



Registration Document 2006



TOTAL

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Registration Document 2006

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

The statutory auditors have issued reports on the historical financial information appearing in this *Document de référence*, which are included on pages 168 and 251 of this document."

Christophe de Margerie
Chief Executive Officer



The French language version of this *Document de référence* (Registration Document) was filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on April 5, 2007 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.

Key figures

Selected financial information

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

	2006	2005	2004
Sales	153,802	137,607	116,842
Operating income	24,130	24,169	17,026
Adjusted operating income from business segments ^(a)	25,166	23,468	17,039
Adjusted net operating income from business segments^(a)	12,377	11,912	9,126
Consolidated net income	12,135	12,643	11,149
Minority interests in the consolidated net income	367	370	281
Net income (Group share)	11,768	12,273	10,868
Adjusted net income (Group share)^(a)	12,585	12,003	9,131
Fully-Diluted weighted-average number of shares (in millions) ^(b)	2,312.3	2,362.0	2,426.4
Earnings per share (euros) ^{(b)(f)}	5.13	5.23	4.50
Fully-diluted earnings per share (euros) ^{(c)(f)}	5.09	5.20	4.48
Fully diluted adjusted earnings per share (euros)^{(a)(c)(f)}	5.44	5.08	3.76
Dividend per share (euros)^{(d)(f)}	1.87	1.62	1.35
Total assets (as of December 31)^(e)	105,223	106,144	86,767
Total non-current assets (as of December 31)	62,436	62,391	53,827
Total equity (as of December 31) ^(e)	38,890	39,477	30,640
Net-debt-to-equity (as of December 31)	34%	32%	31%
Return on Average Capital Employed (ROACE)	26%	29%	26%
Return on equity	33%	35%	33%
Cash flow from operating activities	16,061	14,669	14,662
Expenditures	11,852	11,195	8,904
Divestitures at selling price	2,278	1,088	1,192

(a) Excluding special items, inventory valuation effect and TOTAL's equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

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

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

(d) 2006 dividend subject to approval by the May 11, 2007 shareholders' meeting.

(e) 2006 Total equity: after distribution of a dividend of 1.87€ per share (2.50€ par value) of which 0.87€ has already been paid on November 17, 2006.

(f) 2004 and 2005 amounts are restated as per the four-for-one stock split that took place on May 18, 2006.

Operating and market data

	2006	2005	2004
Brent price (\$/b)	65.1	54.5	38.3
Euro-dollar exchange rate	1.26	1.24	1.24
TRCV European refining margins (\$/t)	28.9	41.6	32.8
Hydrocarbon production (kboe/d)	2,356	2,489	2,585
Liquids production (kb/d)	1,506	1,621	1,695
Gas production (Mcf/d)	4,674	4,780	4,894
Refinery throughput (kb/d) ^(a)	2,454	2,410	2,496
Refined product sales (kb/d) ^(b)	3,786	3,792	3,771

(a) Including share of CEPSA (regarding interest in CEPSA, see page 165).

(b) Including Trading activities and share of CEPSA.

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

LNG: liquefied natural gas

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

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.

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Conversion table

1 boe = 1 barrel of crude oil = approx. 5,500 cf of gas in 2006

1 b/d = approx. 50 t/y

1 t = approx. 7.5 b (for a gravity of 37° API)

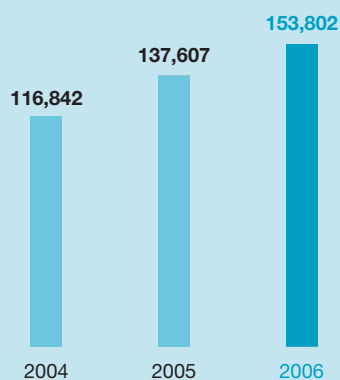
1 Bm³/y = approx. 0.1 Bcf/d

1 m³ = approx. 35.3 cf

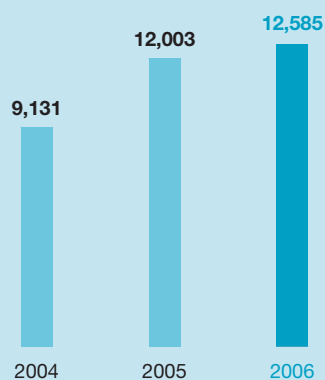
1 t of LNG = approx. 8.9 boe = approx. 48 Mcf of gas

1 Mt/y of LNG = approx. 133 Mcf/d

Sales (M€)

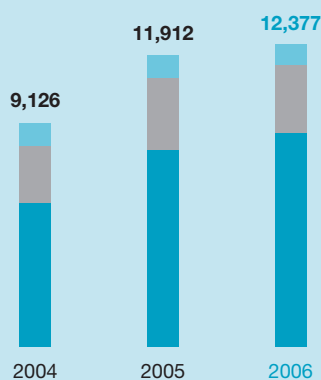


Adjusted net income (Group share) (M€)

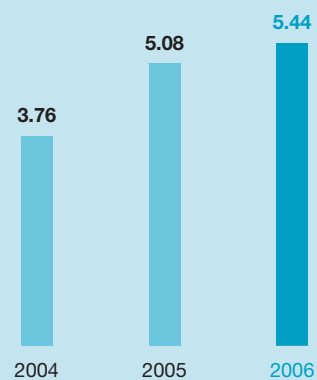


Adjusted net operating income from business segments (M€)

● Upstream ● Downstream ● Chemicals

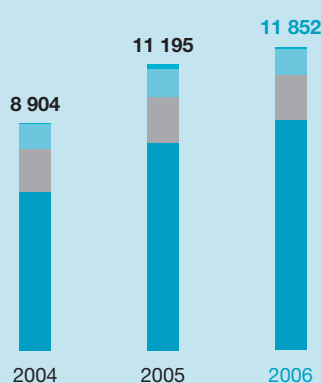


Adjusted fully-diluted earnings per share (€)

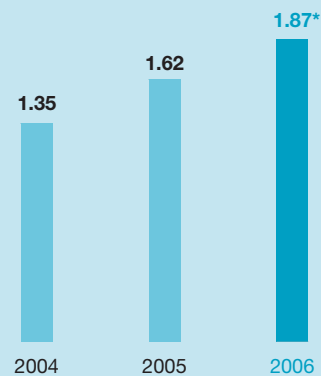


Gross expenditures (M€)

● Upstream ● Downstream ● Chemicals ● Corporate

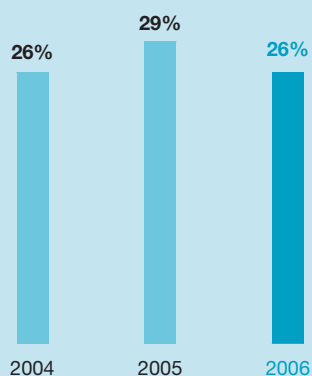


Dividend per share (€)

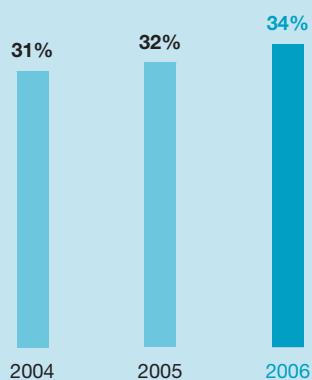


* Subject to approval by the shareholders' meeting on May 11, 2007.

Group Return on average capital employed (ROACE)

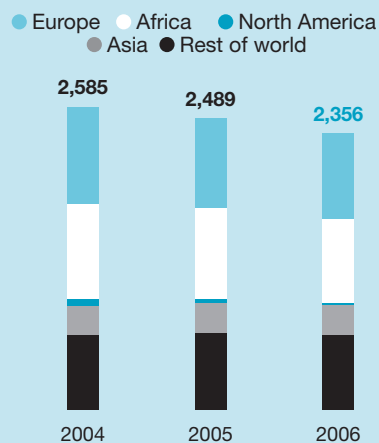


Net-debt-to-equity ratio (at December 31)

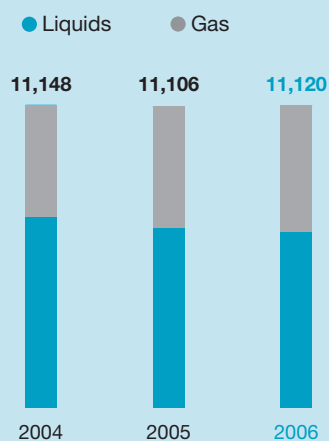


UPSTREAM

Hydrocarbon production (kboe/d)

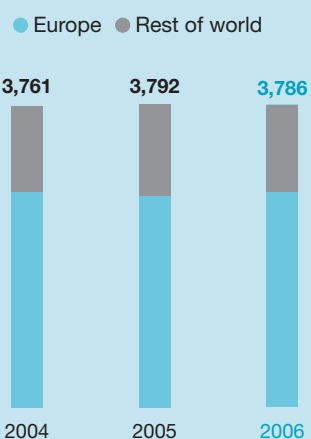


Liquids and gas reserves (Mboe)

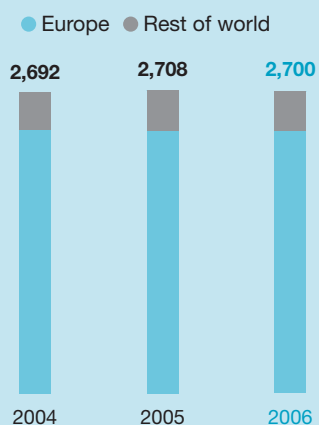


DOWNSTREAM

Refined product sales including Trading (kb/d)

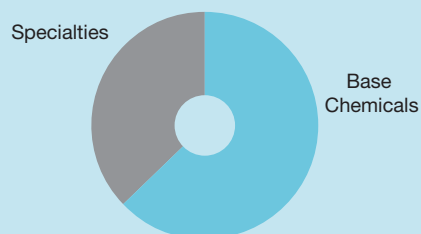


Refining capacity at year-end (kb/d)

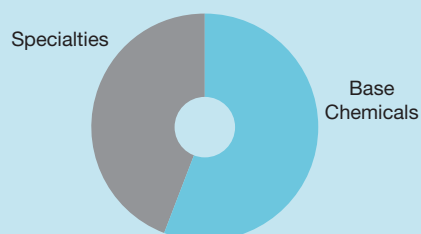


CHEMICALS

2006 Non-Group sales: 19 B€

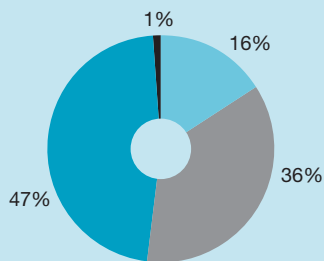


2006 Adjusted net operating income: 0.88 B€



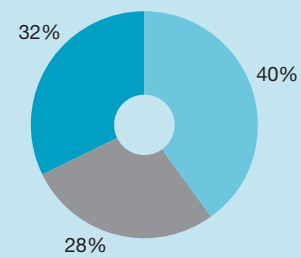
Headcount by business segment

● Upstream ● Downstream
● Chemicals ● Corporate



Headcount by region

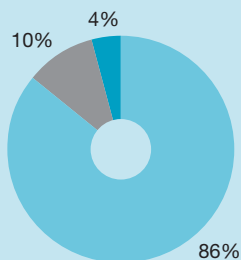
● France ● Rest of Europe
● Rest of world



Consolidated subsidiaries' employees as of December 31, 2006: 95,070.

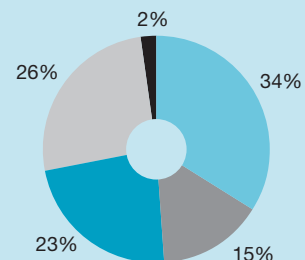
Shareholder base *

● Institutional shareholders ● Group employees
● Individual shareholders



Shareholder base by region *

● France ● United Kingdom ● Rest of Europe
● North America ● Rest of world



* Estimates as of December 31, 2006, excluding treasury shares.

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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 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. (thereafter referred to as "PetroFina" or "Fina") and in early 2000, the Company acquired control of Elf Aquitaine S.A. (thereafter 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 TOTAL FINA S.A. from June 1999 to March 2000, and then under the name TotalFinaElf, has been operating under the name TOTAL FINA ELF S.A. since the shareholders' meeting of May 6, 2003.

The Company's principal office is 2, place de la Coupole, La Défense 6, 92400 Courbevoie, France.

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

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

Strategy

TOTAL's strategy is to:

- grow its hydrocarbon exploration and production activities throughout the world, and strengthen its position as one of the global leaders in the natural gas and LNG markets;
- develop and adapt its refining system and consolidate its position in the marketing segment in Europe, while expanding its positions in the Mediterranean basin, the African and the Asian markets;
- grow its petrochemicals business, particularly in Asia and the Middle East, while improving the competitiveness of its operations in mature areas.

(1) Based on market capitalization at year-end 2006

Upstream

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

The Group has exploration and production activities in 42 countries and produces oil or gas in 30 countries.

2.36 Mboe/d produced in 2006.

11.1 Bboe of proved reserves as of December 31, 2006. *

9.0 B€ invested in 2006.

14,862 employees.

* Based on year-end Brent price of 58.93 \$/b.

Upstream segment financial data

(in M€)	2006	2005	2004
Non-group Sales	20,782	20,888	15,037
Adjusted operating income	20,307	18,421	12,844
Adjusted net operating income	8,709	8,029	5,859

Conditions in the oil market remained globally favorable in 2006. Crude oil prices, on average, increased compared to 2005, driven by robust demand and sustained production capacity utilization rates.

Adjusted net operating income for the Upstream segment was 8,709 M€ compared to 8,029 M€ in 2005, an increase of 8%.

Expressed in dollars, 2006 adjusted net operating income for the Upstream segment was \$10.9 billion, an increase of \$0.9 billion compared to 2005, composed mainly of the \$2.5 billion positive effect of higher hydrocarbon prices, which was partially offset by the negative impact of lower production volumes and changes in the portfolio (approx -\$0.6 billion), higher production costs (approx -\$0.5 billion, including -\$0.2 billion for exploration) and the impact of changes in tax terms (approximately -\$0.5 billion).

Technical costs (FAS 69, consolidated subsidiaries only) increased to \$9.9/boe in 2006 from \$8.5/boe in 2005.

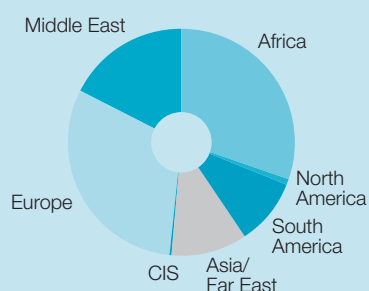
Price realizations*	2006	2005	2004
Liquids realizations (\$/b)	61.8	51.0	36.3
Gas realizations (\$/Mbtu)	5.91	4.77	3.74

* Consolidated subsidiaries, excluding fixed margin and buy-back contracts.

For the year 2006, the increase in TOTAL's average liquids price was globally in line with the increase in Brent. TOTAL's average gas price increased by more than its liquids price, due to the lag effect on long-term contracts for gas and strong LNG prices in Asia.

Production

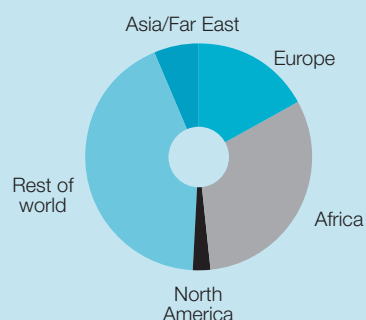
Hydrocarbon production	2006	2005	2004
Combined production (kboe/d)	2,356	2,489	2,585
• Liquids (kb/d)	1,506	1,621	1,695
• Gas (Mcf/d)	4,674	4,780	4,894



For the full year 2006, hydrocarbon production was 2,356 kboe/d compared to 2,489 kboe/d in 2005, a decrease of 5% due to the following elements : -2% due to the price effect, -1% due to changes in the portfolio and -2% due to shut-downs in the Niger Delta area. Excluding these items, the positive impact of new field start-ups was offset by normal declines and shut-downs in the North Sea.

Reserves

Reserves as of December 31	2006	2005	2004
Hydrocarbon reserves (Mboe)	11,120	11,106	11,148
• Liquids (Mb)	6,471	6,592	7,003
• Gas (Bcf)	25,539	24,750	22,785



Proved reserves calculated according to SEC rules were 11,120 Mboe as of December 31, 2006, representing close to 13 years of production at the current rate.

Based on proved reserves calculated according to SEC rules, the 2006 reserves replacement rate⁽¹⁾ was 102% for the Group (consolidated subsidiaries and equity affiliates). Excluding changes in the portfolio, it was 108%. Excluding the impact of changing oil prices, (Brent constant at 40 \$/b), the Group's 3-year average reserve replacement rate would be 110% for the 2004-2006 period.

At year-end 2006, TOTAL had a solid and diversified portfolio of proved plus probable reserves representing 20.5 Bboe, or more than 23 years of production at the current rate⁽²⁾.

(1) Change in reserves excluding production (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 40 \$/b Brent environment, including the portion of heavy oil in the Joslyn field developed by mining.

Exploration & Production

Exploration and development

TOTAL's Upstream segment intends to continue 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), as well as on projected oil and gas prices. Discoveries and extensions of existing discoveries accounted for approximately 77% of the 2,460 Mboe added to the Upstream segment's proved reserves during the three-year period ended December 31, 2006 (before deducting production and sales of reserves in place and adding any acquisitions of reserves in place during this period). The remaining 23% comes from revisions.

TOTAL continued to follow an active exploration program in 2006, with exploration investments of consolidated subsidiaries amounting to 1,214 M€ (including unproved property acquisition costs, excluding the acquisition of an interest in the Ichthys project in Australia). The principal exploration investments were made in Nigeria, the United Kingdom, 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€, principally in Nigeria, Angola, the United Kingdom, Norway, Congo, the United States, Libya, Algeria, Argentina, Kazakhstan, Colombia, Indonesia and the Netherlands. In 2004, the Group's exploration investments amounted to 651 M€, principally in the United States, Nigeria, Angola, the United Kingdom, Libya, Algeria, Congo, Kazakhstan, Norway, Bolivia, the Netherlands, Colombia and Indonesia.

The development expenditures of the Group's consolidated Exploration & Production subsidiaries amounted to 6.0 B€ in 2006 (including a share in the Ichthys project in Australia), primarily in Norway, Angola, Nigeria, Kazakhstan, Indonesia, Congo, Yemen, Qatar, the United Kingdom, Canada, Australia, the United States, Venezuela, Azerbaijan and Gabon. The development investments for 2005 amounted to 5.2 B€ and were carried out principally in Norway, Angola, Nigeria, Kazakhstan, Indonesia, the United Kingdom, Qatar, Congo, Azerbaijan, Gabon, Canada and Yemen. In 2004, development expenditures amounted to 4.1 B€ and were made principally in Norway, Angola, Nigeria, Indonesia, Kazakhstan, the United Kingdom, Qatar, Azerbaijan, the United States, Gabon, Congo, Libya, Trinidad & Tobago, Venezuela and Iran.

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 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.

Significant features of the reserves estimation process include:

- internal peer reviews of technical evaluations also 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.

TOTAL's oil and gas reserves are reviewed annually to take into account, among other things, production levels, field reassessments, the addition of new reserves from discoveries and acquisitions, disposals of reserves and other economic factors. Unless otherwise indicated, references to TOTAL's proved reserves, proved developed reserves, proved undeveloped reserves and production reflect the entire Group's 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.

For further information concerning changes in TOTAL's proved reserves as of December 31, 2006, 2005 and 2004, see "Supplemental Oil and Gas Information (Unaudited)", included herein beginning on page 237.

Rule 4-10 of Regulation S-X requires the use of the year-end price, as well as existing operating conditions, to determine reserve quantities. Reserves at year-end 2006 have been determined based on the Brent price on December 31, 2006 (\$58.93/b).

As of December 31, 2006, TOTAL's combined proved reserves of crude oil and natural gas were 11,120 Mboe (of which 50% were proved developed reserves). Liquids represented approximately 58% of these reserves and natural gas the remaining 42%. These reserves were located primarily in Europe (Norway, the United Kingdom, 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 (of which 50% were proved developed reserves). Liquids represented approximately 59% of these reserves and natural gas the remaining 41%. These reserves are located primarily in Europe (Norway, the United Kingdom, 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).

As of December 31, 2004, TOTAL's combined proved reserves of crude oil and natural gas were 11,148 Mboe (of which 51% were proved developed reserves). Liquids represented approximately 63% of these reserves and natural gas the remaining 37%. These

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

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

An increase in the year-end price has the effect of reducing proved reserves associated with production sharing or buyback agreements (which represent approximately 30% of TOTAL's reserves as of December 31, 2006). Under such contracts, TOTAL is entitled to receive a portion of the production, calculated so that its sale should cover expenses incurred by the Group. With higher oil prices, the volume of entitlement necessary to cover the same amount of expenses is lower. This reduction is partially 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 this reason, a higher year-end price translates, on the whole, into a decrease in TOTAL's reserves.

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

TOTAL's proved reserves ^{(a)(b)}	Liquids (Mb)	Natural Gas (Bcf)	Total (Mboe)
December 31, 2004	7,003	22,785	11,148
Change from December 31, 2003	(4.4%)	2.3%	(2.2%)
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%

(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 on page 237.

(b) Reserves as of December, 31 2006 are calculated based on a Brent crude price of \$ 58.93/b, reserves as of December, 31 2005 are calculated based on a Brent crude price of \$ 58.21/b and reserves as of December, 31 2004 are calculated based on a Brent crude price of \$ 40.47/b, pursuant to Rule 4-10 of Regulation S-X.

Production

For the full year 2006, hydrocarbon average daily production was 2,356 kboe/d compared to 2,489 kboe/d in 2005, a decrease of 5% due to the following elements : -2% due to the price effect, -1% due to changes in the portfolio and -2% due to shut-downs in the Niger Delta area. Excluding these items, the positive impact of new field start-ups was offset by normal declines and shut-downs in the North Sea. In 2004, average production amounted to 2,585 kboe/d. Liquids accounted for approximately 64% and natural gas accounted for approximately 36% of TOTAL's combined liquids and natural gas production in 2006 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 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 17 to 35 for a description of TOTAL's principal producing fields in the upstream sector.

As in 2005 and 2004, substantially all of the crude oil production from TOTAL's Exploration & Production activities in 2006 was marketed by the Trading-Shipping activities of its Downstream segment. See "Downstream—Trading-Shipping" on page 48.

The majority of TOTAL's natural gas production is sold under long-term contracts. However, its North American production is sold on a spot basis as is part of its production from the United Kingdom, Norway and Argentina. The long-term contracts under which TOTAL sells its natural gas and LNG production usually provide for a price related to, among other factors, average crude oil and other petroleum product prices as well as, in some cases, a cost of living index. Although the price of natural gas and LNG tends to fluctuate in line with crude oil prices, there is a delay before changes in crude oil prices are reflected in long-term natural gas prices. Because of the relationship between the contract price of natural gas and crude oil prices, contract prices are not generally affected by short-term market fluctuations in the spot price of natural gas. See "Supplemental Oil and Gas Information (unaudited)" on pages 237 to 248.

Production by geographic area

	2006			2005			2004		
	Liquids (kb/d)	Natural Gas (Mcf/d)	Total (kboe/d)	Liquids (kb/d)	Natural Gas (Mcf/d)	Total (kboe/d)	Liquids (kb/d)	Natural gas (Mcf/d)	Total (kboe/d)
Consolidated subsidiaries									
Africa	603	479	694	672	418	751	693	440	776
Algeria	35	129	59	38	141	64	42	160	72
Angola	108	24	112	144	23	148	159	27	164
Cameroon	13	2	13	12	2	12	13	-	13
Congo	93	22	97	91	20	95	87	21	90
Gabon	82	27	87	94	26	98	99	27	104
Libya	84	-	84	84	-	84	62	-	62
Nigeria	188	275	242	209	206	250	231	205	271
North America	7	47	16	9	174	41	16	241	61
Canada	1	-	1	< 1	-	< 1	-	-	-
United States	6	47	15	9	174	41	16	241	61
South America	119	598	226	143	586	247	128	474	213
Argentina	11	375	78	11	351	74	11	325	70
Bolivia	3	97	21	3	97	21	3	82	18
Colombia	13	43	22	19	38	26	24	32	30
Trinidad & Tobago	9	2	9	12	2	13	-	-	-
Venezuela	83	81	96	98	98	113	90	35	95
Asia/Far East	29	1,282	253	29	1,254	248	31	1,224	245
Brunei	3	65	15	3	54	13	3	58	14
Indonesia	20	891	182	20	890	182	22	854	177
Myanmar	-	121	15	-	109	13	-	110	14
Thailand	6	205	41	6	201	40	6	202	40
CIS	7	2	8	8	2	9	9	-	9
Azerbaijan	< 1	< 1	< 1	-	-	-	-	-	-
Russia	7	2	8	8	2	9	9	-	9
Europe	365	1,970	728	390	2,063	770	424	2,218	832
France	6	124	30	7	117	29	9	143	35
The Netherlands	1	247	44	1	283	51	1	330	59
Norway	237	726	372	247	734	383	263	775	406
United Kingdom	121	873	282	135	929	307	151	970	332
Middle East	88	11	90	98	28	103	110	39	117
U.A.E.	14	6	15	14	7	16	16	6	17
Iran	20	-	20	23	-	23	26	-	26
Qatar	29	3	29	31	3	31	31	1	31
Syria	16	2	17	22	18	25	30	32	36
Yemen	9	-	9	8	-	8	7	-	7
Total consolidated production	1,218	4,389	2,015	1,349	4,525	2,169	1,411	4,636	2,253
Equity and non-consolidated affiliates									
Africa ^(a)	25	4	25	24	4	25	37	4	37
Middle East ^(b)	263	281	316	248	251	295	247	254	295
Total equity and non-consolidated affiliates	288	285	341	272	255	320	284	258	332
Worldwide production	1,506	4,674	2,356	1,621	4,780	2,489	1,695	4,894	2,585

(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, 2006	Year of entry into the country	Main Group-operated producing fields (Group share %)	Main non-Group-operated producing fields (Group share %)	Liquids (L) or Gas (G)	
Africa	Algeria		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 (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	Block 2-85 (27.50%)		L
			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
	Congo	1928	Mokoko - Abana (10.00%)		L
			Mondoni (25.00%)		L
	Congo	1928	Nkossa (53.50%)		L
			Sendji (55.25%)		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	Gonelle (100.00%)		L
			Baudroie Nord (50.00%)		L
Atora (40.00%)				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	
Nigeria	1962	NC 186 (9.60%)		L	
		OML 58 (40.00%)		L, G	
		OML 99 Amenam-Kpono (30.40%)		L, G	
		OML 100 (40.00%)		L	
		OML 102 (40.00%)		L	
Nigeria		Shell Petroleum Development Company fields (SPDC 10.00%)		L, G	
		Bonga (12.50%)		L, G	

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Upstream - Exploration & Production

	Year of entry into the country	Main Group-operated producing fields (Group share %)	Main non-Group-operated producing fields (Group share %)	Liquids (L) or Gas (G)
North America				
Canada	1999	Joslyn (84.00%)	Surmont (50.00%)	L
United States	1957	Aconcagua (50,00% ^(a)) Matterhorn (100.00%) Virgo (64.00%)	Camden Hills (16,67% ^(a))	L, G L, G G G
South America				
Argentina	1978	Aguada Pichana (27.27%) Cañadon Alfa Complex (37.50%) Aries (37.50%) Carina (37.50%) Hidra (37.50%) San Roque (24.71%)		L, G L, G L, G L, G L L, G
Bolivia	1995		San Alberto (15.00%) San Antonio (15.00%)	L, G L, G
Colombia	1973		Cupiagua (19.00%) Cusiana (19.00%)	L, G L, G
Trinidad & Tobago	1996		Angostura (30.00%)	L
Venezuela	1980		Zuata (Sincor) (47.00%) Yucal Placer (69.50%)	L G
Asia/Far East - Pacific				
Brunei	1986	Maharaja Lela Jamalulalam (37.50%)		L, G
Indonesia	1968	Bekapai (50.00%) Handil (50.00%) Peciko (50.00%) Tambora/Tunu (50.00%)	Badak (1.05%) Nilam (9.29%) Nilam (10.58%)	L, G L, G L, G L, G G 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

	Year of entry into the country	Main Group-operated producing fields (Group share %)	Main non-Group-operated producing fields (Group share %)	Liquids (L) or Gas (G)
Europe				
	France	1939	Lacq (100.00%)	L, G
	Norway	1965	Skirne (40.00%)	G
			Aasgard (7.68%)	L, G
			Ekofisk (39.90%)	L, G
			Eldfisk (39.90%)	L, G
			Embla (39.90%)	L, G
			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
			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, Nuggets (100.00%)	L, G
			Elgin-Franklin (EFOG 46.17%) ^(a)	L, G
			Forvie Nord (100.00%)	L, G
			Glenelg (49.47%)	L, G
			Otter (54.30%)	L
			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

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Upstream - Exploration & Production

	Year of entry into the country	Main Group-operated producing fields (Group share %)	Main non-Group-operated producing fields (Group share %)	Liquids (L) or Gas (G)
			Nelson (11.53%)	L
			SW Seymour (25.00%)	L
Middle East				
	U.A.E.	1939	Abu Dhabi - Abu Al Bu Khoosh (75.00%)	L
			Abu Dhabi offshore (13.33%) ^(d)	L
			Abu Dhabi onshore (9.50%) ^(e)	L
			Dubai offshore (27.50%) ^(f)	L
	Iran	1954	Dorood (55.00%) ^(g)	L
			South Pars 2 & 3 (40.00%) ^(h)	L, G
			Balal (46.75%) ⁽ⁱ⁾	L
			Sirri (60.00%) ^(j)	L
	Oman	1937	Various fields onshore (Block 6) (4.00%) ^(k)	L
			Mukhaizna field (Block 53) (2.00%) ^(l)	L
	Qatar	1936	Al Khalij (100.00%)	L
			North Field - NFB (20.00%)	L, G
	Syria	1988	Jafra/Qahar (100.00%) ^(m)	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 (57.98%), Total E&P Cameroon (75.80%), and certain entities in the United Kingdom, Algeria, Abu Dhabi and Oman (see notes b through m 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) TOTAL has a 35.8% indirect interest in Elgin Franklin via its participation in EFOG.

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

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

(f) TOTAL has a 25.00% indirect interest via Dubai Marine Areas (equity affiliate) plus a 2.50% direct interest via Total E&P Dubai.

(g) TOTAL is the operator of the development of Dorood field with a 55.00% interest in the foreign consortium.

(h) 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.

(i) TOTAL has transferred operatorship to the NIOC for the Balal field. The Group has a 46.75% interest in the foreign consortium.

(j) TOTAL has transferred operatorship to NIOC for the Sirri A&E fields. The Group has a 60.00% interest in the foreign consortium.

(k) 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).

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

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

(n) Assets sold early in 2007.

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 the countries bordering the Gulf of Guinea and in North Africa.

Highlights of 2006 included:

- in Angola, first oil of the Dalia project on Block 17, with a planned production capacity⁽¹⁾ of 240 kboe/d, as well as the start-up of the Benguela Belize Lobito Tomboco and Landana North fields on Block 14;
- and, in Nigeria, taking interests in the Brass LNG liquefied natural gas project as well as in offshore Blocks OML 112 and OML 117.

In addition, several discoveries were made over the course of the year (Angola: Blocks 17 and 32, Cameroon: Dissoni, Congo: third discovery on MTPS and Mobei Marine 2, Libya: NC191/NC186).

TOTAL's production in Africa averaged 720 kboe/d in 2006 (including its share in the production of equity affiliates), making TOTAL one of the leading international oil companies, based on production, in the region. Projects in Africa accounted for 31% of the Group's total production in 2006.

Algeria

The Group has been present in Algeria since 1952. Its production comes from the Hamra (100%) and Tin Fouyé Tabankort (TFT) (35%) fields, as well as, through the Group's 48.83% interest in CEPSA, from the Ourhoud and Rhourde El Khrouf (RKF) fields. TOTAL's share of production amounted to 80 kboe/d in 2006, down from the volumes recorded in previous years (85 kboe/d in 2005 and 105 kboe/d in 2004), due, in particular, to the impact of higher oil prices on production entitlements.

On the TFT field, additional development continued with drilling in the West Zone, where production began in September 2005, and with the award of the principal contracts for the project to install compression units, which are expected to be commissioned in 2008.

Exploration and appraisal work, including drilling as well as 2D and 3D seismic campaigns, continued on the Timimoun permit (63.75%, operator). The Hassi Mahdjib 3 exploration well (MJB3) made a discovery early in 2006.

After conducting seismic work in 2005, TOTAL did not extend the Béchar prospecting contract (northwest of Timimoun) as a research contract. This contract was awarded in November 2004 and expired in November 2006. The Rhourde Es Sid permit in the Berkhine basin was relinquished late in 2004 after two exploration wells had been drilled.

(1) in 100%.

In addition, while the details for applying the tax on oil company profits introduced in December 2006 have not been finalized, a provision was made for the anticipated impact of this tax.

Angola

TOTAL has been present in Angola since 1953 and is currently one of the most prominent oil companies in the country.

