TOTAL SA
Form 20-F
April 02, 2008
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________ to ________

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report

Commission file number: 1-10888

TOTAL S.A.

(Exact Name of Registrant as Specified in Its Charter)

Republic of France

(Jurisdiction of Incorporation or Organization)

2, place de la Coupole

La Défense 6

92400 Courbevoie

France

(Address of Principal Executive Offices)

Robert Castaigne

Chief Financial Officer

TOTAL S.A.

2, place de la Coupole

La Défense 6

92400 Courbevoie

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Tel: +33 (0)147 444546

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Shares	**New York Stock Exchange***
American Depositary Shares	**New York Stock Exchange**

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

2,395,532,097 Shares, par value 2.50 each, as of December 31, 2007

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ¨	International Financial Reporting Standards as issued by the International Accounting Standards Board x	Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

TABLE OF CONTENTS

Table of Contents

Basis of Presentation

In general, financial information included in this Annual Report is presented according to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS as adopted by the European Union (EU) as of December 31, 2007.

Statements Regarding Competitive Position

Statements made in Item 4. Information on the Company referring to TOTAL s competitive position are based on the Company s estimates, and in some cases rely on a range of sources, including investment analysts reports, independent market studies and TOTAL s internal assessments of market share based on publicly available information about the financial results and performance of market participants.

Additional Information

This Annual Report on Form 20-F reports information primarily regarding TOTAL s business and operations and financial information relating to the fiscal year ended December 31, 2007. For more recent updates regarding TOTAL, you may read and copy any reports, statements or other information TOTAL files with the Securities and Exchange Commission. All of TOTAL s Securities and Exchange Commission filings made after December 31, 2001 are available to the public at the Securities and Exchange Commission web site at http://www.sec.gov and from certain commercial document retrieval services. See also Item 10. Additional Information Documents on Display .

Table of Contents

CERTAIN TERMS

Unless the context indicates otherwise, the following terms have the meanings shown below:

acreage	The total area, expressed in acres, over which TOTAL has interests in exploration or production.
ADRs	American Depositary Receipts evidencing ADSs.
ADSs	American Depositary Shares representing the shares of TOTAL S.A.
barrels	Barrels of crude oil, including condensate and natural gas liquids.
Company	TOTAL S.A.
condensate	Light hydrocarbon substances produced with natural gas which condense into liquid at normal temperatures and pressures associated with surface production equipment.
crude oil	Crude oil, including condensate and natural gas liquids.
Group	TOTAL S.A. and its subsidiaries and affiliates. The terms TOTAL and Group are used interchangeably.
hydrocracker	A refinery unit which uses a catalyst and extraordinarily high pressure, in the presence of surplus hydrogen, to shorten molecules.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas.
proved reserves	Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not of escalations based upon future conditions. The full definition of proved reserves which we are required to follow in presenting such information in our financial results and elsewhere in reports we file with the Securities and Exchange Commission is found in Rule 4-10 of Regulation S-X under the U.S. Securities Act of 1933, as amended.

proved developed reserves	Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing natural forces and mechanisms of primary recovery are included as proved developed reserves only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved. The full definition of proved developed reserves which we are required to follow in presenting such information in our financial results and elsewhere in reports we file with the Securities and Exchange Commission is found in Rule 4-10 of Regulation S-X under the U.S. Securities Act of 1933, as amended.
proved undeveloped reserves	Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion,

Table of Contents

	but does not include reserves attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir. Reserves on undrilled acreage are limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. The full definition of proved undeveloped reserves which we are required to follow in presenting such information in our financial results and elsewhere in reports we file with the Securities and Exchange Commission is found in Rule 4-10 of Regulation S-X under the U.S. Securities Act of 1933, as amended.
steam cracker	A petrochemical plant that turns naphtha and light hydrocarbons into ethylene, propylene, and other chemical raw materials.
TOTAL	TOTAL S.A. and its subsidiaries and affiliates. We use such term interchangeably with the term Group. When we refer to the parent holding company alone, we use the term TOTAL S.A. or the Company.
trains	Facilities for converting, liquefying, storing and off-loading natural gas.
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.
turnarounds	Temporary shutdowns of facilities for maintenance, overhaul and upgrading.

ABBREVIATIONS

b	barrel	k	thousand
cf	cubic feet	M	million
boe	barrel of oil equivalent	B	billion
t	metric ton	W	watt
m^3	cubic meter	GWh	gigawatt-hour
/y	per year	TWh	terawatt-hour
		Wp	watt peak

CONVERSION TABLE

1 acre	= 0.405 hectares	
1 b	= 42 U.S. gallons	
1 boe	= 1 b of crude oil	= 5,508 cf of gas in 2007[(a)]
		= 5,494 cf of gas in 2006
		= 5,483 cf of gas in 2005
1 b/d of crude oil	= approximately 50 t/y of crude oil	
1 Bm^3/y	= approximately 0.1 Bcf/d	
1 m^3	= 35.3147 cf	
1 kilometer	= approximately 0.62 miles	

1 ton	= 1 t	= 1,000 kilograms (approximately 2,205 pounds)
1 ton of oil	= 1 t of oil	= approximately 7.5b of oil (assuming a specific gravity of 37° API)
1 t of LNG	= approximately 8.9 boe	= approximately 48 Mcf of gas
1 Mt/y LNG		= approximately 133 Mcf/d

(a) Natural gas is converted to barrels of oil equivalent using a ratio of cubic feet of natural gas per one barrel. This ratio is based on the actual average equivalent energy content of the TOTAL s natural gas reserves during the applicable periods, and is subject to change. The tabular conversion rate is applicable to TOTAL s natural gas reserves on a group-wide basis.

Table of Contents

Cautionary Statement Concerning Forward-Looking Statements

TOTAL has made certain forward-looking statements in this document and in the documents referred to in, or incorporated by reference into, this Annual Report. Such statements are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of the management of TOTAL and on the information currently available to such management. Forward-looking statements include information concerning forecasts, projections, anticipated synergies, and other information concerning possible or assumed future results of TOTAL, and may be preceded by, followed by, or otherwise include the words believes , expects , anticipates , intends , plans , targets , estimates or similar expressions.

Forward-looking statements are not assurances of results or values. They involve risks, uncertainties and assumptions. TOTAL s future results and share value may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond TOTAL s ability to control or predict. Except for its ongoing obligations to disclose material information as required by applicable securities laws, TOTAL does not have any intention or obligation to update forward-looking statements after the distribution of this document, even if new information, future events or other circumstances have made them incorrect or misleading.

You should understand that various factors, certain of which are discussed elsewhere in this document and in the documents referred to in, or incorporated by reference into, this document, could affect the future results of TOTAL and could cause results to differ materially from those expressed in such forward-looking statements, including:

- material adverse changes in general economic conditions or in the markets served by TOTAL, including changes in the prices of oil, natural gas, refined products, petrochemical products and other chemicals,
- changes in currency exchange rates and currency devaluations,
- the success and the economic efficiency of oil and natural gas exploration, development and production programs, including without limitation, those that are not controlled and/or operated by TOTAL,
- uncertainties about estimates of changes in proven and potential reserves and the capabilities of production facilities,
- uncertainties about the ability to control unit costs in exploration, production, refining and marketing (including refining margins) and chemicals,
- changes in the current capital expenditure plans of TOTAL,
- the ability of TOTAL to realize anticipated cost savings, synergies and operating efficiencies,
- the financial resources of competitors,
- changes in laws and regulations, including tax and environmental laws and industrial safety regulations,
- the quality of future opportunities that may be presented to or pursued by TOTAL,
- the ability to generate cash flows or obtain financing to fund growth and the cost of such financing,
- the ability to obtain governmental or regulatory approvals,
- the ability to respond to challenges in international markets, including political or economic conditions, including international armed conflict, and trade and regulatory matters,
- the ability to complete and integrate appropriate acquisitions, strategic alliances and joint ventures,
- changes in the political environment that adversely affect exploration, production licenses and contractual rights or impose minimum drilling obligations, price controls, nationalization or expropriation, and regulation of refining and marketing, chemicals and power generating activities,
- the possibility that other unpredictable events such as labor disputes or industrial accidents will adversely affect the business of TOTAL, and
- the risk that TOTAL will inadequately hedge the price of crude oil or finished products.

For additional factors, you should read the information set forth under Item 3. Risk Factors , Item 4. Information on the Company Other Matters , Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosures about Market Risk .

Table of Contents

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

SELECTED FINANCIAL DATA

The following table presents selected consolidated financial data for TOTAL on the basis of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS as adopted by the European Union for the years ended December 31, 2007, 2006, 2005 and 2004. The historical consolidated financial statements of TOTAL for these periods, from which the financial data presented below for such periods are derived, have been audited by Ernst & Young Audit and KPMG S.A., independent registered public accounting firms and the Company s auditors. All such data should be read in conjunction with the Consolidated Financial Statements and the

Notes thereto included elsewhere herein. IFRS accounts have not been published for the year ended December 31, 2003.

The presentation of financial information is made on the following basis: Pursuant to IFRS 1, First-time adoption of International Financial Reporting Standards , the Group has chosen to apply the exemption not to restate business combinations that occurred before January 1, 2004. Consequently, the 1999 Total/PetroFina and the 2000 TotalFina/Elf Aquitaine combinations have been treated as pooling-of-interests under IFRS.

Table of Contents

SELECTED CONSOLIDATED FINANCIAL DATA

(M , except per share data)	2007	2006	2005	2004	2003[f]
INCOME STATEMENT DATA					
Revenues from sales	136,824	132,689	117,057	95,325	
Net income, Group share	13,181	11,768	12,273	10,868	
Earnings per share[a]	5.84	5.13	5.23	4.50	
Fully diluted earnings per share[a]	5.80	5.09	5.20	4.48	
CASH FLOW STATEMENT DATA[b][c]					
Cash flow from operating activities	17,686	16,061	14,669	14,662	
Total expenditures	11,722	11,852	11,195	8,904	
BALANCE SHEET DATA[c]					
Total assets	113,541	105,223	106,144	86,767	
Non-current financial debt	14,876	14,174	13,793	11,289	
Minority interests	842	827	838	810	
Shareholders equity Group share	44,858	40,321	40,645	31,608	
DIVIDENDS					
Dividend per share (euros)[a]	2.07(d)	1.87	1.62	1.35	1.18
Dividend per share (dollars)[a]	$ 3.02(d)(e)	$ 2.46	$ 1.99	$ 1.74	$ 1.41

(a) Historical figures regarding per share information for 2005, 2004 and 2003 have been recalculated to reflect the four-for-one stock split on May 18, 2006.
(b) See Consolidated Statement of Cash Flows included in the Consolidated Financial Statements included elsewhere herein.
(c) Comparative balance sheets and cash flow information include Arkema which was spun off on May 12, 2006.
(d) Subject to approval by the shareholders meeting on May 16, 2008.
(e) Including an interim dividend of $1.46 paid in November 2007 and the proposed final dividend of 1.07, converted at a rate of $1.45/ .
(f) TOTAL did not publish financial data in accordance with IFRS in 2003 because, at the time, our financial statements were required to be presented in conformity with French Generally Accepted Accounting Principles. For this reason, we have not provided selected financial data for 2003.

Table of Contents

EXCHANGE RATE INFORMATION

For information regarding the effects of currency fluctuations on TOTAL s results, see Item 5. Operating and Financial Review and Prospects .

Most currency amounts in this Annual Report on Form 20-F are expressed in euros (euros or) or in U.S. dollars (dollars or $). For the convenience of the reader, this Annual Report on Form 20-F presents certain translations into dollars of certain euro amounts. Unless otherwise stated, the translation of euros to dollars has been made at the noon buying rate in New York City for cable transfers in euros as certified for customs purposes by The Federal Reserve Bank of New York (the Noon Buying Rate) for December 31, 2007, of $1.46 per 1.00 (or 0.68 per $1.00).

The following tables set out the average dollar/euro exchange rate for the years indicated, based on the Noon Buying Rate expressed in dollars per 1.00. Such rates are not used by TOTAL in preparation of its Consolidated Financial Statements included elsewhere herein. No representation is made that the euro could have been converted into dollars at the rates shown or at any other rates for such periods or at such dates.

DOLLAR/EURO EXCHANGE RATES

Year	Average Rate[(a)]
2003	1.13
2004	1.25
2005	1.24
2006	1.26
2007	1.37

(a) The average of the Noon Buying Rate expressed in dollars/euro on the last business day of each full month during the relevant year.

The table below shows the high and low dollar/euro exchange rates for the previous six months based on the Noon Buying Rate expressed in dollars per euro.

DOLLAR/EURO EXCHANGE RATES

Period	High	Low
October 2007	1.45	1.41
November 2007	1.49	1.44
December 2007	1.48	1.43
January 2008	1.49	1.46
February 2008	1.52	1.45
March 2008	1.58	1.52

The Noon Buying Rate on March 31, 2008 for the dollar against the euro was $1.58/ .

