders, the tax credit was abolished by this law as of January 1, 2004. Pursuant to Article 243 bis of the French General Tax Code, the interim dividend detached on November 14, 2009 and paid on November 19, 2008 and the final dividend detached on May 19, 2009 and paid on May 22, 2009 (subject to approval by the shareholders' meeting on May 15, 2009) are eligible for the 40% rebate applying to individuals residing in France for tax purposes provided for by Article 158 paragraph 3 of the French General Tax Code. In addition, pursuant to Article 117 quater of the French General Tax Code, individuals residing in France for tax purposes who receive, in the context of private wealth management, dividends eligible for the 40% rebate can now opt for a flat-rate tax deduction of 18% (with an exception for social security contributions of 11% as of the payment date for the interim dividend on November 19, 2008 and of 12.1% as of the payment date for the final dividend on May 22, 2009) in full discharge of personal income tax. Individuals making this option are not eligible for the above mentioned 40% rebate, annual flat-rate rebate provided for by Article 158, 3-5 of the French tax Code (CGI) and tax credit provided for by Article 200 septies of the French tax Code (CGI). These new provisions are valid for income earned after January 1, 2008.

6

TOTAL AND ITS SHAREHOLDERS

Listing details

→ TOTAL share price over the past 18 months (Euronext Paris)^(a)

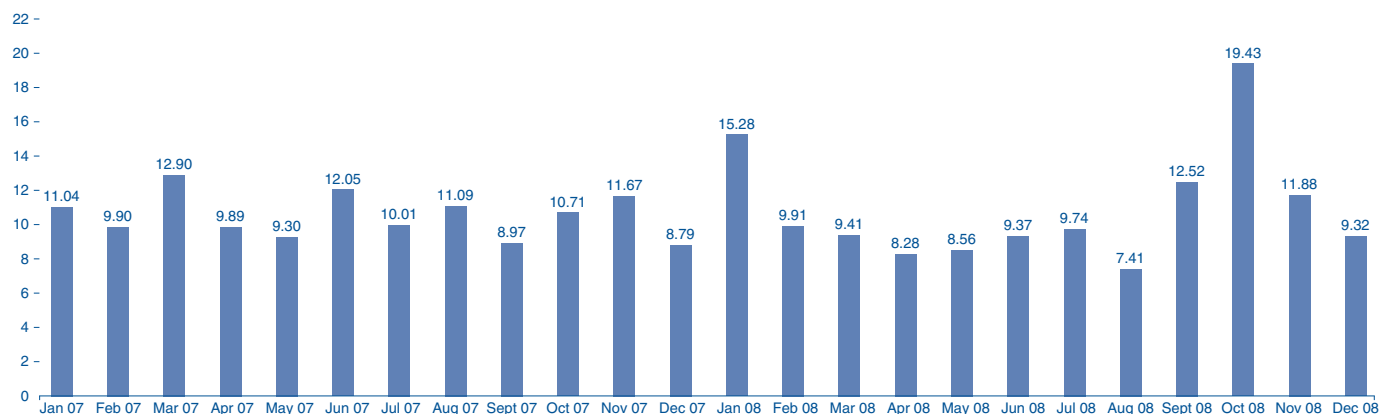
	Average daily volume	Highest price quoted (€)	Lowest price quoted (€)
September 2007	8,970,913	58.77	54.04
October 2007	10,714,006	57.40	53.77
November 2007	11,671,083	57.98	53.00
December 2007	8,793,666	57.15	54.00
January 2008	15,281,941	59.50	46.41
February 2008	9,914,084	51.50	47.38
March 2008	9,414,651	49.99	45.45
April 2008	8,283,050	54.39	46.35
May 2008	8,557,699	58.25	53.12
June 2008	9,372,281	56.33	51.15
July 2008	9,739,444	54.24	46.31
August 2008	7,406,710	49.55	46.96
September 2008	12,523,975	49.17	40.50
October 2008	19,433,641	43.90	31.52
November 2008	11,883,725	44.55	36.115
December 2008	9,319,764	42.00	35.44
January 2009	8,277,843	42.465	34.35
February 2009	8,120,267	42.185	36.64
Maximum for the period		59.50	
Minimum for the period			31.52

(a) Source : Euronext Paris.

TOTAL share price at closing (euros)



TOTAL average daily volumes traded (in millions of shares)



Dividends

Dividend policy

In accordance with the policy announced at the shareholders' meeting on May 14, 2004, an interim dividend is paid in the fourth quarter of each year, except under exceptional circumstances.

The Board of Directors met on September 9, 2008 and approved a 2008 interim dividend of 1.14 euro per share. The record date for the interim dividend on Euronext Paris was November 14, 2008 and the dividend was paid on November 19, 2008.

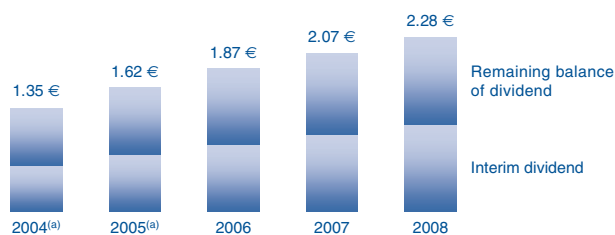
For 2008, TOTAL plans to continue its dividend policy by proposing a dividend of 2.28 euros per share at the shareholders' meeting on May 15, 2009, including a balance of 1.14 euros per share, with a record date of May 19, 2009 and payment on May 22, 2009⁽¹⁾. This dividend of 2.28 euros per share represents an increase of 10% compared to the previous year. Over the past five years, the dividend has increased by an average of 14%⁽²⁾ per year.

For 2008, TOTAL's pay-out ratio was 37%⁽³⁾.

Dividend payment

BNP Paribas Securities Services manages the payment of the dividend, which is made through financial intermediaries using the Euroclear France direct payment system.

The Bank of New York Mellon (101 Barclay Street 22 W, New York, NY 10286, USA) manages the payment of dividends to holders of American Depositary Receipts (ADRs).



(a) Amounts adjusted to take into account the four-for-one stock split on May 18, 2006.

(1) According to the new calendar of securities transactions on the markets NYSE-Euronext created by Euronext Paris on November 26, 2007, the ex-dividend date is May 19, 2009, three days before its payment on May 22, 2009.

(2) This increase does not take into account the Arkema share allotment right granted on May 18, 2006.

(3) On the basis of adjusted fully-diluted earnings per share of 6.20 euros.

6

TOTAL AND ITS SHAREHOLDERS

Dividends

→ Dividend payment on Stock Certificates (CRs)

TOTAL issued Stock Certificates (*certificats représentatifs d'actions*, "CRs") as part of the public exchange offer for PetroFina shares. The CR is a stock certificate provided for by French Law, issued by Euroclear France, intended to circulate exclusively outside of France, and which may not be held by residents of France. The CR is issued as a physical certificate that is registered in a custody account, and has the characteristics of a bearer security. The CR is freely convertible from a physical certificate into a security registered on a custody account and vice versa. However, pursuant to the Belgian law of December 14, 2005 on the dematerialization of securities in Belgium, CRs may only be delivered in the form of a dematerialized certificate once this law became effective on January 1, 2008. New CRs were issued following TOTAL's four-for-one stock split in 2006. ING Belgique is the bank handling the payment of any coupon detached from any outstanding CR.

No fees are applicable to the payment of coupons detached from CRs, except for any income or withholding taxes; the payment may be received at the teller windows of the following institutions:

ING Belgique
FORTIS BANQUE S.A.
KBC BANK N.V.

Avenue Marnix 24, 1000 Brussels, Belgium
Montagne du Parc 3, 1000 Brussels, Belgium
Avenue du Port 2, 1080 Brussels, Belgium

→ Strips-VVPR TOTAL

Strips-VVPR are securities that allow a shareholder resident in Belgium to reduce the Belgian withholding tax applicable to securities income on the dividend paid by TOTAL from 25% to 15%. These Strips-VVPR are traded separately from TOTAL shares and are listed on the semi-official market (*marché semi-continu*) of the Brussels stock exchange. According to the Belgian law of December 14, 2005 on the dematerialization of securities in Belgium, the Strips VVPR may only be delivered in the form of a dematerialized certificate after this law became effective on January 1, 2008.

Strips-VVPR grant rights only if accompanied by TOTAL shares. There were 227,734,056 strips-VVPR TOTAL outstanding as of December 31, 2008.

Coupons

Year	Ex-dividend date ^(a)	Payment date ^(a)	Expiration date	Type	Net amount (€)	Net amount recalculated ^(b) (€)
2002	05/16/2003	05/16/2003	05/16/2008	Dividend	4.10	1.03
2003	05/24/2004	05/24/2004	05/24/2009	Dividend	4.70	1.18
2004	11/24/2004	11/24/2004	11/24/2009	Interim dividend	2.40	0.60
2004	05/24/2005	05/24/2005	05/24/2010	Final dividend	3.00	0.75
2005	11/24/2005	11/24/2005	11/24/2010	Interim dividend	3.00	0.75
2005	05/18/2006	05/18/2006	05/18/2011	Final dividend	3.48	0.87
2006	11/17/2006	11/17/2006	11/17/2011	Interim dividend	0.87	0.87
2006	05/18/2007	05/18/2007	05/18/2012	Final dividend	1.00	1.00
2007	11/16/2007	11/16/2007	11/16/2012	Interim dividend	1.00	1.00
2007	05/20/2008	05/23/2008	05/23/2013	Final dividend	1.07	1.07
2008 ^(c)	11/14/2008	11/19/2008	11/19/2013	Interim dividend	1.14	1.14
2008 ^(c)	05/19/2009	05/22/2009	05/22/2014	Final dividend	1.14	1.14

(a) According to the new calendar of securities transactions on the markets NYSE-Euronext created by Euronext Paris on November 26, 2007, the ex-dividend date would be May 19, 2009, three days before payment on May 22, 2009.

(b) Net amounts are recalculated to reflect the May 18, 2006 four-for-one stock split.

(c) A resolution will be submitted at the shareholder's meeting of May 15, 2009 to pay a cash dividend of 2.28 euros per share for fiscal year 2008. Taking into account the interim dividend of 1.14 euro per share detached on November 14, 2008 to be paid on November 19, 2008, the final dividend would be 1.14 euro per share and would be detached on May 19, 2009 to be paid on May 22, 2009.

Share buybacks

The shareholders' meeting of May 11, 2007 authorized the Board of Directors for a period of 18 months to buy and sell the Company's shares within the framework of the share buyback program, described in the 2007 Registration Document. The maximum purchase price was set at 75 euros per share. The number of shares acquired may not exceed 10% of the authorized share capital.

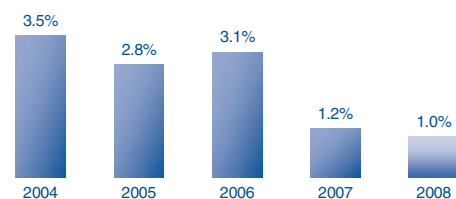
The shareholders' meeting of May 16, 2008, after acknowledging the Report of the Board of Directors, authorized the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of European Regulation 2273/2003 dated December 22, 2003, concerning the application of Council Directive 2003/6/EC dated January 28, 2003, to buy and sell the Company's shares within the framework of the share buyback program. The maximum purchase price was set at 80 euros per share. The number of shares acquired may not exceed 10% of the authorized share capital. This authorization was granted for a period of 18 months and replaced the previous authorization granted by the shareholders' meeting of May 11, 2007.

A resolution will be submitted to the shareholders' meeting scheduled for May 15, 2009 to authorize trading in TOTAL shares through a share buyback program performed in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of Council Regulation 2273/2003 dated December 22, 2003, concerning the application of Council Directive 2003/6/EC dated January 28, 2003. This program is described on pages 141 to 143 of this Registration Document.

Share buybacks and share cancellations in 2008

During 2008, TOTAL repurchased 24,800,000 of its own shares for cancellation, representing approximately 1.0% of its share capital⁽¹⁾. Over the 24 months prior to December 31, 2008, the Company cancelled 63,005,000 TOTAL shares, representing 2.7% of the share capital as of December 31, 2008.

→ Percentage of share capital bought back⁽¹⁾



Since October 13, 2008, the Company has not bought back any of its shares.

⁽¹⁾ Average share capital of year $N = (\text{share capital as of December 31, } N-1 + \text{share capital as of December 31, } N) / 2$. For 2005, 2006, 2007 and 2008 excluding share buybacks linked to restricted share grants approved by the Board of Directors on July 19, 2005, July 18, 2006, July 17, 2007 and September 9, 2008 with a grant date as of October 9, 2008.

Board's report on share buybacks

→ Share buybacks during 2008

In 2008, the Company repurchased 11,178,000 shares of TOTAL stock, under the authorization granted by the shareholders' meeting of May 11, 2007 and 16,422,000 TOTAL shares, were repurchased under the authorization granted by the shareholders' meeting of May 16, 2008.

Thus, 27,600,000 TOTAL shares, par value 2,50 euros, representing 1.16% of the share capital as of December 31, 2008, were bought back in 2008 at an average price of 48.51 euros per share for a total cost of 1.34 B€, excluding transaction fees of 0.79 M€:

- 24,800,000 TOTAL shares, representing 1.05% of the share capital as of December 31, 2008, bought back for cancellation at the average price of 49.28 euros per share for a total cost of approximately 1.22 B€, of which 11,178,000 shares under the authorization granted on May 11, 2007 and 13,622,000 shares pursuant to the authorization on May 16, 2008.
- 2,800,000 TOTAL shares, representing 0.12% of the share capital as of December 31, 2008, bought back at an average price of 41.63 euros per share under the authorization granted on May 16, 2008 for restricted share grants approved by the Board of Directors on September 9, 2008, with a grant date as of October 9, 2008, for a total cost of 0.12 B€.

→ Shares held in the name of the Company and its subsidiaries as of December 31, 2008.

As of December 31, 2008, the Company held directly 42,750,827 TOTAL shares, representing 1.80% of TOTAL S.A. share capital. By law, these shares do not hold voting rights or the right to a dividend.

Including shares held by Group subsidiaries, the total number of TOTAL shares held by the Group as of December 31, 2008 was 143,082,095, representing 6.03% of TOTAL's share capital, comprised of 42,750,827 treasury shares, 12,627,522 shares held to cover call options, 5,323,305 shares to cover restricted share grants, 24,800,000 shares to be cancelled and 100,331,268 shares held by subsidiaries.

→ Sale of shares during 2008

3,715,827 TOTAL shares were sold in 2008 at an average price of 40.10 euros per share through the exercise of TOTAL share purchase options granted under share purchase option plans approved by the Board of Directors on July 11, 2000, July 10, 2001 and July 9, 2002.

In addition, 2,223,310 TOTAL shares were sold in 2008 pursuant to the shares finally granted under the restricted share grants approved by the Board of Directors on July 19, 2005, July 18, 2006 and July 17, 2007.

→ Cancellation of Company shares during 2007, 2008 and 2009

Pursuant to the authorization granted by the shareholders' meeting of May 7, 2002 to reduce the share capital by up to 10% by cancelling shares held by the Company during a 24-month period, the Board of Directors decided on January 10, 2007 to cancel 33,005,000 shares accounted for as long-term securities in the parent company's financial statements.

Pursuant to the authorization granted by the shareholders' meeting of May 11, 2007 to reduce the share capital by up to 10% by cancelling shares held by the Company during a 24-month period, the Board of Directors decided on July 31, 2008 to cancel 30,000,000 shares accounted for as long-term securities in the parent company's financial statements. This authorization will no longer be valid from the date of the shareholders' meeting to approve the financial statements for the fiscal year ending December 31, 2011.

Based on 2,371,808,074 shares outstanding as of December 31, 2008, and given the cancellations carried out successively on January 10, 2007 (33,005,000 shares) and on July 31, 2008 (30,000,000 shares), the Company may cancel a maximum of 174,175,807 shares up to and including January 10, 2009, before reaching the cancellation threshold of 10% of share capital cancelled during a 24-month period. As the Board of Directors has not decided any share cancellation between December 31, 2008 and January 10, 2009, the Company may cancel a maximum of 207,180,807 shares up to and including July 31, 2010, before reaching the cancellation threshold of 10% of share capital cancelled during a 24-month period.

→ Reallocation for other approved purposes during fiscal year 2008

Shares purchased by the Company under the authorization granted by the shareholders' meeting of May 16, 2008, or under previous authorizations, were not reallocated in 2008 to purposes other than those initially specified at the time of purchase.

→ Conditions for the buyback and use of derivative products

Between January 1, 2008 and February 28, 2009, the Company did not use derivative products on the financial markets within the framework of stock repurchase programs successively authorized by the shareholders' meeting of May 11, 2007 and the shareholders' meeting of May 16, 2008. All shares were repurchased on Euronext Paris.

TOTAL AND ITS SHAREHOLDERS

Share buybacks

→ Treasury shares

As of February 28, 2009, the Company held directly 42,739,571 TOTAL shares, representing 1.80% of TOTAL's share capital. By law, these shares' voting rights and dividend rights are suspended.

Including shares held by Group subsidiaries, the total number of TOTAL shares held by the Group as of February 28, 2009 was 143,070,839, representing 6.03% of TOTAL's share capital, comprised of 42,739,571 treasury shares, 12,619,308 shares held to cover call options, 5,320,263 shares to cover restricted share grants, 24,800,000 shares to be cancelled and 100,331,268 shares held by subsidiaries.

Summary table of transactions completed by the Company involving its own shares from March 1, 2008 to February 28, 2009^(a)

	Gross cumulated flows		Open positions as of February 28, 2009			
	Purchases	Sales ^(b)	Open buy positions		Open sell positions	
Number of shares	21,876,000	3,276,123	Bought calls	Forward buys	Sold calls	Forward sells
Average maximum maturity date			-	-	-	-
Average transaction price (€)	47.85	40.08	-	-	-	-
Average exercise price	-	-	-	-	-	-
Amounts (M€)	1,047	131	-	-	-	-

(a) In compliance with the applicable regulations as of February 28, 2009, the period indicated commenced the day after the date used as a reference for the publication of information regarding the previous program (Registration Document 2007).

(b) Shares disposed of pursuant to the exercise of TOTAL share purchase options as part of the share purchase option plans decided by the Board of Directors on July 11, 2000, July 10, 2001 and July 3, 2002.

In addition, 2,225,216 TOTAL shares were sold between March 1, 2008 and February 28, 2009 pursuant to the shares finally granted under the restricted share grants approved by the Board of Directors on July 19, 2005, July 18, 2006 and July 17, 2007.

Treasury shares

As of February 28, 2009

Percentage of share capital held by TOTAL S.A.	1.80 %
Number of shares held in portfolio ^(a)	42,739,571
Book value of the portfolio (at purchase prices) (M€)	1,982
Market value of the portfolio (M€) ^(b)	1,602

Percentage of capital held by the entire Group^(c)	6.03 %
Number of shares held in portfolio	143,070,839
Book value of the portfolio (at purchase prices) (M€)	5,009
Market value of the portfolio (M€) ^(b)	5,362

(a) TOTAL S.A. has not bought back any shares during the 3 business days preceding February 28, 2009. As a result, TOTAL S.A. owns all the shares held in portfolio as of this date.

(b) On the basis of a market price of 37.48 euros per share as of February 28, 2009.

(c) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

2009-2010 share buyback program

Description of the share buyback program under Article 241-1 and following of the French Autorité des marchés financiers (AMF) General Regulation

→ Objectives of the share buyback program

- Reduce the Company's capital through the cancellation of shares;

- Honor the Company's obligations related to securities convertible or exchangeable into Company shares; and
- Honor the Company's obligations related to stock option programs or other stock grants to employees of the Company or Group Companies (including restricted share grants and the issuance of shares to beneficiaries of Elf Aquitaine share subscription options under the exchange guarantee given by the Company, the terms of which were defined in the prospectus of TotalFina's bid for Elf Aquitaine of September 22, 1999, having received COB approval No. 99-1179).

→ Legal framework

Implementation of the share buyback program, which falls within the legal framework created by French Law No. 98-546 of July 2, 1998 containing various economic and financial provisions and within the framework of the provisions of European Regulation No. 2273/2003 on the conditions for the application of Council Directive No. 2003/6/EC of January 28, 2003, is subject to approval by TOTAL S.A. shareholders' meeting of May 15, 2009, through the seventh resolution, which reads as follows:

"Ruling under conditions for quorum and majority required for extraordinary general meetings and upon presentation of the report by the Board of Directors, and certain information appearing in the description of the program prepared in accordance with Articles 241-1 and thereafter of the General Regulation (règlement général) of the French Financial Markets Authority (Autorité des marchés financiers) and in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of Council Regulation No. 2273/2003 dated December 22, 2003 concerning the application of Council Directive No. 2003/6/CE dated January 28, 2003, the shareholders hereby authorize the Board of Directors to buy or sell shares within the framework of a share buyback program.

The purchase of such shares may be transacted by any means on the market or over the counter, including the purchase of blocks of shares under the conditions authorized by the competent market authorities. Within this framework, this includes using any financial derivative instrument traded on a regulated market or over the counter and implementing option strategies.

These transactions may be carried out at any time, except any public offering periods applying to the Company's share capital, in accordance with the applicable rules and regulations.

The maximum purchase price is set at 70 euros per share.

In case of a capital increase by incorporation of reserves and restricted share grants, and in the case of a stock-split or a reverse-stock-split, this maximum price shall be adjusted by applying the ratio of the number of shares outstanding before the transaction to the number of shares outstanding after the transaction.

Pursuant to Article L. 225-209 of the French Commercial Code, the maximum number of shares that may be purchased under this authorization may not exceed 10% of the total number of shares outstanding, as this number may be adjusted from time to time as a result of transactions after the date of the present meeting, and under no circumstances may the Company hold, either directly or indirectly through indirect subsidiaries, more than 10% of its share capital.

As of December 31, 2008, of the 2,371,808,074 shares outstanding at this date, the Company held 42,750,827 shares directly and 100,331,268 shares indirectly through its subsidiaries, for a total of 143,082,095 shares. Under these circumstances, the maximum number of shares that the Company could buy back is 94,098,712 shares, and the maximum amount that the Company may spend to acquire such shares is 6,586,909,840 euros.

The purpose of this share buyback program is to reduce the number of shares outstanding and to allow the Company to fulfill its engagements in connection with:

- *Convertible or exchangeable securities that may give holders rights to receive shares upon conversion or exchange;*
- *Share purchase option plans, employee shareholding plans, company savings plans, or other share allocation programs for management or employees of the Company or of Group companies (notably restricted share grant programs or the exchange guarantee put in place by the Company for beneficiaries of Elf Aquitaine share subscription options, whose maturity date is September 12, 2009, the terms of which are specified in the prospectus for the public exchange offer of TotalFina on Elf Aquitaine dated September 22, 1999 (COB visa no. 99-1179)).*

According to the intended purpose, the treasury shares that are acquired by the Company through this program may be:

- *Cancelled up to the maximum legal limit of 10% of the total number of shares outstanding on the date of the operation during each 24-month period;*
- *Granted to the employees of the Group and to the management of the Company or of other companies in the Group;*
- *Delivered to the holders of Company's share subscription options having exercised such options;*
- *Delivered to the holders of Elf Aquitaine share subscription options having exercised options that are covered by the Company's exchange guarantee;*
- *Sold to employees, either directly or through the intermediary of Company savings plans or;*
- *Delivered to the holders of securities that grant such rights to receive such shares, either through redemption, conversion, exchange, presentation of a warrant or in any other manner.*

This program may also be used by the Company to trade in its own shares, either on or off the market, for any other purpose that is authorized or any permitted market practice, or any other purpose that may be authorized or any other market practice that may be permitted under the applicable law or regulation. In case of transactions other than the mentioned intended purpose, the Company will inform its shareholders in a press release.

While they are held by the Company, such shares will not have voting rights or dividend rights.

This authorization is granted for a period of 18 months from the date of this meeting or until the date such authorization is renewed at a shareholders' meeting prior to the expiration of such 18-month period.

The Board of Directors is hereby granted full authority, with the right to delegate such authority, to undertake all actions necessary or desirable to carry out the program or programs authorized by this resolution. This resolution cancels and replaces up to unused portion of the previous authorization the seventh resolution of the shareholders' meeting held on May 16, 2008."

The shareholders' meeting of May 11, 2007 also authorized the Board of Directors to reduce the capital by cancellation of shares up to a maximum of 10% of the share capital over a period of 24 months in accordance with the following resolution:

“Upon presentation of the report of the Board of Directors and the auditors’ special report, and ruling under conditions for quorum and majority required for extraordinary general meetings, the shareholders hereby authorize the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, to reduce the company’s capital on one or more occasions by cancelling shares that the Company holds or that it could hold as a result of purchases made in connection with this same article. The shareholders hereby grant all powers to the Board of Directors, with the option to sub-delegate such powers under conditions provided for by law, to carry out such capital reduction or reductions based on its decisions alone, in 24-month periods and within the limit of 10% of the total number of shares outstanding as of the transaction date, to decide on the amount, and to apply the difference between the buyback value of the securities and their par value against any reserves or premiums, to amend the bylaws accordingly, and to complete all necessary formalities related thereto. This authorization shall cancel and replace any unused amounts otherwise available under the authorization granted by the 13th resolution of the shareholders’ meeting of May 7, 2002 and shall expire at the conclusion of the shareholders’ meeting called to approve the financial statements for the fiscal year ending December 31, 2011.”

→ Conditions

Maximum share capital to be purchased and maximum funds allocated to the transaction

The maximum number of shares that may be purchased under the authorization proposed to the shareholders’ meeting of May 15, 2009 may not exceed 10% of the total number of shares outstanding, with this limit applying to an amount of the Company’s share capital that will be adjusted, if necessary, to include transactions affecting the share capital subsequent to this meeting; purchases made by the Company cannot in any case result in the Company holding more than 10% of the share capital, either directly or indirectly through subsidiaries.

Before any share cancellation under the authorization given by the shareholders’ meeting of May 11, 2007, based on the number of shares outstanding as of December 31, 2008 (2,371,808,074 shares), and given the 143,070,839 shares held by the Group on February 28, 2009, representing 6.03% of the share capital, the maximum number of shares that may be purchased would be 94,109,968 shares representing a theoretical maximum investment of 6,587,697,760 M€ based on the maximum purchase price of 70 euros.

Conditions for buybacks

Such shares may be bought back by any means on the market or over the counter, including the purchase of blocks of shares under the conditions authorized by the competent market authorities. Within this framework, this includes using any financial derivative instrument traded on a regulated market or over the counter and implementing option strategies, with the Company taking measures, however, to avoid increasing the volatility of its stock. The portion of the program realized through the purchase of blocks of shares will not be subject to quota allocation, up to the limit set by this resolution. These shares may be bought back at any time in accordance with current regulation, except any public offering periods applying to the Company’s share capital.

Duration and schedule of the share buyback program

In accordance with the seventh resolution, which will be subject to approval of the shareholders’ meeting of May 15, 2009, the share buyback program may be implemented over an 18-month period following the date of this meeting, expiring therefore on November 15, 2010.

Transactions carried out under the previous program

Transactions carried out under the previous program are listed in the special report of the Board of Directors on share buybacks (see pages 140 and 141 of this registration Document).

Shareholders

Relationship between TOTAL and the French State

Since the decree of December 13, 1993 providing for a unique Elf Aquitaine share to the French State was repealed on October 3, 2002, no agreement governing shareholding relationships between TOTAL (or its subsidiary Elf Aquitaine) and the French State has been implemented.

Merger of TOTAL with PetroFina in 1999

In December, 1998, TOTAL S.A. signed an in-kind contribution agreement with Electrafina, Investor, Tractebel, Electrabel and AG 1824 (the Contributors), under which the Contributors exchanged their PetroFina shares. TOTAL S.A. then launched in 1999 a public exchange offer for the remaining PetroFina shares not in its possession, at the same parity of exchange as the previous one. Following this public offer, TOTAL S.A. held 98.8% of Petrofina share capital.

In October 2000, TOTAL S.A. launched, at the same parity of exchange as the previous one, a complementary public exchange offer for the PetroFina shares not yet held by the Company. As of December 31, 2000, TOTAL S.A. held 99.6% of PetroFina share capital. Then on April 27, 2001, the extraordinary shareholders' meeting of Total Chimie approved TotalFinaElf's⁽¹⁾ contribution to Total Chimie (a 100% subsidiary of TOTAL S.A.) of the entire interest held by the Company in PetroFina. Finally in September, 2001, the Board of Directors of Total Chimie decided to launch a squeeze-out procedure for the 90,129 PetroFina shares not yet held. Since the end of the squeeze-out, all shares of PetroFina have been held by Total Chimie.

On December 22, 2006, the Court of Appeal of Brussels rendered a decision in which it put an end to the escrow ordered by the Commercial Court of Brussels dated April 15, 2002, following a motion for a summary hearing filed by minority PetroFina shareholders

holding 4,938 shares. In May 2003, the same group of former minority PetroFina shareholders brought a complaint against Total Chimie and PetroFina before the Commercial Court of Brussels contesting, in particular, the price offered by Total Chimie in the squeeze-out procedure and the terms of PetroFina's sale of the assets of Fina Exploration Norway (FEN SA) to Total Norge AS in December 2000. In June 2006, the same group of shareholders brought a complaint against TOTAL S.A.. On May 31, 2007 and February 8, 2008, the Commercial Court of Brussels rendered preliminary rulings in which it appointed an expert to examine the valuation of PetroFina's assets in Angola and Norway with regard to the squeeze-out procedure launched by Total Chimie. On April 16, 2008, Total Chimie, PetroFina and TOTAL S.A. appealed the decisions rendered by the Commercial Court of Brussels.

Merger of TotalFina with Elf Aquitaine in 1999 and 2000

In 1999, the Boards of Directors of TotalFina and Elf Aquitaine recommended to their shareholders that the two companies merge through a public exchange offer. TotalFina acquired 254,345,078 shares of Elf Aquitaine in exchange for 371,735,114 new TotalFina shares. In 2000, the Board of Directors launched an offer for the remaining Elf Aquitaine shares not yet held by the Company. Upon completion of this offer, TotalFinaElf acquired 10,828,326 shares of Elf Aquitaine in exchange for 14,437,768 new TotalFinaElf shares.

Elf Aquitaine shares are traded in the delisted shares section of the regulated markets (*compartiment des valeurs radiées des marchés réglementés*) and may be traded at a price fixed at 3.00 p.m.

As of December 31, 2008, TOTAL S.A. held, directly and indirectly, 279,795,129 shares of Elf Aquitaine, taking into account the 10,635,844 Elf Aquitaine treasury shares held by Elf Aquitaine. This represented 99.48% of Elf Aquitaine's share capital (281,268,160 shares) and 538,171,404 voting rights, or 99.72% of the 539,681,840 voting rights exercisable at Shareholders meetings.

(1) The name TOTAL was changed to TotalFina on June, 14 1999. Then the name "TOTAL FINA S.A." was changed to "TOTAL FINA ELF S.A." by the shareholders' meeting of March 22, 2000. It was then changed to "TOTAL S.A." by the shareholders' meeting of May 6, 2003. TOTAL S.A. means TOTAL, TotalFina and TotalFinaElf in this section on the merger of TOTAL with Petrofina.

TOTAL AND ITS SHAREHOLDERS

Shareholders

Principal shareholders

→ Holdings of principal shareholders

The principal shareholders of TOTAL as of December 31, 2008, 2007 and 2006 are set forth in the table below:

	2008			2007		2006	
	% of share capital	% of voting rights	% of theoretical voting rights ^(a)	% of share capital	% of voting rights	% of share capital	% of voting rights
As of December, 31							
Groupe Bruxelles Lambert ^{(b)(c)}	4.0	4.0	3.6	3.9	4.0	3.9	4.0
Compagnie Nationale à Portefeuille ^(b)	1.4	1.4	1.3	1.4	1.4	1.4	1.4
Areva ^(b)	0.3	0.6	0.6	0.3	0.6	0.3	0.6
BNP Paribas ^(b)	0.2	0.2	0.2	0.2	0.3	0.3	0.4
Société Générale	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Group employees ^{(b)(d)}	3.8	7.4	6.7	3.6	7.0	3.7	7.1
Other registered shareholders (non-Group)	1.2	2.1	1.9	1.2	2.1	1.1	2.0
Treasury shares	6.0	-	9.4	6.3	-	6.7	-
of which TOTAL S.A.	1.8	-	1.7	2.1	-	2.5	-
Of which Total Nucléaire	0.1	-	0.2	0.1	-	0.1	-
Of which subsidiaries of Elf Aquitaine	4.1	-	7.6	4.1	-	4.1	-
Other bearer shareholders	83.1	84.3	76.3	83.1	84.6	82.6	84.5
Of which holders of ADS ^(e)	8.2	8.3	7.5	8.5	8.6	7.5	7.6

(a) Pursuant to article 223-11 of the AMF General Regulation, the number of theoretical voting rights is calculated on the basis of all outstanding shares to which voting rights are attached, including treasury shares that are deprived of voting rights.

(b) Shareholders with an executive officer (or a representative of employees) serving as a director of TOTAL S.A..

(c) Groupe Bruxelles Lambert is a company controlled jointly by the Desmarais family and Frère-Bourgeois S.A., and for the latter mainly through its direct and indirect interest in Compagnie Nationale à Portefeuille.

(d) Based on the definition of employee shareholding pursuant to Article L. 225-102 of the French Commercial Code.

(e) American Depositary Shares listed on the New York Stock Exchange.

As of December 31, 2008, the holdings of the principal shareholders were calculated on the basis of 2,371,808,074 shares, representing 2,339,251,395 voting rights exercisable at the shareholders' meetings or 2,582,664,758 theoretical voting rights including (i) 200,662,536 voting rights attached to the 100,331,268 TOTAL shares held by TOTAL S.A. subsidiaries that cannot be exercised at shareholders' meetings, and (ii) 42,750,827 voting rights attached to the 42,750,827 TOTAL shares held by TOTAL S.A. that also cannot be exercised at shareholders' meetings. For prior years, the holdings of the principal shareholders were established on the basis of 2,395,532,097 shares, to which were attached 2,353,106,888 voting rights that could be exercised at the shareholders' meeting, as of December 31, 2007, and of 2,425,767,953 shares to which were attached 2,372,676,292 voting rights that could be exercised at the shareholders' meeting, as of December 31, 2006.

→ Identification of the holders of bearer shares

In accordance with Article 9 of its bylaws, TOTAL S.A. is authorized, to the extent permitted under applicable law, to identify the holders of securities that grant immediate or future voting rights at the Company's shareholder meetings.

→ Legal thresholds

In addition to the legal obligation to inform the Company and the French *Autorité des marchés financiers* within five business days when thresholds representing 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, 90% or 95% of the share capital or voting rights⁽¹⁾ are crossed (Article L. 233-7 of the French Commercial Code), any individual or entity who directly or indirectly acquires a percentage of the share capital, voting rights or rights giving future access to the share capital of the Company which is equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company within 15 days by registered mail with return receipt requested, and declare the number of securities held.

In case the shares above these thresholds are not declared, any shares held in excess of the threshold and undeclared may be deprived of voting rights at future shareholder meetings if, at that meeting, the failure to make a declaration is acknowledged and if one or more shareholders holding collectively at least 3% of the Company's share capital or voting rights so request at that meeting.

All individuals and entities are also required to notify the Company in due form and within the time limits stated above when their direct or indirect holdings fall below each of the aforementioned thresholds.

(1) Pursuant to article 223-11 of the General Regulation of the AMF, the number of voting rights is calculated on the basis of all outstanding shares, including those shares held by the Group that do not have rights to vote at a shareholders' meeting.

→ Holdings above the legal thresholds

In accordance with Article L. 233-13 of the French Commercial Code, only one shareholder, Compagnie Nationale à Portefeuille (CNP) and Groupe Bruxelles Lambert (GBL), acting together, holds 5% or more of TOTAL's share capital at the end of 2008⁽¹⁾.

In addition, two known shareholders held 5% or more of the voting rights exercisable at TOTAL shareholders' meeting as of the end of 2008:

■ **CNP jointly with GBL.**

In the AMF notice No. 207C1811 dated August 9, 2007, CNP declared that it held less than the threshold of 5% of the voting rights of TOTAL as of May 31, 2007. CNP and GBL acting together held 126,849,464 TOTAL shares, representing 126,942,644 voting rights, i.e. 5.30% of the share capital and 4.88% of the theoretical voting rights⁽²⁾ (on the basis of a share capital of 2,393,144,605 shares, representing 2,600,704,244 voting rights). To the Company's knowledge, CNP, jointly with GBL, held, as of December 31, 2008, 5.35% of the share capital representing 5.45% of the voting rights exercisable at a shareholders' meeting and 4.93% of the theoretical voting rights⁽²⁾.

■ **The collective investment fund (*fonds commun de placement*) "TOTAL ACTIONNARIAT FRANCE".**

To the Company's knowledge, the collective investment fund (*fonds commun de placement*) "TOTAL ACTIONNARIAT FRANCE" held, as of December 31, 2008, 2.92% of the share capital representing 5.69% of the voting rights exercisable at a shareholders' meeting and 5.15% of the theoretical voting rights⁽²⁾.

→ Shareholders' agreements

TOTAL is not aware of any agreements among its shareholders.

Treasury shares

As of December 31, 2008, the Company held 143,082,095 TOTAL shares either directly or through its indirect subsidiaries, which represented 6.03% of the share capital, as of this date. By law, these shares are also deprived of voting rights.

For further information, see page 165 of this Registration Document.

→ TOTAL shares held directly by the Company

The Company held 42,750,827 of its own shares, directly, as of December 31, 2008 which represented 1.80% of the share capital, as of that date.

→ TOTAL shares held by Group companies

As of December 31, 2008, Total Nucléaire, a Group company wholly-owned indirectly by TOTAL held 2,023,672 TOTAL shares. As of December 31, 2008, Financière Valorgest, Sogapar and Fingestval, indirect subsidiaries of Elf Aquitaine, held respectively 22,203,704, 4,104,000 and 71,999,892 TOTAL shares, representing a total of 98,307,596 TOTAL shares. As of December 31, 2008, the Company held through its indirect subsidiaries, 4.23% of the share capital.

Shares held by members of the administrative and management bodies

Related information appears on pages 84 to 94 and 129 of this Registration Document.

Employee shareholding

Related information appears on pages 128 to 129 and 170 of this Registration Document.

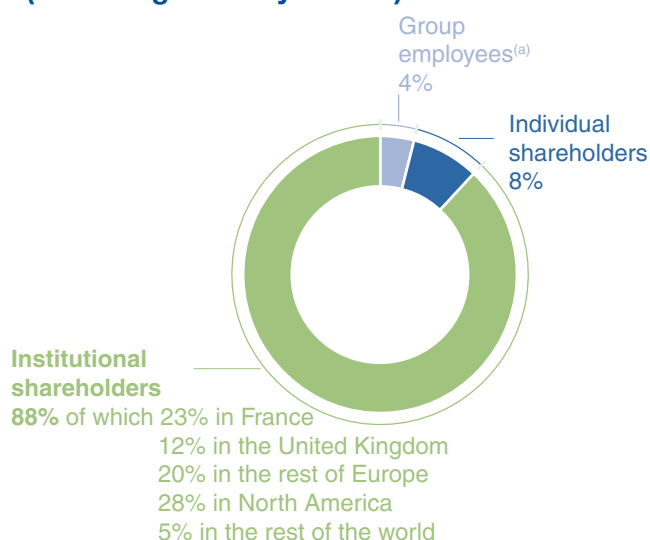
(1) AMF notice No. 207C1811 dated August 9, 2007.

(2) Pursuant to Article 223-11 of the AMF General Regulation, the number of voting rights is calculated on the basis of all outstanding shares, including those shares held by the Group that do not have rights to vote at a shareholders' meeting.

Shareholding structure

(Estimate as of December 31, 2008)

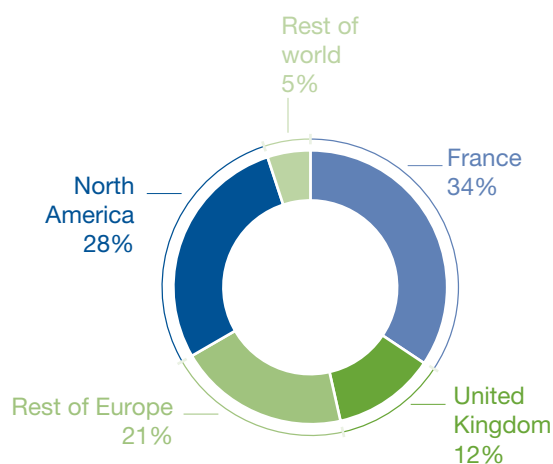
→ By shareholder type (excluding treasury shares)



(a) Based on the definition of employee shareholding pursuant to Article L. 225-102 of the French Commercial Code.

The number of French individual TOTAL shareholders is estimated at approximately 540,000.

→ By geographic area (excluding treasury shares)



Regulated agreements and related party transactions

→ Regulated agreements

The list of the regulated agreements covered by Articles L. 225-39 and L. 225-115 of the French Commercial Code, provided to the shareholders at the Company's corporate offices, contains no agreement likely to have a significant impact on the Company's financial situation.

The special report of the statutory auditors of TOTAL S.A. on other regulated agreements for fiscal year 2008 appears in Appendix 3, pages 270 and 271 of this Registration Document.

No agreement links the Company to a shareholder holding a fraction greater than 10% of the Company's voting rights.

→ Related party transactions

Details of transactions with related entities as required by the regulations adopted under (EC) regulation No. 1606/2002, entered into by the Group Companies during fiscal years 2006, 2007 or 2008, appear in Note 24 to the Consolidated Financial Statements (page 230 of this Registration Document).

These transactions primarily concern equity affiliates and non-consolidated companies in which TOTAL exercises a significant influence.

Information for overseas shareholders

United States holders of ADRs

Information intended for U.S. holders of TOTAL's American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs) is provided in the Form 20-F filed by TOTAL S.A. with the United States Securities and Exchange Commission for the year ended December 31, 2008.

Non-resident shareholders (other than U.S. Shareholders)

In addition to Euronext Paris, TOTAL's shares have been listed on the London Stock Exchange since 1973 and on the Brussels stock exchange since 1999.

Dividends

Dividends paid to non-French resident shareholders are generally subject to French withholding tax at a rate of 25%.

As from January 2008, the 25% withholding rate is reduced to 18% for dividends distributed to individuals who are residents, for tax purposes, within the European Union, in Iceland or in Norway.

Please note however that, in a decision dated 13 February 2009, the French supreme administrative court (Conseil d'Etat) ruled that withholding taxes levied on dividends from French shares held by certain pension funds established in the European Union were incompatible with the principle of free movement of capital (EC Treaty).

However, according to many tax treaties signed between France and other countries ("Tax Treaties"), the rate of French withholding tax is reduced in the case of dividends paid to a beneficial owner of the dividend that is a resident of one of these countries as defined by the Tax Treaties, provided that certain requirements are satisfied ("Eligible Holder").

Countries with which France signed a Tax Treaty which provides a reduction of the French withholding tax on dividends to 15% include Austria, Belgium, Canada, Germany, Ireland, Italy, Japan, Luxembourg, Norway, The Netherlands, Singapore, South Africa, Spain, Switzerland, and the United Kingdom (this is not an exhaustive list).

Administrative guidelines issued by the French Tax Authorities set forth the conditions under which the reduced French withholding tax at the rate of 15% may be available. The immediate application of the reduced 15% rate is available only to Eligible Holders who may benefit from the so-called "simplified procedure" and are residents of a

country with which France has concluded a Tax Treaty that provides for a reduction of the withholding tax.

Under the "simplified procedure", such Eligible Holders may claim the immediate application of withholding tax at the rate of 15% on the dividends to be received by them, provided that:

- (i) They furnish to the financial institution managing their securities account a certificate of residence conforming with the model attached to the Administrative Guidelines. The immediate application of the 15% withholding tax will be available only if the certificate of residence is sent to the financial institution managing their securities account before the dividend payment date. Furthermore, each financial institution managing the eligible Holders' securities account must also send to the French paying agent the figure of the total amount of dividends eligible for the reduced withholding tax rate before the dividend payment date.
- (ii) The foreign financial institution managing such Eligible Holder's securities account provides the French paying agent with a list of the Eligible Holders and others information set forth in the Administrative Guidelines. These documents must be sent as soon as possible, in all cases before the end of the third month computed as from the end of the month of the dividend payment date.

Where the foreign Eligible Holder's identity and tax residence are known by the French paying agent, the latter may release such foreign Eligible Holder from providing the financial institution managing its securities account with the abovementioned certificate of residence, and apply the 15% withholding tax rate to dividends it pays to such foreign Eligible Holder.

For an Eligible Holder that is not entitled to the so-called "simplified procedure", the 25% French withholding tax will be levied at the time the dividends are paid. Such Eligible Holder may, however, be entitled to a refund of the withholding tax in excess of the 15% rate under the standard procedure, as opposed to the "simplified procedure", provided that the Eligible Holder furnishes to the French paying agent an application for refund on a specific form before December 31 of the second year following the date of payment of the withholding tax at the 25% rate. Any French withholding tax refund is generally expected to be paid within 12 months from the filing of the abovementioned form. However, it will not be paid before January 15 of the year following the year in which the dividend was paid. The "simplified procedure" is not applicable to Swiss corporate holders and Singapore resident holders.

Copies of the French forms mentioned above are, in principle, available from the French non-resident tax office, at the following address:

Recette des impôts des non résidents, 10, rue du Centre,
93463 Noisy le Grand, France.

TOTAL AND ITS SHAREHOLDERS

Information for overseas shareholders

According to certain Tax Treaties, certain Eligible Holders were entitled to receive a French tax credit (the so-called *avoir fiscal*). However, the *avoir fiscal* was abolished, effectively January 1, 2005.

The *avoir fiscal* was replaced, for French resident shareholders who are individuals, by a tax credit equal to 50% of the amount distributed, but with an overall annual cap of 230 euros or, as the case maybe, 115 euros depending on the marital status of the individual holder.

Non-resident individual taxpayers entitled to the previous *avoir fiscal* under certain Tax Treaties are also entitled to this tax credit limited to 230 euros or 115 euros depending on the marital status of the individual holder, possibly reduced by the French withholding tax. Please note that the French tax authorities have not yet provided for the procedure of refund of such credit.

The foreign taxation of dividends varies from one country to another according to their respective tax legislation.

In most countries, the gross amount of dividend plus, if any, the refund up to 230 or 115 euros is generally included in the recipient's taxable tax basis. Subject to certain conditions and limitations, French withholding taxes on dividends will be eligible for credit against the holder's income tax liability.

However, there are certain exceptions. For instance, in Belgium, a so-called *précompte mobilier* of 15% is applicable to the net dividends received by individual shareholders.

Because the foregoing is a general summary, holders are advised to consult their own tax advisors in order to determine the effect of the Tax Treaties and the applicable procedures as well as their income tax and more generally the tax consequences of the ownership of shares applicable in their particular tax situations.

Communication with shareholders

Communication policy

In addition to its Registration Document filed each year with the *Autorité des marchés financiers* (French Financial Markets Authority) and to the significant news items that are covered by press releases, the Group also regularly publishes information on its activities through newsletters as well as on its website www.total.com. The website also contains presentations made by the Group on its results and outlook.

Since its shares are traded in the United States, the Company files an annual report on Form 20-F, in English, with the United States Securities and Exchange Commission (SEC) (see page 170) along with its Registration Document.

The Group holds regular information sessions and participates in conferences for shareholders and financial analysts, both in France and abroad.

In 2008, TOTAL was once again honored with several awards:

- the Thomson Extel Survey award for the best Head of Investors Relations and the second best Investor Relations department among listed oil companies;
- the Institutional Investor Research Group award for the best Head of Investors Relations in the oil industry; and
- the Investor Relations Global Ranking award for the five best governance practices for European companies.

Relationships with institutional shareholders and financial analysts

Members of the Group's management regularly meet with portfolio managers and financial analysts in the leading financial centers throughout the world (Europe, North America, Asia and the Middle East).

The first series of meetings are held annually in the first quarter, after publication of the results for the prior fiscal year. The second set of meetings takes place in the third quarter of the year. Material from those meetings is available in the "Investor Relations/Presentations" section on the website www.total.com.

As every year, three telephone conferences were led by the Group's Chief Financial Officer to discuss results for the first, second and third

quarters of the year. These conferences are also available in the "Investor Relations/Results" section of the website www.total.com.

The shareholders' meeting is another opportunity to exchange with institutional shareholders.

In 2008 about 400 meetings bringing together institutional investors and analysts were organized by the Group.

In addition, from November 15 to 19, nearly 30 analysts and investors attended a field trip to the Middle East. This field trip was the opportunity to introduce TOTAL's strategy in the Middle East and more particularly in Qatar, Yemen and the United Arab Emirates. Visiting the Group's facilities in those countries, in particular those of Total ABK, Gasco, Adco, Qatargas, Dolphin and Yemen LNG as well as Qatofin's ethane-base steam cracker enabled them to discover the Group's major installations in the Middle East and to understand the integration-based logic for the Group's development which prevails there. Analysts and investors also had the opportunity to exchange with the Group's management, local teams and some political and business representatives in these countries.

The Group maintains an active dialogue with shareholders on issues related to Corporate and Social Responsibility (CSR) through:

- The publication of an annual report: *Environment and Society: Our corporate Responsibilities*.
- A dedicated CSR site at www.total.com that is updated on a regular basis.
- Individual and group meetings with shareholders in Europe and in the United States.
- From December 8 to 12, 2008, investors attended a field trip in Myanmar. From an industrial angle, this was an opportunity to visit the offshore and onshore facilities of the Yadana gas field. In the gas pipeline area, an important part of this trip was dedicated to the discovery of the socio-economic program implemented by TOTAL. The Group also introduced certain of its actions at the national level such as the blindness prevention program in partnership with the Hélène Keller International Organization, the AIDS prevention program and the program to support national orphanages.
- The Investor Relations department is available to investors and provides responses to their questions about the Group's social and environmental responsibilities (ethics, governance, safety, health and environmental protection, contribution to local communities, future energies, the fight against global warming).

First Individual Shareholder service to be awarded the ISO 9001 version 2000 certification

On October 24, 2007, TOTAL's Individual Shareholder Relations service became the first shareholder service to be awarded the ISO 9001 version 2000 certification for its communication services for individual shareholders.

TOTAL achieved this goal by strengthening its communication plan and increasing its personal interactions between individual shareholders and the Group through the daily use of Customer Relationship Management (CRM) software.

AFNOR awarded this certificate to TOTAL upon completion of a thorough audit of the various communication processes implemented for individual shareholders. On October 7, 2008, AFNOR conducted a follow-up audit which confirmed the certification awarded one year earlier.

This certification demonstrates TOTAL's commitment to satisfy long-term individual shareholder needs for financial information.

On October 18, 2007, TOTAL was awarded the 2007 "Fils d'Or" prize, organized by *La Vie Financière* and Synerfil for the best individual shareholder services of the CAC 40 Index. On October 14, 2008, as the 2007 prize-winner, TOTAL chaired the 2008 Fils d'Or Board.

As part of this quality assurance certification, late in 2008 TOTAL also strengthened its feedback mechanism by putting in place an ongoing satisfaction evaluation form on its website at www.total.com, under the heading Shareholders/Individual Shareholders. In 2008, a phone survey to 300 readers of the Shareholders Newsletter was also conducted to evaluate whether the material sent to shareholders met their expectations.

TOTAL has continued to make efforts to promote meetings and exchanges with individual shareholders, including the following events:

- **The shareholders' meeting, held on May 16, 2008**, gathered over 3,200 shareholders in attendance at the Paris Convention Center. As for each year, this meeting was broadcast live and was later available on the Group's website at www.total.com. Notice of the meeting is sent to all registered shareholders and to holders of 250 or more bearer shares.
- On November 21 and 22, 2008, during the **Actionaria Trade Show** in Paris, over 1,500 shareholders attended the shareholders' meeting organized by the Group's Chief Executive Officer in the amphitheatre of the Paris Convention Center. TOTAL also welcomed over 3,500 shareholders at its booths.
- In 2008, TOTAL continued its schedule of **information sessions** for individual shareholders by organizing four meetings, in Lyon, Nancy, Bordeaux and Tours, gathering over 1,700 people. Meetings in the cities of Rennes, Marseille, Toulouse, Geneva and Brussels are already scheduled for 2009.
- On November 6, 2008, the day following the publication of the third quarter results, the Group's Chief Financial Officer answered

questions from Boursorama's website visitors during a **live web chat**. Nearly 9,000 visitors logged on to the web page during the event or the following days.

- In 2008, the **Consultative Shareholders Committee** (composed of 12 members) met with the Chairman of the Board of Directors and several members of the Executive Committee and the Management Committee during four meetings held throughout the year. These regular meetings allow TOTAL to consider its individual shareholders' reaction to current events at the Group.

At each of these meetings, the Committee gives its opinion on various components of the communications directed towards individual shareholders.

This year, the Committee brought its contribution to different projects concerning individual shareholders such as: the creation of an ongoing satisfaction evaluation form on the internet; the actions to be taken pursuant to the results of the phone satisfaction survey of the readers of the *Shareholders Newsletter*, the content of the "Individuals Shareholders" section as part of the reorganization of the website www.total.com.

The committee is also regularly consulted regarding the information provided in the *Shareholders Newsletter*, the *Shareholders' Circle* and the Shareholder Notebook in the *TOTAL in 2008* report. Regarding the annual shareholders' meeting, the Consultative Committee also addressed the format of the shareholders' meeting notice and gave its feedback on the arrangements for this meeting.

Lastly, for the second time since the Committee was created in 1993, a recruitment agency was engaged to select applicants for the Committee. This demonstrates, for TOTAL, the importance of the contributions made by the Committee. The change to the team took place on March 18, 2009, with the Group's Chief Executive Officer in attendance.

- The **Shareholders' Circle**, for shareholders with at least 30 bearer shares or one registered share, organized 30 events in 2008. These events, offered to the members of the Shareholders' Circle, provided the opportunity to invite almost 2,500 individual shareholders. Members of the Shareholders' Circle visited industrial facilities as well as sites supported by the Total Foundation. They also attended conferences dedicated to better introduce the Group's different activities. Finally, members of the Circle attended cultural events within the framework of the Total Foundation sponsorship policy.

In this context, almost 11,000 individual shareholders met with Group representatives in 2008.

Registered shareholding

TOTAL shares, which are generally bearer instruments, can be registered. In this case shareholders are identified by TOTAL S.A., in its capacity as the issuer, or by its agent, BNP Paribas Securities Services, which is responsible for the registration of shareholders.

There are two forms of registration:

- Administered registered shares: shares are registered with the issuing Company through BNP Paribas Securities Services, but the holder's financial intermediary continues to administer them with regards to sales, purchases, coupons, shareholder meeting notices, etc.
- Pure registered shares: the issuing Company holds and directly administers shares on behalf of the holder through BNP Paribas Securities Services which administers sales, purchases, coupons, shareholder meeting notices, etc. so that the shareholder does not need to appoint a financial intermediary. This form of registration is not easily compatible with the registration of shares in a French share savings plan (PEA) given the administrative procedures in place.

Main advantages of administered registered shares

The advantages of administered registered shares include:

- double voting rights if the shares are held continuously for two successive years (page 168 of this Registration Document);
- a specific toll-free number for all contacts with BNP Paribas Securities Services (a toll-free call within France from a landline): 0 800 11 7000 or +33 1 40 14 80 61 (from abroad); from Monday to Friday (working days), 8:45 am - 6:00 pm (fax +33 1 55 77 34 17);
- complete information about TOTAL: the shareholder receives, at home, all information published by the Group for its shareholders; and
- the ability to join the TOTAL Shareholders' Circle by holding one share or more.