The Group has onshore, deep-offshore and ultra-deep-offshore interests through six production permits (three operated: Blocks 17, 3, and FS/FST; three non-operated: Blocks 0, 14, and 2) and three exploration permits (Block 32, operator; and Blocks 31 and 33).

The Group's production comes principally from Block 17 (40%, operator), Block 0 (10%) and Block 14 (20%). On Block 17, Dalia began production in December 2006 and is expected to reach a production plateau of 240 kboe/d. On Block 14, the Benguela Belize Lobito Tomboco (BBLT) platform began production in January 2006. 20 discoveries have been made on Blocks 31 and 32.

TOTAL's production in Angola (including its share in the production of equity affiliates) reached 117 kboe/d in 2006, compared to 152 kboe/d in 2005 and 168 kboe/d in 2004. TOTAL's production entitlement for oil and gas is determined according to the terms contained in production sharing contracts. The volumes received depend, among other factors, on cumulative prices in prior years. As a result, in 2006 TOTAL's production entitlement was reduced due to significantly higher oil prices. Also in 2006, the project to connect the Rosa field was completed during the planned shutdown of Girassol for heavy maintenance, which occurs every five years. During this maintenance production was stopped for 38 days.

In 2006, TOTAL participated in the call for tenders regarding previously-relinquished shares of deep-offshore blocks. In 2007, TOTAL completed the negotiations to acquire interests in Blocks 17/06 and 15/06. The last license on Block 3/80 expired in July 2006.

Deep-offshore Block 17 is TOTAL's principal producing asset in Angola. It is composed of four major production zones: Girassol, which has been in production since December 2001, Dalia, which has been in production since December 2006, Pazflor, where development studies are underway, and CLOV, which is based on the Cravo, Lirio, Orquidea, and Violeta discoveries. The "stand-alone" development design for CLOV is being studied after the successful drilling of the Orquidea-2 well in the summer of 2006.

On the Girassol structure, production⁽¹⁾ from the Girassol and Jasmim fields reached 210 kb/d on average in 2006, despite the planned maintenance of the FPSO (Floating Production, Storage and Offloading) facility, which occurs every five years. Production from the Rosa field is expected to begin in the first half 2007. Since the Rosa field is being developed by connection to the Girassol FPSO, located approximately fifteen kilometers away, this development (which was approved in July 2004) should allow the extension of Girassol's 250 kb/d production plateau⁽¹⁾.

On the second production zone, Dalia field began production in December 2006. This development was launched in 2003 and is based on a system of sub-sea wells connected to a new FPSO facility with a production capacity of 240 kb/d.

Basic engineering studies for the development of Pazflor, the third production zone made up of the Perpetua, Zinia, Hortensia, and Acacia fields in the eastern portion of Block 17, continued in 2006. These studies plan for the development, scheduled to begin in 2007, of a FPSO facility with a production capacity of 200 kb/d.

The successful Orquidea-2 appraisal well confirmed the Group's interest in developing the Cravo, Lirio, Orquidea and Violeta fields, through a fourth FPSO facility on Block 17. Basic engineering studies for the development of this new production zone (CLOV) should be launched in 2007.

On Block 0 (10%), where the Sanha Bomboco project began production late in 2004, work continued on a project intended to stop gas flaring and improve liquids recovery with the construction of processing facilities on Takula and the approval of the Nemba project.

On Block 14 (20%), production increased significantly with the start-ups of Benguela Belize (January 2006), and Lobito and Landana North (June 2006). Production should continue to increase through the ramp-up of production of BBLT and the start-up of production at Tombua Landana (scheduled for 2009). The Lucapa discovery made in November 2006 added to the Group's estimate of the Block's potential resources.

On Block 32 (30%, operator), the series of discoveries (Gindungo in 2003, Canela and Cola in 2004, Gengibre and Mostarda in 2005) continued with the drilling of the successful Salsa, Manjericao, and Caril wells in 2006, further confirming the Group's interest in the block. Development studies, launched in 2005 and conceived around a pole in the central-eastern portion of the block, continued in 2006. Three new discoveries in 2006 also confirmed the Group's interest in developing Block 31 (5%). After drilling two new dry wells on Block 33 (15%), the Group's partners decided not to extend the exploration period. However, negotiations to retain the Calulu PDA (Pre-Development Area) are still ongoing.

In 2005, TOTAL and its partners decided to launch basic engineering studies for the Angola LNG project (13.6%), which is being designed to prepare for the marketing of natural gas reserves from Angola. The shareholders are expected to approve the project in 2007.

The Republic of Angola and the Republic of Congo, along with the partners on Block 14 in Angola and the *Haute Mer* permit in Congo, have formed a joint development area (JDA) that covers the portions of these permits that are adjacent. TOTAL holds a combined interest of 36.75% in this area through its subsidiaries in Congo (26.75%) and in Angola (10%).

Cameroon

TOTAL has been present in Cameroon since 1951 and operates production of 60 kb/d, amounting to nearly 70% of the country's production. Since 2005, new contracts signed with the Republic of Cameroon have been production sharing contracts. TOTAL's share of production amounted to 13 kb/d in 2006, compared to 12 kb/d in 2005 and 13 kb/d in 2004.

TOTAL's acreage is located entirely in the Rio Del Rey Basin, covering an area of 1,440 km². The Group operates six concessions (25.5%, operator of Kole, Ekundu, Boa, Bavo, Kita and Sandy Gas) and two production sharing contracts (Dissoni, 50%, operator, and Bomana, 100%, operator). TOTAL is also a partner in four concessions: Lipenja-Erong, (10%), Mokoko-Abana (10%), Mondoni (25%) and South Asoma (25%).

In March 2006, TOTAL signed an exploration and production sharing contract for the Bomana block (100%). In April 2006, the Group signed renewals for three operated concessions, Bavo-Asoma, Kita-Edem and Sandy Gas, for a 25-year period and at the same time renewed its non-operated concession for Mokoko-Abana. Blocks PH 60 (50%, operator) and PH 59 (50%) were relinquished in August 2006, when these concessions reached their term.

The natural decline of mature fields is expected to be compensated by the start-up of new zones or new discoveries, such as Bakingili (25.5%, operator), where production started in 2005, and the Dissoni Delta, where production is expected to begin late in 2008. The Group launched development studies concerning the Rio Del Rey gas resources to determine the feasibility of a project to export gas to the Equatorial Guinea liquefied natural gas (LNG) plant.

The Group's interest in developing the Dissoni Delta zone was confirmed by the DIM 2 appraisal well. A deep well (Njonji) is scheduled to be drilled in 2007 in the turbidite layer of this permit. A 3D seismic was acquired on Bomana/Edem in 2006.

Congo

TOTAL, the largest operator of production in Congo, has been present in the country since 1928. TOTAL's share of production, primarily offshore, reached 97 kboe/d in 2006, compared to 95 kboe/d in 2005 and 90 kboe/d in 2004. Highlights for 2006 included discoveries on the *Mer Très Profonde Sud* (MTPS, 40%, operator) and the Moho-Bilondo (53.5%, operator) permits. The first phase of development for the Moho-Bilondo project was launched in 2005.

TOTAL holds interests in several exploration and production permits. The principal producing fields that it operates are Nkossa (53.5%), Tchibouela (65%), Kombi-Likalala-Libondo (65%) and Tchibeli-Litanzi-Loussima (65%). The Republic of Congo and the Republic of Angola, along with the partners on the *Haute Mer* permit and Block 14 in Angola, have formed a joint development area that covers the portions of these permits that are adjacent. TOTAL holds a combined interest of 36.75% in

this zone through its subsidiaries in Congo (26.75%) and in Angola (10%). TOTAL is operator of the Djeno terminal (63%).

The Moho-Bilondo project is under development, with production expected to begin in the first half 2008. The production plateau is expected to reach 90 kb/d. Studies are underway for the development of previously discovered fields on the other existing permits, either as satellites to existing facilities (Libondo on PEX) or as stand-alone projects (Boatou on *Haute-Mer C*).

Aurige Nord Marine 1, Pegasus North Marine 1 and Andromeda Marine 1, three discoveries made on the MTPS permit in 2006, 2004 and 2000, respectively, may form the basis for a future development project. Additional drilling operations are planned to begin in April 2007. On the Moho-Bilondo permit, the Mobi Marine 2 well identified two new structures. Drilling for the Moho North 1 well began in December 2006.

Gabon

Total Gabon is one of the Group's oldest subsidiaries in sub-Saharan Africa. The Group's share of production in 2006 was 87 kboe/d, compared to 98 kboe/d in 2005 and 104 kboe/d in 2004, due to the natural decline of mature fields.

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

Total Gabon holds 26 permits, of which 17 are concessions under a *Convention d'Etablissement*, and nine are production sharing contracts. The Olonga exploration permit and the Roussette operation permit were relinquished in 2006. The main producing fields are Rabi Kounga (47.5%), Gonelle (100%), Baudroie Nord (50%, operator), Atora (40%, operator), Avocette (57.5%, operator), Anguille (100%) and Torpille (100%).

In 2004, Total Gabon signed an exploration and production sharing contract for the Aloumbé permit, specifically focused on natural gas exploration. A second exploration phase, with a drilling program, started in 2006, after completing the reprocessing of seismic data and the interpretation of geophysical/geological data.

In 2006, Total Gabon signed an exploration and production sharing contract for a new deep-offshore permit, Diaba, covering an area of 9,075 km² off the southern coast of Gabon. Under this agreement, Total Gabon has an 85% interest in the permit while the Republic of Gabon has the remaining 15%.

In 2006, Total Gabon also conducted a hydraulic fracturation test in the Anguille concession as part of redevelopment studies for the field.

Total Gabon and the government of Gabon are currently negotiating to extend the *Convention d'Etablissement* which expires on June 30, 2007.

Libya

The Group's share of production in 2006 reached 84 kboe/d, the same level as in 2005, and up from 62 kboe/d in 2004. Production comes from the Mabruk field (75%, operator), offshore Block C 137 (75%⁽¹⁾, operator), and Block NC 186 (24%⁽¹⁾) and NC 115 (30%⁽¹⁾).

Work continued on the complementary development project for the Mabruk field, agreed to in 2004, and the new facilities are expected to begin operations in 2007. The Libyan authorities signed an amendment to the Mabruk agreement early in 2005, leading to preliminary drilling to develop the deeper Dahra and Garian zones.

Drilling designed to maintain the production plateau at 40 kboe/d continued on the Al Jurf field of Block C 137. A second development phase is currently being studied.

On Block NC 186, the Group is continuing to develop several previously discovered structures. Structures B and H, which are currently under development, are expected to enter into production in 2007. The I, J, and K discoveries were made in 2005 and 2006. Approval for the development of the I structure is expected to be obtained in 2007.

On Block NC 115, the development of the El Sharara field also continued. The J and O structures began production in 2004, and at the same time their capacities increased. Two successful exploration wells were drilled in 2005 (structures P and R). Structure R, an extension of structure I from Block NC 186, is expected to be developed at the same time as structure I, beginning in 2007.

In the Murzuk Basin in 2006, the Group made a discovery on Block NC 191 (100%, operator). Late in 2005, TOTAL (60%, operator) obtained a new permit in the Cyrenaic Basin (Block 42 2/4).

Morocco

Since the termination of the survey agreement on the Dakhla offshore zone late in 2004, the Group has had no further exploration and production activities in Morocco.

Mauritania

The Group has conducted exploration and production activities in Mauritania since 2003. In January 2005, TOTAL signed two production sharing contracts with the Mauritanian government for onshore Blocks Ta7 and Ta8 in the Taoudenni Basin, representing a combined total of 58,000 km². Following an aerial survey to obtain magnetic and gravimetric data performed in 2005 and 2006, a 3,000 km 2D seismic campaign was launched in July 2006 for an expected duration of fifteen to eighteen months.

Nigeria

TOTAL has been present in Nigeria since 1962. It operates six production permits (OML) out of the 43 in which it holds an interest, and five exploration permits (OPL) out of six in which it

(1) Participation in the foreign consortium.

has an interest. The Group's share of production reached 242 kboe/d in 2006, compared to 250 kboe/d in 2005 and 271 kboe/d in 2004. Highlights of 2004, 2005 and 2006 included discoveries and the acquisition of acreage.

Security concerns in the Niger delta region, including armed attacks on certain sites, kidnappings and damage to facilities, led the Shell Petroleum Development Company (SPDC, in which TOTAL holds 10%) to stop production at certain facilities. At present, it is not possible for the Group to predict when production at these facilities will resume. TOTAL's average share of the production from SPDC decreased by nearly 50 kboe/d for the year 2006 due to these events.

The fields operated by TOTAL, OML 58, 100, 102 (40%, operator) and OML 99 - Amenam (30.4%, operator), contributed approximately 50% of the Group's Nigerian production in 2004 and 2005, and 60% in 2006. Production from the offshore Amenam field began in 2003 and reached its production plateau of 125 kb/d in the summer of 2004. TOTAL's production also comes from its interests in SPDC, in the Ekanga field (40%), and in the Bonga field (12.5%), where production started in November 2005 and reached its plateau production of 210 kboe/d early in 2006.

TOTAL confirmed its interest in developing gas production on the OML 112-117 permit, which it acquired in 2005 with the successful drilling of the IMA 12 well. Extensive studies have been carried out on the OPL 215 permit, acquired in 2005. The Group's appraisal of the Egina field (OML 130), which began in 2004, continued from 2005 through 2007 with the drilling of one exploration well and three appraisal wells. In 2007, the Group announced that the Egina field was expected to be developed on a stand-alone basis. TOTAL also conducted drilling operations in its "Triangular Bulge" zone permits (OPL 221, 222, and 223). The results of these efforts are currently being assessed.

Within the framework of the joint venture between NNPC (Nigerian National Petroleum Corporation) and TOTAL, the authorities approved the "OML 58 Upgrade" development plan in July 2006. This new project is expected to begin operations in 2009 and to supply Nigeria LNG's (NLNG) sixth liquefaction train. After evaluating the bids it had received, late in 2006 the Group gave its final approval for a new development project (Ofon II) on the OML 102 permit. The Nigerian authorities had previously approved the development of this project in 2005. This new phase, whose launch is scheduled for 2009, is expected to produce an additional 70 kboe/d (in 100%). TOTAL also continued to develop the Amenam Phase II project in 2005 and 2006. This project, which produces associated gas from the Amenam field to supply NLNG, entered into operation late in 2006.

On fields where TOTAL is not the operator, several projects, including Bonga North and Southwest, are undergoing engineering studies. The Afam project (gas and condensates for domestic supply) and the Gbaran Ubie project (gas and condensates to supply future NLNG trains) are under

construction, as are the Soku, Bonny Terminal and Forcados Yokri projects.

TOTAL is also actively pursuing development work on its deep-offshore discoveries. Development of the Akpo field on OML 130 (24%, operator) is continuing. The principal engineering and construction contracts for the development of Akpo, which were signed in 2005, are currently being executed, with a goal of reaching a production plateau of 225 kboe/d (in 100%). Production on the Akpo project is expected to begin late in 2008.

TOTAL also acquired a 40% interest in OMLs 112 and 117 in 2006 and conducted conceptual development studies for the IMA gas field on these permits. The Group intends to use the gas produced from this field to supply the LNG plants in which TOTAL is a shareholder. In 2006, TOTAL continued to increase its acreage, acquiring (pending final approval by the authorities) an interest in OPL 247.

TOTAL holds a 15% interest in the NLNG gas liquefaction plant. At this plant, a fourth train came on line in November 2005, followed by a fifth train which began operations in February 2006. In 2004, NLNG's shareholders decided to invest in a sixth train, which is scheduled to be commissioned in 2007. The company began studies for a seventh train, with a capacity of 8.5 Mt, in July 2005, which continued in 2006.

In 2006, TOTAL acquired a 17% interest in the Brass LNG project, which plans to build two trains, each with a capacity of 5 Mt/year. The Group also agreed to supply approximately two-thirds of the second train's requirements. The final investment decision for this project is expected to be made in 2007.

Sudan

Late in 2004, TOTAL (32.5%, operator) updated its production sharing contract for Block B (118,000 km² in southeast Sudan).

To counter a claim by the White Nile Company, which publicly claimed to have rights to the area covered by the permit held by TOTAL and its partners, the Group sought to enforce its rights in a British court. In May 2006, the High Court of London ordered White Nile to disclose the contracts upon which its claims are based to TOTAL. This ruling was confirmed by the Court of Appeal in January 2007.

TOTAL opened an office in Khartoum in 2005 and a branch office in Juba, southern Sudan, in 2006. The Group has initiated bidding processes to check the area for landmines and to conduct 1,200 km of 2D seismic work on the Jonglei Basin.

Once the authorities in Sudan and in South Sudan have established legal and security conditions in the area that are suitable for the development of industrial activities in South Sudan, TOTAL will consider proceeding with a 2D seismic survey and the drilling of two wells on Block B.

North America

Since 2004, TOTAL has strengthened its position in Canadian oil sands by increasing its share in the Surmont permit and acquiring Deer Creek Energy Ltd. The first phase of Deer Creek Energy's Joslyn project began production in November 2006. In November 2005, TOTAL signed an agreement to exchange four mature onshore fields in South Texas for a 17% stake in the deep-offshore Tahiti field in the Gulf of Mexico, which is scheduled to begin production in mid-2008. In 2006, two successful wells were drilled on the Alaminos Canyon 856 permit. Production for the year 2006 amounted to 16 kboe/d, less than 1% of the Group's total production. The Group's production in North America decreased from 61 kboe/d in 2004 to 41 kboe/d in 2005, principally due to shutdowns related to hurricane damage in the Gulf of Mexico.

Canada

In Canada, the Group is participating in oil sands projects in Athabasca, Alberta. The Surmont (50%) and Joslyn permits are its principal assets. Deer Creek Energy Ltd, acquired in 2005, operates the Joslyn permit, with an 84% interest.

In 1999, TOTAL began participating in a pilot project on the Surmont permit in Athabasca to extract bitumen using Steam Assisted Gravity Drainage (SAGD). In December 2003, the partners approved the first phase of development, with a planned capacity of 27 kb/d of bitumen (in 100%). Engineering and construction activities are ongoing. Production is expected to begin in the summer of 2007. TOTAL had an interest of 43.5% in the project as of December 2002, and increased this interest to 50% in April 2005. In August 2005, TOTAL acquired 50% of the OSL 001 permit, immediately to the north of Surmont. And in November 2005, TOTAL also acquired 50% of the OSL 006 permit, immediately to the south of Surmont. These two permits have now been included in the Surmont project.

In 2005, TOTAL acquired 83% of Deer Creek Energy Ltd which holds 84% of the Joslyn permit, through a public tender launched in August. TOTAL acquired the remaining 17% of Deer Creek Energy Ltd through a squeeze-out procedure. Certain minority shareholders are contesting the compensation they were awarded through this procedure in local courts. The Joslyn permit, located approximately 140 km north of Surmont, will principally (approximately 90%) be developed using mining techniques. The Joslyn project is expected to be developed in several phases. The first phase, using SAGD, began production in November 2006. The mining development phases are scheduled to begin in 2013, with a planned initial production plateau of 100 kb/d anticipated to be increased to 200 kb/d in a subsequent phase. It is estimated that the combined production from the entire project will amount to approximately two billion barrels of bitumen over a 30-year period.

In December 2004, TOTAL acquired 100% of the OSL 874 permit located about 40 km west of Surmont. In August 2005, it acquired 100% of the OSL 354 permit located about 50 km

north of Joslyn. In January 2006, it acquired 100% of the OSP 674 permit. And in September 2006, TOTAL acquired 100% of the OSL 457 (located near the OSP 674 permit) and OSL 841 permits (located 30 km north of the OSL 354 permit).

In July 2004, TOTAL acquired a 40% interest in three exploration permits located in the Akue area in northeastern British Columbia.

United States

TOTAL has been present in the United States since 1957. In 2006, the Group's production decreased to 15 kboe/d, compared to 41 kboe/d in 2005 and 61 kboe/d in 2004. Production in 2006 came principally from three deep-offshore fields in the Gulf of Mexico: Virgo (64%, operator), Aconcagua (50%, operator) and Matterhorn (100%, operator).

Production from these fields was affected by Hurricane Katrina in 2005. Production on Matterhorn was shut down from August 2005 to August 2006 and production on Virgo was shut down from August 2005 to May 2006.

In November 2005, TOTAL signed an agreement to exchange four onshore gas fields in southern Texas for a 17% stake in the deep-offshore Tahiti field in the Gulf of Mexico. Tahiti is scheduled to begin production mid-2008, with an anticipated production capacity (in 100%) of 125 kb/d and 70 Mcf/d. This transaction closed in January 2006.

In February 2006, the Group signed and closed an agreement to sell two mature fields, Bethany and Maben, located, respectively, in eastern Texas and in Mississippi.

In August 2006, TOTAL increased its interest in the Chinook project from 15% to 33.33%. Development plans for this project are currently being discussed.

In December 2006, TOTAL signed an agreement to sell its interests in the Aconcagua and Camden Hills fields, as well as its interest in the Canyon Express System (25.8%, operator). This transaction closed in January 2007.

In 2006, two successful wells were drilled on the Alaminos Canyon 856 permit (70%, operator), confirming the extension of the Great White field.

In 2006, TOTAL was also awarded 27 new deep-offshore blocks (Keathley and Garden Banks) after bidding in Louisiana and Texas.

Mexico

TOTAL is conducting various studies in cooperation with Mexico's state-owned PEMEX under a technical cooperation agreement signed in December 2003.

South America

The Group's production in South America in 2006 amounted to 226 kboe/d, compared to 247 kboe/d in 2005 and 213 kboe/d in 2004. South America accounted for approximately 10% of the Group's overall production for 2006. Carina in Argentina began production in 2005 and Yucal Placer in Venezuela began production in 2004. The Group is involved in ongoing discussions with Venezuelan authorities regarding legal and tax changes in the country. TOTAL's acquisition of a 49% interest in the offshore exploration Block 4 of the Plataforma Deltana was formally approved by the Venezuelan authorities in January 2006. In Colombia in 2006, the Group agreed to acquire 50% of the Niscota exploration block. In Bolivia, TOTAL signed new exploration-production contracts with the Bolivian government and increased its interest in Block XX West (operator) to 75%.

Argentina

TOTAL has been present in Argentina since 1978 and operates approximately 25% of the country's gas production. In 2006, TOTAL produced 78 kboe/d, a 5% increase compared to 2005 (74 kboe/d). Production increased by 6% in 2005 compared to 2004 (70 kboe/d).

TOTAL holds interests in Argentina's two major basins: Neuquen (the San Roque and Aguada Pichana fields) and Tierra del Fuego (notably Carina and Canadon-Alfa).

In 2005, TOTAL acquired interests in two new exploration blocks in the Neuquen Basin: Las Tacanas (50%, operator) and Chasquivil (50%, operator).

On the San Roque field (24.7%, operator), a medium-pressure compression project launched in 2003 was commissioned in August 2006. The development of the Rincon Chico North discovery and the low-pressure compression project were launched in January 2006, with production scheduled to begin in February 2008 and May 2008 respectively. These projects are expected to extend the field's production plateau.

On the Aguada Pichana field (27.3%, operator), a low-pressure compression project was launched in 2005 and is expected to begin operations in June 2007. Development of the first phase of the Aguada Pichana North discovery was launched in September 2006 and production is scheduled to begin in March 2008. These projects are expected to extend the field's production plateau.

In the Austral Basin, the Group continued to develop the Carina-Aries project offshore Tierra del Fuego (37.5%, operator). The project was reactivated in 2003 and offshore infrastructure construction was completed in 2004 while onshore infrastructure construction was completed in 2005. Drilling of the first wells on Carina was completed in 2005 and drilling of wells on Aries was completed in January 2006. The Carina field came on stream in

June 2005 while the Aries field started production in January 2006. A fourth medium-pressure compressor is expected to start-up in August 2007 to de-bottleneck the facilities and to increase the capacity to inject gas from the Tierra del Fuego basin into the San Martin gas pipeline from 12 Mm³/d to 15 Mm³/d.

Bolivia

TOTAL holds six permits in Bolivia: San Alberto and San Antonio, both in production (15%) and four permits in the exploration or appraisal phase: Blocks XX West (75%, operator), Aquio and Ipati (80%, operator) and Rio Hondo (50%). In October 2006, TOTAL acquired an additional 34% of Block XX West, adding to the 41% interest it already held.

In 2006, the Group's production remained stable at 21 kboe/d, the same as in 2005, compared to 18 kboe/d in 2004.

The San Alberto and San Antonio fields have been in production since 2001 and 2003, respectively. TOTAL is also a partner with Transierra (11%), operator of the Gasyrg gas pipeline, in service since 2003, and owns 9% of the Rio Grande compression station.

A successful exploration well, Incahuasi X1, was drilled on the Ipati block in 2004.

Pursuant to the decree of May 1, 2006 regarding the nationalization of hydrocarbons, TOTAL signed six new exploration and production contracts in October 2006 for all blocks in which it has an interest. Although these contracts were approved by the Bolivian legislature on December 3, 2006, they will not become effective until an additional legislative ratification has been completed. The new contracts retain certain terms from production sharing agreements while providing for a 50% production tax and profit sharing between YPFB (Yacimientos Petroliferos Fiscales Bolivianos, the state-owned Bolivian oil company) and the foreign partner, after reimbursement of investments and costs.

Brazil

In 2005, TOTAL increased its interest in the Curio discovery zone on Block BC2 from 35% to 41.2%.

In June 2005, Petrobras became the operator of Curio. An additional appraisal period of one year was obtained, with the obligation to drill one well in 2007.

Colombia

TOTAL holds a 19% interest in the Cusiana and Cupiagua fields, where the Group's share of production reached 22 kboe/d in 2006, compared to 26 kboe/d in 2005 and 30 kboe/d in 2004.

In order to renew the Group's exploration acreage in Colombia, TOTAL relinquished the Tangara permit late in 2006. An agreement to acquire 50% of the Niscota exploration block was concluded in September 2006.

Trinidad & Tobago

TOTAL holds a 30% interest in Block 2C (Grand Angostura field) where production amounted to 9 kboe/d in 2006, compared to 13 kboe/d in 2005. TOTAL also has an 8.5% share in the adjacent Block 3A, where an oil discovery (Ruby-1) was under evaluation early in 2007.

Venezuela

TOTAL has been present in Venezuela since 1980 and is one of the main partners of PDVSA (Petróleos de Venezuela S.A.), a state-owned company, in particular for oil production in the Orinoco Basin.

The Group holds interests in the Sincor (47%) and Yucal Placer (69.5%) projects as well as in the offshore exploration Block 4 of the Plataforma Deltana (49%). TOTAL's average production amounted to 96 kboe/d in 2006, 113 kboe/d in 2005, and 95 kboe/d in 2004.

Late in 2004, work undertaken during the first major maintenance shutdown on Sincor's upgrader, which started operations in March 2002, increased its treatment capacity to more than 200 kb/d of extra heavy oil. Drilling operations resumed in October 2005 and intensified in 2006 with four drilling rigs.

On the Yucal Placer field, the initial production phase of 120 Mcf/d, which began in 2004, is producing results in line with projections. Development studies to increase production to 300 Mcf/d are underway.

TOTAL's acquisition of a 49% interest in the offshore exploration Block 4 of the Plataforma Deltana was officially approved by authorities in January 2006. This interest may be reduced subsequently should the state-owned PDVSA choose to exercise its 35% option on the block.

On March 31, 2006, the Venezuelan government terminated all operating contracts signed in the nineteen-nineties and decided to transfer the management of fields concerned to new mixed companies to be created with the state-owned company PDVSA (Petróleos 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 government has modified the initial agreement for the Sincor project several times. In May, 2006, the 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 will come 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. On January 18, 2007, the Venezuelan National Assembly approved a law granting, for an 18-month period, the Venezuelan president the power to govern by decree in various subjects, in particular regarding hydrocarbons. On February 26, 2007, the Venezuelan president signed a decree providing for the transformation of the Strategic Associations from the Faja region, including the Sincor project, into mixed companies with the government having a minimum interest of 60%. The legislation further states that operations must be transferred to PDVSA no later than April 30, 2007 and sets a four-month period (with an additional two months for approval by the National Assembly) for private companies to agree to the terms and conditions of their participation in the newly created mixed companies. Discussions with the Venezuelan government regarding the Sincor project are underway.

In 2006, the Group received two corporation tax adjustment notices. The first concerned the company holding the Group's interest in the Jusepin operating contract, for which the 2001-2004 examination was closed in the first half 2006, whereas the examination for 2005 is still under way. The second is related to the company which holds the Group's interest in the Sincor project, for which the Group is awaiting a response from the tax authorities regarding the observations provided by the Group concerning 2001.

Asia/Far East – Pacific

In 2006, TOTAL's production in Asia/Far East, principally from Indonesia, amounted to 253 kboe/d, compared to 248 kboe/d in 2005 and 245 kboe/d in 2004, an increase of 2% over the period. Asia/Far East represented 11% of the Group's overall production for the year 2006. Highlights for the 2004 to 2006 period included the acquisition of interests in several exploration permits in Australia, Bangladesh and Indonesia, the acquisition of a 24% interest in the Ichthys LNG project in Australia in partnership with INPEX, and the signature of an agreement with China National Petroleum Corporation for the appraisal, development and production of natural gas on the Sulige South block in China.

Australia

After acquiring interests in two blocks (WA-297P, WA-269P) early in 2005, in 2006 TOTAL increased its offshore interests in both exploration and development of previously discovered fields in northwest Australia.

In February 2006 with the same partners as for Block WA-269P (30%), TOTAL acquired a 30% share in the two adjacent blocks, WA-369P and WA-370P, located in the Carnarvon basin near the Pluto field. A 3D seismic campaign on these blocks was completed in 2006 and four wells are scheduled to be drilled in 2007 and 2008.

Also in 2006, TOTAL acquired a 25% share in adjacent blocks, WA-301P, WA-303P, WA-304P, and WA-305P, located in the Browse basin. A well is scheduled to be drilled on Block WA-303P in 2007.

In addition, in August 2006 TOTAL acquired a 24% interest in Block WA-285P, also in the Browse basin. The Ichthys gas and condensates field, in the same basin, has already had six successful wells drilled since 2000. This field is expected to be developed to produce an estimated 6 Mt/y to 10 Mt/y of LNG, condensates and liquefied petroleum gas (LPG). In 2006, this project received the Major Project Facilitation Status, which should contribute to obtaining governmental approvals, expected in 2008. The environmental evaluation of the development scheme was launched in May 2006, and exploration and appraisal drilling are planned for 2007.

In January 2007, TOTAL acquired an 80% interest, as operator, for the lower levels of Block AC/P-37. A seismic campaign is scheduled for 2007.

Bangladesh

Late in 2005, TOTAL signed an agreement to acquire 60% of two offshore exploration blocks, 17 and 18, located southeast of Bangladesh. The government approved this agreement on March 14, 2007.

Brunei

TOTAL is the operator of the Maharaja Lela Jamalulalam field, located offshore on Block B of Brunei Darussalam (37.5%, operator). The Group's share of production amounted to 15 kboe/d in 2006, compared to 13 kboe/d in 2005 and 14 kboe/d in 2004. After completing studies in 2006, TOTAL is planning to drill several exploration wells on this block in 2007.

TOTAL is also the operator of deep-offshore exploration Block J (60%), for which a production sharing contract was signed in March 2003. Exploration operations on the 5,000 km² block have been suspended since May 2003 due to a border dispute with Malaysia.

China

Early in 2006, TOTAL and China National Petroleum Corporation signed a production sharing contract for the appraisal, development, and production of natural gas resources on the South Sulige block covering an area of approximately 2,390 km² in the Ordos Basin in the Inner Mongolia province. The agreement was approved by the Chinese authorities and became effective in May 2006. The appraisal work outlined in the contract (seismic acquisition, well testing) began in September 2006.

Indonesia

TOTAL has been present in Indonesia since 1968. Indonesia represented 8% of the Group's production in 2006, amounting to 182 kboe/d, the same level as in 2005, compared to 177 kboe/d in 2004. TOTAL operates two offshore blocks in the East Kalimantan zone, the Mahakam permit (50%, operator), and the Tengah permit (22.5%).

TOTAL's operations in Indonesia are primarily concentrated on the Mahakam permit, which covers several fields including Peciko and Tunu, the largest gas fields in the East Kalimantan zone.

TOTAL delivers its natural gas production to PT Badak, the Indonesian company that operates the Bontang LNG plant. The overall capacity of the eight liquefaction trains of the Bontang plant is 22 Mt/y, one of the largest in the world⁽¹⁾. The LNG produced is primarily sold under long-term contracts with Japanese, South Korean and Taiwanese purchasers that mainly use it for power generation. In 2006, the production operated by TOTAL on the Mahakam permit amounted to 2,648 Mcf/d, and the gas delivered by TOTAL to Bontang accounted for more than 70% of the plant's supply.

In 2006, TOTAL acquired a 49% share in the offshore East Sepanjang block, located northeast of the island of Java. A seismic acquisition campaign is scheduled and an exploration well is expected to be drilled. Pursuant to a call for tenders launched by the Indonesian Ministry of Mines and Energy in 2006, early in 2007 TOTAL was awarded the South East Mahakam exploration block (50%, operator), located in the Mahakam delta.

