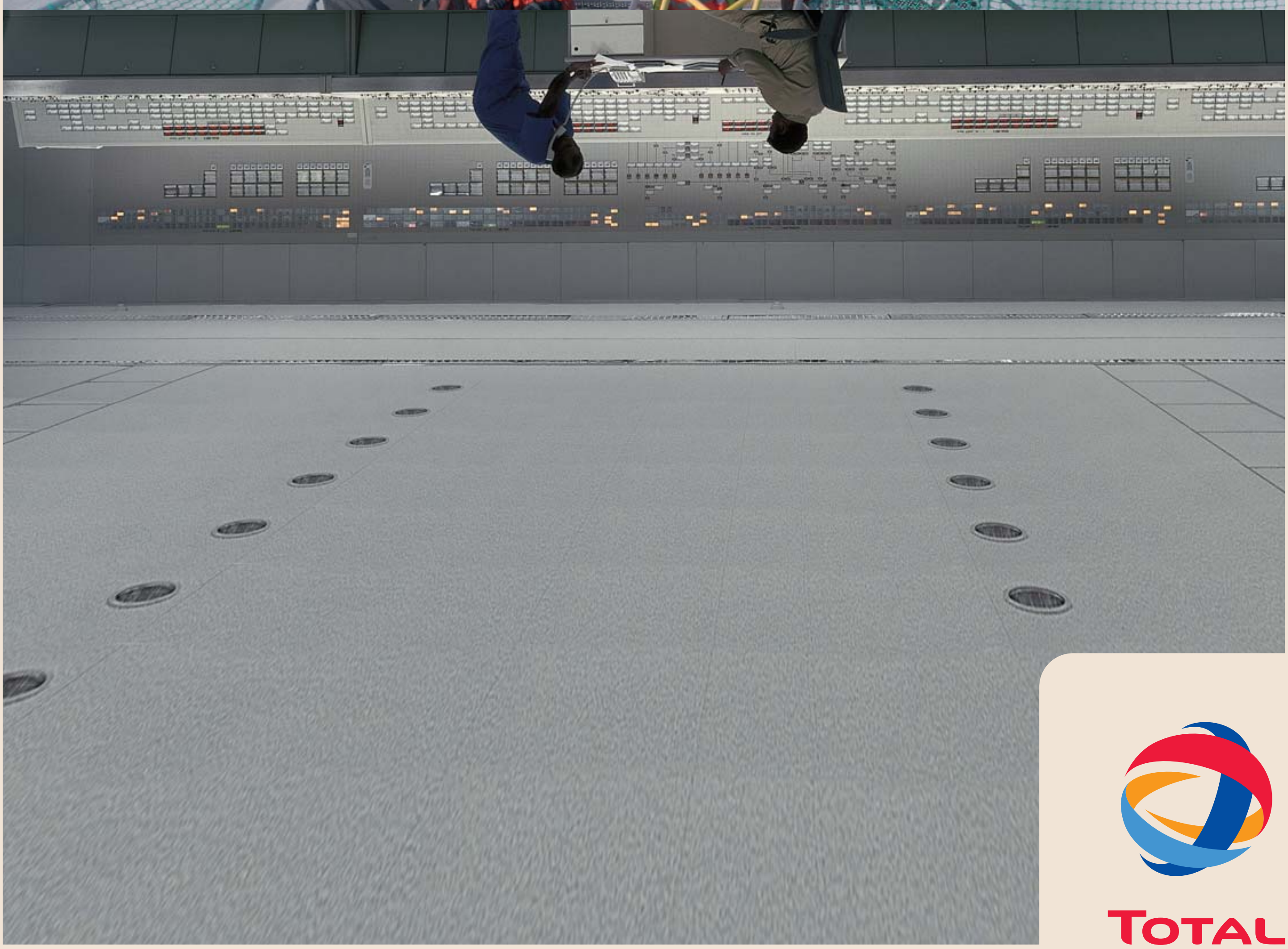
Registration Document 2007



TOTAL

Contents

Registration document 2007

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

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

I certify, to the best of my knowledge, that the statutory and consolidated financial statements of TOTAL S.A. have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results of the Company and whole of the undertakings included in the consolidation, and that the *Rapport de gestion* (Management Report) of the Board of Directors included on pages 49 to 60 of this *Document de référence* presents a fair review of the development and performance of the business and financial position of the Company and whole of the undertakings included in the consolidation, as well as a description of the main risks and uncertainties they are exposed to.

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

The statutory auditors have issued reports on the historical financial information contained in this *Document de référence*, included on pages 154 and 246 of this document."

Christophe de Margerie
Chief Executive Officer

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French language version of this *Document de référence* (Registration Document) was filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on April 2, 2008 pursuant to Article 212-13 of the general regulations of the Financial Markets Authority. It may be used in connection with a financial operation if supplemented by a prospectus for the operation and a summary, each of which will have received the visa of the Financial Markets Authority.

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

Key figures

Selected financial information

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

	2007	2006	2005
Sales	**158,752**	**153,802**	**137,607**
Adjusted operating income from business segments[a]	23,956	25,166	23,468
Adjusted net operating income from business segments[a]	**12,231**	**12,377**	**11,912**
Net income (Group share)	13,181	11,768	12,273
Adjusted net income (Group share)[a]	**12,203**	**12,585**	**12,003**
Fully-Diluted weighted-average number of shares[b]	2,274.4	2,312.3	2,362.0
Adjusted fully-diluted earnings per share (euros)[a][b][c]	**5.37**	**5.44**	**5.08**
Dividend per share (euros)[b][d]	**2.07**	**1.87**	**1.62**
Net-debt-to-equity (as of December 31)	27%	34%	32%
Return on Average Capital Employed (ROACE[e])	24%	26%	29%
Return on equity	31%	33%	35%
Cash flow from operating activities	**17,686**	**16,061**	**14,669**
Expenditures	11,722	11,852	11,195
Divestitures at selling price	1,556	2,278	1,088

(a) Adjusted income is defined as income using replacement cost, adjusted for special items and excluding TOTAL's equity share of amortization of intangibles related to the Sanofi-Aventis merger.
(b) 2005 amounts are restaded as per the four-for-one stock split that took place on May 18, 2006.
(c) Based on the weighted-average number of common shares outstanding during the period.
(d) 2007 dividend subject to approval by the May 16, 2008 shareholders' meeting.
(e) Based on adjusted net operating income and average capital employed using replacement cost.

Operating and market data

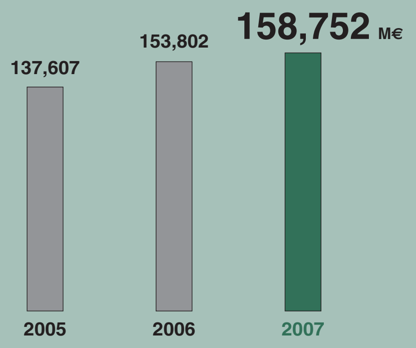
	2007	2006	2005
Brent price ($/b)	**72.4**	65.1	54.5
(€-$)	**1.37**	1.26	1.24
TRCV European refining margins ($/t)	**32.5**	28.9	41.6
Hydrocarbon production (kboe/d)	**2,391**	2,356	2,489
Liquids production (kb/d)	1,509	1,506	1,621
Gas production (Mcf/d)	4,839	4,674	4,780
Refinery throughput (kb/d)[a]	**2,413**	2,454	2,410
Refined product sales (kb/d)[b]	**3,863**	3,786	3,792

(a) Including share of CEPSA.
(b) Including Trading activities and share of CEPSA.

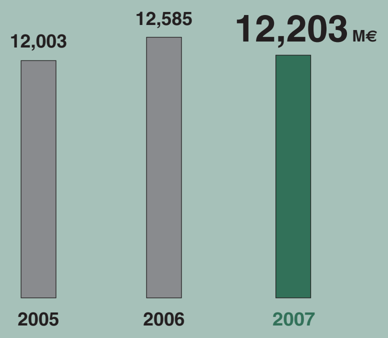
1 Key figures

Operating and market data

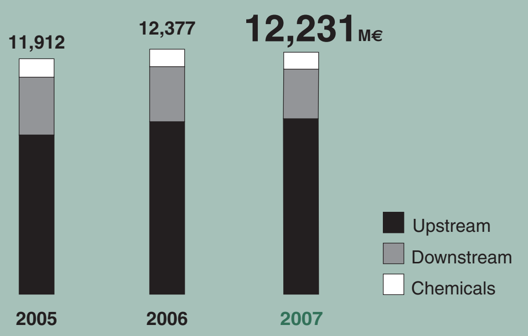
Sales



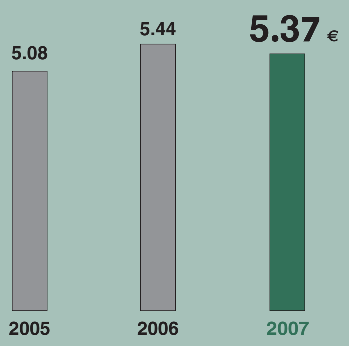
Adjusted net income (Group share)



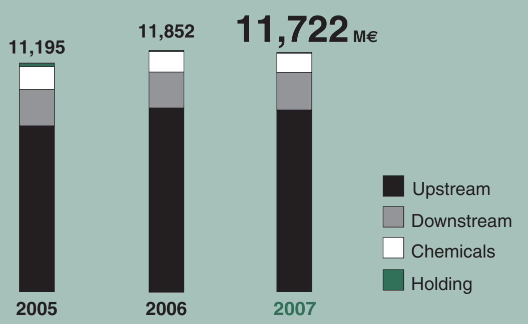
Adjusted net operating income from business segments



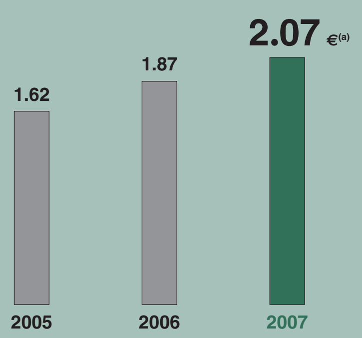
Adjusted fully-diluted earnings per share



Gross expenditures



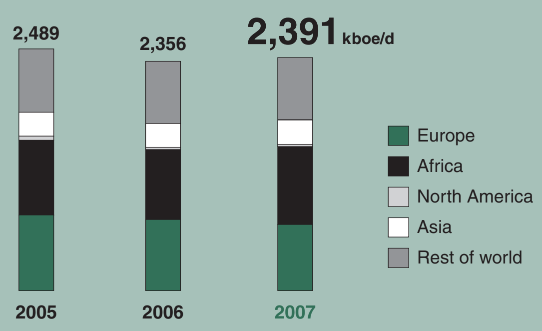
Dividend per share



(a) Subject to approval by the shareholders' meeting on May 16, 2008.

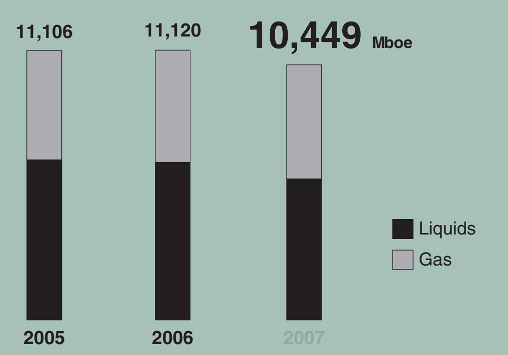
UPSTREAM

Hydrocarbon production



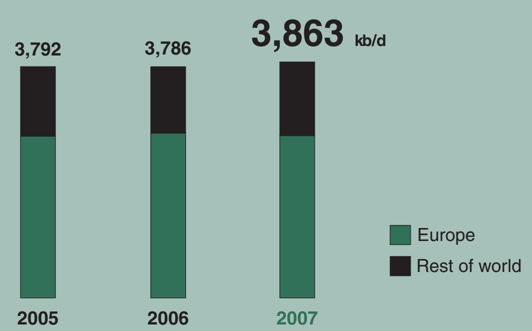
UPSTREAM

Liquids and gas reserves



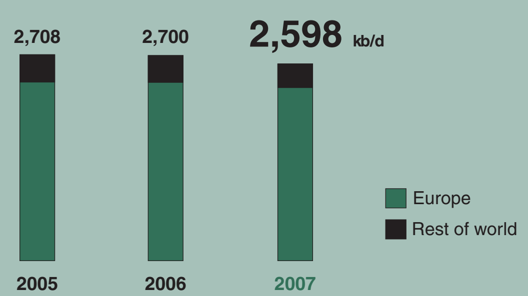
DOWNSTREAM

Refined product sales including Trading



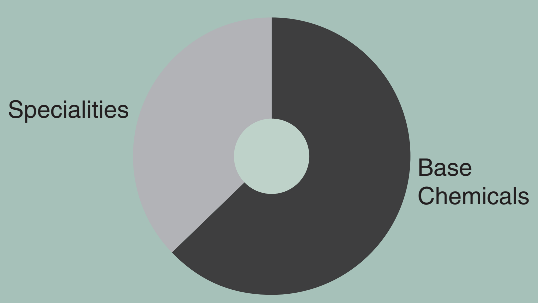
DOWNSTREAM

Refining capacity at year-end



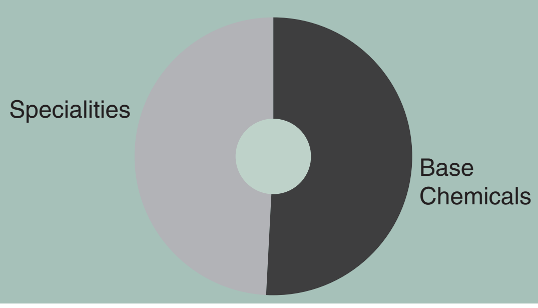
CHEMICALS

2007 non-Group sales: 19.8 B€



CHEMICALS

2007 adjusted net operating income: 0.85 B€



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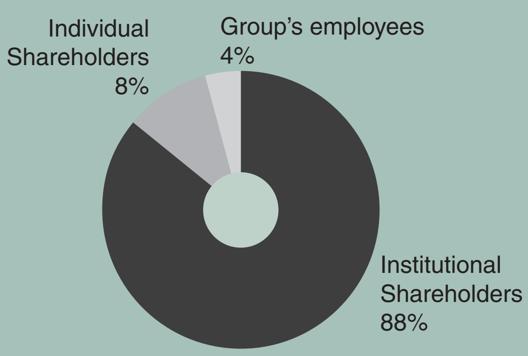
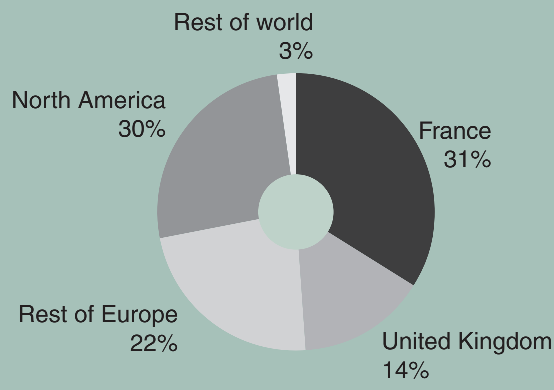
Key figures
Operating and market data

Shareholder base[a]



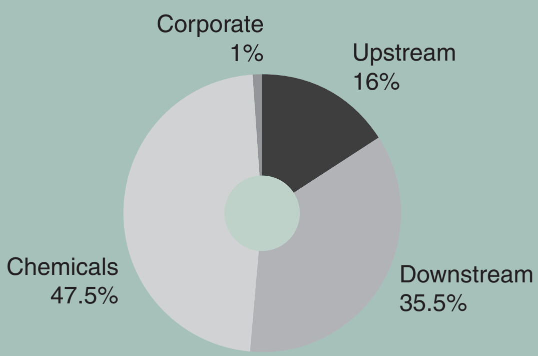
[a] Estimation as of December 31, 2007, excluding treasury shares.

Shareholder base by region[a]



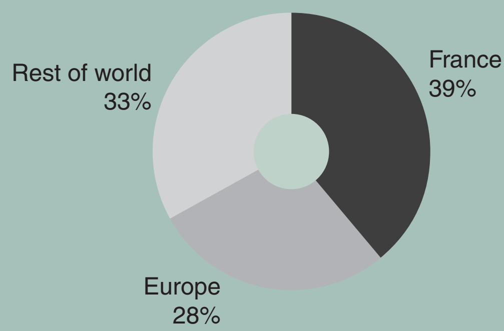
[a] Estimation as of December 31, 2007, excluding treasury shares.

Headcount by business segment[a]



[a] Consolidated subsidiaries' employees as of December 31, 2007: 96,442.

Headcount by region[a]



[a] Consolidated subsidiaries' employees as of December 31, 2007: 96,442.

Abbreviations

b: barrel
cf: cubic feet
/d: per day
/y: per year
€: euro
$ and/or dollar: US dollar
t: metric ton
boe: barrel of oil equivalent
kboe/d: thousand boe/d
kb/d: thousand barrel/d
Btu: British thermal unit
M: million
B: billion
MW: megawatt
MWp: megawatt peak
TWh: terawatt hour
TRCV: Topping Reforming Cracking Visbreaking. Refining margin indicator after variable costs of a theoretical average refinery located in Rotterdam which processes a variety of crude oil representing the average supply in the area to provide main products quoted in this same area.
IFRS: International Financial Reporting Standards
API: American Petroleum Institute
LNG: liquefied natural gas
LPG: liquefied petroleum gas

Definitions

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

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

Conversion table

1 boe = 1 barrel of crude oil = approx. 5,500 cf of gas in 2007
1 b/d = approx. 50 t/y
1 t = approx. 7.5 b (for a gravity of 37° API)
1 Bm^3/y = approx. 0.1 Bcf/d
1 m^3 = approx. 35.3 cf
1 t of LNG = approx. 8.9 boe = approx. 48 Mcf of gas
1 Mt/y of LNG = approx. 133 Mcf/d

Business overview

History and strategy of TOTAL

History and development

TOTAL S.A., a French *société anonyme* (limited company) incorporated in France on March 28, 1924, together with its subsidiaries and affiliates, is the 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.

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

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

Strategy

TOTAL's strategy, whose implementation relies on expanding the model for sustainable growth combining acceptability of our operations and sustained profitable investment program, aims at:

- Growing its hydrocarbon exploration and production activities throughout the world, and strengthening its position as one of the global leaders in the natural gas and LNG markets;
- Expanding progressively TOTAL's energy offerings and growing new energies business in a context of high hydrocarbon prices;
- Developing and adapting its refining system and consolidating its position in the marketing segment in Europe, while expanding its positions in the Mediterranean basin, the African and Asian markets;
- Growing its petrochemicals business, particularly in Asia and the Middle East, while improving the competitiveness of its operations in mature areas; and
- Intensifying research and development to develop "clean" sources of energy and contribute to the moderation of energy demand and the fight against global warming.

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

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.

2.39 Mboe/d produced in 2007.
10.4 Bboe of proved reserves as of December 31, 2007[1].
8.9 B€ invested in 2007.
15,182 employees.

Upstream segment financial data

(in M€)	2007	2006	2005
Non-group Sales	19,706	20,782	20,888
Adjusted operating income	19,514	20,307	18,421
Adjusted net operating income	8,849	8,709	8,029

Conditions in the oil market remained globally favorable in 2007. Crude oil prices, on average, increased compared to 2006, reflecting the robust demand for oil and higher project costs.

Adjusted net operating income for the Upstream segment was 8,849 M€ compared to 8,709 M€ in 2006, an increase of 2%.

(1) Based on year-end Brent price of 93.72 $/b.

Expressed in dollars, 2007 adjusted net operating income for the Upstream segment was $12.1 billion, an increase of $1.2 billion compared to 2006 that was mainly due to the positive effects of the more favorable environment (+$1.1 billion) and production growth (+$0.85 billion), partially offset by the impacts of increased exploration (-$0.35 billion) and higher production costs (approximately -$0.4 billion).

Price realizations[a]	2007	2006	2005
Liquids realizations ($/b)	68.9	61.8	51.0
Gas realizations ($/Mbtu)	5.40	5.91	4.77

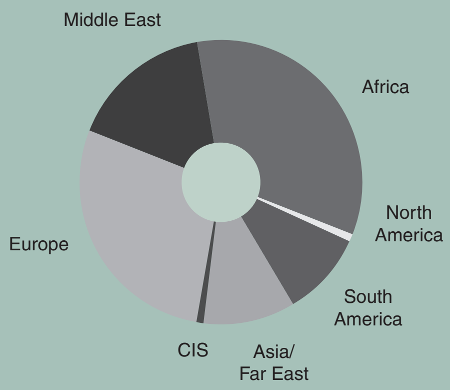
(a) Consolidated subsidiaries, excluding fixed margin and buyback contracts.

The increase in TOTAL's average realized liquids price was in line with the increase in the Brent price in the full year 2007 compared to the full year 2006.

The average realized price for TOTAL's natural gas declined due to weakness in the UK spot prices as well as the second-half 2007 ramp-up in production from Dolphin in the Middle East.

Production

Hydrocarbon production	2007	2006	2005
Combined production (kboe/d)	2,391	2,356	2,489
• Liquids (kb/d)	1,509	1,506	1,621
• Gas (Mcf/d)	4,839	4,674	4,780

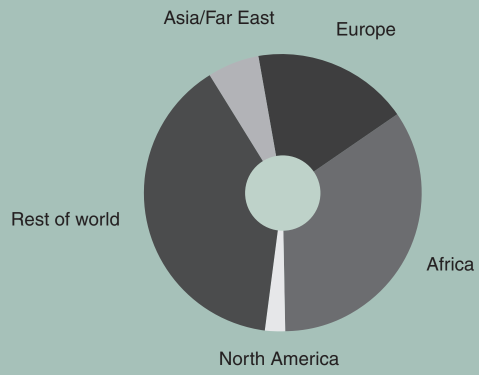


For the full year 2007, hydrocarbon production was 2,391 kboe/d compared to 2,356 kboe/d in 2006, an increase of 1.5% mainly as a result of : +5% from the net growth, primarily from production ramp-ups and start-ups of major TOTAL-operated projects, including Dalia, Rosa and Dolphin, -0.5% from the impact of the May 2007 fire on the Nkossa platform in Congo, -2% from the price effect[1], OPEC reductions and shutdowns in Nigerian delta because of security issues, -1% from changes in portfolio, mainly the termination of a concession in Dubai.

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

Proved Reserves

Proved Reserves as of December 31,	2007	2006	2005
Proved hydrocarbon reserves (Mboe)	10,449	11,120	11,106
• Liquids (Mb)	5,778	6,471	6,592
• Gas (Bcf)	25,730	25,539	24,750



Proved reserves calculated according to SEC rules were 10,449 Mboe as of December 31, 2007, representing close to 12 years of production at the current rate.

Excluding the impact of changing year-end prices (based on Brent stable at year-end 2006 price of 58.93 $/b) and excluding acquisitions and divestments, the 2007 reserve replacement rate was 102% for the Group (consolidated subsidiaries and equity affiliates).

Based on proved reserves calculated according to SEC rules (Brent at 93.72 $/b), the 2007 reserve replacement rate[1], excluding acquisitions and divestments, was 78%. Including acquisitions and divestments (essentially the sale of 16.7% of Sincor to PDVSA), it is 23%.

At year-end 2007, TOTAL had a solid and diversified portfolio of proved plus probable reserves[2] representing 20 Bboe, or more than 20 years of reserve life, and resources[3] representing more than 40 years of reserve life based on the 2007 average production rate.

(1) Change in reserves excluding production i.e. (revisions + discoveries, extensions + acquisitions – divestments) / production for the period.
(2) Limited to proved and probable reserves covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 60 $/b Brent environment, including the portion of heavy oil in the Joslyn field developed by mining.
(3) Proved and probable reserves plus reserves potentially recoverable from known accumulations (Society of Petroleum Engineers—March 2007).

Exploration & Production

Exploration and development

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

TOTAL evaluates exploration opportunities based on a variety of geological, technical, political and economic factors (including taxes and licence terms), and on projected oil and gas prices. Discoveries and extensions of existing 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€, 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)", included herein beginning on page 231.

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, 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.

If reserves had been estimated in accordance with Rule 4-10 of Regulation S-X, using the same perimeter and if the Brent price at December 31, 2007 had been $58.93/b (the year-end 2006 price), reserves would have amounted to 10,674 Mboe.

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

TOTAL's proved reserves[(a)(b)]	Liquids (Mb)	Natural Gas (Bcf)	Total (Mboe)
December 31, 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)", beginning herein on page 231.
(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" on pages 13 to 24 for a description of TOTAL's principal producing fields in the upstream sector.

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 Table "Supply & Sales of Crude Oil" on page 37 of this Registration Document.

The majority of TOTAL's natural gas production is sold under long-term contracts. However, its North American production is sold on a spot basis as is part of its production from the 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)" on pages 231 to 242 of this Registration Document.

Production by geographic area

Consolidated subsidiaries	2007 Liquids (kb/d)	2007 Natural Gas (Mcf/d)	2007 Total (kboe/d)	2006 Liquids (kb/d)	2006 Natural Gas (Mcf/d)	2006 Total (kboe/d)	2005 Liquids (kb/d)	2005 Natural Gas (Mcf/d)	2005 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.

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]

Africa	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)
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

	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	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)
France	1939	Lacq (100.00%)		L, G
Norway	1965	Skirne (40.00%)		G
			Åasgard (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
			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	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)
U.A.E.	1939	Abu Dhabi -Abu Al Bu Khoosh (75.00%)		L
			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
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.

- 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.

(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%.

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%[1], 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%[1]), 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.

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 (see Chapter 4 "Risks Factors").

(1) Participation in the foreign consortium.

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 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.
- 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, PetroCedeño, 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%).

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.

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.

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 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 Åsgard (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.

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**.

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.

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.

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

(1) *International Gas Union 2006.*

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.

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

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 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. 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

(1) Poten & partners LPG in world markets 2007.

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.

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.

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 and Trading & Shipping activities.

No. 1 in Western European refining/marketing.[1]
No. 1 in African marketing.[2]
Refining capacity of approximately **2.6 Mb/d** at year-end 2007.
Nearly **16,500 retail stations** at year-end 2007.
Approximately **3.9 Mb/d** of products sold in 2007.
One of the leading traders of oil and refined products worldwide.
1.875 B€ invested in 2007.
34,185 employees.

Downstream segment financial data

(in M€)	2007	2006	2005
Non-Group sales	119,212	113,887	99,934
Adjusted operating income	3,287	3,644	3,899
Adjusted net operating income	2,535	2,784	2,916

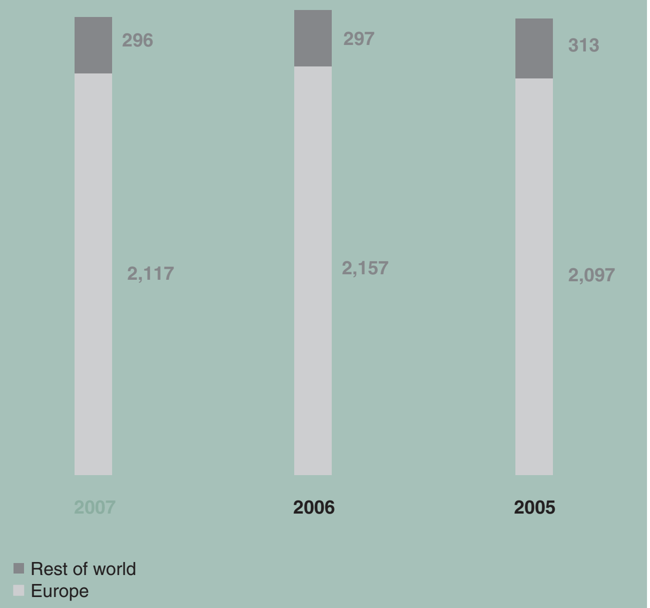
In 2007, refining margins were higher on average compared to 2006 but very volatile.

For 2007, adjusted net operating income from the Downstream segment was 2,535 M€ compared to 2,784 M€ in 2006, a decrease of 9%. Expressed in dollars, adjusted net operating income was $3.5 billion in 2007, stable compared to 2006.

This result reflects the impact of an overall slightly negative environment, for -$0.05 billion, mainly due to weaker conditions for marketing. Cost inflation had an impact of -$0.1 billion. The 2007 results were also affected by higher maintenance activity for -$0.15 billion and the positive effect of growth and productivity programs for +$0.3 billion, notably the contribution from the Normandy refinery distillate hydrocracker (DHC) over the full year.

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

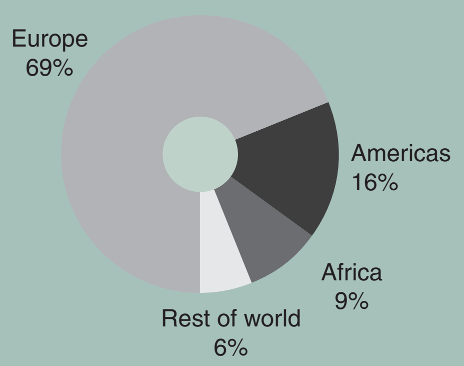
Refinery throughput (kb/d)[a]



(a) Includes TOTAL's share in CEPSA.

In 2007, refinery throughput decreased from 2,454kb/d to 2,413 kb/d, accounting for 2% of the Group's sales, mainly due to an important maintenance activity in 2007. Refineries use in 2007 was as high as 87%.

2007 refined products sales by geographical area: 3,863 kb/d[a]



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

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].

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[3]. 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.

- 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

(1) Company data, based on refining capacities.
(2) PFC Energy December 2007.
(3) Group's share in CEPSA: 48.83% as of December 31, 2007.

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.

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

Marketing

TOTAL is one of the leading marketers in the combined six largest Western European markets (France, Spain, Benelux, the UK, Germany and Italy)[1]. The Group is also the largest marketer in Africa, with a market share of 11%[2].

TOTAL markets a wide range of specialty products, which it produces from refined oil at its refineries and other facilities. TOTAL is among the leading companies in the European specialty products market[1], 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 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.

(1) Company data, based on quantities sold.
(2) PFC Energy December 2007.

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 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 Pakistan and the Philippines.

In 2007, TOTAL continued to develop its networks in China through its partnership with Sinochem under two joint venture agreements signed in 2005. These joint ventures call for the creation of two networks, in the Beijing and Shanghai areas, with a total of 500 retail stations. As of December 31, 2007, 55 of these stations were operating. These investments represent a major step in TOTAL's efforts to distribute petroleum products in China.

In the Philippines, TOTAL is continuing to develop its network, with the opening of its 100th station late in 2007.

Early in 2008, TOTAL increased its interest in its subsidiary Total ISU Oil Co. Ltd to 100% by acquiring the interests of Isu Chemical Co. Ltd and at the same time announced the creation of a joint venture (TOTAL 50%) with a South Korean company, S-Oil. In line with its growth strategy for the Asia-Pacific region, this transaction is expected to make TOTAL a leading marketer of lubricants in South Korea.

Rest of world

In Latin America and the Caribbean, TOTAL is present mainly through its specialty products, which are marketed in nearly 20 countries, and its marketing activities in the Caribbean. In March 2008, TOTAL entered into an agreement to acquire marketing and logistics assets in Puerto Rico, Jamaica and the Virgin Islands. The agreement covers approximately 200 retail stations, aviation product distribution and several terminals. The purchase of these assets is expected to create synergies with TOTAL's existing Caribbean activities.

In North America, TOTAL distributes lubricants in the United States. Late in 2007, the Group expanded its North American presence by acquiring assets in Canada.

Biofuels and hydrogen

The Group plays an active part in promoting renewable energies and alternative fuels.

TOTAL is active in two biofuel sectors: biodiesel and biogasoline. In 2007, TOTAL consolidated its position as a leading oil and gas company in the European biofuels market [1] by producing and incorporating 710 kt of ETBE [2] at nine refineries [3] (compared to 500 kt in 2006 and 360 kt in 2005) and incorporating 880 kt of VOME[4] at nine European refineries and several storage sites (compared to 420 kt in 2006 and 310 kt in 2005).

In France, TOTAL is actively promoting high-biofuel-content diesel fuels with the launch of Ecolium 30 in 2007. This biodiesel, made of 70% diesel fuel and 30% VOME, is intended for professional fleets and reduces carbon dioxide emissions by up to 20%. In addition, the Group is continuing to equip its retail stations to distribute Superethanol E85. The rate at which Superethanol is adopted by the market will depend both on the creation of appropriate tax incentives and the marketing of suitable vehicles.

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

In 2007, TOTAL continued its research and testing programs for fuel cell and hydrogen fuels technologies. For several years, TOTAL has been developing cooperation agreements for automotive applications (with BMW in 2006, Renault in 2003 and Delphi in 2001) and stationary applications (Electrabel and Idatech in 2004).

Under its partnership with BVG, the largest public transport company in Germany and a bus operator in Berlin, TOTAL created a Centre of Excellence for Hydrogen in Berlin. After opening two retail stations selling hydrogen to the public in Germany in 2006 and 2007, TOTAL is planning on opening a third retail station in Belgium in 2008.

TOTAL is also participating in the hydrogen technology platform launched by the European Commission at the end of 2003 and is a founding member of the industrial group created in 2007 to participate in the European Joint Technology Initiative to promote the development of hydrogen technology.

(1) Company data, based on quantities sold.
(2) ETBE: Ethyl-Tertio-Buthyl-Ether.
(3) Including the Algeciras and Huelva refineries (CEPSA).
(4) VOME: Vegetable-Oil-Methyl-Esther.

Trading & Shipping

The Trading & Shipping sector:

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

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

Trading

TOTAL is one of the world's major traders of crude oil and refined products on the basis of volumes traded.

The table below sets forth selected information with respect to TOTAL's worldwide sales and source of supply of crude oil for each of the last three years.

Supply & Sales of Crude Oil **For the year ended December 31** (kb/d, except %)	**2007**	**2006**	**2005**
Total supply	4,194	4,112	4,465
Produced by the Group[(a)(b)]	1,502	1,473	1,615
Purchased from external suppliers	2,692	2,639	2,850
Production by the Group as a percentage of total supply	**36%**	**36%**	**36%**
Sales of crude oil			
Total Sales	4,194	4,112	4,465
Sales to Downstream segment[(c)]	2,042	2,074	2,111
Sales to external customers	2,152	2,038	2,354
Sales to external customers as a percentage of total sales	**51%**	**50%**	**53%**

(a) Including condensates and natural gas liquids.
(b) Including TOTAL's proportionate share of the production of equity affiliates.
(c) Excluding share of CEPSA.

The Trading division operates extensively on physical and derivatives markets, both organized and over the counter. In connection with its trading activities, TOTAL, like most other oil companies, uses derivative energy instruments to adjust its exposure to fluctuations in the price of crude oil and refined products.

The Trading division undertakes certain physical transactions on a spot basis, but also enters into term and exchange arrangements and uses derivative instruments such as futures, forwards, swaps and options. These transactions are entered into with various counterparties.

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

In 2007, the principal market benchmarks stood at historically high levels:

		2007	**2006**	**2005**	**min 2007**		**max 2007**	
Brent ICE Futures - 1st Line[(a)]	($/b)	72.67	66.11	55.25	51.70	(11-Jan)	95.76	(23-Nov)
Gasoil ICE Futures - 1st Line[(a)]	($/t)	637.8	580.4	507.9	463.75	(18-Jan)	855.75	(23-Nov)
VLCC Ras Tanura Chiba - BITR[(b)]	($/t)	13.93	14.52	13.91	8.67	(13-Sep)	56.57	(18-Dec)

(a) 1st line: Quotation for first month nearby delivery ICE Futures.
(b) VLCC: Very Large Crude Carrier. Data estimated from BITR market quotations. BITR: Baltic International Tanker Routes.

Throughout 2007, the Trading division maintained a level of activity similar to the levels attained in 2005 and 2006, trading physical volumes of crude oil and refined products amounting to an average of approximately 5 Mb/d.

Shipping

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

In 2007, the Shipping division of the Group chartered 3,300 voyages to transport approximately 128 Mt of oil. As of December 31, 2007, the Group employed a fleet of 65 vessels chartered under long-term or medium-term agreements, (including six LPG carriers). The fleet, consisting entirely of double-hulled vessels, is modern, with an average age of approximately five years.

Throughout 2007, and for the fifth consecutive year, world crude tanker tonnage experienced an increase (+5%(1) in 2007,+5% in 2006, +7.5% in 2005, +4.5% in 2004 and +5% in 2003). The demand for oil increased in 2007 (+1.2 Mb/d(2) for 2007 compared to 2006, +0.6 Mb/d for 2006 compared to 2005), due principally to an increase in the fourth quarter 2007. Although this trend pushed the world oil transport matrix higher, the stronger growth of fleet size reinforced the structural surplus of available tonnage. Despite vessel conversions and even with an accelerated removal of single-hulled vessels, the over-sized tanker orderbook (158 million dead-weight tons, or 40% of the current operating fleet(1)) will probably have a negative impact on tonnage balances.

On the crude transport market, spot rates gradually declined from January to October 2007. Rates fell sharply between June and October, to their lowest level since 2002. However, in November and December 2007 rates on the spot market rebounded principally due to:

- Crude transport demand increased, related to a surge in OPEC production;
- Approximately a dozen single-hulled VLCCs and several Suezmaxes were removed from the operating fleet to undergo conversion to dry bulk and other services; and
- Ship owners reduced tonnage available by reducing the cruising speed of their vessels.

(1) Clarkson's SIN.
(2) Company data.

Chemicals

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

TOTAL is one of the world's largest integrated chemical producers[1].

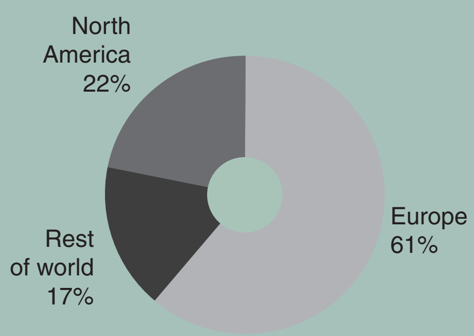
On May 12, 2006, TOTAL's shareholders approved the spin-off of Arkema, which, since October 1, 2004, included vinyl products, industrial intermediates and performance products. Arkema has been listed on Euronext Paris since May 18, 2006.

Pursuant to IFRS, 2005 income statement figures, except for adjusted net income, and ROACE have been restated to exclude Arkema's contribution.

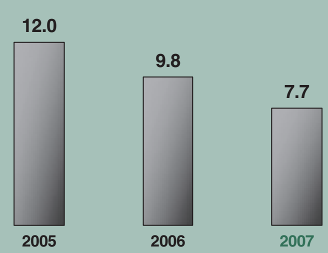
Chemicals segment financial data (M€)	**2007**	**2006**	**2005**
Non-Group sales	19,805	19,113	16,765
Base Chemicals	*12,558*	*12,011*	*10,245*
Specialties	*7,247*	*7,101*	*6,520*
Adjusted operating income	1,155	1,215	1,148
Base Chemicals	*526*	*623*	*580*
Specialties	*642*	*606*	*548*
Adjusted net operating income[a]	847	884	967
Base Chemicals	*431*	*486*	*447*
Specialties	*413*	*381*	*345*

(a) Including deferred tax changes related to Arkema activities of 18 M€ in 2006 and 151 M€ in 2005.

2007 Sales by Geographic Area



Improvement of Security Performance (Changes of TRIR[a])



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

The Chemicals segment sales amounted to 19.81 B€ in 2007 compared to 19.11 B€ in 2006 and 16.77 B€ in 2005. In 2007, Europe accounted for 61% of the segment's overall sales and North America for 22%. The remaining 17% of 2007 sales were principally made in Asia and Latin America.

Results for the segment benefited from healthy world demand and reached a level comparable to 2006, in spite of the increase in raw materials and energy prices as well as the strengthening of the euro against most currencies, in particular against the dollar.

(1) Source: company data, based on consolidated sales.

Petrochemicals margins remained at high levels during the first, second and third quarters 2007 but dropped at the end of the year due to a strong increase in the price of naphtha.

In 2007, the Chemicals segment pursued the improvement of its safety performance through a plan of actions focusing on on-the-job safety, safety management systems and major risk prevention.

Base Chemicals

TOTAL's Base Chemicals division includes petrochemicals and fertilizers.

Base Chemicals' sales amounted to 12.56 B€ in 2007, compared to 12.01 B€ in 2006 and 10.25 B€ in 2005. Demand remained strong throughout the year due to a favorable economic environment. Margins remained at high levels, mainly in Europe, during the first, second and third quarters of 2007, but were affected by the strong increase in the price of naphtha during the last months of the year. Adjusted net operating income from Base Chemicals activities decreased by 11% in 2007 compared to 2006, after a 9% increase in 2006 compared to 2005.

Petrochemicals

TOTAL's production capacities by main product groups and regions

	2007				2006	2005
(kt/y)	Europe	North America	Asia and Middle East[c]	Worldwide	Worldwide	Worldwide
Olefins[a]	5,185	1,195	795	7,175	7,035	7,005
Aromatics	2,650	930	755	4,335	4,255	4,125
Polyethylene	1,315	440	280	2,035	2,035	2,035
Polypropylene	1,210	1,070	295	2,575	2,420	2,420
Styrenics[b]	1,240	1,350	570	3,160	3,105	3,175

(a) Ethylene, propylene and butadiene.
(b) Styrene, polystyrene and elastomers (activity discontinued at the end of 2006).
(c) Including minority interests in Qatar and 50% of Samsung-Total Petrochemicals capacities in Daesan (South Korea).

Petrochemicals activities have been conducted by Total Petrochemicals since October 1, 2004 and include base petrochemicals (olefins and aromatics) as well as polyethylene, polypropylene and styrenics.

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

TOTAL holds a 50% interest in an integrated petrochemicals site located in Daesan, South Korea in partnership with Samsung. TOTAL also holds a 20% interest in a site with a steam cracker and two polyethylene units in Mesaieed, Qatar.

TOTAL's strategy is to strengthen its position among the leaders in petrochemicals, by focusing on three main orientations:

- In mature markets, TOTAL is improving the competitiveness of its existing large sites. The reorganization plan approved in 2006 for the Carling and Gonfreville sites is part of this strategy. It calls for the closing of a steam cracker and the styrene plant at Carling as well as the construction of a world-class styrene plant in Gonfreville to replace the existing styrene plant on this site. This plan is scheduled to be completed early in 2009. In addition, debottlenecking operations designed to strengthen their competitiveness are planned for 2008 at the Feluy, La Porte and Port Arthur sites.
- In Asia, TOTAL is expanding its activities to respond to growing demand. In 2007, Samsung-Total Petrochemicals completed a major modernization program at its Daesan site which increased the site's production capacity by nearly one-third by expanding the steam cracking and styrene units and also building a new polypropylene line. The project was completed on time and on budget. The commissioning of a metathesis plant (for the conversion of ethylene and butene into propylene) is expected in 2008.
- The Group is developing sites in countries with favorable access to raw materials.

  In Qatar, where the Group has been present since 1974 through its 20% interest in Qapco, TOTAL's 49% affiliate Qatofin is building an ethane-based steam cracker at Ras Laffan and a new low-density polyethylene plant in Mesaieed. These two units are scheduled to come onstream early in 2009. In addition, Qapco's existing steam cracker in Mesaieed was debottlenecked and its production capacity brought to 720 kt/y in August 2007. Qapco expects to build a new low-density polyethylene unit in 2011.

  In July 2007, TOTAL entered into a partnership with Sonatrach, the Algerian national oil company, to build an integrated petrochemicals plant in Arzew, Algeria, over the next five years, including an ethane-based steam cracker, two polyethylene units and a monoethylene glycol production unit.

In September 2007, TOTAL announced the construction of a pilot plant to produce and test polylactic acid-based second generation polymers. Polylactic acid is a biodegradable bioplastic made from sugar.

At all sites, safety and environmental improvements were in line with the yearly targets set by the Group.

Base petrochemicals

Base petrochemicals include olefins and aromatics produced by steam cracking petroleum cuts, mainly naphtha, as well as propylene and aromatics manufactured in the Group's refineries. The economic environment for these activities is extremely volatile and margins are strongly influenced by the evolution of the price of naphtha.

2007 was marked by important fluctuations in the price of naphtha and a strong global demand for steam cracker derivatives, reflecting the healthy economic environment.

Consequently, margins remained at high levels, especially in Europe, before they dropped significantly during the fourth quarter of the year due to the strong increase in the price of naphtha.

Olefins production rose by 2% in 2007 compared to 2006 and 1% in 2006 compared to 2005.

Polyethylene

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

In 2007, the strong level of world demand helped to absorb new production brought onstream in the Middle East and China, and contributed to maintaining margins. Overall volumes were stable compared to 2006 after having increased by 1.4% in 2006 compared to 2005.

Polypropylene

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

In 2007, European demand remained strong and margins were at satisfactory levels. However, in the United States, demand was weak as margins were affected by the volatility and high level of prices for propylene. Overall sales volumes increased by 1.5% compared to 2006, after a 1.8% increase in 2006 compared to 2005.

Styrenics

This business activity encompasses styrene and polystyrene. The elastomers activity was shut down at the end of 2006.

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

In 2007, polystyrene world demand slightly increased due to stronger Chinese demand and a rebound in European demand. However, American demand continued to decrease due to strong competition from other materials and plastics, as well as paper. Margins were affected by the high prices of raw materials, benzene and ethylene, and by the high costs of energy. In 2007, TOTAL's polystyrene sales volumes increased by approximately 1% compared to 2006, after a 0.3% increase in 2006 compared to 2005.

Fertilizers

GPN, formerly Grande Paroisse, manufactures and markets nitrogen fertilizers made from natural gas and complex fertilizers made from nitrogen, phosphorus and potassium products. Margins are strongly influenced by the price of natural gas.

In 2007, GPN sales increased by approximately 20% compared to 2006, after a decrease by approximately 11% in 2006 compared to 2005. Demand for fertilizers remained strong due to healthy conditions in agricultural markets. Nevertheless, ammonia productions were affected by technical problems at the Group's plants in Rouen and Grandpuits during the first half of the year.

In 2006, GPN stopped its French production of complex fertilizers due to the continuously declining market for those products, closed its plants in Bordeaux, Basse Indre, Rouen and Granville and sold its Dutch affiliate, Zuid Chemie, to Engrais Rosier, of which the Group holds a 57% share, to create a more competitive player in the Benelux market.

An important plan intended to reinforce the nitrogen derivatives activities was launched in 2006. It includes the construction of a new urea plant in Grandpuits as well as a new world-class nitric acid plant in Rouen, to be commissioned late in 2008. The plan also includes the shutdown of the fertilizers site in Oissel in 2008 and three small, obsolete, nitric acid units in Rouen and Mazingarbe.

Regarding the explosion which struck its Toulouse plant in September 2001, payments made by the Group, under the French law presumption of civil responsibility, over and above the compensation paid by insurance companies, continued in 2007, reaching a cumulative amount approaching 1,278 M€ as of December 31, 2007.

Specialties

TOTAL's Specialties division includes rubber processing (Hutchinson), resins (Cray Valley, Sartomer and Cook Composites & Polymers), adhesives (Bostik) and electroplating (Atotech). The division serves consumer and industrial markets for which customer-oriented marketing and service as well as innovation are key drivers. The Group markets specialty products in more than 55 countries. Its strategy is to pursue its international expansion by combining internal growth and targeted acquisitions while concentrating on growing markets and focusing on the distribution of new products with high added value.

In 2007, the Specialties division benefited from a generally favorable environment, in particular stronger demand in Europe, despite a significant slowdown in the U.S. economy. Sales reached 7.25 B€, an increase of nearly 2% compared to 2006, after a 9% increase in 2006 compared to 2005. Adjusted net operating income from the Specialties division increased by 8% in 2007 compared to 2006 and by 10% in 2006 compared to 2005.

Rubber processing

Hutchinson manufactures and markets products derived from rubber processing principally intended for the automotive and aerospace industries as well as for consumer markets.

Sales increased by approximately 3% in 2007 compared to 2006, after a 5% increase in 2006 compared to 2005. In 2007, sales from the automotive activity rose by nearly 2% compared to 2006 in an uneven economic environment, relatively favorable in Europe, well oriented in Latin America, but difficult in the United States where the activity declined. Sales from the industrial activities increased by approximately 5% in 2007 compared to 2006, due to a strong demand from the defense industry in the United States and from the aerospace and railway industries in Europe. Sales from consumer goods activity increased by approximately 3.5% due to the higher consumer demand in Europe.

Throughout 2007, Hutchinson continued to develop in expanding markets, primarily Eastern Europe, South America and China. Hutchinson brought onstream a new production site in Brasov, Romania, continued to develop its new plant in Lodz, Poland, as well as its plant in Suzhou, China, and decided to build a new plant in Tunisia in 2008. In addition, Hutchinson bought back the shares held by its partner in the plant located in Wuhan, China.

Resins

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

In 2007, the Group continued to improve its results from the resins activity despite the downturn of demand in North America and the weakening of the dollar against the euro which affected the results from this activity. This decline was offset by more favorable conditions on European markets. Sales decreased by approximately 4% in 2007 compared to 2006, after an increase of 8% in 2006 compared to 2005.

In 2007, Cray Valley pursued the restructuring of its European productions and closed its maleic anhydride plant in Drocourt (France) and its photocuring resins plant in Eckles (UK).

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

Sartomer developed its photocuring resins production capacities in Villers-Saint-Paul (France), West Chester (Pennsylvania, United States) and Chatham (Virginia, United States) and completed the construction of its plant in Nansha (China), commissioned in January 2008.

Adhesives

Bostik is one of the worldwide leaders[1] in its sector, based on sales, with leading positions in the industrial, hygiene, construction and consumer and professional distribution markets.

Sales increased by more than 5% in 2007 compared to 2006, after a 15% increase in 2006 compared to 2005. The increase in sales recorded in 2007 primarily stems from strong organic growth favored by healthy global economic conditions and also from acquisitions made in the second half 2006. The activity was sustained in the Asia-Pacific zone, remained well oriented in Europe, but was affected by the crisis in the construction sector in the United States.

In 2007, Bostik brought onstream new production capacities for tile powders in Sainville (France) and Sydney (Australia), laminated products in Milwaukee (Wisconsin, United States) and Helsingborg (Sweden), and double glazing in Leicester (UK).

Electroplating

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

Sales rose by 9% in 2007 compared to 2006, after a 19% increase in 2006 compared to 2005. Electroplating activity benefited from the growth of the electronic industry in Asia.

In 2007, Atotech expanded its general metal finishing activities by acquiring the electroplating activities of Sidasa, a Spanish company specialized in anticorrosive coating technologies, notably zinc-based, principally intended for automotive applications.

(1) Company data.

Investments

Main investments made over the 2005-2007 period

(in millions of euros) (IFRS)	2007	2006	2005
Upstream	8,882	9,001	8,111
Downstream	1,875	1,775	1,779
Chemicals	911	995	1,115
Corporate	54	81	190
Total	**11,722**	**11,852**	**11,195**

Capital expenditures for 2007 amounted to nearly $16 billion, excluding acquisitions, compared to nearly $14 billion, excluding acquisitions, in 2006

In the Upstream segment, capital expenditures are mainly intended to develop new hydrocarbon production facilities, exploration activities and acquisitions of new permits. In 2007, development expenditures were devoted primarily to the following projects: Kashagan in Kazakhstan, Akpo in Nigera, Yemen LNG in Yemen, Angola LNG, Dalia, Rosa and Tombua Landana in Angola, Moho Bilondo in Congo, Snøhvit in Norway, Dunbar and Jura in the UK and Tahiti in the United States.

In the Downstream segment, capital expenditures are split between refining and marketing activities (notably for the retail network). Refining investments (approximately $1.5 billion in 2007) are divided between maintenance of the facilities (included major turnarounds amounting to $0.5 billion in 2007, compared to $0.2 billion in 2006) and projects to increase the production of light products, add desulphurization capacities, adapt the system to new specifications and improve the plants energy efficiency. Year 2007 was particularly marked by the start of the construction of two desulphurization units at the Lindsey and Leuna refineries.

In the Chemicals segment, capital expenditures for 2007 were approximately 70% for Base Chemicals and 30% for Specialties.

Main investments in progress

For the year 2008, TOTAL announced an investment budget of approximately $19 billion[(1)] of which approximately 75% are devoted to the Upstream segment.

Capital expenditures in the Upstream segment should be mainly dedicated to major development projects, including: Kashagan in Kazakhstan, Akpo, Usan and Ofon II in Nigeria; Ekofisk in Norway; Pazflor and Angola LNG in Angola; the Alwyn zone including Jura in the UK; Surmont and Joslyn in Canada; Moho Bilondo in Congo and Anguille in Gabon. Furthermore, $1.8 billion should be devoted to exploration.

In the Dowstream segment, capital expenditures should enable, among others, the development of projects to increase conversion and desulphurization capacities.

TOTAL self-finances most of its capital expenditures from cash flow from operations (see Consolidated Statement of Cash Flow, page 157), which are essentially augmented by accessing the bond market on a regular basis and according to the conditions in the financial markets (see Note 20 to the Consolidated Financial Statements in Appendix 1, page 195). However, capital expenditures for which joint-companies are established between TOTAL and external partners may be the subject of specific project financing.

Main investments under study

Beyond 2008, TOTAL plans to pursue a sustained investment effort to supply the growth of its activities, prioritizing the Upstream segment.

(1) Including net investments in non-consolidated entities and equity affiliates, excluding acquisitions and based on 1€ = $1.50 for 2008(e).

Organizational structure

Position of the Company within the Group

TOTAL S.A. is the parent company of the Group. As of December 31, 2007, there were 723 consolidated subsidiaries of which 619 were fully consolidated, 13 were proportionately consolidated, and 91 were accounted for under the equity method.

The decision of the principal subsidiaries of TOTAL S.A. to declare dividends is made by their respective shareholders' meetings and remain subject to the provisions of local laws and regulations applicable to them. As of December 31, 2007, there is no restriction under those provisions that would materially restrict the distribution to TOTAL S.A. of the dividends declared by those subsidiaries.

The Group's activities are organized as indicated on the chart on pages 46 and 47 of this Registration Document. The operating segments of the Group are assisted by centralized corporate functions (Finance, Corporate Affairs, Legal, Insurance, Strategy & Business Intelligence, Scientific and Ethics) which are also represented in the chart mentioned above and which are part of the parent company, TOTAL S.A.

Principal subsidiaries

A list of the principal Subsidiaries of the Company is given in Note 35 to the Consolidated Financial Statements (page 228).

Property, Plant and Equipment

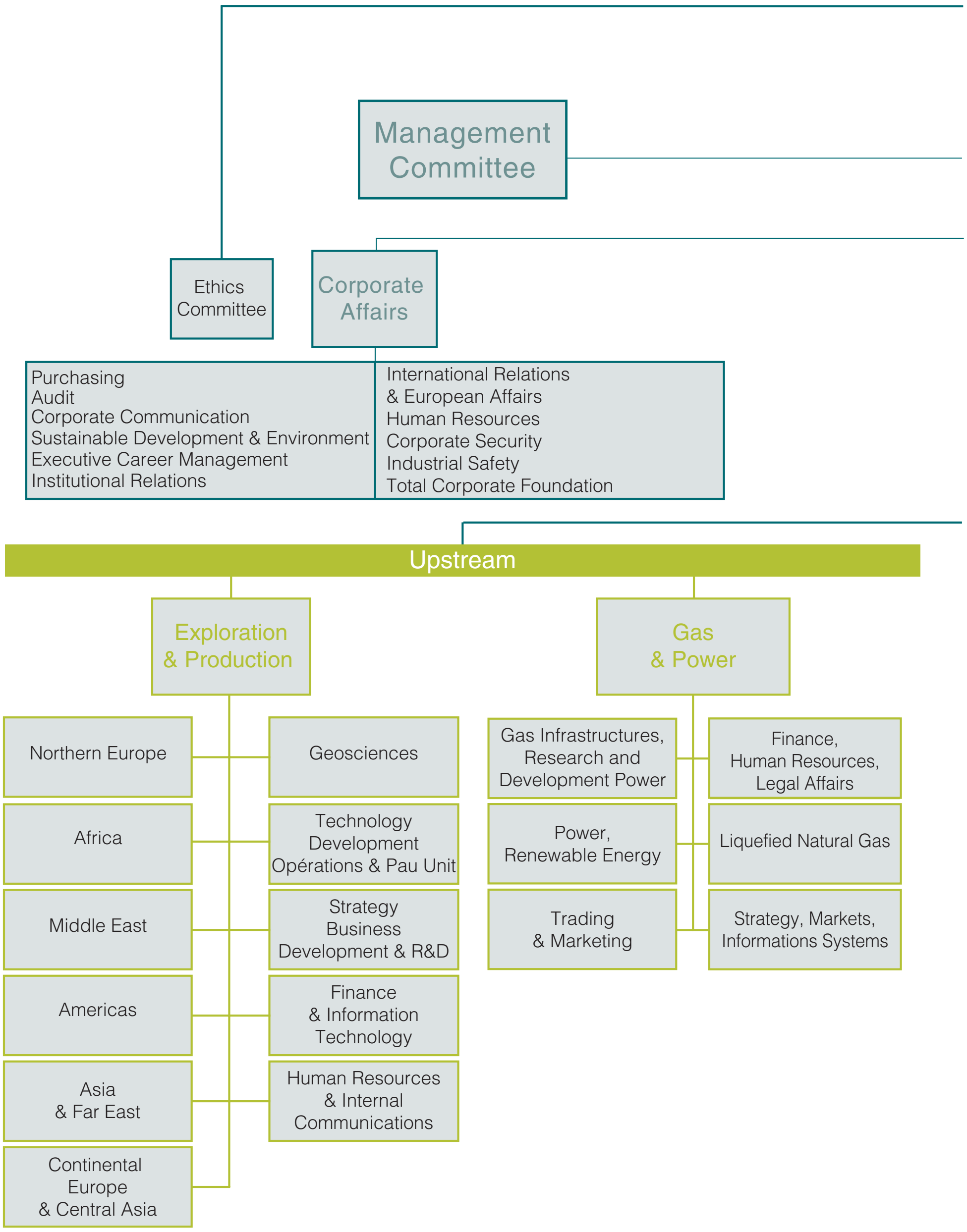
TOTAL has freehold and leasehold interests in over 130 countries throughout the world. The principal activities based at these sites, fields and other industrial, commercial or administrative properties are described on pages 7 to 30 (Upstream segment), 31 to 38 (Downstream segment) and 39 to 42 (Chemicals segment).

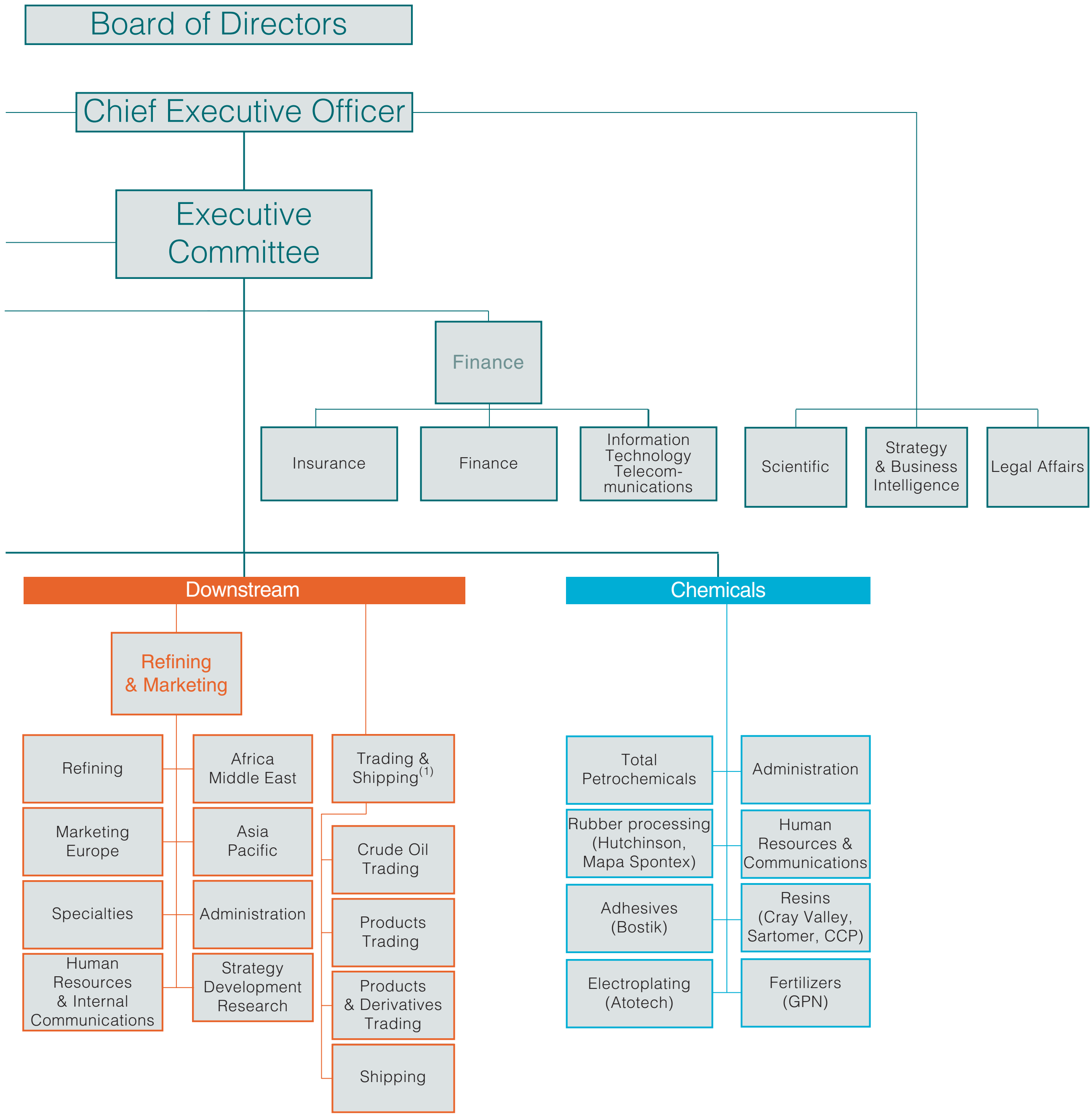
A summary of the fixed assets and their financial impact on the Group (depreciation and provisions) is included in Note 11 to the Consolidated Financial Statements (page 182).

Information about the Company's environmental policy, notably that for the Group's industrial sites, is presented on pages 270 to 272 of this Registration Document.

Organization chart

March 1, 2008





(1) The Trading & Shipping division reports to the CFO.

Management Report of the Board of Directors

Summary of results and financial position

Overview of the 2007 fiscal year for TOTAL

In 2007, market conditions for the petroleum industry were generally favorable. The Brent price rose by 11%, reflecting the robust demand for oil and higher project costs. The average price for natural gas declined in 2007, notably in Northern Europe.

In the Downstream business of the petroleum chain, refining margins were higher on average compared to 2006 but very volatile. The environment for petrochemicals was favorable for the first nine months of 2007 but deteriorated quickly as naphtha prices increased sharply late in the year.

The value of the dollar fell by 8% relative to the euro.

Adjusted net income[1] was 12,203 M€ in 2007, a 3% decrease compared to 2006. Expressed in dollars[2], it was $16,723 million, a 6% decrease compared to 2006. In this context, the adjusted earnings per share expressed in dollars increased by 8% and the profitability of the business segments was 27%. The Group benefited from hydrocarbon production growth of 1.5% in 2007, which was mainly due to the ramp-up of production on the Dalia field in Angola and the successful start-ups of the major projects, Rosa in Angola and Dolphin in the Middle East. Additionnally, through disciplined management and continuous productivity plans, the Group has been able to mitigate the still substantial impact of cost inflation.

In 2007, Total continued to strengthen the foundation for its long-term growth by investing approximately $16 billion. In recent months, two new giant projects, Pazflor in Angola and Usan in Nigeria, were launched in West Africa's prolific deep-offshore area.

Safety is a priority: over the past six years the Group has shown continuous improvement. As a result, in 2007 the accident rate was reduced by 20%.

In the framework of its policy to protect the environment, Total intensified its efforts in the fight against global climate change by launching a pilot program to test promising new technology for the capture and sequestration of carbon dioxide at our Lacq field in France.

Among other achievements in 2007, Total signed a major agreement with Gazprom to study the development of the Shtokman field in Russia, continued to improve the competitive position of its refining and petrochemicals operations by initiating targeted actions, and made further advances in alternative energies.

Confident of our ability to implement our model of sustainable growth, we have decided to propose an 11% increase in the dividend to 2.07 euros per share at the May 16, 2008 Annual Shareholders Meeting.

2007 results

Under IFRS rules for discontinued operations, the income statement, with the exception of net income, and ROACE have been restated for 2005 to exclude the contribution of Arkema.

(M€)	2007	2006	2005
Sales	158,752	153,802	137,607
Adjusted operating income from business segments	23,956	25,166	23,468
Net adjusted operating income from business segments	12,231	12,377	11,912
Adjusted net income	12,203	12,585	12,003
Net income (Group share)	13,181	11,768	12,273
Earnings per share (euros)[a]	5.37	5.44	5.08
Cash flow from operations	17,686	16,061	14,669
Investments	11,722	11,852	11,195
Divestments at selling price	1,556	2,278	1,088
Return on average capital employed (ROACE)	24%	26%	29%
Return on equity	31%	33%	35%
Number of fully-diluted weighted-average shares (in millions)[a]	2,274.4	2,312.3	2,362.0

(a) Adjusted retroactively to take into account the 4-for-1 stock split completed on May 18, 2006.

(1) Adjusted income is defined as income using replacement cost, adjusted for special items and excluding TOTAL's equity share of amortization of intangibles related to the Sanofi-Aventis merger.
(2) Dollar amounts represent euro amounts converted at the average €-$ exchange rate for the period : 1.3704 $/€ for 2007 and 1.2556 $/€ for 2006.

Market environment

	2007	2006	2005
€-$	1.37	1.26	1.24
Brent ($/b)	72.4	65.1	54.5
European refining margins TRCV ($/t)	32.5	28.9	41.6

Adjustments to operating income from business segments

(M€)	2007	2006	2005
Impact of special items on operating income from business segments	(35)	(177)	(97)
• Restructuring charges	-	(25)	(19)
• Impairments	(47)	(61)	(71)
• Other	12	(91)	(7)
Pre-tax difference of FIFO vs. Replacement cost[a]	1,830	(314)	1,265
Total adjustments affecting operating income from business segments	**1,795**	**(491)**	**1,168**

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

Adjustments to net income (Group share)

(M€)	2007	2006	2005
Impact of special items on net income (Group share)	11	(150)	(467)
• Equity share of special items recorded by Sanofi-Aventis (includes the gain on dilution from the 2004 merger)[a]	75	(81)	(207)
• Gain on asset sales	306	304	-
• Restructuring charges	(35)	(154)	(130)
• Impairments	(162)	(40)	(215)
• Other	(173)	(179)	85
Adjustment related to the Sanofi-Aventis merger (share of amortization of intangible assets)	(318)	(309)	(335)
After-tax difference of FIFO vs. Replacement cost[b]	1,285	(358)	1,072
Total adjustments affecting net income	**978**	**(817)**	**270**

(a) Based on Total's participation in Sanofi-Aventis of 13.06% at 12/31/2007, 13.13% at 12/31/2006 and 13.19% at 12/31/2005.
(b) See paragraph N of Note 1 to the Consolidated Financial Statements.

Consolidated sales

Consolidated sales increased by 3% to 158,752 M€ in 2007 from 153,802 M€ in 2006.

Operating income

Compared to 2006, on average the oil market environment in 2007 was marked by an increase in oil prices (+11% for Brent to 72.4 $/b) and refining margins (+12% for the TRCV European refining margin indicator to 32.5 $/t).

The environment for Chemicals weakened between the two years, essentially due to the negative impact on petrochemical margins from the rapid increase in the price of naphtha late in 2007.

The euro-dollar exchange rate was 1.37 $/€ in 2007 compared to 1.26 $/€ in 2006, representing an 8% decline in the value of the dollar.

In this context, the adjusted operating income from the business segments was 23,956 M€, a decrease of 5% compared to 2006[1]. Expressed in dollars, adjusted operating income from the business segments increased by 4%.

Adjusted net operating income from the business segments was 12,231 M€ compared to 12,377 M€ in 2006, a decrease of 1%. The lower percentage decrease relative to the decrease in adjusted operating income is partially due to an increase in the contribution from equity affiliates.

Expressed in dollars, adjusted net operating income from the business segments increased by 8% to $16.8 billion.

Net income

Adjusted net income declined by 3% to 12,203 M€ from 12,585 M€ in 2006. Expressed in dollars, adjusted net income increased by 6% to $16.7 billion. This excludes the after-tax inventory effect, special items, and the Group's equity share of the amortization of intangibles related to the Sanofi-Aventis merger.

- The after-tax inventory effect had a positive impact on net income of 1,285 M€ in 2007 compared to a negative impact of 358 M€ in 2006.
- Special items had a positive impact on net income of 11 M€ in 2007 compared to a negative impact of 150 M€ in 2006.
- The Group's equity share of the amortization of intangibles related to the Sanofi-Aventis merger had a negative impact on net income of 318 M€ in 2007 and 309 M€ in 2006.

Reported net income was 13,181 M€ in 2007 compared to 11,768 M€ in 2006.

(1) Special items affecting operating income from the business segments had a negative impact of 35 M€ in 2007 and 177 M€ in 2006.

The Group's effective tax rate was 56% in 2007, stable compared to 2006. The Upstream segment had a comparable relative weight in the results in both years.

The Group bought back 32.4 million of its shares[1] in 2007 for 1,787 M€. The number of fully-diluted shares at December 31, 2007 was 2,265.2 millions compared to 2,285.2 million at December 31, 2006. The Group continued to buy back shares in January 2008, acquiring 4.1 million shares for 211 M€.

Adjusted fully-diluted earnings per share, based on 2,274.4 million fully-diluted weighted-average shares was 5.37 euros compared to 5.44 euros in 2006, a decrease of 1%, which is a smaller decrease than shown for adjusted net income thanks to the accretive effect of the share buybacks.

Expressed in dollars, adjusted fully-diluted earnings per share increased by 8% to 7.35.

Investments

Investments were 11,722 M€ compared to 11,852 M€ in 2006. Included in the 2007 investments are 161 M€ of acquisitions related primarily to new permits[2].

Divestments were 1,556 M€ in 2007 compared to 2,278 M€ in 2006. The 2007 divestments included Upstream assets in Canada, the UK and Norway and Downstream assets in the UK, as well as the progressive sale of shares representing 0.4% of Sanofi-Aventis capital in the fourth quarter for 316 M€.

Expressed in dollars, investments in 2007 increased by 8% to 16.1 billion.

Excluding acquisitions, 2007 investments were $15.8 billion compared to $13.9 billion in 2006.

Net investments were $13.9 billion in 2007, an increase of 16% compared to 2006.

Profitability

The ROACE[3] for the Group was 24% in 2007 (27% for the business segments) compared to 26% and 29% respectively in 2006.

Return on equity was 31% in 2007 compared to 33% in 2006.

Upstream results

Liquids and gas price realizations[(a)]

	2007	2006	2005
Brent ($/b)	72.4	65.1	54.5
Average liquids price ($/b)	68.9	61.8	51.0
Average gas price ($/Mbtu)	5.40	5.91	4.77

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

The increase in Total's average realized liquids price was in line with the increase in the Brent in 2007 compared to in 2006.

The average realized price for Total's natural gas declined due to weakness in the UK spot price as well as the second-half 2007 ramp-up in production from Dolphin in the Middle East.

Production

Hydrocarbon production	2007	2006	2005
Liquids (kb/d)	1,509	1,506	1,621
Gas (Mcfd)	4,839	4,674	4,780
Combined production (kboe/d)	2,391	2,356	2,489

(1) Includes 2.4 million shares purchased to cover the program of restricted share grants for employees per the Board of Directors decision on July 17, 2007.
(2) In 2006, acquisitions were 611 M€.
(3) Based on adjusted net operating income and average capital employed using replacement cost.

For 2007, hydrocarbon production was 2,391 kboe/d compared to 2,356 kboe/d in 2006, an increase of 1.5% mainly as a result of:

- +5% from net growth, primarily from production ramp-ups and start-ups of major TOTAL-operated projects, including Dalia, Rosa and Dolphin;
- -0.5% from the impact of the May 2007 fire on the Nkossa platform in Congo;
- -2% from the price effect[1], OPEC reductions and shutdowns in the Niger delta because of security issues; and
- -1% from changes in portfolio, mainly the termination of a concession in Dubai.

Year-end reserves[2]

	2007	2006	2005
Liquids (Mb)	5,778	6,471	6,592
Gas (Bcf)	25,730	25,539	24,750
Hydrocarbon reserves (Mboe)	10,449	11,120	11,106

Proved reserves based on SEC rules were 10,449 Mboe at December 31, 2007. At the 2007 average rate of production, the reserve life is close to 12 years.

Excluding the impact of changing year-end prices (based on Brent stable at year-end 2006 price of 58.93 $/b) and excluding acquisitions and divestments, the 2007 reserve replacement rate was 102% for the Group (consolidated subsidiaries and equity affiliates).

Based on proved reserves calculated according to SEC rules (Brent at 93.72 $/b), the 2007 reserve replacement rate[3], excluding acquisitions and divestments, was 78%.

Including acquisitions and divestments (essentially the sale of 16.7% of Sincor to PDVSA), it is 23%.

At year-end 2007, TOTAL had a solid and diversified portfolio of proved and probable reserves[4] representing 20 Bboe, or more than a 20 year reserve life based on the 2007 average production rate, and resources[5] representing more than 40 years of production.

Results

(in millions of euros)	2006	2006	2005
Adjusted operating income	19,514	20,307	18,421
Adjusted net operating income	8,849	8,709	8,029
Cash flow from operating activities	12,692	11,524	10,111
Investments	8,882	9,001	8,111
Divestments at selling price	751	1,458	692
Return on average capital employed	34%	35%	40%

Adjusted net operating income from the Upstream segment was 8,849 M€ in 2007 compared to 8,709 M€ in 2006, an increase of 2%.

Expressed in dollars, adjusted net operating income from the Upstream segment was $12.1 billion in 2007, an increase of $1.2 billion compared to 2006 that was mainly due to the positive effects of the more favorable environment (+$1.1 billion) and production growth (+$0.85 billion), partially offset by the impacts of increased exploration (-$0.35 billion) and higher production costs (approx -$0.4 billion).

Technical costs (FAS 69, consolidated subsidiaries) were 12.4 $/boe in 2007 compared to 9.9 $/boe in 2006, an increase of 2.5 $/boe essentially due to cost inflation (+1.0 $/boe), the impact of increased exploration (+0.5 $/boe), maintenance (+0.3 $/boe) and the effect of the environment (+0.4 $/boe).

The return on average capital employed (ROACE[6]) for the Upstream segment was 34% in 2007 compared to 35% in 2006.

(1) Impact of changing hydrocarbon prices on entitlement volumes.
(2) TOTAL's proved reserves include fully-consolidated subsidiaries proved reserves and its equity share in equity affiliates proved reserves as well as proved reserves from two non-consolidated companies.
(3) Change in reserves excluding production i.e. (revisions + discoveries, extensions + acquisitions – divestments) / production for the period.
(4) Limited to proved and probable reserves covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 60 $/b Brent environment, including the portion of heavy oil in the Joslyn field developed by mining.
(5) Proved and probable reserves plus potentially recoverable quantities from known accumulations (Society of Petroleum Engineers—03/07).
(6) Calculated based on adjusted net operating income and average capital employed, using replacement cost.

Downstream results

Operating Information

	2007	2006	2005
Refinery throughput (kb/d)[a]	2,413	2,454	2,410
Refined product sales[b] (kb/d)	3,863	3,786	3,792

(a) Includes share of CEPSA.
(b) Includes trading and share of CEPSA.

The utilization rate based on crude throughput was 87% (89% based on crude and other feedstock) compared in 2007 to 88% (91% based on crude and other feedstock) in 2006. Ten refineries were affected by maintenance shutdowns in 2007 compared to three in 2006. Maintenance activity in 2008 should be comparable to 2007.

Results

(in millions of euros) IFRS	2007	2006	2005
Adjusted operating income	3,287	3,644	3,899
Net adjusted operating income	2,535	2,784	2,916
Cash flow from operating activities	4,148	3,626	2,723
Investments	1,875	1,775	1,779
Divestments at selling price	394	428	204
Return on average capital employed	21%	23%	28%

Adjusted net operating income from the Downstream segment was 2,535 M€ in 2007 compared to 2,784 M€ in 2006, a decrease of 9%.

Expressed in dollars, adjusted net operating income was $3.5 billion in 2007, stable compared to 2006.

This result reflects the impact of an overall slightly negative environment, for -$0.05 billion, mainly due to weaker conditions for marketing. Cost inflation had an impact of -$0.1 billion. The 2007 results were also affected by higher maintenance activity for -$0.15 billion and the positive effect of growth and productivity programs for +$0.3 billion, notably the contribution from the Normandy distillate hydrocracker (DHC) for a full year.

The ROACE[1] for the Downstream segment was 21% in 2007 compared to 23% in 2006.

Chemicals results

Under IFRS rules for discontinued operations, the 2005 income statement and ROACE[1] have been restated to exclude the contribution of Arkema.

(in millions of euros) IFRS	2007	2006	2005
Sales	19,805	19,113	16,765
Adjusted operating income	1,155	1,215	1,148
Net adjusted operating income[a]	847	884	967
Cash flow from operating activities[b]	1,096	972	946
Investments	911	995	1,115
Divestments at selling price	83	128	59
Return on average capital employed	12%	13%	15%
Return on average capital employed excluding deferred tax credits related to Arkema activities	n/a[c]	12%	13%

(a) Includes deferred tax credits related to Arkema activities for 151 M€ in 2005 and 18 M€ in 2006.
(b) Includes expenses related to AZF 77 M€ in 2005, 57 M€ in 2006 and 42 M€ in 2007.
(c) Not applicable.

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

Adjusted net operating income for the Chemicals segment was 847 M€ in 2007 compared to 884 M€ in 2006, a decrease of 4%[1].

Expressed in dollars, the $0.07 billion[2] increase reflects the positive impact of growth and productivity programs (+$0.18 billion) which was partially offset by the negative impact of the petrochemical environment (-$0.11 billion), essentially linked to the weak margins in the fourth quarter 2007.

The ROACE[3] for the Chemicals segment was 12% in 2007 compared to 13% in 2006.

TOTAL S.A. 2007 parent company accounts and proposed dividend

Net income for TOTAL S.A., the parent company, was 5,779 M€ in 2007 compared to 5,252 M€ in 2006. After reviewing the accounts, the Board of Directors decided to suggest at the May 16, 2008 Shareholders' Meeting a dividend of 2.07 euros per share for 2007, an increase of 11% compared to the previous year.

Based on the Group's adjusted net income for 2007, TOTAL's pay-out ratio would be 39%.

Considering the interim dividend of 1 euro per share paid on November 16, 2007, the remaining 1.07 euro per share would be paid on May 23, 2008[4].

(1) A decrease of 2% excluding from the 2006 results the 18 M€ of deferred tax credits related to Arkema activities.
(2) Excludes from the 2006 results the amount of deferred tax credits related to Arkema activities.
(3) Based on adjusted net operating income and average capital employed at replacement cost.
(4) In accordance with the new calendar established for stock-related events by Euronext Paris on November 26, 2007, ex-dividend date for the remainder of the 2007 dividend will be May 20, 2008.

Liquidity and capital resources

Long-term and short-term capital

Long-term capital

As of December 31 (in millions of euros)	2007	2006	2005
Shareholders equity (Group share)[a]	43,303	38,890	39,477
Non-current financial debt	14,876	14,174	13,793
Hedging instruments of non-current financial debt	(460)	(486)	(477)
Total net non-current capital	57,719	52,578	52,793

(a) 2007 equity after the distribution of the 2007 dividend of 2.07 euros per share of 2.50 euros of par value taking into account the interim amount of 1 euro paid in November 2007.

Short-term capital

As of December 31 (in millions of euros)	2007	2006	2005
Current borrowings	4,613	5,858	3,920
Net current financial instruments	(1,204)	(3,833)	(301)
Net current financial debt	3,409	2,025	3,616
Cash and cash equivalents	5,988	2,493	4,318

Cash flow

(in millions of euros)	2007	2006	2005
Cash flow from operating activities	17,686	16,061	14,669
Changes in working capital adjusted for the pre-tax FIFO inventory effect	(354)	755	2,737
Cash flow from operating activities before changes in working capital adjusted for the pre-tax FIFO inventory effect	17,332	16,816	17,406
Investments	(11,722)	(11,852)	(11,195)
Divestments at selling price	1,556	2,278	1,088
Net cash flow at replacement cost, before changes in working capital	7,166	7,242	7,299
Dividends paid	4,738	4,325	3,747
Share buybacks	1,526	3,830	3,189
Net-debt-to-equity ratio at December 31	27%	34%	32%

Cash flow from operations was 17,686 M€ in 2007, a 10% increase compared to 2006.

Adjusted cash flow[1] was 17,332 M€, a 3% increase compared to 2006.

Expressed in dollars, adjusted cash flow increased by 12% to $23.8 billion.

Net cash flow was 7,520 M€ in 2007 compared to 6,487 M€ in 2006. Expressed in dollars, net cash flow increased by 27% to $10.3 billion.

The net-debt-to-equity ratio was 27% at December 31, 2007 compared to 34% at December 31, 2006[2].

Borrowing requirements and funding structure

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

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

(1) Cash flow from operations at replacement cost before changes in working capital.
(2) Calculations shown on Note 20 to the Consolidated Financial Statements.

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

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

Condition for the use of external financing

The total amount of the principal confirmed lines of credit granted by international banks to Group companies (including TOTAL S.A.) was $10,505 million at December 31, 2007 (compared to $11,638 million at December 31, 2006), $8,548 million of which has not been used (vs. $9,268 million a year ago).

TOTAL S.A. has confirmed lines of credit granted by international banks that allow the company to fund a significant cash reserve. These credit lines totalled $8,261 million at December 31, 2007 ($7,701 million at December 31, 2006), $8,195 million of which has not been used ($7,649 million a year ago).