Main advantages of pure registered shares

The advantages of pure registered shares, in addition to those of administered registered shares, include:

- no custodial fees;
- easier placement of market orders⁽¹⁾ (telephone, mail, fax, internet); internet access to the shareholders' account;

- brokerage fees of 0.20% (before tax) based on the amount of the transaction, with no minimum charge and up to 1,000€ per transaction; and
- possibility to check share holdings on the Internet.

To convert TOTAL shares into pure registered shares, it is required to fill out a form, which can be obtained upon request from the Individual Shareholder Relations Department, and send it to your financial intermediary. Once BNP Paribas Securities Services receives the shares, a certificate of account registration is sent and the following are requested:

- a bank account number (or a postal account or savings account number) for payment of dividends; and
- a market service agreement to facilitate trading TOTAL shares on the stock exchange.

Contacts (Individual Shareholders)

For any information regarding the conversion of bearer to registered shares, membership in the Shareholders Circle or any other general information, individual shareholders may contact:

TOTAL S.A
Individual Shareholder Relations Department
2, place Jean Millier – La Défense 6
92078 Paris La Défense Cedex
France

Phone: From France: 0 800 039 039
 Toll-free number (from a landline in France): 0 800 039 039
 International phone: + 33 1 47 44 24 02
 From Monday to Friday, 9:00 am - 12:30 pm and 1:30 pm - 5:30 pm

Fax: From France: 01 47 44 20 14
 From abroad: + 33 1 47 44 20 14

E-mail On www.total.com website: Investor Relations/ Individual Shareholders/Shareholders contact

Contacts Valérie Laugier (Head of Individual Shareholders Relations Department)
 Jean-Louis Piquée (Individual Shareholders Relations Manager)

⁽¹⁾ Subject to having entered into a brokerage services contract, which is free of charge.

2009 Calendar

February 12	Results for the fourth quarter and full year 2008
April 7	Meeting with individual shareholders in Marseille
May 6	Results for the first quarter 2009
May 15	2009 shareholders' meeting in Paris (Paris Convention Center)
May 19	Ex-dividend date for the 2008 final dividend ⁽¹⁾
May 22	Payment date for the 2008 final dividend ⁽¹⁾
June 1	Meeting with individual shareholders in Geneva
July 31	Results for the second quarter and the first half 2009
September 16	Performance and outlook as of mid-2009 in London
October 12	Meeting with individual shareholders in Rennes
October 20	Meeting with individual shareholders in Toulouse
November 4	Results for the third quarter 2009
November 20-21	Actionaria Trade Show in Paris
December 14	Meeting with individual shareholders in Brussels

2010 Calendar

May 21	Shareholders' meeting in Paris (Paris Convention Center)
---------------	--

Financial information contacts

Paris: Jérôme Schmitt
Vice-President Investor Relations
TOTAL S.A
2, place Jean Millier – La Défense 6
92078 Paris La Défense Cedex
France
Phone: 01 47 44 58 53 (from France) or +33 1 47 44 58 53 (from abroad)
Fax: 01 47 44 58 24 or +33 1 47 44 58 24
E-mail: investor-relations@total.com

North America: Robert Hammond
Head of Investor Relations North America
TOTAL American Services Inc.
1201 Louisiana Street, Suite 1800
Houston, TX 77002
United States of America
Phone: +1 713 483 5070
Fax: +1 713 483 5629
E-mail: ir.tx@total.com

(1) Subject to the approval of the shareholders' meeting of May 15, 2009.

HISTORICAL FINANCIAL INFORMATION	p. 156
2008, 2007 and 2006 consolidated financial statements	p. 156
Financial information concerning TOTAL S.A.	p. 156
AUDIT OF THE HISTORICAL FINANCIAL INFORMATION	p. 156
ADDITIONAL INFORMATION	p. 157
DIVIDEND POLICY	p. 157
LEGAL AND ARBITRATION PROCEEDINGS	p. 157
Grande Paroisse	p. 157
Antitrust investigations	p. 158
Sinking of the Erika	p. 159
Buncefield	p. 159
Myanmar	p. 159
South Africa	p. 160
Iran	p. 160
Italy	p. 160
Oil-for-Food Program	p. 160
Blue Rapid and the Russian Olympic Committee	p. 160
SIGNIFICANT CHANGES	p. 160

Historical financial information

2008, 2007 and 2006 consolidated financial statements

The Consolidated Financial Statements of TOTAL S.A. and its subsidiaries (the Group) for the years ended December 31, 2008, December 31, 2007 and December 31, 2006 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB (*International Accounting Standards Board*) and as adopted by the European Union as of December 31, 2008.

They appear in Appendix 1 to this Registration Document:

■ Consolidated Statement of Income	page 176
■ Consolidated Balance Sheet	page 177
■ Consolidated Statement of Cash Flow	page 178
■ Consolidated Statement of Changes in Shareholders' Equity	page 179
■ Notes to the Consolidated Financial Statements	pages 180 to 257

Financial information concerning TOTAL S.A.

The statutory accounts of TOTAL S.A., the parent company of the Group, for the years ended December 31, 2008, December 31, 2007 and December 31, 2006 were prepared in accordance with French accounting standards as applicable on December 31, 2008.

They appear in Appendix 3 to this Registration Document:

■ Statutory Statement of Income	page 274
■ Statutory Balance Sheet	page 275
■ Statutory Statement of Cash Flow	page 276
■ Statement of Changes in Shareholders' Equity	page 277
■ Notes to the Statutory Financial Statements	pages 278 to 292

Audit of the historical financial information

The consolidated financial statements for the fiscal year 2008 which appear in Appendix 1 to this Registration Document (pages 176 to 257) were certified by the Company's auditors. A free translation of the auditors' report on these consolidated financial statements is provided in Appendix 1 (pages 174 and 175).

The consolidated financial statements for the fiscal years 2007 and 2006 appearing in Appendix 1 to this Registration Document (pages 176 to 257) were also certified by the Company's auditors. The auditors' report on the Consolidated Financial Statements for the fiscal year 2007 is reproduced on page 160 of the French version of the Registration Document for the fiscal year 2007 which was filed with the French *Autorité des marchés financiers* on April 02, 2008 (and a free translation is reproduced on page 154 of the English version of such Registration Document). The auditors' report on the Consolidated Financial Statements for the fiscal year 2006 is reproduced on page 170 of the French version of the Registration Document for the fiscal year 2006 which was filed with the French *Autorité des marchés financiers* on April 5, 2007 (and a free translation is reproduced on page 168 of the English version of such Registration Document). Pursuant to Article 28 of EC Regulation No 809/2004, these two reports are incorporated by reference in this Registration Document.

TOTAL's statutory accounts for the fiscal year 2008 (under French accounting standards) which appear in Appendix 3 to this Registration Document (pages 274 to 292) were also certified by the Company's auditors. A free translation of the auditors' report on the 2008 statutory accounts is reproduced in Appendix 3 (pages 272 and 273).

The TOTAL's statutory accounts for the fiscal years 2007 and 2006 appearing in Appendix 3 to this Registration Document (pages 274 to 292) were also certified by the Company's auditors. The auditors' report on the statutory accounts for the fiscal year 2007 is reproduced on page 254 of the French version of the Registration Document for the fiscal year 2007 which was filed with the French *Autorité des marchés financiers* on April 2, 2008 (and a free translation is reproduced on page 246 of the English version of such Registration Document). The auditors' report on the statutory accounts for the fiscal year 2006 is reproduced on page 255 of the French version of the Registration Document for the fiscal year 2006 which was filed with the French *Autorité des marchés financiers* on April 5, 2007 (and a free translation is reproduced on page 251 of the English version of such Registration Document). Pursuant to Article 28 of EC Regulation No 809/2004, these two reports are incorporated by reference in this Registration Document.

Additional information

Financial information other than that contained in Appendix 1 or 3 of this Registration Document, in particular ratios, statistical data or other calculated data which are used to describe the Group or its business performance, is not extracted from the audited financial statements of the issuer. Except where otherwise stated, these data are based on internal Company data.

In particular, the supplemental oil and gas information provided in Appendix 2 to this Registration Document (pages 260 to 268), is not extracted from the audited financial statements of the issuer and was not audited by the Company's statutory auditors. This supplemental

information was prepared by the Company based on information available to it, using its own calculations or estimates and taking into account the U.S. standards to which the Company is subject for this kind of information as a result of the listing of its shares (in the form of ADRs) on the New York Stock Exchange.

This Registration Document does not include profit forecasts or estimates, under the meaning given to such terms by Regulation (EC) No. 809/2004 dated April 29, 2004, for the period after December 31, 2008.

Dividend policy

The Company's dividend policy is described on page 139 of this Registration Document (TOTAL and its shareholders).

Legal and arbitration proceedings

The principle legal proceedings in which the Group is involved are described below.

The Company is not aware of any administrative, legal or arbitration disputes which have recently had or could have a material impact on its financial position or its profitability or on those of the Group as a whole. According to the information available to the Company to date, there are no administrative, legal or arbitration proceedings pending or threatened that could have a material impact on its financial position or its profitability or on those of the Group as a whole.

Grande Paroisse

An explosion occurred at the Grande Paroisse industrial site in the city of Toulouse in France on September 21, 2001. Grande Paroisse, a former subsidiary of Atofina which became a subsidiary of Elf Aquitaine Fertilisants on December 31, 2004 pursuant to the reorganization of the Chemicals segment, was principally engaged in the production and sale of agricultural fertilizers. The explosion, which involved a stockpile of ammonium nitrate pellets, destroyed a portion of the site and caused the death of 31 people, including 21 workers at the site, and injured many others. The explosion also caused significant damage to certain property in part of the city of Toulouse.

This plant has been closed and individual assistance packages have been provided for employees. The site has been restored.

On December 14, 2006, Grande Paroisse signed, under the supervision of the city of Toulouse, the deed whereby it donated the former site of the AZF plant to the greater agglomeration of Toulouse (CAGT) and the *Caisse des dépôts et consignations* and its subsidiary

ICADE. Under this deed, TOTAL S.A. guaranteed the site restoration obligations of Grande Paroisse and granted a 10 M€ endowment to the InNaBioSanté research foundation in the framework of the city of Toulouse's project to create a cancer research center at the site.

Regarding the cause of the explosion, the hypothesis that the explosion was caused by Grande Paroisse through the accidental mixing of hundreds of kilos of a chlorine compound at a storage site for ammonium nitrate was discredited over the course of the investigation. As a result, proceedings against ten of the eleven Grande Paroisse employees charged during the criminal investigation conducted by the Toulouse Regional Court (*Tribunal de grande instance*) were dismissed and this dismissal was upheld by the Court of Appeal of Toulouse. Nevertheless, the final experts' report filed on May 11, 2006 continued to focus on the hypothesis of a chemical accident, although this hypothesis was not confirmed during the attempt to reconstruct the accident at the site. After having articulated several hypotheses, the experts no longer maintain that the accident was caused by pouring a large quantity of a chlorine compound over ammonium nitrate. Instead, the experts have retained a scenario where a container of chlorine compound sweepings was poured between a layer of wet ammonium nitrate covering the floor and a quantity of dry agricultural nitrate at a location not far from the principal storage site. This is claimed to have caused an explosion which then spread into the main storage site. Grande Paroisse was investigated based on this new hypothesis in 2006. Grande Paroisse is contesting this explanation, which it believes to be based on elements that are not factually accurate.

The Court of Appeal of Toulouse rejected all the requests for additional investigations that were submitted by Grande Paroisse, the former site manager and various plaintiffs after the end of the criminal

investigation procedure. On July 9, 2007, the investigating judge brought charges against Grande Paroisse and the former site manager before the criminal chamber of the Court of Appeal of Toulouse. The trial for this case began on February 23, 2009, and is scheduled to last approximately four months. Furthermore, TOTAL S.A. and Mr. Thierry Desmarest received a request to appear before the court in the context of this trial.

Pursuant to applicable French law, Grande Paroisse is presumed to bear sole responsibility for the explosion as long as the cause of the explosion remains unknown. While awaiting the conclusion of the investigation, Grande Paroisse has set up a compensation system for victims. At this stage, the estimate for the compensation of all claims and related expenses amounts to 2.19 B€. This figure exceeds by 1.39 B€ Grande Paroisse's insurance coverage for legal liability (capped at 0.8 B€).

After taking into account payments previously made and new claims in 2008, the provision for potential liability and complementary claims appearing in the Consolidated Balance Sheet stands at 256 M€ as of December 31, 2008 (which includes an increase of 140 M€ in 2008), compared to a provision of 134 M€ as of December 31, 2007.

Antitrust investigations

- Following investigations into certain commercial practices in the chemicals industry in the United States, some subsidiaries of the Arkema⁽¹⁾ group are involved in civil liability lawsuits in the United States and Canada for violations of antitrust laws. TOTAL S.A. has been named in certain of these suits as the parent company.

In Europe, the European Commission commenced investigations in 2000, 2003 and 2004 into alleged anti-competitive practices involving certain products sold by Arkema. In January 2005, under one of these investigations, the European Commission fined Arkema 13.5 M€ and jointly fined Arkema and Elf Aquitaine 45 M€. Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

The Commission notified Arkema, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema has cooperated with the authorities in these procedures and investigations. In May 2006, the European Commission fined Arkema 78.7 M€ and 219.1 M€ as a result of, respectively, each of these two proceedings. Elf Aquitaine was held jointly and severally liable for, respectively, 65.1 M€ and 181.35 M€ of these fines while TOTAL S.A. was held jointly and severally liable, respectively, for 42 M€ and 140.4 M€. TOTAL S.A., Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

Arkema and Elf Aquitaine received a statement of objections from the European Commission in August 2007 concerning alleged anti-competitive practices related to another line of chemical products. As a result, Arkema and Elf Aquitaine have been jointly and severally fined in an amount of 22.7 M€ and individually in an

amount of 20.43 M€ for Arkema and 15.89 M€ for Elf Aquitaine. The companies concerned appealed this decision to the relevant European court.

Arkema and Elf Aquitaine received a statement of objections from the European Commission in March 2009 concerning alleged anti-competitive practices related to another line of chemical products. As of today, the Commission has not rendered a decision.

No facts have been alleged that would implicate TOTAL S.A. or Elf Aquitaine in the practices questioned in these proceedings, and the fines received are based solely on their status as parent companies.

Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence additional proceedings involving Arkema, as well as TOTAL S.A. and Elf Aquitaine.

- As part of the agreement relating to the spin-off of Arkema, TOTAL S.A. or certain other Group companies agreed to grant Arkema guarantees for certain risks related to antitrust proceedings arising from events prior to the spin-off.

These guarantees cover, for a period of ten years that began in 2006, 90% of amounts paid by Arkema related to (i) fines imposed by European authorities or European member-states for competition law violations, (ii) fines imposed by U.S. courts or antitrust authorities for federal antitrust violations or violations of the competition laws of U.S. states, (iii) damages awarded in civil proceedings related to the government proceedings mentioned above, and (iv) certain costs related to these proceedings.

The guarantee covering the risks related to anti-competition violations in Europe applies to amounts above a 176.5 M€ threshold.

If one or more individuals or legal entities, acting alone or together, directly or indirectly holds more than one-third of the voting rights of Arkema, or if Arkema transfers more than 50% of its assets (as calculated under the enterprise valuation method, as of the date of the transfer) to a third party or parties acting together, irrespective of the type or number of transfers, these guarantees will become void.

On the other hand, the agreements provide that Arkema will indemnify TOTAL S.A. or any Group company for 10% of any amount that TOTAL S.A. or any Group company are required to pay under any of the proceedings covered by these guarantees.

- The Group has recorded provisions amounting to 85 M€ in its consolidated financial statements as of December 31, 2008 to cover the risks mentioned above.
- Moreover, as a result of investigations started by the European Commission in October 2002 concerning certain Refining & Marketing subsidiaries of the Group, Total Nederland N.V. and

⁽¹⁾ Arkema is used in this section to designate those companies of the Arkema group whose ultimate parent company is Arkema S.A. Arkema became an independent company after being spun-off from TOTAL S.A. in May 2006.

TOTAL S.A. received a statement of objections in October 2004. These proceedings resulted, in September 2006, in Total Nederland N.V. being fined 20.25 M€ and in TOTAL S.A. as its parent company being held jointly responsible for 13.5 M€ of this amount, although no facts implicating TOTAL S.A. in the practices under investigation were alleged. TOTAL S.A. and Total Nederland N.V. have appealed this decision to the Court of First Instance of the European Union.

In addition, in May 2007, Total France and TOTAL S.A. received a statement of objections regarding alleged antitrust practices concerning another product line of the Refining & Marketing division. These proceedings resulted, in October 2008, in Total France being fined 128.2 M€ and in TOTAL S.A., as its parent company, being held jointly responsible although no facts implicating TOTAL S.A. in the practices under investigation were alleged. TOTAL S.A. and Total Raffinage & Marketing (the new corporate name of Total France) have appealed this decision to the Court of First Instance of the European Union.

- Given the discretionary powers granted to the European Commission for determining fines relating to antitrust regulations, it is not currently possible to determine with certainty the outcome of these investigations and proceedings. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the ultimate outcome of these proceedings, the Group believes that they will not have a material adverse effect on its financial condition or results.

Sinking of the Erika

Following the sinking in December 1999 of the Erika, a tanker that was transporting products belonging to one of the Group companies, the *Tribunal de grande instance* of Paris convicted TOTAL S.A. of marine pollution pursuant to a judgment issued on January 16, 2008, finding that TOTAL S.A. was negligent in its vetting procedure for vessel selection. TOTAL S.A. was fined €375,000. The court also ordered compensation to be paid to the victims of pollution from the Erika up to an aggregate amount of 192 M€, declaring TOTAL S.A. jointly and severally liable for such payments together with the Erika's inspection and classification firm, the Erika's owner and the Erika's manager.

TOTAL believes that the finding of negligence and the related conviction for marine pollution are without substance as a matter of fact and as a matter of law. TOTAL also considers that this verdict is contrary to the intended aim of enhancing maritime transport safety.

TOTAL has appealed the verdict of January 16, 2008. In the meantime, it has nevertheless proposed to pay third parties who so request definitive compensation as determined by the court. As of today, thirty-six third parties have received compensation payments, representing an aggregate amount of 170.1 M€.

The hearing of the appeal before the Court of Appeals of Paris is expected to begin in October 2009.

At the current stage of the proceedings, TOTAL S.A. believes that, based on a reasonable estimate of its liability, the case will not have a material impact on the Group's financial situation or consolidated results.

Buncefield

On December 11, 2005, several explosions, followed by a major fire, occurred at an oil storage depot at Buncefield, north of London. This depot is operated by Hertfordshire Oil Storage Limited (HOSL), a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion caused minor injuries to a number of people and caused property damage to the depot and the buildings and homes located nearby. The official Independent Investigation Board has indicated that the explosion was caused by the overflow of a tank at the depot. The Board's final report was released on December 11, 2008. The civil procedure for claims, which have not yet been settled, took place between October and December 2008. The Court's decision of March 20, 2009, declared the British subsidiary of TOTAL liable for the accident and solely liable for indemnifying the victims. TOTAL's British subsidiary intends to appeal this decision.

The Group carries insurance for damage to its interests in these facilities, business interruption and civil liability claims from third parties, and believes that, based on the information currently available, this accident should not have a significant impact on the Group's financial situation or consolidated results.

On December 1, 2008, the Health and Safety Executive (HSE) and the Environment Agency (EA) issued a Notice of prosecution against five companies, including the British subsidiary of TOTAL. An initial court hearing is expected in the second quarter 2009.

Myanmar

Under the Belgian "universal jurisdiction" laws of June 16, 1993 and February 10, 1999, a complaint was filed in Belgium on April 25, 2002, against the Company, its Chairman and the former president of its subsidiary in Myanmar. These laws were repealed by the Belgian law of August 5, 2003 on "serious violations of international human rights", which also provided a procedure for terminating certain proceedings that were underway. In this framework, the Belgian *Cour de cassation* terminated the proceedings against TOTAL in a decision dated June 29, 2005. The plaintiffs' request to withdraw this decision was rejected by the *Cour de cassation* on March 28, 2007.

Despite this decision, the Belgian Ministry of Justice asked the Belgian federal prosecutor to request that the investigating judge reopen the case. The Belgian federal prosecutor decided to submit the admissibility of this request to the Court of Appeal of Brussels. In its decision of March 5, 2008, the Court of Appeal confirmed the termination of the proceedings against TOTAL, its Chairman and the former president of its subsidiary, based on the principle of *res judicata* applying to the *Cour de cassation's* decision of June 29, 2005. The plaintiffs have appealed the decision of March 5, 2008. On October 29, 2008, the *Cour de cassation* rejected the plaintiffs' appeal, thus ending definitively the proceedings.

TOTAL has always maintained that the accusations made against the Company and its management arising out of the activities of its subsidiary in Myanmar were without substance as a matter of fact and as a matter of law.

South Africa

In a threatened class action proceeding in the United States, TOTAL, together with approximately 100 other multinational companies, is the subject of accusations by certain South African citizens who alleged that their human rights were violated during the era of apartheid by the army, the police or militias, and who consider that these companies were accomplices in the actions by the South African authorities at the time.

The claims against the companies named in the class action, which were not officially brought against TOTAL, were dismissed by a federal judge in New York. The plaintiffs appealed this dismissal and, after a procedural hearing on November 3, 2008, decided to remove TOTAL from the list of companies against which it was bringing claims.

Iran

In 2003, the *United States Securities and Exchange Commission* (SEC) issued a non-public formal order directing a private investigation in the matter of certain oil companies (including, among others, TOTAL), in connection with the pursuit of business in Iran. In 2006, a judicial inquiry related to TOTAL was initiated in France. In 2007, the Company's Chief Executive Officer was placed under formal investigation in relation to this inquiry, as the former President of the Middle East department of the Group's Exploration & Production division.

The inquiry concerns an agreement concluded by the Group that relates to the South Pars gas field and allegations that certain payments were made under this agreement to Iranian officials in connection with contracts entered into between the Group and the National Iranian Oil Company (NIOC). The Company has not been notified of any significant developments in the proceedings since the formal investigation was launched. The Company believes that the negotiation and execution of the agreement did not violate any applicable laws or applicable international conventions. However, the Company cannot exclude the possibility that additional procedures may be initiated with respect to this matter.

Italy

As part of an investigation led by the Prosecutor of the Republic of the Potenza court, Total Italia is the subject of an investigation related to certain calls for tenders that it made for the preparation and development of the Tempa Rossa oil field. On February 16, 2009, as a

preliminary measure before the proceedings go before the court, the preliminary investigating judge of Potenza served notice to Total Italia of a decision that would suspend the concession for this field for one year.

Total Italia is contesting the allegations and has appealed the decision by the preliminary investigation judge to the court of appeals of Potenza.

Oil-for-Food Program

Several countries have commenced investigations concerning possible violations related to the United Nations (UN) Oil-for-Food program in Iraq.

Pursuant to a French criminal investigation, certain current or former Group employees were placed under formal criminal investigation for possible charges as accessories to the misappropriation of corporate assets and as accessories to the corruption of foreign public agents. The Chief Executive Officer of the Company, formerly president of the Group's Exploration & Production division, was also placed under formal investigation in October 2006. In 2007, the criminal investigation was closed and the case was transferred to the prosecutor's office. The prosecutor's office must now submit to the investigating judge its recommendation on whether or not to pursue the case.

The Company believes that its activities related to the Oil-for-Food program have been in compliance with this program, as organized by the UN in 1996.

Blue Rapid and the Russian Olympic Committee

Blue Rapid, a Panamanian company, and the Russian Olympic Committee filed a claim for damages with the Paris Commercial Court against Elf Aquitaine concerning its withdrawal from an exploration and production project in Russia that was negotiated early in the 1990s.

Elf Aquitaine believes this claim to be unfounded.

On January 12, 2009, the Commercial Court of Paris rejected Blue Rapid's claim and found that the Russian Olympic Committee did not have standing in the matter. This decision has been appealed.

Significant changes

Except for the recent events mentioned in the Management Report of the Board of Directors (pages 56 to 65) or in the Business overview (pages 8 to 49), no significant changes in the Group's financial or

commercial position have occurred since December 31, 2008, the end of the last fiscal year for which audited financial statements have been published by the Company.

SHARE CAPITAL

Share capital as of December 31, 2008	p. 162
Features of the shares	p. 162
Authorized share capital not issued as of December 31, 2008	p. 162
Potential share capital as of December 31, 2008	p. 165
Treasury shares	p. 165
Share capital history	p. 166

ARTICLES OF INCORPORATION AND BYLAWS; OTHER INFORMATION

General information concerning the Company	p. 167
Company's purpose	p. 167
Provisions of the bylaws governing the administration and management bodies	p. 167
Rights, privileges and restrictions attached to the shares	p. 168
Amending shareholders' rights	p. 169
Shareholders' meetings	p. 169
Thresholds to be declared according to the bylaws	p. 169
Changes in the share capital	p. 169

OTHER MATTERS

Employee incentives and profit-sharing	p. 170
Pension savings plan	p. 170
Agreements mentioned in Article L. 225-100-3 of the French Commercial Code	p. 170
Filing of Form 20-F with the United States Securities and Exchange Commission	p. 170

DOCUMENTS ON DISPLAY

p. 170

INFORMATION ON HOLDINGS

General information	p. 171
TOTAL's interest in Sanofi-Aventis	p. 171
TOTAL's interest in CEPSA	p. 171

Share capital

Share capital as of December 31, 2008

5,929,520,185 euros, consisting of 2,371,808,074 fully paid shares.

Features of the shares

There is only one class of shares, par value 2.50 euros. A double voting right is granted to every shareholder, under certain conditions (see page 168 of this Registration Document). The shares are in bearer or registered form at the shareholder's discretion. The shares are in book-entry form and registered in a security account.

Authorized share capital not issued as of December 31, 2008

A table summarizing the currently valid delegations to increase share capital which have been granted by the shareholders' meeting to the Board of Directors, and the uses made of those delegations of authority in fiscal year 2008, is provided on page 164 of this Registration Document.

→ 13th resolution of the shareholders' meeting held on May 16, 2008

Delegation of authority granted by the shareholders' meeting to the Board of Directors to increase the share capital by issuing common shares or other securities granting immediate or future rights to the Company's share capital, maintaining shareholders' pre-emptive subscription rights up to a maximum nominal amount of 2.5 B€ (delegation of authority valid for 26 months).

→ 14th resolution of the shareholders' meeting held on May 16, 2008

Delegation of authority granted by the shareholders' meeting to the Board of Directors to increase the share capital by issuing common shares or other securities granting immediate or future rights to the Company's share capital, deleting shareholders' pre-emptive subscription rights, including the compensation comprised of securities as part of a public exchange offer, provided that they meet the requirements of Article L. 225-148 of the French Commercial Code. This resolution grants the Board of Directors the ability to anticipate a priority period for shareholders to subscribe to these securities pursuant to the provisions of Article L. 225-135 of the French Commercial Code. The total amount of the capital increases without pre-emptive subscription rights likely to occur immediately or in the future cannot exceed the nominal amount of 875 M€, i.e. 350 million shares, par value 2.50 euros

(delegation of authority valid for 26 months). The nominal amount of the capital increases is counted against the maximum aggregate nominal amount of 2.5 B€ authorized by the 13th resolution of the shareholders' meeting held on May 16, 2008.

Furthermore, the maximum nominal amount of the debt securities granting rights to the Company's share capital which are likely to be issued pursuant to the above mentioned delegations of authority may not exceed 10 B€, or its exchange value, on the date of the issue.

→ 15th resolution of the shareholders' meeting held on May 16, 2008

Delegation of authority granted by the shareholders' meeting to the Board of Directors to increase the share capital by issuing new ordinary shares or other securities granting immediate or future rights to the Company's share capital with pre-emptive subscription rights through in-kind compensation granted to the Company, by an amount not exceeding 10% of the share capital outstanding at the date of the shareholders' meeting on May 16, 2008 (delegation of authority valid for 26 months). The nominal amount of the capital increases is counted against the maximum aggregate nominal amount of 875 B€ authorized by the 14th resolution of the shareholders' meeting held on May 16, 2008.

→ 16th resolution of the shareholders' meeting held on May 16, 2008

Delegation of authority to the Board of Directors to complete capital increases reserved for employees participating in the Company Savings Plan (*Plan d'épargne d'entreprise*), up to a maximum amount equal to 1.5% of the outstanding share capital on the date of the decision of the Board of Directors to proceed with the issue (delegation of authority valid for 26 months). It is being specified that the amount of the capital increase is counted against the maximum aggregate nominal amount of 2.5 B€ authorized by the 13th resolution of the shareholders' meeting held on May 16, 2008.

As the Board of Directors did not use the delegations of authority granted by the 13th, 14th, 15th and 16th resolutions, the authorized share capital not issued was 2.5 B€ (i.e. 1,000 million shares).

→ 17th resolution of the shareholders' meeting held on May 16, 2008

Authority to grant restricted outstanding or new TOTAL shares to employees of the Group and to executives and officers, up to a maximum of 0.8% of the share capital outstanding on the date of the meeting of the Board of Directors that approves the restricted share grants (authorization valid for 38 months).

Pursuant to this authorization, on October 9, 2008 the Board of Directors granted 2,800,000 previously issued shares at its meeting of September 9, 2008. As of December 31, 2008, 16,174,464 shares could be issued pursuant to this authorization.

→ 16th resolution of the shareholders' meeting held on May 11, 2007

Authority to grant stock options reserved for TOTAL employees and to executive and officers up to a maximum of 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors that approves the stock option grant (authorization valid for 38 months). Pursuant to this authorization, the Board of Directors granted 6,082,640 and 4,600,000 share subscription options at its meetings of July 17, 2007 and September 9, 2008. Therefore, as of December 31, 2008, 24,894,481 shares could still be issued pursuant to this authorization.

→ 17th resolution of the shareholders' meeting held on May 11, 2007

Authority to cancel shares up to a maximum of 10% of the share capital of the Company existing as of the date of the operation within a 24-month period. This authorization is effective until the shareholders' meetings called to approve the financial statements for the year ending December 31, 2011. Pursuant to this authorization, on July 31, 2008 the Board of Directors decided to cancel 30,000,000 shares acquired in 2007 and accounted for as long-term securities in the parent company's financial statements.

Thus, as of December 31, 2008, taking into account the cancellation of 33,005,000 shares and 30,000,000 shares realized respectively on January 10, 2007 and July 31, 2008 pursuant to the authorizations granted by the shareholders' meetings on May 7, 2002 and May 5, 2007 respectively, 174,175,807 could still be cancelled under these authorizations up to and including January 10, 2009, up to a maximum of 10% of the share capital cancelled during a 24-month period. As the Board of Directors did not decide any share cancellation between December 31, 2008 and January 10, 2009, the Company may cancel a maximum of 207,180,807 shares up to and including July 31, 2010, before reaching the cancellation threshold of 10% of the share capital cancelled during a 24-month period.

Summary table of valid delegations of authority to increase the share capital granted to the Board of Directors as of December 31, 2008 (Article L. 225-100 of the French Commercial Code)

Type		Par value limit, or maximum number of shares expressed as % of share capital (par value, number of shares or % of share capital)	Use in 2008, par value, or number of shares	Available balance as of 12/31/08, par value, or number of shares	Date of delegation of authority or authorization	Term of authorization granted to the Board of Directors
Total cap on issues of securities granting immediate or future rights to share capital	Debt securities representing rights to capital	10 B€ of securities	-	10 B€	ESM ^(a) of May 16, 2008 (13 th and 14 th resolutions)	26 months
	Nominal share capital	2.5 B€, i.e. a maximum of 1,000 million shares issued with a pre-emptive subscription right, of which	-	2.5 B€	ESM ^(a) of May 16, 2008 (13 th resolution)	26 months
		1/ a specific sub-cap of 875M€, i.e. a maximum of 350 million shares for issuances without pre-emptive subscription rights, including the compensation comprised of securities as part of a public exchange offer, provided that they meet the requirements of Article L.225-148 of the French Commercial Code.	-	875 M€	ESM ^(a) of May 16, 2008 (14 th resolution)	26 months
		a sub-cap of 10% of the share capital on the date of the shareholders' meeting on May 16, 2008 ^(b) (600.1 M€) through in-kind contributions when provisions of Article L.225-148 of the French Commercial Code are not applicable	-	600.1 M€	ESM ^(a) of May 16, 2008 (15 th resolution)	26 months
		2/ a specific sub-cap of 1.5% of the share capital on the date of Board decision ^(b) , for capital increases reserved for employees participating in Company Savings Plan	-	35.6 million shares ^(c)	ESM ^(a) of May 16, 2008 (16 th resolution)	26 months
Stock options		1.5% of share capital ^(b) on the date of Board decision to grant options	10.7 million shares ^(d)	24.9 million shares ^(d)	ESM ^(a) of May 11, 2007 (16 th resolution)	38 months
Restricted shares granted to Group employees and to executives and officers		0.8% of share capital ^(b) on the date of Board decision to grant options	2.8 million shares ^(e)	16.2 million shares ^(e)	ESM ^(a) of May 16, 2008 (17 th resolution)	38 months

(a) ESM = extraordinary shareholders' meeting.

(b) Share capital as of December 31, 2008: 2,371,808,074 shares.

(c) The number of shares authorized under the 16th Resolution of the May 16, 2008 ESM may not exceed 1.5% of the share capital on the date on which the capital increase is decided by the Board of Directors. As the Board of Directors decided not to use the delegation of authority, the balance available under this authorization was 35,577,121 new shares as of December 31, 2008, which represents 1.5% of the 2,371,808,074 outstanding shares at year-end.(d) The number of stock options authorized under the 16th Resolution of the May 11, 2007 ESM may not exceed 1.5% of the share capital on the date the options are granted by the Board of Directors. Since 6,082,640 and 4,600,000 TOTAL share subscription options were granted by the Board of Directors on July 17, 2007 and September 9, 2008 respectively, the number of options that may still be granted as of December 31, 2008 was 24,894,481, which represents 1.5% of the 2,371,808,074 existing shares at year-end, minus 10,682,640 options already granted and representing the same number of shares.(e) The number of outstanding shares that may be awarded as restricted share grants under the 17th Resolution of the May 16, 2008 ESM may not exceed 0.8% of the share capital on the date the restricted shares are granted by the Boards of Directors. As the Board of Directors granted 2,800,000 outstanding TOTAL shares on September 9, 2008, the number of shares that may still be allotted as of December 31, 2008 is 16,174,464 shares, which represents 0.8% of the outstanding 2,371,808,074 shares at year-end, minus the 2,800,000 shares already granted.

(f) Share capital as of May 16, 2008: 2,400,402,483 shares.

Potential share capital as of December 31, 2008

Securities granting rights to TOTAL shares, through exercise or redemption, are:

- 42,965,666 TOTAL share subscription options as of December 31, 2008, divided into 7,531,630 options⁽¹⁾ for the plan awarded by the Board of Directors at its meeting of July 16, 2003, 12,829,353 options⁽¹⁾ for the plan awarded by the Board of Directors at its meeting of July 20, 2004, 6,063,943 options⁽¹⁾ for the plan awarded by the Board of Directors at its meeting of July 19, 2005, 5,858,100 options for the plan awarded by the Board of Directors at its meeting of July 18, 2006, and 6,082,640 options for the plan awarded by the Board of Directors at its meeting of July 17, 2007, and 4,600,000 options for the October 9, 2008 plan awarded by the Board of Directors at its meeting of September 9, 2008;
- Outstanding Elf Aquitaine shares or shares to be created through the exercise of Elf Aquitaine stock options (not yet exercised on the last day of the public exchange offer launched by TOTAL in 1999); until the expiration of the stock options' exercise period (March 30, 2009 and September 12, 2009), these shares may be exchanged (under the guarantee given by the Company in the information notice pertaining to the counteroffer of September 22, 1999) for TOTAL shares on the basis of the offer exchange parity (i.e. 19 TOTAL shares for 13 Elf Aquitaine shares). In order to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the

four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share exchange undertaking, decided on March 14, 2006 to adjust the abovementioned exchange ratio (see pages 24 and 25 of the "Prospectus for the purpose of listing of Arkema shares on Euronext within the framework of the allocation of Arkema shares to TOTAL S.A. shareholders"). Following the approval on May 10, 2006 by the Elf Aquitaine shareholders' meeting of the spin-off of S.D.A. by Elf Aquitaine, and the approval on May 12, 2006 by the TOTAL S.A. shareholders' meeting of the spin-off of Arkema by TOTAL S.A. and of the four-for-one TOTAL stock split, the exchange ratio was adjusted on May 22, 2006 to six TOTAL shares for one Elf Aquitaine share.

As of December 31, 2008, 90,342 stock options and 5,295 shares of Elf Aquitaine were eligible for this exchange guarantee which will expire on March 30, 2009. Moreover, 6,044 Elf Aquitaine stock options were also eligible for this exchange guarantee which will expire on September 12, 2009. Therefore, as of December 31, 2008, 101,681 outstanding or future Elf Aquitaine shares were eligible for this exchange guarantee, which entitles the holders to subscribe to a maximum of 610,086 TOTAL shares.

The potential share capital (existing share capital plus securities granting rights to TOTAL shares, through exercise or redemption) represents 101.8% of the share capital as of December 31, 2008, on the basis of 2,371,808,074 TOTAL shares constituting the share capital as of December 31, 2008, of 42,965,666 TOTAL shares that could be issued upon the exercise of TOTAL options and of 610,086 TOTAL shares that could be issued upon the exercise of the exchange guarantee applicable to Elf Aquitaine shares.

Treasury shares

As of December 31, 2008

Percentage of share capital held by TOTAL S.A.

	1.80%
Number of shares held in portfolio	42,750,827
Book value of the portfolio (at purchase price) (M€)	1,982
Market value of portfolio (M€) ^(a)	1,663

Percentage of capital held by the entire Group^(b)

	6.03%
Number of shares held in portfolio	143,082,095
Book value of the portfolio (at purchase price) (M€)	5,009
Market value of portfolio (M€) ^(a)	5,567

(a) On the basis of a market price of 38.91 euros per share as of December 31, 2008.

(b) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

(1) After considering May 22, 2006 adjustments of the price and the number of share options, in accordance with the legal provisions in force at that date and following decisions of the shareholders' meeting held on May 12, 2006 pertaining to the four-for-one stock split of TOTAL and the spin-off of Arkema.

Share capital history

(Since January 1, 2006)

2006

- March 22, 2006** Certification of the subscription to 2,785,330 new shares, par value 10 euros per share, as part of the capital increase reserved for Group employees approved by the Board of Directors on November 3, 2005, raising the share capital by 27,853,300 euros, from 6,151,162,960 euros to 6,179,016,260 euros.
- May 18, 2006** Certification of the issue of 76,769 new shares, par value 10 euros per share, between January 1 and April 25, 2006, raising the share capital by a total of 767,690 euros from 6,179,016,260 euros to 6,179,783,950 euros (of which 45,305 new shares issued through the exercise of the Company's stock options and 31,464 new shares through the exchange of 21,528 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).
- Pursuant to the decision of the shareholders' meeting of May 12, 2006, reduction of the par value from 10 euros to 2.5 euros following the four-for-one stock split. Consequently, the number of shares increased from 617,978,395 to 2,471,913,580, with the total share capital remaining unchanged at 6,179,783,950 euros.
- July 18, 2006** Reduction of the share capital from 6,179,783,950 euros to 6,062,233,950 euros, through the cancellation of 47,020,000 treasury shares, par value 2.50 euros per share.
- January 10, 2007** Certification of the issue of 874,373 new shares, par value 2.50 euros per share, between May 24 and December 31, 2006, raising the share capital by a total of 2,185,932.50 euros from 6,062,233,950 euros to 6,064,419,882.50 euros (representing 668,099 new shares issued through the exercise of the Company's stock options and 206,274 new shares through the exchange of 34,379 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

2007

- January 10, 2007** Reduction of the share capital from 6,064,419,882.50 euros to 5,981,907,382.50 euros, through the cancellation of 33,005,000 treasury shares, par value 2.50 euros per share.
- January 10, 2008** Certification of the issue of 2,769,144 new shares, par value 2.50 euros per share, between January 1 and December 31, 2007, raising the share capital by a total of 6,922,860 euros from 5,981,907,382.50 euros to 5,988,830,242.50 euros (of which 2,453,832 new shares issued through the exercise of the Company's stock options and 315,312 new shares through the exchange of 52,552 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

2008

- April 25, 2008** Certification of the subscription to 4,870,386 new shares, par value 2.50 euros per share, as part of the capital increase reserved for Group employees approved by the Board of Directors on November 6, 2007, raising the share capital by 12,175,965 euros, from 5,988,830,242.50 euros to 6,001,006,207.50 euros.
- July 31, 2008** Reduction of the share capital from 6,001,006,207.50 euros to 5,926,006,207.50 euros, through the cancellation of 30,000,000 treasury shares, par value 2.50 euros per share.
- January 13, 2009** Certification of the issue of 1,405,591 new shares, par value 2.50 euros per share, between January 1 and December 31, 2008, raising the share capital by a total of 3,513,977.50 euros from 5,926,006,207.50 euros to 5,929,520,185 euros (of which 1,178,167 new shares issued through the exercise of the Company's stock options and 227,424 new shares through the exchange of 37,904 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

Articles of incorporation and bylaws; other information

General information concerning the Company

→ Name

TOTAL S.A.

→ Corporate offices

2, place Jean Millier (formerly place de la Coupole),
La Défense 6, 92400 Courbevoie (France)

→ Legal form and nationality

A French *société anonyme* (limited liability company)

→ Trade Registry

542 051 180 RCS Nanterre

→ EC Registration Number

FR 59 542 051 180

→ Charter and bylaws

On file with Maîtres Gildas Le Gonidec de Kerhalic and Frédéric Lucet,
Notaries in Paris

→ APE Code (NAF)

111Z until January 7, 2008

741J from January 8, 2008

→ Term

99 years from March 22, 2000, to expire on March 22, 2099 unless
dissolved prior to this date or extended

→ Fiscal year

From January 1 to December 31 of each year

Company's purpose

The direct and indirect purpose of the Company is to search for and extract mining deposits in all countries, particularly hydrocarbons in all forms, and to perform industrial refining, processing and trading in said materials as well as their derivatives and by-products, as well as all activities relating to production and distribution of all forms of energy, as well as the chemicals sector in all of its forms and to the rubber and health sectors. The complete details of the Company's corporate purpose are set forth in Article, 3 of the bylaws.

Provisions of the bylaws governing the administration and management bodies

→ Election of directors and term of office

Directors are elected by the shareholders' meeting for a three year term up to a maximum number of directors authorized by law (currently 18), subject to the legal provisions that allow the term to be extended until the next shareholders' meeting called to approve the financial statements for a fiscal year.

In addition, one director representing the employee shareholders is also elected by the shareholders' meeting for a three-year term from a list of at least two candidates pre-selected by the employee shareholders under the conditions stipulated by the laws, regulations and bylaws in force. However, his term shall expire automatically once this Director is no longer an employee or a shareholder. The Board of Directors may meet and conduct valid deliberations until the date his replacement is named.

→ Age limit of directors

On the closing date of each fiscal year, the number of individual directors over the age of 70 may not be greater than one-third of the directors in office. If this percentage is exceeded, the oldest Board member is automatically considered to have resigned.

The director permanent representative of a legal entity must be under 70 years old.

→ Age limit of Chairman

Currently, the duties of the Chairman of the Board automatically cease on his 65th birthday at the latest. At its meeting of February 11, 2009, the Board resolved to propose to the shareholders' meeting to be held on May 15, 2009, an amendment of the bylaws pertaining to the rules relating to the nomination of the Chairman. The amendment will allow the Board, as an exception to the currently applicable 65-year age limit, to appoint as Chairman of the Board for a period of up to two years a director who is more than 65 years old but less than 70 years old.

→ Minimum interest in the Company held by directors

Each director (other than the director representing the employee shareholders) must own at least one thousand shares of stock during his term of office. If he ceases to own the required number of shares, he may, however, adjust his position subject to the conditions set by law. The director representing employee shareholders must hold, during his term of office, either individually or through a Company Savings Plan (*Fonds Commun de Placement d'Entreprise* – FCPE) governed by Article L. 214-40 of the French Monetary and Finance Code, at least one share or a number of units in said fund equivalent to at least one share.

→ Majority rules for Board meetings

Decisions are adopted by a majority vote of the Directors present or represented. In the event of a tie vote, the Chairman shall cast the deciding vote.

→ Rules of procedure of the Board and Committees of the Board of Directors

See pages 95 to 99 of this Registration Document.

→ Form of Management

The Management of the Company is assumed either by the Chairman of the Board of Directors (who then holds the title of the Chairman and Chief Executive Officer), or by another person appointed by the Board of Directors with the title of Chief Executive Officer. It is the responsibility of the Board of Directors to choose between these two forms of management under the majority rules described above.

On January 13, 2007, the Board resolved to have separate individuals serve in the positions of Chairman of the Board and of Chief Executive Officer of the Company.

The management form selected shall remain in effect until a decision to the contrary is made by the Board of Directors.

Rights, privileges and restrictions attached to the shares

In addition to the right to vote, each share entitles the holder to a portion of the corporate assets, distributions of profits and liquidation

dividend which is proportional to the number of shares issued, subject to the laws and regulations in force and the bylaws.

With the exception of the double voting right, no privilege is attached to a specific class of shares or to a specific class of shareholders.

→ Double voting rights

Double voting rights, in relation to the portion of share capital they represent, are granted to all fully paid-up registered shares held continuously in the name of the same shareholder for at least two years⁽¹⁾, and to additional registered shares allotted to a shareholder in connection with a capital increase by capitalization of reserves, profits or premiums on the basis of the existing shares which entitle the shareholder to a double voting right.

→ Limitation of voting rights

Article 18 of the Company's bylaws provides that at shareholders' meetings, no shareholder may cast, by himself or through his agent, on the basis of the single voting rights attached to the shares he holds directly or indirectly and the shares for which he holds powers, more than 10% of the total number of voting rights attached to the Company's shares. However, if a shareholder holds double voting rights, this limit may be greater than 10%, but shall not exceed 20%.

Moreover, Article 18 of the Company's bylaws also provides that the limitation on voting rights no longer applies, absent any decision of the shareholders' meeting, if an individual or a legal entity acting solely or together with one or more individuals or entities acquires at least two-thirds of the Company shares following a public tender offer for all the Company's shares. In that case, the Board of Directors acknowledges that the limitation no longer applies and carries out the necessary procedure to modify the company's bylaws accordingly.

Once acknowledged, the fact that the limitation no longer applies is final and applies to all shareholders' meetings following the public tender offer under which the acquisition of at least two-thirds of the overall number of shares of the Company was made possible, and not solely to the first meeting following that public tender offer.

Because of the fact that in such circumstances the limitation no longer applies, such limitation on voting rights cannot prevent or delay any takeover of the Company, except in case of a public tender offer where the bidder does not acquire at least two-thirds of the Company's shares.

→ Fractional rights

Whenever it is necessary to own several shares in order to exercise a right, a number of shares less than the number required does not give the owners any right with respect to the Company; in such case, the shareholders are responsible for aggregating the required number of shares.

(1) This term is not interrupted and the right acquired is retained in case of a conversion of bearer to bearer pursuant to intestate or testamentary succession, share of community property between spouses or donation to the spouse or relatives entitled to inherit (Article 18 § 6 of bylaws).

→ Statutory allocation of profits

The net profit for the period is equal to the net income minus general expenses and other personnel expenses, all amortization and depreciation of the assets, and all provisions for commercial and industrial contingencies.

From this profit, minus prior losses, if any, the following items are deducted in the order indicated:

- 1) 5% to constitute the legal reserve fund, until said fund reaches 10% of the share capital;
- 2) the amounts set by the shareholders' meeting to fund reserves for which it determines the allocation or use; and
- 3) the amounts that the shareholders' meeting decides to retain.

The remainder is paid to the shareholders as dividends.

The Board of Directors may pay interim dividends.

The shareholders' meeting held to approve the financial statements for the fiscal year may decide to grant shareholders an option, for all or part of the dividend or interim dividends, between payment of the dividend in cash or in shares.

The shareholders' meeting may decide at any time, but only on the basis of a proposal by the Board of Directors, to make a full or partial distribution of the amounts in the reserve accounts, either in cash or in Company shares.

Dividends which have not been claimed at the end of a five-year period are forfeited to the French government.

Amending shareholders' rights

Any amendment to the bylaws must be approved or authorized by the shareholders' meeting voting with the quorum and majority required by the laws and regulations governing extraordinary shareholders' meetings.

Shareholders' meetings

→ Notice of meetings

Shareholders' meetings are convened and deliberate under the conditions provided for by law.

→ Admission to meetings

Participation in any form in the general meetings is subject to registration or record of participating shares. Shares must either be held in the registered account maintained by the Company (or its securities agent) or recorded in bearer form in a securities account maintained by a financial intermediary. Proof of this registration or record is obtained under a certificate of participation (attestation de participation) delivered to the shareholder. This registration or recording of the shares must be effective no later than a "record date" at 0:00 a.m. (Paris time) three business days before the date of the shareholders' meeting. If, after having received such a certificate, shares are sold or transferred prior to this record date, the certificate of participation will be cancelled and the votes sent by mail or proxies granted to the Company for such shares will be cancelled accordingly. If shares are sold or transferred after this record date, the certificate of participation will remain valid and votes cast or proxies granted will be taken into account.

Thresholds to be declared according to the bylaws

Any person, whether an individual or a legal entity holding, directly or indirectly, a percentage of capital, voting rights or securities granting future rights to capital, which is equal to or greater than 1%, or any multiple of 1%, is required to inform the Company by registered mail with an acknowledgement of receipt within 15 days from the date of crossing of these thresholds and must also notify the Company if their direct or indirect participation drops below these thresholds.

Changes in the share capital

The Company's share capital may be modified only under the conditions stipulated by the legal and regulatory provisions in force. The provisions of the bylaws, charter, or internal regulations shall not prevail over the law governing changes in the Company's share capital.

Other matters

Employee incentives and profit-sharing

On June 30, 2006, an incentive agreement and a profit-sharing agreement were signed for 2006, 2007 and 2008, concerning TOTAL S.A., CDF Énergie, Elf Exploration Production, Total E&P France, Total Raffinage Marketing (formerly Total France), Total Infrastructures Gaz France, Total Lubrifiants, Total Additifs et Carburants Spéciaux, Total Fluides and Totalgaz. A new incentive agreement and a new profit-sharing agreement are expected to be signed in 2009.

The amount of the special profit-sharing and incentive reserve to be distributed by all of the companies that signed the Group agreements for fiscal year 2008 would total 116 M€.

Company savings plans give employees of the Group's companies covered by these plans the ability to make discretionary contributions (which the Company may, under certain conditions, supplement) to the plans invested in the shares of the Company (see pages 128 and 129 of this Registration Document).

In order to reaffirm the Group's commitment in favor of sustainable development, the fund TOTAL DIVERSIFIÉ À DOMINANTES ACTIONS was transformed, on September 2006, into a Socially responsible investment fund (*Fonds à investissement socialement responsable*).

The Group made additional contributions to various savings plans that totaled 48.7 M€ in 2008.

Pension savings plan

Pursuant to French law 2003-775 of August 21, 2003 reforming pensions, an agreement was signed with the unions on September 29,

2004 to set up, as of January 1, 2005, a Collective Retirement Savings Plan (PERCO) replacing the Voluntary Partnerships Plan for Employee Savings (PPESV) created in the agreement of March 15, 2002. An amendment to this agreement signed on December 20, 2005, allows for an increase in France of the employee and Company contributions and for contribution of bonuses and/or profit-sharing.

Agreements mentioned in Article L. 225-100-3 of the French Commercial Code

There are no agreements mentioned in paragraph 9 or 10 of Article L. 225-100-3 of the French Commercial Code.

Filing of Form 20-F with the United States Securities and Exchange Commission

In order to meet its obligations related to the listing of its shares in the United States, the Company files, along with this document, an annual report on Form 20-F, in English, with the SEC.

Pursuant to the requirements introduced by section 302 of the Sarbanes-Oxley Act of July 30, 2002, the Chief Executive Officer and the Chief Financial Officer of the Company have conducted, with the assistance of Management, an evaluation of the effectiveness of the disclosure controls and procedures as defined by U.S. regulations, over the period covered by the Form 20-F. For 2008, the Chief Executive Officer and the Chief Financial Officer concluded that disclosure controls and procedures were effective.

Documents on display

Documents and information concerning TOTAL S.A., including its charter, bylaws and the Company's statutory and consolidated financial statements for the year ended December 31, 2008 or for previous fiscal years may be consulted at the Company's principal offices pursuant to the legal and regulatory provisions in force.

In addition, financial information for direct or indirect subsidiaries of the Company for the years ended December 31, 2008 and December 31, 2007 may be consulted at the headquarters of the subsidiary, under the applicable legal and regulatory conditions.

TOTAL's registration documents filed with the French *Autorité des marchés financiers* for each of the past five fiscal years, the first half financial statements, the first half Group presentations of its results and outlook, as well as the quarterly financial reports, may be consulted on the Company's website (www.total.com) under the heading Investor Relations/Regulated Information in France. Furthermore, the annual summary of provided for by Article L. 451-1-1 of the French Financial and Monetary Code for information publicly disclosed by TOTAL S.A. can also be consulted on the Company's website (www.total.com) under the heading Investor Relations/Publications.

Information on holdings

General information

As of December 31, 2008:

- 622 subsidiaries were fully consolidated, 12 were proportionately consolidated and 87 were accounted for using the equity method;
- TOTAL S.A.'s scope of consolidation includes all companies in which the Company holds a direct or indirect interest, the book value of which on that date is at least equal to 10% of the amount of TOTAL S.A.'s equity or of the consolidated net assets of the Group, or which has generated at least 10% of the TOTAL S.A.'s net income or of the Group's consolidated net income during the last year.

A list of the principal companies consolidated by TOTAL S.A. is provided in a summary table in note 35 to the consolidated financial statements (pages 256 and 257 of this Registration Document).

TOTAL's interest in Sanofi-Aventis⁽¹⁾

In June 2005, in AMF notice No. 205C1014, TOTAL S.A. declared that it held less than 20% of the voting rights in Sanofi-Aventis, (12.79% of Sanofi-Aventis share capital and 19.58% of the voting rights) following the dissolution of the company Valorisation et Gestion Financière on May 29, 2005, which resulted in a loss of double voting rights. Following an amendment, signed on November 23, 2003, to the shareholders' agreement between TOTAL and L'Oréal (AMF notice No. 203C2012), L'Oréal and TOTAL declared that they were not acting together regarding Sanofi-Aventis as of December 2, 2004, date of termination of the agreement. However, each one of the companies had committed itself for a period of three years, starting from the date of termination of the agreement, to inform the other company of any intention to sell more than 1% of Sanofi-Aventis share capital. The notification was to be sent at least two months prior to the disposal date. Consequently, this obligation of prior notification agreed between the parties expired on December 2, 2007.