(1) Source : Wood MacKenzie, Deutsche Bank.

TOTAL also has a 50% interest in the Saliki exploration block, which is adjacent to the Mahakam permit.

Late in 2006, a gas discovery, Tunu Great South-1, was made between the Tunu and Peciko fields on the Mahakam permit.

After the commissioning of onshore compression units in 2005, and the launch the same year of the fifth phase regarding the installation of a new platform and the drilling of additional wells, the development of the Peciko field continued in 2006 with the decision to invest in new compression capacities.

On the neighboring Tunu field, the tenth phase of development is underway and four additional platforms became operational in 2006. The eleventh development phase, to install onshore compression units, was launched in 2005 and is continuing. A new phase for drilling additional wells was agreed upon late in 2006.

The project to extend the Tambora field, launched in 2004, advanced with the commissioning of three new platforms by mid-2006.

Phase 1 of the new Sisi-Nubi offshore development was launched in 2005 and is ongoing. Gas from Sisi-Nubi is expected to be produced early in 2008 through existing processing facilities.

Malaysia

Since 2001, TOTAL has held a 42.5% interest in the deep-offshore Block SKF permit. After drilling an exploration well in 2004, TOTAL reevaluated the exploration potential of the permit and requested an extension of the exploration period to carry out additional work, which was obtained in March 2007.

Myanmar

TOTAL is the operator of the Yadana field (31.2%). The Group's share of production was 15 kboe/d in 2006, compared to 13 kboe/d in 2005 and 14 kboe/d in 2004. This field, located on offshore Blocks M5 and M6, produces natural gas, which is principally delivered to PTT (Thailand's state-owned company) and used in Thai power plants.

Pakistan

TOTAL (40%, operator) held two ultra-deep offshore exploration blocks in the Oman Sea. TOTAL relinquished its interests in these two blocks in 2005 after the Group drilled a dry exploration well in 2004.

Thailand

The Group's primary asset in Thailand is the Bongkot gas and condensates field (33.3%), where its production reached 41 kboe/d in 2006, compared to 40 kboe/d in 2005 and 2004. PTT (Thailand's state-owned company) purchases all the condensates and natural gas produced.

Phase 3C of development, completed late in 2005, modified two existing platforms and installed a new well platform and a

desulphurization platform. Production from phase 3E, launched early in 2005 to create three well platforms, began mid-February 2007. A new development phase, 3F, for three new well platforms was launched early in 2006 and production from this development phase is expected to begin mid-2008.

Early in 2007, three new gas discoveries, Ton Chan-1X, Ton Chan-2X and Ton Rang-2X on Blocks 15 and 16 of the Bongkot field confirmed the Group's interest in this concession. The development plan for these three new discoveries is being prepared, with production anticipated for as early as 2009.

Commonwealth of Independent States (CIS)

TOTAL's production for 2006 was 8 kboe/d, accounting for 0.3% of the Group's overall production. Production in 2004 and 2005 came entirely from Russia and amounted to 9 kboe/d for each year. Highlights for 2006 included the start-up of the Shah Deniz project in Azerbaijan.

Azerbaijan

TOTAL's presence in Azerbaijan dates back to 1996 and is centered on the Shah Deniz field (10%). After phase 1 of development of this gas and condensate field was launched in 2003, production from the first well began in December 2006. The first gas sales to Azerbaijan were made late in 2006.

The South Caucasus Pipeline Company (SCPC), in which TOTAL holds a 10% interest, completed the construction of a gas pipeline to transport gas from Shah Deniz to the Turkish and Georgian markets. This gas pipeline was gradually brought onstream and became operational in November 2006.

Construction of the 1,770 km BTC (Baku-Tbilissi-Ceyhan) oil pipeline, with an operating capacity of 1 Mb/d, began in August 2002 and was completed in 2006. This pipeline, owned by BTC Co. (in which TOTAL has a 5% interest), links Baku to the Mediterranean Sea. The first delivery to Ceyhan (Turkey) was made in June 2006.

Kazakhstan

TOTAL has been present in Kazakhstan since 1992, where it is a partner on the North Caspian Sea permit which contains the Kashagan field. TOTAL holds an 18.52% interest in this permit after closing the sale of 1.85% to KazMunayGas, the state-owned company of the Republic of Kazakhstan, in April 2005.

The Kazakh authorities approved the development plan for this field in February 2004, allowing work to be done on the first of several successive phases of development. Infrastructure and civil engineering work has accelerated and most of the major contracts regarding the manufacture and construction of both onshore and offshore facilities have been awarded. The facilities are currently being evaluated to optimize their dependability while improving safety. Drilling of development wells was launched in 2004 and continued in 2005 and 2006, with production now scheduled to begin near the end of 2010. The size of the Kashagan field may eventually allow production to be increased to more than 1 Mb/d (in 100%).

The North Caspian permit includes other structures that are smaller than Kashagan: Aktote, Kairan, Kalamkas and Kashagan Southwest. These structures are in the appraisal phase. The first appraisal well on the Aktote structure, drilled in 2004, confirmed and helped to define this discovery. Appraisal operations continued in 2005, with the completion of a 3D seismic acquisition on the Aktote and Kairan zones as well as the drilling of the Kalamkas 2 well. In 2006, two new appraisal wells were drilled on Kalamkas and Kairan. The Kalamkas-3 well was positive and the results for the Kairan 2 well are being evaluated.

A long-duration test is expected to start on Kairan 2 during the first half 2007.

Russia

TOTAL has been present in Russia since 1989. The Group's principal activity is on the Kharyaga field (50%, operator) in the Nenets territory. The Group's production was 8 kboe/d in 2006, compared to 9 kboe/d in 2005 and 2004.

On the Kharyaga field, phase 2 of development was completed in 2005, targeting a production plateau of 30 kboe/d (in 100%). Pre-project studies for phase 3 were carried out in 2006. Late in 2005, TOTAL and the Russian Federation reached an amicable agreement to resolve a dispute over the interpretation of the production sharing agreement. As a result, the request for arbitration in Stockholm was withdrawn. In 2006, the production sharing contract was implemented normally, with profit oil being shared among the state and investors.

The preliminary technical results from the Russian Black Sea partnership led the Group to withdraw from the Shatsky permit in 2004 and the Tuapse permit in 2005.

In 2004, the Group entered into negotiations to acquire 25% of Novatek, the country's second leading gas producer. The transaction was not completed as the required approval from the authorities was not obtained. In 2005, TOTAL was pre-selected by Gazprom, along with four other foreign companies, to potentially participate in the giant Shtokman gas production project in the Barents Sea. In October 2006, Gazprom announced that the project would not proceed under the proposed contractual framework, since the Russian Federation no longer wished to share acreage with independent oil companies. Other contractual arrangements are being studied for this project.

Europe

TOTAL's production in Europe amounted to 728 kboe/d in 2006, representing 31% of the Group's overall production. Highlights of the period from 2004 to 2006 include start-up of the Skime, Kvitebjørn and Kristin fields in Norway, an increase in the Group's interest in the PL211 license (Victoria), new developments on existing fields (Ekofisk Area Growth, structure J and West Flank of Oseberg, and the North Flank of Valhall) and the approval by the Norwegian Parliament of the Tyrihans development plan. In the United Kingdom, satellites of the Alwyn (Forvie North, Nuggets N4) and Elgin-Franklin (Glenelg) facilities began production. In both the United Kingdom and Norway, several discoveries (including Jura West in the United Kingdom) were made and new exploration licenses awarded. In Italy, TOTAL signed an agreement with the Basilicate region to start developing the Tempa Rossa field.

France

The Group has operated fields in France since 1939, with its most significant activity being the development and operation of the Lacq gas field, which began in 1957.

The Group's principal natural gas fields, Lacq (100%) and Meillon (100%), located in southwest France, and several smaller natural gas and oil fields in the same region as well as in the Paris Basin, produced 30 kboe/d in 2006, compared to 29 kboe/d in 2005 and 35 kboe/d in 2004.

The Lacq 2005 project, which is focused on reinforcing industrial safety standards and optimizing gas processing procedures at the Lacq and Meillon fields, was successfully completed in 2005. Under the simplified treatment method, the gas treatment unit now delivers commercial gas, a liquid naphtha cut, condensates and liquid sulfur.

After conducting an initial pilot test in 2006 on the SPREX process (de-acidifying gas by using cryogenics), a pilot program for capturing and injecting carbon dioxide is being studied. This program would modify a gas burning plant to operate in an oxy-combustion environment and the carbon dioxide produced would be re-injected in a depleted field. This program could begin operation in 2008.

The restoration of certain sites and the re-industrialization of the Lacq platform are ongoing. Construction of a bio-ethanol unit by Agengoa Bioenergy began in 2006.

Italy

The Tempa Rossa field, discovered in 1989, is TOTAL's principal asset. It is located on the unitized Gorgoglione concession in the southern Apennins, in the Basilicate region.

In 2002, TOTAL's share in this concession increased from 25% to 50% as the operator of the development phase sold its interest.

TOTAL is now the operator for all phases of the Tempa Rossa project.

A preliminary agreement was reached with the Basilicate region in 2004. This initial agreement was the basis for the final agreement (*Accordo Quadro*) signed between the Basilicate region, TOTAL, and the other partners in September 2006. This agreement, combined with the approval of the development plan proposed by the Basilicate region in May 2006 allows development of the field to begin.

In 2006, bids for the main purchasing and construction contracts were evaluated, and contracts may be awarded once the project is approved.

Prior to this, partners asked for the crude transport arrangements to be formalized. Discussions are ongoing with the operator of the Val d'Agri-Tarente pipeline and the operator of the Tarente refinery. This could lead to the signature of a preliminary agreement during the first half of 2007.

Start-up of production is scheduled for 2010, with a plateau rate of 50 kb/d.

TOTAL has interests in other exploration permits in the southern Apennins region: Teana (80%, operator), Aliano (60%, operator), Fosso Valdienna (31.7%), Serra San Bernardo (10%) and Tempa Moliano (31.7%).

Norway

Since the late sixties, the Group has played a major role in the development of a large number of fields in the Norwegian North Sea. TOTAL holds interests in 66 production permits on the Norwegian continental shelf, ten of which it operates. Norway is the largest contributor to the Group's production, with an average of 372 kboe/d in 2006, compared to 383 kboe/d in 2005 and 406 kboe/d in 2004.

The largest contribution to this production, for the most part non-operated, comes from the Ekofisk area (39.9%) in southern Norway, which accounts for approximately 45% of the Group's production in the country. This area is made up of four producing fields with a combined average production of 169 kboe/d for 2006. The Ekofisk Area Growth project (EAG) to install a new platform and drill a series of wells, began in October 2005 and contributed to 2006 production, although the project encountered certain delays and technical difficulties.

TOTAL operates the Skirne/Byggve gas and condensates field (40%), which accounts for 3% of the Group's production in Norway. The Frigg field (77%, operator) was shut down in October 2004 after 27 years in production. TOTAL is leading a significant multi-year decommissioning and site restoration program at this site.

The Oseberg area (10%) in the central North Sea accounts for slightly more than 9% of the subsidiary's production and consists of several platforms and projects, including structure J, which

began production in June 2005, the West Flank oil field, which began production in February 2006, and the Tune gas field in production since 2002.

The Sleipner area (West 9.4% and East 10%) including Glitne (21.8%), also in the central North Sea, represents nearly 9% of production in the country, while the Troll (3.7%) oil and gas field contributes 7.5%. Among other significant non-operated producing fields are those located in the Tampen area, including Snorre (6.2%) and Visund (7.7%), which started gas production in October 2005 (six years after oil production began). The Valhall area (including Valhall 15.7%) and Kvitbjørn (5%) started production in October 2004.

The sub-sea development of the Vilje oil field (24.2%) and the innovative development of Tordis IOR (5.6%) in the Tampen area in the North Sea are underway. Production is scheduled to begin in 2007.

3D seismic OBC (ocean bottom cable) work was performed in 2005-2006 in the northern zone of the North Sea on the Hild discovery, which the Group operates, and on the Kvitbjørn gas field (PL193). A new 3D seismic was completed on the zone covering Tommeliten Alpha (PL044).

On the Haltenbanken area, in the Norwegian Sea, the Åsgard oil field (7.7%) contributes 7.5% of the Group's production and Kristin (6%), the sub-sea high-pressure/high-temperature field, began production in November 2005. In February 2006, the development of the Tyrihans oil, gas and condensates field (23.2%) was approved by the authorities. Production is scheduled to begin in 2009, with an initial estimated plateau rate of 70 kboe/d (in 100%), to be reached in 2011.

In 2006, TOTAL increased its interest in the PL211 license (in the Haltenbanken area) to 40% and became its operator. This license covers the Victoria discovery, which is not yet developed. The Group also disposed of a 3.3% interest in the Tyrihans field. As a result, the Group now has a 23.2% interest in this field.

In the Barents Sea, the Group is involved in the Snøhvit project, which includes the development of the Snøhvit natural gas field (18.4%) and the construction of liquefaction facilities on Melkoya Island. Production is expected to begin in the third quarter of 2007, with a ramp-up over several months.

TOTAL has an 8.1% interest in the Norwegian dry gas transport system, Gassled, after taking into account the incorporation of the new Langeled pipeline toward the United Kingdom.

The Group participated in all of the recent licensing rounds and acquired several exploration permits. In June 2004, TOTAL acquired a 40% interest, as operator, in Blocks 6406/7 and 8 (including, in particular, the Hans prospect) in the Haltenbanken zone. In 2006, during the 19th licensing round, TOTAL also acquired two additional licenses in the Haltenbanken zone, including one which the Group operates (PL389, 100%).

In January 2006, TOTAL was awarded the four blocks (two operated, two non-operated) it had requested in the APA2005 (Awards in Predefined Areas) licensing campaign. Of the two operated blocks, one (PL041C, 49%) is located near the Hild discovery and the other (PL379, 100%) in the Haltenbanken area, south of the Onyx zone. The Onyx SW well discovered hydrocarbons in 2005. TOTAL also tendered for and obtained the Victoria South extension in the APA2006 campaign, which it will operate on behalf of the PL211 association with a 40% interest.

The Group disposed of its share in Enoch (PL048) in 2005. TOTAL disposed of its share in Peik (PL088), which is partially located in the United Kingdom, in the first quarter 2007.

Various exploration and appraisal projects were performed under several permits in 2005 and 2006, including the Onyx SW discovery (PL255) in 2005 and the successful Tornerose (PL110 B), Morvin (PL 134B) and Kvitbjørn-Valemon (PL193) appraisals in 2006.

The government changed the tax treatment of net financial interests, effective as of January 1, 2007.

The Netherlands

TOTAL has been present in the Netherlands for more than forty years, where it is the second largest gas operator. The Group's share of production amounted to 44 kboe/d in 2006, compared to 51 kboe/d in 2005 and 59 kboe/d in 2004.

TOTAL holds 22 offshore production permits, of which 18 are operated by the Group, two operated offshore exploration permits and one onshore exploration permit. TOTAL sold certain onshore assets in 2004 (including the Zuidwal and Leeuwarden concessions) in an effort to streamline its portfolio. The remaining production assets operated onshore were sold in January 2005. The Lemmer Marknesse exploration permit was also relinquished in March 2006.

Several development wells were drilled over the past three years. During this period, the first phase in the reorganization of Block L7 was launched, along with major maintenance work. The L4G structure, developed in 2005 and 2006, began production in August 2006. The development of structure K5F was approved, with production scheduled to begin early in 2008.

TOTAL's principal operated offshore fields, K1, K4/K5, K6, and L4/L7, contributed 80% of the Group's Dutch production in 2004, 2005, and 2006.

TOTAL also holds interests in the Dutch offshore transport network (NOGAT, WGT, and the WGT extension).

Late in 2006, the Group was awarded a new exploration permit covering offshore block L3.

Three development wells were drilled in 2005: K5-EC-5 and K4-BE-4 (two very-long offset wells), and L4-G (a re-entry well). At the same time, the diversion of the gas evacuated from the

K6-GT platform, in anticipation of the future redevelopment of Zone K6/L7, was completed.

In 2006, the K4-A5 well was drilled and began production. The F15-A6 well was drilled and is in the process of being connected.

Major maintenance work was carried out in 2005 and 2006 on the K6 facilities, with the support of the Seafox self-elevating platform.

The Luttelgeest exploration well was drilled in 2004. The F12-4 exploration well was drilled in 2005 and 2006. The Zuidwal A-10 appraisal well was drilled in 2004 and 2005.

United Kingdom

TOTAL has been present in the UK since 1962. The Group's production amounted to 282 kboe/d in 2006, down from 307 kboe/d in 2005 and 332 kboe/d in 2004. The UK contributes approximately 12% of the Group's oil and gas production, coming principally from three major zones: Alwyn, Elgin-Franklin and Bruce.

The Elgin-Franklin zone, which has been in production since 2001, has made a significant contribution to the Group's activities in the UK. This project, one of the largest investments made in the British North Sea in the past twenty years, 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.

In 2007, TOTAL obtained two permits as operator (Blocks 206/3 and 206/4, 36%) west of the Shetland Islands and another permit (Block 3/8f, 100%) north of Dunbar from the 24th licensing round launched by the UK Department of Trade and Industry.

In 2005, TOTAL acquired the right to obtain a 25% interest in two zones located near Elgin-Franklin by drilling an appraisal well on the Kessog structure. Drilling began near the end of 2006. Depending on the results of this appraisal well, TOTAL has an option to increase its interest in these zones (Blocks 30/1b and 30/1c) to 50%.

The Forvie Central well discovered small oil and gas columns. The Jura West well (Block 3/15) discovered gas on more than 300 meters of Brent quality reservoirs and is believed to be a significant discovery. This well is expected to be connected to the Forvie North sub-sea collector, which is connected to the NAB processing platform on the Alwyn North field. Production is expected to begin in 2008.

TOTAL disposed of its share in Peik (PL088), which is partially located in Norway, in the first quarter 2007.

Development of the Elgin (Glenelg – 49.5%, operator) and Franklin (West Franklin – 46.2%, operator) satellites began in 2005, with the drilling of the Glenelg long-offset well, which reached its final depth late in 2005. Both wells have been completed. The Glenelg well began production in March 2006.

Production from the West Franklin well, which was drilled in 2006, is expected to start in the second quarter of 2007.

The development of the Maria field (Block 16/29a) is continuing, with production scheduled to begin in the second half of 2007.

In December 2005, the UK Department of Trade and Industry and the Norwegian Ministry of Petroleum approved the removal of the surface modules from the MCP01 platform. Work on this multi-year program to decommission the Frigg facilities and restore the site continues.

Late in 2005, the British government decided to increase the Supplementary Corporation Tax on oil and gas operations. As a result, the Corporation Tax increased from 40% to 50%. For fields subject to the Petroleum Revenue Tax, the overall tax burden increased from 70% to 75%. This tax increase, which was adopted mid-2006, became effective at the beginning of 2006.

Middle East

TOTAL has been developing long-term partnerships in the Middle East for eighty years. TOTAL's 2006 share of production in the Middle East (including the production of equity affiliates and unconsolidated subsidiaries) increased by 2% compared to 2005, primarily due to the increase in production from the United Arab Emirates. It reached 406 kboe/d in 2006 (representing 17% of the Group's overall production), compared to 398 kboe/d in 2005 and 412 kboe/d in 2004. Between 2003 and 2006, TOTAL has developed its LNG activities, launching the Yemen LNG project and acquiring an interest in the Qatargas II project.

Saudi Arabia

TOTAL has a 30% interest in a joint venture with state-owned Saudi Aramco for natural gas exploration in a 200,000 km² area in southern Rub Al-Khali. An initial five-year period of work began in January 2004. A 137,800 km² gravimetric survey was performed in 2004. An 18,250 km 2D seismic campaign, launched in 2004 on the same site, continued in 2005 before being completed late in 2006. A drilling rig was mobilized mid-2006 and the first exploration well was completed without encountering producible hydrocarbons.

United Arab Emirates

TOTAL's activities in the United Arab Emirates are located in Abu Dhabi and Dubai, where the Group's presence dates back to 1939 and 1954, respectively. TOTAL's production in 2006 reached 267 kboe/d, compared to 249 kboe/d in 2005, and 246 kboe/d in 2004.

In Abu Dhabi, TOTAL holds a 75% interest (operator) in the Abu Al Bu Khoosh field. TOTAL is also a 9.5% shareholder in the Abu Dhabi Company for Onshore Oil Operations (ADCO), which operates the Asab, Bab, Bu Hasa, Sahil and Shah onshore fields, as well as a 13.3% shareholder in Abu Dhabi Marine (ADMA), which operates the Umm Shaif and Lower Zakum offshore fields.

TOTAL holds a 15% interest in Abu Dhabi Gas Industries (GASCO), a company that produces butane, propane, and condensates from the associated gases produced by onshore fields. TOTAL also holds 5% of the Abu Dhabi Gas Liquefaction Company (ADGAS), a company that produces LNG, LPG, and condensates from the natural gas produced by offshore fields.

The Group also has a 33.3% interest in Ruwais Fertilizer Industries (FERTIL), which produces ammonia and urea from methane supplied by the Abu Dhabi National Oil Company (ADNOC).

In Dubai, TOTAL holds a 27.5% interest in the Fateh, Falah and Rashid fields through the combination of its 50% interest in Dubai Marine Areas Limited (DUMA, which holds 50% of the concession offshore Dubai), and its 2.5% interest held directly by Total E&P Dubai. An agreement was reached to relinquish this concession at the beginning of April 2007.

TOTAL is also a shareholder (24.5%) in Dolphin Energy Limited, which is expected, in the summer of 2007, to begin the United Arab Emirates marketing of the natural gas produced by the Dolphin project in Qatar. Natural gas sales agreements for this project were signed in 2003 and 2005, and the Qatari authorities approved the final development plan in December 2003.

Iran

TOTAL signed the first buyback contract for the development of the Sirri A&E fields in 1995. The Group's production amounted to 20 kb/d in 2006, down from 2005 (23 kb/d) and 2004 (26 kb/d), due principally to both the effect of the increase in oil prices and the end of reimbursement for certain buyback contracts (Balal and Sirri). The Group's share of production comes from four buyback contracts, on the Sirri, South Pars, Balal, and Dorood fields.

The Sirri A&E fields (60% interest in foreign consortium) have been operated by the state-owned National Iranian Oil Company (NIOC) since 2001. The Group's reimbursement under this contract should be completed in 2007, as the final amounts due by NIOC were agreed upon late in 2006.

Average production (in 100%) from phases 2 and 3 of the offshore South Pars gas and condensate field (40% interest in foreign consortium) was slightly less than 2,000 Mcf/d and 90 kboe/d in 2006, equal to production in 2005 but down from 2004, due to major maintenance work that began in 2005, continued in 2006 and is now complete. Production operations have been conducted by NIOC since 2004.

The development of the Balal offshore oil field (through a 46.8% interest in a foreign consortium) was completed, and the facilities were transferred to NIOC in 2004.

The development of the Dorood field (through a 55% interest in a foreign consortium) is nearly completed, with the additional adjustment work needed following start-up underway.

In 2004, TOTAL signed several agreements with its partners creating the framework for the Pars LNG liquefied natural gas future project and its principal commercial terms. These agreements outline the relationship between the Pars LNG plant (40%), in charge of the liquefaction activities, and Block 11 of South Pars (80%), expected to supply gas to the liquefaction plant. The project calls for the initial construction of two trains, each with a capacity of 5 Mt/y of LNG, to be followed by the construction of a third train with the same capacity. It is expected that the purchasers of LNG from the project will also become partners in the project.

Pursuant to the agreed framework, engineering studies for the natural gas liquefaction plant and the development of Block 11 of South Pars were launched in 2005 and the bidding process to award the principal supply and construction contracts began in July 2006.

Kuwait

Since 1997, the Group has been providing technical assistance for the upstream activities of state-owned Kuwait Oil Company (KOC) under an agreement renewed late in 2006.

The Group also holds a 20% interest in the consortium formed to participate in the bidding process opened to international oil companies for production activities on oil fields in northern Kuwait.

Oman

TOTAL is present in Oman on Blocks 6 and 53, and in the Oman LNG/Qalhat LNG gas liquefaction plant. Production averaged 35 kboe/d in 2006, compared to 36 kboe/d in 2005 and 40 kboe/d in 2004.

On Block 6, operated by Petroleum Development Oman (PDO), in which TOTAL holds a 4% interest, oil production in 100% averaged 589 kb/d in 2006, down from 631 kb/d in 2005.

Development of the Mukhaizna heavy oil field on Block 53 (2%) was launched in 2006 pursuant to the production sharing contract signed in 2005. Production for 2006 averaged 9.5 kb/d in 100%.

The two liquefaction trains of Oman LNG (5.54%) produced 6.7 Mt in 2006. The third liquefaction train, commissioned late in 2005 and owned by a new company, Qalhat LNG, produced 2.2 Mt in 2006 (2.04%, Group interest through Oman LNG).

Qatar

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. TOTAL's production in Qatar (including its share in the production of equity affiliates) averaged 58 kboe/d in 2006, compared to 57 kboe/d in 2005 and 2004.

After the third phase of development on the North zone was completed on the Al Khalij field (100%) in 2004, efforts to maintain production contributed to production of 42 kb/d (in 100%) in 2006.

TOTAL holds a 20% interest in the upstream operations of Qatargas I, which produces natural gas and condensates on a block in the North field. The Group also owns a 10% interest in the Qatargas I liquefaction plant. A de-bottlenecking project was completed in June 2005, raising the production capacity for the three trains to nearly 10 Mt/y. Production in 2006 reached 9.9 Mt, compared to 9 Mt in 2005.

In December 2001, the Group signed a contract with state-owned Qatar Petroleum providing for the sale of 2,000 Mcf/d of gas from the North field, produced by the Dolphin project (24.5%), for a 25-year period. This gas is expected to be transported to the United Arab Emirates through a 360 km gas pipeline. The final development plan was approved in December 2003 by the Qatari authorities and the construction contracts were awarded in 2004. Construction progressed on both the Ras Laffan Industrial City site and the offshore section. Production is scheduled to begin in the summer of 2007.

In February 2005, TOTAL signed a memorandum of understanding to acquire a 16.7% interest in the second train of Qatargas II. This

integrated project intends to develop two new LNG trains, each with an annual capacity of 7.8 Mt. In July 2006, TOTAL signed four contracts to purchase 5.2 Mt/y of LNG on behalf of the Group. In December 2006, TOTAL formalized its acquisition of the 16.7% in the second train of Qatargas II. The project is scheduled to begin operations in the winter of 2008/2009.

In July 2005, TOTAL announced a project to locate a Research Center in the Qatari Scientific and Technical Complex, which is expected to be completed in 2007.

Syria

TOTAL has been present in Syria since 1988 and is the operator of nearly 10% of the country's production.

The Deir Ez Zor permit (100%, operated by DEZPC, 50% of which is held by TOTAL) is the Group's only remaining asset in Syria since the expiration of the BOT (build, operate, transfer) contract for the Deir Ez Zor gas and condensates reprocessing plant (50%) whose facilities were transferred to state-owned SGC (Syrian Gas Company) on January 1, 2006.

In 2006, the Group's production from the Deir Ez Zor permit was 17 kboe/d, down from that in 2005. The decline of this field is being mitigated by a campaign of additional drilling on the principal fields, Jafra and Qahar, and by the start-up of oil production on the Tabiyeh field.

Yemen

TOTAL has been present in Yemen since 1987 and operates approximately 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%).

A new production record was set in 2006 on the East Shabwa permit, with 40 kb/d in 100%, 25 kb/d of which came from the "basement" zone, whose development was launched in 2003. Production increased 21% compared to 2005, and 66% compared to 2004. Development of the basement is expected to continue through 2007 and 2008 in order to take full advantage of this discovery.

TOTAL's production also comes from its share in the Jannah permit, where production averaged 45 kb/d (in 100%) in 2006, stable compared to the previous years.

The Yemen LNG liquefied natural gas project, operated by Yemen LNG, a company in which TOTAL (39.62%) is the principal shareholder, was officially launched in August 2005. This project calls for the construction of two liquefaction trains with a combined capacity of 6.9 Mt/y. Operations are expected to begin late in 2008.

Yemen LNG signed three long-term LNG sales contracts in 2005, one each with Total Gas & Power Ltd (2 Mt/y) and with Suez (2.5 Mt/y) for deliveries to the United States over a 20-year period to begin in 2009, and the third with Kogas (2 Mt/y) to be delivered to South Korea, also for a 20-year period.

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, 2006 Pipeline(s)	Origin	Destination	% interest	TOTAL operator	Liquids	Gas
FRANCE						
TIGF	Network South West		100.00	x		x
NORWAY						
Frostpipe (inhibited) Gassled ^(a)	Lille-Frigg, Froy	Oseberg	36.25 8.09		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 et C	Vestprosess (Mongstad refinery)	3.70		x	
NETHERLANDS						
Nogat pipeline	F15A	Den Helder	23.19			x
West Gas Transport	K13A-K4K5	Den Helder	4.66			x
WGT 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
Interconnector	Bacton	Zeebrugge (Belgium)	10.00			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	Uruguayana (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	
United States						
Canyon Express ^(c)	Aconcagua	Williams Platform	25.80	x		x
ASIA						
Yadana	Yadana (Myanmar)	Ban-I Tong (Thai border)	31.24	x		x
REST OF THE WORLD						
BTC	Baku (Azerbaijan)	Ceyhan (Turkey)	5.00		x	
SCP	Baku (Azerbaijan)	Georgia/Turkey Border	10.00			x
Dolphin (project)	Ras Laffan (Qatar)	Taweelah (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 8.086%. In addition to the direct share in Gassled, TOTAL has a 14.4% interest in the joint-stock company Norseas Gas AS, which holds 2.839% in Gassled.

(b) Interest of Total Gabon. The Group has a financial interest of 58% in Total Gabon.

(c) Asset sold early in 2007.

Gas & Power

The Gas & Power division encompasses the marketing, trading, transport and storage of natural gas and liquefied natural gas (LNG), LNG re-gasification and the maritime transport and trading of liquefied petroleum gas (LPG). It also includes power generation from combined cycle plants and renewable energies, the trading and marketing of electricity as well as the production and marketing of coal. TOTAL is continuing to develop its global presence in each of these activities.

Natural Gas

In 2006, 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 U.K., 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 on 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 logistical 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). Today, TOTAL's objective is to become a leading supplier of gas to European industrial and commercial customers.

Since April 2005, the Group's transport and storage activities in southwest France have been brought under a wholly-owned subsidiary, TIGF, which operates a regulated transport network of 4,905 km of pipelines and two storage units with a combined usable capacity of 85 Bcf (2.4 Bm³), approximately 20% of the overall natural gas storage capacity in France⁽¹⁾.

Highlights of 2006 included the inauguration of the Euskadour pipeline (TIGF, 100% of the portion in France). This pipeline, whose construction was approved in 2003, is the second pipeline to connect the Atlantic coasts of Spain and France.

In 2006, TOTAL sold 243 Bcf (6.9 Bm³) of natural gas to French customers through its marketing subsidiary Total Énergie Gaz (TEGAZ), compared to 260 Bcf (7.4 Bm³) in 2005 and 268 Bcf (7.6 Bm³) in 2004.

In Spain, since 2001, TOTAL has marketed gas in the industrial and commercial sectors through its participation in CEPSA Gas Comercializadora. This company is held by TOTAL (35%), CEPSA (35%) and the Algerian national company Sonatrach (30%). Taking into account TOTAL's 48.83% interest in CEPSA, TOTAL has a direct and indirect interest of approximately 52% in this company. In 2006, CEPSA Gas Comercializadora sold approximately 119 Bcf (3.4 Bm³) of natural gas, compared to approximately 63 Bcf (1.8 Bm³) in 2005 and 35 Bcf (1 Bm³) in 2004. CEPSA is participating in studies for the Medgaz gas pipeline project, planned to directly connect Algeria and Spain, through its 20% interest, which gives TOTAL an indirect interest of 10% in the project. The Group relinquished its direct participation in the project in 2006.

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 2006, Total Gas & Power Ltd marketed 135 Bcf (3.8 Bm³) of natural gas to industrial and commercial customers, compared to 189 Bcf (5.4 Bm³) in 2005 and in 2004. Electricity sales in 2006 amounted to 3.2 TWh in 2006, compared to 1.7 TWh in 2005 and 1.3 TWh in 2004. In addition, TOTAL holds a 10% interest in Interconnector UK Ltd, a gas pipeline connecting Bacton in the United Kingdom to Zeebrugge in Belgium.

(1) Source: International Gas Union 2006.

The Americas

In the United States, TOTAL sold approximately 925 Bcf (26.2 Bm³) of natural gas in 2006, compared to 621 Bcf (17.6 Bm³) in 2005 and 530 Bcf (15 Bm³) in 2004, supplied by its own production and external sources.

In Mexico, Gas del Litoral, a company in which TOTAL holds a 25% interest, sold approximately 25.5 Bcf (0.7 Bm³) of natural gas 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 put TOTAL's Argentine subsidiaries in difficult financial and operational situations. In 2006, TOTAL continued its efforts to preserve the value of these subsidiaries' assets. In particular, TGN's debt was restructured after approval by 99.4% of the company's creditors. This restructuring reduced TGN's debt from \$657 million dollars to \$454 million dollars and diluted shareholders' interests, with TOTAL's interest decreasing from 19.2% to 15.4%.