Table of Contents

RISK FACTORS

The Group and its businesses are subject to various risks relating to changing competitive, economic, political, legal, social, industry, business and financial conditions. These conditions along with TOTAL s approaches to managing certain of these risks are described below and discussed in greater detail elsewhere in this Annual Report, particularly under the headings Item 4. Information on the Company Business Overview Other Matters , Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosures about Market Risk .

A substantial or extended decline in oil or natural gas prices would have a material adverse effect on our results of operations.

Prices for oil and natural gas historically have fluctuated widely due to many factors over which we have no control. These factors include:

- global and regional economic and political developments in resource-producing regions, particularly in the Middle East, Africa and South America,
- global and regional supply and demand,
- the ability of the Organization of Petroleum Exporting Countries (OPEC) and other producing nations to influence global production levels and prices,
- prices of alternative fuels which affect our realized prices under our long-term gas sales contracts,
- governmental regulations and actions,
- global economic conditions,
- war or other international conflicts,
- cost and availability of new technology,
- changes in demographics, including population growth rates and consumer preferences, and
- adverse weather conditions (such as hurricanes) that can disrupt supplies or interrupt operations of our facilities.

Substantial or extended declines in oil and natural gas prices would adversely affect our results of operations by reducing our profits. For the year 2008, we estimate that a decrease of $1.00 per barrel in the price of Brent crude would have the effect of reducing our annual adjusted net operating income from the Upstream segment by approximately 0.12 B (calculated with a base case exchange rate of $1.50 per 1.00). Lower oil and natural gas prices over prolonged periods may also reduce the economic viability of projects planned or in development, causing us to cancel or postpone capital

expansion projects, and may reduce liquidity, thereby potentially decreasing our ability to finance capital expenditures. If we are unable to follow through with capital expansion projects, our opportunities for future revenue and profitability growth would be reduced, which could materially impact our financial condition.

We face foreign exchange risks that could adversely affect our results of operations.

Our business faces foreign exchange risks because a large percentage of our revenues and cash receipts are denominated in dollars, the international currency of petroleum sales, while a significant portion of our operating expenses and income taxes accrue in euros and other currencies. Movements between the dollar and euro or other currencies may adversely affect our business by negatively impacting our booked revenues and income.

Our long-term profitability depends on cost effective discovery and development of new reserves; if we are unsuccessful, our results of operations and financial condition would be materially and adversely affected.

A significant portion of our revenues and the majority of our operating income are derived from the sale of crude oil and natural gas which we extract from underground reserves discovered and developed as part of our Upstream business. In order for this business to continue to be profitable, we need to replace depleted reserves with new proved reserves. Furthermore, we need to accomplish such replacement in a manner that allows subsequent production to be economically viable. However, our ability to discover or acquire and develop new reserves successfully is uncertain and can be negatively affected by a number of factors, including:

unexpected drilling conditions, including pressure or irregularities in geological formations,
equipment failures or accidents,
our inability to develop new technologies that permit access to previously inaccessible fields,
adverse weather conditions,
compliance with unanticipated governmental requirements,
shortages or delays in the availability or delivery of appropriate equipment,
industrial action, and
problems with legal title.

Table of Contents

Any of these factors could lead to cost overruns and impair our ability to make discoveries or complete a development project, or to make production economical. If we fail to discover and develop new reserves cost-effectively on an ongoing basis, our results of operations, including profits, and our financial condition would be materially and adversely affected.

Our crude oil and natural gas reserve data are only estimates, and subsequent downward adjustments are possible. If actual production from such reserves is lower than current estimates indicate, our results of operations and financial condition would be negatively impacted.

Our proved reserves figures are estimates reflecting applicable reporting regulations. 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. They may be negatively impacted by a variety of factors which could cause such estimates to be adjusted downward in the future, or cause our actual production to be lower than our currently reported proved reserves indicate. The main factors which may cause our proved reserves estimates to be adjusted downward, or actual production to be lower than the amounts implied by our currently reported proved reserves, include:

- a decline in the price of oil or gas, making reserves no longer economically viable to exploit and therefore not classifiable as proved,
- an increase in the price of oil or gas, which may reduce the reserves that we are entitled to under production sharing and buyback contracts,
- changes in tax rules and other government regulations that make reserves no longer economically viable to exploit,
- the quality and quantity of our geological, technical and economic data, which may prove to be inaccurate,
- the actual production performance of our reservoirs, and
- engineering judgments.

Many of the factors, assumptions and variables involved in estimating reserves are beyond our control and may prove to be incorrect over time. Results of drilling, testing and production after the date of the estimates may require substantial downward revisions in our reserve data. Any downward adjustment would indicate lower future production amounts and may adversely affect our results of operations, including profits as well as our financial condition.

We have significant production and reserves located in politically, economically and socially unstable areas, where the likelihood of material disruption of our operations is relatively high.

A significant portion of our oil and gas production occurs in unstable regions around the world, most significantly Africa, but also the Middle East, Asia/Far East and South America. Approximately 34%, 16%, 11% and 10%, respectively, of our 2007 production came from these four regions. In recent years, a number of the countries in these regions have experienced varying degrees of one or more of the following: economic instability, political volatility, civil war, violent conflict and social unrest. In Africa, certain of the countries in which we have production have recently suffered from some of these conditions. In particular, shutdowns of production in the Niger Delta due to security concerns led to a 2% decrease in our oil and gas production in 2006. The Middle East in general has recently suffered increased political volatility in connection with violent conflict and social unrest. A number of countries in South America where we have production and other facilities, including Argentina, Bolivia and Venezuela, have suffered from political or economic instability and social unrest and related problems. In the Far East, Indonesia has suffered the majority of these conditions. Any of these conditions alone or in combination could disrupt our operations in any of these regions, causing substantial declines in production. Furthermore, in addition to current production, we are also exploring for and developing new reserves in other regions of the world that are historically characterized by political, social and economic instability, such as the Caspian Sea region where we have a number of large projects currently underway. The occurrence and magnitude of incidents related to economic, social and political instability are unpredictable. It is possible that they could have a material adverse impact on our production and operations in the future.

We are subject to stringent environmental, health and safety laws in numerous jurisdictions around the world and may incur material costs to comply with these laws and regulations.

We incur, and expect to continue to incur, substantial capital and operating expenditures to comply with increasingly complex laws and regulations covering the protection of the natural environment and the promotion of worker health and safety, including:

- costs to prevent, control, eliminate or reduce certain types of air and water emissions, including those costs incurred in connection with government action to address concerns of climate change,

Table of Contents

remedial measures related to environmental contamination or accidents at various sites, including those owned by third parties,
compensation of persons claiming damages caused by our activities or accidents, and
costs in connection with the decommissioning of drilling platforms and other facilities.

If our established financial reserves prove not to be adequate, environmental costs could have a material effect on our results of operations and our financial position. Furthermore, in the countries where we operate or expect to operate in the near future, new laws and regulations, the imposition of tougher license requirements, increasingly strict enforcement or new interpretations of existing laws and regulations or the discovery of previously unknown contamination may also cause us to incur material costs resulting from actions taken to comply with such laws and regulations, including:

modifying operations,
installing pollution control equipment,
implementing additional safety measures, and
performing site clean-ups.

As a further result of any new laws and regulations or other factors, we may also have to curtail or cease certain operations, which could diminish our productivity and materially and adversely impact our results of operations, including profits.

Our operations throughout the developing world are subject to intervention by various governments, which could have an adverse effect on our results of operations.

We have significant exploration and production, and in some cases refining, marketing or chemicals operations, in developing countries whose governmental and regulatory framework is subject to unexpected change and where the enforcement of contractual rights is uncertain. In addition, our exploration and production activity in such countries is often done in conjunction with state-owned entities, for example as part of a joint venture, where the state has a significant degree of control. In recent years, in various regions globally, we have seen governments and state-owned enterprises exercising greater authority and imposing more stringent conditions on companies pursuing exploration and production activities in their respective countries, increasing the costs and uncertainties of our business operations, which is a trend we expect to continue. Potential increasing intervention by governments in such countries can take a wide variety of forms, including:

the award or denial of exploration and production interests,
the imposition of specific drilling obligations,
price and/or production quota controls,
nationalization or expropriation of our assets,
unilateral cancellation or modification of our license or contract rights,
increases in taxes and royalties, including retroactive claims,
the establishment of production and export limits,
the renegotiation of contracts,
payment delays, and
currency exchange restrictions or currency devaluation.

Imposition of any of these factors by a host government in a developing country where we have substantial operations, including exploration, could cause us to incur material costs or cause our production to decrease, potentially having a material adverse effect on our results of operations, including profits.

We have activities in certain countries which are subject to U.S. sanctions and our activities in Iran could lead to sanctions under relevant U.S. legislation.

We currently have investments in Iran and, to a lesser extent, Syria, Myanmar, Sudan and Cuba. U.S. legislation and regulations currently impose economic sanctions on these countries.

Under the Iran Sanctions Act of 1996 (as amended, ISA), which implements sanctions against Iran with the objective of denying it the ability to support acts of international terrorism and fund the development of weapons of mass destruction, investments of $20 million or more in any 12-month period in the petroleum sector in Iran are prohibited, and may lead to a request for the 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). In May 1998, the U.S. government waived the application of sanctions for TOTAL s investment in the South Pars gas field in Iran. 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. However, European Union Council Regulation No. 2271/96 prohibits TOTAL from complying with any requirement or prohibition based on or resulting directly or indirectly from certain legislation, including ISA. This regulation also prohibits TOTAL from applying to extend its waiver for South Pars to other activities.

In each of the years since the passage of ISA, TOTAL has made investments in Iran (excluding South Pars) in excess of $20 million. In 2007, TOTAL s average daily production in Iran amounted to 15 kboe/d, approximately 0.5% of its average daily worldwide

6

production. TOTAL may invest amounts significantly in excess of $20 million per year in Iran. TOTAL cannot predict interpretations of or the implementation policy of the U.S. government under ISA with respect to its current or 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 current applicable law and regulations, would have a material adverse effect on its results of operations or financial condition.

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, on Iran, Syria, Myanmar, Sudan and Cuba. TOTAL does not believe that these sanctions are applicable to any of its activities in these countries. In 2007, TOTAL s average daily production in Syria amounted to 15 kboe/d and that in Myanmar to 17 kboe/d, in each case less than 1% of its average daily worldwide production. TOTAL does not

have active operations in Sudan, but does have a production sharing contract for a block in South Sudan, where it will consider proceeding with exploration and production activities when suitable legal and security conditions have been established. TOTAL has limited marketing activities in Cuba.

In addition, in recent years certain U.S. states, including California, Iowa and Illinois, have passed legislation requiring state pension funds to divest themselves of investments in any company with active business operations in Sudan. On December 31, 2007, the U.S. Congress adopted the Sudan Accountability and

Divestment Act, which supports these state legislative initiatives. If such laws were to apply to TOTAL s presence in Sudan and were implemented resulting in certain state pension funds holding large interests in TOTAL selling such interests, such sales, if significant, could have an adverse effect on TOTAL s share price. For more information on TOTAL s presence in Sudan, see Item 4. Information on the Company Other Matters Regulations concerning Sudan.

ITEM 4. INFORMATION ON THE COMPANY

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 fourth 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, which operated under the name TotalFina from June 1999 to March 2000, and then under the name TotalFinaElf, has been operating under the name TOTAL since the shareholders meeting of May 6, 2003.

The Company s principal office is 2, place de la Coupole, La Défense 6, 92400 Courbevoie, France. Its telephone number is +33 (0)1 47 44 45 46.

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

(1) Based on market capitalization (in dollars) as of December 31, 2007.

Table of Contents

Business Overview

TOTAL s worldwide operations are conducted through three business segments: Upstream, Downstream, and Chemicals. The table below gives information on the

geographic breakdown of TOTAL s activities and is taken from Note 5 to the Consolidated Financial Statements included in this Annual Report.

(M)	France	Rest of Europe	North America	Africa	Far East and rest of the world	Total
2007						
Non-Group sales[a]	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**
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**
2005						
Non-Group sales[a]	34,362	53,727	17,663	8,304	23,551	**137,607**
Property, plant and equipment, intangible assets, net	6,300	14,148	4,748	9,546	10,210	**44,952**
Capital expenditures	1,967	2,178	1,691	2,858	2,501	**11,195**

(a) Non-Group sales from continuing operations.

Upstream

TOTAL s Upstream segment includes Exploration & Production and Gas & Power activities. The Group has exploration and production activities in more than 40 countries and produces oil or gas in 30 countries. The Group s Gas & Power division conducts activities

downstream from production related to natural gas, liquefied natural gas (LNG) and liquefied petroleum gas (LPG), as well as power generation and trading, and other activities.