In 2008, TOTAL's holdings in Sanofi-Aventis, held indirectly through its 99.48% subsidiary Elf Aquitaine, was decreased from 12.70% of the share capital and 19.11% of the voting rights (or 173,479,013 shares for 314,973,840 voting rights) as of December 31, 2007⁽²⁾ to 11.29% of the share capital and 18.16% of the voting rights (or 148,559,513⁽³⁾ shares for 290,052,340 voting rights) as of December 31, 2008⁽⁴⁾. Over the years 2006 and 2007, this holding in Sanofi-Aventis successively changed from 12.74% of the outstanding shares and 19.58% of the voting rights to 13.13% of the outstanding shares and 19.21% of the voting rights, and then from 13.13% of the outstanding shares and 19.21% of the voting rights to 12.70% of the outstanding shares and 19.11% of the voting rights. The possibility of selling these shares, over the short or medium term, gives the Group a certain amount of financial flexibility to adapt its financial resources to its growth and dividend strategies.

For a description of Sanofi-Aventis, please consult the publications issued by that company.

TOTAL's interest in CEPSA

TOTAL has been a shareholder of the Spanish oil and gas Company CEPSA since 1990. As of December 31, 2008, the other main shareholders of CEPSA are Santander Central Hispano S.A. (SCH), Union Fenosa and International Petroleum Investment Company.

In March 2006, The Netherlands Arbitration Institute at The Hague settled a disagreement between TOTAL and Santander Central Hispano S.A. (SCH). TOTAL and SCH implemented this arbitration award after obtaining the permission of the European Commission and the Comisión Nacional del Mercado de Valores (CNMV – the Spanish stock exchange authority).

As of December 31, 2008, TOTAL held (through its 99.48% indirectly-owned subsidiary Odivial) 130,668,120 CEPSA shares out of a total of 267,574,941 outstanding shares, representing 48.83% of the share capital and the voting rights.

(1) Sanofi-Synthelabo became Sanofi-Aventis on August 20, 2004 following the merger between Aventis and Sanofi-Synthelabo.

(2) On the basis of 1,365,916,644 Sanofi-Aventis shares to which are attached 1,647,982,782 voting rights as of December 31, 2007.

(3) This number takes into account the 500 shares lent to directors representing TOTAL at the Board of directors of Sanofi-Aventis.

(4) On the basis of 1,315,525,463 Sanofi-Aventis shares to which are attached 1,597,584,326 voting rights as of December 31, 2008.

Chapter 9 (Appendix 1, Consolidated Financial Statements) was established by the Board of Directors on February 11, 2009 and has not been updated with subsequent events.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	p. 174
CONSOLIDATED STATEMENT OF INCOME	p. 176
CONSOLIDATED BALANCE SHEET	p. 177
CONSOLIDATED STATEMENT OF CASH FLOW	p. 178
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	p. 179
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	p. 180
Introduction	p. 180
1 - Accounting policies	p. 180
2 - Main indicators - information by business segment	p. 188
3 - Changes in the group structure, main acquisitions and divestments	p. 189
4 - Business segment information	p. 189
5 - Information by geographical area	p. 200
6 - Operating expenses	p. 200
7 - Other income and other expense	p. 200
8 - Other financial income and expense	p. 201
9 - Income taxes	p. 201
10 - Intangible assets	p. 203
11 - Property, plant and equipment	p. 204
12 - Equity affiliates: investments and loans	p. 206
13 - Other investments	p. 208
14 - Other non-current assets	p. 209
15 - Inventories	p. 210
16 - Accounts receivable and other current assets	p. 211
17 - Shareholders' equity	p. 212
18 - Employee benefits obligations	p. 215
19 - Provisions and other non-current liabilities	p. 218
20 - Financial debt and related financial instruments	p. 221
21 - Other creditors and accrued liabilities	p. 226
22 - Lease contracts	p. 227
23 - Commitments and contingencies	p. 228
24 - Related parties	p. 230
25 - Share based payments	p. 231
26 - Payroll and staff	p. 235
27 - Statement of cash flow	p. 236
28 - Financial assets and liabilities analysis per instruments class and strategy	p. 237
29 - Fair value of financial instruments (excluding commodity contracts)	p. 239
30 - Financial instruments related to commodity contracts	p. 243
31 - Market risks	p. 244
32 - Other risks and contingent liabilities	p. 251
33 - Other information	p. 253
34 - Spin-off of Arkema (2006)	p. 253
35 - Consolidation scope	p. 256

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2008

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not and, this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your General Shareholder's Annual Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of the company Total S.A.;
- the justification for our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. - Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall consolidated financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated Group in accordance with the accounting rules and principles applicable under International Financial Reporting Standards, as adopted by the European Union.

II. - Justification of our assessments

In accordance with the requirements of article L. 823-9 of French commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Some accounting principles applied by Total S.A. involve a significant amount of judgments and estimates principally related to the application of the successful efforts method for the oil and gas activities, the depreciation of long-lived assets, the provisions for dismantlement, removal and environmental costs, the valuation of retirement obligations and the determination of the current and deferred taxation. Detailed information relating to the application of these accounting principles is given in the notes to the consolidated financial statements.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditors' report on the consolidated financial statements

Our procedures relating to the material judgments or estimates made by the management and which can result from the application of these accounting principles enabled us to assess their reasonableness.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, served in forming our audit opinion expressed in the first part of this report.

III. - Specific verification

We have also verified the information given in the group management report as required by French law.

We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, February 27, 2009

The Statutory Auditors

KPMG AUDIT
A division of KPMG S.A.

ERNST & YOUNG AUDIT

René Amirkhanian

Jay Nirsimloo

Gabriel Galet

Philippe Diu

Consolidated statement of income

TOTAL

For the year ended December 31,

(M€) ^(a)		2008	2007	2006
Sales	(Notes 4 & 5)	179,976	158,752	153,802
Excise taxes		(19,645)	(21,928)	(21,113)
Revenues from sales		160,331	136,824	132,689
Purchases net of inventory variation	(Note 6)	(111,024)	(87,807)	(83,334)
Other operating expenses	(Note 6)	(19,101)	(17,414)	(19,536)
Exploration costs	(Note 6)	(764)	(877)	(634)
Depreciation, depletion and amortization of tangible assets and mineral interests		(5,755)	(5,425)	(5,055)
Other income	(Note 7)	369	674	789
Other expense	(Note 7)	(554)	(470)	(703)
Financial interest on debt		(1,000)	(1,783)	(1,731)
Financial income from marketable securities & cash equivalents		473	1,244	1,367
Cost of net debt	(Note 29)	(527)	(539)	(364)
Other financial income	(Note 8)	728	643	592
Other financial expense	(Note 8)	(325)	(274)	(277)
Equity in income (loss) of affiliates	(Note 12)	1,721	1,775	1,693
Income taxes	(Note 9)	(14,146)	(13,575)	(13,720)
Net income from continuing operations (Group without Arkema)		10,953	13,535	12,140
Net income from discontinued operations (Arkema)	(Note 34)	-	-	(5)
Consolidated net income		10,953	13,535	12,135
Group share		10,590	13,181	11,768
Minority interests		363	354	367
Earnings per share (€) ^(b)		4.74	5.84	5.13
Fully-diluted earnings per share (€) ^(b)		4.71	5.80	5.09
Adjusted net income (€) ^(b)		13,920	12,203	12,585
Adjusted fully-diluted earnings per share (€) ^(b)		6.20	5.37	5.44

(a) Except for per share amounts.

(b) The earnings per share from continuing and discontinued operations are disclosed in Note 34 to the Consolidated Financial Statements.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

Consolidated balance sheet

TOTAL

As of December 31,
(M€)

		2008	2007	2006
ASSETS				
Non-current assets				
Intangible assets, net	(Notes 5 & 10)	5,341	4,650	4,705
Property, plant and equipment, net	(Notes 5 & 11)	46,142	41,467	40,576
Equity affiliates: investments and loans	(Note 12)	14,668	15,280	13,331
Other investments	(Note 13)	1,165	1,291	1,250
Hedging instruments of non-current financial debt	(Note 20)	892	460	486
Other non-current assets	(Note 14)	3,044	2,155	2,088
Total non-current assets		71,252	65,303	62,436
Current assets				
Inventories, net	(Note 15)	9,621	13,851	11,746
Accounts receivable, net	(Note 16)	15,287	19,129	17,393
Other current assets	(Note 16)	9,642	8,006	7,247
Current financial assets	(Note 20)	187	1,264	3,908
Cash and cash equivalents	(Note 27)	12,321	5,988	2,493
Total current assets		47,058	48,238	42,787
Total assets		118,310	113,541	105,223
LIABILITIES & SHAREHOLDERS' EQUITY				
Shareholders' equity				
Common shares		5,930	5,989	6,064
Paid-in surplus and retained earnings		52,947	48,797	41,460
Currency translation adjustment		(4,876)	(4,396)	(1,383)
Treasury shares		(5,009)	(5,532)	(5,820)
Total shareholders' equity – Group share	(Note 17)	48,992	44,858	40,321
Minority interests		958	842	827
Total shareholders' equity		49,950	45,700	41,148
Non-current liabilities				
Deferred income taxes	(Note 9)	7,973	7,933	7,139
Employee benefits	(Note 18)	2,011	2,527	2,773
Provisions and other non-current liabilities	(Note 19)	7,858	6,843	6,467
Total non-current liabilities		17,842	17,303	16,379
Non-current financial debt	(Note 20)	16,191	14,876	14,174
Current liabilities				
Accounts payable		14,815	18,183	15,080
Other creditors and accrued liabilities	(Note 21)	11,632	12,806	12,509
Current borrowings	(Note 20)	7,722	4,613	5,858
Other current financial liabilities	(Note 20)	158	60	75
Total current liabilities		34,327	35,662	33,522
Total liabilities and shareholders' equity		118,310	113,541	105,223

Consolidated statement of cash flow

TOTAL

(Note 27)

For the year ended December 31, (M€)

	2008	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES			
Consolidated net income	10,953	13,535	12,135
Depreciation, depletion and amortization	6,197	5,946	5,555
Non-current liabilities, valuation allowances, and deferred taxes	(150)	826	601
Impact of coverage of pension benefit plans	(505)	-	(179)
(Gains) losses on disposals of assets	(257)	(639)	(789)
Undistributed affiliates' equity earnings	(311)	(821)	(952)
(Increase) decrease in working capital	2,571	(1,476)	(441)
Other changes, net	171	315	131
Cash flow from operating activities	18,669	17,686	16,061
CASH FLOW USED IN INVESTING ACTIVITIES			
Intangible assets and property, plant and equipment additions	(11,861)	(10,549)	(9,910)
Acquisitions of subsidiaries, net of cash acquired	(559)	(20)	(127)
Investments in equity affiliates and other securities	(416)	(351)	(402)
Increase in non-current loans	(804)	(802)	(1,413)
Total expenditures	(13,640)	(11,722)	(11,852)
Proceeds from disposal of intangible assets and property, plant and equipment	130	569	413
Proceeds from disposal of subsidiaries, net of cash sold	88	5	18
Proceeds from disposal of non-current investments	1,233	527	699
Repayment of non-current loans	1,134	455	1,148
Total divestments	2,585	1,556	2,278
Cash flow used in investing activities	(11,055)	(10,166)	(9,574)
CASH FLOW USED IN FINANCING ACTIVITIES			
Issuance (repayment) of shares:			
- Parent company shareholders	262	89	511
- Treasury shares	(1,189)	(1,526)	(3,830)
- Minority shareholders	(4)	2	17
Dividends paid:			
- Parent company shareholders	(4,945)	(4,510)	(3,999)
- Minority shareholders	(213)	(228)	(326)
Net issuance (repayment) of non-current debt	3,009	3,220	3,722
Increase (decrease) in current borrowings	1,437	(2,654)	(6)
Increase (decrease) in current financial assets and liabilities	850	2,265	(3,496)
Cash flow used in financing activities	(793)	(3,342)	(7,407)
Net increase (decrease) in cash and cash equivalents	6,821	4,178	(920)
Effect of exchange rates	(488)	(683)	(905)
Cash and cash equivalents at the beginning of the period	5,988	2,493	4,318
Cash and cash equivalents at the end of the period	12,321	5,988	2,493

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in shareholders' equity

Consolidated statement of changes in shareholders' equity

TOTAL

(M€)	Common shares issued		Paid-in surplus and retained earnings	Currency translation adjustment	Treasury shares		Shareholders' equity-Group share	Minority interests	Total shareholders' equity
	Number	Amount			Number	Amount			
As of January 1, 2006	615,116,296	6,151	37,504	1,421	(34,249,332)	(4,431)	40,645	838	41,483
Net income 2006	-	-	11,768	-	-	-	11,768	367	12,135
Items recognized directly in equity (Note 17)	-	-	(37)	(2,595)	-	-	(2,632)	(44)	(2,676)
Total excluding transactions with shareholders	-	-	11,731	(2,595)	-	-	9,136	323	9,459
Four-for-one stock split	1,845,348,888	-	-	-	(102,747,996)	-	-	-	-
Spin-off of Arkema	-	-	(2,061)	(209)	-	16	(2,254)	(8)	(2,262)
Dividend	-	-	(3,999)	-	-	-	(3,999)	(326)	(4,325)
Issuance of common shares (Note 17)	12,322,769	30	469	-	-	-	499	-	499
Purchase of treasury shares	-	-	-	-	(78,220,684)	(4,095)	(4,095)	-	(4,095)
Sale of treasury shares	-	-	-	-	6,997,305	232	232	-	232
Share-based payments (Note 25)	-	-	157	-	-	-	157	-	157
Transactions with shareholders	1,857,671,657	30	(5,434)	(209)	(173,971,375)	(3,847)	(9,460)	(334)	(9,794)
Share cancellation (Note 17)	(47,020,000)	(117)	(2,341)	-	47,020,000	2,458	-	-	-
As of December 31, 2006	2,425,767,953	6,064	41,460	(1,383)	(161,200,707)	(5,820)	40,321	827	41,148
Net income 2007	-	-	13,181	-	-	-	13,181	354	13,535
Items recognized directly in equity (Note 17)	-	-	117	(3,013)	-	-	(2,896)	(111)	(3,007)
Total excluding transactions with shareholders	-	-	13,298	(3,013)	-	-	10,285	243	10,528
Dividend	-	-	(4,510)	-	-	-	(4,510)	(228)	(4,738)
Issuance of common shares (Note 17)	2,769,144	7	82	-	-	-	89	-	89
Purchase of treasury shares	-	-	-	-	(32,387,355)	(1,787)	(1,787)	-	(1,787)
Sale of treasury shares	-	-	(77)	-	9,161,830	341	264	-	264
Share-based payments (Note 25)	-	-	196	-	-	-	196	-	196
Transactions with shareholders	2,769,144	7	(4,309)	-	(23,225,525)	(1,446)	(5,748)	(228)	(5,976)
Share cancellation (Note 17)	(33,005,000)	(82)	(1,652)	-	33,005,000	1,734	-	-	-
As of December 31, 2007	2,395,532,097	5,989	48,797	(4,396)	(151,421,232)	(5,532)	44,858	842	45,700
Net income 2008	-	-	10,590	-	-	-	10,590	363	10,953
Items recognized directly in equity (Note 17)	-	-	(258)	(480)	-	-	(738)	(34)	(772)
Total excluding transactions with shareholders	-	-	10,332	(480)	-	-	9,852	329	10,181
Dividend	-	-	(4,945)	-	-	-	(4,945)	(213)	(5,158)
Issuance of common shares (Note 17)	6,275,977	16	246	-	-	-	262	-	262
Purchase of treasury shares	-	-	-	-	(27,600,000)	(1,339)	(1,339)	-	(1,339)
Sale of treasury shares	-	-	(71)	-	5,939,137	221	150	-	150
Share-based payments (Note 25)	-	-	154	-	-	-	154	-	154
Transactions with shareholders	6,275,977	16	(4,616)	-	(21,660,863)	(1,118)	(5,718)	(213)	(5,931)
Share cancellation (Note 17)	(30,000,000)	(75)	(1,566)	-	30,000,000	1,641	-	-	-
As of December 31, 2008	2,371,808,074	5,930	52,947	(4,876)	(143,082,095)	(5,009)	48,992	958	49,950

Notes to the consolidated financial statements

On February 11, 2009, the Board of Directors established and authorized the publication of the Consolidated Financial Statements of TOTAL S.A. for the year ended December 31, 2008, which will be submitted for approval to the shareholders' meeting to be held on May 15, 2009.

Introduction

The Consolidated Financial Statements of TOTAL S.A. and its subsidiaries (the Group) have been prepared on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union and IFRS as issued by the IASB (International Accounting Standard Board) as of December 31, 2008.

The accounting principles applied in the Consolidated Financial Statements as of December 31, 2008, were the same as those that were used as of December 31, 2007, except for amendments and interpretations of IFRS which were mandatory for the periods beginning after January 1, 2008 (and not early adopted). Their adoption has no impact on the Consolidated Financial Statements as of December 31, 2008.

The preparation of financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. The management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. These judgments and estimates relate principally to the application of the successful efforts method for the oil and gas accounting, the valuation of long-lived assets, the provisions for asset retirement obligations and environmental remediation, the pensions and post-retirements benefits and the income tax computation.

Lastly, where the accounting treatment of a specific transaction is not addressed by any accounting standard or interpretation, the management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- give a true and fair view of the Group's financial position, financial performance and cash flows;
- reflect the substance of transactions;
- are neutral;
- are prepared on a prudent basis; and
- are complete in all material aspects.

1) Accounting policies

Pursuant to the accrual basis of accounting followed by the Group, the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are usually measured at amortized cost. Financial assets and liabilities are usually measured at fair value.

Accounting policies used by the Group are described below:

A) Principles of consolidation

Subsidiaries that are directly controlled by the parent company or indirectly controlled by other consolidated subsidiaries are fully consolidated.

Investments in jointly-controlled entities are proportionately consolidated.

Investments in associates, in which the Group has significant influence, are accounted for by the equity method. Significant influence is presumed when the Group holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting rights.

Companies in which ownership interest is less than 20%, but over which the Company has the ability to exercise significant influence, are also accounted for by the equity method.

All significant intercompany balances, transactions and income have been eliminated.

B) Business combinations

Business combinations are accounted for using the purchase method. This method implies the recognition of the assets, liabilities and contingent liabilities of the companies acquired by the Group at their fair value.

The difference between the acquisition cost of the shares and fair value of the acquired share of the assets, liabilities and contingent liabilities identified on the acquisition date is recorded as goodwill.

If the cost of an acquisition is less than the fair value of net assets of the subsidiary acquired, an additional analysis is performed on the identification and valuation of the identifiable elements of the assets and liabilities. Any residual negative goodwill is recorded as income.

The analysis of goodwill is finalized within one year from the acquisition date.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

C) Foreign currency translation

The financial statements of subsidiaries are prepared in the currency that most clearly reflects their business environment. This is referred to as their functional currency.

→ Monetary transactions

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized in "Other income" or "Other expense".

→ Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros on the basis of the exchange rates at the end of the period. The income and cash flow statements are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders' equity under "Currency translation adjustment" (for the Group share) or under "Minority interests" (for the minority share) as deemed appropriate.

D) Sales and revenues from sales

Revenues from sales are recognized when the significant risks and rewards of ownership have been passed to the buyer and the amount can be reasonably measured. Sales figures include excise taxes collected by the Group within the course of its oil distribution operations. Excise taxes are deducted from sales in order to obtain the "Revenues from sales".

Revenues from sales of crude oil, natural gas and coal are recorded upon transfer of title, according to the terms of the sales contracts.

Revenues from the production of crude oil and natural gas properties, in which the Group has an interest with other producers, are recognized based on actual volumes sold during the period. Any difference between volumes sold and entitlement volumes, based on the Group net working interest, are recognized as "Crude oil and natural gas inventories" or "Accounts receivable, net" or "Accounts payable", as appropriate.

Revenues from gas transport are recognized when services are rendered. These revenues are based on the quantities transported and measured according to procedures defined in each service contract.

Revenues from sales of electricity are recorded upon transfer of title, according to the terms of the related contracts.

Revenues from services are recognized when the services have been rendered.

Shipping revenues and expenses from time-charter activities are recognized on a pro rata basis over a period that commences upon the unloading of the previous voyage and terminates upon the unloading of the current voyage. Shipping revenue recognition starts only when a charter has been agreed to by both the Group and the customer.

Oil and gas sales are inclusive of quantities delivered that represent production royalties and taxes, when paid in cash, and outside the United States and Canada.

Certain transactions within the trading activities (contracts involving quantities that are purchased to third parties then resold to third parties) are shown at their net value in sales.

Exchanges of crude oil and petroleum products within normal trading activities do not generate any income and therefore these flows are shown at their net value in both the statement of income and the balance sheet.

E) Share-based payments

The Group may grant employees stock options, create employee share purchase plans and offer its employees the opportunity to subscribe to reserved capital increases. These employee benefits are recognized as expenses with a corresponding credit to shareholders' equity.

The expense is equal to the fair value of the instruments granted. The fair value of the options is calculated using the Black-Scholes model at the grant date. The expense is recognized on a straight-line basis between the grant date and vesting date.

For restricted share plans, the expense is calculated using the market price at the grant date after deducting the expected distribution rate during the vesting period.

The cost of employee-reserved capital increases is immediately expensed. A discount reduces the expense in order to account for the nontransferability of the shares awarded to the employees over a period of five years.

F) Income taxes

Income taxes disclosed in the statement of income include the current tax expenses and the deferred tax expenses.

The Group uses the liability method whereby deferred income taxes are recorded based on the temporary differences between the carrying amounts of assets and liabilities and their tax bases, and on carryforwards of unused tax losses and tax credits.

Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date. The tax rates used depend on the timing of reversals of temporary differences, tax losses and other tax credits. The effect of a

change in tax rate is recognized either in the Consolidated Statement of Income or in shareholders' equity depending on the item it relates to.

Deferred tax assets are recognized when future recovery is probable.

Asset retirement obligations and finance leases give rise to the recognition of assets and liabilities for accounting purposes as described in paragraph K "Leases" and paragraph Q "Asset retirement obligations" of this Note. Deferred income taxes resulting from temporary differences between the carrying amounts and tax bases of such assets and liabilities are recognized.

Deferred tax liabilities resulting from temporary differences between the carrying amounts of equity-method investments and their tax bases are recognized. The deferred tax calculation is based on the expected future tax effect (dividend distribution rate or tax rate on the gain or loss upon disposal of these investments).

Taxes paid on the Upstream production are included in operating expenses, including those related to historical concessions held by the Group in the Middle East producing countries.

G) Earnings per share

Earnings per share is calculated by dividing net income (Group share) by the weighted-average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income (Group share) by the fully-diluted weighted-average number of common shares outstanding during the period.

For both of these calculations, treasury shares held by the parent company, TOTAL S.A., and TOTAL shares held by the Group subsidiaries are deducted from consolidated shareholders' equity. These shares are not considered outstanding for purposes of these calculations. In addition, in the case of the diluted earnings per share calculation, the calculation also takes into account the dilutive effect of stock options, restricted share grants and capital increases with a subscription period closing after the end of the fiscal year.

The weighted-average number of fully-diluted shares is calculated in accordance with the treasury stock method provided for by IAS 33. The proceeds, which would be recovered in the event of an exercise of rights related to dilutive instruments, are presumed to be a share buyback at the average market price over the period. The number of shares thereby obtained leads to a reduction in the total number of shares that would result from the exercise of rights.

H) Oil and gas exploration and producing properties

The Group applies IFRS 6 "Exploration for and Evaluation of Mineral Resources". Oil and gas exploration and production properties and assets are accounted for in accordance with the successful efforts method.

(i) Exploration costs

Geological and geophysical costs, including seismic surveys for exploration purposes are expensed as incurred.

Mineral interests are capitalized as intangible assets when acquired. These acquired interests are tested for impairment on a regular basis, property-by-property, based on the results of the exploratory activity and the management's evaluation.

In the event of a discovery, the unproved mineral interests are transferred to proved mineral interests at their net book value as soon as proved reserves are booked.

Exploratory wells are tested for impairment on a well-by-well basis and accounted for as follows:

- Costs of exploratory wells which result in proved reserves are capitalized and then depreciated using the unit-of-production method based on proved developed reserves;
- Costs of dry exploratory wells and wells that have not found proved reserves are charged to expense;
- Costs of exploratory wells are temporarily capitalized until a determination is made as to whether the well has found proved reserves if both of the following conditions are met:
 - The well has found a sufficient quantity of reserves to justify its completion as a producing well, if appropriate, assuming that the required capital expenditures are made;
 - The Group is making sufficient progress assessing the reserves and the economic and operating viability of the project. This progress is evaluated on the basis of indicators such as whether additional exploratory works are under way or firmly planned (wells, seismic or significant studies), whether costs are being incurred for development studies and whether the Group is waiting for governmental or other third-party authorization of a proposed project, or availability of capacity on an existing transport or processing facility.

Costs of exploratory wells not meeting these conditions are charged to expense.

(ii) Oil and Gas producing assets

Development costs incurred for the drilling of development wells and for the construction of production facilities are capitalized, together with borrowing costs incurred during the period of construction and the present value of estimated costs of asset retirement obligations. The depletion rate is usually equal to the ratio of oil and gas production for the period to proved developed reserves (unit-of-production method).

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

With respect to production sharing contracts, this computation is based on the portion of production and reserves assigned to the Group taking into account estimates based on the contractual clauses regarding the reimbursement of exploration and development costs (cost oil) as well as the sharing of hydrocarbon rights (profit oil).

Transportation assets are depreciated using the unit-of-production method based on throughput or by using the straight-line method whichever best reflects the economic life of the asset.

Proved mineral interests are depreciated using the unit-of-production method based on proved reserves.

I) Goodwill and other intangible assets

Other intangible assets include goodwill, patents, trademarks, and mineral interests.

Intangible assets are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses.

Goodwill in a consolidated subsidiary is calculated as the excess of the cost of shares, including transaction expenses, over the fair value of the Group's share of the net assets at the acquisition date. Goodwill is not amortized but is tested for impairment annually or as soon as there is any indication of impairment (see paragraph L "Impairment of long-lived assets" of this Note).

In equity affiliates, goodwill is included in the investment carrying amount.

Other intangible assets (except goodwill) have a finite useful life and are amortized on a straight-line basis over 10 to 40 years depending on the useful life of the assets.

→ Research and development

Research costs are charged to expense as incurred.

Development expenses are capitalized when the following can be demonstrated:

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible asset;
- the ability of the asset to generate probable future economic benefits;
- the ability to measure reliably the expenditures attributable to the asset; and
- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

Advertising costs are charged to expense as incurred.

J) Other property, plant and equipment

Other property, plant and equipment are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses. This includes borrowing costs incurred until assets are placed in service.

Routine maintenance and repairs are charged to expense as incurred. The costs of major turnarounds of refineries and large petrochemical units are capitalized as incurred and depreciated over the period of time between two consecutive major turnarounds.

Other property, plant and equipment are depreciated using the straight-line method over their useful lives, which are as follows:

■ Furniture, office equipment, machinery and tools	3 – 12 years
■ Transportation equipments	5 – 20 years
■ Storage tanks and related equipment	10 – 15 years
■ Specialized complex installations and pipelines	10 – 30 years
■ Buildings	10 – 50 years

K) Leases

A finance lease transfers substantially all the risks and rewards incidental to ownership from the lessor to the lessee. These contracts are capitalized as assets at fair value or, if lower, at the present value of the minimum lease payments according to the contract. A corresponding financial debt is recognized as a financial liability. These assets are depreciated over the corresponding useful life used by the Group.

Leases that are not finance leases as defined above are recorded as operating leases.

Certain arrangements do not take the legal form of a lease but convey the right to use an asset or a group of assets in return for fixed payments. Such arrangements are accounted for as leases and are analyzed to determine whether they should be classified as operating leases or as finance leases.

L) Impairment of long-lived assets

The recoverable amounts of intangible assets and property, plant and equipment are tested for impairment as soon as any indication of impairment exists. This test is performed at least annually for goodwill.

The recoverable amount is the higher of the fair value (less costs to sell) or its value in use.

Assets are grouped into cash-generating units (or CGUs) for testing purposes. A cash-generating unit is a homogeneous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

The value in use of a CGU is determined by reference to the discounted expected future cash flows, based upon the management's expectation of future economic and operating conditions. If this value is less than the carrying amount, an impairment loss on property, plant and equipment and mineral interests, or on other intangible assets, is recognized either in "Depreciation, depletion and amortization of tangible assets and mineral interests" or in "Other expense", respectively. This impairment loss is first allocated to reduce the carrying amount of any goodwill.

Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized. Impairment losses recognized for goodwill cannot be reversed.

M) Financial assets and liabilities

Financial assets and liabilities are financial loans and receivables, investments in non-consolidated companies, publicly traded equity securities, derivatives instruments and current and non-current financial liabilities.

The accounting treatment of these financial assets and liabilities is as follows:

(i) Loans and receivables

Financial loans and receivables are recognized at amortized cost. They are tested for impairment, by comparing the carrying amount of the assets to estimates of the discounted future recoverable cash flows. These tests are conducted as soon as there is any evidence that their fair value is less than their carrying amount, and at least annually. Any impairment loss is recorded in the statement of income.

(ii) Investments in non-consolidated companies and publicly-traded equity securities

These assets are classified as financial assets available for sale and therefore measured at their fair value. For listed securities, this fair value is equal to the market price. For unlisted securities, if the fair value is not reliably determinable, securities are recorded at their historical value. Changes in fair value are recorded in shareholders' equity. If there is any evidence of a significant or prolonged decline in the fair value of the investments below their cost, an impairment loss is recorded in the statement of income. This impairment is reversed in the statement of income only when the securities are sold.

(iii) Derivative instruments

The Group uses derivative instruments to manage its exposure to risks of changes in interest rates, foreign exchange rates and commodity prices. Changes in fair value of derivative instruments are recognized in the statement of income or in shareholders' equity and are recognized in the balance sheet in the accounts corresponding to their

nature, according to the risk management strategy described in Note 31 to the Consolidated Financial Statements. The derivative instruments used by the Group are the following:

■ Cash management

Financial instruments used for cash management purposes are part of a hedging strategy of currency and interest rate risks within global limits set by the Group and are considered as held for trading. Changes in fair value are systematically recorded in the statement of income. The balance sheet value of those instruments is included in "Current financial assets" or "Other current financial liabilities".

■ Long-term financing (other than euro)

When an external long-term financing is set up, specifically to finance subsidiaries in a currency other than the euro, which is mainly the case for subsidiaries whose functional currency is the dollar, and when this financing involves currency and interest rate derivatives, these instruments qualify as fair value hedges of the interest rate risk on the external debt and of the currency risk of the loans to subsidiaries. Changes in fair value of derivatives are recognized in the statement of income as are changes in fair value of financial debts and loans to subsidiaries.

The fair value of those hedging instruments of long-term financing is included in the assets under "Hedging instruments of non-current financial debt" or in the liabilities under "Non-current financial debt" for the non-current portion. The current portion (less than one year) is accounted for in "Current financial assets" or "Other current financial liabilities".

In case of the anticipated termination of derivative instruments accounted for as fair value hedges, the amount paid or received is recognized in the statement of income and:

- If this termination is due to an early cancellation of the hedged items, the adjustment previously recorded as revaluation of those hedged items is also recognized in the statement of income.
- If the hedged items remain in the balance sheet, the adjustment previously recorded as a revaluation of those hedged items is spread over the remaining life of those items.

■ Foreign subsidiaries' equity hedge

Certain financial instruments hedge against risks related to the equity of foreign subsidiaries whose functional currency is not the euro (mainly the dollar). These instruments qualify as "net investment hedges". Changes in fair value are recorded in shareholders' equity.

The fair value of these instruments is recorded under "Current financial assets" or "Other current financial liabilities".

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

■ Financial instruments related to commodity contracts

Financial instruments related to commodity contracts, including crude oil, petroleum products, natural gas and power purchasing/selling contracts related to the trading activities, together with the commodity contract derivative instruments such as energy contracts and forward freight agreements, are used to adjust the Group's exposure to price fluctuations within global trading limits. According to industry practice, these instruments are considered as held for trading. Changes in fair value are recorded in the statement of income. The fair value of these instruments is recorded in "Other current assets" or "Other creditors and accrued liabilities" depending on whether they are assets or liabilities.

Detailed information about derivatives positions is disclosed in Notes 20, 28, 29, 30 and 31 to the Consolidated Financial Statements.

(iv) Current and non-current financial liabilities

Current and non-current financial liabilities (excluding derivatives) are recognized at amortized cost, except those for which a hedge accounting is applied as described in the previous paragraph.

(v) Fair value of financial instruments

Fair values are estimated for the majority of the Group's financial instruments, with the exception of publicly traded equity securities and marketable securities for which the market price is used.

Estimated fair values, which are based on principles such as discounting future cash flows to present value, must be weighted by the fact that the value of a financial instrument at a given time may be influenced by the market environment (liquidity especially), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account.

As a consequence, the use of different estimates, methodologies and assumptions could have a material effect on the estimated fair value amounts.

The methods used are as follows:

■ Financial debts, swaps

The market value of swaps and of bonds that are hedged by those swaps, have been determined on an individual basis by discounting future cash flows with the zero coupon interest rate curves existing at year-end;

■ Financial instruments related to commodity contracts

The valuation methodology is to mark to market all open positions for both physical and derivatives risks. The valuations are determined on a daily basis using observable market data based on organized markets and over the counter (OTC) markets. In particular cases when

market data are not directly available, the valuations are derived from observable data such as arbitrages, freight or spreads and market corroboration. For valuation of risks based on calculated data, such as options for example, commonly known models are used to compute the fair value.

■ Other financial instruments

The fair value of the interest rate swaps and of FRA (Forward Rate Agreement) are calculated by discounting future cash flows on the basis of zero coupon interest rate curves existing at year-end after adjustment for interest accrued but unpaid.

Forward exchange contracts and currency swaps are valued on the basis of a comparison of the negotiated forward rates with the rates in effect on the financial markets at year-end for similar maturities.

Exchange options are valued based on the Garman-Kohlhagen model including market quotations at year-end.

N) Inventories

Inventories are measured in the Consolidated Financial Statements at the lower of historical cost or market value. Costs for petroleum and petrochemical products are determined according to the FIFO (First-In, First-Out) method and other inventories are measured using the weighted-average cost method.

→ Downstream (Refining – Marketing)

Petroleum product inventories are mainly comprised of crude oil and refined products. Refined products principally consist of gasoline, kerosene, diesel, fuel oil and heating oil produced by the Group's refineries. The turnover of petroleum products does not exceed two months on average.

Crude oil costs include raw material and receiving costs. Refining costs principally include the crude oil costs, production costs (energy, labor, depreciation of producing assets) and allocation of production overhead (taxes, maintenance, insurance, etc.). Start-up costs and general administrative costs are excluded from the carrying amount of refined products.

→ Chemicals

Costs of chemical products inventories consist of raw material costs, direct labor costs and an allocation of production overhead. Start-up costs and general administrative costs are excluded from the cost of inventories of chemicals products.

O) Treasury shares

Treasury shares of the parent company held by its subsidiaries or itself are deducted from consolidated shareholders' equity. Gains or

losses on sales of treasury shares are excluded from the determination of net income and are recognized in shareholders' equity.

P) Provisions and other non-current liabilities

Provisions and non-current liabilities are comprised of liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made regarding the amount of the obligation. The amount of the liability corresponds to the best possible estimate.

Q) Asset retirement obligations

Asset retirement obligations, which result from a legal or constructive obligation, are recognized based on a reasonable estimate of their fair value in the period in which the obligation arises.

The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the useful life of this asset.

Changes in the liability for an asset retirement obligation due to the passage of time (accretion) are measured by applying a risk-free discount rate to the amount of the liability. The increase of the provision due to the passage of time is recognized as "Other financial expense".

R) Employee benefits

In accordance with the laws and practices of each country, the Group participates in employee benefit plans offering retirement, death and disability, healthcare and special termination benefits. These plans provide benefits based on various factors such as length of service, salaries, and contributions made to the governmental bodies responsible for the payment of benefits.

These plans can be either defined contribution or defined benefit pension plans and may be entirely or partially funded with investments made in various non-Group instruments such as mutual funds, insurance contracts, and other instruments.

For defined contribution plans, contributions are expensed as incurred.

Defined benefit obligations are determined according to the Projected Unit Method. Actuarial gains and losses may arise from differences between actuarial valuation and projected commitments (depending on new calculations or assumptions) and between projected and actual return of plan assets.

The Group applies the corridor method to amortize its actuarial gains and losses. This method amortizes the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the

defined benefit obligation and the fair value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

In case of a change in or creation of a plan, the vested portion of the cost of past services is recorded immediately in the statement of income, and the unvested past service cost is amortized over the vesting period.

The net periodic pension cost is recognized under "Other operating expenses".

S) Consolidated statement of cash flow

Cash flows in foreign currencies are translated into euros using the exchange rate on the transaction date or the average exchange rate for the period. Currency translation differences arising from the translation of monetary assets and liabilities denominated in foreign currency into euros using the closing exchange rates are shown in the Consolidated Statement of Cash Flow under "Effect of exchange rates". Therefore, the Consolidated Statement of Cash Flow will not agree with the figures derived from the Consolidated Balance Sheet.

→ Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

Investments with maturity greater than three months and less than twelve months are shown under "Current financial assets".

Changes in current financial assets and liabilities are included in the financing activities section of the Consolidated Statement of Cash Flow.

→ Non-current financial debt

Changes in non-current financial debt have been presented as a net variation to reflect significant changes mainly related to revolving credit agreements.

T) Carbon dioxide emission rights

In the absence of a current IFRS standard or interpretation on accounting for emission rights of carbon dioxide, the following principles have been applied:

- emission rights granted free of charge are accounted for at zero carrying amount;
- liabilities resulting from potential differences between available quotas and quotas to be delivered at the end of the compliance period are accounted for as liabilities and measured at fair market value;

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

- spot market transactions are recognized in income at cost; and
- forward transactions are recognized at their fair market value on the face of the balance sheet. Changes in the fair value of such forward transactions are recognized in income.

U) Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 “Non-current assets held for sale and discontinued operations”, assets and liabilities of affiliates that are held for sale are presented separately on the face of the balance sheet.

Net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the notes to the Consolidated Financial Statements related to the statement of income only refer to continuing operations.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale.

V) Alternative IFRS methods

For measuring and recognizing assets and liabilities, the following choices among alternative methods allowable under IFRS have been made:

- property, plant and equipment, and intangible assets are measured using historical cost model instead of revaluation model;
- borrowing costs incurred during the construction and acquisition period of property, plant and equipment and intangible assets are capitalized, as provided for under IAS 23 “Borrowing Costs”;
- actuarial gains and losses on pension and other post-employment benefit obligations are recognized according to the corridor method (see paragraph R of this Note); and
- jointly-controlled entities are consolidated using the proportionate method, as provided for in IAS 31 “Interests in joint ventures”.

W) New accounting principles not yet in effect

The standards or interpretations published respectively by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) which were not yet in effect at December 31, 2008, were as follows:

→ Revised IAS 1 “Presentation of financial statements”

In September 2007, the IASB issued a revised version of IAS 1 “Presentation of financial statements”. The revised standard deals

with the presentation of financial statements and introduces the presentation of a comprehensive income statement. It is effective for annual periods beginning on or after January 1, 2009. The application of revised IAS 1 should not have any material impact for the Group given the disclosures already presented in the Consolidated Financial Statements for the year ended December 31, 2008.

→ Revised IAS 23 “Borrowing costs”

In March 2007, the IASB issued a revised version of IAS 23 “Borrowing costs”. Under the revised standard, an entity shall capitalize borrowing costs that are directly attributable to the acquisition or production of a qualifying asset. The revised standard is effective for annual periods beginning on or after January 1, 2009. The application of revised IAS 23 should not have any material impact on the Group’s balance sheet, income statement and shareholders’ equity, given that the Group has already applied this method (see paragraph V of this Note).

→ Revised IFRS 3 “Business Combinations” and revised IAS 27 “Consolidated and separate financial statements”

In January 2008, the IASB issued revised versions of IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”. These revised standards introduce new provisions regarding the accounting for business combinations. They are effective as of the first annual period starting after July 1, 2009 (i.e. as of January 1, 2010 for the Group). Their application is prospective.

→ IFRS 8 “Operating segments”

In November 2006, the IASB issued IFRS 8 “Operating segments”. The new standard replaces IAS 14 “Segment reporting”. It requires entities to adopt an approach based on internal information used by the management of the entity to determine reportable segments, whereas IAS 14 is based on segment risks and profitability. Entities shall apply IFRS 8 to annual periods beginning on or after January 1, 2009. The application of IFRS 8 should not have any material impact on the presentation of information by business segment in the Consolidated Financial Statements of the Group.

→ IFRIC 16 “Hedges of a net investment in a foreign operation”

In July 2008, the IFRIC issued interpretation IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”. The interpretation provides guidance on accounting for the hedge of a net investment in a foreign operation as defined by IAS 39. The interpretation is effective for annual periods starting on or after October 1, 2008 (i.e. starting January 1, 2009 for the Group). The application of IFRIC 16 should not have any material effect on the Group’s consolidated balance sheet, statement of income and shareholders’ equity.

→ IFRIC 17 “Distributions of non-cash assets to owners”

In November 2008, the IFRIC issued interpretation IFRIC 17 “Distributions of Non-cash Assets to Owners”. The interpretation addresses the accounting of non-cash assets distributed among two entities which are not jointly-controlled. It provides that the dividend payable should be measured at the fair value of the net assets to be distributed and that any difference with the carrying amount of the net assets distributed should be recognised in profit or loss. The interpretation is effective for annual periods starting on or after July 1, 2009 (i.e. starting January 1, 2010 for the Group). The application of IFRIC 17 should not have any material effect on the Group’s consolidated balance sheet, statement of income and shareholders’ equity.

2) Main indicators – information by business segment

Performance indicators excluding the adjustment items, such as adjusted operating income, adjusted net operating income, and adjusted net income are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

→ Adjustment items:

(i) Special items

Due to their unusual nature or particular 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, transactions such as restructuring costs or assets disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

(ii) The inventory valuation effect

The adjusted results of the Downstream and Chemicals segments are presented according to the replacement cost method. This method is used to assess the segments’ performance and ensure the comparability of the segments’ performance with those of the Group’s competitors, mainly North-American.

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

(iii) Equity share of amortization of intangible assets related to the Sanofi-Aventis merger

→ Main indicators:

(i) Operating income (measure used to evaluate operating performance)

Revenues from sales after deducting cost of goods sold and inventory variations, other operating expenses, exploration expenses and depreciation, depletion, and amortization.

Operating income excludes the amortization of intangible assets other than mineral interests, currency translation adjustment and gains or losses on the disposal of assets.

(ii) Net operating income (measure used to evaluate the return on capital employed)

Operating income after taking into account the amortization of intangible assets other than mineral interests, currency translation adjustment, gains or losses on the disposal of assets, as well as all other income and expenses related to capital employed (dividends from non-consolidated companies, equity in income of affiliates, capitalized interest expenses), and after income taxes applicable to the above.

The income and expense not included in net operating income but included in net income are interest expenses related to net financial debt only, after applicable income taxes (net cost of net debt and minority interests).

(iii) Adjusted income

Operating income, net operating income, or net income excluding the effect of adjustment items described above.

(iv) Capital employed

Non-current assets and working capital, at replacement cost, net of deferred income taxes and non-current liabilities.

(v) ROACE (Return on Average Capital Employed)

Ratio of adjusted net operating income to average capital employed between the beginning and the end of the period.

(vi) Net debt

Non-current debt, including current portion, current borrowings, other current financial liabilities less cash and cash equivalents and other current financial assets.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

3) Changes in the group structure, main acquisitions and divestments

2008

- Pursuant to the tender offer described in the prospectus on May 13, 2008 and renewed by the notices on June 19, July 4 and July 16, 2008, TOTAL acquired 100% of Synenco Energy Inc's Class A ordinary shares. Synenco's main asset is a 60% interest in the Northern Lights project in the Athabasca region of the Canadian province of Alberta.

The acquisition cost, net of cash acquired (161 M€) for all shares amounted to 352 M€. This cost essentially represents the value of the company's mineral interests that have been recognized as "Intangible assets, net" on the face of the Consolidated Balance Sheet for 221 M€.

Synenco Energy Inc. is fully consolidated in TOTAL's Consolidated Financial Statements. Its contribution to the consolidated net income for fiscal year 2008 is not material.

- In August, TOTAL acquired the Dutch company Goal Petroleum B.V. The acquisition cost amounted to 349 M€. This cost essentially represents the value of the company's mineral interests that have been recognized as intangible assets on the face of the Consolidated Balance Sheet for 292 M€.

Goal Petroleum B.V. is fully consolidated in TOTAL's Consolidated Financial Statements. Its contribution to the consolidated net income for fiscal year 2008 is not material.

- Pursuant to the agreements signed between the partners in November, the Group's interest in the Kashagan field decreased from 18.52% to 16.81% (see Note 32 to the Consolidated Financial Statements).
- During 2008, TOTAL progressively sold 1.68% of Sanofi-Aventis' share capital, thus reducing its interest to 11.38%. Sanofi-Aventis is accounted for by the equity method in TOTAL's Consolidated Financial Statements.

2007

- The changes in TOTAL's activities in Venezuela and their consequences in the Consolidated Financial Statements are presented in Note 32 "Other risks and contingent liabilities".
- In December 2007, TOTAL completed the sale of its 70% interest in the Milford Haven Refinery in Wales (UK) to its partner Murco Petroleum Company. This operation will allow TOTAL to concentrate its UK refining operations at the wholly-owned Lindsey Oil Refinery.
- During the fourth quarter 2007, TOTAL progressively sold 0.4% of Sanofi-Aventis' share capital, thus reducing its interest to 13.06%. Sanofi-Aventis is accounted for by the equity method in TOTAL's Consolidated Financial Statements.

2006

- After approval on October 13, 2006 by the European Commission, Banco Santander Central Hispano (Santander) sold 4.35% of CEPSA's share capital to TOTAL at a price of €4.54 per share, for a total transaction amount of approximately 53 M€. The transaction follows the agreement signed on August 2, 2006 by TOTAL and Santander to implement the provisions of the partial award rendered on March 24, 2006 by the Netherlands Arbitration Institute, which adjudicated the dispute concerning CEPSA.

As a result, TOTAL now holds 48.83% of CEPSA.

- In 2004, TOTAL announced a reorganization of its Chemicals segment to regroup its chlorochemicals, intermediates and performance polymers in a new entity that was named Arkema on October 1, 2004.

The shareholders' meeting on May 12, 2006 approved a resolution related to the spin-off of Arkema and the distribution of Arkema shares to TOTAL shareholders. Pursuant to this approval, Arkema shares were publicly listed on May 18, 2006 on the Eurolist by Euronext market in Paris. For all periods presented, the contribution of Arkema entities to the consolidated net income is presented on the line "Net income from discontinued operations" on the face of the statement of income. Detailed information on the impact of this transaction is presented in Note 34 to the Consolidated Financial Statements.

4) Business segment information

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL. The Group's activities are conducted through three business segments: Upstream, Downstream and Chemicals.

- the Upstream segment includes the activities of the Exploration & Production division and the Gas & Power division;
- the Downstream segment includes activities of the Refining & Marketing division and the Trading & Shipping division; and
- the Chemicals segment includes Base Chemicals and Specialties.

The Corporate segment includes the operating and financial activities of the holding companies as well as healthcare activity (Sanofi-Aventis).

The operational profit and assets are broken down by business segment prior to the consolidation and inter-segment adjustments.

Sales prices between business segments approximate market prices.

A) Information by business segment

For the year ended December 31, 2008

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	24,256	135,524	20,150	46	-	179,976
Intersegment sales	25,132	5,574	1,252	120	(32,078)	-
Excise taxes	-	(19,645)	-	-	-	(19,645)
Revenues from sales	49,388	121,453	21,402	166	(32,078)	160,331
Operating expenses	(21,915)	(119,425)	(20,942)	(685)	32,078	(130,889)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,005)	(1,202)	(518)	(30)	-	(5,755)
Operating income	23,468	826	(58)	(549)	-	23,687
Equity in income (loss) of affiliates and other items	1,541	(158)	(34)	590	-	1,939
Tax on net operating income	(14,563)	(143)	76	315	-	(14,315)
Net operating income	10,446	525	(16)	356	-	11,311
Net cost of net debt						(358)
Minority interests						(363)
Net income from continuing operations						10,590
Net income from discontinued operations						-
Net income						10,590

For the year ended December 31, 2008 (adjustments)^(a)

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	(2,776)	(925)	-		(3,701)
Depreciation, depletion and amortization of tangible assets and mineral interests	(171)	-	(6)	-		(177)
Operating income^(b)	(171)	(2,776)	(931)	-		(3,878)
Equity in income (loss) of affiliates and other items ^(c)	(164)	(195)	(82)	(345)		(786)
Tax on net operating income	57	927	329	(2)		1,311
Net operating income^(b)	(278)	(2,044)	(684)	(347)		(3,353)
Net cost of net debt						-
Minority interests						23
Net income from continuing operations						(3,330)
Net income from discontinued operations						-
Net income						(3,330)

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

(b) Of which inventory valuation effect

on operating income	Upstream	Downstream	Chemicals	Corporate	
	-	(2,776)	(727)	-	
on net operating income	-	(1,971)	(504)	-	

(c) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger.	Upstream	Downstream	Chemicals	Corporate	
	-	-	-	(393)	

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

For the year ended December 31, 2008 (adjusted) (M€)

	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	24,256	135,524	20,150	46	-	179,976
Intersegment sales	25,132	5,574	1,252	120	(32,078)	-
Excise taxes	-	(19,645)	-	-	-	(19,645)
Revenues from sales	49,388	121,453	21,402	166	(32,078)	160,331
Operating expenses	(21,915)	(116,649)	(20,017)	(685)	32,078	(127,188)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,834)	(1,202)	(512)	(30)	-	(5,578)
Adjusted operating income	23,639	3,602	873	(549)	-	27,565
Equity in income (loss) of affiliates and other items	1,705	37	48	935	-	2,725
Tax on net operating income	(14,620)	(1,070)	(253)	317	-	(15,626)
Adjusted net operating income	10,724	2,569	668	703	-	14,664
Net cost of net debt						(358)
Minority interests						(386)
Adjusted net income from continuing operations						13,920
Adjusted net income from discontinued operations						-
Adjusted net income						13,920

For the year ended December 31, 2008 (M€)

	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	10,017	2,418	1,074	131		13,640
Total divestments	1,130	216	53	1,186		2,585
Cash flow from operating activities	13,765	3,111	920	873		18,669
Balance sheet as of December 31, 2008						
Property, plant and equipment, intangible assets, net	37,090	8,823	5,323	247		51,483
Investments in equity affiliates	3,892	1,958	677	6,134		12,661
Loans to equity affiliates and other non-current assets	3,739	1,170	762	545		6,216
Working capital	570	5,317	2,348	(132)		8,103
Provisions and other non-current liabilities	(12,610)	(2,191)	(1,903)	(1,138)		(17,842)
Capital Employed (balance sheet)	32,681	15,077	7,207	5,656		60,621
Less inventory valuation effect	-	(1,454)	(46)	387		(1,113)
Capital Employed (Business segment information)	32,681	13,623	7,161	6,043		59,508
ROACE as a percentage (of continuing operations)	36%	20%	9%			26%

For the year ended December 31, 2007
(M€)

	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	19,706	119,212	19,805	29	-	158,752
Intersegment sales	21,173	5,125	1,190	181	(27,669)	-
Excise taxes	-	(21,928)	-	-	-	(21,928)
Revenues from sales	40,879	102,409	20,995	210	(27,669)	136,824
Operating expenses	(17,697)	(96,367)	(19,076)	(627)	27,669	(106,098)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,679)	(1,218)	(495)	(33)	-	(5,425)
Operating income	19,503	4,824	1,424	(450)	-	25,301
Equity in income (loss) of affiliates and other items	1,330	284	(11)	745	-	2,348
Tax on net operating income	(11,996)	(1,482)	(426)	128	-	(13,776)
Net operating income	8,837	3,626	987	423	-	13,873
Net cost of net debt						(338)
Minority interests						(354)
Net income from continuing operations						13,181
Net income from discontinued operations						-
Net income						13,181

For the year ended December 31, 2007 (adjustments)^(a)
(M€)

	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	(11)	1,580	273	-		1,842
Depreciation, depletion and amortization of tangible assets and mineral interests	-	(43)	(4)	-		(47)
Operating income^(b)	(11)	1,537	269	-		1,795
Equity in income (loss) of affiliates and other items ^(c)	(4)	24	(54)	(225)		(259)
Tax on net operating income	3	(470)	(75)	(2)		(544)
Net operating income^(b)	(12)	1,091	140	(227)		992
Net cost of net debt						-
Minority interests						(14)
Net income from continuing operations						978
Net income from discontinued operations						-
Net income						978

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

(b) Of which inventory valuation effect

	Upstream	Downstream	Chemicals	Corporate
on operating income	-	1,529	301	-
on net operating income	-	1,098	201	-

(c) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

-	-	-	(318)
---	---	---	-------

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

For the year ended December 31, 2007 (adjusted)

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	19,706	119,212	19,805	29	-	158,752
Intersegment sales	21,173	5,125	1,190	181	(27,669)	-
Excise taxes	-	(21,928)	-	-	-	(21,928)
Revenues from sales	40,879	102,409	20,995	210	(27,669)	136,824
Operating expenses	(17,686)	(97,947)	(19,349)	(627)	27,669	(107,940)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,679)	(1,175)	(491)	(33)	-	(5,378)
Adjusted operating income	19,514	3,287	1,155	(450)	-	23,506
Equity in income (loss) of affiliates and other items	1,334	260	43	970	-	2,607
Tax on net operating income	(11,999)	(1,012)	(351)	130	-	(13,232)
Adjusted net operating income	8,849	2,535	847	650	-	12,881
Net cost of net debt						(338)
Minority interests						(340)
Adjusted net income from continuing operations						12,203
Adjusted net income from discontinued operations						-
Adjusted net income						12,203

For the year ended December 31, 2007

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Capital expenditures	8,882	1,875	911	54		11,722
Divestments at selling price	751	394	83	328		1,556
Cash flow from operating activities	12,692	4,148	1,096	(250)		17,686
Balance sheet as of December 31, 2007						
Property, plant and equipment, intangible assets, net	32,535	8,308	5,061	213		46,117
Investments in equity affiliates	3,021	2,105	728	6,851		12,705
Loans to equity affiliates and other non-current assets	3,748	1,183	456	634		6,021
Working capital	(94)	6,811	2,774	506		9,997
Provisions and other non-current liabilities	(12,147)	(2,018)	(1,697)	(1,441)		(17,303)
Capital Employed (balance sheet)	27,063	16,389	7,322	6,763		57,537
Less inventory valuation effect	-	(4,198)	(424)	1,112		(3,510)
Capital Employed (Business segment information)	27,063	12,191	6,898	7,875		54,027
ROACE as a percentage (of continuing operations)	34%	21%	12%			24%

For the year ended December 31, 2006

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,782	113,887	19,113	20	-	153,802
Intersegment sales	20,603	4,927	1,169	177	(26,876)	-
Excise taxes	-	(21,113)	-	-	-	(21,113)
Revenues from sales	41,385	97,701	20,282	197	(26,876)	132,689
Operating expenses	(17,759)	(93,209)	(18,706)	(706)	26,876	(103,504)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,319)	(1,120)	(580)	(36)	-	(5,055)
Operating income	20,307	3,372	996	(545)	-	24,130
Equity in income (loss) of affiliates and other items	1,211	384	(298)	797	-	2,094
Tax on net operating income	(12,764)	(1,125)	(191)	206	-	(13,874)
Net operating income	8,754	2,631	507	458	-	12,350
Net cost of net debt						(210)
Minority interests						(367)
Net income from continuing operations						11,773
Net income from discontinued operations						(5)
Net income						11,768

For the year ended December 31, 2006 (adjustments)^(a)

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	(272)	(158)	(27)		(457)
Depreciation, depletion and amortization of tangible assets and mineral interests	-	-	(61)	-		(61)
Operating income^(b)	-	(272)	(219)	(27)		(518)
Equity in income (loss) of affiliates and other items ^(c)	195	178	(327)	(295)		(249)
Tax on net operating income	(150)	(59)	169	(5)		(45)
Net operating income^(b)	45	(153)	(377)	(327)		(812)
Net cost of net debt						-
Minority interests						14
Net income from continuing operations						(798)
Net income from discontinued operations						(19)
Net income						(817)

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi- Aventis merger.