Asia

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

In India, highlights of 2006 included the marketing of 0.8 Bm³ of natural gas from the Hazira terminal. This represents, after re-gasification, the equivalent of approximately 600,000 tons of LNG which was supplied through the international LNG spot market.

In Japan, TOTAL holds a 3% stake in DME-Development and a 6% stake in DME-International, along with nine Japanese corporate partners. These companies aim to develop a new process to obtain DiMethyl Ether (DME), an environmentally-friendly liquid fuel, by conversion of natural gas into carbon monoxide and hydrogen followed by a chemical transformation of this synthetic gas. A pilot plant with a capacity of 100 tons per day of DME was built in Kushiro, on the Hokkaido Island, where several tests were performed between 2004 and 2006. The various tests conducted at the plant since then have enabled DME-Development to confirm the potential of this new technology. DME production since the

(1) The Exploration & Production division conducts natural gas liquefaction activities.

start-up of the plant totaled 20,000 tons as of the end of 2006. In 2006, DME-International continued to pursue feasibility studies for the construction of commercial production units.

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, United Kingdom) and Asia (India). With these agreements in place, TOTAL is positioned to develop new natural gas liquefaction projects, notably in the Middle East.

Europe

In June 2006, TOTAL acquired a 30.3% interest in the Société du Terminal Méthanier de Fos Cavaou (STMFC). This re-gasification terminal is scheduled to start receiving LNG deliveries at the end of 2007. In the future, the terminal is expected to have a re-gasification capacity of 8.25 Bm³ per year (6.1 Mt/y), of which 2.25 Bm³ per year (1.7 Mt/y) have been reserved by Total Gas & Power Ltd.

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.

In addition, as part of the Snøhvit project (Norway), Total Gas & Power Ltd signed an agreement in 2004 to purchase 1 Bm³ per year (0.7 million of tons per year) of LNG intended mainly for marketing in North America and Europe. TOTAL holds an 18.4% interest in the Snøhvit liquefaction plant currently under construction. The first deliveries are expected in the last quarter of 2007. TOTAL (through its subsidiary Total Norge) has chartered an LNG tanker, the Arctic Lady, to transport this LNG. This tanker was built by Mitsubishi Heavy Industries in Nagasaki (Japan) and was delivered to TOTAL in April 2006.

North America

In Mexico, the construction of the Altamira re-gasification terminal, in which TOTAL holds a 25% interest, was completed on schedule during the summer of 2006. This new terminal, located on the east coast of Mexico, has an initial LNG re-gasification capacity of 6.7 Bm³ per year (1.7 Bm³ TOTAL share), and started its commercial operations at the end of September 2006.

In the United States, under an agreement signed in November 2004 to reserve re-gasification capacity at the Sabine Pass LNG terminal in Louisiana, TOTAL has reserved a re-gasification capacity of 10 Bm³ (1 Bcf per day), beginning in April 2009 for a renewable 20-year period. The construction of this terminal, which began in April 2005, is due 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 capacity of approximately 3.4 Bm³ per year. 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 2005 and 2006 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. Twelve cargoes were delivered in 2006, compared to three in 2005.

Middle East

In Qatar, pursuant to heads of agreement signed in February 2005, TOTAL signed purchase contracts 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 in France, the UK and North America. In December 2006, TOTAL concluded an agreement to acquire a 16.7% interest in the second train of Qatargas II.

In Yemen, through its wholly-owned subsidiary Total Gas & Power Ltd, TOTAL, 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.

In Iran, as part of the agreements for the Pars LNG project (in which TOTAL has a 40% interest), Total Gas & Power Ltd signed a long-term purchase agreement for approximately 3 Mt/y of LNG. This agreement is conditioned upon the final investment decision for the project regarding the construction of two liquefaction trains, each with a capacity of 5 Mt/y.

Africa

In Nigeria, train 4 of Nigeria LNG Ltd (NLNG), a company in which TOTAL holds a 15% interest, began operations in November 2005, followed by train 5 in February 2006. These two additional trains, with a liquefaction capacity of 4 Mt/y of LNG each, increased the total nominal capacity of the plant to 17.9 Mt/y. TOTAL took delivery of its first LNG shipment from Nigeria in January 2006, under a contract providing for 0.23 Mt/y of LNG over a 20-year period.

In July 2004, in connection with NLNG's decision to build a sixth gas liquefaction train at its Bonny plant (Nigeria), TOTAL, through its subsidiary Total Gas & Power, purchased an additional 0.9 Mt/y of LNG over a 20-year period to be added to the initial 0.23 Mt/y from other trains. Deliveries from train 6 are scheduled to start in 2007. TOTAL also conducted negotiations for a LNG purchase contract for an additional 1.375 Mt/y over a 20-year period to be supplied by another new train (train 7). The agreement is expected

to be signed in the first half of 2007 and is subject to final investment decision for the new train, which has a planned capacity of 8.5 Mt/y and is scheduled to begin deliveries early in the next decade.

In October 2006, TOTAL acquired a 17% interest in the Brass LNG project to construct two liquefaction trains, each with a capacity of 5 Mt/y, scheduled to begin deliveries in 2011. In connection with the acquisition of this interest, in July 2006 TOTAL signed a preliminary agreement with Brass LNG Ltd setting forth the principal terms for a LNG purchase contract for 1.65 Mt/y over a 20-year period, destined mainly for North America and Western Europe. As is the case for purchase contract for train 7 of NLNG, this purchase contract for Brass LNG would also be subject to final investment decision for the project, which is scheduled to begin deliveries early in the next decade.

Trading

TOTAL's subsidiary Total Gas & Power Ltd has been trading LNG cargos since 2001. This activity provides TOTAL with flexibility in the supply of gas to its main customers. Suppliers are the main liquefaction plants which produced more LNG than they were required to deliver under their long-term sales agreements (Nigeria, Oman, Abu Dhabi, Algeria and Egypt). The customers for these cargos are located primarily in France, Spain and Asia (India, Japan and Taiwan). TOTAL sold nineteen spot cargos in 2006, compared to thirteen in 2005 and seven in 2004.

Liquefied Petroleum Gas (LPG)

The Gas & Power division conducts LPG (butane and propane) trading and marketing activities.

In 2006, TOTAL traded and sold 5.8 Mt of LPG (butane and propane) worldwide (compared to 5 Mt in 2005 and 4.8 Mt in 2004), of which approximately 1.2 Mt in the Middle East and Asia, approximately 1 Mt in Europe on small coastal trading vessels and approximately 3.7 Mt on large vessels in the Atlantic and Mediterranean regions. Nearly half of these quantities originated from fields or refineries operated by the Group. LPG trading involves the use of six time-charters and approximately 60 spot charters. In 2006, this activity represented approximately 11% of worldwide seaborne LPG trade⁽¹⁾.

In 2006, 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 is expected to start commercial operations mid-2007 and has a planned storage capacity of 60,000 tons and a planned off-take capacity of 1.2 Mt/y. TOTAL has a 50% interest in this project in partnership with Hindustan Petroleum Company Ltd.

(1) Source : Poter & Partners - LPG IN WORLD MARKETS - Yearbook 2006.

Power 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 in gas-fired power 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 power 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 a total power generation capacity of 1,430 MW and a water desalination capacity of 385,000 m³ per day. Near the end of 2006, it was decided to develop an additional 250 MW of capacity, which is expected to enter into operation in 2009.

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 Argentina, in November 2006 TOTAL sold its 63.9% interest in Central Puerto SA, a company which owns and operates gas-fired power stations in Buenos Aires and in the Neuquén region, with a total capacity of 2,165 MW. In December 2006, TOTAL also sold its 70% interest in Hidroneuquen, a company owning a 59% interest in a hydroelectric dam located in the Neuquén region.

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

- The Afam project, part of the SPDC joint-venture in which TOTAL holds a 10% interest, concerns the upgrading of the Afam V power plant capacity, to 276 MW, and the development of the Afam VI power plant, with a planned capacity of approximately 600 MW; and
- The OML 58 project, part of the EPNL 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.

In the UK, in September 2005 TOTAL sold its 40% interest in Humber Power Ltd, which owns a gas-fired combined-cycle power station.

Renewable Energy

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

Solar-photovoltaic power

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

In January 2006, TOTAL increased its interest in Photovoltech from 42.5% to 47.8%, a company specialized in manufacturing photovoltaic cells. Photovoltech sales rose to approximately 44 M€ in 2006, from 25 M€ in 2005. Due to strong demand for and the successful marketing of its products, Photovoltech is planning to increase its total production capacity from 20 MWp/y to 80 MWp/y by the end of 2007. Civil engineering for the new production facilities to increase capacity began in the fall of 2006.

TOTAL holds a 50% interest in TENESOL, its partnership with EDF, which designs, manufactures, markets and operates solar-photovoltaic power systems. TENESOL's consolidated sales decreased by approximately 8% between 2005 and 2006, amounting to approximately 134 M€ in 2006, compared to 145 M€ in 2005, the equivalent of an installed capacity of 33 MWp. Its principal markets are for network connections in Europe (Germany and Spain) and for decentralized rural electrification and telecommunication systems in the French Overseas Territories. TENESOL owns two solar panel manufacturing plants: TENESOL Manufacturing in South Africa, with an annual production capacity of 35 MWp, and TENESOL Technologies in the region of Toulouse, France, with an annual production capacity of 15 MWp.

TOTAL is pursuing decentralized rural electrification activities by responding to call for tenders from authorities in several countries, including Mali, Morocco, Senegal and South Africa.

In South Africa, an ongoing project to equip 15,000 households, led by Kwazulu Energy Service Company (TOTAL, 35%), had equipped nearly 9,000 households by the end of 2006.

In Morocco, Temasol, in which TOTAL has indirect interests through Total Maroc (32.2%) and TENESOL (35.6%), continued work on a project awarded in May 2002 to equip 16,000 households. In 2004, Temasol was also awarded a project to equip 37,000 households. In 2005, it was awarded part of a project to equip an additional 5,500 households. At the end of 2006, approximately 24,000 of the total of 58,500 households covered by these projects were equipped, compared to 20,000 at the end of 2005 and 10,000 at the end of 2004.

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, the United Kingdom and Spain.

Mardyck, commissioned in November 2003, has a capacity of 12 MW and produced approximately 25.2 BWh of electricity in 2006, compared to 26.4 BWh in 2005. It is designed to allow comparison of different technologies at the same site in order to prepare for possible larger scale offshore or onshore projects in the future.

In December 2005, after a call for tenders, TOTAL was selected by the French Ministry of Industry for an onshore wind power project with a planned capacity of 90 MW to be built in Aveyron region. Pursuant to the terms of the bid, the project is subject to obtaining a construction permit. The public consultation for this project began in January 2007, and the wind farm is expected to begin operations in 2009. Work on this project will be conducted by the Éoliennes de Mounès company, in which TOTAL has a 50% interest.

TOTAL is also preparing for the development of a wind farm with a 120 MW capacity offshore Dunkirk, France. This project, in which TOTAL holds a 50% interest, should benefit from the power purchase terms set in the tariff order released on July 10, 2006.

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. In 2006, the project decided to build and test its first buoy, which should allow to determine the final size of the project, as well as its planned generation capacity. This pilot project is expected to provide information necessary to assess the technical and economic potential of this technology.

TOTAL has a 21.5% interest in Scotrenewables Marine Power, a company, located in the Orkney Islands in Scotland (UK). This company is developing tidal current energy converter technology.

Coal

For more than 25 years, TOTAL has exported steam coal from its mines located in South Africa, primarily to Europe, North America 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 trading subsidiaries Total Coal International (Atlantic zone), Total Energy resources (Pacific zone) and CDF Énergie (France).

TOTAL sold approximately 9.2 Mt of coal worldwide in 2006 (compared to 9.5 Mt in 2005 and 11.3 millions of tons in 2004), of which 4.4 Mt was South African steam coal produced by the Group. Approximately 75% of the Group's South African coal production was sold to European utility companies and approximately 12% was sold in Asia.

The Group's South African coal is exported through the port of Richard's Bay, the world largest coal terminal, of which 5.7% is owned by TOTAL. On the South African domestic market, sales amounted to 0.6 Mt in 2006, primarily intended for the industrial and metallurgic sectors.

In parallel, Total Coal South Africa (TCSA) is developing new mines, including the construction of the Forzando South mine, which was completed near the end of 2006 and which is expected to reach its planned production capacity of 1.2 Mt/y by 2009.

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. Of the 2.6 Mt of coal traded in 2006, 62% was sold in Asia.

In France, TOTAL, through its subsidiary CDF Énergie, is an important steam coal distributor in the industrial sector (paper, cement, agro-food, residential heating, etc.), with sales of 2.2 Mt in 2006, originating from diverse sources outside the Group, compared to 2 Mt in 2005.

Downstream

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

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

No. 1 in African marketing⁽²⁾

Refining capacity of approximately **2.7 Mb/d** at year-end 2006

Nearly **17,000** retail stations at year-end 2006

Approximately **3.8 Mb/d** of products sold in 2006

One of the leading worldwide traders of oil and refined products

1.78 B€ invested in 2006

34,467 employees

Downstream segment financial data

(in M€)	2006	2005	2004
Non-Group sales	113,887	99,934	86,896
Adjusted operating income	3,644	3,899	3,235
Adjusted net operating income	2,784	2,916	2,331

Conditions in the oil market remained globally favorable in 2006. Refinery margins, while lower than in 2005, remained on average at satisfactory level.

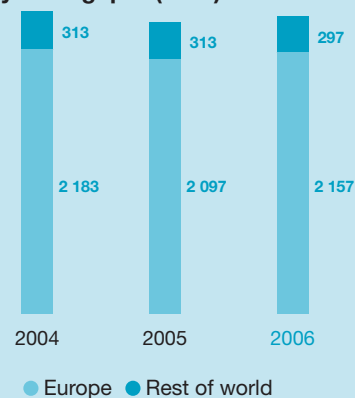
In 2006, the downstream net operating income averaged 2,784 M€ compared to 2,916 M€ in 2005, down from 5%.

Expressed in dollars, the downstream adjusted net operating income averaged \$3.5 billion, down from \$0.1 billion compared to 2005. This evolution is notably due to the impact of the weaker refining environment, partially offset by favorable market effects (-\$0.65 billion), the impact of performance improvement (approximately \$0.3 billion) and the positive effect (an estimated \$0.25 billion) of the recovery after the disruption of activities in 2005 (strikes in France and consequences of Hurricane Katrina in the United States).

(1) Company sources, Oil and Gas Journal of December 18, 2006.

(2) Company sources, PFC Energy, December 2006.

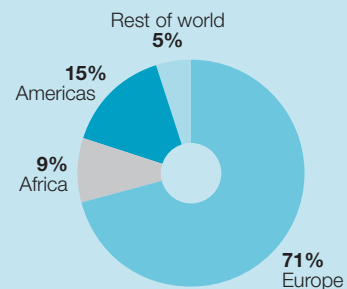
Refinery throughput (kb/d) *



* Including Group's share in CEPESA.

In 2006, refinery throughput averaged 2,454 kb/d compared to 2,410 kb/d in 2005, up 2%. Refinery utilization rate was 88% in 2006.

2006 refined products sales by geographical area: 3,786 kb/d*



* Including trading activities and Group's share in CEPESA.

Refining & Marketing

As of December 31, 2006, TOTAL's worldwide refining capacity was 2,700 thousand barrels per day (kb/d). The Group's refined products sales worldwide were 3,786 kb/d (including trading activities), compared to 3,792 kb/d in 2005 and 3,761 kb/d in 2004. 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, 2006, TOTAL's marketing network consisted of 16,534 retail stations worldwide (compared to 16,976 in 2005 and 16,857 in 2004), of which approximately 50% are owned by the Group. TOTAL's refineries also 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.

Since 2004 TOTAL has pursued a sustained refining investment program to respond to changes in the oil market. This program, initiated with the construction of a distillate hydrocracker (DHC) at the Group's refinery in Normandy, France, continued in 2006 with the launch of engineering studies for two major projects: the construction of a full-conversion refinery in Saudi Arabia and the construction of a deep conversion unit at the Port Arthur, Texas, refinery. Under this program, the Group plans to invest an average of 1 B€ per year in refining over the 2006-2010 period (excluding capitalization of turnarounds).

For its marketing activities, the Group's strategy is to strengthen its positions in Europe and Africa and to pursue targeted growth in certain other markets, in particular in Asia.

Refining

As of December 31, 2006, TOTAL held interests in 27 refineries (including thirteen that it operates), located in Europe, the United States, the French West Indies, Africa and China.

TOTAL's refining capacity in Western Europe is 2,342 kb/d, accounting for more than 85% of the Group's global refining capacity and making TOTAL the leading refiner in this region. TOTAL operates twelve refineries in Western Europe. Six are located in France, one in Belgium, one in Germany, two in the United Kingdom, one in Italy and one in the Netherlands. TOTAL also has minority interests in another German refinery (Schwedt) as well as interests in four Spanish refineries through its holdings in CEPSA.

In the United States, TOTAL operates the Port Arthur, Texas, refinery near the Gulf of Mexico, which has a production capacity of 174 kb/d.

TOTAL, Sinochem and PetroChina have been in partnership for more than ten years in the WEPEC refinery located in Dalian

(China), whose annual refining capacity averages 219 kb/d. TOTAL holds a 22.41% interest in this refinery.

From 2006 to 2010, TOTAL plans to invest approximately 5 B€ in refining, excluding capitalization of turnarounds. Nearly 40% is designated for projects to increase refining capacities and for conversion projects to upgrade heavier crudes. Nearly 20% is designated for developing units and desulphurization to process high-sulphur crudes. Finally, approximately 30% is designated for modernizing refining sites, improving safety and energy efficiency and reducing environmental impacts.

- Concerning growth and conversion, two major projects were initiated in Saudi Arabia and the United States in the first half 2006.

TOTAL and The Saudi Arabian Oil Company (Saudi Aramco) signed a Memorandum of Understanding (MOU) related to a project for the construction and operation of a refinery with a capacity of 400 kb/d in Jubail, Saudi Arabia. This full-conversion refinery is being designed to process Arabian Heavy crude and produce high-quality refined products adapted for all markets, mainly for export. A comprehensive joint Front-End Engineering and Design (FEED) study was undertaken in July 2006. Saudi Aramco and TOTAL agreed to form a joint-venture company in which Saudi Aramco and TOTAL would each hold 35% and the remaining 30% would be listed on the Saudi stock exchange, subject to the approval of the relevant authorities, at the end of the FEED (beginning of 2008). Start-up of the refinery is scheduled for 2011.

TOTAL launched studies for the construction of a deep conversion unit or "coker" at the Port Arthur refinery in the United States. This project is being designed to upgrade heavy crudes and produce lighter products for a structurally short American fuel market.

- Performance investments are designed to adapt TOTAL's refineries to changes in the European oil market: growing demand for diesel and increasing supply of high-sulphur crudes.

The first project of this type is the construction of a distillate hydrocracker (DHC) at the Normandy refinery in France. This unit, whose construction began in the spring of 2004, came on-stream successfully in 2006. The project represented a total investment of approximately 550 M€ over the 2003-2006 period, and also included, the construction of a hydrogen production unit.

(1) Source: *Oil and Gas Journal*, December 18, 2006.

(2) Company sources, *PFC Energy*, December 2006.

The Group also decided to build a desulphurization unit at the Lindsey (Immingham) refinery in the UK. This investment is being designed to raise the portion of high-sulphur crude that the plant can process from 10% to 70%. The unit is scheduled to begin operating in 2009. A second project to build a desulphurization unit at the Donges refinery in France is currently being studied. Commissioning is planned for 2010. A third project to construct a desulphurization unit at the Leuna refinery in Germany is also being studied.

In addition, CEPSA⁽¹⁾ has announced investments to improve the performance of its refineries, including the construction of a 2.1 Mt hydrocracker⁽²⁾ unit at the Huelva refinery in Spain. This unit is scheduled to begin operating near the end of 2009.

(1) Group's share in CEPSA: 48.8% as of December 31, 2006.

(2) To which should be added a crude distillation unit (CDU), a vacuum distillation unit (VDU) and a steam methane reformer (SMR).

- Investments are being made to modernize refining sites, improve safety and energy efficiency and reduce environmental impacts.

At the Dalian (China) refinery, a modernization program was launched to respond to changes in the volumes and quality of products demanded on national and international markets. A distillate hydrocracker with a planned capacity of 1.5 Mt/y is under construction and is scheduled to begin operating in the summer of 2007. A desulphurization unit with a 2 Mt/y capacity is also under construction. This investment should allow the refinery to meet new diesel specifications.

In 2006, two refineries operated by TOTAL were affected by major turnarounds, compared to six in 2005 and five in 2004.

Ten refineries are scheduled for major turnarounds operated throughout 2007.

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)	2006	2005	2004
<i>Refineries operated by the Group</i>			
Normandy (France)	331	331	328
Provence (France)	158	158	155
Flandres (France)	141	159	160
Donges (France)	230	229	231
Feyzin (France)	116	118	119
Grandpuits (France)	99	99	99
Antwerp (Belgium)	350	350	352
Leuna (Germany)	227	225	227
Rome (Italy) ^(b)	64	64	52
Immingham (United Kingdom)	221	221	223
Milford Haven (United Kingdom) ^(c)	74	73	73
Viissingen (Netherlands) ^(d)	81	84	84
Port Arthur, Texas (United States)	174	174	176
Subtotal	2,266	2,285	2,279
Other refineries in which the Group has an interest ^(e)	434	423	413
Total	2,700	2,708	2,692

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

(b) TOTAL's interest was 71.9% as of December 31, 2006 and 2005; TOTAL's interest was 57.5% as of December 31, 2004.

(c) TOTAL's interest is 70%.

(d) TOTAL's interest is 55%.

(e) Fourteen refineries in which TOTAL has interests ranging from 16.7% to 55.6% (seven in Africa, four in Spain, one in Germany, one in Martinique and one in China) and the Reichstett refinery in France in 2004.

Refined products

The table below sets forth by product category TOTAL's net share of refined product output.

(kb/d)	2006	2005	2004
Gasoline	532	534	580
Avgas and jet fuel	179	191	188
Kerosene and diesel fuel	660	639	712
Fuel oils and heating oils	582	593	552
Other products	455	406	419
Total^(a)	2,408	2,363	2 451

(a) Including TOTAL's share in CEPSA.

Utilization rate (crude refining only)	2006	2005	2004
	88%	88%	92%

Marketing

The Group is one of the leading marketers, in the combined six largest European markets (France, Spain, Benelux, United Kingdom, Germany and Italy)⁽¹⁾. TOTAL is also the largest marketer in Africa, with a market share of 11%, after acquiring distribution affiliates in fourteen African countries in 2005 and 2006.

(1) Company data, based on quantities sold.

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)	2006	2005	2004
France	837	852	882
Rest of Europe ^(a)	1,438	1,444	1,495
United States	264	256	257
Africa	274	260	245
Rest of world	153	151	129
Total excluding Trading	2,966	2,963	3,008
Trading (Balancing and Export Sales)	820	829	753
Total including Trading	3,786	3,792	3,761

(a) Including TOTAL's share in CEPSA.

Retail stations

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

As of December 31,	2006	2005	2004
France ^(a)	5,220	5,459	5 626
Rest of Europe (excluding CEPSA)	4,628	4,937	5 003
CEPSA ^(b)	1,672	1,677	1 697
Africa	3,562	3,505	3 199
Rest of world	1,452	1,398	1 332
Total	16,534	16,976	16 857

(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.

Western Europe

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

In France, the TOTAL-branded network has a diverse selection of products (such as the *Bonjour* convenience stores) and strong customer loyalty programs. As of December 31, 2006, the network in France consisted of approximately 2,600 TOTAL-branded retail stations in France and nearly 300 Elf-branded retail stations. Elf-branded retail stations offer quality fuels and basic services at prices that are particularly competitive. TOTAL also markets fuels at nearly 2,000 Élan-branded retail stations, generally located in rural areas.

In Germany, a major network reorganization program was completed in 2006, with the closing of 40 retail stations and the development of non-fuel sales. In the UK, a program launched in 2003 to rationalize sites and increase non-fuel sales continued in 2006. Non-fuel sales increased following the opening of approximately 20 *Bonjour* convenience stores. As of December 31, 2006, TOTAL had a network of 475 AS24-branded retail stations in 20 European countries. This network, dedicated to professional transporters, opened 43 new retail stations in 2006, mainly in Central and Eastern Europe.

TOTAL is among the leaders in Europe for fuel-payment credit cards, with approximately 3.5 million cards issued in 16 European countries. In 2006, more than 4.7 Mm³ of motor fuels were sold and paid for using TOTAL's credit card, compared to 4.5 Mm³ in 2005 and 4.4 Mm³ in 2004.

In 2006, TOTAL continued to expand its distribution in Europe of two new high-performance fuels branded TOTAL EXCELLIUM 98 and TOTAL EXCELLIUM diesel. These new generation fuels reduce fuel consumption and carbon dioxide emissions. With the launch of the EXCELLIUM range, TOTAL has acquired a significant share of the market for next generation fuels in Europe.

In 2005, TOTAL began distributing an urea-based additive called AdBlue intended for professional transporters in Europe. As of December 31, 2006, more than 130 TOTAL and AS24 retail stations were equipped to distribute bulk and conditioned urea. Between now and 2009, TOTAL expects to progressively expand its distribution of AdBlue to include a network of approximately 400 retail stations in 27 European countries.

Africa

TOTAL is present in more than 40 African countries and has interests in seven refineries.

In 2005, TOTAL strengthened its position in Africa through the acquisition of distribution affiliates in fourteen African countries (Djibouti, Eritrea, Ethiopia, Ghana, Guinea Conakry, Liberia, Malawi, Mauritius, Mozambique, Sierra Leone, Chad, Togo,

Zambia and Zimbabwe). This acquisition, completed in 2006, includes 500 retail stations and 29 terminals and depots with an overall capacity of 380,000 m³. Through this agreement, TOTAL has strengthened its presence in West Africa, consolidating its positions in East Africa and becoming the largest marketer of petroleum products in Africa.

Asia

TOTAL is present in nearly 20 Asian countries.

Building on their experience together at the Dalian refinery, in 2005 TOTAL and Sinochem decided to develop two retail station network partnerships in China. A joint-venture agreement, signed in March 2005, is designed to develop a network of 200 retail stations in Beijing and in the area north of the city. At the end of December 2006, 22 retail stations were operating. A second joint-venture agreement for the creation of a network of 300 retail stations in the provinces of Shanghai, Jiangsu and Zhejiang in eastern China was signed in September 2005. The first retail station opened in November 2006. These investments represent a major step forward in TOTAL's strategy of expanding its petroleum products marketing operations in China.

In July 2006, TOTAL strengthened its positions in the Pacific area through the acquisition of assets in Fiji, Samoa and Tonga. The acquisition includes a network of retail stations, approximately ten terminals and depots, as well as sales and distribution of fuel, lubricants, aviation and marine petroleum products. TOTAL also acquired assets in Cambodia in December 2006 to strengthen its existing activities. Both acquisitions remain subject to any necessary approval by the relevant authorities in each country.

In 2006, after the distribution of petroleum products was partially opened to foreign companies in Indonesia, TOTAL decided to develop a pilot network of five retail stations in Jakarta.

Other countries

TOTAL has activities in Turkey and in the Caribbean.

In 2004, TOTAL strengthened its positions in the Caribbean with the creation of two new subsidiaries in Jamaica and Puerto Rico. These new subsidiaries complement TOTAL's existing activities in Haiti, the French West Indies, Cuba and Costa Rica.

Specialties

TOTAL produces a wide range of refined petroleum products at its refineries and other facilities. TOTAL is among the leading companies in the European specialty products market, particularly in the bitumen, jet fuel and lubricant markets.

TOTAL markets lubricants in more than 150 countries. In 2006, TOTAL strengthened its positions in the lubricants market by signing supply agreements with car manufacturers Nissan and Honda. In September 2006, TOTAL entered into a joint-venture agreement with Veolia Group (TOTAL 35%) to build a 120 kt

capacity oil recycling plant in France. Commissioning of the plant is scheduled for 2008. In 2005, TOTAL and the Romanian company Lubrifin signed a joint-venture agreement (TOTAL 51%) to produce and market lubricants and greases intended for the automotive and industrial markets.

TOTAL continued to develop its liquefied petroleum gas (LPG) distribution activities on a worldwide scale, and is the fourth largest international distributor⁽¹⁾.

Bio-fuels and hydrogen

The Group plays an active part in the promotion of renewable energies and alternative fuels.

In 2006, TOTAL consolidated its position as an important oil and gas company active in biofuels in Europe by producing and incorporating 500 kt tons of ETBE⁽²⁾ in seven refineries⁽³⁾ (compared to 360 kt in 2005 and 310 kt in 2004) and incorporating 420 kt of VOME⁽⁴⁾ in diesel fuels at nine European refineries and several storage sites (compared to 310 kt in 2005 and 210 kt in 2004). In 2005, TOTAL signed a VOME supply contract with Sofiprotéol and Diester Industry for periodically increasing quantities reaching 600 kt/y.

In November 2006, TOTAL and several other parties (car manufacturers, oil companies, agricultural representatives, ethanol producers) signed the Superethanol E85 Development Charter, a charter to develop superethanol in France (fuel with up to 85% of ethanol from agricultural production, also called "flexfuel"). As part of this charter, TOTAL undertook to equip 200 to 275 retail stations to distribute flexfuel by the end of 2007. 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.

In 2006, TOTAL continued its research and testing programs for fuel cell and hydrogen fuels technologies. To this purpose, TOTAL entered into cooperation agreements for automotive applications (with BMW in March 2006, Renault in 2003 and Delphi in 2001) and for stationary applications (with Electrabel and Idatech in 2004). Under its partnership with BVG, the largest public transport company in Germany and the bus operator in Berlin, TOTAL created a Center of Excellence for Hydrogen in Berlin. The first consumer hydrogen fueling station opened in Berlin in March 2006. As part of the partnership with BMW, a second hydrogen fueling station opened in December 2006 near the car manufacturer's Innovation and Research Center. The construction of a third hydrogen fueling station in Europe is under study. TOTAL is also an active participant in the hydrogen technology platform program launched by the European Commission at the end of 2003, intended to promote the development of this technology in Europe.

(1) Company sources, on the basis of volumes sold.

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

(3) Including 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.

SALES & SUPPLY OF CRUDE OIL			
For the year ended December 31 (kb/d, except %)	2006	2005	2004
Sales of crude oil			
Total Sales	4,112	4,465	4,720
Sales to Downstream segment ^(a)	2,074	2,111	2,281
Sales to external customers	2,038	2,354	2,439
Sales to external customers as a percentage of total sales	50%	53%	52%
Supply of crude oil			
Total supply	4,112	4,465	4,720
Produced by the Group ^{(b)(c)}	1,473	1,615	1,686
Purchased from external suppliers	2,639	2,850	3,034
Production by the Group as a percentage of total supply	36%	36%	36%

(a) Excludes share of CEPSA.

(b) Includes condensates and natural gas liquids.

(c) Includes TOTAL's proportionate share of the production of equity affiliates.

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 operations are entered into with various counterparties.

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

In 2006, the principal market benchmarks stood at historically high levels:

		2006	2005	2004	min 2006		max 2006	
Brent ICE Futures - 1st Line ^(a)	(\$/b)	66.11	55.25	38.04	57.87	(2-Nov)	78.30	(7-Aug)
Gasoil ICE Futures - 1st Line ^(a)	(\$/t)	580.4	507.9	347.5	510.5	(12-Jan)	668.8	(10-Aug)
VLCC Ras Tanura Chiba — BITR ^(b)	(\$/t)	14.52	13.91	19.97	8.35	(6-Apr)	27.21	(25-Jan)

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

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

Throughout 2006, the Trading division maintained a level of activity similar to levels attained in 2004 and 2005, 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 Group activities. The Shipping division provides a 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 in order to manage its exposure to freight-rate fluctuations.

In 2006, the Shipping division of the Group chartered 3,170 voyages to transport approximately 127 Mt of oil. As of December 31, 2006, the Group employs a fleet made up of sixty-three vessels chartered under long-term or medium-term agreements (including six LPG tankers). The fleet is modern, with an average age of approximately five years and is predominately comprised of double-hulled vessels.

Throughout 2006, world crude tanker tonnage increased by 4.9%. This was the fourth consecutive year of high-growth in terms of available crude tonnage (+7.5% in 2005, +4.5% in 2004 and +5 % in 2003). Tonnage demand in 2006 was less sustained than the year before, due to the slowdown in the growth of global oil demand.

These trends reinforce a structural surplus of available tonnage, particularly in a situation where the orderbook reaches a historical record, both in absolute value (124 million deadweight tons) and as a percentage of the active fleet (30% of the global fleet, between 30% and 65% according to the different tanker segments).

On the crude tanker segment, after the seasonal rise observed during the last quarter of 2005, the chartering markets dropped significantly throughout the year 2006, apart from some volatile peaks. Following a strengthening of freight rates during the second and third quarter, the rates declined significantly after August 2006, particularly for VLCCs. The situations in both the crude and the petroleum products freight markets during the last quarter of 2006 thus were not comparable to the historical level observed at the end of 2004 and 2005.