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

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

As of December 31, 2007, there was no restriction on the use of the capital received by the Group's companies (including TOTAL S.A.) which could have a direct or indirect material impact on the Group's operations.

Anticipated sources of financing

In 2007, investments, working capital, dividend payments and stock buybacks were financed essentially by the cash flow generated from operating activities and, to a lesser extent, by asset disposals and net borrowings.

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

Research and development

Research and development costs incurred by TOTAL amounted to 594 M€ in 2007 compared to 568 M€ in 2006 and 510 M€ in 2005[1].

The staff dedicated to these research and development activities was 4,216 people, compared to 4,156 people in 2006 and 3,964 people in 2005[2].

Research and Development challenges for TOTAL can be defined according to four main lines:

- Knowledge of the resources and their quality, mainly oil and gas, to optimize exploitation, but also biomass and renewable energies.
- Competitiveness, renewal and quality of products, including the ability to meet market needs, their life cycle and their impacts.
- Efficiency, reliability and life duration of production facilities, notably their energy efficiency.
- Environmental challenges with regard to water, air and soil on production sites, and the future of emissions such as carbon dioxide.

These challenges are addressed in synergy rather than competitively. Their approach varies according to the different business segments.

Exploration & Production

Many challenges in this business segment have led TOTAL to strengthen its action on various fields, notably for seismic data acquisition and processing, numerical simulation of oil and gas reservoirs (such as low permeability or very deep reservoirs), issues connected to acid gas processing and gas chemical conversion with regard to gas activities. Enhanced oil recovery in operated reservoirs and issues connected to heavy oil and bitumen recovery with lower environmental impacts are two major concerns which led the Group to increase the Research budget. Carbon dioxide capture and its geological storage in a deep depleted gas reservoir are the subject of a new major project in France.

Gas & Power

The main research and development themes regard energy conversion: new technical options for LNG terminals, new processes for gas-to-liquids (GTL), especially the emergence of DME (DiMethyl Ether) production, as well as the Group's commitment in direct production processes and coal-to-liquids (CTL) processes to convert coal into liquid hydrocarbons. This division is also committed to power generation (means to improve output) and carbon dioxide capture in power plants.

With regard to new energies, major research and development themes concern possible evolutions of the photovoltaic technology with the new cell generation and power generation from biomass. TOTAL also entered into a partnership to study wave power.

Refineries

For refining and marketing, TOTAL included in its activities resources for the future, whether from non-conventional oil or from first or second generation biofuel. TOTAL is also developing new fuels, additives and lubricants adapted to the market trends, car manufacturers and energy efficiency. This business segment is also developing processes and catalysts allowing to increase production output and considered as a major R&D driver, both for improved productivity, and for reducing environmental impacts.

Petrochemicals

In Petrochemicals, research should allow for the discovery of new resources from gas, coal or renewable energies and also the improvement of energy efficiency of the facilities, as well as the development and characterization of new specialized polymers, the products of the future including bioplastics and biodegradability, leading to major long-term research and development and pilot programs for catalysts and processes.

Specialties

Atotech is the technology leader for electronics and industrial surface finishing, and is part of the world-scale rapid development of microelectronics.

Hutchinson is an innovator in the field of clean production technologies connected to thermoplastic products and attractive systems for major clients, including their energy efficiency.

Bostik and Cray Valley-Sartomer are seeking products (glue, resins) adapted to new markets or showing new functionalities, produced from clean production technologies, notably using biomass resources.

(1) 2005 and 2006 figures exclude Arkema.

Environment

Controlling and reducing the environmental impact of its activities is a challenge common to the whole Group:

- the reduction of air emissions,
- the improvement of water quality to comply with the European water directive framework,
- the improvement of the Group's products to comply with the REACH directive, and
- the reduction of greenhouse gas emission whether through the improvement of energy efficiency or efforts leading to carbon dioxide capture and sequestration.

R&D organization

TOTAL's management is examining the Group's research and development trends to determine the most suitable organization of the research department to adapt to a new context requiring both strong research in all business segments and also improved cross-disciplinary themes. From this perspective, great attention is given to a good level of synergy between R&D entities. Moreover, access to innovative small businesses as well universities and academic laboratories in Europe, in the US, in Japan and China was emphasized in 2007.

The Group has 22 major R&D centers worldwide and developed about 500 active partnerships with other industrial groups, university research or special research institutes. Furthermore, TOTAL benefits from advice of a network of academic scientists worldwide committed in scientific watch and advice useful to the Group's R&D activities.

Each branch is developing an active intellectual property activity, aimed at protecting its developments, allowing its activity without constraints as well as facilitating its partnerships. In 2007, close to 250 new patents applications were issued by the Group.

Trends and outlook

Outlook

Since the beginning of 2008, European refining margins have been, on average, lower than in 2007 and the environment for petrochemicals has been generally unfavorable though improved compared to year end 2007. The price of Brent crude stabilized at a historically high level, around 100$/b.

In Upstream, TOTAL intends to pursue its strategy of profitable organic growth which should translate to an increase in hydrocarbon production of 4% per year on average over the period 2006 to 2010 based on a 60 $/b Brent environment[1]. The growth stems primarily from major Total-operated projects recently put into production (Dalia, Rosa and Dolphin) or in the development phase and generally on track. The growth is particularly sensitive to LNG, where TOTAL's sales are expected to grow by 13% per year on average over the period 2006-2010.

TOTAL's portfolio of projects provides strong visibility for growth beyond 2010, mainly as a result of a large and successful exploration program over the past years as well as major new projects in LNG and heavy oil.

In Downstream, the Group is pursuing its strategy of consolidation and modernization of its refining activities in Europe and in the United States. In the context of increasing exposure to growing markets, such as Asia and the Middle East, the Group has been finalizing the study of the Jubail refinery project in Saudi Arabia.

In Petrochemicals, TOTAL maintains its objective to concentrate its activities on large integrated platforms in Europe and the United States while developing growth projects based on ethane feedstocks in Qatar and Algeria.

Implementation of the Group's growth strategy calls for a sustained investment program. The 2008 Capex budget is approximately $19 billion, with nearly 75% being for the Upstream segment.

In parallel with the investment program, TOTAL plans to continue to optimize its asset portfolio, notably through the divestment of its shareholding in Sanofi-Aventis which began in the fourth quarter of 2007.

The Group maintains its net-debt-to-equity ratio around its target range of 25-30%.

In addition, TOTAL expects to pursue a policy of competitive dividend growth relative to the other major oil companies.

Significant events expected in 2008 include the ramp-up in production from Dolphin in Qatar and the start-up of production from several Upstream projects, such as Jura in the UK and Moho Bilondo in Congo. These projects set the stage for the Group to report significant production growth in 2008.

Risks and uncertainties

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

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

A detailed description of these risks is included in this Registration Document (pages 61 to 78). Also included in this Registration Document, in accordance with Article L. 225-102-1 of the French Commercial Code, is information on how TOTAL S.A. accounts for the social and environmental effects of its activities (pages 268 to 272).

2008 SENSITIVITIES TO THE MARKET ENVIRONMENT

Market parameters	Scenario	Change	Estimated impact on adjusted operating income	Estimated impact on adjusted net operating income
Dollar	1.50 $/€	+0.10 $ per €	-1.5 B€	-0.8 B€
Brent	80 $/b	+1 $/b	+0.28 B€/+$0.42 billion	+0.12 B€/+$0.18 billion
European refining margins (TRCV)	33 $/t	+1 $/t	+0.08 B€/+$0.12 billion	+0.05 B€/+$0.08 billion

(1) *Excluding portfolio changes.*
(2) *Sales, Group share, excluding trading.*
(3) *Including net investment in equity affiliates and non consolidated companies excluding acquisitions and based on 1€ = 1.50$ for 2008.*

Risk Factors

Market risks

Sensitivity to market environment

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

Generally, a rise in the price of crude oil has a positive effect on earnings as a result of an increase in revenues from oil and gas production. Conversely, a decline in crude oil prices reduces revenues. For the year 2008, the Group estimates that an increase or decrease of $1.00 per barrel in the price of Brent crude would respectively increase or decrease annual adjusted net operating income by approximately 0.12 B€ ($0.18 billion)(1). The impact of changes in crude oil prices on Downstream and Chemicals operations depends upon the speed at which the prices of finished products adjust to reflect these changes. The Group estimates that an increase or decrease in European TRCV refining margins of $1 per ton would increase or decrease annual adjusted net operating income by approximately 0.05 B€ ($0.08 billion)(1).

All of the Group's activities are, to various degrees, sensitive to fluctuations in the dollar/euro exchange rate. The Group estimates that a strengthening or weakening of the dollar against the euro by $0.10 per euro would respectively improve or reduce annual adjusted net operating income, expressed in euros, by approximately 0.8 B€.

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

2008 Sensitivities	Scenario	Change	Estimated impact on adjusted operating income	Estimated impact on adjusted net operating income
Dollar	$1.50/€	+$0.10 per €	-1.5 B€	-0.8 B€
Brent	$80/b	+$1/b	+0.28 B€/+$0.42 billion	+0.12 B€/+$0.18 billion
European refining margins (TRCV)	$33/t	+$1/t	+0.08 B€/+$0.12 billion	+0.05 B€/+$0.08 billion

Oil and gas market related risks

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

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

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

The potential movement in fair values corresponds to a 97.5% value-at-risk type confidence level. This means that our portfolio result is likely to exceed the value-at-risk loss measure once over 40 business days if the portfolio exposures were left unchanged. There is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 5.4 M€ per day, defined as the value at risk, based on positions as of December 31, 2007.

As part of its gas and electricity trading activity, the Group also uses derivative instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. Gas & Power measures its market risk exposure i.e. potential loss in fair values, on its trading activities using a value-at-risk technique. This technique is based on an historical model and makes an assessment of the market risk arising from possible future changes in market values over a one day period. The calculation of the range of potential changes in fair values takes into account a snapshot of the end-of-day exposures and the set of historical price movements for the past year for all instruments and maturities in the global trading activities.

Based on positions as of December 31, 2007, there is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 4.3 M€ per day.

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

(1) Calculated with a base case exchange rate of $ 1.50 per 1.00€.

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

Financial markets related risks

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

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed according to rules set by the Group's senior management, that assures regular pooling of available cash balances, open positions and management of the financial instruments by the treasury/financing department. Excess cash of the Group is deposited in prime banks or is used to buy deposit certificates issued by these banks. Liquidity positions and the management of financial instruments are centralized by the treasury/financing department, where they are managed by a team specialized in foreign exchange and interest rate market transactions.

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

Currency exposure

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

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

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

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

The non-current debt described in Note 20 to the Consolidated Financial Statements (page 195) is generally raised by the corporate treasury entities either in dollars or euros, or in other currencies which are then systematically exchanged against dollars or euros according to the general corporate needs, through swaps issues. The proceeds from these debt issuances are loaned to the affiliates whose accounts are kept in dollars or in euros. Thus, the net sensitivity of these positions to currency exposure is not material.

The Group's short-term currency swaps, the nominal amounts of which appear in Note 29 to the Consolidated Financial Statements (page 212), are used to attempt to optimize the centralized cash management of the Group. Thus the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

Short-term interest rate exposure and cash

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

Interest rate risk on non-current debt

The Group's policy consists of incurring non-current debt primarily at a floating rate, or at a fixed rate depending on the level of interest rates, in dollars or in euros according to general corporate needs. Long-term interest rate and currency swaps can hedge debenture loans at their issuance in order to create a variable rate synthetic debt. In order to partially modify the interest rate structure of the long-term debt, TOTAL can also enter into long-term interest rate swaps.

Sensitivity analysis on interest rate and foreign exchange risk

The tables below present the potential impact of an increase or decrease of 10 basis points on the interest rate yield curves in each of the currencies on the fair value of the current financial instruments as of December 31, 2007, 2006 and 2005.

As of December 31, 2007 (M€)			Change in fair value due to a change in interest rate by	
ASSETS / (LIABILITIES)	Carrying amount	Estimated fair value	+ 10 basis points	-10 basis points
Debenture loans (non-current portion, before swaps)	(11,741)	(11,741)	37	(37)
Issue swaps and swaps hedging debenture loans (liabilities)	*(369)*	*(369)*		
Issue swaps and swaps hedging debenture loans (assets)	*460*	*460*		
Total issue swaps and swaps hedging debenture loans (assets and liabilities)	91	91	(39)	38
Current portion of non-current debt after swaps (excluding capital lease obligations)	(1,669)	(1,669)	(1)	1
Other interest rate swaps	1	1	-	-
Currency swaps and forward exchange contracts	(34)	(34)	-	-

As of December 31, 2006 (M€)			Change in fair value due to a change in interest rate by	
ASSETS / (LIABILITIES)	Carrying amount	Estimated fair value	+ 10 basis points	-10 basis points
Debenture loans (non-current portion, before swaps)	(11,413)	(11,413)	26	(26)
Issue swaps and swaps hedging debenture loans (liabilities)	*(193)*	*(193)*	-	
Issue swaps and swaps hedging debenture loans (assets)	*486*	*486*	-	
Total issue swaps and swaps hedging debenture loans (assets and liabilities)	293	293	(26)	26
Current portion of non-current debt after swaps (excluding capital lease obligations)	(2,140)	(2,140)	1	(1)
Other interest rate swaps	4	4	(1)	1
Currency swaps and forward exchange contracts	(8)	(8)	1	(1)

As of December 31, 2005 (M€)			Change in fair value due to a change in interest rate by	
ASSETS / (LIABILITIES)	Carrying amount	Estimated fair value	+ 10 basis points	-10 basis points
Debenture loans (non-current portion, before swaps)	(11,025)	(11,025)	126	(129)
Issue swaps and swaps hedging debenture loans (liabilities)	*(128)*	*(128)*	-	-
Issue swaps and swaps hedging debenture loans (assets)	*450*	*450*	-	-
Total issue swaps and swaps hedging debenture loans (assets and liabilities)	322	322	(115)	117
Current portion of non-current debt after swaps (excluding capital lease obligations)	(920)	(919)	1	(1)
Other interest rate swaps	3	3	(3)	3
Currency swaps and forward exchange contracts	260	260	4	(4)

The impact of interest rate variation on the cost of net debt before tax is as follow:

For the year ended December 31, (M€)	2007	2006	2005
Cost of net debt	(539)	(364)	(287)
Interest rates translation of + 10 basis points	(12)	(12)	(10)
Interest rates translation of - 10 basis points	12	12	10
Interest rates translation of + 100 basis points	(116)	(118)	(100)
Interest rates translation of - 100 basis points	116	118	100

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

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

	Euro / Dollar exchange rates	Euro / Pound sterling exchange rates
As of December 31, 2007	1.47	0.73
As of December 31, 2006	1.32	0.67
As of December 31, 2005	1.18	0.69

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

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

As of December 31, 2005 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholder's equity at historical exchange rate	39,224	19,789	7,822	4,191	7,422
Cumulative translation adjustment before net investment hedge	1,421	-	922	68	431
Net investment hedge - unsettled instruments	-	-	-	-	-
Shareholder's equity at exchange rate as of December 31, 2005	40,645	19,789	8,744	4,259	7,853

As a result of this policy, the impact of currency exchange on consolidated income, as illustrated in Note 7 to the Consolidated Financial statements (page 179), has not been significant over the last three years despite the considerable fluctuation of the dollar (gain of 35 M€ in 2007, loss of 30 M€ in 2006, gain of 76 M€ in 2005).

Counterparty risk

The Group has established standards for market transactions according to which bank counterparties must be approved in advance, based on an assessment of the counterparty's financial soundness and its rating (Standard & Poors, Moody's), which must be of high quality.

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

Stock market risk

The Group holds interests in a number of publicly-traded companies (see Notes 12 and 13 to the Consolidated Financial Statements (pages 184 to 186)). The market value of these holdings fluctuates due to various factors, including stock market trends, valuations of the sectors in which the companies operate, and the economic and financial condition of each individual company.

Liquidity risk

TOTAL S.A. has confirmed lines of credit granted by international banks, which are calculated to allow it to manage its short-term liquidity needs as required (see page 220).

The following tables show the maturity of the financial assets and debts of the Group as of December 31, 2007, 2006 and 2005 (see Note 20 to the Consolidated Financial Statements, (page 195)).

ASSETS / (LIABILITIES) As of December 31, 2007 (M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt - net of hedging instruments		(11,424)	(2,992)	(14,416)
Current borrowings	(4,613)			(4,613)
Other current financial liabilities	(60)			(60)
Current financial assets	1,264			1,264
Cash and cash equivalents	5,988			5,988
Net amount before financial expense	**2,579**	**(11,424)**	**(2,992)**	**(11,837)**
Financial expense	(561)	(1,389)	(270)	(2,220)
Net amount	**2,018**	**(12,813)**	**(3,262)**	**(14,057)**

As of December 31, 2006 (M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt - net of hedging instruments		(10,733)	(2,955)	(13,688)
Current borrowings	(5,858)			(5,858)
Other current financial liabilities	(75)			(75)
Current financial assets	3,908			3,908
Cash and cash equivalents	2,493			2,493
Net amount before financial expense	**468**	**(10,733)**	**(2,955)**	**(13,220)**
Financial expense	(567)	(1,302)	(160)	(2,029)
Net amount	**(99)**	**(12,035)**	**(3,115)**	**(15,249)**

As of December 31, 2005 (M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt - net of hedging instruments		(9,057)	(4,259)	(13,316)
Current borrowings	(3,920)			(3,920)
Other current financial liabilities	(33)			(33)
Current financial assets	334			334
Cash and cash equivalents	4,318			4,318
Net amount before financial expense	**699**	**(9,057)**	**(4,259)**	**(12,617)**
Financial expense	(453)	(1,091)	(144)	(1,688)
Net amount	**246**	**(10,148)**	**(4,403)**	**(14,305)**

Credit risk

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

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

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

ASSETS / (LIABILITIES) As of December 31, (M€)	2007	2006	2005
Loans to equity affiliates (Note 12)	2,575	1,533	1,299
Loans and advances (Note 14)	851	1,025	1,202
Accounts receivable, net (Note 16)	19,129	17,393	19,612
Other operating receivables (Note 16)	4,430	4,267	3,710
Total	**26,985**	**24,218**	**25,823**

The valuation allowance on loans and advances and on accounts receivable and other operating receivables are detailed respectively in Notes 14 and 16 to the Consolidated Financial Statements (see pages 187 to 188).

The credit risk on outstanding receivables is not material to the Group.

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

Upstream Segment

- ***Exploration & Production***

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

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

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

- ***Gas & Power***

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

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted. The creditworthiness of the counterparties is assessed based on analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as data published by the rating agencies. On this basis, credit limits are defined for each potential counterparty and, where appropriate, transactions are subject to specific authorizations.

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

Credit risk is mitigated by systematic use of industry standard contractual frameworks that permit netting, enable to require added security in case of adverse change in the counterparty risk, and allow for termination of the contract upon occurrence of certain events of default. Whenever required, credit support takes the form of parent company guarantees, letters of credit and wherever practicable, bi-lateral margining.

Downstream Segment

- ***Refining & Marketing***

Internal procedures for the Refining & Marketing division include rules on credit risk that describe the basis of internal control in this domain, including the separation of authority between commercial and financial operations. Credit policies are defined at the local level, complemented by the implementation of procedures to monitor customer risk (credit committees at the subsidiary level, the creation of credit limits for corporate customers, portfolio guarantees, etc.).

Each entity also implements monitoring of its outstanding receivables. Risks related to credit may be mitigated or limited by requiring security or guarantees.

Bad debts are provisioned on a case-by-case basis at a rate determined by management by on its assessment of the circumstances.

- ***Trading & Shipping***

Trading & Shipping deals with counterparties and financial institutions located throughout the world. Counterparties to physical and derivative transactions are primarily entities involved in the oil and gas industry or in the trading of energy commodities. Financial institutions providing credit risk coverage are highly rated international banks and insurance groups.

The Trading & Shipping division has a strict policy of internal delegation of authority governing establishment of country and counterparty credit limits and approval of specific transactions. Credit exposures contracted under these limits and approvals are monitored on a daily basis.

Potential counterparties are subject to credit assessment and approval prior to any transaction being concluded and all active counterparties are subject to regular reviews, including re-appraisal and approval of granted limits. The creditworthiness of counterparties is assessed based on analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as ratings data published by Standard & Poor's, Moody's Investors Service and other agencies.

Contractual arrangements are structured so as to maximize the risk mitigation benefits of netting between transactions wherever possible and additional protective terms providing for the provision of security in the event of financial deterioration and the termination of transactions on the occurrence of defined default events are used to the greatest permitted extent.

Credit risks in excess of approved levels are secured by means of letters of credit and other guarantees, cash deposits and insurance arrangements. In respect of derivative transactions, risks are secured by formal margining agreements wherever possible.

Chemicals Segment

Credit risk in the Chemicals segment is primarily related to commercial receivables. Each division implements procedures for managing and provisioning credit risk that differ based on the size of the subsidiary and the market in which it operates. The principal elements of these procedures are:

- Implementation of credit limits with additional authorization procedures for possible credit overruns;
- Use of insurance policies or specific guarantees (letters of credit);
- Regular monitoring and assessment of overdue accounts (aging balance), including collection procedures; and
- Provisioning of bad debts on a customer-by-customer basis, according to payment delays and local payment practices.

Legal risks

Legal aspects of exploration and production activities

TOTAL's exploration and production activities are conducted in many different countries and are therefore subject to an extremely broad range of legislation and regulations. These cover virtually all aspects of exploration and production activities, including matters such as land tenure, production rates, royalties, environmental protection, exports, taxes and foreign exchange. The terms of the concessions, licenses, permits and contracts governing the Group's ownership of oil and gas interests vary from country to country. These concessions, licenses, permits and contracts are generally granted by or entered into with a government entity or a state-owned company and are sometimes entered into with private owners. These arrangements usually take the form of concessions or production sharing agreements.

The "oil concession agreement" remains the traditional model for agreements entered into with States: the oil company owns the assets and the facilities and is entitled to the entire production. In exchange, the operating risks, costs and investments are the oil company's responsibility and it agrees to remit to the relevant State, usually the owner of the subsoil resources, a production-based royalty, income tax, and possibly other taxes that may apply under the local tax legislation.

The "production sharing contract" (PSC) involves a more complex legal framework than the concession agreement: it defines the terms and conditions of production sharing and sets the rules governing the cooperation between the company or consortium in possession of the license and the host State, which is generally represented by a State company. The latter can thus be involved in operating decisions, cost accounting and production allocation. The consortium agrees to undertake and finance all exploration, development and production activities at its own risk. In exchange, it is entitled to a portion of the production, known as "cost oil", the sale of which should cover all of these expenses (investments and operating costs). The balance of production, known as "profit oil", is then shared in varying proportions, between the company or consortium, on the one hand, and with the State or the state company, on the other hand.

In some instances, concession agreements and PSCs coexist, sometimes in the same country. Even though other contractual structures still exist, TOTAL's license portfolio is comprised mainly of concession agreements. In all countries, the authorities of the host state, often assisted by international accounting firms, perform joint venture and PSC cost audits and ensure the observance of contractual obligations.

In some countries, TOTAL has also signed contracts called "contracts for risk services" which are similar to production sharing contracts, with the main difference being that the repayment of expenses and the compensation for services are established on a monetary basis. Current contracts for risk services are backed by a compensation agreement ("buyback"), which allows TOTAL to receive part of the production equal to the cash value of its expenses and compensation.

Hydrocarbon exploration activities and production activities are subject to permits, which can be different for each of these activities. These permits are granted for limited periods of time and include an obligation to return a large portion—in case of failure the entire portion—of the permit area at the end of the exploration period.

In general, TOTAL is required to pay income tax on income generated from its production and sale activities under its concessions or licenses. In addition, depending on the country, TOTAL's production and sale activities may be subject to a range of other taxes, fees and withholdings, including special petroleum taxes and fees. The taxes imposed on oil and gas production and sale activities may be substantially higher than those imposed on other businesses.

Legal aspects of other activities of the Group

Refining, marketing, chemicals and gas & power activities are also subject to a wide range of legislation and regulation.

In European countries and in the United States, sites and products are subject to health, safety and environmental regulation). In European Union member states, EU legislation and regulations of the Union can add to national and local government regulations. However, for the European Union, licences are delivered by local administrations to industrial actors based on national and EU law. As in the European Union, federal regulations in the United States add to the regulations of each state.

In other countries, legislation is often inspired by European and U.S. regulations. Certain of these countries are may be implementing regulations regarding water, health, protection of nature, etc.

Regardless of where the Group operates, TOTAL has developed standards based on those that exist in countries with more developed regulation and progressively implements policies to improve these standards.

In France, a specific regulation on oil industry exists (French law of December 31, 1992 on oil sector reform). Whereas the activities of refining and distribution can be carried out freely, some limits apply to strategic shareholdings and to the holdings (property or chartering), of cargo space, as well as to the selling or closing of a refining facility. The obligations of holding strategic stock also exist in other European countries and in the United States.

Grande Paroisse

An explosion occurred at the Grande Paroisse industrial site in the city of Toulouse in France on September 21, 2001. Grande Paroisse, a former subsidiary of Atofina which became a subsidiary of Elf Aquitaine Fertilisants on December 31, 2004 pursuant to the reorganization of the Chemicals segment, was principally engaged in the production and sale of agricultural fertilizers. The explosion, which involved a stockpile of ammonium nitrate pellets, destroyed a portion of the site and caused the death of 31 people and injured many others. In addition, certain property in an area of Toulouse was damaged.

This plant has been closed and the site is being restored. Individual assistance packages have been provided for employees.

On December 14, 2006, Grande Paroisse signed, under the supervision of the city of Toulouse, the deed whereby it donated the former site of the AZF plant to the greater agglomeration of Toulouse (CAGT) and the *Caisse des Dépôts et Consignations* and its subsidiary ICADE. Under this deed, TOTAL S.A. guaranteed the site restoration obligations of Grande Paroisse and granted a 10 M€ endowment to the InNaBioSanté research foundation in the framework of the city of Toulouse's project to create a cancer research center at the site.

Regarding the cause of the explosion, the hypothesis that the explosion was caused by Grande Paroisse through the accidental mixing of hundreds of kilos of a chlorine compound at a storage site for amonium nitrate was discredited over the course of the investigation. As a result, proceedings against ten of the eleven Grande Paroisse employees charged during the criminal investigation conducted by the Toulouse Regional Court (*Tribunal de Grande Instance*) were dismissed and this dismissal was upheld by the Appeals Court of Toulouse.

Nevertheless, the final experts' report filed on May 11, 2006 continued to focus on the hypothesis of a chemical accident, although this hypothesis was not confirmed during the attempt to reconstruct the accident at the site. After having articulated several hypotheses, the experts no longer maintain that the accident was caused by pouring a large quantity of a chlorine compound over ammonium nitrate. Instead, the experts have retained a scenario where a container of chlorine compound sweepings was poured between a layer of wet ammonium nitrate covering the floor and a quantity of dry agricultural nitrate at a location not far from the principal storage site. This is claimed to have caused an explosion which then spread into the main storage site. Grande Paroisse was investigated based on this new hypothesis in 2006. Grande Paroisse is contesting this explanation, which it believes to be based on elements that are not factually accurate.

The Court of Appeal of Toulouse rejected all the requests for additional investigations that were submitted by Grande Paroisse, the former site manager and various plaintiffs after the end of the criminal investigation procedure. On July 9, 2007, the investigating judge brought charges against Grande Paroisse and the former site manager before the criminal chamber of the Toulouse Court of Appeal. The hearings before the court are scheduled to take place near the end of 2008 or early in 2009.

Pursuant to applicable French law, Grande Paroisse is presumed to bear sole responsibility for the explosion as long as the cause of the explosion remains unknown. While awaiting the conclusion of the investigation, Grande Paroisse has set up a compensation system for victims. At this stage, the estimate for the compensation of all claims and related expenses amounts to 2.19 B€. This figure exceeds by 1.39 B€ Grande Paroisse's insurance coverage for legal liability (capped at 0.8 B€).

The provision for potential liability and complementary claims stands at 134 M€ as of December 31, 2007, compared to a provision of 176 M€ as of December 31, 2006.

Antitrust investigations

1) Following investigations into some commercial practices in the chemicals industry in the United States, subsidiaries of the Arkema group are involved in several civil liability lawsuits in the United States and Canada for violations of antitrust laws. TOTAL S.A. has been named in certain of these suits as the parent company.

   In Europe, the European Commission commenced investigations in 2000, 2003 and 2004 into alleged anti-competitive practices involving certain products sold by Arkema[1]. In January 2005, under one of these investigations, the European Commission fined Arkema France 13.5 M€ and jointly fined Arkema France and Elf Aquitaine 45 M€. Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

   The Commission notified Arkema, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema has cooperated with the authorities in these procedures and investigations. As a result of these proceedings, in May 2006 the European Commission fined Arkema 78.7 M€ and 219.1 M€, respectively. Elf Aquitaine was held jointly and severally liable for, respectively, 65.1 M€ and 181.35 M€ of these fines while TOTAL S.A. was held jointly and severally liable, respectively, for 42 M€ and 140.4 M€. TOTAL S.A., Elf Aquitaine and Arkema have appealed these decisions to the Court of First Instance of the European Union.

   No facts have been alleged that would implicate TOTAL S.A. or Elf Aquitaine in the practices questioned in these proceedings and the fines received are based solely on their status as parent companies.

   Arkema and Elf Aquitaine received a statement of objections from the European Commission in August 2007 concerning alleged anti-competitive practices related to another line of chemical products. No facts have been alleged that would implicate Elf Aquitaine in the practices under investigation, as Elf Aquitaine has been included based solely on its status as the parent company.

(1) Arkema is used in this section to designate those companies of the Arkema group whose ultimate parent company is Arkema S.A., which became an independent company after being spun-off from TOTAL S.A. in May 2006.

Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence additional proceedings involving Arkema, as well as TOTAL S.A. and Elf Aquitaine.

2) As part of the agreement relating to the spin-off of Arkema, TOTAL S.A. or certain other Group companies agreed to grant Arkema guarantees for certain risks related to antitrust proceedings arising from events prior to the spin-off.

These guarantees cover, for a period of ten years, 90% of amounts paid by Arkema related to (i) fines imposed by European authorities or European member-states for competition law violations, (ii) fines imposed by U.S. courts or antitrust authorities for federal antitrust violations or violations of the competition laws of U.S. states, (iii) damages awarded in civil proceedings related to the government proceedings mentioned above, and (iv) certain costs related to these proceedings.

The guarantee covering the risks related to anticompetition violations in Europe applies to amounts that rise above a 176.5 M€ threshold.

If one or more individuals or legal entities, acting alone or together, directly or indirectly holds more than one-third of the voting rights of Arkema, or if Arkema transfers more than 50% of its assets (as calculated under the enterprise valuation method, as of the date of the transfer) to a third party or parties acting together, irrespective of the type or number of transfers, these guarantees will become void.

On the other hand, the agreements provide that Arkema will indemnify TOTAL S.A. or any Group company for 10% of any amount that TOTAL S.A. or any Group companies are required to pay under any of the proceedings covered by these guarantees.

3) The Group has recorded provisions amounting to 138 M€ in its consolidated accounts as of December 31, 2007 to cover the risks mentioned above.

4) Moreover, as a result of investigations started by the European Commission in October 2002 concerning certain Refining & Marketing subsidiaries of the Group, TOTAL Nederland N.V. and TOTAL S.A. received a statement of objections in October 2004. These proceedings resulted, in September 2006, in Total Nederland N.V. being fined 20.25 M€ and in Total S.A. being held jointly responsible for 13.5 M€ of this amount, although no facts implicating TOTAL S.A. in the practices under investigation were alleged.

TOTAL S.A. and Total Nederland N.V. have appealed this decision to the Court of First Instance of the European Union.

In addition, in May 2007, Total France and TOTAL S.A. received a statement of objections regarding alleged antitrust practices regarding another product line of the Refining & Marketing branch. No facts have been alleged that implicate TOTAL S.A. in the practices under investigation as the Company has been included based solely on its status as the parent company.

5) Given the discretionary powers granted to the European Commission for determining fines, it is not currently possible to determine with certainty the outcome of these investigations and proceedings. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the outcome of these proceedings, the Group believes that they will not have a material adverse effect on its financial condition or results.

Erika

Following the sinking in December 1999 of the Erika, a tanker that was transporting products belonging to one of the Group companies, the clean-up of parts of the coastline, pumping out the remaining cargo from the wreck and processing of more than 200,000 tons of waste was completed from 2000 to 2003, pursuant to the Company's undertakings.

As part of a criminal investigation, on February 1, 2006 the investigating judge brought charges against four companies and eleven individuals, including three Group companies and one Group employee.

The case was heard by the *Tribunal de grande instance* in Paris from February 12 until June 13, 2007. TOTAL S.A. and two of its subsidiaries responsible for shipping were charged with marine pollution and acting as accomplices to the endangerment of human life. An employee of the Group's shipping department was charged with the same offences and with failure to take action to limit the damage from an accident. Under the judgment issued on January 16, 2008, the court acquitted both of the Group's subsidiaries and the Group's employee. The court also acquitted TOTAL S.A. on the charge of acting as an accomplice to the endangerment of human life.

However, the *Tribunal de grande instance* convicted TOTAL S.A. on the charge of marine pollution, based on its finding that TOTAL S.A. was guilty of negligence in its vetting procedure, and sentenced TOTAL S.A. to pay a fine of 375,000 euros. The court also ordered compensation to be paid to the victims of pollution from the Erika for a total amount of 192 M€, declaring TOTAL S.A. jointly liable for such payments with the Erika's inspection and classification firm, the owner of the Erika and the Erika's manager.

TOTAL believes that the finding of negligence and the related conviction for marine pollution are without substance as a matter of fact and as a matter of law. It also considers that this verdict is contrary to the intended aim of enhancing maritime transport safety.

TOTAL has appealed the verdict of January 16, 2008, but has also proposed to pay the civil parties who accept such final payment of the compensation awarded to them by the court.

Buncefield

On December 11, 2005, several explosions, followed by a major fire, occurred at an oil storage depot at Buncefield, north of London.

This depot is operated by Hertfordshire Oil Storage Limited (HOSL), a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion caused minor injuries to 40 people and caused property damage to the depot and the buildings and homes located nearby. The official independent Investigation Board (supported by the HSE) has indicated that the explosion was caused by the overflow of a tank at the depot. The Board's final report detailing the circumstances and the exact cause of the explosion has not been released yet. At this stage, responsibility for the explosion has not yet been determined. The hearing before the civil court in respect of unsettled claims is expected to start during the fourth quarter of 2008.

The Group carries insurance against damage to its interests in these facilities, business interruption and claims from third parties under its civil liability and believes that, based on the current information available, this accident should not have a significant impact on its financial position, cash flows or results.

Myanmar

Under the Belgian "universal jurisdiction" laws of June 16, 1993 and February 10, 1999, a complaint was filed in Belgium on April 25, 2002 against the Company, its Chairman and the former president of its subsidiary in Myanmar. These laws were repealed by the Belgian law of August 5, 2003 on "serious violations of international human rights", which also provided a procedure for terminating certain proceedings that were underway. In this framework, the Belgian *Cour de cassation* terminated the proceedings against TOTAL in a decision dated June 29, 2005. The plaintiffs' request to withdraw this decision was rejected by the *Cour de cassation* on March 28, 2007.

Despite this decision, the Belgian Ministry of Justice asked the Belgian federal prosecutor to request that the investigating judge reopen the case. The Belgian federal prosecutor decided to submit the admissibility of this request to the Court of Appeal of Brussels. In its decision of March 5, 2008, the Court of Appeal confirmed the termination of the proceedings against TOTAL, its Chairman and the former president of its subsidiary, based on the principle of *res judicata* applying to the *Cour de cassation's* June 29, 2005 decision. The plaintiffs have appealed this decision.

TOTAL has always maintained that the accusations made against the Company and its management arising out of the activities of its subsidiary in Myanmar are without substance as a matter of fact and as a matter of law.

South Africa

In a threatened class action proceeding in the United States, TOTAL is being accused, together with approximately 100 other multinational companies, by certain South African citizens who allege that their human rights were violated during the era of apartheid by the army, the police or militias, and who consider that these companies were accomplices in the actions by the South African authorities at the time.

The claims against the companies named in the class action, which has not yet been officially brought against TOTAL, were dismissed by a federal judge in New York. The plaintiffs have appealed this dismissal. The jurisdiction competent to examine this appeal has not yet been determined.

Iran

In 2003, the SEC issued a non-public formal order directing a private investigation in the matter of certain oil companies (including, among others, TOTAL), in connection with the pursuit of business in Iran. In 2006, a judicial inquiry related to TOTAL was initiated in France. In 2007, the Company's Chief Executive Officer was placed under formal investigation in relation to this inquiry, as the former President of the Middle East department of the Upstream segment. The inquiry concerns an agreement concluded by the Group that relates to the South Pars gas field and allegations that certain payments made pursuant to this agreement were paid to Iranian officials in connection with contracts entered into between the Group and the National Iranian Oil Company (NIOC). The Company has not been notified of any significant developments in the proceedings since the formal investigation was launched. The Company believes that the negotiation and execution of the agreement did not violate any applicable laws or applicable international conventions. The Company cannot, however, exclude the possibility that additional procedures may be initiated with respect to this matter.

Oil-for-Food Program

Several countries have commenced investigations concerning possible violations related to the United Nations (UN) Oil-for-Food program in Iraq.

Pursuant to a French criminal investigation, certain current or former Group employees were placed under formal criminal investigation for possible charges as accessories to the misappropriation of corporate assets and as accessories to the corruption of foreign public agents. The president of the Group's Exploration & Production division, now Chief Executive Officer of the Company, was also placed under formal investigation in October 2006. In 2007, the criminal investigation was closed and the case was transferred to the prosecutor's office. The prosecutor's office must now submit to the investigating judge its recommendation on whether or not to pursue to case.

The Company believes that its activities related to the Oil-for-Food program have been in compliance with this program, as organized by the UN in 1996.

Blue Rapid and the Russian Olympic Committee

Blue Rapid, a Panamanian company, and the Russian Olympic Committee have filed a claim with the Paris Commercial Court for damages related to Elf Aquitaine's withdrawl from an exploration and production project in Russia that was negotiated early in the 1990s. Elf Aquitaine believes this claim is unfounded.

Industrial and environmental risks

Types of Risks

TOTAL's activities involve certain industrial and environmental risks which are inherent in the production of products that are flammable, explosive or toxic. Its activities are therefore subject to government regulations concerning environmental protection and industrial safety in most countries. For example, in Europe, TOTAL operates sites that meet the criteria of the European Union Seveso II directive for classification as high-risk sites. Other sites operated by TOTAL in other parts of the world involve similar risks.

The broad scope of TOTAL's activities, which include drilling, oil and gas production, on-site processing, transportation, refining, petrochemicals activities, storage and distribution of petroleum products, production of base chemical products and specialty chemicals, involve a wide range of operational risks. Among these risks are those of explosion, fire or leakage of toxic products. In the transportation area, the type of risks depends not only on the hazardous nature of the products transported, but also on the transportation methods used (mainly pipelines, maritime, river-maritime, rail, road), the volumes involved, and the sensitivity of the regions through which the transport passes (population density, environmental considerations). Most of these activities involve environmental risks related to emissions into the air, water or soil and the creation of waste, and also require environmental site restoration after production is discontinued.

Certain branches or activities face specific risks. In oil and gas exploration and production, there are risks related to the physical characteristics of an oil or gas field. These include eruptions of crude oil or of natural gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, leaks generating toxic risks and risks of fire or explosion. All these events could possibly damage or even destroy crude oil or natural gas wells as well as related equipment and other property, cause injury or even death, lead to an interruption of activity or cause environmental damage. In addition, since exploration and production activities may take place on sites that are ecologically sensitive (tropical forest, marine environment, etc.), each site requires a specific approach to avoid or minimize the impact on the related ecosystem, biodiversity and human health.

TOTAL's activities in the Chemicals segment and, to a lesser extent, the Downstream segment may also have health, safety and environmental risks related to the overall life cycle of the products manufactured. These risks can arise from the intrinsic characteristics of the products involved, which may, for example, be flammable, toxic, or linked to the greenhouse gas effect. Risks of facility contamination and off-site impacts may also arise from emissions and discharges resulting from processing or refining, and from recycling or disposing of materials and wastes at the end of their useful life.

Risk evaluation

Prior to developing their activities and then on a regular basis during the operations, business units evaluate the related industrial and environmental risks, taking into account the regulatory requirements of the countries where these activities are located.

On sites with significant technological risks, analyses are performed for new developments, updated in case of planned significant modifications of existing equipment, and periodically re-evaluated. To harmonize these analyses and reinforce risk management, TOTAL has developed a group-wide methodology which is being implemented progressively throughout the sites it operates. In France, several pilot sites are contributing to develop Risk Management Plans pursuant to the French law of July 30, 2003. Each of these plans will implement various urbanization measures to reduce risks to urban environments surrounding industrial sites. The texts implementing these aspects of the law of July 30, 2003 were published at the end of 2005 and during 2006.

Similarly, environmental impact studies are done prior to any industrial development with a thorough initial site analysis, taking into account any special sensitivities and plans to prevent and reduce the impact of accidents. These studies also take into account the impact of the activities on the local population, based on a common methodology. In countries where prior authorization and supervision is required, the projects are not undertaken without informing the relevant authorities of the studies.

For new products, risk characterizations and evaluations are performed. Furthermore, life cycle analyses for related risks are performed on certain products to study all the stages of a product's life cycle from its conception until the end of its existence.

TOTAL's entities actively monitor regulatory developments to comply with local and international rules and standards for the evaluation and management of industrial and environmental risks.

The Group's environmental contingencies and asset retirement obligations are discussed in Note 19 to the Consolidated Financial Statements (page 194). Future expenses related to asset retirement obligations are accounted for in accordance with the principles described in paragraph Q of Note 1 to the Consolidated Financial Statements (page 164).

Risk management

Risk evaluations lead to the establishment of management measures that are designed to prevent and decrease environmental impacts, to minimize the risks of accidents and to limit their consequences. These measures may be put into place through equipment design itself, reinforcing safety devices, designs of structures to be built and protections against the consequences of environmental risks. Risk evaluations may be accompanied, on a case-by-case basis, by an evaluation of the cost of risk control and impact reduction measures.

TOTAL is working to minimize industrial and environmental risks inherent to its activities by putting in place performance procedures and quality, safety and environmental management systems, as well as by moving towards obtaining certification for or assessment of its management systems (including International Safety Rating System, ISO 14001, European Management and Audit Scheme), by performing strict inspections and audits, training staff and heightening awareness of all the parties involved, and by an active investment policy.

More specifically, following up on the 2002-2005 plan, an action plan was defined for the 2006-2009 period. This plan is focused on two initiatives for improvement: reducing the frequency and seriousness of on-the-job accidents and managing industrial risks. The results related to reducing on-the-job accidents are in line with goals, with a significant decrease in the rate of accidents (with or without time-lost) per million hours worked by nearly 70% between the end of 2001 and the end of 2007. In terms of industrial risks, this plan's initiatives include specific organization and behavioral plans as well as plans to minimize risks and increase safety for people and equipment.

Several environmental action plans have been put in place in different activities of the Group covering periods up until 2012. These plans are designed to improve environmental performance, particularly regarding the use of natural resources, air and water pollution, waste production and treatment, and site decontamination. They also contain quantified objectives to reduce greenhouse gas emissions, water pollution and sulphur dioxide emissions and to improve energy efficiency. As part of its efforts to reduce greenhouse gases and combat climate change, in December 2006 the Group committed to reducing gas flaring at its Exploration & Production sites by 50% compared to 2005 volumes by 2012. 77% of its major sites received ISO 14001 certification in 2007, and it is expected that all of the Group's major sites will be ISO 14001 certified by the end of 2009. These activities are monitored through periodic, coordinated reporting by all Group entities.

More detailed information on TOTAL's actions regarding safety and environmental concerns is provided in the separate report now entitled "*Environment and Community: Our Corporate Responsibilities*" published by the Group since 2003.

Although the Group believes that, according to its current estimates, contingencies or liabilities related to health, safety and environmental concerns would not have a material impact on its consolidated financial situation, its cash flow or its income, due to the nature of such concerns it is impossible to predict if in the future these types of commitments or liabilities could have a material adverse effect on the Group's activities.

Asbestos

Like many other industrial groups, TOTAL is involved in claims related to occupational diseases caused by asbestos exposure. The circumstances described in these claims generally concern activities prior to the beginning of the 1980s, long before the complete ban on the use of asbestos in most of the countries where the Group operates (January 1, 1997 in France). The Group's various activities are not particularly likely to lead to significant exposure to asbestos related risks, since this material was generally not used in manufacturing processes, except in limited cases. The main potential sources of exposure are related to the use of certain insulating components in industrial equipment. These components are being gradually eliminated from the Group's equipment through asbestos-elimination plans that have been underway for several years. However, considering the long period of time that may elapse before the harmful results of exposure to asbestos manifest themselves (up to 40 years), we anticipate that claims may be filed in the years to come. Asbestos related issues have been subject to close monitoring in all branches of the Group. As of December 31, 2007, the Group estimates that the ultimate cost of all asbestos related claims paid or pending is not likely to have a material adverse effect on the financial situation of the Group.

Other specific risks

Risks related to oil and gas exploration and production

Oil and gas exploration and production require high levels of investment and are associated with particular risks and opportunities. These activities are subject to risks related specifically to the difficulties of exploring underground, to the characteristics of hydrocarbons, as well as relating to the physical characteristics of an oil or gas field. The first stage of exploration involves geologic risks. For example, exploratory wells may not result in the discovery of hydrocarbons, or in amounts that would be insufficient to allow for economic development. Even if an economic analysis of estimated hydrocarbon reserves justifies the development of a discovery, the reserves can prove lower than the estimates during the production process, thus adversely affecting the economic development.

Almost all the exploration and production activities of TOTAL are accompanied by a high level of risk of loss of the invested capital. It is impossible to guarantee that new resources of crude oil or of natural gas will be discovered in sufficient amounts to replace the reserves currently being developed, produced and sold to enable TOTAL to recover the capital it has invested.

The development of oil and gas fields, the construction of facilities and the drilling of production or injection wells require advanced technology in order to extract and exploit fossil fuels with complex properties over several decades. The deployment of this technology in such a difficult environment makes cost projections uncertain. TOTAL's activities can be limited, delayed or cancelled as a result of numerous factors, such as administrative delays, particularly in terms of the host states' approval processes for development projects, shortages, late delivery of equipment and weather conditions (the production of certain fields situated in the Gulf of Mexico was affected by Hurricane Katrina in 2005). Some of these risks may also affect TOTAL's projects and facilities further down the oil and gas chain.

Risks related to economic or political factors

The oil sector is subject to domestic regulations and the intervention of governments, or state-owned companies, in such areas as:

- the award of exploration and production interests,
- authorizations by governments or by a state-controlled partner, especially for development projects, annual programs or the selection of contractors or suppliers,
- the imposition of specific drilling obligations,
- environmental protection controls,
- control over the development and abandonment of a field causing restrictions on production,
- calculating the costs that may be recovered from the relevant authority and what expenditures are deductible from taxes, and
- possible, though exceptional, nationalization, expropriation or modification of contract rights.

The oil industry is also subject to the payment of royalties and taxes, which may be high compared with those imposed with respect to other commercial activities and which may be subject to material modifications by the governments of certain countries. Substantial portions of TOTAL's oil and gas reserves are located in certain countries which may be considered politically and economically unstable. These reserves and the related operations are subject to certain risks, including:

- the establishment of production and export limits,
- the renegotiation of contracts,
- the expropriation or nationalization of assets,
- risks relating to changes of local governments or resulting changes in business customs and practices,
- payment delays,
- currency exchange restrictions,
- depreciation of assets due to the devaluation of local currencies or other measures taken by governments that might have a significant impact on the value of activities, and
- losses and impairment of operations due to armed conflicts, civil unrest or the actions of terrorist groups.

TOTAL, like other major international oil companies, has a geographically diverse portfolio of reserves and operational sites, which allows it to conduct its business and financial affairs so as to reduce its exposure to such political and economic risks. However, there can be no assurance that such events will not adversely affect the Group.

Geopolitical situation in the Middle East

In 2007, the Middle East represented 16% of the Group's production of oil and gas and 5% of the Group's net operating income. The Group produces oil and gas in the United Arab Emirates, Iran, Oman, Qatar, Syria and Yemen. TOTAL cannot predict developments of the geopolitical situation in the Middle East and its potential consequences on the Group's activities in this area.

Regulations concerning Iran

In September 2006, the U.S. legislation implementing sanctions against Iran and Libya (Iran and Libya Sanction Act, referred to as "ILSA"), was amended and extended until December 2011. Pursuant to this statute, which now concerns only Iran (Iran Sanctions Act, referred to as "ISA"), the President of the United States is authorized to initiate an investigation into the possible imposition of sanctions (from a list that includes denial of financing by the U.S. Export-Import Bank and limitations on the amount of loans or credits available from U.S. financial institutions) against persons found, in particular, to have knowingly made investments of $20 million or more in any 12-month period in the petroleum sector in Iran. In May 1998, the U.S. government waived the application of sanctions for TOTAL's investment in the South Pars gas field. This waiver, which has not been modified since it was granted, does not address TOTAL's other activities in Iran, although TOTAL has not been notified of any related sanctions.

In November 1996, the Council of the European Union adopted Council Regulation No. 2271/96, which prohibits TOTAL from complying with any requirement or prohibition based on or resulting directly or indirectly from certain enumerated legislation, including ILSA. It also prohibits TOTAL from extending its waiver for South Pars to other activities.

In each of the years since the passage of ILSA (now ISA), TOTAL has made investments in Iran (excluding South Pars) in excess of $20 million. TOTAL may invest amounts significantly in excess of $20 million per year in the country. TOTAL cannot predict interpretations of or the implementation policy of the U.S. government under ISA with respect to its 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 the current applicable law and regulations, would have a material negative effect on its results of operations or financial condition.

Furthermore, the United States currently imposes economic sanctions, which are administrated by the U.S. Treasury Department's Office of Foreign Assets Control and which apply to U.S. persons, with the objective of denying certain countries, including Iran, Syria and Sudan, the ability to support international terrorism and, additionally in the case of Iran and Syria, to pursue weapons of mass destruction and missile programs. TOTAL does not believe that these sanctions are applicable to any of its activities in these countries.

France and the European Union have adopted measures, based on United Nations resolutions 1737/2006, 1747/2007 and 1803/2008, that restrict the movement of certain individuals and goods to or from Iran as well as certain financial transactions with Iran, in each case when such individuals, goods or transactions are related to nuclear proliferation and weapons activities or likely to contribute to their development. As currently applicable, the Group believes that these measures do not cover TOTAL's activities and projects in this country.

TOTAL's activities in Iran are limited mainly to the implementation of two buyback contracts signed between 1995 and 1999 for permits on which the Group is no longer the operator. As a result, TOTAL's involvement consists essentially in being reimbursed for its past investments.

In 2007, TOTAL's production in Iran was 15 kboe/d, approximately 0.5% of the Group's worldwide production. TOTAL does not believe that its activities in Iran have a material impact on the Group's results.

Kazakhstan

On January 14, 2008, members of NCSPSA (North Caspian Sea Production Sharing Agreement) and the Kazakh authorities signed a Memorandum of Understanding to end the dispute among them that began at the end of August 2007 (see Business Overview (page 21) and Note 32 to the Consolidated Financial Statements (page 223)).

Nigeria

Security concerns in the Niger Delta region have led the Shell Petroleum Development Company (SPDC, in which TOTAL holds 10%), to progressively stop production at certain facilities subject to attacks since the first quarter 2006. Starting in August 2007, facilities are being progressively brought back on line, and this is expected to continue in 2008.

Sudan

TOTAL has no active business in Sudan. TOTAL has no oil or gas production in Sudan and, to date, has not made any significant investments there.

TOTAL holds a 32.5% interest in Block B in Southern Sudan through a 1980 Exploration and Production Sharing Agreement (EPSA). Operations were suspended in 1985 because of escalating security concerns, but the company maintained its rights.

The EPSA was revised, effective December 21, 2004, and provided that the parties (the Government of Sudan and the consortium partners) would mutually agree upon a resumption date when the petroleum operations could be undertaken physically in the contract area. Such resumption date would mark the starting point of our work obligations as foreseen in the contract. A joint decision on the resumption date has not occurred yet.

If TOTAL were to resume its activities in Southern Sudan, it would do so in compliance with applicable national, European and international laws and regulations, as well as with the Group's Code of Conduct and Ethics Charter. Within the Group's scope of operations and authority, it is committed to upholding human rights and fundamental freedoms, including social, economic and cultural rights, and the rights and interests of local residents, minorities and other vulnerable groups. If TOTAL is able to gain access to the area, the Group will study the situation with non-governmental organizations and stakeholders involved in Southern Sudan to determine the best possibilities for the implementation of socio-economic programs adapted to the needs of the local population.

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.

Venezuela

In Venezuela, the process of converting Sincor into the mixed company PetroCedeño, in which TOTAL holds 30.323%, ended in February 2008 (see Business Overview (page 20) and Note 32 of the Consolidated Financial Statements (page 223)).

Risks related to competition

The Group is subject to intense competition within the oil sector and between the oil sector and other sectors aiming to fulfill the energy needs of the industry and of individuals. TOTAL is subject to competition from other oil companies in the acquisition of assets and licenses for the exploration and production of oil and natural gas. Competition is particularly strong with respect to the acquisition of resources of oil and natural gas, which are in great demand. Competition is also intense in the sale of manufactured products based on crude and refined oil.

In this regard, the main international competitors of TOTAL are ExxonMobil, Royal Dutch Shell, BP and Chevron. At the end of 2007, TOTAL ranked fourth among these international oil companies in terms of market capitalization[1].

(1) Source: Reuters.

Insurance and risk management

Organization

TOTAL has its own insurance and reinsurance company, Omnium Insurance and Reinsurance Company (OIRC). OIRC is integrated into the Group's insurance management and acts as a centralised global operations tool for covering the Group's risks. It allows the Group to implement its insurance program, notwithstanding the varying regulatory environments, in the range of countries where the Group is present.

Certain countries require the purchase of insurance from a local insurance company. When a subsidiary company of the Group is subject to these constraints and is able to obtain insurance from a local company meeting Group standards, OIRC merely obtains a retrocession of the covered risks. As a result, OIRC negotiates reinsurance contracts with the subsidiaries' local insurance companies, which transfer almost all of the risk (between 97.5% and 100%) to OIRC. When a local insurer covers the risks at a lower level than that defined by the Group, OIRC provides additional coverage so as to standardise coverage Group-wide. On the other hand, certain countries require insurance in excess of what the Group may deem necessary under Group-wide standards. In these cases, OIRC also provides the additional coverage necessary to satisfy these legal obligations and the Group does not need to turn to an outside insurer.

At the same time, OIRC negotiates a reinsurance program at the Group level with mutual insurance companies for the oil industry and commercial reinsurers. OIRC permits the Group to better manage price variations in the insurance market, by taking on a greater or lesser amount of risk corresponding to the price trends in the insurance market.

In 2007, the net amount of risk retained by OIRC after reinsurance was 50 M€ per property/business interruption insurance claim and 50 M€ per third party liability insurance claim.

Risk and insurance management policy

In this context, the Group risk and insurance management policy is to work with the relevant internal department of each subsidiary to:

- Define scenarios of major disaster risks by analyzing those events whose consequences would be the most significant for third parties, for employees and for the Group;
- Assess the potential financial impact on the Group in case these disasters should occur;
- Implement measures to limit the possibility that such events occur and the scope of damage in case of their occurrence; and
- Manage the level of risk from such events that is covered internally by the Group and that which is transferred to the insurance market.

Insurance policy

The Group has worldwide tort and property insurance coverage for all its subsidiaries.

These programs are contracted with first-class insurers (or reinsurers and mutual insurance companies of the oil industry through OIRC).

The amounts insured depend on the financial risks defined in the disaster scenarios discussed above and the coverage terms offered by the market (available capacities and price conditions).

More specifically, for:

- Third party liability insurance: since the maximum financial risk cannot be evaluated using a systematic approach, the amounts insured are based on market conditions and industry practice, in particular, the oil industry. The insurance cap in 2007 for general and product liability was $750 million.
- Property damage and business interruption: the amounts insured by sector and by site are based on estimated costs and reconstruction scenarios under the identified worst-case disaster scenarios and on insurance market conditions.

For example, for the highest estimated risks of the Group (UK North Sea or main European refineries), the insurance cap was $1.1 billion in 2007.

Moreover, deductibles for property damages fluctuate between 0.1 M€ and 10 M€ depending on the level of risk, and are carried by the subsidiary. For business interruption, they represent 60 days.

Other insurance contracts are bought by the Group in addition to property damage and third party liability coverage, mainly car fleet, credit insurance and employee benefits. These risks are entirely underwritten by outside insurance companies.

The Group subscribed business interruption coverage in 2007 for its main refining and petrochemical sites.

The policy described above is given as an example of past practice over a certain period of time and cannot be considered as representative of future conditions. The Group's insurance policy may be changed at any time depending on the market conditions, specific circumstances and on management's assessment of the incurred risks and the adequacy of their coverage. The Group cannot guarantee that it will not suffer any uninsured loss.

Corporate Governance

Board of Directors

The following individuals were members of the Board of Directors of TOTAL S.A. in 2007:

(Information as of December 31, 2007)[1].

Thierry Desmarest

62 years old.

A graduate of the *École Polytechnique* and a Mining Engineer, Mr Desmarest served as Director of Mines and Geology in New Caledonia, then as technical advisor on the staffs of the Minister of Industry and the Minister of Economy. He joined TOTAL in 1981, where he held various management positions, then served as President of Exploration and Production until 1995. He served as Chairman and Chief Executive Officer of TOTAL from May 1995 until February 2007, and continues to serve as Chairman of the Board of TOTAL.

Director of TOTAL S.A. since 1995 and until 2010.

Holds 484,576 shares.

Current directorships

- Chairman of TOTAL S.A.*
- Director of Sanofi-Aventis.*
- Member of the Supervisory Board of Areva.*
- Director of Air Liquide.*

Directorships that expired in the previous five years

- Chief Executive Officer of TOTAL S.A (until February 13, 2007).
- Chairman and Chief Executive Officer of Elf Aquitaine (until May 30, 2007).

Daniel Boeuf

59 years old.

A graduate of the *École Supérieure des Sciences Économiques et Commerciales* (ESSEC), Mr Boeuf joined the Group in October 1973 and served in several sales positions before holding various operational positions in Refining & Marketing entities. He is currently responsible for training and skills management in specialties within the Refining & Marketing division. An elected member of the Supervisory Board of the Total Actionnariat France employee investment fund since 1999, he served as the Chairman of its Supervisory Board from 2003 to 2006.

Director of TOTAL S.A. since 2004 and until 2010.

Holds 3,548 TOTAL shares and 3,440 shares of the Total Actionnariat France collective investment plan.

Current directorships

- Director of TOTAL S.A.* representing employee shareholders.
- Elected member, representing holders, of the Supervisory Board of the Total Actionnariat France employee investment fund.

Directorships that expired in the previous five years

- Chairman of the Supervisory Board of the Total Actionnariat France employee investment fund until 2006.

Daniel Bouton

57 years old.

Inspector General of Finance, Mr. Bouton has held various positions within the French Ministry of Economy. He served as Budget Director at the Ministry of Finance from 1988 to 1990. He joined Société Générale in 1991, where he was appointed Chief Executive Officer in 1993, then Chairman and Chief Executive Officer in November 1997.

Director of TOTAL S.A. since 1997 and until 2009.

Holds 3,200 shares.

Current directorships

- Chairman and Chief Executive Officer of Société Générale.*
- Director of TOTAL S.A.*
- Director of Veolia Environnement.*

Directorships that expired in the previous five years

- Director of Schneider Electric S.A.* until 2006.
- Director of Arcelor* until 2004.

(1) Including information pursuant to paragraph 4 of Article L. 225-102-1 at the French Commercial Code or under Item 14.1 of Annex I of EU regulation (CE no 809/2004 of April 29, 2004.
** Company names marked with an asterisk are publicly listed companies.*

Bertrand Collomb

65 years old.

A graduate of the *École Polytechnique* and a Mining Engineer, Mr. Collomb held a number of positions within the Ministry of Industry and other staff positions from 1966 to 1975. He joined the Lafarge group in 1975, where he served in various management positions. He served as Chairman and Chief Executive Officer of Lafarge from 1989 to 2003, then as Chairman of the Lafarge Board of Directors from 2003 to 2007 and is now the honorary President.

He is also President of the *Institut des Hautes Etudes pour la Science et la Technologie* (IHEST) and the *Institut Français des Relations Internationales* (IFRI).

Director of TOTAL S.A. since 2000 and until 2009.

Holds 4,712 shares.

Current directorships

- Director of TOTAL S.A.*
- Director of Dupont* (United States).
- Director of Atco* (Canada).

Directorships that expired in the previous five years

- Chairman of the Board of Directors of Lafarge until 2007.*
- Director of Lafarge North America* until 2006.
- Vice-Chairman of Unilever* (the Netherlands) until 2006.
- Director of Vivendi Universal* until 2005.
- Chairman and Chief Executive Officer of Lafarge* until 2003.
- Member of the Supervisory Board of Allianz* (Germany) until 2003.

Paul Desmarais Jr.

53 years old.

A graduate of McGill University in Montreal and INSEAD in Fontainebleau, Mr. Desmarais was elected Vice Chairman (1984) then Chairman of the Board (1990) of Corporation Financière Power, a company he helped to found. Since 1996, he has served as Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada.

Director of TOTAL S.A. since 2002 and until 2008.

Holds 2,000 ADRs (corresponding to 2,000 shares).

Current directorships

- Director of TOTAL S.A.*
- Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada.*
- Chairman of the Executive Committee and Member of the Board of Corporation Financière Power* (Canada).
- Vice-Chairman and Deputy Managing Director of Pargesa Holding S.A.* (Switzerland).
- Vice-Chairman of the Board of Directors and member of the Strategic Committee of Imerys* (France).
- Member of the Board of Directors and Executive Committee of Great-West Compagnie d’assurance-vie (Canada).
- Member of the Board of Directors and Executive Committee of Great-West Life & Annuity Insurance Company (United Sates).
- Member of the Board of Directors and Executive Committee of Great-West Lifeco Inc.* (Canada).
- Member of the Board of Directors and Executive Committee of Groupe Bruxelles Lambert S.A.* (Belgium).
- Member of the Board of Directors and Executive Committee of Groupe Investors Inc. (Canada).
- Member of the Board of Directors and Executive Committee of London Insurance Group Inc. (Canada).
- Member of the Board of Directors and Executive Committee of London Life, Compagnie d’assurance-vie (Canada).

* *Company names marked with an asterisk are publicly listed companies.*

- Member of the Board and Executive Committee of Mackenzie Inc.
- Member of the Board of La Presse (Canada).
- Member of the Board of Les Journaux Trans-Canada (1996) Inc. (Canada).
- Member of the Board of Gesca Ltée(Canada).
- Director of Suez* (France).
- Director of The Canada Life Assurance Company (Canada).
- Director of Canada Life Financial Corporation (Canada).
- Director of IGM Financial Inc.* (Canada).
- Director of 152245 Canada Inc, 171263 Canada Inc and 2795957 Canada Inc (Canada).
- Director of GWL&A Financial (Canada) Inc.
- Director of GWL&A Financial (Nova Scotia) Co.
- Director of First Great-West Life & Annuity Insurance Co.
- Director of The Great-West Life Assurance Company.
- Director of Power Communications Inc.
- Director of Power Corporation International.
- Member of the Supervisory Boards of Power Financial Europe B.V. and of Parjointco N.V.

Directorships that expired in the previous five years

- Director of GWL Properties until 2007.

Bertrand Jacquillat

63 years old.

A graduate of *École des Hautes Études Commerciales* (HEC), *Institut d'études politiques de Paris* and Harvard Business School, Mr. Jacquillat holds both a PhD and an *agrégé* in management. He has been a university professor (France and the United States) since 1969, and is a professor at the *Institut d'Études Politiques* in Paris as well as Vice-President of the *Cercle des Economistes.*

Director of TOTAL S.A. since 1996 and until 2008.

Holds 3,600 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman and Chief Executive Officer of Associés en Finance.
- Member of the Supervisory Board of Klepierre.*
- Member of the Supervisory Board of Presses Universitaires de France (PUF).

Directorships that expired in the previous five years

None.

* *Company names marked with an asterisk are publicly listed companies.*

Antoine Jeancourt-Galignani

70 years old.

Inspector of Finance, Mr. Jeancourt-Galignani held various positions within the Ministry of Finance before serving as Deputy Managing Director of Crédit Agricole from 1973 to 1979. He became chief executive officer of Indosuez bank in 1979 before serving as its Chairman from 1988 to 1994. He then served as Chairman of Assurances Générales de France (AGF) from 1994 to 2001, before serving as Chairman of Gecina from 2001 to 2005, where he currently serves as a director.

Director of TOTAL S.A. since 1994 and until 2009.

Holds 4,440 shares.

Current directorships

- Director of TOTAL S.A.
- Chairman of the Supervisory Board of Euro Disney SCA.*
- Director of the SNA Group (Lebanon).
- Director of Gecina.*
- Director of Kaufman & Broad S.A.*
- Director of Société Générale.*
- Director of Société des Immeubles de France.*
- Member of the Supervisory Board of Oddo et Cie.
- Member of the Supervisory Board of Hypo Real Estate Holding (Germany).*

Directorships that expired in the previous five years

- Chairman of the Board of the SNA Group (Lebanon) until June 30, 2007.
- Director of Assurances Générales de France* until January 12, 2007.
- Member of the Supervisory Board of Jetix Europe N.V.*until 2005.
- Chairman of the Board of Directors of Gecina* until 2005.
- Chairman of the Board of Directors of Société des Immeubles de France* until 2004.
- Chairman of the Board of Directors of Simco until 2003.

Anne Lauvergeon

48 years old.

Chief Mining Engineer and a graduate of the *École Normale Supérieure* with a doctorate in physical sciences, Mrs.Lauvergeon held various positions in industry before becoming Deputy Chief of Staff in the Office of the President of the Republic in 1990. She joined Lazard Frères et Cie as Managing Partner in 1995. From 1997 to 1999 she was Executive Vice President and member of the Executive Committee of Alcatel, in charge of industrial partnerships. Anne Lauvergeon has served as Chairman of the Management Board of AREVA since July 2001 and Chairman and Chief Executive Officer of Areva NC (formerly Cogema) since June 1999.

Director of TOTAL S.A. since 2000 and until 2009.

Holds 2,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of the Management Board of Areva.*
- Chairman and CEO of Areva NC.
- Director of Suez.*
- Director of Vodafone Group Plc.*
- Vice-President and Member of the Supervisory Board of Safran.*

Directorships that expired in the previous five years

- Director of FCI until October 2005.

* *Company names marked with an asterisk are publicly listed companies.*

Lord Peter Levene of Portsoken

66 years old.

Lord Levene served in various positions within the Ministry of Defense, the office of the Secretary of State for the Environment, and the Ministry of Trade in the UK from 1984 to 1995. He then served as senior adviser at Morgan Stanley from 1996 to 1998 before becoming the Chairman of Bankers Trust International from 1998 to 2002. He was Lord Mayor of London from 1998 to 1999. He is currently Chairman of Lloyd's.

Director of TOTAL S.A. since 2005 and until 2008.

Holds 2,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of Lloyd's.
- Chairman of International Financial Services.
- Chairman of General Dynamics UK Ltd.
- Director of Haymarket Group Ltd.
- Director of China Construction Bank.*

Directorships that expired in the previous five years.

- Member of the Supervisory Board of Deutsche Börse until 2005.*
- Director of J. Sainsbury Plc* until 2004.

Maurice Lippens

64 years old.

Mr. Lippens holds a law degree from the *Université Libre de Bruxelles* and is a graduate of Harvard Business School (MBA). He has served as a Director of a venture capital company (Scienta SA), then as head of his own company in Brussels. He was appointed as Managing Director (1983), then as Chairman and Managing Director (1988) of the AG Group. Chairman of Fortis since 1990, he is the author of a corporate governance code for Belgian publicly traded companies, which was adopted in 2005.

Director of TOTAL S.A. since 2003 and until May 11, 2007.

Current directorships

- Chairman of Fortis S.A./N.V.*
- Chairman of Fortis N.V.*
- Chairman of Compagnie Het Zoute.
- Director of Belgacom.*
- Director of Groupe Bruxelles Lambert.*
- Director of Finasucre.
- Director of Groupe Sucrier AS.
- Director of Iscal Sugar.

Directorships that expired in the previous five years

- Director of TOTAL S.A.* until 2007.
- Director of Suez-Tractebel until 2006.
- Chairman of Fortis Brussels until 2004.
- Chairman of Fortis Utrecht until 2004.
- Director of CDC United Network until 2003.
- Chairman of Compagnie Immobilière d'Hardelot S.A. until 2003.
- Vice-Chairman of Société Générale de Belgique until 2003.

* *Company names marked with an asterisk are publicly listed companies.*

Christophe de Margerie

56 years old.

Christophe de Margerie joined the Group after graduating from the *Ecole Supérieure de Commerce* in Paris in 1974. He served in several positions in the Group's Financial Department and Exploration-Production division. He became president of TOTAL Middle East in 1995 before joining the Group's executive committee as the President of the Exploration & Production division in May 1999. He then became Senior Executive Vice-President of exploration and production of the new TotalFinaElf group in 2000. In January 2002 he became President of the Exploration & Production division of TOTAL. He was appointed a member of the Board of Directors by the shareholders' meeting held on May 12, 2006 and became Chief Executive Officer of TOTAL on February 14, 2007.

Director of TOTAL S.A. since May 12, 2006 and until 2009.

Holds 82,200 TOTAL shares and 35,927 shares of the Total Actionnariat France collective investment plan.

Current directorships

- Director of TOTAL S.A.*
- Chairman and Chief Executive Officer of Elf Aquitaine.
- Chairman of Total E&P Indonésie.
- Director of Total E&P Russie.
- Director of Total Exploration and Production Azerbaijan.
- Director of Total E&P Kazakhstan.
- Director of Total Profils Pétroliers.
- Director of Abu Dhabi Petroleum Company Ltd (ADPC).
- Director of Abu Dhabi Marine Areas Ltd (ADMA).
- Director of Iraq Petroleum Company Ltd (IPC).
- Permanent representative of TOTAL S.A. on the Board of Total *Abu al Bu Khoosh.*
- Manager of CDM Patrimonial SARL.

Directorships that expired in the previous five years

- Director of Total E&P Norge A.S. until 2007.
- Director of Total Upstream UK Ltd until 2007.
- Director of Innovarex until 2006.
- Director of Total E&P Myanmar until 2005.
- Member of the Supervisory Board of the Taittinger Group until 2005.
- Director of Tops (Overseas) Ltd until 2004.

Michel Pébereau

65 years old.

Honorary Inspector General of Finance, Mr. Pébereau held various positions in the Ministry of Economy and Finance, before serving as Chief Executive Officer, then as Chairman and CEO of Crédit Commercial de France (CCF) from 1982 to 1993. He was Chairman and Chief Executive Officer of BNP then BNP Paribas from 1993 to 2003, and is currently Chairman of the Board of BNP Paribas.

Director of TOTAL S.A. since 2000 and until 2009.

Holds 2,356 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of BNP Paribas.*
- Director of Lafarge.*
- Director of Saint Gobain.*
- Director of EADS.*
- Director of Pargesa Holding S.A.* (Switzerland).
- Member of the Supervisory Board of Axa.*
- Member of the Supervisory Board of Banque marocaine pour le Commerce et l'Industrie.*
- Non-voting member (Censeur) of the Supervisory Board of Galeries Lafayette.
- Chairman of the European Banking Federation.

* *Company names marked with an asterisk are publicly listed companies.*

Directorships that expired in the previous five years

- Director of BNP Paribas UK Holdings Ltd until 2005.
- Chairman and Chief Executive Officer of BNP Paribas until 2003.
- Member of the Supervisory Board of Dresdner Bank AG until 2003.

Thierry de Rudder

58 years old.

A graduate of the *Université de Genève* in mathematics, the *Université Libre de Bruxelles* and Wharton (MBA), Mr. De Rudder served in various positions at Citibank from 1975 to 1986 before joining Groupe Bruxelles Lambert, where he was appointed Acting Managing Director.

Director of TOTAL S.A. since 1999 and until 2010.

Holds 3,956 shares.

Current directorships

- Director of TOTAL S.A.*
- Acting Managing Director of Groupe Bruxelles Lambert.*
- Director of Compagnie Nationale à Portefeuille.*
- Director of Suez.*
- Director of Suez-Tractebel.
- Director of Imerys.*

Directorships that expired in the previous five years

- Director of SI Finance until 2005.
- Director of Société Générale de Belgique until 2003.
- Director of PetroFina until 2003.

Serge Tchuruk

70 years old.

A graduate of the *École Polytechnique* and an *Ingénieur de l'armement*, Mr. Tchuruk held various management positions with Mobil Corporation, then with Rhône-Poulenc, where he was named Chief Executive Officer in 1983. He served as Chairman and CEO of CDF-Chimie/Orkem from 1986 to 1990, then as Chairman and CEO of TOTAL from 1990 to 1995.

In 1995, he became Chairman and Chief Executive Officer of Alcatel. In 2006, he became Chairman of the Board of Alcatel-Lucent.

Director of TOTAL S.A. since 1989 and until 2010.

Holds 61,060 shares.

Current directorships

- Director of TOTAL S.A.*
- Chairman of the Board of Alcatel-Lucent.*
- Director of Thales.*
- Member of the Supervisory Board of Alcatel Deutschland GmbH.
- Member of the Board of Directors of the *École Polytechnique*.

Directorships that expired in the previous five years

- Chairman of the Board of Directors of Alcatel USA Holdings Corp. until 2006.
- Director of the Institut Pasteur until 2005.
- Director of Société Générale* until 2003.

* *Company names marked with an asterisk are publicly listed companies.*

Pierre Vaillaud

72 years old.

A graduate of the *École Polytechnique,* a Mining Engineer and a graduate of the *École Nationale Supérieure du Pétrole et des Moteurs,* Mr. Vaillaud worked as an engineer with Technip and Atochem before joining TOTAL. He served as Chief Executive Officer of TOTAL from 1989 to 1992, before becoming Chairman and Chief Executive Officer of Technip from 1992 to 1999, and of Elf Aquitaine from 1999 to 2000.

Director of TOTAL S.A. since 2000 and until 2009.

Holds 2,000 shares.

Current directorships

- Director of TOTAL S.A.*
- Member of the Supervisory Board of Oddo et Cie.

Directorships that expired in the previous five years

- Director of Technip* until April 2007.
- Member of the Supervisory Board of Cegelec until 2006.

Directors are elected for a three-year term of office, pursuant to Article 11 of the Company's bylaws.

Other information

The current members of the Board of Directors of the Company have informed the Company that they have not been convicted, have not been associated with a bankruptcy, receivership or liquidation, and have not been incriminated or publicly sanctioned or disqualified, as stipulated in item 14.1 of Annex I of (EC) Regulation 809/2004 of April 29, 2004.

* *Company names marked with an asterisk are publicly listed companies.*

Management

General Management

At its meeting on February 13, 2007, the Board resolved to have separate individuals serve in the positions of Chairman of the Board and of Chief Executive Officer of the Company.

The Executive Committee and the Management Committee

The Executive Committee (COMEX) is the primary decision-making body of the Group. It implements the strategy formulated by the Board of Directors and authorizes related investments.

The Management Committee (CODIR) of the Group facilitates coordination among the divisions and monitors the operating results and activity reports of these divisions.

The Executive Committee

The following individuals were serving as members of the Executive Committee as of December 31, 2007:

- Christophe de Margerie, Chairman of the COMEX (Chief Executive Officer);
- François Cornélis, Vice-Chairman of the COMEX (President of the Chemicals division);
- Michel Bénézit (President of the Refining-Marketing division);
- Robert Castaigne (Chief Financial Officer);
- Yves-Louis Darricarrère (President of the Exploration & Production division);
- Jean-Jacques Guilbaud (President of Human Resources and Corporate Communications); and
- Bruno Weymuller (President of Strategy & Risk Assessment).

The Management Committee

In addition to the members of the COMEX, the following 20 individuals from various non-operating departments and operating divisions were serving as members of the Management Committee as of December 31, 2007:

Holding

Jean-Pierre Cordier, Yves-Marie Dalibard, Jean-Michel Gires, Peter Herbel, Jean-Marc Jaubert, Jean-Jacques Mosconi, Patrick de La Chevardière, Jean-François Minster.

Upstream

Philippe Boisseau, Jean-Marie Masset, Charles Mattenet, Patrick Pouyanné, Jean Privey.

Downstream

Pierre Barbé, Alain Champeaux, Alain Grémillet, Éric de Menten, André Tricoire.

Chemicals

Pierre-Christian Clout, Françoise Leroy.

As of March 1, 2008, the Group modified its organization to include, notably, a Corporate Affairs Division containing several cross-functional departments (see Organizational Structure on pages 46 and 47).

Statutory Auditors

Statutory auditors

Ernst & Young Audit

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex
Appointed on May 14, 2004, for a six-year term.
G. Galet
P. Diu

KPMG Audit

A division of KPMG S.A.

1, cours Valmy, 92923 Paris-La Défense
Appointed on May 13, 1998 for a six-year term.
Appointed renewed on May 14, 2004, for an additional six-year term.
R. Amirkhanian

Alternate auditors

Jean-Luc Decornoy

2 bis, rue de Villiers, 92300 Levallois-Perret
Appointed on May 14, 2004 for a six-year term.

Pierre Jouanne

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex
Appointed on May 14, 2004 for a six-year term

Auditor's term of office

French law provides that the statutory and alternate auditors are appointed for renewable six-year terms. The terms of office of the statutory auditors and of the alternate auditors expire at the conclusion of the shareholders' meeting called to approve the financial statements for the fiscal year 2009.

Fees received by the statutory auditors (including members of their network)

(M€)	Ernst & Young				KPMG S.A			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
	2007	2006	2007	2006	2007	2006	2007	2006
Audit								
• Audit and certification of the parent company and consolidated accounts								
• TOTAL S.A.	3.3	4.1	16,7%	18.5%	3.5	3.8	17.8%	18.0%
• Consolidated subsidiaries	14.0	15.1	70.7%	68.0%	12.2	13.7	61.9%	64.9%
• Other work and services directly related to the responsibilities of statutory auditors								
• TOTAL S.A.	0.2	0.8	1.0%	3.6%	1.0	1.0	5.1%	4.7%
• Consolidated subsidiaries	0.5	0.9	2.5%	4.1%	1,6	1.4	8.1%	6.6%
Sub-total	**18.0**	**20.9**	**90.9%**	**94.1%**	**18.3**	**19.9**	**92.9%**	**94.3%**
Other services provided by the network to consolidated subsidiaries								
• Legal, tax, coroporatel	1.7	1.3	8.6%	5.9%	1.2	1.1	6.1%	5.2%
• Others (> 10% of audit fees)	0.1	0.0	0.5%	0.0%	0.2	0.1	1.0%	0.5%
Subtotal	**1.8**	**1.3**	**9.1%**	**5.9%**	**1.4**	**1.2**	**7.1%**	**5.7%**
TOTAL	**19.8**	**22.2**	**100%**	**100%**	**19.7**	**21.1**	**100%**	**100%**

Compensation of the Board of Directors and Executive Officers

Board Compensation

The amount paid to the members of the Board of Directors as directors' fees was 0.82 M€ in 2007 in accordance with the decision of the shareholders' meeting held on May 11, 2007. There were 14 directors as of December 31, 2007 compared with 15 as of December 31, 2006.

Compensation was paid to the members of the Board of Directors in 2007 based on the following principles:

- A fixed amount of 20,000 euros was paid to each director (paid prorata temporis in case of a change during the period), apart from the Chairman of the Audit Committee who was paid 30,000 euros and the other Audit Committee members who were paid 25,000 euros.
- Each director was paid 5,000 euros for each meeting of the Board of Directors, of the Audit Committee or of the Nominating & Compensation Committee attended. This amount was increased to 7,000 euros for those directors who reside outside of France.
- Neither the Chairman of the Board, nor the Chief Executive Officer received directors' fees as directors of TOTAL S.A. or any other company of the Group.

Total compensation (including in-kind benefits) paid to each director in the year indicated (Article L. 225-102-1 of the French Commercial Code, 1st and 2nd paragraphs)

(€)	2007	2006	2005
Thierry Desmarest	2,827,815.00	3,227,123.00	2,963,452.00
Christophe de Margerie(a)	1,896,720.00	1,426,422.84	-
Daniel Boeuf(b)	170,123.88	160,845.77	150,529.49
Daniel Bouton	55,000.00	50,000.00	45,000.00
Bertrand Collomb	65,000.00	55,000.00	30,000.00
Paul Desmarais Jr.	41,000.00	43,000.00	43,000.00
Bertrand Jacquillat	90,000.00	80,000.00	80,000.00
Antoine Jeancourt-Galignani	90,000.00	65,000.00	45,000.00
Anne Lauvergeon	50,000.00	40,000.00	40,000.00
Peter Levene of Portsoken	55,000.00	50,000.00	23,410.00
Maurice Lippens(c)	21,177.49	50,000.00	57,000.00
Michel Pébereau	70,000.00	65,000.00	55,000.00
Thierry de Rudder	109,000.00	106,000.00	106,000.00
Serge Tchuruk(d)	137,368.00	50,000.00	50,000.00
Pierre Vaillaud(e)	189,814.00	186,340.00	178,906.00

(a) For 2006, including the compensation paid by TOTAL S.A. and in-kind benefits valued at 5,508 euros. Mr. Christophe de Margerie does not receive any directors' fees for his service on the Company's Board of Directors.
(b) Including the compensation received by Mr. Boeuf as an employee of Total France, a subsidiary of TOTAL S.A., which amounted to 105,529.49 euros in 2005, 110,845.77 euros in 2006 and 115,123.88 euros in 2007.
(c) Term of office expired on May 11, 2007.
(d) Including pension payments related to previous employment by the Group, which amounted to 72,368 euros in 2007. Mr. Tchuruk did not benefit from any pension payments in 2005 and 2006.
(e) Including pension payments related to previous employment by the Group, which amounted to 133,906 euros in 2005, 136,340 euros in 2006 and 139,814 euros in 2007.