	Upstream	Downstream	Chemicals	Corporate
(b) Of which inventory valuation effect				
on operating income	-	(272)	(42)	-
on net operating income	-	(327)	(28)	-
(c) Of which equity share of amortization of intangible assets related to the Sanofi- Aventis merger.	-	-	-	(311)

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

For the year ended December 31, 2006 (adjusted)

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,782	113,887	19,113	20	-	153,802
Intersegment sales	20,603	4,927	1,169	177	(26,876)	-
Excise taxes	-	(21,113)	-	-	-	(21,113)
Revenues from sales	41,385	97,701	20,282	197	(26,876)	132,689
Operating expenses	(17,759)	(92,937)	(18,548)	(679)	26,876	(103,047)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,319)	(1,120)	(519)	(36)	-	(4,994)
Adjusted operating income	20,307	3,644	1,215	(518)	-	24,648
Equity in income (loss) of affiliates and other items	1,016	206	29	1,092	-	2,343
Tax on net operating income	(12,614)	(1,066)	(360)	211	-	(13,829)
Adjusted net operating income	8,709	2,784	884	785	-	13,162
Net cost of net debt						(210)
Minority interests						(381)
Adjusted net income from continuing operations						12,571
Adjusted net income from discontinued operations						14
Adjusted net income						12,585

For the year ended December 31, 2006

(M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Capital expenditures	9,001	1,775	995	81		11,852
Divestments at selling price	1,458	428	128	264		2,278
Cash flow from operating activities	11,524	3,626	972	(61)		16,061
Balance sheet as of December 31, 2006						
Property, plant and equipment, intangible assets, net	31,875	8,211	4,983	212		45,281
Investments in equity affiliates	2,153	1,922	713	7,010		11,798
Loans to equity affiliates and other non-current assets	2,744	1,065	477	585		4,871
Working capital	199	6,067	2,609	(78)		8,797
Provisions and other non-current liabilities	(11,427)	(2,093)	(1,807)	(1,052)		(16,379)
Capital Employed (balance sheet)	25,544	15,172	6,975	6,677		54,368
Less inventory valuation effect	-	(2,789)	(231)	738		(2,282)
Capital Employed (Business segment information)	25,544	12,383	6,744	7,415		52,086
ROACE as a percentage (of continuing operations)	35%	23%	13%			26%

B) Reconciliation between business segment information and the consolidated statement of income

The table below reconciles the information presented above with the Consolidated Statement of Income:

For the year ended December 31, 2008 (M€)	Adjusted	Adjustments^(a)	Consolidated statement of income
Sales	179,976	-	179,976
Excise taxes	(19,645)	-	(19,645)
Revenues from sales	160,331	-	160,331
Purchases, net of inventory variation	(107,521)	(3,503)	(111,024)
Other operating expenses	(18,903)	(198)	(19,101)
Exploration costs	(764)	-	(764)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,578)	(177)	(5,755)
Other income	153	216	369
Other expense	(147)	(407)	(554)
Financial interest on debt	(1,000)	-	(1,000)
Financial income from marketable securities & cash equivalents	473	-	473
Cost of net debt	(527)	-	(527)
Other financial income	728	-	728
Other financial expense	(325)	-	(325)
Equity in income (loss) of affiliates	2,316	(595)	1,721
Income taxes	(15,457)	1,311	(14,146)
Net income from continuing operations (Group without Arkema)	14,306	(3,353)	10,953
Net income from discontinued operations (Arkema)	-	-	-
Consolidated net income	14,306	(3,353)	10,953
Group share	13,920	(3,330)	10,590
Minority interests	386	(23)	363

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

For the year ended December 31, 2007 (M€)	Adjusted	Adjustments^(a)	Consolidated statement of income
Sales	158,752	-	158,752
Excise taxes	(21,928)	-	(21,928)
Revenues from sales	136,824	-	136,824
Purchases, net of inventory variation	(89,688)	1,881	(87,807)
Other operating expenses	(17,375)	(39)	(17,414)
Exploration costs	(877)	-	(877)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,378)	(47)	(5,425)
Other income	384	290	674
Other expense	(225)	(245)	(470)
Financial interest on debt	(1,783)	-	(1,783)
Financial income from marketable securities & cash equivalents	1,244	-	1,244
Cost of net debt	(539)	-	(539)
Other financial income	643	-	643
Other financial expense	(274)	-	(274)
Equity in income (loss) of affiliates	2,079	(304)	1,775
Income taxes	(13,031)	(544)	(13,575)
Net income from continuing operations (Group without Arkema)	12,543	992	13,535
Net income from discontinued operations (Arkema)	-	-	-
Consolidated net income	12,543	992	13,535
Group share	12,203	978	13,181
Minority interests	340	14	354

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

For the year ended December 31, 2006 (M€)	Adjusted	Adjustments ^(a)	Consolidated statement of income
Sales	153,802	-	153,802
Excise taxes	(21,113)	-	(21,113)
Revenues from sales	132,689	-	132,689
Purchases, net of inventory variation	(83,020)	(314)	(83,334)
Other operating expenses	(19,393)	(143)	(19,536)
Exploration costs	(634)	-	(634)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,994)	(61)	(5,055)
Other income	423	366	789
Other expense	(330)	(373)	(703)
Financial interest on debt	(1,731)	-	(1,731)
Financial income from marketable securities & cash equivalents	1,367	-	1,367
Cost of net debt	(364)	-	(364)
Other financial income	592	-	592
Other financial expense	(277)	-	(277)
Equity in income (loss) of affiliates	1,935	(242)	1,693
Income taxes	(13,675)	(45)	(13,720)
Net income from continuing operations (Group without Arkema)	12,952	(812)	12,140
Net income from discontinued operations (Arkema)	14	(19)	(5)
Consolidated net income	12,966	(831)	12,135
Group share	12,585	(817)	11,768
Minority interests	381	(14)	367

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

C) Adjustment items by business segment

The adjustment items for income as per Note 2 to the Consolidated Financial Statements are detailed as follows:

Adjustments to operating income

For the year ended December 31, 2008

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(2,776)	(727)	-	(3,503)
Restructuring charges	-	-	-	-	-
Asset impairment charges	(171)	-	(6)	-	(177)
Other items	-	-	(198)	-	(198)
Total	(171)	(2,776)	(931)	-	(3,878)

Adjustments to net income

For the year ended December 31, 2008

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(1,949)	(503)	-	(2,452)
TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	-	-
TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(393)	(393)
Restructuring charges	-	(47)	(22)	-	(69)
Asset impairment charges	(172)	(26)	(7)	-	(205)
Gains (losses) on disposals of assets	130	-	-	84	214
Other items	(236)	-	(151)	(38)	(425)
Total	(278)	(2,022)	(683)	(347)	(3,330)

Adjustments to operating income

For the year ended December 31, 2007

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,529	301	-	1,830
Restructuring charges	-	-	-	-	-
Asset impairment charges	-	(43)	(4)	-	(47)
Other items	(11)	51	(28)	-	12
Total	(11)	1,537	269	-	1,795

Adjustments to net income

For the year ended December 31, 2007

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,084	201	-	1,285
TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	75	75
TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(318)	(318)
Restructuring charges	-	(20)	(15)	-	(35)
Asset impairment charges	(93)	(61)	(8)	-	(162)
Gains (losses) on disposals of assets	89	101	-	116	306
Other items	(8)	(27)	(38)	(100)	(173)
Total	(12)	1,077	140	(227)	978

Adjustments to operating income

For the year ended December 31, 2006

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(272)	(42)	-	(314)
Restructuring charges	-	-	(25)	-	(25)
Asset impairment charges	-	-	(61)	-	(61)
Other items	-	-	(91)	(27)	(118)
Total	-	(272)	(219)	(27)	(518)

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

Adjustments to net income

For the year ended December 31, 2006

(M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(330)	(28)	-	(358)
TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	(81)	(81)
TOTAL's equity share of adjustments related to the Sanofi-Aventis merger	-	-	-	(309)	(309)
Restructuring charges	-	-	(154)	-	(154)
Asset impairment charges	-	-	(40)	-	(40)
Gains (losses) on disposals of assets	130	174	-	-	304
Other items	(71)	-	(172)	64	(179)
Total	59	(156)	(394)	(326)	(817)

D) Additional information on impairments

In the Upstream, Downstream and Chemicals segments, impairments of assets have been recognized for the year ended December 31, 2008, with an impact of 216 M€ in operating income and 244 M€ in net income, Group share. These impairments were disclosed as adjustments to operating income for 177 M€ and adjustments to net income for 205 M€. These items are identified in paragraph 4C above as adjustment items with the heading "Asset impairment charges".

The impairment losses impact certain Cash Generating Units (CGU) for which there were indications of impairment, due mainly to changes in the operating conditions or the economic environment of their specific businesses.

The CGUs of the Upstream segment affected by these impairments are oil fields and associates accounted for by the equity method. The impairments recorded during 2008 are mainly due to the deterioration in the operating conditions of the specific assets. Economic assumptions, notably on hydrocarbon prices, made by management have not triggered the recognition of impairments and would not have even if hydrocarbon prices had been 25% lower than assumed by management.

The CGUs of the Downstream segment are affiliates or groups of affiliates organized mostly by country.

The CGUs of the Chemicals segment are worldwide business units, including activities or products with common strategic, commercial and industrial characteristics.

In addition,

- the recoverable amount of CGUs has been based on their value in use, as defined in Note 1 paragraph L to the Consolidated Financial Statements "Impairment of long-lived assets"; and
- future cash flows including specific risks attached to CGU assets have been discounted using a 8% after tax discount rate. This rate is a weighted-average capital cost estimated from historical market data.

These assumptions have been applied consistently for the years 2006, 2007 and 2008.

For the year ended December 31, 2007, impairments of assets have been recognized in the Upstream, Downstream and Chemicals segments with an impact of 47 M€ in operating income and 162 M€ in net income, Group share.

For the year ended December 31, 2006, changes in the economic environment of certain business units of the Chemicals segment had triggered the recognition of impairments of assets for 61 M€ in operating income and 40M€ in net income, Group share.

For the year ended December 31, 2008, reversals of impairment losses have been recognized in the Upstream segment with an impact of 41 M€ in operating income and 29 M€ in net income, Group share.

No reversal of impairment losses has been recognized in 2006 and 2007.

5) Information by geographical area

(M€)	France	Rest of Europe	North America	Africa	Asia-Pacific and rest of world	Total
For the year ended December 31, 2008						
Non-Group sales	43,616	82,761	14,002	12,482	27,115	179,976
Property, plant and equipment, intangible assets, net	7,260	13,485	5,182	15,460	10,096	51,483
Capital expenditures	1,997	2,962	1,255	4,500	2,926	13,640
For the year ended December 31, 2007						
Non-Group sales	37,949	73,757	12,404	10,401	24,241	158,752
Property, plant and equipment, intangible assets, net	6,437	14,554	4,444	11,872	8,810	46,117
Capital expenditures	1,627	2,538	740	3,745	3,072	11,722
For the year ended December 31, 2006						
Non-Group sales ^(a)	36,890	70,992	13,031	10,086	22,803	153,802
Property, plant and equipment, intangible assets, net	5,860	14,066	4,318	10,595	10,442	45,281
Capital expenditures	1,919	2,355	881	3,326	3,371	11,852

(a) Non-Group sales from continuing operations.

6) Operating expenses

For the year ended December 31, (M€)	2008	2007	2006
Purchases, net of inventory variation ^(a)	(111,024)	(87,807)	(83,334)
Exploration costs	(764)	(877)	(634)
Other operating expenses ^(b)	(19,101)	(17,414)	(19,536)
of which non-current operating liabilities (allowances) reversals	459	781	454
of which current operating liabilities (allowances) reversals	(29)	(42)	(111)
Operating expenses	(130,889)	(106,098)	(103,504)

(a) Includes royalties paid on oil and gas production in the Upstream segment (see in particular the taxes paid to Middle East oil producing countries for the Group's concessions as detailed in Note 33 to the Consolidated Financial Statements "Other information").

(b) Principally composed of production and administrative costs (see in particular the payroll costs as detailed in Note 26 to the Consolidated Financial Statements "Payroll and staff").

7) Other income and other expense

As of December 31, (M€)	2008	2007	2006
Gains (losses) on disposal of assets	257	639	789
Foreign exchange gains	112	35	-
Other income	369	674	789
Foreign exchange losses	-	-	(30)
Amortization of other intangible assets (excluding mineral interests)	(162)	(178)	(182)
Other	(392)	(292)	(491)
Other expense	(554)	(470)	(703)

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

In 2008, gains and losses on disposal of assets are mainly related to sales of non-current assets in the Upstream segment, as well as disposal of shares of Sanofi-Aventis. The "Other" heading is mainly comprised of:

- 107 M€ of restructuring charges in the Upstream, Downstream and Chemicals segments; and
- 48 M€ of changes in provisions related to various antitrust investigations as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities".

In 2007, gains and losses on disposal of assets were mainly related to sales of non-current assets in the Upstream and Downstream segments, as well as disposal of shares of Sanofi-Aventis. The "Other" heading was mainly comprised of:

- 51 M€ of restructuring charges in the Downstream and Chemicals segments; and

- 100 M€ of changes in provisions related to various antitrust investigations as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities".

In 2006, gains and losses on disposal of assets were mainly related to sales of financial assets. The "Other" heading was mainly comprised of:

- 100 M€ of changes in provisions related to the Toulouse-AZF plant explosion (civil liability);
- 188 M€ of restructuring charges in the Chemicals segment; and
- 32 M€ of changes in provisions related to various antitrust investigations as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities".

8) Other financial income and expense

As of December 31,
(M€)

	2008	2007	2006
Dividend income on non-consolidated companies	238	218	237
Capitalized financial expenses	271	322	236
Other	219	103	119
Other financial income	728	643	592
Accretion of asset retirement obligations	(229)	(189)	(182)
Other	(96)	(85)	(95)
Other financial expense	(325)	(274)	(277)

9) Income taxes

Since 1966, the Group has been taxed in accordance with the consolidated income tax treatment approved on a renewable basis by the French Ministry of Economy, Industry and Employment. The renewal of the approval for the consolidated income tax treatment has been requested for 2008 to 2010. It is being reviewed by the French Ministry of Budget.

No deferred tax is recognized for the temporary differences between the carrying amounts and tax bases of investments in foreign subsidiaries, which are considered to be permanent investments.

Income taxes are detailed as follows:

For the year ended December 31,
(M€)

	2008	2007	2006
Current income taxes	(14,117)	(12,141)	(12,997)
Deferred income taxes	(29)	(1,434)	(723)
Total income taxes	(14,146)	(13,575)	(13,720)

Undistributed earnings from foreign subsidiaries considered to be reinvested indefinitely amounted to 20,661 M€ as of December 31, 2008. The determination of the tax effect relating to such reinvested income is not practicable.

In addition, no deferred tax is recognized on unremitted earnings (approximately 13,534 M€) of the Group's French subsidiaries since the remittance of such earnings would be tax exempt for the subsidiaries, in which the Company owns 95% or more of the outstanding shares.

Before netting deferred tax assets and liabilities by fiscal entity, the components of deferred tax balances as of December 31, 2008, 2007 and 2006 are as follows:

As of December 31,

(M€)	2008	2007	2006
Net operating losses and tax carry forwards	1,031	560	633
Employee benefits	519	760	830
Other temporary non-deductible provisions	2,075	2,341	2,157
Gross deferred tax assets	3,625	3,661	3,620
Valuation allowance	(475)	(449)	(572)
Net deferred tax assets	3,150	3,212	3,048
Excess tax over book depreciation	(8,836)	(9,254)	(8,180)
Other temporary tax deductions	(1,171)	(1,209)	(1,237)
Gross deferred tax liability	(10,007)	(10,463)	(9,417)
Net deferred tax liability	(6,857)	(7,251)	(6,369)

After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

As of December 31,

(M€)	2008	2007	2006
Deferred tax assets, non-current (note 14)	1,010	797	806
Deferred tax assets, current (note 16)	206	112	94
Deferred tax liabilities, non-current	(7,973)	(7,933)	(7,139)
Deferred tax liabilities, current	(100)	(227)	(130)
Net amount	(6,857)	(7,251)	(6,369)

The net deferred tax variation in the balance sheet is analyzed as follows:

As of December 31,

(M€)	2008	2007	2006
Opening balance	(7,251)	(6,369)	(5,670)
Deferred tax on income for continuing operations	(29)	(1,434)	(723)
Deferred tax on income for discontinued operations	-	-	(10)
Deferred tax on shareholders' equity ^(a)	30	(6)	(17)
Changes in scope of consolidation ^(b)	(1)	158	(311)
Currency translation adjustment	394	400	362
Closing balance	(6,857)	(7,251)	(6,369)

(a) This amount includes mainly current income taxes and deferred taxes for changes in fair value of listed securities classified as financial assets available for sale.

(b) This amount includes mainly the impact of the spin-off of Arkema for 2006.

→ Reconciliation between provision for income taxes and pre-tax income:

For the year ended December 31,

(M€)	2008	2007	2006 ^(a)
Net income	10,953	13,535	12,140
Provision for income taxes	14,146	13,575	13,720
Pre-tax income	25,099	27,110	25,860
French statutory tax rate	34.43%	34.43%	34.43%
Theoretical tax charge	(8,642)	(9,334)	(8,904)
Difference between French and foreign income tax rates	(6,326)	(5,118)	(5,484)
Tax effect of equity in income (loss) of affiliates	593	611	583
Permanent differences	315	122	324
Adjustments on prior years income taxes	12	75	(87)
Adjustments on deferred tax related to changes in tax rates	(31)	(16)	(88)
Changes in valuation allowance of deferred tax assets	(63)	80	(62)
Other	(4)	5	(2)
Net provision for income taxes	(14,146)	(13,575)	(13,720)

(a) Excluding discontinued operations.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

The French statutory tax rate includes the standard corporate tax rate (33.33%) and additional applicable taxes that bring the overall tax rate to 34.43% in 2008 (34.43% in 2007 and 2006).

Permanent differences are mainly due to impairment of goodwill and to dividends from non-consolidated companies as well as the specific taxation rules applicable to certain activities and within the consolidated income tax treatment.

→ Net operating losses and tax credit carryforwards

Deferred tax assets related to net operating losses and tax carryforwards were available in various tax jurisdictions, expiring in the following years:

As of December 31,

(M€)	2008		2007		2006	
	Basis	Tax	Basis	Tax	Basis	Tax
2007	-	-	-	-	234	115
2008	-	-	290	141	210	102
2009	233	115	222	109	157	80
2010	167	79	129	59	299	104
2011 ^(a)	93	42	33	13	23	9
2012 ^(b)	61	19	68	22	-	-
2013 and after	1,765	587	-	-	-	-
Unlimited	560	189	641	216	638	223
Total	2,879	1,031	1,383	560	1,561	633

(a) Net operating losses and tax credit carryforwards in 2011 and after for 2006.

(b) Net operating losses and tax credit carryforwards in 2012 and after for 2007.

10) Intangible assets

As of December 31, 2008

(M€)	Cost	Amortization and impairment	Net
Goodwill	1,690	(616)	1,074
Proved and unproved mineral interests	6,010	(2,268)	3,742
Other intangible assets	2,519	(1,994)	525
Total intangible assets	10,219	(4,878)	5,341

As of December 31, 2007

(M€)	Cost	Amortization and impairment	Net
Goodwill	1,684	(617)	1,067
Proved and unproved mineral interests	5,327	(2,310)	3,017
Other intangible assets	2,452	(1,886)	566
Total intangible assets	9,463	(4,813)	4,650

As of December 31, 2006

(M€)	Cost	Amortization and impairment	Net
Goodwill	1,759	(635)	1,124
Proved and unproved mineral interests	5,457	(2,473)	2,984
Other intangible assets	2,377	(1,780)	597
Total intangible assets	9,593	(4,888)	4,705

Changes in net intangible assets are analyzed in the following table:

(M€)	Net amount as of January 1,	Acquisitions	Disposals	Amortization and impairment	Currency translation adjustment	Other	Net amount as of December 31,
2008	4,650	404	(3)	(259)	(93)	642	5,341
2007	4,705	472	(160)	(274)	(208)	115	4,650
2006	4,384	675	(25)	(282)	(337)	290	4,705

In 2008, the heading “Other” includes mainly the impact of “proved and unproved mineral interests” from Synenco Energy Inc. for 221 M€ and Goal Petroleum B.V. for 292 M€ (see Note 3 to the Consolidated Financial Statements).

A summary of changes in the carrying amount of goodwill by business segment for the year ended December 31, 2008 is as follows:

(M€)	Net goodwill as of January 1, 2008	Increases	Impairments	Other	Net goodwill as of December 31, 2008
Upstream	78	-	-	-	78
Downstream	132	4	-	(6)	130
Chemicals	832	24	(3)	(12)	841
Corporate	25	-	-	-	25
Total	1,067	28	(3)	(18)	1,074

11) Property, plant and equipment

As of December 31, 2008

(M€)	Cost	Depreciation and impairment	Net
Upstream properties			
Proved properties	61,727	(39,315)	22,412
Unproved properties	106	(1)	105
Work in progress	9,586	-	9,586
Subtotal	71,419	(39,316)	32,103
Other property, plant and equipment			
Land	1,446	(429)	1,017
Machinery, plant and equipment (including transportation equipment)	21,734	(14,857)	6,877
Buildings	5,739	(3,441)	2,298
Work in progress	2,226	(10)	2,216
Other	6,258	(4,627)	1,631
Subtotal	37,403	(23,364)	14,039
Total property, plant and equipment	108,822	(62,680)	46,142

As of December 31, 2007

(M€)	Cost	Depreciation and impairment	Net
Upstream properties			
Proved properties	60,124	(38,735)	21,389
Unproved properties	48	(1)	47
Work in progress	7,010	-	7,010
Subtotal	67,182	(38,736)	28,446
Other property, plant and equipment			
Land	1,460	(417)	1,043
Machinery, plant and equipment (including transportation equipment)	20,575	(14,117)	6,458
Buildings	5,505	(3,430)	2,075
Work in progress	1,832	(4)	1,828
Other	6,291	(4,674)	1,617
Subtotal	35,663	(22,642)	13,021
Total property, plant and equipment	102,845	(61,378)	41,467

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

As of December 31, 2006 (M€)	Cost	Depreciation and impairment	Net
Upstream properties			
Proved properties	60,063	(39,211)	20,852
Unproved properties	20	(1)	19
Work in progress	7,080	(22)	7,058
Subtotal	67,163	(39,234)	27,929
Other property, plant and equipment			
Land	1,550	(445)	1,105
Machinery, plant and equipment (including transportation equipment)	20,724	(14,131)	6,593
Buildings	5,392	(3,289)	2,103
Work in progress	1,228	(14)	1,214
Other	6,154	(4,522)	1,632
Subtotal	35,048	(22,401)	12,647
Total property, plant and equipment	102,211	(61,635)	40,576

Changes in net property, plant and equipment are analyzed in the following table:

(M€)	Net amount as of January 1,	Acquisitions	Disposals	Depreciation and impairment	Currency translation adjustment	Other	Net amount as of December 31,
2008	41,467	11,442	(102)	(5,941)	(1,151)	427	46,142
2007	40,576	10,241	(729)	(5,674)	(2,347)	(600)	41,467
2006	40,568	9,209	(175)	(5,010)	(2,373)	(1,643)	40,576

In 2008, the "Other" heading mainly includes changes in net property, plant and equipment related to asset retirement obligations.

included the impact of conversion of Sincor and the changes in Property, plant and equipment related to asset retirement obligations.

In 2007, the "Disposals" heading mainly included the impact of conversion of the Sincor project and the disposal of the Group's interest in the Milford Haven refinery. The "Other" heading mainly

In 2006, the "Other" heading mainly included the impact of the spin-off of Arkema for 1,310 M€.

Property, plant and equipment presented above include the following amounts for facilities and equipment under finance leases that have been capitalized:

As of December 31, 2008 (M€)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	558	(316)	242
Buildings	35	(28)	7
Other	-	-	-
Total	593	(344)	249

As of December 31, 2007 (M€)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	503	(265)	238
Buildings	35	(29)	6
Other	-	-	-
Total	538	(294)	244

As of December 31, 2006 (M€)	Cost	Depreciation and impairment	Net
Machinery, plant and equipment	518	(244)	274
Buildings	40	(27)	13
Other	-	-	-
Total	558	(271)	287

12) Equity affiliates: investments and loans

	As of December 31,			As of December 31,		
	2008	2007	2006	2008	2007	2006
Equity value (M€)	% owned			equity value		
NLNG	15.00%	15.00%	15.00%	1,135	1,062	887
PetroCedeño - EM ^(b)	30.32%	30.32%	-	760	534	-
CEPSA (Upstream share)	48.83%	48.83%	48.83%	403	246	253
Angola LNG Ltd. ^(b)	13.60%	13.60%	-	326	155	-
Qatargas	10.00%	10.00%	10.00%	251	172	186
Société du Terminal Méthanier de Fos Cavaou ^(a)	30.30%	30.30%	30.30%	114	92	63
SCP Limited	10.00%	10.00%	10.00%	96	91	100
Dolphin Energy Ltd (Del) Abu Dhabi	24.50%	24.50%	24.50%	85	37	16
Qatar Liquefied Gas Company Limited II ^(a)	8.35%	8.35%	8.35%	82	86	55
Moattama Gas Transportation Cy	31.24%	31.24%	31.24%	65	53	61
Ocensa	15.20%	15.20%	15.20%	60	57	64
Gasoducto Gasandes Argentina	56.50%	56.50%	56.50%	58	74	115
GazTransport et Technigaz ^(b)	30.00%	30.00%	-	53	46	-
Laffan Refinery	10.00%	10.00%	10.00%	53	39	22
Other	-	-	-	350	277	331
Total Upstream				3,891	3,021	2,153
CEPSA (Downstream share)	48.83%	48.83%	48.83%	1,810	1,932	1,735
Saudi Aramco Total Refining & Petrochemicals ^(c)	37.50%	-	-	75	-	-
Wepec	22.41%	22.41%	22.41%	-	70	62
Other				73	103	125
Total Downstream				1,958	2,105	1,922
CEPSA (Chemicals share)	48.83%	48.83%	48.83%	424	524	503
Qatar Petrochemical Company Ltd	20.00%	20.00%	20.00%	192	150	147
Other				61	54	63
Total Chemicals				677	728	713
Sanofi-Aventis	11.38%	13.06%	13.13%	6,137	6,851	7,010
Other				-	-	-
Total Corporate				6,137	6,851	7,010
Total investments				12,663	12,705	11,798
Loans				2,005	2,575	1,533
Total investments and loans				14,668	15,280	13,331

(a) Investment accounted for by the equity method as from 2006.

(b) Investment accounted for by the equity method as from 2007.

(c) Investment accounted for by the equity method as from 2008.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

	As of December 31,			For the year ended December 31,		
	2008	2007	2006	2008	2007	2006
Equity in income (loss) (M€)	% owned			equity in income (loss)		
NLNG	15.00%	15.00%	15.00%	554	477	329
PetroCedeño – EM ^(b)	30.32%	30.32%	-	193	-	-
CEPSA (Upstream share)	48.83%	48.83%	48.83%	50	88	104
Angola LNG Ltd. ^(b)	13.60%	13.60%	-	10	7	-
Qatargas	10.00%	10.00%	10.00%	126	74	119
Société du Terminal Méthanier de Fos Cavaou ^(a)	30.30%	30.30%	30.30%	(5)	(2)	(4)
SCP Limited	10.00%	10.00%	10.00%	4	1	-
Dolphin Energy Ltd (Del) Abu Dhabi	24.50%	24.50%	24.50%	83	5	(2)
Qatar Liquefied Gas Company Limited II ^(a)	8.35%	8.35%	8.35%	(11)	(5)	-
Moattama Gas Transportation Cy	31.24%	31.24%	31.24%	81	67	63
Ocensa	15.20%	15.20%	15.20%	-	-	-
Gasoducto Gasandes Argentina	56.50%	56.50%	56.50%	(10)	(22)	7
GazTransport et Technigaz ^(b)	30.00%	30.00%	-	51	45	-
Laffan Refinery	10.00%	10.00%	10.00%	2	-	-
Other	-	-	-	50	6	30
Total Upstream				1,178	741	646
CEPSA (Downstream share)	48.83%	48.83%	48.83%	76	253	246
Saudi Aramco Total Refining & Petrochemicals ^(c)	37.50%	-	-	-	-	-
Wepec	22.41%	22.41%	22.41%	(110)	14	1
Other				(13)	(1)	26
Total Downstream				(47)	266	273
CEPSA (Chemicals share)	48.83%	48.83%	48.83%	10	24	26
Qatar Petrochemical Company Ltd	20.00%	20.00%	20.00%	66	55	45
Other				(1)	1	-
Total Chemicals				75	80	71
Sanofi-Aventis	11.38%	13.06%	13.13%	515	688	556
CEPSA (Corporate share)	48.83%	48.83%	48.83%	-	-	147
Other				-	-	-
Total Corporate				515	688	703
Total investments				1,721	1,775	1,693

(a) Investment accounted for by the equity method as from 2006.

(b) Investment accounted for by the equity method as from 2007.

(c) Investment accounted for by the equity method as from 2008.

The market value of the Group's share in CEPSA amounted to 8,833 M€ as of December 31, 2008 for an equity value of 2,637 M€.

The market value of the Group's share in Sanofi-Aventis amounted to 6,744 M€ as of December 31, 2008.

In Group share, the main financial items of the equity affiliates are as follows:

As of December 31, (M€)	2008	For the year ended December 31, (M€)	2008
Assets	23,173	Revenues from sales	19,982
Shareholders' equity	12,663	Pre-tax income	2,412
Liabilities	10,510	Income tax	(691)
		Net income	1,721

13) Other investments

As of December 31, 2008 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva ^(a)	69	59	128
Arkema	16	15	31
Chicago Mercantile Exchange Group ^(b)	1	5	6
Olympia Energy Fund ^(c)	36	(5)	31
Other publicly traded equity securities	-	-	-
Total publicly traded equity securities^(d)	122	74	196
BBPP	75	-	75
BTC Limited	161	-	161
Other equity securities	733	-	733
Total other equity securities^(d)	969	-	969
Other investments	1,091	74	1,165

As of December 31, 2007 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva ^(a)	69	216	285
Arkema	16	97	113
Nymex Holdings Inc	1	15	16
Other publicly traded equity securities	-	-	-
Total publicly traded equity securities^(d)	86	328	414
BBPP	71	-	71
BTC Limited	161	-	161
Other equity securities	645	-	645
Total other equity securities^(d)	877	-	877
Other investments	963	328	1,291

As of December 31, 2006 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva ^(a)	69	135	204
Arkema	16	82	98
Other publicly traded equity securities	1	1	2
Total publicly traded equity securities^(d)	86	218	304
BBPP	80	-	80
BTC Limited	185	-	185
Other equity securities	681	-	681
Total other equity securities^(d)	946	-	946
Other investments	1,032	218	1,250

(a) Unrealized gain based on the investment certificate.

(b) The Nymex Holdings Inc. securities have been exchanged during the acquisition process running from June 11 to August 22, 2008 through which Chicago Mercantile Exchange Group acquired all the Nymex Holdings Inc. securities.

(c) Securities acquired in 2008.

(d) Including cumulative impairments of 608 M€ in 2008, 632 M€ in 2007 and 668 M€ in 2006.

These investments are classified as financial assets available for sale (see Note 1 paragraph Mii to the Consolidated Financial Statements).

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

14) Other non-current assets

As of December 31, 2008 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	1,010	-	1,010
Loans and advances ^(a)	1,932	(529)	1,403
Other	631	-	631
Total	3,573	(529)	3,044

As of December 31, 2007 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	797	-	797
Loans and advances ^(a)	1,378	(527)	851
Other	507	-	507
Total	2,682	(527)	2,155

As of December 31, 2006 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	806	-	806
Loans and advances ^(a)	1,513	(488)	1,025
Other	257	-	257
Total	2,576	(488)	2,088

(a) Excluding loans to equity affiliates.

Changes in the valuation allowance on loans and advances are detailed as follows:

For the year ended December 31, (M€)	Valuation allowance as of January 1,	Increases	Decreases	Currency translation adjustment and other variations	Valuation allowance as of December 31,
2008	(527)	(33)	52	(21)	(529)
2007	(488)	(13)	6	(32)	(527)
2006	(584)	(6)	23	79	(488)

15) Inventories

As of December 31, 2008
(M€)

	Gross value	Valuation allowance	Net value
Crude oil and natural gas	2,772	(326)	2,446
Refined products	4,954	(416)	4,538
Chemicals products	1,419	(105)	1,314
Other inventories	1,591	(268)	1,323
Total	10,736	(1,115)	9,621

As of December 31, 2007
(M€)

	Gross value	Valuation allowance	Net value
Crude oil and natural gas	4,746	-	4,746
Refined products	6,874	(11)	6,863
Chemicals products	1,188	(91)	1,097
Other inventories	1,368	(223)	1,145
Total	14,176	(325)	13,851

As of December 31, 2006
(M€)

	Gross value	Valuation allowance	Net value
Crude oil and natural gas	4,038	(90)	3,948
Refined products	5,373	(44)	5,329
Chemicals products	1,544	(90)	1,454
Other inventories	1,231	(216)	1,015
Total	12,186	(440)	11,746

Changes in the valuation allowance on inventories are as follows:

For the year ended December 31, (M€)	Valuation allowance as of January 1,	Increase (net)	Currency translation adjustment and other variations	Valuation allowance as of December 31,
2008	(325)	(740)	(50)	(1,115)
2007	(440)	124	(9)	(325)
2006	(413)	(118)	91	(440)

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

16) Accounts receivable and other current assets

As of December 31, 2008 (M€)	Gross value	Valuation allowance	Net value
Accounts receivable	15,747	(460)	15,287
Recoverable taxes	2,510	-	2,510
Other operating receivables	6,227	(19)	6,208
Deferred income tax	206	-	206
Prepaid expenses	650	-	650
Other current assets	68	-	68
Other current assets	9,661	(19)	9,642

As of December 31, 2007 (M€)	Gross value	Valuation allowance	Net value
Accounts receivable	19,611	(482)	19,129
Recoverable taxes	2,735	-	2,735
Other operating receivables	4,457	(27)	4,430
Deferred income tax	112	-	112
Prepaid expenses	687	-	687
Other current assets	42	-	42
Other current assets	8,033	(27)	8,006

As of December 31, 2006 (M€)	Gross value	Valuation allowance	Net value
Accounts receivable	17,882	(489)	17,393
Recoverable taxes	2,098	-	2,098
Other operating receivables	4,306	(39)	4,267
Deferred income tax	94	-	94
Prepaid expenses	745	-	745
Other current assets	43	-	43
Other current assets	7,286	(39)	7,247

Changes in the valuation allowance on "Accounts receivable" and "Other current assets" are as follows:

(in M€)	Valuation allowance as of January 1,	Increase (net)	Currency translation adjustments and other variations	Valuation allowance as of December 31,
Accounts receivable				
2008	(482)	9	13	(460)
2007	(489)	(25)	32	(482)
2006	(562)	6	67	(489)
Other current assets				
2008	(27)	7	1	(19)
2007	(39)	(4)	16	(27)
2006	(63)	(1)	25	(39)

As of December 31, 2008, the portion of the past due receivables included in "Accounts receivable" and "Other current assets" is 3,744 M€, of which 2,420 M€ has been overdue for less than 90 days, 729 M€ between 90 days and 6 months, 54 M€ between 6 and 12 months and 541 M€ for more than 12 months.

17) Shareholders' equity

→ Number of TOTAL shares

The Company's common shares, par value €2.50, as of December 31, 2008 are the only category of shares. Shares may be held in either bearer or registered form.

Double voting rights are granted to holders of shares that are fully-paid and held in the name of the same shareholder for at least two years, with due consideration for the total portion of the share capital represented. Double voting rights are also assigned to restricted shares in the event of an increase in share capital by incorporation of reserves, profits or premiums based on shares already held that are entitled to double voting rights.

Pursuant to the Company's bylaws (*Statuts*), no shareholder may cast a vote at a shareholders' meeting, either by himself or through an agent, representing more than 10% of the total voting rights for the Company's shares. This limit applies to the aggregated amount of voting rights held directly, indirectly or through voting proxies. However, in the case of double voting rights, this limit may be extended to 20%.

These restrictions no longer apply if any individual or entity, acting alone or in concert, acquires at least two-thirds of the total share capital of the Company, directly or indirectly, following a public tender offer for all of the Company's shares.

The authorized share capital amounts to 3,413,204,025 shares as of December 31, 2008 compared to 4,042,585,605 as of December 31, 2007 and 4,081,629,794 as of December 31, 2006.

		Historical figures	Restated historical figures ^(a)
As of January 1, 2006		615,116,296	2,460,465,184
Shares issued in connection with:	Four-for-one stock split of share par value	1,845,348,888	
	Capital increase reserved for employees	11,141,320	11,141,320
	Exercise of TOTAL share subscription options	849,319	849,319
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	332,130	332,130
Cancellation of shares ^(b)		(47,020,000)	(47,020,000)
As of January 1, 2007		2,425,767,953	2,425,767,953
Shares issued in connection with:	Exercise of TOTAL share subscription options	2,453,832	
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	315,312	
Cancellation of shares ^(c)		(33,005,000)	
As of January 1, 2008		2,395,532,097	
Shares issued in connection with:	Capital increase reserved for employees	4,870,386	
	Exercise of TOTAL share subscription options	1,178,167	
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	227,424	
Cancellation of shares ^(d)		(30,000,000)	
As of December 31, 2008^(e)		2,371,808,074	

(a) Historical figures are restated to take into account the four-for-one stock split on May 18, 2006.

(b) Decided by the Board of Directors on July 18, 2006.

(c) Decided by the Board of Directors on January 10, 2007.

(d) Decided by the Board of Directors on July 31, 2008.

(e) Including 143,082,095 treasury shares deducted from consolidated shareholders' equity.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

The calculation of the weighted-average number of shares and of diluted shares, used for the presentation of the earnings per share and the diluted earnings per share respectively is detailed as follows:

	2008	2007	2006 ^(a)
Number of shares as of January 1,	2,395,532,097	2,425,767,953	2,460,465,184
<i>Number of shares issued during the year (pro rated)</i>			
Exercise of TOTAL share subscription options	742,588	1,020,190	304,461
Exercise of TOTAL share purchase options	2,426,827	4,141,186	3,756,803
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	86,162	163,074	169,146
TOTAL restricted shares	1,112,393	1,114,796	-
Capital increase reserved for employees	3,246,924	-	9,284,433
TOTAL shares held by TOTAL S.A. or by its subsidiaries and deducted from shareholders' equity	(168,290,440)	(176,912,968)	(180,916,837)
Weighted-average number of shares	2,234,856,551	2,255,294,231	2,293,063,190
<i>Dilutive effect</i>			
TOTAL share subscription and purchase options	6,784,200	13,698,928	14,758,984
TOTAL restricted shares	4,172,944	4,387,761	3,218,410
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	460,935	655,955	833,908
Capital increase reserved for employees	383,912	348,109	430,160
Weighted-average number of diluted shares	2,246,658,542	2,274,384,984	2,312,304,652

(a) Figures are restated to take into account the four-for-one stock split on May 18, 2006.

→ Capital increase reserved for Group employees

At the shareholders' meeting held on May 11, 2007, the shareholders delegated to the Board of Directors the authority to increase the share capital of the Company in one or more transactions and within a maximum period of 26 months from the date of the meeting, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made reserving subscriptions for such issuance to the Group employees participating in a company savings plan. It was specified that the amount of any such capital increase reserved for Group employees would be counted against the aggregate maximum nominal amount of share capital increases authorized by the shareholders' meeting held on May 11, 2007 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (4 B€ in nominal value).

Pursuant to this delegation of authorization, the Board of Directors, during its November 6, 2007 meeting, implemented a first capital increase reserved for employees within the limit of 12 million shares, par value €2.50, at a price of €44.40 per share, with dividend rights as of the January 1, 2007. The subscription period was open from March 10, 2008, to March 28, 2008, and 4,870,386 new TOTAL shares were issued in 2008.

→ Share cancellation

Pursuant to the authorization granted by the shareholders' meeting held on May 11, 2007 authorizing reduction of capital by cancellation of shares held by the Company within the limit of 10% of the outstanding capital every 24 months, the Board of Directors decided on July 31, 2008 to cancel 30,000,000 shares acquired in 2007 at an average price of €54.69 per share.

→ Treasury shares (TOTAL shares held by TOTAL S.A.)

As of December 31, 2008, TOTAL S.A held 42,750,827 of its own shares, representing 1.80% of its share capital, detailed as follows:

- 12,627,522 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 5,323,305 shares allocated to TOTAL restricted shares plans for Group employees; and
- 24,800,000 shares purchased for cancellation between January and October 2008 pursuant to the authorization granted by the shareholders' meetings held on May 11, 2007 and May 16, 2008.

These shares are deducted from the consolidated shareholders' equity.

As of December 31, 2007, TOTAL S.A. held 51,089,964 of its own shares, representing 2.13% of its share capital, detailed as follows:

- 16,343,349 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 4,746,615 shares allocated to TOTAL restricted share plans for Group employees; and
- 30,000,000 shares purchased for cancellation between February and December 2007 pursuant to the authorization granted by the shareholders' meetings held on May 12, 2006 and May 11, 2007. The Board of Directors on July 31, 2008 decided to cancel these 30,000,000 shares acquired at an average price of €54.69 per share.

These shares were deducted from the consolidated shareholders' equity.

As of December 31, 2006, TOTAL S.A. held 60,869,439 of its own shares, representing 2.51% of its share capital, detailed as follows:

- 23,272,755 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 4,591,684 shares allocated to TOTAL restricted share plans for Group employees; and
- 33,005,000 shares purchased for cancellation between July and December 2006 pursuant to the authorization granted by the shareholders' meetings held on May 12, 2006. The Board of Directors decided on January 10, 2007 to cancel 33,005,000 shares, at an average price of €52.52 per share.

These shares were deducted from the consolidated shareholders' equity.

→ TOTAL shares held by the Group subsidiaries

As of December 31, 2008, 2007 and 2006, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.23% of its share capital as of December 31, 2008, 4.19% of its share capital as of December 31, 2007, and 4.14% of its share capital as of December 31, 2006, detailed as follows:

- 2,023,672 shares held by Total Nucléaire, a wholly-owned subsidiary indirectly controlled by TOTAL S.A.;
- 98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval)

These shares are deducted from the consolidated shareholders' equity.

→ Dividend

In 2008, TOTAL S.A. paid on May 23, 2008, the balance of the dividend of €1.07 per share for the 2007 fiscal year (the ex-dividend date was May 20, 2008.). In addition, TOTAL S.A. paid on November 19, 2008, an interim dividend of €1.14 per share for the fiscal year 2008 (the ex-dividend date was November 14, 2008).

A resolution will be submitted at the shareholders' meeting on May 15, 2009 to pay a dividend of €2.28 per share for the 2008 fiscal year, *i.e.*, a balance of €1.14 per share to be distributed after deducting the interim dividend of €1.14 already paid.

→ Paid-in surplus

In accordance with French law, the paid-in surplus corresponds to share premiums of the parent company which can be capitalized or used to offset losses if the legal reserve has reached its minimum required level. The amount of the paid-in surplus may also be distributed subject to taxation unless the unrestricted reserves of the parent company are distributed prior to or simultaneously with this item.

As of December 31, 2008, paid-in surplus amounted to 28,284 M€ (29,598 as of December 31, 2007, and 31,156 M€ as of December 31, 2006).

→ Reserves

Under French laws, 5% of net income must be transferred to the legal reserve until the legal reserve reaches 10% of the nominal value of the share capital. This reserve cannot be distributed to the shareholders other than upon liquidation but can be used to offset losses.

If wholly distributed, the unrestricted reserves of the parent company would be taxed for an approximate amount of 70 M€ as of December 31, 2008 (70 M€ as of December 31, 2006 and 2007).

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

→ Items recognized directly in equity

Shareholders' equity is directly debited for 772 M€ in 2008 due to the following items. Items recognized directly in equity are as follows:

For the year ended (M€)	2008	2007	2006
Currency translation adjustment, Group share	(480)	(3,013)	(2,595)
Changes in fair value of financial assets available for sale	(224)	104	(61)
Others	(34)	13	24
Group share	(738)	(2,896)	(2,632)
Minority interests	(34)	(111)	(44)
Total items recognized directly in equity	(772)	(3,007)	(2,676)

18) Employee benefits obligations

Liabilities for employee benefits obligations consist of the following:

As of December 31, (M€)	2008	2007	2006
Pension benefits liabilities	1,187	1,721	1,918
Other benefits liabilities	608	611	647
Restructuring reserves (early retirement plans)	216	195	208
Total	2,011	2,527	2,773

The Group's main defined benefit pension plans are located in France, the United Kingdom, the United States, Belgium and Germany. Their characteristics are the following:

- The benefits are usually based on the final salary and seniority;
- They are usually funded (pension fund or insurer);

- They are closed to new employees who benefit from defined contribution pension plans.

The pension benefits include also termination indemnities and early retirement benefits.

The other benefits are the employer contribution to post-employment medical care.

The fair value of the defined benefit obligation and plan assets in the Consolidated Financial Statements is detailed as follows:

As of December 31, (M€)	Pension benefits			Other benefits		
	2008	2007	2006	2008	2007	2006
Change in benefit obligation						
Benefit obligation at beginning of year	8,129	8,742	9,647	583	648	774
Service cost	143	160	174	14	12	11
Interest cost	416	396	392	24	28	30
Curtailments	(3)	(9)	(6)	-	-	(1)
Settlements	(5)	(20)	(243)	(4)	-	-
Special termination benefits	-	-	-	-	-	-
Plan participants' contributions	12	10	11	-	-	-
Benefits paid	(463)	(448)	(444)	(37)	(40)	(36)
Plan amendments	12	(70)	17	(12)	(2)	7
Actuarial losses (gains)	(248)	(384)	(151)	(27)	(38)	(21)
Foreign currency translation and other ^(a)	(588)	(248)	(655)	3	(25)	(116)
Benefit obligation at year-end	7,405	8,129	8,742	544	583	648
Change in fair value of plan assets						
Fair value of plan assets at beginning of year	(6,604)	(6,401)	(6,274)	-	-	-
Expected return on plan assets	(402)	(387)	(353)	-	-	-
Actuarial losses (gains)	1,099	140	(104)	-	-	-
Settlements	2	8	201	-	-	-
Plan participants' contributions	(12)	(10)	(11)	-	-	-
Employer contributions ^(b)	(855)	(556)	(617)	-	-	-
Benefits paid	375	349	327	-	-	-
Foreign currency translation and other ^(c)	633	253	430	-	-	-
Fair value of plan assets at year-end	(5,764)	(6,604)	(6,401)	-	-	-
Unfunded status	1,641	1,525	2,341	544	583	648
Unrecognized prior service cost	(48)	(49)	(149)	21	18	23
Unrecognized actuarial (losses) gains	(953)	(160)	(423)	43	10	(24)
Asset ceiling	5	5	4	-	-	-
Net recognized amount	645	1,321	1,773	608	611	647
Pension benefits and other benefits liabilities	1,187	1,721	1,918	608	611	647
Other non-current assets	(542)	(400)	(145)	-	-	-

(a) In 2006, the variation in foreign currency translation and other included the spin-off of Arkema which amounted to (587) M€ for benefit obligation and 375 M€ for fair value of plan assets related to pension benefits, and (107) M€ for benefit obligation related to other pension benefits.

(b) In 2008, the Group covered certain employee pension benefit plans through insurance companies for an amount of 757 M€ (269 M€ in 2006).

(c) In 2006, the variation in foreign currency translation and other included the spin-off of Arkema which amounted to 375 M€ of fair value of plan assets.

As of December 31, 2008, the fair value of pension benefits and other pension benefits which are entirely or partially funded amounted to 6,515 M€ and the present value of the unfunded benefits amounted to 1,434 M€ (7,175 M€ and 1,537 M€, respectively, as of December 31, 2007, and 7,358 M€ and 2,032 M€, respectively, as of December 31, 2006).

The experience actuarial gains (losses) related to the defined benefit obligation and the fair value of plan assets are as follows:

For the year ended (M€)	2008	2007
Experience actuarial gains (losses) related to the defined benefit obligation	(12)	(80)
Experience actuarial gains (losses) related to the fair value of plan assets	(1,099)	(140)

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

As of December 31,
(M€)

	2008	2007	2006	2005	2004
Pension benefits					
Benefit obligation	7,405	8,129	8,742	9,647	8,117
Fair value of plan assets	(5,764)	(6,604)	(6,401)	(6,274)	(5,362)
Unfunded status	1,641	1,525	2,341	3,373	2,755
Other benefits					
Benefits obligation	544	583	648	774	675
Fair value of plan assets	-	-	-	-	-
Unfunded status	544	583	648	774	675

The Group expects to contribute 82 M€ to its pension plans in 2009.

Estimated future payments

(M€)	Pension benefits	Other benefits
2009	518	35
2010	497	36
2011	494	37
2012	501	37
2013	527	39
2014-2018	2,652	180

(M€)

Asset allocation

As of December 31,	Pension benefits		
	2008	2007	2006
Equity securities	25%	36%	42%
Debt securities	56%	56%	48%
Monetary	16%	4%	6%
Real estate	3%	4%	4%

The Group's assumptions of expected returns on assets are built up by asset class and by country based on long-term bond yields and risk premiums.

The discount rate retained corresponds to the rate of high quality corporate bonds based on to a benchmark per country of different market data on the closing date.

Assumptions used to determine benefits obligations

As of December 31,	Pension benefits			Other benefits		
(M€)	2008	2007	2006	2008	2007	2006
Discount rate	5.93%	5.50%	4.69%	6.00%	5.50%	4.89%
Average expected rate of salary increase	4.56%	4.29%	4.14%	-	-	-
Expected rate of healthcare inflation						
- initial rate	-	-	-	4.88%	5.16%	5.57%
- ultimate rate	-	-	-	3.64%	3.64%	3.65%

Assumptions used to determine the net periodic benefit cost (income)

As of December 31,	Pension benefits			Other benefits		
(M€)	2008	2007	2006	2008	2007	2006
Discount rate	5.50%	4.69%	4.51%	5.50%	4.89%	4.56%
Average expected rate of salary increase	4.29%	4.14%	3.63%	-	-	-
Expected return on plan assets	6.60%	6.26%	6.14%	-	-	-
Expected rate of healthcare inflation						
- initial rate	-	-	-	5.16%	5.57%	5.41%
- ultimate rate	-	-	-	3.64%	3.65%	4.00%

A 0,5% increase or decrease in discount rates - all other things being equal - would have the following approximate impact:

(M€)	0,5% increase	0,5% decrease
Benefit obligation as of December 31, 2008	(420)	475
Net periodic benefit cost (income)	(30)	37

A 10% increase or decrease in the fair value of plan assets - all other things being equal - would have the following approximate impact:

(M€)	10% increase	10% decrease
Fair value of plan assets as of December 31, 2008	576	(576)
Net periodic benefit cost (income)	(86)	105

The components of the net periodic benefit cost (income) in 2008, 2007 and 2006 are:

As of December 31, (M€)	Pension benefits			Other benefits		
	2008	2007	2006	2008	2007	2006
Service cost	143	160	174	14	12	11
Interest cost	416	396	392	24	28	30
Expected return on plan assets	(402)	(387)	(353)	-	-	-
Amortization of prior service cost	34	31	41	(10)	(5)	(2)
Amortization of actuarial losses (gains)	22	17	26	(2)	(1)	(2)
Asset ceiling	1	-	-	-	-	-
Curtailments	(3)	(8)	(4)	-	-	(1)
Settlements	(2)	(12)	(15)	(3)	(1)	-
Special termination benefits	-	-	-	-	-	-
Net periodic benefit cost (income)	209	197	261	23	33	36
Net periodic benefit cost (income) from continuing operations	209	197	256	23	33	35
Net periodic benefit cost (income) from discontinued operations	-	-	5	-	-	1

A positive or negative change of one-percentage-point in the healthcare inflation rate would have the following approximate impact:

(M€)	1% point increase	1% point decrease
Benefit obligation as of December 31, 2008	69	(52)
Net periodic benefit cost (income)	6	(4)

19) Provisions and other non-current liabilities

As of December 31, (M€)	2008	2007	2006
Litigation and accrued penalty claims	546	601	497
Provisions for environmental contingencies	558	552	574
Asset retirement obligations	4,500	4,206	3,893
Other non-current provisions	1,804	1,188	1,215
Other non-current liabilities	450	296	288
Total	7,858	6,843	6,467

In 2008, litigation reserves include a provision covering risks concerning antitrust investigations related to Arkema amounting to 85 M€ as of December 31, 2008. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2008, other non current provisions include the contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 256 M€ as of December 31, 2008.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

In 2007, litigation reserves included a provision covering risks concerning antitrust investigations related to Arkema amounting to 138 M€ as of December 31, 2007. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2007, the other non-current provisions mainly included:

- The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 134 M€ as of December 31, 2007; and
- Provisions related to restructuring activities in the Chemicals segment for 49 M€ as of December 31, 2007.

In 2006, litigation reserves included a provision covering risks concerning antitrust investigations related to Arkema amounting to 138 M€ as of December 31, 2006.

In 2006, the other non-current provision mainly included:

- The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 176 M€ as of December 31, 2006; and
- Provisions related to restructuring activities in the Chemicals segment for 72 M€ as of December 31, 2006.

Changes in provisions and other non-current liabilities

(M€)	As of January 1,	Allowances	Reversals	Currency translation adjustment	Other	As of December 31,
2008	6,843	1,424	(864)	(460)	915	7,858
2007	6,467	747	(927)	(303)	859	6,843
2006	7,051	884	(821)	(273)	(374)	6,467

In 2008, allowances of the period (1,424 M€) mainly include:

- asset retirement obligations for 229 M€ (accretion);
- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 140 M€;
- environmental contingencies for 89 M€;
- an allowance of 48 M€ for litigation reserves in connection with antitrust investigations, as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities"; and
- provisions related to restructuring of activities for 27 M€.

In 2007, allowances of the period (747 M€) mainly included:

- provisions for asset retirement obligations for 189 M€ (accretion);
- an allowance of 100 M€ for litigation reserves in connection with antitrust investigations, as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities";
- environmental contingencies in the Chemicals segment for 23 M€; and
- provisions related to restructuring of activities in the Chemicals segment for 15 M€.

In 2006, allowances of the period (884 M€) mainly included:

- provisions for asset retirement obligations for 182 M€ (accretion);

- an additional allowance of the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), for 100 M€;
- environmental contingencies in the Chemicals segment for 96 M€;
- provisions related to restructuring of activities in the Chemicals segment for 88 M€; and
- an allowance of 32 M€ for litigation reserves in connection with antitrust investigations, as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities".