The large number of deliveries expected in 2007, which should not be offset by the demolition of ships, should lead to an increase in tonnage supply (+5.8%)⁽¹⁾ greater than the increase in ton-miles (+3%)⁽¹⁾.

(1) Source: PIRA.

Chemicals

The Chemicals segment is organized into the Base Chemicals activities (petrochemicals and fertilizers) and the Specialties activities, which includes 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.A.'s shareholders approved the spin-off of Arkema which included vinyl products, industrial intermediates and performance products.

Since May 18, 2006, Arkema has been listed on Eurolist by Euronext Paris.

Pursuant to IFRS, historical income statement figures, with the exception of net income, and ROACE have been recalculated to exclude the contribution of Arkema.

CHEMICALS SEGMENT FINANCIAL DATA (in M€)	2006	2005	2004
Non-Group sales	19,113	16,765	14,886
Including Base Chemicals	12,011	10,245	8,864
Including Specialties	7,101	6,520	6,015
Adjusted operating income	1,215	1,148	960
Including Base Chemicals	623	580	505
Including Specialties	606	548	499
Adjusted net operating income	884 ^(a)	967 ^(a)	936 ^(a)
Including Base Chemicals	486	447	410
Including Specialties	381	345	302

(a) Includes deferred tax change related to Arkema activities of 18 M€ in 2006, 151 M€ in 2005 and 148 M€ in 2004.

In 2006, the Chemicals segment sales amounted to 19.11 B€ compared to 16.77 B€ in 2005 and 14.89 B€ in 2004. Europe accounted for 57% of the segment's overall sales for 2006 and North America for 24%. The remaining 19% of 2006 sales were principally realized in Asia and Latin America. Results for the segment in 2006 benefited from the healthy world demand and continued to progress in spite of the increase in raw materials and energy prices. Petrochemical margins, relatively poor during the first quarter of the year, gradually improved to reach high levels in the second semester, due to the combined effects of strong demand and a decrease in the price of naphtha.

In 2006, TOTAL's Chemicals segment pursued its plan of actions focusing on three key areas: on-the-job safety, safety management systems and major risk prevention.

(1) Company data, based on annual sales.

Base Chemicals

TOTAL's Base Chemicals activities encompass petrochemicals and fertilizers.

Sales reached 12.01 B€ in 2006, compared to 10.25 B€ in 2005 and 8.86 B€ in 2004. Demand remained strong throughout the year due to the favorable economic environment. In 2006, naphtha prices were very volatile, increasing markedly during the

first half of the year before decreasing significantly during the second half. As a result, margins markedly improved during the latter part of the year. Adjusted net operating income from Base Chemicals activities increased by more than 9% in 2006 compared to 2005 and by 9% in 2005 compared to 2004.

Petrochemicals

TOTAL's production capacities by main product groups and regions

(kt/y) As at December 31,	2006				2005	2004
	Europe	North America	Asia and Middle East ^(a)	Worldwide	Worldwide	Worldwide
Olefins ^(a)	5,185	1,195	655	7,035	7,005	7,055
Aromatics	2,600	930	725	4,255	4,125	4,040
Polyethylene	1,315	440	280	2,035	2,035	2,130
Polypropylene	1,205	1,070	145	2,420	2,420	2,305
Styrenics ^(b)	1,240	1,350	515	3,105	3,175	3,110

(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).

TOTAL's petrochemicals activities include olefins and aromatics (base petrochemicals) as well as polyethylene, polypropylene and styrenics. On October 1, 2004, Total Petrochemicals was created to regroup these activities.

TOTAL's main petrochemicals sites are located in Belgium (Antwerp, Feluy), France (Gonfreville, Carling, Lavéra, Feyzin), and the United States (Port Arthur, Houston and Bayport in Texas, 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 with the Group's refining operations.

In August 2003, TOTAL entered into a 50/50 joint venture with Samsung General Chemicals. This joint venture, named Samsung-Total Petrochemicals, has an integrated site at Daesan in South Korea where it produces a wide range of petrochemicals products and polymers which are marketed in Asia.

TOTAL's objective is to strengthen its position among the leaders in petrochemicals. In mature markets, TOTAL intends to improve the competitiveness of its existing large sites. In the faster growing Asian markets, TOTAL's strategy is to expand its activities, either from plants located within the more dynamic markets or from sites located in countries benefiting from favorable access to raw materials.

Samsung-Total Petrochemicals launched a major program to expand and upgrade its site at Daesan as part of this strategy. This investment targets a significant expansion of the capacities of the steamcracker and of the styrene plant, as well as the construction of a new polypropylene line. Construction on these plants is continuing, and they are expected to be brought on stream in 2007 and 2008, respectively.

In Qatar, where the Group has had a long-term presence through its interest in Qapco, TOTAL, through its affiliate Qatofin, is participating in the construction of an ethane-based steamcracker at Ras Laffan and of a new low-density polyethylene plant at Mesaieed. These two units are scheduled to be brought onstream at the end of 2008.

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

Base petrochemicals

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

The year 2006 was characterized by important fluctuations in the price of naphtha and a strong global demand in steam-cracker derivatives, reflecting the healthy economic environment.

In addition, a number of unplanned outages within the industry disturbed the supply of aromatics in North America and olefins in Europe, while the start-up of some petrochemical plants in the Middle East was significantly delayed. These factors combined, with strong demand and the decrease in the price of naphtha in the second half of the year, contributed to keeping margins at high levels throughout the second half 2006.

Olefins production increased by 1% in 2006 compared to 2005, after having decreased by 1% in 2005 compared to 2004.

Polyethylene

Polyethylene is a plastic produced by the polymerization of ethylene manufactured in the Group's steamcrackers. It is principally 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 2006, strong world demand helped to absorb new production brought onstream the Middle East and in China as well as contributing to maintaining margins in spite of the increase in the raw materials prices. Sales in Europe were negatively affected by limited availability of ethylene. Nevertheless, TOTAL's global sales volumes increased 1.4% in 2006 compared to 2005, after having decreased by 3% in 2005 compared to 2004.

Polypropylene

Polypropylene is a plastic produced by the polymerization of propylene manufactured in Group steam-crackers and refineries and principally intended for the packaging, appliance, car industry, carpet and household and sanitary goods markets. Margins are primarily influenced by the level of demand and the availability and price of propylene.

In 2006, polypropylene demand was strong in Europe, where supply and demand were generally balanced, and margins remained satisfactory. However in the United States, both demand and margins were negatively affected by the volatility and high price of propylene. In Asia, demand and margins improved in the second semester after a weak start of the year. Sales volumes increased by 1.8% in 2006 compared to 2005, after increasing by 6.6% between 2005 and 2004.

Styrenics

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

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

In 2006, the increase in world styrene demand was relatively weak, approximately 2%, and demand continued to decline in Europe.

World polystyrene demand varied little after the effect of the increased competition of other materials, plastics and paper. Margins were affected by the high prices of raw materials, ethylene and benzene, and by the high costs of energy. Nevertheless, TOTAL's polystyrene sales volumes increased by 0.3% in 2006 compared to 2005, after having decreased by 2% in 2005 compared to 2004.

Fertilizers

The Fertilizers business unit (Grande Paroisse) manufactures and markets nitrogen fertilizers made using natural gas, and complex fertilizers manufactured using nitrogen, phosphorus and potassium products. Margins are strongly influenced by the price of natural gas.

In 2006, Grande Paroisse's sales decreased by 11% compared to 2005 after having increased by 7% in 2005 compared to 2004. The activity was negatively affected by turnarounds and various technical problems incurred in the Group's nitrogen plants, and also by the weak demand for fertilizers during the first part of the year. Furthermore, the increase in the price of natural gas had a negative impact on margins.

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

Grande Paroisse also unveiled an important plan intended to support its nitrogen derivatives production and announced the construction of a new urea plant at Grandpuits as well as a new world-class nitric acid plant in Rouen. These plants are scheduled to be brought onstream in 2008, concurrent with the shutdown of the fertilizers plant in Oissel and four small obsolete acid nitric lines in Rouen and Mazingarbe.

Grande Paroisse continued to face the consequences of the explosion which struck its Toulouse plant in September 2001 and made payments, under the French law presumption of civil responsibility, over and above the compensation paid by insurance companies, reaching a cumulative amount approaching 1,227 M€ as of December 31, 2006.

Specialties

TOTAL's Specialties sector includes rubber processing (Hutchinson), resins (Cray Valley, Sartomer and Cook Composites & Polymers), adhesives (Bostik) and electroplating (Atotech). The sector 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 continue 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 2006, the Specialties sector benefited from a generally favorable environment and particularly from stronger demand in Europe. In 2006, sales reached 7.10 B€, an increase by nearly 9% compared to 2005, after increasing by 8% in 2005 compared to 2004. The adjusted net operating income from the Specialties sector increased by 10% in 2006 compared to 2005, after increasing by 14% in 2005 compared to 2004.

Rubber processing

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

Sales increased by approximately 5% in 2006 compared to 2005, after increasing by approximately 4% in 2005 compared to 2004. In 2006, the automotive industry sales increased by 4% compared to 2005 despite a difficult environment in Europe and in the United States. In 2006, sales from the industrial division increased by approximately 10% compared to 2005, weaker demand from the defense industry in the United States was offset by growth from other segments. Sales from the consumer goods sector increased by approximately 2% due to higher consumer demand in Europe.

Early in 2006, Hutchinson strengthened its industrial division by acquiring the French company Jehier, a manufacturer of various insulating components for the aerospace and defense industries. Throughout 2006, Hutchinson continued to develop in growing markets such as Central and Eastern Europe, South America and 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 2006, TOTAL's resins activities improved its results, benefiting from the favorable environment. Sales grew by approximately 8% in 2006 compared to 2005, after increasing by 13% in 2005 compared to 2004.

In 2006, Cray-Valley decided to de-bottleneck its tackifying resins plant in Beaumont, Texas, United States, acquired in 2005. Sartomer started the expansion of its photocure plant in Villers-Saint-Paul, France and pursued the construction of a new monomers and oligomers plant near Guangzhou, China. Cray-Valley pursued the streamlining of its resin coatings production in Europe and closed its plant in Tönisworth (Germany), whose production is being transferred to other Cray-Valley plants in Zwickau (Germany) and Boretto (Italy).

Adhesives

TOTAL's adhesives subsidiary, Bostik, is one of the worldwide leaders in its sector, based on sales, with leading positions in the industrial, hygiene, construction and consumer and professional distribution markets.

In 2006, sales increased by 15% compared to 2005, after increasing by 6% in 2005 compared to 2004. The increase in sales recorded in 2006 stems partly from acquisitions made in the second half of 2005 and early in 2006, and partly from healthy global economic conditions. The activity was sustained in the Asia-Pacific zone, remained well oriented in the United States and improved significantly in Europe. Nevertheless, margins were negatively affected by the increase in the prices of raw materials.

In 2006, Bostik strengthened its position in the construction and distribution segments by acquiring Sealocrete and Wetherby (UK) and Paso (Germany). Bostik also acquired Pegaso (Mexico) in the industrial segment and the laminated adhesives activities of Du Pont in Germany, as well as purchasing the minority shareholders' shares of ASA (Australia).

Electroplating

Atotech, which encompasses TOTAL's electroplating activities, is the second largest company in this market, based on worldwide sales⁽¹⁾. Its activity is divided between the electronics and the general metal finishing sectors.

In 2006, sales grew by approximately 19% compared to 2005, after increasing by 7% in 2005 compared to 2004. Electroplating activity benefited from the growth of the electronic industry in Asia and also from strong demand for general metal finishing.

In 2006, Atotech strengthened its general metal finishing activities by acquiring the shares of Kunz GmbH (Germany), a company specialized in anti-corrosion coating technologies intended for automotive uses.

Atotech also expanded the production capacity of its Neuruppin (Germany) and Guangzhou (China) plants and commissioned a new industrial complex that combines both manufacturing and technical center facilities at Jang-An (South Korea).

(1) According to Company data.

Investments

Main investments made over the 2004-2006 period

(in M€)	2006	2005	2004
Upstream	9,001	8,111	6,202
Downstream	1,775	1,779	1,675
Chemicals	995	1,115	949
Corporate	81	190	78
Total	11,852	11,195	8,904

Most of the Group's capital expenditures are made up of additions to intangible asset and new property, plant and equipment.

Capital expenditures for 2006 amounted to \$13.9 billion, excluding acquisitions.

In the Upstream segment, capital expenditures are mainly intended to develop new hydrocarbon production facilities, exploration activities and purchase of new permits. In 2006, development expenditures were devoted primarily to the following projects: Kashagan in Kazakhstan, Yemen LNG in Yemen, Ekofisk and Snøhvit in Norway, Dalia and Rosa in Angola, Akpo in Nigeria, Tunu/Tambora in Indonesia, Moho Bilondo in Congo, Dolphin and Qatargas II in Qatar, Surmont and Joslyn in Canada and Tahiti in the United States.

In the Downstream segment, capital expenditures are split between refining and marketing activities (notably with regards to the retail network). Refining investments (approximately \$1 billion in 2005 and 2006) are divided up between maintenance of the facilities (including major turnarounds amounting to \$0.2 billion in 2006, compared to \$0.3 billion in 2005) and projects to increase the production of light products, add desulphurization capacity, adapt the system to new specifications and improve the plants energy efficiency. Year 2006 was particularly marked by the completion of the DHC unit (distillate hydrocracker) in the Normandy refinery.

In the Chemicals segment, capital expenditures for 2006 were approximately 50% for Base Chemicals and 42% for Specialties and approximately 8% for Arkema.

Main investments in progress

For the year 2007, TOTAL announced an investment budget of approximately \$16 billion (excluding acquisitions), of which 75% are devoted to the Upstream segment.

Capital expenditures in the Upstream segment should be mainly dedicated to major development projects, of which: Kashagan in Kazakhstan, Yemen LNG in Yemen, Ekofisk and Snøhvit in Norway, Pazflor, Tombua/Landana and Rosa in Angola, Akpo in Nigeria, Tunu/Tambora in Indonesia, Moho Bilondo in Congo, Dolphin in Qatar, Surmont and Joslyn in Canada, Dunbar in the United Kingdom and Tahiti in the United States. Furthermore, \$1.7 billion should be devoted to exploration.

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

TOTAL self-finances most of its capital expenditures from cash flow from operating activities (see consolidated statement of cash flow on page 171), which are essentially complemented by accessing the bond market on a regular basis and depending on market conditions (see note 20 to the consolidated financial statements, pages 209 to 213). However, capital expenditures for which joint-ventures are established between TOTAL and external partners are usually the subject of specific project financing.

Main investments contemplated

Beyond 2007, TOTAL plans to pursue a sustained investment effort to promote the growth of its activities, with priority to the Upstream segment.

Organizational structure

Position of the Company within the Group

TOTAL S.A. is the parent company of the Group. As of December 31, 2006, there were 718 consolidated subsidiaries of which 614 were fully consolidated, 13 were proportionately consolidated, and 91 were accounted for under the equity method.

The Group's activities are internally organized as indicated on the chart on pages 58 and 59 of this Registration Document. The operating segments of the Group are assisted by centralized corporate functions (Finance, Legal, Ethics, Insurance, Strategy & Risk Evaluation, Human Resources and Communication departments) 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 33 to the consolidated financial statements (page 234).

Property, Plant and Equipment

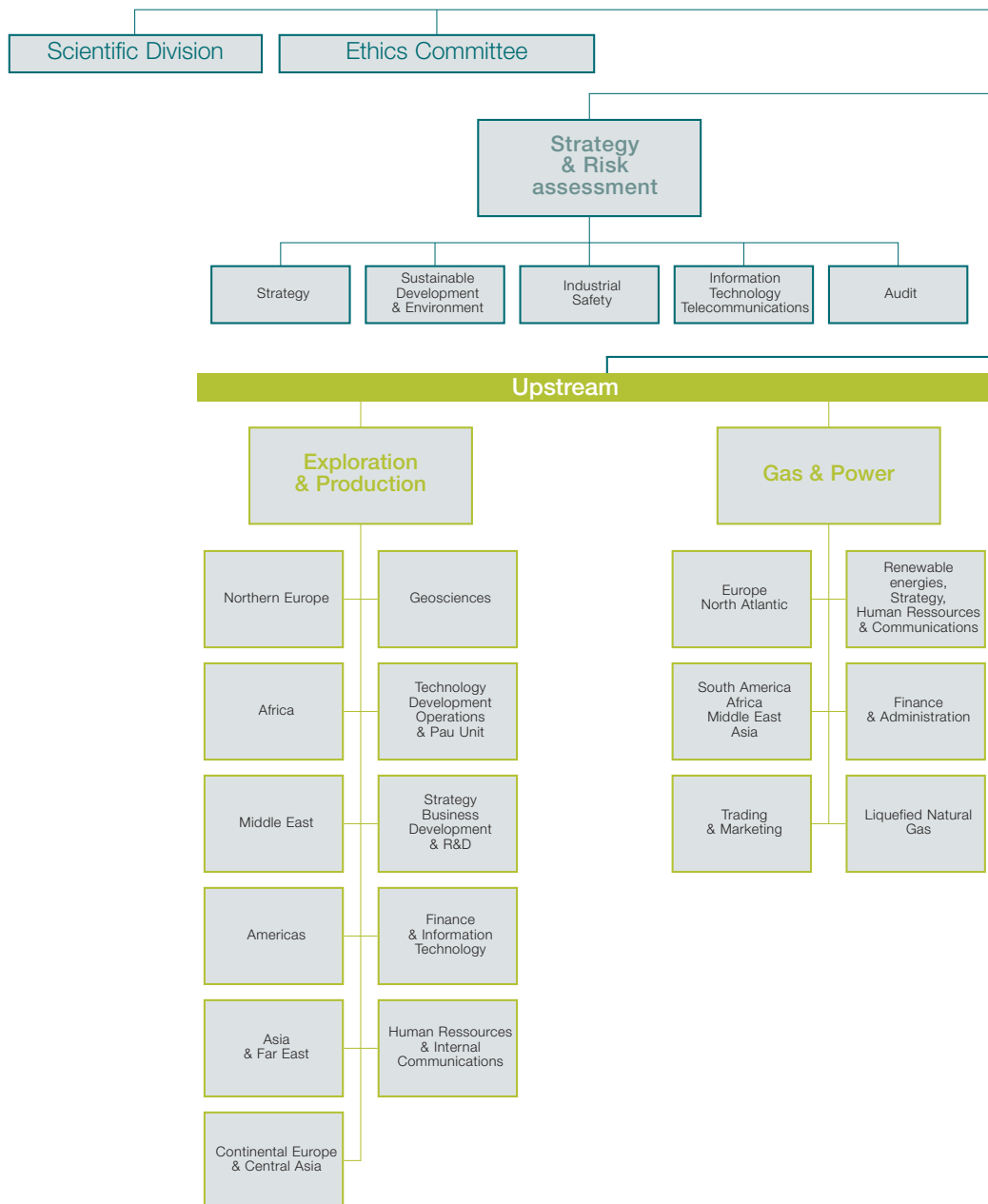
TOTAL has freehold and leasehold interests in over 130 countries throughout the world. The activities based at these sites, fields and other industrial, commercial or administrative properties are described on pages 11 to 41 (Upstream segment), 42 to 49 (Downstream segment) and 50 to 54 (Chemicals segment).

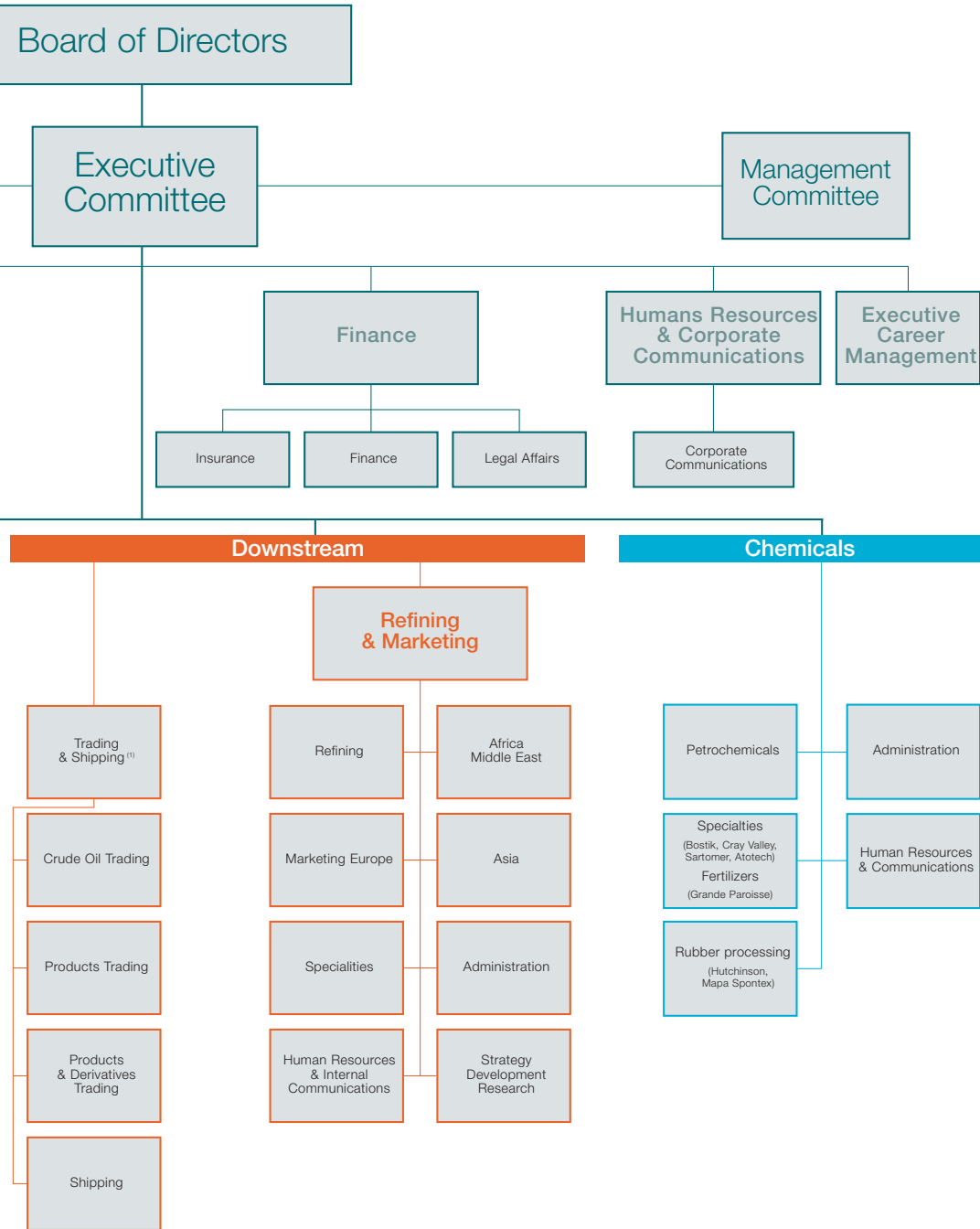
A summary of the fixed assets and their financial impact on the Group (depreciation and provisions) is included in note 11 to the consolidated financial statements (page 198)

Information about the Company's environmental policy, notably that for the Group's industrial sites, is presented on pages 279 and 280 of this Registration Document.

ORGANIZATIONAL CHART

February 14, 2007





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

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Summary of results and financial position

2006 overview

Conditions in the oil market remained globally favorable in 2006. Crude oil prices, on average, increased relative to 2005, driven by robust demand and sustained production capacity utilization rate. Refinery margins, while significantly lower than in 2005, remained on average at satisfactory levels.

Adjusted net income⁽¹⁾ rose to 12,585 M€ in 2006, an increase of 5% compared to 2005. Earnings per share expressed in dollars⁽²⁾ increased by 8%, benefiting from the oil environment, despite pressure from rising costs and the 5% decrease in production. Profitability at the business segment level was 29%, reflecting the company's portfolio quality and investment discipline.

Excluding acquisitions, the Group invested \$13.9 billion in 2006, compared to \$12.1 billion in 2005, more than 75% of that in the Upstream to future fuel production growth. The successful start-up of the Dalia field at year-end 2006 confirmed the outlook for a return to a period of strong growth for the hydrocarbon production. Equally important, exploration success combined

with the Group's entry into Brass LNG and Ichthys LNG further strengthens the long-term growth potential for TOTAL.

In 2006, the return to shareholders from both dividends and share buybacks represented close to 6.5% of the end-2005 market capitalization. The spin-off of Arkema represented an additional 1.5% return to shareholders. The proposal to increase the 2006 dividend by 15% demonstrates the confidence of the Group in its ability to pursue its profitable growth strategy.

Since the beginning of 2007, the Group has had a number of new exploration successes, notably in Angola, in Nigeria and in Thailand. In addition, the Dalia field is ramping up according to forecasts.

2006 results

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

(in M€)	2006	2005	2004
Sales	153,802	137,607	116,842
Adjusted operating income from business segments	25,166	23,468	17,039
Adjusted net operating income from business segments	12,377	11,912	9,126
Adjusted net income	12,585	12,003	9,131
Net income (Group share)	11,768	12,273	10,868
Earnings per share (euros) ^(a)	5.44	5.08	3.76
Cash flow from operations	16,061	14,669	14,662
Investments	11,852	11,195	8,904
Divestments at selling price	2,278	1,088	1,192
Return on average capital employed (ROACE)	26%	29%	26%
Return on equity	33%	35%	33%
Number of fully-diluted weighted-average shares (in millions) ^(a)	2,312.3	2,362.0	2,426.4

(a) Adjusted retroactively to take into account the four-for-one 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 (1.2556 \$/€ for 2006, 1.2441 \$/€ for 2005 and 1.2439 \$/€ for 2004).*

Market environment

	2006	2005	2004
Euro-dollar exchange rate	1.26	1.24	1.24
Brent (\$/b)	65.1	54.5	38.3
European refining margins TRCV (\$/t)	28.9	41.6	32.8

Adjustments to operating income from business segments

(in M€)	2006	2005	2004
Impact of special items on operating income from business segments	(177)	(97)	(383)
• Restructuring charges	(25)	(19)	(50)
• Impairments	(61)	(71)	(278)
• Other	(91)	(7)	(55)
Pre-tax difference of FIFO vs. replacement cost ^(a)	(314)	1,265	719
Total adjustments affecting operating income from business segments	(491)	1,168	336

(a) See note 1M to the consolidated financial statements.

Adjustments to net income (Group share)

(in M€)	2006	2005	2004
Impact of special items on net income (Group share)	(150)	(467)	1,345
• Equity share of special items recorded by Sanofi-Aventis (includes the gain on dilution from the 2004 merger)	(81)	(207)	2,399
• Gain on asset sales	304	-	53
• Restructuring charges	(154)	(130)	(143)
• Impairments	(40)	(215)	(772)
• Other	(179)	85	(192)
Adjustment related to the Sanofi-Aventis merger (share of amortization of intangible assets)	(309)	(335)	(113)
After-tax difference of FIFO vs. replacement cost ^(a)	(358)	1,072	505
Total adjustments affecting net income	(817)	270	1,737

(a) See note 1M to the consolidated financial statements.

Consolidated sales

Consolidated sales increased by 12% to 153,802 M€ in 2006 from 137,607 M€ in 2005.

Operating income

Compared to 2005, the average oil market environment in 2006 was marked by higher oil prices (+19% for Brent to 65.1 \$/b) and lower refining margins (-31% for the TRCV European refining margin indicator to 28.9 \$/t). The environment for Chemicals is generally comparable for the two years. The euro/dollar exchange rate was 1.26 \$/€ in 2006 compared to 1.24 \$/€ in 2005.

In this context, adjusted operating income from the business segments increased by 7% to 25,166 M€ in 2006.

Special items affecting operating income from the business segments had a negative impact of 177 M€ in 2006. They included mainly restructuring charges, write-downs and environmental provisions in the Chemicals segment.

In 2005, special items had a negative impact of 97 M€. They were comprised mainly of restructuring charges and write-downs in the Chemicals segment.

Adjusted net operating income from the business segments rose by 4% to 12,377 M€ in 2006 from 11,912 M€ in 2005. The lower percentage increase relative to the 7% increase in operating income is mainly a function of the Upstream segment having a higher effective tax rate and representing a larger proportion of the results in 2006 compared to 2005.

Expressed in dollars, the increase in adjusted net operating income from 2005 to 2006 was \$0.7 billion and can be analyzed as follows:

- +\$1.85 billion related to the stronger oil environment (including +\$2.5 billion related to higher hydrocarbon prices and -\$0.65 billion related to lower refining margins);
- -\$0.55 billion related to lower volumes and changes in the portfolio;
- -\$0.5 billion related to higher production costs (including -\$0.2 billion related to higher exploration expenses) partially offset by +\$0.4 billion related to performance improvement in the Downstream and Chemicals segment; and
- -\$0.5 billion related to changes in tax terms, mainly in the United Kingdom and Venezuela.

Net income

Adjusted net income increased by 5% to 12,585 M€ from 12,003 M€ in 2005. This excludes the after-tax inventory effect, special items, and the Group's equity share of amortization of intangibles related to the Sanofi-Aventis merger.

The after-tax inventory effect (FIFO vs. replacement cost) had a negative impact of 358 M€ in 2006 and a positive impact of 1,072 M€ in 2005.

Special items affecting net income had a negative impact of 150 M€ in 2006. They included the after-tax effects of restructuring charges, provisions and write-downs in the Chemicals segment and TOTAL's equity share of special items taken by Sanofi-Aventis in the amount of 81 M€, partially offset by capital gains related to the disposal of non-strategic financial assets.

Special items had a negative impact of 467 M€ on 2005 net income. They included the after-tax effects of restructuring charges, provisions and write-downs in the Chemicals segment and TOTAL's equity share of special items taken by Sanofi-Aventis in the amount of 207 M€.

The Group's equity share of amortization of intangibles related to the Sanofi-Aventis merger had an impact on net income that was a negative 309 M€ in 2006 and a negative 335 M€ in 2005.

Reported net income in Group's share was 11,768 M€ in 2006 compared to 12,273 M€ in 2005.

The effective tax rate for the Group was 56% in 2006 compared to 53% in 2005. The higher rate was mainly due to the increase in UK petroleum tax, higher hydrocarbon prices, and the larger share of the Upstream segment in the results.

In 2006, the Group bought back 75.9 million of its shares⁽¹⁾, or nearly 3% of its capital, for 3,975 M€.

The number of fully-diluted shares at December 31, 2006 was 2,285.2 million compared to 2,344.1 million at December 31, 2005, representing a decrease of close to 3%.

Adjusted fully-diluted earnings per share, based on 2,312.3 million fully-diluted weighted-average shares rose to 5.44 euros in 2006 from 5.08 euros in 2005, an increase of 7%, which is a

higher percentage increase than shown for the adjusted net income thanks to the accretive effect of the share buybacks.

Investments

Investments rose to 11,852 M€ in 2006 from 11,195 M€ in 2005. Expressed in dollars, investments increased by 7% to \$14.9 billion⁽²⁾. Excluding acquisitions (Ichthys LNG, Tahiti, etc), investments were \$13.9 billion in 2006 compared to \$12.1 billion in 2005.

Divestments in 2006 were 2,278 M€ compared to 1,088 M€ in 2005 and include the sale of Upstream assets in the United States and in France as well as the reimbursement of carried investments on Akpo in Nigeria and the sale of non-strategic financial assets.

Net investments (investments minus divestments) were \$12 billion in 2006, a decrease of 4% compared to 2005.

Profitability

The return on average capital employed (ROACE⁽³⁾) for the Group was 26% in 2006 (29% for the business segments), at the level of the best in the industry. Return on equity was 33% in 2006 compared to 35% in 2005.

(1) Excludes 2.3 million shares reserved for share grants as per the decision of the Board on July 18, 2006.

(2) Excluding the change in accounting presentation for exploration costs directly charged to expense, the increase was 10%.

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

Upstream results

Liquids and gas price realizations^(a)

	2006	2005	2004
Brent (\$/b)	65.1	54.5	38.3
Average liquids price (\$/b)	61.8	51.0	36.3
Average gas price (\$/Mbtu)	5.91	4.77	3.74

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

The increase in TOTAL's average liquids price was globally in line with the increase in the Brent price in 2006.

TOTAL's average gas price increased by more than its liquids price, due to the lag effect on long-term contracts for gas, mainly in Europe, and strong LNG prices in Asia.

Production

Hydrocarbon production	2006	2005	2004
Liquids (kb/d)	1,506	1,621	1,695
Gas (Mcf/d)	4,674	4,780	4,894
Combined production (kboe/d)	2,356	2,489	2,585

For the full year 2006, hydrocarbon production was 2,356 kboe/d compared to 2,489 kboe/d in 2005, a decrease of 5% due to the following elements:

- -2% due to the price effect⁽¹⁾;
- -1% due to changes in the portfolio;
- -2% due to shut-downs in the Niger Delta area.

Outside of these factors, the positive impact from new fields entering into production was offset by the natural decline of fields and stoppages in the North Sea.