Over the past three years, the directors currently in office have not received any compensation or in-kind benefits from companies controlled by TOTAL S.A., except for Mr. Daniel Boeuf, who is an employee of Total France. The compensation indicated in the table above (except for that of the Chairman, the Chief Executive Officer and Messrs. Boeuf, Tchuruk and Vaillaud) consists solely of directors' fees (gross amount) paid during the relevant period. None of the Directors of TOTAL S.A. have service contracts which provide for benefits upon termination of employment.

Compensation of the Chairman

The total gross compensation paid to Mr. Thierry Desmarest for fiscal 2007 amounted to 2,263,905 euros. This compensation, set by the Board of Directors, is composed of a fixed base salary of 1,151,706 euros for 2007 (including 185,932 euros for the period from January 1, 2007 to February 13, 2007 where he served as Chairman and Chief Executive Officer and 965,774 euros for the period from February 14, 2007 to December 31, 2007 where he served as Chairman of the Board) and a variable portion, to be paid in 2008, which amounted to 1,112,199 euros (including 210,745 euros for the period from January 1, 2007 to February 13, 2007 where he served as Chairman and Chief Executive Officer and 901,454 euros for the period from February 14, 2007 to December 31, 2007 where he served as Chairman of the Board).

The variable portion is calculated by taking into account the Group's return on equity during the relevant fiscal year, the Group's earnings compared to those of other major international oil companies, as well as the Chairman's personal contribution to the Group strategy, corporate governance and performance. The variable portion can reach a maximum amount of 100% of the fixed base salary. The objectives related to personal contribution were considered to be fulfilled.

Mr. Thierry Desmarest's total gross compensation for fiscal 2006 amounted to 3,199,844 euros, composed of a fixed base salary of 1,523,735 euros and a variable portion of 1,676,109 euros paid in 2007.

Mr. Desmarest does not receive any in-kind benefits.

Compensation of the Chief Executive Officer

The total gross compensation paid to Mr. Christophe de Margerie for fiscal 2007 amounted to 2,687,915 euros. This compensation, set by the Board of Directors, is composed of a fixed base salary of 1,191,580 euros for 2007 (including 94,109 euros for the period from January 1, 2007 to February 13, 2007 where he served as Chief Executive Officer of the Exploration & Production department and 1,097,471 euros for the period from February 14, 2007 to December 31, 2007 where he served as Chief Executive Officer of TOTAL) and a variable portion, to be paid in 2008, which amounted to 1,496,335 euros (including 87,841 euros for the period from January 1, 2007 to February 13, 2007 where he served as Chief Executive Officer of the Exploration & Production department and 1,408,494 euros for the period from February 14, 2007 to December 31, 2007 where he served as Chief Executive Officer of TOTAL).

The variable portion is calculated by taking into account the Group's return on equity during the relevant fiscal year, the Group's earnings compared to those of other major international oil companies as well as the Chief Executive Officer's personal contribution based on operational target criteria. The variable portion can reach a maximum amount of 140% of the fixed base salary, which may be increased up to 165% for exceptional performance. The objectives related to contribution were considered to be reached.

Mr. Christophe de Margerie has the use of a company car.

Executive Officer Compensation

In 2007, the aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL (28 individuals, members of the Management Committee and the Treasurer) as a group was 17.0 M€, including 7.4 M€ paid to the seven members of the Executive Committee. Variable compensation accounted for 41.8% of the aggregate amount of 17.0 M€ paid to executive officers. In 2006, executive officer compensation was 19.7 M€.

The following individuals were executive officers of the Group as of December 31, 2007 (28 individuals, compared to 31 as of December 31, 2006):

Management Committee

Christophe de MARGERIE*
François CORNÉLIS*
Michel BÉNÉZIT*
Robert CASTAIGNE*
Yves-Louis DARRICARRÈRE*
Jean-Jacques GUILBAUD*
Bruno WEYMULLER*
Pierre BARBÉ
Philippe BOISSEAU
Alain CHAMPEAUX
Pierre-Christian CLOUT
Jean-Pierre CORDIER
Yves-Marie DALIBARD
Jean-Michel GIRES
Alain GRÉMILLET
Peter HERBEL
Jean-Marc JAUBERT
Patrick de LA CHEVARDIÈRE
Françoise LEROY
Jean-Marie MASSET
Charles MATTENET
Eric de MENTEN
Jean-François MINSTER
Jean-Jacques MOSCONI
Patrick POUYANNÉ
Jean PRIVEY
André TRICOIRE

Treasurer

Charles PARIS de BOLLARDIÈRE

* *Member of the Executive Committee as of December 31, 2007*

Executive officers who are directors of affiliates of the Company are not entitled to receive any directors' fees.

Pensions and other commitments (Article L. 225-102-1, paragraph 3, of the French Commercial Code)

1. The Group does not have a specific pension plan for the Chairman and the Chief Executive Officer.
2. The Chairman and the Chief Executive Officer are entitled to a retirement benefit calculated pursuant to the same formula used for all employees of TOTAL S.A. The method for calculating this benefit is determined by the National Collective Bargaining Agreement for the Petroleum Industry and is based on the annual gross compensation (including fixed and variable portions) paid to the Chairman or the Chief Executive Officer, as the case may be. As of December 31, 2007, this benefit amounts to 5/12th of the Chairman's annual compensation and 6/12th of the Chief Executive Officer's annual compensation. Pursuant to Article L. 225-42-1 of the French Commercial Code, this benefit is subject to the procedure for related party transactions and subject to performance conditions.

   These performance conditions are deemed to be met if at least two of the three following criteria are satisfied:

   - The average ROE (return on equity) over the three years immediately preceding the year in which the officer retires is at least 12%.
   - The average ROACE (return on average capital employed) over the three years immediately preceding the year in which the officer retires is at least 10%.
   - The Company's oil and gas production growth over the three years immediately preceding the year in which the officer retires is greater than or equal to the average production growth of the four following companies: ExxonMobil, RD Shell, BP and Chevron.
3. The Chairman and the Chief Executive Officer are also eligible for a complementary pension plan open to all employees of the Group whose annual compensation is greater than the annual social security threshold multiplied by eight. There are no French legal or collective bargaining provisions that apply to remuneration above this social security ceiling.

   This complementary pension plan is financed and managed by TOTAL S.A. to award a pension that is based on the period of employment (up to a limit of 20 years) and the portion of annual gross compensation (including fixed and variable portions) that exceeds by at least eight times the annual social security threshold. This pension is indexed to the French Association for Complementary Pensions Schemes (ARRCO) index.

   As of December 31, 2007, the Group's complementary pension obligations related to the Chairman are the equivalent of an annual pension of 18% of the Chairman's 2007 compensation.

   For the Chief Executive Officer, the Group's pension obligations are, as of December 31, 2007, the equivalent of an annual pension of 22% of his 2007 compensation.

   The commitments related to this complementary pension plan are subject to the procedure for related party agreements pursuant to Article L. 225-42-1 of the French Commercial Code.
4. The Company also funds a life insurance policy which guarantees a payment, upon death, equal to two years' compensation (both fixed and variable), increased to three years upon accidental death, as well as, in case of disability, a payment proportional to the degree of disability.
5. If the Chairman or the Chief Executive Officer's employment is terminated or his term of office is not renewed, he is eligible for severance benefits calculated according to terms of the National Collective Bargaining Agreement for the Petroleum Industry that applies to employees of TOTAL S.A. The maximum severance benefit, based upon thirty years of employment with the Group, is equal to two times an individual's annual pay, based upon the gross compensation (both fixed and variable) paid in the previous 12-month period.

   These severance benefits may be increased by an amount equal to an additional year's gross pay (calculated as specified above) if the Chairman or the Chief Executive Officer enters into a non-compete agreement or, in the case of a change in control of the ownership of the Company, if termination occurs within the two-year period following the change in control.

   These provisions for severance benefits are not applicable if, at the time of severance or non-renewal, the Chairman or the Chief Executive Officer is eligible to receive full retirement benefits. The benefits mentioned above are considered to cover any amounts due to the Chairman or the Chief Executive Officer, as the case may be, for all functions he may have performed for the Group. If the Group terminates employment or does not renew a term of office for cause (*faute grave* or *faute lourde*), these provisions for benefits do not apply.

   The commitments related to benefits due upon termination of the Chairman's or the Chief Executive Officer's employment or if their term of office is not renewed are subject to the procedure for related party transactions pursuant to Article L. 225-42-1 of the French Commercial Code. With the exception of the portion to be paid in case the Chairman or the Chief Executive Officer enters into a non-compete agreement, the payment of this benefit is subject to the same performance conditions as those set forth in section 2 above.

   Since Mr. Desmarest is currently eligible to receive full retirement benefits, the commitments described in this section 5 concern only Mr. de Margerie.
6. In addition, the Company has the following pension commitments, as described in section 3 above, to Messrs. Tchuruk and Vaillaud:

   - The Company has funded a complementary pension for Mr. Tchuruk related to his previous employment by the Group. After retirement, the amount paid per year to Mr. Tchuruk under this complementary pension would amount to approximately 72,368 euros, based upon calculations as of December 31, 2007. This pension is indexed to the ARRCO index.
   - The Company has funded a complementary pension for Mr. Vaillaud related to his previous employment by the Group. Mr. Vaillaud receives an annual complementary pension of approximately 139,814 euros, based upon calculations as of December 31, 2007. This pension is indexed to the ARRCO index.
7. For the year 2007, the total amount of the Group's pension commitments related to the directors of the Group is equal to 26.9 M€.

Report of the Chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code)

Pursuant to Article L 225-37 of the French Commercial Code, the following report presents information for the year 2007 related to the practices of the Board of Directors, internal control procedures implemented by the Company and, eventually, any limits set by the Board of Directors concerning the powers of the Chief Executive Officer.

TOTAL actively examines corporate governance matters. In particular, the Group maintains a policy of transparency regarding the compensation of and the allocation of stock options and restricted stock grants to its executive officers.

Directors are appointed by the shareholders for a three-year term. In case of the resignation or death of a director, the Board may temporarily appoint a replacement director. This appointment must be ratified by the next shareholders' meeting. The terms of office of the members of the Board are staggered to more evenly space the renewal of appointments.

TOTAL's corporate governance practices conform with those generally followed by companies listed in France, which are set forth in the AFEP-MEDEF report published in France in September 2002.

In 2007, the Board of Directors reviewed its corporate governance policies to take into account the separation of the positions of Chairman of the Board and Chief Executive Officer.

Since 2004, the Board of Directors has had a financial code of ethics that, in the overall context of the Group's Code of Conduct, sets forth specific rules for its Chairman, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and the financial and accounting officers for its principal activities. The Board has made the Audit Committee responsible for ensuring compliance with this code.

At its meeting on July 19, 2005, the Board of Directors amended the Audit Committee's charter to clarify its role in supervising the independent auditors and the criteria for the independence of its members. The Board also approved the Audit Committee's procedures for complaints or concerns regarding accounting, internal accounting controls or auditing matters.

In 2007, the Board decided to replace the Nominating & Compensation Committee with two separate committees: the Nominating & Governance Committee and the Compensation Committee.

In another development, since the shareholders' meeting held on May 14, 2004, the members of the Board of Directors include a director representing employee shareholders (Mr. Daniel Boeuf).

Rules of Procedure of the Board

At its meeting on February 13, 2007, the Board of Directors adopted Rules of Procedure to replace the Directors' Charter and to take into account the separation of the positions of Chairman of the Board and Chief Executive Officer.

The Board's Rules of Procedure specify the obligations of each director and set forth the mission and working procedures of the Board of Directors. They also define the respective responsibilities and authority of the Chairman and of the Chief Executive Officer.

Each director undertakes to maintain the independence of his analysis, judgment, decision making and actions as well as not to be unduly influenced. When a director participates in and votes at Board meetings, he is required to represent the interest of the shareholders and the Company as a whole. Directors must actively participate in the affairs of the Board, specifically on the basis of information communicated to him by the Company.

Directors undertake to devote the amount of time required to consider the information they are given and otherwise prepare for meetings of the Board and of the committees on which they sit. Directors may request any additional information that they feel is necessary of useful from the Chairman or the Chief Executive Officer. Directors participate in all Board meetings and all general shareholders' meetings, unless they have previously contacted the Chairman to inform him of scheduling conflicts.

Each director must inform the Board of conflicts of interest that may arise, including the nature and terms of any proposed transactions that could give rise to such situations. If he is opposed to a project brought before the Board, he is required to clearly express his opposition. He is required to own at least 1,000 company shares in registered form (with the exception of the director representing employee shareholders, for whom the requirements are more flexible) and comply strictly with provisions regarding the use of material non-public information. The requirement to hold a minimum of 1,000 shares while in office is accepted by each director as a restriction on his ability to freely dispose of these shares.

In addition to stipulating that any shares and ADRs of TOTAL S.A. and its publicly traded subsidiaries held by directors are to be held in registered form, the Rules of Procedure prohibit buying on margin or short selling those same securities. They also prohibit trading shares of TOTAL S.A. on and during the 15 calendar days preceding the dates of the Company's periodic earnings announcements.

The **Board of Directors' mission** is to determine the strategic direction of the Group and supervise the implementation of this vision.

With the exception of the powers and authority expressly reserved for shareholders and within the limits of the Company's legal purpose, the Board may address any issue related to the operation of the Company and take any decision concerning the matters falling within its purview.

Within this framework, the Board's duties and responsibilities include, but are not limited to, the following:

- Appointing the Chairman and the Chief Executive Officer and supervising the handling of their responsibilities;
- Defining the Company's strategic orientation and, more generally, those of the Group;
- Approving investments or divestments under study by the Group that concern amounts greater than 3% of shareholders' equity;
- Reviewing information on significant events related to the Company's affairs, in particular for investments or divestments that are greater than 1% of shareholders' equity;
- Monitoring the quality of information supplied to shareholders and the financial markets through the financial statements that it approves and the annual reports, or when major transactions are conducted;
- Convening and setting the agenda for shareholders' meetings;
- Preparing, for each year, a list of the directors it deems to be independent under generally recognized corporate governance criteria; and
- Conducting audits and investigations as it may deem appropriate.

The Board, with the assistance of its specialized committees where appropriate, ensures the following:

- That authority within the Company has been properly delegated before it is exercised, and that the various entities of the Company respect the authority, duties and responsibilities they have been given;
- That no individual is authorized to both contract and reimburse obligations of the Company without proper supervision and control;
- That the internal audit department functions properly and that the independent auditors are able to conduct their audits under appropriate circumstances; and
- That the committees it has created duly perform their responsibilities.

Board of Directors activity: The Board of Directors meets at least four times a year and as often as circumstances may require.

Directors are generally given written notice eight days prior to Board meetings. Documents to be considered for decisions to be made at Board meetings are, when possible, sent with the notice of meetings, or otherwise delivered to the directors. The minutes of the previous meeting are expressly approved at each Board meeting.

Directors may participate in meetings either by being present, by being represented by another director or via video conference (in compliance with the technical requirements set by applicable regulations).

The Board may establish specialized committees, whether permanent or ad hoc, as required by applicable legislation or as it may deem appropriate. The Board allocates directors' fees to and may allocate additional directors' fees to directors who participate on specialized committees, within the total amount established by the shareholders. The Chairman and the Chief Executive Officer are not awarded directors' fees for their work on the Board.

Responsibility and authority of the Chairman: The Chairman represents the Board, and, except in exceptional circumstances, is the sole member authorized to speak on behalf of the Board. He is responsible for organizing and presiding over the Board's activities and monitors corporate bodies to ensure that they are functioning effectively and respecting corporate governance principles. He is responsible, with the Group's management, for maintaining relations between the Board and the Company's shareholders. He monitors the quality of the information disclosed by the Company. In close cooperation with the Group's management, he may represent the Group in high level discussions with government authorities and the Group's important partners, on both a national and international level. He is regularly informed by the Chief Executive Officer of events and situations that are important for the Group and may request that the Chief Executive Officer provide any useful information for the Board or its committees. He may also work with the independent auditors to prepare matters before the Board or the Audit Committee.

Responsibility and authority of the Chief Executive Officer: The Chief Executive Officer is responsible for the general management of the Company. He chairs the Group's Executive Committee and Management Committee. He has the full extent of authority to act on behalf of the Company in all instances, with the exception of matters that, by law, require shareholder action and subject to the Company's corporate governance rules. He is responsible for periodic reporting of the Group's results and outlook to shareholders and the financial community. He reports on significant Group activities to the Board.

Committees of the Board of Directors

Audit Committee

The Audit Committee's role is to assist the Board of Directors in ensuring effective internal financial control and oversight and appropriate disclosure to shareholders and the financial markets. The Audit Committee's duties include:

- Recommending the appointment of independent auditors, their compensation and ensuring their independence;
- Establishing the rules for the use of independent auditors for non-audit services;
- Examining the accounting policies used to prepare the financial statements, examining the parent company's annual financial statements and the consolidated annual, semi- annual, and quarterly financial statements prior to their examination by the Board, after regularly monitoring the financial situation, cash flow statement and obligations of the Company;

- Reviewing the implementation of internal control procedures and the evaluation of their effectiveness with the assistance of the internal audit department;
- Reviewing the creation and activities of the disclosure committee, including reviewing the conclusions of this committee;
- Approving the scope of the annual audit work of internal and external auditors;
- Keeping regularly informed of completed audits, examining annual internal audit reports and other reports (independent auditors, annual reports, etc.);
- Examining the appropriateness of risk oversight procedures;
- Examining the choice of appropriate accounting principles and methods;
- Examining the Group's policy for the use of derivative instruments;
- Examining, if requested by the Board, major transactions contemplated by the Group;
- Reviewing significant litigation annually;
- Implementing and monitoring compliance with the Financial Code of Ethics;
- Proposing to the Board, for implementation, a procedure for complaints or concerns of employees, shareholders and others, related to accounting, internal accounting controls or auditing matters, and monitoring the implementation of the procedure; and
- Examining the procedure for booking the Group's proved reserves.

Audit Committee membership and practices

The Committee is made up of at least three directors designated by the Board of Directors. Members must be independent directors.

In selecting the members of the Committee, the Board pays particular attention to their independence and their financial and accounting qualifications. Members of the Committee may not be executive officers of the Company or one of its subsidiaries, nor own more than 10% of the Company's shares, whether directly or indirectly, individually or acting together with another party.

Members of the Audit Committee may not receive from the Company and its subsidiaries, whether directly or indirectly, any compensation other than:

(i) Directors' fees paid for their services as directors or as members of the Audit Committee or, if applicable, another committee of the Board; and

(ii) Compensation and pension benefits related to prior employment by the Company, or another Group company, which are not dependant upon future work or activities.

The Committee appoints its own Chairman. The Chief Financial Officer serves as the Committee secretary. The Committee meets at least four times a year to examine the consolidated annual and quarterly financial statements.

The Audit Committee may meet with the Chairman of the Board, the Chief Executive Officer, and, if applicable, any acting Managing Director of the Company and perform inspections and consult with managers of operating or non-operating departments, as may be useful in performing its duties. The Committee meets with the independent auditors and examines their work, and may do so without management being present. If it deems it necessary for the accomplishment of its mission, the Committee may request from the Board the means and resources to make use of outside assistance.

The Committee submits written reports to the Board of Directors regarding its work.

In 2007, the members of the Committee were Antoine Jeancourt-Galignani, Bertrand Jacquillat and Thierry de Rudder, each of whom is an independent director.

The Committee is chaired by Mr. Antoine Jeancourt-Galignani, who was determined to be the Audit Committee financial expert by the Board at its meeting on September 5, 2006.

Compensation Committee

The principal objectives of this Committee are to:

- Examine the executive compensation policies implemented in the Group and the compensation of members of the Executive Committee; and
- Evaluate the performance and recommend the compensation of the Chairman of the Board and of the Chief Executive Officer.

Its duties include the following:

- Examine the criteria and objectives proposed by management for executive compensation and advise on this subject;
- Present recommendations and proposals to the Board concerning:

  (i) compensation, pension and insurance plans, in-kind benefits, and other compensation, including severance benefits, for the Chairman and the Chief Executive Officer of the Company, and

  (ii) awards of stock options and restricted share grants to the Chairman and the Chief Executive Officer; and

- Examine stock option plans, restricted share grants, equity-based plans and pension and insurance plans.

Compensation Committee membership and practices

The Committee is made up of at least three directors designated by the Board of Directors.

A majority of the members must be independent directors. Members of the Compensation Committee may not receive from the Company and its subsidiaries, either directly or indirectly, any compensation other than:

(i) Directors' fees paid for their services as directors or as members of the committee, or, if applicable, as members of another committee of the Company's Board; and

(ii) Compensation and pension benefits related to prior employment by the Company which are not dependant upon future work or activities.

The Committee appoints its chairman as well as a secretary, who is a senior executive of the Company.

The Committee meets at least twice a year.

The Committee invites the Chairman and the Chief Executive Officer of the Company to present their recommendations.

Neither the Chairman nor the Chief Executive Officer may be present during deliberations regarding his own compensation.

While maintaining the appropriate level of confidentiality for its discussions, the Committee may request that the Chief Executive Officer provide it with the assistance of any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item.

If it deems it necessary to accomplish its duties, the Committee may request from the Board the resources to engage external consultants.

The Committee reports on its activities to the Board of Directors.

In 2007, the Committee's members were Bertrand Collomb, Michel Pébereau and Serge Tchuruk, each an independent director.

M. Pébereau chairs the Committee.

Nominating & Governance Committee

The principal objectives of this Committee are to:

- Recommend to the Board of Directors the persons that are qualified to be appointed as Directors, Chairman or Chief Executive Officer;
- Prepare the Company's corporate governance rules and supervise their implementation; and
- Examine any questions referred to it by the Board or the Chairman of the Board, in particular questions related to ethics.

It performs the following specific tasks:

- Presents recommendations to the Board for its membership and the membership of its committees;
- Proposes annually to the Board the list of directors who may be considered as "independent directors" of the Company;
- Assists the Board in the selection and evaluation of the Chairman of the Board and the Chief Executive Officer and examines the preparation of their possible successors, in cooperation with the Compensation Committee;
- Prepares a list of individuals who might be considered for election as Directors and those who might be named to serve on Board committees;
- Proposes methods for the Board to evaluate its performance;
- Proposes the procedure for allocating directors' fees; and
- Develops and recommends to the Board the corporate governance principles applicable to the Company.

Nominating & Governance Committee membership and practices

The Committee is made up of at least three directors designated by the Board of Directors.

A majority of the members must be independent directors.

Members of the Nominating & Governance Committee, other than the Chairman of the Board and the Chief Executive Officer, may not receive from the Company and its subsidiaries any compensation other than:

(i) Directors' fees paid for their services as directors or as members of the Committee, or, if applicable, another committee of the Board of the Company; and

(ii) Compensation and pension benefits related to prior employment by the Company which are not dependant upon future work or activities.

The Committee appoints its Chairman as well as a secretary, who is a senior executive of the Company.

The Committee meets at least twice a year.

The Committee may invite the Chairman of the Board or the Chief Executive Officer of the Company, as applicable, to present recommendations.

While maintaining the appropriate level of confidentiality for its discussions, the Committee may request that the Chief Executive Officer provide it with the assistance of any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item.

If it deems it necessary to accomplish its duties, the Committee may request from the Board the resources to engage external consultants.

The Committee reports on its activities to the Board of Directors.

In 2007, the Committee's members were Bertrand Collomb, Thierry Desmarest, Michel Pébereau and Serge Tchuruk, each, with the exception of the Chairman of the Board, an independent Director.

Thierry Desmarest chairs the Committee.

2007 Activity of the Board of Directors and its Committees

The Board held seven meetings in 2007, with an average attendance of 86.1%.

The Audit Committee held six meetings in 2007, with 100% attendance.

The Nominating & Compensation Committee met once before it was divided into two separate committees, with 100% attendance.

After the division, the Compensation Committee met once, with two-thirds of its members in attendance.

The Nominating & Governance Committee met twice, with an average attendance of 87.5%

The meetings of the Board of Directors included, but was not limited to a review of the following subjects:

January 10:

- Chemicals segment strategy.
- 2007 Budget.
- Group finance policy.
- Group insurance policy.
- Summary of Ethics Committee activity.

February 13:

- 2006 accounts (consolidated financial statements, parent company accounts).
- Decision to separate the positions of Chairman of the Board and Chief Executive Officer.
- Nomination of the Chief Executive Officer.
- Compensation of the Chairman and of the Chief Executive Officer and other related commitments.
- Discussion of the Board's self-evaluation and the functioning of the Board.
- Approval of the Rules of Procedure of the Board and of its committees.
- Assessment of the independence of the Directors.
- Notice of the candidates for nomination as Director representing employee shareholders.
- Modification of the amount and allocation of directors' fees.
- Convocation of the shareholders' meeting and approval of the documents related to this meeting.
- Presentation of developments on the Pazflor field in Angola.

May 3:

- Strategic outlook for the Gas & Power division.
- Earnings for the first quarter 2006.
- Preparation for the shareholders' meeting.
- Presentation on new legal provisions related to transactions carried out by Directors and officers involving Company shares.
- Presentation of developments on the Usan field in Nigeria.

May 11:

- Nomination of the Chairman of the Board and confirmation of the procedures for his compensation.
- Confirmation of the members of the Board's committees.

July 17:

- Strategic outlook for the Refining & Marketing division.
- Award of stock options and restricted share grants.
- Presentation of developments on the Kashagan field in Kazakhstan.

September 4:

- Strategic outlook for the Exploration & Production division.
- Presentation of final earnings for the first half 2007 and mid-2007 outlook.
- Decision for the payment of an interim dividend.

November 6:

- Group strategy and five-year plan.
- Earnings for the third quarter 2007.
- Capital increase reserved for Group employees.

Audit Committee activity

At its meetings in 2007, the members of the Audit Committee reviewed the following matters:

- At its meeting on January 4, the Committee reviewed the implementation of the internal control regulations of the Sarbanes-Oxley Act. The independent auditors were present. The principles for recording provisions in the consolidated accounts were presented to the Committee.

- At its meeting on February 12, the Committee reviewed the fourth quarter 2006 accounts as well as the annual consolidated earnings report for the Group and the statutory accounts of TOTAL S.A., the parent company, for 2006. It interviewed the independent auditors and reviewed a report presented by the head of internal audit concerning internal audit activity in 2006 and audits planned for 2007. An update on the internal control assessment performed pursuant to the Sarbanes-Oxley Act was also presented.
- At its meeting on March 28, the Committee reviewed the principles for estimating oil and gas reserves and the U.S. GAAP reconciliation for the 2006 consolidated accounts of the Company.
- The Committee met on May 2 to review the first quarter consolidated accounts and the principal tax rules that apply to the Group's entities in France and internationally. During this meeting, the members of the Committee met with the independent auditors without management being present.
- In the second half of 2007, at its meeting on August 1, the Committee reviewed the accounts for the second quarter and the first half 2007.
- On November 5, the Committee reviewed the third quarter accounts, the budgeted and anticipated fees of the independent auditors and the accounting treatment of inventory and its effect on results reporting.

At each meeting, the Committee reviewed the financial condition of the Group and the head of internal audit presented internal audit activity.

The independent auditors were present at all Committee meetings in 2007.

When the Committee reviewed the Group's accounts, the independent auditors presented the key aspects of their activities and the accounting policies adopted. The Chief Financial Officer presented the Group's exposure to risks and its significant off-balance sheet commitments.

Nominating & Compensation Committee activity

At its meeting on January 31, 2007, the Committee examined the change of management structure and the separation of the positions of Chairman and Chief Executive Officer and proposed the nomination of Christophe de Margerie as Chief Executive Officer.

The Committee also proposed a policy for determining the compensation and other advantages awarded to the Chairman and to the Chief Executive Officer as well as the terms that applied in case they were removed from or not renewed in office.

The Committee decided to recommend that the Board divide the Nominating & Compensation Committee into two separate committees and proposed Rules of Procedure of the Board of Directors and of its committees to be submitted to the Board.

It evaluated the independence of the Directors and made a list of independent Directors as of December 31, 2006.

The Committee proposed to the Board of directors the list of directors to be recommended for appointment by the shareholders' meeting and examined the candidates for nomination as the Director representing employee shareholders.

The Committee also reviewed the compensation of the members of the Executive Committee and reviewed the financial information related to the compensation of the Company's management bodies and of the Company's pension and insurance plans, in preparation for the disclosure of this information in the Company's Registration Document for fiscal 2006.

Compensation Committee activity

At its meeting, the Committee reviewed the stock option and restricted share grant plans. It proposed to the Board rules concerning Company shareholding by the Chairman and the Chief Executive Officer as well as rules to be submitted to the Board related to new legal dispositions concerning restrictions applicable to the Chairman and the Chief Executive Officer on the transfer of a percentage of shares issued upon the exercise of stock options.

Nominating & Governance Committee activity

At its two meetings, the Committee discussed the composition of the Board in particular as concerns various commonly used independence criteria. The Committee was informed of the implementation of measures designed to heighten awareness of and respect for ethical principles and values by high-potential executives. The Committee was also updated on the status of the principal litigation involving the Group.

Evaluation of the Board of Directors

At its February 13, 2007 meeting, the Board discussed the results of the self-evaluation of the Board undertaken by independent consultants. This evaluation noted improvement in the framework of the Board's activity. Based on the recommendation of the Nominating & Compensation Committee, the Board approved the suggestions to improve its organization and its activities contained in the self-evaluation report. The suggestions included creating a Governance Committee and enlarging the scope of subjects examined by the Board.

Policy for determining the compensation and other benefits of the Chairman and of the Chief Executive Officer

Based on a proposal by the Compensation Committee, on February 12, 2008, the Board adopted the following policy for determining the compensation and other advantages of the Chairman and of the Chief Executive Officer:

- Compensation and advantages for the Chairman and the Chief Executive Officer are set by the Board of Directors after considering proposals from the Compensation Committee. Such compensation shall be reasonable and fair, in a context that values both teamwork and motivation within the Company.
- Compensation for the Chairman and the Chief Executive Officer is related to market practice, work performed, results obtained and responsibilities held.

Compensation for the Chairman and the Chief Executive Officer includes both a fixed portion and a variable portion, each of which are reviewed annually.

- The amount of variable compensation may not exceed a stated percentage of fixed compensation. Variable compensation is determined based on pre-defined quantitative and qualitative criteria. Quantitative criteria are limited in number, objective, measurable and adapted to the Group's strategy.

  Variable compensation is designed to reward short-term performance and progress towards medium-term objectives. The qualitative criteria for variable compensation are designed to allow exceptional circumstances to be taken into account, when appropriate.

- Stock options are designed to align the long-term interests of the Chairman and the Chief Executive Officer with those of the shareholders.

  Awards of stock options are considered in light of the amount of the total compensation paid to the Chairman and the Chief Executive Officer. A portion of stock options awarded to the Chairman and the Chief Executive Officer is conditioned on performance.

  The exercise price for stock options awarded is not discounted compared to the market price for the underlying share.

  Stock options are awarded at regular intervals to prevent opportunistic behavior.

  The Board sets rules for restrictions on transfer on a portion of shares issued upon the exercise of options.

- After three years in office, the Chairman and Chief Executive Officer are required to hold at least the number of Company shares set by the Board.

- The Chairman and Chief Executive Officer do not receive restricted share grants.

Director Independence

At its meeting on February 12, 2008, the Board of Directors, acting on a proposal from the Nominating & Governance Committee, reviewed the independence of the Company's directors as of December 31, 2007. Also based on the Committee's proposal, the Board considered that, pursuant to the 2002 AFEP-MEDEF report, a director is independent when "he has no relationship, of any nature, with the Company, its Group or its Management, that may compromise his freedom of judgement".

Mr. Bouton, Mr. Collomb, Mr. Desmarais, Mr. Jacquillat, Mr. Jeancourt-Galignani, Lord Levene of Portsoken, Mr. Pébereau, Mr. de Rudder, Mr. Tchuruk and Mr. Vaillaud were considered to be independent directors.

The directors meet the criteria contained in the 2002 AFEP-MEDEF report, with the exception of one individual who has been a director for longer than 12 years. For a company that has long-term investments and activities, a longer term of office gives experience and authority, and thereby reinforces the independence of directors. The Board concluded that Mr. Tchuruk, the only director concerned by this criteria, should be considered as independent.

Concerning "material" relationships, as a client, supplier, investment or finance banker, between a director and the Company, the Board deemed that the level of activity between Group companies and the banks at which two of its Directors are officers, which is less than 0.1% of their net banking income and less than 5% of the financing obtained by the Group from credit providers (including confirmed but undrawn credit lines) represent neither a material portion of the overall activity of these banks nor a material portion of the Group's external financing.

The Board concluded that Mr. Bouton and Mr. Pébereau should be considered as independent Directors.

71.4% of the Directors are independent. The Board has decided to increase the percentage of independent Directors over the next few years, based on widely used corporate governance definitions of independence.

The Board also noted the absence of potential conflicts of interests between the Company and its Directors.

Internal control procedures

The internal control framework adopted by TOTAL is that of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In this framework, internal control is a process intended to provide reasonable assurance that the following will be achieved: effective and efficient operational control, accurate reporting of financial information, and compliance with applicable laws and regulations. As for any system for internal control, there can be no guarantee that all risks are completely eliminated.

The Group's internal control procedures are based on the COSO framework: design and implementation of internal controls, risk evaluation process, internal control operation, documentation and reporting internal controls, and supervision of the internal control system.

Organization and principles of internal control

The Group's internal control procedures are designed around an operating environment with three levels: Group, business segments and profit centers. Each level is directly involved in the design and implementation of internal controls, as determined by the level of centralization desired by the Group's management.

At each of the three levels, internal control procedures are designed to include specific organizational procedures, delegation of authority and employee training that conform to the Group's overall framework.

The design of internal control procedures is based on key values that are deeply rooted in the Group's control environment, including the integrity, ethical conduct and professional competence of its employees.

The principal themes of human resources policy are coordinated at the Group's Human Resources and Corporate Communications department and human resources is generally managed on a decentralized basis at profit centers.

The Group's values and principles of conduct are formalized and distributed to employees throughout the Group in the Group's code of conduct, its ethics charter and its financial code of ethics. They are also implemented in codes and procedures governing certain important procedures at the operating level. These codes explain the Group's values and describe its principles for behavior and conduct with regard to clients, shareholders, employees, suppliers and competitors. They mention principles for individual behavior that all employees are expected to respect and the conduct that is expected in countries where the Group is present.

The Group's senior management receives regular training on the content and the importance of proper conduct, which is documented in this code of conduct and available on the Group's website. Each year, the chief executive and financial officers of profit centers or subsidiaries provide internal written representations to the Chief Financial Officer that they have complied with internal control procedures and that the financial reporting under their responsibility is accurate.

The Group's ethics committee has implemented a program to prevent insider trading. This program alerts employees to their status as permanent or temporary insiders and warns them that they are prohibited from trading Group securities during certain periods.

These control principles are part of the corporate governance framework described above. The Audit Committee is responsible for supervising the implementation of internal control procedures and their effective application, with the assistant of the internal audit department. These rules are designed to allow the Board of Directors to ensure that internal control is effective and that accurate information is disclosed to shareholders and financial markets.

Risk evaluation

The Executive Committee, with the assistance of the Risk Committee, the budget management department and the internal audit department, is responsible for identifying and analyzing the risks that could have an impact on the Group's performance.

The principal risks monitored at Group level are: sensitivity to the oil market environment (oil prices and refining, marketing and petrochemicals margins); exposure to oil and gas trading risks; financial markets risks (foreign exchange risk, particularly related to the dollar, and interest rate risk given the importance of long-term investments in the Group's businesses); legal and political risks related to the operating and contractual environment of the exploration and production activities; and industrial and environmental risks related to the sectors in which the Group is active.

The "Risk Factors" section of this Registration Document contains a more extensive description of the principal risks faced by the Group and how the Group manages these risks.

Internal control operations

Internal control procedures, particularly financial reporting systems, are designed to take into account the specific nature of these risks and the degree to which operational control is delegated to the business segments and profit centers.

Management exercises operational control over the Group's activities through the Executive Committee's approval of investments and commitments for projects, based on defined thresholds. These projects are subject to prior vetting by the Risk Committee, whose report is presented to the Executive Committee.

Non-operating control is primarily based on a strategic plan which is reviewed annually, an annual budget, monthly management financial reports with in-depth analysis of differences between actual and budgeted expenditures, and a quarterly reconciliation between published accounts and management reports. These procedures are supervised by the budget management department and the accounting department, and are conducted according to accepted financial reporting methods that conform to the accounting standards used to publish the Group's accounts. The financial measures that are followed and the accounting methods chosen were selected to accurately report risks and to measure the return on average capital employed (ROACE).

The Group's accounting department centralizes the interpretation and application of accounting standards applicable to the Group's consolidated these accounts and transmits these standards through formal procedures and a financial reporting manual. This department monitors the implementation of standards throughout the Group through periodic, formal communication with management at the operating level. This department also periodically reports any exceptions to the Chief Financial Officer and the Audit Committee.

The treasury/financing department monitors and manages the risks related to cash management activities as well as to interest rate related and foreign exchange related financial instruments in accordance with specific rules defined by the Group's management. Cash and cash equivalents, financial positions and financial instruments are centralized by the treasury/financing department.

Oil and gas reserves are reviewed by a committee of experts (the Reserves Committee), approved by the senior management of the Exploration & Production division and then confirmed by the Group's management.

The Disclosure Committee, whose members are the managers of the principal non-operating departments in the Group, establishes and maintains procedures designed to ensure the quality and accuracy of external communications intended for the public and financial markets.

At the profit center and subsidiary level, daily control operations are organized around the principal operational processes: exploration and reserves, purchasing, capital expenditures, production, sales, oil and gas trading, inventories, human resources, financing and cash management. These processes are adapted to the petroleum industry in which the Group operates, while respecting the COSO framework.

The Group has implemented a wide range of procedures and programs that help to prevent, detect and limit different types of fraud. This effort is supported by the principles and conduct described in the Group's code of conduct and in procedures and codes issued at the operating level. The Group has also implemented an ethics alert system for employees and third parties to report circumstances that might amount to fraud or other violations related to accounting, internal control and audit.

The Information Technology Department has developed and distributed rules for governance and security that describe the recommened infrastructure, organization and procedures to maintain information systems that are adapted to the needs of the Group and to limit information security risks. These rules are implemented throughout the Group under the responsibility of the various operating divisions.

Documentation and communication of internal control procedures

Internal control procedures are defined at each of the three operating levels: general rules at the Group level; sector specific procedures at the business segment level; and more specific procedures at the profit center and subsidiary level. These procedures are circulated in memorandum, and are also available on the intranet sites of the Group and, where applicable, the business segments.

The principal procedures regarding financial controls established at the Group level cover acquisitions and disposals, capital expenditures, financing and cash management, budget management and financial reporting. At the operating level, procedures cover mainly safety and security (both industrial and information technology), health and sustainable development

The procedures for the business segments primarily concern management supervision specific to each sector. At the profit center and subsidiary level, the principles of the Group's overall framework are implemented through the creation of specific procedures adapted to the size and context of operations. TOTAL has established documented disclosure controls and procedures.

Internal control supervision

Together, the holding company, each business segment and the profit centers and subsidiaries are responsible for supervising internal control by monitoring the elements assigned to each of them.

Internal control audits are primarily conducted by the Group audit department, which reports to the Executive Committee through the president of the Strategy & Risk Management department. An audit work schedule is set annually. The reports from these audits are periodically summarized and presented to the Audit Committee and, thereby, to the Board of Directors.

In 2007, the Group audit department employed 75 professionals and conducted 195 audits. A representative of this department also attended all meetings of the Audit Committee.

The Group's management is responsible for maintaining and evaluating internal control over financial reporting. In this context, in 2007 the Group conducted an evaluation of the levels of awareness and the quality of execution of the Group's internal control procedures, based on the COSO framework, covering the principal entities of the Group. The Group, with the assistance of its principal entities and the Group audit department as coordinated by the Internal Control Compliance Officer, also examined and evaluated the design and effectiveness of the key operational, information systems and financial controls related to internal control over financial reporting pursuant to section 404 of the Sarbanes-Oxley Act. On the basis of this internal evaluation, the Group's management concluded that they had reasonable assurance that internal control over financial reporting was effective.

The independent auditors perform those verifications of internal control that they deem necessary as part of the mission to certify the Group's accounts and present their observations to the Audit Committee.

For the year 2007, the independent auditors evaluated the implementation of the Group's internal control framework and the design and execution at its principal entities of the Group's key internal controls over financial reporting. Based on the work performed, the independent auditors declared that they had no comments on the information and conclusions related to this subject presented in this report.

This report, which has been prepared with the assistance of the relevant administrative department of the Company, has been presented to the Board of Directors. The Audit Committee has examined the section of this report that is related to internal control procedures.

Paris, La Défense, February 13, 2008

Thierry Desmarest
Chairman of the Board of Directors

Statutory auditor's report (Article L. 225-235 of the French Commercial Code)

(Free translation of a French language original)

Statutory auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of TOTAL S.A., regarding the internal control procedures that relate to the preparation and processing of financial and accounting information.

To the shareholders,

In our capacity as statutory auditors of TOTAL S.A., and in accordance with Article L. 225-235 of the French Commercial Code, we report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2007.

It is for the Chairman to give an account, in his report, notably of the conditions in which the duties of the Board of Directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on the information and declarations set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information and declarations set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- Obtaining an understanding of the objectives and general organization of general control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the Chairman's report;

- Assessing the evaluation given on the adequacy and effectiveness of these procedures, including considering the appropriateness of the evaluation process and the implementation of the tests conducted; and

- Performing the tests relating to the design and execution of these procedures, in addition to our audit procedures related to the accounts, that we believed necessary to confirm the information and conclusions given on this subject in the President's report.

On the basis of these procedures, we have no matters to report in connection with the information and declarations given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the Board's report, prepared in accordance with Article L. 225-37 of the French Commercial Code.

Paris-La Défense, March 31, 2008

The statutory auditors

KPMG AUDIT (a division of KPMG S.A.)	ERNST & YOUNG AUDIT
René Amirkhanian	**Gabriel Galet, Philippe Diu**

Employees, Share Ownership, Stock Options and Restricted Share Grants

Employees

The tables below set forth the number of employees, by division and geographic location, of the Group (fully consolidated subsidiaries) as of the end of the periods indicated[(a)]:

	Upstream	Downstream	Chemicals	Corporate	Total
2007	15,182	34,185	45,797	1,278	96,442
2006	14,862	34,467	44,504	1,237	95,070
2005	14,849	34,611	62,214	1,203	112,877

	France	Rest of Europe	Rest of world	Total
2007	37,296	27,374	31,772	96,442
2006	37,831	26,532	30,707	95,070
2005	48,751	30,140	33,986	112,877

(a) As of December 31, 2005, these figures include the employees of Arkema.

Arrangements for involving employees in the capital of the Company

Pursuant to agreements signed on March 15, 2002, as amended, the Group created a "Total Group Savings Plan" (PEGT), a "Partnership for Voluntary Wage Savings Plan" (PPESV, later becoming PERCO) and a "Complementary Company Savings Plan" (PEC) for employees of the Group's French companies. These plans allow investments in a number of mutual funds including one that invests in Company shares ("Total Actionnariat France"). A "Shareholder Group Savings Plan" (PEG-A) has also been in place since November 19, 1999 to facilitate capital increases reserved for employees of the Group's French and foreign subsidiaries covered by these plans.

Company Savings Plans

The various Company Savings plans (PEGT, PEC) and the Group Savings plan ("Plan d'Épargne Groupe Actionnariat"-(PEG-A) linked to the capital increase operations reserved for employees, give the employees of French Group Companies belonging to these savings plans access to several collective investment plans (*Fonds communs de placement*), including a Fund invested in shares of the Company ("Total Actionnariat France").

For the employees of foreign companies, the capital increases reserved for employees were conducted under PEG-A through the "Total Actionnariat International" Fund. In addition, U.S. employees participate in these operations through ADRs and Italian employees may participate by directly subscribing to new shares at the Caisse Autonome of the Group in Belgium.

Employee shareholding

The total number of TOTAL shares held by employees as of December 31, 2007 is as follows:

Total Actionnariat France	65,184,570
Total Actionnariat International	14,259,292
ELF privatisation No. 1	1,521,419
Shares held by U.S. employees	613,078
Group Caisse Autonome in Belgium	419,897
TOTAL shares from the exercise of the Company's stock options and held as registered shares within a Company Savings Plan (PEE)	2,984,387
Total shares held by employee shareholder funds	**84,982,643**

As of December 31, 2007, the employees of the Group held, on the basis of the definition of employee shareholding contained in Article L. 225-102 of the French Commercial Code, 84,982,643 TOTAL shares, representing 3.55% of the Company's share capital and 6.94% of the voting rights that could be exercised at a shareholders' meeting on that date.

Capital increase reserved for employees

The shareholders' meeting held on May 11, 2007 delegated to the Board of Directors the authority to undertake, in one or several steps, and within a maximum of 26 months, a capital increase reserved for the employees participating in a savings plan. Pursuant to this delegation of authority, the number of shares to be issued cannot exceed 1.5% of the capital stock on the day of the meeting of the Board that decided on the issue. The capital stock issued will be counted against the overall ceiling for the capital increase that could be authorized under the same delegation of authority granted by the shareholders' meeting held on May 11, 2007 to the Board when capital is increased through ordinary share issues or through any marketable security linked to the capital that maintains preferential subscription rights (4 B€ of par value). This delegation of authority has cancelled and replaced, for the unused part, the one granted by the shareholders' meeting of May 17, 2005.

Pursuant to this delegation of authority, the Board of Directors decided on November 6, 2007 to proceed with a capital increase of a maximum of 12 million shares with a subscription price of 44.40 euros per share reserved for TOTAL employees, bearing dividends as of January 1, 2007. In accordance with Article 14 of the French *Autorité des marchés financiers* (AMF) instruction No. 2005-11 as of December 13, 2005 regarding the information to be disclosed in case of a capital increase operation, TOTAL S.A. released on January 16, 2008 on its website and filed with the AMF, a press release which specified the terms of the offering. The offering was opened to the employees of TOTAL S.A. and to the employees of its French and foreign subsidiaries in which TOTAL S.A. holds directly or indirectly 50% at least of the capital, who are participants in the TOTAL Group Savings Plan (PEG-A) and for which local regulatory approval was obtained. The offering was also open to former employees of TOTAL S.A. and its French subsidiaries who have retired and still have holdings in TOTAL employee savings plans. Subscription was open from March 10, 2008 through March 28, 2008.

Shares held by Directors and Executive Officers

On December 31, 2007, based upon information from the members of the Board and the share registrar, the members of the Board and the Executive Officers of the Group (Management Committee and Treasurer) held a total of less than 0.5% of the Company's shares:

- Members of the Board of Directors (including the Chairman and the Chief Executive Officer): 661,648 shares;
- Chairman of the Board of Directors: 484,576 shares;
- Chief Executive Officer: 82,200 shares and 35,927 shares in collective investment plans (FCPE) invested in TOTAL shares;
- Management Committee and Treasurer (including the Chief Executive Officer): 1,067,425 shares;

By decision of the Board of Directors:

- The Chairman and Chief Executive Officer are required to hold a number of shares of the Company equal in value to two years of the fixed portion of their annual compensation.
- Members of the Executive Committe are required to hold a number of shares of the Company equal in value to two years of the fixed portion of their annual compensation. These shares have to be acquired within three years of the appointment to the Executive Committee.

The number of TOTAL shares to be considered includes:

- Directly held shares, whether or not they are subject to transfer restrictions; and
- Shares in collective investment plans (FCPE) invested in TOTAL shares.

Summary of transactions in the Company's securities (Article L. 621-18-2 of the French Monetary and Financial Code)

The following table presents transactions, of which the Company has been informed, in the Company's shares or related financial instruments carried out in 2007 by the individuals concerned under paragraphs a) through c) of Article L. 621-18-2 of the French Monetary and Financial Code.

Year 2007

		Purchases	Subscriptions	Sales	Swaps
Thierry Desmarest[(a)]	TOTAL shares	136,532.00	62,476.00	182,532.00	
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]				
Christophe de Margerie[(a)]	TOTAL shares	60,844.00		32,300.00	
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]	637.44	1,882.05		
Michel Bénézit[(a)]	TOTAL shares	44,620.00	6,100.00	31,732.00	
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]	7.07	10.40	75.60	
Daniel Bœuf[(a)]	TOTAL shares		732.00		
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]				
Robert Castaigne[(a)]	TOTAL shares	72,500.00		64,000.00	
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]				
François Cornélis[(a)]	TOTAL shares	100,000.00		100,000.00	
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]	253.75	248.47		
Yves-Louis Darricarrère[(a)]	TOTAL shares	8,116.00		11,116.00	
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]				
Jean-Jacques Guilbaud[(a)]	TOTAL shares	40,648.00		40,648.00	
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]	46.27	500.91		
Bruno Weymuller[(a)]	TOTAL shares				
	Shares in collective investment plans (FCPE), and other related financial instruments[(b)]	245.19	284.15		

(a) Including the related persons in the meaning of the provisions of the Article R. 621-43-1 of the French Monetary and Financial Code.
(b) Collective investment plans (FCPE) primarily investing in Company shares.

Stock options and restricted share grants

Award policy

Stock options and restricted share grants concern only shares of TOTAL S.A. No options for or restricted grants of shares of any of the Group's listed subsidiaries are awarded.

All plans are approved by the Board of Directors, based on recommendations by the Compensation Committee. For each plan, the committee proposes a list of the beneficiaries and the number of options or restricted shares granted to each beneficiary. The Board of Directors then gives final approval for this list.

Stock options have a term of eight years, with an exercise price set at the average of the opening share prices during the 20 trading days prior to the award date, without any discount being applied. For the option plans established after 2002, options may only be exercised after an initial two-year period and the shares issued upon exercise may not be transferred prior to the termination of an additional two-year holding period. For the option plan established in 2007, the transfer or conversion to bearer shares of shares issued from the exercise of stock options, for the beneficiaries of an employment contract with a non-French subsidiary as of July 17, 2007, can take place after the termination of the initial two-year period.

Restricted share grants become final after a two-year vesting period, subject to certain pre-defined conditions, set by the Board acting upon recommendations from the Compensation Committee, related to the return on equity of the Group, based on the Group's consolidated accounts, in the fiscal year preceding the year of final attribution. At the end of this vesting period, and subject to these performance conditions, the restricted share grants become final. However, these shares may not be transferred prior to the end of an additional two-year holding period.

The grant of these options or restricted shares is used to complement, based upon individual performance assessments at the time of each plan, the Group-wide policy of developing employee shareholding (including saving plans, and capital increases reserved for employees every two years) which allows employees to be more closely associated with the financial and share price performance of TOTAL (see page 103).

In addition, performance indicators used under the June 30, 2006 profit-sharing agreements for employees of ten Group companies, when permitted by local legislation, link amounts available for profit sharing to the performance of the Group as a whole (see page 151).

Grants to the officers responsible for managing the Company and executive officers

Pursuant to the requirements introduced by French law 2006-1770 of December 30, 2006 to Article L. 225-185 of the French Commercial Code, the Board of Directors decided on July 17, 2007 that the Chairman of the Board and the Chief Executive Officer will have to hold 50% of the acquisition gains net of tax and related contributions resulting from the exercise of stock options of the 2007 plan in TOTAL registered shares. Once the Chairman and the Chief Executive Officer hold a number of shares (including shares or collective investment plans (*fonds communs de placement*) invested in Company securities) larger than five times their then-current gross annual fixed base salary, this percentage will be brought to 10%. If this condition is not fulfilled, the previously mentioned 50% holding obligation will be applicable.

The Chairman of TOTAL S.A. was not granted any restricted shares under the 2005, 2006 and 2007 plans. The Chief Executive Officer was not granted any restricted shares under the 2006 and 2007 plans.

Furthermore, at its July 17, 2007 meeting, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, the final award of a portion of these options, after a vesting period, will be subject to a performance condition based on the return on equity of the Group, calculated on the consolidated accounts for 2008.

TOTAL stock options

The following table gives a breakdown of stock options awarded by category of beneficiaries (executive officers, senior managers and other employees) for the plans in effect during 2007.

		Number of beneficiaries	Number of options awarded[g]	Percentage	Average number of options per beneficiary[g]
1999 Plan[a]: Stock purchase options (Decision of the Board on June 15, 1999; exercise price: 113.00 euros; discount: 4.74%; exercise price after May 24, 2006: 27.86 euros[g])	Executive Officers[f]	19	279,000	18.6%	14,684
	Senior managers	215	517,000	34.5%	2,405
	Other employees	1,351	703,767	46.9%	521
	Total	**1,585**	**1,499,767**	**100%**	**946**
2000 Plan[b][e]: Stock purchase options (Decision of the Board on July 11, 2000; exercise price: 162.70 euros ; discount: 0.0%; exercise price after May 24, 2006: 40.11 euros[g])	Executive Officers[f]	24	246,200	10.2%	10,258
	Senior managers	298	660,700	27.2%	2,217
	Other employees	2,740	1,518,745	62.6%	554
	Total	**3,062**	**2,425,645**	**100%**	**792**
2001 Plan[c][e]: Stock purchase options (Decision of the Board on July 10, 2001; exercise price: 168.20 euros; discount:0.0%; exercise price after May 24, 2006: 41.47 euros[g])	Executive Officers[f]	21	295,350	11.0%	14,064
	Senior managers	281	648,950	24.1%	2,309
	Other employees	3,318	1,749,075	64.9%	527
	Total	**3,620**	**2,693,375**	**100%**	**744**
2002 Plan[d][e]: Stock purchase options (Decision of the Board on July 9, 2002; exercise price: 158.30 euros; discount: 0.0%; exercise price after May 24, 2006: 39.03 euros[g])	Executive Officers[f]	28	333,600	11.6%	11,914
	Senior managers	299	732,500	25.5%	2,450
	Other employees	3,537	1,804,750	62.9%	510
	Total	**3,864**	**2,870,850**	**100%**	**743**
2003 Plan[d][e]: Stock subscription options (Decision of the Board on July 16, 2003; exercise price: 133.20 euros; discount: 0.0%; exercise price after May 24, 2006: 32.84 euros[g])	Executive Officers[f]	28	356,500	12.2%	12,732
	Senior managers	319	749,206	25.5%	2,349
	Other employees	3,603	1,829,600	62.3%	508
	Total	**3,950**	**2,935,306**	**100%**	**743**
2004 Plan[d]: Stock subscription options (Decision of the Board on July 20, 2004; exercise price: 159.40 euros; discount: 0.0%; exercise price after May 24, 2006: 39.30 euros[g])	Executive Officers[f]	30	423,500	12.6%	14,117
	Senior managers	319	902,400	26.8%	2,829
	Other employees	3,997	2,039,730	60.6%	510
	Total	**4,346**	**3,365,630**	**100%**	**774**
2005 Plan[d]: Stock subscription options (Decision of the Board on July 19, 2005; exercise price: 198.90 euros; discount: 0.0%; exercise price after May 24, 2006: 49.04 euros[g])	Executive Officers[f]	30	370,040	24,3%	12,335
	Senior managers	330	574,140	37,6%	1,740
	Other employees	2,361	581,940	38.1%	246
	Total	**2,721**	**1,526,120**	**100%**	**561**
2006 Plan[d]: Stock subscription options (Decision of the Board on July 18, 2006; exercise price: 50.60 euros; discount: 0.0%)	Executive Officers[f]	28	1,447,000	25.3%	51,679
	Senior managers	304	2,120,640	37.0%	6,976
	Other employees	2,253	2,159,600	37.7%	959
	Total	**2,585**	**5,727,240**	**100%**	**2,216**
2007 Plan[i]: Stock subscription options (Decision of the Board on July 17, 2007; exercise price: 60.10 euros; discount: 0.0%)	Executive Officers[f] [h]	27	1,329,360	22.8%	49,236
	Senior managers	298	2,162,270	37.1%	7,256
	Other employees	2,401	2,335,600	40.1%	973
	Total	**2,726**	**5,827,230**	**100%**	**2,138**

(a) *Options are exercisable after a five-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date.*
(b) *Options are exercisable after a four-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the five-year period from the date of the Board meeting awarding the options.*
(c) *Options are exercisable after January 1, 2005 and expire eight years after the date of the Board meeting awarding the options. The underlying shares may not be transferred during the four-year period from the date of the Board meeting awarding the options.*
(d) *Options are exercisable after a two-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the four-year period from the date of the Board meeting awarding the options.*
(e) *Certain employees of the Elf Aquitaine group in 1998 also benefited in 2000, 2001, 2002 and 2003 from the vesting of Elf Aquitaine options awarded in 1998 subject to performance conditions related to the Elf Aquitaine group from 1998 to 2002. These Elf Aquitaine plans expired on March 31, 2005.*
(f) *Members of the Management Committee and the Treasurer as of the date of the Board meeting awarding the options.*
(g) *To reflect the spin-off of Arkema, pursuant to Articles 174-9, 174-12 and 174-13 of Decree number 67-236 of March 23, 1967 effective at that time and as of the date of the shareholders' meeting on May 12, 2006, at its meeting of March 14, 2006 the Board of Directors resolved to adjust the rights of holders of TOTAL stock options. For each plan and each holder, the exercise prices for TOTAL stock options were multiplied by 0.986147 and the number of unexercised stock options was multiplied by 1.014048 (and then rounded up), effective as of May 24, 2006. Additionally, to reflect the four-for-one stock split approved by the shareholders' meeting on May 12, 2006, the exercise price for stock options was divided by four and the number of unexercised stock options was multiplied by four. The presentation in this table of the number of options initially awarded has not been adjusted to reflect the four-for-one stock split.*
(h) *The Chairman of the Board, not being a member of the Management Committee as of July 17, 2007, is not included in the Executive Officers. The Chairman was granted 110,000 options by the July 17, 2007 Board meeting.*
(i) *Options are exercisable after a two-year vesting period from the date of the Board meeting awarding the options and expire eight years after this date. The underlying shares may not be transferred during the four-year period from the date of the Board meeting awarding the options. The four-year transfer restriction period does not apply to employees of non-French subsidiaries as of July 17, 2007, who may transfer the underlying shares after July 18, 2009.*

TOTAL stock options as of December 31, 2007

	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	Total
Type of options	Purchase options	Purchase options	Purchase options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	Subscription options	
Date of the shareholders' meeting	May 21, 1997	May 21, 1997	May 17, 2001	May 17, 2001	May 17, 2001	May 14, 2004	May 14, 2004	May 14, 2004	May 11, 2007	
Date of the Board of Directors meeting	June 15, 1999	July 11, 2000	July 10, 2001	July 9, 2002	July 16, 2003	July 20, 2004	July 19, 2005	July 18, 2006	July 17, 2007	
Total number of options granted, including[a]:	5,999,068	9,702,580	10,773,500	11,483,400	11,741,224	13,462,520	6,104,480	5,727,240	5,937,230	80,931,242
• Directors[b]	160,000	200,000	300,000	240,000	240,000	240,000	240,720	400,720	310,840	2,332,280
• Ten highest employees grantees[c]	688,000	552,000	664,000	706,000	700,000	816,000	736,000	633,000	636,000	6,131,000
Adjustments related to the spin-off of Arkema[d]	25,772	84,308	113,704	165,672	163,180	196,448	90,280	-	-	839,364
Date as of which the options may be exercised	June 16, 2004[e]	July 12, 2004[f]	January 1, 2005	July 10, 2004	July 17, 2005	July 21, 2006	July 20, 2007	July 19, 2008	July 18, 2009	
Expiration date	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	July 17, 2015	
Exercise price (in euros)[g]	27.86	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	
Number of options:										
• Existing as of January 1, 2007	1,370,424	4,928,505	6,861,285	9,280,716	10,608,590	13,430,372	6,275,757	5,726,160	-	58,481,809
• Granted in 2007	-	-	-	-	-	-	-	-	5,937,230	5,937,230
• Cancelled in 2007	(138,023)	(3,452)	(7,316)	(7,104)	(22,138)	(20,093)	(11,524)	(13,180)	(17,125)	(239,955)
• Exercised in 2007	(1,232,401)	(1,782,865)	(1,703,711)	(2,210,429)	(2,218,074)	(213,043)	(20,795)	(1,920)	-	(9,383,238)
• Existing as of December 31, 2007	-	3,142,188	5,150,258	7,063,183	8,368,378	13,197,236	6,243,438	5,711,060	5,920,105	54,795,846

(a) The number of options awarded up to May 23, 2006 has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.
(b) Options awarded to employees of the Group serving on the Board at the time of award. For the 2007 plan, options awarded to Messrs. Thierry Desmarest, Chairman of the Board of Directors of TOTAL S.A., Christophe de Margerie, Chief Executive Officer of TOTAL S.A. and Daniel Boeuf, the director representing employee shareholders. For the 2006 plan, options awarded to Messrs. Desmarest, de Margerie and Boeuf.
(c) Employees of TOTAL S.A. and any company in the Group who were not directors of TOTAL S.A. at the time of award.
(d) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.
(e) January 1, 2003 for employees under contract with a subsidiary incorporated outside of France.
(f) January 1, 2004 for employees under contract with a subsidiary incorporated outside of France.
(g) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from outstanding plans was divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. The exercise prices in force before May 24, 2006 can be found on pages 205 and 206.

TOTAL stock options awarded to executive officers (Management Committee and Treasurer as of December 31, 2007)

	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	Total
Type of options	**Purchase options**	**Purchase options**	**Purchase options**	**Purchase options**	**Subscription options**	**Subscription options**	**Subscription options**	**Subscription options**	**Subscription options**	
Expiration date	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	July 17, 2015	
Exercise price (in euros)[a]	27.86	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	
Options granted by the Board[b]	528,000	605,000	726,200	827,200	933,104	1,172,000	1,014,400	1,152,680	1,343,120	8,301,704
Adjustments related to the spin-off of Arkema[c]	2,260	5,112	6,864	11,688	11,964	16,524	14,180	-	-	68,592
Existing options as of January 1, 2007	153,426	348,460	471,592	662,432	773,260	1,188,524	1,028,708	1,152,680	-	5,779,082
Options granted in 2007	-	-	-	-	-	-	-	-	1,343,120[d]	1,343,120
Options exercised in 2007	(153,426)	(136,344)	(38,553)	(147,624)	(180,612)	(9,000)	-	-	-	(665,559)
Existing options as of December 31, 2007	-	212,116	433,039	514,808	592,648	1,179,524	1,028,708	1,152,680	1,343,120	6,456,643

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from outstanding plans was divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. The exercise prices in force before May 24, 2006 can be found on pages 205 and 206.

(b) The number of options awarded before May 23, 2006 has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.

(c) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

(d) The number of options awarded in 2007 to executive officers, having this title as of December 31, 2007, does not match the amount shown on page 207, due to the appointment of a new Management Committee member after the date the Board approved the stock option plan.

Certain executive officers of TOTAL as of December 31, 2007 who were previously with the Elf Aquitaine group hold Elf Aquitaine options that, upon exercise, benefit from exchange rights for TOTAL shares based upon the exchange ratio used in the public tender offer of TOTAL for Elf Aquitaine in 1999, adjusted on May 22, 2006 to six TOTAL shares for each Elf Aquitaine share in order to take into account the Arkema spin-off and the four-for-one stock split (see page 207).

Furthermore, at its July 17, 2007 meeting, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, part of these options will definitely be awarded following the vesting period under a performance condition (see page 106).

In 2007, Mr. Daniel Boeuf, the director of TOTAL S.A. representing employee shareholders, exercised the 732 options he was awarded by the Board meeting of July 19, 2005 and was awarded 840 options by the Board meeting of July 17, 2007.

TOTAL stock options awarded to Mr. Thierry Desmarest, Chairman of the Board of TOTAL S.A.

	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	Total
Type of options	**Purchase options**	**Purchase options**	**Purchase options**	**Purchase options**	**Subscription options**	**Subscription options**	**Subscription options**	**Subscription options**	**Subscription options**	
Expiration date	June 15 2007	July 11 2008	July 10 2009	July 9 2010	July 16 2011	July 20 2012	July 19 2013	July 18 2014	July 17 2015	
Exercise price (in euros)[(a)]	27.86	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	
Options granted by the Board[(b)]	160,000	200,000	300,000	240,000	240,000	240,000	240,000	240,000	110,000	1,970,000
Adjustments related to the spin-off of Arkema[(c)]	-	-	2,532	3,372	2,476	3,372	3,372	-	-	15,124
Existing options as of January 1, 2007	-	-	102,532	243,372	62,476	243,372	243,372	240,000	-	1,135,124
Options awarded in 2007	-	-	-	-	-	-	-	-	110,000	110,000
Options exercised in 2007	-	-	(102,532)	(34,000)	(62,476)	-	-	-	-	(199,008)
Existing options as of December 31, 2007	-	-	-	209,372	-	243,372	243,372	240,000	110,000	1,046,116

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from outstanding plans was divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. The exercise prices in force before May 24, 2006 can be found on pages 205 and 206.

(b) The number of options awarded before May 23, 2006 has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.

(c) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

At the date of the award, the value of the stock options awarded to the Chairman under the 2007 plan, calculated using the Black-Scholes model based on the assumptions used for the consolidated accounts (see Note 25 to the Consolidated Financial Statements on page 208) amounted to 1,529,000 euros. If these options were to be exercised, the corresponding shares would represent 0.0045%[(1)] of the potential share capital of the Company as of December 31, 2007. The Board has conditioned the award of these options to the Chairman of the Board on the fulfillment of a performance condition (see page 106).

(1) Out of a total potential share capital of 2,436,660,186 shares, including 2,395,532,097 existing shares as of December 31, 2007, 40,286,313 new shares which could be issued through the exercise of stock options awarded by the Company, and 841,776 new shares which could be issued through the exercise of Elf Aquitaine options that benefit from exchange rights for TOTAL shares (see pages 146, 189 and 207 to 209).

TOTAL stock options awarded to Mr. Christophe de Margerie, Chief Executive Officer of TOTAL S.A.

	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	2007 Plan	Total
Type of options	**Purchase options**	**Purchase options**	**Purchase options**	**Purchase options**	**Subscription options**	**Subscription options**	**Subscription options**	**Subscription options**	**Subscription options**	
Expiration date	June 15 2007	July 11 2008	July 10 2009	July 9 2010	July 16 2011	July 20 2012	July 19 2013	July 18 2014	July 17 2015	
Exercise price (in euros)[a]	27.86	40.11	41.47	39.03	32.84	39.30	49.04	50.60	60.10	
Options granted by the Board[b]	60,000	72,000	88,000	112,000	112,000	128,000	130,000	160,000	200,000	1,062,000
Adjustments related to the spin-off of Arkema[c]	844	1,012	1,240	1,576	1,576	1,800	1,828	-	-	9,876
Existing options as of January 1, 2007	60,844	73,012	89,240	113,576	113,576	129,800	131,828	160,000	-	871,876
Options awarded in 2007	-	-	-	-	-	-	-	-	200,000	200,000
Options exercised in 2007	(60,844)	-	-	-	-	-	-	-	-	(60,844)
Existing options as of December 31, 2007	-	73,012	89,240	113,576	113,576	129,800	131,828	160,000	200,000	1,011,032

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from outstanding plans was divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. The exercise prices in force before May 24, 2006 can be found on pages 205 and 206.

(b) The number of options awarded before May 23, 2006 has been multiplied by four to take into account the four-for-one stock split approved by TOTAL's shareholders' meeting on May 12, 2006.

(c) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of the Board meeting as well as at the time of the shareholders' meeting of TOTAL S.A. on May 12, 2006, related to the spin-off of Arkema. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

At the date of the award, the value of the stock options awarded to the Chief Executive Officer under the 2007 Plan, calculated using the Black-Scholes model based on the assumptions used for the consolidated accounts (see Note 25 to the Consolidated Financial Statements on page 208) amounted to 2,780,000 euros. If these options were to be exercised, the corresponding shares would represent 0.0082%[1] of the potential share capital of the Company as of December 31, 2007. The Board has conditioned the award of these options to the Chief Executive Officer on the fulfillment of a performance condition (see page 106).

(1) Out of a total potential share capital of 2,436,660,186 shares, including 2,395,532,097 existing shares as of December 31, 2007, 40,286,313 new shares which could be issued through the exercise of stock options awarded by the Company, and 841,776 new shares which could be issued through the exercise of Elf Aquitaine options that benefit from exchange rights for TOTAL shares *(see pages 146,189, and 207 to 209.*

Stock options awarded to the ten employees (other than executive directors) receiving the largest awards/Stock options exercised by the ten employees (other than executive directors) exercising the largest number of options

	Total number of options awarded/options exercised	Exercise price (in euros)[a]	Date of the Board meeting awarding the options	Expiration date
Options awarded in 2007 to the ten employees of TOTAL S.A., or any company in the Group, receiving the largest number of options	701,000	60.10	July 17, 2007	July 17, 2015
Options exercised in 2007 by the ten employees of TOTAL S.A., or any company in the Group, exercising the largest number of options	31,208	27.86	June 15, 1999	June 15, 2007
	257,072	40.11	July 11, 2000	July 11, 2008
	85,192	41.47	July 10, 2001	July 10, 2009
	85,188	39.03	July 9, 2002	July 9, 2010
	118,503	32.84	July 16, 2003	July 16, 2011
	577,163	**38.00**[b]		

(a) Exercise price as of May 24, 2006. To take into account the four-for-one stock split that took place on May 18, 2006, the exercise price of stock options from plans then-current has been divided by four. In addition, to take into account the Arkema spin-off, the exercise price of stock options was multiplied by an adjustment ratio of 0.986147, effective as of May 24, 2006. The exercise prices in force before May 24, 2006 can be found on pages 205 and 206.

(b) Weighted-average price.

TOTAL restricted share grants

The following table gives a breakdown of restricted share grants by category of grantee (executive officers, senior managers and other employees).

		Number of grantees	Number of restricted shares granted[a]	Percentage	Average number of restricted share per grantee
2005 Plan[b]	Executive officers[e]	29	13,692	2.4%	472
(Decision of the Board on July 19, 2005)	Senior managers	330	74,512	13.1%	226
	Other employees[f]	6,956	481,926	84.5%	69
	Total	**7,315**	**570,130**	**100%**	**78**
2006 Plan[c]	Executive officers[e]	26	49,200	2.2%	1,892
(Decision of the Board on July 18, 2006)	Senior managers	304	273,832	12.0%	901
	Other employees[f]	7,509	1,952,332	85.8%	260
	Total	**7,839**	**2,275,364**	**100%**	**290**
2007 Plan[d]	Executive officers[e]	26	48,928	2.1%	1,882
(Decision of the Board on July 17, 2007)	Senior managers	297	272,128	11.5%	916
	Other employees[f]	8,291	2,045,309	86.4%	247
	Total	**8,614**	**2,366,365**	**100%**	**275**

(a) The number of restricted shares granted shown in this table has not been recalculated to take into account the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(b) Grant approved by the Board on July 19, 2005 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2005, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 20, 2007 and after fulfilling the performance condition that stated that the number of restricted shares finally granted would be based on the Return On Equity (ROE) of the Group, which is calculated on the consolidated accounts published by TOTAL and related to the fiscal year 2006. The Board of Directors on May 3, 2007 noticed that the acquisition rate, linked to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 20, 2009. To provide for the eventual final grant of these restricted shares, the Company purchased 574,000 previously issued shares, par value 10 euros per share, on the market at an average price of 206.49 euros per share, par value 10 euros per share, the equivalent of an average price of 51.62 euros per share, par value 2.50 euros per share.

(c) Grant approved by the Board on July 18, 2006 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2006, will become final, subject to performance conditions, on July 19, 2008, after a two-year vesting period. Under these performance conditions, the final number of restricted shares granted will be calculated according to the return on average capital employed, based on the accounts published by the Group for the financial year, in this case 2007, preceding the year of final grant. The restricted shares finally granted are then subject to a two-year holding period, in this case ending on July 19, 2010. To provide for the eventual final grant of these restricted shares, the Company purchased 2,295,684 shares on the market at an average price of 51.91 euros per share.

(d) Grant approved by the Board on July 17, 2007 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2007, will become final, subject to performance conditions, on July 18, 2009, after a two-year vesting period. Under these performance conditions, the final number of restricted shares granted will be calculated according to the return on average capital employed, based on the accounts published by the Group for the financial year, in this case 2008, preceding the year of final grant. The restricted shares finally granted are then subject to a two-year holding period, in this case ending on July 18, 2011. To provide for the eventual final grant of these restricted shares, the Company purchased 2,387,355 shares on the market at an average price of 61.49 euros per share.

(e) Members of the Management Committee and the Treasurer as of the date of the Board meeting granting the restricted shares. The Chairman of the Board and the Chief Executive Officer were not granted restricted shares under the 2007 Plan.

(f) Mr. Daniel Boeuf, the director of TOTAL S.A. representing employee shareholders, was granted 416 restricted shares by the July 19, 2005 Board meeting, 416 restricted shares by the July 18, 2006 Board meeting and 432 restricted shares by the July 17, 2007 Board meeting.

Restricted share plans as of December 31, 2007

	2005 Plan(a)(b)	2006 Plan(c)	2007 Plan(d)
Date of the shareholders' meeting	**May 17, 2005**	**May 17, 2005**	**May 17, 2005**
Date of the Board meeting approving the restricted share grants	**July 19, 2005**	**July 18, 2006**	**July 17, 2007**
Closing share price on the date of the Board meeting (in euros)(e)	52.13	50.40	61.62
Average repurchase price per share paid by the Company (in euros)	51.62	51.91	61.49
Total number of restricted shares granted, of which	2,280,520	2,275,364	2,366,365
• Directors(f)	416	416	432
• Ten employees with largest grants(g)	20,000	20,000	20,000
Start of the vesting period	July 19, 2005	July18, 2006	July 17, 2007
Date of final grant, subject to specified condition (end of the vesting period)	July 20, 2007	July 19, 2008	July 18, 2009
Transfer possible from (end of the holding period)	July 20, 2009	July 19, 2010	July 18, 2011
Number of restricted shares:			
• Outstanding as of January 1, 2007	2,267,096	2,272,296	-
• Granted in 2007	-	-	2,366,365
• Cancelled in 2007	(38,088)	(6,212)	(2,020)
• Finally granted in 2007	(2,229,008)	(2,128)(h)	(1,288)(h)
• Outstanding as of December 31,2007	-	2,263,956	2,363,057

(a) Grant approved by the Board on July 19, 2005 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2005, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 20, 2007 and after fulfilling the performance condition that stated that the number of restricted shares finally granted would be based on the Return On Equity (ROE) of the Group, which is calculated on the consolidated accounts published by TOTAL and related to the fiscal year 2006. The Board of Directors on May 3, 2007 noticed that the acquisition rate, linked to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 20, 2009. To provide for the eventual final grant of these restricted shares, the Company purchased 574,000 previously issued shares, par value 10 euros per share, on the market at an average price of 206.49 euros per share, par value 10 euros per share, the equivalent of an average price of 51.62 euros per share, par value 2.50 euros per share.

(b) The number of restricted shares granted has been multiplied by four to take into account the four-for-one stock split approved by TOTAL shareholders' meeting on May 12, 2006.

(c) Grant approved by the Board on July 18, 2006 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2006, will become final, subject to performance conditions, on July 19, 2008, after a two-year vesting period. Under these performance conditions, the final number of restricted shares granted will be calculated according to the return on average capital employed, based on the accounts published by the Group for the financial year, in this case 2007, preceding the year of final grant. The restricted shares finally granted are then subject to a two-year holding period, in this case ending on July 19, 2010. To provide for the eventual final grant of these restricted shares, the Company purchased 2,295,684 shares on the market at an average price of 51.91 euros per share.

(d) Grant approved by the Board on July 17, 2007 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2007, will become final, subject to performance conditions, on July 18, 2009, after a two-year vesting period. Under these performance conditions, the final number of restricted shares granted will be calculated according to the return on average capital employed, based on the accounts published by the Group for the financial year, in this case 2008, preceding the year of final grant. The restricted shares finally granted are then subject to a two-year holding period, in this case ending on July 18, 2011. To provide for the eventual final grant of these restricted shares, the Company purchased 2,387,355 shares on the market at an average price of 61.49 euros per share.

(e) The closing price for TOTAL shares on July 19, 2005 (208.50 euros) has been divided by four in order to take into account the four-for-one stock split. The average repurchase price per share in 2005 (206.49 euros) has also been divided by four.

(f) The Chairman of the Board was not granted restricted shares decided by the Board meetings of July 19, 2005, July 18, 2006 and July 17, 2007. Furthermore, the Chief Executive Officer was not granted restricted shares decided by the Board meetings of July 18, 2006 and July 17, 2007. The Chief Executive Officer was finally granted on July 20, 2007 the 2,000 restricted shares he had been granted by the Board meeting of July 19, 2005, date at which he was not a director of TOTAL S.A.. Mr. Daniel Boeuf, the director of TOTAL S.A. representing employee shareholders, was finally granted on July 20, 2007 the 416 shares he had been granted by the July 19, 2005 Board meeting, and was granted 432 restricted shares by the July 17, 2007 Board meeting.

(g) Employees of TOTAL S.A., or of any Group company, who were not directors of TOTAL S.A. as of the date of grant.

(h) Final grants following the death of the beneficiary.

Restricted share grants to the ten employees (other than executive directors) receiving the largest amount of grants/ Restricted shares finally granted to the ten employees (other than executive directors at the time) receiving the most shares

	Restricted share grants / Shares finally granted	Date of the Board meeting deciding the restricted share grants	Date of the final grant	End of the holding period
TOTAL restricted share grants decided by the TOTAL S.A. Board meeting of July 17, 2007 to the ten employees (other than executive directors) receiving the largest amount of grants[a]	20,000	July 17, 2007	July 18, 2009	July 18, 2011
TOTAL restricted shares finally granted in 2007, following the decision by the TOTAL S.A. Board meeting of July 19, 2005, to the ten employees (other than executive directors at the time) receiving the largest amount of shares[b]	20,000	July 19, 2005	July 20, 2007	July 20, 2009

(a) Grant approved by the Board on July 17, 2007 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2007, will become final, subject to performance conditions, on July 18, 2009, after a two-year vesting period. Under these performance conditions, the final number of restricted shares granted will be calculated according to the return on average capital employed, based on the accounts published by the Group for the financial year, in this case 2008, preceding the year of final grant. The restricted shares finally granted are then subject to a two-year holding period, in this case ending on July 18, 2011. To provide for the eventual final grant of these restricted shares, the Company purchased 2,387,355 shares on the market at an average price of 61.49 euros per share.

(b) Grant approved by the Board on July 19, 2005 pursuant to the authorization given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2005, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 20, 2007 and after fulfilling the performance condition that stated that the number of restricted shares finally granted would be based on the Return On Equity (ROE) of the Group, which is calculated on the consolidated accounts published by TOTAL and related to the fiscal year 2006. The Board of Directors on May 3, 2007 noticed that the acquisition rate, linked to the performance condition, amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 20, 2009. To provide for the eventual final grant of these restricted shares, the Company purchased 574,000 previously issued shares, par value 10 euros per share, on the market at an average price of 206.49 euros per share, par value 10 euros per share, the equivalent of an average price of 51.62 euros per share, par value 2.50 euros per share.

Elf Aquitaine share subscription options

Elf Aquitaine stock options of Executive Officers (Members of the Management Committee and the Treasurer as of December 31, 2007)

Certain executive officers of TOTAL as of December 31, 2007 who were previously with the Elf Aquitaine group hold Elf Aquitaine options that, upon exercise, benefit from exchange rights for TOTAL shares based upon the exchange ratio used in the public tender offer of TOTAL for Elf Aquitaine in 1999.

This exchange ratio was adjusted on May 22, 2006, as described in note (c) to the table below as well as Note 25 to the Consolidated Financial Statements (see page 207).

Elf Aquitaine stock subscription plan	1999 Plan No.1
Exercise price per Elf Aquitaine share (in euros)[a]	114.76
Expiration date	March 30, 2009
Options awarded	17,130
Adjustments for S.D.A. spin-off[b]	36
Options outstanding as of January 1, 2007	3,967
Options exercised in 2007	(3,267)
Options outstanding as of December 31, 2007	700
Corresponding number of TOTAL shares, as of December 31, 2007, pursuant to the exchange guarantee[c]	**4,200**

(a) Exercise price as of May 24, 2006. The exercise price for Elf Aquitaine options was adjusted to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine. This adjustment consisted of multiplying the exercise price by 0.992769, effective as of May 24, 2006. Exercise prices prior to May 24, 2006 are shown on page 207.

(b) Adjustments approved by the Board of Elf Aquitaine on March 10, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree No. 67-236 dated March 23, 1967 in effect at the time of this meeting as well as at the time of the shareholders' meeting of Elf Aquitaine on May 10, 2006, related to the spin-off of S.D.A. The adjustments were made on May 22, 2006 and became effective on May 24, 2006.

(c) To take into account the spin-off of S.D.A. by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, on March 14, 2006 the Board of TOTAL S.A. approved an adjustment to the exchange ratio used under the exchange guarantee mentioned above (see page 22 of the Prospectus for the Listing of Arkema shares on Eurolist by Euronext in connection with the distribution of Arkema shares to shareholders of TOTAL S.A.). This exchange ratio was adjusted to become six TOTAL shares per each Elf Aquitaine share upon approval of the S.D.A. spin-off by the shareholders' meeting of Elf Aquitaine on May 10, 2006 and of the Arkema spin-off as well as the four-for-one TOTAL stock split by the shareholders' meeting of TOTAL S.A. on May 12, 2006.