In 2008, the main reversals of the period (864 M€) relate to the incurred expenses, which mainly include:

- provisions for asset retirement obligations for 280 M€;
- 163 M€ for litigation reserves in connection with antitrust investigations;
- environmental contingencies written back for 96 M€;
- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 18 M€; and
- provisions for restructuring and social plans written back for 10 M€.

In 2007, the main reversals of the period (927 M€) were related to the incurred expenses which mainly included:

- provisions for asset retirement obligations for 209 M€;

■ environmental contingencies in the Chemicals segment written back for 52 M€;

■ the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 42 M€; and

■ provisions for restructuring and social plans written back for 37 M€.

■ the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 57 M€;

■ environmental contingencies in the Chemicals segment written back for 56 M€; and

■ provisions for restructuring and social plans written back for 43 M€.

In 2006, the main reversals of the period (821 M€) were related to the incurred expenses, which mainly included:

■ provisions for asset retirement obligations for 174 M€;

Changes in the asset retirement obligation

(M€)	As of January 1,	Accretion	Revision in estimates	New obligations	Spending on existing obligations	Currency translation adjustment	Other	As of December 31,
2008	4,206	229	563	188	(280)	(414)	8	4,500
2007	3,893	189	203	371	(209)	(206)	(35)	4,206
2006	3,710	182	66	274	(174)	(191)	26	3,893

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

20) Financial debt and related financial instruments

A) Non-current financial debt and related financial instruments

As of December 31, 2008

(M€)

(Assets) / Liabilities	Secured	Unsecured	Total
Non-current financial debt	895	15,296	16,191
<i>of which hedging instruments of non-current financial debt (liabilities)</i>	-	440	440
Hedging instruments of non-current financial debt (assets) ^(a)	-	(892)	(892)
Non-current financial debt - net of hedging instruments	895	14,404	15,299
Bonds, net of hedging instruments	-	13,667	13,667
Bank and other, floating rate	553	665	1,218
Bank and other, fixed rate	140	6	146
Financial lease obligations	202	66	268
Non-current financial debt - net of hedging instruments	895	14,404	15,299

As of December 31, 2007

(M€)

(Assets) / Liabilities	Secured	Unsecured	Total
Non-current financial debt	772	14,104	14,876
<i>of which hedging instruments of non-current financial debt (liabilities)</i>	-	369	369
Hedging instruments of non-current financial debt (assets) ^(a)	-	(460)	(460)
Non-current financial debt - net of hedging instruments	772	13,644	14,416
Bonds, net of hedging instruments	-	11,650	11,650
Bank and other, floating rate	453	1,781	2,234
Bank and other, fixed rate	2	213	215
Financial lease obligations	317	-	317
Non-current financial debt - net of hedging instruments	772	13,644	14,416

As of December 31, 2006

(M€)

(Assets) / Liabilities	Secured	Unsecured	Total
Non-current financial debt	771	13,403	14,174
<i>of which hedging instruments of non-current financial debt (liabilities)</i>	-	193	193
Hedging instruments of non-current financial debt (assets) ^(a)	-	(486)	(486)
Non-current financial debt - net of hedging instruments	771	12,917	13,688
Bonds, net of hedging instruments	-	11,120	11,120
Bank and other, floating rate	398	1,589	1,987
Bank and other, fixed rate	2	208	210
Financial lease obligations	371	-	371
Non-current financial debt - net of hedging instruments	771	12,917	13,688

(a) See the description of these hedging instruments in Note 1 paragraph M(iii) "Long-term financing" and Notes 28 and 29 to the Consolidated Financial Statements.

Fair value of bonds, as of December 31, 2008, after taking into account hedging currency and interest rates swaps, can be detailed as follows:

(M€)	Year of issue	Fair value after hedging as of			Currency	Maturity	Initial rate before hedging instruments
		December 31, 2008	December 31, 2007	December 31, 2006			
Parent company							
Bond	1996	-	324	362	FRF	2008	6.750%
Bond	1997	-	-	75	FRF	2007	5.030%
Bond	1997	-	-	63	ESP	2007	6.800%
Bond	1997	124	118	126	FRF	2009	6.200%
Bond	1998	-	26	29	FRF	2008	Pibor 3 months + 0.380%
Bond	1998	119	113	132	FRF	2009	5.125%
Bond	1998	121	114	128	FRF	2013	5.000%
Bond	2000	63	60	68	EUR	2010	5.650%
Current portion (less than one year)		(243)	(349)	(138)			
Total parent company		184	406	845			
Elf Aquitaine S.A.							
Bond	1999	1,003	998	996	EUR	2009	4.500%
Current portion (less than one year)		(1,003)	-	-			
Total Elf Aquitaine S.A.		-	998	996			
TOTAL CAPITAL ^(a)							
Bond	2002	-	-	276	CHF	2007	3.000%
Bond	2002	-	-	183	CHF	2007	3.000%
Bond	2002	-	-	101	CHF	2007	2.500%
Bond	2002	-	-	174	GBP	2007	5.000%
Bond	2002	-	-	90	GBP	2007	5.000%
Bond	2002	-	-	57	USD	2007	4.740%
Bond	2002	-	-	228	USD	2007	5.125%
Bond	2002	14	14	15	USD	2012	5.890%
Bond	2002	-	-	190	USD	2007	4.750%
Bond	2002	-	-	38	USD	2007	LIBOR USD 3 months + 0.060%
Bond	2002	-	-	38	USD	2007	LIBOR USD 3 months + 0.065%
Bond	2003	-	39	43	AUD	2008	5.000%
Bond	2003	-	41	46	AUD	2008	5.000%
Bond	2003	52	49	55	AUD	2009	6.250%
Bond	2003	-	44	50	CAD	2008	4.250%
Bond	2003	-	148	165	CHF	2008	2.010%
Bond	2003	154	145	162	CHF	2009	2.385%
Bond	2003	-	98	110	CHF	2008	2.010%
Bond	2003	166	157	175	CHF	2010	2.385%
Bond	2003	-	360	402	EUR	2008	3.500%
Bond	2003	-	72	81	EUR	2008	3.500%
Bond	2003	-	113	127	EUR	2008	3.500%
Bond	2003	-	-	61	GBP	2007	5.000%
Bond	2003	22	20	23	USD	2013	4.500%
Bond	2003	-	170	190	USD	2008	3.250%
Bond	2003-2004	395	373	418	USD	2009	3.500%
Bond	2004	57	54	60	AUD	2009	6.000%
Bond	2004	28	26	29	AUD	2009	6.000%
Bond	2004	55	52	58	AUD	2011	5.750%
Bond	2004	55	52	58	CAD	2010	4.000%
Bond	2004	111	105	118	CAD	2011	4.875%
Bond	2004	117	110	123	CHF	2010	2.385%
Bond	2004	120	114	127	CHF	2012	2.375%
Bond	2004	454	429	479	EUR	2010	3.750%
Bond	2004	334	316	353	GBP	2010	4.875%

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

(M€)	Year of issue	Fair value after hedging as of			Currency	Maturity	Initial rate before hedging instruments
		December 31, 2008	December 31, 2007	December 31, 2006			
TOTAL CAPITAL (continued)							
Bond	2004	132	125	140	GBP	2010	4.875%
Bond	2004	191	181	202	GBP	2010	4.875%
Bond	2004	-	-	103	GBP	2007	5.000%
Bond	2004	49	46	51	NZD	2014	6.750%
Bond	2004	-	34	38	USD	2008	3.250%
Bond	2004	-	34	38	USD	2008	3.250%
Bond	2004	-	68	76	USD	2008	3.250%
Bond	2004	216	204	228	USD	2011	4.125%
Bond	2004	72	68	76	USD	2011	4.125%
Bond	2005	55	52	58	AUD	2011	5.750%
Bond	2005	63	63	63	AUD	2012	5.750%
Bond	2005	58	55	61	CAD	2011	4.000%
Bond	2005	187	177	197	CHF	2012	2.135%
Bond	2005	116	109	122	CHF	2011	1.625%
Bond	2005	65	65	65	CHF	2012	2.135%
Bond	2005	226	226	226	CHF	2011	1.625%
Bond	2005	98	97	97	CHF	2012	2.375%
Bond	2005	376	356	397	EUR	2012	3.250%
Bond	2005	287	286	284	GBP	2012	4.625%
Bond	2005	36	34	38	USD	2009	3.500%
Bond	2005	144	136	152	USD	2011	4.125%
Bond	2005	57	57	57	NZD	2012	6.500%
Bond	2006	130	130	130	CHF	2016	2.385%
Bond	2006	62	62	62	AUD	2012	5.625%
Bond	2006	72	72	72	CAD	2012	4.125%
Bond	2006	100	100	100	EUR	2012	3.250%
Bond	2006	-	-	147	GBP	2007	5.000%
Bond	2006	65	65	65	CHF	2016	2.385%
Bond	2006	64	64	64	CHF	2016	2.385%
Bond	2006	64	64	63	CHF	2016	2.385%
Bond	2006	129	129	129	CHF	2018	3.135%
Bond	2006	102	100	100	EUR	2010	3.750%
Bond	2006	74	74	74	GBP	2012	4.625%
Bond	2006	300	300	300	EUR	2011	3.875%
Bond	2006	50	50	50	EUR	2010	3.750%
Bond	2006	127	127	127	CHF	2014	2.635%
Bond	2006	473	474	474	USD	2011	5.000%
Bond	2006	100	100	100	EUR	2012	3.250%
Bond	2006	42	42	42	EUR	2011	EURIBOR 3 months + 0.040%
Bond	2006	300	300	300	EUR	2011	3.875%
Bond	2006	150	150	151	EUR	2011	3.875%
Bond	2006	120	120	120	USD	2011	5.000%
Bond	2006	75	75	74	GBP	2010	4.875%
Bond	2006	50	50	50	EUR	2010	3.750%
Bond	2006	300	300	300	EUR	2011	3.875%
Bond	2006	125	126	126	CHF	2013	2.510%
Bond	2007	300	301	-	EUR	2013	4.125%
Bond	2007	306	305	-	GBP	2013	5.500%
Bond	2007	77	77	-	USD	2011	5.000%
Bond	2007	248	248	-	CHF	2014	2.635%
Bond	2007	370	371	-	USD	2012	5.000%
Bond	2007	73	74	-	GBP	2013	5.500%
Bond	2007	61	61	-	AUD	2012	6.500%
Bond	2007	300	302	-	EUR	2017	4.700%
Bond	2007	74	74	-	GBP	2010	4.875%
Bond	2007	222	222	-	USD	2012	5.000%

(M€)	Year of issue	Fair value after hedging as of			Currency	Maturity	Initial rate before hedging instruments
		December 31, 2008	December 31, 2007	December 31, 2006			
Bond	2007	49	49	-	JPY	2014	1.723%
Bond	2007	121	122	-	CHF	2015	3.125%
Bond	2007	76	76	-	CHF	2018	3.135%
Bond	2007	71	71	-	GBP	2012	4.625%
Bond	2007	61	61	-	CHF	2014	2.635%
Bond	2007	74	73	-	GBP	2013	5.500%
Bond	2007	72	72	-	CAD	2012	4.125%
Bond	2007	60	60	-	CHF	2010	2.385%
Bond	2007	60	60	-	CHF	2018	3.135%
Bond	2007	31	31	-	JPY	2014	1.505%
Bond	2008	92	-	-	AUD	2011	7.500%
Bond	2008	60	-	-	AUD	2013	7.500%
Bond	2008	61	-	-	AUD	2013	7.500%
Bond	2008	62	-	-	CHF	2012	2.135%
Bond	2008	124	-	-	CHF	2012	3.635%
Bond	2008	46	-	-	CHF	2012	2.385%
Bond	2008	92	-	-	CHF	2012	2.385%
Bond	2008	64	-	-	CHF	2012	2.385%
Bond	2008	128	-	-	CHF	2013	3.135%
Bond	2008	63	-	-	CHF	2013	3.135%
Bond	2008	61	-	-	CHF	2015	3.135%
Bond	2008	62	-	-	CHF	2015	3.135%
Bond	2008	62	-	-	CHF	2015	3.135%
Bond	2008	62	-	-	CHF	2018	3.135%
Bond	2008	100	-	-	EUR	2011	3.875%
Bond	2008	151	-	-	EUR	2011	3.875%
Bond	2008	50	-	-	EUR	2012	3.250%
Bond	2008	200	-	-	EUR	2013	4.125%
Bond	2008	100	-	-	EUR	2013	4.125%
Bond	2008	1,002	-	-	EUR	2013	4.750%
Bond	2008	50	-	-	EUR	2011	3.875%
Bond	2008	50	-	-	EUR	2011	3.875%
Bond	2008	63	-	-	GBP	2012	4.625%
Bond	2008	63	-	-	GBP	2010	4.875%
Bond	2008	66	-	-	GBP	2010	4.875%
Bond	2008	63	-	-	GBP	2012	4.625%
Bond	2008	64	-	-	GBP	2012	4.625%
Bond	2008	63	-	-	GBP	2013	5.500%
Bond	2008	60	-	-	JPY	2011	EURIBOR 6 months + 0.018%
Bond	2008	149	-	-	JPY	2013	EURIBOR 6 months + 0.008%
Bond	2008	62	-	-	NOK	2012	6.000%
Bond	2008	102	-	-	USD	2011	3.750%
Bond	2008	69	-	-	USD	2012	5.000%
Bond	2008	194	-	-	USD	2013	4.000%
Current portion (less than one year)		(722)	(1,222)	(1,686)			
Total TOTAL CAPITAL^(a)		13,380	10,136	9,206			
Other consolidated subsidiaries		103	110	73			
Total		13,667	11,650	11,120			

(a) TOTAL CAPITAL S.A. is a wholly-owned indirect subsidiary of the Company (with the exception of one share each held by the members of its Board of Directors, as required under French law). It acts as a financing vehicle for the Group. Its debt securities are fully and unconditionally guaranteed by the Company as to payment of principal, premium, if any, interest and any other amounts due.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

→ Loan repayment schedule (excluding current portion)

As of December 31, 2008 (M€)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2010	3,160	170	(168)	2,992	20%
2011	3,803	24	(145)	3,658	24%
2012	3,503	115	(179)	3,324	22%
2013	3,430	127	(198)	3,232	21%
2014 and beyond	2,295	4	(202)	2,093	13%
Total	16,191	440	(892)	15,299	100%

As of December 31, 2007 (M€)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2009	2,137	6	(114)	2,023	14%
2010	2,767	16	(207)	2,560	18%
2011	3,419	123	(65)	3,354	23%
2012	3,517	90	(30)	3,487	24%
2013 and beyond	3,036	134	(44)	2,992	21%
Total	14,876	369	(460)	14,416	100%

As of December 31, 2006 (M€)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2008	2,604	4	(245)	2,359	17%
2009	2,320	14	(82)	2,238	16%
2010	3,083	2	(104)	2,979	22%
2011	3,177	75	(20)	3,157	23%
2012 and beyond	2,990	98	(35)	2,955	22%
Total	14,174	193	(486)	13,688	100%

→ Analysis by currency and interest rate

These analyses take into account interest rate and foreign currency swaps to hedge non-current financial debt.

As of December 31, (M€)	2008	%	2007	%	2006	%
U.S. Dollar	3,990	26%	4,700	33%	6,981	51%
Euro	10,685	70%	8,067	56%	5,382	39%
Other currencies	624	4%	1,649	11%	1,325	10%
Total	15,299	100%	14,416	100%	13,688	100%

As of December 31, (M€)	2008	%	2007	%	2006	%
Fixed rate	633	4%	893	6%	896	7%
Floating rate	14,666	96%	13,523	94%	12,792	93%
Total	15,299	100%	14,416	100%	13,688	100%

B) Current financial assets and liabilities

Current borrowings consist mainly of commercial papers or treasury bills or draws on bank loans. These instruments bear interest at rates that are close to market rates.

As of December 31,
(M€)

	2008	2007	2006
(Assets) / Liabilities			
Current financial debt	5,586	2,530	3,348
Current portion of non-current financial debt	2,136	2,083	2,510
Current borrowings	7,722	4,613	5,858
Current portion of financial instruments for interest rate swaps liabilities	12	1	-
Other current financial instruments - liabilities	146	59	75
Other current financial liabilities (note 28)	158	60	75
Current deposits beyond three months	(1)	(850)	(3,496)
Current portion of financial instruments for interest rate swaps - assets	(100)	(388)	(341)
Other current financial instruments - assets	(86)	(26)	(71)
Current financial assets (note 28)	(187)	(1,264)	(3,908)
Current borrowings and related financial assets and liabilities, net	7,693	3,409	2,025

C) Net-debt-to-equity ratio

For its internal and external communication needs, the Group calculates a debt ratio by dividing its net financial debt by equity. Shareholders' equity as of December 31, 2008 is calculated after distribution of a dividend of 2.28 € per share of which 1.14 € per share was paid on November 19, 2008.

The net-debt-to-equity ratio is calculated as follows:

As of December 31,
(M€)

	2008	2007	2006
(Assets) / Liabilities			
Current borrowings	7,722	4,613	5,858
Other current financial liabilities	158	60	75
Current financial assets	(187)	(1,264)	(3,908)
Non-current financial debt	16,191	14,876	14,174
Hedging instruments of non-current financial debt	(892)	(460)	(486)
Cash and cash equivalents	(12,321)	(5,988)	(2,493)
Net financial debt	10,671	11,837	13,220
Shareholders' equity - Group share	48,992	44,858	40,321
Estimated dividend payable	(2,540)	(2,397)	(2,258)
Minority interest	958	842	827
Total shareholder's equity	47,410	43,303	38,890
Net-debt-to-equity ratio	22.5%	27.3%	34.0%

21) Other creditors and accrued liabilities

As of December 31,
(M€)

	2008	2007	2006
Accruals and deferred income	151	137	163
Payable to States (including taxes and duties)	6,256	7,860	7,204
Payroll	928	909	879
Other operating liabilities	4,297	3,900	4,263
Total	11,632	12,806	12,509

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

22) Lease contracts

The Group leases real estate, retail stations, ships, and other equipments (see Note 11 to the Consolidated Financial Statements).

The future minimum lease payments on operating and finance leases to which the Group is committed are shown as follows:

For the year ended December 31, 2008

(M€)	Operating leases	Finance leases
2009	429	47
2010	306	42
2011	243	42
2012	208	42
2013	166	40
2014 and beyond	675	148
Total minimum payments	2,027	361
Less financial expenses		(70)
Nominal value of contracts		291
Less current portion of finance lease contracts		(23)
Outstanding liability of finance lease contracts		268

For the year ended December 31, 2007

(M€)	Operating leases	Finance leases
2008	427	50
2009	352	47
2010	291	46
2011	210	46
2012	149	47
2013 and beyond	492	154
Total minimum payments	1,921	390
Less financial expenses		(47)
Nominal value of contracts		343
Less current portion of finance lease contracts		(26)
Outstanding liability of finance lease contracts		317

For the year ended December 31, 2006

(M€)	Operating leases	Finance leases
2007	381	52
2008	378	56
2009	307	56
2010	246	51
2011	153	54
2012 and beyond	422	218
Total minimum payments	1,887	487
Less financial expenses		(87)
Nominal value of contracts		400
Less current portion of finance lease contracts		(29)
Outstanding liability of finance lease contracts		371

Net rental expense incurred under operating leases for the year ended December 31, 2008, was 426 M€ (383 M€ in 2007 and 380 M€ in 2006).

23) Commitments and contingencies

As of December 31, 2008 (M€)	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (Note 20)	15,031	-	13,064	1,967
Current portion of non-current debt obligations net of hedging instruments (Note 20)	2,025	2,025	-	-
Finance lease obligations (Note 22)	291	23	142	126
Asset retirement obligations (Note 19)	4,500	154	653	3,693
Contractual obligations recorded in the balance sheet	21,847	2,202	13,859	5,786
Operating lease obligations (Note 22)	2,027	429	923	675
Purchase obligations	60,226	4,420	13,127	42,679
Contractual obligations not recorded in the balance sheet	62,253	4,849	14,050	43,354
Total of contractual obligations	84,100	7,051	27,909	49,140
Guarantees given for excise taxes	1,720	1,590	58	72
Collateral given against borrowings	2,870	1,119	519	1,232
Indemnities related to sales of businesses	39	3	1	35
Guarantees of current liabilities	315	119	164	32
Guarantees to customers / suppliers	2,866	68	148	2,650
Letters of credit	1,080	1,024	17	39
Other operating commitments	648	246	132	270
Total of other commitments given	9,538	4,169	1,039	4,330
Mortgages and liens received	321	72	110	139
Other commitments received	4,218	2,440	234	1,544
Total of commitments received	4,539	2,512	344	1,683

As of December 31, 2007 (M€)	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (Note 20)	14,099	-	11,251	2,848
Current portion of non-current debt obligations net of hedging instruments (Note 20)	1,669	1,669	-	-
Finance lease obligations (Note 22)	343	26	173	144
Asset retirement obligations (Note 19)	4,206	189	503	3,514
Contractual obligations recorded in the balance sheet	20,317	1,884	11,927	6,506
Operating lease obligations (Note 22)	1,921	427	1,002	492
Purchase obligations	61,794	3,210	15,419	43,165
Contractual obligations not recorded in the balance sheet	63,715	3,637	16,421	43,657
Total of contractual obligations	84,032	5,521	28,348	50,163
Guarantees given for excise taxes	1,796	590	58	1,148
Collateral given against borrowings	781	9	624	148
Indemnities related to sales of businesses	40	-	3	37
Guarantees of current liabilities	97	16	48	33
Guarantees to customers / suppliers	1,197	23	6	1,168
Letters of credit	1,677	1,677	-	-
Other operating commitments	1,280	207	151	922
Total of other commitments given	6,868	2,522	890	3,456
Mortgages and liens received	353	7	69	277
Other commitments received	3,887	2,781	377	729
Total of commitments received	4,240	2,788	446	1,006

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

As of December 31, 2006 (M€)	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (Note 20)	13,317	-	10,548	2,769
Current portion of non-current debt obligations net of hedging instruments (Note 20)	2,140	2,140	-	-
Finance lease obligations (Note 22)	400	29	185	186
Asset retirement obligations (Note 19)	3,893	221	576	3,096
Contractual obligations recorded in the balance sheet	19,750	2,390	11,309	6,051
Operating lease obligations (Note 22)	1,887	381	1,084	422
Purchase obligations	37,327	3,551	9,696	24,080
Contractual obligations not recorded in the balance sheet	39,214	3,932	10,780	24,502
Total of contractual obligations	58,964	6,322	22,089	30,553
Guarantees given for excise taxes	1,807	587	22	1,198
Collateral given against borrowings	1,079	16	691	372
Indemnities related to sales of businesses	113	38	40	35
Guarantees of current liabilities	68	21	15	32
Guarantees to customers / suppliers	1,544	150	181	1,213
Letters of credit	1,416	1,416	-	-
Other operating commitments	1,127	107	205	815
Total of other commitments given	7,154	2,335	1,154	3,665
Mortgages and liens received	329	11	77	241
Other commitments received	2,965	2,089	315	561
Total of commitments received	3,294	2,100	392	802

A) Contractual obligations

→ Debt obligations

“Non-current debt obligations” are included in the items “Non-current financial debt” and “Hedging instruments of non-current financial debt” of the Consolidated Balance Sheet. It includes the non-current portion of issue swaps and swaps hedging bonds, and excludes non-current finance lease obligations of 268 M€.

The current portion of non-current debt is included in the items “Current borrowings”, “Current financial assets” and “Other current financial liabilities” of the Consolidated Balance Sheet. It includes the current portion of issue swaps and swaps hedging bonds and excludes the current portion of finance lease obligations of 23 M€.

The information regarding contractual obligations linked to indebtedness is presented in Note 20 to the Consolidated Financial Statements.

→ Lease contracts

The information regarding operating and finance leases is presented in Note 22 to the Consolidated Financial Statements.

→ Asset retirement obligations

This item represents the discounted present value of Upstream asset retirement obligations, primarily asset removal costs at the completion

date. The information regarding contractual obligations linked to asset retirement obligations is presented in Notes 1Q and 19 to the Consolidated Financial Statements.

→ Purchase obligations

Purchase obligations are obligations under contractual agreements to purchase goods or services, including capital projects. These obligations are enforceable and legally binding on the company and specify all significant terms, including the amount and the timing of the payments. These obligations mainly include: hydrocarbon unconditional purchase contracts (except where an active, highly-liquid market exists and when the hydrocarbons are expected to be re-sold shortly after purchase), reservation of transport capacities in pipelines, unconditional exploration works and development works in the Upstream segment, and contracts for capital investment projects in the Downstream segment.

B) Other commitments given

→ Guarantees given for excise taxes

They consist of guarantees given to other oil and gas companies in order to comply with French tax authorities' requirements for oil and gas imports in France. A payment would be triggered by a failure of the guaranteed party with respect to the French tax authorities. The default of the guaranteed parties is however considered to be highly remote by the Group.

→ Guarantees given against borrowings

The Group guarantees bank debt and finance lease obligations of certain non-consolidated companies and equity affiliates. Maturity dates vary, and guarantees will terminate on payment and/or cancellation of the obligation. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee, and no assets are held as collateral for these guarantees. As of December 31, 2008, the maturities of these guarantees are up to 2023.

→ Indemnities related to sales of businesses

In the ordinary course of business, the Group executes contracts involving standard indemnities in the industry and indemnities specific to a transaction such as sale of a business. These indemnities might include claims against any of the following: environmental, tax and shareholder matters, intellectual property rights, governmental regulations and employment-related matters, dealer, supplier, and other commercial contractual relationships. Performance under these indemnities would generally be triggered by a breach of terms of the contract or by a third party claim. The Group regularly evaluates the probability of having to incur costs associated with these indemnities.

The guarantees related to antitrust investigations granted as part of the agreement relating to the spin-off of Arkema are described in Note 32 to the Consolidated Financial Statements.

→ Other guarantees given

Non-consolidated companies

The Group also guarantees the current liabilities of certain non-consolidated companies. Performance under these guarantees would be triggered by a financial default of the entity.

Operating agreements

As part of normal ongoing business operations and consistent with generally and accepted recognized industry practices, the Group enters into numerous agreements with third parties. These commitments are often entered into for commercial purposes, for regulatory purposes and for other operating agreements.

24) Related parties

The main transactions and balances with related parties (principally non-consolidated companies and equity affiliates) are detailed as follows:

As of December 31,

(M€)	2008	2007	2006
Balance sheet			
Receivables			
Debtors and other debtors	244	277	411
Loans (excl. loans to equity affiliates)	354	378	457
Payables			
Creditors and other creditors	136	460	424
Debts	50	28	25

For the year ended December 31,

(M€)	2008	2007	2006
Statement of income			
Sales	3,082	2,635	1,996
Purchases	4,061	3,274	3,123
Financial expense	-	-	-
Financial income	114	29	60

→ Compensation for the administration and management bodies

The aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL (the members of the Management Committee and the Treasury) and to the members of the Board of Directors who are employees of the Group, is detailed as follows:

For the year ended December 31,

(M€)	2008	2007	2006
Number of people	30	30	32
Direct or indirect compensation	20.4	19.9	19.8
Share-based payment expense (IFRS 2) ^(a)	16.6	18.4	16.6
Pension expenses ^(b)	11.9	12.2	14.0

(a) Share-based payments expense computed for the executive officers and the members of the Board of Directors who are employees of the Group as described in Note 25 paragraph E to the Consolidated Financial Statements and based on the principles of IFRS 2 "Share-based payments" described in Note 1 paragraph E to the Consolidated Financial Statements on page 181.

(b) The benefits provided for executive officers and certain members of the Board of Directors, employees and former employees of the Group, include severance to be paid on retirement, supplementary pension schemes and insurance plans, which represent 98.0 M€ provisioned as of December 31, 2008, against 102.9 M€ as of December 31, 2007 and 113.2 M€ as of December 31, 2006.

The compensation allocated to members of the Board of Directors for directors' fees totaled 0.83 M€ in 2008 (0.82 M€ in 2007 and 0.82 M€ in 2006).

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

25) Share based payments

A) TOTAL share subscription options plans

	2003 Plan ^(a)	2004 Plan ^(b)	2005 Plan ^(c)	2006 Plan ^(d)	2007 Plan ^(e)	2008 Plan ^(f)	Total	
Exercise price until May 23, 2006 included ^(g)	33.30	39.85	49.73					Weighted-average exercise price
Exercise price since May 24, 2006 ^(g)	32.84	39.30	49.04	50.60	60.10	42.90		
Expiration date	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016		
Number of options ^(h)								
Outstanding options as of January 1, 2006	11,196,796	13,411,320	6,094,080				30,702,196	39.42
Granted	-	-	134,400	5,727,240			5,861,640	50.58
Cancelled	(22,200)	(57,263)	(43,003)	(1,080)			(123,546)	41.74
Adjustment following the spin-off of Arkema ⁽ⁱ⁾	163,180	196,448	90,280	-			449,908	
Exercised	(729,186)	(120,133)	-	-			(849,319)	33.85
Outstanding options as of January 1, 2007	10,608,590	13,430,372	6,275,757	5,726,160			36,040,879	40.89
Granted	-	-	-	-	5,937,230		5,937,230	60.10
Cancelled	(22,138)	(20,093)	(11,524)	(13,180)	(17,125)		(84,060)	44.94
Exercised	(2,218,074)	(213,043)	(20,795)	(1,920)	-		(2,453,832)	33.55
Outstanding options as of January 1, 2008	8,368,378	13,197,236	6,243,438	5,711,060	5,920,105		39,440,217	44.23
Granted	-	-	-	-	-	4,449,810	4,449,810	42.90
Cancelled	(25,184)	(118,140)	(34,032)	(53,304)	(34,660)	(6,000)	(271,320)	44.88
Exercised	(841,846)	(311,919)	(17,702)	(6,700)	-	-	(1,178,167)	34.89
Outstanding options as of December 31, 2008	7,501,348	12,767,177	6,191,704	5,651,056	5,885,445	4,443,810	42,440,540	44.35

(a) Grants approved by the Board of Directors on July 16, 2003 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(b) Grants approved by the Board of Directors on July 20, 2004 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(c) Grants approved by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(d) Grants approved by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(e) Grants approved by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 11, 2007. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant. Beneficiaries working for a non-French subsidiary as of July 17, 2007 are authorized to transfer the shares issued upon exercise of options starting from July 18, 2009. Furthermore, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, one third of the options granted in excess of this number will definitely be awarded following the two-year vesting period, under a performance condition based on the return on equity of the Group and calculated on the Consolidated Financial Statements of the Group for the fiscal year 2008. The performance condition states that the grant rate is null if the return on equity is less than or equal to 10%, varies on a straight-line basis between 0% and 80% if the return on equity is more than 10% and less than 18%, varies on a straight-line basis between 80% and 100% if the return on equity is more than or equal to 18% and less than 30%, and is equal to 100% if the return on equity is more than or equal to 30%.

(f) Grants on October 9, 2008 approved by the Board of Directors on September 9, 2008 pursuant to the authorization given by the shareholders' meeting held on May 11, 2007. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant. Beneficiaries working for a non-French subsidiary as of October 9, 2008, are authorized to transfer the shares issued upon exercise of options starting from October 10, 2010. Furthermore, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, one third of the options granted in excess of this number will finally be awarded following the two-year vesting period, under a performance condition based on the return on equity of the Group and calculated on the Consolidated Financial Statements of the Group for the fiscal year 2009 (performance condition described in footnote (e) above).

(g) Exercise price in euro. The exercise prices of TOTAL subscription shares of the plans in force at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006.

Moreover, following the spin-off of Arkema, the exercise prices of TOTAL subscription shares of these plans were multiplied by an adjustment factor equal to 0.986147 with effect as of May 24, 2006.

(h) The number of options awarded, outstanding, cancelled or exercised before May 23, 2006 included, was multiplied by four to reflect the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(i) Adjustments approved by the Board of Directors on March 14, 2006, in application of Articles 174-9, 174-12 and 174-13 of the decree No. 67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. shareholders' meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

B) TOTAL share purchase option plans

	1998 Plan ^(a)	1999 Plan ^(b)	2000 Plan ^(c)	2001 Plan ^(d)	2002 Plan ^(e)	Total	
Exercise price until May 23, 2006 included ^(f)	23.44	28.25	40.68	42.05	39.58		Weighted-average exercise price
Exercise price since May 24, 2006 ^(f)	-	27.86	40.11	41.47	39.03		
Expiration date	03/17/2006	06/15/2007	07/11/2008	07/10/2009	07/09/2010		
Number of options^(g)							
Outstanding options as of January 1, 2006	589,652	2,052,432	6,509,944	8,735,900	11,283,480	29,171,408	39.44
Granted	-	-	-	-	-	-	-
Cancelled ^(h)	(72,692)	-	(7,272)	(15,971)	(26,694)	(122,629)	30.20
Adjustment following the spin-off of Arkema ⁽ⁱ⁾	-	25,772	84,308	113,704	165,672	389,456	
Exercised	(516,960)	(707,780)	(1,658,475)	(1,972,348)	(2,141,742)	(6,997,305)	37.87
Outstanding options as of January 1, 2007	-	1,370,424	4,928,505	6,861,285	9,280,716	22,440,930	39.33
Granted	-	-	-	-	-	-	-
Cancelled	-	(138,023)	(3,452)	(7,316)	(7,104)	(155,895)	29.28
Exercised	-	(1,232,401)	(1,782,865)	(1,703,711)	(2,210,429)	(6,929,406)	37.92
Outstanding options as of January 1, 2008	-	-	3,142,188	5,150,258	7,063,183	15,355,629	40.07
Granted	-	-	-	-	-	-	-
Cancelled	-	-	(480,475)	(3,652)	(13,392)	(497,519)	40.09
Exercised	-	-	(2,661,713)	(455,180)	(598,934)	(3,715,827)	40.10
Outstanding options as of December 31, 2008	-	-	-	4,691,426	6,450,857	11,142,283	40.06

(a) Grants approved by the Board of Directors on March 17, 1998 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a five-year period from the date of the Board meeting awarding the options and had to be exercised within eight years from this date. This plan expired on March 17, 2006.

(b) Grants approved by the Board of Directors on June 15, 1999 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a five-year period from the date of the Board meeting awarding the options and had to be exercised within eight years from this date. This plan has expired on June 15, 2007.

(c) Grants approved by the Board of Directors on July 11, 2000 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a four-year period from the date of the Board meeting awarding the options and has to be exercised within eight years from this date. For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for five years from the date of grant. This plan expired on July 11, 2008.

(d) Grants approved by the Board of Directors on July 10, 2001 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after January 1, 2005 and must be exercised within eight years from the date of grant. For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for four years from the date of grant. Underlying shares may not be sold for four years from the date of grant.

(e) Grants approved by the Board of Directors on July 9, 2002 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(f) Exercise price in euro. The exercise prices of TOTAL share purchase options of the plans at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL share purchase options of these plans were multiplied by an adjustment factor equal to 0.986147 with effect as of May 24, 2006.

(g) The number of options awarded, outstanding, cancelled or exercised before May 23, 2006 included, was multiplied by four to reflect the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(h) Including the confirmation in 2006 by the Company of the award of 500 stock options, par value €10, that had been cancelled erroneously in 2001 (Plan 2000).

(i) Adjustments approved by the Board of Directors on March 14, 2006 in application of Articles 174-9, 174-12 and 174-13 of the decree n°67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. shareholders' meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

C) Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Group made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (19 TOTAL shares for 13 Elf Aquitaine shares).

In order to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by

TOTAL S.A. and the four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share exchange undertaking, approved on March 14, 2006 to adjust the exchange ratio described above (see pages 24 and 25 of the "Prospectus for the purpose of listing Arkema shares on Euronext in connection with the allocation of Arkema shares to TOTAL S.A. shareholders"). Following the approval by Elf Aquitaine shareholders' meeting on May 10, 2006 of the spin-off of S.D.A. by Elf Aquitaine, the approval by TOTAL S.A. shareholders' meeting on May 12, 2006 of the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the exchange ratio was adjusted to six TOTAL shares for one Elf Aquitaine share on May 22, 2006.

As of December 31, 2008, a maximum of 101,681 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

Elf Aquitaine subscription plan ^(a)	1999 Plan n°1	1999 Plan n°2	Total	
Exercise price until May 23, 2006 included ^(b)	115.60	171.60		Weighted-average exercise price ^(b)
Exercise price since May 24, 2006 ^(b)	114.76	170.36		
Expiration date	03/30/2009	09/12/2009		
Outstanding position as of December 31, 2008	90,342	6,044	96,386	118.25
Outstanding Elf Aquitaine shares covered by the exchange guarantee as of December 31, 2008	5,295	-	5,295	114.76
Total of Elf Aquitaine shares, either outstanding or to be created, covered by the exchange guarantee for TOTAL shares as of December 31, 2008	95,637	6,044	101,681	
TOTAL shares likely to be created within the scope of the application of the exchange guarantee as of December 31, 2008	573,822	36,264	610,086	

(a) Adjustments of the number of options approved by the Board of Directors of Elf Aquitaine on March 10, 2006 in application of articles 174-9, 174-12 and 174-13 of the decree No. 67-236 of March 23, 1967 in force on March 10, 2006 and during Elf Aquitaine shareholders' meeting on May 10, 2006, as part of the spin-off of SDA. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

(b) Exercise price in euro. To take into account the spin-off of S.D.A., the exercise prices of Elf Aquitaine share subscription options were multiplied by an adjustment factor equal to 0.992769 with effect on May 24, 2006.

Thus, as of December 31, 2008, at most 610,086 shares of the Group were likely to be created as part of the application of this exchange guarantee.

D) TOTAL restricted share grants

	2005 Plan ^{(a)(b)}	2006 Plan ^(c)	2007 Plan ^(d)	2008 Plan ^(e)	Total
Date of grant ^(f)	07/19/2005	07/18/2006	07/17/2007	10/9/2008	
Number of restricted shares					
Outstanding as of January 1, 2006	2,274,528				2,274,528
Notified	-	2,275,364			2,275,364
Cancelled	(7,432)	(3,068)			(10,500)
Finally granted	-	-			-
Outstanding as of January 1, 2007	2,267,096	2,272,296			4,539,392
Notified	-	-	2,366,365		2,366,365
Cancelled	(38,088)	(6,212)	(2,020)		(46,320)
Finally granted ^(g)	(2,229,008)	(2,128)	(1,288)		(2,232,424)
Outstanding as of January 1, 2008	-	2,263,956	2,363,057		4,627,013
Notified	-	-	-	2,791,968	2,791,968
Cancelled ^(h)	2,840	(43,822)	(29,504)	(19,220)	(89,706)
Finally granted ^{(g)(h)}	(2,840)	(2,220,134)	(336)	-	(2,223,310)
Outstanding as of December 31, 2008	-	-	2,333,217	2,772,748	5,105,965

(a) Grants approved by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which have been bought back in 2005 by the Company on the market, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 20, 2007, and after fulfilling the performance condition (see below). The Board of Directors on May 3, 2007 noticed that the acquisition rate, linked to the performance condition amounted to 100%. Moreover, the transfer of the restricted shares, that were definitely granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, i.e. from July 20, 2009.

(b) The number of restricted shares was multiplied by four to take into account the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(c) Grants approved by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which were bought back in 2006 by the Company on the market, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 19, 2008, subject to a performance condition (see below). The Board of Directors on May 6, 2008 noticed that the acquisition rate, linked to the performance condition amounted to 100%. Moreover, the transfer of the restricted shares, that were finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, i.e. from July 19, 2010.

(d) Grants approved by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which were bought back in 2007 by the Company on the market, will become final after a two-year vesting period (acquisition of the right to restricted shares) on July 18, 2009, subject to a performance condition (see below). Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, i.e. from July 18, 2011.

(e) Grants on October 9, 2008, approved by the Board of Directors on September, 9 2008 pursuant to the authorization given by the shareholders' meeting held on May 16, 2008. The grant of these shares, which have been bought back in 2008 by the Company on the market, will become final after a two-year vesting period (acquisition of the right to restricted shares) i.e. on October 10, 2010, subject to a performance condition (see below). Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on October 10, 2012.

(f) The grant date corresponds to the date of the Board of Directors that approved the grant of restricted shares, except for the grant of restricted shares approved by the Board of Directors on September, 9 2008 that decided the grant of restricted shares on October 9, 2008.

(g) Restricted shares finally granted following the death of their beneficiaries (2005, 2006 and 2007 Plans for fiscal year 2007, and Plan 2007 for fiscal year 2008).

(h) For the 2005 Plan: restricted shares finally granted for which the entitlement right had been cancelled erroneously.

For the 2006, 2007 and 2008 Plans, the restricted share grants are subject to a performance condition, which states that the number of restricted shares finally granted is based on the Return On Equity (ROE) of the Group. The ROE is calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the final grant.

This acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% and less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% and less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

The 2005 Plan was subject to a performance condition that stated that the acquisition rate of the restricted shares granted was equal to zero

if the ROE for 2006 was less than 10%, equal to 100% if the ROE was more than 20%, and varied on a straight-line basis between 0% and 100% when the ROE was between 10% and 20%.

E) Share-based payment expense

Share-based payment expense before tax for the year 2008 amounted to 154 M€ and can be broken down as follows:

- 61 M€ for TOTAL share subscription plans;
- 105 M€ for TOTAL restricted shares plans;
- (12) M€ for the adjustment to the expense booked in 2007 related to TOTAL capital increase reserved for employees (see Note 17 to the Consolidated Financial Statements).

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

Share-based payment expense before tax for the year 2007 amounted to 196 M€ and can be broken down as follows:

- 65 M€ for TOTAL share subscription plans;
- 109 M€ for TOTAL restricted shares plans;
- 22 M€ for TOTAL capital increase reserved for employees (see Note 17 to the Consolidated Financial Statements).

Share-based payment expense before tax for the year 2006 amounted to 157 M€ and can be broken down as follows:

- 74 M€ for TOTAL share subscription plans;
- 83 M€ for TOTAL restricted shares plans.

The fair value of the options granted in 2008, 2007 and 2006 has been measured according to the Black-Scholes method and based on the following assumptions:

For the year ended December 31,	2008	2007	2006
Risk free interest rate (%) ^(a)	4.3	4.9	4.1
Expected dividends (%) ^(b)	8.4	3.9	4.2
Expected volatility (%) ^(c)	32.7	25.3	29.3
Vesting period (years)	2	2	2
Exercise period (years)	8	8	8
Fair value of the granted options (€ per option)	5.0	13.9	11.3

(a) 6-year zero coupon Euro swap rate.

(b) The expected dividends are based on the price of TOTAL share derivatives traded on the markets.

(c) The expected volatility is based on the implied volatility of TOTAL share options and of share indices options traded on the markets.

The cost of capital increases reserved for employees is reduced to take into account the nontransferability of the shares that could be subscribed by the employees over a period of five years. The valuation method of nontransferability of the shares is based on a strategy cost in two steps consisting, first, in a five years forward sale of the nontransferable shares, and second, in purchasing the same number of shares in cash with a loan financing reimbursable *in fine*. During the year 2007, the main assumptions used for the valuation of the cost of capital increase reserved for employees are the following:

For the year ended December 31,	2007
Date of the Board of Directors meeting that decided the issue	November 6, 2007
Subscription price (€)	44.4
Share price at the date of the Board meeting (€)	54.6
Number of shares (in millions) ^(a)	10.6
Risk free interest rate (%) ^(b)	4.1
Employees loan financing rate (%) ^(c)	7.5
Non transferability cost (% of the share price at the date of the Board meeting)	14.9
Expense amount (€ per share)	2.1

(a) The estimated expense as of December 31, 2007 was based on a subscription of the capital increase reserved for employees for 10.6 million shares. The subscription was opened from March 10 to 28, 2008 included, leading to the creation of 4,870,386 TOTAL shares in 2008 (see Note 17 to the Consolidated Financial Statements).

(b) The risk-free interest rate is based on the French Treasury bonds rate for the appropriate maturity.

(c) The employees loan financing rate is based on a 5 year consumer's credit rate.

26) Payroll and staff

For the year ended December 31, (M€)	2008	2007	2006
Personnel expenses^(a)			
Wages and salaries (including social charges)	6,014	6,058	5,828
Group employees^(a)			
France			
■ Management	10,688	10,517	10,313
■ Other	26,413	26,779	27,518
International			
■ Management	14,709	14,225	13,263
■ Other	45,149	44,921	43,976
Total	96,959	96,442	95,070

(a) Number of employees and personnel expenses of fully consolidated subsidiaries.

27) Statement of cash flow

A) Cash flow from operating activities

The following table gives additional information on cash paid or received in the cash flow from operating activities:

For the year ended December 31,

(M€)	2008	2007	2006
Interests paid	(958)	(1,680)	(1,648)
Interests received	505	1,277	1,261
Income tax paid	(10,631)	(9,687)	(10,439)
Dividends received	1,590	1,109	899

Changes in working capital are detailed as follows:

For the year ended December 31,

(M€)	2008	2007	2006
Inventories	4,020	(2,706)	(500)
Accounts receivable	3,222	(2,963)	494
Other current assets	(982)	(1,341)	(1,425)
Accounts payable	(3,056)	4,508	141
Other creditors and accrued liabilities	(633)	1,026	849
Net amount	2,571	(1,476)	(441)

B) Cash flow used in financing activities

Changes in non-current financial debt are detailed in the following table under a net value due to the high number of multiple drawings:

For the year ended December 31,

(M€)	2008	2007	2006
Issuance of non-current debt	5,513	3,313	3,857
Repayment of non-current debt	(2,504)	(93)	(135)
Net amount	3,009	3,220	3,722

C) Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

For the year ended December 31,

(M€)	2008	2007	2006
Cash	1,836	1,930	1,823
Cash equivalents	10,485	4,058	670
Total	12,321	5,988	2,493

Cash equivalents are mainly composed of deposits less than three months deposited in government institutions or deposit banks selected in accordance with strict criteria.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

28) Financial assets and liabilities analysis per instruments class and strategy

The financial assets and liabilities disclosed on the face of the balance sheet are detailed as follows:

As of December 31, 2008 (M€)	Financial instruments related to financing and trading activities						Other financial instruments	Total	Fair value
	Amortized cost	Fair value							
Assets / (Liabilities)		Available for sale	Held for trading	Financial debt ^(a)	Hedging of financial debt	Net investment hedge and other			
Equity affiliates: loans	2,005							2,005	2,005
Other investments		1,165						1,165	1,165
Hedging instruments of non-current financial debt					892			892	892
Other non-current assets	1,403							1,403	1,403
Accounts receivable, net			-				15,287	15,287	15,287
Other operating receivables			1,664				4,544	6,208	6,208
Current financial assets	1		86		100	-		187	187
Cash and cash equivalents							12,321	12,321	12,321
Total financial assets	3,409	1,165	1,750		992	-	32,152	39,468	39,468
Total non-financial assets								78,842	
Total assets								118,310	
Non-current financial debt	(414)			(15,337)	(440)			(16,191)	(16,191)
Accounts payable			-				(14,815)	(14,815)	(14,815)
Other operating liabilities			(1,033)				(3,264)	(4,297)	(4,297)
Current borrowings	(5,721)			(2,001)				(7,722)	(7,722)
Other current financial liabilities			(146)		(12)			(158)	(158)
Total financial liabilities	(6,135)		(1,179)	(17,338)	(452)		(18,079)	(43,183)	(43,183)
Total non-financial liabilities								(75,127)	
Total liabilities								(118,310)	

(a) The financial debt is adjusted to the hedged risks value (currency and interest rate) as part of hedge accounting (see Note 1 paragraph Miii to the Consolidated Financial Statements).

As of December 31, 2007 (M€)	Financial instruments related to financing and trading activities						Other financial instruments	Total	Fair value
	Amortized cost	Fair value							
		Available for sale	Held for trading	Financial debt ^(a)	Hedging of financial debt	Net investment hedge and other			
Assets / (Liabilities)									
Equity affiliates: loans	2,575							2,575	2,575
Other investments		1,291						1,291	1,291
Hedging instruments of non-current financial debt					460			460	460
Other non-current assets	851							851	851
Accounts receivable, net			464				18,665	19,129	19,129
Other operating receivables			519				3,911	4,430	4,430
Current financial assets	850		12		388	14		1,264	1,264
Cash and cash equivalents							5,988	5,988	5,988
Total financial assets	4,276	1,291	995		848	14	28,564	35,988	35,988
Total non-financial assets								77,553	
Total assets								113,541	
Non-current financial debt	(532)			(13,975)	(369)			(14,876)	(14,876)
Accounts payable			(243)				(17,940)	(18,183)	(18,183)
Other operating liabilities			(490)				(3,410)	(3,900)	(3,900)
Current borrowings	(2,655)			(1,958)				(4,613)	(4,613)
Other current financial liabilities			(59)		(1)			(60)	(60)
Total financial liabilities	(3,187)		(792)	(15,933)	(370)		(21,350)	(41,632)	(41,632)
Total non-financial liabilities								(71,909)	
Total liabilities								(113,541)	

(a) The financial debt is adjusted to the hedged risks value (currency and interest rate) as part of hedge accounting (see Note 1 paragraph Miii to the Consolidated Financial Statements).

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

As of December 31, 2006 (M€)	Financial instruments related to financing and trading activities						Other financial instruments	Total	Fair value
	Amortized cost	Fair value							
		Available for sale	Held for trading	Financial debt ^(a)	Hedging of financial debt	Net investment hedge and other			
Assets / (Liabilities)									
Equity affiliates: loans	1,533							1,533	1,533
Other investments		1,250						1,250	1,250
Hedging instruments of non-current financial debt					486			486	486
Other non-current assets	1,025							1,025	1,025
Accounts receivable, net			341				17,052	17,393	17,393
Other operating receivables			311				3,956	4,267	4,267
Current financial assets	3,496		71		341			3,908	3,908
Cash and cash equivalents							2,493	2,493	2,493
Total financial assets	6,054	1,250	723		827		23,501	32,355	32,355
Total non-financial assets								72,868	
Total assets								105,223	
Non-current financial debt	(581)			(13,400)	(193)			(14,174)	(14,171)
Accounts payable			(426)				(14,654)	(15,080)	(15,080)
Other operating liabilities			(203)				(4,060)	(4,263)	(4,263)
Current borrowings	(3,538)			(2,320)				(5,858)	(5,858)
Other current financial liabilities			(75)					(75)	(75)
Total financial liabilities	(4,119)		(704)	(15,720)	(193)		(18,714)	(39,450)	(39,447)
Total non-financial liabilities								(65,773)	
Total liabilities								(105,223)	

(a) The financial debt is adjusted to the hedged risks value (currency and interest rate) as part of hedge accounting (see Note 1 paragraph Miii to the Consolidated Financial Statements).

29) Fair value of financial instruments (excluding commodity contracts)

A) Impact on the statement of income per nature of financial instruments

→ Operating assets and liabilities

The impact on the statement of income is detailed as follows:

For the year ended December 31, (M€)	2008	2007	2006
Assets available for sale (investments):			
- dividend income on non-consolidated companies	238	218	237
- gains (losses) on disposal of assets	15	170	428
- others	(15)	(63)	(46)
Loans and receivables	100	(2)	88
Impact on net operating income	338	323	707

The impact in the statement of income mainly includes:

- Dividends and gains or losses on disposal of other investments classified as "Assets available for sale";
- Financial gains and depreciation on loans related to equity affiliates, non-consolidated companies and on receivables reported in "Loans and receivables".

→ Assets and liabilities from financing activities

The impact on the statement of income of financing assets and liabilities is detailed as follows:

For the year ended December 31,
(M€)

	2008	2007	2006
Loans and receivables	547	1,135	976
Financing liabilities and associated hedging instruments	(996)	(1,721)	(1,597)
Fair value hedge (ineffective portion)	(4)	(26)	25
Assets and liabilities held for trading	(74)	73	232
Impact on the cost of net debt	(527)	(539)	(364)

The impact on the statement of income mainly includes:

- Financial income on cash, cash equivalents, and current financial assets (notably current deposits beyond three months) classified as “Loans and receivables”;
- Financial expense of long term subsidiaries financing, associated hedging instruments (excluding ineffective portion of the hedge detailed below) and financial expense of short term financing classified as “Financing liabilities and associated hedging instruments”;
- Ineffective portion of bond hedging;

- Financial income, financial expense and fair value of derivative instruments used for cash management purposes classified as “Assets and liabilities held for trading”.

Financial derivative instruments used for cash management purposes (interest rate and foreign exchange) are considered to be held for trading. Based on practical documentation issues, the Group did not elect to set up hedge accounting for such instruments. The impact on income of the derivatives is offset by the impact of loans and current liabilities they are related to. Therefore these transactions taken as a whole do not have a significant impact on the Consolidated Financial Statements.

B) Impact of the hedging strategies

→ Fair value hedge

The impact on the statement of income of the bond hedging instruments which is recorded in the item “Financial interest on debt” in the Consolidated Statement of Income is detailed as follows:

For the year ended December 31,
(M€)

	2008	2007	2006
Revaluation at market value of bonds	(66)	137	(221)
Swap hedging of bonds	62	(163)	246
Ineffective portion of the fair value hedge	(4)	(26)	25

The ineffective portion is not representative of the Group’s performance considering the Group’s objective to hold swaps to maturity. The current portion of the swaps valuation is not subject to active management.

→ Net investment hedge

These instruments are recorded directly in shareholders’ equity under “Currency translation adjustments”. The variations of the period are detailed in the table below:

For the year ended December 31,
(M€)

	As of January 1,	Variations	Disposals	As of December 31,
2008	29	95	-	124
2007	(188)	217	-	29
2006	(183)	(5)	-	(188)

The fair value of the open instruments is equal to zero as of December 31, 2008 compared to 14 M€ in 2007. There was no open instrument as of December 31, 2006.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

→ Cash flow hedge

These hedges are not significant considering the Group's policy not to hedge future cash flows as of December 31, 2008, 2007 and 2006.