Proved reserves^(a)

As of December 31	2006	2005	2004
Liquids (Mb)	6,471	6,592	7,003
Gas (Bcf)	25,539	24,750	22,785
Hydrocarbon reserves (Mboe)	11,120	11,106	11,148

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

Proved reserves calculated according to SEC rules were 11,120 Mboe at December 31, 2006, representing close to thirteen years of production at the current rate.

Based on proved reserves calculated according to SEC rules, the 2006 reserve replacement rate⁽²⁾ was 102% for the Group (consolidated subsidiaries and equity affiliates). Excluding changes in the portfolio, it was 108%.

Excluding the impact of changing oil prices, (Brent constant at 40 \$/b), the Group's average reserve replacement rate would be 110% for the 2004-2006 period.

At year-end 2006, TOTAL had a solid and diversified portfolio of proved plus probable reserves representing 20.5 Bboe, or more than 23 years of production at the current rate⁽³⁾.

(1) Impact of hydrocarbon prices on entitlement volumes from production sharing and buy-back contracts.

(2) Change in reserves excluding production (revisions + discoveries, extensions + acquisitions – divestments)/production for the period.

(3) Limited to proved and probable reserves covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 40 \$/b environment, including the portion of heavy oil in the Joslyn field developed by mining.

Results

(in M€)	2006	2005	2004
Adjusted operating income	20,307	18,421	12,844
Adjusted net operating income	8,709	8,029	5,859
Cash flow from operating activities	11,524	10,111	10,347
Investments	9,001	8,111	6,202
Divestments at selling price	1,458	692	637
Return on average capital employed (ROACE)	35%	40%	36%

For the full year 2006, adjusted net operating income for the Upstream segment was 8,709 M€ compared to 8,029 M€ in 2005, an increase of 8%. The contribution of income from equity affiliates rose sharply, reflecting mainly the growth in LNG activities, particularly the larger contribution from Trains 4 and 5 at Nigeria LNG.

The average Upstream tax rate increased to 61% in 2006 from 59% in 2005, essentially due to the increase in the UK petroleum taxes and to the impact of higher hydrocarbon prices.

Expressed in dollars, the 2006 adjusted net operating income for the Upstream segment was \$10.9 billion, an increase of \$0.9 billion compared to 2005, composed mainly of the \$2.5 billion positive effect of higher hydrocarbon prices, which

was partially offset by the negative impact of lower production volumes and changes in the portfolio (approx -\$0.6 billion), higher production costs (approx -\$0.5 billion, including -\$0.2 billion for exploration) and the impact of changes in tax terms (approx -\$0.5 billion).

Technical costs (FAS 69, consolidated subsidiaries only) increased to \$9.9/boe in 2006 from \$8.5/boe in 2005, mainly due to an increase in exploration (approx +\$0.4/boe) and cost inflation.

The return on average capital employed (ROACE) for the Upstream segment was 35% in 2006 compared to 40% in 2005. The decline was mainly due to an increase in the level of capital employed for work-in-progress assets, which reflects the sustained level of investment being made to fuel future growth.

Downstream results

Operating Information

(kb/d)	2006	2005	2004
Refinery throughput ^(a)	2,454	2,410	2,496
Refined product sales ^(b)	3,786	3,792	3,761

(a) Includes share of CEPSA.

(b) Includes Trading and share of CEPSA.

Refinery throughput increased by 2% to 2,454 kb/d in 2006 from 2,410 kb/d in 2005. The refinery utilization rate based on crude oil processed was 88% in 2006, unchanged compared to 2005.

Highlights of 2007 should include the contribution of the distillate hydrocracker at Normandy as well as turnarounds, more than in 2006, but most of them affecting refineries only partially.

Refined product sales were 3,786 kb/d in 2006, unchanged compared to 2005.

Results

(in M€)	2006	2005	2004
Adjusted operating income	3,644	3,899	3,235
Adjusted net operating income	2,784	2,916	2,331
Cash flow from operating activities	3,626	2,723	3,269
Investments	1,775	1,779	1,675
Divestments at selling price	428	204	200
Return on average capital employed (ROACE)	23%	28%	25%

For the full year 2006, adjusted net operating income for the Downstream segment was 2,784 M€ compared to 2,916 M€ in 2005, a decrease of 5%.

Expressed in dollars, adjusted net operating income for the Downstream segment was \$3.5 billion, a decrease of \$0.1 billion compared to 2005. The decrease was due to a weaker refining environment, partially offset by favorable market effects, which had a negative impact estimated at \$0.65 billion. Performance

improvement contributed \$0.3 billion and volumes recuperated from losses in 2005 (strikes in France and aftermath of Hurricane Rita in the United States) added an estimated \$0.25 billion.

The ROACE for the Downstream segment was 23% in 2006 compared to 28% in 2005. The decrease is due notably to weaker refining margins.

Chemicals results

Under IFRS rules for discontinued operations, the historical statements on income and ROACE have been restated to exclude the contribution of Arkema.

(in M€)	2006	2005	2004
Sales	19,113	16,765	14,886
Adjusted operating income	1,215	1,148	960
Adjusted net operating income ^(a)	884	967	936
Cash flow from operating activities ^(b)	972	946	600
Investments	995	1,115	949
Divestments at selling price	128	59	122
Return on average capital employed (ROACE)	13%	15%	15%
Return on average capital employed excluding deferred tax credits related to Arkema activities	13%	12%	13%

(a) Includes deferred tax changes related to Arkema activities of 18 M€ in 2006, 151 M€ in 2005 and 148 M€ in 2004.

(b) Includes expenses related to AZF for 316 M€ in 2004, 77 M€ in 2005 and 57 M€ in 2006.

For the full year 2006, adjusted net operating income for the Chemicals segment decreased by 9% to 884 M€ from 967 M€ in 2005. However, excluding the deferred tax credits related to Arkema activities, it increased by 8%. Expressed in dollars, the corresponding \$0.1 billion increase reflects the positive effects of growth and productivity programs.

The ROACE for the Chemicals segment was 13% in 2006 compared to 15% in 2005 (12% in 2005 excluding the deferred tax credits related to Arkema).

TOTAL S.A. 2006 parent company accounts and proposed dividend

Net income for TOTAL S.A., the parent company, was 5,252 M€ in 2006 compared to 4,143 M€ in 2005. After reviewing the accounts, the Board of Directors decided to propose at the May 11, 2007 shareholders' meeting a dividend of 1.87 € per share for 2006, par value 2.50 € per share, an increase of 15% compared to the previous year.

The pay-out ratio for TOTAL, based on adjusted net income, would be 34%, compared to 32% in 2005.

Taking into account the interim dividend of 0.87 € per share paid on November 17, 2006, the remaining 1.00 € per share will be paid on May 18, 2007.

Liquidity and capital resources

Long-term and short-term capital

Long-term capital

As of December 31 (in M€)	2006	2005	2004
Shareholders equity (Group share) ^(a)	38,890	39,477	30,640
Non-current financial debt	14,174	13,793	11,289
Hedging instruments of non-current financial debt	(486)	(477)	(1,516)
Total net non-current capital	52,578	52,793	40,413

(a) 2006 equity after the distribution subject to the approval of the shareholders' meeting on May 11, 2007 of the 2006 dividend of 1.87 euro per share, par value 2.50, euros per share, taking into account the interim amount of 0.87 euro paid on November 17, 2006.

Short-term capital

As of December 31 (in M€)	2006	2005	2004
Current borrowings	5,858	3,920	3,614
Net current financial instruments	(3,833)	(301)	(134)
Net current financial debt	2,025	3,619	3,480
Cash and cash equivalents	2,493	4,318	3,860

Cash flow

(in M€)	2006	2005	2004
Cash flow from operating activities	16,061	14,669	14,662
Changes in working capital adjusted for the pre-tax FIFO inventory effect	755	2,737	(466)
Cash flow from operating activities before changes in working capital adjusted for the pre-tax FIFO inventory effect	16,816	17,406	14,196
Investments	(11,852)	(11,195)	(8,904)
Divestments at selling price	2,278	1,088	1,192
Net cash flow at replacement cost, before changes in working capital	7,242	7,299	6,484
Dividends paid	4,325	3,747	4,500
Share buy backs ^(a)	3,830	3,189	3,554
Net-debt-to-equity ratio at December 31	34%	32%	31%

(a) Net of share buybacks connected to the exercise of the Company's stock options.

Cash flow from operations was 16,061 M€ in 2006 compared to 14,669 M€ in 2005.

Adjusted cash flow (cash flow from operations before changes in working capital at replacement cost) was 16,816 M€, a decrease of 3% compared to 2005. Excluding the change in accounting presentation for exploration costs directly charged to expense, adjusted cash flow was 17,188 M€, a decrease of 1% compared to 2005.

Net cash flow⁽¹⁾ was 6,487 M€ in 2006 compared to 4,562 M€ in 2005 and 6,950 M€ in 2004. Expressed in dollars, net cash flow was \$8.1 billion, an increase of 44%.

In 2006, the Group continued to buy back and cancel shares⁽²⁾.

(1) Net cash flow = cash flow from operations – investments + divestments.

(2) Information provided for in Article L 225-221 of the French Commercial Code with regards to transactions made by the Company on its own shares appear in the Special Report provided for in Article L 225-209 of the French Commercial Code (pages 133 to 135).

Borrowing requirements and funding structure

The net-debt-to-equity ratio was 34% as of December 31, 2006, compared to 32% at year-end 2005.

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 its long-term debt.

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

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

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

Condition for the use of external financing

The total amount of the confirmed lines of credit granted by international banks to Group companies (including TOTAL S.A.) was \$11,638 million at December 31, 2006 (compared to \$9,978 million at December 31, 2005), \$9,268 million of which has not been used (vs. \$8,414 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 totaled \$7,701 million at December 31, 2006

(\$7,335 million at December 31, 2005), \$7,649 million of which has not been used (\$7,293 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, 2005, 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 2006, 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 policy of financing its investments and activities.

Research and development

Research and development costs incurred by TOTAL amounted to 569 M€ in 2006 compared to 510 M€ in 2005 and 464 M€ in 2004⁽¹⁾.

The staff dedicated to these research and development activities was 4,091 people, compared to 3,964 people in 2005 and 3,843 people in 2004⁽¹⁾.

Research and development challenges for TOTAL can be defined along four main lines:

- Knowledge of the resources and their quality, mainly oil and gas, but also for 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 duration of production facilities, notably their energy output.
- Environmental challenges with regard to water, air and soil on production sites, and the future of residual gases such as carbon dioxide.

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

Exploration & Production

Many challenges in this business segment have led TOTAL to strengthen its operations on various fields, notably for seismic data acquisition and processing, digital simulation of oil and gas reservoirs (such as low permeability or very deep reservoirs), issues related to acidic gas processing and gas chemical conversion with regard to gas activities. Enhanced oil recovery in operated reservoirs and issues connected to heavy oil recovery are two major concerns which led the Group to increase the Research budget. CO₂ capture and its geological storage in a deep depleted gas reservoirs are the subject of a new major project in France.

Gas & Power

The main R&D themes concern energy conversion: new technical options for LNG terminals, new processes for GTL (Gas to Liquids), notably including the emergence of DME (Di-Methyl-Ether) production, the Group's commitment in direct production processes and CTL (Coal-to-Liquids) processes to convert coal into liquid hydrocarbons. This business segment is also

committed in power generation (the means to improve output) and CO₂ capture in power plants.

For renewable energies, major themes for R&D concern possible evolutions of photovoltaic technology with the new cell generation and power generation from biomass. TOTAL also entered into a partnership in wave power.

Refineries

For refining and marketing, TOTAL is preparing to include in its activities resources of the future, whether from non-conventional oil or from first or second biomass generation. TOTAL is also developing new high performance fuels, additives and lubricants adapted to the market, car manufacturers and energy. This business segment is also developing processes and catalysts, considered as two major R&D drivers, to improve productivity and reduce environmental impacts.

Petrochemicals

In Petrochemicals, R&D is directed toward the discovery of new resources from gas, coal or renewable energies and also the improvement of the energy efficiency of the facilities, as well as the development of new specialized polymers, the products of the future.

Specialties

Atotech is part of the rapid global development of microelectronics, dealing with engraving, brasing and electroplating technologies.

Hutchinson is innovating in the field of clean production technologies connected to thermoplastic products and attractive systems for major clients.

Bostik and Cray Valley-Sartomer are working on the development of new products (glue, resins) derived from clean production technologies, notably using biomass resources.

Environment

Controlling and reducing the environmental impact of its activities is a challenge common to the whole Group, such as the reduction of gas emissions, the reduction of water contamination to comply with the European water framework and the REACH directives, as well as the reduction of greenhouse gas emission whether through the improvement of energy efficiency or efforts leading to carbon capture and sequestration.

(1) 2004 and 2005 figures exclude Arkema.

R&D organization

TOTAL's management is considering the Group's research and development trends and the optimal organization of the Research Department to adapt to a new context that requires both a strong research in all business segments as well as improved cross-disciplinary cooperation. Within the framework of a change in the management, this movement led to a reorganization of this Department which now reports directly to the Group's Management. The new Manager will be responsible for leading R&D activities on these new themes, ensuring a good level of synergies between R&D entities and providing them with a better access to universities and academic laboratories in Europe, the United States, Japan and China.

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

Trends and outlook

Outlook

Since the beginning of 2007, the oil market environment has remained generally favorable with oil and gas prices at relatively high levels and refining margins in Europe comparable to the average level of 2006.

In the Upstream segment, TOTAL intends to pursue its strategy of profitable organic growth and increase hydrocarbon production by more than 5% per year on average over the period 2006 to 2010⁽¹⁾, including production growth of 6% in 2007⁽²⁾, which takes into account a reduction of 1% for the estimated impact of OPEC quotas. This growth will be particularly sensitive to the LNG activities, which are expected to grow by 13% per year on average. Through 2010, TOTAL's portfolio of projects offers strong visibility, notably due to the number of exploration successes in recent years and to major new projects in LNG and heavy oil.

In the Downstream segment, the Group is pursuing a strategy to upgrade its refining system by adding conversion and desulphurization projects, as well as through programs to modernize and improve the reliability of its units.

In petrochemicals, TOTAL's objective is to continue to increase its polymers production, particularly in Asia and the Middle East, while improving the competitiveness of its operations in mature markets.

Implementing the Group's growth strategy depends on a sustained investment program. The 2007 budget for investments is approximately \$16 billion⁽³⁾, 75% of it for the Upstream.

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

TOTAL intends to pursue a dynamic dividend policy, in line with its strategy for profitable growth over the long term. Cash flow

remaining after investments and the payment of the dividend will be available for share buybacks.

Highlights of 2007 should include the ramp up of production at Dalia in Angola and the distillate hydrocracker at Normandy as well as the start-up of major Upstream projects like Rosa in Angola and Dolphin in Qatar.

Risks and uncertainties

Due to the nature of its business, the Company is subject to market risks (sensitivities to oil and gas and financial markets environment), 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 76 to 90). Also included in the Registration Document, in accordance with Article L 225-102-1 of the French Commercial Code, is information on the manner in which TOTAL S.A. accounts for the social and environmental effects of its activities (pages 279 to 280).

2007 SENSITIVITIES TO THE MARKET ENVIRONMENT

Market parameters	Scenario	Change	Estimated impact on operating results	Estimated impact on net operating results
Euro-dollar exchange rate	1.25 \$/€	+0.10 € per \$	+2.2 B€	+1.1 B€
Brent	\$60/b	+\$1/b	+0.38 B€	+0.15 B€
European refining margins TRCV	\$30/t	+\$1/t	+0.09 B€	+0.06 B€

(1) Based on Brent at \$60/b in 2007 and \$40/b thereafter.
(2) Excluding the effect of portfolio changes.
(3) Excluding acquisitions and based on 1€ = \$1.25.

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Market risks

Sensitivity to market environment

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

Overall, 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 2007, the Group estimates that an increase or decrease of \$1.00 per barrel in the price of Brent crude would respectively improve or reduce annual net operating income by approximately 0.15 B€⁽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 TRCV refining margins of \$1 per ton would improve or reduce annual net operating income by approximately 0.06 B€⁽¹⁾.

All of the Group's activities are, to various degrees, sensitive to fluctuations in the euro/dollar exchange rate. For the year 2007, the Group estimates that a strengthening or weakening of the dollar against the euro by 0.10 euro per dollar would respectively improve or reduce annual net operating income, expressed in euros, by approximately 1.1 B€.

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

2007 Sensitivities	Scenario	Change	Estimated impact on operating results	Estimated impact on net operating results
Euro-dollar exchange rate	1.25 \$/€	+0.10 € per \$	+2.2 B€	+1.1 B€
Brent	\$ 60/b	+\$ 1/b	+0.38 B€	+0.15 B€
European refining margins (TRCV)	\$ 30/t	+\$ 1/t	+0.09 B€	+0.06 B€

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 attempt to optimize revenues from its oil and gas production and to obtain favorable pricing for supplies for 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 power. The Group also uses freight-rate derivatives 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.

To measure market risk related to oil, gas and electricity price movements, the Group uses the "value at risk" method. Under this method, there is a 97.5% probability that unfavorable daily market variations for the Group's trading activities of crude oil, refined products and freight rate derivatives would result in a loss of less than 11.4 M€ per day, defined as the "value at risk", based on positions as of December 31, 2006. As part of its gas and electricity trading activities, 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 through physical delivery. Based on positions as of December 31, 2006, there is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 6.0 M€ euros per day.

(1) Calculated with a base case exchange rate of \$1.25 per 1.00€.

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

Limits on trading positions are approved by the Group's Executive Committee and are monitored daily. To increase flexibility and encourage liquidity, hedging operations are performed with numerous independent operators, including other oil companies, major energy producers and consumers and financial institutions. The Group has established counterparty limits and monitors amounts outstanding 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 and 27 to the consolidated financial statements.

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed in accordance with rules set by the Group's senior management. Liquidity positions and the management of financial instruments are centralized by the treasury/financing department, where they are managed by a group specialized in foreign exchange and interest rate market transactions. The cash monitoring and management group monitors limits and positions on a daily basis and reports results. This group also prepares marked-to-market valuations and, as necessary, performs sensitivity analysis.

Currency exposure

The Group seeks to minimize the currency exposure of each entity to its operating currency (primarily the euro, dollar, pound sterling, and 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. This currency exposure is managed by the Group's central treasury entities, which are responsible for debt issuances on the financial markets (the proceeds of which are then loaned to borrowing subsidiaries), cash centralization for Group companies and cash management on the monetary markets.

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 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 the 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% in the interest rate yield curves in each of the currencies on the fair value of the current financial instruments as of December 31, 2006 and 2005.

As of December 31, 2006 (in M€)				
ASSETS/(LIABILITIES)	Carrying amount	Estimated fair value	Change in fair value with a 10% interest rate increase	Change in fair value with a 10% interest rate decrease
Debenture loans (non-current portion, before swaps)	(11,413)	(11,413)	26	(26)
<i>Issue swaps and swaps hedging debenture loans (liabilities)</i>	(193)	(193)		
<i>Issue swaps and swaps hedging debenture loans (assets)</i>	486	486		
Total issue swaps and swaps hedging debenture loans – assets and liabilities	293	293	(26)	26
Fixed-rate bank loans	(210)	(207)	6	(6)
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,140)	(2,140)	1	(1)
Other interest rates swaps	12	12	(1)	1
Currency swaps and forward exchange contracts	(8)	(8)	1	(1)
Currency options	-	-	-	-

As of December 31, 2005 (in M€)				
ASSETS/(LIABILITIES)	Carrying amount	Estimated fair value	Change in fair value with a 10% interest rate increase	Change in fair value with a 10% interest rate decrease
Debenture loans (non-current portion, before swaps)	(11,025)	(11,025)	126	(129)
<i>Issue swaps and swaps hedging debenture loans (liabilities)</i>	(128)	(128)		
<i>Issue swaps and swaps hedging debenture loans (assets)</i>	450	450		
Total issue swaps and swaps hedging debenture loans – assets and liabilities	322	322	(115)	117
Fixed-rate bank loans	(411)	(406)	7	(7)
Current portion of non-current debt after swap (excluding capital lease obligations)	(920)	(919)	1	(1)
Other interest rates swaps	3	3	(3)	3
Currency swaps and forward exchange contracts	260	260	4	(4)
Currency options	-	-	-	-

As a result of its policy for the management of currency exposure previously described, the Group believes that its short-term currency exposure is not material. The Group's sensitivity to long-term currency exposure is primarily influenced by the net equity of the subsidiaries whose functional accounting currency is the dollar and, to a lesser extent, the pound sterling and the Norwegian krone. This sensitivity is reflected by 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 the dollar and is set forth in the table below:

	Euro-dollar exchange rate	Currency translation adjustments (in M€)
As of December 31, 2006	1.32	(1,383)
As of December 31, 2005	1.18	1,421
As of December 31, 2004	1.36	(1,429)

The non-current debt in dollars described in note 20 to the consolidated financial statements page 209 is generally raised by the corporate treasury entities either in dollars or in euros, or in other currencies which are then systematically exchanged for dollars or euros according to the general corporate purposes, through issue swaps. The proceeds from these debt issuances are principally loaned to affiliates whose accounts are kept in dollars and any remaining balance is held in dollar-denominated investments. 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 27 to the consolidated financial statements (page 222), 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.

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 194), has not been significant over the last three years despite the considerable fluctuation of the dollar (loss of 30 M€ in 2006, gain of 76 M€ in 2005, loss of 75 M€ in 2004).

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 70).

The following tables show the maturity of the financial assets and debts of the Group as of December 31, 2006 and 2005 (see note 20 to the consolidated financial statements, page 209).

ASSETS/(LIABILITIES)				
As of December 31, 2006 (in M€)	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial debt after swaps	(2,025)	(10,733)	(2,955)	(15,713)
Cash and cash equivalents	2,493	-	-	2,493
Net amount	468	(10,733)	(2,955)	(13,220)
As of December 31, 2005 (in M€)	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial debt after swaps	(3,619)	(9,057)	(4,259)	(16,935)
Cash and cash equivalents	4,318	-	-	4,318
Net amount	699	(9,057)	(4,259)	(12,617)

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 divided 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 note 13 to the consolidated financial statements, page 200). 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.

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 classic 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 State, as 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 with the State or the state company.

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 ("buy-back"), 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.

Grande Paroisse

An explosion occurred at the Grande Paroisse industrial site in the city of Toulouse (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 30 people and injured many others. In addition, a 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 ammonium nitrate was discredited over the course of the investigation. As a result, proceedings against ten of the eleven Grande Paroisse employees charged during the criminal investigation conducted by the Toulouse Regional Court (*Tribunal de Grande Instance*) were dismissed and this dismissal was upheld by the Appeals Court of Toulouse.

Nevertheless, the final experts' report filed on May 11, 2006 continues to focus on the hypothesis of a chemical accident, although this hypothesis was not confirmed by an attempt to reconstruct the accident at the site. The hypothesis no longer is based on the mixing of 500 kilograms of a chlorine compound at a storage site for ammonium nitrate, but instead the pouring of 500 kilograms of ammonium nitrate in a container whose floor was supposedly covered with sweepings of a chlorine compound. 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.

On September 21, 2006, the investigating judge closed his investigation. Grande Paroisse and the former manager of the site have requested that additional information be obtained relating to the expert's investigations. These requests, are currently being reviewed by the *Chambre d'Instruction* of the Court of Appeal of Toulouse; a decision is expected in the first half of 2007.

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 has been increased to 2.15 B€ (compared to 2.05 B€ in 2005). This figure exceeds by 1.35 B€ Grande Paroisse's insurance coverage for legal liability (capped at 0.8 B€). The provision for potential liability and complementary claims was increased by 100 M€ in 2006, and as a result the total unused provision stands at 176 M€ as of December 31, 2006, compared to a provision of 133 M€ as of December 31, 2005.

Antitrust investigations

1) Following investigations into certain 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, following one of these investigations, the European Commission fined Arkema 13.5 M€ and jointly fined Arkema and Elf Aquitaine 45 M€. Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

The Commission notified Arkema, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema has cooperated with the authorities in these procedures and investigations. As a result of these proceedings, in May 2006 the European Commission fined Arkema 78.7 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 are based solely on their status as parent companies.

Arkema began implementing compliance procedures in 2001 that are designed to prevent its employees from violating antitrust provisions. However, it is not possible to exclude the possibility that the relevant authorities could commence

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

additional proceedings involving Arkema and 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 the amounts paid by Arkema companies 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 antitrust violations in Europe applies to amounts that exceed 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 the Arkema group 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 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, 2006 to cover the risks mentioned above.
- 4) Moreover, as a result of investigations initiated by the European Commission in October 2002 concerning certain Refining & Marketing subsidiaries of the Group, Total Nederland N.V. received a statement of objections in October 2004. A statement of objections regarding these practices has also been addressed to TOTAL S.A. These proceedings resulting 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.

- 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.

Sinking of the Erika

Following the sinking in December 1999 of the Erika, a tanker that was transporting products belonging to one of the Group companies, the 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 in the *Tribunal correctionnel de Paris* against fifteen parties, including four entities.

TOTAL S.A. and two of its subsidiaries responsible for shipping have been charged with marine pollution and as accessories to the endangerment of human life. A manager in the shipping department was charged with the same offenses, as well as with the failure to take action to limit the damage from an accident. The case is being heard by the *Tribunal de grande instance* in Paris. Proceedings began on February 12, 2007 and are scheduled to continue until June 13, 2007.

TOTAL believes that the violations with which the Group and its employee were charged are without substance as a matter of fact and as a matter of law.

Buncefield

On December 11, 2005, several explosions followed by a major fire occurred at Buncefield, north of London, in an oil storage depot. This depot is operated by HOSL, a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion injured 40 people, most of whom suffered slight injuries, and caused property damage to the depot and the buildings and homes located nearby. The HSE Investigation Board has indicated that the explosion was caused by the overflow of a tank at the depot. The final HSE report detailing the circumstances and the exact cause of the explosion is expected to be released before the end of 2007. At this stage, responsibility for the explosion and the allocation of liabilities have not yet been determined.

The Group is insured for damage to these facilities, operating losses 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.

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 alleged that their human rights were violated during the era of apartheid by the army, the police or militias, and who consider that these companies were accomplices in the actions by the South African authorities at the time.

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

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. More recently, a judicial inquiry related to TOTAL was initiated in France. In 2007 Christophe de Margerie, as the former President of the Middle East department of the Upstream segment, was placed under formal investigation in relation to this inquiry. 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 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 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.

The Company’s activities related to the Oil-for-Food program have been in compliance with this program, as organized by the UN.

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 extensive 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 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, three pilot sites are developing Risk Management Plans pursuant to the French law of July 30, 2003. 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 207). Future expenses related to asset retirement obligations are accounted in accordance with the principles described in Note 1Q to the Consolidated Financial Statements (page 178).

Risk management

Risk evaluations lead to the establishment of management measures that are designed to prevent and decrease the 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 2006. 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. The Group also expects that 75% of its major sites will receive ISO 14001 certification by 2007. These activities are monitored through periodic, coordinated reporting by all Group entities.

More detailed information on TOTAL's actions regarding safety and environmental concerns is provided in the separate report entitled *Sharing Our Energies* published by the Group.

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, 2006, 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 and 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, weather conditions (the production of four fields situated in the Gulf of Mexico were affected by hurricane damage, principally by Hurricane Ivan in September 2004 and, to a lesser degree, by Hurricane Katrina at the end of August 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 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 2006, the Middle East represented 17% of the Group's production of oil and gas and 7% 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 authorised 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 twelve-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 in Iran. This waiver, which has not been modified since it was granted, does not address TOTAL's other activities in Iran, although TOTAL has not been notified of any related sanctions.

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. In 2006, TOTAL's average daily production in Iran amounted to 20 kboe/d, approximately 1% of its average daily worldwide production. TOTAL expects to continue to invest amounts significantly in excess of \$20 million per year in Iran in the foreseeable future. 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 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.

On February 27, 2007, pursuant to resolution 1737 of the Security Council of the United Nations, dated December 23, 2006, the European Union adopted sanctions that restrict the travel of certain individuals associated with Iranian nuclear proliferation activities as well as restricting trade and financing related to these activities. Additionally, a new French decree entered into effect on February 8, 2007 to reinforce the monitoring of financial relations between France and Iran. In addition, the Security Council of the United Nations adopted resolution 1747 on March 24, 2007 which extends the scope of resolution 1737. The Group believes that these measures, under their current terms, are not applicable to TOTAL's activities in Iran.

Geopolitical and economic situation in South America

In 2006, South America represented 10% of the Upstream segment's oil and gas production and 5% of the Group's net operating income. The Group produces in Argentina, Bolivia, Colombia, Trinidad & Tobago, and Venezuela.

The circumstances under which the Group operates in Bolivia are described on page 26 of this Registration Document. In Bolivia, TOTAL signed six new exploration and production contracts in October 2006. Although these contracts were approved by the Bolivian legislature on December 3, 2006, they will not become effective until an additional legislative ratification has been completed.

On March 31, 2006, the Venezuelan government terminated all operating contracts signed in the nineteen-nineties and decided to transfer the management of fields concerned to new mixed companies to be created with the state-owned company PDVSA (Petróleos 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 government has modified the initial agreement for the Sincor project several times. In May, 2006, the 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 will come 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. On January 18, 2007, the Venezuelan National Assembly approved a law granting, for an 18-month period, the Venezuelan president the power to govern by decree in various subjects, in particular regarding hydrocarbons. On February 26, 2007, the Venezuelan president signed a decree providing for the transformation of the Strategic Associations from the Faja region, including the Sincor project, into mixed companies with the government having a minimum interest of 60%. The legislation further states that operations must be transferred to PDSVA no later than April 30, 2007 and sets a four-month period (with an additional two months for approval by the National Assembly) for private companies to agree to the terms and conditions of their participation in the newly created mixed companies. Discussions with the Venezuelan government regarding the Sincor project are underway.

In 2006, the Group received two corporation tax adjustment notices. The first concerned the company holding the Group's interest in the Jusepin operating contract, for which the 2001-2004 examination was closed in the first half 2006, whereas the examination for 2005 is still under way. The second is related to the company which holds the Group's interest in the Sincor project, for which the Group is awaiting a response from the tax authorities regarding the observations provided by the Group concerning 2001.

In Argentina, the Group has recorded asset impairment charges which had a negative impact on net income (Group share) of 114 M€ in 2004 related to the effects of the financial crisis in this country. TOTAL continues to follow the evolution of the economic and financial situation in Argentina and its consequences on the Group's operations in this country, which are limited relative to the overall size of the Group.

Nigeria

Security concerns in the Niger Delta region, including armed attacks on certain sites, kidnappings and damage to facilities, led the Shell Petroleum Development Company (SPDC, in which TOTAL holds 10%), to stop production at certain facilities. At present, it is not possible for the Group to predict when production at these facilities will resume. TOTAL's average share of the production from SPDC has decreased by nearly 50 kboe/d for the year 2006 due to these events.

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 undeveloped 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 respect, the main international competitors of TOTAL are ExxonMobil, Royal Dutch Shell, BP and Chevron. At the end of 2006, 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 totally integrated into the Group's insurance management and acts as a centralized 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 attempts to obtain 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 in an attempt to standardize 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 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 2006, the amount of risk retained by OIRC after reinsurance was \$50 million per property insurance incident.

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 occur;
- implement measures to limit the possibility 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 systemic approach, the amounts insured are based on market conditions and industry practice, in particular, the oil industry. The insurance cap in 2006 for general and product liability was \$750 million.
- Property damages insurance: 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 risk of the Group (the Alwyn field in the UK), the insurance cap was \$1.1 billion in 2006.

Moreover, deductibles for material damages fluctuate between 0.1 M€ and 10 M€ depending on the level of risk, and are carried by the subsidiary.

In 2006, as a result of less favorable insurance terms available on the market, the Group did not renew its loss-of-operations coverage. However, in 2007 the Group was able to obtain this coverage once again for its principal 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 to represent 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 incurred risks and the adequacy of their coverage. The Group cannot guarantee that it will not suffer any uninsured loss.

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Board of Directors

The following individuals were members of the Board of Directors of TOTAL S.A. in 2006:

(Information as of December 31, 2006)⁽¹⁾.

Thierry Desmarest

61 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 2007.

Holds 477,200 shares.

Current directorships

- Chairman and Chief Executive Officer of TOTAL S.A.*
- Chairman and Chief Executive Officer of Elf Aquitaine.
- Director of Sanofi-Aventis.*
- Member of the Supervisory Board of AREVA.*
- Member of the Supervisory Board and then Director of Air Liquide.*

Directorships that expired in the previous five years

None.

Daniel Boeuf

58 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 2007.

Holds 2,400 TOTAL shares and 3,112 shares of the TOTAL ACTIONNARIAT FRANCE employee investment fund.

Current directorships

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

Directorships that expired in the previous five years

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

⁽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. Companies names marked with an asterisk are publicly listed companies.

Daniel Bouton

56 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

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

Bertrand Collomb

64 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. He is also President of the French association of private-sector companies (AFEP).

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

Holds 4,712 shares.

Current directorships

- Director of TOTAL S.A.*.
- Chairman of the Board of Directors of Lafarge.*
- Director of Atco* (Canada).

Directorships that expired in the previous five years

- Director of Lafarge North America* until 2006.
- Vice-Chairman of Unilever* (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.
- Director of Crédit Commercial de France until 2002.