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 discoveries accounted for approximately 60% of the 2,445 Mboe added to the Upstream segment s proved reserves during the three-year period ended December 31, 2007 (before deducting production and sales of reserves in place and adding any acquisitions of reserves in place during this period). The remaining 40% comes from revisions.

TOTAL continued to follow an active exploration program in 2007, with exploration investments of consolidated subsidiaries amounting to 1,233 M (including unproved property acquisition costs). The main exploration investments were made in Nigeria, Angola, the UK, Norway, Libya, Congo, Australia, Venezuela, China, Indonesia, Canada, Brunei, Algeria, the United States, Mauritania, Yemen, Kazakhstan, Brasil, 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), mostly in Nigeria, the UK, Angola, the United States, Libya, Venezuela, Norway, Algeria, Congo, Kazakhstan, Canada, Indonesia, Australia, Argentina, Cameroon, Mauritania, Gabon, China, Azerbaijan and Thailand. In 2005, TOTAL s exploration investments amounted to 644 M ,

Table of Contents

essentially in Nigeria, Angola, the UK, Norway, Congo, the United States, Libya, Algeria, Argentina, Kazakhstan, Colombia, Indonesia and the Netherlands.

The Group s consolidated Exploration & Production subsidiaries development expenditures amounted to 7 B in 2007, primarily in Angola, Norway, Nigeria, Kazakhstan, Congo, the UK, Indonesia, Gabon, Canada, Qatar, Venezuela and the United States. In 2006, development expenditures amounted to 6 B (including shares in the Ichthys LNG project in Australia), predominantly in Norway, Angola, Nigeria, Kazakhstan, Indonesia, Congo, Yemen, Qatar, the UK, Canada, Australia, the United States, Venezuela, Azerbaijan and Gabon. Development expenditures for 2005 amounted to approximately 5 B and were carried out principally in Norway, Angola, Nigeria, Kazakhstan, Indonesia, the UK, Qatar, Congo, Azerbaijan, Gabon, Canada and Yemen.

Reserves

The definitions used for proved, proved developed and proved undeveloped oil and gas reserves are in accordance with the applicable U.S. Securities & 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. 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 demands:

internal peer reviews of technical evaluations to ensure that the SEC definitions and guidance are followed, and

a requirement that management makes significant funding commitments towards the development of the reserves prior to booking.

TOTAL s oil and gas reserves are assessed annually, considering, in particular, 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 reflect 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 by the cost method. For further information concerning changes in TOTAL s proved reserves as of December 31, 2007, 2006 and 2005, see Supplemental Oil and Gas Information (Unaudited) .

Rule 4-10 of Regulation S-X requires that the appraisal of reserves be based on the economic environment and operating conditions existing at year end. Reserves at year-end 2007 have been determined based on the Brent price on December 31, 2007 ($93.72/b).

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 are located primarily in Europe (Norway, the UK, the Netherlands, Italy and France), Africa (Nigeria, Angola, 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 UK, the Netherlands, Italy and France), Africa (Nigeria, Angola, 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, 2005, TOTAL s combined proved reserves of crude oil and natural gas were 11,106 Mboe (50% of which were proved developed reserves). Liquids represented approximately 59% of these reserves and natural gas the remaining 41%. These reserves were located primarily in Europe (Norway, the UK, the Netherlands, Italy and France), Africa (Nigeria, Angola,

9

Table of Contents

Congo, Gabon, Libya, Algeria and Cameroon), Asia/Far East (Indonesia, Myanmar, Thailand and Brunei), North America (Canada and the United States), the Middle East (United Arab Emirates, Qatar, Yemen, Oman, Iran and Syria), South America (Venezuela, Argentina, Bolivia, Trinidad & Tobago and Colombia), and the 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

An increase in the year-end price results in a non-proportionate decrease of proved reserves associated

with production sharing and buyback agreements (which represent approximately 30% of TOTAL s reserves as of December 31, 2007). In accordance with such contracts, TOTAL is entitled to a portion of the production, the sale of which should cover expenses incurred by the Group. The higher the prices, the lower the number of barrels necessary to cover the same amount of expenses. Moreover, the number of barrels retrievable under these contracts may vary according to criteria such as combined-production, the investment-return rate or the return on combined-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 extensions is smaller than the decrease in reserves under production sharing or buyback agreements. For such reason, a higher year-end price generally imparts a decrease in TOTAL s reserves.

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, 2005	**6,592**	**24,750**	**11,106**
Change from December 31, 2004	(5.9%)	8.6%	(0.4%)
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%)

(a) Includes TOTAL s proportionate share of the proved reserves of equity affiliates and of two companies accounted for by the cost method. See Supplemental Oil and Gas Information (Unaudited) .

(b) Proved reserves as of December 31, 2007 are calculated based on a Brent crude price of $93.72./b, proved reserves as of December 31, 2006 are calculated based on a Brent crude price of $58.93/b and proved reserves as of December 31, 2005 are calculated based on a Brent crude price of $58.21/b, pursuant to Rule 4-10 of Regulation S-X.

Production

For the full year 2007, oil and gas average daily production was 2,391 kboe/d compared to 2,356 kboe/d in 2006, a 1.5% increase due to the following elements:

- +5% net production growth mainly due to start-ups of new TOTAL operated projects such as Dalia, Rosa and Dolphin;
- -2% due to the price effect, shutdowns due to security concerns in the Niger Delta and OPEC quota reductions;
- -1% due to changes in the portfolio; and
- -0.5% as a consequence of the May 2007 accident on the N kossa field in Congo.

In 2005, average production amounted to 2,489 kboe/d. Liquids accounted for approximately 63% and natural gas

accounted for approximately 37% of TOTAL s combined liquids and natural gas production in 2007 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 acreage 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 for a description of TOTAL s principal producing fields in the upstream sector.

Table of Contents

As in 2006 and 2005, substantially all of the crude oil production from TOTAL s Exploration & Production activities in 2007 was marketed by the Trading & Shipping activities of its Downstream segment. See Downstream Trading & Shipping .

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 UK, 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) .

Table of Contents

Production by geographic area

	2007			2006			2005		
Consolidated subsidiaries	**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)**
Africa	**658**	**636**	**783**	**603**	**479**	**694**	**672**	**418**	**751**
Algeria	32	136	58	35	129	59	38	141	64
Angola	198	29	203	108	24	112	144	23	148
Cameroon	13	2	14	13	2	13	12	2	12
Congo	74	17	77	93	22	97	91	20	95
Gabon	78	29	83	82	27	87	94	26	98
Libya	87		87	84		84	84		84
Nigeria	176	423	261	188	275	242	209	206	250
North America	**14**	**34**	**20**	**7**	**47**	**16**	**9**	**174**	**41**
Canada	2		2	1		1	< 1		< 1
United States	12	34	18	6	47	15	9	174	41
South America	**118**	**618**	**230**	**119**	**598**	**226**	**143**	**586**	**247**
Argentina	14	365	80	11	375	78	11	351	74
Bolivia	3	131	28	3	97	21	3	97	21
Colombia	10	46	19	13	43	22	19	38	26
Trinidad & Tobago	9	2	9	9	2	9	12	2	13
Venezuela	82	74	94	83	81	96	98	98	113
Asia/Far East	**28**	**1,287**	**252**	**29**	**1,282**	**253**	**29**	**1,254**	**248**
Brunei	2	60	14	3	65	15	3	54	13
Indonesia	20	882	180	20	891	182	20	890	182
Myanmar		136	17		121	15		109	13
Thailand	6	209	41	6	205	41	6	201	40
CIS	**10**	**46**	**19**	**7**	**2**	**8**	**8**	**2**	**9**
Azerbaijan	3	44	11	< 1	< 1	< 1			
Russia	7	2	8	7	2	8	8	2	9
Europe	**335**	**1,846**	**674**	**365**	**1,970**	**728**	**390**	**2,063**	**770**
France	6	115	27	6	124	30	7	117	29
The Netherlands	1	252	45	1	247	44	1	283	51
Norway	211	685	338	237	726	372	247	734	383
United Kingdom	117	794	264	121	873	282	135	929	307
Middle East	**83**	**91**	**99**	**88**	**11**	**90**	**98**	**28**	**103**
U.A.E.	11	10	13	14	6	15	14	7	16
Iran	15		15	20		20	23		23
Qatar	33	79	47	29	3	29	31	3	31
Syria	15	2	15	16	2	17	22	18	25
Yemen	9		9	9		9	8		8
Total consolidated production	**1,246**	**4,558**	**2,077**	**1,218**	**4,389**	**2,015**	**1,349**	**4,525**	**2,169**
Equity and non-consolidated affiliates									
Africa[a]	23	4	23	25	4	25	24	4	25
Middle East[b]	240	277	291	263	281	316	248	251	295
Total equity and non-consolidated affiliates	**263**	**281**	**314**	**288**	**285**	**341**	**272**	**255**	**320**
Worldwide production	**1,509**	**4,839**	**2,391**	**1,506**	**4,674**	**2,356**	**1,621**	**4,780**	**2,489**

(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.

Table of Contents

Presentation of production activities by geographic area

The table below sets forth, by geographic area, 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, 2007[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	Girassol, Jasmim,		
		Dalia, Rosa (Block 17) (40.00%)		L
		Blocks 3-85, 3-91 (50.00%)		L
			Cabinda (Block 0) (10.00%)	L
			Kuito, BBLT (Block 14) (20.00%)	L
Cameroon	1951	Bavo-Asoma (25.50%)		L
		Boa Bakassi (25.50%)		L
		Ekundu Marine (25.50%)		L
		Kita Edem (25.50%)		L
		Kole Marine (25.50%)		L
		Bakingili (25.50%)		L
			Mokoko - Abana (10.00%)	L
			Mondoni (25.00%)	L
Congo	1928	Nkossa (53.50%)		L
		Sendji (55.25%)		L
		Nsoko (53.50%)		L
		Tchendo (65.00%)		L
		Tchibeli-Litanzi-Loussima (65.00%)		L
		Tchibouela (65.00%)		L
		Yanga (55.25%)		L
			Loango (50.00%)	L
			Zatchi (35.00%)	L
Gabon	1928	Atora (40.00%)		L
		Baudroie Nord (50.00%)		L
		Gonelle (100.00%)		L
		Avocette (57.50%)		L
		Anguille (100.00%)		L
		Torpille (100.00%)		L
			Rabi Kounga (47.50%)	L
Libya	1959	Al Jurf (37.50%)		L
		Mabruk (75.00%)		L
			El Sharara (7.50%)	L
			NC 186 (9.60%)	L
Nigeria	1962	OML 58 (40.00%)		L, G
		OML 99 Amenam-Kpono (30.40%)		L, G
		OML 100 (40.00%)		L
		OML 102 (40.00%)	OML102 - Ekanga (40.00%)	L
			Shell Petroleum Development	
			Company fields (SPDC 10.00%)	L, G
			Bonga (12.50%)	L, G

13

Table of Contents

	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%)[c]		L
			Surmont (50.00%)	L
United States	1957	Matterhorn (100.00%)		L, G
		Virgo (64.00%)		G
South America				
Argentina	1978	Aguada Pichana (27.27%)		L, G
		Cañadon Alfa Complex (37.50%)		L, G
		Aries (37.50%)		L, G
		Carina (37.50%)		L, G
		Hidra (37.50%)		L
		San Roque (24.71%)		L, G
Bolivia	1995		San Alberto (15.00%)	L, G
			San Antonio (15.00%)	L, G
Colombia	1973		Cupiagua (19.00%)	L, G
			Cusiana (19.00%)	L, G
Trinidad & Tobago	1996		Angostura (30.00%)	L
Venezuela	1980		Zuata (Sincor) (47.00%)[d]	L
			Yucal Placer (69.50%)	G
Asia/Far East				
Brunei	1986	Maharaja Lela		
		Jamalulalam (37.50%)		L, G
Indonesia	1968	Bekapai (50.00%)		L, G
		Handil (50.00%)		L, G
		Peciko (50.00%)		L, G
		Tambora-Tunu (50.00%)		L, G
		Sisi-Nubi (47.90%)		L, G
			Badak (1.05%)	L, G
			Nilam (9.29%)	G
			Nilam (10.58%)	L
Myanmar	1992	Yadana (31.24%)		G
Thailand	1990		Bongkot (33.33%)	L, G
CIS				
Azerbaijan	1996		Shah Deniz (10.00%)	L, G
Russia	1989	Kharyaga (50.00%)		L
Europe				
France	1939	Lacq (100.00%)		L, G
Norway	1965	Skirne (40.00%)		G
			Aasgard (7.68%)	L, G
			Ekofisk (39.90%)	L, G
			Eldfisk (39.90%)	L, G
			Embla (39.90%)	L, G
			Gimle (4.85%)	L
			Glitne (21.80%)	L
			Heimdal (26.33%)	G
			Hod (25.00%)	L
			Huldra (24.33%)	L, G
			Kristin (6.00%)	L, G