C) Maturity of derivative instruments

The maturity of the notional amounts of derivatives instruments, excluding the commodity contracts, is detailed in the following table:

		Notional value ^(a)						
As of December 31, 2008								
(M€)		Fair value	Total	2009	2010	2011	2012	2013
Assets / (Liabilities)								2014 and after
Fair value hedge								
Issue swaps and swaps hedging bonds (liabilities)	440	9,309						
Issue swaps and swaps hedging bonds (assets)	(892)	4,195						
Total issue swaps and swaps hedging bonds (assets and liabilities)	(452)	13,504		2,048	3,373	3,233	3,032	1,818
Currency swaps hedging of bank and other loans								
Issue swaps and swaps hedging bonds (current portion) (liabilities)	100	1,871						
Issue swaps and swaps hedging bonds (current portion) (assets)	(12)	92						
Total issue swaps and swaps hedging bonds (current portion) (assets and liabilities)	88	1,963	1,963					
Net investment hedge								
Currency swaps and forward exchange contracts (assets)	-	1,347	1,347					
Cash flow hedge								
Other interest rate swaps (assets)	-	2,853						
Other interest rate swaps (liabilities)	(4)	5,712						
Other interest rate swaps (assets and liabilities)	(4)	8,565	8,559	4				2
Currency swaps and forward exchange contracts (assets)	86	5,458						
Currency swaps and forward exchange contracts (liabilities)	(142)	2,167						
Currency swaps and forward exchange contracts (assets and liabilities)	(56)	7,625	6,595	483	114	67	76	290

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

As of December 31, 2007

(M€) Assets / (Liabilities)	Fair value	Total	2008	2009	2010	2011	2012	2013 and after
Fair value hedge								
Issue swaps and swaps hedging bonds (liabilities)	(369)	7,506						
Issue swaps and swaps hedging bonds (assets)	460	3,982						
Total issue swaps and swaps hedging bonds (assets and liabilities)	91	11,488		1,910	1,836	2,725	2,437	2,580
Currency swaps hedging of bank and other loans								
Issue swaps and swaps hedging bonds (current portion) (liabilities)	(1)	306						
Issue swaps and swaps hedging bonds (current portion) (assets)	388	1,265						
Total issue swaps and swaps hedging bonds (current portion) (assets and liabilities)	387	1,571	1,571					
Net investment hedge								
Currency swaps and forward exchange contracts (assets)	14	695	695					
Cash flow hedge								
Other interest rate swaps (assets)	1	8,249						
Other interest rate swaps (liabilities)	-	3,815						
Other interest rate swaps (assets and liabilities)	1	12,064	12,058		4			2
Currency swaps and forward exchange contracts (assets)	11	2,594						
Currency swaps and forward exchange contracts (liabilities)	(59)	3,687						
Currency swaps and forward exchange contracts (assets and liabilities)	(48)	6,281	6,207	42	2	6	8	16

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

As of December 31, 2006

(M€)	Fair value	Total	2007	2008	2009	2010	2011	2012 and after
Assets / (Liabilities)								
Fair value hedge								
Issue swaps and swaps hedging bonds (liabilities)	(193)	5,691						
Issue swaps and swaps hedging bonds (assets)	486	5,317						
Total issue swaps and swaps hedging bonds (assets and liabilities)	293	11,008		1,756	2,018	1,870	2,740	2,624
Currency swaps hedging of bank and other loans								
Issue swaps and swaps hedging bonds (current portion) (liabilities)		475						
Issue swaps and swaps hedging bonds (current portion) (assets)	341	1,341						
Total issue swaps and swaps hedging bonds (current portion) (assets and liabilities)	341	1,816	1,816					
Net investment hedge								
n/a								
Cash flow hedge								
Other interest rate swaps (assets)	12	6,488						
Other interest rate swaps (liabilities)	(8)	9,580						
Other interest rate swaps (assets and liabilities)	4	16,068	16,062			4		2
Currency swaps and forward exchange contracts (assets)	59	5,003						
Currency swaps and forward exchange contracts (liabilities)	(67)	6,065						
Currency swaps and forward exchange contracts (assets and liabilities)	(8)	11,068	10,513	287	201	45	22	

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

30) Financial instruments related to commodity contracts

Financial instruments related to oil, gas and power activities are recorded at fair value under “Other current assets” or “Other creditors and accrued liabilities” depending on whether they are assets or liabilities.

As of December 31, 2008

(M€)	Notional value - purchase ^(a)	Notional value - sale ^(a)	Carrying amount	Fair value ^(e)
Assets / (Liabilities)				
Crude oil, petroleum products and freight rates activities				
Petroleum products and crude oil swaps ^(a)	9,977	10,530	141	141
Freight rate swaps ^(a)	5	29	8	8
Forwards ^(b)	4,398	3,429	(120)	(120)
Options ^(c)	6,132	6,174	-	-
Futures ^(d)	1,132	3,053	17	17
Options on futures ^(c)	435	422	(7)	(7)
Total crude oil, petroleum products and freight rates			39	39
Gas & Power activities				
Swaps ^(a)	3,180	2,983	(48)	(48)
Forwards ^(b)	12,541	10,483	659	659
Options ^(c)	13	9	-	-
Futures ^(d)	632	498	(19)	(19)
Total Gas & Power			592	592
Total			631	631
Total of fair value non recognized in the balance sheet				-

As of December 31, 2007

(M€)	Notional value - purchase ^(a)	Notional value - sale ^(a)	Carrying amount	Fair value ^(e)
Assets / (Liabilities)				
Crude oil, petroleum products and freight rates activities				
Petroleum products and crude oil swaps ^(a)	9,048	9,671	(149)	(149)
Freight rate swaps ^(a)	69	93	(3)	(3)
Forwards ^(b)	7,060	7,233	(4)	(4)
Options ^(c)	4,852	4,143	272	272
Futures ^(d)	1,734	3,510	(97)	(97)
Options on futures ^(c)	365	280	(1)	(1)
Total crude oil, petroleum products and freight rates			18	18
Gas & Power activities				
Swaps ^(a)	1,496	1,670	4	4
Forwards ^(b)	9,558	8,306	213	213
Options ^(c)	3	10	-	-
Futures ^(d)	115	94	15	15
Total Gas & Power			232	232
Total			250	250
Total of fair value non recognized in the balance sheet				-

(a) Swaps (including “Contracts for differences”): the “Notional value” columns correspond to receive-fixed and pay-fixed swaps.

(b) Forwards: contracts resulting in physical delivery are accounted for as derivative commodity contracts and included in the amounts shown.

(c) Options: the “Notional value” columns correspond to the nominal value of options (calls or puts) purchased and sold, valued based on the strike price.

(d) Futures: the “Notional value” columns correspond to the net purchasing/selling positions, valued based on the transaction historical price on the organized exchange market.

(e) From 2008, when the fair value of derivatives listed on an organized exchange market (futures, options on futures and swaps) is offset with the margin call received or paid on the face of the balance sheet, this fair value is set to zero.

As of December 31, 2006

(M€)	Notional value - purchase ^(a)	Notional value - sale ^(a)	Carrying amount	Fair value ^(e)
Assets / (Liabilities)				
Crude oil, petroleum products and freight rates activities				
Petroleum products and crude oil swaps ^(a)	7,987	9,303	(30)	(30)
Freight rate swaps ^(a)	56	86	2	2
Forwards ^(b)	5,145	5,830	(11)	(11)
Options ^(c)	6,046	4,835	66	66
Futures ^(d)	1,274	2,434	79	79
Options on futures ^(c)	143	165	(4)	(4)
Total crude oil, petroleum products and freight rates			102	102
Gas & Power activities				
Swaps ^(a)	1,161	872	(38)	(38)
Forwards ^(b)	9,973	9,441	(73)	(73)
Options ^(c)	18	58	1	1
Futures ^(d)	92	46	31	31
Total Gas & Power			(79)	(79)
Total			23	23
Total of fair value non recognized in the balance sheet				-

(a) Swaps (including "Contracts for differences"): the "Notional value" columns correspond to receive-fixed and pay-fixed swaps.

(b) Forwards: contracts resulting in physical delivery are accounted for as derivative commodity contracts and included in the amounts shown.

(c) Options: the "Notional value" columns correspond to the nominal value of options (calls or puts) purchased and sold, valued based on the strike price.

(d) Futures: the "Notional value" columns correspond to the net purchasing/selling positions, valued based on the transaction historical price on the organized exchange market.

(e) From 2008, when the fair value of derivatives listed on an organized exchange market (futures, options on futures and swaps) is offset with the margin call received or paid on the face of the balance sheet, this fair value is set to zero.

Most commitments on crude oil and refined products have a short term maturity (less than one year). The maturity of most Gas & Power energy derivatives is less than three years forward.

The changes in fair value of financial instruments related to commodity contracts are detailed as follows:

For the year ended December 31, (M€)	Fair value as of January 1,	Impact on income	Settled contracts	Other	Fair value as of December 31,
Crude oil, petroleum products and freight rates activities					
2008	18	1,734	(1,715)	2	39
2007	102	1,381	(1,460)	(5)	18
2006	28	1,577	(1,496)	(7)	102
Gas & Power activities					
2008	232	787	(310)	(117)	592
2007	(79)	489	(163)	(15)	232
2006	110	557	(744)	(2)	(79)

31) Market risks

→ Oil and gas market related risks

Due to the nature of its business, the Group has significant oil and gas trading activities as part of its day-to-day operations in order to optimize revenues from its oil and gas production and to obtain favorable pricing to supply its refineries.

In its international oil trading activities, the Group follows a policy of not selling its future oil and gas production for future delivery.

However, in connection with these trading activities, the Group, like most other oil companies, uses energy derivative instruments to adjust its exposure to price fluctuations of crude oil, refined products, natural gas and electricity. The Group also uses freight rate derivative contracts in its shipping activities to adjust its exposure to freight-rate fluctuations. To hedge against this risk, the Group uses various instruments such as futures, forwards, swaps and options on organized markets or over-the-counter markets. The list of the different derivatives held by the Group in these markets is detailed in Note 30 to the Consolidated Financial Statements.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

The Trading & Shipping division measures its market risk exposure, *i.e.* potential loss in fair values, on its crude oil, refined products and freight rates trading activities using a value-at-risk technique. This technique is based on an historical model and makes an assessment of the market risk arising from possible future changes in market values over a 24-hour period. The calculation of the range of potential changes in fair values takes into account a snapshot of the end-of-day exposures and the set of historical price movements for the last 400

business days for all instruments and maturities in the global trading activities. Options are systematically reevaluated using appropriate models.

The potential movement in fair values corresponds to a 97.5% value-at-risk type confidence level. This means that the Group's portfolio result is likely to exceed the value-at-risk loss measure once over 40 business days if the portfolio exposures were left unchanged.

Trading & Shipping: value-at-risk with a 97.5% probability
As of December 31,
 (M€)

	High	Low	Average	Year end
2008	13.5	2.8	6.9	11.8
2007	11.6	3.3	6.7	5.4
2006	12.9	4.3	8.6	11.4

As part of its gas and power trading activity, the Group also uses derivative instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. The Gas & Power division measures its market risk exposure, *i.e.* potential loss in fair values, on its trading activities using a value-at-risk technique. This technique is based on an historical model and makes

an assessment of the market risk arising from possible future changes in market values over a one day period. The calculation of the range of potential changes in fair values takes into account a snapshot of the end-of-day exposures and the set of historical price movements for the past two years for all instruments and maturities in the global trading activities.

Gas & Power trading: value-at-risk with a 97.5% probability
As of December 31,
 (M€)^(a)

	High	Low	Average	Year end
2008	16.3	1.3	5.0	1.4
2007 ^(a)	18.2	3.2	7.9	4.3
2006 ^(a)	21.7	3.5	9.1	6.0

(a) These calculations are based on the set of historical price movements for the past year.

The Group has implemented strict policies and procedures to manage and monitor these market risks. These are based on the splitting of supervisory functions from operational functions and on an integrated information system that enables real-time monitoring of trading activities.

Limits on trading positions are approved by the Group's Executive Committee and are monitored daily. To increase flexibility and encourage liquidity, hedging operations are performed with numerous independent operators, including other oil companies, major energy producers or consumers and financial institutions. The Group has established counterparty limits and monitors outstanding amounts with each counterparty on an ongoing basis.

→ Financial markets related risks

As part of its financing and cash management activities, the Group uses derivative instruments to manage its exposure to changes in interest rates and foreign exchange rates. These instruments are principally interest rate and currency swaps. The Group may also use, on a less frequent basis, futures, caps, floors and options contracts.

These operations and their accounting treatment are detailed in Notes 1 paragraph M, 20, 28 and 29 to the Consolidated Financial Statements.

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed according to rules set by the Group's senior management and that provide for regular pooling of available cash balances, open positions and management of the financial instruments by the treasury/financing department. Excess cash of the Group is deposited in government institutions or deposit banks selected in accordance with strict criteria, or is used to buy deposit certificates issued by these banks. Liquidity positions and the management of financial instruments are centralized by the treasury/financing department, where they are managed by a team specialized in foreign exchange and interest rate market transactions.

The cash monitoring/management team within the treasury/financing department monitors limits and positions per bank on a daily basis and reports results. This team also prepares marked-to-market valuations and, when necessary, performs sensitivity analysis.

→ Counterparty risk

The Group has established standards for market transactions under which bank counterparties must be approved in advance, based on an assessment of the counterparty's financial soundness and its ratings with Standard & Poor's and Moody's, which must be of high quality.

An overall authorized credit limit is set for each bank and is allotted among the subsidiaries and the Group's central treasury entities according to their needs.

Due to the recent changes in the financial markets, the Group has taken additional measures to reinforce its management of its exposure to counterparty risk. The Group takes into account the banks' financial situation, share price and Credit Default Swap (CDS) rate when selecting counterparties.

→ Currency exposure

The Group seeks to minimize the currency exposure of each entity to its functional currency (primarily the euro, the dollar, the pound sterling and the Norwegian krone).

For currency exposure generated by commercial activity, the hedging of revenues and costs in foreign currencies is typically performed using currency operations on the spot market and in some cases on the forward market. The Group rarely hedges future cash flows, although it may use options to do so.

With respect to currency exposure linked to non-current assets booked in a currency other than the euro, the Group has a policy of reducing the related currency exposure by financing these assets in the same currency.

Net short-term currency exposure is periodically monitored against limits set by the Group's senior management.

The non-current debt described in Note 20 to the Consolidated Financial Statements is generally raised by the corporate treasury entities either directly in dollars or euros, or in other currencies which are then systematically exchanged for dollars or euros through swaps issues to appropriately match general corporate needs. The proceeds from these debt issuances are loaned to affiliates whose accounts are kept in dollars or in euros. Thus, the net sensitivity of these positions to currency exposure is not significant.

The Group's short-term currency swaps, the notional value of which appears in Note 29 to the Consolidated Financial Statements, are used to attempt to optimize the centralized cash management of the Group. Thus the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

→ Short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and dollars, are managed according to the guidelines established by the Group's senior management (maintain maximum liquidity, optimize revenue from investments considering existing interest rate yield curves, and minimize the cost of borrowing) over a less than twelve-month horizon and on the basis of a daily interest rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modifying currency exposure.

→ Interest rate risk on non-current debt

The Group's policy consists of incurring non-current debt primarily at a floating rate, or, if the opportunity arises at the time of an issuance, at a fixed rate. Debt is incurred in dollars or in euros according to general corporate needs. Long-term interest rate and currency swaps may be used to hedge bonds at their issuance in order to create a variable rate synthetic debt. In order to partially modify the interest rate structure of the long-term debt, TOTAL may also enter into long-term interest rate swaps.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

→ Sensitivity analysis on interest rate and foreign exchange risk

The tables below present the potential impact of an increase or decrease of 10 basis points on the interest rate yield curves for each of the currencies on the fair value of the current financial instruments as of December 31, 2008, 2007 and 2006.

Assets / (Liabilities) (M€)	Carrying amount	Estimated fair value	Change in fair value due to a change in interest rate by	
			+ 10 basis points	- 10 basis points
As of December 31, 2008				
Bonds (non-current portion, before swaps)	(14,119)	(14,119)	47	(43)
Issue swaps and swaps hedging bonds (liabilities)	(440)	(440)		
Issue swaps and swaps hedging bonds (assets)	892	892		
Total issue swaps and swaps hedging bonds (assets and liabilities)	452	452	(44)	44
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,025)	(2,025)	3	(3)
Other interest rates swaps	(4)	(4)	1	(1)
Currency swaps and forward exchange contracts	(56)	(56)	-	-
As of December 31, 2007				
Bonds (non-current portion, before swaps)	(11,741)	(11,741)	37	(37)
Issue swaps and swaps hedging bonds (liabilities)	(369)	(369)		
Issue swaps and swaps hedging bonds (assets)	460	460		
Total issue swaps and swaps hedging bonds (assets and liabilities)	91	91	(39)	38
Current portion of non-current debt after swap (excluding capital lease obligations)	(1,669)	(1,669)	(1)	1
Other interest rates swaps	1	1	-	-
Currency swaps and forward exchange contracts	(34)	(34)	-	-
As of December 31, 2006				
Bonds (non-current portion, before swaps)	(11,413)	(11,413)	26	(26)
Issue swaps and swaps hedging bonds (liabilities)	(193)	(193)		
Issue swaps and swaps hedging bonds (assets)	486	486		
Total issue swaps and swaps hedging bonds (assets and liabilities)	293	293	(26)	26
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,140)	(2,140)	1	(1)
Other interest rates swaps	4	4	(1)	1
Currency swaps and forward exchange contracts	(8)	(8)	1	(1)

The impact of changes in interest rate on the cost of net debt before tax is as follows:

For the year ended December 31, (M€)	2008	2007	2006
Cost of net debt	(527)	(539)	(364)
Interest rate translation of + 10 basis points	(11)	(12)	(12)
Interest rate translation of - 10 basis points	11	12	12
Interest rate translation of + 100 basis points	(113)	(116)	(118)
Interest rate translation of - 100 basis points	113	116	118

As a result of the policy for the management of currency exposure previously described, the Group's sensitivity to currency exposure is primarily influenced by the net equity of the subsidiaries whose functional accounting currency is the dollar and, to a lesser extent, the pound sterling and the Norwegian krone.

This sensitivity is reflected in the historical evolution of the currency translation adjustment recorded in the statement of changes in shareholders' equity which, in the course of the last three fiscal years, is essentially related to the evolution of dollar and pound sterling and is set forth in the table below:

	Euro / Dollar exchange rates	Euro / Pound sterling exchange rates
As of December 31, 2008	1.39	0.95
As of December 31, 2007	1.47	0.73
As of December 31, 2006	1.32	0.67

As of December 31, 2008 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	53,868	25,084	15,429	5,587	7,768
Currency translation adjustment before net investment hedge	(4,876)	-	(2,191)	(1,769)	(916)
Net investment hedge - open instruments	-	-	-	-	-
Shareholders' equity at exchange rate as of December 31, 2008	48,992	25,084	13,238	3,818	6,852

As of December 31, 2007 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	49,254	22,214	12,954	5,477	8,609
Currency translation adjustment before net investment hedge	(4,410)	-	(3,501)	(289)	(620)
Net investment hedge - open instruments	14	-	14	-	-
Shareholders' equity at exchange rate as of December 31, 2007	44,858	22,214	9,467	5,188	7,989

As of December 31, 2006 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	41,704	17,253	11,166	4,940	8,345
Currency translation adjustment before net investment hedge	(1,383)	-	(1,393)	203	(193)
Net investment hedge - open instruments	-	-	-	-	-
Shareholders' equity at exchange rate as of December 31, 2006	40,321	17,253	9,773	5,143	8,152

As a result of this policy, the impact of currency exchange rate fluctuations on consolidated income, as illustrated in Note 7 to the Consolidated Financial Statements, has not been significant over the last three fiscal years despite the considerable fluctuation of the dollar (gain of 112 M€ in 2008, gain of 35 M€ in 2007, loss of 30 M€ in 2006).

→ Stock market risk

The Group holds interests in a number of publicly-traded companies (see Notes 12 and 13 to the Consolidated Financial Statements). The market value of these holdings fluctuates due to various factors, including the global economic environment, stock market trends, valuations of the sectors in which the companies operate, and the economic and financial condition of each individual company.

→ Liquidity risk

TOTAL S.A. has confirmed lines of credit granted by international banks, which are calculated to allow it to manage its short-term liquidity needs as required.

As of December 31, 2008, these lines of credit amounted to \$8,966 million, of which \$8,725 million were unused. The agreements for the lines of credit granted to TOTAL S.A. do not contain conditions related to the Company's financial ratios, to its financial ratings from specialized agencies, or to the occurrence of events that could have a material adverse effect on its financial position. As of December 31, 2008, the aggregate amount of the principal confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was \$9,621 million, of which \$9,380 million was unused. The lines of credit granted to Group companies other than TOTAL S.A. are not intended to finance the Group's general needs; they are intended to finance either the general needs of the borrowing subsidiary or a specific project.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

The following tables show the maturity of the financial assets and liabilities of the Group as of December 31, 2008, 2007 and 2006 (see Note 20 to the Consolidated Financial Statements).

Assets / (Liabilities)

As of December 31, 2008

(M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt - net of hedging instruments		(13,206)	(2,093)	(15,299)
Current borrowings	(7,722)			(7,722)
Other current financial liabilities	(158)			(158)
Current financial assets	187			187
Cash and cash equivalents	12,321			12,321
Net amount before financial expense	4,628	(13,206)	(2,093)	(10,671)
Financial expense	(436)	(1,021)	(181)	(1,638)
Net amount	4,192	(14,227)	(2,274)	(12,309)

As of December 31, 2007

(M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt - net of hedging instruments		(11,424)	(2,992)	(14,416)
Current borrowings	(4,613)			(4,613)
Other current financial liabilities	(60)			(60)
Current financial assets	1,264			1,264
Cash and cash equivalents	5,988			5,988
Net amount before financial expense	2,579	(11,424)	(2,992)	(11,837)
Financial expense	(561)	(1,389)	(270)	(2,220)
Net amount	2,018	(12,813)	(3,262)	(14,057)

As of December 31, 2006

(M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt - net of hedging instruments		(10,733)	(2,955)	(13,688)
Current borrowings	(5,858)			(5,858)
Other current financial liabilities	(75)			(75)
Current financial assets	3,908			3,908
Cash and cash equivalents	2,493			2,493
Net amount before financial expense	468	(10,733)	(2,955)	(13,220)
Financial expense	(567)	(1,302)	(160)	(2,029)
Net amount	(99)	(12,035)	(3,115)	(15,249)

→ Credit risk

Credit risk is defined as the risk of the counterparty to a contract failing to perform or pay the amounts due.

The Group is exposed to credit risks in its operating and financing operations. The Group's maximum exposure to credit risk is partially related to financial assets recorded on its balance sheet, including energy derivative instruments that have a positive market value.

The following table presents the Group's maximum credit risk exposure:

As of December 31,

(M€)	2008	2007	2006
Assets / (Liabilities)			
Loans to equity affiliates (Note 12)	2,005	2,575	1,533
Loans and advances (Note 14)	1,403	851	1,025
Hedging instruments of non-current financial debt (Note 20)	892	460	486
Accounts receivable (Note 16)	15,287	19,129	17,393
Other operating receivables (Note 16)	6,208	4,430	4,267
Current financial assets (Note 20)	187	1,264	3,908
Cash and cash equivalents (Note 27)	12,321	5,988	2,493
Total	38,303	34,697	31,105

The valuation allowance on loans and advances and on accounts receivable and other operating receivables is detailed respectively in Notes 14 and 16 to the Consolidated Financial Statements.

Credit risk is managed by the Group's business segments as follows:

Upstream Segment

■ Exploration & Production

Risks arising under contracts with government authorities or other oil companies or under long-term supply contracts necessary for the development of projects are evaluated during the project approval process. The long-term aspect of these contracts and the high-quality of the other parties lead to a low level of credit risk.

Risks related to commercial operations, other than those described above (which are, in practice, directly monitored by subsidiaries), are subject to procedures for establishing and reviewing credit.

Customer receivables are subject to provisions on a case-by-case basis, based on prior history and management's assessment of the facts and circumstances.

■ Gas & Power

The Gas & Power division deals with counterparties in the energy, industrial and financial sectors throughout the world, primarily in Europe and North America. Financial institutions providing credit risk coverage are highly rated international bank and insurance groups.

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as data published by rating agencies. On this basis, credit limits are defined for each potential counterparty and, where appropriate, transactions are subject to specific authorizations.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures.

Credit risk is mitigated by the systematic use of industry standard contractual frameworks that permit netting, enable to require added security in case of adverse change in the counterparty risk, and allow for termination of the contract upon occurrence of certain events of default.

Downstream Segment

■ Refining & Marketing

Internal procedures for the Refining & Marketing division include rules on credit risk that describe the basis of internal control in this domain, including the separation of authority between commercial and financial operations. Credit policies are defined at the local level, complemented by the implementation of procedures to monitor customer risk (credit committees at the subsidiary level, the creation of credit limits for corporate customers, portfolio guarantees, etc.).

Each entity also implements monitoring of its outstanding receivables. Risks related to credit may be mitigated or limited by requiring security or guarantees.

Bad debts are provisioned on a case-by-case basis at a rate determined by management based on an assessment of the facts and circumstances.

■ Trading & Shipping

Trading & Shipping deals with commercial counterparties and financial institutions located throughout the world. Counterparties to physical and derivative transactions are primarily entities involved in the oil and gas industry or in the trading of energy commodities, or financial institutions. Credit risk coverage is concluded with financial institutions, international banks and insurance groups selected in accordance with strict criteria.

The Trading & Shipping division has a strict policy of internal delegation of authority governing establishment of country and counterparty credit limits and approval of specific transactions. Credit exposures contracted under these limits and approvals are monitored on a daily basis.

Potential counterparties are subject to credit assessment and approval prior to any transaction being concluded and all active counterparties are subject to regular reviews, including re-appraisal and approval of granted limits. The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as ratings published by Standard & Poor's, Moody's Investors Service and other agencies.

Contractual arrangements are structured so as to maximize the risk mitigation benefits of netting between transactions wherever possible and additional protective terms providing for the provision of security in the event of financial deterioration and the termination of transactions on the occurrence of defined default events are used to the greatest permitted extent.

Credit risks in excess of approved levels are secured by means of letters of credit and other guarantees, cash deposits and insurance arrangements. In respect of derivative transactions, risks are secured by formal margining agreements wherever possible.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

Chemicals Segment

Credit risk in the Chemicals segment is primarily related to commercial receivables. Each division implements procedures for managing and provisioning credit risk that differ based on the size of the subsidiary and the market in which it operates. The principal elements of these procedures are:

- implementation of credit limits with different authorization procedures for possible credit overruns;
- use of insurance policies or specific guarantees (letters of credit);
- regular monitoring and assessment of overdue accounts (aging balance), including collection procedures; and
- provisioning of bad debts on a customer-by-customer basis, according to payment delays and local payment practices.

32) Other risks and contingent liabilities

TOTAL is not currently aware of any event, litigation, risks or contingent liabilities that could have a material impact on the financial condition, assets, results or business of the Group.

→ Antitrust Investigations

- Following investigations into certain commercial practices in the chemicals industry in the United States, some subsidiaries of the Arkema⁽¹⁾ group are involved in civil liability lawsuits in the United States and Canada for violations of antitrust laws. TOTAL S.A. has been named in certain of these suits as the parent company.

In Europe, the European Commission commenced investigations in 2000, 2003 and 2004 into alleged anti-competitive practices involving certain products sold by Arkema. In January 2005, under one of these investigations, the European Commission fined Arkema 13.5 M€ and jointly fined Arkema and Elf Aquitaine 45 M€. Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

The Commission notified Arkema, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema has cooperated with the authorities in these procedures and investigations. In May 2006, the European Commission fined Arkema 78.7 M€ and 219.1 M€, as a result of, respectively, each of these two proceedings. Elf Aquitaine was held jointly and severally liable for, respectively, 65.1 M€ and 181.35 M€ of these fines while TOTAL S.A. was held jointly and severally liable, respectively, for 42 M€ and 140.4 M€. TOTAL S.A., Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

Arkema and Elf Aquitaine received a statement of objections from the European Commission in August 2007 concerning alleged anti-competitive practices related to another line of chemical products. As a result, Arkema and Elf Aquitaine have been jointly and severally fined in an amount of 22.7 M€ and individually in an amount of 20.43 M€ for Arkema and 15.89 M€ for Elf Aquitaine. The companies concerned appealed this decision to the relevant European court.

No facts have been alleged that would implicate TOTAL S.A. or Elf Aquitaine in the practices questioned in these proceedings and the fines received are based solely on their status as parent companies.

Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence additional proceedings involving Arkema, as well as TOTAL S.A. and Elf Aquitaine.

- As part of the agreement relating to the spin-off of Arkema, TOTAL S.A. or certain other Group companies agreed to grant Arkema guarantees for certain risks related to antitrust proceedings arising from events prior to the spin-off.

These guarantees cover, for a period of ten years that began in 2006, 90% of amounts paid by Arkema related to (i) fines imposed by European authorities or European member-states for competition law violations, (ii) fines imposed by U.S. courts or antitrust authorities for federal antitrust violations or violations of the competition laws of U.S. states, (iii) damages awarded in civil proceedings related to the government proceedings mentioned above, and (iv) certain costs related to these proceedings.

The guarantee covering the risks related to anti-competition violations in Europe applies to amounts above a 176.5 M€ threshold.

If one or more individuals or legal entities, acting alone or together, directly or indirectly holds more than one-third of the voting rights of Arkema, or if Arkema transfers more than 50% of its assets (as calculated under the enterprise valuation method, as of the date of the transfer) to a third party or parties acting together, irrespective of the type or number of transfers, these guarantees will become void.

On the other hand, the agreements provide that Arkema will indemnify TOTAL S.A. or any Group company for 10% of any amount that TOTAL S.A. or any Group company are required to pay under any of the proceedings covered by these guarantees.

- The Group has recorded provisions amounting to 85 M€ in its consolidated financial statements as of December 31, 2008 to cover the risks mentioned above.

⁽¹⁾ Arkema is used in this section to designate those companies of the Arkema group whose ultimate parent company is Arkema S.A.. Arkema became an independent company after being spun-off from TOTAL S.A. in May 2006.

- Moreover, as a result of investigations started by the European Commission in October 2002 concerning certain Refining & Marketing subsidiaries of the Group, Total Nederland N.V. and TOTAL S.A. received a statement of objections in October 2004. These proceedings resulted, in September 2006, in Total Nederland N.V. being fined 20.25 M€ and in TOTAL S.A. as its parent company being held jointly responsible for 13.5 M€ of this amount, although no facts implicating TOTAL S.A. in the practices under investigation were alleged. TOTAL S.A. and Total Nederland N.V. have appealed this decision to the Court of First Instance of the European Union.

In addition, in May 2007, Total France and TOTAL S.A. received a statement of objections regarding alleged antitrust practices concerning another product line of the Refining & Marketing division. These proceedings resulted, in October 2008, in Total France being fined 128.2 M€ and in TOTAL S.A., as its parent company, being held jointly responsible although no facts implicating TOTAL S.A. in the practices under investigation were alleged. TOTAL S.A. and Total Raffinage & Marketing (the new corporate name of Total France) have appealed this decision to the Court of First Instance of the European Union.

- Given the discretionary powers granted to the European Commission for determining fines relating to antitrust regulations, it is not currently possible to determine with certainty the outcome of these investigations and proceedings. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the ultimate outcome of these proceedings, the Group believes that they will not have a material adverse effect on its financial condition or results.

→ Buncefield

On December 11, 2005, several explosions, followed by a major fire, occurred at an oil storage depot at Buncefield, north of London. This depot is operated by Hertfordshire Oil Storage Limited (HOSL), a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion caused minor injuries to a number of people and caused property damage to the depot and the buildings and homes located nearby. The official Independent Investigation Board has indicated that the explosion was caused by the overflow of a tank at the depot. The Board's final report was released on December 11, 2008. At this stage, responsibility for the explosion has not yet been determined. The civil procedure for claims, which have not yet been settled, took place between October and December 2008. The decision of the trial court is expected in the first quarter 2009.

The Group carries insurance for damage to its interests in these facilities, business interruption and civil liability claims from third parties, and believes that, based on the information currently available, this accident should not have a significant impact on the Group's financial situation or consolidated results.

On December 1, 2008, the Health and Safety Executive (HSE) and the Environment Agency (EA) issued a Notice of prosecution against five companies, including the British subsidiary of TOTAL. An initial court hearing is expected in the second quarter 2009.

→ Venezuela

On February 26, 2007 the Venezuelan president signed a decree providing for the transformation of the Strategic Associations from the Faja region (including Sincor), into mixed companies with the government having a minimum interest of 60%. The legislation further stated that operations were to be transferred to PDVSA no later than May 1, 2007, and that the private companies were to have a four-month period to reach an agreement on the terms and conditions of their interest in the mixed companies.

Within this framework, TOTAL signed two agreements with PDVSA and Statoil, with the approval of the ministry in charge of energy and oil:

- On April 25, 2007, an agreement according to which the control of Sincor operations was transferred temporarily, from May 1, 2007, to PDVSA;
- On June 26, 2007, heads of agreement providing for the transformation of the Sincor association into a mixed company. Pursuant to these heads of agreement, TOTAL's share in the project decreased from 47% to 30.323%, PDVSA's interest increased from 38% to 60% and Statoil's interest decreased from 15% to 9.677%. This agreement also provides for compensation to be awarded to TOTAL, with the amount to be negotiated based on the value of the assets.

The conditions of this transformation were approved by the National Assembly in October 2007. Presidential decrees regarding the creation of the mixed company, PetroCedeño and the transfer of the rights to conduct the principal activities were published in the Venezuelan official gazette on November 9, 2007 and January 10, 2008, respectively. The finalization of the transformation process occurred on February 8, 2008.

In the Group's financial statements, PetroCedeño (formerly Sincor) was consolidated by the equity method as of December 31, 2007 at 30.323%; special items related to this transformation into a mixed company were booked as of the first quarter 2008.

→ Kazakhstan

On January 14, 2008, members of NCSPSA (North Caspian Sea Production Sharing Agreement) and the Kazakh authorities signed a Memorandum of Understanding to end the dispute among them that began at the end of August 2007. The final agreements, which are necessary to the implementation of this Memorandum of Understanding and of the additional protocol signed on June 25, 2008, were signed on October 31, 2008. An update of the costs and schedule of the first development phase has been proposed to and accepted by the authorities.

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

According to these protocols and agreements:

- A decrease in the foreign partners' interest in favor of KMG (KazMunaiGas) decreases TOTAL's share in this permit from 18.52% to 16.81%; and
- The financial terms are modified in favor of the Republic of Kazakhstan by (i) the implementation of a priority payment representing a percentage of the sales depending on crude oil prices, (ii) an increase in the production bonus, and (iii) a decrease in the interest rate on recoverable investments depending on crude oil prices.

→ Sinking of the Erika

Pursuant to a judgment issued on January 16, 2008, the *Tribunal de grande instance* of Paris found that TOTAL S.A. was negligent in its vetting procedure for vessel selection. TOTAL S.A. was fined €375,000. The court also ordered compensation to be paid to the victims of pollution from the Erika up to an aggregate amount of 192 M€, declaring TOTAL S.A. jointly and severally liable for such payments together with the Erika's inspection and classification firm, the Erika's owner and the Erika's manager.

TOTAL believes that the finding of negligence and the related conviction for marine pollution are without substance as a matter of fact and as a matter of law. TOTAL also considers that this verdict is contrary to the intended aim of enhancing maritime transport safety.

TOTAL has appealed the verdict of January 16, 2008. In the meantime, it has nevertheless proposed to pay third parties who so request definitive compensation as determined by the court. As of today, thirty-six third parties have received compensation payments, representing an aggregate amount of 170.1 M€.

The hearing of the appeal before the Court of Appeals of Paris is expected to begin in October 2009.

At the current stage of the proceedings, TOTAL S.A. believes that, based on a reasonable estimate of its liability, the case will not have a material impact on the Group's financial situation or consolidated results.

33) Other information

A) Research and development costs

Research and development costs incurred by the Group in 2008 amounted to 612 M€ (594 M€ in 2007 and 569 M€ in 2006), corresponding to 0.3% of the sales.

The staff dedicated in 2008 to these research and development activities are estimated at 4,285 people (4,216 in 2007 and 4,091 in 2006).

B) Taxes paid to Middle East oil-producing countries for the portion which TOTAL held historically as concessions

Taxes paid for the portion that TOTAL held historically as concessions (Abu Dhabi offshore and onshore, Dubai offshore, Oman and Abu Al Bu Khoosh) included in operating expenses amounted to 3,301 M€ in 2008 (2,505 M€ in 2007 and 2,906 M€ in 2006).

C) Carbon dioxide emission rights

The principles governing the accounting for emission rights are presented in Note 1 paragraph T to the Consolidated Financial Statements.

As of December 31, 2008, the Group sites' position for emission rights is balanced between delivered or acquired emission rights and emissions for the year 2008.

34) Spin-off of Arkema (2006)

The spin-off of Arkema that took place in 2006 led to the distribution of Arkema shares to TOTAL shareholders (other than TOTAL S.A.). This operation can be analyzed as an exchange of non-monetary assets for TOTAL S.A. shareholders.

As IFRS do not contain specific rules for this type of transaction, the accounting treatment for the spin-off in TOTAL's Consolidated Financial Statements has been based on Generally Accepted Accounting Principles in the United States (U.S. GAAP), and more particularly on opinion APB 29 (Accounting Principles Board Opinions) "Accounting for Non-monetary Transactions".

All assets and liabilities which were spun-off have been derecognized on the basis of their net book value, with a corresponding decrease of consolidated shareholders' equity and no impact on the Group's Consolidated Statement of Income.

The spin-off of Arkema was approved by the shareholders' meeting held on May 12, 2006. Since Arkema's results for the period between April 1, 2006 and May 12, 2006, were not material, the deconsolidation has been completed on the basis of Arkema book values as of March 31, 2006, also taking into account the capital increase that took place in April 2006.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the contribution of Arkema entities has been reported as discontinued operations since Arkema can be clearly distinguished and has been spun off in a single and coordinated plan.

Financial information related to Arkema's contribution to the Consolidated Financial Statements is presented below. This contributive information is not directly comparable to the combined and pro-forma accounts filed by Arkema for the purpose of the public listing of its shares, as the latter have been based on specific conventions mainly related to the consolidation scope, accounting options and indicators.

Tax losses of Arkema entities, as they occurred, have been used in the consolidated tax return of the Group.

STATEMENT OF INCOME
As of December 31,

(M€)	2006
Revenues from sales	1,497
Purchases and other operating expenses	(1,377)
Depreciation of tangible assets	(53)
Operating income	67
Equity in income (loss) of affiliates, others	(42)
Taxes	(30)
Net income	(5)

BALANCE SHEET
As of December 31,

(M€)	2006 ⁽¹⁾
Non-current assets	1,995
Working capital	1,501
Provisions and other non-current liabilities	(1,090)
Capital employed	2,406
Net debt	(144)
Shareholders' equity	2,262

(1) Detailed assets and liabilities which have been spun-off as of May 12, 2006.

Statement of cash flow
For the year ended December 31,

(M€)	2006
Cash flow from operating activities	53
Cash flow used in investing activities	(76)
Cash flow from financing activities	(109)
Net increase/decrease in cash and cash equivalents	(132)
Effect of exchange rates and changes in consolidation scope	113
Cash and cash equivalents at the beginning of the period	84
Cash and cash equivalent at the end of the period	65

Earnings per share and fully-diluted earnings per share are presented below for continuing and discontinued operations.

Earnings per share
For the year ended December 31,

(€)	2006
Earnings per share of continuing operations	5.13
Earnings per share of discontinued operations	0.00
Earnings per share	5.13

Diluted earnings per share
For the year ended December 31,

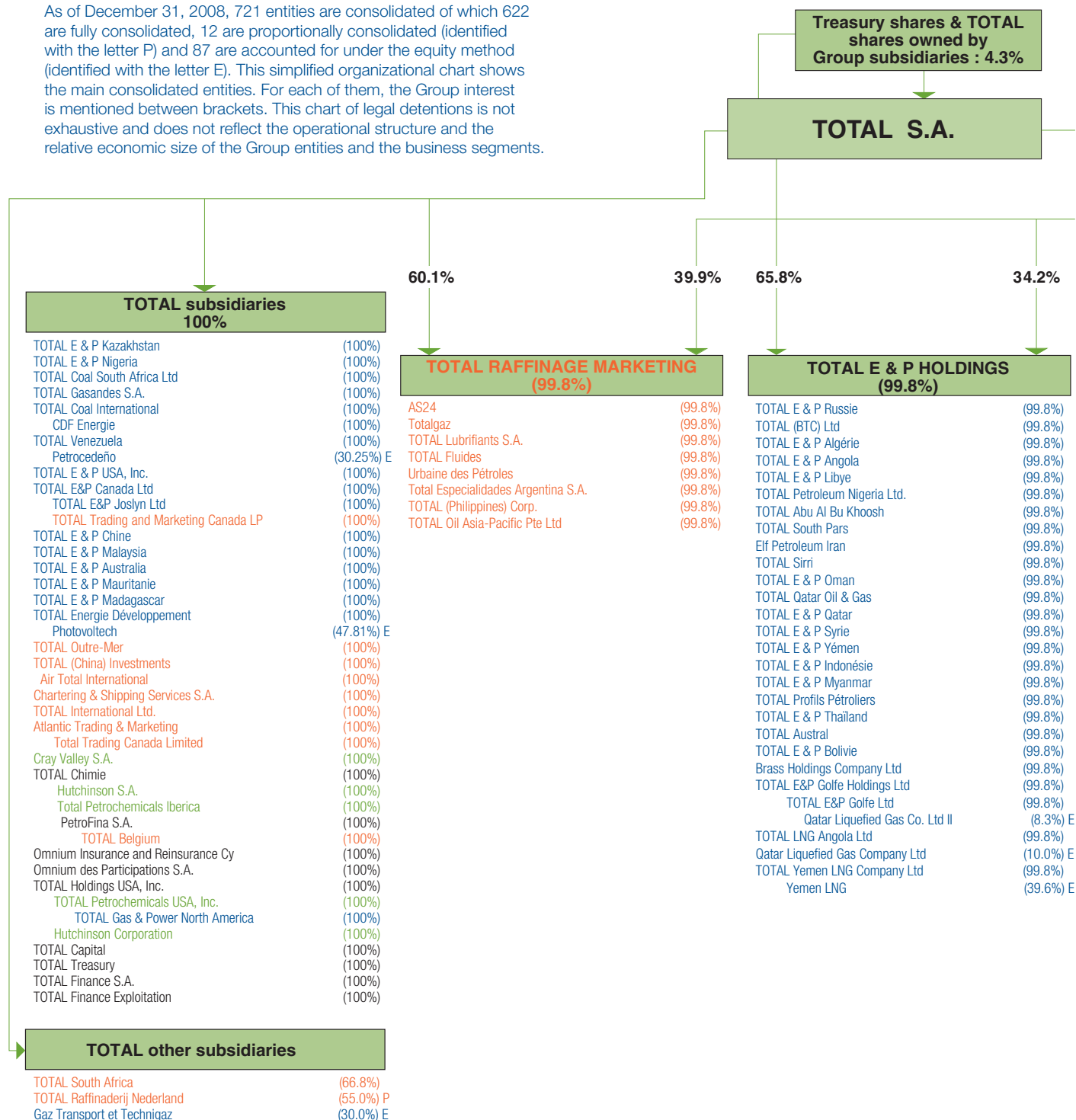
(€)	2006
Diluted earnings per share of continuing operations	5.09
Diluted earnings per share of discontinued operations	0.00
Diluted earnings per share	5.09

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

35) Consolidation scope

As of December 31, 2008, 721 entities are consolidated of which 622 are fully consolidated, 12 are proportionally consolidated (identified with the letter P) and 87 are accounted for under the equity method (identified with the letter E). This simplified organizational chart shows the main consolidated entities. For each of them, the Group interest is mentioned between brackets. This chart of legal detentions is not exhaustive and does not reflect the operational structure and the relative economic size of the Group entities and the business segments.



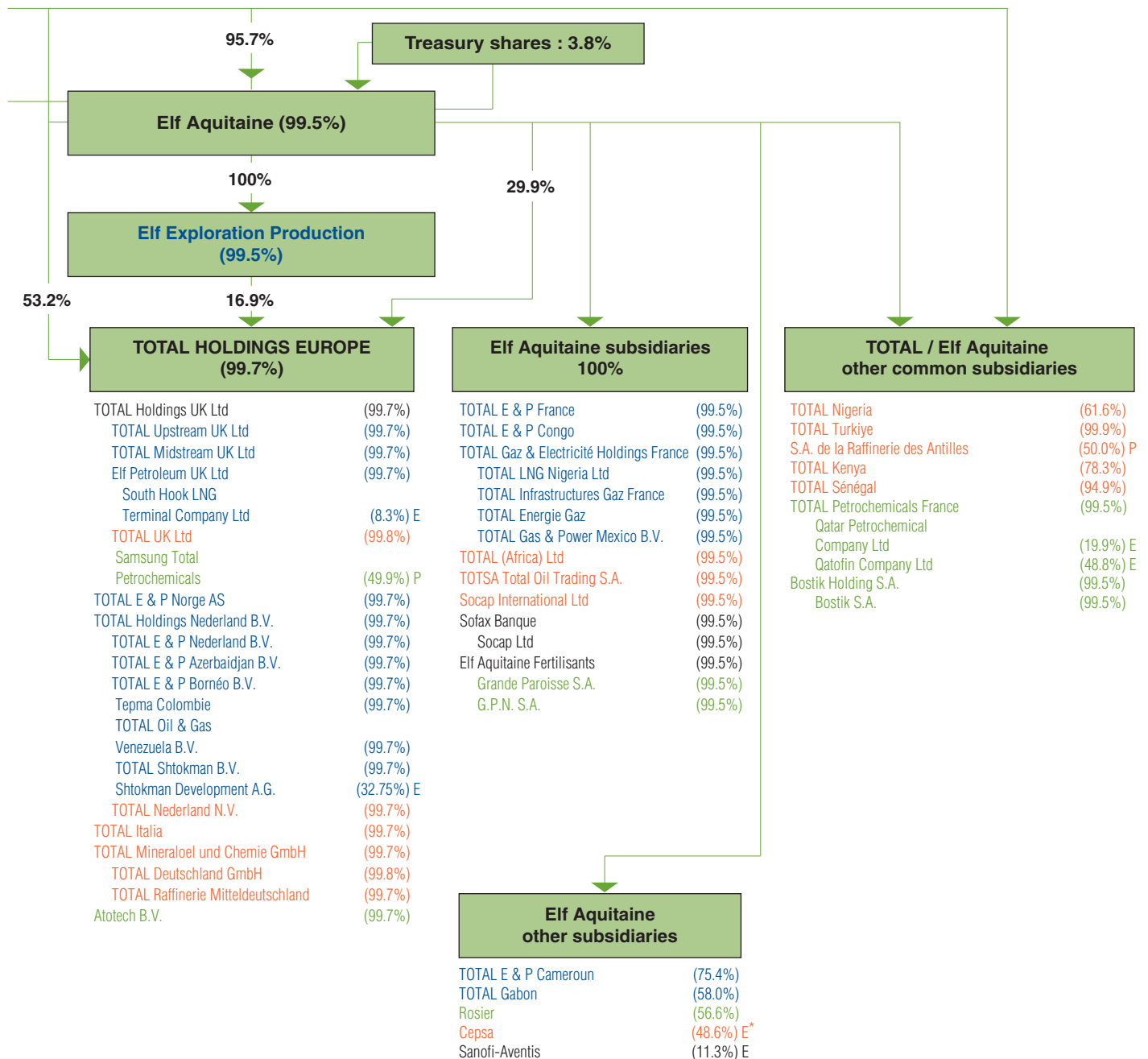
* CEPSA : Independent company on which the Group exercises a significant influence with the exception of any control

APPENDIX 1 - CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

The business segments are identified with the following colors:

Upstream
Downstream
Chemicals
Holding



APPENDIX 2 - SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) CONTENTS

10

OIL AND GAS RESERVES

Changes in liquids reserves	p. 260
Changes in gas reserves	p. 261
Changes in liquids and gas reserves	p. 262
	p. 263

FINANCIAL REVIEW

Results of operations of oil and gas producing activities	p. 264
Costs incurred in oil and gas property acquisition, exploration and development activities	p. 264
Costs to develop proved undeveloped reserves	p. 265
Capitalized cost related to oil and gas producing activities	p. 266
Standardized measure of discounted future net cash flow (excluding transportation)	p. 266
Changes in the standardized measure of discounted future net cash flow	p. 267
	p. 268

Oil and gas reserves

The following tables present, for crude oil, condensates and natural gas liquids reserves and for natural gas reserves, an estimate of the Group's oil and gas quantities by geographical areas as of December 31, 2008, 2007 and 2006.

Quantities shown concern:

- Proved developed and undeveloped reserves together with changes in quantities for 2008, 2007 and 2006;
- Proved developed reserves.

The definitions used for proved oil and gas reserves, proved developed oil and gas reserves and proved undeveloped reserves are in accordance with the applicable United States Securities and Exchange Commission (SEC) regulation, Rule 4-10 of Regulation S-X.

Proved reserves are estimated using geological and engineering data to determine with reasonable certainty whether the crude oil or natural gas in known reservoirs is recoverable under existing economic and operating conditions.

This process involves making subjective judgments. Consequently, estimates of reserves are not exact measurements and are subject to revision.

The estimation of proved reserves is controlled by the Group through established validation guidelines. Reserve evaluations are established annually by senior level geoscience and engineering professionals (assisted by a central reserves group with significant technical experience) including reviews with and validation by senior management.

The reserve estimation requires:

- Internal peer reviews of technical evaluations to ensure that the SEC definitions and guidance are followed; and
- A requirement that management make significant funding commitments toward the development of the reserves prior to booking.

All references in the following tables to reserves or production are to the entire Group's consolidated share of such reserves or production. TOTAL's worldwide proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates and of two companies accounted for by the cost method.

The reserve estimates shown below do not include quantities that may or may not be produced, due to changes in economic conditions or pursuant to new technologies.

Rule 4-10 of Regulation S-X requires that the estimation of reserves be based on the economic environment and operating conditions existing at year end. Reserves at year-end 2008 have been determined based on the Brent price on December 31, 2008 (\$36.55/b) and were estimated at 10,458 Mboe.

Proved reserves are the estimated quantities of TOTAL's entitlement under concession contracts, production sharing agreements or buyback agreements. These estimated quantities may vary depending on oil and gas price.

Changes in the year-end price results in non-proportionate inverse changes in proved reserves associated with production sharing and buyback agreements (which represent approximately 32% of TOTAL's reserves as of December 31, 2008). Under such contracts, TOTAL is entitled to a portion of the production, the sale of which is meant to cover expenses incurred by the Group. As oil prices increase, fewer barrels are necessary to cover the same amount of expenses. Moreover, the number of barrels retrievable under these contracts may vary according to criteria such as cumulative production, the rate of return on investment or the income-cumulative expenses ratio. This decrease is partly offset by an extension of the duration over which fields can be produced economically. However, the increase in reserves due to extended field life resulting from higher prices is generally less than the decrease in reserves under production sharing or buyback agreements due to higher prices. As a result, a higher year-end prices lead to a decrease in TOTAL's reserves.

If reserves had been estimated in accordance with Rule 4-10 of Regulation S-X using the same perimeter and if the Brent price at December 31, 2008 had been 93.72\$/b (the year-end 2007 price), reserves would have amounted to 10,351 Mboe.

The percentage of proved developed reserves has remained relatively stable over the past three years, indicating that proved reserves are consistently moved from undeveloped to developed status. Over time, undeveloped reserves will be reclassified to the developed category as new wells are drilled and/or facilities to produce from existing and future wells are installed. Major development projects typically take two to four years from the time of recording proved reserves to the start of production from these reserves.

APPENDIX 2 - SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

Oil and gas reserves

Changes in liquids reserves

	Consolidated subsidiaries						Equity affiliates & non-consolidated subsidiaries	Total Group
(million barrels)	Europe	Africa	North America	Asia-Pacific	Rest of world ^(a)	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2005	978	2,463	231	62	1,848	5,582	1,010	6,592
Revisions of previous estimates	40	146	1	6	65	258	4	262
Extensions, discoveries and other	13	113	-	-	-	126	60	186
Acquisitions of reserves in place	-	-	22	-	-	22	3	25
Sales of reserves in place	(6)	-	(2)	-	(21)	(29)	(16)	(45)
Production for the year	(132)	(220)	(2)	(11)	(78)	(443)	(106)	(549)
As of December 31, 2006	893	2,502	250	57	1,814	5,516	955	6,471
Revisions of previous estimates	108	149	(4)	(1)	(550)	(298)	525	227
Extensions, discoveries and other	4	90	2	6	1	103	7	110
Purchases of reserves in place	-	-	-	-	-	-	-	-
Sales of reserves in place	(3)	(2)	(6)	-	(459)	(470)	(9)	(479)
Production for the year	(122)	(241)	(5)	(10)	(77)	(455)	(96)	(551)
As of December 31, 2007	880	2,498	237	52	729	4,396	1,382	5,778
Revisions of previous estimates	15	297	(32)	21	112	413	21	434
Extensions, discoveries and other	12	107	-	3	-	122	3	125
Purchases of reserves in place	2	-	-	-	-	2	6	8
Sales of reserves in place	-	(74)	-	-	(43)	(117)	-	(117)
Production for the year	(111)	(231)	(4)	(10)	(50)	(406)	(127)	(533)
As of December 31, 2008	798	2,597	201	66	748	4,410	1,285	5,695
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2006	17	82	-	-	-	99	-	99
As of December 31, 2007	15	116	-	-	-	131	-	131
As of December 31, 2008	12	89	-	-	-	101	-	101
Proved developed and undeveloped reserves of equity affiliates and non-consolidated subsidiaries								
As of December 31, 2006	-	56	-	-	899		955	
As of December 31, 2007	-	43	-	-	1,339		1,382	
As of December 31, 2008	-	58	-	-	1,227		1,285	
Proved developed reserves								
As of December 31, 2006	629	1,436	19	40	418	2,542	665	3,207
As of December 31, 2007	560	1,389	25	33	253	2,260	735	2,995
As of December 31, 2008	516	1,313	10	34	278	2,151	651	2,802
Proved developed reserves of equity affiliates and non-consolidated subsidiaries								
As of December 31, 2006	-	49	-	-	616		665	
As of December 31, 2007	-	30	-	-	705		735	
As of December 31, 2008	-	44	-	-	607		651	

(a) Including the Middle East.

Changes in gas reserves

	Consolidated subsidiaries						Equity affiliates & non-consolidated subsidiaries	Total Group
(billion cubic feet)	Europe	Africa	North America	Asia-Pacific	Rest of world ^(a)	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2005	5,790	4,798	224	4,057	5,401	20,270	4,480	24,750
Revisions of previous estimates	127	133	(8)	116	(106)	262	(9)	253
Extensions, discoveries and other	283	32	-	-	-	315	2,105	2,420
Acquisitions of reserves in place	-	-	12	-	-	12	1	13
Sales of reserves in place	(31)	-	(160)	-	(1)	(192)	-	(192)
Production for the year	(717)	(176)	(16)	(470)	(222)	(1,601)	(104)	(1,705)
As of December 31, 2006	5,452	4,787	52	3,703	5,072	19,066	6,473	25,539
Revisions of previous estimates	487	805	2	(61)	(95)	1,138	155	1,293
Extensions, discoveries and other	265	12	3	263	-	543	126	669
Purchases of reserves in place	-	-	-	-	-	-	-	-
Sales of reserves in place	-	(1)	-	-	-	(1)	(4)	(5)
Production for the year	(673)	(232)	(12)	(470)	(276)	(1,663)	(103)	(1,766)
As of December 31, 2007	5,531	5,371	45	3,435	4,701	19,083	6,647	25,730
Revisions of previous estimates	145	381	(17)	415	726	1,650	(13)	1,637
Extensions, discoveries and other	377	17	-	90	-	484	76	560
Purchases of reserves in place	76	-	-	-	-	76	-	76
Sales of reserves in place	-	-	-	-	(15)	(15)	-	(15)
Production for the year	(622)	(240)	(6)	(453)	(340)	(1,661)	(109)	(1,770)
As of December 31, 2008	5,507	5,529	22	3,487	5,072	19,617	6,601	26,218
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2006	92	88	-	-	-	180	-	180
As of December 31, 2007	80	111	-	-	-	191	-	191
As of December 31, 2008	75	64	-	-	-	139	-	139
Proved developed and undeveloped reserves of equity affiliates and non-consolidated subsidiaries								
As of December 31, 2006	-	20	-	-	6,453		6,473	
As of December 31, 2007	-	140	-	-	6,507		6,647	
As of December 31, 2008	-	215	-	-	6,386		6,601	
Proved developed reserves								
As of December 31, 2006	3,632	2,643	39	2,592	2,395	11,301	1,331	12,632
As of December 31, 2007	3,602	2,560	30	2,221	3,427	11,840	1,267	13,107
As of December 31, 2008	3,989	2,280	8	2,180	3,825	12,282	1,181	13,463
Proved developed reserves of equity affiliates and non-consolidated subsidiaries								
As of December 31, 2006	-	20	-	-	1,311		1,331	
As of December 31, 2007	-	14	-	-	1,253		1,267	
As of December 31, 2008	-	12	-	-	1,169		1,181	

(a) Including the Middle East.