Paul Desmarais Jr.

52 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 States).
- Member of the Board of Directors and Executive Committee of Great-West Lifeco Inc.* (Canada).
- Member of the Board of Directors and Executive Committee of Groupe Bruxelles Lambert S.A.* (Belgium).
- Member of the Board of Directors and Executive Committee of Groupe Investors Inc. (Canada).
- Member of the Board of Directors and Executive Committee of London Insurance Group Inc. (Canada).
- Member of the Board of Directors and Executive Committee of London Life, Compagnie d'assurance-vie (Canada).
- Member of the Board and Executive Committee of Mackenzie Inc.
- Member of the Board of La Presse (Canada).
- Member of the Board of Les Journaux Trans-Canada (1996) Inc. (Canada).
- Member of the Board of Gesca (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 Properties.
- 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 Tractebel until 2002.

Jacques Friedmann

74 years old.

Director of TOTAL S.A. since 2000 and until May 12, 2006.

Current directorships

- Director of LVMH*.

Directorships that expired in the previous five years

- Director of TOTAL S.A. until 2006.

Bertrand Jacquillat

62 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 has been on the faculty of the Institut d'Études politiques de Paris since 1999.

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.

Antoine Jeancourt-Galignani

69 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 Générale 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 Board of the SNA Group (Lebanon).
- Chairman of the Supervisory Board of Euro Disney SCA.*
- Director of Gecina.*
- Director of Assurances Générale de France.*
- 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

- 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

47 years old.

Chief Mining Engineer and a graduate of the *École Normale Supérieure* with a doctorate in physical sciences, Mrs. Lauvergeon held various positions with Usinor, the French Atomic Energy Commission (CEA) and then with the Paris region subsoil assets administration (1985-1988). Deputy Chief of Staff in the Office of the President of the Republic from 1990 to 1995, she then joined Lazard Frères et Cie from 1995 to 1997 as Managing Partner. She joined Alcatel before becoming Chairman of Cogema in June 1999. Since July 2001, she has been Chairman of the Management Board of AREVA.

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.
- Director of Pechiney until 2002.
- Permanent representative of Cogema on the Board of Eramet* until 2002.
- Permanent representative of Cogema on the Board of Usinor until 2002.

Lord Peter Levene of Portsoken

65 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 United Kingdom 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.
- Vice-Chairman of Deutsche Bank* in 2002.
- Chairman of Bankers Trust International until 2002.

Maurice Lippens

63 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 2008.

Holds 3,200 shares.

Current directorships

- Director of TOTAL S.A.*
- 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 Finasucré.
- Director of Groupe Sucrier AS.
- Director of Iscal Sugar.

Directorships that expired in the previous five years

- 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.

Christophe de Margerie

55 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 Moyen-Orient 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 has served as a member of the Executive Committee since 1999. 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 as from February 14, 2007.

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

Holds 72,000 shares and 31,537 shares of the TOTAL ACTIONNARIAT FRANCE employee investment fund.

Current directorships

- Director of TOTAL S.A.*
- 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 Total E&P Norge A.S.
- Director of Total Upstream UK Ltd.
- 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 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.
- Director of Total E&P Thailand until 2002.
- Director of Total E&P Algérie until 2002.
- Director of Total Ventures Saudi Arabia until 2002.

Michel Pébereau

64 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 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

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.
- Permanent representative of BNP Paribas on the Renault Board until 2002.

Thierry de Rudder

57 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 2007.

Holds 3,956 shares.

Current directorships

- Director of TOTAL S.A.*
- Acting Managing Director of Groupe Bruxelles Lambert.*
- Director of Compagnie Nationale à Portefeuille.*
- Director of 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.
- Director of Rhodia until 2002.

Jürgen Sarrazin

70 years old.

Director of TOTAL S.A. since 2000 and until May 12, 2006.

Current directorships

- None.

Directorships that expired in the previous five years

- Director TOTAL S.A. until 2006.

Serge Tchuruk

69 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 2007.

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.
- Director of Vivendi Universal* until 2002.

Pierre Vaillaud

71 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.*
- Director of Technip.*
- Member of the Supervisory Board of Oddo et Cie.

Directorships that expired in the previous five years

- Member of the Supervisory Board of Cegelec until 2006.
- Director of Egis until 2002.

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.

Management

General Management

On May 14, 2004 the Board of Directors resolved to continue to entrust the general management of the Company to the Chairman of the Board and confirmed that Thierry Desmarest would continue to serve as its Chairman and as Chief Executive Officer of the Company.

At its meeting on February 13, 2007, the Board resolved to change this method of general management and to have separate individuals act as Chairman of the Board and 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 TOTAL's Executive Committee as of December 31, 2006:

- Thierry Desmarest, Chairman of the COMEX (Chairman and 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 Gas & Power division);
- Christophe de Margerie (President of the Exploration & Production division); and
- Bruno Weymuller (President of the Strategy & Risk assessment department).

The Management Committee

In addition to the members of the COMEX, the following 23 individuals from various non-operating departments and operating divisions were serving as members of TOTAL's Management Committee as of December 31, 2006:

Holding

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

Upstream

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

Downstream

Alain Champeaux, Alain Grémillet, François Groh, Éric de Menten, Jean-Jacques Mosconi, André Tricoire

Chemicals

Pierre-Christian Clout, Françoise Leroy, Hugues Woestelandt

On February 13, 2007, Christophe de Margerie was appointed Chief Executive Officer of TOTAL S.A., with Thierry Desmarest continuing to serve as non-executive Chairman of the Board of the Company. From February 14, 2007, Christophe de Margerie is the President of TOTAL's Executive Committee and of TOTAL's Management Committee. Yves-Louis Darricarrère replaced Christophe de Margerie as President of the Exploration & Production division of the Group and Philippe Boisseau was appointed President of the Gas & Power division. Jean-Jacques Guilbaud, President of the Human Resources & Communications department of the Group was appointed as a member of the Executive Committee on February 19, 2007.

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

Fees received * (in M€)	in 2006	in 2005
(a) Audit and certification of the individual and consolidated financial statements	19.2	12.8
(b) Related services	1.7	3.4
(c) Subtotal (a) + (b)	20.9	16.2
(d) Other services	1.3	1.5
Total (c) + (d)	22.2	17.7

* Including members of their network.

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

Fees received * (in M€)	in 2006	in 2005
(a) Audit and certification of the individual and consolidated financial statements	17.5	12,7
(b) Related services	2.4	8,1
(c) Subtotal (a) + (b)	19.9	20,8
(d) Other services	1.2	1,1
Total (c) + (d)	21.1	21,9

* Including members of their network.

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

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.

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 2006 in accordance with the decision of the shareholders' meeting held on May 14, 2004. There were 15 directors as of December 31, 2006 compared with 16 as of December 31, 2005.

Compensation was paid to the members of the Board of Directors in 2006 based on the following principles:

- A fixed amount of 15,000 euros was paid to each director (paid prorata temporis in case of a change during the period).
- 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.

Total compensation including benefits in-kind paid to each director in the year indicated (Article L 225-102-1 of the French Commercial Code, 1 st and 2 nd paragraphs) (in euros)	2006	2005	2004
Thierry Desmarest	3,227,123.00	2,963,452.00	2,787,239.00
Daniel Boeuf ^(a)	160,845.77	150,529.49	128,259.98
Daniel Bouton	50,000.00	45,000.00	37,500.00
Bertrand Collomb	55,000.00	30,000.00	42,000.00
Paul Desmarais Jr.	43,000.00	43,000.00	37,500.00
Jacques Friedmann ^(b)	35,383.00	80,000.00	82,500.00
Bertrand Jacquillat	80,000.00	80,000.00	78,000.00
Antoine Jeancourt-Galignani	65,000.00	45,000.00	46,500.00
Anne Lauvergeon	40,000.00	40,000.00	42,000.00
Peter Levene of Portsoken	50,000.00	23,410.00	-
Maurice Lippens	50,000.00	57,000.00	37,500.00
Christophe de Margerie ^(c)	1,426,442.84	-	-
Michel Pébereau	65,000.00	55,000.00	51,000.00
Thierry de Rudder	106,000.00	106,000.00	82,500.00
Jürgen Sarrazin ^(b)	33,383.00	50,000.00	46,500.00
Serge Tchuruk	50,000.00	50,000.00	46,500.00
Pierre Vaillaud ^(d)	186,340.00	178,906.00	177,933.00

(a) Including the salary received by Mr. Boeuf as an employee of Total France, a subsidiary of TOTAL S.A., which amounted to 100,752.62 euros in 2004, 105,529.49 euros in 2005 and 110,845.77 euros in 2006.

(b) Term of office expired on May 12, 2006.

(c) Including the salary 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.

(d) Including pension payments related to previous employment by the Group, which amounted to 131,433 euros in 2004, 133,906 euros in 2005 and 136,400 euros in 2006.

Over the past three years, the Directors currently in office have not received any compensation or benefits in-kind 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 and Messrs. Boeuf, de Margerie 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.

Executive Officer Compensation

In 2006, the aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers of TOTAL (31 individuals, members of the Management Committee and the Treasurer) as a group was 19.7 M€, including 9 M€ paid to the 7 members of the Executive Committee. Variable compensation accounted for 44.7% of the aggregate amount of 19.7 M€ paid to executive officers in 2005.

The following individuals were executive officers of the Group as of December 31, 2006 (31 individuals, compared to 30 as of December 31, 2005):

Management Committee

Thierry DESMAREST *
 François CORNÉLIS *
 Michel BÉNÉZIT *
 Robert CASTAIGNE *
 Yves-Louis DARRICARRÈRE *
 Christophe de MARGERIE *
 Bruno WEYMULLER *
 Philippe BOISSEAU
 Alain CHAMPEAUX
 Pierre-Christian CLOUT
 Jean-Pierre CORDIER
 Yves-Marie DALIBARD
 Jean-Michel GIRES
 Alain GRÉMILLET
 François GROH
 Jean-Jacques GUILBAUD

Peter HERBEL
 Ian HOWAT
 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
 Hugues WOESTELANDT

Treasurer

Charles PARIS de BOLLARDIÈRE

* Member of the Executive Committee as of December 31, 2006

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

Compensation of the Chairman and Chief Executive Officer

The total gross compensation paid to Mr. Thierry Desmarest for fiscal 2006 amounted to 3,199,844 euros. This compensation, set by the Board of Directors, is composed of a fixed base salary of 1,523,735 for 2006 and a variable portion, to be paid in 2007, which amounted to 1,676,109 euros. 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 and the Group's future prospects based on action taken in the year in question.

Mr. Thierry Desmarest's total gross compensation for fiscal 2005 amounted to 3,154,623 euros, composed of a fixed base salary of 1,451,235 euros and a variable portion of 1,703,388 euros paid in 2006.

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

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

The Group does not have a specific pension plan for the Chairman and the Chief Executive Officer.

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.

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 complimentary 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 the annual social security threshold multiplied by eight. This pension is indexed to the French Association for Complementary Pensions Schemes (ARRCO) index.

As of December 31, 2006, the Group's pension obligations related to the Chairman are the equivalent of an annual pension of 15.46% of the Chairman's 2006 compensation.

For Mr. de Margerie, the Group's pension obligations are, as of December 31, 2006, the equivalent of an annual pension of 26.10% of his 2006 compensation.

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.

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 twelve-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 reason (*faute grave* or *faute lourde*), these provisions for benefits do not apply.

In addition to the pension commitments described above, the Company has the following commitments 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 71,150 euros, based upon calculations as of December 31, 2006. 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 137,450 euros, based upon calculations as of December 31, 2006. This pension is indexed to the ARRCO index.

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 2006 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 corporate 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.

In 1995, the Group established two special committees, the Nominating & Compensation Committee and the Audit Committee.

In 2003, the Board of Directors amended the corporate governance policies initially adopted in 1995 and in 2001 to take into account recent developments in this area, including the AFEP-MEDEF report published in France in September 2002.

In 2004, the Board of Directors adopted a code of ethics that, in the overall context of the Group's Code of Conduct, applies to its 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 February 18, 2004, the Board had designated Jacques Friedmann, Chairman of the Audit Committee and an independent Director, as Audit Committee financial expert. Mr. Friedmann served in this capacity until the end of his term of office as a director, on May 12, 2006. Mr. Antoine Jeancourt-Galignani, an independent director, has been designated to succeed Mr. Friedmann as Chairman of the Audit Committee and Audit Committee financial expert.

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.

TOTAL's corporate governance practices conform with those generally followed by companies listed in France.

The shareholders' meeting held on May 14, 2004 appointed a Director, Mr. Daniel Boeuf, representing employee shareholders.

Directors' Charter

The Directors' Charter specifies the obligations of each director and sets forth the roles and working procedures of the Board of Directors.

Each director undertakes to maintain the independence of his analysis, judgment, decision and action 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. 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 Directors Charter prohibits buying on margin or short selling those same securities. It also prohibits trading shares of TOTAL S.A. on, and during the fifteen calendar days preceding, the dates of the Company's periodic earnings announcements.

The Board of Directors' role is to determine the strategic vision for 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 officers responsible for managing the Company and supervises their actions;
- Defining the Company's strategic orientations and, more generally, those of the Group;
- Considering major transactions to be pursued by the Group;
- Receiving information on significant events related to the Company's affairs;
- Monitoring the quality of information supplied to shareholders and the financial markets through the financial statements that it approves and the annual report, 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 function 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.

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

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 Board regularly (at least every three years) conducts an evaluation of its own practices. Each year it also discusses its performance.

Board Meetings

The Board of Directors, in general, is convened by written notice at least eight days in advance of a meeting. The documents provided to inform the Board's decisions are, when possible, included with the convening notice or otherwise provided as soon as possible thereafter. At each meeting, the minutes of the preceding meeting are submitted for the approval of the Board.

The Board held seven meetings in 2006, with an average attendance of 86.2%.

The agenda for these meetings included, but was not limited to, the following subjects:

January 10:

- 2006 Budget;
- Chemicals segment strategy;
- Group insurance policy;
- Summary of Ethics Committee activity.

February 14:

- 2005 accounts (consolidated financial statements, parent company accounts);
- Group finance policy;
- Presentation on the transaction with Shell related to the exchange of interests in the gulf of Mexico offshore the United States.

March 14:

- Evaluation of the independence of directors and discussion of the Board's performance;
- Remuneration of the Chairman for the year 2006;
- Approval of the Arkema spin-off and related terms;
- Convocation of the shareholders' meeting and approval of the documents related to this meeting.

May 3:

- Strategic outlook for the Gas & Power division;
- Earnings for the first quarter 2006 and information on adjustments under IFRS to the 2004 accounts;
- Preparation for the shareholders' meeting;
- Presentation on new legal provisions related to transactions carried out by Company officers involving Company shares.

July 18:

- Strategic outlook for the Exploration & Production division;
- Update on CEPESA developments;
- Estimated earnings for the second quarter and first half 2006;
- Award of stock options and restricted share grants.

September 5:

- Strategic outlook for the Refining & Marketing division;
- Presentation of final earnings for the first half 2006 and mid-2006 outlook;
- Presentation of the Jubail (Saudi Arabia) refinery construction project.

November 7:

- Group strategy and five-year plan;
- Earnings for the third quarter 2006;
- Distribution of an interim dividend.

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 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 internal audit reports and other reports (independent auditors, annual report, 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;
- Giving, if requested by the Board, its opinion regarding major transactions contemplated by the Group;
- Annually reviewing significant litigation;
- 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
- 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 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 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 or the Chief Executive Officer, 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 2006, the members of the Committee were Mr. Jacques Friedmann, who served as chairman, until May 12, 2006, when he was succeeded by Mr. Antoine Jeancourt-Galignani, and Messrs, Bertrand Jacquillat and Thierry de Rudder, each of whom is an independent director.

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

As of December 31, 2006, the members of the Committee had served as directors of TOTAL S.A. for twelve, ten and seven years, respectively.

Audit Committee activity

The Audit Committee met six times in 2006, with an effective attendance rate of 100%.

At its meeting on February 13, the Committee reviewed the fourth quarter 2005 accounts as well as the annual consolidated earnings report for the Group and the statutory accounts of TOTAL S.A., the parent company, for 2005. It interviewed the independent auditors and reviewed a report presented by the head of internal audit concerning internal audit activity in 2005.

At its meeting on April 7, the Committee considered deferred income tax accounting principles as related to the consolidated financial statements, the Group's industrial safety policy (presented by the Head of the Industrial Safety Department), and reviewed the U.S. GAAP consolidated financial statements for 2005. At this meeting, the Committee also received an update, including a presentation from the independent auditors, on the implementation of the internal financial control provisions of the Sarbanes-Oxley act.

The Committee met on May 2 to review the first quarter consolidated accounts and the trading activity of the Gas & Power division.

In the second half of 2006, at its meeting on August 2, the Committee designated its Chairman and its financial expert. It also reviewed the accounts for the second quarter and the first half 2006.

On September 27, the Committee received another update, with the participation of the independent auditors, on the Group's Sarbanes-Oxley implementation. It also reviewed petroleum products trading activity and the management of pension obligations.

At its November 6 meeting, the Committee reviewed the third quarter accounts and the budgeted and anticipated fees of independent auditors.

Each quarter, the Committee reviewed the financial condition of the Group and a presentation by the head of the internal audit of internal audit activity.

Nominating & Compensation Committee

The principal objectives of this Committee are to:

- Recommend to the Board of Directors the persons that are qualified to be appointed as Directors or corporate officers and to prepare the corporate governance rules and regulations that are applicable to the Company; and
- Review and examine the executive compensation policies implemented in the Group and the compensation of members of the Executive Committee, recommend the compensation of the Chief Executive Officer, and prepare any report that the Company must submit on these subjects.

It performs the following specific tasks:

1. With respect to nominations:

- a) Assists the Board in the selection of directors, corporate officers, and Directors as Committee members;

b) Recommends annually to the Board the list of directors who may be considered as “independent directors” of the Company; and

c) Proposes methods for the Board to evaluate its performance.

2. With respect to compensation:

a) Makes recommendations and proposals to the Board regarding:

(i) compensation, pension and insurance plans, in-kind benefits, and other compensation, including severance benefits, for the Chairman or the Chief Executive Officer of TOTAL S.A., and

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

b) Reviews the compensation of members of the Executive Committee, including stock option plans, restricted share grants and equity-based plans as well as pension and insurance plans and in-kind benefits.

Nominating & 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 Nominating & Compensation Committee 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 Nominating & Compensation Committee; 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 Chief Executive Officer of the Company to present recommendations.

The Chief Executive Officer may not 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.

Nominating & Compensation Committee activity

The Committee met on January 30, July 12 and November 28 in 2006, with an average effective attendance of 88.9%. Messrs. Bertrand Collomb, Michel Pébereau and Serge Tchuruk, each an independent director, are the members of the committee and Mr. Michel Pébereau serves as its Chairman.

The Committee proposed to the Board of directors the list of directors to be recommended for appointment by the shareholders’ meeting.

In addition to its proposals for the compensation of the Chief Executive Officer and regarding stock options and restricted share grants, the Committee also proposed to modify the rules for awarding directors’ fees. This proposal was adopted by the Board, subject to the approval of the total amount to be distributed to directors by the shareholders’ meeting to be held on May 11, 2007.

The Committee also proposed a policy for determining the compensation and other advantages awarded to the Chairman and to the Chief Executive Officer.

The Committee directed a self-evaluation of the Board and selected the external consultancy retained to assist with this evaluation. The self-evaluation was conducted in the fall of 2006 and confirmed that the Board of Directors had made appropriate choices in organizing its operations. A discussion of the results of this self-evaluation was on the agenda of the Board meeting held on February 13, 2007.

The Committee also conducted a financial review of 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 annual report for 2006.

Director Independence

The Committee proposed to the Board a list of independent directors based on generally recognized corporate governance principles. The Nominating & Compensation Committee proposed that the Board consider a director to be independent when that director has “no relationship, of any nature, with the company, group or its management which could compromise the independent exercise of his judgment”, pursuant to the AFEP-MEDEF (French corporate associations) report of 2002.

At its meeting on February 13, 2007, the Board, acting on a proposal from the Committee, determined that, as of December 31, 2006, the following directors were independent:

Messrs. Bouton, Collomb, Desmarais, Jacquillat, Jeancourt-Galignani, Levene, Lippens, Pébereau, de Rudder, Tchuruk and Vaillaud.

These directors meet the independence criteria contained in the AFEP-MEDEF report of 2002, with the exception of Mr. Tchuruk, who has been a director of the Company for a period exceeding the twelve years recommended by the report. The Board, taking into account the nature of the Company's industry, with the associated long-term investments and activities, considered that service as a director over a long period corresponds to certain experience and authority that strengthens the independence of a director. Upon this basis, the Board concluded that Mr. Tchuruk was an independent director.

In evaluating the independence criteria under the report related to material client, supply, banking or investment banking relationships between a director and the Company, the Board considered that the business dealings between Group companies and the banking institutions where Messrs. Bouton and Pébereau are members of the administrative or management bodies are not material since these dealings represent less than 0.1% of their net banking income. The Board concluded the Messrs. Bouton and Pébereau were independent directors.

Under this evaluation, 73.3% of the members of the Board of Directors are considered to be independent.

The Board also noted that there were no potential conflicts of interest between the Company and its directors.

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

Based on a proposal by the committee, the Board adopted the following policy for determining the compensation and other advantages of the Chairman and of the Chief Executive Officer:

- Compensation for the Chairman and the Chief Executive Officer is set by the Board of Director 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.

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 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.

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

Recent Corporate Governance Developments

At its meeting on February 13, 2007, the Board of Directors, acting on a proposal by the Nominating & Compensation Committee, enacted certain changes related to the Group's corporate governance, effective as of February 2007. The Board amended the Directors Charter, subsequently renamed the Rules of Procedure of the Board of Directors, mainly to take into account the fact that separate individuals would serve as Chairman and as Chief Executive Officer and to create a separate Nominating & Governance Committee and Compensation Committee to divide the duties of the former Nominating & Compensation Committee. The Board also adopted charters for these committees.

Also on February 13, 2007, the Board of Directors appointed Mr. Christophe de Margerie as Chief Executive Officer of the Company. Mr. Thierry Desmarest remains Chairman of the Board of 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 Group's senior management receives regular training on the content and the importance of proper conduct, which is documented in a 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 their financial reporting is accurate.

These control principles have been confirmed and documented as part of the corporate governance initiative described above.

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 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, based on defined thresholds.

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 accounting department monitors changes in accounting standards on an ongoing basis, particularly international accounting standards. In 2004, the Group implemented a transition to IFRS and adapted its internal control system to reflect this change in reporting standards.

The 2006 consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.

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, capital expenditures, production and sales, oil trading, purchasing, inventories, payroll, and cash management. These processes are adapted to the petroleum industry in which the Group operates, while respecting the COSO framework.

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 established at the Group level cover acquisitions and disposals, capital expenditures, financing and cash management, budget management and financial reporting.

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.

In 2006, the Group continued its efforts to document, establish and evaluate internal control over financial reporting to comply with the requirements of Section 404 of the Sarbanes-Oxley act (which applies to the Company for the first time as of the end of the financial year 2006).

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 in cooperation with the independent auditors, who also perform internal control audits integrated, as they deem appropriate, with their audit of the annual financial statements.

The reports from these audits are periodically summarized and presented to the Audit Committee and the Board of Directors.

The independent auditors also report their observations to the Audit Committee as part of their duties.

In 2006, the Group audit department employed 75 professionals and conducted 207 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, 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. 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.

For the year 2006, 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.

Paris, La Défense, February 14, 2007

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, 2006.

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, April 3, 2007

The statutory auditors

KPMG AUDIT (a division of KPMG S.A.)
René Amirkhanian

ERNST & YOUNG AUDIT
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:

	Upstream	Downstream	Chemicals ^(a)	Corporate	Total
2006	14,862	34,467	44,504	1,237	95,070
2005	14,849	34,611	62,214	1,203	112,877
2004	14,597	34,045	61,570	1,189	111,401

	France	Rest of Europe	Rest of world	Total
2006	37,831	26,532	30,707	95,070
2005	48,751	30,140	33,986	112,877
2004	49,174	29,711	32,516	111,401

(a) At December 31, 2006, these figures exclude the employees of Arkema, pursuant to the spin-off of these activities in May 2006.

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.

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 and the Caisse Autonome of the Group in Belgium. In addition, U.S. employees participate in these operations through ADRs and Italian employees may participate by directly subscribing to new shares.

Employee shareholding

The total number of TOTAL shares held by employees as of December 31, 2006 is as follows:

TOTAL ACTIONNARIAT France	68,675,754
TOTAL ACTIONNARIAT International	15,542,253
ELF PRIVATISATION N°1	1,683,255
Shares held by U.S. employees	1,905,522
Group Caisse Autonome (Belgium)	491,784
TOTAL shares from the exercise of the Company's stock options and held as registered shares within a Company Savings Plan (PEE)	2,530,385
Total shares held by employee shareholder funds	90,828,953

As of December 31, 2006, 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, 90,828,953 TOTAL shares, representing 3.74% of the Company's share capital on that date.

Capital increase reserved for employees

The shareholders' meeting held on May 17, 2005 delegated 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 17, 2005 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 cancelled and replaced, for the unused part, the one granted by the Extraordinary Shareholder's Meeting of May 14, 2004.

Pursuant to this delegation of authority, the Board of Directors decided on November 3, 2005 to proceed with a capital increase of a maximum of three million Company shares with a par value of 10 euros, representing 12 million shares with a par value of 2.5 euros reserved for TOTAL employees, bearing dividends as of January 1, 2005, at a price of 166.60 euros per share with a par value of 10 euros or 41.65 euros per share with a par value of 2.50 euros. 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 27, 2006, on its website and on the website of 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 opened to former employees of TOTAL S.A. and its French subsidiaries who took their retirement. Subscription was opened from February 6 through February 24, 2006, and resulted in the issuance of 2,785,330 new shares with a par value of 10 euros, or 11,141,320 euros with a par value of 2.50 euros, in 2006.

Shares held by Directors and Executive Officers

On December 31, 2006, 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): 680,773 shares.
- Management Committee and Treasurer (including the Chairman): 1,616,337 shares.
- Chairman of the Board of Directors: 477,200 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 2006 by the individuals concerned under paragraphs a) through c) of Article L 621-18-2 of the French Monetary and Financial Code.

Year 2006

		Purchases	Subscriptions	Sales	Swaps
Thierry Desmarest ^{(a) (b)}	TOTAL shares	276,000.00	116,000.00	208,000.00	
	Shares in savings plans (FCPE), and other related financial instruments ^(c)				
Christophe de Margerie ^{(a) (b)}	TOTAL shares	36,000.00			
	Shares in savings plans (FCPE), and other related financial instruments ^(c)	1,071.06	7,704.63		
Daniel Boeuf ^{(a) (b)}	TOTAL shares				
	Shares in savings plans (FCPE), and other related financial instruments ^(c)		312.12		
Pierre Vaillaud ^{(a) (b)}	TOTAL shares	2,000.00		2,000.00	
	Shares in savings plans (FCPE), and other related financial instruments ^(c)				
François Cornélis ^{(a) (b)}	TOTAL shares	225,748.00		215,748.00	
	Shares in savings plans (FCPE), and other related financial instruments ^(c)	207.08	4,184.00		
Michel Bénézit ^{(a) (b)}	TOTAL shares	70,000.00	5,350.00	42,500.00	
	Shares in savings plans (FCPE), and other related financial instruments ^(c)	6.42	3,018.82	3,105.26	
Robert Castaigne ^{(a) (b)}	TOTAL shares		45,232.00	20,000.00	
	Shares in savings plans (FCPE), and other related financial instruments ^(c)	2.25	6,800.00	7,015.81	
Yves-Louis Darricarrère ^{(a) (b)}	TOTAL shares		10,880.00		
	Shares in savings plans (FCPE), and other related financial instruments ^(c)	0.43	3,721.49		
Bruno Weymuller ^{(a) (b)}	TOTAL shares				
	Shares in savings plans (FCPE), and other related financial instruments ^(c)	242.78	3,961.58	5,201.99	

(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) To reflect the four-for-one stock split approved by the shareholders' meeting on May 12, 2006, the number of TOTAL shares and interests in FCPE related to transactions on TOTAL shares carried out prior to May 18 2006 directly or through a FCPE, has been multiplied by four.

(c) 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 establishes 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 grant 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.

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 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) and allows employees to be more closely associated with the financial and share price performance of TOTAL (see pages 113 to 114).

In addition, performance indicators used under profit-sharing agreements allow the Group, when permitted by local legislation, to benefit from the performance of the Group as a whole (see page 163).

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 2006.

		Number of beneficiaries	Number of options awarded ^(a)	Percentage	Average number of options per beneficiary ^(a)
1998 Plan^(a)					
Stock purchase options	Executive Officers ^(b)	16	157,500	16.5%	9,844
(Decision of the Board on March 17, 1998; exercise price: 93.76 euros (615 French francs); discount: 4.94%)	Senior managers	162	347,600	36.4%	2,146
	Other employees	824	449,900	47.1%	546
	Total	1,002	955,000	100%	953
1999 Plan^(a)					
Stock purchase options	Executive Officers ^(b)	19	279,000	18.6%	14,684
(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 ^(c))	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	Executive Officers ^(b)	24	246,200	10.2%	10,258
(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 ^(d))	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	Executive Officers ^(b)	21	295,350	11.0%	14,064
(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 ^(d))	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	Executive Officers ^(b)	28	333,600	11.6%	11,914
(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 ^(d))	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	Executive Officers ^(b)	28	356,500	12.2%	12,732
(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 ^(d))	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	Executive Officers ^(b)	30	423,500	12.6%	14,117
(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 ^(d))	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	Executive Officers ^(b)	30	370,040	24.3%	12,335
(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 ^(d))	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	Executive Officers ^(b)	28	1,447,000	25.3%	51,679
(Decision of the Board on July 19, 2006; exercise price: 50.60 euros; discount: 0.0%)	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

(a) Options are exercisable after a five-year vesting period from the individual award date of individual grant and expire eight years after this date.

(b) Options are exercisable after a four-year vesting period from the individual award date and expire eight years after this date. The underlying shares may not be transferred during the five-year period from the individual award date.

(c) Options are exercisable after January 1, 2005 and expire eight years after the individual award date. The underlying shares may not be transferred during the four-year period from the individual award date.

(d) Options are exercisable after a two-year vesting period from the individual award date and expire eight years after this date. The underlying shares may not be transferred during the four-year period from the individual award date.

(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 Executive 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.

TOTAL stock options as of December 31, 2006

	1998 Plan	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	Total
Type of options	Purchase options	Purchase options	Purchase options	Purchase options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	
Date of the shareholders' meeting	May 21, 1997	May 21, 1997	May 21, 1997	May 17, 2001	May 17, 2001	May 17, 2001	May 14, 2004	May 14, 2004	May 14, 2004	
Date of Board meeting	March 17, 1998	June 15, 1999	July 11, 2000	July 10, 2001	July 9, 2002	July 16, 2003	July 20, 2004	July 19, 2005	July 18, 2006	
Options awarded by the Board (before taking into account the four-for-one stock split ^(a) , of which:	955,000	1,499,767	2,425,645	2,693,375	2,870,850	2,935,306	3,365,630	1,526,120	5,727,240	
• Executive directors ^(b)	30,000	40,000	50,000	75,000	60,000	60,000	60,000	60,180	400,720	
• Ten highest awards to employees ^(c)	111,000	172,000	138,000	166,000	176,500	175,000	204,000	184,000	633,000	
Options awarded by the Board (after taking into account the four-for-one stock split ^(a) , of which:	3,820,000	5,999,068	9,702,580	10,773,500	11,483,400	11,741,224	13,462,520	6,104,480	5,727,240	78,814,012
• Executive directors ^(b)	120,000	160,000	200,000	300,000	240,000	240,000	240,000	240,720	400,720	2,141,440
• Ten highest awards to employees ^(c)	444,000	688,000	552,000	664,000	706,000	700,000	816,000	736,000	633,000	5,939,000
Date as of which options may be exercised	March 18, 2003	June 16, 2004 ^(d)	July 12, 2004 ^(e)	January 1, 2005	July 10, 2004	July 17, 2005	July 21, 2006	July 20, 2007	July 19, 2008	
Expiration date	March 17, 2006	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	
Initial exercise price (in euros)	93.76	113.00	162.70	168.20	158.30	133.20	159.40	198.90	-	
Exercise price until May 23, 2006 (in euros) ^(f)	23.44	28.25	40.68	42.05	39.58	33.30	39.85	49.73	-	
Exercise price from May 24, 2006 (in euros) ^(f)	-	27.86	40.11	41.47	39.03	32.84	39.30	49.04	50.60	
Number of options ^(g) :										
• Outstanding as of January 1, 2006	589,652	2,052,432	6,509,944	8,735,900	11,283,480	11,196,796	13,411,320	6,094,080	-	59,873,604
• Awarded in 2006	-	-	-	-	-	-	-	134,400	5,727,240	5,861,640
• Cancelled in 2006	(72,692)	-	(7,272) ^(h)	(15,971)	(26,694)	(22,200)	(57,263)	(43,003)	(1,080)	(246,175)
• Adjustments related to the Arkema spin-off ^(g)	-	25,772	84,308	113,704	165,672	163,180	196,448	90,280	-	839,364
• Exercised in 2006	(516,960)	(707,780)	(1,658,475)	(1,972,348)	(2,141,742)	(729,186)	(120,133)	-	-	(7,846,624)
• Outstanding as of December 31, 2006	-	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

- (a) The number of options awarded, outstanding, cancelled or exercised 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 2006 plan, options awarded to Messrs. Thierry Desmarest, Chairman and Chief Executive Officer of TOTAL S.A., Daniel Boeuf, the director representing employee shareholders, and Christophe de Margerie, director of TOTAL S.A. and President of the Exploration & Production division.
- (c) Employees of TOTAL S.A. and any company in the Group who were not executive directors of TOTAL S.A. at the time of award.
- (d) January 1, 2003 for employees under contract with a subsidiary incorporated outside of France.
- (e) January 1, 2004 for employees under contract with a subsidiary incorporated outside of France.
- (f) To take into account the four-for-one stock split, the exercise price of stock options 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.
- (g) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree n° 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.
- (h) Taking into account the confirmation in 2006 of the award of 500 stock options (for underlying shares, par value 10 euros per share) that had been cancelled erroneously in 2001.