TOTAL
and its shareholders

Listing details

Listing

Exchanges

Paris, Brussels, London and New York

Codes

ISIN	FR0000120271
Reuters	TOTF.PA
Bloomberg	FP FP
Datastream	F : TAL
Mnémo	FP

Included in the main indices

CAC 40, DJ Euro Stoxx 50, DJ Stoxx 50, DJ Global Titans

Included in the main sustainable development and Governance indices

DJSI World, DJ STOXX SI, FTSE4Good, ASPI

Weight in indices as of December 31, 2007

CAC 40	12.6%	1st place
DJ EURO STOXX 50	5.2%	1st place
DJ STOXX 50	3.6%	5th place
DJ GLOBAL TITANS	2.3%	13th place

Second largest capitalization on Euronext Paris and the Euro zone as of December 31, 2007

As of December 31, 2007 (B€) **Largest companies by market capitalization in the Euro zone**	
EDF	148.5
TOTAL	136.1
Telefonica	106.1
Nokia	104.4
E.ON	100.7

Source: Bloomberg for companies other than TOTAL.

Market Capitalization as of December 31, 2007

136.1 B€
197.9 B$

Percentage of float: 95% as of December 24, 2007[1]

Par value: 2.50 euros

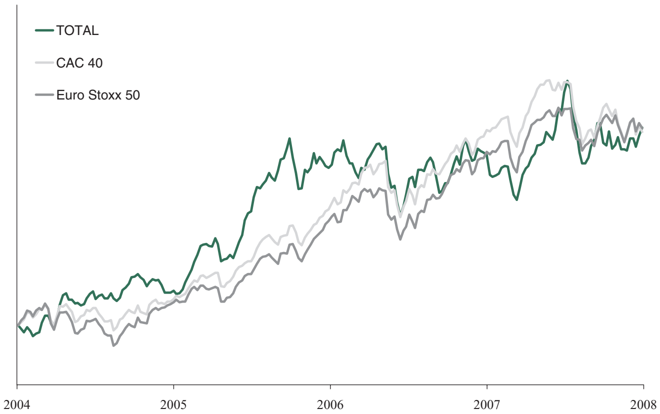
Credit rating as of December 31, 2007 (long term/short term/outlook)

Standard & Poor's : AA/A1+/Stable
Moody's : Aa1/P1/Stable
DBRS : AA/R-1/Stable

(1) Change following the decision of Euronext Paris to change the definition of free float applicable to Euronext Paris indices. As of December 24, 2007, free float is calculated to the exclusion of all interests with more than 5% of voting rights in the issuing entity, except where such an interest is held by an undertaking for collective investment or a pension fund. This rule applies to all Euronext Paris indices weighted for free-float capitalization.

Share performance

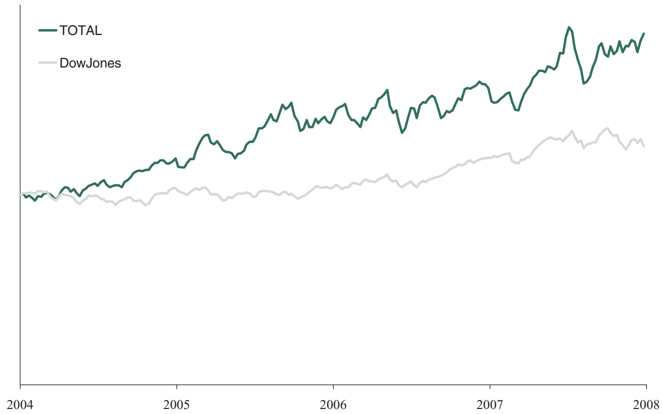
TOTAL share price (in euros) in Paris (2004-2007)[(a)]



Source Datastream - Price as at December 31, 2007: 56.83 euros

(a) Base 100 as of January 1st 2004; TOTAL's historical share price has been adjusted to take into account the spin-off of Arkema and the four-for-one stock split. TOTAL's stock price before May 18, 2006 has been multiplied by a 0.9871 adjustment coefficient (based on TOTAL's 210 euros closing price on May 17, 2006 as well as Arkema's reference stock price (before quotation) of 27 euros)) and by 0.25. These adjustments, defined by Euronext Paris have been taken into account in the stock price evolution shown on this chart.

TOTAL ADR price (in dollars) in New York (2004–2007) [(a)]



Source Datastream - Price as at December 31, 2007: 82.60 $

(a) Base 100 as of January 1st 2004; TOTAL's historical share price has been adjusted to take into account the spin-off Arkema and the ADR's division by two. TOTAL's ADR price before May 23, 2006 has been multiplied by an 0.9838 adjustment coefficient (based on TOTAL ADR's $130.40 closing price on May 22, 2006 as well as Arkema's OTC closing price on May 18, 2006 of $42.15) and by 0.5. These adjustments, defined by the NYSE have been taken into account in the stock price evolution calculation shown on this chart.

Arkema spin-off

Within the framework of the spin-off of Arkema's chemical activities from the Group's other chemical activities, the shareholders' meeting of May 12, 2006 approved TOTAL S.A.'s contribution to Arkema, under the regulation governing spin-offs, of all its interests in the businesses included under Arkema's scope, as well as the allocation of one Arkema share allotment right for each TOTAL share, with ten allotment rights entitling the holder to one Arkema share. Fractional rights were traded on Euronext Paris until June 26, 2006, and under Delisted Shares from June 27 to December 29, 2006 inclusive.

Pursuant to the Article L. 228-6 of the French Commercial Code and the Articles 205-1 and 205-2 of the decree N° 67-236 of March 23, 1967 in force at that date, the holders of allotment rights for fractional Arkema shares were informed by a notice prior to the sale of such fractional shares "*Avis préalable à la mise en vente de titres non réclamés*" published on August 3, 2006 in the French newspaper *Les Echos*, that:

- As of the delisting of the allotment rights from the compartment of delisted shares section of the regulated markets (*compartiment des valeurs radiées des marchés réglementés*) of Euronext Paris dated December 29, 2006 after-hours trading, the allotment rights can still be negotiated over the counter until the sale date mentioned above in the notice.
- Arkema's shares corresponding to allotment rights for fractional shares will be sold on Euronext Paris two years after the publishing of the notice mentioned above, if they did not use their rights before the expiration date. As of this sale, the former allotment rights for fractional Arkema shares will be, as necessary, cancelled and their holders will only be able to lay claim to the cash distribution of the net proceeds from the sale of unclaimed Arkema's shares. TOTAL S.A. will make the net proceeds from this sale available to their holders through a secured financial intermediary account for ten years. When this time limit expires, the unclaimed amounts will be handed over to the French *Caisse des dépôts et consignations* where the holders will still be able to claim them for a period of twenty years. After this time limit, the amounts will permanently become the property of the French State. Since May 18, 2006, Arkema's shares have been freely traded on Euronext Paris.

Change in share prices in Europe compared to major European oil companies between January 1, 2007 and December 31, 2007 (closing price in local currency)

TOTAL (euro)	+4.0%
BP (British pound)	+8.4%
Royal Dutch Shell A (euro)	+7.6%
Royal Dutch Shell B (British Pound)	+16.8%
ENI (euro)	-1.7%

Change in share prices in the United States (ADR quotes in dollars for European companies) compared to major international oil companies between January 1, 2007 and December 31, 2007 (closing price in dollars)

TOTAL	+14.8%
ExxonMobil	+22.3%
BP	+9.0%
Royal Dutch Shell A	+18.9%
Royal Dutch Shell B	+16.7%
Chevron	+26.9%
ENI	+7.7%
ConocoPhillips	+22.7%

Appreciation of a portfolio invested in TOTAL shares

Net yield of 11.7% per year over ten years (excluding tax credit).

Multiplication of the initial investment by three over ten years

For every 1,000 euros invested in TOTAL stock as of December 31, in year N, by an individual residing in France, assuming that the net dividends (excluding the tax credit) are reinvested in TOTAL stock, and excluding tax and social withholding.

	Investment date	Average annual total return(a)		Total investment at the end of the period would be:	
		TOTAL	CAC40(b)	TOTAL	CAC40
1 year	January 1, 2007	7.7%	4.2%	1,077	1,042
5 years	January 1, 2003	15.0%	15.8%	2,011	2,082
10 years	January 1, 1998	11.7%	8.6%	3,024	2,282
15 years	January 1, 1993	16.7%	9.8%	10,141	4,065

(a) TOTAL's share prices, used for the calculation of the total return (including dividends and appreciation), take into account the adjustment made by Euronext Paris ex Arkema's share allocation rights.
(b) CAC40 quotes taken into account to calculate the total return (including dividends and appreciation) include all dividends distributed by the companies that are in the index.

Information Summary

Information in this table prior to May 18, 2006 has been adjusted to reflect the four-for-one stock split. Trading prices and dividends have been divided by four and trading volumes in Paris and London have been multiplied by four.

Share price (in euros)	2007	2006	2005	2004	2003
Highest (during regular trading session)	63.40	58.15	57.28	42.95	36.98
Adjusted highest[(a)] (during regular trading session)	-	57.40	56.54	42.40	36.50
Lowest (during regular trading session)	48.33	46.52	39.50	34.85	27.63
Adjusted lowest[(a)] (during regular trading session)	-	-	38.99	34.40	27.27
End of the year (close)	56.83	54.65	53.05	40.18	36.85
Adjusted end of the year[(a)] (close)	-	-	52.37	39.66	36.38
Average of the last 30 trading sessions of the year (close)	55.31	54.30	54.11	40.51	34.76
Trading volume (average per session)					
Euronext Paris	10,568,310	10,677,157	10,838,962	10,975,854	11,803,806
London Stock Exchange[(b)]	5,531,472	3,677,117	3,536,068	3,800,048	3,431,732
New York Stock Exchange[(c)] (number of ADRs)	1,882,072	1,500,331	1,716,466	1,199,271	978,117
Dividend per share (in euros)					
Net dividend[(d)]	2.07	1.87	1.62	1.35	1.18
Tax credit[(e)]	-	-	-	0.30	0.59

(a) *Adjusted market price of the spin-off of Arkema.*
(b) *To make the trading volumes on the London Stock Exchange comparable to the trading volumes in Paris, the number of transactions recorded in London is customarily divided by two to account for the activity of market makers in London. However, the volumes presented in the table above have not been divided by two.*
(c) *After the four-for-one stock split, which was approved by the shareholders' meeting of May 12, 2006, effective on May 18, 2006, as well as after the change in the ADR ratio, on May 23, 2006, one ADR represents one TOTAL share. Trading volumes in New York before May 23, 2006 have been multiplied by two.*
(d) *For 2007, subject to approval by the shareholders' meeting of May 16, 2008. This amount includes the interim dividend 2007 of 1 euro per share paid on November 16, 2007.*
(e) *Based on a tax credit of 50% applicable to the net dividends paid before January 1, 2005, enforceable date of the abolition of tax credit for individuals under the 2004 French Finance Law. For other shareholders, the tax credit was abolished by this law as of January 1, 2004. Pursuant to Article 243 bis of the French General Tax Code, the interim dividend paid on November 16, 2007 and the balance of the dividend paid on May 23, 2008 (subject to approval by the shareholders' meeting of May 16, 2008) are eligible for the 40% rebate applying to individuals residing in France for tax purposes provided for by Article 158 paragraph 3 of the French General Tax Code.* In addition, pursuant to Article 117 quator of the French General Tax Code, individuals residing in France for tax purposes who receive, in the context of private wealth management, dividends eligible for the 40% rebate can now opt for a flat–rate tax deduction of 18% (with an exception for social security contributions of 11% to date) in full discharge of personal income tax. These new provisions are valid for income earned after January 1 2008.

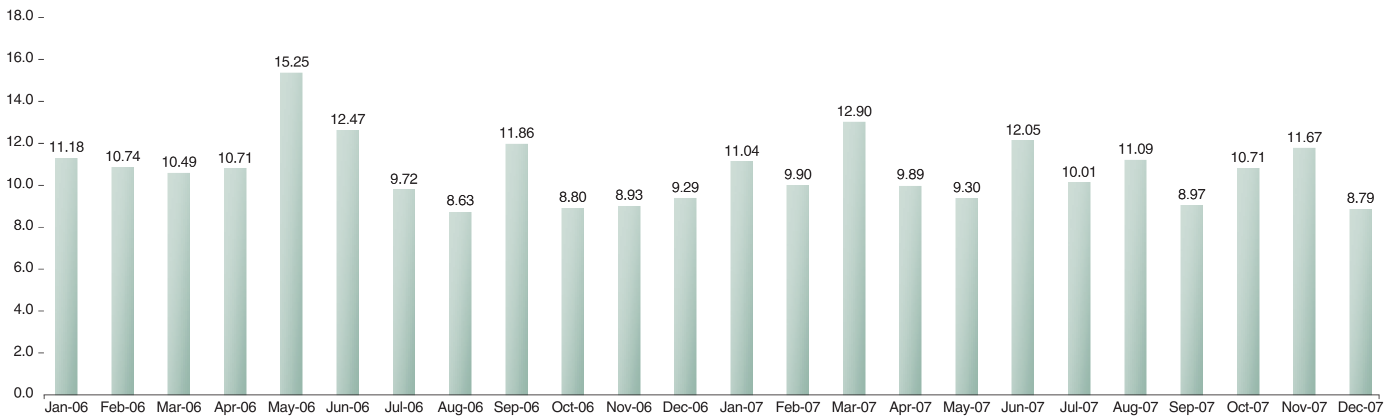
TOTAL share price over the past 18 months (Euronext Paris)

	Average volume daily trading	Highest price quoted (in euros)	Lowest price quoted (in euros)
September 2006	11,855,458	53.10	49.45
October 2006	8,804,893	54.80	50.10
November 2006	8,928,941	56.95	52.30
December 2006	9,287,909	56.00	52.20
January 2007	11,036,797	55.45	50.80
February 2007	9,896,507	53.95	51.02
March 2007	12,898,061	52.99	48.33
April 2007	9,887,936	54.83	52.05
May 2007	9,301,747	57.10	54.47
June 2007	12,049,327	60.31	54.85
July 2007	10,005,311	**63.40**	56.00
August 2007	11,090,269	58.00	50.52
September 2007	8,970,913	58.77	54.04
October 2007	10,714,006	57.40	53.77
November 2007	11,671,083	57.98	53.00
December 2007	**8,793,666**	57.15	54.00
January 2008	**15,281,941**	59.50	**46.41**
February 2008	9,914,084	51.50	47.38
Maximum for the period			**63.40**
Minimum for the period			**46.41**

Source : Euronext Paris

TOTAL Share Price (€)

TOTAL daily volumes (in millions of shares)



Dividends

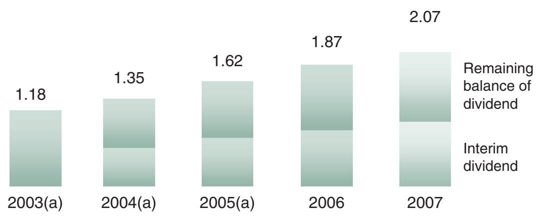
Dividend policy

In accordance with the policy announced at the Shareholders' Meeting on May 14, 2004, an interim dividend is paid in the fourth quarter of each year, except under special circumstances.

The Board of Directors met on September 4, 2007 and approved a 2007 interim dividend in the amount of 1 euro per share that was paid on November 16, 2007.

For 2007, TOTAL plans to continue its competitive dividend policy by proposing a dividend of 2.07 euros per share at the Shareholders' Meeting, including a balance of 1.07 euros per share, which would be payable on May 23, 2008[1]. This dividend of 2.07 euros represents an increase of 11% compared to the previous year. Over the past five years, the dividend has increased by an average of 15%[2] per year.

For 2007, TOTAL's pay-out ratio was 39%[3].



(a) Amounts adjusted to take into account the four-for-one stock split effective May 18. 2006.

Dividend payment

The dividend payment, managed by BNP Paribas Securities Services, is made through financial intermediaries using the EUROCLEAR France direct payment system.

The Bank Of New York Mellon (22 West 101 Barclay Street. New York. NY 10286. USA) arranges for the payment of dividends to holders of American Depositary Receipts (ADRs).

(1) According to the new calendar of securities transactions on the markets NYSE-Euronext created by Euronext Paris on November 26, 2007, the ex-dividend date is May 20, 2008, three days before its payment on May 23, 2008.
(2) This increase does not take into account the Arkema share allocation right granted on May 18, 2006.
(3) On the basis of adjusted fully-diluted earnings per share of 5.37 euros.

Dividend payment on Stock Certificates (CRs)

TOTAL has issued Stock Certificates (*Certificats Représentatifs d'Actions*, herein after "CRs") within the framework of the public exchange offer for PetroFina shares. The CR is a stock certificate provided for by French Law, issued by EUROCLEAR France, intended to circulate exclusively outside France, and which may not be held by residents of France. The CR is issued as a physical certificate that is registered in a custody account, and has the characteristics of a bearer security. The CR may be freely convertible from a physical certificate into a security registered on a custody account and vice versa. Nevertheless, according to the Belgian law of December 14, 2005 on the dematerialization of securities in Belgium, the CRs can only be delivered in the form of a dematerialized certificate following the implementation of the law as of January 1, 2008.

New CRs were issued following TOTAL's four-for-one stock split. ING Belgique is the bank handling the payment of any coupon arising from any outstanding physical CR.

No fees are applicable to the payment of coupons detached from CRs, except for any income or withholding taxes; the payment may be received at the teller windows of the following institutions:

ING Belgique	Avenue Marnix 24, 1000 Brussels, Belgium
FORTIS BANQUE S.A.	Montagne du Parc 3, 1000 Brussels, Belgium
KBC BANK N.V.	Avenue du Port 2, 1080 Brussels, Belgium

Strips-VVPR TOTAL

Strips-VVPR are securities that allow a shareholder with residence in Belgium to receive a reduction of the Belgian withholding tax applicable to the securities income ranging from 25% to 15% on the dividend paid by TOTAL. These Strips-VVPR are traded separately from TOTAL shares and are listed on the semi-official market (*marché semi-continu*) of the Brussels stock exchange. According to the Belgian law of December 14, 2005 on the dematerialization of securities in Belgium, the Strips VVPR can only be delivered in the form of a dematerialized certificate following the implementation of the law as of January 1, 2008.

Strips-VVPR grant rights only if accompanied by TOTAL shares. There were 227,734,056 strips-VVPR TOTAL outstanding as of December 31, 2007.

Coupons

Year	Due Date[(a)]	Payment Date[(a)]	Expiration Date	Type	Net amount in euros	Net amount recalculated[(b)] in euros
2001	05/17/2002	05/17/2002	05/17/2007	Dividend	3.80	0.95
2002	05/16/2003	05/16/2003	05/16/2008	Dividend	4.10	1.03
2003	05/24/2004	05/24/2004	05/24/2009	Dividend	4.70	1.18
2004	11/24/2004	11/24/2004	11/24/2009	Interim dividend	2.40	0.60
2004	05/24/2005	05/24/2005	05/24/2010	Remaining balance of dividend	3.00	0.75
2005	11/24/2005	11/24/2005	11/24/2010	Interim dividend	3.00	0.75
2005	05/18/2006	05/18/2006	05/18/2011	Remaining balance of dividend	3.48	0.87
2006	11/17/2006	11/17/2006	11/17/2011	Interim dividend	0.87	0.87
2006	05/18/2007	05/18/2007	05/18/2012	Remaining balance of dividend	1.00	1.00
2007[(c)]	11/16/2007	11/16/2007	11/16/2012	Interim dividend	1.00	1.00
2007[(c)]	05/20/2008	05/23/2008	05/23/2013	Remaining balance of dividend	1.07	1.07

(a) According to the new calendar of NYSE-Euronext business days created by Euronext Paris as of November 26, 2007, ex-dividend date is May 20, 2008, three days before the payment date on May 23, 2008.
(b) Net amounts are recalculated to reflect the May 18, 2006 four-for-one stock split.
(c) A resolution will be submitted at the shareholder's meeting of May 16, 2008 to pay a cash dividend of 2.07 euros per share for fiscal year 2007. Taking into account the interim dividend payment of 1.00 euro per share on November 16, 2007, the remaining balance due is 1.07 euro per share, to be paid on May 23, 2008.

Share buybacks

The shareholders' meeting of May 12, 2006 authorized the Board of Directors for a period of 18 months to buy and sell the Company's shares within the framework of the stock buyback program, described in the 2006 Registration Document. The maximum purchase price was set at 75 euros per share. The number of shares acquired may not exceed 10% of the authorized share capital.

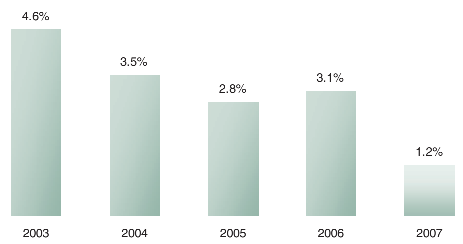
The shareholders' meeting of May 11, 2007, after acknowledging the Report of the Board of Directors, authorized the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of European Regulation 2273/2003 dated December 22, 2003, concerning the application of Council Directive 2003/6/EC dated January 28, 2003, to buy and sell the Company's shares within the framework of the stock buyback program. The maximum purchase price was set at 75 euros per share. The number of shares acquired may not exceed 10% of the authorized share capital. This authorization was granted for a period of 18 months and replaced the previous authorization granted by the shareholders' meeting of May 12, 2006.

A resolution will be submitted to the shareholders' meeting scheduled for May 16, 2008 to authorize trading in TOTAL stock through a share buyback program performed in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of Council Regulation 2273/2003 dated December 22, 2003, concerning the application of Council Directive 2003/6/EC dated January 28, 2003. The description of the program is detailed on page 127 through page 129.

Share buybacks and share cancellations in 2007

During 2007, TOTAL repurchased 30 million of its own shares for cancellation, representing 1.2% of the capital[a]. Over the 24 months preceding December 31, 2007, the Company cancelled 80,025,000 TOTAL shares, representing 3.3% of the capital as of December 31, 2007.

Percentage of share capital bought back[a]



(a) *Average share capital of year N = (Capital as of December 31, N-1+ Capital as of December 31, N)/2. For 2005, 2006 and 2007, excluding share buybacks linked to restricted share grants approved by the Board of Directors on July 19, 2005, July 18, 2006 and July 17, 2007.*

Share buyback program

Special report based on Article L. 225-209 of the French Commercial Code

Shares repurchased during 2007

In 2007, the Company repurchased 7,950,000 shares of TOTAL stock, under the authorization granted by the shareholders' meeting of May 12, 2006 and 24,437,355 TOTAL shares, were repurchased under the authorization granted by the shareholders' meeting of May 11, 2007. Thus, 32,387,355 shares of TOTAL stock were repurchased in 2007 at an average price of 55.19 euros per share for a total cost of 1.79 B€:

- 30,000,000 TOTAL shares were repurchased at an average price of 54.69 euros per share for cancellation for a total of 1.64 B€, whereby 7,950,000 shares of TOTAL stock were repurchased under the authorization granted on May 12, 2006 and 22,050,000 TOTAL shares were repurchased under the authorization granted on May 11, 2007; and
- 2,387,355 TOTAL shares were repurchased at an average price of 61.49 euros per share under the authorization granted on May 17, 2005, for restricted share grants approved by the Board of Directors on July 17, 2007, for a total cost of 0.15 B€.

Use of the share purchase authorization of May 11, 2007 (approval in process)

Between May 11, 2007 and February 29, 2008, the Company repurchased 30,161,355 TOTAL shares under the authorization granted on May 11, 2007 by the shareholders' meeting, at an average price of 55.26 euros per share, for a total of 1.67 B€:

- 27,774,000 TOTAL shares were repurchased at an average price of 54.72 euros per share for cancellation for a total of 1.52 B€; and
- 2,387,355 TOTAL shares were purchased at an average price of 61.49 euros per share for restricted share grants approved by the Board of Directors on July 17, 2007 for a total cost of 0.15 B€.

As of February 29, 2008, the Company held directly 56,364,910 TOTAL shares, representing 2.35% of the capital of TOTAL S.A.. By law, these shares do not hold voting rights or the right to a dividend.

Including shares held by Group subsidiaries, the total number of TOTAL shares held by the Group as of February 29, 2008 was, 156,696,178, representing 6.54% of the capital of TOTAL S.A., comprised of 56,364,910 treasury shares, 15,895,431 shares held to cover call options, 4,745,479 shares to cover the restricted share grants, 35,724,000 shares to be cancelled and 100,331,268 shares held by subsidiaries.

Sales of shares during 2007

6,929,406 TOTAL shares were sold in 2007 at an average price of 37.92 euros per share through the exercise of TOTAL stock options granted under stock option allocation plans approved by the Board of Directors on June 15, 1999, July 11, 2000, July 10, 2001 and July 9, 2002.

Conditions for the purchase and use of derivative products

Between January 1, 2007 and February 29, 2008, the Company did not use derivative products on the stock markets within the framework of stock repurchase programs successively authorized by the shareholders' meeting of May 12, 2006, and then by the shareholders' meeting of May 11, 2007. All shares were repurchased on the market.

Cancellation of Company shares during 2006, 2007 and 2008

Using the authorization granted by the shareholders' meeting of May 7, 2002 to reduce the share capital by up to 10% by cancelling shares held by the Company during a 24-month period, the Board of Directors decided on July 18, 2006 and January 10, 2007 to cancel, respectively, 47,020,000 and 33,005,000 shares accounted for as long-term securities in the parent company's financial statements.

The shareholders' meeting of May 11, 2007 approved, in its seventeenth resolution, the authorization to reduce the capital by cancellation of treasury shares or shares that could be held after repurchases pursuant to Article L. 225-209 of the French Commercial Code. This authorization will no longer be valid from the date of the shareholders' meeting to approve the financial statements for the fiscal year ending December 31, 2011.

Based on 2,395,532,097 shares outstanding as of December 31, 2007, and given the cancellations carried out successively on July 18, 2006 (47,020,000 shares), and January 10, 2007 (33,005,000 shares), the Company may cancel a maximum of 159,528,209 shares up to and including July 18, 2008, before reaching the cancellation threshold of 10% of share capital cancelled during a 24-month period.

Reallocations of repurchased shares during fiscal year 2007 for other approved purposes

Shares purchased by the Company under the authorization granted by the shareholders' meeting of May 11, 2007, or under previous authorizations, were not reallocated in 2007 to purposes other than those initially specified at the time of purchase.

Summary table of transactions completed by the Company involving its own shares from March 1, 2007 to February 29, 2008[a]

	Gross cumulated flows		Open positions as of February 29, 2008			
	Purchases	Sales	Open buy positions		Open sell positions	
Number of shares	37,011,355	6,766,043	Bought calls	Forward buys	Sold calls	Forward sells
Average maximum maturity date	-	-	-	-	-	-
Average transaction price (€)	54.64	38.12	-	-	-	-
Average strike price	-	-	-	-	-	-
Amount (in M€)	2,022	258	-	-	-	-

(a) In compliance with the applicable regulations, the period indicated commenced the day after the date used as a reference for the publication of information regarding the previous program (Registration Document 2006).

Treasury shares

As of February 29, 2008	
Percentage of capital held by TOTAL S.A.	**2.35%**
Number of shares held in portfolio	56,364,910
Book value of the portfolio (at purchase prices) (M€)	2,782
Market value of the portfolio (M€)[a]	2,818
Percentage of capital held by the entire Group[b]	**6.54%**
Number of shares held in portfolio	156,696,178
Book value of the portfolio (at purchase prices) (M€)	5,806
Market value of the portfolio (M€)[a]	7,833

(a) On the basis of a market price of 49.99 euros per share on February 29, 2008.
(b) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

Description of the share buyback program under Article 241-1 and thereafter of the general regulation of the French *Autorité des marchés financiers* (AMF)

Objectives of the stock purchase program

- Reduce the Company's capital through the cancellation of shares;
- Honor the Company's obligations involving securities convertible or exchangeable into Company shares; and
- Honor the Company's obligations involving stock option programs or other stock allocations to employees of the Company or Group Companies (and specifically within the framework of restricted stock grants or within the framework of the remittance of stock to beneficiaries of Elf Aquitaine stock warrants under the exchange guarantee given by the Company, the terms of which were defined in the prospectus of TotalFina's bid for Elf Aquitaine of September 22, 1999, having received COB approval No. 99-1179).

Legal framework

Implementation of the share buyback program, which falls within the legal framework created by Law No. 98-546 of July 2, 1998 containing various economic and financial provisions and within the framework of the provisions of European regulation No. 2273/2003 on the conditions for the application of Council Directive No. 2003/6/EC of January 28, 2003, is subject to approval by the shareholders' meeting of May 16, 2008, through the seventh resolution, which reads as follows:

"Ruling under conditions for quorum and majority required for extraordinary general meetings and upon presentation of the report by the Board of Directors, and certain information appearing in the description of the program prepared in accordance with Articles 241-1 and thereafter of the General Regulation (Règlement général) of the French Financial Markets Authority (Autorité des marchés financiers) and in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of Council Regulation No. 2273/2003 dated December 22, 2003 concerning the application of Council Directive No. 2003/6/CE dated January 28, 2003, the shareholders hereby authorize the Board of Directors to buy or sell shares within the framework of a share buyback program.

The purchase of such shares may be transacted by any means on the market or over the counter, including block trades. Such transactions may include the use of any derivative financial instruments, whether traded on a regulated exchange or over the counter, as well as the use of hedging strategies in accordance with the regulations of the relevant market authorities.

These transactions may be carried out at any time, excluding during a public offering of the Company's share capital, in accordance with the rules and regulations in effect.

The maximum purchase price is set at 80 euros per share.

In case of a capital increase by incorporation of reserves and restricted share grants, and in the case of a stock-split or a reverse-stock-split, this maximum price shall be adjusted by applying the ratio of the number of shares outstanding before the transaction to the number of shares outstanding after the transaction.

The maximum number of shares that may be purchased under this authorization may not exceed 10% of the total number of shares outstanding, as this number may be adjusted from time to time as a result of transactions after the date of the present meeting, and under no circumstances may the Company hold, either directly or indirectly through indirect subsidiaries, more than 10% of its share capital.

As of December 31, 2007, of the 2,395,532,097 shares outstanding at this date, the Company held 51,089,964 shares directly and 100,331,268 shares indirectly through its indirect subsidiaries, for a total of 151,421,232 shares. Under these circumstances, the maximum number of shares that the Company could repurchase is 88,131,977 shares, and the maximum amount that the Company may spend to acquire such shares is 7,050,558,160 euros.

The purpose of this share buyback program is to reduce the number of shares outstanding and to allow the Company to fulfill its engagements in connection with:

- *Convertible or exchangeable securities that may give holders rights to receive shares upon conversion or exchange;*
- *Share purchase option plans, employee participation in TOTAL shares plans, company savings plans, or other share attribution programs for management or employees of the Company or of Group companies (notably restricted stock-grant programs or the exchange guarantee put in place by the Company for beneficiaries of Elf Aquitaine stock option plans. the terms of which are specified in the prospectus for the public exchange offer of TotalFina on Elf Aquitaine dated September 22, 1999 (COB visa no. 99-1179)).*

According to the intended purpose, the shares that are acquired by the Company through this program may be:

- *Cancelled up to the maximum legal limit of 10% of the total number of shares outstanding on the date of the operation during each 24-month period;*
- *Granted to the employees of the Group and to the management of the Company or of other companies in the Group;*
- *Delivered to the holders of options to purchase the Company's shares having exercised such options;*
- *Delivered to the holders of Elf Aquitaine subscription options having exercised options that are covered by the Company's exchange guarantee;*
- *Sold to employees, either directly or through the intermediary of Company savings plans or;*
- *Delivered to the holders of securities that grant such rights to receive such shares, either through redemption, conversion, exchange, presentation of a warrant or in any other manner.*

This program may also be used by the Company to trade in its own shares, either on or off the market, for any other purpose that is authorized or any permitted market practice, or any other purpose that may be authorized or any other market practice that may be permitted under the applicable law or regulation. In case of transactions other than the mentioned intended purpose, the Company will inform its shareholders in a press release.

While they are held by the Company, such shares will not have voting rights or dividend rights.

This authorization is granted for a period of 18 months from the date of this meeting or until the date such authorization is renewed at a shareholders' meeting prior to the expiration of such 18-month period.

The Board of Directors is hereby granted full authority, with the right to delegate such authority, to undertake all actions necessary or desirable to carry out the program or programs authorized by this resolution. This resolution cancels and replaces up to unused portion of the previous authorization the fifth resolution of the shareholders' meeting held on May 11, 2007."

The shareholders' meeting of May 11, 2007 also authorized the Board of Directors to reduce the capital by cancellation of shares up to a maximum of 10% of the capital stock over a period of 24 months in accordance with the following resolution:

"Upon presentation of the report of the Board of Directors and the auditors' special report, and ruling under conditions for quorum and majority required for extraordinary general meetings, the shareholders hereby authorize the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, to reduce the company's capital on one or more occasions by cancelling shares that the Company holds or that it could hold as a result of purchases made in connection with this same article. The shareholders hereby grant all powers to the Board of Directors, with the option to sub-delegate such powers under conditions provided for by law, to carry out such capital reduction or reductions based on its decisions alone, in 24-month periods and within the limit of 10% of the total number of shares outstanding as of the transaction date, to decide on the amount, and to apply the difference between the repurchase value of the securities and their par value against any reserves or premiums, to amend the Articles of Association accordingly, and to complete all necessary formalities related thereto. This authorization shall cancel and replace any unused amounts otherwise available under the authorization granted by the 13th resolution of the shareholders' meeting of May 7, 2002 and shall expire at the conclusion of the shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2011."

Conditions

A. Maximum share capital to be purchased and maximum funds allocated to the transaction

The maximum number of shares that may be purchased under the authorization proposed to the shareholders' meeting of May 16, 2008 may not exceed 10% of the total number of shares comprising the share capital, with this limit applying to an amount of the Company's share capital that will be adjusted, if necessary, to include transactions affecting the share capital subsequent to this meeting; purchases made by the Company cannot in any case result in the Company holding more than 10% of the share capital, either directly or indirectly through indirect subsidiaries.

Before any share cancellation under the authorization given by the shareholders' meeting of May 11, 2007, based on the number of shares comprising the share capital as of December 31, 2007 (2,395,532,097 shares), and given the 156,696,178 shares held by the Group on February 29, 2008, representing 6.54% of the share capital, the maximum number of shares that may be purchased would be 82,857,031 shares representing a theoretical maximum investment of 6,629 M€ based on the maximum purchase price of 80 euros.

B. Conditions for repurchase

Shares may be repurchased by any means on the market or over the counter, including purchases of blocks of shares. This includes using any financial derivative instrument traded on a regulated market or over the counter and implementing option strategies under the conditions authorized by the competent market authorities, with the Company taking measures, however, to avoid increasing the volatility of its stock. The portion of the program realized through the purchases of blocks of shares will not be subject to quota allocation, up to the limit set by this resolution. These shares may be repurchased at any time in accordance with current regulation, except any public offering periods applying to the Company's capital.

C. Duration and schedule of the repurchase program

In accordance with the seventh resolution, which will be subject to approval of the General Meeting of Shareholders of May 16, 2008, the stock repurchase program may be implemented over an 18-month period following the date of this Meeting, expiring therefore on November 16, 2009.

D. Transactions carried out under the previous program

Transactions carried out under the previous program are listed in the special report of the Board of Directors on stock purchases (see pages 126 to 127).

Shareholders

Relationship between TOTAL and the French State

Since the decree of December 13, 1993 providing a unique Elf Aquitaine share to the French State was repealed on October 3, 2002, no agreement governing shareholding relationships between TOTAL (or its subsidiary Elf Aquitaine) and the French State has been implemented.

Merger of TOTAL with PetroFina in 1999

In December, 1998, TOTAL S.A. signed an in-kind contribution agreement with Electrafina, Investor, Tractebel, Electrabel and AG 1824 (the Contributors), under which the Contributors exchanged their PetroFina shares. TOTAL S.A. then launched in 1999 a public exchange offer for the remaining PetroFina shares not in its possession, at the same parity of exchange as the previous one. Following this public offer, TOTAL S.A. held 98.8% of Petrofina's share capital.

In October 2000, TOTAL S.A. launched, at the same parity of exchange as the previous one, a complementary Public Exchange Offer for the PetroFina shares not yet held by the Company. On December 31, 2000, TOTAL S.A. held 99.6% of the capital of PetroFina. Then on April 27, 2001, the shareholders' meeting of Total Chimie had approved TotalFinaElf's(1) contribution to Total Chimie (a 100% subsidiary of TOTAL S.A.) of the entire stake held by the Company in PetroFina. Finally in September, 2001, the Board of Directors of Total Chimie had decided to launch a squeeze-out procedure for the 90,129 PetroFina shares not yet held. Since the end of the squeeze-out, all shares of PetroFina have been held by Total Chimie.

On December 22, 2006, the Court of Appeal of Brussels rendered a decision in which it put an end to the escrow ordered by the Commercial Court of Brussels dated April 15, 2002, following a motion for a summary hearing filed by minority PetroFina shareholders holding 4,938 shares. In May 2003, the same group of former minority PetroFina shareholders had brought a complaint against Total Chimie and PetroFina before the Commercial Court of Brussels contesting, in particular, the price offered by Total Chimie in the squeeze-out procedure and the terms of PetroFina's sale of the assets of Fina Exploration Norway (FEN SA) to Total Norge AS in December 2000. In June 2006, the same group of shareholders brought a complaint against TOTAL S.A. On May 31, 2007 and February 8, 2008, the Commercial Court of Brussels rendered preliminary rulings in which it appointed an expert to examine the valuation of PetroFina's assets in Angola and Norway with regard to the squeeze-out procedure launched by Total Chimie.

Merger of TotalFina with Elf Aquitaine in 1999 and 2000

In 1999, the Boards of Directors of TotalFina and Elf Aquitaine recommended to their shareholders that the two companies merge through a Public Exchange Offer. TotalFina acquired 254,345,078 shares of Elf Aquitaine in exchange for 371,735,114 new TotalFina shares.

In 2000, the Board of Directors launched an offer for the remaining Elf Aquitaine shares not yet held by the Company. Upon completion of this offer, TotalFinaElf acquired 10,828,326 shares of Elf Aquitaine in exchange for 14,437,768 new TotalFinaElf shares.

Elf Aquitaine shares are traded in the delisted shares section of the regulated markets (*compartiment des valeurs radiées des marchés réglementés*) and may be traded at a price fixed at 3.00 p.m.

As of December 31, 2007, TOTAL S.A. held, directly and indirectly, 279,757,148 shares of Elf Aquitaine, taking into account the 10,635,767 treasury shares held by Elf Aquitaine. This represented 99.48% of Elf Aquitaine's share capital (281,230,834 shares) and 537,420,340 voting rights, or 99.72% of the 538,932,169 total voting rights.

(1) The name TOTAL was changed to TotalFina on June. 14, 1999. Then the name "TOTAL FINA S.A." was changed to "TOTAL FINA ELF S.A." by the shareholders' meeting of March 22, 2000. It was then changed to "TOTAL S.A." by the shareholders' meeting of May 6, 2003. TOTAL S.A. means TOTAL, TotalFina and TotalFinaElf in this section on the merger of TOTAL with Petrofina.

Principal Shareholders

Changes in the holdings of principal shareholders

The principal shareholders of TOTAL as of December 31, 2007, 2006 and 2005 are set forth in the table below:

As of December, 31	2007			2006		2005	
	% of share capital	% of voting rights	% of theoretical voting rights[a]	% of share capital	% of voting rights	% of share capital	% of voting rights
Groupe Bruxelles Lambert[b][c]	3.9	4.0	3.6	3.9	4.0	3.9	7.0
Compagnie Nationale à Portefeuille[b]	1.4	1.4	1.3	1.4	1.4	1.3	1.3
Areva[b]	0.3	0.6	0.5	0.3	0.6	0.3	0.6
BNP Paribas[b]	0.2	0.3	0.3	0.3	0.4	0.2	0.3
Société Générale	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Group employees[b][d]	3.6	7.0	6.3	3.7	7.1	3.4	6.4
2. Other registered shareholders (non-Group)	**1.2**	**2.1**	**1.9**	**1.1**	**2.0**	**1.0**	**1.9**
3. Intra-Group holdings	**6.3**	**-**	**9.7**	**6.7**	**-**	**5.6**	**-**
TOTAL S.A.	2.1	-	2.0	2.5	-	1.5	-
Total Nucléaire	0.1	-	0.2	0.1	-	0.1	-
Subsidiaries of Elf Aquitaine	4.1	-	7.5	4.1	-	4.0	-
4. Other bearer shareholders	**83.1**	**84.6**	**76.4**	**82.6**	**84.5**	**84.3**	**82.4**
including holders of ADS[e]	8.5	8.6	7.8	7.5	7.6	7.5	7.3

(a) Pursuant to article 223-11 of the General Regulation of the AMF, the number of theoretical voting rights is calculated on the basis of all outstanding shares, whether or not those shares would have rights to vote at a shareholders' meeting.
(b) Shareholders with an executive officer (or a representative of employees) serving as a director of TOTAL S.A..
(c) Groupe Bruxelles Lambert is a company controlled jointly by the Desmarais family and Frère-Bourgeois S.A., and for the latter mainly through its direct and indirect stake in Compagnie Nationale à Portefeuille.
(d) Based on the definition of employee shareholders pursuant to Article L. 225-102 of the French Commercial Code.
(e) American Depositary Shares listed on the New York Stock Exchange.

The holdings of the principal shareholders as of December 31, 2007 were established on the basis of 2,395,532,097 shares, to which are attached 2,353,106,888 voting rights exercisable at the shareholders' meetings or 2,604,859,388 theoretical voting rights including (i) 200,662,536 voting rights attached to the 100,331,268 Total shares held by Total S.A. subsidiaries that cannot be exercised at shareholders' meetings, and (ii) 51,089,964 voting rights attached to the 51,089,964 Total shares held by Total S.A. that also cannot be exercised at shareholders' meetings. For prior years, the holdings of the principal shareholders were established on the basis of 2,425,767,953 shares, to which were attached 2,372,676,292 voting rights that could be exercised at the shareholders' meeting, as of December 31, 2006, and of 2,460,465,184 shares to which were attached 2,515,737,764 voting rights that could be exercised at the shareholders' meeting, as of December 31, 2005.

Identification of the shareholders

In accordance with Article 9 of its bylaws, TOTAL is authorized, to the extent permitted under applicable law, to identify the holders of securities that grant immediate or future voting rights at the Company's shareholder meetings.

Legal thresholds

In addition to the legal obligation to inform the Company and the French *Autorité des marchés financiers* within five business days when thresholds representing 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, 90% or 95% of total shares or voting rights[1] are crossed (Article L. 233-7 of the French Commercial Code), any individual or entity who directly or indirectly acquires a percentage of shares, voting rights or rights giving future access to the capital of the Company which is equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company within 15 days by registered mail with return receipt requested, and declare the number of securities held.

In case the holdings above these thresholds are not declared, any shares held in excess of the threshold and undeclared may be deprived of voting rights at future shareholder meetings if, at that meeting, the failure to make a declaration is acknowledged and if one or more shareholders holding collectively at least 3% of the Company's capital or voting rights so request at that meeting. All individuals and entities are also required to notify the Company in due form and within the time limits stated above when their direct or indirect holdings fall below each of the aforementioned thresholds.

(1) Pursuant to article 223-11 of the General Regulation of the AMF, the number of voting rights is calculated on the basis of all outstanding shares, whether or not those shares would have rights to vote at a shareholders' meeting.

Holdings greater than the legal thresholds

In accordance with Article L. 233-13 of the French Commercial Code, it is specified that only one shareholder, Compagnie Nationale à Portefeuille (CNP) and Groupe Bruxelles Lambert (GBL), acting together, hold 5% or more of the share capital of TOTAL at the end of 2007[1].

In addition, two known shareholders held 5% or more of the voting rights of TOTAL as of the shareholders' meeting at the end of 2007:

- CNP jointly with GBL.

  In the AMF notice No. 207C1811 dated August 9, 2007, CNP had declared holding indirectly on May 31, 2007, the threshold of 5% of the voting rights of TOTAL. CNP and GBL acting together held 126,849,464 TOTAL shares, representing 126,942,644 voting rights, i.e. 5.30% of the capital and 4.88% of the theoretical voting rights[2] (on the basis of a share capital of 2,393,144,605 shares, representing 2,600,704,244 voting rights). To the Company's knowledge, CNP, jointly with GBL, holds, as of December 31, 2007, 5.3% of the share capital representing 5.4% of the voting rights exercisable at a shareholders' meeting and 4.9% of the theoretical voting rights.

- The collective investment plan (*Fonds commun de placement*) "Total Actionnariat France".

  To the Company's knowledge, the collective investment plan (*Fonds commun de placement*) "Total Actionnariat France" holds, as of December 31, 2007, 2.7% of the share capital representing 5.4% of the voting rights exercisable at a shareholders' meeting and 4.9% of the theoretical voting rights[2].

Shareholders' agreements

TOTAL is not aware of any agreement among its shareholders.

Treasury shares

TOTAL shares held directly by the Company

The Company held 51,089,964 of its own shares, directly, as of December 31, 2007 which represented 2.13% of the share capital, as of this date.

TOTAL shares held by Group companies

As of December 31, 2007, Total Nucléaire, a Group company indirectly wholly-owned by TOTAL held 2,023,672 TOTAL shares. By law, these shares are deprived of voting rights. As of December 31, 2007, Financière Valorgest, Sogapar and Fingestval, indirect subsidiaries of Elf Aquitaine, held respectively 22,203,704, 4,104,000 and 71,999,892 TOTAL shares, representing a total of 98,307,596 TOTAL shares. By law, these shares are also deprived of voting rights. As of December 31, 2007, the Company held through its indirect subsidiaries, 4.19% of the share capital.

Thus, at December 31, 2007, the Company held 151,421,232 TOTAL shares either directly or through its indirect subsidiaries, which represented 6.32% of the share capital, as of this date.

See page 146 for additional information.

Shares held by members of the administrative and management bodies

All related information appears on pages 80 to 87, and 104.

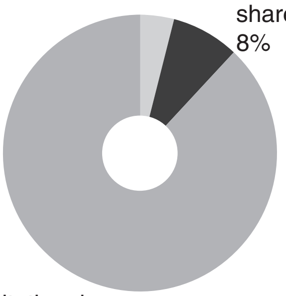
Employee participation in TOTAL shares

All related information appears on pages 103 to 104, and 151.

(1) AMF notice No. 207C1811 dated August 9, 2007.
(2) Pursuant to article 223-11 of the General Regulation of the AMF, the number of theoretical voting rights is calculated on the basis of all outstanding shares, whether or not those shares would have rights to vote at a shareholders' meeting.

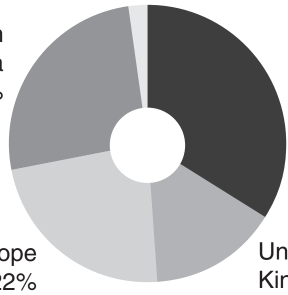
Shareholding structure(1)

By shareholder type (excluding treasury shares)



(a) Based on the definition of employee shareholding pursuant to Article L. 125-102 of the French Commercial Code.

By geographic area (excluding treasury shares)



The number of French individual TOTAL shareholders is estimated at approximately 540,000.

Regulated agreements and related party transactions

Regulated agreements

The list of the regulated agreements covered by Articles L. 225-39 and L. 225-115 of the French Commercial Code, provided to the shareholders at the Company's corporate offices, contains no agreement likely to have a significant impact on the Company's financial situation.

Specifically, no agreement links the Company to a shareholder holding a fraction greater than 10% of the Company's voting rights.

The special report of the statutory auditors of TOTAL S.A. on regulated agreements for fiscal year 2007 appears in Appendix 3, page 244.

Related party transactions

Details of transactions with related entities as required by the regulations adopted under (EC) regulation No. 1606/2002, entered into by the Group Companies during fiscal years 2005, 2006, or 2007, appear in Note 24 to the Consolidated Financial Statements (page 204).

These transactions primarily concern equity affiliates and non-consolidated companies in which TOTAL exercises a significant influence.

(1) Estimate as of December 31, 2007

Information for overseas shareholders

United States holders of ADRs

Information intended for U.S. holders of TOTAL's American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs) is provided in the Form 20-F filed by TOTAL S.A. with the United States Securities and Exchange Commission for the year ended December 31, 2007.

Non-resident shareholders (other than U.S. Shareholders)

In addition to Euronext Paris, TOTAL's shares have been listed on the London Stock Exchange since 1973 and on the Brussels stock exchange since 1999.

Dividends

Dividends paid to non-French resident shareholders are generally subject to French withholding tax at a rate of 25%.

As from January 2008, the 25% rate is reduced to 18% for dividends distributed to individuals who are residents, for tax purposes, within the European Economic Area (Liechtenstein excluded).

However, according to many tax treaties signed between France and other countries ("Tax Treaties"), the rate of French withholding tax is reduced to 15% in the case of dividends paid to a beneficial owner of the dividend that is a resident of one of these countries as defined by the treaties, provided certain requirements are satisfied ("Eligible Holder").

Countries with which France signed a Tax Treaty which provides a reduction of the French withholding tax on dividends to 15% include Austria, Belgium, Canada, Germany, Ireland, Italy, Japan, Luxembourg, Norway, the Netherlands, Singapore, South Africa, Spain, Switzerland, and the United Kingdom. (This is not an exhaustive list).

Administrative guidelines issued by the French Tax Authorities set forth the conditions under which the reduced French withholding tax at the rate of 15% may be available. The immediate application of the reduced 15% rate is available only to Eligible Holders who may benefit from the so-called "simplified procedure" and are residents of a country with which France has concluded a Tax Treaty that provides for a reduction of the withholding tax.

Under the "simplified procedure", such Eligible Holders may claim the immediate application of withholding tax at the rate of 15% on the dividends to be received by them, provided that:

(i) They furnish to the financial institution managing their securities account a certificate of residence conforming with the model attached to the Administrative Guidelines. The immediate application of the 15% withholding tax will be available only if the certificate of residence is sent to the financial institution managing their securities account before the dividend payment date. Furthermore, each financial institution managing the eligible Holders' securities account must also send to the French paying agent the figure of the total amount of dividends eligible for the reduced withholding tax rate before the dividend payment date.

(ii) The foreign financial institution managing such Eligible Holder's securities account provides to the French paying agent a list of the Eligible Holders and others information set forth in the Administrative Guidelines. These documents must be sent as soon as possible, in all cases before the end of the third month computed as from the end of the month of the dividend payment date.

Where the foreign Eligible Holder's identity and tax residence are known by the French paying agent, the latter may release such foreign Eligible Holder from furnishing to the financial institution managing its securities account the abovementioned certificate of residence, and apply the 15% withholding tax rate to dividends it pays to such foreign Eligible Holder.

For an Eligible Holder that is not entitled to the so-called "simplified procedure", the 25% or 18% French withholding tax will be levied at the time the dividends are paid. Such Eligible Holder may, however, be entitled to a refund of the withholding tax in excess of the 15% rate under the standard procedure, as opposed to the "simplified procedure", provided that the Eligible Holder furnishes to the French paying agent an application for refund on a specific form before December 31 of the second year following the date of payment of the withholding tax at the 25% rate. Any French withholding tax refund is generally expected to be paid within 12 months from the filing of the abovementioned form. However, it will not be paid before January 15 of the year following the year in which the dividend was paid. The "simplified procedure" is not applicable to Swiss corporate holders and Singapore resident holders.

Copies of the French forms mentioned above are, in principle, available from the French non-resident tax office, at the following address:

Recette des Impôts des Non-Résidents, 10, rue du Centre, TSA, 93160 Noisy le Grand, France.

According to certain Tax Treaties, certain Eligible Holders were entitled to receive a French tax credit (the so-called *avoir fiscal*). However, the *avoir fiscal* was abolished, effectively January 1, 2005.

The *avoir fiscal* was replaced, for French resident shareholders who are individuals, by a tax credit equal to 50% of the amount distributed in 2006, but with an overall annual cap of 115 euros (double for married couples filing jointly).

Non-resident individual taxpayers entitled to the previous *avoir fiscal* under certain Tax Treaties are also entitled to this tax credit limited to 115 euros for each individual (double for married couples filing jointly), possibly reduced by the French withholding tax. However, the procedure to follow to obtain the payment of this tax credit has not yet been released by the French Tax Administration.

Provided certain requirements are satisfied, individual residents of the above-mentioned countries are entitled to the transfer of this tax credit, except in Germany, Ireland and South Africa. The foreign taxation of dividends varies from one country to another according to their respective tax legislation.

In most countries, the gross amount of dividend plus, if any, the refund up to 115 euros (or 230 euros for married couples filing jointly) is generally included in the recipient's taxable tax basis.

Subject to certain conditions and limitations, French withholding taxes on dividends will be eligible against the holder's income tax liability.

However, there are certain exceptions. For instance, in Belgium, a so-called *précompte mobilier* of 15% is applicable to the net dividends received by individual shareholders.

Because the foregoing is a general summary, holders are advised to consult their own tax advisors with respect to their income tax as well as French tax consequences of the ownership of shares applicable in their particular tax situations.

Communication with shareholders

Communication policy

In addition to its Registration Document filed each year with the *Autorité des marchés financiers* (French Authority of financial markets), the Group regularly publishes information on its activities through periodic publications as well as on its website www.total.com, while important news is covered by press releases. This website also contains presentations made by the Group on its results and outlook.

In addition, since its shares are traded in the United States, the Company files an annual document (Form 20-F) in English with the Securities and Exchange Commission (SEC) (see page 151) along with its Registration Document.

Lastly, the Group customarily holds information sessions, both in France and abroad, aimed at shareholders and financial analysts.

In 2007, TOTAL once more stood out as the Group that was awarded several prizes by:

- "Institutional Investor Research" for the best CEO, best CFO, best Investor Relations Department and best Head of Investor Relations;
- "Institutional Investor Magazine" for the best CEO, best CFO and best Shareholder Service in the oil industry;
- "Thomson Extel Survey" for the best Investor Relations and best Shareholder Service in the oil industry; and
- "IR Magazine" for the best French Company Investor Relations.

The Group maintains an active dialogue with shareholders on issues related to Corporate and Social Responsibility (CSR). Specifically, the company provides:

- A CSR Annual Report;
- A CSR site at www.total.com that is updated on a regular basis; and
- Individual and group meetings with shareholders in Europe and in the United States.

In addition, the financial communications department is available to investors and provides prompt responses to their questions about the Group's social and environmental responsibilities (ethics, governance, safety, health and environmental protection, contribution to local communities, future energies, battle against climate change, etc.).

Relationships with institutional shareholders and financial analysts

Members of the Group's Management meet twice each year with portfolio managers and financial analysts in the leading financial centers of Europe (Paris, Brussels, Amsterdam, the Hague, Rotterdam, London, Dublin, Edinburgh, Frankfurt, Munich, Cologne, Düsseldorf, Vienna, Zurich, Geneva, Stockholm, Helsinki, Copenhagen, Milan, Madrid and Lisbon), North America (New York, Boston, Philadelphia, Chicago, Denver, Dallas, Atlanta, Houston, Miami, San Francisco, Los Angeles, Montreal and Toronto), Asia (Hong Kong, Tokyo and Beijing), as well as in the Middle-East (Dubai and Abu Dhabi).

The first series of meetings are held in the beginning of the year, after publication of the results for the prior fiscal year. The second set of meetings take place in the second half of the year, after publication of the results for the first half of that year. In addition, several information meetings are organized after publishing the annual earnings. Material from those meetings is available in the "Investor Relations/Presentations" section on www.total.com website.

In 2007, three telephone conferences were led by Robert Castaigne, Chief Financial Officer for the Group, to discuss earnings for the first, second and third quarters of the year. These conferences are also available in the "Investor Relations/Results" section of the website www.total.com.

In 2007 about 400 meetings bringing together institutional investors and analysts were organized by the Group.

The First Individual Shareholder Services awarded the ISO 9001 version 2000 certification

On October 24, 2007 TOTAL's Individual Shareholder Relations became the first Shareholder Department to be awarded the ISO 9001 version 2000 for its communication services for individual shareholders.

TOTAL achieved this goal by strengthening its communication plan and increasing its personal interactions between individual shareholders and the Group through the daily use of Customer Relationship Management (CRM) software.

AFAQ/AFNOR awarded this certificate to TOTAL upon completion of a thorough auditing of the various communication processes implemented for individual shareholders.

This certification demonstrates TOTAL's commitment to satisfy, over the long term, individual shareholder needs for financial information.

On October 18, 2007, TOTAL was awarded the "Fils d'Or" 2007 prize, organized by *La Vie Financière* and Synerfil for the best individual shareholder services of the CAC 40.

TOTAL's Internet website www.total.com was elected third-best site during the 7th edition of Grand Prix Boursoscan organized by Boursorama and Opinion Way on June 19, 2007.

Lastly, as in the past, TOTAL made efforts to promote meetings and exchanges with individual shareholders, specifically through the following events:

- The **shareholders' meeting**, held on May 11, 2007 gathered over 3,000 shareholders in attendance at the Paris Convention Center. As each year, this meeting was broadcast live and was later available on the Group's website at www.total.com. Notice of the meeting is sent to all registered shareholders and to bearer shareholders of 200 shares or more.

- On November 16 and 17, 2007, during the **Actionaria Trade Show** in Paris, over 900 shareholders attended the shareholders' meeting organized by Christophe de Margerie in the amphitheatre of Paris Convention Center. TOTAL also welcomed over 2,500 shareholders at its booths.
- In 2007, TOTAL continued its schedule of **information sessions** for individual shareholders, with five meetings organized, respectively, in Lille, Metz, Grenoble and Nice, gathering over 1,400 people. The cities of Lyon, Toulouse, Nancy, Bordeaux and Tours are already scheduled for 2008.
- In 2007, the **Consultative Shareholders Committee** (composed of 12 members) met with several members of the Executive Board during four meetings held throughout the year. These regular meetings allow TOTAL to consider its individual shareholders' sensitivity to the Group news.

  At each of these meetings, the Committee gives its opinion on various components of the communication segment regarding individual shareholders.

  - The committee brought its contribution to the format of the Shareholder's Guide published on the internet.
  - The committee was also consulted on the information provided in the Shareholders Journal, the Shareholders' Circle program and the Shareholder Notebook in the TOTAL in 2007 report.
  - Lastly, regarding the annual shareholders' meeting, the Consultative Committee also adressed the format of the shareholders' meeting notice and gave its feedback on the execution of this meeting.
- The **Shareholders' Circle**, for shareholders with at least 30 bearer shares or one registered share, organized 30 events in 2007. These events, offered to the members of the Shareholders' Circle, provided the opportunity to invite almost 2,200 individual shareholders. Members of the Shareholders' Circle visited industrial facilities as well as sites supported by the TOTAL Foundation. Additionally, they participated in training intended to better understand TOTAL's accounts as well as lectures for them to have better knowledge of the Group's business. Finally, members of the Circle attended cultural events within the framework of the Group's sponsorship policy.

In this context, almost 10,000 individual shareholders met with Group representatives in 2007.

Registered Shareholding

TOTAL shares, which are generally bearer instruments, may be registered. In this case shareholders are identified by TOTAL S.A., in its capacity as the issuer, or by its agent, BNP Paribas Securities Services, which is responsible for the registration of shareholders.

There are two forms of registration:

- Administered Registered Shares: shares are registered with the issuing Company through BNP Paribas Securities Services, but the holder's financial intermediary continues to administer them with regards to sales, purchases, coupons, shareholder meeting notices, etc.
- Pure Registered shares: the issuing Company retains and directly administers shares on behalf of the holder through BNP Paribas Securities Services which administers the sales, purchases, coupons, shareholder meeting notices, etc. so that the shareholder does not need to appoint a financial intermediary. This form of registration is not very compatible with the registration of shares in a savings plan given the enforceable administrative procedures.

Main advantages of administered registered shares

The advantages of administered shares include:

- personal notice to TOTAL shareholders' meetings,
- double voting rights if the shares are held continuously for two successive years (page 149),
- a specific toll-free number for all contacts with BNP Paribas Securities Services (a toll-free call within France): 0 800 11 7000 or +33 1 40 14 80 61 (from abroad) ; from Monday to Friday, 8:45am—6:00pm (fax +33 1 55 77 34 17),
- complete information about TOTAL: the shareholder receives, at home, all information published by the Group for its shareholders, and
- the ability to join the TOTAL Shareholders' Circle with one share.

Main advantages of pure registered shares

Among the advantages of pure registered shares, in addition to those of administered shares, feature, in particular:

- no custodial fees,
- easier placement of market orders[1] (telephone, mail, fax, internet); internet access to the shareholders' account,
- brokerage fees of 0.20% (before tax) based on the amount of the transaction, with no minimum charge and up to 1,000€ per transaction, and
- possibility to check shares on the internet.

To convert TOTAL shares into pure registered shares, it is required to fill out the form which can be obtained upon request from the Individual Shareholder Relations Department and send it to the financial intermediary.

Once BNP Paribas Securities Services receives the shares, a certificate of account registration is sent and the followings are asked for:

- a bank account number (or a postal account or savings account number) for payment of dividends, and
- a market service agreement to facilitate trading TOTAL shares on the stock exchange.

(1) Subject to having entered into a brokerage services contract, which is free of charge.

Contacts (Individual Shareholders)

For general information, conversion of bearer to registered shares, membership in the Shareholders Circle:

TOTAL S.A.
Individual Shareholder Relations Department
2, place de la Coupole
La Défense 6
92078 Paris La Défense CEDEX, FRANCE

Tel.	Toll-free number 0 800 039 039 (toll-free in France) International Tel: +33 1 47 44 24 02 From Monday to Friday, 9:00am-12:30pm and 1:30pm-5:30pm
Fax	Fax from France: 01 47 44 20 14 From abroad: +33 1 47 44 20 14
E-mail	actionnairesindividuels@total.com cercledesactionnaires@total.com
Contacts	Valérie Laugier (Individual Shareholders Relations Manager) Jean-Louis Piquée (Individual Shareholders Relations)

2008 Calendar

February 13	Results for the fourth quarter and full year 2007
April 10	Meeting with individual shareholders in Lyons
May 7	Results for the 1st quarter 2008
May 16	Shareholders' Meeting in Paris (Paris Convention Centre)
May 20	Ex-dividend date of the final dividend(1) for 2007
May 23	Payment date for the final dividend(1) for 2007
May 21	Meeting with individual shareholders in Toulouse
June 9	Meeting with individual shareholders in Nancy
June 12	Meeting with individual shareholders in Bordeaux
August 1	Results for the 2nd quarter and the 1st half of the year 2008
October 20	Meeting with individual shareholders in Tours
November 5	Results for the 3rd quarter 2007
November 21-22	Actionaria Trade Show in Paris / Information meeting (in the amphitheatre of Paris Convention Center)

(1) Subject to the approval of the shareholders' meeting of May 16, 2008.

2009 Calendar

15 May	Shareholders' meeting in Paris (Paris Convention Center)

Financial information contacts

Paris:	Jérome Schmitt Vice President Investor Relations TOTAL S.A 2, place de la Coupole - La Défense 6 92078 La Défense Cedex FRANCE Phone: 01 47 44 58 53 or +33 1 47 44 58 53 Fax: 01 47 44 58 24 or +33 1 47 44 58 24 E-mail: investor-relations@total.com
North America:	Robert Hammond Director of Investor Relations North America TOTAL AMERICAN SERVICES INC. 100 Town Square Place, Suite 401 Jersey City, NJ 07310 USA Phone: +1 201 626 3500 Fax: +1 201 626 4004 E-mail: ir.nyc@TOTAL.com

Financial information

Historical financial information

2007, 2006 and 2005 consolidated financial statements

The consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) for the years ended December 31, 2007, December 31, 2006 and December 31, 2005 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and as adopted by the European Union as of December 31, 2007.

They appear in Appendix 1 to this Registration Document:

- Consolidated statement of income page 155
- Consolidated balance sheet page page 156
- Consolidated statement of cash flow page 157
- Consolidated statement of changes in shareholders' equity page 158
- Notes to the consolidated financial statements pages 159 to 229

All the aforementioned information is incorporated by reference in this Registration Document.

Financial information concerning TOTAL S.A.

The statutory accounts of TOTAL S.A., the parent company of the Group, for the years ended December 31, 2007, December 31, 2006 and December 31, 2005 were prepared in accordance with French accounting standards as applicable on December 31, 2007.

They appear in Appendix 3 to this Registration Document:

- Statutory statement of income page 247
- Statutory balance sheet page 248
- Statutory statement of cash flow page 249
- Statutory statement of changes in shareholders' equity page 250
- Notes to the statutory financial statements pages 251 to 263

Audit of the historical financial information

The consolidated financial statements for the fiscal year 2007 which appear in Appendix 1 to this Registration Document (pages 153 to 229) were certified by the Company's auditors. A free translation of the auditors' report on these consolidated financial statements is provided in Appendix 1 (page 154).

The consolidated financial statements for the fiscal years 2006 and 2005 appearing in Appendix 1 to this Registration Document (pages 153 to 229) were also certified by the Company's auditors. The auditors' report on the consolidated financial statements for the fiscal year 2006 is reproduced on page 170 of the Registration Document for the fiscal year 2006 which was filed with the French *Autorité des marchés financiers* on April 5, 2007 (and a free translation is reproduced on page 168 of the English version of such registration document). The auditors' report on the consolidated financial statements for the fiscal year 2005 is reproduced on page 166 of the Registration Document for the fiscal year 2006 which was filed with the French *Autorité des marchés financiers* on March 31, 2006 (and a free translation is reproduced on page 164 of the English version of aforesaid registration document). Pursuant to article 28 of of European Regulation No. 809/2004, these two reports are incorporated by reference in this Registration Document.

The TOTAL S.A.'s statutory accounts for the fiscal year 2007 (French accounting standards) which appear in Appendix 3 to this Registration Document (pages 243 to 263) were also certified by the Company's statutory auditors. A free translation of the auditors' report on the 2007 statutory accounts is reproduced in Appendix 3 (page 246).

TOTAL S.A.'s statutory accounts for the fiscal years 2006 and 2005 appearing in Appendix 3 to this Registration Document (pages 243 to 263) were also certified by the Company's auditors. The auditors' report on the statutory accounts for the fiscal year 2006 is reproduced on page 255 of the French version of the Registration Document for the fiscal year 2006 which was filed with the French *Autorité des marchés financiers* on April 5, 2007 (and a free translation is reproduced on page 251 of the English version of aforesaid Registration Document). The auditors' report on the statutory accounts for the fiscal year 2005 is reproduced on page 249 of the French version of the Registration Document for the fiscal year 2005 which was filed with the French *Autorité des marchés financiers* on March 31, 2006 (and a free translation is reproduced on page 245 of the English version of aforesaid Registration Document). Pursuant to article 28 of European Regulation No. 809/2004, these two reports are incorporated by reference in this Registration Document.

Additional information

Financial information other than that contained in Appendix 1 or 3 of this Registration Document, in particular ratios, statistical data or other calculated data which are used to describe the Group or its business performance, is not extracted from the audited financial statements of the issuer. Except where otherwise stated, these data are based on internal Company data.

In particular, the supplemental oil and gas information provided in Appendix 2 to this Registration Document (pages 231 to 248), is not extracted from the audited financial statements of the issuer and was not audited by the Company's statutory auditors. This supplemental information was prepared by the Company based on elements available to it, using its own calculations or estimates and taking into account the U.S. standards to which the Company is subject for this kind of information as a result of the listing of its shares (in the form of ADS) on the New York Stock Exchange.

This Registration Document does not include profit forecasts or estimates for the period following December 31, 2006, in the meaning of Regulation (EC) No. 809/2004 dated April 29, 2004.

Dividend policy

The Company's dividend policy is described on pages 123 to 124 of this Registration Document (TOTAL and its shareholders).

Legal and arbitration proceedings

The main legal disputes in which the Group is involved are described on pages 70 to 72 of this Registration Document (Risk factors). For the past twelve-month period, the Company is not aware of any administrative, legal or arbitration disputes which have recently had or could have a material impact on its financial position or its profitability or on those of the Group as a whole. According to the information available to the Company to date, there are no pending or threatening administrative, legal or arbitration disputes that could have a material impact on its financial position or its profitability or on those of the Group as a whole.

Significant changes

Except for the recent events mentioned in the Management Report of the Board of Directors (pages 50 to 60) or in the Business Overview (pages 6 to 42), no significant changes in the Group's financial or commercial position have occurred to date since December 31, 2007, the closing date of the last fiscal year for which audited financial statements have been published by the Company.

General information

Share capital

Share capital as of December 31, 2007

5,988,830,242.5 euros, consisting of 2,395,532,097 fully paid shares.

Features of the shares

There is only one class of shares, par value 2.50 euros per share. A double voting right is granted to every shareholder, under certain conditions (see page 149). The shares are in bearer or registered form at the shareholder's discretion. The shares are in book-entry form and registered in a security account.

Authorized share capital not issued as of December 31, 2007

A table summarizing the currently valid delegations to increase capital which have been granted by the shareholders' meeting to the Board of Directors, and the uses made of those delegations of authority in fiscal year 2007, is provided on page 145.

- Delegation of authority to the Board of Directors to increase the share capital by issuing new shares or other securities granting immediate or future rights to the Company's capital, maintaining shareholders' preemptive subscription rights, up to a maximum nominal amount of 4 B€, against which would be deducted the nominal amount of capital increases reserved for employees, these issues being limited to a maximum amount equal to 1.5% of the outstanding share capital on the date of the decision of the Board of Directors to proceed with the issue.

  Furthermore, the maximum nominal amount of all debt securities giving rights to the capital of the Company may not exceed 10 B€, or its equivalent value, on the date of the issue (shareholders' meeting of May 11, 2007–13th and 15th resolutions – delegations of authority valid for 26 months).

  Based on November 6, 2007 use of the delegation of authority for share capital increases reserved for employees, the authorized share capital not issued as new shares under these delegations of authority was 3.97 B€, representing 1,588 million shares, as of December 31, 2007[(1)].

- Delegation of authority to the Board of Directors to complete capital increases reserved for employees participating in the Company Savings Plan (*Plan d'épargne d'entreprise* – PEG), up to a maximum amount equal to 1.5 % of the outstanding capital on the date of the decision of the Board of Directors to proceed with the issue (shareholders' meeting of May 11, 2007–15th resolution – delegation of authority valid for 26 months).

  Based on the use of this delegation of authority on November 6, 2007, the authorized capital not issued as new shares in connection with a capital increase reserved for employees participating in the Company Savings Plan under the same authorization was 59,832,453 euros, or 23,932,981 shares, as of December 31, 2007[(1)].

- Authority to grant stock options for new or existing shares reserved for TOTAL employees up to a maximum of 1.5% of the share capital on the date of allocation (shareholders' meeting of May 11, 2007 – 16th resolution – authorization valid for 38 months). Pursuant to this authorization, the Board of Directors granted, 6,082,640 stock options at its meeting of July 17, 2007. Therefore, as of December 31, 2007, 29,850,341 stock options could still be issued pursuant to this authorization.

- Authority to grant restricted existing or new TOTAL stocks to employees of the Group and to executives and officers, up to a maximum of 1% of the share capital on the date of the meeting of the Board of Directors that approves the restricted share grants (shareholders' meeting of May 17, 2005 – 13th resolution – authorization valid for 38 months).

  Restricted share grants will not become final until the expiration of a minimum vesting period of two years, while the minimum period required for beneficiaries to hold the shares after vesting is set at two additional years, subject to compliance with the conditions of the restricted share grants defined by the Board of Directors that decides to make the allotment. The capital increase, if any, resulting from the issue of restricted share grants will be implemented through the capitalization of issuance premiums, reserves or profits.

  Pursuant to this authorization, the Board of Directors awarded 574,000 existing TOTAL shares, par value 10 euros per share, i.e. 2,296,000 shares, par value 2.50 euros per share, at its meeting of July 19, 2005, 2,295,684 TOTAL existing shares at its meeting of July 18, 2006, and 2,387,355 existing TOTAL shares at its meeting of July 17, 2007 i.e. a total of 6,979,039 existing TOTAL shares, par value 2.50 euros per share. Therefore, as of December 31, 2007, 16,976,281 shares could be issued pursuant to this authorization.

- Authority to cancel shares up to a maximum of 10% of the share capital within a 24-month period. This authorization, granted by the shareholders' meeting of May 11, 2007, is effective until the shareholders' meeting called to approve the financial statements for the year ending December 31, 2011. No cancellation has been decided pursuant to this authorization.

  Thus, as of December 31, 2007, taking into account the cancellation of 47,020,000 shares and 33,005,000 shares realized respectively on July 18, 2006 and on January 10, 2007, 159,528,209 shares could still be cancelled under this authorization up to and including July 18, 2008, up to a maximum of 10% of the share capital within a 24-month period.

(1) Assuming that the total number of subscriptions received in connection with the capital increase reserved for employees decided on November 6, 2007, and not yet completed on December 31, 2007, reaches the number of shares up to which the Board of Directors approved for this use of the delegation of authority.

Summary table of valid delegations of authority to increase the share capital granted to the Board of Directors (Article L. 225-100 of the French Commercial Code)

Type		Par value limit, or maximum number of shares expressed as % of share capital	Use in 2007 Par value, or number of shares	Available balance as of December 31, 2007 par value, or number of shares	Date of delegation of authority/ authorization	Term of delegation of authority/ authorization given to the Board of Directors
Total cap on issues of securities giving rights to capital	Securities representing rights to capital	10 B€	-	10 B€	ESM[a] of May 11, 2007 (13th resolution)	26 months
	Nominal share capital	4 B€ or 1,600 million shares, with preemptive subscription rights	-	3.97 B€ or 1,588 million shares	ESM[a] of May 11, 2007 (13th resolution)	26 months
		Of which a specific sub-cap of 1.5% of the share capital on the date of Board decision, for capital increases reserved for employees participating in Company Savings Plan[b]	12 million shares[c]	23.9 million shares[c]	ESM[a] of May 11, 2007 (15th resolution)	26 months
Stock options		1.5% of share capital[b] on the date of Board decision to grant options	6.1 million shares[d]	29.8 million shares[d]	ESM[a] of May 11, 2007 (16th resolution)	38 months
Restricted stock grants		1% of share capital[b] on the date of Board decision to grant restricted shares	2.4 million shares[e]	17 million shares[e]	ESM[a] of May 17, 2005 (13th resolution)	38 months

(a) *ESM = extraordinary shareholders' meeting.*
(b) *Share capital as of 12/31/2007: 2,395,532,097 shares.*
(c) *The number of shares authorized under the 15th Resolution of the ESM of May 11, 2007 may not exceed 1.5% of the capital on the date on which the capital increase is decided by the Board of Directors. On November 6, 2007, the Board of Directors approved a capital increase reserved for employees for a maximum of 12,000,000 shares. As of December 31, 2007, the balance available under this authorization was 23,932,981 new shares, which represents 1.5% of the 2,395,532,097 existing shares on that date, minus 12,000,000 shares.*
(d) *The number of stock options authorized under the 16th Resolution of the ESM of May 11, 2007 may not exceed 1.5% of the capital on the date the options are granted by the Board of Directors. Since 6,082,640 TOTAL stock options were granted by the Board of Directors on July 17, 2007, the number of options that may still be granted as of December 31, 2007 was 29,850,341, which represents 1.5% of the 2,395,532,097 existing shares at year-end, minus 6,082,640 options already granted and representing the same number of shares.*
(e) *The number of existing shares that may be awarded as restricted share grants under the 13th Resolution of the ESM of May 17, 2005 may not exceed 1% of the capital on the date the restricted shares are granted by the Boards of Directors. Since the Board of Directors awarded 574,000 TOTAL existing shares, par value 10 euros per share (which is 2,296,000 shares, par value 2.50 euros per share), 2,295,684 TOTAL existing shares and 2,387,355 TOTAL existing shares on July 19, 2005, on July 18, 2006, and on July 17, 2007, the number of shares that may still be allotted as of December 31, 2007 is 16,976,281 shares, minus the 6,979,039 shares already granted.*

Potential capital as of December 31, 2007

Securities giving rights to TOTAL shares, through exercise or redemption, are:

- 40,286,313 TOTAL stock options as of December 31, 2007, divided into 8,584,916[1] options for the plan awarded by the Board of Directors at its meeting of July 16, 2003, 13,452,472[1] options for the plan awarded by the Board of Directors at its meeting of July 20, 2004, 6,301,485[1] options for the plan awarded by the Board of Directors at its meeting of July 19, 2005, 5,864,800 options for the plan awarded by the Board of Directors at its meeting of July 18, 2006, and 6,082,640[1] options for the plan awarded by the Board of Directors at its meeting of July 17, 2007;

- Existing Elf Aquitaine shares or shares to be created through the exercise of Elf Aquitaine stock options (not yet exercised on the last day of the public exchange offer launched by TOTAL in 1999); until the expiration of the stock options' exercise period (March 30, 2009 and September 12, 2009), these shares may be exchanged (under the guarantee given by the Company in the information notice pertaining to the counteroffer of September 22, 1999) for TOTAL shares on the basis of the offer exchange parity (i.e. 19 TOTAL shares for 13 Elf Aquitaine shares). In order to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share exchange undertaking, decided on March 14, 2006 to adjust the abovementioned exchange ratio (see pages 24 and 25 of the "Prospectus for the purpose of listing of Arkema shares on Eurolist by Euronext within the framework of the allocation of Arkema shares to TOTAL S.A. shareholders"). Following the approval on May 10, 2006 by the Elf Aquitaine Shareholders' Meeting of the spin-off of S.D.A. by Elf Aquitaine, and the approval on May 12, 2006 by the TOTAL S.A. Shareholders' Meeting of the spin-off of Arkema by TOTAL S.A. and of the four-for-one TOTAL stock split, the exchange ratio was adjusted on May 22, 2006 to six TOTAL shares for one Elf Aquitaine share.

As of December 31, 2007, 127,668 stock options and 6,584 shares of Elf Aquitaine were eligible for this exchange guarantee which will expire on March 30, 2009. Moreover, 6,044 stock options of Elf Aquitaine were also eligible for this exchange guarantee which will expire on September 12, 2009. Therefore, as of December 31, 2007, 140,296 outstanding or future shares of Elf Aquitaine were eligible for this exchange guarantee, which entitles the holders to subscribe to a maximum of 841,776 TOTAL shares.

The potential capital (existing capital plus securities giving rights to TOTAL shares, through exercise or redemption) represents 101.7% of the share capital as of December 31, 2007, on the basis of 2,395,532,097 TOTAL shares constituting share capital as of December 31, 2007, of 40,286,313 TOTAL shares that could be issued upon the exercise of TOTAL options and of 841,776 TOTAL shares that could be issued upon the exercise of the exchange guarantee applicable to Elf Aquitaine shares.

Treasury Shares

As of December 31, 2007	
Percentage of capital held by TOTAL S.A.	**2.13%**
Number of shares held in portfolio	51,089,964
Book value of the portfolio (at purchase prices) (M€)	2,505
Market value of the portfolio (M€)[a]	2,903
Percentage of capital held by the entire Group[b]	**6.32%**
Number of shares held in portfolio	151,421,232
Book value of the portfolio (at purchase prices) (M€)	5,532
Market value of the portfolio (M€)[a]	8,605

(a) On the basis of a market price of 56.83 euros per share as of December 31, 2007.
(b) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

(1) After considering May 22, 2006 adjustments of the price and the number of share options, in accordance with the legal provisions in force at that date and following decisions of the shareholders' meeting held on May 12, 2006 pertaining to the four-for-one stock split of TOTAL and the spin-off of Arkema.

Share Capital History

(Since January 1, 2005)

2005

July 19, 2005	Reduction of the share capital from 6,350,151,080 euros to 6,214,875,300 euros, through the cancellation of 13,527,578 treasury shares, par value 10 euros per share.
November 3, 2005	Reduction of the share capital from 6,214,875,300 euros to 6,139,395,400 euros, through the cancellation of 7,547,990 treasury shares, par value 10 euros per share, effective November 22, 2005.
January 10, 2006	Certification of the issue of 1,176,756 new shares, par value 10 euros per share, between January 1 and December 31, 2005, raising the capital by a total of 11,767,560 euros from 6,139,395,400 euros to 6,151,162,960 euros (representing 133,257 new shares issued through the exercise of the Company's stock options and 1,043,499 new shares through the exchange of 713,973 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

2006

March 22, 2006	Certification of the subscription to 2,785,330 new shares, par value 10 euros per share, in connection with the capital increase reserved for Group employees approved by the Board of Directors on November 3, 2005, raising the share capital by 27,853,300 euros, from 6,151,162,960 euros to 6,179,016,260 euros.
May 18, 2006	Certification of the issue of 76,769 new shares, par value 10 euros per share, between January 1 and April 25, 2006, raising the capital by a total of 767,690 euros from 6,179,016,260 euros to 6,179,783,950 euros (representing 45,305 new shares issued through the exercise of the Company's stock options and 31,464 new shares through the exchange of 21,528 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).
	Pursuant to the decision of the Shareholders' General Meeting of May 12, 2006, reduction of the par value from 10 euros to 2.5 euros following the four-for-one stock split. Consequently, the number of shares increased from 617,978,395 to 2,471,913,580, with the total share capital remaining unchanged at 6,179,783,950 euros.
July, 18, 2006	Reduction of the share capital from 6,179,783,950 euros to 6,062,233,950 euros, through the cancellation of 47,020,000 treasury shares, par value 2.50 euros per share.
January 10, 2007	Certification of the issue of 874,373 new shares, par value 2.50 euros per share, between May 24 and December 31, 2006, raising the capital by a total of 2,185,932.50 euros from 6,062,233,950 euros to 6,064,419,882.50 euros (representing 668,099 new shares issued through the exercise of the Company's stock options and 206,274 new shares through the exchange of 34,379 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

2007

January 10, 2007	Reduction of the share capital from 6,064,419,882.50 euros to 5,981,907,382.50 euros, through the cancellation of 33,005,000 treasury shares, par value 2.50 euros per share.
January 10, 2008	Certification of the issue of 2,769,144 new shares, par value 2.50 euros per share, between January 1 and December 31, 2007, raising the capital by a total of 6,922,860 euros from 5,981,907,382.50 euros to 5,988,830,242.50 euros (representing 2,453,832 new shares issued through the exercise of the Company's stock options and 315,312 new shares through the exchange of 52,552 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

Articles of incorporation and bylaws; Other information

General information concerning the Company

Name

TOTAL S.A.