Table of Contents

	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)
			Kvitebjørn (5.00%)	L, G
			Mikkel (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%)	L
			Vale (24.24%)	L, G
			Valhall (15.72%)	L
			Vigdis (5.60%)	L
			Visund (7.70%)	L, G
The Netherlands	1964	F15a (32.47%)		G
		J3c Unit (29.05%)		G
		K1a Unit (42.37%)		G
		K4a (50.00%)		G
		K4b/K5a (26.06%)		G
		K5b (25.00%)		G
		K6/L7 (56.16%)		G
		L4a (55.66%)		G
			Markham unitized fields (14.75%)	G
United Kingdom	1962	Alwyn North, Dunbar, Ellon, Grant,		L, G
		Nuggets (100.00%)		G
		Elgin-Franklin (EFOG 46.17%)[e]		L, G
		Forvie Nord (100.00%)		L, G
		Glenelg (49.47%)		L, G
		Otter (54.30%)		L
		West Franklin (EFOG 46.17%)[e]		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
			Keith (25.00%)	L, G
			Nelson (11.53%)	L
			SW Seymour (25.00%)	L
Middle East				
U.A.E.	1939	Abu Dhabi - Abu Al Bu Khoosh		L
		(75.00%)		
			Abu Dhabi offshore (13.33%)[f]	L
			Abu Dhabi onshore (9.50%)[g]	L
Iran	1954	Dorood (55.00%)[h]		L
			South Pars 2 & 3 (40.00%)[i]	L, G

Table of Contents

	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				
Oman	1937		Various fields onshore (Block 6) (4.00%)[(j)]	L
			Mukhaizna field (Block 53) (2.00%)[(k)]	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%)[(l)]		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 l below).
(b) In Algeria, TOTAL has an indirect 19.38% interest in the Ourhoud field and a 48.83% indirect interest in the RKF field via its participation in CEPSA (equity affiliate).
(c) After sale of 10% to Inpex.
(d) Process of the transformation into a mixed company PetroCedeño (30.32%) started in 2007 and achieved in February 2008.
(e) TOTAL has a 35.8% indirect interest in Elgin Franklin via its participation in EFOG.
(f) Via ADMA (equity affiliate), TOTAL has a 13.33% interest and participates in the operating company, Abu Dhabi Marine Operating Company.
(g) Via ADPC (equity affiliate), TOTAL has a 9.50% interest and participates in the operating company, Abu Dhabi Company for Onshore Oil Operation.
(h) TOTAL is the operator of the development of Dorood field with a 55.00% interest in the foreign consortium.
(i) TOTAL has transferred operatorship to the National Iranian Oil Company (NIOC) for phases 2 & 3 of the South Pars field. The Group has a 40.00% interest in the foreign consortium.
(j) 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 QalhatLNG (train 3).
(k) TOTAL has a direct participation of 2.00% in Block 53.
(l) Operated by DEZPC which is 50.00% owned by TOTAL and 50.00% owned by SPC.

Africa

TOTAL has been present in Africa since 1928. The African continent is one of the Group s fastest growing production zones. 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 806 kboe/d in 2007 against 720 kboe/d in 2006 and 776 kboe/d in 2005 (including its share in the production of equity affiliates), amounting to nearly 34% of the Group s overall production and making TOTAL one of the leading international oil companies in the region, based on production.

Since the end of 2006, TOTAL has started production on the Rosa and Dalia fields and has launched the development of Pazflor in Angola. Moreover, the developments of Ofon II and Usan have started in Nigeria.

In ***Angola*** the Group s production amounted to 205 kboe/d in 2007, up from 117 kboe/d in 2006 and 152 kboe/d in 2005. Production comes essentially from Blocks 17, 0 and 14. In 2005, 2006 and 2007, several discoveries were made, mainly on Blocks 14, 31 and 32.

Deep-offshore Block 17 (40%, operator) is TOTAL s principal producing asset. 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 264 kb/d (in 100%) in 2007. The Rosa field, which began production in 2007, is expected to allow the extension of Girassol s FPSO (Floating Production, Storage and Offloading facility) production plateau until the beginning of the next decade.

On the second production zone, the Dalia field, which began production in December 2006, reached its production plateau of 240 kb/d, with average production of 209 kb/d in 2007. This development, launched in 2003, is based on a system of sub-sea wells connected to a new FPSO.

Development of the third production zone, Pazflor, made up of the Perpetua, Zinia, Hortensia, and Acacia fields, was approved late in 2007. The development plan calls for an FPSO with production capacity of 200 kb/d. First production is scheduled for 2011.

The successful appraisal of the Orquidea-2 well confirmed the Group s interest in developing the Cravo, Lirio, Orquidea and Violeta fields through a fourth FPSO (CLOV). Pre-development studies for the development of this production zone continued in 2007 and engineering work was launched early in 2008.

Table of Contents

On Block 14 (20%), the development of the Benguela-Belize-Lobito-Tomboco (BBLT) project continued after the platform came onstream in January 2006. In 2007, production increased significantly with the ramp-up of BBLT. This growth should continue with the expected start-up of Tombua Landana in 2009 where development is ongoing.

On Block 32 (30%, operator) located in the ultra-deep offshore, after eight discoveries between 2003 and 2006, the successful drilling of the Louro, Cominhos, Colorau and Alho wells in 2007 further confirmed the oil potential of the block. Conceptual development studies continued to determine the feasibility of a first development zone in the eastern portion of the block.

From 2005 to 2007, TOTAL also acquired and disposed of acreage. 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.

Regarding the Group s activities in liquefied natural gas (LNG), the Angola LNG project (13.6%), designed to bring the country s natural gas reserves to market, was approved by the government of Angola and the Group s partners in December 2007. The project calls for the construction of a liquefaction plant near Soyo, with production expected to start in 2012.

In ***Congo***, the Group s share of production was 77 kb/d in 2007, down from 97 kb/d in 2006 and 95 kb/d in 2005. TOTAL is the largest operator of production in the country.

The Moho Bilondo (53.5%, operator) project is under development, with production expected to begin in the second quarter 2008. The production plateau is expected to reach 90 kb/d. On this permit, discoveries were made in 2007 on the Moho Marine North 1 and 2 wells. An appraisal well is expected to be drilled in 2008.

Several exploration successes were achieved in 2007. On the MTPS permit (40%, operator), two new discoveries, Cassiopeia East Marine 1 and Perseus North East Marine 1, followed the three discoveries made between 2000 and 2006 and may form the basis of a future development project.

An accident on a cargo hose on the Nkossa field on May 10, 2007 resulted in the death of two individuals working for a drilling company. After a complete shutdown of the field, production resumed on August 1, 2007 at an average rate of 22 kb/d. As of November 15, 2007, after the installation of a new cargo hose, resumed production had reached 45 kb/d. Production is expected to return to its full capacity of nearly 60 kb/d after the installation of another cargo hose, expected in the third quarter 2008.

Total Gabon[1] is one of the Group s oldest subsidiaries in sub-Saharan Africa. In **Gabon**, the Group s share of production fell from 98 kboe/d in 2005 and 87 kboe/d in 2006 to 83 kboe/d in 2007, due to the natural decline of mature fields.

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.

Total Gabon also launched the first phase of redevelopment of the Anguille field in 2007, which has been in production since 1966.

In ***Libya*** , the Group s share of production in 2007 rose to 87 kboe/d, slightly up from the levels recorded in 2006 and 2005.

New production facilities in the Mabruck field (75%, operator) were commissioned in June 2007. In addition, drilling operations continued to assess the deeper Dahra and Garian zones and prepare for their development.

On Block C 137 (75%[2], operator), drilling continued on the Al Jurf field to maintain the production plateau at 40 kboe/d.

On Block NC 186, following the I, J and K discoveries made in 2005 and 2006, development continued, in particular on structure I, whose development was approved in August 2007. Production on structures B and H started late in 2006.

On Block NC 115 (30%[2]), development work continued on the El Sharara field. Following an agreement in August 2007, structure R, an extension of structure I from Block NC 186, is expected to be developed together with structure I.

In the Murzuk Basin, the permit covering a portion of Block NC 191 (100%, operator) was extended for two years to assess the discovery made in 2006.

(1) 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%.
(2) Participation in the foreign consortium.

Table of Contents

In ***Nigeria***, the Group s share of production reached 261 kboe/d in 2007, compared to 242 kboe/d in 2006, and 250 kboe/d in 2005. TOTAL has been present in Nigeria since 1962. It operates seven production permits (OML) out of the 47 in which it holds an interest, and two exploration permits (OPL) out of five.

TOTAL holds a 15% interest in the NLNG gas liquefaction facility located on Bonny Island. The sixth train started production in December 2007, while studies launched in July 2005 for a seventh train with a capacity of 8.5 Mt/y continued in 2007.

In 2007, 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. Engineering studies (FEED) for this plant are currently being completed.

TOTAL acquired an interest in the OML 136 permit (40%) in 2007 as part of its strategy to supply gas to the LNG plants in which it has interests and, more generally, to develop its presence along the gas chain. The Toju discovery was made on this permit, and the Group is planning both to complete the appraisal of Toju and begin the appraisal of the Akarino discovery in 2008. TOTAL also continued development studies on the Ima gas field located on OML 112/117 (40%) in 2007.

As part of its joint venture with the Nigerian National Petroleum Corporation (NNPC), in 2007 the Group announced the launch of the Ofon II project on the OML 102 permit. Production from this project, which is expected to contribute an additional 70 kboe/d (in 100%), is expected to begin in 2010.

TOTAL is actively pursuing development work on its deep-offshore discoveries, notably the development of the Akpo field on OML 130 (24%, operator). The main engineering and construction contracts for the development of Akpo, which were signed in 2005 with the objective of reaching a production plateau of 225 kboe/d (in 100%), are being carried out. Production on the Akpo project is expected to start in the 2008-2009 winter. TOTAL also launched the Usan project (OML 138, 20%, operator) in February 2008.

In 2007, the successful appraisal of the Egina field (OML 130, 24%), located in the deep offshore may become the basis of a stand-alone development.

As part of its regional strategy, in 2007 TOTAL closed the acquisition of interests in the OPL 247 permit (36%) and, early in 2008, the OPL 257 permit (40%). These permits are adjacent to the Triangular Bulge zone permits (OPLs 221 and 223 and OMLs 138 and 139). A seismic survey was performed and the results are being assessed.

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. Beginning in August 2007 and expected to continue in 2008, these facilities are being progressively brought back on line.

The Group is present in ***Algeria*** with production of 79 kboe/d in 2007, down from the volumes recorded in previous years (80 kboe/d in 2006 and 85 kboe/d in 2005).

In ***Cameroon***, TOTAL has been present since 1951 and operates production of 60 kb/d, or nearly 70% of the country s overall production. In 2007, the Group s share of production was 14 kb/d compared to 13 kb/d in 2006 and 12 kb/d in 2005 due to the start-up of new discoveries which offset the natural decline of mature fields.

The Group is also conducting exploration activities in ***Mauritania*** and recently had its rights to an exploration permit in the ***Southern Sudan*** region upheld, although no activity is currently underway in this country.

North America

The Group has been present in North America since 1957, with production of 20 kboe/d in 2007, compared to 16 kboe/d in 2006 and 41 kboe/d in 2005. The strong decrease in production in 2005 and 2006 was principally due to shutdowns related to hurricane damage in the

Gulf of Mexico and the sale of mature assets in 2006. In this zone, the strategy of the Group is to strengthen its position in deep-offshore permits in the Gulf of Mexico and in Canadian oil sands.

In ***Canada***, the Group is participating in oil sands projects in Athabasca, Alberta, through its share in Surmont (50%) and Joslyn (74%, operator, after selling a 10% interest to INPEX in 2007). These permits are its principal assets. In 2005, TOTAL acquired 83% of Deer Creek Energy Ltd, a company which held 84% of Joslyn. The remaining 17% was acquired through a squeeze-out procedure. Production in Canada in 2007 amounted to 2 kboe/d.

On the Surmont permit, TOTAL has been participating in a pilot project to extract bitumen using Steam Assisted Gravity Drainage (SAGD) since 1999. Engineering and construction activities were completed in June 2007, allowing the steam injection to gradually start up on the first 20 pairs of wells. The SAGD production for the first pair of wells was completed on October 15, 2007 and commercial production started in November 2007. In addition, in 2005 the Group acquired 50% of the OSL 001 and OSL 006 permits, adjacent to Surmont and now included in the project. Over the 2005-2007 period, the Group acquired several permits adjacent to Surmont.

Table of Contents

The Joslyn permit, located approximately 140 km north of Surmont, is expected to be developed principally (nearly 90%) through mining techniques. The first phase using SAGD began production in November 2006 and the additional phases, the Joslyn North Mine and the Joslyn South Mine, are expected to be approved in 2009 and 2014, respectively.