APPENDIX 2 - SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

Oil and gas reserves

Changes in liquids and gas reserves

	Consolidated subsidiaries						Equity affiliates & non-consolidated subsidiaries	Total Group
(million barrel of oil equivalent)	Europe	Africa	North America	Asia-Pacific	Rest of world ^(a)	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2005	2,050	3,394	274	757	2,789	9,264	1,842	11,106
Revisions of previous estimates	66	170	(1)	25	44	304	2	306
Extensions, discoveries and other	64	119	-	-	-	183	438	621
Acquisitions of reserves in place	-	-	24	-	-	24	4	28
Sales of reserves in place	(12)	-	(31)	-	(21)	(64)	(17)	(81)
Production for the year	(265)	(253)	(6)	(92)	(119)	(735)	(125)	(860)
As of December 31, 2006	1,903	3,430	260	690	2,693	8,976	2,144	11,120
Revisions of previous estimates	196	280	(3)	(14)	(553)	(94)	548	454
Extensions, discoveries and other	50	93	2	51	1	197	30	227
Purchases of reserves in place	-	-	-	-	-	-	-	-
Sales of reserves in place	(3)	(2)	(6)	-	(459)	(470)	(9)	(479)
Production for the year	(246)	(285)	(7)	(93)	(127)	(758)	(115)	(873)
As of December 31, 2007	1,900	3,516	246	634	1,555	7,851	2,598	10,449
Revisions of previous estimates	41	374	(35)	95	240	715	20	735
Extensions, discoveries and other	82	110	-	19	-	211	17	228
Purchases of reserves in place	17	-	-	-	-	17	6	23
Sales of reserves in place	-	(74)	-	-	(46)	(120)	-	(120)
Production for the year	(225)	(280)	(5)	(90)	(109)	(709)	(148)	(857)
As of December 31, 2008	1,815	3,646	206	658	1,640	7,965	2,493	10,458
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2006	35	97	-	-	-	132	-	132
As of December 31, 2007	30	135	-	-	-	165	-	165
As of December 31, 2008	27	100	-	-	-	127	-	127
Proved developed and undeveloped reserves of equity affiliates and non-consolidated subsidiaries								
As of December 31, 2006	-	60	-	-	2,084		2,144	
As of December 31, 2007	-	69	-	-	2,529		2,598	
As of December 31, 2008	-	98	-	-	2,395		2,493	
Proved developed reserves								
As of December 31, 2006	1,304	1,946	27	483	837	4,597	914	5,511
As of December 31, 2007	1,229	1,884	30	412	857	4,412	971	5,383
As of December 31, 2008	1,252	1,754	12	401	953	4,372	871	5,243
Proved developed reserves of equity affiliates and non-consolidated subsidiaries								
As of December 31, 2006	-	53	-	-	861		914	
As of December 31, 2007	-	33	-	-	938		971	
As of December 31, 2008	-	47	-	-	824		871	

(a) Including the Middle East.

Financial review

Results of operations of oil and gas producing activities

The following tables include revenues and expenses associated directly with the Group's oil and gas producing activities. They do not include any interest costs.

		Consolidated subsidiaries					
(M€)		Europe	Africa	North America	Asia-Pacific	Rest of world ^(a)	Total
As of December 31, 2006							
Sales	Non-Group sales	3,285	2,550	1	2,276	2,457	10,569
	Group sales	7,333	8,179	167	374	1,124	17,177
Total sales		10,618	10,729	168	2,650	3,581	27,746
Production costs		(910)	(731)	(57)	(184)	(307)	(2,189)
Exploration expenses		(140)	(246)	(40)	(58)	(149)	(633)
Depreciation, depletion and amortization		(1,256)	(844)	(78)	(301)	(519)	(2,998)
Other expenses ^(b)		(227)	(1,274)	(3)	(25)	(881)	(2,410)
Pre-tax income from producing activities		8,085	7,634	(10)	2,082	1,725	19,516
Income tax		(5,115)	(5,335)	(14)	(1,008)	(803)	(12,275)
Results of oil and gas producing activities		2,970	2,299	(24)	1,074	922	7,241
As of December 31, 2007							
Sales	Non-Group sales	3,715	2,497	-	2,123	3,076	11,411
	Group sales	5,484	9,724	247	384	665	16,504
Total sales		9,199	12,221	247	2,507	3,741	27,915
Production costs		(1,102)	(906)	(100)	(195)	(385)	(2,688)
Exploration expenses		(113)	(480)	(49)	(54)	(180)	(876)
Depreciation, depletion and amortization		(1,287)	(932)	(136)	(340)	(616)	(3,311)
Other expenses ^(b)		(244)	(1,238)	-	(26)	(841)	(2,349)
Pre-tax income from producing activities		6,453	8,665	(38)	1,892	1,719	18,691
Income tax		(4,180)	(5,772)	24	(915)	(1,040)	(11,883)
Results of oil and gas producing activities		2,273	2,893	(14)	977	679	6,808
As of December 31, 2008							
Sales	Non-Group sales	4,521	2,930	94	2,785	2,205	12,535
	Group sales	6,310	11,425	89	403	903	19,130
Total sales		10,831	14,355	183	3,188	3,108	31,665
Production costs		(1,280)	(1,055)	(117)	(210)	(398)	(3,060)
Exploration expenses		(185)	(209)	(99)	(156)	(115)	(764)
Depreciation, depletion and amortization		(1,266)	(1,195)	(239)	(422)	(492)	(3,614)
Other expenses ^(b)		(260)	(1,214)	(3)	(34)	(605)	(2,116)
Pre-tax income from producing activities		7,840	10,682	(275)	2,366	1,498	22,111
Income tax		(5,376)	(7,160)	74	(1,199)	(677)	(14,338)
Results of oil and gas producing activities		2,464	3,522	(201)	1,167	821	7,773
Share of equity affiliates' results of oil and gas producing activities							
As of December 31, 2006		-	125	-	-	257	382
As of December 31, 2007		-	95	-	-	179	274
As of December 31, 2008		-	49	-	-	532	581

(a) Including the Middle East.

(b) Including production taxes and IAS No 37 accretion expense (162 M€ in 2006, 169 M€ in 2007 and 223 M€ in 2008).

APPENDIX 2 - SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

Financial review

Costs incurred in oil and gas property acquisition, exploration and development activities

The cost incurred in the group's oil and gas property acquisition, exploration and development include both capitalized and expensed amounts.

(M€)	Consolidated subsidiaries					Total
	Europe	Africa	North America	Asia-Pacific	Rest of world ^(a)	
As of December 31, 2006						
Proved property acquisition	58	3	125	-	53	239
Unproved property acquisition	-	20	31	240	11	302
Exploration costs	229	538	112	69	204	1,152
Development costs ^(b)	1,284	2,272	403	544	1,251	5,754
Total	1,571	2,833	671	853	1,519	7,447

As of December 31, 2007						
Proved property acquisition	-	50	-	1	10	61
Unproved property acquisition	-	265	9	18	10	302
Exploration costs	230	586	49	158	172	1,195
Development costs ^(b)	1,762	2,853	429	622	1,159	6,825
Total	1,992	3,754	487	799	1,351	8,383

As of December 31, 2008						
Proved property acquisition	269	78	-	-	26	373
Unproved property acquisition	24	143	19	3	8	197
Exploration costs	228	493	109	222	147	1,199
Development costs ^(b)	2,035	3,121	320	689	1,276	7,441
Total	2,556	3,835	448	914	1,457	9,210

Group's share of equity affiliates' costs of property acquisition, exploration and development

As of December 31, 2006 ^(c)	-	71	-	-	716	787
As of December 31, 2007 ^(c)	-	48	-	-	599	647
As of December 31, 2008^(c)	-	360	-	-	612	972

(a) Including the Middle East.

(b) Including asset retirement costs capitalized during the year and any gains or losses recognized upon settlement of asset retirement obligations during the fiscal year.

(c) Including 33 M€ of exploration costs in 2008, 58 M€ in 2007 and 56 M€ in 2006.

Costs to develop proved undeveloped reserves

The following table presents the amounts spent to develop the proved undeveloped reserves in 2006, 2007 and 2008, as well as the amounts included in the most recent standardized measure of future net cash flows to develop proved undeveloped reserves in each of the next three years.

CONSOLIDATED SUBSIDIARIES

(M€)	2006	2007	2008	2009 ^(a)	2010 ^(a)	2011 ^(a)
Costs to develop proved undeveloped reserves	5,128	6,035	6,636	7,702	7,721	6,417

(a) Estimates.

Capitalized cost related to oil and gas producing activities

Capitalized costs represent the amounts of capitalized proved and unproved property costs, including support equipment and facilities, along with the related accumulated depreciation, depletion and amortization.

	Consolidated subsidiaries					
(M€)	Europe	Africa	North America	Asia-Pacific	Rest of world ^(a)	Total
As of December 31, 2006						
Proved properties	28,217	19,569	1,884	3,678	9,861	63,209
Unproved properties	89	807	193	243	181	1,513
Total	28,306	20,376	2,077	3,921	10,042	64,722
Accumulated depreciation, depletion and amortization	(20,456)	(11,271)	(553)	(1,588)	(4,604)	(38,472)
Net capitalized costs	7,850	9,105	1,524	2,333	5,438	26,250
As of December 31, 2007						
Proved properties	29,263	20,035	2,112	3,891	9,246	64,547
Unproved properties	215	993	104	305	151	1,768
Total	29,478	21,028	2,216	4,196	9,397	66,315
Accumulated depreciation, depletion and amortization	(21,092)	(10,484)	(432)	(1,737)	(4,380)	(38,125)
Net capitalized costs	8,386	10,544	1,784	2,459	5,017	28,190
As of December 31, 2008						
Proved properties	26,030	25,136	2,400	4,857	10,911	69,334
Unproved properties	132	1,145	131	377	131	1,916
Total	26,162	26,281	2,531	5,234	11,042	71,250
Accumulated depreciation, depletion and amortization	(18,382)	(12,339)	(660)	(2,265)	(5,144)	(38,790)
Net capitalized costs	7,780	13,942	1,871	2,969	5,898	32,460
Group's share of equity affiliates' costs of property acquisition, exploration and development						
As of December 31, 2006	-	321	-	-	1,331	1,652
As of December 31, 2007	-	233	-	-	1,477	1,710
As of December 31, 2008	-	403	-	-	2,452	2,855

(a) Including the Middle East.

APPENDIX 2 - SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

Financial review

Standardized measure of discounted future net cash flow (excluding transportation)

The standardized measure of discounted future net cash flows from production of proved reserves was developed as follows:

- Estimates of proved reserves and the corresponding production profiles are based on technical and economic conditions at year end.
- The estimated future cash flows from proved reserves are determined based on prices at December 31, except in those instances where fixed and determinable price escalations are included in existing contracts.
- The future cash flows incorporate estimated production costs (including production taxes), future development costs and asset retirement costs. All estimates are based on year-end technical and economic conditions.
- Future income taxes are computed by applying the year-end statutory tax rate to future net cash flows after consideration of permanent differences and future income tax credits.
- Future net cash flows are discounted at a standard discount rate of 10%. These applicable principles are the ones required by the FAS 69, and do not necessarily reflect the expectations of real revenues from these reserves, nor their present value, hence, they do not constitute criteria of investment decision. A better estimate of the present value of reserves should also take into account, among other things, the recovery of reserves not presently classified as proved, anticipated future changes in prices and costs and a discount factor more representative of the time value of money and the risks inherent in reserve estimates.

	Consolidated subsidiaries					
(M€)	Europe	Africa	North America	Asia-Pacific	Rest of world ^(a)	Consolidated total
As of December 31, 2006						
Future cash inflows	59,051	108,847	5,915	16,061	59,065	248,939
Future production costs	(10,057)	(19,223)	(2,443)	(2,136)	(18,706)	(52,565)
Future development costs	(9,379)	(15,929)	(968)	(3,866)	(6,121)	(36,263)
Future income taxes	(28,069)	(45,714)	(459)	(4,522)	(12,271)	(91,035)
Future net cash flows, after income taxes	11,546	27,981	2,045	5,537	21,967	69,076
Discount at 10%	(4,545)	(12,171)	(1,092)	(1,927)	(14,293)	(34,028)
Net cash flows	7,001	15,810	953	3,610	7,674	35,048
As of December 31, 2007						
Future cash inflows	87,540	157,199	8,585	20,268	46,282	319,874
Future production costs	(12,897)	(23,109)	(3,110)	(2,379)	(10,074)	(51,569)
Future development costs	(10,764)	(19,012)	(1,641)	(4,225)	(4,525)	(40,167)
Future income taxes	(43,851)	(75,557)	(887)	(6,200)	(9,284)	(135,779)
Future net cash flows, after income taxes	20,028	39,521	2,947	7,464	22,399	92,359
Discount at 10%	(8,070)	(17,474)	(1,511)	(2,664)	(14,176)	(43,895)
Net cash flows	11,958	22,047	1,436	4,800	8,223	48,464
As of December 31, 2008						
Future cash inflows	42,749	67,761	3,487	10,444	20,824	145,265
Future production costs	(8,593)	(15,372)	(1,638)	(2,003)	(7,565)	(35,171)
Future development costs	(10,423)	(21,594)	(1,157)	(3,659)	(5,277)	(42,110)
Future income taxes	(15,651)	(14,571)	2	(2,047)	(2,444)	(34,711)
Future net cash flows, after income taxes	8,082	16,224	694	2,735	5,538	33,273
Discount at 10%	(3,645)	(8,144)	(286)	(1,072)	(4,140)	(17,287)
Net cash flows	4,437	8,080	408	1,663	1,398	15,986
Minority interests in future net cash flows						
As of December 31, 2006	255	418	-	-	-	673
As of December 31, 2007	407	654	-	-	-	1,061
As of December 31, 2008	217	(50)	-	-	-	167
Group's share of equity affiliates' future net cash flows						
As of December 31, 2006	-	549	-	-	3,545	4,094
As of December 31, 2007	-	526	-	-	9,552	10,078
As of December 31, 2008	-	418	-	-	4,883	5,301

(a) Including the Middle East.

Changes in the standardized measure of discounted future net cash flow

(M€)	2008	2007	2006
Future net cash flows as of January 1,	48,464	35,048	49,394
Sales and transfers, net of production costs and other expenses	(26,109)	(19,095)	(21,335)
Net change in sales and transfer prices, net of production costs and other expenses	(81,358)	56,678	(11,481)
Extensions, discoveries and improved recovery, net of future production and development costs	556	2,895	1,534
Changes in estimated future development costs	(2,227)	(6,491)	(7,666)
Previously estimated development costs incurred during the year	6,960	6,581	5,150
Revisions of previous quantity estimates	2,693	(6,521)	(1,382)
Accretion of discount	4,846	3,505	4,939
Net change in income taxes	63,611	(22,585)	16,268
Purchases of reserves in place	50	-	574
Sales of reserves in place	(1,500)	(1,551)	(947)
As of year-end	15,986	48,464	35,048

Chapter 11 (Appendix 3, TOTAL S.A.) was established by the Board of Directors on February 11, 2009 and has not been updated with subsequent events.

STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS	p. 270
STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS	p. 272
FINANCIAL STATEMENTS OF TOTAL S.A. AS PARENT COMPANY	p. 274
Statement of Income	p. 274
Balance Sheet	p. 275
Statement of Cash Flow	p. 276
Statement of Changes in Shareholders' Equity	p. 277
NOTES TO FINANCIAL STATEMENTS	p. 278
OTHER FINANCIAL INFORMATION CONCERNING THE PARENT COMPANY	p. 293
Subsidiaries and affiliates	p. 293
Investment portfolio	p. 294
Five-year financial data	p. 296
Allocation of 2008 income	p. 297
Statement of changes in share capital for the past five years	p. 297
SOCIAL AND ENVIRONMENTAL INFORMATION	p. 298
Social	p. 298
Environment	p. 301
CONSOLIDATED FINANCIAL INFORMATION FOR THE LAST FIVE YEARS	p. 303
Summary consolidated Balance Sheet for the last five years	p. 303
Summary consolidated Statement of Income for the last five years	p. 303

Statutory auditors' report on regulated agreements and commitments

(free translation of a french language original)

Year ended December 31, 2008

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

Agreements and commitments entered into by the Company since January 2008:

In accordance with Article L. 225-40 of French Commercial law ("Code de Commerce") we have been advised of agreements and commitments which have been previously authorized by your Board of Directors.

We are not required to ascertain whether any other agreements exist but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, in accordance with Article R. 225-31 of French Commercial law ("Code de Commerce"), to evaluate the benefits resulting from these agreements prior to their approval.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

The following agreements were allowed by the Board of Directors held on February 11, 2009.

a) Agreements concerning the pension plan for the Chairman and the Chief Executive Officer:

- Directors affected by the agreement or commitment:
 - Mr Thierry Desmarest, Chairman
 - Mr Christophe de Margerie, Chief Executive Officer
- Purpose of the agreement or commitment:

The Chairman and the Chief Executive Officer are entitled to a retirement benefit calculated pursuant to the same formula used for all employees of Total S.A.

- Terms and conditions of the agreement or commitment:
 - Retirement benefit:

The Chairman and the Chief Executive Officer are also entitled to retirement benefits equal to those available to eligible members of the Group under the French National Collective Bargaining Agreement for the Petroleum. This benefit amounts 25% of the annual compensation (including fixed and variable portions) of the twelve month period preceding the retirement of the Chairman and the Chief Executive Officer.

The payment of this benefit is subject to performance conditions. These performance conditions are deemed to be met if at least two of the three following criteria are satisfied:

- The average ROE (return on equity) over the three years immediately preceding the year in which the officer retires is at least 12%;
- The average ROACE (return on average capital employed) over the three years immediately preceding the year in which the officer retires is at least 10%;

- The Company's oil and gas production growth over the three years immediately preceding the year in which the officer retires is greater than or equal to the average production growth of the four following companies: ExxonMobil, Shell, BP, and Chevron;

- Supplementary pension plan:

This supplementary pension is applicable to the Chairman and the Chief Executive Officer and employees of the Group whose annual compensation is greater than the annual social security threshold multiplied by eight. There are no French legal or collective bargaining provisions that apply to remuneration above this social security ceiling.

This supplementary pension plan is financed and managed by Total S.A. to award a pension that is based on the period of employment (up to a limit of 20 years) and the portion of annual gross compensation (including fixed and variable portions) exceeding by eight times the annual social security threshold. This pension is indexed to the French Association for Complementary Pensions Schemes (ARRCO) index.

As of December 31, 2008, the Group's supplementary pension obligations related to the Chairman are the equivalent of an annual pension of 23.8% of the Chairman's 2008 compensation.

For the Chief Executive Officer, the Group's pension obligations are, as of December 31, 2008, the equivalent of an annual pension of 18.9% of his 2008 compensation.

b) Agreement in case of termination of the Chief Executive Officer's employment or in case his term of office is not renewed

- Director affected by the agreement or commitment:

- Mr Christophe de Margerie, Chief Executive Officer.

- Purpose of the agreement or commitment:

If the Chief Executive Officer's employment is terminated or if his term of office is not renewed, he is eligible for severance benefits.

- Terms and conditions of the agreement or commitment:

This severance benefits is equal to two times an individual's annual pay.

The calculation will be based on the gross compensation (including both fixed and variable) paid in the twelve-month period preceding the termination or the no renewal of the Chief Executive Officer's term.

The severance benefits that may be paid upon a change of control or a change of strategy of the Company are cancelled in the case of gross negligence or wilful misconduct or if the Chief Executive Officer leaves the Company of his own volition, accepts new responsibilities within the Group, or may claim full retirement benefits within a short time period.

The payment of this severance benefits is subject to performance conditions. These performance conditions are deemed to be met if at least two of the three following criteria are satisfied:

- The average ROE (return on equity) over the three years immediately preceding the year in which the officer retires is at least 12%;
- The average ROACE (return on average capital employed) over the three years immediately preceding the year in which the officer retires is at least 10%;
- The Company's oil and gas production growth over the three years immediately preceding the year in which the officer retires is greater than or equal to the average production growth of the four following companies: ExxonMobil, Shell, BP, and Chevron;

Paris-La Défense, April 2nd, 2009

KPMG Audit
A department of KPMG S.A.

ERNST & YOUNG AUDIT

René Amirkhanian

Jay Nirsimloo

Gabriel Galet

Philippe Diu

Statutory auditors' report on the annual financial statements for the year ended December 31, 2008

(free translation of a french language original)

Year ended December 31, 2008

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholder's meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying annual financial statements of TOTAL S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1) Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of December 31, 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2) Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Law ("code de commerce") relating to the justification of our assessments, we bring to your attention the following matter:

We assessed the approaches used by your company to value investments in subsidiaries and affiliates as described in Note 1 to the financial statements, based on the information available to date and performed tests to verify the application of those methods. Within the framework of our assessments, we verified the reasonable nature of those estimates.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

3) Specific verifications and information

We have also performed the specific verifications required by French law.

We have no matters to report regarding:

- the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information given in the management report of the Board of Directors in respect of remunerations and benefits granted to the relevant directors and any commitments given to them in connection with, or after, their appointment, termination or change in function.

In accordance with French law, we ascertained that the information relating to the acquisition of shares and controlling interests and the identity of shareholders or voting rights were given in the management report of the Board of Directors.

Paris La Défense, 2 April 2009

KPMG Audit

René Amirkhanian

Jay Nirsimloo

ERNST & YOUNG AUDIT

Gabriel Galet

Philippe Diu

Financial statements of TOTAL S.A. as parent company

Statement of Income

Year (K€)	2008	2007	2006
Sales (Note 12)	11,867,602	9,604,753	10,142,105
Net operating expenses (Note 13)	(8,691,677)	(7,273,461)	(7,537,212)
Operating depreciation, amortization and allowances (Note 14)	(76,675)	(75,954)	(79,260)
Operating income	3,099,250	2,255,338	2,525,633
Financial expenses and income (Note 15)	(1,438,676)	(1,473,411)	(1,095,236)
Dividends (Note 16)	7,161,752	6,749,061	6,415,836
Net depletion	(372,254)	(1,114,696)	(167,664)
Other financial income and expenses (Note 17)	128,859	243,024	35,915
Financial income	5,479,681	4,403,978	5,188,851
Current income	8,578,931	6,659,316	7,714,484
Gains (losses) on sales of marketable securities and loans	(70,207)	691,737	32,436
Gains (losses) on sales of fixed assets	(24)	58	(1)
Non-recurring items	(19,234)	5,648	(25,600)
Non-recurring income (Note 18)	(89,465)	697,443	6,835
Employee profit-sharing plan	(44,502)	(45,701)	(31,971)
Taxes	(2,437,355)	(1,532,133)	(2,437,242)
Net income	6,007,609	5,778,925	5,252,106

APPENDIX 3 - TOTAL S.A.

Financial statements of TOTAL S.A. as parent company

Balance Sheet

As of December 31,
(K€)

	2008	2007	2006
ASSETS			
Non-current assets			
Intangible assets	322,360	282,442	252,901
Depreciation, depletion and amortization	(178,718)	(155,370)	(135,404)
Intangible assets, net	143,642	127,072	117,497
Property, plant and equipment (Note 2)	483,888	431,873	422,726
Depreciation, depletion and amortization	(308,656)	(269,702)	(244,402)
Property, plant and equipment, net	175,232	162,171	178,324
Subsidiaries and affiliates: investments and loans (Note 3)	77,479,879	76,809,154	75,759,201
Depreciation, depletion and amortization	(545,925)	(535,460)	(407,302)
Other non-current assets (Note 4)	1,297,618	1,701,054	1,808,376
Investments and other non-current assets, net	78,231,572	77,974,748	77,160,275
Total non-current assets	78,550,446	78,263,991	77,456,096
Current assets			
Inventories	2,931	2,701	1,290
Accounts receivable (Note 5)	1,778,280	1,808,898	1,650,852
Marketable securities	760,779	864,989	1,060,777
Cash / cash equivalents and short-term deposits	426,877	534,405	396,056
Total current assets	2,968,867	3,210,993	3,108,975
Prepaid expenses	8,763	7,082	7,370
Translation adjustment (Note 11)	110,047	300,679	72,789
Total assets	81,638,123	81,782,745	80,645,230
LIABILITIES			
Shareholders' equity (Note 6)			
Capital	5,929,520	5,988,830	6,064,420
Paid-in surplus	28,283,676	29,597,987	31,155,966
Reserves (Note 6B)	3,977,370	3,976,490	3,976,493
Retained earnings	3,416,997	2,496,875	1,671,091
Net income	6,007,609	5,778,925	5,252,106
Interim dividends	(2,655,125)	(2,348,019)	(2,064,167)
Total Shareholders' equity	44,960,047	45,491,088	46,055,909
Contingency reserves (Notes 7 & 8)	2,926,271	2,541,983	1,561,673
Debts			
Long-term loans (Note 9)	10,935,544	7,281,800	5,993,990
Short-term loans (Note 9)	21,364,571	24,966,195	25,281,590
Liabilities (Note 10)	1,450,432	1,501,634	1,752,042
Total debts	33,750,547	33,749,629	33,027,622
Prepaid expenses	1,159		
Translation adjustment (Note 11)	99	45	26
Total liabilities and shareholders' equity	81,638,123	81,782,745	80,645,230

Statement of Cash Flow

For the year ended December 31,

(M€)	2008	2007	2006
Cash flow from operating activities			
Net income	6,008	5,779	5,252
Depreciation, depletion and amortization	63	60	70
Accrued expenses of investments	2	132	5
Other provisions	384	980	181
Funds generated from operations	6,457	6,951	5,508
(Gains) Losses on disposal of assets	26	(692)	(32)
Decrease (Increase) in working capital	(35)	(273)	151
Other, net	82	44	(36)
Cash flow from operating activities	6,530	6,030	5,591
Cash flow used in investing activities			
Purchase of property, plant and equipment and intangible assets	(92)	(53)	(96)
Purchase of investments and long-term loans	(1,276)	(2,070)	(4,482)
Total expenditures	(1,368)	(2,123)	(4,578)
Proceeds from disposal of marketable securities and loans	885	1,427	4,141
Total divestitures	885	1,427	4,141
Cash flow used in investing activities	(483)	(696)	(437)
Cash flow used in financing activities			
Capital increase	257	82	492
Share buybacks	(1,222)	(1,641)	(3,975)
Balance of cash dividends paid	(2,511)	(2,362)	(2,110)
Cash interim dividends paid	(2,655)	(2,348)	(2,064)
Repayment of long-term debt	(407)	(133)	(517)
Increase (Decrease) in short-term borrowings and bank overdrafts	384	1,206	3,392
Cash flow used in financing activities	(6,154)	(5,196)	(4,782)
Increase (Decrease) in cash and cash equivalents	(107)	138	372
Cash and cash equivalents at beginning of year	534	396	24
Cash and cash equivalents at year-end	427	534	396

APPENDIX 3 - TOTAL S.A.

Financial statements of TOTAL S.A. as parent company

Statement of Changes in Shareholders' Equity

(M€)	Common shares issued		Issue premium	Retained earnings	Revaluation reserve	Total
	Number	Amount				
As of January 1, 2006	615,116,296	6,151	34,563	7,720	38	48,472
Issuance of common shares	45,305	1	6			7
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	31,464	1	6			7
Issuance of shares reserved for employees	2,785,330	27	436			463
Total	617,978,395	6,180	35,011	7,720	38	48,949
Four-for-one stock split	2,471,913,580	6,180	35,011	7,720	38	48,949
Cash dividends paid ^(a)				(2,110)		(2,110)
2006, net income				5,252		5,252
Cash interim dividends paid for 2006 ^(b)				(2,064)		(2,064)
Arkema spin-off ^(c)			(1,544)			(1,544)
Capital decrease	(47,020,000)	(118)	(2,342)			(2,460)
Issuance of common shares	668,099	1	21			22
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	206,274	1	10			11
Changes in revaluation differences						
As of December 31, 2006	2,425,767,953	6,064	31,156	8,798	38	46,056
Balance of cash dividends paid ^(d)				(2,362)		(2,362)
2007 net income				5,778		5,778
Cash interim dividends paid for 2007 ^(e)				(2,348)		(2,348)
Capital decrease	(33,005,000)	(82)	(1,651)			(1,733)
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	315,312	1	17			18
Issuance of common shares	2,453,832	6	76			82
Changes in revaluation differences						
As of December 31, 2007	2,395,532,097	5,989	29,598	9,866	38	45,491
Balance of cash dividends paid ^(f)				(2,511)		(2,511)
2008 net income				6,008		6,008
Cash interim dividends paid for 2008 ^(g)				(2,655)		(2,655)
Issuance of shares reserved for employees	4,870,386	12	204			216
Capital decrease	(30,000,000)	(75)	(1,566)			(1,641)
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	227,424	1	9			10
Issuance of common shares	1,178,167	3	38			41
Changes in revaluation differences					1	1
As of December 31, 2008	2,371,808,074	5,930	28,283	10,708	39	44,960

(a) Balance of the 2005 dividend paid in 2006: 2,110 M€ (3.48 euros per share).

(b) Interim dividend paid in 2006: 2,064 M€ (0.87 euros per share).

(c) This decrease represents the Arkema spin-off (compensation of the release of the non-monetary equity securities of subsidiaries and affiliates).

(d) Balance of the 2006 dividend paid in 2007: 2,362 M€ (1.00 euros per share).

(e) Interim dividend paid in 2007: 2,348 M€ (1.00 euros per share).

(f) Balance of the 2007 dividend paid in 2008: 2,511 M€ (1.07 euros per share).

(g) Interim dividend paid in 2008: 2,655 M€ (1.14 euros per share).

Notes to financial statements

1) Accounting policies

The 2008 financial statements have been prepared in accordance with French Generally Accepted Accounting Principles ("French GAAP").

→ Property, plant and equipment

Property, plant and equipment are carried at cost with the exception of assets that were acquired before 1976 for which the basis has been revalued pursuant to French regulations. They are depreciated by the straight-line method over their estimated useful life, as follows:

Buildings	20 - 30 years
Furniture and fixtures	5 - 10 years
Transportation equipment	2 - 5 years
Office equipment and furniture	5 - 10 years
Computer equipment	3 - 5 years

→ Investments and loans to consolidated subsidiaries and equity affiliates

Investments in consolidated subsidiaries and equity affiliates are accounted for at the acquisition cost, or the appraised value for investments affected by the 1976 legal revaluation.

Loans to consolidated subsidiaries and equity affiliates are stated at their nominal value.

In the Upstream segment, when no production decision has been taken, allowances are recorded against investments and loans for an amount corresponding to the exploration costs incurred. When the existence of proved reserves is established, the value of the investments and loans is limited to the subsidiary expected pay-back evaluated at year-end.

For other segments, allowances for impairment in value are calculated by reference to the Company's equity in the underlying net assets, the fair value and usefulness of the investment.

→ Inventories

Inventories are valued at either the historical cost or the market value, whichever is lower. Cost is determined on a first-in, first-out basis (FIFO) for crude oil and refined product inventories.

→ Receivables and payables

Receivables and payables are stated at nominal value. Allowances for doubtful debts are recorded when the actual value is inferior to the book value.

→ Foreign currency transactions

Receivables and payables denominated in foreign currencies are translated into euros at the year-end exchange rate. Translation differences for non-hedged items are recorded under "Translation adjustment" on the assets or liabilities side of the balance sheet. Unrealized exchange losses are recorded as provisions.

Translation differences upon other foreign receivables and payables are recorded in the statement of income and compensated by unrealized gains or losses from off-balance sheet hedging.

→ Financial instruments

The Company mainly uses financial instruments for hedging purposes, in order to manage its exposure to changes in interest rates and foreign exchange rates.

The Company enters into interest rate and foreign currency swap agreements. The difference between interest to be paid and interest to be received or premiums and discounts on these swaps is recognized as interest expense or interest income on a prorated basis, over the life of the hedged item.

The Company may also use futures, caps, floors, and options. Under hedge accounting, changes in the market value of such contracts are recognized as interest expense or interest income in the same period as the gains and losses on the item being hedged. For option contracts, premiums paid are amortized over the duration of the option.

A provision is recorded for any unrealized losses related to operations that do not comply with the criteria required for hedge accounting.

2) Property, plant and equipment

As of December 31 (M€)	2008			2007
	Cost	Depreciation, depletion and amortization	Net	Net
Land	34	-	34	34
Buildings	92	(38)	54	59
Others ^(a)	358	(271)	87	69
Total^(a)	484	(309)	175	162

(a) As of December 31, 2007, aggregate cost and accumulated depreciation and provision amounted respectively to 432 M€ and 270 M€.

3) Subsidiaries and affiliates: investments and loans

A) Changes in investments and loans

As of December 31, (M€)	Gross amount at beginning of year	2008					
		Increases		Decreases		Translation adjustment	Gross amount at year-end
		Monetary	Non monetary	Monetary	Non monetary		
Investments	72,453	134	26	(159)	-	-	72,454
Receivables ^(a)	4,356	1,262	6	(775)	(23)	200	5,026
Total	76,809	1,396	32	(934)	(23)	200	77,480
Analysis by segment							
Upstream	2,260	201	1	(65)	(1)	10	2,406
Downstream	3,331	170	-	(174)	-	-	3,327
Chemicals	13,384	-	-	-	-	(1)	13,383
Financial activities	57,834	1,025	31	(695)	(22)	191	58,364
Total	76,809	1,396	32	(934)	(23)	200	77,480

(a) Variations on receivables mainly result from flows of funds with Total Finance.

B) Allowances for investments and loans

As of December 31, (M€)	2008			2007
	Cost	Valuation allowance	Net	Net
Investments	72,454	(428)	72,026	71,980
Receivables ^{(a)(b)}	5,026	(118)	4,908	4,294
Total^(c)	77,480	(546)	76,934	76,274
Analysis by segment				
Upstream	2,406	(273)	2,133	2,077
Downstream	3,327	(116)	3,211	3,151
Chemicals	13,383	(104)	13,279	13,279
Financial activities	58,364	(53)	58,311	57,767
Total	77,480	(546)	76,934	76,274

(a) As of December 31, 2008, the gross amount included 4,444 M€ related to affiliates.

(a) As of December 31, 2008, the net amount was split into 1,223 M€ falling due within one year and 3,685 M€ over one year.

(a) As of December 31, 2007, aggregate cost and valuation allowance amounted to 76,809 M€ and 535 M€, respectively.

4) Other non-current assets

A) Changes in other non-current assets

	2008						
		Increases		Decreases			
As of December 31, (M€)	Gross amount at beginning of year	Monetary	Non monetary	Monetary	Non monetary	Translation adjustment	Gross amount at year-end
Investment portfolio ^(a)	1,645	1,222	-	-	(1,641)	-	1,226
Other non-current assets	44	34	-	(21)	-	-	57
Deposits and guarantees	12	2	-	-	-	-	14
Total	1,701	1,258	-	(21)	(1,641)	-	1,297

(a) Non-monetary reductions correspond to TOTAL S.A. shares cancelled in 2008.

B) Allowances for non-current assets

As of December 31, (M€)	2008			2007
	Cost	Valuation allowance	Net	Net
Investment portfolio	1,226	-	1,226	1,645
Other non-current assets ^(a)	57	-	57	44
Deposits and guarantees	14	-	14	12
Total^(b)	1,297	-	1,297	1,701

(a) As of December 31, 2008, net amount is falling due over one year.

(b) As of December 31, 2007, aggregate cost and net amounts are equivalent.

5) Accounts receivable

As of December 31, (M€)	2008			2007
	Cost	Valuation allowance	Net	Net
Accounts and notes receivable	698	-	698	1,028
Other operating receivables	1,080	-	1,080	781
Total^{(a)(b)}	1,778	-	1,778	1,809

(a) Including 976 M€ related to affiliates as of December 31, 2008.

(b) All falling due within one year.

6) Shareholders' equity

A) Common shares

Share capital transactions are detailed as follows:

		Historical data
As of January 1, 2006		615,116,296
Shares issues in connection with:	Four-for-one stock split on May 18, 2006	1,845,348,888
	Capital increase reserved for employees	11,141,320
	Exercise of share subscription options	849,319
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	322,130
Cancellation of shares ^(a)		(47,020,000)
As of January 1, 2007		2,425,767,953
Shares issues in connection with:	Exercise of share subscription options	2,453,832
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	315,312
Cancellation of shares ^(b)		(33,005,000)
As of January 1, 2008		2,395,532,097
Shares issues in connection with:	Capital increase reserved for employees	4,870,386
	Exercise of share subscription options	1,178,167
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	227,424
Cancellation of shares ^(c)		(30,000,000)
As of January 1, 2009^(d)		2,371,808,074

(a) Decided by the Board of Directors on July 18, 2006.

(b) Decided by the Board of Directors on January 10, 2007.

(c) Decided by the Board of Directors on July 31, 2008.

(d) Including 143,082,095 treasury shares and shares held by subsidiaries deducted from consolidated shareholders' equity.

→ Capital increase reserved for Company employees

At the shareholders' meeting held on May 11, 2007, the shareholders delegated to the Board of Directors the authority to increase the share capital of the Company, in one or more transactions and within a maximum period of twenty-six months from the date of the meeting, by an amount not exceeding 1.5 % of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made, reserving subscriptions for such issuance to the Company employees participating in a company savings plan. It was being specified that the amount of any such capital increase reserved for Company employees would be counted against the aggregate maximum nominal amount of share capital increases authorized by the shareholders' meeting held on May 11, 2007 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (4 billion euros in nominal).

Pursuant to this delegation of authority, the Board of Directors, during its November 6, 2007 meeting, implemented a first capital increase reserved for employees within the limit of 12 million shares at a price of 44.40 euros per share with dividend rights as of January 1, 2007. These shares are entitled to the dividends paid for the 2007 fiscal year. The subscription period was open from March 10 to March 28, 2008 and 4,870,386 new TOTAL shares were issued in 2008.

→ Share cancellation

Pursuant to the authorization granted by the shareholders' meeting held on May 11, 2007 to reduce the capital by cancellation of shares held by the Company within the limit of 10% of the outstanding capital every 24 months, the Board of Directors decided on July 31, 2008 to cancel 30,000,000 shares acquired in 2007 at an average price of 54.69 euros per share.

→ Treasury shares (TOTAL shares held by the parent company TOTAL S.A.)

As of December 31, 2008, TOTAL S.A. held 42,750,827 of its own shares, representing 1.80 % of its share capital, detailed as follows:

- 12,627,522 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 5,323,305 shares allocated to TOTAL restricted share plans for Group employees;
- 24,800,000 shares purchased for cancellation from January to October 2008 pursuant to the authorization granted by the shareholders' meeting held on May 11, 2007 and May 16, 2008.

These shares are deducted from the consolidated shareholders' equity.

As of December 31, 2007, TOTAL S.A. held 51,089,964 of its own shares, representing 2.13 % of its share capital, detailed as follows:

- 16,343,349 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 4,746,615 shares allocated to TOTAL restricted share plans for Group employees;
- 30,000,000 shares purchased for cancellation from February to December 2007 pursuant to the authorization granted by the shareholders' meeting held on May 12, 2006 and May 11, 2007. The Board of Directors decided on July 31, 2008 to cancel 30,000,000 shares at an average price of 54.69 euros per share.

These shares were deducted from the consolidated shareholders' equity.

As of December 31, 2006, TOTAL S.A. held 60,869,439 of its own shares, representing 2.51 % of its share capital, detailed as follows:

- 23,272,755 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 4,591,684 shares allocated to TOTAL restricted share plans for Group employees;

- 33,005,000 shares purchased for cancellation from July and December 2006 pursuant to the authorization granted by the shareholders' meeting held on May 12, 2006. The Board of Directors decided on January 10, 2007 to cancel 33,005,000 shares at an average price of 52.52 euros per share.

These shares were deducted from the consolidated shareholders' equity.

→ TOTAL shares held by Group subsidiaries

As of December 31, 2008, 2007 and 2006, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.23% of its share capital as of December 31, 2008, 4.19% of its share capital as of December 31, 2007 and 4.14% of its share capital as of December 31, 2006 detailed as follows:

- 2,023,672 shares held by a consolidated subsidiary, Total Nucléaire, 100% indirectly controlled by TOTAL S.A.;
- 98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval).

These shares are deducted from the consolidated shareholders' equity.

B) Reserves

As of December 31,
(M€)

	2008	2007	2006
Revaluation reserves	39	38	38
Legal reserves	740	740	740
Untaxed reserves	2,808	2,808	2,808
General reserves	390	390	390
Total	3,977	3,976	3,976

7) Contingency reserves

As of December 31, (M€)	Gross amount at beginning of year	Increases	2008		Gross amount at year-end
			Utilisées	Non utilisées	
Reserves for financial risks	2,394	757	(180)	(207)	2,764 ^(a)
Reserves for retirement benefits, pension plans and special termination plans (Note 8)	124	22	(8)	-	138 ^(b)
Reserves for non-recurring items	24	-	-	-	24
Total	2,542	779	(188)	(207)	2,926

(a) Reserves for financial risks are mainly composed of:

- guarantee granted to an upstream financing subsidiary for 2,418 M€
- a reserve recorded for 85 M€ to cover the risks incurred by the attribution of Arkema shares,
- a reserve of 125 M€ for the attribution of restricted shares. The calculation was based on the value of the shares bought on plan cover prorated basis to the period of acquisition, i.e 2 years, at the end of which the attribution of the shares to their beneficiary will be final, subject to the condition of performance is satisfied (Note 23).

(b) Including 131 M€ related to reserves for retirement benefits, pension plans, special termination plans and a provision of 7 M€ for long-service medals.

8) Employee benefits obligations

TOTAL S.A. enters into employee benefit and pension plans, pre-retirement and special termination benefits. Expenses for defined contribution and multi-employers plans correspond to the contributions paid.

Provisions as of December 31 are as follows:

(M€)	2008	2007
Pension benefits and other benefits	131	117
Restructuring reserves	-	-
Provisions as of December 31	131	117

For defined benefit plans, commitments are determined using a prospective methodology called "projected unit credit method". The commitment actuarial value depends on various factors such as the length of service, life expectancy, employee turnover rate, salaries revalorization and actualization assumptions.

The actuarial assumptions used as of December 31, are the following:

	2008	2007
Discount rate	5.75%	5.09%
Average expected rate of salary increase	4.14%	4.14%
Average expected rate of return on plan assets	6.27%	6.25%

Commitments not covered through insurance companies are accrued for in TOTAL S.A. accounts.

Actuarial gains and losses resulting from changes in actuarial assumptions are amortized using the straight-line method over the estimated remaining length of service of the plans participants involved.

The reconciliation between the total commitment for pension plans not covered through insurance companies and the provision booked is as follows:

(M€)	2008	2007
Actuarial liability	188	179
Actuarial gains and losses to be amortized	(57)	(62)
Provision for pension benefits and other benefits as of December 31,	131	117

The total commitment for pension plans covered through insurance companies amounts to:

(M€)	2008	2007
Actuarial liability	269	248
Plan assets	(188)	(221)
Net commitment as of December 31	81	27

9) Loans

(M€)	2008	Due date as of December 31, 2008			2007
		Within one year	1 to 5 years	Beyond 5 years	
Debenture loans					
6.75% Bonds 1996-2008 (FRF 950 million) ^(a)	-	-	-	-	124
6.75% Bonds 1996-2008 (FRF 800 million) ^(a)	-	-	-	-	107
6.75% Bonds 1996-2008 (FRF 700 million) ^(a)	-	-	-	-	92
6.20% Bonds 1997-2009 (FRF 900 million) ^(a)	124	124	-	-	117
Pibor 3-months +0.38% Bonds 1998-2008 (FRF 230 million) ^(a)	-	-	-	-	26
5.125% Bonds 1998-2009 (FRF 1,000 million) ^(a)	119	119	-	-	113
5% Bonds 1998-2013 (FRF 1,000 million) ^(a)	120	-	120	-	113
5.65% Bonds 2000-2010 (EUR 100 million) ^(a)	63	-	63	-	60
Accrued interest	5	5	-	-	10
Total debenture loans	431	248	183	-	762
Other loans ^(b)	12,669	1,917	10,752	-	7,349
Current accounts ^(c)	19,200	19,200	-	-	24,137
Total	32,300	21,365	10,935	-	32,248

(a) Through the use of issue swaps, each debenture loan becomes equivalent to a US dollar floating rate debt.

(b) Including 12,664 M€ related to affiliates.

(c) Including 19,200 M€ related to affiliates.

10) Liabilities

As of December 31,

(M€)	2008	2007
Accounts payable	637	794
Other	814	708
Total^{(a) (b)}	1,451	1,502

(a) Including 978 M€ in 2008 and 193 M€ in 2007 related to affiliates.

(b) All falling due within one year.

11) Translation adjustment

The application of the foreign currency translation method outlined in Note 1, resulted in a net translation adjustment of 110 M€ in 2008 mainly due to dollar loans.

12) Sales

(M€)	France	Rest of Europe	North America	Africa	Middle East & Rest of world	Total
2008	305	355	40	807	10,361	11,868
Hydrocarbon and oil products	-	192	-	-	9,779	9,971
Technical support fees	305	163	40	807	582	1,897
2007	302	288	30	744	8,241	9,605
Hydrocarbon and oil products	-	144	-	-	7,761	7,905
Technical support fees	302	144	30	744	480	1,700

13) Net operating expenses

(M€)	2008	2007
Purchase cost of goods sold	(6,411)	(5,198)
Other purchases and external expenses	(1,306)	(1,186)
Taxes	(32)	(39)
Personnel expenses	(943)	(850)
Total	(8,692)	(7,273)

14) Operating depreciation, amortization and allowances

(M€)	2008	2007
Depreciation, valuation allowance and amortization on		
Property, plant and equipment and intangible assets	(63)	(60)
Employee benefits	(22)	(25)
Subtotal 1	(85)	(85)
Reversals		
Employee benefits	8	9
Subtotal 2	8	9
Total 1+ 2	(77)	(76)

15) Financial expenses and income

(M€)	2008	2007
Financial expenses^(a)		
Interest expenses and other	(1,528)	(1,575)
Depreciation on investments and loans to subsidiaries and affiliates	-	(3)
Subtotal 1	(1,528)	(1,578)
Financial income^(b)		
Net gain on sales of marketable securities and interest on loans to subsidiaries and affiliates	36	29
Interest on short-term deposits and other	53	76
Subtotal 2	89	105
Total 1+ 2	(1,439)	(1,473)
<i>(a) Including, related to affiliates:</i>	1,324	1,305
<i>(b) Including, related to affiliates:</i>	62	102

16) Dividends

(M€)	2008	2007
Upstream	1,448	1,988
Downstream	526	585
Chemicals	1,017	1,011
Financial activities	4,171	3,165
Total	7,162	6,749

17) Other financial income and expenses

Net income of 129 M€ is mainly composed of a net gain on sales of marketable securities for 44 M€, and currency exchange gain for 85 M€.

18) Non-recurring income

The non-recurring loss of 89 M€ includes 53M€ for the transfer of Total Portugal Petroleos S.A. and 16 M€ for the transfer of Innovarex. 20 M€ correspond mainly to scholarships and grants payment.

19) Basis of taxation

Pursuant to the provisions of the French Tax Code (Article 209 *quinquies*) and in accordance with a tax agreement from the French Tax Authorities, the parent company files a worldwide tax return. This regime provides that the basis for income tax computation of the parent company is not limited to French or foreign consolidated subsidiaries or equity affiliates, but also applies to direct or indirect shareholdings over 10% in the Exploration and Production segment and over 50% for other segments. It allows the parent company to offset, within certain limits and conditions, the taxable income of profitable companies against the losses of other entities.

The renewal of this agreement has been requested for the period of 2008-2010. The approval by the Ministry of Budget, Public Accounts and Civil Service is still pending.

Moreover, TOTAL S.A. has elected for the 95%-owned French subsidiaries tax regime provided for by Articles 223 A and following of the French Tax Code ("*Régime de l'intégration fiscale*").

In accordance with the integration agreement signed between TOTAL S.A. and its consolidated subsidiaries, the deficits and long-term depreciation realized by the consolidated company during the period of integration are definitively acquired by the parent company.

20) Risk management and financial instruments

TOTAL S.A. uses various financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange levels. Thereby, the commercial foreign exchange positions are systematically covered by the purchase or sale of the corresponding currencies, mainly with cash transactions and sometimes on forward markets. Regarding long-term assets in foreign currencies, the Company tries to reduce the corresponding exchange risk by associating them, as far as possible, with financing in the same currency.

In terms of interest rates, most of the long-term debt is brought back to a variable rate through the use of issue swaps (long-term interest rate and foreign currency swaps). Day to day treasury management operates on the basis of the daily rates, for instance by using short-term interest rate swaps.

An independent department continually monitors the status of the financial instruments, especially through marked-to-market valuations and sensitivity estimations. A strict control process monitors the counterpart-risk evaluation.

More information on the policies dealing with risk management can be found in Chapter 4 of this Registration Document (see page 67).

21) Commitments

As of December 31,
(M€)

	2008	2007
Commitments given		
Guarantees on custom duties	1,021	1,021
Bank guarantees	4,985	3,338
Guarantees given on other commitments	2,282	2,032
Guarantees related to confirmed lines of credit	4,322	4,544
Short term financing plan ^(a)	17,022	16,551
Bond issue plan ^(a)	20,443	16,957
Total commitments given	50,075	44,443
Commitments received		
Guarantees on the liabilities of acquired subsidiaries	5,467	5,338
Other commitments received	-	-
Total commitments received	5,467	5,338

^(a) TOTAL S.A. guarantees the short-term financing plan and the bond issue incurred by Total Capital. On the overall plan amount of 37,465 M€, 13,893 M€ were incurred as of December 31, 2008 and 7,649 M€ as of December 31, 2007.

APPENDIX 3 - TOTAL S.A.
Notes to financial statements

Portfolio of financial derivative instruments

The off-balance sheet commitments related to financial derivative instruments are stated below.

As of December 31,
(M€)

	2008	2007
Issue swaps		
Notional amount, accrued coupon interest ^(a)	426	951
Fair value, accrued coupon interest ^(b)	133	212
Forward contract of currencies		
Notional amount ^(a)	1,367	679
Fair value ^(b)	7	14

(a) These amounts set the level of notional commitment without being representative of a potential loss or gain.

(b) This value was determined by estimating future cash flows on a borrowing-by-borrowing basis and discounting these future cash flows using the zero coupon interest rate curves at year-end and taking into account a spread that corresponds to the average risk classification of the Company.

22) Average number of employees

As of December 31,	2008	2007
Executives	4,520	4,317
Supervisors	1,408	1,369
Technical and administrative staff	383	341
Total	6,311	6,027

23) Share subscription and share purchase option plans, restricted shares grants

TOTAL share subscription option plans

	2003 Plan ^(a)	2004 Plan ^(b)	2005 Plan ^(c)	2006 Plan ^(d)	2007 Plan ^(e)	2008 Plan ^(f)	Total	Weighted-average exercise price
Exercise price until May 23, 2006 ^(g)	33.30	39.85	49.73					
Exercise price from May 24, 2006 ^(g)	32.84	39.30	49.04	50.60	60.10	42.90		
Expiration date	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	10/09/2016		
Number of options^(h)								
Outstanding as of January 1, 2006	11,196,796	13,411,320	6,094,080				30,702,196	39.42
Granted	-	-	134,400	5,727,240			5,861,640	50.58
Cancelled	(22,200)	(57,263)	(43,003)	(1,080)			(123,546)	41.74
Adjustments following the Arkema spin-off ⁽ⁱ⁾	163,180	196,448	90,280	-			449,908	-
Exercised	(729,186)	(120,133)	-	-			(849,319)	33.85
Outstanding as of January 1, 2007	10,608,590	13,430,372	6,275,757	5,726,160			36,040,879	40.89
Granted	-	-	-	-	5,937,230		5,937,230	60.10
Cancelled	(22,138)	(20,093)	(11,524)	(13,180)	(17,125)		(84,060)	44.94
Exercised	(2,218,074)	(213,043)	(20,795)	(1,920)	-		(2,453,832)	33.55
Outstanding as of January 1, 2008	8,368,378	13,197,236	6,243,438	5,711,060	5,920,105		39,440,217	44.23
Granted	-	-	-	-	-	4,449,810	4,449,810	42.90
Cancelled	(25,184)	(118,140)	(34,032)	(53,304)	(34,660)	(6,000)	(271,320)	44.88
Exercised	(841,846)	(311,919)	(17,702)	(6,700)	-	-	(1,178,167)	34.89
Outstanding as of December 31, 2008	7,501,348	12,767,177	6,191,704	5,651,056	5,885,445	4,443,810	42,440,540	44.35

(a) Grants approved by the Board of Directors on July 16, 2003 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(b) Grants approved by the Board of Directors on July 20, 2004 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(c) Grants approved by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(d) Grants approved by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(e) Grants approved by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 11, 2007. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant. Beneficiaries working for a non-French subsidiary as of July 17, 2007 are authorized to transfer the shares issued upon exercise of options starting from July 18, 2009. Furthermore, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, one third of the options awarded in excess of this number will definitely be awarded following the two-year vesting period, under a performance condition based on the return on equity of the Group and calculated on the Consolidated Financial Statements of the Group for the fiscal year 2008. The performance condition states that the grant rate is null if the return on equity is less than or equal to 10%, varies on a straight-line basis between 0% and 80% if the return on equity is more than 10% and less than 18%, varies on a straight-line basis between 80% and 100% if the return on equity is more than or equal to 18% and less than 30%, and is equal to 100% if the return on equity is more than or equal to 30%.

(f) Grants on October 9, 2008 approved by the Board of Directors on September 9, 2008 pursuant to the authorization given by the shareholders' meeting held on May 11, 2007. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant. Beneficiaries working for a non-French subsidiary as of October 9, 2008, are authorized to transfer the shares issued upon exercise of options starting from October 10, 2010. Furthermore, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, one third of the options awarded in excess of this number will finally be awarded following the two-year vesting period, under a performance condition based on the return on equity of the Group and calculated on the Consolidated Financial Statements of the Group for the fiscal year 2009 (performance condition described in footnote (e) above).

(g) Exercise price in euro. The exercise prices of TOTAL subscription shares of the plans in force at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL subscription shares of these plans were multiplied by an adjustment factor equal to 0.986147 with effect as of May 24, 2006.

(h) The number of options awarded, outstanding, cancelled or exercised before May 23, 2006 included, was multiplied by four to reflect the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(i) Adjustments approved by the Board of Directors on March 14, 2006, in application of Articles 174-9, 174-12 and 174-13 of the decree No. 67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. shareholders' meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

APPENDIX 3 - TOTAL S.A.