Corporate Offices

2, place de la Coupole, La Défense 6, 92 400 Courbevoie (France)

Legal form and nationality

A French *société anonyme* (limited liability company)

Trade Registry

542 051 180 RCS Nanterre

EC Registration Number

FR 59 542 051 180

Charter and bylaws

On file with Maîtres Gildas Le Gonidec de Kerhalic and Frédéric Lucet, Notaries in Paris

APE Code (NAF)

111Z until January 7, 2008

741J from January 8, 2008

Term

99 years from March 22, 2000, to expire on March 22, 2099 unless dissolved prior to this date or extended

Fiscal year

From January 1 to December 31 of each year

Company's purpose

The direct and indirect purpose of the Company is to search for and extract mining deposits in all countries, particularly hydrocarbons in all forms, and to perform industrial refining, processing and trading in said materials as well as their derivatives and by-products, as well as all activities relating to production and distribution of all forms of energy, as well as the chemicals sector in all of its forms and to the rubber and health sectors.

The complete details of the Company's corporate purpose are set forth in Article, 3 of the bylaws.

Provisions of the bylaws governing the administration and management bodies

Election of Directors and term of office

Directors are elected by the shareholders' meeting for a three year term up to a maximum number of directors authorized by law (currently 18), subject to the legal provisions that allow the term to be extended until the next shareholders' meeting called to approve the financial statements for a fiscal year.

In addition, one director representing the employee shareholders is also elected by the shareholders' meeting for a three-year term from a list of at least two candidates pre-selected by the employee shareholders under the conditions stipulated by the laws, regulations and bylaws in force. However, his term shall expire automatically once this Director is no longer an employee or a shareholder. The Board of Directors may meet and conduct valid deliberations until the date his replacement is named.

Age limit of Directors

On the closing date of each fiscal year, the number of individual Directors over the age of 70, whether they serve in their own name or as a permanent representative of a legal entity, may not be greater than one-third of the directors in the office. If this percentage is exceeded, the oldest Board member is automatically considered to have resigned.

The director permanent representative of a legal entity must be under 70 years old.

Minimum interest in the Company held by Directors

Each Director (other than the Director representing the employee shareholders) must own at least one thousand shares of stock during his term of office. If he ceases to own the required number of shares, he may, however, adjust his position subject to the conditions set by law.

The Director representing employee shareholders must hold, during his term of office, either individually or through a Company Savings Plan (*Fonds Commun de Placement d'Entreprise* – FCPE) governed by Article L. 214-40 of the French Monetary and Finance Code, at least one share or a number of units in said fund equivalent to at least one share.

Majority rules for Board meetings

Decisions are adopted by a majority vote of the Directors present or represented. In the event of a tie vote, the Chairman shall cast the deciding vote.

Rules of Procedure of the Board and Committees of the Board of Directors

See pages 93 to 97.

Form of Management

The Management of the Company is assumed either by the Chairman of the Board of Directors (who then holds the title of the Chairman and Chief Executive Officer), or by another person appointed by the Board of Directors with the title of Chief Executive Officer. It is the responsibility of the Board of Directors to choose between these two forms of management under the majority rules described above. The management form selected shall remain in effect until a decision to the contrary is made by the Board of Directors.

Rights, privileges and restrictions attached to the shares

In addition to the right to vote, each share entitles the holder to a portion of the corporate assets, distributions of profits and liquidation dividend which is proportional to the number of shares issued, subject to the laws and regulations in force and the bylaws.

With the exception of the double voting right, no privilege is attached to a specific class of shares or to a specific class of shareholders.

Double voting rights

Double voting rights, in relation to the portion of share capital they represent, are granted to all fully paid-up registered shares held continuously in the name of the same shareholder for at least two years, and to additional registered shares allotted to a shareholder in connection with a capital increase by capitalization of reserves, profits or premiums on the basis of the existing shares which entitle the shareholder to a double voting right.

Limitation of voting rights

Article 18 of the Company's bylaws provides that at shareholders' meetings, no shareholder may cast, by himself or through his agent, on the basis of the single voting rights attached to the shares he holds directly or indirectly and the shares for which he holds powers, more than 10% of the total number of voting rights attached to the Company's shares.

However, if a shareholder holds double voting rights, this limit may be greater than 10%, but shall not exceed 20%.

Moreover, Article 18 of the Company's bylaws also provides that the limitation on voting rights no longer applies, absent any decision of the meeting of shareholders, if an individual or a legal entity acting solely or together with one or more individuals or entities acquires at least two-thirds of the Company shares following a public tender offer for all the Company's shares. In that case, the Board of Directors acknowledges that the limitation no longer applies and carries out the necessary procedure to modify the company's bylaws accordingly.

Once acknowledged, the fact that the limitation no longer applies is final and applies to all shareholders' meetings following the public tender offer under which the acquisition of at least two-thirds of the overall number of shares of the Company was made possible, and not solely to the first meeting following that public tender offer.

Because of the fact that in such circumstances the limitation no longer applies, such limitation on voting rights cannot prevent or delay any takeover of the Company, except in case of a public tender offer where the bidder does not acquire at least two-thirds of the Company's shares.

Fractional rights

Whenever it is necessary to own several shares in order to exercise a right, a number of shares less than the number required does not give the owners any right with respect to the Company; in such case, the shareholders are responsible for aggregating the required number of shares.

Statutory allocation of profits

The net profit for the period is equal to the net income minus general expenses and other personnel expenses, all amortization and depreciation of the assets, and all provisions for commercial and industrial contingencies.

From this profit, minus prior losses, if any, the following items are deducted in the order indicated:

1) 5% to constitute the legal reserve fund, until said fund reaches 10% of the share capital;

2) The amounts set by the shareholders' meeting to fund reserves for which it determines the allocation or use;

3) The amounts that the shareholders' meeting decides to retain.

The remainder is paid to the shareholders as dividends.

The Board of Directors may pay interim dividends.

The shareholders' meeting held to approve the financial statements for the fiscal year may decide to grant shareholders an option, for all or part of the dividend or interim dividends, between payment of the dividend in cash or in shares.

The shareholders' meeting may decide at any time, but only on the basis of a proposal by the Board of Directors, to make a full or partial distribution of the amounts in the reserve accounts, either in cash or in Company shares.

Dividends which have not been claimed at the end of a five-year period are forfeited to the French government.

Amending shareholders' rights

Any amendment to the bylaws must be approved or authorized by the shareholders' meeting voting with the quorum and majority required by the laws and regulations governing Extraordinary Shareholders' Meetings.

Shareholders' meetings

Notices of meeting

Shareholders' meetings are convened and deliberate under the conditions provided for by law.

Admission to meetings

Provisions applicable until December 31, 2006: To attend or be represented at shareholders' meetings, holders of bearer shares or shares registered in an account not maintained by the Company ("street name" registration) had to present the certificate issued by their financial intermediary certifying the non-transferability of the shares until the day of the Meeting, at the locations indicated in the Notice of Meeting and no later than one day before the date of the shareholders' meeting.

Since January 1, 2007[(1)], participation in any form in the general meetings is subject to registration or record of participating shares. Shares must either be held in the registered account maintained by the Company (or its securities agent) or recorded in bearer form in a securities account maintained by a financial intermediary. Proof of this registration or record is obtained under a certificate of participation (*attestation de participation*) delivered to the shareholder. This registration or recording of the shares must be effective no later than a "record date" at 0:00 a.m. (Paris Time) three business days before the date of the general meeting of shareholders. If, after having received such a certificate, shares are sold or transferred prior to this record date, the certificate of participation will be cancelled and the votes sent by mail or proxies granted to the Company for such shares will be cancelled accordingly. If shares are sold or transferred after this record date, the certificate of participation will remain valid and votes cast or proxies granted will be taken into account.

These provisions are mandatory under French law and constitute an obligation to the Company. An amendment to harmonize the Articles of Association of TOTAL S.A. with these new provisions was approved by the shareholders' meeting of May 11, 2007.

Thresholds to be declared according to the bylaws

Any person, whether an individual or a legal entity holding, directly or indirectly, a percentage of capital, voting rights or securities giving future rights to capital, which is equal to or greater than 1%, or any multiple of 1%, is required to inform the Company by registered mail with an acknowledgement of receipt within 15 days from the date of crossing of these thresholds and must also notify the Company if their direct or indirect participation drops below these thresholds.

Changes in the share capital

The Company's share capital may be modified only under the conditions stipulated by the legal and regulatory provisions in force. The provisions of the bylaws, charter, or internal regulations shall not prevail over the law governing changes in the Company's share capital.

(1) Article R. 225-85 of French Commercial Code

Other matters

Employee incentives and profit-sharing

On June 30, 2006, an incentive agreement and a profit-sharing agreement were signed for 2006, 2007 and 2008, concerning TOTAL S.A., CDF Énergie, Elf Exploration Production, Total E&P France, Total France, Total Infrastructures Gaz France, Total Lubrifiants, Total Additifs et Carburants Spéciaux, Total Fluides and Totalgaz.

The amount of the special profit-sharing and incentive reserve to be distributed by all of the companies that signed the Group agreements for fiscal year 2007 would total 109 M€.

Company savings plans give employees of the Group's companies covered by these plans the ability to make discretionary contributions (which the Company may, under certain conditions, supplement) to the plans invested in the shares of the Company (see pages 103 to 104).

In order to reaffirm the Group's commitment in favor of sustainable development, the fund « TOTAL Diversifié à Dominantes actions » was transformed, on September 2006, into a Socially Responsible Investment fund (*Fonds à Investissement Socialement Responsable*).

The Group made additional contributions to various savings plans that totalled 47.5 M€ in 2007.

Pension Savings Plan

Pursuant to French law 2003-775 of August 21, 2003 reforming pensions, an agreement was signed with the unions on September 29, 2004 to set up, as of January 1, 2005, a « Collective Retirement Savings Plan » (PERCO) replacing the « Voluntary Partnerships Plan for Employee Savings » (PPESV) created in the agreement of March 15, 2002. An amendment to this agreement signed on December 20, 2005, allows for an increase in France of the employee and Company contributions and for contribution of bonuses and/or profit-sharing.

Agreements mentioned in Article L. 225-100-3 of the French Commercial Code

There are no agreements mentioned in paragraph 9 or 10 of Article L. 225-100-3 of the French Commercial Code.

Filing of Form 20-F with the Securities and Exchange Commission

In order to meet its obligations resulting from the listing of its shares in the United States, the Company files, along with this document, an annual document (Form 20-F) in English with the Securities and Exchange Commission (SEC).

The Company specifies that, pursuant to the requirements introduced by section 302 of the Sarbanes-Oxley Act of July 30, 2002, the Chief Executive Officer and the Chief Financial Officer of the Company have conducted, with the assistance of Management, an evaluation of the effectiveness of the disclosure controls and procedures as defined by U.S. regulations, over the period covered by the Form 20-F. For 2007, the Chief Executive Officer and the Chief Financial Officer concluded that disclosure controls and procedures are valid.

Documents on display

The documents and information about TOTAL S.A., as well as its charter, bylaws and the Company's statutory and consolidated financial statements for the year ended December 31, 2007 or for previous fiscal years may be consulted at the Company's principal offices pursuant to the legal and regulatory provisions in force.

In addition, the financial information of a direct or indirect subsidiary of the Company for the years ended December 31, 2006 and December 31, 2007 may be consulted at the headquarters of the subsidiary, under the applicable legal and regulatory conditions.

Finally, TOTAL's registration documents filed with the French *Autorité des marchés financiers* for each of the past five fiscal years, the first half financial statements, the first half Group presentations of its results and outlook, as well as the quarterly financial reports, may be consulted online on the Company's website (www.total.com), under the heading Investor Relations/Regulated Information in France. Furthermore, the annual summary of publications provided for by Article L. 451-1-1 of the French Financial and Monetary Code for TOTAL S.A.'s publicly disclosed information, can also be consulted online on the Company's website (www.total.com) under the heading Investor Relations/ Publications.

Information on holdings

General information

As of December 31, 2007:

- 619 companies were fully consolidated, 13 were proportionately consolidated and 91 were accounted for using the equity method;
- TOTAL S.A.'s scope of consolidation accounting includes all companies in which the Company holds a direct or indirect interest, the book value of which on that date is at least equal to 10% of the amount of TOTAL S.A.'s equity or of the consolidated net assets of the Group, or which has generated at least 10% of the TOTAL S.A.'s net income or of the Group's consolidated net income during the last year.

A list of the principal companies consolidated by TOTAL S.A. is provided in a summary table in note 35 to the consolidated financial statements (pages 228 and 229).

TOTAL's holdings in Sanofi-Aventis[1]

In June 2005, in AMF notice No. 205C1014, TOTAL S.A. declared that it held less than 20% of the voting rights in Sanofi-Aventis, that is 12.79% of Sanofi-Aventis share capital and 19.58% of the voting rights, following the dissolution of the company Valorisation et Gestion Financière on May 29, 2005, which resulted in a loss of double voting rights.

Following an amendment, signed on November 23, 2003, to the shareholders' agreement between TOTAL and L'Oréal (AMF notice No. 203C2012), L'Oréal and TOTAL declared that they were not acting together regarding Sanofi-Aventis as of December 2, 2004, date of termination of the agreement. However, each one of the companies has committed itself for a period of three years, starting from the date of termination of the agreement, to inform the other company of any intention to sell more than 1% of the share capital of Sanofi-Aventis. The notification had to be sent at least two months prior to the disposal date. Consequently, this obligation of prior notification agreed between the parties expired on December 2, 2007.

In 2007, TOTAL's stake, held indirectly through its 99.48% subsidiary Elf Aquitaine, was changed from 13.13% of the stock and 19.21% of the voting rights of Sanofi-Aventis (or 178,476,513 shares for 319,968,848 voting rights) as of December 31, 2006[2] to 12.70% of the stock and 19.11% of the voting rights (or 173,479,013[3] shares for 314,973,840 voting rights) as of December 31, 2007[4].

For a description of Sanofi-Aventis, please consult information releases published by that company.

TOTAL's holdings in CEPSA

TOTAL has been a shareholder of the Spanish oil and gas company CEPSA since 1990. The other main shareholders of CEPSA are Santander Central Hispano S.A. (SCH), Unión Fenosa and International Petroleum Investment Company.

In March 2006, the Netherlands Arbitration Institute at The Hague settled the dispute between TOTAL and SCH. TOTAL and SCH have implemented this arbitration award following the authorization of the European Commission and the Comisión Nacional del Mercado de Valores (CNMV – the Spanish stock market authority).

As of December 31, 2007, the Group held 48.83% of CEPSA's.

(1) Sanofi-Synthélabo became Sanofi-Aventis on August 20, 2004 following the merger between Aventis and Sanofi-Synthélabo.
(2) On the basis of 1,359,434,683 Sanofi-Aventis shares to which were attached 1,665,682,526 voting rights as of December 31, 2006.
(3) This number takes into account the 2,500 shares lent to directors representing TOTAL at the Board of directors of Sanofi-Aventis.
(4) On the basis of 1,365,916,644 Sanofi-Aventis shares to which are attached 1,647,982,782 voting rights as of December 31, 2007.

Appendix 1 – Consolidated Financial Statements

Statutory Auditors’ Report on the consolidated financial statements Year ended December 31, 2007

This is a free translation into English of the statutory auditors’ report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors’ report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors’ assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your General Shareholder’s Meeting, we have audited the accompanying consolidated financial statements of Total S.A. for the year ended December 31, 2007.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of Article L. 823-9 of French Company Law (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Some accounting principles applied by TOTAL involve a significant amount of judgments and estimates principally related to the application of the successful efforts method for the oil and gas activities, the depreciation of long-lived assets, the provisions for dismantlement, removal and environmental costs, the evacuation of retirement obligations and the determination of the current and deferred taxation. Detailed information relating to the application of these accounting principles is given in the notes to the consolidated financial statements.

Our procedures relating to the material judgments or estimates made by the management and which can result from the application of these accounting principles enabled us to assess their reasonableness.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris-La Défense, February 25, 2008

The Statutory Auditors

KPMG Audit *A division of KPMG S.A.*	ERNST & YOUNG Audit	
René Amirkhanian	**Gabriel Galet**	**Philippe Diu**

Consolidated Statement of Income

TOTAL

For the year ended December 31, (M€)[a]		2007	2006	2005
Sales	(Notes 4 & 5)	**158,752**	**153,802**	**137,607**
Excise taxes		(21,928)	(21,113)	(20,550)
Revenues from sales		136,824	132,689	117,057
Purchases net of inventory variation	(Note 6)	(87,807)	(83,334)	(70,291)
Other operating expenses	(Note 6)	(17,414)	(19,536)	(17,159)
Exploration costs	(Note 6)	(877)	(634)	(431)
Depreciation, depletion and amortization of tangible assets and mineral interests		(5,425)	(5,055)	(5,007)
Other income	(Note 7)	674	789	174
Other expense	(Note 7)	(470)	(703)	(455)
Financial interest on debt		(1,783)	(1,731)	(1,214)
Financial income from marketable securities and cash equivalents		1,244	1,367	927
Cost of net debt	(Note 29)	(539)	(364)	(287)
Other financial income	(Note 8)	643	592	396
Other financial expense	(Note 8)	(274)	(277)	(260)
Income taxes	(Note 9)	(13,575)	(13,720)	(11,806)
Equity in income (loss) of affiliates	(Note 12)	1,775	1,693	1,173
Consolidated net income from continuing operations (Group without Arkema)		**13,535**	**12,140**	**13,104**
Consolidated net income from discontinued operations (Arkema)	(Note 34)	-	(5)	(461)
Consolidated net income		**13,535**	**12,135**	**12,643**
Group share*		13,181	11,768	12,273
Minority interests and dividends on subsidiaries' redeemable preferred shares		354	367	370
Earnings per share (euros)[b]		5.84	5.13	5.23
Fully-diluted earnings per share (euros)**[b]		5.80	5.09	5.20
*Adjusted net income		12,203	12,585	12,003
**Adjusted fully-diluted earnings per share (euros)[b]		5.37	5.44	5.08

(a) Except for per share amounts.
(b) 2005 amounts are recalculated to reflect the four-for-one stock split that took place on May 18, 2006. The earnings per share from continuing and discontinued operations are disclosed in Note 34 to the Consolidated Financial Statements.

Consolidated Balance Sheet

TOTAL

As of December 31, (M€)		2007	2006	2005
ASSETS				
Non-current assets				
Intangible assets, net	(Notes 5 & 10)	4,650	4,705	4,384
Property, plant and equipment, net	(Notes 5 & 11)	41,467	40,576	40,568
Equity affiliates: investments and loans	(Note 12)	15,280	13,331	12,652
Other investments	(Note 13)	1,291	1,250	1,516
Hedging instruments of non-current financial debt	(Note 20)	460	486	477
Other non-current assets	(Note 14)	2,155	2,088	2,794
Total non-current assets		**65,303**	**62,436**	**62,391**
Current assets				
Inventories, net	(Note 15)	13,851	11,746	12,690
Accounts receivable, net	(Note 16)	19,129	17,393	19,612
Other current assets	(Note 16)	8,006	7,247	6,799
Current financial assets	(Note 20)	1,264	3,908	334
Cash and cash equivalents		5,988	2,493	4,318
Total current assets		**48,238**	**42,787**	**43,753**
Total assets		**113,541**	**105,223**	**106,144**

LIABILITIES & SHAREHOLDERS' EQUITY				
Shareholders' equity				
Common shares		5,989	6,064	6,151
Paid-in surplus and retained earnings		48,797	41,460	37,504
Currency translation adjustment		(4,396)	(1,383)	1,421
Treasury shares		(5,532)	(5,820)	(4,431)
Total shareholders' equity – Group share	(Note 17)	**44,858**	**40,321**	**40,645**
Minority interests and subsidiaries' redeemable preferred shares		**842**	**827**	**838**
Total shareholders' equity		**45,700**	**41,148**	**41,483**
Non-current liabilities				
Deferred income taxes	(Note 9)	7,933	7,139	6,976
Employee benefits	(Note 18)	2,527	2,773	3,413
Other non-current liabilities	(Note 19)	6,843	6,467	7,051
Total non-current liabilities		**17,303**	**16,379**	**17,440**
Non-current financial debt	(Note 20)	**14,876**	**14,174**	**13,793**
Current liabilities				
Accounts payable		18,183	15,080	16,406
Other creditors and accrued liabilities	(Note 21)	12,806	12,509	13,069
Current borrowings	(Note 20)	4,613	5,858	3,920
Other current financial liabilities	(Note 20)	60	75	33
Total current liabilities		**35,662**	**33,522**	**33,428**
Total liabilities and shareholders' equity		**113,541**	**105,223**	**106,144**

Consolidated Statement of Cash Flow

TOTAL

(Note 27)

For the year ended December 31, (M€)	2007	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES			
Consolidated net income	13,535	12,135	12,643
Depreciation, depletion and amortization	5,946	5,555	6,083
Non-current liabilities, valuation allowances, and deferred taxes	826	601	515
Impact of coverage of pension benefit plans	-	(179)	(23)
(Gains) Losses on disposal of assets	(639)	(789)	(99)
Undistributed affiliates' equity earnings	(821)	(952)	(596)
(Increase) Decrease in operating assets and liabilities	(1,476)	(441)	(4,002)
Other changes, net	315	131	148
Cash flow from operating activities	**17,686**	**16,061**	**14,669**
CASH FLOW USED IN INVESTING ACTIVITIES			
Intangible assets and property, plant and equipment additions	(10,549)	(9,910)	(8,848)
Acquisitions of subsidiaries, net of cash acquired	(20)	(127)	(1,116)
Investments in equity affiliates and other securities	(351)	(402)	(280)
Increase in non-current loans	(802)	(1,413)	(951)
Total expenditures	**(11,722)**	**(11,852)**	**(11,195)**
Proceeds from disposal of intangible assets and property, plant and equipment	569	413	274
Proceeds from disposal of subsidiaries, net of cash sold	5	18	11
Proceeds from disposal of non-current investments	527	699	135
Repayment of non-current loans	455	1,148	668
Total divestments	**1,556**	**2,278**	**1,088**
Cash flow used in investing activities	**(10,166)**	**(9,574)**	**(10,107)**
CASH FLOW USED IN FINANCING ACTIVITIES			
Issuance (Repayment) of shares:			
- Parent company shareholders	89	511	17
- Treasury shares	(1,526)	(3,830)	(3,189)
- Minority shareholders	2	17	83
- Subsidiaries' redeemable preferred shares	-	-	(156)
Cash dividends paid to:			
- Parent company shareholders	(4,510)	(3,999)	(3,510)
- Minority shareholders	(228)	(326)	(237)
Net issuance (repayment) of non-current debt	3,220	3,722	2,878
Increase (decrease) in current borrowings	(2,654)	(6)	(951)
Increase (decrease) in current financial assets and liabilities	2,265	(3,496)	-
Other changes, net	-	-	(1)
Cash flow used in financing activities	**(3,342)**	**(7,407)**	**(5,066)**
Net increase/(decrease) in cash and cash equivalents	**4,178**	**(920)**	**(504)**
Effect of exchange rates and changes in the scope of consolidation	(683)	(905)	962
Cash and cash equivalents at the beginning of the period	2,493	4,318	3,860
Cash and cash equivalents at the end of the period	**5,988**	**2,493**	**4,318**

Consolidated Statement of Changes in Shareholders' Equity

TOTAL

(M€)	Common shares issued		Paid-in surplus and retained earnings	Currency translation adjustment	Treasury shares		Share holders' equity	Subsidiaries' redeemable preferred shares	Minority interests	Total equity
	Number	Amount			Number	Amount				
As of January 1, 2005	**635,015,108**	**6,350**	**31,717**	**(1,429)**	**(39,072,487)**	**(5,030)**	**31,608**	**147**	**663**	**32,418**
Net income 2005	-	-	12,273	-	-	-	12,273	1	369	12,643
Items recognized directly in equity (Note 17)	-	-	418	2,850	-	-	3,268	8	43	3,319
Total excluding transactions with shareholders	**-**	**-**	**12,691**	**2,850**	**-**	**-**	**15,541**	**9**	**412**	**15,962**
Dividend paid	-	-	(3,510)	-	-	-	(3,510)	-	(237)	(3,747)
Issuance of common shares (Note 17)	1,176,756	12	88	-	-	-	100	-	-	100
Purchase of treasury shares	-	-	-	-	(18,318,500)	(3,485)	(3,485)	-	-	(3,485)
Sale of treasury shares	-	-	34	-	2,066,087	226	260	-	-	260
Repayment of subsidiaries' redeemable preferred shares	-	-	-	-	-	-	-	(156)	-	(156)
Share-based payments (Note 25)	-	-	131	-	-	-	131	-	-	131
Transactions with shareholders	**1,176,756**	**12**	**(3,257)**	**-**	**(16,252,413)**	**(3,259)**	**(6,504)**	**(156)**	**(237)**	**(6,897)**
Share cancellation (Note 17)	**(21,075,568)**	**(211)**	**(3,647)**	**-**	**21,075,568**	**3,858**	**-**	**-**	**-**	**-**
As of December 31, 2005	**615,116,296**	**6,151**	**37,504**	**1,421**	**(34,249,332)**	**(4,431)**	**40,645**	**-**	**838**	**41,483**
Net income 2006	-	-	11,768	-	-	-	11,768	-	367	12,135
Items recognized directly in equity (Note 17)	-	-	(37)	(2,595)	-	-	(2,632)		(44)	(2,676)
Total excluding transactions with shareholders	**-**	**-**	**11,731**	**(2,595)**	**-**	**-**	**9,136**	**-**	**323**	**9,459**
Four-for-one split of shares par value	1,845,348,888	-	-	-	(102,747,996)	-	-	-	-	-
Spin-off of Arkema	-	-	(2,061)	(209)	-	16	(2,254)	-	(8)	(2,262)
Dividend paid	-	-	(3,999)	-	-	-	(3,999)	-	(326)	(4,325)
Issuance of common shares (Note 17)	12,322,769	30	469	-	-	-	499	-	-	499
Purchase of treasury shares	-	-	-	-	(78,220,684)	(4,095)	(4,095)	-	-	(4,095)
Sale of treasury shares	-	-	-	-	6,997,305	232	232	-	-	232
Share-based payments (Note 25)	-	-	157	-	-	-	157	-	-	157
Transactions with shareholders	**1,857,671,657**	**30**	**(5,434)**	**(209)**	**(173,971,375)**	**(3,847)**	**(9,460)**	**-**	**(334)**	**(9,794)**
Share cancellation (Note 17)	**(47,020,000)**	**(117)**	**(2,341)**	**-**	**47,020,000**	**2,458**	**-**	**-**	**-**	**-**
As of December 31, 2006	**2,425,767,953**	**6,064**	**41,460**	**(1,383)**	**(161,200,707)**	**(5,820)**	**40,321**	**-**	**827**	**41,148**
Net income 2007	-	-	13,181	-	-	-	13,181	-	354	13,535
Items recognized directly in equity (Note 17)	-	-	117	(3,013)	-	-	(2,896)		(111)	(3,007)
Total excluding transactions with shareholders	**-**	**-**	**13,298**	**(3,013)**	**-**	**-**	**10,285**	**-**	**243**	**10,528**
Dividend paid	-	-	(4,510)	-	-	-	(4,510)	-	(228)	(4,738)
Issuance of common shares (Note 17)	2,769,144	7	82	-	-	-	89	-	-	89
Purchase of treasury shares	-	-	-	-	(32,387,355)	(1,787)	(1,787)	-	-	(1,787)
Sale of treasury shares	-	-	(77)	-	9,161,830	341	264	-	-	264
Share-based payments (Note 25)	-	-	196	-	-	-	196	-	-	196
Transactions with shareholders	**2,769,144**	**7**	**(4,309)**	**-**	**(23,225,525)**	**(1,446)**	**(5,748)**	**-**	**(228)**	**(5,976)**
Share cancellation (Note 17)	**(33,005,000)**	**(82)**	**(1,652)**	**-**	**33,005,000**	**1,734**	**-**	**-**	**-**	**-**
As of December 31, 2007	**2,395,532,097**	**5,989**	**48,797**	**(4,396)**	**(151,421,232)**	**(5,532)**	**44,858**	**-**	**842**	**45,700**

Notes to the Consolidated Financial Statements

On February 12, 2008, the Board of Directors established and authorized the publication of the Consolidated Financial Statements of TOTAL S.A. for the year ended December 31, 2007.

Introduction

The consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) have been prepared on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union and IFRS as issued by the IASB (International Accounting Standard Board) as of December 31, 2007.

The accounting principles applied in the Consolidated Financial Statements as of December 31, 2007 were similar to those that were used as of December 31, 2006 and 2005 except for amendments and interpretations of IFRS which were mandatory for the periods beginning after January 1, 2007 (and not early adopted). Their adoption has no impact on the Consolidated Financial Statements as of December 31, 2007 except for IFRS 7: "Financial instruments disclosure" which is presented in Notes 28 to 31 of the Consolidated Financial Statements.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. Management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. These judgments and estimates relate principally to the application of the successful efforts method for the oil and gas accounting, the valuation of long-lived assets, the provisions for asset retirement obligations and environmental remediation, the pensions and post-retirement benefits and the income tax computation.

Lastly, where the accounting treatment of a specific transaction is not addressed by any accounting standard or interpretation, management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- give a true and fair view of the Group's financial position, financial performance and cash flows,
- reflect the substance of transactions,
- are neutral,
- are prepared on a prudent basis, and
- are complete in all material aspects.

1) Accounting policies

Pursuant to the accrual basis of accounting followed by the Group, the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are usually measured at amortized cost. Financial assets and liabilities are usually measured at fair value.

Accounting policies used by the Group are described below:

A) Principles of consolidation

Subsidiaries that are directly controlled by the parent company or indirectly controlled by other consolidated subsidiaries are fully consolidated.

Investments in jointly controlled entities are proportionately consolidated.

Investments in associates, in which the Group has significant influence, are accounted for by the equity method. Significant influence is presumed when the Group holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting rights.

Companies in which ownership interest is less than 20%, but over which the Company has the ability to exercise significant influence, are also accounted for by the equity method.

All significant intercompany balances, transactions and income have been eliminated.

B) Business combinations

Business combinations are accounted for using the purchase method. This method implies the recognition of the assets, liabilities and contingent liabilities of the companies acquired by the Group at their fair value.

The difference between the acquisition cost of the shares and fair value of the acquired share of the assets, liabilities and contingent liabilities identified on the acquisition date is recorded as goodwill.

If the cost of an acquisition is less than the fair value of net assets of the subsidiary acquired, an additional analysis is performed on the identification and valuation of the identifiable elements of the assets and liabilities. Any residual negative goodwill is recorded as income.

The analysis of goodwill is finalized within one year from the acquisition date.

C) Foreign currency translation

The financial statements of subsidiaries are prepared in the currency that most clearly reflects their business environment. This is referred to as their functional currency.

(i) Monetary transactions

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized in “Other income” or “Other expenses”.

(ii) Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros on the basis of the exchange rates at the end of the period. The income and cash flow statements are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders’ equity under “Currency translation adjustments” (for the Group share) or under “Minority interests” (for the minority share) as deemed appropriate.

D) Sales and revenues from sales

Revenues from sales are recognized when the significant risks and rewards of ownership have been passed to the buyer and the amount can be reasonably measured. Sales figures include excise taxes collected by the Group within the course of its oil distribution operations. Excise taxes are deducted from sales in order to obtain the “Revenue from sales” indicator.

Revenues from sales of crude oil, natural gas and coal are recorded upon transfer of title, according to the terms of the sales contracts.

Revenues from the production of crude oil and natural gas properties, in which the Group has an interest with other producers, are recognized based on actual volumes sold during the period. Any difference between volumes sold and entitlement volumes, based on the Group net working interest, are recognized as “crude oil and natural gas inventories” or “accounts receivable” or “accounts payable”, as appropriate.

Revenues from gas transport are recognized when the services are rendered. These revenues are based on the quantities transported and measured according to procedures defined in each service contract.

Revenues from sales of electricity are recorded upon transfer of title, according to the terms of the related contracts.

Revenues from services are recognized when the services have been rendered.

Shipping revenues and expenses from charters activities are recognized on a pro rata basis over a period that commences upon the unloading of the previous voyage and terminates upon the unloading of the current voyage. Shipping revenue recognition starts only when a charter has been agreed to by both the Group and the customer, and revenue begins to be earned.

Oil and gas sales are inclusive of quantities delivered that represent production royalties and taxes when paid in cash and outside the United States and Canada.

Certain transactions within the trading activities (contracts involving quantities that are purchased outside the Group then resold outside the Group) are shown at their net value in sales.

Exchanges of crude oil and petroleum products within normal trading activities do not generate any income and therefore these flows are shown at their net value in both the income statement and the balance sheet.

E) Share-based payments

The Group may grant employees stock options, create employee share purchase plans and offer its employees the opportunity to subscribe to reserved capital increases. These employee benefits are recognized as expenses with a corresponding credit to shareholders’ equity.

The expense is equal to the fair value of the instruments granted. The fair value of the options is calculated using the Black-Scholes model at the grant date. The expense is recognized on a straight-line basis between the grant date and vesting date.

The cost of employee-reserved capital increases is immediately expensed. A discount reduces the expense in order to take into account for nontransferability of the shares awarded to the employees over a period of five years.

F) Income taxes

Income taxes shown in the income statement include the current tax expenses and the deferred tax expenses.

The Group uses the liability method whereby deferred income taxes are recorded based on the temporary differences between the carrying amount and tax basis of assets and liabilities and for carry forwards of unused tax losses and tax credits.

Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date. The tax rates used depend on the timing of reversals of temporary differences, tax losses and other tax credits. The effect of the change in tax rate is recognized either in the Consolidated Statement of Income or in shareholder’s equity depending on the item it relates to.

Deferred tax assets are recognized when future recovery is probable.

Asset retirement obligations and finance leases give rise to the recognition of assets and liabilities for accounting purposes as described in paragraph Q “Asset retirement obligations” and paragraph K “Leases” of this Note. Deferred income taxes resulting from temporary differences between the carrying value and tax basis of such assets and liabilities are recognized.

Deferred tax liabilities resulting from temporary differences between the carrying value of the equity-method investments and the tax basis of these investments are recognized. The deferred tax calculation is based on the expected future tax effect (dividend distribution rate or tax rate on the gain or loss upon disposal of these investments).

Taxes paid on the Upstream production are included in operating expenses, including those related to historical concessions held by the Group in the Middle East producing countries.

G) Earnings per share

Earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income by the fully-diluted weighted-average number of common shares outstanding during the period. Treasury shares held by the parent company, TOTAL S.A., and TOTAL shares held by the Group subsidiaries are deducted from consolidated shareholders' equity. These shares are not considered outstanding for purposes of this calculation which also takes into account the dilutive effect of stock options, restricted shares grants and capital increases with a subscription period closing after the end of the fiscal year.

The weighted-average number of fully-diluted shares is calculated in accordance with the treasury stock method provided for by IAS 33. The proceeds, which would be recovered in the event of an exercise of rights related to dilutive instruments, are presumed to be a buyback of shares at average market price over the period. The number of shares thereby obtained leads to a reduction in the total number of shares that would result from the exercise of rights.

H) Oil and gas exploration and producing properties

The Group applies IFRS 6 "Exploration for and Evaluation of Mineral Resources". Oil and gas exploration and production properties and assets are accounted for in accordance with the successful efforts method.

(i) Exploration costs

Geological and geophysical costs, including seismic surveys for exploration purposes are expensed as incurred.

Mineral interests are capitalized as intangible assets when acquired. These acquired interests are tested for impairment on a regular basis, property-by-property, based on the results of the exploratory activity and management's evaluation.

In the event of a discovery, the unproved mineral interests are transferred to proved mineral interests at their net book value as soon as proved reserves are booked.

Exploratory wells are tested for impairment on a well-by-well basis and accounted for as follows:

- Costs of exploratory wells which result in proved reserves are capitalized. Capitalized successful exploration wells are then depreciated using the unit-of-production method based on proved developed reserves;
- Costs of dry exploratory wells and wells that have not found proved reserves are charged to expense;
- Costs of exploratory wells are temporarily capitalized until a determination is made as to whether the well has found proved reserves if both of the following conditions are met:
  - The well has found a sufficient quantity of reserves to justify its completion as a producing well, if appropriate, assuming that the required capital expenditures are made;
  - The Group is making sufficient progress assessing the reserves and the economic and operating viability of the project. This progress is evaluated on the basis of indicators such as whether additional exploratory works are under way or firmly planned (wells, seismic or significant studies), whether costs are being incurred for development studies and whether the Group is waiting for governmental or other third-party authorization of a proposed project, or availability of capacity on an existing transport or processing facility.

Costs of exploratory wells not meeting these conditions are charged to expense.

(ii) Oil and Gas producing assets

Development costs incurred for the drilling of development wells and in the construction of production facilities are capitalized, together with borrowing costs incurred during the period of construction and the present value of estimated costs of asset retirement obligations. The depletion rate is equal to the ratio of oil and gas production for the period to proved developed reserves (unit-of-production method).

With respect to production sharing contracts, this computation is based on the portion of production and reserves assigned to the Group taking into account estimates based on the contractual clauses regarding the reimbursement of exploration and development costs (cost oil) as well as the sharing of hydrocarbon rights (profit oil).

Transportation assets are depreciated using the unit-of-production method based on throughput or by using the straight-line method whichever best reflects the economic life of the asset.

Proved mineral interests are depreciated using the unit-of-production method based on proved reserves.

I) Goodwill and other intangible assets

Other intangible assets include goodwill, patents, trademarks, and mineral interests.

Intangible assets are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses.

Goodwill in a consolidated company is calculated as the excess of the cost of shares, including transaction expenses, over the fair value of the Group's share of the net assets at the acquisition date. Goodwill is not amortized but is tested for impairment annually or as soon as there is any indication of impairment (see Note 1L to the Consolidated Financial Statements "Impairment of long-lived assets").

In equity affiliates, the book value of goodwill is included in the book value of the investment. Other intangible assets (except goodwill) have a finite useful life and are amortized on a straight-line basis over 10 to 40 years depending on the useful life of the assets.

Research and development

Research costs are charged to expense as incurred.

Development expenses are capitalized when the following can be demonstrated:

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible asset;
- the ability of the asset to generate probable future economic benefits;
- the ability to measure reliably the expenditures attributable to the asset;
- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

Advertising costs are charged to expense as incurred.

J) Other property, plant and equipment

Other property, plant and equipment are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses. This includes borrowing costs incurred until assets are placed in service. Investment subsidies are deducted from the cost of the related expenditures.

Routine maintenance and repairs are charged to expense as incurred. The costs of major turnarounds of refineries and large petrochemical units are capitalized as incurred and depreciated over the period of time between two consecutive major turnarounds.

Other property, plant and equipment are depreciated using the straight-line method over their useful life, as follows:

• Furniture, office equipment, machinery and tools	3 – 12 years
• Transportation equipments	5 – 20 years
• Storage tanks and related equipment	10 – 15 years
• Specialized complex installations and pipelines	10 – 30 years
• Buildings	10 – 50 years

K) Leases

A finance lease transfers substantially all the risks and rewards incidental to ownership from the lessor to the lessee. These contracts are capitalized as assets at fair value or, if lower, at the present value of the minimum lease payments according to the contract. A corresponding financial debt is recognized as a financial liability. These assets are depreciated over the corresponding useful life used by the Group.

Leases that are not finance leases as defined above are recorded as operating leases.

Certain arrangements do not take the legal form of a lease but convey the right to use an asset or a group of assets in return for fixed payments. Such arrangements are accounted for as leases and are analyzed to determine whether they should be classified as operating leases or as finance leases.

L) Impairment of long-lived assets

The recoverable amounts of intangible assets and property, plant and equipment are tested for impairment as soon as any indication of impairment exists. This test is performed at least annually for goodwill.

The recoverable amounts are the higher of the sale price (less costs to sell) on its value in use.

For this purpose, assets are grouped into cash-generating units (or CGUs). A cash-generating unit is a homogenous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

The recoverable amount of a CGU is determined by reference to the discounted expected future cash flows, based upon management's expectation of future economic and operating conditions. If the recoverable amount is less than the carrying amount, an impairment loss on property, plant and equipment and mineral interests, or on other intangible assets, is recognized either in "Depreciation, depletion and amortization of tangible assets and mineral interests" or in "Other expense", respectively. This impairment loss is first allocated to reduce the carrying amount of any goodwill.

Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized. Impairment losses recognized for goodwill cannot be reversed.

M) Financial assets and liabilities

Financial assets and liabilities are financial loans and receivables, investments in non-consolidated companies, publicly traded equity securities, derivatives instruments and current and non-current financial liabilities.

The accounting treatment of these financial assets and liabilities is as follows.

(i) Loans and receivables

Financial loans and receivables are recognized at amortized cost. They are tested for impairment, by comparing the carrying amount of the assets to estimates of the discounted future recoverable cash flows. These tests are conducted as soon as there is any evidence that their fair value is less than their carrying amount, and at least annually. Any impairment loss is recorded in the statement of income.

(ii) Investments in non-consolidated companies and publicly-traded equity securities

These assets are classified as financial assets available for sale and therefore measured at their fair value. For listed securities, this fair value is equal to the market price. For unlisted securities, if the fair value is not reliably determinable, securities are recorded at their historical value. Changes in fair value are recorded in shareholders' equity. If there is any evidence of a significant or long-lasting loss, an impairment loss is recorded in the Consolidated Statement of Income. This impairment is reversed in the statement of income only when the securities are sold.

(iii) Derivative instruments

The Group uses derivative instruments to manage its exposure to risks of changes in interest rates, foreign exchange rates and commodity prices. Changes in fair value of derivative instruments are recognized in the statement of income or in shareholders' equity and are recognized in the balance sheet in the accounts corresponding to their nature, according to the risk management strategy described in Note 31 to the Consolidated Financial Statements. The derivative instruments used by the Group are the following:

- Cash management

Financial instruments used for cash management purposes are part of a hedging strategy of currency and interest rate risks within global limits set by the Group and are considered to be used for transactions (held for trading). Changes in fair value are systematically recorded in the statement of income. The balance sheet value of those instruments is included in "Current financial assets" or "Other current financial liabilities".

- Long-term financing (other than euro)

When an external long-term financing is set up, specifically to finance subsidiaries in a currency other than the euro, which is mainly the case for subsidiaries whose functional currency is the dollar, and when this financing involves currency and interest rate derivatives, these instruments qualify as fair value hedges of the interest rate risk on the external debt and of the currency risk of the loans to subsidiaries. Changes in fair value of derivatives are recognized in the statement of income as are changes in fair value of financial debts and loans to subsidiaries.

The fair value of those hedging instruments of long-term financing is included in the assets under "Hedging instruments on non-current financial debt" or in the liabilities under "Non-current financial debt" for the non-current portion. The current portion (less than one year) is accounted for in "Current financial assets" or "Other current financial liabilities".

In case of the anticipated termination of derivative instruments accounted for as fair value hedges, the amount paid or received is recognized in the statement of income and:

- If this termination is due to an early cancellation of the hedged items, the adjustment previously recorded as revaluation of those hedged items is also recognized in the statement of income.
- If the hedged items remain in the balance sheet, the adjustment previously recorded as revaluation of those hedged items is spread over the remaining life of those items.

- Foreign subsidiaries' equity hedge

Certain financial instruments hedge against risks related to the equity of foreign subsidiaries whose functional currency is not the euro (mainly the dollar). These instruments qualify as "net investment hedges". Changes in fair value are recorded in shareholders' equity.

The fair value of these instruments is recorded under "Current financial assets" or "Other current financial liabilities".

- Financial instruments related to commodity contracts

Financial instruments related to commodity contracts, including crude oil, petroleum products, natural gas and power purchasing/selling contracts related to the trading activities, together with the commodity contract derivative instruments such as energy contracts and forward freight agreements, are used to adjust the Group's exposure to price fluctuations within global trading limits. These instruments are considered, according to the industry practice, as held for trading. Changes in fair value are recorded in the statement of income. The fair value of these instruments is recorded in "Other current assets" or "Other creditors and accrued liabilities" depending on whether they are assets or liabilities.

Detailed information about the closing balances is disclosed in Notes 20, 28, 29, 30 and 31 to the Consolidated Financial Statements.

(iv) Current and non-current financial liabilities

Current and non-current financial liabilities (excluding derivatives) are recognized at amortized cost, except those for which a hedge accounting can be applied as described in the previous paragraphs.

(v) Fair value of financial instruments

Fair values are estimated for the majority of the Group's financial instruments, with the exception of publicly traded equity securities and marketable securities for which the market price is used.

Estimated fair values, which are based on principles such as discounting future cash flows to present value, must be weighted by the fact that the value of a financial instrument at a given time may be influenced by the market environment (liquidity especially), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account. In some cases, the estimates have been based on simplifying assumptions.

As a consequence, the use of different estimates, methodologies and assumptions could have a material effect on the estimated fair value amounts.

The methods used are as follows:

- Financial debts, swaps:

The market value of swaps and of bonds that are hedged by those swaps, have been determined on an individual basis by discounting future cash flows with the zero coupon interest rate curves existing at year-end.

- Financial instruments related to commodity contracts

The valuation methodology is to mark to market all open positions for both physical and derivatives risks at fair value. The valuations are determined on a daily basis using observable market data based on listed markets and over the counter (OTC) markets. In particular cases when market data are not directly available, the valuations are derived from observable data such as arbitrages, freight or spreads and market corroboration. For the valuation of risks based on calculated data, such as options, commonly known models are used to compute the fair value.

- Other financial instruments

The fair value of the interest rate swaps and of FRA (Forward Right Agreement) are calculated by discounting future cash flows on the basis of zero coupon interest rate curves existing at year-end after adjustment for interest accrued but unpaid.

Forward exchange contracts and currency swaps are valued on the basis of a comparison of the negotiated forward rates with the rates in effect on the financial markets at year-end for similar maturities.

Exchange options are valued based on the Garman-Kohlhagen model including market quotations at year-end.

N) Inventories

Inventories are measured in the Consolidated Financial Statements at the lower of historical cost or market value. Costs for petroleum and petrochemical products are determined according to the FIFO (First-In, First-Out) method and those of other inventories are measured using the weighted-average cost method.

Downstream (Refining & Marketing)

Petroleum product inventories are mainly comprised of crude oil and refined products. Refined products principally consist of gasoline, kerosene, diesel, fuel oil and heating oil produced by the Group's refineries. The turnover of petroleum products does not exceed two months on average.

Crude oil costs include raw material and receiving costs. Refining costs principally include the crude oil costs, production costs (energy, labor, depreciation of producing assets) and allocation of production overhead (taxes, maintenance, insurance, etc.). Start-up costs and general administrative costs are excluded from the cost price of refined products.

Chemicals

Costs of chemical products inventories consist of raw material costs, direct labor costs and an allocation of production overhead. Start-up costs and general administrative costs are excluded from the cost of inventories of chemicals products.

O) Treasury shares

Treasury shares of the parent company held by its subsidiaries or itself are deducted from consolidated shareholders' equity. Gains or losses on sales of treasury shares are excluded from the determination of net income and are recognized in shareholders' equity.

P) Provisions and other non-current liabilities

Provisions and non-current liabilities comprise liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made of the amount of the obligation. The amount of the liability corresponds to the best possible estimate.

Q) Asset retirement obligations

Asset retirement obligations, which result from a legal or constructive obligation, are recognized based on a reasonable estimate of their fair value in the period in which the obligation arises.

The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived assets and depreciated over the useful life of the associated long-lived asset.

An entity is required to measure changes in the liability for an asset retirement obligation due to the passage of time (accretion) by applying a discount rate that reflects the time value of money to the amount of the liability at the beginning of the period. The increase of the provision due to the passage of time is recognized as "Other financial expense".

R) Employee benefits

In accordance with the laws and practices of each country, the Group participates in employee benefit plans offering retirement, death and disability, healthcare and special termination benefits. These plans provide benefits based on various factors such as length of service, salaries, and contributions made to the governmental bodies responsible for the payment of benefits.

These plans can be either defined contribution or defined benefit pension plans and may be entirely or partially funded with investments made in various non-Group instruments such as mutual funds, insurance contracts, and other instruments.

For defined contribution plans, expenses correspond to the contributions paid.

Defined benefit obligations are determined according to the Projected Unit Method. Actuarial gains and losses may arise from differences between actuarial valuation and projected commitments (depending on new calculations or assumptions) and between projected and actual return of plan assets.

The Group applies the corridor method to amortize its actuarial gains and losses. This method amortizes the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

In case of a change in or creation of a plan, the vested portion of the cost of past services is recorded immediately in the statement of income, and the unvested past service cost is amortized over the vesting period.

The net periodic pension cost is recognized under "Other operating expenses".

S) Consolidated Statement of Cash Flow

The consolidated statements of cash flow prepared in foreign currencies have been translated into euros using the average exchange rate for the period. Currency translation differences arising from the translation of assets and liabilities denominated in foreign currency into euros using exchange rates at the end of the period are shown in the Consolidated Statement of Cash Flow under "Effect of exchange rates and changes in the scope of consolidation". Therefore, the Consolidated Statement of Cash Flow will not agree with the figures derived from the Consolidated Balance Sheet.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

Investments with maturity greater than three months and less than twelve months are shown under "Current financial assets".

Changes in bank overdrafts are included in the financing activities section of the Consolidated Statement of Cash Flow.

Non-current debt

Changes in non-current debt have been presented as the net variation to reflect significant changes mainly related to revolving credit agreements.

T) Emission rights

In the absence of a current IFRS standard or interpretation on accounting for emission rights of carbon dioxide, the following principles have been applied:

- Emission rights granted free of charge are accounted for at zero carrying amount;
- Liabilities resulting from potential differences between available quotas and quotas to be delivered at the end of the compliance period are accounted for as liabilities and measured at fair market value;
- Spot market transactions are recognized in income at cost;
- Forward transactions are recognized at their fair market value on the face of the balance sheet. Changes in the fair value of such forward transactions are recognized in income.

U) Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", assets and liabilities of affiliates that are held for sale are presented separately on the face of the balance sheet.

Net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the Notes to the Consolidated Financial Statements related to the statement of income refer only to continuing operations.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale.

V) Information related to the first-time application of IFRS

Pursuant to IFRS 1 "First-time adoption of International Financial Reporting Standards", the Group has chosen to apply the following exemptions:

- Offsetting currency translation adjustment (CTA) against retained earnings, as of January 1, 2004;
- Recording unrecognized actuarial losses and gains related to employee benefit obligations as of January 1, 2004 in retained earnings;
- No retroactive restatement of business combinations that occurred before January 1, 2004;
- Retrospective application of IFRS 2 "Share-based payment" to all transactions within the scope of IFRS 2 and not solely to the share-based compensation plans granted after November 7, 2002.

The other exemptions included in IFRS 1 have not been applied at the transition date to IFRS or did not have any material impact on the Consolidated Financial Statements.

IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurements" have been applied as from January 1, 2004. The Group has decided on an early application in 2004 of IFRS 6 "Exploration for and Evaluation of Mineral Resources". This standard is compatible with previously used methods to record exploration and production costs (see Note 1 paragraph H to the Consolidated Financial Statements "Oil and gas exploration and producing properties").

Descriptions of the effects of the transition to IFRS on the net equity and the results of the Group were provided for in the 2005 Registration Document. This information is presented in Note 32 to the Consolidated Financial Statements as of December 31, 2005.

W) Alternative IFRS methods

For measuring and recognizing assets and liabilities, the following choices among alternative methods allowable under IFRS have been made:

- Property, plant and equipment, and intangible assets are measured using historical cost model instead of revaluation model;
- Borrowing costs incurred during the construction and acquisition period of tangible and intangible assets are capitalized, as provided for under IAS 23 "Borrowing Costs";
- Actuarial gains and losses on pension and other post-employment benefit obligations are recognized according to the corridor method as from January 1, 2004 (see Note 1 paragraph R to the Consolidated Financial Statements);
- Jointly-controlled entities are consolidated using the proportionate method, as provided for in IAS 31 "Interests in joint ventures".

X) New accounting principles not yet in effect

The standards or interpretations published respectively by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) which were not yet in effect at December 31, 2007, were as follows:

Revised IAS 1 "Presentation of financial statements"

In September 2007, the IASB issued a revised version of IAS 1 "Presentation of financial statements". The revised standard deals with the presentation of financial statements and introduces the presentation of a comprehensive income statement. It is effective for annual periods beginning on or after January 1, 2009. The application of revised IAS 1 should not have any material impact for the Group given the disclosures already presented in the Consolidated Financial Statements for the year ended December 31, 2007.

Revised IAS 23 "Borrowing costs"

In March 2007, the IASB issued a revised version of IAS 23 "Borrowing costs". Under the revised standard, an entity shall capitalize borrowing costs that are directly attributable to the acquisition or production of a qualifying asset. The revised standard is effective for annual periods beginning on or after January 1, 2009. The application of revised IAS 23 should not have any material impact on the Group's balance sheet, income statement and shareholders' equity, given that the Group already applied this method (see Note 1 paragraph W to the Consolidated Financial Statements).

IFRS 8 "Operating segments"

In November 2006, the IASB issued IFRS 8 "Operating segments". The new standard replaces IAS 14 "Segment reporting". It requires entities to adopt an approach based on internal information used by the management of the entity to determine reportable segments, whereas IAS 14 is based on segment risks and profitability. Entities shall apply IFRS 8 to annual periods beginning on or after January 1, 2009. The application of IFRS 8 should not have any material impact on the presentation of information by business segment in the Consolidated Financial Statements of the Group.

IFRIC 13 "Customer Loyalty Programs"

In June 2007, the IFRIC issued interpretation IFRIC 13 "Customer Loyalty Programs". The interpretation addresses accounting by entities that grant loyalty award credits to their customers. Entities shall allocate a portion of the consideration received for the initial sale to the award credits and recognize this portion as revenue only when the obligations to supply award credits have been fulfilled. The interpretation is effective for annual periods beginning on or after July 1, 2008. The application of IFRIC 13 should not have any material effect on the Group's balance sheet, income statement and consolidated shareholders' equity.

IFRIC 14 "IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"

In July 2007, the IFRIC issued interpretation IFRIC 14 "IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction". The interpretation is effective for annual periods beginning on or after January 1, 2008. The application of IFRIC 14 should not have any material effect on the Group's balance sheet, income statement and consolidated shareholders' equity.

2) Main indicators – information by business segment

Performance indicators excluding the adjustment items, such as adjusted operating income, adjusted net operating income, and adjusted net income are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

Adjustment items

Adjustment items include:

(i) Special items

Due to their unusual nature or particular significance, certain transactions qualified as "special items" are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or assets disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

(ii) The inventory valuation effect

The adjusted results of the Downstream and Chemical segments are presented according to the replacement cost method. This method is used to assess the segments' performance and ensure the comparability of the segments' performance with those of its competitors, mainly North American.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the statement of income is determined by the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results according to the FIFO (First In, First Out) and the replacement cost.

(iii) Equity share of amortization of intangible assets related to the Sanofi-Aventis merger

The detail of these adjustment items is presented in Note 4 to the Consolidated Financial Statements.

Operating income (measure used to evaluate operating performance)

Revenue from sales after deducting cost of goods sold and inventory variations, other operating expenses, exploration expenses and depreciation, depletion, and amortization.

Operating income excludes the amortization of intangible assets other than mineral interests, currency translation adjustments and gains or losses on the disposal of assets.

Net operating income (measure used to evaluate the return on capital employed)

Operating income after deducting the amortization of intangible assets other than mineral interests, currency translation adjustments, gains or losses on the disposal of assets, as well as all other income and expenses related to capital employed (dividends from non-consolidated companies, equity in income of affiliates, capitalized interest expenses), and after income taxes applicable to the above.

The income and expense not included in net operating income but included in net income are interest expenses related to non-current liabilities net of interest earned on cash and cash equivalents only, after applicable income taxes (net cost of net debt and minority interests).

Adjusted income

Operating income, net operating income, or net income excluding the effect of adjustment items described above.

Capital employed

Non-current assets and working capital, at replacement cost, net of deferred income taxes and non-current liabilities.

Return on Average Capital Employed (ROACE)

Ratio of adjusted net operating income to average capital employed between the beginning and the end of the period.

Net debt

Non-current debt, including current portion, current borrowings, other current financial liabilities less cash and cash equivalents and other current financial assets.

3) Changes in the Group structure, main acquisitions and divestments

2007

The changes in TOTAL's activities in Venezuela and their consequences in the Consolidated Financial Statements are presented in detail in Note 32 "Other risks and contingent liabilities".

In December 2007, TOTAL completed the sale of its 70% interest in the Milford Haven refinery in Wales (UK) to its partner Murco Petroleum Company. This operation will allow TOTAL to concentrate its UK refining operations at its wholly-owned Lindsey Oil refinery.

During the fourth quarter 2007, TOTAL progressively sold 0.4% of Sanofi-Aventis capital, thus reducing its interest to 13.06%. Sanofi-Aventis is accounted for by the equity method in TOTAL's Consolidated Financial Statements.

2006

After approval on October 13, 2006 by the European Commission, Banco Santander Central Hispano (Santander) sold 4.35% of CEPSA's share capital to TOTAL at a price of €4.54 per share, for a total transaction amount of approximately 53 M€. The transaction follows the agreement signed on August 2, 2006 by TOTAL and Santander to implement the provisions of the partial award rendered on March 24, 2006 by the Netherlands Arbitration Institute, which adjudicated the dispute concerning CEPSA.

As a result TOTAL now holds 48.83% of CEPSA.

In 2004, TOTAL announced a reorganization of its Chemical segment to regroup its chlorochemicals, intermediates and performance polymers in a new entity that was named Arkema on October 1, 2004.

The shareholders' meeting on May 12, 2006 approved a resolution related to the spin-off of Arkema and the distribution of Arkema shares to TOTAL shareholders. Pursuant to this approval, Arkema shares were publicly listed on May 18, 2006 on Euronext Paris. For all periods presented, the contribution of Arkema entities to the consolidated net income is presented on the line "Consolidated net income from discontinued operations" on the face of the statement of income. Detailed information on the impact of this transaction is presented in Note 34 to the Consolidated Financial Statements.

2005

Pursuant to its public offer and takeover bid circular dated August 5, 2005 and extended to September 2, 2005, TOTAL acquired 78% of Deer Creek Energy Ltd as of September 13, 2005. Its offer was extended in order to acquire the shares which had not been tendered. The acquisition of all ordinary shares was completed December 13, 2005.

Deer Creek Energy Ltd has an 84% interest in the Joslyn permit in the Athabasca region of the Canadian province of Alberta.

The acquisition cost, net of cash acquired (0.1 B€) for all shares amounts to 1.1 B€. This cost essentially represents the value of the company's mineral interests that have been recognized as intangible assets on the face of the Consolidated Balance Sheet for 1 B€.

Deer Creek Energy Ltd is fully consolidated in TOTAL's Consolidated Financial Statements. Its contribution to 2005 consolidated net income is not material.

4) Business segment information

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL. The Group's activities are conducted through three business segments: Upstream, Downstream and Chemicals.

- The Upstream segment includes the exploration and production of hydrocarbons, gas and power and other energies activities;
- The Downstream segment includes refining and marketing activities along with trading and shipping activities;
- The Chemical segment includes Base Chemicals and Specialties.

The Corporate segment includes the operating and financial activities of the holding companies as well as healthcare activity (Sanofi-Aventis).

The operational profit and assets are broken down by business segment prior to the consolidation and inter-segment adjustments.

Sales prices between business segments approximate market prices.

A) Information by business segment

2007 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	19,706	119,212	19,805	29	-	158,752
Intersegment sales	21,173	5,125	1,190	181	(27,669)	-
Excise taxes	-	(21,928)	-	-	-	(21,928)
Revenues from sales	**40,879**	**102,409**	**20,995**	**210**	**(27,669)**	**136,824**
Operating expenses	(17,697)	(96,367)	(19,076)	(627)	27,669	(106,098)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,679)	(1,218)	(495)	(33)	-	(5,425)
Operating income	**19,503**	**4,824**	**1,424**	**(450)**	**-**	**25,301**
Equity in income (loss) of affiliates and other items	1,330	284	(11)	745	-	2,348
Tax on net operating income	(11,996)	(1,482)	(426)	128	-	(13,776)
Net operating income	**8,837**	**3,626**	**987**	**423**	**-**	**13,873**
Net cost of net debt						(338)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(354)
Net income from continuing operations						**13,181**
Net income from discontinued operations						-
Net income						**13,181**

2007 (adjustments)(*) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	(11)	1,580	273	-		1,842
Depreciation, depletion and amortization of tangible assets and mineral interests	-	(43)	(4)	-		(47)
Operating income(a)	**(11)**	**1,537**	**269**	**-**		**1,795**
Equity in income (loss) of affiliates and other items(b)	(4)	24	(54)	(225)		(259)
Tax on net operating income	3	(470)	(75)	(2)		(544)
Net operating income(a)	**(12)**	**1,091**	**140**	**(227)**		**992**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(14)
Net income from continuing operations						**978**
Net income from discontinued operations						-
Net income						**978**

(*) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

	Upstream	Downstream	Chemicals	Corporate
(a) Of which inventory valuation effect				
on operating income	-	1,529	301	-
on net operating income	-	1,098	201	-
(b) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger.	-	-	-	(318)

2007 (adjusted) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	19,706	119,212	19,805	29	-	158,752
Intersegment sales	21,173	5,125	1,190	181	(27,669)	-
Excise taxes	-	(21,928)	-	-	-	(21,928)
Revenues from sales	**40,879**	**102,409**	**20,995**	**210**	**(27,669)**	**136,824**
Operating expenses	(17,686)	(97,947)	(19,349)	(627)	27,669	(107,940)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,679)	(1,175)	(491)	(33)	-	(5,378)
Adjusted operating income	**19,514**	**3,287**	**1,155**	**(450)**	**-**	**23,506**
Equity in income (loss) of affiliates and other items	1,334	260	43	970	-	2,607
Tax on net operating income	(11,999)	(1,012)	(351)	130	-	(13,232)
Adjusted net operating income	**8,849**	**2,535**	**847**	**650**	**-**	**12,881**
Net cost of net debt						(338)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(340)
Adjusted net income from continuing operations						**12,203**
Adjusted net income from discontinued operations						-
Adjusted net income						**12,203**

2007 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	8,882	1,875	911	54		11,722
Divestments at sale price	751	394	83	328		1,556
Cash flow from operating activities	12,692	4,148	1,096	(250)		17,686
Balance sheet as of December 31, 2007						
Property, plant and equipment, intangible assets, net	32,535	8,308	5,061	213		46,117
Investments in equity affiliates	3,021	2,105	728	6,851		12,705
Loans to equity affiliates and other non-current assets	3,748	1,183	456	634		6,021
Working capital	(94)	6,811	2,774	506		9,997
Provisions and other non-current liabilities	(12,147)	(2,018)	(1,697)	(1,441)		(17,303)
Capital Employed (balance sheet)	**27,063**	**16,389**	**7,322**	**6,763**		**57,537**
Less inventory valuation effect	-	(4,198)	(424)	1,112		(3,510)
Capital Employed (Business segment information)	**27,063**	**12,191**	**6,898**	**7,875**		**54,027**
ROACE as a percentage (of continuing operations)	**34%**	**21%**	**12%**			**24%**

2006 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,782	113,887	19,113	20	-	153,802
Intersegment sales	20,603	4,927	1,169	177	(26,876)	-
Excise taxes	-	(21,113)	-	-	-	(21,113)
Revenues from sales	**41,385**	**97,701**	**20,282**	**197**	**(26,876)**	**132,689**
Operating expenses	(17,759)	(93,209)	(18,706)	(706)	26,876	(103,504)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,319)	(1,120)	(580)	(36)	-	(5,055)
Operating income	**20,307**	**3,372**	**996**	**(545)**	**-**	**24,130**
Equity in income (loss) of affiliates and other items	1,211	384	(298)	797	-	2,094
Tax on net operating income	(12,764)	(1,125)	(191)	206	-	(13,874)
Net operating income	**8,754**	**2,631**	**507**	**458**	**-**	**12,350**
Net cost of net debt						(210)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(367)
Net income from continuing operations						**11,773**
Net income from discontinued operations						(5)
Net income						**11,768**

2006 (adjustments)(*) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	(272)	(158)	(27)		(457)
Depreciation, depletion and amortization of tangible assets and mineral interests	-	-	(61)	-		(61)
Operating income(a)	**-**	**(272)**	**(219)**	**(27)**		**(518)**
Equity in income (loss) of affiliates and other items(b)	195	178	(327)	(295)		(249)
Tax on net operating income	(150)	(59)	169	(5)		(45)
Net operating income(a)	**45**	**(153)**	**(377)**	**(327)**		**(812)**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						14
Net income from continuing operations						**(798)**
Net income from discontinued operations						(19)
Net income						**(817)**

(*) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

	Upstream	Downstream	Chemicals	Corporate
(a) Of which inventory valuation effect				
on operating income	-	(272)	(42)	-
on net operating income	-	(327)	(28)	-
(b) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger.	-	-	-	(311)

2006 (adjusted) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,782	113,887	19,113	20	-	153,802
Intersegment sales	20,603	4,927	1,169	177	(26,876)	-
Excise taxes	-	(21,113)	-	-	-	(21,113)
Revenues from sales	**41,385**	**97,701**	**20,282**	**197**	**(26,876)**	**132,689**
Operating expenses	(17,759)	(92,937)	(18,548)	(679)	26,876	(103,047)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,319)	(1,120)	(519)	(36)	-	(4,994)
Adjusted operating income	**20,307**	**3,644**	**1,215**	**(518)**	**-**	**24,648**
Equity in income (loss) of affiliates and other items	1,016	206	29	1,092	-	2,343
Tax on net operating income	(12,614)	(1,066)	(360)	211	-	(13,829)
Adjusted net operating income	**8,709**	**2,784**	**884**	**785**	**-**	**13,162**
Net cost of net debt						(210)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(381)
Adjusted net income from continuing operations						**12,571**
Adjusted net income from discontinued operations						14
Adjusted net income						**12,585**

2006 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	9,001	1,775	995	81		11,852
Divestments at sale price	1,458	428	128	264		2,278
Cash flow from operating activities	11,524	3,626	972	(61)		16,061
Balance sheet as of December 31, 2006						
Property, plant and equipment, intangible assets, net	31,875	8,211	4,983	212		45,281
Investments in equity affiliates	2,153	1,922	713	7,010		11,798
Loans to equity affiliates and other non-current assets	2,744	1,065	477	585		4,871
Working capital	199	6,067	2,609	(78)		8,797
Provisions and other non-current liabilities	(11,427)	(2,093)	(1,807)	(1,052)		(16,379)
Capital Employed (balance sheet)	**25,544**	**15,172**	**6,975**	**6,677**		**54,368**
Less inventory valuation effect	-	(2,789)	(231)	738		(2,282)
Capital Employed (Business segment information)	**25,544**	**12,383**	**6,744**	**7,415**		**52,086**
ROACE as a percentage (of continuing operations)	**35%**	**23%**	**13%**			**26%**

2005 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,888	99,934	16,765	20	-	137,607
Intersegment sales	19,139	4,293	602	170	(24,204)	-
Excise taxes	-	(20,550)	-	-	-	(20,550)
Revenues from sales	**40,027**	**83,677**	**17,367**	**190**	**(24,204)**	**117,057**
Operating expenses	(18,275)	(77,517)	(15,669)	(624)	24,204	(87,881)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,331)	(1,064)	(579)	(33)	-	(5,007)
Operating income	**18,421**	**5,096**	**1,119**	**(467)**	**-**	**24,169**
Equity in income (loss) of affiliates and other items	587	422	(348)	367	-	1,028
Tax on net operating income	(10,979)	(1,570)	(170)	819	-	(11,900)
Net operating income	**8,029**	**3,948**	**601**	**719**	**-**	**13,297**
Net cost of net debt						(193)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(373)
Net income from continuing operations						**12,731**
Net income from discontinued operations						(458)
Net income						**12,273**

2005 (adjustments)(*) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	1,197	49	-		1,246
Depreciation, depletion and amortization of tangible assets and mineral interests	-	-	(78)	-		(78)
Operating income(a)	**-**	**1,197**	**(29)**	**-**		**1,168**
Equity in income (loss) of affiliates and other items(b)	-	76	(386)	(545)		(855)
Tax on net operating income	-	(241)	49	590		398
Net operating income(a)	**-**	**1,032**	**(366)**	**45**		**711**
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(8)
Net income from continuing operations						**703**
Net income from discontinued operations						(433)
Net income						**270**

(*) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

	Upstream	Downstream	Chemicals	Corporate
(a) Of which inventory valuation effect				
On operating income	-	1,197	68	-
On net operating income	-	1,032	50	-
(b) Of which equity share of amortization of intangible assets related to the Sanofi-Aventis merger.	-	-	-	(337)

2005 (adjusted) (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,888	99,934	16,765	20	-	137,607
Intersegment sales	19,139	4,293	602	170	(24,204)	-
Excise taxes	-	(20,550)	-	-	-	(20,550)
Revenues from sales	**40,027**	**83,677**	**17,367**	**190**	**(24,204)**	**117,057**
Operating expenses	(18,275)	(78,714)	(15,718)	(624)	24,204	(89,127)
Depreciation, depletion and amortization of tangible assets and mineral interests	(3,331)	(1,064)	(501)	(33)	-	(4,929)
Adjusted operating income	**18,421**	**3,899**	**1,148**	**(467)**	**-**	**23,001**
Equity in income (loss) of affiliates and other items	587	346	38	912	-	1,883
Tax on net operating income	(10,979)	(1,329)	(219)	229	-	(12,298)
Adjusted net operating income	**8,029**	**2,916**	**967**	**674**	**-**	**12,586**
Net cost of net debt						(193)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(365)
Adjusted net income from continuing operations						**12,028**
Adjusted net income from discontinued operations						(25)
Adjusted net income						**12,003**

2005 (M€)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	8,111	1,779	1,115	190		11,195
Divestments at sale price	692	204	59	133		1,088
Cash flow from operating activities	10,111	2,723	946	889		14,669
Balance sheet as of December 31, 2005						
Property, plant and equipment, intangible assets, net	30,140	8,016	6,567	229		44,952
Investments in equity affiliates	1,958	1,575	733	7,087		11,353
Loans to equity affiliates and other non-current assets	2,673	1,386	848	702		5,609
Working capital	(432)	6,035	3,927	96		9,626
Provisions and other non-current liabilities	(10,817)	(2,409)	(2,827)	(1,387)		(17,440)
Capital Employed (balance sheet)	**23,522**	**14,603**	**9,248**	**6,727**		**54,100**
Less inventory valuation effect	-	(3,182)	(261)	786		(2,657)
Capital Employed (Business segment information)	**23,522**	**11,421**	**8,987**	**7,513**		**51,443**
ROACE as a percentage (of continuing operations)	**40%**	**28%**	**15%**			**29%**

B) Reconciliation between business segment information and the Consolidated Statement of Income

The table below reconciles the information presented above with the Consolidated Statement of Income:

2007 (M€)	**Adjusted**	**Adjustments[a]**	**Consolidated Statement of Income**
Sales	158,752	-	158,752
Excise taxes	(21,928)	-	(21,928)
Revenues from sales	136,824	-	136,824
Purchases, net of inventory variation	(89,688)	1,881	(87,807)
Other operating expenses	(17,375)	(39)	(17,414)
Exploration costs	(877)	-	(877)
Depreciation, depletion and amortization of tangible assets and mineral interests	(5,378)	(47)	(5,425)
Other income	384	290	674
Other expense	(225)	(245)	(470)
Financial interest on debt	(1,783)	-	(1,783)
Financial income from marketable securities and cash equivalents	1,244	-	1,244
Cost of net debt	(539)	-	(539)
Other financial income	643	-	643
Other financial expense	(274)	-	(274)
Income taxes	(13,031)	(544)	(13,575)
Equity in income (loss) of affiliates	2,079	(304)	1,775
Net income from continuing operations (Group without Arkema)	**12,543**	**992**	**13,535**
Net income from discontinued operations (Arkema)	-	-	-
Consolidated net income	**12,543**	**992**	**13,535**
Group share	12,203	978	13,181
Minority interests and dividends on subsidiaries' redeemable preferred shares	340	14	354

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

2006 (M€)	Adjusted	Adjustments[a]	Consolidated Statement of Income
Sales	153,802	-	153,802
Excise taxes	(21,113)	-	(21,113)
Revenues from sales	132,689	-	132,689
Purchases, net of inventory variation	(83,020)	(314)	(83,334)
Other operating expenses	(19,393)	(143)	(19,536)
Exploration costs	(634)	-	(634)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,994)	(61)	(5,055)
Other income	423	366	789
Other expense	(330)	(373)	(703)
Financial interest on debt	(1,731)	-	(1,731)
Financial income from marketable securities and cash equivalents	1,367	-	1,367
Cost of net debt	(364)	-	(364)
Other financial income	592	-	592
Other financial expense	(277)	-	(277)
Income taxes	(13,675)	(45)	(13,720)
Equity in income (loss) of affiliates	1,935	(242)	1,693
Net income from continuing operations (Group without Arkema)	**12,952**	**(812)**	**12,140**
Net income from discontinued operations (Arkema)	14	(19)	(5)
Consolidated net income	**12,966**	**(831)**	**12,135**
Group share	12,585	(817)	11,768
Minority interests and dividends on subsidiaries' redeemable preferred shares	381	(14)	367

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

2005 (M€)	Adjusted	Adjustments[a]	Consolidated Statement of Income
Sales	137,607	-	137,607
Excise taxes	(20,550)	-	(20,550)
Revenues from sales	117,057	-	117,057
Purchases, net of inventory variation	(71,555)	1,264	(70,291)
Other operating expenses	(17,141)	(18)	(17,159)
Exploration costs	(431)	-	(431)
Depreciation, depletion and amortization of tangible assets and mineral interests	(4,929)	(78)	(5,007)
Other income	174	-	174
Other expense	(64)	(391)	(455)
Financial interest on debt	(1,214)	-	(1,214)
Financial income from marketable securities and cash equivalents	927	-	927
Cost of net debt	(287)	-	(287)
Other financial income	396	-	396
Other financial expense	(260)	-	(260)
Income taxes	(12,204)	398	(11,806)
Equity in income (loss) of affiliates	1,637	(464)	1,173
Net income from continuing operations (Group without Arkema)	**12,393**	**711**	**13,104**
Net income from discontinued operations (Arkema)	(28)	(433)	(461)
Consolidated net income	**12,365**	**278**	**12,643**
Group share	12,003	270	12,273
Minority interests and dividends on subsidiaries' redeemable preferred shares	362	8	370

(a) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

C) Adjustment items by business segment

The adjustment items for income as per Note 2 to the Consolidated Financial Statements are detailed as follows:

ADJUSTMENTS TO OPERATING INCOME 2007 (M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,529	301	-	1,830
Restructuring charges	-	-	-	-	-
Asset impairment charges	-	(43)	(4)	-	(47)
Other items	(11)	51	(28)	-	12
Total	**(11)**	**1,537**	**269**	**-**	**1,795**

ADJUSTMENTS TO NET INCOME 2007 (M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,084	201	-	1,285
TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	75	75
TOTAL's equity share of adjustment related to the Sanofi-Aventis merger	-	-	-	(318)	(318)
Restructuring charges	-	(20)	(15)	-	(35)
Asset impairment charges	(93)	(61)	(8)	-	(162)
Gains/(Losses) on disposals of assets	89	101	-	116	306
Other items	(8)	(27)	(38)	(100)	(173)
Total	**(12)**	**1,077**	**140**	**(227)**	**978**

ADJUSTMENTS TO OPERATING INCOME 2006 (M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(272)	(42)	-	(314)
Restructuring charges	-	-	(25)	-	(25)
Asset impairment charges	-	-	(61)	-	(61)
Other items	-	-	(91)	(27)	(118)
Total	**-**	**(272)**	**(219)**	**(27)**	**(518)**

ADJUSTMENTS TO NET INCOME 2006 (M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(330)	(28)	-	(358)
TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	(81)	(81)
TOTAL's equity share of adjustment related to the Sanofi-Aventis merger	-	-	-	(309)	(309)
Restructuring charges	-	-	(154)	-	(154)
Asset impairment charges	-	-	(40)	-	(40)
Gains/(Losses) on disposals of assets	130	174	-	-	304
Other items	(71)	-	(172)	64	(179)
Total	**59**	**(156)**	**(394)**	**(326)**	**(817)**

ADJUSTMENTS TO OPERATING INCOME 2005 (M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,197	68	-	1,265
Restructuring charges	-	-	(19)	-	(19)
Asset impairment charges	-	-	(71)	-	(71)
Other items	-	-	(7)	-	(7)
Total	**-**	**1,197**	**(29)**	**-**	**1,168**

ADJUSTMENTS TO NET INCOME 2005 (M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,022	50	-	1,072
TOTAL's equity share of special items recorded by Sanofi-Aventis	-	-	-	(207)	(207)
TOTAL's equity share of adjustment related to the Sanofi-Aventis merger	-	-	-	(335)	(335)
Restructuring charges	-	-	(130)	-	(130)
Asset impairment charges	-	-	(215)	-	(215)
Gains/(Losses) on disposals of assets	-	-	-	-	-
Other items	-	-	(501)	586	85
Total	**-**	**1,022**	**(796)**	**44**	**270**

D) Additional information on impairments

In the Upstream, Downstream and Chemicals segments, impairments of assets have been recognized for the year ended December 31, 2007, with an impact of 47 M€ in operating income and 162 M€ in net income, Group share. These items are identified in Note 4 paragraph C above as adjusting items with the heading "Asset impairment charges".

These impairment losses impact certain Cash Generating Units (CGU) for which there were indications of impairment, due mainly to changes in the economic environment of their specific businesses. The CGUs of the Upstream segment affected by these impairments are associates accounted for by the equity method. The CGUs of the Dowstream segment are affiliates or groups of affiliates organized mostly by country. CGUs of the Chemicals segment are worldwide business units, including activities or products with common strategic, commercial and industrial characteristics.

In addition,

- The recoverable amount of CGUs has been based on their value in use, as defined in Note 1 paragraph L to the Consolidated Financial Statements "Impairment of long-lived assets";
- Future cash flows including specific risks attached to CGU assets have been discounted using an 8% after tax discount rate.

These assumptions have been applied consistently for the years ending in 2007, 2006 and 2005.

For the year ended December 31, 2006, changes in the economic environment of certain business units of the Chemicals segment had triggered the recognition of impairments of assets for 61 M€ in operating income and 40 M€ in net income, Group share.

For the year ended December 31, 2005, changes in the economic environment of certain business units of the Chemicals segment had triggered the recognition of impairments of assets for 71 M€ in operating income and 215 M€ in net income, Group share.

No reversal of impairment losses has been recognized in 2005, 2006 and 2007.

5) Information by geographical area

2007 (M€)	France	Rest of Europe	North America	Africa	Far East and rest of world	Total
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 (M€)						
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 (M€)						
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.

6) Operating expenses

Year ended December 31, (M€)	2007	2006	2005
Purchases, net of inventory variation[a]	(87,807)	(83,334)	(70,291)
Exploration costs	(877)	(634)	(431)
Other operating expenses[b]	(17,414)	(19,536)	(17,159)
of which non-current operating liabilities (allowances) reversals	*781*	*454*	*394*
of which current operating liabilities (allowances) reversals	*(42)*	*(111)*	*(51)*
Operating expenses	**(106,098)**	**(103,504)**	**(87,881)**

(a) Includes royalties paid on oil and gas production in the Upstream segment (see in particular the taxes paid to Middle East oil producing countries for the Group's concessions as detailed in Note 33 to the Consolidated Financial Statements "Other information").
(b) Principally composed of production and administrative costs (see in particular the payroll costs as detailed in Note 26 to the Consolidated Financial Statements "Payroll and staff").

7) Other income and other expense

As of December 31, (M€)	2007	2006	2005
Gains (losses) on disposal of assets	639	789	98
Foreign exchange gains	35	-	76
Other income	**674**	**789**	**174**
Foreign exchange losses	-	(30)	-
Amortization of other intangible assets (excluding mineral interests)	(178)	(182)	(182)
Toulouse AZF	-	(100)	(100)
Other	(292)	(391)	(173)
Other expense	**(470)**	**(703)**	**(455)**

In 2007, gains and losses on disposal of assets are mainly related to sales of non-current assets in the Upstream and Downstream sectors, as well as disposal of shares of Sanofi-Aventis. The "Other" heading is comprised of:

- 51 M€ of restructuring charges in the Downstream and Chemicals segments;
- 100 M€ of changes in provisions related to various antitrust investigations as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities".

In 2006, gains and losses on disposal of assets were mainly related to sales of financial assets. The "Other" heading was comprised of:

- 188 M€ of restructuring charges in the Chemicals segment;
- 32 M€ of changes in provisions related to various antitrust investigations as described in Note 32 to the Consolidated Financial Statements "Other risks and contingent liabilities".

8) Other financial income and expense

As of December 31, (M€)	2007	2006	2005
Dividend income on non-consolidated companies	218	237	164
Capitalized financial expenses	322	236	101
Other	103	119	131
Other financial income	**643**	**592**	**396**
Accretion of asset retirement obligations	(189)	(182)	(162)
Other	(85)	(95)	(98)
Other financial expense	**(274)**	**(277)**	**(260)**

9) Income taxes

Since 1966, the Group has been taxed in accordance with the consolidated income tax treatment approved on a renewable basis by the French Ministry of Economy, Finance and Industry. The renewal of the agreement has been granted for the period 2005-2007 and requested for the period 2008-2010.

No deferred tax is recognized for the temporary differences between the financial statement carrying amount and tax bases of investments in foreign subsidiaries which are considered to be permanent investments.

Undistributed earnings of foreign subsidiaries considered to be reinvested indefinitely amounted to 18,106 M€ as of December 31, 2007. The determination of the tax effect relating to such reinvested income is not practicable.

In addition, no deferred tax is recognized on unremitted earnings (approximately 12,682 M€) of the Group's French subsidiaries has been made since the remittance of such earnings would be tax exempt for the subsidiaries in which the Company owns 95% or more of the outstanding shares.