In 2006, TOTAL conducted studies leading to the decision to locate a delayed coker technology upgrader with a capacity of approximately 245 kb/d in Edmonton. This upgrader is expected to be built in two phases to correspond to the increase in mining production on the Joslyn permit. The pre-project study phase started in April 2007, the public announcement made on May 7, 2007 and the Energy Resources Conservation Board filing was made on December 14, 2007. The final decision to launch this project will be made after basic engineering studies are completed in 2009.

In the *United States*, from 2005 to 2007 the Group s activity mainly consisted of reorganizing its portfolio, selling mature fields and acquiring acreage, notably offshore in the Gulf of Mexico. In 2007, the Group s production rose to 18 kboe/d, up from 15 kboe/d in 2006 and down from 41 kboe/d in 2005.

In 2005, TOTAL acquired a 17% share in the deep-offshore Tahiti field located in the Gulf of Mexico (where production is scheduled to begin in 2009) through an agreement to exchange four onshore fields in southern Texas.

In August 2006, TOTAL increased its share in the offshore Chinook project from 15% to 33.33%. In September 2007, the Group committed to develop the first phase with a production test scheduled for 2010.

In April 2007, TOTAL was awarded 32 exploration blocks in Alaska and 12 deep-offshore exploration blocks in the Gulf of Mexico.

In March 2008, TOTAL acquired a 30% interest in several onshore exploration blocks in Alaska, referred to as White Hills. These blocks are located 45 km southwest of Prudhoe Bay.

Over the 2005-2007 period, the Group sold its interests in several assets, including two mature fields, Bethany and Maben, located, respectively, in eastern 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 December 2003.

South America

The Group s production in South America reached 230 kboe/d in 2007 compared to 226 kboe/d in 2006 and 247 kboe/d in 2005, totalling nearly 10% of its overall production for the year. In Venezuela, the conversion of Sincor into a mixed company, PetroCede*ño*, in which TOTAL now holds a 30.323% interest, was finalized in 2008. In Bolivia, 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. These new exploration and production contracts with the Bolivian government became effective on May 2, 2007. In another development the Group increased its interest in Block XX West (operator) to 75% in 2006. In Chile, the Group was awarded the Otway Block late in 2007.

TOTAL has been present in ***Argentina*** since 1978 and operates approximately 25% of the country s gas production. Production averaged 80 kboe/d in 2007, compared to 78 kboe/d in 2006 and 74 kboe/d in 2005.

In the Neuquen Basin, the start-up of compression projects is expected to extend the production plateau of the San Roque (24.7%, operator) and of the Aguada Pichana (27.3%, operator) fields.

On the San Roque field, a medium-pressure compression project launched in 2003 was commissioned in August 2006. The development of the Rincon Chico North discovery and a low-pressure compression project, launched in January 2006, is underway, with production scheduled to begin in the second quarter 2008.

On the Aguada Pichana field, a low-pressure compression project, launched in 2005, was commissioned in August 2007. Development of the first phase of the Aguada Pichana North discovery, launched in September 2006, began production late in 2007. It was followed by a second development phase, launched in 2007, with start-up of production expected late in 2009.

In Tierra del Fuego, production form the offshore Carina and Aries fields (37.5%, operator) began in June 2005 and January 2006, respectively. 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 Mm^3/d to 15 Mm^3/d.

In ***Bolivia***, the Group s production averaged 28 kboe/d, compared to 21 kboe/d in 2006 and 2005. TOTAL has 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% were acquired in 2006, operator), Aquio and Ipati (80%, operator) and Rio Hondo (50%).

Table of Contents

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. These new exploration and production contracts with the Bolivian government became effective on May 2, 2007, after approval and notarization by the Bolivian legislature.

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.) The Group s share of production averaged 94 kboe/d in 2007, compared to 96 kboe/d in 2006, and 113 kboe/d in 2005.

- 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.

The Venezuelan authorities had modified the initial agreement for the Sincor project several times. In May 2006, the 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 and the transfer of operations to the mixed company. Under this agreement, TOTAL s interest in the project decreased from 47% to 30.323% and PDVSA s interest increased to 60%. The conversion 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 oil, $834 million.

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

TOTAL produces hydrocarbons in ***Colombia*** and in ***Trinidad & Tobago***. In 2007, the Group s production reached 19 kboe/d and 9 kboe/d, respectively. TOTAL is also active in exploration in these countries.

The Group is also present in ***Brazil,*** and was awarded the Otway (100%) exploration permit in ***Chile*** in 2007, located west of Punta Arena and approximately 160 km west of Total Austral s onshore facilities in Tierra del Fuego (Argentina).

Asia/Far East

In 2007, TOTAL s production in the Asia/Far East zone, essentially from Indonesia, was 252 kboe/d, compared to 253 kboe/d in 2006 and 248 kboe/d in 2005, corresponding to 11% of the Group s overall production in 2007.

Highlights of the 2005-2007 period included the acquisition of interests in several exploration permits in Vietnam, Australia, Indonesia and Bangladesh and the acquisition of a 24% interest in the Ichthys LNG project in Australia.

TOTAL began Exploration & Production activities in China, with the appraisal and development of the South Sulige block. During this period new discoveries were also made on the Mahakam permit in Indonesia and in Thailand.

In 2007, TOTAL increased its presence in ***Australia*****,** where it holds interests in 15 permits offshore the northwest coast of Australia, three of which are operated by the Group.

- In the Browse Basin, the appraisal is underway for the Ichthys gas and condensates field, located on the WA-285P permit in which TOTAL has held a 24% interest since August 2006. The base-case development concept under study for this LNG project provides for the production of 8.4 Mt/y LNG, condensates and liquefied petroleum gas (LPG) through sub-sea development. Production is expected to be transported through gas pipelines to the Maret Islands where the treatment and liquefaction plants are to be installed. An alternative solution with the processing and LNG plants built in the Darwin area is also under study. An additional appraisal well is scheduled to be drilled in 2008 and production is expected to begin in the middle of the next decade.

In 2006 and 2007, TOTAL acquired interests in various permits near Ichthys. The Group also acquired an 80% interest, as the operator, in the lower levels of Block AC/P-37.

In the Carnarvon Basin, in 2005 and 2006 the Group acquired interests in various permits, including WA-370P (30%) next to WA-269P (30%). The Ixion-1 well was drilled on the WA-370P permit in 2007. This well is expected to lead to an increase of the Group s share in the WA-269P permit, bringing its interest to 40%.

In the Bonaparte Basin, TOTAL was awarded two permits, WA-402P and WA-403P (100%) in July 2007. A 3D seismic acquisition is planned for 2008.

Table of Contents

TOTAL has been present in ***Indonesia*** since 1968. Indonesia represented 8% of the Group s production in 2007, amounting to 180 kboe/d, similar to 2006 and 2005.

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 2007, the TOTAL-operated production on the Mahakam permit amounted to 2,591 Mcf/d and the gas delivered by TOTAL to Bontang LNG accounted for 80% of the plant s supply.

On the Mahakam permit, the development of the Peciko field continued in 2007 with the drilling of additional wells. These wells are part of the fifth development phase, approved in 2006, which also includes the installation of a new platform. New compression capacities (phase 6) are currently being developed and are scheduled to be commissioned in 2009.

On the neighbouring Tunu field, the eleventh development phase for the installation of new onshore compression units, launched in 2005, is continuing.

In 2007, TOTAL made two new gas discoveries in the southern portion of the Mahakam permit (50%, operator), offshore the East Kalimantan zone.

The project to extend the Tambora field, launched in 2004, continued with drilling in 2007 of additional wells from the three new platforms commissioned mid-2006. The Tambora field is expected to reach its production plateau of 170 Mcf/d in 2008.

In 2007, TOTAL farmed out 22% of its share in the East Sepanjang offshore block, located northeast of the island of Java, to INPEX. The Group now holds a 27% interest in this permit where a seismic acquisition campaign was conducted. Early in 2007, TOTAL was awarded the South East Mahakam exploration block (50%, operator), located in the Mahakam delta.

Late in 2007, TOTAL signed heads of agreement with the Indonesian authorities, granting access to data from TOTAL s pilot program to capture, inject and store carbon dioxide in the Lacq area in France.

In ***Thailand***, the Group s production reached 41 kboe/d in 2007, similar to 2006 and 2005.

Late in 2007, the Thai authorities agreed to extend the production period of the Bongkot field, in which the Group holds a 33% interest, by ten years (from 2013 to 2023).

Production on this field from the new phase 3E began in February 2007. Production from another new development phase, 3F, is expected to start in

May 2008. After gas was discovered early in 2007 on Blocks 15 and 16, an additional new development phase, 3G, was launched in April 2007. Production from this development phase is expected to start early in 2009.

Appraisal work continued in 2007 with the drilling of five wells in the southern portion of the field and two wells in the northern portion. The development plan for the southern portion is currently being finalized and production is expected to start in 2011 (development phase 4A).

TOTAL also produces hydrocarbons in **Brunei** and ***Myanmar***. Production amounted to 14 kboe/d and 17 kboe/d in 2007, respectively.

In ***China*****,** the Group is active on the South Sulige block, located in the Ordos Basin, in the Inner Mongolia province. Appraisal work, started in September 2006, continued in 2007 with seismic acquisition, the drilling of two new wells and tests on existing wells.

In ***Vietnam*****,** early in October 2007 TOTAL and PetroVietnam signed an agreement granting TOTAL a 35% interest in the production sharing contract for the offshore exploration block 15-1/05.

TOTAL also acquired two exploration blocks in ***Bangladesh*** in 2007. The Group is also involved in exploration in ***Malaysia***.

Commonwealth of Independent States (CIS)

In 2007, TOTAL s production in this zone reached 19 kboe/d, representing 1% of the Group s overall production, compared to 8 kboe/d in 2006 and 9 kboe/d in 2005. TOTAL and Gazprom signed a cooperation agreement in 2007 for the first phase of development on the Shtokman field. The Shah Deniz project in Azerbaijan began production in December 2006.

In ***Azerbaijan*****,** where TOTAL has been present since 1996, production averaged 11 kboe/d in 2007. TOTAL s activities in Azerbaijan 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.

Table of Contents

Construction of the BTC (Baku-Tbilissi-Ceyhan) pipeline began in August 2002 and was completed in 2006. This pipeline, owned by BTC Co. in which TOTAL holds a 5% interest, links Baku to the Mediterranean Sea. In 2007, it was used to drain off the condensates produced at Shah Deniz.

In July 2007, the initial deliveries of gas produced at the Shah Deniz field were made to Turkey. The first gas sales to Azerbaijan were made late in 2006.

In November 2007, positive results were received from an appraisal well on the Shah Deniz field, which could lead to the launch of a second development phase for this field.

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

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 2007 and production is expected to begin late in 2011.

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 implementation of this Memorandum of Understanding will decrease TOTAL s share in this permit from 18.52% to 16.81%.

TOTAL has been present in ***Russia*** since 1989. In 2007, production from the Kharyaga field (50%, operator) averaged 8 kboe/d, compared to 8 kboe/d in 2006 and 9 kboe/d in 2005.

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. This first phase of development is expected to lead to the production of 23.7 Bm^3/y of natural gas, approximately 50% of which will be used to supply a LNG plant with a capacity of 7.5 Mt/y.

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%) and is expected to be completed around 2011.

Europe

In 2007, TOTAL s production in Europe was 674 kboe/d, representing 28% of the Group s overall production. In Norway, highlights of the 2005-2007 period included the start-up of the Snøhvit and Kristin fields, the increase of the Group s interest in the PL211 permit (Victoria) and new developments on existing fields. Also during this period, the Norwegian Parliament approved the Tyrihans development plan and the redevelopment project for Valhall.

In the UK, production began from satellites of the Alwyn (Forvie North) and Elgin-Franklin (Glenelg) facilities, as well as on the Maria field. TOTAL made several major discoveries in these two countries, including Jura West in the UK, and was awarded new exploration permits.

The Group has operated fields in ***France*** since 1939, notably the Lacq (100%) and Meillon (100%) gas fields, located in southwest France. The Group s production was 27 kboe/d in 2007, down from 30 kboe/d in 2006 and 29 kboe/d in 2005.

The Group s most significant production activity in France has been on the Lacq field, which began in 1957. On the Lacq platform, a pilot project to capture, inject and store carbon dioxide is proceeding. In connection with this project, a gas burning plant will be modified to operate in an oxy-combustion environment and the carbon dioxide produced will be re-injected in the depleted Rousse field. Start-up is expected late in 2008. As part of the Group s sustainable development policy, this project will permit the overall evaluation of one of the possibilities to reduce 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 in the southern Apennins (Basilicate region), is TOTAL s principal asset.