Notes to financial statements

TOTAL share purchase option plans

	1998 Plan ^(a)	1999 Plan ^(b)	2000 Plan ^(c)	2001 Plan ^(d)	2002 Plan ^(e)	Total	
Exercise price until May 23, 2006 included ^(f)	23.44	28.25	40.68	42.05	39.58		Weighted-average exercise price
Exercise price from May 24, 2006 included ^(f)	23.12	27.86	40.11	41.47	39.03		
Expiration date	03/17/2006	06/15/2007	07/11/2008	07/10/2009	07/09/2010		
Number of options^(g)							
Outstanding as of January 1, 2006	589,652	2,052,432	6,509,944	8,735,900	11,283,480	29,171,408	39.44
Granted	-	-	-	-	-	-	-
Cancelled ^(h)	(72,692)	-	(7,272)	(15,971)	(26,694)	(122,629)	30.20
Adjustments following the Arkema spin-off ⁽ⁱ⁾	-	25,772	84,308	113,704	165,672	389,456	-
Exercised	(516,960)	(707,780)	(1,658,475)	(1,972,348)	(2,141,742)	(6,997,305)	37.87
Outstanding as of January 1, 2007	-	1,370,424	4,928,505	6,861,285	9,280,716	22,440,930	39.33
Granted		-	-	-	-	-	-
Cancelled		(138,023)	(3,452)	(7,316)	(7,104)	(155,895)	29.28
Exercised		(1,232,401)	(1,782,865)	(1,703,711)	(2,210,429)	(6,929,406)	37.92
Outstanding as of January 1, 2008		-	3,142,188	5,150,258	7,063,183	15,355,629	40.07
Granted			-	-	-	-	-
Cancelled			(480,475)	(3,652)	(13,392)	(497,519)	40.09
Exercised			(2,661,713)	(455,180)	(598,934)	(3,715,827)	40.10
Outstanding as of December 31, 2008			-	4,691,426	6,450,857	11,142,283	40.06

(a) Grants approved by the Board of Directors on March 17, 1998 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a five-year period from the date of the Board meeting awarding the options and had to be exercised within eight years from this date. This plan expired on March 17, 2006.

(b) Grants approved by the Board of Directors on June 15, 1999 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a five-year period from the date of the Board meeting awarding the options and had to be exercised within eight years from this date. This plan has expired on June 15, 2007.

(c) Grants approved by the Board of Directors on July 11, 2000 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a four-year period from the date of the Board meeting awarding the options and has to be exercised within eight years from this date. For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for five years from the date of grant. This plan expired on July 11, 2008.

(d) Grants approved by the Board of Directors on July 10, 2001 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after January 1, 2005 and must be exercised within eight years from the date of grant. For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for four years from the date of grant. Underlying shares may not be sold for four years from the date of grant.

(e) Grants approved by the Board of Directors on July 9, 2002 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(f) Exercise price in euro. The exercise prices of TOTAL share purchase options of the plans at that date were multiplied by 0.25 to take into account the four-for-one stock split on May 18, 2006. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL share purchase options of these plans were multiplied by an adjustment factor equal to 0.986147 with effect as of May 24, 2006.

(g) The number of options awarded, outstanding, cancelled or exercised before May 23, 2006 included, was multiplied by four to reflect the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(h) Including the confirmation in 2006 by the Company of the award of 500 stock options, par value €10, that had been cancelled erroneously in 2001, (Plan 2000).

(i) Adjustments approved by the Board of Directors on March 14, 2006 in application of Articles 174-9, 174-12 and 174-13 of the decree n°67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. shareholders' meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

TOTAL restricted share grants

	2005 Plan ^{(a)(b)}	2006 Plan ^(c)	2007 Plan ^(d)	2008 Plan ^(e)	Total
Date of grant ^(f)	07/19/2005	07/18/2006	07/17/2007	10/09/2008	
Number of restricted shares					
Outstanding as of January 1, 2006	2,274,528				2,274,528
Notified	-	2,275,364			2,275,364
Cancelled	(7,432)	(3,068)			(10,500)
Finally granted	-	-			-
Outstanding as of January 1, 2007	2,267,096	2,272,296			4,539,392
Notified	-	-	2,366,365		2,366,365
Cancelled	(38,088)	(6,212)	(2,020)		(46,320)
Finally granted ^(g)	(2,229,008)	(2,128)	(1,288)		(2,232,424)
Outstanding as of January 1, 2008	-	2,263,956	2,363,057	-	4,627,013
Notified	-	-	-	2,791,968	2,791,968
Cancelled	2,840 ^(h)	(43,822)	(29,504)	(19,220)	(89,706)
Finally granted ^(g)	(2,840) ^(h)	(2,220,134)	(336)	-	(2,223,310)
Outstanding as of December 31, 2008			2,333,217	2,772,748	5,105,965

(a) Grants approved by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which have been bought back in 2005 by the Company on the market, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 20, 2007, and after fulfilling the performance condition (see below). The Board of Directors on May 3, 2007 noticed that the acquisition rate, linked to the performance condition amounted to 100%. Moreover, the transfer of the restricted shares, that were definitely granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, i.e. from July 20, 2009.

(b) The number of restricted shares was multiplied by four to take into account the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(c) Grants approved by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which were bought back in 2006 by the Company on the market, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 19, 2008, subject to a performance condition (see below). The Board of Directors on May 6, 2008 noticed that the acquisition rate, linked to the performance condition amounted to 100%. Moreover, the transfer of the restricted shares, that were finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, i.e. from July 19, 2010.

(d) Grants approved by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which were bought back in 2007 by the Company on the market, will become final after a two-year vesting period (acquisition of the right to restricted shares) on July 18, 2009, subject to a performance condition (see below). Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, i.e. from July 18, 2011.

(e) Grants on October 9, 2008, approved by the Board of Directors on September 9, 2008 pursuant to the authorization given by the shareholders' meeting held on May 16, 2008. The grant of these shares, which have been bought back in 2008 by the Company on the market, will become final after a two-year vesting period (acquisition of the right to restricted shares) on October 10, 2010, subject to a performance condition (see below). Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on October 10, 2012.

(f) The grant date corresponds to the date of the Board of Directors that approved the grant of restricted shares, except for the grant of restricted shares approved by the Board of Directors on September 9, 2008 that decided the grant of restricted shares on October 9, 2008.

(g) Finally granted following the death of their beneficiaries (2005, 2006 and 2007 Plans for fiscal year 2007, and Plan 2007 for fiscal year 2008).

(h) For the 2005 Plan: restricted shares finally granted for which the entitlement right had been cancelled erroneously.

APPENDIX 3 - TOTAL S.A.

Notes to financial statements

For the 2006, 2007 and 2008 Plans, the restricted share grants are subject to a performance condition which states that the number of restricted shares finally granted is based on the Return On Equity (ROE) of the Group. The ROE is calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the final grant. This acquisition rate:

- is equal to zero if the ROE is less than or equal to 10%;
- varies on a straight-line basis between 0% and 80% if the ROE is more than 10% or less than 18%;
- varies on a straight-line basis between 80% and 100% if the ROE is more than or equal to 18% or less than 30%; and
- is equal to 100% if the ROE is more than or equal to 30%.

The 2005 Plan was subject to a performance condition that stated that the acquisition rate of the restricted shares granted was equal to zero if the ROE was less than 10%, equal to 100% if the ROE was more than 20%, and varied on a straight-line basis between 0% and 100% when the ROE was between 10% and 20%.

→ Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Group made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (19 TOTAL shares for 13 Elf Aquitaine shares).

In order to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share exchange undertaking, approved on March 14, 2006 to adjust the exchange ratio described above (see pages 24 and 25 of the "Prospectus for the purpose of listing Arkema shares on Euronext Paris in connection with the allocation of Arkema shares to TOTAL S.A. shareholders"). Following the approval by Elf Aquitaine shareholders' meeting on May 10, 2006 of the spin-off of S.D.A. by Elf Aquitaine, the approval by TOTAL S.A. shareholders' meeting on May 12, 2006 of the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the exchange ratio was adjusted to six TOTAL shares for one Elf Aquitaine share on May 22, 2006.

As of December 31, 2008, a maximum of 101,681 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

	1999 Plan n°1	1999 Plan n°2	Total	Weighted-average exercise price
Elf Aquitaine subscription plan^(a)				
Exercise price until May 23, 2006 included (€) ^(b)	115.60	171.60		
Exercise price since May 24, 2006 (€) ^(b)	114.76	170.36		
Expiration date	03/30/2009	09/12/2009		
Outstanding position as of December 31, 2008	90,342	6,044	96,386	118.25
Outstanding Elf Aquitaine shares covered by the exchange guarantee as of December 31, 2008	5,295	-	5,295	114.76
Total of Elf Aquitaine shares, either outstanding or to be created, covered by the exchange guarantee for TOTAL shares as of December 31, 2008	95,637	6,044	101,681	
TOTAL shares likely to be created within the scope of the application of the exchange guarantee as of December 31, 2008	573,822	36,264	610,086	

(a) Adjustments of the number of options approved by the Board of Directors of Elf Aquitaine on March 10, 2006 in application of articles 174-9, 174-12 and 174-13 of the decree No. 67-236 of March 23, 1967 in force on March 10, 2006 and during Elf Aquitaine shareholders' meeting on May 10, 2006, as part of the spin-off of SDA. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

(b) Exercise price in euro. To take into account the spin-off of S.D.A., the exercise prices of Elf Aquitaine share subscription options were multiplied by an adjustment factor equal to 0.992769 with effect on May 24, 2006.

Thus, as of December 31, 2008, at most 610,086 shares of the Group were likely to be created as part of the application of this exchange guarantee.

24) Others

→ Compensation for the administration and management bodies

The aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL (the members of the Management Committee and the Treasury) and to the members of the Board of Directors who are employees of the Group, is detailed as follows:

For the year ended December 31,
(M€)

	2008	2007	2006
Number of people	30	30	32
Direct or indirect compensation	20.4	19.9	19.8
Share-based payments (restricted shares)	2.2	2.3	1.8
Pension expenses ^(a)	11.9	12.2	14.0

(a) The benefits provided for executive officers and certain members of the Board of Directors, employees and former employees of the Group, include severance to be paid on retirement, supplementary pension schemes and insurance plans, which represent 98.0 M€ provisioned as of December 31, 2008, (against 102.9 M€ as of December 31, 2007 and 113.2 M€ as of December 31, 2006).

The compensation allocated to members of the Board of Directors for directors' fees totaled 0.83 M€ in 2008 (0.82 M€ in 2007 and 0.82 M€ in 2006).

→ Sinking of the Erika

Following the judgment announced by the Paris Criminal Court on January 16, 2008, TOTAL S.A. has decided to appeal the verdict and to pay the court-ordered compensation to the victims of pollution who are willing to accept it in a full and final settlement.

At the stage of the ongoing procedures, TOTAL S.A. considers, based on a reasonable estimation of amounts at their expense in this case, that it should have no significant impact on the financial position or the results of TOTAL S.A.

Other financial information concerning the parent company

Subsidiaries and affiliates

As of December 31, 2008 (M€)	% of share capital owned by the company	Share capital	Other shareholders' equity	Book value of investments		Loans & advances	Sales	Net income	Dividends paid	Commitments & contingencies
	gross			net						
Subsidiaries										
Cray Valley S.A.	100.0	70	25	69	69	-	469	10	5	-
Elf Aquitaine	95.7	2,250	18,116	45,321	45,321	-	-	4,125	2,379	-
Omnium Insurance Reinsur. Cie	100.0	29	405	114	114	-	265	120	74	-
Total China Investment Ltd	100.0	115	(33)	117	59	-	157	(2)	-	-
Total Chimie	100.0	930	12,154	13,117	13,117	-	-	991	1,011	-
Total E&P Canada	100.0	471	(201)	565	565	-	305	(33)	-	1,177
Total E&P Holdings	65.8	5	3,010	864	864	-	-	3,103	1,309	-
Total Gasandes S.A.	100.0	81	(85)	80	2	-	-	(25)	-	-
Total Gestion U.S.A.	100.0	3,969	-	3,969	3,969	-	-	-	-	-
Total Holdings Europe	53.2	65	7,383	4,446	4,446	-	-	2,932	1,593	-
Total Outre Mer	100.0	77	85	95	95	-	3,095	76	44	-
Total Raffinage Marketing	59.6	624	1,208	2,632	2,632	-	36,691	697	298	1,021
Total Refining Saudi Arabia S.A.S.	100.0	80	-	80	80	-	-	-	-	-
Other ^(a)	-	-	-	2,212	1,920	5,026 ^(b)	-	-	449	45,595 ^(c)
Total				73,681	73,253	5,026			7,162	47,793

(a) Gross and net book values of investments include treasury shares for 1,222 M€.

(b) Including Total Finance for 2,941 M€ and Total Treasury for 1,352 M€.

(c) Including 37,465 M€ concerning Total Capital for debenture loan emission program and short-term financing.

Investment portfolio

As of December 31, 2008	Nominal value (€)	Number of shares outstanding	Number of shares held by the Company	Percentage of capital owned by the Company	Gross value (K€)
Investments in subsidiaries and affiliates (Companies)					
Arkema	10	60,453,823	3,994	0.01	63
Bostik Holdings SA	2.50	133,978,760	766,291	0.57	6,044
Bostik S.A.	15.24	5,321,361	512,696	9.63	49,595
Cray Valley S.A.	15.24	4,593,167	4,593,161	100.00	69,315
Daja 44 S.A.S.	10	5,764,000	5,764,000	100.00	57,640
Daja 67 S.A.S.	10	5,000	5,000	100.00	50
Daja 68 S.A.S.	10	5,000	5,000	100.00	50
Daja 69 S.A.S.	10	5,000	5,000	100.00	50
Daja 70 S.A.S.	10	5,000	5,000	100.00	50
Daja 71 S.A.S.	10	5,000	5,000	100.00	50
Daja 72 S.A.S.	10	5,000	5,000	100.00	50
Daja 73 S.A.S.	10	5,000	5,000	100.00	50
Daja 74 S.A.S.	10	5,000	5,000	100.00	50
Daja 75 S.A.S.	10	5,000	5,000	100.00	50
Daja 76 S.A.S.	10	5,000	5,000	100.00	50
Daja 77 S.A.S.	10	5,000	5,000	100.00	50
Daja 78 S.A.S.	10	5,000	5,000	100.00	50
Daja 79 S.A.S.	10	5,000	5,000	100.00	50
Daja 80 S.A.S.	10	5,000	5,000	100.00	50
Daja 81 S.A.S.	10	5,000	5,000	100.00	50
Daja 82 S.A.S.	10	5,000	5,000	100.00	50
Daja 83 S.A.S.	10	5,000	5,000	100.00	50
Daja 84 S.A.S.	10	5,000	5,000	100.00	50
Daja 85 S.A.S.	10	5,000	5,000	100.00	50
Daja 86 S.A.S.	10	5,000	5,000	100.00	50
Daja 87 S.A.S.	10	5,000	5,000	100.00	50
Daja 88 S.A.S.	10	5,000	5,000	100.00	50
Daja 89 S.A.S.	10	5,000	5,000	100.00	50
Elf Aquitaine	8	281,268,160	269,159,275	95.69	45,320,514
Eurotradia International	22.47	133,500	14,836	11.11	3,859
Gaztransport & Technigaz	16	23,143	6,943	30.00	106
Gie Fost	15.24	100,030	99,830	99.80	1,522
Le Monde Entreprises	1,676.94	2,420	140	5.79	384
Le Monde S.A.	1	96,800,842	37,158	0.04	81
Raffinerie de Strasbourg	15.24	420,000	70,000	16.67	1,505
Societe Financiere Auteuil	16	500,000	499,994	100.00	28,268
Ste Languedocienne Micron Couleurs	15.25	35,000	34,988	99.97	20,643
Septentrion Participations	16	698,273	698,273	100.00	55,238
Ste Du Pipe Line Sud Europeen	7.60	1,500,000	95,808	6.39	3,120
TOTAL S.A.	2.50	2,371,808,074	24,800,000	1.05	1,222,212
Total Activites Maritimes	1.60	1,523,360	1,523,354	100.00	26,810
Total Capital	10	30,000	29,994	99.98	300
Total Chimie	15.50	60,016,646	60,016,641	100.00	13,116,546
Total Cooperation Technique Mexique	8	5,000	5,000	100.00	50
Total E&P Activites Petrolieres	16	50,000	49,995	99.99	1,410
Total E&P Holdings Chile	10	44,000	44,000	100.00	440
Total E&P Holdings	2	2,298,512	1,513,014	65.83	864,365
Total Energie Developpement	16	1,642,500	1,642,500	100.00	42,153
Total Energie Solaire Concentree	10	5,000	5,000	100.00	50
Total G&P Ventures	16	2,500	2,500	100.00	194
Total Gestion U.S.A.	10	396,936,608	396,936,600	100.00	3,969,366
Total Holdings Europe	0.05	1,302,415,903	692,415,903	53.16	4,445,631

APPENDIX 3 - TOTAL S.A.

Other financial information concerning the parent company

As of December 31, 2008	Nominal value (€)	Number of shares outstanding	Number of shares held by the Company	Percentage of capital owned by the Company	Gross value (K€)
Total Lubrifiants	30.50	888,056	35,056	3.95	15,794
Total Outre Mer	430	180,000	179,995	100.00	95,349
Total Petrochemicals France	3.33	60,289,910	766,291	1.27	18,959
Total Raffinage Marketing	7.50	83,163,738	49,600,004	59.64	2,632,060
Total Refining Saudi Arabia S.A.S.	10.00	8,004,000	8,004,000	100.00	80,040
Total Treasury	15.25	15,000	15,000	100.00	257
Trois Vallees S.A. HLM	15.00	1,300,977	11,700	0.90	178
Vigeo	100	177,061	1,300	0.73	130
Total 1					72,151,341
Investments in French companies which gross value is between 15,240 euros and 45,730 euros. Gross value					862
Investments in French companies which gross value is less than 15,240 euros. Gross value					8
Investments in real estate companies which shares are not publicly traded. Gross value					0
Investments in foreign companies which shares are not publicly traded. Gross value					1,528,533
Total 2					1,529,403
Grand Total (1 + 2 + 3)					73,680,744
Marketable securities					
Investment Company, Shares					760,779
Total 3					760,779
Grand Total (1 + 2 + 3)					74,441,523

Five-year financial data

I - Capital at year-end

(K€)	2008	2007	2006	2005	2004
Common stock	5,929,520	5,988,830	6,064,420	6,151,163	6,350,151
Number of shares of common stock outstanding ^(a)	2,371,808,074	2,395,532,097	2,425,767,953	615,116,296	635,015,108
Potential number of shares for issue Share subscription options ^(a)	42,965,666	39,440,217	36,044,355	7,675,549	6,285,886
- Elf Aquitaine options and shares covered by the exchange guarantee ^(a)	610,086	841,776	1,158,900	361,742	1,442,634

II - Operations and income for the year

(K€)	2008	2007	2006	2005	2004
Net commercial sales	9,970,955	7,904,504	8,549,605	7,009,551	4,775,056
Employee profit sharing	42,000	38,000	30,000	25,000	26,000
Net income	6,007,609	5,778,925	5,252,106	4,142,954	3,443,252
Retained earnings before appropriation	3,416,997	2,496,875	1,671,091	1,458,996	1,355,571
Income available for appropriation	9,424,606	8,275,800	6,923,197	5,601,950	4,798,823
Dividends (including interim dividends)	5,407,722	4,983,591	4,503,181	4,005,394	3,429,082
Retained earnings	4,016,884	3,292,209	2,420,016	1,596,556	1,369,741

III - Earnings per share

(€)	2008	2007	2006	2005	2004
Income after tax, before depreciation, amortization and provisions ^{(a)(b)}	2.87	3.06	2.38	7.29	5.74
Net income ^{(a)(b)}	2.67	2.54	2.27	7.02	5.59
Net dividend per share ^(a)	2.28	2.07	1.87	6.48	5.40

IV - Personnel

(K€)	2008	2007	2006	2005	2004
Average number of employees during the year ^(c)	6,311	6,027	5,731	5,459	5,240
Total payroll for the year	666,686	605,374	561,524	511,775	472,189
Social security and other staff benefits	282,040	258,875	245,755	236,352	222,903

(a) On May 18, 2006, the nominal value of shares was divided by four.

(b) Earnings per share are calculated on the basis of the weighted average number of common shares and common share equivalents outstanding during the year, excluding treasury shares and shares held by subsidiaries.

(c) Including collaborators in end-of-career holiday or early retirement (5 persons in 2005—Exemption from activity: 6 persons in 2006, 29 persons in 2007 and 50 persons in 2008).

APPENDIX 3 - TOTAL S.A.

Other financial information concerning the parent company

Allocation of 2008 income

(€)

Income of the year	6,007,608,945.33
Retained earnings before appropriation	3,416,997,499.76
Total available for allocation	9,424,606,445.09
Interim dividends	
- paid in 2008	2,655,125,124.78
- to be paid in 2009 (maximal amount)	48,736,079.58
Balance of dividends to be paid in 2009	2,703,861,204.36
Total of dividends 2008	5,407,722,408.72
Retained earnings	4,016,884,036.37
Total	9,424,606,445.09

Statement of changes in share capital for the past five years

Fiscal year (K€)	Capital increases	Cash contributions		Successive amounts of nominal capital	Cumulated number of shares
		Par value	Issue/ conversion premium		
2004	Capital increase				
	Capital increase reserved for employees	34,348	335,560	6,525,530	652,553,066
	Options covered by the exchange guarantee	23,350	343,142	6,548,880	654,888,090
	Exercise of share subscription options	10	117	6,548,890	654,889,040
	Capital decrease	(198,739)	(2,876,408)	6,350,151	635,015,108
2005	Capital increase				
	Options covered by the exchange guarantee	10,435	178,175	6,360,586	636,058,607
	Exercise of share subscription options	1,333	16,488	6,361,919	636,191,864
	Capital decrease	(210,756)	(3,647,054)	6,151,163	615,116,296
2006	Capital increase				
	Exercise of share subscription options	453	5,582	6,151,616	615,161,601
	Options covered by the exchange guarantee	315	6,601	6,151,931	615,193,065
	Capital increase reserved for employees	27,853	436,182	6,179,784	617,978,395
	Four-for-one stock split	-	-	6,179,784	2,471,913,580
	Capital decrease	(117,550)	(2,341,947)	6,062,234	2,424,893,580
	Exercise of share subscription options	1,670	21,046	6,063,904	2,425,561,679
	Options covered by the exchange guarantee	516	10,389	6,064,420	2,425,767,953
2007	Capital increase				
	Options covered by the exchange guarantee	788	16,862	6,065,208	2,426,083,265
	Exercise of share subscription options	6,135	76,196	6,071,343	2,428,537,097
	Capital decrease	(82,513)	(1,651,038)	5,988,830	2,395,532,097
2008	Capital increase				
	Options covered by the exchange guarantee	569	9,631	5,989,399	2,395,759,521
	Exercise of share subscription options	2,945	38,166	5,992,344	2,396,937,688
	Capital increase reserved for employees	12,176	203,521	6,004,520	2,401,808,074
	Capital decrease	(75,000)	(1,565,629)	5,929,520	2,371,808,074

Social and environmental information

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code deriving from the new economic regulations law of May 15, 2001 (known as the "NRE" law), the Company must provide information on how it accounts for the social and environmental consequences of its activities. The data related to these requirements are presented below. It should be noted that the environmental information for TOTAL S.A.'s scope of operation is not considered

relevant and therefore the Company is presenting the environmental objectives of its subsidiaries. Over and above these legal obligations, the Company has also decided to publish a periodic Corporate Social Responsibility report, entitled *Environment and Society, our Corporate Responsibilities*, which deals with the Group's activities overall and their social and environmental consequences, and describes the performances and objectives of the Group as a whole in this respect.

Social

1) Changes in the number of employees

As of December 31,	2008	2007	2006
TOTAL S.A. employees			
Men	4,584	4,373	4,234
Women	1,881	1,770	1,651
Total	6,465	6,143	5,885

Women represented 29.1% of TOTAL S.A. employees at December 31, 2008; this proportion has risen steadily over the last three years.

A European agreement on equal opportunity was signed by the Group on November 21, 2005. This agreement affirms the Group's commitments to promote, expand and guarantee diversity and equal treatment for employees, from recruitment through to the end of the employment contract.

In addition, a negotiation on equal professional opportunity has been initiated on October 3, 2008. It started with the review by an equal working group of a survey conducted by APEC (French job center for managers) on the equality of treatment between men and women within TOTAL S.A.

Average age and seniority of TOTAL S.A. employees		2008	2007	2006
Average age:	Men	44.9	45.2	45.2
	Women	42.6	42.5	42.4
Average seniority:	Men	17.6	18.0	18.0
	Women	16.7	16.8	16.9

Mobility at TOTAL S.A.		2008	2007	2006
External mobility:	Open-ended contract	383	290	293
	Fixed-term contract	233	196	194
Internal mobility:		180	132	143
Total		796	618	630

Employees leaving TOTAL S.A.		2008	2007	2006
Resignations		66	54	50
Layoffs for economic reasons		0	0	0
Dismissals for other reasons		8	6	9
End of fixed-term contract		203	149	143
Retirement		118	72	44
End of trial period		5	1	1
Death		5	14	6
Job change		61	37	59
Other*		0	0	0
Total		466	333	312

* PRC/PRI (Early retirement by own election or for organizational reasons).

APPENDIX 3 - TOTAL S.A.

Social and environmental information

The number of normal retirements continues to increase due to the reduced impact of early retirements as decided at the time of the merger of Total and Elf. Resignations remain at a very low level (1.41% of employees).

OUTSIDE WORKERS	2008	2007	2006
Number of contractors present at December 31	2,586	2,382	1,974
Average monthly number of temporary staff	92.52	99	99

Service providers present on sites are mainly employed for general purposes and IT.

2) Management of economic impact on jobs

Considering the growth of the Company's business, there has been no economic impact on jobs.

3) Work schedule and organization

Work schedule organization	2008	2007	2006
Full time	6,159	5,841	5,602
Part time	263	270	260
Team work (3 X 8 employees shift)	43	31	23

Absenteeism – number of days' absence	2008	2007	2006
Illness and convalescence	15,832	15,325	17,842
On-the-job or commuting accident	429	852	406
Maternity	7,445	7,555	7,111
Total	23,706	23,732	25,359

4) Compensation

Change in compensation - TOTAL S.A.	2008	2007	2006
Average per annum (€)	69,895	68,184	66,387

These figures correspond to the annual payroll for 2008 in relation to the average monthly number of staff. They include the compensation of the top management.

(€)

Average monthly compensation - TOTAL S.A.	Men	Women
Senior engineers and managers	8,548	8,112
Engineers and managers	4,931	4,551
Foremen and other supervisors	3,290	3,128
Clerical and technical staff	2,357	2,267
Workers	1,875	1,830

These figures correspond to the monthly payroll in relation to the average monthly number of staff.

Aggregate payroll expenses - TOTAL S.A.	2008	2007	2006
Payroll expenditure (B€)	0.943	0.85	0.79
Added value (B€)	4.109	3.189	3.416
Ratio	0.23	0.27	0.23

(€)

Average amount of profit-sharing and incentives per employee - TOTAL S.A.	Average amount 2008	Average amount 2007	Average amount 2006
Profit-sharing	1,188	729	1,335
Incentives	5,200	5,466	3,410
Total	6,388	6,195	4,745

TOTAL S.A. employees benefit from a collective agreement which concerns several Group's entities (Total Raffinage Marketing, TEPF, etc). Pursuant to this agreement and according to published results, the total amount for profit-sharing and incentives paid for fiscal 2007 will represent 10% of the aggregate payroll for these companies. Part of this amount is distributed equally and part proportionally among the employees. The distribution of profit-sharing and incentives for fiscal 2008 is expected to take place in May 2009. Negotiation of a new agreement is expected in the 2nd quarter of 2009 due to the end of the 2006-2008 3-year agreement.

5) Health and Safety

Accidents at work for TOTAL S.A. employees	2008	2007	2006
Number of accidents	8	9	5
Frequency rate (%)	0.787	0.931	0.540

(€)

Expenditure on Health & Safety – TOTAL S.A.	2008	2007	2006
	4,148,094	4,497,642	4,097,737

6) Training

Number of TOTAL S.A. employees who have received a training course	2008	2007	2006
	3,836	3,606	3,272

The level of training offered is high. The objective is to maintain and reinforce technical potential and to meet the needs expressed by employees. Both young and senior professional staff receive training.

7) Employment of workers with a disability

Number of employees with a disability – TOTAL S.A.	2008	2007	2006
	98	101	97

For several years TOTAL S.A. has been committed to the professional inclusion of employees with a disability, including the signature in 2007 of a multi-year collective bargaining agreement and partnerships with relevant associations. In addition to the direct hiring of disabled individuals and collaboration with the protected sector, the Company trains disabled employees to enable them to take on professional responsibilities.

8) Charitable support

(€)

Committees budget	2008	2007	2006
	13,212,418	11,682,784	10,933,309

Since 2003, TOTAL S.A. has been a member of the *Unité Economique et Sociale* (UES) together with Elf Exploration Production. The committees' budget in 2008 corresponds to the budget of the UES's establishment committees. This budget represents more than 2.5% of the total payroll.

9) Professional relations

	2008	2007	2006
Number of negotiation meetings concerning TOTAL S.A.	31	21	29
Number of collective bargaining agreements signed concerning TOTAL S.A.	9	6	10

The collective agreements signed in 2008 notably concern the forward-looking management of jobs and skills, the use of new information and communication technologies by trade unions and employee representatives, the contingency, the early freeing of participation, the operation of establishment committee and central works council, the conversion of CREA into a supplementary pension plan, the changes in the work regime of personnel in office, the dedicated furlough system for employees with a possibility to take back one's position and the wages.

Environment

Pursuant to Article L. 225-102 and R. 225.105 of the French Commercial Code, TOTAL S.A. supplies information on how it takes into account the environmental consequences of its activity, notably the environmental objectives of its subsidiaries outside France.

The following paragraphs present information on the environmental policy objectives proposed by the parent company. More detailed environmental information appears not to be relevant for TOTAL S.A., given, on the one hand, the type of activities conducted by it as a holding company, and, on the other hand, the type of activities conducted by the Group.

The Group has operations in over 130 countries, in areas as diverse as the upstream and downstream oil and gas industry, energy production and chemicals. The Group's social and environmental report "Environment and Society – Our corporate responsibilities" contains, in its section on the environment, detailed information on the way the various entities of the Group conduct their environmental policies. This report summarizes the consequences of these activities on the environment, describes and explains their qualitative and quantitative impacts, specifies the actions conducted, and presents the performance of the entire Group in environmental matters and the commitments it has made or proposes to make.

The Health, Safety and Environment (HSE) Charter constitutes an essential reference in the Group's culture and illustrates its commitment to the safety of its activities, people's health, respect for the environment, and the quality of its products and services. This charter, which is translated into several languages, should be appreciated in the context of the operational realities of the Group's various businesses.

This charter is based on ten key principles which are detailed in an accompanying guide that is designed to help managers implement them into their daily business activities.

The ten principles fall into three broad categories: the industrial activity itself, the employees and third parties:

- **For industrial activity**, no development project, expansion of an industrial facility or new product launch can be undertaken in any country where a Group subsidiary operates without a prior detailed analysis of the risks concerning health, safety and the environment having been performed by the relevant sustainable development and environment or industrial safety department of the Group. Verification that these risks have been taken into account and necessary prevention, correction and compensation measures were adopted is done at the time the project is examined by the business units concerned. Proposals for major investments, acquisitions and disposals are reviewed by the Group's Executive Committee, having first been presented to the Group's Risks Committee. This committee includes a representative of the Sustainable Development and Environment department and a representative of the Industrial Safety department.

This procedure for the evaluation and prevention of risks, prior to the commencement of any project, relies on scientific analysis of the substances used and produced and their effects, and on environmental impact studies and technological risk assessments,

pursuant to the regulations in force in the countries of operation and the industry guidelines. It is also based on health impact analyses and takes into account end-of-life issues for products and facilities.

Close attention is also given to biological diversity, especially in areas of particular ecological sensitivity, identified with the support of scientific organizations. The Group's sites in relation to ecologically sensitive areas are currently being mapped. Furthermore, a guide designed to help the management of industrial sites in addressing biodiversity issues is being tested at some of the Group's sites, notably in France and Yemen, with the support of the scientific community. The objective is to create biodiversity observatories near industrial sites to better understand and monitor fauna and flora.

These different aspects, with their highly scientific and technical components, are an integral part of any project's decision-making process and rely on preliminary studies. Actions to harmonize the methodologies on which these studies rely are taken at each business unit.

Once a project has started, a valuation and prevention process is regularly conducted during the entire lifetime of the project in order to verify that the impacts on the environment and safety risks are reduced as much as possible.

In accordance with the HSE Charter, the prevention objectives are incorporated in the various environmental action plans established over two, three or more years, and cover the improvement of energy efficiency, reduction of emissions of pollutants into the atmosphere and water, reduction of consumption of water and certain raw materials, reduction of waste at the sites and recovery of the waste that is produced. Each business unit sets certain targets for improving its environmental performance and circulates this information at its sites, taking into account the particular features relevant to it.

Regarding greenhouse gas emissions, the implementation in 2005 of the European Union carbon dioxide emissions quota trading plan represents a new step in the policy to combat global warming and represents a real technological challenge for the Group. The Group continues to implement the commitment taken in December 2006 to reduce by 50% by 2012 the volume of gas flared at its exploration and production facilities, using the year 2005 as a reference. In addition, TOTAL is to implement a pilot project in 2009 to capture and store carbon dioxide at its historic Lacq gas field in the western Pyrenees region. These actions to reduce greenhouse gas are detailed in the Group's social and environmental report mentioned above.

The Group has also set internal goals for better management of the consumption of energy and raw materials. Internal documents (roadmaps and guides) describe what is at stake, propose plans of action, and include specific goals to reduce emissions. In particular, a guide developed in late 2008 dedicated to the management of energy performance includes guidance to improve energy management by the Group's different businesses.

Close attention is also paid to soil and groundwater contamination in the context of specific risk and pollution control assessment programs. The Sustainable Development and Environment department and the management of the subsidiaries concerned worked on studies aimed at standardizing the assessment methodologies and criteria for drawing up action plans for pollution control.

Beyond the prevention policy, the Group's operational entities are provided with emergency plans in the event of an accident together with the means to implement them. These plans are regularly updated and verified with the relevant Environment and Safety departments, and feedbacks systematically take place. These policies for prevention and site clean-up in the event of an accident are launched not only for industrial sites, but also for the transport of hazardous goods, both maritime and overland, including the harmonization of methodologies and action plans.

The Group is also involved in numerous research projects in partnership with laboratories, universities and public entities, often on an international level, notably in the areas of combating climate change, behavior of hydrocarbons in water and biodiversity. Experimentation, as well as increasing and sharing of scientific and technical knowledge, contribute to improving performances and better integrate environmental issues in industrial projects. These projects are covered in the Group's social and environmental report.

- **The principles relating to staff** revolve around three ideas: all employees have a responsibility at their level in terms of safety and the environment; all employees must be aware of such responsibilities; and all employees must act accordingly. Work performance is assessed by managers according to these and other criteria. To implement these principles, TOTAL S.A.'s Environment and Safety department organizes training both for management and those in charge of health, safety and environment issues. Training for emergencies, crisis management and providing feedback harmings is also in place. The business units also offer numerous trainings appropriate for the various staff responsible for these functions.
- **Regarding relations with third parties**, the charter recommends that outside service providers, suppliers and other industrial and commercial partners adhere to the Group's Safety and Environment policy. It also emphasizes that the environmental expectations of the unions, customers, shareholders, and other stakeholder in respect of environmental matters must be addressed in an atmosphere of constructive dialogue and transparency. Particular attention is paid to relations with local communities, and pilot programs for close interactions, dialogue and concerted plans, as illustrated in the Group's social and environmental report, are conducted around certain sites. This approach is intended to become more widespread depending on the experience on the ground. Various tools provided to the Group's managers (Stakeholder Relationship Management, SRM, SRM+, social performance indicators) are designed to facilitate a review of social issues and to define a course of positive action at the sites and at the subsidiaries.

The structure of the Group's entities ensures that they constantly and effectively take into account the environment in all their activities. At the Group level, the Sustainable Development and Environment Corporate department (*Développement Durable et de l'Environnement*) coordinates environmental policies and contributes to its implementation in order to facilitate exchanges and synergies between units. The actions and policies of the Sustainable Development and Environment department and the Industrial Safety department of TOTAL S.A. are coordinated within the Corporate Affairs department.

The sustainable development and environment departments and the industrial safety departments of business units convey to their subsidiaries, who in turn pass them on to their industrial sites, the principles for action and the short- and medium-term environmental objectives that they have established in a concerted way.

All the Group's business units have put in place internal management systems in the environmental area and in safety and quality, each according to the specific requirements of their respective geographic footprint and activities. This involves a determined and concerted approach, based on know-how, working together, raising the awareness of staff and delivering training programs. Progress objectives are defined and action plans implemented; the results obtained are measured using methodologies and indicators that are progressively developed and refined; and feedback and associated controls in the form of internal audits are conducted. These management systems are subject to periodic evaluation by internal auditors in order to continually optimize them.

To facilitate monitoring the achievement of environmental objectives, reporting processes on environmental performance and on major events are implemented within the business units, and between the business units and the corporate departments. They are gradually being harmonized within the Group.

The Group uses external auditors to verify the reliability of its environmental reporting procedures by examining a dozen different sites each year. The third audit report, which was conducted in 2008 and attached to the Group's 2007 Social and Environmental Report, focused on eight indicators: carbon dioxide, methane, hydro-fluorocarbons, sulfur dioxide, nitrous oxide, production of dangerous waste, and the number of sites with ISO 14001 certification. The 2008 audit report includes a new indicator which focuses on the amount of fresh water consumed at the sites (excluding cooling water). The auditors reviewed these indicators with regard to their pertinence, reliability, objectives, overall character and completeness.

This desire to continually achieve better-integrated management of the environment has led the Group to work towards ISO 14001 environmental certification. Because this international standard is awarded by a third party, following independent audits for compliance that are repeated every three years, it allows for external recognition of environmental management systems. By the end of 2009, the Group intends to obtain ISO 14001 certification for all of its sites that it considers particularly important to the environment (as of today, 80% of such sites are so certified). More than 250 of the Group's sites worldwide are certified ISO 14001.

Consolidated financial information for the last five years

Summary consolidated balance sheet for the last five years

As of December 31, (M€)	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2004 NF ^(a)
ASSETS						
Non-current assets	71,252	65,303	62,436	62,391	53,827	52,533
Intangible assets	5,341	4,650	4,705	4,384	3,176	1,908
Property, plant and equipment	46,142	41,467	40,576	40,568	34,906	36,422
Other non-current assets	19,769	19,186	17,155	17,439	15,745	14,203
Current assets	47,058	48,238	42,787	43,753	32,940	31,628
Inventories	9,621	13,851	11,746	12,690	9,264	7,053
Other current assets	37,437	34,387	31,041	31,063	23,676	24,575
Total assets	118,310	113,541	105,223	106,144	86,767	84,161
LIABILITIES						
Shareholders' equity, Group share	48,992	44,858	40,321	40,645	31,608	31,260
Minority interests and preferred shares	958	842	827	838	810	776
Provisions and other non-current liabilities	17,842	17,303	16,379	17,440	16,283	16,112
Non-current financial debt	16,191	14,876	14,174	13,793	11,289	9,734
Current debt	34,327	35,662	33,522	33,428	26,777	26,279
Total liabilities	118,310	113,541	105,223	106,144	86,767	84,161

Summary consolidated statement of income for the last five years

As of December 31, (M€)	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2004 NF ^(a)
Sales	179,976	158,752	153,802	137,607	116,842	122,700
Operating expenses	(150,534)	(128,026)	(124,617)	(108,431)	(94,721)	(101,141)
Depreciation and amortization of tangible assets	(5,755)	(5,425)	(5,055)	(5,007)	(5,095)	(5,498)
Other income and expense	(185)	204	86	(281)	2,302	1,866
Other financial income and expense	(124)	(170)	(49)	(151)	(36)	(76)
Income taxes	(14,146)	(13,575)	(13,720)	(11,806)	(8,603)	(8,316)
Share net income of equity method consolidated affiliates	1,721	1,775	1,693	1,173	1,158	337
Net income from continuing operations (Group excluding Arkema)	10,953	13,535	12,140	13,104	11,847	-
Net income from discontinued operations (Arkema)	-	-	(5)	(461)	(698)	-
Consolidated net income	10,953	13,535	12,135	12,643	11,149	9,872
Minority interests	363	354	367	370	281	260
Net income	10,590	13,181	11,768	12,273	10,868	9,612

(a) French GAAP.

Glossary

A

API degrees

Scale established by the American Petroleum Institute (API) to measure oil density. A higher API-degree indicates lighter oil from which a higher yield of gasoline can be refined.

Association or Joint Venture or Consortium

Group of companies not forming a new legal entity. Each member of the joint venture holds an undivided interest in the specific area of the contract (PSC, Concession and Buyback) and has separate tax obligations towards the host country.

Appraisal (delineation)

Work performed after a discovery, performed for the determination of the boundaries or extent of a deposit of hydrocarbons, or assessment of its reserves and production potential.

B

Barrel

Unit of measurement of volume of crude oil equal to 42 U.S. gallons or 158.9 liters at 60°F or 15.6°C.

Barrel of Oil Equivalent (BOE)

Conventional unit for measuring the energy released by a quantity of fuel by relating it to the energy released by the combustion of a barrel of oil.

Brent

Quality of crude (38° API) produced in the North Sea, at the Brent fields.

Buyback

Risk services agreement (the investments and risks are undertaken by the contractor) combined with an offset mechanism that allows the contractor to receive a portion of the production equivalent to the monetary value (with interest) of its investments and a return on its investment.

C

Capacity of treatment (refinery throughput)

Annual capacity for the treatment of crude oil by atmospheric distillation units at a refinery.

Catalysts

Substances that facilitate chemical reactions during the refining process used in conversion units (reformer, hydrocracker, catalytic cracker) and desulfurization units. Principal catalysts are precious metals (platinum) or other metals such as nickel or cobalt. There are some catalysts that regenerate themselves and others that are consumable.

Cogeneration

Simultaneous generation of electrical and thermal energies from a combustible source (gas, fuel oil or coal).

Completion of a well

Work performed for the installation of permanent surface and subsurface equipment for the production of oil or gas from a recently drilled well.

Concession contract

Exploration and production contract under which an oil & gas company (or group of companies) is granted, by a host country, rights to explore an area and develop and produce potential reserves. The oil and gas company (or group of oil & gas companies) undertakes the execution and financing (at its own risk) of all operations. In return, it is entitled to the entire production.

Condensate

Light hydrocarbon substances produced with natural gas that exist in either a gaseous phase or in solution in the crude oil under the initial pressure and temperature conditions in the reservoir, and which are recovered in a liquid state in separators, on-site facilities or gas treatment units.

Conversion

Refining operation aiming at transforming heavy products (heavy fuel oil) into lighter or less viscous ones (oils, jet fuels, etc.)

Cost oil / Cost gas

In a production sharing contract, the portion of the oil and gas production made available to the contractor (contractor group) and contractually reserved for the reimbursement for exploration costs, costs of site development, exploitation, site restitution ("recoverable" costs).

Cracking / cracker

Refinery conversion operation, performed to obtain lighter molecules, by modifying the structure and the molecular mass of the hydrocarbons obtained in the first distillation process necessary for manufacturing gasoline.

D

(To) Debottleneck

Action of increasing the throughput capacity of a refinery.

Desulfurization

The process of eliminating or reducing sulfur from oil usually through chemical reactions.

Development

Operations carried out to bring an oil or gas field on stream.

Distillates

A large range of products obtained through the atmospheric distillation of crude oil or through vacuum distillation. Includes medium distillate such as aviation fuel, diesel fuel and heating oil.

F

Flaring

Burning unmarketable or unusable natural gas at the field. Usually done for gas produced with oil.

FPSO : Floating production, storage and off loading

Floating integrated offshore unit comprising the equipment used to produce, process and store hydrocarbons and off load them directly to an offshore oil tanker.

H

Hydrocarbons

Molecules composed principally of carbon and hydrogen atoms. They can be solid such as asphalt, liquid such as crude oil or gaseous such as natural gas. They may also include compounds with sulphur, nitrogen, metals, etc.

J

Joint Venture or Association or Consortium

See Association

L

Liquefied Natural Gas (LNG)

Natural gas, principally methane and ethane, that has been liquefied by cooling to -258°F (-162°C) at normal pressure in order to transport it.

Liquefied Petroleum Gas (LPG)

Light hydrocarbons (comprised principally of butane and propane) that are gaseous under normal temperature and pressure conditions and that are kept in liquid state by increasing the pressure or reducing the temperature.

M

Mineral interests

The rights to explore for and/or to produce oil and gas in a specific area for a fixed period. Covers the concepts of “permit”, “license”, “title”, etc.

N

Natural gas

Mixture of gaseous hydrocarbons, composed mainly of methane.

O

Oil and gas exploration

All operations carried out to reveal the existence of oil and gas deposits, to prepare for their production.

Operator

Partner of an oil and gas joint venture in charge of carrying out the operations on a specific area on behalf of the joint venture.

Operated production

Quantity of oil and gas produced on fields operated by the Group.

P

Permit

Area contractually granted to an oil and gas company (or a joint venture) by the host country for a defined period. The permit grants the oil and gas company (or joint venture) exclusive rights to carry out exploration work (“exploration” permit) or to exploit a deposit (“exploitation” permit).

Production plateau

Expected average stabilized level of production for a field following the production build-up.

Production share (Group)

Portion of production the Group is entitled to receive as per the sharing rules defined in oil and gas exploration and production agreements.

Production Sharing Contract (PSC)

Exploration and production contract by which a host country or, more frequently, its national company transfers to an oil & gas company (the contractor) or a group of oil and gas companies (the contractor group) the right to explore in a given area and, if successful, to develop and produce the reserves of the discovered deposits. The contractor (contractor group) shall undertake the execution and financing (as its exclusive risk) of all operations. In return, it is entitled to a portion of the production, called cost oil/gas, for the recovery of the costs. The remaining production, called profit oil/gas, is shared between the contractor (contractor group) and the national company (and/or the host country).

Production site restoration

Oil companies may have to incur expenses related to the abandonment of production sites at the end of exploitation of a deposit. This definitive shutdown of the production on a field or part of sites production capacity (a well, a group of wells, etc.) generally involves the dismantling of production, transport and storage facilities and the restoration of the sites.

Profit oil / Profit gas

Under a PSC, a portion of the oil and gas production shared between the host country and the contractor (contractor group), net of cost oil. The share of profit oil/gas made available to the contractor is payment for the services, know-how provided and the risks undertaken.

Proved reserves (1P reserves)

Estimated quantities of crude oil and natural gas that geologic and engineering data show, with reasonable certainty (90%) to be recoverable in the coming years from known reservoirs under existing contract, economic and operating conditions:

- **Developed proved reserves** are those that can be recovered with existing facilities and without significant additional investment,
- **Undeveloped proved reserves** are those that can be recovered with new investments (surface facilities, wells, etc.).

Proved reserves do not include additional quantities that could be recovered after the end of the contract.

Proved and probable reserves (2P reserves)

Sum of proved reserves and probable reserves. The 2P reserves are the quantities of oil and gas recoverable from an average accumulation, covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 60\$/b Brent environment, also includes projects to be developed by mining. They do not include reserves after license expiration.

R

Refinery

Plant where crude oil is separated and transformed into marketable products.

Reforming

Process of conversion consisting of the reactions of cracking, cyclization, dehydrogenation and isomerization.

Reserve life

Ratio of proved reserves at the end of the year to the production sold during the past year.

Resources

Proved and probable reserves plus potentially recoverable quantities from known accumulations (Society of Petroleum Engineers – 03/07).

S

Seismic

Exploration technique of methodically sending vibration or sound waves into the earth and recording their reflections to assess the type, size, shape, and depth of subsurface layers.

T

Technical costs

Technical costs include the cost of producing oil and gas, the depreciation and amortization associated with production facilities and the cost of exploration expensed.

Topping

A refining distillation unit that works at atmospheric pressure. It carries out the primary separation in a refinery that yields the principal products.

TRCV margin

Topping Reforming Cracking Visbreaking. Index of the refining margin calculated for a model refinery located in Rotterdam, using the same blend of crude oils and which sells its products “CIF” except high-sulphur fuel, in northwest Europe.

U

Unitization

Creation of a new joint venture and nomination of a single operator for the development and the production as single asset of a hydrocarbon deposit that straddles two or more permits/licenses or countries.

Upgrader

Refining unit where petroleum products, such as heavy oils, are upgraded through a cracking process.

V

Viscosity breaking / visbreaking

Thermal cracking unit reducing the viscosity of certain paraffin residues and heavy fuels by cracking them at low temperatures.

W

Well

Hole drilled underground for oil exploration and operation.

European cross reference list

Cross reference list of the information items set forth in Annex I of the European Regulation (EC) No 809/2004 of April 29, 2004

Information required by Annex I
of Regulation (EC) No 809/2004

Corresponding pages of
this Registration Document

1.	PERSONS RESPONSIBLE	i
2.	STATUTORY AUDITORS	108
3.	SELECTED FINANCIAL INFORMATION	1
4.	RISK FACTORS	67-82
5.	INFORMATION ABOUT THE ISSUER	
5.1.	History and development	
5.1.1.	Legal and business name	8; 167
5.1.2.	Place of registration and registration number	8; 167
5.1.3.	Incorporation date of and issuer's length of life	8; 167
5.1.4.	Domicile, legal form, applicable legislation, country of incorporation registered office's address and telephone number	8; 167
5.1.5.	Business development's main events	8-49; 56
5.2.	Investments	
5.2.1	Main investments for the three last fiscal years	50
5.2.2	Main investments in progress	50
5.2.3	Main contemplated investments	50
6.	BUSINESS OVERVIEW	
6.1.	Main activities	8-49
6.2.	Main markets	8-49
6.3.	Exceptional factors having influenced the main activities or main markets	8-49; 59-61
6.4.	Dependency from certain contracts	79
6.5.	Competitive position	8; 9; 36; 44
7.	ORGANIZATIONAL STRUCTURE	
7.1.	Issuer's position within the Group	51
7.2.	Main subsidiaries	51; 256-257
8.	PROPERTY, PLANTS AND EQUIPMENT	
8.1.	Most significant tangible fixed assets	54; 11-49; 204
8.2.	Environmental issues concerning the most significant tangible fixed assets	54; 301-302
9.	OPERATING AND FINANCIAL REVIEW	
9.1.	Financial Condition	56-61
9.2.	Operating Results	
9.2.1.	Significant factors affecting the income from operations	56-61; 66
9.2.2.	Discussion and analysis of material changes in net sales or revenues	56-61
9.2.3.	External factors that had (or could have) material impact on business operations	56-61; 66

10.	CAPITAL RESOURCES	
10.1.	Information concerning capital resources (both short and long term)	62
10.2.	Sources, amounts and description of cash flows	62; 178
10.3.	Borrowings and funding structure	62-63; 69-73
10.4.	Restrictions on use of capital resources, having materially impact on business operations	n/a
10.5.	Anticipated sources of funds for main contemplated investments, including major encumbrances on most significant tangible fixed assets	63
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES	64-65
12.	TREND INFORMATION	
12.1.	Main trends in production, sales and inventory, and in costs and selling prices, since the end of the last fiscal year	66
12.2.	Known trends, uncertainties, demands, commitments or events that might have a material effect on prospects for the current fiscal year	66; 68-75
13.	PROFIT FORECASTS OR ESTIMATES	n/a
14.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
14.1.	Information concerning members of the administrative and management bodies	84-94; 107
14.2.	Conflicts of interests, arrangement/understanding for appointments, restrictions on disposals of equity interests held in the share capital of the issuer	95; 101; 113; 129
15.	REMUNERATION AND BENEFITS	
15.1.	Remuneration paid, and benefits in kind granted by the issuer and its subsidiaries	109-110; 114-115
15.2.	Amounts set aside or accrued for pension, retirement or similar benefits	111-112; 230
16.	BOARD PRACTICES	
16.1.	Expiration date of current term of offices, and commencement date	84-94
16.2.	Contracts with the issuer or any of its subsidiaries providing for benefits upon contract's termination	115; 111-112
16.3.	Information about the audit committee and remuneration committee of the issuer	96-98; 100
16.4.	Compliance with the corporate governance regime applicable in France	95
17.	EMPLOYEES	
17.1.	Headcount at the end of the 3 last fiscal years; breakdown by geographic location and by segment of activities	5; 128; 298-300
17.2.	Shareholdings and stock options	5; 128-129; 113; 117-120; 123-127
17.3.	Agreements for employees' equity stake in the capital of the issuer	128-129; 113; 170
18.	MAJOR SHAREHOLDERS	
18.1.	Shareholdings above thresholds that must be notified (known shareholdings)	145-146
18.2.	Major shareholders' voting rights above their equity interest in the share capital	145; 168
18.3.	Control performed by one or several shareholders over the issuer	n/a
18.4.	Agreement, known to the issuer, whose performance might subsequently result in a change in control of the issuer	n/a
19.	RELATED PARTY TRANSACTIONS	147; 230
20.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
20.1.	Historical Financial Information	156
	Appendix 1	173-257
	Appendix 3	269-297; 303
20.2.	Pro forma financial information	n/a

20.3.	Consolidated financial statements	(Appendix 1) 173-257
20.4.	Auditing of historical annual financial information	
20.4.1.	Auditing of historical financial information	156; 174; 272
20.4.2.	Other information contained in the registration document which has been audited by the auditors	101-104; 105-106; 111-112; 270-271
20.4.3.	Financial data contained in the registration document and not extracted from the issuer's audited financial statement	157; 264-268
20.5.	Age of latest audited financial information	December 31, 2008
20.6.	Interim and other financial information	
20.6.1.	Quarterly or half yearly financial information established since the date of the last audited financial statements	n/a
20.6.2.	interim financial information covering the first six months of the fiscal year which follows the end of the last audited fiscal year	n/a
20.7.	Dividend policy	157; 137
20.8.	Legal and arbitration proceedings	157-160; 171
20.9.	Significant change in the financial or business situation	160; 56-66; 8-49
21.	ADDITIONAL INFORMATION	
21.1.	Share Capital	
21.1.1.	Issued and authorized share capital	162-163; 281
21.1.2.	Shares not representing capital	n/a
21.1.3.	Treasury shares and shares held by issuer's subsidiaries	139-143; 145; 146; 165; 213-214; 281-282
21.1.4.	Securities giving later access to the share capital of the issuer	165
21.1.5.	Terms of any acquisition right and/or commitment in respect of authorized but non-issued capital, or of any increase of capital	n/a
21.1.6.	Equity stake in any Group's member, submitted to an option	n/a
21.1.7.	History of the issuer's share capital for the 3 last fiscal years	166; 281; 297
21.2.	Articles of Incorporation and by-laws	
21.2.1.	Issuer's objects and purposes	167
21.2.2.	Provisions of by-laws concerning the members of the administrative, management and supervisory bodies	167-168; 95-99
21.2.3.	Rights, preferences and restrictions for each class of the existing shares	168-169
21.2.4.	Actions necessary to change the rights of shareholders	169
21.2.5.	Calling-up of shareholders' meetings, and admittance prerequisites	169; 152
21.2.6.	Provisions of by-laws, charter or rules of the issuer that might delay, postpone or prevent a change of control of the issuer	168
21.2.7.	Threshold above which shareholdings must be disclosed by virtue of the bylaws	169; 145-146
21.2.8.	Conditions more stringent than legal ones regarding changes in the share capital	n/a
22.	MATERIAL CONTRACTS (other than contracts entered into in the ordinary course of business)	n/a
23.	THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	n/a
24.	DOCUMENTS ON DISPLAY	170
25.	INFORMATION ON HOLDINGS	171; 256-257; 293-295



TOTAL S.A.

Registered Office:
2 place Jean Millier - La Défense 6
92400 Courbevoie - France
Share capital: 5,929,520,185 euros
542 051 180 RCS Nanterre

www.total.com

Standard: +33 (0)1 47 44 45 46
Financial Communication: +33 (0)1 47 44 24 02
North American Investor Relations: +1 (713) 483 5070