Income taxes are detailed as follows:

As of December 31, (M€)	2007	2006	2005
Current income taxes	(12,141)	(12,997)	(11,362)
Deferred income taxes	(1,434)	(723)	(444)
Total income taxes	**(13,575)**	**(13,720)**	**(11,806)**

Before netting deferred tax assets and liabilities by fiscal entity, the components of deferred tax balances as of December 31, 2007, 2006 and 2005 are as follows:

As of December 31, (M€)	2007	2006	2005
Net operating losses and tax carry forwards	560	633	484
Employee benefits	760	830	949
Other temporary non-deductible provisions	2,341	2,157	2,637
Gross deferred tax assets	**3,661**	**3,620**	**4,070**
Valuation allowance	(449)	(572)	(536)
Net deferred tax assets	**3,212**	**3,048**	**3,534**
Excess tax over book depreciation	(9,254)	(8,180)	(7,769)
Other temporary tax deductions	(1,209)	(1,237)	(1,435)
Gross deferred tax liability	**(10,463)**	**(9,417)**	**(9,204)**
Net deferred tax liability	**(7,251)**	**(6,369)**	**(5,670)**

After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

As of December 31, (M€)		2007	2006	2005
Deferred tax assets, non-current	(Note 14)	797	806	1,392
Deferred tax assets, current	(Note 16)	112	94	126
Deferred tax liabilities, non-current (deferred tax)		(7,933)	(7,139)	(6,976)
Deferred tax liabilities, current		(227)	(130)	(212)
Net amount		**(7,251)**	**(6,369)**	**(5,670)**

The net deferred tax variation in the balance sheet is analyzed as follows:

As of December 31, (M€)	2007	2006	2005
Opening balance	**(6,369)**	**(5,670)**	**(5,100)**
Deferred tax on income for continuing operations	(1,434)	(723)	(444)
Deferred tax on income for discontinued operations	-	(10)	53
Deferred tax on shareholders' equity[(a)]	(6)	(17)	176
Changes in scope of consolidation[(b)]	158	(311)	29
Currency translation adjustment	400	362	(384)
Closing balance	**(7,251)**	**(6,369)**	**(5,670)**

(a) This amount includes mainly current income taxes and deferred taxes for transactions on treasury shares and for changes in fair value of listed securities classified as financial assets available for sale.
(b) This amount includes mainly the impact of the spin-off of Arkema for 2006.

RECONCILIATION BETWEEN PROVISION FOR INCOME TAXES AND PRE-TAX INCOME (EXCL. ARKEMA): As of December 31, (M€)	2007	2006	2005
Net income from continuing operations	13,535	12,140	13,103
Provision for income taxes	13,575	13,720	11,806
Pre-tax income	**27,110**	**25,860**	**24,909**
French statutory tax rate	34.43%	34.43%	34.93%
Theoretical tax charge	**(9,334)**	**(8,904)**	**(8,701)**
Difference between French and foreign income tax rates	(5,118)	(5,484)	(4,128)
Tax effect of equity in income (loss) of affiliates	611	583	410
Permanent differences	122	324	253
Adjustments on prior years income taxes	75	(87)	(55)
Adjustments on deferred tax related to tax rates variations	(16)	(88)	576
Change in valuation allowance	80	(62)	(151)
Other	5	(2)	(10)
Net provision for income taxes	**(13,575)**	**(13,720)**	**(11,806)**

The French statutory tax rate includes the standard corporate tax rate (33.33%) and additional taxes applicable that bring the overall tax rate to 34.43% in 2007 (34.43% in 2006 and 34.93% in 2005).

Permanent differences are mainly due to impairment of goodwill and to dividends from non-consolidated companies as well as the specific taxation rules applicable to certain activities and within the consolidated income tax treatment.

Net operating losses and tax credit carry forwards

Deferred tax assets related to net operating losses and tax carry forwards were available in various tax jurisdictions, expiring in the following years:

As of December 31, (M€)	2007		2006		2005	
	Basis	Tax	Basis	Tax	Basis	Tax
2006	-	-	-	-	225	106
2007	-	-	234	115	165	81
2008	290	141	210	102	144	70
2009	222	109	157	80	68	32
2010[(a)]	129	59	299	104	27	11
2011[(b)]	33	13	23	9	-	-
2012 and after	68	22	-	-	-	-
Unlimited	641	216	638	223	559	184
Total	**1,383**	**560**	**1,561**	**633**	**1,188**	**484**

(a) Net operating losses and tax credit carry forwards in 2010 and after for 2005.
(b) Net operating losses and tax credit carry forwards in 2011 and after for 2006.

10) Intangible assets

As of December 31, 2007 (M€)	Cost	Depreciation and amortization	Net
Goodwill	1,684	(617)	1,067
Proved and unproved mineral interests	5,327	(2,310)	3,017
Other intangible assets	2,452	(1,886)	566
Total intangible assets	**9,463**	**(4,813)**	**4,650**

As of December 31, 2006 (M€)	Cost	Depreciation and amortization	Net
Goodwill	1,759	(635)	1,124
Proved and unproved mineral interests	5,457	(2,473)	2,984
Other intangible assets	2,377	(1,780)	597
Total intangible assets	**9,593**	**(4,888)**	**4,705**

As of December 31, 2005 (M€)	Cost	Depreciation and amortization	Net
Goodwill	2,479	(1,318)	1,161
Proved and unproved mineral interests	5,213	(2,659)	2,554
Other intangible assets	2,684	(2,015)	669
Total intangible assets	**10,376**	**(5,992)**	**4,384**

The variation of net intangible assets is analyzed in the following table:

(M€)	Net amount as of January 1,	Acquisitions	Disposals	Net depreciation and amortization	Currency translation adjustment	Other	Net amount as of December 31,
2007	**4,705**	**472**	**(160)**	**(274)**	**(208)**	**115**	**4,650**
2006	4,384	675	(25)	(282)	(337)	290	4,705
2005	3,176	274	(91)	(370)	296	1,099	4,384

In 2005, the heading “Others” includes mainly the impact of “proved and unproved mineral interests” from Deer Creek Energy Ltd for 1,015 M€ (see Note 3 to the Consolidated Financial Statements).

A summary of changes in the carrying amount of goodwill by business segment for the year ended December 31, 2007 is as follows:

(M€)	Net goodwill as of January 1, 2007	Increases	Impairments	Other	Net goodwill as of December 31, 2007
Upstream	95	-	(13)	(4)	78
Downstream	138	6	-	(12)	132
Chemicals	866	18	(5)	(47)	832
Holding	25	-	-	-	25
Total	**1,124**	**24**	**(18)**	**(63)**	**1,067**

11) Property, plant and equipment

As of December 31, 2007 (M€)	Cost	Depreciation and amortization	Net
Upstream properties			
Proved properties	60,124	(38,735)	21,389
Unproved properties	48	(1)	47
Work in progress	7,010	-	7,010
Subtotal	**67,182**	**(38,736)**	**28,446**
Other property, plant and equipment			
Land	1,460	(417)	1,043
Machinery, plant and equipment (including transportation equipment)	20,575	(14,117)	6,458
Buildings	5,505	(3,430)	2,075
Work in progress	1,832	(4)	1,828
Other	6,291	(4,674)	1,617
Subtotal	**35,663**	**(22,642)**	**13,021**
Total property, plant and equipment	**102,845**	**(61,378)**	**41,467**

As of December 31, 2006 (M€)	Cost	Depreciation and amortization	Net
Upstream properties			
Proved properties	60,063	(39,211)	20,852
Unproved properties	20	(1)	19
Work in progress	7,080	(22)	7,058
Subtotal	**67,163**	**(39,234)**	**27,929**
Other property, plant and equipment			
Land	1,550	(445)	1,105
Machinery, plant and equipment (including transportation equipment)	20,724	(14,131)	6,593
Buildings	5,392	(3,289)	2,103
Work in progress	1,228	(14)	1,214
Other	6,154	(4,522)	1,632
Subtotal	**35,048**	**(22,401)**	**12,647**
Total property, plant and equipment	**102,211**	**(61,635)**	**40,576**

As of December 31, 2005 (M€)	**Cost**	**Depreciation and amortization**	**Net**
Upstream properties			
Proved properties	58,980	(38,646)	20,334
Unproved properties	8	(1)	7
Work in progress	6,136	(29)	6,107
Subtotal	**65,124**	**(38,676)**	**26,448**
Other property, plant and equipment			
Land	1,646	(392)	1,254
Machinery, plant and equipment (including transportation equipment)	23,533	(16,699)	6,834
Buildings	6,444	(4,070)	2,374
Work in progress	1,482	(31)	1,451
Other	7,805	(5,598)	2,207
Subtotal	**40,910**	**(26,790)**	**14,120**
Total property, plant and equipment	**106,034**	**(65,466)**	**40,568**

The variation of net property, plant and equipment is analyzed in the following table:

(M€)	**Net amount as of January 1,**	**Acquisitions**	**Disposals**	**Net depreciation and amortization**	**Currency translation adjustment**	**Other**	**Net amount as of December 31,**
2007	**40,576**	**10,241**	**(729)**	**(5,674)**	**(2,347)**	**(600)**	**41,467**
2006	40,568	9,209	(175)	(5,010)	(2,373)	(1,643)	40,576
2005	34,906	8,208	(336)	(5,282)	3,013	59	40,568

As of December 31, 2007 the “Disposals” heading includes mainly the impact of conversion of the Sincor project and the disposal of the Group’s interest in the Milford Haven refinery .The “Other” heading mainly includes the impact of conversion of Sincor and the changes in Property, plant and equipment related to asset retirement obligations.

As of December 31, 2006 the “Other” heading mainly includes the impact of the spin-off of Arkema for 1,310 M€.

Property, plant and equipment presented above include the following amounts for facilities and equipment under finance leases that have been capitalized:

As of December 31, 2007 (M€)	**Cost**	**Depreciation and amortization**	**Net**
Machinery, plant and equipment	503	(265)	238
Buildings	35	(29)	6
Other	-	-	-
Total	**538**	**(294)**	**244**

As of December 31, 2006 (M€)	**Cost**	**Depreciation and amortization**	**Net**
Machinery, plant and equipment	518	(244)	274
Buildings	40	(27)	13
Other	-	-	-
Total	**558**	**(271)**	**287**

As of December 31, 2005 (M€)	**Cost**	**Depreciation and amortization**	**Net**
Machinery, plant and equipment	491	(212)	279
Buildings	26	(18)	8
Other	-	-	-
Total	**517**	**(230)**	**287**

12) Equity affiliates: investments and loans

EQUITY VALUE (M€)	As of December 31,					
	2007	2006	2005	2007	2006	2005
	% owned			Equity value		
NLNG	15.00%	15.00%	15.00%	1,062	887	726
Sincor[a]	30.32%	-	-	534	-	-
CEPSA (Upstream share)	48.83%	48.83%	45.28%	246	253	311
Qatargas	10.00%	10.00%	10.00%	172	186	156
Angola LNG Ltd.[d]	13.60%	-	-	155	-	-
Société du Terminal Méthanier de Fos Cavaou[c]	30.30%	30.30%	-	92	63	-
SCP Limited	10.00%	10.00%	10.00%	91	100	89
Qatar Liquefied Gas Company Limited II[c]	8.35%	8.35%	-	86	55	-
Gasoducto Gasandes Argentina	56.50%	56.50%	56.50%	74	115	132
Ocensa	15.20%	15.20%	15.20%	57	64	71
Moattama Gas Transportation Cy	31.24%	31.24%	31.24%	53	61	64
Gaz Transport et Technigaz[d]	30.00%	-	-	46	-	-
Abu Dhabi Gas Ind. Ltd.	15.00%	15.00%	15.00%	43	48	54
Laffan Refinery	10.00%	10.00%	10.00%	39	22	9
Tenesol	50.00%	50.00%	50.00%	36	33	17
Gasoducto Gasandes sa (Chili)	56.50%	56.50%	56.50%	33	39	40
Total Tractebel Emirates Power Company	50.00%	50.00%	50.00%	29	61	55
South Hook LNG Terminal Company[c]	8.35%	8.35%	-	21	10	-
Gas Invest SA	27.24%	27.24%	27.24%	19	53	47
Hidroneuquen Piedra del Aguila[b]	-	-	41.30%	-	-	61
Other	-	-	-	133	103	119
Total Upstream				**3,021**	**2,153**	**1,951**
CEPSA (Downstream share)	48.83%	48.83%	45.28%	1,932	1,735	1,372
Wepec	22.41%	22.41%	22.41%	70	62	74
Other	-	-	-	103	125	129
Total Downstream				**2,105**	**1,922**	**1,575**
CEPSA (Chemicals share)	48.83%	48.83%	45.28%	524	503	431
Qatar Petrochemical Company Ltd	20.00%	20.00%	20.00%	150	147	141
Other	-	-	-	54	63	161
Total Chemicals				**728**	**713**	**733**
Sanofi-Aventis	13.06%	13.13%	13.19%	6,851	7,010	7,087
CEPSA (Holding share)	48.83%	48.83%	45.28%	-	-	-
Other	-	-	-	-	-	7
Total Holding				**6,851**	**7,010**	**7,094**
Total investments				**12,705**	**11,798**	**11,353**
Loans				2,575	1,533	1,299
Total investments and loans				**15,280**	**13,331**	**12,652**

(a) See Note 32 to the Consolidated Financial Statements.
(b) Investment disposed of in 2006.
(c) Investment accounted for by the equity method as from 2006.
(d) Investment accounted for by the equity method as from 2007.

EQUITY IN INCOME (LOSS) (M€)	As of December 31,					
	2007	2006	2005	2007	2006	2005
	% owned			Equity in income (loss)		
NLNG	15.00%	15.00%	15.00%	477	329	190
CEPSA (Upstream share)	48.83%	48.83%	45.28%	88	104	99
Qatargas	10.00%	10.00%	10.00%	74	119	46
Angola LNG Ltd.[c]	13.60%	-	-	7	-	-
Société du Terminal Méthanier de Fos Cavaou[b]	30.30%	30.30%	-	(2)	(4)	-
SCP Limited	10.00%	10.00%	10.00%	1	-	-
Qatar Liquefied Gas Company Limited II[b]	8.35%	8.35%	-	(5)	-	-
Gasoducto Gasandes Argentina	56.50%	56.50%	56.50%	(22)	7	7
Ocensa	15.20%	15.20%	15.20%	-	-	-
Moattama Gas Transportation Cy	31.24%	31.24%	31.24%	67	63	45
Gaz Transport et Technigaz[c]	30.00%	-	-	45	-	-
Abu Dhabi Gas Ind. Ltd.	15.00%	15.00%	15.00%	-	-	-
Laffan Refinery	10.00%	10.00%	10.00%	-	-	-
Tenesol	50.00%	50.00%	50.00%	3	7	4
Gasoducto Gasandes sa (Chili)	56.50%	56.50%	56.50%	-	-	-
Total Tractebel Emirates Power Company	50.00%	50.00%	50.00%	6	3	3
South Hook LNG Terminal Company[b]	8.35%	8.35%	-	-	-	-
Gas Invest SA	27.24%	27.24%	27.24%	(31)	12	(3)
Hidroneuquen Piedra del Aguila[a]	-	-	41.30%	-	-	4
Humber Power Ltd[a]	-	-	-	-	-	16
Other	-	-	-	33	6	24
Total Upstream				**741**	**646**	**435**
CEPSA (Downstream share)	48.83%	48.83%	45.28%	253	246	321
Wepec[b]	22.41%	22.41%	22.41%	14	1	11
Other	-	-	-	(1)	26	24
Total Downstream				**266**	**273**	**356**
CEPSA (Chemicals share)	48.83%	48.83%	45.28%	24	26	39
Qatar Petrochemical Company Ltd	20.00%	20.00%	20.00%	55	45	39
Other	-	-	-	1	-	4
Total Chemicals				**80**	**71**	**82**
Sanofi-Aventis	13.06%	13.13%	13.19%	688	556	299
CEPSA (Holding share)	48.83%	48.83%	45.28%	-	147	-
Other	-	-	-	-	-	1
Total Holding				**688**	**703**	**300**
Total investments				**1,775**	**1,693**	**1,173**

(a) Investment disposed of in 2005 and 2006.
(b) Investment accounted for by the equity method as from 2006.
(c) Investment accounted for by the equity method as from 2007.

The market value of the Group's share in CEPSA amounted to 9,277 M€ as of December 31, 2007. The market value of the Group's share in Sanofi-Aventis amounted to 10,925 M€ as of December 31, 2007.

CEPSA, Condensed Balance Sheet
As of December 31, 2007 (M€)

Non-current assets	4,562	Shareholders' equity	5,282
Current assets	4,879	Non-current liabilities	1,183
		Current liabilities	2,976
Total	**9,441**	**Total**	**9,441**

CEPSA, Income Statement Information
For the year ended December 31, 2007 (M€)

Revenues	21,231
Consolidated net income, Group share	748

Sanofi-Aventis, Condensed Balance Sheet **As of December 31, 2007** (M€)			
Non-current assets	59,361	Shareholders' equity	44,719
Current assets	12,553	Non-current liabilities	17,526
		Current liabilities	9,669
Total	**71,914**	**Total**	**71,914**

Sanofi-Aventis, Income Statement Information **For the year ended December 31, 2007** (M€)	
Revenues	28,052
Consolidated net income, Group share	5,263

13) Other investments

As of December 31, 2007 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva[(a)]	69	216	285
Arkema	16	97	113
Nymex Holdings Inc	1	15	16
Other publicly traded equity securities	-	-	-
Total publicly traded equity securities[(b)]	**86**	**328**	**414**
BBPP	71	-	71
BTC Limited	161	-	161
Other equity securities	645	-	645
Total other equity securities[(b)]	**877**	-	**877**
Other investments	**963**	**328**	**1,291**

As of December 31, 2006 (M€)	Carrying amount	Unrealized gain (loss)	Balance sheet value
Areva[(a)]	69	135	204
Arkema	16	82	98
Other publicly traded equity securities	1	1	2
Total publicly traded equity securities[(b)]	**86**	**218**	**304**
BBPP	80	-	80
BTC Limited	185	-	185
Other equity securities	681	-	681
Total other equity securities[(b)]	**946**	-	**946**
Other investments	**1,032**	**218**	**1,250**

As of December 31, 2005 (M€)	Carrying amount	Unrealized gain (loss)	Balance Sheet value
I.C.E. (Inter Continental Exchange)[(c)]	1	138	139
Santander Central Hispano (SCH)[(c)]	93	88	181
Areva[(a)]	69	79	148
Other publicly traded equity securities	1	-	1
Total publicly traded equity securities[(b)]	**164**	**305**	**469**
BBPP	89	-	89
BTC Limited	177	-	177
Other equity securities	781	-	781
Total other equity securities[(b)]	**1,047**	-	**1,047**
Other investments	**1,211**	**305**	**1,516**

(a) Unrealized gain based on the investment certificate.
(b) Including cumulative impairments of 632 M€ in 2007, 668 M€ in 2006 and 820 M€ in 2005.
(c) Shares sold in 2006.

These investments are classified as “Financial assets held for sale” (see Note 1Mii to the Consolidated Financial Statements).

14) Other non-current assets

As of December 31, 2007 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	797	-	797
Loans and advances[a]	1,378	(527)	851
Other	507	-	507
Total	**2,682**	**(527)**	**2,155**

As of December 31, 2006 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	806	-	806
Loans and advances[a]	1,513	(488)	1,025
Other	257	-	257
Total	**2,576**	**(488)**	**2,088**

As of December 31, 2005 (M€)	Gross value	Valuation allowance	Net value
Deferred income tax assets	1,392	-	1,392
Loans and advances[a]	1,786	(584)	1,202
Other	200	-	200
Total	**3,378**	**(584)**	**2,794**

(a) Excluding loans to equity affiliates.

Changes in the valuation allowance on loans and advances are detailed as follows:

For the year ended December 31, (M€)	Valuation allowance as of January 1,	Increase	Decrease	Currency translation adjustment and other variations	Valuation allowance as of December 31,
2007	**(488)**	**(13)**	**6**	**(32)**	**(527)**
2006	(584)	(6)	23	79	(488)
2005	(607)	(13)	19	17	(584)

15) Inventories

As of December 31, 2007 (M€)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	4,746	-	4,746
Refined products	6,874	(11)	6,863
Chemical products	1,188	(91)	1,097
Other inventories	1,368	(223)	1,145
Total	**14,176**	**(325)**	**13,851**

As of December 31, 2006 (M€)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	4,038	(90)	3,948
Refined products	5,373	(44)	5,329
Chemical products	1,544	(90)	1,454
Other inventories	1,231	(216)	1,015
Total	**12,186**	**(440)**	**11,746**

As of December 31, 2005 (M€)	Gross value	Valuation allowance	Net value
Crude oil and natural gas	3,619	-	3,619
Refined products	5,584	(14)	5,570
Chemical products	2,803	(175)	2,628
Other inventories	1,097	(224)	873
Total	**13,103**	**(413)**	**12,690**

16) Accounts receivable and other current assets

As of December 31, 2007 (M€)	Gross value	Valuation allowance	Net value
Accounts receivable	**19,611**	**(482)**	**19,129**
Recoverable taxes	2,735	-	2,735
Other operating receivables	4,457	(27)	4,430
Deferred income tax	112	-	112
Prepaid expenses	687	-	687
Other current assets	42	-	42
Other current assets	**8,033**	**(27)**	**8,006**

As of December 31, 2006 (M€)	Gross value	Valuation allowance	Net value
Accounts receivable	**17,882**	**(489)**	**17,393**
Recoverable taxes	2,098	-	2,098
Other operating receivables	4,306	(39)	4,267
Deferred income tax	94	-	94
Prepaid expenses	745	-	745
Other current assets	43	-	43
Other current assets	**7,286**	**(39)**	**7,247**

As of December 31, 2005 (M€)	Gross value	Valuation allowance	Net value
Accounts receivable	**20,174**	**(562)**	**19,612**
Recoverable taxes	2,119	-	2,119
Other operating receivables	3,773	(63)	3,710
Deferred income tax	126	-	126
Prepaid expenses	799	-	799
Other current assets	45	-	45
Other current assets	**6,862**	**(63)**	**6,799**

Changes in the valuation allowance on accounts receivable and other current assets are as follows:

(M€)	Valuation allowance as of January 1,	Increase (net)	Currency translation adjustments and other variations	Valuation allowance as of December 31,
Accounts receivable				
2007	**(489)**	**(25)**	**32**	**(482)**
2006	(562)	6	67	(489)
2005	(488)	(37)	(37)	(562)
Other current assets				
2007	**(39)**	**(4)**	**16**	**(27)**
2006	(63)	(1)	25	(39)
2005	(37)	1	(27)	(63)

17) Shareholders' equity

Number of TOTAL shares

The Company's common shares, par value of €2.50 per share, as of December 31, 2007 are the only category of shares. Shares may be held in either bearer or registered form.

Double voting rights are granted to holders of shares that are fully paid and held in the name of the same shareholder for at least two years, with due consideration for the total portion of the share capital represented. Double voting rights are also assigned to restricted shares in the event of an increase in share capital by incorporation of reserves, profits or premiums based on shares already held that are entitled to double voting rights.

Pursuant to the Company's by-laws (*statuts)* no shareholder may cast a vote at a shareholders' meeting, either by himself or through an agent, representing more than 10% of the total voting rights for the Company's shares. This limit applies to the aggregated amount of voting rights held directly, indirectly or through voting proxies. However, in the case of double voting rights, this limit may be extended to 20%.

These restrictions no longer apply if any individual or entity, acting alone or in concert, acquires at least two-thirds of the total share capital of the Company following a public tender offer for all of the Company's shares.

The authorized capital amounts to 4,042,585,605 shares as of December 31, 2007 against 4,081,629,794 as of December 31, 2006 and 1,034,280,640 as of December 31, 2005 (or 4,137,122,560 pursuant to the four-for-one split of the shares of May 18, 2006).

		Historical figures	Restated historical figures[(a)]
As of January 1, 2005		**635,015,108**	**2,540,060,432**
Shares issued in connection with:	Exercise of TOTAL share subscription options	133,257	533,028
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	1,043,499	4,173,996
Cancellation of shares[(b)]		(21,075,568)	(84,302,272)
As of January 1, 2006		**615,116,296**	**2,460,465,184**
Shares issued in connection with:	Four-for-one split of shares par value	1,845,348,888	
	Capital increase reserved for employees	11,141,320	11,141,320
	Exercise of TOTAL share subscription options	849,319	849,319
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	332,130	332,130
Cancellation of shares[(c)]		(47,020,000)	(47,020,000)
As of January 1, 2007		**2,425,767,953**	**2,425,767,953**
Shares issued in connection with:	Exercise of TOTAL share subscription options	2,453,832	
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	315,312	
Cancellation of shares[(d)]		(33,005,000)	
As of December 31, 2007[(e)]		**2,395,532,097**	

(a) Historical figures are restated as per the four-for-one split of the shares of May18, 2006.
(b) Decided by the Board of Directors on July 19, 2005 and November 3, 2005.
(c) Decided by the Board of Directors on July 18, 2006.
(d) Decided by the Board of Directors on January 10, 2007.
(e) Including 151,421,232 treasury shares deducted from consolidated shareholders' equity.

The variation of the weighted-average number of diluted shares used in the calculation of earnings per share is detailed as follows:

Number of shares as of January 1, 2007	**2,425,767,953**
Number of shares issued during the year (pro rated)	
Exercise of TOTAL share subscription options	1,020,190
Exercise of TOTAL share purchase options	4,141,186
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	163,074
TOTAL restricted shares	1,114,796
TOTAL shares held by TOTAL S.A. or by its subsidiaries and deducted from shareholders' equity	(176,912,968)
Weighted-average number of shares	**2,255,294,231**
Dilutive effect	
TOTAL share subscription and purchase options	13,698,928
TOTAL restricted shares	4,387,761
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	655,955
Capital increase reserved for employees	348,109
Weighted-average number of diluted shares	**2,274,384,984**

Capital increase reserved for Group employees

At the shareholders' meeting held on May 11, 2007, the shareholders delegated to the Board of Directors the authority to increase the share capital of the Company in one or more transactions and within a maximum period of 26 months from the date of the meeting, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made reserving subscriptions for such issuance to the Group employees participating in a company savings plan. It is being specified that the amount of any such capital increase reserved for Group employees will be counted against the aggregate maximum nominal amount of share capital increases authorized by the shareholders' meeting held on May 11, 2007 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (4 B€ in nominal value).

Pursuant to this delegation of authorization, the Board of Directors, during its November 6, 2007 meeting, implemented a first capital increase reserved for employees within the limit of 12 million shares, par value €2.50, at a price of €44.40 per share, with dividend rights as of January 1, 2007. The subscription period runs from March 10, 2008, to March 28, 2008.

Share cancellation

Pursuant to the authorization granted by the shareholders' meeting held on May 7, 2002 authorizing reduction of capital by cancellation of shares held by the Company within the limit of 10% of the outstanding capital every 24 months, the Board of Directors decided on January 10, 2007 to cancel 33,005,000 shares, par value of €2.50, at an average price of €52.52 per share.

Treasury shares (TOTAL shares held by TOTAL S.A.)

As of December 31, 2007, TOTAL S.A held 51,089,964 of its own shares, representing 2.13% of its share capital, detailed as follows:

- 16,343,349 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 4,746,615 shares allocated to TOTAL restricted shares plans for Group employees;
- 30,000,000 shares purchased for cancellation between February and December 2007 pursuant to the authorization granted by the shareholders' meetings held on May 12, 2006 and May 11, 2007.

These shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by Group subsidiaries

As of December 31, 2007, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.19% of its share capital, detailed as follows:

- 2,023,672 shares held by a consolidated subsidiary, Total Nucléaire, 100% indirectly controlled by TOTAL S.A.;
- 98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval).

These shares are deducted from the consolidated shareholders' equity.

Dividend

During the year 2007, TOTAL S.A. paid on May 18, 2007, the balance of the dividend of €1 per share for the fiscal year 2006, as well as on November 16, 2007 an interim dividend of €1 per share for the fiscal year 2007.

A resolution will be submitted at the shareholders' meeting of May 16, 2008 to pay a dividend of €2.07 per share for the fiscal year 2007, which leaves a balance to be paid of €1.07 per share, after deducting of the interim dividend of €1 already paid.

Paid-in surplus

In accordance with French law, the paid-in surplus corresponds to share premiums of the parent company which can be capitalized or used to offset losses if the legal reserve has reached its minimum required level. The amount of the paid-in surplus may also be distributed subject to taxation unless the unrestricted reserves of the parent company are distributed prior to or simultaneously with this item.

As of December 31, 2007 paid-in surplus amounted to 29,598 M€ (31,156 M€ as of December 31, 2006).

Reserves

Under French laws, 5% of net income must be transferred to the legal reserve until the legal reserve reaches 10% of the nominal value of the share capital. This reserve cannot be distributed to the shareholders other than upon liquidation but can be used to offset losses.

If wholly distributed, the unrestricted reserves of the parent company would be taxed for an approximate amount of 70 M€ as of December 31, 2007 (70 M€ as of December 31, 2006).

Items recognized directly in shareholders' equity

Shareholders' equity was directly debited for 3,007 M€ in 2007 due to the following items:

Amounts (M€)	2007	2006	2005
Currency translation adjustment, Group share	(3,013)	(2,595)	2,850
Changes in deferred taxes on treasury shares	-	-	242
Changes in fair value of financial assets available for sale	104	(61)	160
Others	13	24	16
Group share	**(2,896)**	**(2,632)**	**3,268**
Minority interests and preferred shares	(111)	(44)	51
Total items recognized directly in equity	**(3,007)**	**(2,676)**	**3,319**

18) Employee benefits obligations

Liabilities for employee benefits obligations consist of the following:

As of December 31, (M€)	2007	2006	2005
Pension benefits liabilities	1,721	1,918	2,524
Other benefits liabilities	611	647	718
Restructuring reserves (early retirement plans)	195	208	171
Total	**2,527**	**2,773**	**3,413**

The Group's main defined benefit pension plans are located in France, the United Kingdom, the United States, Belgium and Germany.

Their main characteristics are the following:

- The benefits are usually based on the final salary and seniority;
- They are usually funded (pension fund or insurer);
- They are mainly closed to new employees who benefit from defined contribution pension plans.

The pension benefits include also termination indemnities and early retirement benefits.

The other benefits are the employer contribution to post-employment medical care.

The fair value of the defined benefit obligation and plan assets in the Consolidated Financial Statements is detailed as follows:

	Pension benefits			Other benefits		
As of December 31, (M€)	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
Change in benefit obligation						
Benefit obligation at beginning of year	8,742	9,647	8,117	648	774	675
Service cost	160	174	168	12	11	14
Interest cost	396	392	411	28	30	36
Curtailments	(9)	(6)	-	-	(1)	-
Settlements	(20)	(243)	(14)	-	-	-
Special termination benefits	-	-	-	-	-	-
Plan participants' contributions	10	11	15	-	-	-
Benefits paid	(448)	(444)	(436)	(40)	(36)	(48)
Plan amendments	(70)	17	139	(2)	7	2
Actuarial losses (gains)	(384)	(151)	1,003	(38)	(21)	57
Foreign currency translation and other[(a)]	(248)	(655)	244	(25)	(116)	38
Benefit obligation at year-end	**8,129**	**8,742**	**9,647**	**583**	**648**	**774**
Change in fair value of plan assets						
Fair value of plan assets at beginning of year	(6,401)	(6,274)	(5,362)	-	-	-
Expected return on plan assets	(387)	(353)	(356)	-	-	-
Actuarial losses (gains)	140	(104)	(364)	-	-	-
Settlements	8	201	12	-	-	-
Plan participants' contributions	(10)	(11)	(15)	-	-	-
Employer contributions[(b)]	(556)	(617)	(323)	-	-	-
Benefits paid	349	327	337	-	-	-
Foreign currency translation and other[(c)]	253	430	(203)	-	-	-
Fair value of plan assets at year-end	**(6,604)**	**(6,401)**	**(6,274)**	**-**	**-**	**-**
Unfunded status	**1,525**	**2,341**	**3,373**	**583**	**648**	**774**
Unrecognized prior service cost	(49)	(149)	(171)	18	23	35
Unrecognized actuarial (losses) gains	(160)	(423)	(777)	10	(24)	(91)
Asset ceiling	5	4	5	-	-	-
Net recognized amount	**1,321**	**1,773**	**2,430**	**611**	**647**	**718**
Pension benefits and other benefits liabilities	1,721	1,918	2,524	611	647	718
Other current assets	(400)	(145)	(94)	-	-	-

(a) In 2006, the variation in foreign currency translation and other included the spin-off of Arkema which amounted to (587) and (107) M€ of benefit obligation for pension benefits and other pension benefits, respectively.
(b) In 2006, the Group covered certain employee pension benefit plans through insurance companies for an amount of 269 M€.
(c) In 2006, the variation in foreign currency translation and other included the spin-off of Arkema which amounted to 375 M€ of fair value of plan assets.

As of December 31, 2007, the present value of pension benefits and other pension benefits which are entirely or partially funded amounts to 7,175 M€ and the present value of the unfunded benefits amounted to 1,537 M€ (respectively 7,358 M€ and 2,032 M€ as of December 31, 2006).

In 2007, the experience actuarial gains (losses) related to the defined benefit obligation of pension and other benefits amounted to 80 M€.

As of December 31,	**2007**	**2006**	**2005**	**2004**
Pension benefits				
Benefit obligation	8,129	8,742	9,647	8,117
Fair value of plan assets	(6,604)	(6,401)	(6,274)	(5,362)
Unfunded status	**1,525**	**2,341**	**3,373**	**2,755**
Other benefits				
Benefits obligation	583	648	774	675
Fair value of plan assets	-	-	-	-
Unfunded status	**583**	**648**	**774**	**675**

The Group expects to contribute 62 M€ to its pension plans in 2008.

ESTIMATED FUTURE PAYMENTS (M€)	Pension benefits	Other benefits
2008	450	37
2009	460	37
2010	489	37
2011	500	38
2012	515	39
2013-2017	2,696	208

ASSET ALLOCATION	Pension benefits		
As of December 31, (M€)	2007	2006	2005
Equity securities	36%	42%	46%
Debt securities	56%	48%	48%
Monetary	4%	6%	3%
Real estate	4%	4%	3%

The Group's assumptions of expected returns on assets are built up by asset class and by country based on long-term bond yields and risk premiums.

ASSUMPTIONS USED TO DETERMINE BENEFIT OBLIGATIONS	Pension benefits			Other benefits		
As of December 31, (M€)	2007	2006	2005	2007	2006	2005
Discount rate	5.50%	4.69%	4.51%	5.50%	4.89%	4.56%
Average expected rate of salary increase	4.29%	4.14%	3.63%	-	-	-
Expected rate of healthcare inflation						
- initial rate	-	-	-	5.16%	5.57%	5.41%
- ultimate rate	-	-	-	3.64%	3.65%	4.00%

ASSUMPTIONS USED TO DETERMINE THE NET PERIODIC BENEFIT COST (INCOME)	Pension benefits			Other benefits		
As of December 31, (M€)	2007	2006	2005	2007	2006	2005
Discount rate	4.69%	4.51%	5.12%	4.89%	4.56%	5.28%
Average expected rate of salary increase	4.14%	3.63%	3.66%	-	-	-
Expected return on plan assets	6.26%	6.14%	6.57%	-	-	-
Expected rate of healthcare inflation						
- initial rate	-	-	-	5.57%	5.41%	5.70%
- ultimate rate	-	-	-	3.65%	4.00%	4.15%

The components of the net periodic benefit cost (income) in 2007, 2006 and 2005 are:

	Pension benefits			Other benefits		
As of December 31, (M€)	2007	2006	2005	2007	2006	2005
Service cost	160	174	168	12	11	14
Interest cost	396	392	411	28	30	36
Expected return on plan assets	(387)	(353)	(356)	-	-	-
Amortization of transition obligation (assets)	-	-	-	-	-	-
Amortization of prior service cost	31	41	64	(5)	(2)	(6)
Amortization of actuarial losses (gains)	17	26	-	(1)	(2)	2
Asset ceiling	-	-	5	-	-	-
Curtailments	(8)	(4)	-	-	(1)	-
Settlements	(12)	(15)	(3)	(1)	-	-
Special termination benefits	-	-	-	-	-	-
Net periodic benefit cost (income)	**197**	**261**	**289**	**33**	**36**	**46**
Net periodic benefit cost (income) from continuing operations (Group without Arkema)	197	256	233	33	35	40
Net periodic benefit cost (income) from discontinued operations (Arkema)	-	5	56	-	1	6

The assumptions for changes in healthcare costs have a significant impact on the valuations of commitments for coverage of medical expenses. A positive or negative change of one-percentage-point in the healthcare inflation rate would have the following approximate impact:

(M€)	1% point increase	1% point decrease
Benefit obligation as of December 31, 2007	54	(47)
Net periodic benefit cost (income)	8	(7)

19) Other non-current liabilities

As of December 31, (M€)	2007	2006	2005
Litigation and accrued penalty claims	601	497	839
Provisions for environmental contingencies	552	574	768
Asset retirement obligations	4,206	3,893	3,710
Other non-current liabilities	1,188	1,215	1,421
Deposits received	296	288	313
Total	**6,843**	**6,467**	**7,051**

In 2007, litigation reserves include a provision covering risks concerning antitrust investigations related to Arkema amounting to 138 M€ as of December 31, 2007. Other risks and commitments that give rise to contingent liabilities are described in Note 32 to the Consolidated Financial Statements.

In 2007, the other non-current liabilities mainly included:

- The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 134 M€ as of December 31, 2007;
- Provisions related to restructuring activities in the Chemicals segment for 49 M€ as of December 31, 2007.

In 2006, litigation reserves included a provision covering risks concerning antitrust investigations related to Arkema amounting to 138 M€ as of December 31, 2006.

In 2006, the other non-current liabilities mainly included:

- The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 176 M€ as of December 31, 2006;
- Provisions related to restructuring activities in the Chemicals segment for 72 M€ as of December 31, 2006.

In 2005, the other non-current liabilities mainly included:

- The contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 133 M€ as of December 31, 2005;
- Provisions related to restructuring activities in the Chemicals segment for 171 M€ as of December 31, 2005.

VARIATION IN OTHER NON-CURRENT LIABILITIES

(M€)	As of January 1,	Allowances	Reversals	Currency translation adjustment	Other	As of December 31,
2007	**6,467**	**747**	**(927)**	**(303)**	**859**	**6,843**
2006	7,051	884	(821)	(273)	(374)	6,467
2005	6,274	1,347	(1,025)	375	80	7,051

In 2007, allowances of the period (747 M€) mainly included:

- Environmental contingencies in the Chemicals segment for 23 M€;
- Provisions for restructuring and social plans for 15 M€;
- An allowance of 100 M€ for litigation reserves in connection with antitrust investigations, as described in Note 32 to the Consolidated Financial Statements “Other risks and contingent liabilities”.

In 2006, allowances of the period (884 M€) mainly included:

- An additional allowance of the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), for 100 M€;
- Environmental contingencies in the Chemicals segment for 96 M€;
- Provisions for restructuring and social plans for 88 M€;
- An allowance of 32 M€ for litigation reserves in connection with antitrust investigations, as described in Note 32 to the Consolidated Financial Statements “Other risks and contingent liabilities”.

In 2005, allowances of the period (1,347 M€) mainly included:

- An additional allowance of the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), for 100 M€;
- Environmental contingencies in the Chemicals segment for 283 M€;

- Provisions for restructuring and social plans for 107 M€.
- An allowance of 292 M€ for litigation reserves in connection with antitrust investigations, as described in Note 32 to the Consolidated Financial Statements “Other risks and contingent liabilities”.

In 2007, the main reversals of the period (927 M€) were related to the incurred expenses which mainly included:

- The contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 42 M€;
- Provisions for restructuring and social plans written back for 37 M€;
- Environmental contingencies in the Chemicals segment written back for 52 M€.

In 2006, the main reversals of the period (821 M€) were related to the incurred expenses which mainly included:

- The contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 57 M€;
- Provisions for restructuring and social plans written back for 43 M€;
- Environmental contingencies in the Chemicals segment written back for 56 M€.

In 2005, the main reversals of the period (1,025 M€) were related to the incurred expenses which mainly included:

- The contingency reserve related to theToulouse-AZF plant explosion (civil liability), written back for 77 M€;
- Provisions for restructuring and social plans written back for 106 M€;
- Environmental contingencies in the Chemicals segment written back for 197 M€.

VARIATION OF THE ASSET RETIREMENT OBLIGATION

(M€)	As of January 1,	Accretion	Revision in estimates	New obligations	Spending on existing obligations	Currency translation adjustment	Other	As of December 31,
2007	**3,893**	**189**	**203**	**371**	**(209)**	**(206)**	**(35)**	**4,206**
2006	3,710	182	66	274	(174)	(191)	26	3,893
2005	3,334	162	51	86	(202)	250	29	3,710

20) Financial Debt and related financial instruments

A) Non-current financial debt and related financial instruments

As of December 31, 2007 (M€) (ASSETS) / LIABILITIES	Secured	Unsecured	Total
Non-current financial debt	**772**	**14,104**	**14,876**
of which hedging instruments of non-current financial debt (liabilities)[a]	-	*369*	*369*
Hedging instruments of non-current financial debt (assets)[a]	-	(460)	(460)
Non-current financial debt – net of hedging instruments	**772**	**13,644**	**14,416**
Bonds, net of hedging instruments	-	11,650	11,650
Bank and other, floating rate	453	1,781	2,234
Bank and other, fixed rate	2	213	215
Financial lease obligations	317	-	317
Non-current financial debt – net of hedging instruments	**772**	**13,644**	**14,416**

As of December 31, 2006 (M€) (ASSETS) / LIABILITIES	Secured	Unsecured	Total
Non-current financial debt	**771**	**13,403**	**14,174**
of which hedging instruments of non-current financial debt (liabilities)[a]	-	*193*	*193*
Hedging instruments of non-current financial debt (assets)[a]	-	(486)	(486)
Non-current financial debt – net of hedging instruments	**771**	**12,917**	**13,688**
Bonds, net of hedging instruments	-	11,120	11,120
Bank and other, floating rate	398	1,589	1,987
Bank and other, fixed rate	2	208	210
Financial lease obligations	371	-	371
Non-current financial debt – net of hedging instruments	**771**	**12,917**	**13,688**

As of December 31, 2005 (M€) (ASSETS) / LIABILITIES	Secured	Unsecured	Total
Non-current financial debt	**490**	**13,303**	**13,793**
of which hedging instruments of non-current financial debt (liabilities)[a]	-	*128*	*128*
Hedging instruments of non-current financial debt (assets)[a]	-	(477)	(477)
Non-current financial debt – net of hedging instruments	**490**	**12,826**	**13,316**
Bonds, net of hedging instruments	-	10,703	10,703
Bank and other, floating rate	105	1,715	1,820
Bank and other, fixed rate	3	408	411
Financial lease obligations	382	-	382
Non-current financial debt – net of hedging instruments	**490**	**12,826**	**13,316**

(a) See the description of these hedging instruments (paragraph M(iii) "Long-term financing" of Note 1 to the Consolidated Financial Statements).

Fair value of bonds, as of December 31, 2007, after taking into account hedging currency and interest rates swaps, can be detailed as follows (as the effect of the Group credit risk is not material, it has not been taken into account in the calculation of fair value):

(M€)		Fair value after hedging as of					
	Year of issue	December 31, 2007	December 31, 2006	December 31, 2005	Currency	Maturity	Initial rate before hedging instruments
Parent company							
Bond	1996	-	-	166	FRF	2006	6.900%
Bond	1996	324	362	404	FRF	2008	6.750%
Bond	1997	-	75	83	FRF	2007	5.030%
Bond	1997	-	63	70	ESP	2007	6.800%
Bond	1997	118	126	146	FRF	2009	6.200%
Bond	1998	26	29	32	FRF	2008	Pibor 3 months + 0.380%
Bond	1998	113	132	141	FRF	2009	5.125%
Bond	1998	114	128	142	FRF	2013	5.000%
Bond	1999	-	-	275	EUR	2006	3.875%
Bond	2000	-	-	107	CHF	2006	3.500%
Bond	2000	60	68	75	EUR	2010	5.650%
Current portion (less than one year)		(349)	(138)	(548)			
Total parent company		**406**	**845**	**1,093**			
Elf Aquitaine S.A.							
Bond	1999	998	996	998	EUR	2009	4.500%
Current portion (less than one year)		-	-	-			
Total Elf Aquitaine S.A.		**998**	**996**	**998**			

(M€)	Year of issue	Fair value after hedging as of December 31, 2007	December 31, 2006	December 31, 2005	Currency	Maturity	Initial rate before hedging instruments
TOTAL CAPITAL							
Bond	2002	-	276	309	CHF	2007	3.000%
Bond	2002	-	57	64	USD	2007	4.740%
Bond	2002	-	228	255	USD	2007	5.125%
Bond	2002	-	183	204	CHF	2007	3.000%
Bond	2002	-	190	213	USD	2007	4.750%
Bond	2002	-	38	43	USD	2007	Libor USD 3 months + 0.060%
Bond	2002	-	38	43	USD	2007	Libor USD 3 months + 0.065%
Bond	2002	-	174	195	GBP	2007	5.000%
Bond	2002	-	101	113	CHF	2007	2.500%
Bond	2002	-	90	101	GBP	2007	5.000%
Bond	2002	14	15	18	USD	2012	5.890%
Bond	2003	-	61	69	GBP	2007	5.000%
Bond	2003	39	43	52	AUD	2008	5.000%
Bond	2003	360	402	450	EUR	2008	3.500%
Bond	2003	44	50	56	CAD	2008	4.250%
Bond	2003	170	190	212	USD	2008	3.250%
Bond	2003	41	46	49	AUD	2008	5.000%
Bond	2003	72	81	91	EUR	2008	3.500%
Bond	2003	113	127	142	EUR	2008	3.500%
Bond	2003	148	165	185	CHF	2008	2.010%
Bond	2003	98	110	123	CHF	2008	2.010%
Bond	2003	145	162	181	CHF	2009	2.385%
Bond	2003	49	55	61	AUD	2009	6.250%
Bond	2003	157	175	196	CHF	2010	2.385%
Bond	2003	20	23	26	USD	2013	4.500%
Bond	2003-2004	373	418	467	USD	2009	3.500%
Bond	2004	-	103	115	GBP	2007	5.000%
Bond	2004	34	38	42	USD	2008	3.250%
Bond	2004	34	38	42	USD	2008	3.250%
Bond	2004	68	76	85	USD	2008	3.250%
Bond	2004	54	60	67	AUD	2009	6.000%
Bond	2004	26	29	33	AUD	2009	6.000%
Bond	2004	316	353	395	GBP	2010	4.875%
Bond	2004	110	123	138	CHF	2010	2.385%
Bond	2004	429	479	535	EUR	2010	3.750%
Bond	2004	125	140	156	GBP	2010	4.875%
Bond	2004	52	58	65	CAD	2010	4.000%
Bond	2004	181	202	226	GBP	2010	4.875%
Bond	2004	52	58	65	AUD	2011	5.750%
Bond	2004	105	118	131	CAD	2011	4.875%
Bond	2004	204	228	255	USD	2011	4.125%
Bond	2004	68	76	85	USD	2011	4.125%
Bond	2004	114	127	142	CHF	2012	2.375%
Bond	2004	46	51	58	NZD	2014	6.750%
Bond	2005	34	38	42	USD	2009	3.500%
Bond	2005	52	58	65	AUD	2011	5.750%
Bond	2005	55	61	68	CAD	2011	4.000%
Bond	2005	136	152	170	USD	2011	4.125%
Bond	2005	109	122	136	CHF	2011	1.625%
Bond	2005	226	226	226	CHF	2011	1.625%
Bond	2005	271	302	337	EUR	2012	3.250%
Bond	2005	177	197	220	CHF	2012	2.135%
Bond	2005	85	95	106	EUR	2012	3.250%
Bond	2005	63	63	63	AUD	2012	5.750%
Bond	2005	57	57	57	NZD	2012	6.500%
Bond	2005	65	65	65	CHF	2012	2.135%
Bond	2005	97	97	98	CHF	2012	2.375%
Bond	2005	286	284	295	GBP	2012	4.625%

(M€)		Fair value after hedging as of					
	Year of issue	December 31, 2007	December 31, 2006	December 31, 2005	Currency	Maturity	Initial rate before hedging instruments
Bond	2006	-	147	-	GBP	2007	5.000%
Bond	2006	100	100	-	EUR	2010	3.750%
Bond	2006	50	50	-	EUR	2010	3.750%
Bond	2006	75	74	-	GBP	2010	4.875%
Bond	2006	50	50	-	EUR	2010	3.750%
Bond	2006	300	300	-	EUR	2011	3.875%
Bond	2006	474	474	-	USD	2011	5.000%
Bond	2006	42	42	-	EUR	2011	Euribor 3 months + 0.040%
Bond	2006	300	300	-	EUR	2011	3.875%
Bond	2006	150	151	-	EUR	2011	3.875%
Bond	2006	120	120	-	USD	2011	5.000%
Bond	2006	300	300	-	EUR	2011	3.875%
Bond	2006	62	62	-	AUD	2012	5.625%
Bond	2006	72	72	-	CAD	2012	4.125%
Bond	2006	100	100	-	EUR	2012	3.250%
Bond	2006	74	74	-	GBP	2012	4.625%
Bond	2006	100	100	-	EUR	2012	3.250%
Bond	2006	126	126	-	CHF	2013	2.510%
Bond	2006	127	127	-	CHF	2014	2.635%
Bond	2006	130	130	-	CHF	2016	2.385%
Bond	2006	65	65	-	CHF	2016	2.385%
Bond	2006	64	64	-	CHF	2016	2.385%
Bond	2006	64	63	-	CHF	2016	2.385%
Bond	2006	129	129	-	CHF	2018	3.135%
Bond	2007	74	-	-	GBP	2010	4.875%
Bond	2007	60	-	-	CHF	2010	2.385%
Bond	2007	77	-	-	USD	2011	5.000%
Bond	2007	371	-	-	USD	2012	5.000%
Bond	2007	61	-	-	AUD	2012	6.500%
Bond	2007	222	-	-	USD	2012	5.000%
Bond	2007	71	-	-	GBP	2012	4.625%
Bond	2007	72	-	-	CAD	2012	4.125%
Bond	2007	301	-	-	EUR	2013	4.125%
Bond	2007	305	-	-	GBP	2013	5.500%
Bond	2007	74	-	-	GBP	2013	5.500%
Bond	2007	73	-	-	GBP	2013	5.500%
Bond	2007	248	-	-	CHF	2014	2.635%
Bond	2007	49	-	-	JPY	2014	1.723%
Bond	2007	61	-	-	CHF	2014	2.635%
Bond	2007	31	-	-	JPY	2014	1.505%
Bond	2007	122	-	-	CHF	2015	3.125%
Bond	2007	302	-	-	EUR	2017	4.700%
Bond	2007	76	-	-	CHF	2018	3.135%
Bond	2007	60	-	-	CHF	2018	3.135%
Current portion (less than one year)		(1,222)	(1,686)	-			
Total TOTAL CAPITAL		**10,136**	**9,206**	**8,501**			
Other consolidated subsidiaries		110	73	111			
Total		**11,650**	**11,120**	**10,703**			

Loan repayment schedule (excluding current portion)

As of December 31, 2007 (M€)	Non-current financial debt	*of which hedging instruments of non-current financial debt (liabilities)*	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2009	2,137	*6*	(114)	2,023	14%
2010	2,767	*16*	(207)	2,560	18%
2011	3,419	*123*	(65)	3,354	23%
2012	3,517	*90*	(30)	3,487	24%
2013 and beyond	3,036	*134*	(44)	2,992	21%
Total	**14,876**	*369*	**(460)**	**14,416**	**100%**

As of December 31, 2006 (M€)	Non-current financial debt	*of which hedging instruments of non-current financial debt (liabilities)*	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2008	2,604	*4*	(245)	2,359	17%
2009	2,320	*14*	(82)	2,238	16%
2010	3,083	*2*	(104)	2,979	22%
2011	3,177	*75*	(20)	3,157	23%
2012 and beyond	2,990	*98*	(35)	2,955	22%
Total	**14,174**	*193*	**(486)**	**13,688**	**100%**

As of December 31, 2005 (M€)	Non-current financial debt	*of which hedging instruments of non-current financial debt (liabilities)*	Hedging instruments of non-current financial debt (assets)	Non-current financial debt - net of hedging instruments	%
2007	2,896	*(12)*	(223)	2,673	20%
2008	2,256	*(10)*	(117)	2,139	16%
2009	2,403	*1*	(94)	2,309	17%
2010	1,958	*50*	(22)	1,936	15%
2011 and beyond	4,280	*99*	(21)	4,259	32%
Total	**13,793**	*128*	**(477)**	**13,316**	**100%**

Analysis by currency and interest rate

These analyses take into account interest rate and foreign currency swaps to hedge non-current financial debt.

As of December 31, (M€)	2007	%	2006	%	2005	%
U.S. Dollar	4,700	33%	6,981	51%	9,778	73%
Euro	8,067	56%	5,382	39%	2,324	18%
Other currencies	1,649	11%	1,325	10%	1,214	9%
Total	**14,416**	**100%**	**13,688**	**100%**	**13,316**	**100%**

As of December 31, (M€)	2007	%	2006	%	2005	%
Fixed rate	893	6%	896	7%	1,089	8%
Floating rate	13,523	94%	12,792	93%	12,227	92%
Total	**14,416**	**100%**	**13,688**	**100%**	**13,316**	**100%**

B) Current borrowings, bank overdrafts and related financial instruments

Current borrowings consist mainly of commercial paper or treasury bills or draws on bank loans. These instruments bear interest at rates that are close to market rates.

As of December 31, (M€) **(ASSETS) / LIABILITIES**	2007	2006	2005
Current financial debt and bank overdrafts	2,530	3,348	2,928
Current portion of non-current financial debt	2,083	2,510	992
Current borrowings and bank overdrafts	**4,613**	**5,858**	**3,920**
Current portion of financial instruments for interest rate swaps liabilities	1	-	6
Other current financial instruments – liabilities	59	75	27
Other current financial liabilities (Note 28)	**60**	**75**	**33**
Current deposits beyond three months	(850)	(3,496)	-
Current portion of financial instruments for interest rate swaps – assets	(388)	(341)	(44)
Other current financial instruments – assets	(26)	(71)	(290)
Current financial assets (Note 28)	**(1,264)**	**(3,908)**	**(334)**
Current borrowings, bank overdrafts and related financial assets and liabilities, net	**3,409**	**2,025**	**3,619**

C) Net-debt-to-equity ratio

For its internal and external communication needs, the Group calculates a debt ratio by dividing its net financial debt by equity. The shareholders' equity as of December 31, 2007 is calculated after distribution of a dividend of 2.07 € per share of which 1 € per share has already been paid on November 16, 2007.

The net-debt-to-equity ratio is calculated as follows:

As of December 31, (M€) **(ASSETS) / LIABILITIES**	2007	2006	2005
Current borrowings	4,613	5,858	3,920
Other current financial liabilities	60	75	33
Current financial assets	(1,264)	(3,908)	(334)
Non-current financial debt	14,876	14,174	13,793
Hedging instruments on non-current financial debt	(460)	(486)	(477)
Cash and cash equivalents	(5,988)	(2,493)	(4,318)
Net financial debt	**11,837**	**13,220**	**12,617**
Shareholders' equity – Group share	44,858	40,321	40,645
Estimated dividend payable	(2,397)	(2,258)	(2,006)
Minority interest	842	827	838
Total shareholder's equity	**43,303**	**38,890**	**39,477**
Net-debt-to-equity ratio	**27.3%**	**34.0%**	**32.0%**

21) Other creditors and accrued liabilities

As of December 31, (M€)	2007	2006	2005
Accruals and deferred income	137	163	253
Payable to states (including taxes and duties)	7,860	7,204	7,644
Payroll	909	879	1,015
Other operating liabilities	3,900	4,263	4,157
Total	**12,806**	**12,509**	**13,069**

22) Lease contracts

The Group leases real estate, retail stations, ships, and other equipment (see Note 11 to the Consolidated Financial Statements).

The future minimum lease payments on operating and finance leases to which the Group is committed are shown as follows:

As December 31, 2007 (M€)	Operating leases	Finance leases
2008	427	50
2009	352	47
2010	291	46
2011	210	46
2012	149	47
2013 and beyond	492	154
Total minimum payments	**1,921**	**390**
Less financial expenses		(47)
Nominal value of contracts		**343**
Less current portion of finance lease contracts		(26)
Outstanding liability of finance lease contracts		**317**

As December 31, 2006 (M€)	Operating leases	Finance leases
2007	381	52
2008	378	56
2009	307	56
2010	246	51
2011	153	54
2012 and beyond	422	218
Total minimum payments	**1,887**	**487**
Less financial expenses		(87)
Nominal value of contracts		**400**
Less current portion of finance lease contracts		(29)
Outstanding liability of finance lease contracts		**371**

As of December 31, 2005 (M€)	Operating leases	Finance leases
2006	273	51
2007	210	47
2008	170	50
2009	119	41
2010	95	41
2011 and beyond	441	199
Total minimum payments	**1,308**	**429**
Less financial expenses		28
Nominal value of contracts		**457**
Less current portion of finance lease contracts		(75)
Outstanding liability of finance lease contracts		**382**

Net rental expense incurred under operating leases for the year ended December 31, 2007 was 383 M€ (380 M€ in 2006 and 272 M€ in 2005).

23) Commitments and contingencies

As of December 31, 2007 (M€)	Total	Maturity and installments Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (Note 20)	14,099	-	11,251	2,848
Current portion of non-current debt obligations net of hedging instruments (Note 20)	1,669	1,669	-	-
Finance lease obligations (Note 22)	343	26	173	144
Asset retirement obligations (Note 19)	4,206	189	503	3,514
Contractual obligations recorded in the balance sheet	**20,317**	**1,884**	**11,927**	**6,506**
Operating lease obligations (Note 22)	1,921	427	1,002	492
Purchase obligations	61,794	3,210	15,419	43,165
Contractual obligations not recorded in the balance sheet	**63,715**	**3,637**	**16,421**	**43,657**
Total of contractual obligations	**84,032**	**5,521**	**28,348**	**50,163**
Guarantees given for excise taxes	1,796	590	58	1,148
Collateral given against borrowings	781	9	624	148
Indemnities related to sales of businesses	40	-	3	37
Other guarantees given	4,251	1,923	205	2,123
Total of other commitments given	**6,868**	**2,522**	**890**	**3,456**
Mortgages and liens received	353	7	69	277
Other commitments received	3,887	2,781	377	729
Total of commitments received	**4,240**	**2,788**	**446**	**1,006**

As of December 31, 2006 (M€)	Total	Maturity and installments Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (Note 20)	13,317	-	10,548	2,769
Current portion of non-current debt obligations net of hedging instruments (Note 20)	2,140	2,140	-	-
Finance lease obligations (Note 22)	400	29	185	186
Asset retirement obligations (Note 19)	3,893	221	576	3,096
Contractual obligations recorded in the balance sheet	**19,750**	**2,390**	**11,309**	**6,051**
Operating lease obligations (Note 22)	1,887	381	1,084	422
Purchase obligations	37,327	3,551	9,696	24,080
Contractual obligations not recorded in the balance sheet	**39,214**	**3,932**	**10,780**	**24,502**
Total of contractual obligations	**58,964**	**6,322**	**22,089**	**30,553**
Guarantees given for excise taxes	1,807	587	22	1,198
Collateral given against borrowings	1,079	16	691	372
Indemnities related to sales of businesses	113	38	40	35
Other guarantees given	4,155	1,694	401	2,060
Total of other commitments given	**7,154**	**2,335**	**1,154**	**3,665**
Mortgages and liens received	329	11	77	241
Other commitments received	2,965	2,089	315	561
Total of commitments received	**3,294**	**2,100**	**392**	**802**

As of December 31, 2005 (M€)	Total	Maturity and installments Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (Note 20)	12,934	-	8,877	4,057
Current portion of non-current debt obligations net of hedging instruments (Note 20)	879	879	-	-
Finance lease obligations (Note 22)	457	75	180	202
Asset retirement obligations (Note 19)	3,710	174	446	3,090
Contractual obligations recorded in the balance sheet	**17,980**	**1,128**	**9,503**	**7,349**
Operating lease obligations (Note 22)	1,308	273	594	441
Purchase obligations	24,177	3,402	8,112	12,663
Contractual obligations not recorded in the balance sheet	**25,485**	**3,675**	**8,706**	**13,104**
Total of contractual obligations	**43,465**	**4,803**	**18,209**	**20,453**
Guarantees given for excise taxes	2,827	2,552	29	246
Collateral given against borrowings	1,089	19	823	247
Indemnities related to sales of businesses	221	162	32	27
Other guarantees given	5,252	2,305	1,841	1,106
Total of other commitments given	**9,389**	**5,038**	**2,725**	**1,626**
Mortgages and liens received	280	10	158	112
Other commitments received	3,587	2,400	561	626
Total of commitments received	**3,867**	**2,410**	**719**	**738**

A. Contractual obligations

Debt obligations

“Non-current debt obligations” are included in the items “Non-current financial debt” and “Hedging instruments of non-current financial debt” of the balance sheet. It includes the non-current portion of issue swaps and swaps hedging bonds, and excludes non-current finance lease obligations of 317 M€.

The current portion of non-current debt is included in the items “Current borrowings”, “Current financial assets” and “Other current financial liabilities” of the balance sheet. It includes the current portion of issue swaps and swaps hedging bonds and excludes the current portion of finance lease obligations of 26 M€.

The information regarding contractual obligations linked to indebtedness is presented in Note 20 to the Consolidated Financial Statements.

Lease contracts

The information regarding operating and finance leases is presented in Note 22 to the Consolidated Financial Statements.

Asset retirement obligations

This item represents the discounted present value of Upstream asset retirement obligations, primarily asset removal costs at the completion date. The information regarding contractual obligations linked to asset retirement obligations is presented in Note 19 to the Consolidated Financial Statements.

Purchase obligations

Purchase obligations are obligations under contractual agreements to purchase goods or services, including capital projects. These obligations are enforceable and legally binding on the company and specify all significant terms, including the amount and the timing of the payments. These obligations mainly include: unconditional hydrocarbon purchase contracts (except where an active, highly-liquid market exists and when the hydrocarbons are expected to be re-sold shortly after purchase), reservation of transport capacities in pipelines, unconditional exploration works and development works in Upstream, and contracts for capital investment projects in Downstream.

B. Other commitments given

Guarantees given for excise taxes

Guarantees given on customs duties, which amount to 1,796 M€ as of December 31, 2007, mainly consist of guarantees given to other oil and gas companies in order to comply with French tax authorities’ requirements for oil and gas imports in France. A payment would be triggered by a failure of the guaranteed party with respect to the French tax authorities. The default of the guaranteed parties is however considered to be highly remote by the Group.

Collateral given against borrowings

The Group guarantees bank debt and finance lease obligations of certain unconsolidated affiliates and associates accounted for by the equity method. Expiration dates vary, and guarantees will terminate on payment and/or cancellation of the obligation. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee, and no assets are held as collateral for these guarantees. The amount of these guarantees total 781 M€ as of December 31, 2007 for debt guarantees with maturities up to 2019.

Indemnities related to sales of businesses

In the ordinary course of business, the Group executes contracts involving standard indemnities in the industry and indemnifications specific to a transaction such as sale of a business. These indemnifications might include claims against any of the following: environmental, tax and shareholder matters, intellectual property rights, governmental regulations and employment-related matters, dealer, supplier, and other commercial contractual relationships. Performance under these indemnities would generally be triggered by a breach of terms of the contract or by a third party claim. The Group regularly evaluates the probability of having to incur costs associated with these indemnifications.

The guarantees related to antitrust investigations granted as part of the agreement relating to the spin-off of Arkema are described in Note 32 to the Consolidated Financial Statements.

Other guarantees given

Non-consolidated subsidiaries

The Group also guarantees the current liabilities of some of non-consolidated subsidiaries. Performance under these guarantees would be triggered by a financial default of the entity. As of December 31, 2007, the total amount of these guarantees is estimated to be 97 M€.

Other guarantees given

As part of normal ongoing business operations and consistent with generally and accepted recognized industry practices, the Group enters into numerous agreements with other parties. These commitments are often entered into for commercial purposes, for regulatory purposes and for other operating agreements. As of December 31, 2007, these other commitments include guarantees given to customers or suppliers for 1,197 M€, guarantees on letters of credit for 1,677 M€ and other operating commitments for 1,280 M€.

24) Related Parties

The main transactions and balances with related parties (principally all the investments accounted for by the equity method and subsidiaries excluded from consolidation) are detailed as follows:

As of December 31, (M€)	2007	2006	2005
Balance Sheet			
Receivables			
Debtors and other debtors	277	411	353
Loans (excl. loans to equity companies)	378	457	465
Payables			
Creditors and other creditors	460	424	406
Debts	28	25	19

For the year ended December 31, (M€)	2007	2006	2005
Income Statement			
Sales	2,635	1,996	1,593
Purchases	3,274	3,123	2,482
Financial expenses	-	-	-
Financial income	29	60	56

Compensation for the administration and management bodies

The aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL (the members of the Management Committee and the Treasury) and the members of the Board of Directors who are employees of the Group, was 19.9 M€ in 2007 (30 persons) compared to 19.8 M€ in 2006 (32 persons).

The compensation allocated to members of the Board of Directors for directors' fees totaled 0.82 M€ in 2007, pursuant to the resolution of the shareholders' meeting of May 11, 2006.

The expense recorded for share-based payments to the principal executives of the Group and the members of the Board of Directors who are employees of the Group, was 18.4 M€ in 2007 (16.6 M€ in 2006).

The benefits provided for executive officers and certain members of the Board of Directors include severance to be paid on retirement, complementary pension scheme and insurance plans, which represent 102.9 M€ as of December 31, 2007 compared to 113.2 M€ as of December 31, 2006. In 2007, the expense recorded amounted to 12.2 M€ (14.0 M€ in 2006).

25) Share based payments

A. TOTAL share subscription option plans

	2003 Plan[a]	2004 Plan[b]	2005 Plan[c]	2006 Plan[d]	2007 Plan[e]	Total
Exercise price until May 23, 2006 included (€)[f]	**33.30**	**39.85**	**49.73**			
Exercise price since May 24, 2006 (€)[f]	**32.84**	**39.30**	**49.04**	**50.60**	**60.10**	
Expiration date	**07/16/2011**	**07/20/2012**	**07/19/2013**	**07/18/2014**	**07/17/2015**	
Number of options[g]						
Existing options as of January 1, 2005	**11,729,024**	**13,414,520**				**25,143,544**
Granted	-	24,000	6,104,480			6,128,480
Cancelled	(10,000)	(16,400)	(10,400)			(36,800)
Exercised	(522,228)	(10,800)	-			(533,028)
Existing options as of January 1, 2006	**11,196,796**	**13,411,320**	**6,094,080**			**30,702,196**
Granted	-	-	134,400	5,727,240		5,861,640
Cancelled	(22,200)	(57,263)	(43,003)	(1,080)		(123,546)
Adjustment following the spin-off of Arkema[h]	163,180	196,448	90,280	-		449,908
Exercised	(729,186)	(120,133)	-	-		(849,319)
Existing options as of January 1, 2007	**10,608,590**	**13,430,372**	**6,275,757**	**5,726,160**		**36,040,879**
Granted	-	-	-	-	5,937,230	5,937,230
Cancelled	(22,138)	(20,093)	(11,524)	(13,180)	(17,125)	(84,060)
Exercised	(2,218,074)	(213,043)	(20,795)	(1,920)	-	(2,453,832)
Existing options as of December 31, 2007	**8,368,378**	**13,197,236**	**6,243,438**	**5,711,060**	**5,920,105**	**39,440,217**

(a) Grants approved by the Board of Directors on July 16, 2003 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(b) Grants approved by the Board of Directors on July 20, 2004 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(c) Grants approved by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(d) Grants approved by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(e) Grants approved by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 11, 2007. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant. Beneficiaries working for a non-French subsidiary on July 17, 2007 are authorized to transfer the shares issued upon exercise of options starting from July 18, 2009. Furthermore, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, part of these options will definitely be awarded following the vesting period, under a performance condition based on the return on equity of the Group and calculated on the Consolidated Financial Statements of the Group for the fiscal year 2008.

(f) Following the four-for-one stock split on May 18, 2006, the exercise prices of TOTAL option plans in force at that date were multiplied by 0.25. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL option plans were multiplied by an adjustment factor equal to 0.986147 with effect as of May 24, 2006.

(g) The number of options awarded, outstanding, cancelled or exercised before May 23, 2006, included, was multiplied by four to reflect the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

(h) Adjustments approved by the Board of Directors on March 14, 2006, in application of Articles 174-9, 174-12 and 174-13 of the decree No.67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. shareholders' meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

B. TOTAL share purchase option plans

	1998 Plan[a]	1999 Plan[b]	2000 Plan[c]	2001 Plan[d]	2002 Plan[e]	Total
Exercise price until May 23, 2006 included (€)[f]	23.44	28.25	40.68	42.05	39.58	
Exercise price since May 24, 2006 (€)[f]		27.86	40.11	41.47	39.03	
Expiration date	03/17/2006	06/15/2007	07/11/2008	07/10/2009	07/09/2010	
Number of options[g]						
Existing options as of January 1, 2005	**1,556,048**	**4,106,116**	**9,625,780**	**10,723,700**	**11,446,512**	**37,458,156**
Granted	-	-	-	-	-	-
Cancelled	(400)	(1,200)	(7,000)	(4,000)	(9,800)	(22,400)
Exercised	(965,996)	(2,052,484)	(3,108,836)	(1,983,800)	(153,232)	(8,264,348)
Existing options as of January 1, 2006	**589,652**	**2,052,432**	**6,509,944**	**8,735,900**	**11,283,480**	**29,171,408**
Granted	-	-	-	-	-	-
Cancelled[h]	(72,692)	-	(7,272)	(15,971)	(26,694)	(122,629)
Adjustment following the spin-off of Arkema[i]	-	25,772	84,308	113,704	165,672	389,456
Exercised	(516,960)	(707,780)	(1,658,475)	(1,972,348)	(2,141,742)	(6,997,305)
Existing options as of January 1, 2007	-	**1,370,424**	**4,928,505**	**6,861,285**	**9,280,716**	**22,440,930**
Granted		-	-	-	-	-
Cancelled		(138,023)	(3,452)	(7,316)	(7,104)	(155,895)
Exercised		(1,232,401)	(1,782,865)	(1,703,711)	(2,210,429)	(6,929,406)
Existing options as of December 31, 2007		-	**3,142,188**	**5,150,258**	**7,063,183**	**15,355,629**

(a) Grants approved by the Board of Directors on March 17, 1998 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a five-year period from the date of the Board meeting awarding the options and had to be exercised within eight years from this date. This plan expired on March 17, 2006.

(b) Grants approved by the Board of Directors on June 15, 1999 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options were exercisable only after a five-year period from the date of the Board meeting awarding the options and had to be exercised within eight years from this date. This plan expired on June 15, 2007.

(c) Grants approved by the Board of Directors on July 11, 2000 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options are exercisable only after a four-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for five years from the date of grant.

(d) Grants approved by the Board of Directors on July 10, 2001 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after January 1, 2005 and must be exercised within eight years from the date of grant. For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for four years from the date of grant. Underlying shares may not be sold for four years from the date of grant.

(e) Grants approved by the Board of Directors on July 9, 2002 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a two-year period from the date of the Board meeting awarding the options and must be exercised within eight years from this date. Underlying shares may not be sold for four years from the date of grant.

(f) Following the four-for-one stock split on May 18, 2006, the exercise prices of TOTAL option plans at that date were multiplied by 0.25. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL option plans were multiplied by an adjustment factor equal to 0.986147 with effect as of May 24, 2006.

(g) The number of options awarded, outstanding, cancelled or exercised before May 23, 2006, included, was multiplied by four to reflect the four-for-one stock split approved by the shareholder's meeting on May 12, 2006.

(h) Including the confirmation in 2006 by the Company of the award of 500 stock options (for underlying shares with a par value of 10 euros per share) that had been cancelled erroneously in 2001 (2000 plan).

(i) Adjustments approved by the Board of Directors on March 14, 2006 in application of Articles 174-9, 174-12 and 174-13 of the decree No.67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. shareholders' meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

C. Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Group made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (19 TOTAL shares for 13 Elf Aquitaine shares).

In order to take into account the spin-off of SDA (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share exchange undertaking, approved on March 14, 2006 to adjust the exchange ratio described above (see pages 24 and 25 of the "Prospectus for the purpose of listing Arkema shares on Eurolist by Euronext in connection with the allocation of Arkema shares to TOTAL S.A. shareholders"). Following the approval by Elf Aquitaine shareholders' meeting on May 10, 2006 of the spin-off of SDA by Elf Aquitaine, the approval by TOTAL S.A. shareholders' meeting on May 12, 2006 of the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the exchange ratio was adjusted to six TOTAL shares for one Elf Aquitaine share on May 22, 2006.

As of December 31, 2007, a maximum of 140,296 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

ELF AQUITAINE SUBSCRIPTION PLAN(A)	1999 Plan No. 1	1999 Plan No. 2	Total
Exercise price until May 23, 2006 included (€)(b)	**115.60**	**171.60**	
Exercise price since May 24, 2006 (€)(b)	**114.76**	**170.36**	
Expiration date	**03/30/2009**	**09/12/2009**	
Outstanding position as of December 31, 2007	127,668	6,044	133,712
Outstanding Elf Aquitaine shares covered by the exchange guarantee as of December 31, 2007	6,584	-	6,584
Total of Elf Aquitaine shares, either outstanding or to be created, covered by the exchange guarantee for TOTAL shares as of December 31, 2007	**134,252**	**6,044**	**140,296**
TOTAL shares likely to be created within the scope of the application of the exchange guarantee as of December, 2007	**805,512**	**36,264**	**841,776**

(a) Adjustments of the number of options approved by the Board of Directors on March 10, 2006 in application of Articles 174-9, 174-12 and 174-13 of the decree No. 67-236 of March 23, 1967 in force on March 10, 2006 and during Elf Aquitaine shareholders' meeting on May 10, 2006 , as part of the spin-off of SDA. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

(b) To take the spin-off of SDA into account, the exercise prices of Elf Aquitaine subscription shares were multiplied by a an adjustment factor equal to 0.9992769 with effect on May 24, 2006.

Thus, as of December 31, 2007, at most 841,776 shares of the Group were likely to be created within the framework of the application of this exchange guarantee.

D. Grant of TOTAL restricted shares

Date of Board of Directors meeting	Plan 2005[(a)(b)] 07/19/2005	Plan 2006[(c)] 07/18/2006	Plan 2007[(d)] 07/17/2007	Total
Number of restricted shares				
Outstanding as of January 1, 2005				
Notified	2,280,520			2,280,520
Cancelled	(5,992)			(5,992)
Finally granted	-			-
Outstanding as of January 1, 2006	**2,274,528**			**2,274,528**
Notified	-	2,275,364		2,275,364
Cancelled	(7,432)	(3,068)		(10,500)
Finally granted	-	-		-
Outstanding as of January 1, 2007	**2,267,096**	**2,272,296**		**4,539,392**
Notified	-	-	2,366,365	2,366,365
Cancelled	(38,088)	(6,212)	(2,020)	(46,320)
Finally granted[(e)]	(2,229,008)	(2,128)	(1,288)	(2,232,424)
Outstanding as of December 31, 2007	**-**	**2,263,956**	**2,363,057**	**4,627,013**

(a) Grants approved by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which have been bought back in 2005 by the Company on the market, became final after a two-year vesting period (acquisition of the right to restricted shares) on July 20, 2007, and after fulfilling the performance condition that stated that the number of restricted shares finally granted would be based on the Return On Equity (ROE) of the Group. The ROE is calculated on the consolidated accounts published by TOTAL and related to the fiscal year 2006. The Board of Directors on May 3, 2007 noticed that the acquisition rate, linked to the performance condition amounted to 100%. Moreover, the transfer of the restricted shares will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 20, 2009.
(b) The number of restricted shares was multiplied by four following the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.
(c) Grants approved by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which have been bought back in 2006 by the Company on the market, will become final after a two-year vesting period (acquisition of the right to restricted shares) on July 19, 2008, subject to a performance condition. This condition states that the number of restricted shares finally granted will be based on the Return On Equity (ROE) of the Group. The ROE will be calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the year of the final grant, in the present case fiscal 2007. Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 19, 2010.
(d) Grants approved by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. The grant of these shares, which were bought back in 2007 by the Company on the market, will become final after a two-year vesting period (acquisition of the right to restricted shares) on July 18, 2009, subject to a performance condition. This condition states that the number of restricted shares finally granted will be based on the Return On Equity (ROE) of the Group. The ROE will be calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceeding the year of the final grant, in the present case fiscal 2008. Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a two-year mandatory holding period, on July 18, 2011.
(e) Finally granted following the death of their beneficiaries (Plan 2006 and Plan 2007).

E. Share-based payment expenses

Share-based payment expense for the year 2007 amounted to 196 M€ and can be broken down as follows:

- 65 M€ for TOTAL share subscription plans;
- 109 M€ for TOTAL restricted shares plan;
- 22 M€ for TOTAL capital increase reserved for employees (see Note 17 to the Consolidated Financial Statements).

Share-based payment expense for the year 2006 amounted to 157 M€ and can be broken down as follows:

- 74 M€ for TOTAL share subscription plans;
- 83 M€ for TOTAL restricted shares plan.

Share-based payment expense for the year 2005 amounted to 131 M€ and can be broken down as follows:

- 86 M€ for TOTAL share subscription plans;
- 25 M€ for TOTAL restricted shares plan;
- 20 M€ for TOTAL for capital increase reserved for employees (see Note 17 to the Consolidated Financial Statements).

The fair value of the options granted in 2007, 2006 and 2005 has been measured according to the Black-Scholes model and based on the following assumptions:

For the year ended December 31,	2007	2006	2005
Risk free interest rate (%)	4.9	4.1	2.9
Expected dividends (%)	3.9	4.2	3.7
Expected volatility (%)[(a)]	25.3	29.3	23.2
Vesting period (years)	2	2	2
Exercise period (years)	8	8	8
Fair value of the granted options (€ per option)[(b)]	13.9	11.3	10

(a) The expected volatility is based on the implied volatility of TOTAL shares options and of share indices options traded on the markets.
(b) The amount for 2005 figures has been restated following the four-for-one stock split approved by the shareholders' meeting on May 12, 2006.

The cost of capital increases reserved for employees is reduced to take into account the nontransferability of the shares that could be subscribed by the employees over a period of five years. The valuation method of non transferability of the shares is based on a strategy cost in two steps consisting, first, in a five years forward sale of the nontransferable shares, and second, in purchasing the same number of shares in cash with a loan financing reimbursable *in fine*. During the year 2007, the main assumptions used for the valuation of the cost of capital increase reserved for employees are the following:

For the year ended December 31,	2007
Date of the Board of Directors meeting that decided the issue	November 6, 2007
Subscription price (€)	44.4
Share price at the date of the Board meeting (€)	54.6
Number of shares (in millions)	10.6
Risk free interest rate (%)[a]	4.1
Employees loan financing rate (%)[b]	7.5
Non transferability cost (% of the share price at the date of the Board meeting)	14.9
Expense amount (€ per share)	2.1

(a) The risk free interest rate is based on the French Treasury bonds rate for the appropriate maturity.
(b) The employees loan financing rate is based on a 5 year consumer's credit rate.

26) Payroll and staff

For the year ended December 31, (M€)	2007	2006	2005
Personnel expenses[a]			
Wages and salaries (including social charges)	6,058	5,828	5,610
Group employees[a]			
France			
Management	10,517	10,313	9,958
Other	26,779	27,518	27,817
International			
Management	14,225	13,263	13,455
Other	44,921	43,976	43,824
Total	**96,442**	**95,070**	**95,054**

(a) For continuing operations.

The number of employees is based on fully-consolidated subsidiaries.

27) Statement of cash flow

A) Cash flow from operating activities

The following table gives additional information on cash paid or received in the cash flow from operating activities:

For the year ended December 31, (M€)	2007	2006	2005
Interest paid	(1,680)	(1,648)	(985)
Interest received	1,277	1,261	826
Income tax paid	(9,687)	(10,439)	(8,159)
Dividends received	1,109	899	758

The variation of working capital is detailed as follows:

For the year ended December 31, (M€)	2007	2006	2005
Inventories	(2,706)	(500)	(2,971)
Accounts receivable	(2,963)	494	(4,712)
Other current assets	(1,341)	(1,425)	(991)
Accounts payable	4,508	141	3,575
Other creditors and accrued liabilities	1,026	849	1,097
Net amount	**(1,476)**	**(441)**	**(4,002)**

B) Cash flow used in financing activities

Variation of non-current financial debt is detailed in the following table under a net value due to the high number of multiple drawings:

For the year ended December 31, (M€)	2007	2006	2005
Issuance of non-current debt	3,313	3,857	2,910
Repayment of non-current debt	(93)	(135)	(32)
Net amount	**3,220**	**3,722**	**2,878**

28) Financial assets and liabilities analysis per instruments class and strategy

The financial assets and liabilities disclosed on the face of the balance sheet are detailed as follows:

As of December 31, 2007 (M€)	Financial instruments related to financing and trading activities						Other financial instruments	Total	Fair value
	Carrying amount	Fair value							
ASSETS / (LIABILITIES)		Available for sale	Held for trading	Financial debt[(a)]	Hedging of financial debt	Net investment hedge and other			
Equity affiliates: loans	2,575							**2,575**	2,575
Other investments		1,291						**1,291**	1,291
Hedging instruments of non-current financial debt					460			**460**	460
Other non-current assets	851							**851**	851
Accounts receivable, net			464				18,665	**19,129**	19,129
Other operating receivables			519				3,911	**4,430**	4,430
Current financial assets	850		12		388	14		**1,264**	1,264
Cash and cash equivalents							5,988	**5,988**	5,988
Total financial assets	**4,276**	**1,291**	**995**		**848**	**14**	**28,564**	**35,988**	**35,988**
Total non-financial assets								77,553	
Total assets								**113,541**	
Non-current financial debt	(532)			(13,975)	(369)			**(14,876)**	(14,876)
Accounts payable			(243)				(17,940)	**(18,183)**	(18,183)
Other operating liabilities			(490)				(3,410)	**(3,900)**	(3,900)
Current borrowings	(2,655)			(1,958)				**(4,613)**	(4,613)
Other current financial liabilities			(59)		(1)			**(60)**	(60)
Total financial liabilities	**(3,187)**		**(792)**	**(15,933)**	**(370)**		**(21,350)**	**(41,632)**	**(41,632)**
Total non-financial liabilities								(71,909)	
Total liabilities								**(113,541)**	

(a) The financial debt is recognized at fair value as hedge accounting is applied (see Note 1Miii to the Consolidated Financial Statements).