The agreement signed in September 2006 with the Basilicate region allows development of the field to begin. The development plan related to the extension of the Tarente refinery export system is expected to be submitted to the Italian government in the second half 2008. The partners in the Tempa Rossa field will then make the final investment decision regarding the project. Meanwhile, preliminary engineering and site preparation work is expected to be conducted. Production is scheduled to begin in 2011, with a production plateau of 50 kb/d.

In ***Norway***, where the Group has been present since the late 1960s, TOTAL holds interests in 71 production permits on the Norwegian continental shelf, 13 of

22

Table of Contents

which it operates. Norway is the largest contributor to the Group s production, with 338 kboe/d in 2007, compared to 372 kboe/d in 2006 and 383 kboe/d in 2005.

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 2007, benefiting from the start-up of the Ekofisk Area Growth project (EAG) in October 2005.

In the Haltenbanken area in the Norwegian Sea, the Aasgard (7.7%), Mikkel (7.7%) and Kristin (6%) fields contributed nearly 13% of the Group s Norwegian production. Kristin, a high-pressure/high-temperature field, began production in November 2005. In addition, production on the Tyrihans oil, gas and condensates field (23.2%) is expected to begin in 2009.

In 2006, the Group increased its interest in the PL211 license from 20% to 40%. This license includes the undeveloped Victoria discovery, for which TOTAL is now the operator. Appraisal work is expected to begin in 2008.

In the Barents Sea, the Snøhvit project (18.4%) includes both the development of the natural gas field and the construction of the associated liquefaction facilities. Production began in August 2007.

Between 2005 and 2007, exploration and appraisal work occurred on various permits, notably the Onyx SW discovery (PL 255, 20%) made in 2005, 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.

TOTAL has been present in the ***United Kingdom*** since 1962. The Group s production reached 264 kboe/d in 2007, down from the levels recorded in 2006 and 2005, amounting to 282 kboe/d and 307 kboe/d, respectively. The UK accounts for nearly 11% of the Group s overall production. 85% 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. TOTAL has also been continuing exploration and appraisal activities in the West Shetland zone for several years.

On the Alwyn zone, the start of production from satellites or new reservoir compartments allowed overall production to remain at a level near to the processing and compressing capacities of the platform (530 Mcf/d of gas). The N50 exploration well drilled in 2006 also revealed new reserves northwest of the Alwyn field which were brought into production in 2007.

The most significant discovery in this zone was made on the Jura well (100%), completed late in 2006, which encountered a column of more than 300 m of gas and condensates. A second sub-sea well is being completed. Jura is expected to begin producing in the second quarter 2008 and reach a production plateau of 45 kboe/d.

The development of the Elgin-Franklin zone, in production since 2001, has 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 long-offset well and continued in 2006 with the drilling of West Franklin. The Glenelg well started production in March 2006 and the West Franklin well in September 2007, at the rate of 13 kboe/d. A second well is being drilled on West Franklin and is expected to start production mid-2008.

On the Franklin field, the first infill well was completed in 2007. Drilling of such a well in a high pressure/high temperature depleted field constituted a world first and allowed production to increase by 15 kboe/d.

In 2005, TOTAL acquired the right to obtain 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 bring 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 half 2008. If the development of Kessog were decided, TOTAL would be the operator.

In the West Shetland zone, an exploration well was drilled in 2007 on the Tormore prospect, located 15 km southwest of the Laggan field. The Tormore discovery and the development studies carried out in 2006 and 2007 allow considering a stand-alone development of the combined Laggan-Tormore zone.

TOTAL was also awarded two permits as operator in 2007, thereby strengthening its presence in the zone.

TOTAL is also present in ***The Netherlands*****,** where its production was 45 kboe/d in 2007.

Table of Contents

Middle East

Since 1924, TOTAL has been developing long-term partnerships in the Middle East. The Middle East is one of the major growth zones for the Group in the medium term, with the Yemen LNG and Qatargas II projects expected to start production in the 2008-2009 winter and 2009, respectively. Highlights of 2007 included the start-up of the Dolphin gas project in Qatar.

In 2007, TOTAL s production in the Middle East (including production of equity affiliates and unconsolidated subsidiaries) was 390 kboe/d, representing 16% of the Group s overall production, compared to 406 kboe/d in 2006 and 398 kboe/d in 2005.

In the ***United Arab Emirates*****,** where the Group has been present since 1939, TOTAL s production was 242 kboe/d in 2007 compared to 267 kboe/d in 2006 and 249 kboe/d in 2005.

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 Abu Dhabi Gas Liquefaction Company (ADGAS, 5%), which produces LNG, GPL and condensates.

The Group also holds a 33.3% interest in Ruwais Fertilizer Industries (FERTIL), which produces ammonia and eurea. 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 ***Iran*****,** the Group s 2007 production came from buyback contracts. Production was 15 kb/d in 2007, compared to 20 kb/d in 2006 and 23 kb/d in 2005, principally due to the impact of higher oil prices.

Concerning the Pars LNG liquefied natural gas project, engineering studies for the natural gas liquefaction plant and the development of Block 11 of South Pars are underway.

TOTAL has been present in ***Qatar*** since 1936 and holds interests in the Al Khalij field, the North field, the Dolphin project, the Qatargas I liquefaction plant and the second train of Qatargas II. The Group s production in Qatar (including its share in the production of equity affiliates) averaged 74 kboe/d in 2007, compared to 58 kboe/d in 2006 and 57 kboe/d in 2005. This production is expected to increase significantly with the ramp-up of Dolphin.

The Dolphin project (24.5%) began production in summer 2007. On the North field, the Group signed a contract with state-owned Qatar Petroleum in December 2001 providing for the sale of 2,000 Mcf/d of gas produced by the Dolphin project (24.5%), for a 25-year period. This gas is carried to the United Arab Emirates through a 360 km pipeline.

TOTAL signed four contracts to purchase 5.2 Mt/y of LNG in July 2006. In December 2006 it formalized its acquisition of a 16.7% interest in the second train of Qatargas II, pursuant to a memorandum of understanding signed in February 2005. This integrated project includes the development of two new LNG trains, each with a capacity of 7.8 Mt/y. Production is expected to begin in the first half 2009.

TOTAL has been present in ***Yemen*** since 1987 and is operator of nearly 10% of the country s production. The Group 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 holds interests in the Yemen LNG project.

Yemen LNG, operated by TOTAL with a 39.62% interest, was launched in August 2005. This project calls for the construction of two liquefaction trains with a combined capacity of 6.9 Mt/y, all of which has been sold under long-term contracts. Production is expected to begin in winter 2008-2009.

In 2007, TOTAL concluded an agreement to acquire a 40% interest in onshore exploration blocks 69 and 71.

In ***Saudi Arabia*** **,** TOTAL had a 30% interest in a joint venture with the state-owned Saudi Aramco for natural gas exploration in a 200,000 km^2 area in southern Rub Al-Khali. Following unsatisfactory drilling, the Group decided to withdraw from the joint venture.

In ***Oman*****,** the Group is present in gas production, notably through the Oman LNG/Qalhat LNG gas liquefaction plant. Production has been stable in this country over the 2005-2007 period, amounting to 34 kboe/d in 2007.

TOTAL is present in ***Syria*** on the Deir Ez Zor permit (100%, operated by DEZPC, 50% of which is held by TOTAL) and produced 15 kboe/d in 2007.

In ***Iraq*** **,** TOTAL signed a memorandum of cooperation with the Petroleum Ministry to share the information from studies conducted by TOTAL on the Majnoon and Bin Umr fields. TOTAL is also involved in a significant training program for Iraqi engineers in this country.

The Group is also present in **Kuwait.**

Table of Contents

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, 2007 Pipeline(s)	Origin	Destination	% interest	TOTAL operator	Liquids	Gas
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	
Kvitebjorn pipeline	Kvitebjorn	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-K4K5	Den Helder	4.66			x
WGT K13-Extension	Markham	K13-K4K5	23.00			x
UNITED KINGDOM						
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	46.17	x	x	
Frigg System: UK line	Frigg UK, 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
GABON						
Mandji Pipe	Mandji fields	Cap Lopez Terminal	100.00[b]	x	x	
Rabi Pipe	Rabi	Cap Lopez Terminal	100.00[b]	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	Uruguyana (Brazil)	32.68	x		x
Bolivia						
Transierra	Yacuiba (Bolivia)	Rio Grande (Bolivia)	11.00			x
Brazil						
TBG	Bolivia-Brazil border	Porto Alegre via Sao 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	Magdalena Media	Vasconia	0.96		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 Norsea Gas AS, which holds 2.839% in Gassled.
(b) Interest of Total Gabon. The Group has a financial interest of 57.96% in Total Gabon.

25

Table of Contents

Gas & Power

In 2007, TOTAL modified the organization of its Gas & Power division. The Gas & Power division encompasses the marketing, trading and transport of natural gas and liquefied natural gas (LNG), LNG re-gasification, natural gas storage and the maritime transport and trading of liquefied petroleum gas (LPG). It also includes power generation from gas-fired combined-cycle plants and renewable energies, the trading and marketing of electricity as well as the production and marketing of coal.

The Gas & Power division remains focused on the optimization of gas resources but is also working on developing a new generation of energies to contribute to the Group s commitment regarding sustainable development, in particular the fight against global warming. The division is using its expertise to optimize traditional research and explore new approaches, both in renewable energies and in other energy sectors. Additional resources are being allocated to the division and its research and development efforts are being increased.

A Research & Development department has been created within the Gas & Power division to support the industrial and commercial activities of the division by decreasing costs and improving the performance of products and processes. It also focuses on contributing to the division s and the Group s growth by helping to anticipate technological and market trends while also developing appropriate technical solutions. The new Research & Development department will focus in particular on natural gas, chemical conversion of coal to liquids, carbon dioxide capture, biomass, solar energy and energy storage.

TOTAL is continuing to develop the global presence of its Gas & Power activities, with the objective of becoming a key player in these sectors.

Natural Gas

In 2007, TOTAL pursued its strategy of developing its activities downstream from natural gas production to optimize access for the Group s present and future gas production and reserves to traditional (organized around long-term contracts between producers and integrated gas companies) as well as newly (or soon to be) deregulated markets.

The majority of TOTAL s natural gas production is sold under long-term contracts. However, a part of its UK,

Norwegian and Argentine production as well as substantially all of its North American production are sold on a spot basis.

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. Although the price of natural gas tends to fluctuate in line with crude oil prices, there tends to be a delay before changes in crude oil prices are reflected in long-term natural gas prices.

The general trend towards the deregulation of natural gas markets worldwide tends to allow customers to more freely access suppliers, leading to new marketing structures that are more flexible than traditional long-term contracts.

In this context, TOTAL is developing its trading, marketing and logistics activities to offer its natural gas production to new customers, primarily in the industrial and commercial markets, who are looking for more flexible supply arrangements.

Europe

TOTAL has been active in the downstream sector of the gas value chain for more than 60 years. Natural gas transport, marketing and storage activities were initially developed to complement the Group s domestic production in Lacq (France). The Group has continued to develop these activities, which are now part of its comprehensive downstream gas chain.

Since April 2005, the Group s transport and storage activities in southwest France have been brought under TIGF, a wholly-owned subsidiary, which operates a regulated transport network of 4,905 km of pipes and two storage units with 85 Bcf (2.4 Bm^3) of combined usable capacity, approximately 20% of the overall natural gas storage capacity in France[(1)].

Highlights of 2007 included the start-up of on-site work on the Guyenne trunk main line, a project to increase the flow of natural gas on the TIGF network.

In 2007, TOTAL sold 245 Bcf of gas (7 Bm^3) to French customers through its marketing subsidiary Total Énergie Gaz (TEGAZ), compared to 243 Bcf (6.9 Bm^3) in 2006 and 260 Bcf (7.4 Bm^3) in 2005.

26

(1) International Gas Union 2006.

Table of Contents

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%), CEPSA (35%) and the Algerian national oil company, Sonatrach, (30%). Taking into account TOTAL s 48.83% interest in CEPSA, the Group has a direct and indirect interest of approximately 52% in this company. In 2007, Cepsa Gas Comercializadora sold approximately 155 Bcf (4.4 Bm^3) of natural gas, compared to approximately 119 Bcf (3.4 Bm^3) in 2006 and 63 Bcf (1.8 Bm^3) in 2005. CEPSA also has a 20% interest in the Medgaz pipeline project, and is involved in studies conducted in connection with this project, which is expected to directly connect Algeria to Spain.

In the UK, 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 2007, Total Gas & Power Ltd sold 124 Bcf (3.5 Bm^3) of natural gas to industrial and commercial customers, compared to 135 Bcf (3.8 Bm^3) in 2006 and 189 Bcf (5.4 Bm^3) in 2005. Electricity sales amounted to 3.6 TWh in 2007, compared to 3.2 TWh in 2006 and 1.7 TWh in 2005. 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 1,606 Bcf (45.5 Bm^3) of natural gas in 2007, compared to 925 Bcf (26.2 Bm^3) in 2006 and 621 Bcf (17.6 Bm^3) in 2005, supplied by its own production and external sources.

In Mexico, Gas del Litoral, a company in which TOTAL holds a 25% interest, sold approximately 95 Bcf (2.7 Bm^3) of natural gas in 2007, its first full year in activity, compared to 25.5 Bcf (0.7 Bm^3) in 2006.

In South America, TOTAL owns interests in several natural gas transport companies in Argentina, Chile and Brazil, including 15.4% in Transportadora de Gas del Norte (TGN), which operates a gas transport network covering the northern half of Argentina; 56.5% of the companies which own the GasAndes pipeline, connecting the TGN network to the Santiago del Chile region, and 9.7% of 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 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.

Asia

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

In India, Hazira Gas, in which TOTAL holds a 26% interest, sold approximately 78 Bcf (2.2 Bm^3) of natural gas during its second full year in operation, compared to 28 Bcf (0.8 Bm^3) in 2006.

Liquefied Natural Gas (LNG)

The Gas & Power division conducts LNG activities downstream from liquefaction plants[1]: 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 which are the largest consumers of natural gas: North America (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 June 2006, TOTAL acquired a 30.3% interest in the Société du Terminal Méthanier de Fos Cavaou (STMFC) in France. This terminal is expected to have a re-gasification capacity of 8.25 Bm^3/y (6.1 Mt/y), of which 2.25 Bm^3/y (1.7 Mt/y) have been reserved by TOTAL through its subsidiary Total Gas & Power Ltd. The terminal is scheduled to begin commercial operations in 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 UK. The terminal is scheduled to come onstream in the second half 2008.

TOTAL also has a 18.4% interest in the Snøvhit project (Norway), where LNG production started in September 2007 with the first deliveries made in October 2007. As

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

Table of Contents

part of this project, Total Gas & Power Ltd signed a purchase agreement for 1 Bm^3/y of natural gas, primarily destined for North American and European markets. TOTAL, through its subsidiary Total E&P Norge AS, chartered an LNG tanker, the Arctic Lady, to transport this LNG. This tanker has a capacity of 145,000 m^3 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 10 Bm^3/y, which could be increased to 15 Bm^3/y in the future. The terminal is currently scheduled to come onstream in 2012.

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 6.7 Bm^3/y. This capacity has been entirely reserved by Gas del Litoral, in which TOTAL has a 25% interest. The terminal received 33 cargos in 2007.

In the United States, TOTAL has reserved re-gasification capacity of 10 Bm^3/y (1 Bcf/d) at the Sabine Pass LNG terminal in Louisiana, beginning in April 2009 for a renewable 20-year period. The construction of this terminal, which began in April 2005, is expected to be completed in 2008. The LNG to supply Sabine Pass is expected to come from LNG purchase agreements providing for shipments from various producing projects in which TOTAL holds interests, in particular in the Middle East, Norway and West Africa.

Asia-Pacific

The Hazira re-gasification terminal, located on the west coast of the Gujarat state in India, was inaugurated in April 2005. It has an initial re-gasification capacity of approximately 3.4 Bm^3/y. Since May 2005, TOTAL has held a 26% interest in this merchant terminal whose activities include taking delivery of 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 2007, the Hazira terminal was essentially operated on the basis of short-term (spot) contracts, both for the sale of gas on the Indian market and the purchase of LNG from international markets. The terminal received 28 cargos in 2007, compared to 12 in 2006 and 3 in 2005.

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. The Qatargas II project is expected to come onstream in the first half 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 2008-2009 winter.

In Iran, as part of the agreements for the future Pars LNG project (in which TOTAL has an interest), in August 2005 Total Gas & Power Ltd signed a long-term purchase agreement for approximately 3 Mt/y of LNG. This agreement is subject to the final investment decision for the project to construct two liquefaction trains, each with a capacity of 5 Mt/y.

Africa

In Nigeria, TOTAL holds a 15% interest in Nigeria LNG Ltd (NLNG), located on Bonny Island. With train 4 having come onstream in November 2005, followed by train 5 in February 2006, the liquefaction capacity of NLNG has increased to 17.9 Mt/y. A sixth liquefaction train with a capacity of 4Mt/y was approved in 2004 and came onstream in December 2007.

As part of the expansion of the plant on Bonny Island, 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 train 6 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 on this new train.

In Nigeria, TOTAL also acquired a 17% interest in the Brass LNG project in July 2006. This liquefaction project calls for the construction of two liquefaction trains, each with a capacity of 5 Mt/y, scheduled to come onstream early in the next decade. TOTAL also 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 principally to North America and Western Europe.

Table of Contents

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 this 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 volume 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 has now begun to receive cargos under its long-term supply contracts in Nigeria and Norway. In 2007, this resulted in the purchase of five contractual and sixteen spot cargos from Nigeria, Qatar, Egypt and Trinidad & Tobago. This mix of spot and term purchases allows TOTAL to supply its principal clients with gas, for example in France, Spain, Mexico and India, while retaining a certain degree of flexibility to react to market opportunities or unexpected fluctuations in supply and demand.

Liquefied Petroleum Gas (LPG)

In 2007, TOTAL traded and sold 5.2 Mt of LPG (butane and propane) worldwide (compared to 5.8 Mt in 2006 and 5 Mt in 2005), of which approximately 1 Mt was in the Middle East and Asia, approximately 0.8 Mt in Europe on small coastal trading vessels and approximately 3.4 Mt on large vessels in the Atlantic and Mediterranean regions. Approximately 40% of these quantities come from fields or refineries operated by the Group. LPG trading involved the use of seven time-charters and approximately 60 spot charters. In 2007, this activity represented approximately 10% of worldwide seaborne LPG trade.(1)

In 2007, TOTAL continued the construction, launched in November 2003, of a LPG importation and storage unit located in Visakhapatnam, on the east coast of India in the state of Andhra Pradesh. This terminal was commissioned on January 14, 2008 and has a storage capacity of 60,000 tons. TOTAL has a 50% interest in this project, where it is a partner with Hindustan Petroleum Company Ltd in South Asian LPG Limited (SALPG).

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, which combines electricity generation and water desalination, has been in operation since May 2003 and is owned and operated by Gulf Total Tractebel Power Cy, in which TOTAL has a 20% interest. Taweelah A1 currently has an overall power generation capacity of 1,430 MW and a water desalination capacity of 385,000 m^3 per day. Near the end of 2006, the decision was made to develop an additional 250 MW of capacity, which is expected to enter into operation in 2009.

Also in the United Arab Emirates, TOTAL recently entered a partnership agreement with Suez and Areva to present a proposal for the development of a nuclear power plant project, based on the third generation technology EPR, to the local authorities at the appropriate time. Currently, the authorities have not yet made a decision on this project. This project would allow TOTAL to enter the nuclear energy production sector while benefiting from its historic presence in the Emirates.

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 electricity generation units. These projects are part of the Nigerian government s policy to develop electricity generation, stop gas flaring and privatize the electricity generation sector:

- The Afam project, part of the SPDC joint-venture in which TOTAL holds a 10% interest, concerns upgrading the Afam V power plant to increase its capacity to 276 MW and to develop the Afam VI power plant, with a planned capacity of approximately 600 MW; and
- The OML 58 project, part of the EPNL (Elf Petroleum Nigeria Limited) 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.

(1) Poten & Partners LPG in World Markets 2007.

Table of Contents

Renewable Energy

As part of its sustainable development policy, TOTAL is developing its position in renewable energy, with a particular focus on solar-photovoltaic power, where the Group has been present since 1983. In addition, since 2005 TOTAL has been participating in the development of marine energy, another technology for renewable energy.

Solar-photovoltaic power

In solar power (silicon-crystal technology), TOTAL manufactures photovoltaic cells (Photovoltec), solar panels and designs solar systems (TENESOL). The Group is also involved in projects for rural electrification (Temasol in Morocco, KES in South Africa and Korayé Kurumba in Mali).

TOTAL owns 47.8% of Photovoltec in partnership with Electrabel and IMEC. Photovoltech is a company specialized in manufacturing photovoltaic cells. Photovoltech sales rose to approximately 67 M in 2007, compared to 42 M in 2006 and 25 M in 2005. Due to strong demand for its products, Photovoltech increased its production capacity from 22 MWp/y to 80 MWp/y late in 2007. Photovoltech anticipates it will invest an additional 45 M to increase its overall production to 140 MWp/y by the end of 2009. Photovoltech has also entered into long-term silicon wafer supply agreements with several suppliers.

TOTAL holds a 50% interest in TENESOL, in partnership with EDF, which designs, manufactures, markets and operates solar-photovoltaic power systems. TENESOL s consolidated sales amounted to 133 M in 2007, compared to 134 M in 2006 and 145 M in 2005, the equivalent of selling production of approximately 40 MWp. Its principal markets are for network connections, both in Europe (Germany, Spain and France) and in the French Overseas Territories, and it is also active in professional applications (telecommunications and telemetry). TENESOL owns two solar panel manufacturing plants: TENESOL Manufacturing in South Africa, with an annual production capacity of 50 MWp, and TENESOL Technologies in the Toulouse region of France, with an annual production capacity of 17 MWp, which is expected to be increased to 45 MWp in the first half 2008.

TOTAL is pursuing decentralized rural electrification activities by responding to calls for tenders from authorities in several countries, including Morocco, South Africa and Mali. In Morocco, Temasol, in which TOTAL holds indirect interests through Total Maroc (32.2%) and TENESOL (35.6%), is pursuing its development. Projects awarded to Temasol pursuant to the bidding processes in 2002, 2004 and 2005 increased

the number of households to be equipped to 58,500 (25,500 were equipped by the end of 2007). In South Africa, KES (Kwazulu Energy Services Company), of which TOTAL owns 35%, launched an initial program in the Kwazulu-Natal province in 2002. At the end of 2007, approximately 8,500 individual systems were equipped with solar power. On July 17, 2007, KES signed an agreement with the South African Department of Energy to implement an extension program in the neighboring Eastern Cape province. This new program is designed to supply over 26,000 rural households with solar power and gas and over 400 schools with power. In Mali, Korayé Kurumba (TOTAL, 30%), a company specialized in decentralized service, operates decentralized power micro-networks and individual solar photovoltaic kits, with 550 customers at the end of 2007. 5,000 additional clients should be equipped by the end of 2009.

Near the end of 2007, TOTAL acquired a 25% interest in the Swiss company, Novacis, specialized in photovoltaic cell research.

Wind power

TOTAL currently operates a wind farm in Mardyck (close to its Flanders refinery in northern France) and is conducting development studies for onshore and offshore projects in France and Spain.

Mardyck, commissioned in November 2003, has a capacity of 12 MW and produced approximately 22.6 GWh of electricity in 2007, compared to 25.2 GWh in 2006 and 26.4 GWh in 2005. It is designed to evaluate different technologies at the same site.

In December 2005, after a call for tenders, TOTAL was selected by the French Department of Industry for an onshore wind power project with a planned capacity of 90 MW to be built in the Aveyron region. Pursuant to the terms of the bid, the project is subject to obtaining a construction permit. The public consultation for this project, which began in January 2007, is ongoing.

TOTAL is also pursuing studies for the development of a wind farm with a 120 MW capacity, offshore Dunkirk, France.

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, decided in 2006, is expected to be completed in 2008. Tests on this buoy should allow the project to determine the size and production capacity of future installations. This pilot project is expected to provide information necessary to assess the technical and economic potential of this technology.

30

Table of Contents

At the end of 2007, TOTAL had a 24.9% interest in Scottrenewables Marine Power, located in the Orkney Islands in Scotland. This company is developing tidal current energy converter technology. In January 2008, an agreement was signed with Fred Olsen Limited to increase Scottrenewables share capital in two steps between 2008 and 2011. Through these transactions, the Group expects to decrease its share in Scottrenewables to 12.2%.

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 and is examining several mining projects. The Group also trades and markets steam coal through its subsidiaries Total Coal International (Atlantic zone), Total Energy resources (Pacific zone) and CDF Énergie (France).

TOTAL sold approximately 10 Mt of coal worldwide in 2007 (compared to 9.2 Mt in 2006 and 9.5 Mt in 2005), of which 4.7 Mt was South African steam coal produced by the Group or to which the Group had direct access. Approximately 50% of the Group s South African coal production was sold to European utility companies and approximately 30% was sold in Asia.

The Group s South African coal is exported through the port of Richard s Bay, the world s largest coal terminal, of which 5.7% is owned by TOTAL. In 2007, the Group and its partner Mmakau Mining acquired an additional 1 Mt/y of harbour 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 0.75 Mt in 2007, primarily destined for the industrial and metallurgic sectors.

Total Coal South Africa (TCSA) is developing new mines. In 2007, the new Forzando South mine, with a planned final capacity of 1.2 Mt/y, entered into production. TCSA also 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 in September 2004. Approximately 39% of the 10 Mt of coal traded in 2007 was sold in Asia.