As of December 31, 2006 (M€) ASSETS / (LIABILITIES)	Financial instruments related to financing and trading activities						Other financial instruments	Total	Fair value
	Carrying amount	Fair value							
		Available for sale	Held for trading	Financial debt[a]	Hedging of financial debt	Net investment hedge and other			
Equity affiliates: loans	1,533							**1,533**	1,533
Other investments		1,250						**1,250**	1,250
Hedging instruments of non-current financial debt					486			**486**	486
Other non-current assets	1,025							**1,025**	1,025
Accounts receivable, net			341				17,052	**17,393**	17,393
Other operating receivables			311				3,956	**4,267**	4,267
Current financial assets	3,496		71		341	-		**3,908**	3,908
Cash and cash equivalents							2,493	**2,493**	2,493
Total financial assets	**6,054**	**1,250**	**723**		**827**	**-**	**23,501**	**32,355**	**32,355**
Total non-financial assets								72,868	
Total assets								**105,223**	
Non-current financial debt	(581)			(13,400)	(193)			**(14,174)**	(14,171)
Accounts payable			(426)				(14,654)	**(15,080)**	(15,080)
Other operating liabilities			(203)				(4,060)	**(4,263)**	(4,263)
Current borrowings	(3,538)			(2,320)				**(5,858)**	(5,858)
Other current financial liabilities			(75)					**(75)**	(75)
Total financial liabilities	**(4,119)**		**(704)**	**(15,720)**	**(193)**		**(18,714)**	**(39,450)**	**(39,447)**
Total non-financial liabilities								(65,773)	
Total liabilities								**(105,223)**	

(a) The financial debt is recognized at fair value as hedge accounting is applied (see Note 1Miii to the Consolidated Financial Statements).

As of December 31, 2005 (M€) ASSETS / (LIABILITIES)	Financial instruments related to financing and trading activities						Other financial instruments	Total	Fair value
	Carrying amount	Fair value							
		Available for sale	Held for trading	Financial debt[a]	Hedging of financial debt	Net investment hedge and other			
Equity affiliates : loans	1,299							**1,299**	1,299
Other investments		1,516						**1,516**	1,516
Hedging instruments of non-current financial debt					477			**477**	477
Other non-current assets	1,202							**1,202**	1,202
Accounts receivable, net			828				18,784	**19,612**	19,612
Other operating receivables			98				3,612	**3,710**	3,710
Current financial assets	-		290		44	-		**334**	334
Cash and cash equivalents							4,318	**4,318**	4,318
Total financial assets	**2,501**	**1,516**	**1,216**		**521**	**-**	**26,714**	**32,468**	**32,468**
Total non-financial assets								73,676	
Total assets								**106,144**	
Non-current financial debt	(793)			(12,872)	(128)			**(13,793)**	(13,788)
Accounts payable			(721)				(15,685)	**(16,406)**	(16,406)
Other operating liabilities			(67)				(4,090)	**(4,157)**	(4,157)
Current borrowings	(3,296)			(624)				**(3,920)**	(3,919)
Other current financial liabilities			(27)		(6)			(33)	(33)
Total financial liabilities	**(4,089)**		**(815)**	**(13,496)**	**(134)**		**(19,775)**	**(38,309)**	**(38,303)**
Total non-financial liabilities								(67,835)	
Total liabilities								**(106,144)**	

(a) The financial debt is recognized at fair value as hedge accounting is applied (see Note 1Miii to the Consolidated Financial Statements).

29) Fair value of financial instruments (excluding commodity contracts)

A. Impact in the statement of income per nature of financial instruments

Operating assets and liabilities

The impact in the statement of income is detailed as follows :

For the year ended December 31, (M€)	2007	2006	2005
Assets available for sale (investments):			
– dividend income on non-consolidated companies	218	237	164
– gains (losses) on disposal of assets	170	428	46
– others	(63)	(46)	(14)
Loans and receivables	(2)	88	6
Impact in the net operating income	**323**	**707**	**202**

The impact in the statement of income mainly includes :

- Dividends and gains or losses on disposal of other investments classified as "Assets available for sale" ;
- Financial gains and depreciation on loans related to equity companies, non-consolidated companies and on receivables reported in "Loans and receivables".

Assets and liabilities from financing activities

The impact in the statement of income of financing assets and liabilities is detailed as follows :

For the year ended December 31, (M€)	2007	2006	2005
Loans and receivables	1,135	976	772
Financing liabilities and associated hedging instruments	(1,721)	(1,597)	(1,159)
Fair value hedge (ineffective portion)	(26)	25	(24)
Assets and liabilities held for trading	73	232	124
Impact on the cost of net debt	**(539)**	**(364)**	**(287)**

The impact in the statement of income mainly includes :

- Financial income on cash, cash equivalents and current financial assets (notably current deposits beyond three months) classified as "Loans and receivables";
- Financial expense of long-term subsidiaries financing, associated hedging instruments (excluding ineffective portion of the hedge detailed below) and financial expense of short term financing classified as "Financing liabilities and associated hedging instruments";
- Ineffective portion of bond hedging;
- Financial income, financial expense and fair value of derivative instruments used for cash management purposes classified as "Assets and liabilities held for trading".

Financial derivative instruments used for cash management purposes (interest rate and foreign exchange) are considered to be held for trading. Based on practical documentation issues, the Group did not elect to set up hedge accounting for such instruments. The impact on income of the derivatives is offset by the impact of loans and current liabilities they are related to. Therefore these transactions taken globally do not have a significant impact on the Consolidated Financial Statements.

B. Impact of the hedging strategies

Fair value hedge

The impact on the statement of income of the bond hedging instruments which is recorded in the item " Financial interest on debt" in the consolidated statement of income is detailed as follows:

For the year ended December 31, (M€)	2007	2006	2005
Revaluation at market value of bonds	137	(221)	1,329
Swap hedging of bonds	(163)	246	(1,353)
Ineffective portion of the fair value hedge	**(26)**	**25**	**(24)**

The ineffective portion is not representative of the Group performance considering the Group objective to hold swaps to maturity. This can be explained by the current portion of the swaps valuation that is not subject of active management.

Net investment hedge

These instruments are recorded directly in shareholders' equity under "Currency translation adjustments". The variations of the period are detailed in the table below:

For the year ended December 31, (M€)	As of January 1,	Variations	Disposals	As of December 31,
2007	**(188)**	**217**	**-**	**29**
2006	(183)	(5)	-	(188)
2005	(37)	(146)	-	(183)

The fair value of the open instruments is 14 M€ as of December 31, 2007.

There was no open instrument as of December 31, 2006 and 2005.

Cash flow hedge

These hedges are not significant considering the Group policy to not hedge future cash flows as of December 31, 2007, 2006 and 2005.

C. Maturity of derivative instruments

The maturity of the notional amounts of derivatives instruments, excluding the commodity contracts, is detailed in the following table:

As of December 31, 2007 (M€)		Notional value[a]						
ASSETS / (LIABILITIES)	Fair value	Total	2008	2009	2010	2011	2012	2013 and after
Fair value hedge								
Issue swaps and swaps hedging bonds (liabilities)	(369)	7,506						
Issue swaps and swaps hedging bonds (assets)	460	3,982						
Total issue swaps and swaps hedging bonds (assets and liabilities)	**91**	**11,488**		**1,910**	**1,836**	**2,725**	**2,437**	**2,580**
Currency swaps hedging of bank and other loans								
Issue swaps and swaps hedging bonds (current portion) (liabilities)	(1)	306						
Issue swaps and swaps hedging bonds (current portion) (assets)	388	1,265						
Total issue swaps and swaps hedging bonds (current portion) (assets and liabilities)	**387**	**1,571**	**1,571**					
Net investment hedge								
Currency swaps and forward exchange contracts (assets)	14	695	695					
Cash flow hedge								
Other interest rate swaps (assets)	1	8,249						
Other interest rate swaps (liabilities)	-	3,815						
Other interest rate swaps (assets and liabilities)	**1**	**12,064**	**12,058**		**4**			**2**
Currency swaps and forward exchange contracts (assets)	11	2,594						
Currency swaps and forward exchange contracts (liabilities)	(59)	3,687						
Currency swaps and forward contracts (assets and liabilities)	**(48)**	**6,281**	**6,207**	**42**	**2**	**6**	**8**	**16**

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

As of December 31, 2006 (M€)		Notional value[a]						
ASSETS / (LIABILITIES)	**Fair value**	**Total**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012 and after**
Fair value hedge								
Issue swaps and swaps hedging bonds (liabilities)	(193)	5,691						
Issue swaps and swaps hedging bonds (assets)	486	5,317						
Total issue swaps and swaps hedging bonds (assets and liabilities)	**293**	**11,008**		**1,756**	**2,018**	**1,870**	**2,740**	**2,624**
Currency swaps hedging of bank and other loans								
Issue swaps and swaps hedging bonds (current portion) (liabilities)		475						
Issue swaps and swaps hedging bonds (current portion) (assets)	341	1,341						
Total issue swaps and swaps hedging bonds (current portion) (assets and liabilities)	**341**	**1,816**	**1,816**					
Net investment hedge								
n/a								
Cash flow hedge								
Other interest rate swaps (assets)	12	6,488						
Other interest rate swaps (liabilities)	(8)	9,580						
Other interest rate swaps (assets and liabilities)	**4**	**16,068**	**16,062**			**4**		**2**
Currency swaps and forward exchange contracts (assets)	59	5,003						
Currency swaps and forward exchange contracts (liabilities)	(67)	6,065						
Currency swaps and forward contracts (assets and liabilities)	**(8)**	**11,068**	**10,513**	**287**	**201**	**45**	**22**	

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

As of December 31, 2005 (M€)		Notional value[a]						
ASSETS / (LIABILITIES)	Fair value	Total	2006	2007	2008	2009	2010	2011 and after
Fair value hedge								
Issue swaps and swaps hedging bonds (liabilities)	(128)	4,387						
Issue swaps and swaps hedging bonds (assets)	450	6,166						
Total issue swaps and swaps hedging bonds (assets and liabilities)	**322**	**10,553**		**1,854**	**1,960**	**2,137**	**1,782**	**2,820**
Currency swaps hedging of bank and other loans	**27**	**76**		**76**				
Issue swaps and swaps hedging bonds (current portion) (liabilities)	(6)	167						
Issue swaps and swaps hedging bonds (current portion) (assets)	44	381						
Total issue swaps and swaps hedging bonds (current portion) (assets and liabilities)	**38**	**548**	**548**					
Net investment hedge								
n/a								
Cash flow hedge								
Other interest rate swaps (assets)	7	4,960						
Other interest rate swaps (liabilities)	(4)	9,022						
Other interest rate swaps (assets and liabilities)	**3**	**13,982**	**13,876**				**5**	**1**
Currency swaps and forward exchange contracts (assets)	283	8,579						
Currency swaps and forward exchange contracts (liabilities)	(23)	2,372						
Currency swaps and forward contracts (assets and liabilities)	**260**	**10,951**	**10,542**	**77**	**44**	**86**	**16**	**184**

(a) These amounts set the levels of notional commitment and are not indicative of a contingent gain or loss.

30) Financial instruments related to commodity contracts

Financial instruments related to oil, gas and power activities are recorded at fair value under “Other current assets” or “Other creditors and accrued liabilities” depending whether they are assets or liabilities.

As of December 31, 2007 (M€) ASSETS / (LIABILITIES)	Notional value - purchase[a]	Notional value - sale[a]	Carrying amount	Fair value
Crude oil, petroleum products and freight rates activities				
Petroleum products and crude oil swaps[a]	9,048	9,671	(149)	(149)
Freight rate swaps[a]	69	93	(3)	(3)
Forwards[b]	7,060	7,233	(4)	(4)
Options[c]	4,852	4,143	272	272
Futures[d]	1,734	3,510	(97)	(97)
Options on futures[c]	365	280	(1)	(1)
Total crude oil, petroleum products and freight rates			**18**	**18**
Gas & Power activities				
Swaps[a1]	1,496	1,670	4	4
Forwards[b]	9,558	8,306	213	213
Options[c]	3	10	-	-
Futures[d]	115	94	15	15
Total Gas & Power			**232**	**232**
Total			**250**	**250**
Total of fair value not recognized in the balance sheet				-

As of December 31, 2006 (M€) ASSETS / (LIABILITIES)	Notional value - purchase[a]	Notional value - sale[a]	Carrying amount	Fair value
Crude oil, petroleum products and freight rates activities				
Petroleum products and crude oil swaps[a]	7,987	9,303	(30)	(30)
Freight rate swaps[a]	56	86	2	2
Forwards[b]	5,145	5,830	(11)	(11)
Options[c]	6,046	4,835	66	66
Futures[d]	1,274	2,434	79	79
Options on futures[c]	143	165	(4)	(4)
Total crude oil, petroleum products and freight rates			**102**	**102**
Gas & Power activities				
Swaps[a1]	1,161	872	(38)	(38)
Forwards[b]	9,973	9,441	(73)	(73)
Options[c]	18	58	1	1
Futures[d]	92	46	31	31
Total Gas & Power			**(79)**	**(79)**
Total			**23**	**23**
Total of fair value not recognized in the balance sheet				-

As of December 31, 2005 (M€) ASSETS / (LIABILITIES)	Notional value - purchase[a]	Notional value - sale[a]	Carrying amount	Fair value
Crude oil, petroleum products and freight rates activities				
Petroleum products and crude oil swaps[a]	5,347	6,275	(15)	(15)
Freight rate swaps[a]	46	47	-	-
Forwards[b]	4,839	5,156	(14)	(14)
Options[c]	5,426	3,770	79	79
Futures[d]	627	2,045	(35)	(35)
Options on futures[c]	398	178	13	13
Total crude oil, petroleum products and freight rates			**28**	**28**
Gas & Power activities				
Swaps[a1]	1,332	1,098	56	56
Forwards[b]	8,940	9,133	19	19
Options[c]	60	41	-	-
Futures[d]	177	43	35	35
Total Gas & Power			**110**	**110**
Total			**138**	**138**
Total of fair value not recognized in the balance sheet				-

(a) Swaps (including "Contracts for differences"): the "Notional value" columns correspond to receive-fixed and pay-fixed swaps.
(b) Forwards: contracts resulting in physical delivery are accounted for as derivative commodity contracts and included in the amounts shown. The 2005 amounts for commodities instruments on Gas & Power have been reclassified accordingly.
(c) Options: the "Notional value" columns correspond to the nominal value of options (calls or puts) purchased and sold, valued based on the strike price.
(d) Futures: the "Notional value" columns correspond to the net purchasing/selling positions, valued based on the closing rate on the organized exchange market.

Most commitments on crude oil and refined products have a short term maturity (less than one year). The maturity of most Gas & Power energy derivatives is less than three years forward.

The fair value variations of financial instruments related to commodity contracts are detailed as follows:

For the year ended December 31, (M€)	Fair value as of January 1,	Impact in income	Settled contracts	Other	Fair value as of December 31,
Crude oil, petroleum products and freight rates activities					
2007	**102**	**1,381**	**(1,460)**	**(5)**	**18**
2006	28	1,577	(1,496)	(7)	102
2005	26	1,353	(1,354)	3	28
Gas & Power activities					
2007	**(79)**	**489**	**(163)**	**(15)**	**232**
2006	110	557	(744)	(2)	(79)
2005[a]	(271)	327	(569)	623	110

(a) 2005 figures for Gas & Power have been restated to include physical contracts that are accounted for as derivative contract. However as the figures as of January 1, 2005 had not been restated, any method difference had been included in the column "Other".

31) Market risks

Oil and gas market related risks

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

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

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

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

There is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 5.4 M€ per day, defined as the value-at-risk, based on positions as of December 31, 2007. Over the year 2007, the average value-at-risk was 6.7 M€, the lowest value-at-risk was 3.3 M€, the highest value-at-risk was 11.6 M€.

As part of its gas and electricity trading activity, the Group also uses derivative instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. Gas & Power measures its market risk exposure i.e. potential loss in fair values, on its trading activities using a value-at-risk technique. This technique is based on an historical model and makes an assessment of the market risk arising from possible future changes in market values over a 24-hour period. The calculation of the range of potential changes in fair values takes into account a snapshot of the end-of-day exposures and the set of historical price movements for the past year for all instruments and maturities in the global trading activities.

Based on positions as of December 31, 2007, there is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 4.3 M€ per day. Over the year 2007, the average value-at-risk was 7.9 M€, the lowest value-at-risk was 3.2 M€, and the highest value-at-risk was 18.2 M€.

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

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

Financial markets related risks

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

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed according to rules set by the Group's senior management. This assures regular pooling of available cash balances, open positions and management of the financial instruments by the treasury/financing department. Excess cash of the Group is deposited in prime banks or is used to buy deposit certificates issued by these banks. Liquidity positions and the management of financial instruments are centralized by the treasury/financing department, where they are managed by a team specialized in foreign exchange and interest rate market transactions.

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

Management of currency exposure

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

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

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

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

The non-current debt described in Note 20 to the Consolidated Financial Statements is generally raised by the corporate treasury entities either in dollars or in euros, or in other currencies which are then systematically exchanged against dollars or euros according to the general corporate needs, through issue swaps. The proceeds from these debt issuances are loaned to the affiliates whose accounts are kept in dollars or euros. Thus, the net sensitivity of these positions to currency exposure is not material.

The Group's short-term currency swaps for the nominal amounts of which appears in Note 29 to the Consolidated Financial Statements are used to attempt to optimize the centralized cash management of the Group. Thus the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

Short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and dollars, are managed according to the guidelines established by the senior management (maintain maximum liquidity, optimize revenue from investments considering existing interest rate yield curves, and minimize the cost of borrowing) over a less than 12-month horizon and on the basis of a daily interest rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, and without modifying currency exposure.

Interest rate risk on non-current debt

The Group's policy consists of incurring non-current debt primarily at a floating rate or at a fixed rate depending on the level of interest rates, in dollars or in euros according to general corporate needs. Long-term interest rate and currency swaps can hedge bonds at their issuance in order to create a variable rate synthetic debt. In order to partially modify the interest rate structure of the long-term debt, TOTAL can also enter into long-term interest rate swaps.

Sensitivity analysis on interest rate and foreign exchange risk

The tables below present the potential impact of an increase or decrease of 10 basis points on the interest rate yield curves in each of the currencies on the fair value of the current financial instruments as of December 31, 2007, 2006 and 2005.

ASSETS / (LIABILITIES)	Carrying	Estimated	Change in fair value due to a change in interest rate by	
As of December 31, 2007 (M€)	**amount**	**fair value**	**+ 10 basis points**	**- 10 basis points**
Bonds (non-current portion, before swaps)	(11,741)	(11,741)	37	(37)
Issue swaps and swaps hedging bonds (liabilities)	*(369)*	*(369)*		
Issue swaps and swaps hedging bonds (assets)	*460*	*460*		
Total issue swaps and swaps hedging bonds (assets and liabilities)	91	91	(39)	38
Current portion of non-current debt after swaps (excluding capital lease obligations)	(1,669)	(1,669)	(1)	1
Other interest rate swaps	1	1	-	-
Currency swaps and forward exchange contracts	(34)	(34)	-	-
As of December 31, 2006 (M€)				
Bonds (non-current portion, before swaps)	(11,413)	(11,413)	26	(26)
Issue swaps and swaps hedging bonds (liabilities)	*(193)*	*(193)*		
Issue swaps and swaps hedging bonds (assets)	*486*	*486*		
Total issue swaps and swaps hedging bonds (assets and liabilities)	293	293	(26)	26
Current portion of non-current debt after swaps (excluding capital lease obligations)	(2,140)	(2,140)	1	(1)
Other interest rate swaps	4	4	(1)	1
Currency swaps and forward exchange contracts	(8)	(8)	1	(1)
As of December 31, 2005 (M€)				
Bonds (non-current portion, before swaps)	(11,025)	(11,025)	126	(129)
Issue swaps and swaps hedging bonds (liabilities)	*(128)*	*(128)*		
Issue swaps and swaps hedging bonds (assets)	*450*	*450*		
Total issue swaps and swaps hedging bonds (assets and liabilities)	322	322	(115)	117
Current portion of non-current debt after swaps (excluding capital lease obligations)	(920)	(919)	1	(1)
Other interest rate swaps	3	3	(3)	3
Currency swaps and forward exchange contracts	260	260	4	(4)

The impact of interest rate variation on the cost of net debt before tax is as follows:

For the year ended December 31, (M€)	**2007**	**2006**	**2005**
Cost of net debt	(539)	(364)	(287)
Interest rates translation of + 10 basis points	(12)	(12)	(10)
Interest rates translation of - 10 basis points	12	12	10
Interest rates translation of + 100 basis points	(116)	(118)	(100)
Interest rates translation of - 100 basis points	116	118	100

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

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

	Dollar / Euro exchange rates	Euro / Pound sterling exchange rates
As of December 31, 2007	1.47	0.73
As of December 31, 2006	1.32	0.67
As of December 31, 2005	1.18	0.69

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

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

As of December 31, 2005 (M€)	Total	Euro	Dollar	Pound sterling	Other currencies and equity affiliates
Shareholders' equity at historical exchange rate	**39,224**	19,789	7,822	4,191	7,422
Currency translation adjustment before net investment hedge	**1,421**	-	922	68	431
Net investment hedge — open instruments	**-**	-	-	-	-
Shareholders' equity at exchange rate as of December 31, 2005	**40,645**	19,789	8,744	4,259	7,853

As a result of this policy, the impact of currency exchange on consolidated income, as illustrated in Note 7 to the Consolidated Financial Statements, has not been significant over the past three fiscal years despite the considerable fluctuation of the dollar (gain of 35 M€ in 2007, loss of 30 M€ in 2006, gain of 76 M€ in 2005).

Counterparty risk

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

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

Stock market risk

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

Liquidity risk

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

The total amount of these lines of credit as of December 31, 2007, was $8,261 million of which $8,195 million was unused. The terms and availability of these lines of credit are not conditioned on the Company's financial ratios, its financial ratings or on the absence of events that could have a material adverse impact on its financial situation. The total amount, as of December 31, 2007, of the principal confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was $10,505 million of which $8,548 million was unused. The lines of credit given to Group companies other than TOTAL S.A. are not used for general Group purposes. They are used to finance general activities of that company or for specific projects.

The following tables show the maturity of the assets and liabilities from financing activities as of December 31, 2007, 2006 and 2005 (see Note 20 to the Consolidated Financial Statements).

ASSETS / (LIABILITIES) As of December 31, 2007 (M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt — net of hedging instruments		(11,424)	(2,992)	(14,416)
Current borrowings	(4,613)			(4,613)
Other current financial liabilities	(60)			(60)
Current financial assets	1,264			1,264
Cash and cash equivalents	5,988			5,988
Net amount before financial expense	**2,579**	**(11,424)**	**(2,992)**	**(11,837)**
Financial expense	(561)	(1,389)	(270)	(2,220)
Net amount	**2,018**	**(12,813)**	**(3,262)**	**(14,057)**

As of December 31, 2006 (M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt — net of hedging instruments		(10,733)	(2,955)	(13,688)
Current borrowings	(5,858)			(5,858)
Other current financial liabilities	(75)			(75)
Current financial assets	3,908			3,908
Cash and cash equivalents	2,493			2,493
Net amount before financial expense	**468**	**(10,733)**	**(2,955)**	**(13,220)**
Financial expense	(567)	(1,302)	(160)	(2,029)
Net amount	**(99)**	**(12,035)**	**(3,115)**	**(15,249)**

As of December 31, 2005 (M€)	Less than one year	Between 1 year and 5 years	More than 5 years	Total
Non-current financial debt — net of hedging instruments		(9,057)	(4,259)	(13,316)
Current borrowings	(3,920)			(3,920)
Other current financial liabilities	(33)			(33)
Current financial assets	334			334
Cash and cash equivalents	4,318			4,318
Net amount before financial expense	**699**	**(9,057)**	**(4,259)**	**(12,617)**
Financial expense	(453)	(1,091)	(144)	(1,688)
Net amount	**246**	**(10,148)**	**(4,403)**	**(14,305)**

Credit risk

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

The Group is exposed to credit risks in its operations. The Group's maximum exposure to credit risk is partially related to financial assets on the face of the balance sheet, including financial instruments related to commodity contracts that have a positive market value.

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

ASSETS / (LIABILITIES) As of December 31, (M€)	2007	2006	2005
Loans to equity affiliates (Note 12)	2,575	1,533	1,299
Loans and advances (Note 14)	851	1,025	1,202
Accounts receivable, net (Note 16)	19,129	17,393	19,612
Other operating receivables (Note 16)	4,430	4,267	3,710
Total	**26,985**	**24,218**	**25,823**

The valuation allowance on loans and advances and on accounts receivable and other operating receivables are detailed respectively in Notes 14 and 16 of the Consolidated Financial Statements.

The credit risk on outstanding receivables is not material to the Group.

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

Upstream segment

- **Exploration & Production**

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

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

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

- **Gas & Power**

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

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted. The creditworthiness of the counterparties is assessed based on analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as data published by the rating agencies.

On this basis, credit limits are defined for each potential counterparty and, where appropriate, transactions are subject to specific authorizations. Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures.

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

Downstream segment

- **Refining & Marketing**

Internal procedures for the Refining & Marketing division include rules on credit risk that describe the basis of internal control in this domain, including the separation of authority between commercial and financial operations. Credit policies are defined at the local level, and are complemented by the implementation of procedures to monitor customer risk (credit committees at the subsidiary level, the creation of credit limits for corporate customers, portfolio guarantees, etc.).

Each entity also implements monitoring of its outstanding receivables. Risks related to credit may be mitigated or limited by requiring security or guarantees.

Bad debts are provisioned on a case by case basis at a rate determined by management by its assessment of the circumstances.

- **Trading & Shipping**

Trading & Shipping deals with counterparties and financial institutions located throughout the world. Counterparties to physical and derivative transactions are primarily entities involved in the oil and gas industry or in the trading of energy commodities. Financial institutions providing credit risk coverage are highly rated international banks and insurance groups.

The Trading & Shipping division has a strict policy of internal delegation of authority governing establishment of country and counterparty credit limits and approval of specific transactions. Credit exposures contracted under these limits and approvals are monitored on a daily basis.

Potential counterparties are subject to credit assessment and approval prior to any transaction being concluded and all active counterparties are subject to regular reviews, including re-appraisal and approval of granted limits. The creditworthiness of counterparties is assessed based on analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information, such as ratings data published by Standard & Poor's, Moody's Investors Service and other agencies.

Contractual arrangements are structured so as to maximize the risk mitigation benefits of netting between transactions wherever possible and additional protective terms providing for the provision of security in the event of financial deterioration and the termination of transactions on the occurrence of defined default events are used to the greatest permitted extent.

Credit risks in excess of approved levels are secured by means of letters of credit and other guarantees, cash deposits and insurance arrangements. In respect of derivative transactions, risks are secured by formal margining agreements wherever possible.

Chemicals segment

Credit risk in the Chemicals segment is primarily related to commercial receivables. Each division implements procedures for managing and provisioning credit risk that differ based on the size of the subsidiary and market in which it operates. The principal elements of these procedures are:

- Implementation of credit limits with additional authorization procedures for possible credit overruns;
- Use of insurance policies or specific guarantees (letters of credit);
- Regular monitoring and assessment of overdue accounts (aging balance), including collection procedures; and
- Provisioning of bad debt on a customer-by-customer basis, according to payment delays and local payment practices.

32) Other risks and contingent liabilities

TOTAL is not currently aware of any event, litigation, risks or contingent liabilities that could have a material impact on the financial condition, assets, results or business of the Group.

Antitrust Investigations

1) Following investigations into some commercial practices in the chemicals industry in the United States, subsidiaries of the Arkema group are involved in several civil liability lawsuits in the United States and Canada for violations of antitrust laws. TOTAL S.A. has been named in certain of these suits as the parent company.

In Europe, the European Commission commenced investigations in 2000, 2003 and 2004 into alleged anti-competitive practices involving certain products sold by Arkema(1). In January 2005, under one of these investigations, the European Commission fined Arkema France 13.5 M€ and jointly fined Arkema France and Elf Aquitaine 45 M€. Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

The Commission notified Arkema, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema has cooperated with the authorities in these procedures and investigations. As a result of these proceedings, in May 2006 the European Commission fined Arkema 78.7 M€ and 219.1 M€, respectively. Elf Aquitaine was held jointly and severally liable for, respectively, 65.1 M€ and 181.35 M€ of these fines while TOTAL S.A. was held jointly and severally liable, respectively, for 42 M€ and 140.4 M€. TOTAL S.A., Elf Aquitaine and Arkema have appealed these decisions to the Court of First Instance of the European Union.

No facts have been alleged that would implicate TOTAL S.A. or Elf Aquitaine in the practices questioned in these proceedings and the fines received are based solely on their status as parent companies.

Arkema and Elf Aquitaine received a statement of objections from the European Commission in August 2007 concerning alleged anti-competitive practices related to another line of chemical products. No facts have been alleged that would implicate Elf Aquitaine in the practices under investigation, as Elf Aquitaine has been included based solely on its status as the parent company.

Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence additional proceedings involving Arkema, as well as TOTAL S.A. and Elf Aquitaine.

2) As part of the agreement relating to the spin-off of Arkema, TOTAL S.A. or certain other Group companies agreed to grant Arkema guarantees for certain risks related to antitrust proceedings arising from events prior to the spin-off.

These guarantees cover, for a period of ten years, 90% of amounts paid by Arkema related to (i) fines imposed by European authorities or European member states for competition law violations, (ii) fines imposed by American courts or antitrust authorities for federal antitrust violations or violations of the competition laws of U.S. states, (iii) damages awarded in civil proceedings related to the government proceedings mentioned above, and (iv) certain costs related to these proceedings.

The guarantee covering the risks related to anticompetition violations in Europe applies to amounts that rise above a 176.5 M€ threshold.

If one or more individuals or legal entities, acting alone or together, directly or indirectly holds more than one third of the voting rights of Arkema, or if Arkema transfers more than 50% of its assets (as calculated under the enterprise valuation method, as of the date of the transfer) to a third party or parties acting together, irrespective of the type or number of transfers, these guarantees will become void.

In the same way, the agreements provide that Arkema will indemnify TOTAL S.A. or any Group companies for 10% of any amount that TOTAL S.A. or any Group companies are required to pay under any of the proceedings covered by these guarantees.

3) The Group has recorded provisions amounting to 138 M€ in its consolidated accounts as of December 31, 2007 to cover the risks mentioned above.

4) Moreover, as a result of investigations started by the European Commission in October 2002 concerning certain Refining & Marketing subsidiaries of the Group, Total Nederland N.V. and TOTAL S.A. received a statement of objections in October 2004. These proceedings resulted, in September 2006, in Total Nederland N.V. being fined 20.25 M€ and in TOTAL S.A. being held jointly responsible for 13.5 M€ of this amount, although no facts implicating TOTAL S.A. in the practices under investigation were alleged.

TOTAL S.A. and Total Nederland N.V. have appealed this decision to the Court of First Instance of the European Union.

In addition, in May 2007, Total France and TOTAL S.A. received a statement of objections regarding alleged antitrust practices regarding another product line of the Refining & Marketing branch. No facts have been alleged that implicate TOTAL S.A. in the practices under investigation as the Company has been included based solely on its status as the parent company.

(1) Arkema is used in this section to designate those companies of the Arkema group whose ultimate parent company is Arkema S.A. became an independent company after being spun-off from TOTAL S.A. in May 2006.

5) Given the discretionary powers granted to the European Commission for determining fines, it is not currently possible to determine with certainty the outcome of these investigations and proceedings. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the outcome of these proceedings, the Group believes that they will not have a material adverse impact on its financial condition or results.

Buncefield

On December 11, 2005, several explosions, followed by a major fire, occurred at an oil storage depot at Buncefield, north of London. This depot is operated by Hertfordshire Oil Storage Limited (HOSL), a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion caused minor injuries to about 40 people and caused property damage to the depot, the buildings and homes located nearby. The official independent Investigation Board (supported by the HSE) has indicated that the explosion was caused by the overflow of a tank at the depot. The Board's final report detailing the circumstances and the exact cause of the explosion has not been released yet. At this stage, responsibility for the explosion has not yet been determined. The civil court procedure, concerning claims which have not been settled so far, is expected to start in the fourth quarter 2008.

The Group carries insurance for damage to its interests in these facilities, business interruption and civil liability claims from third parties, and believes that, based on the information currently available, this accident should not have a significant impact on its financial position, cash flows or results.

Venezuela

In Venezuela, on March 31, 2006, the authorities terminated all operating contracts signed in the 1990s and decided to transfer the management of fields concerned to new mixed companies to be created with the national company PDVSA (Petroleos de Venezuela S.A.) as the majority owner. The government and the Group did not reach an agreement on the terms of the transfer of the Jusepin field under the initial timetable. However, subsequent negotiations have led to a settlement, announced in March 2007, under which the government has committed to pay the Group $137.5 million.

The Venezuelan authorities have 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.

The government has also expressed its intention to apply this law to the “Strategic Associations” which operate the extra-heavy oil projects in the Orinoco region. In January 2007, the National Assembly voted a law (effective on February 1, 2007) which allows the Venezuelan president to legislate by decree on several areas during an 18-month period. Oil and gas policy are included in these areas. On February 26, 2007 the Venezuelan president signed a decree providing for the transformation of the Strategic Associations from the Faja region (including Sincor), into mixed companies with the government having a minimum interest of 60%. The legislation further stated that operations were to be transferred to PDVSA no later than April 30, 2007, and that the private companies were to have a four-month period (with an additional two months for submission to the National Assembly) to reach an agreement on the terms and conditions of their interest in the mixed companies.

Within this framework, TOTAL signed two agreements with PDVSA and Statoil, with the approval of the ministry in charge of energy and oil:

- On April 25, 2007, an agreement according to which the control of Sincor operations was transferred temporarily, from May 1, 2007, to PDVSA;
- On June 26, 2007, heads of agreement providing for the transformation of the Sincor association into a mixed company. Pursuant to these heads of agreement, TOTAL's share in the project was to decrease from 47% to 30.323%, PDVSA's interest was to increase to 60% and Statoil's interest was to decrease to 9.677%. This agreement also provides for compensation to be awarded to TOTAL, with the amount to be negotiated based on the value of the assets. The approval of this transformation by the National Assembly was published on October 29, 2007 in the Venezuelan official gazette. Presidential decrees regarding the creation of the mixed company, PetroCedeño and the transfer of the rights to conduct the principal activities were published in the Venezuelan official gazette on November 9, 2007 and January 10, 2008, respectively. The finalization of the transformation process occurred on February 8, 2008.

PDVSA assumed control of the Group's Sincor assets at the end of the fourth quarter 2007. Taking into account the finalization of the transformation on February 8, 2008 and the significant influence that TOTAL continues to have over Sincor, the Group's 30.323% interests in Sincor were accounted for by the equity method as of December 31, 2007.

This operation did not have an impact on the consolidated statement of income for 2007.

In 2006, the Group received two corporation tax adjustment notices. The first one regards the company holding the Group's interest in the Jusepin operating contract, for which the 2001-2004 file was definitively closed in the first half 2006, while the Seniat (Venezuelan tax authority) admitted the validity of the Group's claims concerning fiscal year 2005 and gave up the tax adjustments in its final order on September 25, 2007. The second one is related to the company holding the Group's interest in the Sincor project, for which the answer from the tax authorities regarding the observations provided by the Group concerning 2001 was received on May 23, 2007. In the first half 2007, the Group received tax adjustment notices for fiscal years 2002-2003 and 2004-2005. An agreement concerning the files for fiscal years 2001 to 2005 was reached on June 20, 2007 and the file for fiscal 2006 was closed during the last quarter of 2007. These agreements did not have a material impact on the Group's result.

Kazakhstan

On January 14, 2008, members of NCSPSA (North Caspian Sea Production Sharing Agreement) and the Kazakh authorities signed a Memorandum of Understanding to end the dispute among them that began at the end of August 2007. The implementation of this Memorandum of Understanding will decrease TOTAL's share in this permit from 18.52% to 16.81%.

Erika

In response to the decision given by the Paris Criminal Court on January 16, 2008, TOTAL S.A. has decided, on one hand, to file an appeal against the decision and, on the other hand, to finally and irrevocably pay the amounts awarded by the court to those parties who request such payment.

At the current stage of the proceedings, TOTAL S.A. believes that, based on a reasonable estimate of its liability, the case will not have a material impact on the Group's financial situation or consolidated results.

33) Other information

A) Research and development costs

Research and development costs incurred by the Group in 2007 amounted to 594 M€ (569 M€ in 2006), corresponding to 0.4% of sales.

The staff dedicated in 2007 to these research and development activities are estimated at 4,216 people (4,091 in 2006).

B) Taxes paid to Middle East oil-producing countries for the portion which TOTAL held historically as concessions

Taxes paid for the portion that TOTAL held historically as concessions (Abu Dhabi offshore and onshore, Dubai offshore, Oman and Abu Al Bu Khoosh) included in operating expenses amounted to 2,505 M€ in 2007 (2,906 M€ in 2006).

C) Emission Rights

The principles governing the accounting for Emission Rights are presented in Note 1T to the Consolidated Financial Statements.

At December 31, 2007, the Emission Rights delivered to Group sites were sufficient with respect to the emissions in 2007. Thus, the Group recognized no provisions for allowances to be returned.

34) Spin-off of Arkema (2006)

The spin-off of Arkema that took place in 2006 led to the distribution of Arkema shares to TOTAL shareholders (other than TOTAL S.A). This operation can be analyzed as an exchange of non-monetary assets for TOTAL S.A. shareholders.

As IFRS do not contain specific rules for this type of transaction, the accounting treatment of the spin-off in TOTAL's Consolidated Financial Statements has been based on Generally Accepted Accounting Principles in the United States (U.S. GAAP), and more particularly on opinion APB 29 (Accounting Principles Board Opinions) "Accounting for Non-monetary Transactions".

All assets and liabilities which were spun off have been derecognized on the basis of their net book value, with a corresponding decrease of consolidated shareholders' equity and no impact on the Group's consolidated net income.

The spin-off of Arkema was approved by the shareholders' meeting held on May 12, 2006. Since Arkema's results for the period between April 1, 2006 and May 12, 2006, were not material, the deconsolidation has been completed on the basis of Arkema book values as of March 31, 2006, also taking into account the capital increase that took place in April 2006.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the contribution of Arkema entities has been reported as discontinued operations since Arkema can be clearly distinguished and has been spun off in a single and coordinated plan.

Financial information related to Arkema's contribution to the Consolidated Financial Statements is presented below. This contributive information is not directly comparable to the combined and pro-forma accounts filed by Arkema for the purpose of the public listing of its shares, as the latter have been based on specific conventions mainly related to the consolidation perimeter, accounting options and indicators.

Tax losses of Arkema entities, as they occurred, have been used in the consolidated tax return of the Group.

STATEMENT OF INCOME **For the year ended December 31,** (M€)	2006	2005
Revenues from sales	**1,497**	**5,561**
Purchases and other operating expenses	(1,377)	(5,274)
Depreciation of tangible assets	(53)	(404)
Operating income	**67**	**(117)**
Equity in income (loss) of affiliates, others	(42)	(325)
Taxes	(30)	(19)
Net income	**(5)**	**(461)**

BALANCE SHEET **As of December 31,** (M€)	2006[1]	2005
Non-current assets	1,995	2,011
Working capital	1,501	1,337
Provisions and other non-current liabilities	(1,090)	(1,116)
Capital employed	**2,406**	**2,232**
Net debt	**(144)**	**(551)**
Shareholders' equity	**2,262**	**1,681**

(1) Detailed assets and liabilities which have been spun off as of May 12, 2006.

STATEMENT OF CASH FLOW **For the year ended December 31,** (M€)	2006	2005
Cash flow from operating activities	**53**	**(348)**
Cash flow used in investing activities	**(76)**	**(263)**
Cash flow from financing activities	**(109)**	**(18)**
Net increase/decrease in cash and cash equivalents	(132)	(629)
Effect of exchange rates and changes in consolidation scope	113	622
Cash and cash equivalents at the beginning of the period	84	91
Cash and cash equivalent at the end of the period	**65**	**84**

Earnings per share and fully-diluted earnings per share are presented below for continuing and discontinued operations.

EARNINGS PER SHARE **For the year ended December 31,** (€)	2006	2005
Earnings per share of continuing operations	5.13	5.42
Earnings per share of discontinued operations	0.00	(0.19)
Earnings per share	**5.13**	**5.23**

DILUTED EARNINGS PER SHARE **For the year ended December 31,** (€)	2006	2005
Diluted earnings per share of continuing operations	5.09	5.39
Diluted earnings per share of discontinued operations	0.00	(0.19)
Diluted earnings per share	**5.09**	**5.20**

35) Consolidation scope

As of December 31, 2007, 723 entities are consolidated of which 619 are fully consolidated, 13 are proportionally consolidated (identified with the letter P) and 91 are accounted for under the equity method (identified with the letter E). This simplified organizational chart shows the main consolidated entities. For each of them, the Group interest is mentioned in parentheses.

This chart of legal detentions is not exhaustive and does not reflect the operational structure and the relative economic size of the Group entities and the business segments.

Treasury shares & TOTAL shares owned by Group subsidiaries: 6.3%

TOTAL S.A.

TOTAL subsidiaries 100%

Total E & P Kazakhstan	(100%)
Total E & P Nigeria	(100%)
Total Coal South Africa Ltd	(100%)
Total Gasandes S.A.	(100%)
Total Coal International	(100%)
CDF Energie	(100%)
Total Venezuela	(100%)
Total E & P USA. Inc.	(100%)
Total E&P Canada Ltd	(100%)
Deer Creek Energy	(100%)
Total E & P Chine	(100%)
Total E & P Australia	(100%)
Total E & P Mauritanie	(100%)
Total Energie Développement	(100%)
Total Outre-Mer	(100%)
Total (China) Investments	(100%)
Air Total International	(100%)
Chartering & Shipping Services S.A.	(100%)
Total International Ltd.	(100%)
Cray Valley S.A.	(100%)
Total Chimie	(100%)
Hutchinson S.A.	(100%)
Total Petrochemicals Iberica	(100%)
PetroFina S.A.	(100%)
Total Belgium	(100%)
Omnium Insurance and Reinsurance Cy	(100%)
Omnium des Participations S.A.	(100%)
Total Holdings USA. Inc.	(100%)
Atlantic Trading & Marketing	(100%)
Total Petrochemicals USA. Inc.	(100%)
Total Gas & Power North America	(100%)
Hutchinson Corporation	(100%)
Total Capital	(100%)
Total Treasury	(100%)
Total Finance S.A.	(100%)
Total Finance Exploitation	(100%)

TOTAL FRANCE (99.8%)

60.1% / 39.9%

AS24	(99.8%)
Totalgaz	(99.8%)
Total Lubrifiants S.A.	(99.8%)
Total Fluides	(99.8%)
Urbaine des Pétroles	(99.8%)
Totalgaz Argentina	(99.8%)
Total (Philippines) Corp.	(99.8%)
Total South East Asia	(99.8%)

TOTAL E & P HOLDINGS (99.8%)

65.8% / 34.2%

Total E & P Russie	(99.8%)
Total (BTC) Ltd	(99.8%)
Total E & P Algérie	(99.8%)
Total E & P Angola	(99.8%)
Total E&P Libye	(99.8%)
Total Petroleum Nigeria Ltd.	(99.8%)
Total Abu Al Bu Khoosh	(99.8%)
Total South Pars	(99.8%)
Elf Petroleum Iran	(99.8%)
Total Sirri	(99.8%)
Total E & P Oman	(99.8%)
Total Qatar Oil & Gas	(99.8%)
Total E & P QatarTotal	(99.8%)
Total E & P Syrie	(99.8%)
Total E & P Yémen	(99.8%)
Total E & P Indonésie	(99.8%)
Total E & P Myanmar	(99.8%)
Total Profils Pétroliers	(99.8%)
Total E & P Thaïland	(99.8%)
Total Austral	(99.8%)
Total E & P Bolivie	(99.8%)
Brass Holdings Company Ltd	(99.8%)
Total E&P Qatargas II Holdings Ltd	(99.8%)
Total E&P Golfe	(99.8%)
Qatar Liquefied Gas Co. Ltd II	(8.3%) E
Total LNG Angola Ltd	(99.8%)
Qatar Liquefied Gas Company Ltd	(10.0%) E
Total Yemen LNG Company Ltd	(99.8%)
Yemen LNG	(39.5%) E

TOTAL other subsidiaries

Total South Africa	(66.8%)
Total Raffinaderij Nederland	(55.0%) P
Gaz Transport et Technigaz	(30.0%) E

(a) CEPSA: Independent company over which the Group exercises significant influence, without exercising control.

The business segments are identified with the following colors:
Upstream
Downstream
Chemicals
Holding

95.7%

Treasury shares : 3.8%

Elf Aquitaine (99.5%)

100%

29.9%

Elf Exploration Production (99.5%)

53.2%

16.9%

TOTAL HOLDINGS EUROPE (99.7%)

Total Holdings UK Ltd	(99.7%)
Total Upstream UK Ltd	(99.7%)
Total Midstream UK Ltd	(99.7%)
Elf Petroleum UK Ltd	(99.7%)
South Hook LNG Terminal Company Ltd	(8.3%) E
Total UK Ltd	(99.8%)
Samsung Total Petrochemicals	(49.9%) P
Total E & P Norge AS	(99.7%)
Total Holdings Nederland B.V.	(99.7%)
Total E & P Nederland B.V.	(99.7%)
Total E & P Azerbaidjan B.V.	(99.7%)
Total E & P Bornéo B.V.	(99.7%)
Tepma Colombie	(99.7%)
Total Oil & Gas Venezuela B.V.	(99.7%)
Total Nederland N.V.	(99.7%)
Total Italia	(99.7%)
Total Mineraloel und Chemie GmbH	(99.7%)
Total Deutschland GmbH	(99.8%)
Atotech B.V.	(99.7%)

Elf Aquitaine subsidiaries 100%

Total E & P France	(99.5%)
Total E & P Congo	(99.5%)
Total Gaz & Electricité Holdings France	(99.5%)
Total LNG Nigeria Ltd	(99.5%)
Total Infrastructures Gaz France	(99.5%)
Total Energie Gaz	(99.5%)
Total Gas & Power Mexico B.V.	(99.5%)
Total (Africa) Ltd	(99.5%)
TOTSA Total Oil Trading S.A.	(99.5%)
Socap International	(99.5%)
Sofax Banque	(99.5%)
Socap Ltd	(99.5%)
Elf Aquitaine Fertilisants	(99.5%)
Grande Paroisse S.A.	(99.5%)
G.P.N. S.A.S.	(99.5%)

TOTAL / Elf Aquitaine other common subsidiaries

Total Raffinerie Mitteldeutschland	(99.7%)
Total Nigeria	(61.6%)
Total Turkiye	(99.9%)
S.A. de la Raffinerie des Antilles	(50.0%) P
Total Kenya	(78.3%)
Total Sénégal	(94.9%)
Total Petrochemicals France	(99.5%)
Qatar Petrochemical Company Ltd	(19.9%) E
Qatofin Company Ltd	(48.8%) E
Bostik Holding S.A.	(99.5%)
Bostik S.A.	(99.5%)

Elf Aquitaine other subsidiaries

Total E & P Cameroun	(75.4%)
Total Gabon	(58.0%)
Rosier	(56.6%)
CEPSA	(48.6%) E[(a)]
Sanofi-Aventis	(13.1%) E

Appendix 2 - Supplemental oil and gas information (unaudited)

Oil and gas reserves

The following tables present, for crude oil, condensates and natural gas liquids reserves and for the natural gas reserves, an estimate of the Group's oil and gas quantities by geographical areas as of December 31, 2007, 2006 and 2005.

Quantities shown concern:

- Proved developed and undeveloped reserves together with changes in quantities for 2007, 2006 and 2005;
- Proved developed reserves.

The definitions used for proved oil and gas reserves, proved developed oil and gas reserves and proved undeveloped reserves are in accordance with the applicable U.S. Securities and Exchange Commission regulation, Rule 4-10 of Regulation S-X.

Proved reserves are estimated using geological and engineering data to determine with reasonable certainty whether the crude oil or natural gas in known reservoirs is recoverable under existing economic and operating conditions.

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

The estimation of proved reserves is controlled by the Group through established validation guidelines. Reserve evaluations are made 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.

Significant features of the reserves estimation process include:

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

All references in the following tables to reserves or production are to the entire Group's consolidated share of such reserves or production. TOTAL's worldwide proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates and of two companies accounted for by the cost method.

The reserve estimates shown below do not include quantities that may or may not be produced, due to changes in economic conditions or pursuant to new technologies.

Rule 4-10 of Regulation S-X requires the use of the year-endprice, as well as existing operating conditions, to determine reserve quantities. Reserves at year-end 2007 have been determined based on the Brent price on December 31, 2007 ($93.72/b).

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

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 volume 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.

If reserves had been estimated in accordance with Rule 4-10 of Regulation S-X using the same perimeter and if the Brent price at December 31, 2007 had been $58.93/b (the year-end 2006 price), reserves would have amounted to 10,674 Mboe.

The percentage of proved developed reserves has remained relatively stable over the past three years, indicating that proved reserves are consistently moved from undeveloped to developed status. Over time, undeveloped reserves will be reclassified to the developed category as new wells are drilled and/or facilities to produce from existing and future wells are installed. Major development projects typically take two to four years from the time of recording proved reserves to the start of production from these reserves.

Changes in liquids reserves

(in millions of barrels)	Consolidated Subsidiaries							
	Europe	Africa	North America	Asia	Rest of world[(a)]	Total	Equity affiliates & non-consolidated affiliates	Total Group
Proved developed and undeveloped reserves								
Balance as of December 31, 2004	**1,066**	**2,695**	**80**	**79**	**1,969**	**5,889**	**1,114**	**7,003**
Revisions of previous estimates	32	(15)	96	(7)	6	112	(4)	108
Extensions, discoveries and other	23	21	–	-	-	44	-	44
Acquisitions of reserves in place	-	7	58	-	-	65	-	65
Sales of reserves in place	-	-	-	-	(36)	(36)	-	(36)
Production for the year	(143)	(245)	(3)	(10)	(91)	(492)	(100)	(592)
Balance as of December 31, 2005	**978**	**2,463**	**231**	**62**	**1,848**	**5,582**	**1,010**	**6,592**
Revisions of previous estimates	40	146	1	6	65	258	4	262
Extensions, discoveries and other	13	113	-	-	-	126	60	186
Acquisitions of reserves in place	-	-	22	-	-	22	3	25
Sales of reserves in place	(6)	-	(2)	-	(21)	(29)	(16)	(45)
Production for the year	(132)	(220)	(2)	(11)	(78)	(443)	(106)	(549)
Balance as of December 31, 2006	**893**	**2,502**	**250**	**57**	**1,814**	**5,516**	**955**	**6,471**
Revisions of previous estimates	108	149	(4)	(1)	(550)	(298)	525	227
Extensions, discoveries and other	4	90	2	6	1	103	7	110
Acquisitions of reserves in place	-	-	-	-	-	-	-	-
Sales of reserves in place	(3)	(2)	(6)	-	(459)	(470)	(9)	(479)
Production for the year	(122)	(241)	(5)	(10)	(77)	(455)	(96)	(551)
Balance as of December 31, 2007	**880**	**2,498**	**237**	**52**	**729**	**4,396**	**1,382**	**5,778**
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2005	19	77	-	-	-	96	-	96
As of December 31, 2006	17	82	-	-	-	99	-	99
As of December 31, 2007	**15**	**116**	-	-	-	**131**	**-**	**131**
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2005	-	59	-	-	951		1,010	
As of December 31, 2006	-	56	-	-	899		955	
As of December 31, 2007	**-**	**43**	**-**	**-**	**1,339**		**1,382**	
Proved developed reserves								
As of December 31, 2005	692	1,318	13	44	423	2,490	709	3,199
As of December 31, 2006	629	1,436	19	40	418	2,542	665	3,207
As of December 31, 2007	**560**	**1,389**	**25**	**33**	**253**	**2,260**	**735**	**2,995**
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2005	-	51	-	-	658		709	
As of December 31, 2006	-	49	-	-	616		665	
As of December 31, 2007	**-**	**30**	**-**	**-**	**705**		**735**	

(a) Including the Middle East.

Changes in gas reserves

(in billions of cubic feet)	Consolidated Subsidiaries							
	Europe	Africa	North America	Asia	Rest of world[(a)]	Total	Equity affiliates & non-consolidated affiliates	Total Group
Proved developed and undeveloped reserves								
Balance as of December 31, 2004	**6,015**	**4,779**	**280**	**4,742**	**5,343**	**21,159**	**1,626**	**22,785**
Revisions of previous estimates	383	141	9	(227)	240	545	(7)	538
Extensions, discoveries and other	145	27	-	-	43	215	2,954	3,169
Acquisitions of reserves in place	-	3	-	-	-	3	-	3
Sales of reserves in place	-	-	-	-	-	-	-	-
Production for the year	(753)	(152)	(64)	(458)	(225)	(1,652)	(93)	(1,745)
Balance as of December 31, 2005	**5,790**	**4,798**	**224**	**4,057**	**5,401**	**20,270**	**4,480**	**24,750**
Revisions of previous estimates	127	133	(8)	116	(106)	262	(9)	253
Extensions, discoveries and other	283	32	-	-	-	315	2,105	2,420
Acquisitions of reserves in place	-	-	12	-	-	12	1	13
Sales of reserves in place	(31)	-	(160)	-	(1)	(192)	-	(192)
Production for the year	(717)	(176)	(16)	(470)	(222)	(1,601)	(104)	(1,705)
Balance as of December 31, 2006	**5,452**	**4,787**	**52**	**3,703**	**5,072**	**19,066**	**6,473**	**25,539**
Revisions of previous estimates	487	805	2	(61)	(95)	1,138	155	1,293
Extensions, discoveries and other	265	12	3	263	-	543	126	669
Acquisitions of reserves in place	-	-	-	-	-	-	-	-
Sales of reserves in place	-	(1)	-	-	-	(1)	(4)	(5)
Production for the year	(673)	(232)	(12)	(470)	(276)	(1,663)	(103)	(1,766)
Balance as of December 31, 2007	**5,531**	**5,371**	**45**	**3,435**	**4,701**	**19,083**	**6,647**	**25,730**
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2005	101	80	-	-	-	181	-	181
As of December 31, 2006	92	88	-	-	-	180	-	180
As of December 31, 2007	**80**	**111**	**-**	**-**	**-**	**191**	**-**	**191**
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2005	-	17	-	-	4,463		4,480	
As of December 31, 2006	-	20	-	-	6,453		6,473	
As of December 31, 2007	**-**	**140**	**-**	**-**	**6,507**		**6,647**	
Proved developed reserves								
As of December 31, 2005	4,130	2,285	187	2,910	1,758	11,270	1,525	12,795
As of December 31, 2006	3,632	2,643	39	2,592	2,395	11,301	1,331	12,632
As of December 31, 2007	**3,602**	**2,560**	**30**	**2,221**	**3,427**	**11,840**	**1,267**	**13,107**
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2005	-	17	-	-	1,508		1,525	
As of December 31, 2006	-	20	-	-	1,311		1,331	
As of December 31, 2007	**-**	**14**	**-**	**-**	**1,253**		**1,267**	

(a) Including the Middle East.

Changes in liquids and gas reserves

(in millions of barrels of oil equivalent)	Consolidated Subsidiaries							
	Europe	Africa	North America	Asia	Rest of world[(a)]	Total	Equity affiliates & non-consolidated affiliates	Total Group
Proved developed and undeveloped reserves								
Balance as of December 31, 2004	**2,179**	**3,625**	**134**	**890**	**2,901**	**9,729**	**1,419**	**11,148**
Revisions of previous estimates	103	10	96	(42)	47	214	(6)	208
Extensions, discoveries and other	49	26	-	-	8	83	546	629
Acquisitions of reserves in place	-	7	59	-	-	66	-	66
Sales of reserves in place	-	-	-	-	(36)	(36)	-	(36)
Production for the year	(281)	(274)	(15)	(91)	(131)	(792)	(117)	(909)
Balance as of December 31, 2005	**2,050**	**3,394**	**274**	**757**	**2,789**	**9,264**	**1,842**	**11,106**
Revisions of previous estimates	66	170	(1)	25	44	304	2	306
Extensions, discoveries and other	64	119	-	-	-	183	438	621
Acquisitions of reserves in place	-	-	24	-	-	24	4	28
Sales of reserves in place	(12)	-	(31)	-	(21)	(64)	(17)	(81)
Production for the year	(265)	(253)	(6)	(92)	(119)	(735)	(125)	(860)
Balance as of December 31, 2006	**1,903**	**3,430**	**260**	**690**	**2,693**	**8,976**	**2,144**	**11,120**
Revisions of previous estimates	196	280	(3)	(14)	(553)	(94)	548	454
Extensions, discoveries and other	50	93	2	51	1	197	30	227
Acquisitions of reserves in place	-	-	-	-	-	-	-	-
Sales of reserves in place	(3)	(2)	(6)	-	(459)	(470)	(9)	(479)
Production for the year	(246)	(285)	(7)	(93)	(127)	(758)	(115)	(873)
Balance as of December 31, 2007	**1,900**	**3,516**	**246**	**634**	**1,555**	**7,851**	**2,598**	**10,449**
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2005	38	91	-	-	-	129	-	129
As of December 31, 2006	35	97	-	-	-	132	-	132
As of December 31, 2007	**30**	**135**	**-**	**-**	**-**	**165**	**-**	**165**
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2005	-	62	-	-	1,780		1,842	
As of December 31, 2006	-	60	-	-	2,084		2,144	
As of December 31, 2007	**-**	**69**	**-**	**-**	**2,529**		**2,598**	
Proved developed reserves								
As of December 31, 2005	1,457	1,750	49	542	737	4,536	996	5,532
As of December 31, 2006	1,304	1,946	27	483	837	4,597	914	5,511
As of December 31, 2007	**1,229**	**1,884**	**30**	**412**	**857**	**4,412**	**971**	**5,383**
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2005	-	55	-	-	941		996	
As of December 31, 2006	-	53	-	-	861		914	
As of December 31, 2007	**-**	**33**	**-**	**-**	**938**		**971**	

(a) Including the Middle East.

Financial review

Results of operations for oil and gas producing activities

The following table includes revenues ans expenses associated directly with the Group's oil and gas producing activities. It does not include any interest cost.

(M€)		Consolidated Subsidiaries					
Year ended December 31, 2005		**Europe**	**Africa**	**North America**	**Asia**	**Rest of world**[(a)]	**Total**
Revenues	Sales to unaffiliated parties	2,384	1,911	22	1,767	2,594	8,678
	Transfers to affiliated parties	6,629	8,080	474	340	924	16,447
	Total Revenues	**9,013**	**9,991**	**496**	**2,107**	**3,518**	**25,125**
Production costs		(851)	(605)	(43)	(173)	(285)	(1,957)
Exploration expenses		(85)	(148)	(46)	(20)	(132)	(431)
Depreciation, depletion and amortization and valuation allowances		(1,164)	(851)	(184)	(273)	(543)	(3,015)
Other expenses[(b)]		(207)	(1,052)	(9)	(20)	(680)	(1,968)
Pre-tax income from producing activities		**6,706**	**7,335**	**214**	**1,621**	**1,878**	**17,754**
Income tax		(4,089)	(5,056)	(88)	(773)	(731)	(10,737)
Results of oil and gas producing activities		**2,617**	**2,279**	**126**	**848**	**1,147**	**7,017**
Year ended December 31, 2006							
Revenues	Sales to unaffiliated parties	3,285	2,550	1	2,276	2,457	10,569
	Transfers to affiliated parties	7,333	8,179	167	374	1,124	17,177
	Total Revenues	**10,618**	**10,729**	**168**	**2,650**	**3,581**	**27,746**
Production costs		(910)	(731)	(57)	(184)	(307)	(2,189)
Exploration expenses		(140)	(246)	(40)	(58)	(149)	(633)
Depreciation, depletion and amortization and valuation allowances		(1,256)	(844)	(78)	(301)	(519)	(2,998)
Other expenses[(b)]		(227)	(1,274)	(3)	(25)	(881)	(2,410)
Pre-tax income from producing activities		**8,085**	**7,634**	**(10)**	**2,082**	**1,725**	**19,516**
Income tax		(5,115)	(5,335)	(14)	(1,008)	(803)	(12,275)
Results of oil and gas producing activities		**2,970**	**2,299**	**(24)**	**1,074**	**922**	**7,241**
Year ended December 31, 2007							
Revenues	Sales to unaffiliated parties	3,715	2,497	-	2,123	3,076	11,411
	Transfers to affiliated parties	5,484	9,724	247	384	665	16,504
	Total Revenues	**9,199**	**12,221**	**247**	**2,507**	**3,741**	**27,915**
Production costs		(1,102)	(906)	(100)	(195)	(385)	(2,688)
Exploration expenses		(113)	(480)	(49)	(54)	(180)	(876)
Depreciation, depletion and amortization and valuation allowances		(1,287)	(932)	(136)	(340)	(616)	(3,311)
Other expenses[(b)]		(244)	(1,238)	-	(26)	(841)	(2,349)
Pre-tax income from producing activities		**6,453**	**8,665**	**(38)**	**1,892**	**1,719**	**18,691**
Income tax		(4,180)	(5,772)	24	(915)	(1,040)	(11,883)
Results of oil and gas producing activities		**2,273**	**2,893**	**(14)**	**977**	**679**	**6,808**
Company's share of equity affiliates' results of oil and gas producing activities							
Year ended December 31, 2005		-	113	-	-	166	279
Year ended December 31, 2006			125			257	382
Year ended December 31, 2007		**-**	**95**	**-**	**-**	**179**	**274**

(a) Including the Middle East.
(b) Including production taxes and IAS No 37 accretion expense (146 M€ in 2005, 162M€ in 2006 and 169 M€ in 2007).

Costs incurred in oil and gas property acquisition, exploration and development activities

The cost incurred in the group's oil ans gas property acquisition, exploration and development include both capitalized and expensed amounts.

(M€)	Consolidated Subsidiaries					
As of December 31, 2005	**Europe**	**Africa**	**North America**	**Asia**	**Rest of world[(a)]**	**Total**
Proved property acquisition	-	25	17	-	74	116
Unproved property acquisition	-	56	3	-	-	59
Exploration costs	108	298	39	15	125	585
Development costs[(b)]	1,201	1,907	338	491	1,232	5,169
Total cost incurred	**1,309**	**2,286**	**397**	**506**	**1,431**	**5,929**
As of December 31, 2006						
Proved property acquisition	58	3	125	-	53	239
Unproved property acquisition	-	20	31	240	11	302
Exploration costs	229	538	112	69	204	1,152
Development costs[(b)]	1,284	2,272	403	544	1,251	5,754
Total cost incurred	**1,571**	**2,833**	**671**	**853**	**1,519**	**7,447**
As of December 31, 2007						
Proved property acquisition	-	50	-	1	10	61
Unproved property acquisition	-	265	9	18	10	302
Exploration costs	230	586	49	158	172	1,195
Development costs[(b)]	1,762	2,853	429	622	1,159	6,825
Total cost incurred	**1,992**	**3,754**	**487**	**799**	**1,351**	**8,383**
Equity share in costs of property acquisition, exploration and development						
Year ended December 31, 2005[(c)]	-	45	-	-	145	190
Year ended December 31, 2006[(c)]	-	71	-	-	716	787
Year ended December 31, 2007[(c)]	**-**	**48**	**-**	**-**	**599**	**647**

(a) Including the Middle East.
(b) Including asset retirement costs capitalized during the year and any gains or losses recognized upon settlement of asset retirement obligation during the exercise.
(c) including 58 M€ of exploration costs in 2007, 56 M€ in 2006 and 21M€ in 2005.

Costs to develop proved undeveloped reserves

The following table presents the amounts spent to develop the proved undeveloped reserves in 2005, 2006 and 2007, as well as the amounts included in the most recent standardized measure of future net cash flows to develop proved undeveloped reserves in each of the next three years.

Consolidated subsidiaries (M€)	**2005**	**2006**	**2007**	**2008[(a)]**	**2009[(a)]**	**2010[(a)]**
Costs to develop Proved Undeveloped Reserves	4,751	5,128	**6,035**	6,717	6,435	5,821

(a) Estimates.

Capitalized cost related to oil and gas producing activities

Capitalized costs represent the amounts of capitalized proved and unproved property costs, including support equipement and facilities along with the related accumulated depreciation, depletion and amortization.

(M€)	Consolidated Subsidiaries					
As of December 31, 2005	**Europe**	**Africa**	**North America**	**Asia**	**Rest of world[a]**	**Total**
Proved properties	26,922	19,227	2,209	3,524	9,825	61,707
Unproved properties	63	731	110	14	133	1,051
Total capitalized costs	**26,985**	**19,958**	**2,319**	**3,538**	**9,958**	**62,758**
Accumulated depreciation, depletion and amortization	(19,190)	(11,708)	(1,216)	(1,453)	(4,646)	(38,213)
Net capitalized costs	**7,795**	**8,250**	**1,103**	**2,085**	**5,312**	**24,545**
As of December 31, 2006						
Proved properties	28,217	19,569	1,884	3,678	9,861	63,209
Unproved properties	89	807	193	243	181	1,513
Total capitalized costs	**28,306**	**20,376**	**2,077**	**3,921**	**10,042**	**64,722**
Accumulated depreciation, depletion and amortization	(20,456)	(11,271)	(553)	(1,588)	(4,604)	(38,472)
Net capitalized costs	**7,850**	**9,105**	**1,524**	**2,333**	**5,438**	**26,250**
As of December 31, 2007						
Proved properties	29,263	20,035	2,112	3,891	9,246	64,547
Unproved properties	215	993	104	305	151	1,768
Total capitalized costs	**29,478**	**21,028**	**2,216**	**4,196**	**9,397**	**66,315**
Accumulated depreciation, depletion and amortization	(21,092)	(10,484)	(432)	(1,737)	(4,380)	(38,125)
Net capitalized costs	**8,386**	**10,544**	**1,784**	**2,459**	**5,017**	**28,190**
Company's share of equity affiliates' net capitalized costs						
Year ended December 31, 2005	-	296	-	-	409	705
Year ended December 31, 2006	-	321	-	-	1,331	1,652
Year ended December 31, 2007	**-**	**233**	**-**	**-**	**1,477**	**1,710**

(a) Including the Middle East.

Standardized measure of discounted future net cash flow (excluding transportation)

The standardized measure of discounted future net cash flows from production of proved reserves was developed as follows:

1. Estimates of proved reserves and the corresponding production profiles are based on technical and economic conditions at year end.

2. The estimated future cash flows from proved reserves are determined based on prices at December 31, except in those instances where fixed and determinable price escalations are included in existing contracts.

3. The future cash flows incorporate estimated production costs (including production taxes), future development costs and asset retirement costs. All estimates are based on year-end technical and economic conditions.

4. Future income taxes are computed by applying the year-end statutory tax rate to future net cash flows after consideration of permanent differences and future income tax credits.

5. Future net cash flows are discounted at a standard discount rate of 10 percent.

These applicable principles are the ones required by the FAS 69, and do not necessarily reflect the expectations of real revenues from these reserves, nor their present value, hence, they do not constitute criteria of investment decision. A better estimate of the present value of reserves should also take into account, among other things, the recovery of reserves not presently classified as proved, anticipated futures changes in prices and costs and a discount factor more representative of the time value of money and the risks inherent in reserves estimates.

(M€)	Consolidated Subsidiaries					
As of December 31, 2005	Europe	Africa	North America	Asia	Rest of world[(a)]	Total
Future cash inflows	80,179	119,119	6,646	18,046	71,417	295,407
Future production costs	(8,842)	(19,402)	(3,213)	(2,381)	(17,709)	(51,547)
Future development costs	(6,581)	(13,087)	(789)	(2,761)	(5,019)	(28,237)
Future income taxes	(43,824)	(54,598)	(528)	(5,802)	(15,285)	(120,037)
Future net cash flows, after income taxes	20,932	32,032	2,116	7,102	33,404	95,586
Discount at 10%	(7,592)	(13,856)	(868)	(2,744)	(21,132)	(46,192)
Net cash flows	**13,340**	**18,176**	**1,248**	**4,358**	**12,272**	**49,394**
As of December 31, 2006						
Future cash inflows	59,051	108,847	5,915	16,061	59,065	248,939
Future production costs	(10,057)	(19,223)	(2,443)	(2,136)	(18,706)	(52,565)
Future development costs	(9,379)	(15,929)	(968)	(3,866)	(6,121)	(36,263)
Future income taxes	(28,069)	(45,714)	(459)	(4,522)	(12,271)	(91,035)
Future net cash flows, after income taxes	11,546	27,981	2,045	5,537	21,967	69,076
Discount at 10%	(4,545)	(12,171)	(1,092)	(1,927)	(14,293)	(34,028)
Net cash flows	**7,001**	**15,810**	**953**	**3,610**	**7,674**	**35,048**
As of December 31, 2007						
Future cash inflows	87,540	157,199	8,585	20,268	46,282	319,874
Future production costs	(12,897)	(23,109)	(3,110)	(2,379)	(10,074)	(51,569)
Future development costs	(10,764)	(19,012)	(1,641)	(4,225)	(4,525)	(40,167)
Future income taxes	(43,851)	(75,557)	(887)	(6,200)	(9,284)	(135,779)
Future net cash flows, after income taxes	20,028	39,521	2,947	7,464	22,399	92,359
Discount at 10%	(8,070)	(17,474)	(1,511)	(2,664)	(14,176)	(43,895)
Net cash flows	**11,958**	**22,047**	**1,436**	**4,800**	**8,223**	**48,464**
Minority interests in future net cash flows						
Year ended December 31, 2005	515	546	-	-	-	1,061
Year ended December 31, 2006	255	418	-	-	-	673
Year ended December 31, 2007	**407**	**654**	**-**	**-**	**-**	**1,061**
Company's share of equity affiliates' future net cash flows as of						
Year ended December 31, 2005	-	598	-	-	2,930	3,528
Year ended December 31, 2006	-	549	-	-	3,545	4,094
Year ended December 31, 2007	**-**	**526**	**-**	**-**	**9,552**	**10,078**

(a) Including Middle East

Changes in the standardized measure of discounted future net cash flow

(M€)	2007	2006	2005
Future net cash flows as of January 1,	**35,048**	**49,394**	**28,837**
Sales and transfers, net of production costs and other expenses	(19,095)	(21,335)	(17,104)
Net change in sales and transfer prices, net of production costs and other expenses	56,678	(11,481)	52,711
Extensions, discoveries and improved recovery, net of future production and development costs	2,895	1,534	1,126
Changes in estimated future development costs	(6,491)	(7,666)	(1,106)
Previously estimated development costs incurred during the year	6,581	5,150	5,333
Revisions of previous quantity estimates	(6,521)	(1,382)	6,313
Accretion of discount	3,505	4,939	2,444
Net change in income taxes	(22,585)	16,268	(28,943)
Purchases of reserves in place	-	574	41
Sales of reserves in place	(1,551)	(947)	(258)
End of year	**48,464**	**35,048**	**49,394**

Other information

Accounting for exploratory drilling costs

In April 2005, the FASB issued a FASB Staff Position FSP FAS 19-1, Accounting for suspended well costs, (the “FSP”) to amend FAS No. 19 Financial Accounting and Reporting by Oil and Gas Producing Companies. The FSP is compatible with the IFRS accounting principles applied by TOTAL.

The FSP provides for continued capitalization of exploratory drilling costs past one year if a company is making sufficient progress on assessing the reserves and the economic and operating viability of the project. The FSP also provides certain disclosure requirements with respect to capitalized exploratory drilling costs.

As of January 1, 2005, TOTAL adopted FASB Staff Position FAS 19-1, Accounting for Suspended Well Costs. There were no capitalized exploratory well costs charged to expense upon the adoption of FSP 19-1.

When a discovery is made, exploratory drilling costs continue to be capitalized pending determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort. The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed and are reported in exploration expense.

Exploratory drilling costs are temporarily capitalized pending determination of whether the well has found proved reserves if both of the following conditions are met:

- the well has found a sufficient quantity of reserves to justify, if appropriate, its completion as a producing well, assuming that the required capital expenditure is made; and
- satisfactory progress toward ultimate development of the reserves is being achieved, with the Company making sufficient progress assessing the reserves and the economic and operating viability of the project.

The Company evaluates the progress made on the basis of regular project reviews which take into account the following factors:

- First, if additional exploratory drilling or other exploratory activities (such as seismic work or other significant studies) are either underway or firmly planned, the Company deems there is satisfactory progress. For these purposes, exploratory activities are considered firmly planned only if they are included in the Company’s three-year exploration plan/budget. At December 31, 2007, the Company had capitalized 288 M€ of exploratory drilling costs on this basis, as further set forth below.
- In cases where exploratory activity has been completed, the evaluation of satisfactory progress takes into account indicators such as the fact that costs for development studies are incurred in the current period, or that governmental or other third-party authorizations are pending or that the availability of capacity on an existing transport or processing facility awaits confirmation. At December 31, 2007, exploratory drilling costs capitalized on this basis amounted to 196 M€ and mainly related to six projects, as further described below.

Capitalized exploratory costs

The following table sets forth the net changes in capitalized exploratory costs for fiscal 2007, 2006 and 2005:

(M€)	2007	2006	2005
Beginning balance	**892**	**590**	**430**
Additions pending determination of proved reserves	486	569	192
Amounts previously capitalized and expensed during the year	(154)	(67)	(65)
Amounts transferred to Development	(151)	(127)	(22)
Foreign exchange variations	(101)	(73)	55
Ending balance	**972**	**892**	**590**

The following table sets forth a breakdown of capitalized exploratory costs at year-end 2007, 2006 and 2005 by category of exploratory activity:

As of December 31 (M€)	2007	2006	2005
Projects with recent or planned exploratory activity	**776**	**815**	**482**
Wells for which drilling is not completed	120	132	63
Wells with drilling in past 12 months	368	341	200
Wells with future exploratory activity firmly planned[(a)]	288	342	219
• *Future exploratory drilling planned*	*224*	*248*	*156*
• *Other exploratory activity planned*[(b)]	*64*	*94*	*63*
Projects with completed exploratory activity	**196**	**77**	**108**
Projects not requiring major capital expenditure	0	0	0
Projects requiring major capital expenditure	196	77	108
Total	**972**	**892**	**590**
Number of wells at end of year	**126**	**117**	**85**

(a) All projects included in this line require major capital expenditures.
(b) As of the end of 2007, this relates to four wells whose continuing capitalization is justified by firmly planned seismic activity for three wells and significant studies for the remaining well.

At the end of 2007, there was no amount of capitalized exploratory drilling cost that was associated with areas not requiring major capital expenditures before production could begin, where more than one year had elapsed since the completion of drilling.

At the end of 2007, an amount of 196 M€ was associated with suspended wells in areas where major capital expenditures will be required and no future exploratory activity is firmly planned. This amount corresponds to ten projects (29 wells) and is mainly associated to the projects further described below:

The first project relates to the oil discoveries of Aktote, Kairan and Kalamkas on the North Caspian Sea license for an amount capitalized on December 31, 2007 of 71 M€. After the continuation of appraisal works in 2006 and 2007, conceptual development studies are in progress for these discoveries.

The second project (Egina) relates to a deep-water oil discovery in Nigeria for which 45 M€ was capitalized as of December 31, 2007. The project is situated on OML 130 approximately 150 kilometres off the coast of Nigeria. TOTAL holds a 24% interest and is the operator. Two exploration wells were drilled between 2003 and 2005. After a reprocessing of the existing seismic survey, an appraisal campaign was initiated to size the discovery. Three appraisal wells were drilled, one in 2004 and two in 2006. These wells confirmed that the Egina field could be the object of a development. TOTAL expects to have completed the pre-project phase for the autonomous development of the field by the end of the first half 2008.

The third project (Timimoun) relates to a gas discovery in the heart of the Algerian Sahara for which two exploration wells were drilled in 2005 and 2006 for a capitalized amount of 19 M€ as of December 31, 2007. A development plan was presented to Sonatrach in 2007. At present, the implementation of this plan is being studied.

The fourth project (Laggan) is a deep-water gas discovery in the West of Shetlands (UK), where a well was drilled in 2004 for a capitalized amount of 15 M€ as of December 31, 2007. An exploration well was drilled successfully in 2007 on the Tormore prospect, situated 15 km to the southwest of the Laggan field. To evaluate the diverse development plans for the whole West of Shetlands area, the British government established a working group, the participants of which are the main oil operators concerned. The development studies prepared in 2006-2007 by TOTAL, as well as the discovery of Tormore, allow us to envisage a stand-alone development of the Laggan-Tormore area. In 2008, TOTAL will continue to pursue these development studies.

The fifth project (Morvin) relates to an oil discovery in Norway for which one exploration well was drilled in 2001 for a capitalized amount of 6 M€ and one appraisal well was drilled in 2006 for a capitalized amount of 3 M€, as of December 31, 2007. A Development Plan was sent to the Norwegian authorities in the first quarter 2008.

The sixth project (Bonga SW) relates to a deep-water oil discovery in Nigeria for which three wells were drilled between 2001 and 2003 and for which 7 M€ was capitalized as of December 31, 2007. During 2006, together with the operator and co-venturers, the Group worked on the field development plan and continued negotiations for a possible unitization of the field with adjacent licenses. This led to the signature of a pre-unitization agreement with partners. The technical and commercial studies and the call for tenders process for main contracts continued in 2007 with an objective of reaching a development decision in 2008.

The following table sets forth the allocation by age of capitalized exploratory costs as well as the number of corresponding wells.

As of December 31	2007		2006		2005	
(M€ and number of wells)	amount	number	amount	number	amount	number
Wells for which drilling is not completed	120	35	132	19	63	12
Wells with completed drilling						
• Less than 1 year	368	29	341	39	200	29
• Between 1 and 4 years	459	55	392	53	304	40
• Between 4 years and 8 years	25	7	19	4	23	4
• More than 8 years	-	-	8	2	-	-
Total	**972**	**126**	**892**	**117**	**590**	**85**

Appendix 3 - TOTAL S.A.

Statutory auditors' report on regulated agreements and commitments

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2007

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

1. Agreements and commitments entered into by the Company since January 2007:

In accordance with Article L.225-40 of the Commercial Code we have been advised of agreements and commitments which have been previously authorized by your Board of Directors.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We conducted our work in accordance with professional standards applicable in France; these standards require that we perform the procedures deemed necessary so as to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

The following agreements were allowed by the Board of Directors held on February 13, 2007 and February 12, 2008.

a) Agreements concerning the pension plan for the Chairman and the Chief Executive Officer:

- Directors affected by the agreement or commitment:
  - Mr Thierry Desmarest, Chairman
  - Mr Christophe de Margerie, Chief Executive Officer
- Purpose of the agreement or commitment:

The Chairman and the Chief Executive Officer are entitled to a retirement benefit calculated pursuant to the same formula used for all employees of Total S.A.

- Terms and conditions of the agreement or commitment:

Retirement benefit:

The retirement benefit of the Chairman and the Chief Executive Officer will be calculated pursuant to the same formula used for all employees of Total S.A. and based on their director's compensation. The method for calculating this benefit is determined by the National Collective Bargaining Agreement for the Petroleum Industry and is based on the annual gross compensation (including fixed and variable portions) paid to the Chairman or the Chief Executive Officer, as the case may be. As of December 31, 2007, this benefit amounts to 5/12th of the Chairman's annual compensation and 6/12th of the Chief Executive Officer's annual compensation.

The payment of this benefit is subject to performance conditions. These performance conditions are deemed to be met if at least two of the three following criteria are satisfied:

- The average ROE (return on equity) over the three years immediately preceding the year in which the officer retires is at least 12%;
- The average ROACE (return on average capital employed) over the three years immediately preceding the year in which the officer retires is at least 10%;
- The Company's oil and gas production growth over the three years immediately preceding the year in which the officer retires is greater than or equal to the average production growth of the four following companies: ExxonMobil, Shell, BP, and Chevron;

Complementary pension plan:

This complementary pension is the same plan as the one that is open to all employees of the Group whose annual compensation is greater than the annual social security threshold multiplied by eight. There are no French legal or collective bargaining provisions that apply to remuneration above this social security ceiling.

This complementary pension plan is financed and managed by Total S.A. to award a pension that is based on the period of employment (up to a limit of 20 years) and the portion of annual gross compensation (including fixed and variable portions) exceeding by eight times the annual social security threshold. This pension is indexed to the French Association for Complementary Pensions Schemes (ARRCO) index.

As of December 31, 2007, the Group's pension obligations related to the Chairman are the equivalent of an annual pension of 18% of the Chairman's 2007 compensation.

For the Chief Executive Officer, the Group's pension obligations are, as of December 31, 2007, the equivalent of an annual pension of 22% of his 2007 compensation.

b) Agreement in case of termination of the Chief Executive Officer's employment or in case his term of office is not renewed

- Director affected by the agreement or commitment:
  - Mr Christophe de Margerie, Chief Executive Officer.
- Purpose of the agreement or commitment:

If the Chief Executive Officer's employment is terminated or if his term of office is not renewed, he is eligible for severance benefits.

- Terms and conditions of the agreement or commitment:

This severance benefits will be calculated according to the terms of the National Collective Bargaining Agreement for the Petroleum Industry applying to Total S.A. employees. The maximum severance benefit, based on thirty years of employment within the Group, is equal to two times an individual's annual pay, based on the gross compensation (both fixed and variable) paid in the previous twelve-month period. The seniority will be calculated on the basis of the Group seniority, at the time the Chief Executive Officer entered in his position, plus the time of his term of office, to calculate the severance benefits.