DME (Di-Methyl Ether)

Pursuant to the successful tests, completed in 2006, on a pilot unit with 100 tons per day of DME capacity built in Kushiro on Hokkaido Island (Japan) by DME-Development (TOTAL, 3%), the Group decided to take an interest in a plant producing DME in Niigata, Japan (Honshu Island). TOTAL holds a 10% interest in this plant, with 80 kt/y of capacity. Operations are expected to start at this plant by the summer 2008, thus promoting this new generation clean fuel to Japanese consumers.

After further tests were carried out by the IFP (*Institut français du pétrole*) and completed during the summer 2007, the Group s Chinese subsidiary in charge of marketing LPG started commercial tests on mixed LPG and DME products.

The ISO standardization process, instigated and conducted by TOTAL and its Japanese partners, was launched in April 2007. It should last for the next two to three years. In addition to Japan, China and South Korea, countries such as the United States, Germany, Sweden, Poland and Turkey are interested in standardization.

Downstream

The Downstream segment conducts TOTAL s refining, marketing, trading and shipping activities.

Refining & Marketing

As of December 31, 2007, TOTAL s worldwide refining capacity was 2,598 kb/d. The Group s refined products sales were 3,863 kb/d worldwide (including trading activities), compared to 3,786 kb/d in 2006 and 3,792 kb/d in 2005.

TOTAL is the largest refiner/marketer[1] in Western Europe and, with a market share of 11%, the largest marketer in Africa[2].

(1) Company data, based on refining capacities.
(2) PFC Energy December 2007.

Table of Contents

As of December 31, 2007, TOTAL s marketing network consisted of 16,497 retail stations worldwide (compared to 16,534 in 2006 and 16,976 in 2005), approximately 50% of which are owned by the Group. 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.

The Group s strategy in refining is to continue to improve its position by focusing on three areas: optimizing its portfolio of refineries in Europe, developing deep conversion projects in North America and expanding in the Middle East with the Jubail refinery project.

The Group s strategy for its marketing activities is to consolidate its positions in Western Europe and in Africa and pursue targeted growth in expanding markets in Asia, Latin America and Eastern Europe.

Refining

As of December 31, 2007, TOTAL held interests in 25 refineries (including 12 that it operates), located in Europe, the United States, the French West Indies, Africa and China.

TOTAL s refining capacity in Western Europe was 2,273 kb/d in 2007, accounting for more than 85% of the Group s overall refining capacity and making TOTAL the leading refiner in this region. The Group operates eleven refineries in Western Europe: six are located in France, one in Belgium, one in Germany, one in the UK, one in Italy and one in the Netherlands. TOTAL also holds minority interests in the German refinery of Schwedt, as well as interests in four Spanish refineries through its holdings in CEPSA[(1)]. In the UK, TOTAL sold its 70% interest in the Milford Haven refinery late in 2007 to concentrate its refining activities at the Lindsey site.

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

In Africa, as of December 31, 2007, TOTAL holds interests in six refineries. In 2007, the Group disposed of its 55.6% interest in the Luanda refinery in Angola, which has a capacity of 52 kb/d.

In China, TOTAL, Sinochem and Petrochina have been partners in the Dalian refinery, which has a treatment

capacity of 219 kb/d, for over ten years. TOTAL holds a 22.41% interest in this refinery. A program to modernize this refinery was launched in 2006 to respond to changes on national and international markets. This program included the start-up of a distillate hydrocracker (DHC) with a capacity of 1.5 Mt/y late in 2007.

Over the period from 2008 to 2012, TOTAL plans to invest, on average, more than 1 B per year in refining, excluding major turnarounds.

- Nearly 30% of this investment is designated for two major projects.

In the United States, TOTAL decided in February 2008 to build a deep conversion unit, or coker , at the Port Arthur refinery. This project is designed to process more heavy and high-sulphur crudes and to increase production of lighter products, in particular low-sulphur distillates. Commissioning is expected in 2011.

In Saudi Arabia, TOTAL and Saudi Arabian Oil Company (Saudi Aramco) signed a memorandum of understanding for a project to build and operate a refinery in Jubail with a capacity of 400 kb/d. The heavy conversion process for this is designed for the processing of heavier crudes (Arabian Heavy) to produce lighter products that meet strict specifications, which are mainly intended for export. The Front-End Engineering Design (FEED) study, launched in July 2006, is expected to be completed mid-2008. Commissioning is planned for late in 2012.

- Nearly 30% of this investment is designated for projects to improve performance, in particular for desulphurization and to adapt TOTAL s European refineries to changes in the oil market: increased demand for diesel fuel in Europe, stricter fuel specifications and an increased portion of supply consisting of high-sulphur crudes.

In June 2007, the Lindsey refinery (UK) started the construction of a desulphurization unit (HDS) and a steam methane reformer (SMR) to process high-sulphur crudes and increase its low-sulphur diesel production. The HDS unit is expected to be commissioned in 2009 and is designed to raise the portion of high-sulphur crude that the plant can process from 10% to up to nearly 70%. The construction of a new desulphurization unit at the Leuna refinery (Germany) was approved in 2007 and is scheduled to be commissioned late in 2009. This unit is designed to supply the German market with low-sulphur heating oil.

(1) Group s share in CEPSA: 48.83% as of December 31, 2007.

Table of Contents

Nearly 40% 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 atmospheric vacuum distillation units and a desulphurization unit is underway at the Huelva refinery, with commissioning scheduled for early 2010.

2007 was marked by a high level of maintenance activity. Ten refineries[1] underwent complete or partial turnarounds, compared to three in 2006 and six in 2005. These major turnarounds were designed mainly to reinforce safety and reliability, modernize facilities, improve performance and reduce environmental impact. In 2008, eight 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)	2007	2006	2005
Refineries operated by the Group			
Normandy (France)	331	331	331
Provence (France)	158	158	158
Flandres (France)	141	141	159
Donges (France)	230	230	229
Feyzin (France)	117	116	118
Grandpuits (France)	101	99	99
Antwerp (Belgium)	350	350	350
Leuna (Germany)	227	227	225
Rome (Italy)[b]	63	64	64
Immingham (UK)	221	221	221
Milford Haven (UK)[c]		74	73
Vlissingen (Netherlands)[d]	81	81	84
Port Arthur, Texas (United States)	174	174	174
Sub-total	**2,194**	**2,266**	**2,285**
Other refineries in which the Group has an interest[e]	404	434	423
Total	**2,598**	**2,700**	**2,708**

(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 is 70% as of December 31, 2006 and 2005. Interest sold in 2007.
(d) TOTAL s interest is 55%.
(e) Thirteen refineries in which TOTAL has interests ranging from 16.7% to 50% (six in Africa, four in Spain, one in Germany, one in Martinique and one in China). Disposal of TOTAL s 55.6% interest in the Luanda refinery in Angola in 2007.

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)	2007	2006	2005
Gasoline	501	532	534
Avgas and jet fuel	186	179	191
Kerosene and diesel fuel	705	660	639
Fuel oils and heating oils	536	582	593
Other products	411	455	406
Total	**2,339**	**2,408**	**2,363**

Utilization rate[a]

	2007	2006	2005
Crude	87%	88%	88%
Crude and other feedstock	89%	91%	89%

(a) Including TOTAL s share in CEPSA.

Marketing

TOTAL is one of the leading marketers in the combined six largest Western European markets (France, Spain, Benelux, the UK, Germany and Italy)[(2)]. The Group is also the largest marketer in Africa, with a market share of 11%[(3)].

TOTAL markets a wide range of specialty products, which it produces from refined oil at its refineries and other facilities. TOTAL is among the leading companies in the European specialty products market[(2)], in particular for the bitumen, jet fuel, liquefied petroleum gas (LPG) and lubricants markets. Through its specialty products, TOTAL is present in approximately 160 countries.

TOTAL is pursuing the development of its lubricants activity worldwide. In 2007, the Group strengthened its position in the lubricants market by renewing its worldwide agreement with Citroën. The Group also has partnerships with Peugeot, Renault, Nissan and Honda.

TOTAL sells fuel to nearly 270 airports in over 70 countries, supplying approximately 200 airlines. The

(1) Including the Milford Haven refinery, in which the Group sold its entire 70% interest in December 2007.
(2) Company data, based on quantities sold.
(3) PFC Energy December 2007.

Table of Contents

Group has leading positions(1) in Europe, Africa and in the Mediterranean Basin and is pursuing expansion in the Asia-Pacific region.

TOTAL is also among the leading international LPG distributors(1), and is pursuing the expansion of this activity on the global market.

TOTAL is the European leader in bitumen(1), including strong positions in France and Germany.

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)	2007	2006	2005
France	846	837	852
Rest of Europe(a)	1,432	1,438	1,444
United States	251	264	256
Africa	286	274	260
Rest of world	167	153	151
Total excluding Trading	**2,982**	**2,966**	**2,963**
Trading (Balancing and Export Sales)	881	820	829
Total including Trading	**3,863**	**3,786**	**3,792**

(a) Including TOTAL s share in CEPSA.

Retail stations

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

As of December 31,	2007	2006	2005
France(a)	4,992	5,220	5,459
Rest of Europe (excluding France and CEPSA)	4,762	4,628	4,937
CEPSA(b)	1,680	1,672	1,677
Africa	3,549	3,562	3,505
Rest of world	1,514	1,452	1,398
Total	**16,497**	**16,534**	**16,976**

(a) Retail stations under the TOTAL and Elf brands and approximately 2,000 retail stations under the Élan brand.
(b) Including all the retail stations within the CEPSA network.

Europe

In Europe, TOTAL has a network of retail stations in France, Belgium, the Netherlands, Luxembourg, Germany, the UK, Portugal and Italy, as well as, through its 48.83% interest in CEPSA, in Spain and Portugal.

In France, the TOTAL-branded network benefits from a wide number of retail stations, a diverse selection of products (such as the *Bonjour* convenience stores, as well as car washes) and strong customer loyalty programs. Elf-branded retail stations offer quality fuels at prices that are particularly competitive. As of December 31, 2007, nearly 2,450 TOTAL-branded retail stations and 280 Elf-branded retail stations were operating in France. TOTAL also markets fuels at nearly 2,000 Élan-branded retail stations, generally located in rural areas. Late in 2007, TOTAL launched a program to reduce operating costs and develop non-fuel sales in its French network.

In the UK, the network rationalization program launched in 2003 was completed in 2007. The restructuring of marketing activities in Germany is continuing, including an adaptation plan underway for the lubricants activities.

As of December 31, 2007, TOTAL had a network of approximately 500 AS24-branded retail stations in 20 European countries. This network, which focuses on professional transporters, continued to expand with the opening of approximately 20 new stations in 2007.

TOTAL is among the leaders in Europe for fuel-payment cards, with approximately 3.4 million cards issued in 17 European countries. In 2007, fuel sold via fuel-payment cards increased to 5 Mm^3, compared to 4.7 Mm^3 in 2006 and 4.5 Mm^3 in 2005.

In 2007, TOTAL continued to expand the distribution in Europe of two new high-performance fuels branded TOTAL EXCELLIUM 98 and TOTAL EXCELLIUM diesel marketed in nine countries. These new generation fuels reduce fuel consumption and carbon dioxide emissions. The EXCELLIUM range gives TOTAL a significant presence on the next-generation fuel market in Europe.

TOTAL has distributed an urea-based additive to reduce nitrogen oxide emissions, AdBlue, to professional transporters in Europe since 2005. As of December 31, 2007, 225 TOTAL-branded and AS24-branded retail

(1) Company data, based on quantities sold.

Table of Contents

stations were distributing urea in Europe. By 2009, TOTAL intends to expand its distribution of AdBlue to cover a network of approximately 400 stations in 27 European countries.

In September 2006, TOTAL entered into a joint-venture agreement (TOTAL, 35%) with Veolia to build an oil recycling plant with a capacity of 120 kt/y in France. Construction of the plant is scheduled to begin in 2009 with commissioning expected for 2010.

Africa & the Middle East

As of December 31, 2007, TOTAL is the leading marketer of petroleum products in the African continent, with a market share of 11% and over 3,500 retail stations in more than 40 countries. TOTAL strengthened its positions in the continent, in particular in western and southeast Africa with the acquisition of marketing affiliates in 14 African countries in 2005 and 2006. The Group operates two significant networks, in South Africa and Nigeria.

In specialties, in 2007 TOTAL pursued its growth strategy in the Middle East by signing a joint-venture agreement (TOTAL, 51%) for the production and distribution of lubricants in Saudi Arabia.

Asia-Pacific

As of December 31, 2007, TOTAL was present in nearly 20 countries in the Asia-Pacific region, primarily through its specialty products. The Group is also developing its positions as a distributor in the region, in particular in China, and operates two significant networks, in Pakist