These severance benefits may be increased by an amount equal to an additional year's gross pay (calculated as specified above) if the Chief Executive Officer enters into a non-compete agreement or, in the case of a change in control of the ownership of the Company, if termination occurs within the two-year period following the change in control.

The payment of these severance benefits in case of termination of the employment or in case his term of office is not renewed, as well as the payment of the additional amount in case of a change in control of the ownership of the Company, are subject to performance conditions. These performance conditions are deemed to be met if at least two of the three following criteria are met:

- The average ROE (return on equity) over the three years immediately preceding the year of departure of the officer is at least 12%;
- The average ROACE (return on average capital employed) over the three years immediately preceding the year of departure of the officer is at least 10%;
- The Company's oil and gas production growth over the three years immediately preceding the year of departure of the officer is greater than or equal to the average production growth of the four following companies: ExxonMobil, Shell, BP and Chevron.

If the Group terminates employment or does not renew a term of office for reason (*faute grave or faute lourde*), or if the Chief Executive Officer is allowed, at the time the Group terminates employment or does not renew a term of office, to receive full retirement benefits, these provisions for benefits do not apply.

2. Continuing agreements and commitments which were entered into in prior years:

Moreover, in accordance with the French Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and applicable during fiscal year 2007:

Securities granted to a banking pool which includes BNP Paribas and Société Générale

- Purpose of the agreement or commitment

Security for a loan for $243 million made to Oleoducto Central S.A. "Ocensa".

- Terms and conditions of the agreement or commitment

The balance was repaid in March 2007, ending the security.

Paris La Défense, France, March 31, 2008

KPMG Audit *A division of KPMG S.A.*	ERNST & YOUNG Audit	
René Amirkhanian	**Gabriel Galet**	**Philippe Diu**

Statutory auditors' report on the annual financial statements

(Free translation of a French language original)

For the year ended December 31, 2007

To the Shareholders,

In compliance with the mission entrusted to us by your Shareholders' Meeting, we hereby submit our report for the year ended December 31, 2007, on:

- the audit of the annual financial statements of the company TOTAL S.A. as attached to this report;
- the reasons for our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on those financial statements.

1. Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for the opinion expressed below. We hereby certify that the annual financial statements present fairly, in all material respects, in accordance with French accounting rules and practices, the results of the transactions for the past year and of the financial position and holdings of the company at the end of that year.

2. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we are informing you of the following items:

We assessed the approaches used by your company to value investments in subsidiaries and affiliates as described in Note 1 to the financial statements, based on the information available to date and performed tests to verify the application of those methods. Within the framework of our assessments, we verified the reasonable nature of those estimates.

The assessments were made in the context of our audit of the annual financial statements considered as a whole and, therefore, contributed to our opinion in the first part of this report.

3. Specific verifications and information

We also performed the specific verifications required by law in accordance with professional standards in France.

We have no comment regarding: the fair presentation and consistency of the financial statements with the information provided in the Management Report from the Board of Directors and in the documents provided to the shareholders concerning the financial position and the annual financial statements; the fair presentation of the information provided in the Management Report of the Board concerning compensation and benefit of any kind paid to directors concerned, or concerning indemnities in relation with the commencement, modification or termination of their responsibilities or a period of time after the end of their office.

As required by French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal holders of shares and voting rights have been disclosed in the management report.

Paris La Défense, March 31, 2008

The Statutory Auditors

KPMG Audit
(Département de KPMG S.A.)

René Amirkhanian

ERNST & YOUNG Audit

Gabriel Galet

Philippe Diu

Financial statements of TOTAL S.A. as parent company

Statement of Income (Total S.A.)

Year (K€)	2007	2006	2005
Sales (Note 12)	9,604,753	10,142,105	8,405,922
Net operating expenses (Note 13)	(7,273,461)	(7,537,212)	(6,413,814)
Operating depreciation, amortization and allowances (Note 14)	(75,954)	(79,260)	(82,960)
Operating income	2,255,338	2,525,633	1,909,148
Financial expenses and income (Note 15)	(1,473,411)	(1,095,236)	(579,837)
Dividends (Note 16)	6,749,061	6,415,836	4,574,992
Net depletion	(1,114,696)	(167,664)	(88,350)
Other financial income and expenses (Note 17)	243,024	35,915	(370,558)
Financial income	4,403,978	5,188,851	3,536,247
Current income	6,659,316	7,714,484	5,445,395
Gains (losses) on sales of marketable securities and loans	691,737	32,436	1,695
Gains (losses) on sales of fixed assets	58	(1)	93
Other non-recurring items	5,648	(25,600)	8,526
Non-recurring income (Note 18)	697,443	6,835	10,314
Employee profit-sharing plan	(45,701)	(31,971)	(27,395)
Taxes	(1,532,133)	(2,437,242)	(1,285,360)
Net income	**5,778,925**	**5,252,106**	**4,142,954**

Balance Sheet (TOTAL S.A.)

As of December 31, (K€)	2007	2006	2005
ASSETS			
Non-Current Assets			
Intangible assets	282,442	252,901	186,596
Accumulated amortization	(155,370)	(135,404)	(104,254)
Intangible assets, net	127,072	117,497	82,342
Property, plant and equipment (Note 2)	431,873	422,726	393,215
Accumulated depreciation, depletion and amortization	(269,702)	(244,402)	(204,843)
Property, plant and equipment, net	162,171	178,324	188,372
Subsidiaries and affiliates: investments and loans (Note 3)	76,809,154	75,759,201	77,060,078
Accumulated amortization	(535,460)	(407,302)	(425,913)
Other non-current assets (Note 4)	1,701,054	1,808,376	268,681
Investments and other non-current assets, net	77,974,748	77,160,275	76,902,846
Total Non-Current Assets	**78,263,991**	**77,456,096**	**77,173,560**
Current Assets			
Inventories	2,701	1,290	1,361
Accounts receivable (Note 5)	1,808,898	1,650,852	1,543,559
Marketable securities	864,989	1,060,777	1,173,650
Cash / cash equivalents and short-term deposits	534,405	396,056	23,655
Total Current Assets	**3,210,993**	**3,108,975**	**2,742,225**
Prepaid expenses	7,082	7,370	2,735
Translation adjustment (Note 11)	300,679	72,789	12
Total Assets	**81,782,745**	**80,645,230**	**79,918,532**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' Equity (Note 6)			
Common shares	5,988,830	6,064,420	6,151,163
Paid-in surplus	29,597,987	31,155,966	34,563,052
Reserves (Note 6B)	3,976,490	3,976,493	3,976,493
Retained earnings	2,496,875	1,671,091	1,458,996
Net income	5,778,925	5,252,106	4,142,954
Interim dividends	(2,348,019)	(2,064,167)	(1,820,474)
Total Shareholders' Equity	**45,491,088**	**46,055,909**	**48,472,184**
Contingency reserves (Notes 7 & 8)	2,541,983	1,561,673	1,379,724
Debts			
Long-term loans (Note 9)	7,281,800	5,993,990	4,506,468
Short-term loans (Note 9)	24,966,195	25,281,590	24,048,655
Liabilities (Note 10)	1,501,634	1,752,042	1,414,670
Total Debts	**33,749,629**	**33,027,622**	**29,969,793**
Translation adjustment (Note 11)	45	26	96,831
Total Liabilities and Shareholders' Equity	**81,782,745**	**80,645,230**	**79,918,532**

Statement of Cash Flow (TOTAL S.A.)

Year (K€)	2007	2006	2005
Cash flow from operating activities			
Net income	5,779	5,252	4,143
Depreciation, depletion and amortization	60	70	72
Accrued expenses of investments	132	5	19
Other provisions	980	181	74
Funds generated from operations	**6,951**	**5,508**	**4,308**
(Gains) Losses on disposal of assets	(692)	(32)	(1)
Decrease (Increase) in working capital	(273)	151	(225)
Other, net	44	(36)	(67)
Cash flow from operating activities	**6,030**	**5,591**	**4,015**
Cash flow from investing activities			
Purchase of tangible and intangible assets	(53)	(96)	(110)
Purchase of investments and long-term loans	(2,070)	(4,482)	(2,610)
Total expenditures	**(2,123)**	**(4,578)**	**(2,720)**
Proceeds from sale of marketable securities and loans	1,427	4,141	3,516
Total divestitures	**1,427**	**4,141**	**3,516**
Cash flow from investing activities	**(696)**	**(437)**	**796**
Cash flow from financing activities			
Capital increase	82	492	17
Repurchase of own shares	(1,641)	(3,975)	(3,367)
Balance of cash dividends paid	(2,362)	(2,110)	(1,842)
Cash interim dividends paid	(2,348)	(2,064)	(1,820)
Repayment of long-term debt	(133)	(517)	(1,585)
Increase (Decrease) in short-term borrowings and bank overdrafts	1,206	3,392	3,607
Cash flow from financing activities	**(5,196)**	**(4,782)**	**(4,990)**
Increase (Decrease) in cash and cash equivalents	**138**	**372**	**(179)**
Cash and cash equivalents at beginning of year	**396**	**24**	**203**
Cash and cash equivalents at year-end	**534**	**396**	**24**

Statement of Changes in Shareholders' Equity (TOTAL S.A.)

	Common shares issued					
(M€)	Number	Amount	Issue Premium	Retained earnings	Revaluation reserve	Total
As of January 1, 2005	**635,015,108**	**6,350**	**38,016**	**7,244**	**38**	**51,648**
Cash dividends paid[(a)]	-	-	-	(1,842)	-	(1,842)
2005 Net income	-	-	-	4,143	-	4,143
Cash interim dividends paid for 2005[(b)]	-	-	-	(1,820)	-	(1,820)
Capital Reduction	(21,075,568)	(211)	(3,647)	-	-	(3,858)
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	1,043,499	11	178	-	-	189
Issuance of common shares	133,257	1	16	-	-	17
Tax on the long-term appreciation reserve	-	-	-	(5)	-	(5)
As of December 31, 2005	**615,116,296**	**6,151**	**34,563**	**7,720**	**38**	**48,472**
Issuance of common shares	45,305	1	6	-	-	7
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	31,464	1	6	-	-	7
Issuance of shares reserved for employees	2,785,330	27	436	-	-	463
Total	**617,978,395**	**6,180**	**35,011**	**7,720**	**38**	**48,949**
Division by 4 of Total share nominal value	2,471,913,580	6,180	35,011	7,720	38	48,949
Balance of cash dividends paid[(c)]	-	-	-	(2,110)	-	(2,110)
2006 Net income	-	-	-	5,252	-	5,252
Cash interim dividends paid for 2006[(d)]	-	-	-	(2,064)	-	(2,064)
Arkema spin-off[(e)]	-	-	(1,544)	-	-	(1,544)
Capital Reduction	(47,020,000)	(118)	(2,342)	-	-	(2,460)
Issuance of common shares	668,099	1	21	-	-	22
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	206,274	1	10	-	-	11
Variation in revaluation differences	-	-	-	-	-	-
As of December 31, 2006	**2,425,767,953**	**6,064**	**31,156**	**8,798**	**38**	**46,056**
Balance of cash dividends paid[(f)]	-	-	-	(2,362)	-	(2,362)
2007 Net income	-	-	-	5,778	-	5,778
Cash interim dividends paid for 2007[(g)]	-	-	-	(2,348)	-	(2,348)
Capital Reduction	(33,005,000)	(82)	(1,651)	-	-	(1,733)
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	315,312	1	17	-	-	18
Issuance of common shares	2,453,832	6	76	-	-	82
Variation in revaluation differences	-	-	-	-	-	-
As of December 31, 2007	**2,395,532,097**	**5,989**	**29,598**	**9,866**	**38**	**45,491**

(a) Balance of the 2004 dividend paid in 2005: 1,842 M€ (3.00 euros per share).
(b) Global interim dividend paid in 2005: 1,820 M€ (3.00 euros per share).
(c) Balance of the 2005 dividend paid in 2006: 2,110 M€ (3.48 euros per share).
(d) Global interim dividend paid in 2006: 2,064 M€ (0.87 euros per share).
(e) This decrease represents the Arkema spin-off (compensation of the release of the non-monetary equity securities of subsidiaries and affiliates).
(f) Balance of the 2006 dividend paid in 2007: 2,362 M€ (1.00 euro per share).
(g) Global interim dividend paid in 2007: 2,348 M€ (1.00 euro per share).

Notes to financial statements

1. Accounting policies

The 2007 financial statements have been prepared in accordance with French Generally Accepted Accounting Principles (“French GAAP”).

Property, plant and equipment

Tangible assets are carried at cost with the exception of assets that have been acquired before 1976 which cost has been revalued under French regulations.

They are depreciated by the straight-line method over their estimated useful life, as follows:

- Buildings 20 - 30 years
- Furniture and fixtures 5 - 10 years
- Transportation equipment 2 - 5 years
- Office equipment and furniture 5 - 10 years
- Computer equipment 3 - 5 years

Investments and loans to subsidiaries and affiliated companies

Investments in subsidiaries and affiliated companies are stated at the acquisition cost, or the appraised value for investments affected by the 1976 legal revaluation.

Loans to subsidiaries and affiliated companies are stated at their nominal value.

In the upstream segment, when no production decision is reached, allowances are recorded against investments and loans for an amount corresponding to the exploration costs incurred. When the existence of proved reserves is established, the value of the investments and loans is limited to the subsidiary expected pay-back evaluated at year-end.

For other subsidiaries, allowances for impairment in value are calculated by reference to the Company’s equity in the underlying net assets, the fair value and usefulness of the investment.

Inventories

Inventories are valued at either the historical cost or the market value, whichever is lower. Cost is determined on a first-in, first-out basis (FIFO) for crude oil and refined product inventories.

Receivables and payables

Receivables and payables are stated at nominal value. Allowances for doubtful debts are recorded when the actual value is inferior to the book value.

Foreign currency transactions

Receivables and payables denominated in foreign currencies are translated into euros at the year-end exchange rate. Translation differences upon items non-hedged are recorded under “Translation adjustment” on the assets or liabilities side of the balance sheet. Unrealized exchange losses are accrued for.

Translation differences upon other foreign receivables and payables are recorded in the statement of income and compensated by unrealized gains or losses from off-balance sheet hedging.

Financial instruments

The Company mainly uses financial instruments for hedging purposes, in order to manage its exposure to changes in interest rates and foreign exchange rates.

The Company enters into interest rate and foreign currency swap agreements. The difference between interest to be paid and interest to be received or premiums and discounts on these swaps is recognized as interest expense or interest income on a prorated basis, over the life of the hedged item.

The Company may also use futures, caps, floors, and options. Under hedge accounting, changes in the market value of such contracts are recognized as interest expense or interest income in the same period as the gains and losses on the item being hedged. For option contracts, premiums paid are amortized over the duration of the option.

An accrual is recorded for any unrealized losses related to operations that do not comply with the criteria required for hedge accounting.

2. Property, plant and equipment

As of December, 31	2007			2006
(M€)	Cost	Accumulated depreciation & provision	Net	Net
Land	34	-	34	34
Buildings	92	(33)	59	63
Others	306	(237)	69	81
Total[1]	**432**	**(270)**	**162**	**178**

(1) As of December 31, 2006, aggregate cost and accumulated depreciation and provision amounted respectively to 423 M€ and 245 M€.

3. Subsidiaries and affiliates: investments and loans

A) Investments and loans variations

As of December, 31	2007						
		Movements of the period					
		Increases		Decreases			
(M€)	Gross amount at beginning of year	Monetary	Non monetary	Monetary	Non monetary	Translation adjustment	Gross amount at year-end
Investments	71,920	641	25	(133)	-	-	72,453
Receivables[1]	3,839	1,475	-	(578)	(148)	(232)	4,356
Total	**75,759**	**2,116**	**25**	**(711)**	**(148)**	**(232)**	**76,809**
Analysis by segment							
Upstream	1,819	686	3	(138)	(105)	(5)	2,260
Downstream	3,303	143	-	(115)	-	-	3,331
Chemicals	13,371	57	5	(45)	(5)	1	13,384
Financial	57,266	1,230	17	(413)	(38)	(228)	57,834
Total	**75,759**	**2,116**	**25**	**(711)**	**(148)**	**(232)**	**76,809**

(1) Variations on receivables mainly result from flows of funds with Total Finance.

B) Allowances for investments and loans

As of December 31,	2007			2006
(M€)	Cost	Valuation allowance	Net	Net
Investments	72,453	(473)	71,980	71,584
Receivables[1][2]	4,356	(62)	4,294	3,768
Total[3]	**76,809**	**(535)**	**76,274**	**75,352**
Analysis by segment				
Upstream	2,260	(183)	2,077	1,706
Downstream	3,331	(180)	3,151	3,172
Chemicals	13,384	(105)	13,279	13,277
Financial	57,834	(67)	57,767	57,197
Total	**76,809**	**(535)**	**76,274**	**75,352**

(1) As of December 31, 2007, the gross amount included 3,381 M€ related to affiliates.
(2) As of December 31, 2007, the net amount was split into 1,067 M€ falling due within one year and 3,227 M€ over one year.
(3) As of December 31, 2006, aggregate cost and valuation allowance amounted to 75,759 M€ and 407 M€, respectively.

4. Other non-current assets

A) Other non-current assets variations

As of December 31,	2007						
		Movements of the period					
		Increases		Decreases			
(M€)	Gross amount at beginning of year	Monetary	Non monetary	Monetary	Non monetary	Translation adjustment	Gross amount at year-end
Investment portfolio[(a)]	1,738	1,641	-	-	(1,734)	-	1,645
Other non-current assets	59	8	-	(23)	-	-	44
Deposits and guarantees	11	1	-	-	-	-	12
Total	**1,808**	**1,650**	**-**	**(23)**	**(1,734)**	**-**	**1,701**

(a) Non-monetary reductions correspond to TOTAL S.A. shares cancelled in 2007.

B) Allowances for non-current assets

As of December 31,	2007			2006
(M€)	Cost	Valuation allowance	Net	Net
Investment portfolio	1,645	-	1,645	1,738
Other non-current assets[(a)]	44	-	44	58
Deposits and guarantees	12	-	12	12
Total[(b)]	**1,701**	**-**	**1,701**	**1,808**

(a) As of December 31, 2007, net amount is falling due over one year.
(b) As of December 31, 2006, aggregate cost and net amounts are equivalent.

5. Accounts receivable

As of December 31,	2007			2006
(M€)	Cost	Valuation allowance	Net	Net
Accounts and notes receivable	1,028	-	1,028	812
Other current assets	781	-	781	839
Total[(a) (b)]	**1,809**	**-**	**1,809**	**1,651**

(a) Including EUR 1,166 million related to affiliates as of December 31, 2007.
(b) All falling due within one year.

6. Shareholders' equity

A) Common Shares

Share capital transactions are detailed as follows:

	Historical data
As of January 1, 2005	**635,015,108**
Shares issues in connection with:	
• Exercise of share subscription options	133,257
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	1,043,499
Cancellation of shares[a]	(21,075,568)
As of January 1, 2006	**615,116,296**
Shares issues in connection with:	
• Division of nominal value by 4 on May 18,2006	1,845,348,888
• Capital increase reserved for employees	11,141,320
• Exercise of share subscription options	849,319
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	332,130
Cancellation of shares[b]	(47,020,000)
As of January 1, 2007	**2,425,767,953**
Shares issues in connection with:	2,453,832
• Exercise of share subscription options	
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	315,312
Cancellation of shares[c]	(33,005,000)
As of December 31, 2007[d]	**2,395,532,097**

(a) Decided by the Board of Directors on July 19, 2005 and November 3, 2005.
(b) Decided by the Board of Directors on July 18, 2006.
(c) Decided by the Board of Directors on January 10, 2007.
(d) Including 151,421,232 treasury shares and shares held by subsidiaries deducted from consolidated shareholders' equity.

Capital increase reserved for Company employees

At the shareholders' meeting held on May 11, 2007, the shareholders delegated to the Board of Directors the authority to increase the share capital of the Company, in one or more transactions and within a maximum period of twenty-six months from the date of the meeting, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made, reserving subscriptions for such issuance to the Company employees participating in a company savings plan. It is being specified that the amount of any such capital increase reserved for Company employees will be counted against the aggregate maximum nominal amount of share capital increases authorized by the shareholders' meeting held on May 11, 2007 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (4 billion euros in nominal).

Pursuant to this delegation of authority, the Board of Directors, during its November 6, 2007 meeting, implemented a first capital increase reserved for employees within the limit of 12 million shares at a price of 44.40 euros per share with dividend rights as of January 1, 2007. These shares are entitled to the dividends paid for the 2007 fiscal year. The subscription period is running from March 10 to March 28, 2008.

Share cancellation

Pursuant to the authorization granted by the shareholders' meeting held on May 7, 2002 to reduce the capital by cancellation of shares held by the Company within the limit of 10% of the outstanding capital every 24 months, the Board of Directors decided on January 10, 2007 to cancel 33,005,000 shares at an average price of 52.52 euros per share.

Treasury shares (TOTAL shares held by the parent company TOTAL S.A.)

As of December 31, 2007, TOTAL S.A. held 51,089,964 of its own shares, representing 2.13% of its share capital, detailed as follows:

- 16,343,349 shares allocated to covering TOTAL share purchase option plans for Company employees and recorded in short-term investments;
- 4,746,615 shares allocated to TOTAL restricted share plans for Company employees and recorded in short-term investments;
- 30,000,000 shares purchased for cancellation from February to December 2007 pursuant to the authorization granted by the shareholders' meeting held on May 12, 2006 and May 11, 2007.

These shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by Group subsidiaries

As of December 31, 2007, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.19% of its share capital, detailed as follows:

- 2,023,672 shares held by a consolidated subsidiary, Total Nucléaire, 100% indirectly controlled by TOTAL S.A.;
- 98,307,596 shares held by subsidiaries of Elf Aquitaine (Financière Valorgest, Sogapar and Fingestval).

These shares are deducted from the consolidated shareholders' equity.

B) Reserves

As of December 31, (M€)	2007	2006	2005
Revaluation reserves	38	38	38
Legal reserves	740	740	740
Untaxed reserves	2,808	2,808	2,808
General reserves	390	390	390
Total	**3,976**	**3,976**	**3,976**

7. Contingency reserves

As of December 31,	2007				
		Movements of the period			
(M€)	Gross amount at beginning of year	Increases	Decreases Used	Decreases Non used	Gross amount at year-end
Reserves for financial risks	1,411	1,156	(119)	(54)	2,394[(a)]
Reserves for retirement benefits, pension plans and special termination plans (Note 8)	108	24	(8)	-	124[(b)]
Reserves for non-recurring items	43	-	(14)	(5)	24
Total	**1,562**	**1,180**	**(141)**	**(59)**	**2,542**

(a) Reserves for financial risks are mainly composed of:
- *a guarantee granted to an upstream financing subsidiary for 1,805 M€*
- *a reserve recorded for 138 M€ to cover the risks incurred by the attribution of Arkema shares,*
- *a reserve of 124 M€ for the attribution of restricted shares. The calculation was based on the value of the shares bought on plan cover prorated basis to the period of acquisition, i-e 2 years, at the end of which the attribution of the shares to their beneficiary will be final, subject to the condition of performance is satisfied (Note 23).*

(b) Including 117 M€ related to reserves for retirement benefits, pension plans, special termination plans and a provision of 7 M€ for long-service medals.

8. Employee benefits obligations

TOTAL S.A. enters into employee benefit and pension plans, pre-retirement and special termination benefits. Expenses for defined contribution and multi-employers plans correspond to the contributions paid.

Provisions as of December 31 are as follows:

(M€)	2007	2006
Pension benefits and other benefits	117	101
Restructuring reserves	-	-
Provisions as of December 31	**117**	**101**

For defined benefit plans, commitments are determined using a prospective methodology called "projected unit credit method". The commitment actuarial value depends on various factors such as the length of service, life expectancy, employee turnover rate, salaries revalorization and actualization assumptions.

The actuarial assumptions used as of December 31, are the following:

	2007	2006
Actuarial rate	5.09%	4.24%
Average expected rate of salary increase	4.14%	4.14%
Average expected rate of return on plan assets	6.25%	5.35%
Average remaining length of service	10-20 years	10-20 years

Commitments not covered through insurance companies are accrued for in TOTAL S.A. accounts.

Actuarial gains and losses resulting from changes in actuarial assumptions are amortized using the straight-line method over the estimated remaining length of service of the plans participants involved.

The reconciliation between the total commitment for pension plans not covered through insurance companies and the provision booked is as follows:

(M€)	2007	2006
Actuarial liability as of December 31	179	191
Actuarial gains and losses to be amortized	(62)	(90)
Provision for pension benefits and other benefits as of December 31,	**117**	**101**

The total commitment for pension plans covered through insurance companies amounts to:

(M€)	2007	2006
Actuarial liability	248	276
Plan assets	(221)	(227)
Net commitment as of December 31	**27**	**49**

9. Loans

		Due date as of December 31, 2007			
(M€)	2007	Within one year	1 to 5 years	Beyond 5 years	2006
Debenture loans					
6.75% Bonds 1996-2008 (FRF 950 million)[a]	124	124	-	-	139
6.75% Bonds 1996-2008 (FRF 800 million)[a]	107	107	-	-	120
6.75% Bonds 1996-2008 (FRF 700 million)[a]	92	92	-	-	102
6.20% Bonds 1997-2009 (FRF 900 million)[a]	117	-	117	-	131
5.03% 1997-2007 (FRF 620 million)[a]	-	-	-	-	75
6.80% Bonds 1997-2007 (ESP12 billion)[a]	-	-	-	-	63
Pibor 3-months +0.38 % Bonds 1998-2008 (FRF 230 million)[a]	26	26	-	-	29
5.125 % Bonds 1998-2009 (FRF 1,000 million)[a]	113	-	113	-	126
5 % Bonds 1998-2013 (FRF 1,000 million)[a]	113	-	-	113	127
5.65 % Bonds 2000-2010 (EUR 100 million)[a]	60	-	60	-	67
Accrued interest	10	10	-	-	15
Total debenture loans	**762**	**359**	**290**	**113**	**994**
Other loans[b]	7,349	470	6,879	-	5,713
Current accounts[c]	24,137	24,137	-	-	24,569
Total	**32,248**	**24,966**	**7,169**	**113**	**31,276**

(a) Through the use of issue swaps, each debenture loan becomes equivalent to a US dollar floating rate debt.
(b) Including 7,343 M€ related to affiliates.
(c) Including 24,137 M€ related to affiliates.

10. Liabilities

As of December 31, (M€)	2007	2006
Accounts payable	794	738
Other	708	1,014
Total[(a)(b)]	**1,502**	**1,752**

(a) Including 193 M€ in 2007 and 488 M€ in 2006 related to affiliates.
(b) All falling due within one year.

11. Translation adjustment

The application of the foreign currency translation method outlined in Note 1, resulted in a net translation adjustment of 301 M€ in 2007 mainly due to dollar loans.

12. Sales

(M€)	France	Rest of Europe	North America	Africa	Middle East & Rest of world	Total
2007	**302**	**288**	**30**	**744**	**8,241**	**9,605**
Hydrocarbon and oil products	-	144	-	-	7,761	7,905
Technical support fees	302	144	30	744	480	1,700
2006	**279**	**289**	**29**	**688**	**8,857**	**10,142**
Hydrocarbon and oil products	-	155	-	-	8,395	8,550
Technical support fees	279	134	29	688	462	1,592

13. Net operating expenses

(M€)	2007	2006
Purchase cost of goods sold	(5,198)	(5,458)
Other purchases and external expenses	(1,186)	(1,249)
Taxes	(39)	(36)
Personnel expenses	(850)	(794)
Total	**(7,273)**	**(7,537)**

14. Operating depreciation, amortization and allowances

(M€)	2007	2006
Depreciation, valuation allowance and amortization on		
• Tangible and intangible assets	(60)	(71)
• Employee benefits	(25)	(25)
Subtotal 1	(85)	(96)
Write-backs on		
• Employee benefits	9	17
Subtotal 2	9	17
Total (1+2)	**(76)**	**(79)**

15. Financial expenses and income

(M€)	2007	2006
Financial expenses[a]		
• Interest expenses and other	(1,575)	(1,208)
• Depreciation on investments and loans to subsidiaries and affiliates	(3)	-
Subtotal 1	(1,578)	(1,208)
Financial income[b]		
• Net gain on sales of marketable securities and interest on loans to subsidiaries and affiliates	29	54
• Interest on short-term deposits and other	76	59
Subtotal 2	105	113
Total (1+2)	**(1,473)**	**(1,095)**
(a) Including, related to affiliates:	*1,305*	*895*
(b) Including, related to affiliates:	*102*	*109*

16. Dividends

(M€)	2007	2006
Upstream	1,988	1,953
Downstream	585	548
Chemicals	1,011	602
Financial activities	3,165	3,313
Total	**6,749**	**6,416**

17. Other financial income and expenses

Net income of 243 M€ is mainly composed of a net gain on sales of marketable securities for 35 M€, and currency exchange gain for 208 M€.

18. Non-recurring income

Non-recurring income of 697 M€ includes a 682 M€ transfer of Qatar Liquefied Gas Company LTD (QATARGAS) equity securities, to a subsidiary.

19. Basis of taxation

Pursuant to the provisions of the French Tax Code (Article 209 *quinquies*) and in accordance with a tax agreement from the French Tax Authorities, the parent company files a worldwide tax return. This regime provides that the basis for income tax computation of the parent company is not limited to French or foreign consolidated subsidiaries or equity affiliates, but also applies to direct or indirect shareholdings over 10% in the Exploration and Production segment and over 50% for other activities. It allows the parent company to offset, within certain limits and conditions, the taxable income of profitable companies against the losses of other entities.

The agreement of TOTAL S.A. to the regime of the consolidated profit covers the period 2005-2007. The renewal of this agreement was requested for the 2008-2010 period.

Moreover, TOTAL S.A. has elected for the 95%-owned French subsidiaries tax regime provided for by Articles 223 A and following of the French Tax Code (the so-called *"régime de l'intégration fiscale")*.

In accordance with the integration agreement signed between TOTAL S.A. and its consolidated subsidiaries, the deficits and long-term depreciation realized by the consolidated company during the period of integration are definitively acquired by the parent company.

20. Risk management and financial instruments

TOTAL S.A. uses various financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange levels. Thereby, the commercial foreign exchange positions are systematically covered by the purchase or sale of the corresponding currencies, mainly with cash transactions and sometimes on forward markets. Regarding long-term assets in foreign currencies, the Company tries to reduce the corresponding exchange risk by associating them, as far as possible, with financing in the same currency.

In terms of interest rates, most of the long-term debt is brought back to a variable rate through the use of issue swaps (long-term interest rate and foreign currency swaps). Day to day treasury management operates on the basis of the daily rates, for instance by using short-term interest rate swaps.

An independent department continually monitors the status of the financial instruments, especially through marked-to-market valuations and sensitivity estimations. A strict control process monitors the counterpart-risk evaluation .

More information on the policies dealing with risk management can be found in Chapter 4 of this Registration Document (see page 61).

21. Commitments

As of December 31, (M€)	2007	2006
Commitments given		
Guarantees on custom duties	1,021	1,021
Bank guarantees	3,338	3,350
Guarantees on the liabilities of sold subsidiaries	-	68
Guarantees given on other commitments	2,032	2,363
Stand-by lines of credit granted to subsidiaries	4,544	4,017
Short term financing plan[a]	16,551	14,116
Bond issue plan[a]	16,957	15,327
Total commitments given	**44,443**	**40,262**
Commitments received		
Guarantees on the liabilities of acquired subsidiaries	5,338	5,808
Other commitments received	-	1
Total commitments received	**5,338**	**5,809**

(a) TOTAL S.A. guarantees the short-term financing plan and the bond issue incurred by Total Capital. On the overall plan amount of 33,508 M€, 7,649 M€ were incurred as of December 31, 2007 and 12,602 M€ as of December 31, 2006.

Portfolio of financial derivative instruments

The off-balance sheet commitments related to financial derivative instruments are stated below.

As of December 31, (M€)	2007	2006
Issue swaps		
Notional amount, accrued coupon interest[a]	951	1,046
Fair value, accrued coupon interest[b]	212	209
Forward contract of currencies		
Notional amount[a]	679	-
Fair value[b]	14	-

(a) These amounts set the level of notional commitment without being representative of a potential loss or gain.
(b) This value was determined by estimating future cash flows on a borrowing-by-borrowing basis and discounting these future cash flows using the zero coupon interest rate curves at year-end and taking into account a spread that corresponds to the average risk classification of the Company.

22. Average number of employees

As of December 31,	2007	2006
Executives	4,317	4,106
Supervisors	1,369	1,355
Technical and administrative staff	341	270
Total	**6,027**	**5,731**

23. Share subscription and share purchase option plans, restricted shares grants

TOTAL share subscription option plans

	2003 Plan[(a)]	2004 Plan[(b)]	2005 Plan[(c)]	2006 Plan[(d)]	2007 Plan[(e)]	Total
Exercise price until May 23, 2006 (€)[(f)]	33.30	39.85	49.73			
Exercise price since May 24, 2006 (€)[(f)]	32.84	39.30	49.04	50.60	60.10	
Expiration date	07/16/2011	07/20/2012	07/19/2013	07/18/2014	07/17/2015	
Number of options[(g)]						
Outstanding as of January 1, 2005	**11,729,024**	**13,414,520**				**25,143,544**
Granted	-	24,000	6,104,480			6,128,480
Cancelled	(10,000)	(16,400)	(10,400)			(36,800)
Exercised	(522,228)	(10,800)	-			(533,028)
Outstanding as of January 1, 2006	**11,196,796**	**13,411,320**	**6,094,080**			**30,702,196**
Granted	-	-	134,400	5,727,240		5,861,640
Cancelled	(22,200)	(57,263)	(43,003)	(1,080)		(123,546)
Arkema spin-off adjustments[(h)]	163,180	196,448	90,280	-		449,908
Exercised	(729,186)	(120,133)	-	-		(849,319)
Outstanding as of January 1, 2007	**10,608,590**	**13,430,372**	**6,275,757**	**5,726,160**		**36,040,879**
Granted	-	-	-	-	5,937,230	5,937,230
Cancelled	(22,138)	(20,093)	(11,524)	(13,180)	(17,125)	(84,060)
Exercised	(2,218,074)	(213,043)	(20,795)	(1,920)	-	(2,453,832)
Outstanding as of December 31, 2007	**8,368,378**	**13,197,236**	**6,243,438**	**5,711,060**	**5,920,105**	**39,440,217**

(a) Grants decided by the Board of Directors on July 16, 2003 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a 2-year period and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of the Meeting which decided the grant.

(b) Grants decided by the Board of Directors on July 20, 2004 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a 2-year period and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of the Meeting which decided the grant.

(c) Grants decided by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a 2-year period and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of the Meeting which decided the grant.

(d) Grants decided by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 14, 2004. The options are exercisable only after a 2-year period and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of the Meeting which decided the grant.

(e) Grants decided by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 11, 2007. The options are exercisable only after a 2-year and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of the shareholders' meeting which decided the grant. The period of non-transferability of 4 years is not applicable to the beneficiaries under contract of a non-French subsidiary company as of July 17, 2007, which can sold their shares from exercised options as from July 18, 2009. Furthermore, the Board of Directors decided that for each beneficiary of more than 25,000 stock options, part of these options will definitely be awarded following the vesting period, under a performance condition based on the return on equity of the Group and calculated on the consolidated financial statements of the Group for the fiscal year 2008.

(f) To take into consideration the division by four of TOTAL share nominal value, on May 18, 2006, the exercise prices of TOTAL option plans in force at that date were multiplied by 0.25. To take into account the spin off of Arkema, the exercise prices of TOTAL option plans in force at that date were multiplied by a ratio equal to 0.986147 effective on May 24, 2006.

(g) The options granted, outstanding, cancelled or exercised before May 23, 2006 were multiplied by four to take into consideration the division of TOTAL share nominal value decided by the shareholders' meeting held of May 12, 2006.

(h) Adjustments decided by the Board of Directors on March 14, 2006 following Articles 174-9, 174-12 and 174-13 of decree No. 67-236 of March 23, 1967 in force at the date of the shareholders' meeting of TOTAL S.A. held on May 12, 2006, within the framework of the Arkema spin-off. These adjustments were made on May 22, 2006 and effective on May 24, 2006.

TOTAL share purchase option plans

	1998 Plan[(a)]	1999 Plan[(b)]	2000 Plan[(c)]	2001 Plan[(d)]	2002 Plan[(e)]	Total
Exercise price until May 23, 2006 (€)[(f)]	**23.44**	**28.25**	**40.68**	**42.05**	**39.58**	
Exercise price since May 24, 2006 (€)[(f)]	**-**	**27.86**	**40.11**	**41.47**	**39.03**	
Expiration date	**03/17/2006**	**06/15/2007**	**07/11/2008**	**07/10/2009**	**07/09/2010**	
Number of options[(g)]						
Outstanding as of January 1, 2005	**1,556,048**	**4,106,116**	**9,625,780**	**10,723,700**	**11,446,512**	**37,458,156**
Granted	-	-	-	-	-	-
Cancelled	(400)	(1,200)	(7,000)	(4,000)	(9,800)	(22,400)
Exercised	(965,996)	(2,052,484)	(3,108,836)	(1,983,800)	(153,232)	(8,264,348)
Outstanding as of January 1, 2006	**589,652**	**2,052,432**	**6,509,944**	**8,735,900**	**11,283,480**	**29,171,408**
Granted	-	-	-	-	-	-
Cancelled	(72,692)	-	(7,272)[(h)]	(15,971)	(26,694)	(122,629)
Arkema spin-off adjustments[(i)]	-	25,772	84,308	113,704	165,672	389,456
Exercised	(516,960)	(707,780)	(1,658,475)	(1,972,348)	(2,141,742)	(6,997,305)
Outstanding as of January 1, 2007	**-**	**1,370,424**	**4,928,505**	**6,861,285**	**9,280,716**	**22,440,930**
Granted	-	-	-	-	-	-
Cancelled	-	(138,023)	(3,452)	(7,316)	(7,104)	(155,895)
Exercised	-	(1,232,401)	(1,782,865)	(1,703,711)	(2,210,429)	(6,929,406)
Outstanding as of December 31, 2007	**-**	**-**	**3,142,188**	**5,150,258**	**7,063,183**	**15,355,629**

(a) Grants decided by the Board of Directors on March 17, 1998 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options are exercisable only after a 5-year period from the date of the meeting which decided the grant and must be exercised within 8 years from this date. This plan fell due on March 17, 2006.

(b) Grants decided by the Board of Directors on June 15, 1999 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options are exercisable only after a 5-year period the date of the meeting which decided the grant and must be exercised within 8 years from this date.

(c) Grants decided by the Board of Directors on July 11, 2000 pursuant to the authorization given by the shareholders' meeting held on May 21, 1997. The options are exercisable only after a 4-year period from the date of the meeting which decided the grant and must be exercised within 8 years from this date. For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for 5 years from the date of grant.

(d) Grants decided by the Board of Directors on July 10, 2001 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a 3.5-year period from the date of the meeting which decided the grant and must be exercised within 8 years from the date of grant. Underlying shares may not be sold for 4 years from the date of grant.

(e) Grants decided by the Board of Directors on July 9, 2002 pursuant to the authorization given by the shareholders' meeting held on May 17, 2001. The options are exercisable only after a 2-year period from the date of the meeting which decided the grant and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of grant.

(f) Considering the division by 4 of TOTAL share nominal value, on May 18, 2006, the exercise prices of TOTAL option plans in force at that date were multiplied by 0.25. To take into account the Arkema spin-off, the exercise prices of TOTAL option plans in force at that date were multiplied by a ratio equal to 0.986147 effective on May 24, 2006.

(g) Following the division by 4 of TOTAL share nominal value, on May 18, 2006, the number of options has been adjusted accordingly.

(h) After consideration of a transaction of regularization made in 2006, consisting on the confirmation of 500 share subscriptions of 10 euros nominal which were cancelled in 2001.

(i) Adjustments decided by the Board of Directors on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of decree No. 67-236 of March 23, 1967 in force at the date of the shareholders' meeting of TOTAL S.A. held on May 12, 2006, in the frame of the Arkema spin-off. These adjustments were made on May 22, 2006 and effective on May 24, 2006.

TOTAL restricted shares grants

	2005 Plan[(a) (b)]	2006 Plan[(c)]	2007 Plan[(d)]	Total
Date of Board of Directors meeting	**07/19/2005**	**07/18/2006**	**07/17/2007**	
Number of restricted shares				
Outstanding as of January 1, 2005				
Notified	2,280,520			2,280,520
Cancelled	(5,992)			(5,992)
Finally granted	-			-
Outstanding as of January 1, 2006	**2,274,528**			**2,274,528**
Notified	-	2,275,364		2,275,364
Cancelled	(7,432)	(3,068)		(10,500)
Finally granted	-	-		-
Outstanding as of January 1, 2007	**2,267,096**	**2,272,296**		**4,539,392**
Notified	-	-	2,366,365	2,366,365
Cancelled	(38,088)	(6,212)	(2,020)	(46,320)
Finally granted	(2,229,008)	(2,128)[(e)]	(1,288)[(e)]	(2,232,424)
Outstanding as of December 31, 2007	**-**	**2,263,956**	**2,363,057**	**4,627,013**

(a) Grants decided by the Board of Directors on July 19, 2005 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005.
The grant of these shares, which have been bought back in 2005 by the Company on the market, became final after a 2-year vesting period (acquisition of the right to restricted shares), on July 20, 2007, and after fulfilling a performance condition, that states the number of restricted shares finally granted would be based on the Return On Equity ("ROE") of the Group. The ROE was calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the year of the final grant, in the present case fiscal 2006. Moreover, the transfer of the restricted shares, that were finally granted, will not be permitted between the date of final grant and the end of a 2-year mandatory holding period, on July 20, 2009.

(b) The number of restricted shares granted has been adjusted pursuant to the four-for-one stock split approved by the shareholders meeting on May 12, 2006.

(c) Grants decided by the Board of Directors on July 18, 2006 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. These shares bought back in 2006 by the company on the stock exchange market will definitely be granted to the beneficiaries after a 2-year vesting period, on July 19, 2008, subject to a performance condition. This condition states that the number of restricted shares finally granted will be based on the Return On Equity ("ROE") of the Group. The ROE will be calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the year of the final grant, in the present case fiscal 2007. Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a 2-year mandatory holding period, on July 19, 2010.

(d) Grants decided by the Board of Directors on July 17, 2007 pursuant to the authorization given by the shareholders' meeting held on May 17, 2005. These shares bought back in 2007 by the company on the stock exchange market will definitely be granted to the beneficiaries after a 2-year vesting period, on July 18, 2009, subject to a performance condition. This condition states that the number of restricted shares finally granted will be based on the Return On Equity ("ROE") of the Group. The ROE will be calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the year of the final grant, in the present case fiscal 2008. Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a 2-year mandatory holding period, on July 18, 2011.

(e) Final attribution further to the death of the beneficiaries of the shares.

Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Company made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (19 TOTAL shares for 13 Elf Aquitaine shares).

To take into account the spin-off of S.D.A (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the division by four of the nominal value of the TOTAL share, the Board of Directors of TOTAL S.A. held on March 14, 2006 decided, according to the conditions of the exchange commitment, to adjust the current parity in the exchange guarantee mentioned above (see page 22 of the Leaflet with the aim of the admittance of the Arkema shares in the negotiations on the market Eurolist of Euronext within the framework of the allocation of the Arkema shares to the shareholders of TOTAL S.A.). This parity of exchange was set on May 22, 2006 to 6 TOTAL shares for 1 Elf Aquitaine share further to the approvals of the Extraordinary and Ordinary shareholders' meeting of Elf Aquitaine held on May 10, 2006 of the spin-off of S.D.A by Elf Aquitaine, and of the Extraordinary and Ordinary shareholders' meeting of TOTAL S.A. held on May 12, 2006 of the spin-off of Arkema by TOTAL S.A. as well as the division by four of the nominal value of the TOTAL share.

As of December 31, 2007, a maximum of 140,296 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

Elf Aquitaine share subscription plans[a]	**1999 Plan No.1**	**1999 Plan No.2**	**Total**
Exercise price until May 23, 2006 (€)[b]	**115.60**	**171.60**	
Exercise price since May 24, 2006 (€)[b]	**114.76**	**170.36**	
Expiration date	**03/30/2009**	**09/12/2009**	
Outstanding options as of December 31, 2007	127,668	6,044	133,712
Outstanding shares covered by the exchange guarantee as of December 31, 2007	6,584	-	6,584
Total of shares, either outstanding or to be created, covered by the exchange guarantee for TOTAL shares as of December 31, 2007	**134,252**	**6,044**	**140,296**
Total of shares, likely to be created, within the scope of the application of the exchange guarantee as of December 31, 2007	**805,512**	**36,264**	**841,776**

(a) Adjustments decided by the Board of Directors on March 10, 2006 following Art 174-9, 174-12 and 174-13 of decree n° 67-236 of March 23, 1967 in force at the date of the shareholders' meeting of Elf Aquitaine held on May 10, 2006, within the framework of S.D.A. spin-off. These adjustments were made on May 22, 2006 and effective on May 24, 2006.
(b) Considering the spin-off of S.D.A., the exercise prices of Elf Aquitaine share subscription were multiplied by an adjustment factor of 0.992769 effective on May 24, 2006.

Thus, as of December 31, 2007, a total of 841,776 shares of the Company were likely to be created within the scope of the application of this exchange guarantee.

24. Others

Following the judgment announced by the Paris Criminal Court on January 16, 2008, concerning the Erika, TOTAL S.A. has decided to appeal the verdict and to pay the court-ordered compensation to the victims of pollution who are willing to accept it in a full and final settlement.

At the stage of the ongoing procedures, TOTAL S.A. considers, based on a reasonable estimation of amounts at their expense in this case, that it should have no significant impact on the financial position or the results of TOTAL S.A.

Other financial information concerning the parent company

Subsidiaries and affiliates

As of December 31, 2007 (M€)	% of capital owned by the company	Capital	Other share-holders' equity	Book value of investments gross	Book value of investments net	Loans & advances	Sales for the year	Net income	Dividends paid	Commitments & contingencies
Subsidiaries										
Total France S.A.	59.6	624	1,014	2,632	2,632	-	29,149	218	281	1,021
Total Chimie	100.0	930	12,174	13,117	13,117	-	-	1,003	1,003	-
Total Outre Mer	100.0	77	53	95	95	-	2,611	45	72	-
Omnium Insurance Reinsur. Cie	100.0	27	352	114	114	-	273	120	62	-
Elf Aquitaine	95.7	2,250	16,417	45,310	45,310	-	-	2,953	2,153	-
Total Portugal Petroleos S.A.	100.0	85	(15)	140	70	10	155	(3)	-	-
Cray Valley S.A.	100.0	70	20	69	69	-	489	7	-	-
Total Gasandes S.A.	100.0	77	(58)	80	12	-	-	(35)	-	12
Total China Investment Ltd	100.0	91	(27)	105	55	-	113	(2)	-	-
Total E&P Canada	100.0	554	(196)	565	565	-	4	(44)	-	1,263
Total Gestion U.S.A.	100.0	3,969	-	3,969	3,969	-	-	-	-	-
Total Holdings Europe	53.2	65	7,447	4,446	4,446	-	-	3,004	644	-
Total E&P Holdings	65.8	5	1,895	864	864	-	-	3,369	1,805	-
Others[a]				2,592[a]	2,307	4,346[b]			729	40,114[c]
Total				**74,098**	**73,625**	**4,356**			**6,749**	**42,410**

(a) Gross and net book values of investments include treasury shares for 1,641 M€.
(b) Including Total Finance for 2,744 M€ and Total Treasury for 1,067 M€.
(c) Including 33,508 M€ concerning Total Capital for debenture loan emission program and short-term financing.

Investment portfolio

December 31, 2007	Nominal value (€)	Shares outstanding	Number of shares owned by the Company	Percentage of capital owned by the Company	Gross value (K€)
Investments					
Arkema	10	60,453,823	3,994	0.01%	63
Ass. Partic. Effort Const. (Apec)	15.24	408,000	11,700	2.87%	178
Bostik Holdings SA	2.50	133,978,760	766,291	0.57%	6,044
Bostik S.A.	15.24	5,321,361	512,696	9.63%	49,595
Cray Valley S.A.	15.24	4,593,167	4,593,161	100.00%	69,314
Daja 44	10	5,764,000	5,764,000	100.00%	57,640
Elf Aquitaine	8	281,230,834	269,121,371	95.70%	45,310,315
Eurotradia International	22.47	133,500	14,836	11.11%	3,858
Gaz Transport & Technigaz	16	23,143	6,943	30.00%	106
Gie Fost	15.24	100,030	99,830	99.80%	1,522
Innovarex	15.24	6,000	6,000	100.00%	92
Le Monde Entreprises	1,676.94	2,420	140	5.79%	384
Le Monde S.A.	1	96,800,842	37,158	0.04%	81
Raffinerie de Strasbourg	15.24	420,000	70,000	16.67%	1,505
Societe Financiere Auteuil	16	500,000	499,994	100.00%	28,268
Ste Languedocienne Micron Couleurs	15.25	35,000	34,988	99.97%	20,643
Septentrion Participations	16	3,452,500	3,452,500	100.00%	55,238
Ste Du Pipe Line Sud Europeen	7.60	1,500,000	95,808	6.39%	3,120
TOTAL S.A.	2.50	2,425,767,953	30,000,000	1.24%	1,640,629
Total Activites Maritimes	1.60	1,523,360	1,523,354	100.00%	26,810
Total Capital	10	30,000	29,994	99.98%	300
Total Chimie	15.50	60,016,646	60,016,640	100.00%	13,116,545
Total Cooperation Technique Mexique	8	5,000	5,000	100.00%	50
Total E&P Activites Petrolieres	16	50,000	49,995	99.99%	1,410
Total E&P Holdings Chile	10	44,000	44,000	100.00%	440
Total E&P Holdings	2	2,298,512	1,513,014	65.83%	864,365
Total Energie Developpement	16	80,000	80,000	100.00%	17,154
Total France	7.50	83,163,738	49,600,005	59.64%	2,632,060
Total G&P Ventures	16	2,500	2,500	100.00%	194
Total Gestion U.S.A.	10	396,936,608	396,936,600	100.00%	3,969,367
Total Holdings Europe	0.05	1,302,415,903	692,415,903	53.16%	4,445,631
Total Lubrifiants	30.50	888,056	35,056	3.95%	15,794
Total Outre Mer	430	180,000	179,995	100.00%	95,350
Total Petrochemicals France	3.33	60,289,910	766,291	1.27%	18,959
Total Treasury	15.25	15,000	15,000	100.00%	257
Vigeo	100	159,097	1,300	0.82%	130
Total 1					**72,453,411**

Investments in French companies which gross value is between 15,240 euros and 45,730 euros.	
Gross value	1,062
Investments in French companies which gross value is less than 15,240 euros.	
Gross value	10
Investments in real estate companies which shares are not publicly traded.	
Gross value	2
Investments in foreign companies which shares are not publicly traded.	
Gross value	1,643,556
Total 2	**1,644,630**
Total 1+ 2	**74,098,041**
Marketable securities	
Investment Company, Shares	864,989
Total 3	**3864,989**
Grand Total (1+ 2+ 3)	**74,963,030**

Five-year financial data

(K€) I - Capital at year-end	2007	2006	2005	2004	2003
Common stock	5,988,830	6,064,420	6,151,163	6,350,151	6,491,182
Number of shares of common stock outstanding[a]	2,395,532,097	2,425,767,953	615,116,296	635,015,108	649,118,236
Potential number of shares for issue					
• Share subscription options[a]	39,440,217	36,044,355	7,675,549	6,285,886	2,935,306
• Total U.S. warrants	-	-	-	-	-
• Elf Aquitaine options and shares covered by the exchange guarantee[a]	841,776	1,158,900	361,742	1,442,634	3,793,652
(K€) II - Operations and income for the year					
Net commercial sales	7,904,504	8,549,605	7,009,551	4,775,056	4,246,682
Employee profit sharing	38,000	30,000	25,000	26,000	22,000
Net income	5,778,925	5,252,106	4,142,954	3,443,252	3,272,173
Retained earnings brought forward	2,496,875	1,671,091	1,458,996	1,355,571	1,056,491
Income available for appropriation	8,275,800	6,923,197	5,601,950	4,798,823	4,328,664
Dividends (Including interim dividends)	4,983,591	4,503,181	4,005,394	3,429,082	3,079,116
Retained earnings	3,292,209	2,420,016	1,596,556	1,369,741	1,249,548
(€) III - Earnings per share					
Income after tax, before depreciation, amortization and provisions[a] [b]	3.06	2.38	7.29	5.74	5.28
Net income[a] [b]	2.54	2.27	7.02	5.59	5.15
Net dividend per share[a]	2.07	1.87	6.48	5.40	4.70
(K€ except for the number of employees) IV - Personnel					
Average number of employees during the year[c]	6,027	5,731	5,459	5,240	5,013
Total payroll for the year	605,374	561,524	511,775	472,189	458,518
Social security and other staff benefits	258,875	245,755	236,352	222,903	221,653

(a) On May 18, 2006, the nominal value of shares was divided by four.
(b) Earnings per share are calculated on the basis of the weighted average number of common shares and common share equivalents outstanding during the year, excluding treasury shares and shares held by subsidiaries.
(c) Including collaborators in end-of-career holiday or early retirement (5 persons in 2005 - Exemption from activity: 6 persons in 2006 and 29 persons in 2007).

Appropriation of 2007 Income

(Net proposed dividend : 2.07 euros per share)

(€)	
Income of the year	5,778,925,418.44
Retained earnings before appropriation	2,496,875,350.07
Total available for appropriation	**8,275,800,768.51**
Interim dividends:	
• paid in 2007	2,348,019,489.00
• to be paid in 2008 (maximal amount)	59,512,608.00
Balance of dividends to be paid in 2008	2,576,059,343.79
Total of dividends 2007	4,983,591,440.79
Retained earnings	3,292,209,327.72
Total	**8,275,800,768.51**

Statement of Changes in Capital

For the past five years

(K€)		Cash contributions			
		Par value	Issue / conversion premium	Successive amounts of nomimal capital	Cumulated number of shares
2003	**Capital increase**				
	Warrants	8,356	60,385	6,880,261	688,026,154
	Options covered by the exchange guarantee	10,921	135,523	6,891,182	689,118,236
	Capital decrease	(400,000)	(4,779,523)	6,491,182	649,118,236
2004	**Capital increase**				
	Capital increased reserved for employees	34,348	335,560	6,525,530	652,553,066
	Options covered by the exchange guarantee	23,350	343,142	6,548,880	654,888,090
	Exercise of share subscription options	10	117	6,548,890	654,889,040
	Capital decrease	(198,739)	(2,876,408)	6,350,151	635,015,108
2005	**Capital increase**				
	Options covered by the exchange guarantee	10,435	178,175	6,360,586	636,058,607
	Exercise of share subscription options	1,333	16,488	6,361,919	636,191,864
	Capital decrease	(210,756)	(3,647,054)	6,151,163	615,116,296
2006	**Capital increase**				
	Exercise of share subscription options	453	5,582	6,151,616	615,161,601
	Options covered by the exchange guarantee	315	6,601	6,151,931	615,193,065
	Capital increased reserved for employees	27,853	436,182	6,179,784	617,978,395
	Division by 4 of Total share’s nominal value	-	-	6,179,784	2,471,913,580
	Capital decrease	(117,550)	(2,341,947)	6,062,234	2,424,893,580
	Exercise of share subscription options	1,670	21,046	6,063,904	2,425,561,679
	Options covered by the exchange guarantee	516	10,389	6,064,420	2,425,767,953
2007	**Capital increase**				
	Options covered by the exchange guarantee	788	16,862	6,065,208	2,426,083,265
	Exercise of share subscription options	6,135	76,196	6,071,343	2,428,537,097
	Capital decrease	(82,513)	(1,651,038)	5,988,830	2,395,532,097

Social and environmental information

Pursuant to Article L. 225-102-1 of the French Commercial Code

Pursuant to the provisions of Article L 225-102-1 of the French Commercial Code deriving from the new economic regulations law of May 15, 2001 (known as the "NRE" law), the Company must provide information on how it accounts for the social and environmental consequences of its activities. The data related to these requirements are presented below. It should be noted that the environmental information for TOTAL S.A.'s scope of operation is not considered relevant and therefore the Company is presenting the environmental objectives of its subsidiaries. Over and above these legal obligations, the Company has also decided to publish a periodic report called "Environment and Society – Our corporate responsibilities", which deals with the Group's activities overall and their social and environmental consequences, and describes the performances and objectives of the Group as a whole in this respect.

Social

1) Changes in the number of employees

TOTAL S.A. EMPLOYEES At December 31	2007	2006	2005
Men	4,373	4,234	4,035
Women	1,770	1,651	1,529
Total	**6,143**	**5,885**	**5,564**

Women represented 28.8% of TOTAL S.A. employees at December 31, 2006; this proportion has risen steadily over the last three years.

A European agreement on equal opportunity was signed by the Group on November 21, 2005. This agreement affirms the Group's commitments to promote, expand and guarantee diversity and equal treatment for employees, from recruitment through to the end of the employment contract.

In addition, in advance of the French national interprofessional agreement on diversity of October 12, 2006, TOTAL S.A. established a policy to promote diversity; it continues to develop this policy through specially appointed managers.

AVERAGE AGE AND SENIORITY OF TOTAL S.A. EMPLOYEES		2007	2005	2005
Average age:	*Men*	45.2	45.2	45.1
	Women	42.5	42.4	42.3
Average seniority:	*Men*	18.0	18.0	17.9
	Women	16.8	16.9	16.8

MOBILITY AT TOTAL S.A.		2007	2006	2005
External mobility:	*Open-ended contract*	290	293	175
	Fixed-term contract	196	194	131
Internal mobility:		132	143	147
Total		**618**	**630**	**453**

EMPLOYEES LEAVING TOTAL S.A.	2007	2006	2005
Resignations	54	50	32
Layoffs for economic reasons	0	0	0
Dismissals for other reasons	6	9	10
End of fixed-term contract	149	143	106
Retirement	72	44	33
End of trial period	1	1	1
Death	14	6	8
Job change	37	59	36
Other departures[a]	0	0	7
Total	**333**	**312**	**233**

(a) PRC/PRI (Early retirement by own election or for organizational reasons).

The number of normal retirements continues to increase due to the reduced impact of early retirements as decided at the time of the merger of TotalFina and Elf. Resignations remain at a very low level (0.8% of employees).

OUTSIDE WORKERS	2007	2006	2005
Number of contractors present at December 31	2,382	1,974	2,003
Average monthly number of temporary staff	99	99	95

Service providers present on sites are mainly employed for general purposes and IT.

2) Management of economic impact on jobs

Considering the growth of the Company’s business, there has been no economic impact on jobs.

3) Work schedule and organization

WORK SCHEDULE ORGANIZATION	2007	2006	2005
Full time	5,841	5,602	5,291
Part time	270	260	252
Team work (3 X 8 employees shift)	31	23	21

Election of part-time work by employees has grown steadily at TOTAL S.A.. An agreement on part-time work was concluded on October 14, 2005, which offers several part-time formulas.

ABSENTEEISM - NUMBER OF DAYS’ ABSENCE	2007	2006	2005
Illness and convalescence	15,325	17,842	15,761
On-the-job or commuting accident	852	406	554
Maternity	7,555	7,111	6,795
Total	**23,732**	**25,359**	**23,110**

4) Compensation

CHANGE IN COMPENSATION - TOTAL S.A.	2007	2006	2005
Average per annum (€)	68,184	66,387	64,371

These figures correspond to the annual payroll in relation to the average monthly number of staff. They include the compensation of the top management.

AVERAGE COMPENSATION PER MONTH - TOTAL S.A. (€)	Men	Women
Senior engineers and managers	11,339	9,803
Engineers and managers	5,468	4,949
Foremen and other supervisors	3,685	3,449
Clerical and technical staff	2,676	2,414
Workers	2,394	2,236

These figures correspond to the monthly payroll in relation to the average monthly number of staff.

AGGREGATE PAYROLL EXPENSES - TOTAL S.A.	2007	2005	2005
Payroll expenditure (B€)	0.85	0.79	0.73
Added value (B€)	3,189	3,416	2,741
Ratio	0.27	0.23	0.27

AVERAGE AMOUNT OF PROFIT-SHARING AND INCENTIVES PER EMPLOYEE - TOTAL S.A. (€)	2006	2005	2004
Profit-sharing	729	1,335	405
Incentives	5,466	3,410	4,150
Total	**6,195**	**4,745**	**4,555**

TOTAL S.A. employees benefit from a Group agreement involving several other companies (Total France, Total Lubrifiants, TEPF, etc.). Pursuant to this agreement and according to published results, the total amount for profit-sharing and incentives payable in 2007 for fiscal 2006 will represent 10% of the aggregate payroll for these companies. Part of this amount is distributed equally and part proportionally among the employees. The Distribution of profit-sharing and incentives for fiscal 2007 is expected to take place in May 2008.

5) Health and Safety

ACCIDENTS AT WORK FOR TOTAL S.A. EMPLOYEES	2007	2006	2005
Number of accidents	9	5	2
Frequency rate (%)	0.931	0.540	0.229

EXPENDITURE ON HEALTH & SAFETY - TOTAL S.A. (€)	2007	2006	2005
	4,497,642	4,097,737	2,756,910

6) Training

NUMBER OF TOTAL S.A. EMPLOYEES WHO HAVE RECEIVED A TRAINING COURSE	2007	2006	2005
	3,606	3,272	2,709

The level of training offered is high. The objective is to maintain and reinforce technical potential and to meet the needs expressed by employees. Both young and senior professional staff receive training.

7) Employment of workers with a disability

NUMBER OF EMPLOYEES WITH A DISABILITY - TOTAL S.A.	2007	2006	2005
	101	97	102

For several years TOTAL S.A. has been committed to the professional inclusion of employees with a disability, reflected in its signing in 2007 of a multi-year collective bargaining agreement and partnerships with relevant associations. In addition to the direct hiring of disabled individuals and collaboration with the protected sector, the Company trains disabled employees to enable them to take on professional responsibilities.

8) Charitable support

COMMITTEES' BUDGET (€)	2007	2006	2005
	11,682,784	10,933,309	10,131,009

Since 2003, TOTAL S.A. has been a member of the *Unité Economique et Sociale* (UES) together with Elf Exploration Production. The committees' budget in 2007 corresponds to the budget of the UES's establishment committees. This budget represents more than 2.5% of the total payroll.

9) Professional relations

	2007	2006	2005
Number of negotiation meetings concerning TOTAL S.A.	21	29	83
Number of collective bargaining agreements signed concerning TOTAL S.A.	6	10	14

The collective bargaining agreements signed in 2007 relate mainly to disabled employees, working hours and wages.

Environment

Pursuant to French law No. 2001-420 of May 15, 2001, TOTAL S.A. is obligated to supply information on the social and environmental consequences of its activity, and to meet the requirements of the implementation decree of February 20, 2002, to provide information about the environmental objectives of its subsidiaries outside France. This information is specified in Article R. 225-105 of the French Commercial Code.

The following paragraphs present information on the environmental policy objectives proposed by the parent company. More detailed environmental information does not seem relevant for TOTAL S.A., given, on the one hand, the type of activities conducted by it as a holding company, and, on the other hand, the type of activities conducted by the Group.

The Group has operations in over 130 countries, in areas as diverse as the upstream and downstream oil and gas industry, energy production and chemicals. The Group's social and environmental report "Environment and Society – Our corporate responsibilities" contains, in its section on the environment, detailed information on the way the various entities of the Group conduct their environmental policies. This report summarizes the consequences of its activities on the environment, describes and explains their qualitative and quantitative impacts, specifies the actions conducted, and presents the performance of the entire Group in environmental matters and the commitments it has made or proposes to make.

The Health, Safety and Environment (HSE) Charter constitutes an essential reference in the Group's culture and attests to its commitment to the safety of its activities, people's health, respect for the environment, and the quality of its products and services. This charter, which is translated into several languages, should be appreciated in the context of the operational realities of each of its businesses.

It is based on ten key principles which are detailed in an accompanying guide that is designed to help managers implement them into daily activities. The ten principles fall into three broad categories: the industrial activity itself, the employees and third parties:

- **For industrial activity,** no development project, no expansion of an industrial facility, and no new product launch can be undertaken in any country where a Group subsidiary operates without a prior detailed analysis of the risks concerning health, safety and the environment within the business unit in question. Verification that these risks have been taken into account and the adoption of the necessary prevention, correction and compensation measures is done at the time when the project is examined by the business units concerned. Proposals for major investments, acquisitions and disposals are reviewed by the Group's Executive Committee, having first been presented to the Group Risks Committee. This committee includes a representative of the Sustainable Development and Environment department and a representative of the Industrial Safety department.

  This procedure for the evaluation and prevention of risks, prior to the commencement of any project, relies on the scientific analysis of the substances used and produced and their effects, and on environmental impact studies and technological risk assessments, pursuant to the regulations in force in the countries of operation and the industry's guidelines. In recent years, particular emphasis has been placed on health impact analyses and progressively incorporating the end-of-life issue for products and facilities.

  Close attention is also given to biological diversity, especially in areas of particular ecological sensitivity, identified with the support of scientific organizations. The Group's sites in relation to ecologically sensitive areas are currently being mapped. A guide designed to help the management of industrial sites handle biodiversity issues is being tested at some of the Group's sites.

  These different aspects, with their highly scientific and technical components, are an integral part of the decision-making process and are based on preliminary studies. Actions are currently underway within the business units to standardize the methodologies on which these studies are based (see examples below and in the social and environmental report).

  Once the project has started, the valuation and prevention process is conducted regularly during the entire lifetime of the project, in order to verify that the impacts on the environment and safety risks are reduced as much as possible.

  In accordance with the Health, Safety and Environment (HSE) Charter, the prevention objectives are incorporated in the various environmental action plans established over two, three or more years, and cover the reduction of emissions of pollutants into the atmosphere and water, reduction of consumption of water and certain raw materials, improvement of energy efficiency, reduction of waste at the sites and recovery of the waste that is produced. Each business unit sets certain target objectives for improving its environmental performance and circulates this information at its sites, based on the particular features relevant to each.

  Regarding greenhouse gas emissions, the implementation in 2005 of the European Union carbon dioxide emissions quota trading plan represents a new step in the policy to combat global warming and constitutes a real technological challenge for the Group. In December 2006, the Group committed to reducing by 50% by 2012 the volume of gas flared at its exploration and production facilities, using the year 2005 as a reference. In addition, Total announced that it expects to implement a pilot project in 2009 to capture and store carbon dioxide at its historic Lacq gas field in the Atlantic Pyrenees mountains. These measures to reduce greenhouse gas and the corresponding actions are detailed in the Group's social and environmental report mentioned above.

  The Group has also set internal goals for better management of the consumption of energy and raw materials. The documents, routing files and guides describe what is at stake, propose plans of action, and include specific goals. Also, a practical guide is distributed to all the subsidiaries that want to engage in projects to access energy in developing countries. Another practical guide describing ways to optimize the consumption of water at industrial sites provides a "tool box" of ideas to site managers, describing what is at stake and drawing their attention to key issues.

  Close attention is also paid to soil and groundwater contamination, in the context of specific risk and pollution control assessment programs. The Sustainable Development and Environment departments and the management of the subsidiaries concerned are working on studies aimed at standardizing the assessment methodologies and the criteria for drawing up action plans for pollution control are in progress.

  Over and above the prevention policy, the Group's operational entities are required to establish emergency plans in the event of an accident. These plans are regularly updated and verified with the relevant Environment and Safety departments, and feedback from the exercise is systematically organized. These policies for prevention and site clean-up in the event of an accident are operational not only for industrial sites, but also for the transport of hazardous goods, both maritime and overland, where comparable actions and procedures are in place.

- **The principles relating to staff revolve around three ideas:** all employees have a responsibility at their level in terms of safety and the environment; they must be aware of this and act accordingly. Work is assessed hierarchically according to these and other criteria. To flesh out these principles, TOTAL S.A.'s Environment and Safety department organizes training both for management and for health, safety and environment officers. Training for emergencies, crisis management and providing feedback is also in place. The business units also offer numerous courses appropriate for the various staff responsible for these functions.

- **Regarding relations with third parties,** the charter recommends that outside service providers, suppliers, and industrial and commercial partners generally adhere to the Group's Safety and Environment policy. It also emphasizes that the expectations of the unions, customers, shareholders, and other parties involved in relations that affect the environment must be satisfied, in an atmosphere of constructive dialogue and transparency. Particular attention is paid to relations with local communities, and pilot programs for close partnerships, dialogue and concerted action, in which the Group's above-stated approach to the social and environmental relationship is reflected, are being conducted around certain sites. These are intended to become more widespread depending on the experience on the ground. Various tools provided to the Group's managers (Stakeholder Relationship Management, SRM, SRM+, social performance indicators) are designed to facilitate a review of social issues and define a course of positive action at the sites and in the subsidiaries.

The structure of the Group's entities ensures that they constantly and effectively take into account the environment in all their activities. At the Holding level, the Sustainable Development and Environment department *(Développement Durable et de l'Environnement – "DDE")* coordinates environmental policies in order to facilitate exchanges and synergies between units. The actions and policies of the DDE and the Industrial Safety department of TOTAL S.A. are coordinated within the Strategy and Risk Evaluation department.

The Group is involved in numerous research projects in partnership with laboratories, universities, and public entities, often on an international level, notably in the areas of combating climate change, water (behavior of hydrocarbons) and biodiversity. These projects are covered in the social and environmental report.

The Sustainable Development and Environment departments and the Industrial Safety department of the business units convey to the subsidiaries, who then pass them on to the industrial sites, the principles for action and the short- and medium-term environmental objectives that they have established in joint working parties.

All the Group's business units have put in place internal management systems in the environmental area and in safety and quality, each according to the specific requirements of their regional site and activities. This involves a determined and concerted approach, based on information, working together, raising the awareness of staff and delivering training to them. Progress objectives are defined and action plans implemented; the results obtained are measured using methodologies and indicators that are progressively developed and refined; and feedback and associated controls in the form of audits are conducted. These management systems are the subject of periodic evaluation by internal auditors in order to continually optimize them.

Within the Group, monitoring of the practical implementation of the principles of the Health, Safety, and Environment (HSE) Charter by the various entities is of considerable importance. When internal audits and environmental inspections of any kind are conducted by the relevant departments, the way in which the principles of the charter are implemented is included in the items verified. To facilitate this monitoring, the reporting processes for performance and events are constantly standardized and improved at the entities, as well as between these entities and the central departments.

The Group uses external auditors to verify the reliability to its environmental reporting procedures by examining about 20 different sites each year. The second audit report, which was conducted in 2007 and attached to the Group's 2006 Social and Environmental Report, focused on eight indicators, carbon dioxide, methane, sulfur dioxide, nitrous oxide, hydro-fluorocarbons, production of dangerous waste, and the number of sites with ISO 14001 certification. The auditors reviewed these indicators with regard to their pertinence, reliability, objectives, overall character and completeness.

This desire to continually achieve better-integrated management of the environment has led the Group to work towards ISO 14001 environmental certification. Because this international benchmark is awarded by certification from a third party, following independent audits for compliance that are repeated every three years, it allows for external recognition of environmental management systems. In Europe, in Refining & Marketing and Chemicals, more than 200 sites have been certified; for the other activities and outside Europe, the certification process is actively underway. The objective of certification of 75% of the Group sites considered as particularly important for the environment is expected to be reached for 2007.

Consolidated financial information for the last five years

Summary consolidated balance sheet for the last five years

As of December 31 (in M€) ASSETS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2004 NF[a]	2003 NF[a]
Non-current assets	**65,303**	**62,436**	**62,391**	**53,827**	**52,533**	**50,450**
Intangible assets	4,650	4,705	4,384	3,176	1,908	2,017
Property, plant and equipment	41,467	40,576	40,568	34,906	36,422	36,286
Other non-current assets	19,186	17,155	17,439	15,745	14,203	12,147
Current assets	**48,238**	**42,787**	**43,753**	**32,940**	**31,628**	**29,513**
Inventories	13,851	11,746	12,690	9,264	7,053	6,137
Other current assets	34,387	31,041	31,063	23,676	24,575	23,376
Total assets	**113,541**	**105,223**	**106,144**	**86,767**	**84,161**	**79,963**
LIABILITIES						
Shareholders' equity, Group share	44,858	40,321	40,645	31,608	31,260	30,406
Minority interests and preferred shares	842	827	838	810	776	1,060
Provisions and other non-current liabilities	17,303	16,379	17,440	16,283	16,112	15,605
Non-current financial debt	14,876	14,174	13,793	11,289	9,734	9,783
Current debt	**35,662**	**33,522**	**33,428**	**26,777**	**26,279**	**23,109**
Total liabilities	**113,541**	**105,223**	**106,144**	**86,767**	**84,161**	**79,963**

Summary consolidated income statement for the last five years

Year (in M€)	2007 IFRS	2006 IFRS	2005[b] IFRS	2004[b] IFRS	2004 NF[a]	2003 NF[a]
Sales	158,752	153,802	137,607	116,842	122,700	104,652
Operating expenses	(128,026)	(124,617)	(108,431)	(94,721)	(101,141)	(86,905)
Depreciation and amortization of tangible assets	(5,425)	(5,055)	(5,007)	(5,095)	(5,498)	(4,977)
Other income and expense	204	86	(281)	2,302	1,866	(1,199)
Other financial income and expense	(170)	(49)	(151)	(36)	(76)	(85)
Income taxes	(13,575)	(13,720)	(11,806)	(8,603)	(8,316)	(5,353)
Share net income of equity method consolidated affiliates	1,775	1,693	1,173	1,158	337	1,086
Net income from continuing operations (Group excluding Arkema)	13,535	12,140	13,104	11,847	-	-
Net income from Arkema	-	(5)	(461)	(698)	-	-
Consolidated net income	**13,535**	**12,135**	**12,643**	**11,149**	**9,872**	**7,219**
Minority interests	354	367	370	281	260	194
Net income	**13,181**	**11,768**	**12,273**	**10,868**	**9,612**	**7,025**

(a) French GAAP.
(b) Data for 2005 and 2004 restated under IFRS, to take account of the spin-off of the Arkema activities decided at the time of the shareholders' meeting on May 12, 2006.

Glossary

A

API degrees

Scale established by the American Petroleum Institute (API) to measure oil density. A high API-degree indicates a light oil from which a high yield of gasoline can be refined.

Association or Joint Venture or Consortium

Group of companies not forming a new legal entity. Each member of the joint venture holds an undivided interest on the specific area of the contract (PSC, Concession and Buyback) and has separate tax obligations towards the Host Country.

Appraisal (delineation)

All operation, realized after a discovery, performed for the determination of the boundaries or extent of a deposit of hydrocarbons, the assessment of its reserves and production potential.

B

Barrel

Unit of measurement of volume of crude oil equal to 42 U.S. gallons or 158.9 liters at 60°F or 15.6°C.

Barrel of Oil Equivalent (BOE)

Conventional unit for measuring the energy released by a quantity of fuel by relating it to the energy released by the combustion of a barrel of oil.

Brent

Quality of crude (38° API) produced in the North Sea, from the Brent field and nearby fields.

Buyback

Risk services agreement (the investments and risk are undertaken by the contractor) combined with an offset mechanism that allows the contractor to receive a portion of the production equivalent to the monetary value (with interest) of its investments and a remuneration.

C

Capacity of treatment (refinery throughput)

Annual capacity of treatment of crude oil by atmospheric distillation units at a refinery.

Catalysts

Substances that facilitate chemical reactions during the refining process used in conversion units (reformer, hydrocracker, catalytic cracker) and desulfurization units. Principal catalysts are precious metals (platinum) or other metals like nickel or cobalt. There are some catalysts that regenerate themselves and others that are consumable.

Completion of a well

Work performed for the installation of permanent surface and subsurface equipment for the production of oil or gas from a recently drilled well.

Concession contract

Exploration and production contract under which an oil & gas company (or group of companies) is granted, by a Host Country, rights for exploring an area and developing and producing potential reserves. The oil & gas company (or group of oil & gas companies) undertakes the execution and financing (at its exclusive risk) of all operations. In return, it is entitled to the entire production.

Condensate

Light hydrocarbon substances produced with natural gas that exist in either a gaseous phase or in solution in the crude oil under the initial pressure and temperature conditions in the reservoir, and which are recovered in a liquid state in separators, on-site facilities or gas treatment units.

Cost oil / Cost gas

In a production sharing contract, the portion of the oil and gas production made available to the contractor (contractor group) and contractually determined as reimbursement for exploration costs, plus the costs of site development, exploitation, site restitution (“recoverable” costs).

Cracking / cracker

Refinery conversion operation that modifies the structure and the molecular mass of the hydrocarbons obtained in the first distillation process, performed to obtain lighter molecules, necessary for manufacturing gasoline.

D

(To) Debottleneck

Action of increasing the throughput capacity of a refinery.

Desulfurization

The process of eliminating or reducing sulfur from oil usually through chemical reaction.

Development

All operations carried out to put an oil or gas field on stream.

F

Flaring

Burning unmarketable or unusable natural gas at the field, usually gas produced with oil.

FPSO : Floating production, storage and off loading

Floating integrated offshore unit comprising the equipment used to produce, process and store the hydrocarbons and off load them directly to an offshore oil tanker.

H

Hydrocarbons

Molecules composed principally of carbon and hydrogen atoms. They can be solid like asphalt, liquid like crude oil or gaseous like natural gas. They can include compounds with sulphur, nitrogen, metals, etc.

J

Joint Venture or Association or Consortium

See Association

L

Liquefied Natural Gas (LNG)

Natural gas, principally methane and ethane, that has been liquefied by cooling to -258°F (-162°C) at normal pressure in order to transport it.

Liquefied Petroleum Gas (LPG)

Light hydrocarbons (comprised principally of butane and propane) that are gaseous under normal temperature and pressure conditions and that are kept in liquid state by increasing the pressure or reducing the temperature.

M

Mineral interests

"Mineral Interests" include all the rights to explore for and/or to produce oil and gas in a specific area for a fixed period. It covers the concepts of "permit", "license", "title", etc.

N

Natural gas

Mixture of gaseous hydrocarbons, composed mainly of methane.

O

Oil and gas exploration

All operations carried out to reveal the existence of oil and gas deposits, as a preliminary to their exploitation.

Operator

Partner of an oil and gas joint venture in charge of carrying out the operations on a specific area on behalf of the joint venture.

Operated production

Quantity of oil and gas produced on the fields operated by the Group.

P

Permit

Area contractually granted to an oil and gas company (or a joint venture) by the Host-Country for a defined period. The permit grants the oil and gas company (or joint venture) exclusive rights to carry out exploration work ("exploration" permit) or to exploit a deposit ("exploitation" permit).

Production plateau

Expected average stabilized level of production for a field following the production build-up.

Production share (Group)

Portion of production the Group is entitled to receive as per the sharing rules defined in the oil & gas exploration and production agreements.

Production Sharing Contract (PSC)

Exploration and production contract by which a Host-Country or, more frequently, its national company transfers to an oil & gas company (the contractor) or a group of oil & gas companies (the contractor group) the right to explore in a given area and, if successful, to develop and produce the reserves of the discovered deposits. The contractor (contractor group) shall undertake the execution and financing (as its exclusive risk) of all operations. In return, it is entitled to a portion of the production, called cost oil/gas, for the recovery of the costs. The remaining production, called profit oil/gas, is shared between the contractor (contractor group) and the national company (and/or the Host-Country).

Production site restoration

Oil companies may have to incur expenses related to the abandonment of production sites at the end of exploitation of a deposit. This definitive shutdown of the production operations of a field or only part of this capacity (a well, a group of wells, etc.) generally involves the dismantling of production, transport and storage facilities and the restoration of the sites.

Profit oil / Profit gas

In a PSC, a portion of the oil and gas production shared between the Host-Country and the contractor (contractor group), net of cost oil. The share of profit oil/gas made available to the contractor is the payment for its services, know-how and the risks undertaken.

Proved reserves (1P reserves)

Estimated quantities of crude oil and natural gas that geologic and engineering data show, with reasonable certainty (90%) to be recoverable in the coming years from known reservoirs under existing contract, economic and operating conditions:

- **Developed proved reserves** are those that can be recovered with existing facilities and without significant additional investment,
- **Undeveloped proved reserves** are those that can be recovered with new investments (surface facilities, wells, etc.).

Proved reserves do not include additional quantities that could be recovered after the end of the contract.

Proved and probable reserves (2P reserves)

Sum of proved reserves and probable reserves. The 2P reserves are the quantities of oil and gas recoverable from an average accumulation, under current economic conditions (normally the Group assumptions), using recognized techniques and with the necessary investments. They do not include reserves after license expiration.

R

Refinery

Plant where crude oil is separated and transformed into marketable products.

Reforming

Process of conversion consisting of the reactions of cracking, cyclization, dehydrogenation and isomerization.

Reserve life

Ratio of the proved reserves at the end of the period to the production marketed during the past year.

Resources

Proved and probable reserves plus potentially recoverable quantities from known accumulations (Society of Petroleum Engineers – 03/07).

S

Seismic

Exploration technique of methodically sending vibration or sound waves into the earth and recording their reflections to assess the type, size, shape, and depth of subsurface layers.

T

Technical costs

Technical costs include the cost of producing oil and gas, the depreciation and amortization associated with production facilities and the cost of exploration expensed.

Topping

A refining distillation unit that works at atmospheric pressure. It carries out the primary separation in a refinery that yields the principal products.

TRCV margin

Topping Reforming Cracking Visbreaking. Index of the refining margin calculated for a model refinery located in Rotterdam, which always uses the same blend of crude oils and which sells all its products “CIF” except high-sulphur fuel, in northwest Europe.

U

Unitization

Creation of a new joint venture and nomination of a single operator for the development and the production in a single asset of a hydrocarbon deposit that straddles two or more permits/licenses or countries.

V

Viscosity breaking / visbreaking

Thermal cracking unit reducing the viscosity of certain paraffin residues and heavy fuels by cracking them at low temperature.

W

Well

Hole drilled underground for oil exploration and operation.

European cross-reference list

Cross-reference to the items of Annex I to European Regulation (EC) No 809/2004 of April 29, 2004

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