TOTAL stock options awarded to executive officers (Management Committee and Treasurer as of December 31, 2006)

	1998 Plan	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	Total
Type of options	Purchase options	Purchase options	Purchase options	Purchase options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	
Expiration date	March 17, 2006	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	
Initial exercise price (in euros)	93.76	113.00	162.70	168.20	158.30	133.20	159.40	198.90	-	
Exercise price until May 23, 2006 (in euros) ^(a)	23.44	28.25	40.68	42.05	39.58	33.30	39.85	49.73	-	
Exercise price from May 24, 2006 (in euros) ^(a)	-	27.86	40.11	41.47	39.03	32.84	39.30	49.04	50.60	
Options awarded by the Board (before taking into account the four-for-one stock split) ^(b)	106,700	183,000	215,000	269,550	280,300	307,276	369,000	326,360	1,438,920	
Options awarded by the Board (after taking into account the four-for-one stock split) ^(b)	426,800	732,000	860,000	1,078,200	1,121,200	1,229,104	1,476,000	1,305,440	1,438,920	9,667,664
Options outstanding as of January 1, 2006 ^(b)	67,448	247,076	540,000	1,056,200	1,121,200	1,102,592	1,476,000	1,305,440	-	6,915,956
Options exercised up to May 23, 2006 ^(b)	(67,448)	(59,000)	(112,800)	(327,200)	-	(23,680)	-	-	-	(590,128)
Adjustment related to the Arkema spin-off ^(c)	-	2,664	6,048	10,300	15,820	15,228	20,796	18,400	-	89,256
Options awarded after May 24, 2006	-	-	-	-	-	-	-	-	1,438,920	1,438,920
Options exercised after May 24, 2006	-	(8,918)	(17,852)	(100,272)	(164,284)	(205,216)	-	-	-	(496,542)
Options outstanding as of December 31, 2006	-	181,822	415,396	639,028	972,736	888,924	1,496,796	1,323,840	1,438,920	7,357,462

(a) To take into account the four-for-one stock split, the exercise price of stock options 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.

(b) The number of options awarded, outstanding or exercised 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.

(c) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree n° 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.

In 2006, Mr. Christophe de Margerie, a director of TOTAL S.A. and member of the Executive Committee, was awarded 160,000 options under the 2006 Plan and exercised 9,000 options, awarded under the 1998 Plan, for 9,000 underlying shares, par value 10 euros per share (after the stock split, 36,000 shares, par value 2.50 euros per share). Pursuant to the adjustments related to the Arkema spin-off, Mr. Christophe de Margerie was attributed an additional 9,876 options based on his options outstanding as of May 23, 2006. These options from the adjustment give rights, upon exercise, to a total of 9,876 shares, par value 2.50 euros per share.

In 2006, Mr. Daniel Boeuf, the director of TOTAL S.A. representing employee shareholders, was awarded 720 options under the 2006 Plan and did not exercise any options. Pursuant to the adjustments related to the Arkema spin-off, Daniel Boeuf was attributed an additional 12 options related to the options he had been awarded under the 2005 Plan. These options from the adjustment give rights, upon exercise, to a total of 12 shares, par value 2.50 euros per share.

Certain executive officers of TOTAL as of December 31, 2006 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 (see page 124).

TOTAL stock options awarded to Mr. Thierry Desmarest, Chairman of the Board of TOTAL S.A.

	1998 Plan	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan	Total
Type of options	Purchase options	Purchase options	Purchase options	Purchase options	Purchase options	Subscription options	Subscription options	Subscription options	Subscription options	
Expiration date	March 17, 2006	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	July 18, 2014	
Initial exercise price (in euros)	93.76	113.00	162.70	168.20	158.30	133.20	159.40	198.90	-	
Exercise price until May 23, 2006 (in euros) ^(a)	23.44	28.25	40.68	42.05	39.58	33.30	39.85	49.73	-	
Exercise price from May 24, 2006 (in euros) ^(a)	-	27.86	40.11	41.47	39.03	32.84	39.30	49.04	50.60	
Options awarded by the Board (before taking into account the four-for-one stock split) ^(b)	30,000	40,000	50,000	75,000	60,000	60,000	60,000	60,000	240,000	
Options awarded by the Board (after taking into account the four-for-one stock split) ^(b)	120,000	160,000	200,000	300,000	240,000	240,000	240,000	240,000	240,000	1,980,000
Options outstanding as of January 1, 2006 ^(b)	-	24,000	52,000	300,000	240,000	176,000	240,000	240,000	-	1,272,000
Options exercised up to May 23, 2006 ^(b)	-	(24,000)	(52,000)	(120,000)	-	-	-	-	-	(196,000)
Adjustment related to the Arkema spin-off ^(c)	-	-	-	2,532	3,372	2,476	3,372	3,372	-	15,124
Options awarded after May 24, 2006	-	-	-	-	-	-	-	-	240,000	240,000
Options exercised after May 24, 2006	-	-	-	(80,000)	-	(116,000)	-	-	-	(196,000)
Options outstanding as of December 31, 2006	-	-	-	102,532	243,372	62,476	243,372	243,372	240,000	1,135,124

(a) To take into account the four-for-one stock split, the exercise price of stock options 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.

(b) The number of options awarded, outstanding or exercised 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.

(c) Adjustments approved by the Board on March 14, 2006 pursuant to Articles 174-9, 174-12 and 174-13 of Decree n° 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.

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 ^(a)	Exercise price up to May 23, 2006 ^(b) (in euros)	Exercise price from May 24, 2006 ^(b) (in euros)	Date of the Board meeting awarding the options	Expiration Date
Options awarded in 2006 to the ten employees of TOTAL S.A., or any company in the Group, receiving the largest number of options	633,000	-	50.60	July 18, 2006	July 18, 2014
Options exercised in 2006 by the ten employees of TOTAL S.A., or any company in the Group, exercising the largest number of options	3,200	23.44	-	March 17, 1998	March 17, 2006
	31,256	28.25	27.86	June 15, 1999	June 15, 2007
	55,888	40.68	40.11	July 11, 2000	July 11, 2008
	256,544	42.05	41.47	July 10, 2001	July 10, 2009
	183,638	39.58	39.03	July 9, 2002	July 9, 2010
	108,690	33.30	32.84	July 16, 2003	July 16, 2011
	22,312	39.85	39.30	July 20, 2004	July 20, 2012
	661,528		38.70^(c)		

(a) The number of options exercised 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) To take into account the four-for-one stock split, the exercise price of stock options 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.

(c) Weighted-average price.

TOTAL restricted share grants

The following table gives a breakdown of restricted share grants by category of grantee (executive officers, senior managers and other employees).

		Number of grantees	Number of restricted shares granted ^(a)	Percentage	Average number of restricted share per grantee ^(b)
2005 Plan^(b) (Decision of the Board on July 19, 2005)	Executive officers ^(d)	29	13,692	2.4%	472
	Senior managers	330	74,512	13.1%	226
	Other employees	6,956	481,926	84.5%	69
	Total	7,315	570,130	100%	78
2006 Plan^(c) (Decision of the Board on July 18, 2006)	Executive officers ^(d)	26	49,200	2.2%	1,892
	Senior managers	304	273,832	12.0%	901
	Other employees ^(e)	7,509	1,952,332	85.8%	260
	Total	7,839	2,275,364	100%	290

(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 authority given by the shareholders' meeting on May 17, 2005. Grants of these restricted shares, which the Company purchased on the market in 2005, will become final, subject to performance conditions, on July 20, 2007, 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 2006, 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 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 per share.

(c) Grant approved by the Board on July 18, 2006 pursuant to the authority 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) Members of the Executive Committee and the Treasurer as of the date of the Board meeting granting the restricted shares. The Chairman of the Board is not granted restricted shares. Mr. Christophe de Margerie, a director of TOTAL S.A., was not granted restricted shares under the 2006 Plan.

(e) Mr. Daniel Boeuf, the director of TOTAL S.A. representing employee shareholders, was granted 416 restricted shares under the 2006 Plan.

Restricted share plans as of December 31, 2006

	2005 Plan ^(a)	2006 Plan
Date of the shareholders' meeting	May 17, 2005	May 17, 2005
Date of the Board meeting approving the restricted share grants	July 19, 2005	July 18, 2006
Closing share price on the date of the Board meeting (in euros) ^(b)	52.13	50.40
Average repurchase price per share paid by the Company (in euros) ^(b)	51.62	51.91
Total number of restricted shares granted, of which	2,280,520	2,275,364
• Executive directors ^(c)	416	416
• Ten employees with largest grants ^(d)	20,000	20,000
Start of the vesting period	July 19, 2005	July 18, 2006
Date of final grant, subject to specified condition (end of the vesting period)	July 20, 2007	July 19, 2008
Transfer possible from (end of the holding period)	July 20, 2009	July 19, 2010
Number of restricted shares:		
• Outstanding as of January 1, 2006	2,274,528	-
• Granted in 2006	-	2,275,364
• Cancelled in 2006	(7,432)	(3,068)
• Outstanding as of December 31, 2006	2,267,096	2,272,296
Number of restricted shares finally granted in 2006	-	-

(a) The number of restricted shares granted 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) 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.

(c) Restricted shares granted to executive directors as of the date of grant. The Chairman of the Board is not granted restricted shares. Mr. Daniel Boeuf, the director of TOTAL S.A. representing employee shareholders, was granted 416 restricted shares under the 2006 Plan. Mr. Christophe de Margerie, a director of TOTAL S.A. and President of the Exploration & Production division, was not granted restricted shares under the 2006 Plan.

(d) Employees of TOTAL S.A., or of any Group company, who were not executive directors of TOTAL S.A. as of the date of grant.

Allocation of Elf Aquitaine share subscription options

Elf Aquitaine stock options of Executive Officers (Members of the Management Committee and the Treasurer as of December 31, 2006)^(a)

Certain executive officers of TOTAL as of December 31, 2006 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 24 to the consolidated financial statements (see page 219).

Elf Aquitaine stock subscription plan	1999 Plan n°1
Exercise price, per Elf Aquitaine share, until May 23, 2006 (in euros)	115.60
Exercise price, per Elf Aquitaine share, from May 24, 2006 (in euros) ^(a)	114.76
Expiration date	March 30, 2009
Options awarded	16,130
Options outstanding as of January 1, 2006	4,287
Options exercised in 2006	(1,356)
Adjustments for S.D.A. spin-off ^(b)	28
Options outstanding as of 2006	2,959
Corresponding number of TOTAL shares, as of December 31, 2006, pursuant to the exchange guarantee^(c)	17,754

(a) 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.

(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 n° 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 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

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Listing details

Listing

Exchanges

Paris, Brussels, London and New York

Codes

ISIN	FR0000120271
Reuters	TOTF.PA
Bloomberg	FP FP
Datastream	F: TAL
Mnémono	FP

Included in the 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, FTSE ISS CGI, ASPI

Weight in indices as of December 31, 2006:

CAC40	13.0%	1 st place
DJ EURO STOXX 50	5.9%	1 st place
DJ STOXX 50	3.8%	3 rd place
DJ GLOBAL TITANS	2.2%	15 th place

Largest capitalization on the Paris Bourse and the Euro zone

As of December 31, 2006 (in B€)

Largest companies by market capitalization in the euro zone

TOTAL	132.6
ENI	102.1
EDF	100.6
Sanofi-Aventis	95.0
Santander Central Hispano	88.4

Source: Bloomberg for other companies.

Market Capitalization as of December 31, 2006

132.6 B€
174.5 B\$

Percentage of float: 100%

(Eurolist by Euronext™)

Par value

2.50 euros (after the four-for-one stock split on May 18, 2006)

Credit rating as of December 31, 2006 (long term/short term/outlook)

Standard & Poor's : AA/A1+ / Stable
Moody's : Aa1/P1/Stable

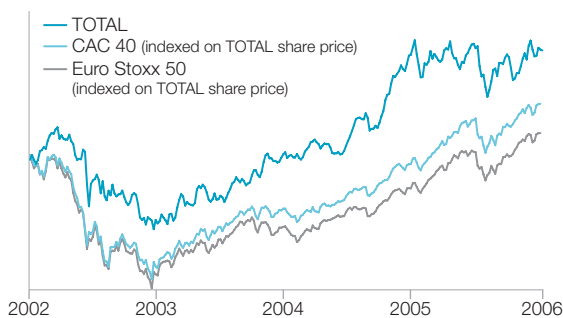
Four-for-one stock split

The General Meeting of Shareholders of May 12, 2006 decided to split the TOTAL share par value by four, effective as of May 18, 2006. Consequently, on May 18, 2006, each shareholder received four new TOTAL shares, par value 2.50 euros per share, for each old share, par value 10 euros per share.

In addition, after approval of this four-for-one stock split, the Company changed the ratio between its ADRs (American Depositary Receipts) and the TOTAL shares: since May 23, 2006 one ADR corresponds to one share (compared to two ADRs per share previously).

Share performance

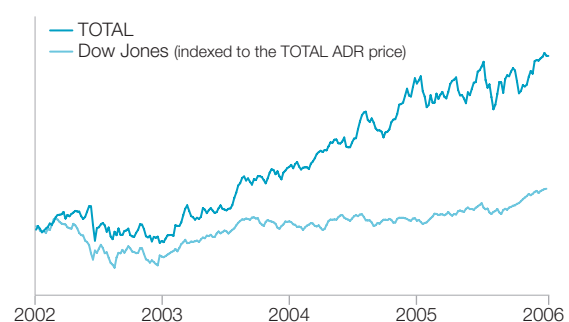
TOTAL share price (in euros) in Paris (2002-2006)^(a)



Source Datastream - Price as at December 29, 2006: 54.65 euros

(a) In order to take into account Arkema's spin-off and the four-for-one stock split, Euronext Paris defined an adjustment of TOTAL's historical stock price. Therefore, TOTAL's stock price before May 18, 2006 was 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 are taken into account in the stock price evolution shown on this chart.

TOTAL ADR price (in dollars) in New York (2002 - 2006)^(a)



Source Datastream - Price as at December 29, 2006: 71.92 \$

(a) In order to take into account Arkema's spin-off and ADR's split by two, the New York Stock Exchange (NYSE) defined an adjustment on TOTAL ADR's historical stock price. Therefore, TOTAL's ADR price before May 23, 2006 was 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 are 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 General Meeting of Shareholders 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 perimeter, as well as to allocate 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 the Eurolist by Euronext™ market 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, 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 the Eurolist by Euronext™ 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 unclaimed Arkema's shares sale. TOTAL S.A. will make the net proceeds of this sale available to their holders' in 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 property of the French State.

Moreover, since May 18, 2006, Arkema's shares have been freely traded on the Eurolist by Euronext™.

Change in stock prices in Europe compared to major European oil companies between January 1, 2006 and December 31, 2006 (in local currency)

TOTAL (euro) ^(a)	+ 4.4%
BP (British pound)	- 8.3%
Royal Dutch Shell A (euro)	+ 3.6%
Royal Dutch Shell B (euro)	- 1.6%
ENI (euro)	+ 8.7%

(a) In order to take into account Arkema's spin-off and the four-for-one stock split, Euronext Paris defined an adjustment on TOTAL's historical stock price. Therefore, TOTAL's stock price before May 18, 2006 was 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 are taken into account in the stock price evolution calculation of this chart.

Change in stock prices in the United States compared to major oil competitors between January 1, 2006 and December 31, 2006 (in dollars)

TOTAL ^(b)	+ 15.7%
ExxonMobil	+ 36.4%
BP	+ 4.5%
Royal Dutch Shell A	+ 15.1%
Royal Dutch Shell B	+ 10.3%
Chevron	+ 29.5%
ENI	+ 20.6%
ConocoPhillips	+ 23.7%

(b) In order to take into account Arkema's spin-off and the ADR's split by two, the New York Stock Exchange (NYSE) defined an adjustment on TOTAL ADR's historical stock price. Therefore, TOTAL's stock price before May 23, 2006 was multiplied by a 0.9838 adjustment coefficient (based on TOTAL ADR's 130.4 dollars closing price on May 22, 2006 as well as Arkema's OTC closing price on May 18, 2006 of 42.15 dollars) and by 0.5. These adjustments, defined by the NYSE are taken into account in the stock price evolution calculation of this chart.

Appreciation of a portfolio invested in TOTAL shares

Net yield of 16.5% per year over ten years (excluding tax credit)

Multiplication of the initial investment by 4.6 over ten years

For every 1,000 euros invested in TOTAL stock as of December 31, in year N, by an individual resident in France, assuming that the net dividends (excluding the tax credit) are reinvested in TOTAL stock, and excluding tax and social withholding.

	Investment date	Annual yield ^(a)		The capital invested at the end of the period would be:	
		TOTAL	CAC 40	TOTAL	CAC 40
1 year	January 1, 2006	7.7%	20.9%	1,077	1,209
5 years	January 1, 2002	9.8%	6.2%	1,596	1,351
10 years	January 1, 1997	16.5%	11.2%	4,605	2,891
15 years	January 1, 1992	15.6%	10.1%	8,798	4,235

(a) TOTAL's share prices, that are used to calculate the annual yields, take into consideration the adjustment made by Euronext Paris after Arkema's share allocation rights partition.

Furthermore, the one-year yield between December 31, 2005 and December 31, 2006 of an investment in a TOTAL share, with a sale on December 31, 2006 of one tenth of Arkema's share allocated for the spin-off (i.e. at a closing price of 38.93 euros of the Arkema Share), is 8.20%.

Information Summary

Information in this table from periods before May 18, 2006 has been recalculated 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.

Price of share (in euros)	2006	2005	2004	2003	2002
Highest (during regular trading session)	58.15	57.28	42.95	36.98	44.85
Adjusted highest ^(a) (during regular trading session)	57.40	56.54	42.40	36.50	44.27
Lowest (during regular trading session)	46.52	39.50	34.85	27.63	30.30
Adjusted lowest ^(a) (during regular trading session)	-	38.99	34.40	27.27	29.91
Last of the year (close)	54.65	53.05	40.18	36.85	34.03
Adjusted last of the year ^(a) (close)	-	52.37	39.66	36.38	33.59
Trading volume (average per session)					
Paris Stock Exchange	10,677,157	10,838,962	10,975,854	11,803,806	11,917,604
London Exchange SEAQ International ^(b)	3,677,117	3,536,068	3,800,048	3,431,732	7,652,800
New York Stock Exchange ^(c) (number of ADRs)	1,500,331	1,716,466	1,199,271	978,117	956,940
Dividend per share (in euros)					
Net dividend ^(d)	1.87	1.62	1.35	1.18	1.03
Tax credit ^(e)	-	-	0.30	0.59	0.51

(a) Adjusted market price of the spin-off of Arkema

(b) To make the trading volume on the SEAQ International comparable to the trading volume in Paris, the number of transactions recorded in London is usually divided by two to account for 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 General Meeting of shareholders 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 now represents one TOTAL share. Moreover trading volumes in New York before May 23, 2006 were multiplied by two.

(d) For 2006, subject to approval by the General Meeting of Shareholders of May 11, 2007. This amount includes the interim 2006 dividend of 0.87 euros per share with a par value of 2.5 euros paid on November 17, 2006.

(e) Based on a tax credit of 50% on the net dividends paid before January 1, 2005, enforceable date of tax credit elimination for individuals under the 2004 French Finance Law. For other shareholders, the tax credit was eliminated 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 17, 2006 and the balance of the dividend paid on May 18, 2007 (subject to approval by the General Meeting of Shareholders of May 11, 2007) are eligible for the 40% rebate applying to individuals residing for tax purposes in France provided for by Article 158 paragraph 3 of the French General Tax Code.

TOTAL share over the last 18 months (on the Paris Stock Exchange)

In accordance with May 12, 2006 General Meeting decision in relation with TOTAL four-for-one stock split, each shareholder received on May 18, 2006 four new TOTAL shares, par value 2.50 euros per share, for each old share, par value 10 euros per share. Data prior to May 18, 2006 reported in this chart was adjusted for this stock split by multiplying the traded volumes by four and by dividing stock prices by four. Furthermore, the May 12, 2006 General Meeting approved the spin-off of Arkema's chemical activities from the Group's other chemical activities and the allocation as from May 18, 2006 of one Arkema share allocation right for each TOTAL share, par value 10 euros per share, ten allocation rights entitling the holder to one Arkema share. Data prior to May 18, 2006 in the first two columns of this table and concerning the highest and lowest market prices are presented without consideration to the Arkema's share allocation right partition. Data prior to May 18, 2006 reported in the following columns of the table and concerning the highest and lowest market prices takes into account Arkema's share allocation right partition.

	Average volume traded	Highest price traded	Lowest price traded	Adjusted highest price traded	Adjusted lowest price traded
September 2005	11,125,183	57.28	53.38	56.54	52.69
October 2005	14,043,673	57.05	49.75	56.32	49.11
November 2005	10,856,295	56.05	51.45	55.33	50.79
December 2005	8,123,034	55.10	52.65	54.39	51.97
January 2006	11,177,540	58.15	53.30	57.40	52.62
February 2006	10,743,661	57.03	52.58	56.29	51.90
March 2006	10,487,025	55.35	51.43	54.64	50.76
April 2006	10,706,458	57.43	53.85	56.69	53.16
May 2006	15,249,339	57.10	48.65	56.37	48.65
June 2006	12,466,491	51.70	46.52	-	-
July 2006	9,719,101	53.85	49.70	-	-
August 2006	8,632,591	54.50	51.10	-	-
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	-	-
Maximum on the period				58.15	57.40
Minimum on the period				46.52	46.52

Source : Euronext Paris

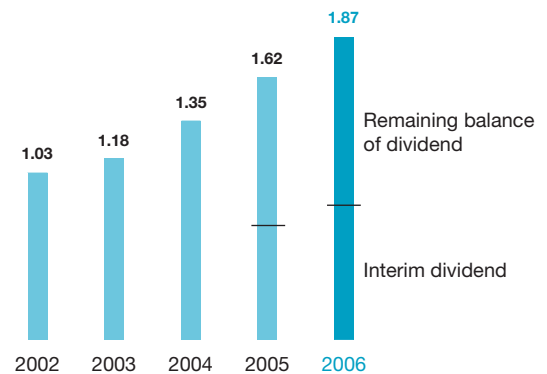
Dividends

Dividend policy

In accordance with the distribution policy announced at the General Meeting of Shareholders on May 14, 2004, an interim dividend is paid in the fourth quarter of each year, except under extraordinary circumstances.

The Board of Directors met on November 7, 2006 and, after approving the accounts as of September 30, 2006, approved an interim 2006 dividend in the amount of 0.87 euros per share paid on November 17, 2006.

For the fiscal year 2006, as in the past, TOTAL continued its dynamic dividend policy by proposing a dividend of 1.87 euros per share to the General Meeting of Shareholders, including a balance of 1.00 euro per share, which would be payable on May 18, 2007. This dividend of 1.87 euros represents an increase of 15% compared to the previous year. Over the past five years, this increase amounts to an average of 16% per year. In 2006, TOTAL's pay-out ratio was 34%⁽¹⁾.



Amounts adjusted in order to take into account the four-for-one stock split effective as from May 18, 2006.

Dividend payment

The dividend payment, which is entrusted to BNP Paribas Securities Services, is made through financial account holder intermediaries using the EUROCLEAR France direct payment system.

THE BANK OF NEW YORK (101 Barclay Street, New York, NY 10286, USA) arranges for the payment of dividends to holders of American Depositary Receipts (ADRs).

⁽¹⁾ On the basis of adjusted net earnings per share.

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 offering 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 to a registered custody account and vice versa. New CRs have been issued after TOTAL's four-for-one stock split. ING Belgique is the paying bank for any coupons detached from physical CRs in circulation.

There is no charge for the payment of detached coupons from CRs, unless there are income or withholding taxes; payment may be received at teller windows of the following institutions:

ING Belgique
FORTIS BANQUE S.A.
KBC BANK N.V.

Avenue Marnix 24, 1000 Brussels, Belgium
Montagne du Parc 3, 1000 Brussels, Belgium
Avenue du Port 2, 1080 Brussels, Belgium

Strips-VVPR TOTAL

Strips-VVPR are securities that allow a shareholder with tax domicile in Belgium to receive a reduction of the Belgian withholding tax on securities income 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 with a maximum value of two euro cents in 2006. Strips-VVPR grant rights only if accompanied by TOTAL shares. There were 227,734,056 strips-VVPR TOTAL outstanding as of December 31, 2006.

Coupons

Exercice	Due Date	Expiration Date	Type	Net amount (in euros)	Net amount recalculated ^(a) (in euros)
2000	05/29/2001	05/29/2006	Dividend	3.30	0.83
2001	05/17/2002	05/17/2007	Dividend	3.80	0.95
2002	05/16/2003	05/16/2008	Dividend	4.10	1.03
2003	05/24/2004	05/24/2009	Dividend	4.70	1.18
2004	11/24/2004	11/24/2009	Interim dividend	2.40	0.60
2004	05/24/2005	05/24/2010	Remaining balance of dividend	3.00	0.75
2005	11/24/2005	11/24/2010	Interim dividend	3.00	0.75
2005	05/18/2006	05/18/2011	Remaining balance of dividend	3.48	0.87
2006 ^(b)	11/17/2006	11/17/2011	Interim dividend	0.87	0.87
2006 ^(b)	05/18/2007	05/18/2012	Remaining balance of dividend	1.00	1.00

(a) Net amounts recalculated to reflect the May 18, 2006 four-for-one stock split.

(b) A resolution will be submitted at the General Meeting of Shareholders of May 11, 2007 to pay a cash dividend of 1.87 euros per share for fiscal year 2006. As an interim payment of 0.87 euros per share was paid out on November 17, 2006, the balance due is 1.00 euro per share, which will be paid on May 18, 2007.

Share buybacks

The General Meeting of Shareholders of May 17, 2005 authorized the Board of Directors for an 18-month period, after acknowledging the Prospectus approved by the French Financial Markets Authority (*Autorité des marchés financiers*) (under No. 05-247 on April 11, 2005), to buy and sell the Company's shares within the framework of the stock buyback program. The maximum purchase price was set at 250 euros per share, par value 10 euros per share. The number of shares acquired may not exceed 10% of the authorized share capital.

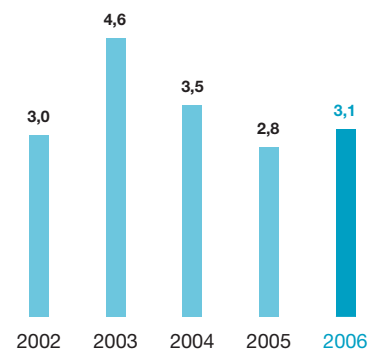
The General Meeting of Shareholders of May 12, 2006, after acknowledging the Report of the Board of Directors, authorized the Board of Directors, in accordance with the provisions of Article L 225-209 of the French Commercial Code and of European Regulation 2273/2003 dated December 22, 2003, concerning 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 300 euros per share, par value 10 euros per share, i.e. 75 euros per share, par value 2.5 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 General Meeting of Shareholders of May 17, 2005.

A resolution will be submitted to the General Meeting of Shareholders to be held on May 11, 2007 to authorize trading in TOTAL stock through a stock 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 from page 135 to page 137.

Share buybacks and share cancellation continued in 2006

During 2006, TOTAL bought back 75.925 million shares of its own shares for cancellation, representing 3.1% of the capital^(a). Over the 24 months preceding December 31, 2006, the Company cancelled 131,322,272 TOTAL shares, par value 2.50 euros per share, representing 5.4% of the capital as of December 31, 2006.

Percentage of the capital bought back *



(a) Average capital of year N = (Capital as of December 31, N-1 + Capital as of December 31, N)/2. For 2002, excluding buybacks linked to coverage of employees options plans. For 2005 and 2006, excluding buybacks linked to the grants of restricted shares decided by the Board of Directors on July 19, 2005 and July 18, 2006.

Share buyback program

Special report based on Article L 225-209 of the French Commercial Code

Shares repurchased during 2006

In 2006, the Company repurchased 6,017,159 shares of TOTAL stock, par value 10 euros per share, representing 24,068,636 shares of TOTAL stock, par value 2.50 euros per share, under the authorization granted by the General Meeting of Shareholders of May 17, 2005 and 54,152,048 TOTAL shares, par value 2.50 euros per share, were repurchased under the authorization granted by the General Meeting of Shareholders of May 12, 2006.

Thus, 78,220,684 shares of TOTAL stock, par value 2.50 euros per share, were repurchased in 2006 at an average price of 52.34 euros per share, for a total cost of 4.09 B€:

- 75,925,000 TOTAL shares were repurchased at an average price of 52.35 euros per share, for cancellation, for a total cost

of 3.97 B€, of which 24,068,636 shares of TOTAL stock were repurchased under the authorization granted on May 17, 2005 and 51,856,364 TOTAL shares were repurchased under the authorization granted on May 12, 2006, and;

- 2,295,684 TOTAL shares were repurchased at an average price of 51.91 euros per share, within the framework of the authorization granted on May 17, 2005, under restricted share grants approved by the Board of Directors on July 18, 2006, for a total cost of 0.12 B€.

Use of the stock purchase authorization of May 12, 2006 (approval in process)

Between May 12, 2006 and February 28, 2007, the Company repurchased 55,252,048 TOTAL shares under the authorization granted on May 12, 2006 by the General Meeting of Shareholders, at an average price of 51.53 euros per share, for a total cost of 2.85 B€:

- 52,956,364 TOTAL shares were repurchased at an average price of 51.52 euros per share, for cancellation, for a total cost of 2.73 B€, and;
- 2,295,684 TOTAL shares were purchased at an average price of 51.91 euros per share under the restricted share grants approved by the Board of Directors on July 18, 2006, for a total cost of 0.12 B€.

Thus, at February 28, 2007, the Company held directly 28,353,158 TOTAL shares, representing 1.18% of the capital of TOTAL S.A.. By law, these shares lack both voting rights and the right to receive a dividend.

Including shares held by Group subsidiaries, the total number of TOTAL shares held by the Group as of February 28, 2007 was 128,684,426, representing 5.38% of the capital of TOTAL S.A., comprised of 28,353,158 treasury shares, 22,661,474 shares held to hedge call options, 4,591,684 shares to back the restricted share grants, 1,100,000 shares to be cancelled and 100,331,268 shares held by subsidiaries.

Sales of shares during 2006

6,997,305 TOTAL shares, value 2.50 euros per share, were sold in 2006 at an average price of 37.87 euros per share through the exercise of TOTAL stock options granted under stock option allocation plans approved by the Board of Directors on March 17, 1998, June 15, 1999, July 11, 2000, July 10, 2001 and July 9, 2002, including:

- 705,279 TOTAL shares, par value 10 euros per share, representing 2,821,116 TOTAL shares, par value 2.50 euros per share, were sold between January and April 2006 at an average price of 36.43 euros per share, par value 2.50 euros per share, and;
- 4,176,189 TOTAL shares with, par value 2.50 euros per share, were sold between May and December 2006 at an average price of 38.85 euros per share, par value 2.50 euros per share.

Conditions for the purchase and use of derivative products

Between January 1, 2006 and February 28, 2007, the Company has not used derivative products on the stock markets within the framework of stock repurchase programs successively authorized by the General Meeting of Shareholders of May 17, 2005, and then by the General Meeting of Shareholders of May 12, 2006. Moreover, all shares were repurchased on the market.

Cancellation of Company shares during 2005, 2006 and 2007

Using the authorization granted by the General Meeting of Shareholders of May 7, 2002 to reduce the share capital by up to 10% by canceling shares held by the Company during a 24-month period, the Board of Directors of July 19 and of November 3, 2005, with effect as of November 22, 2005, decided to cancel respectively 13,527,578 shares, par value 10 euros (54,110,312 shares, par value 2.50 euros per share), and 7,547,990 shares, par value 10 euros per share (30,191,960 shares, par value 2.50 euros per share), accounted for as long-term securities in the parent company financial statements.

Under this authorization, the Board of Directors of July 18, 2006 and January 10, 2007 decided to cancel respectively 47,020,000 and 33,005,000 shares, par value 2.50 euros per share, accounted for as long-term securities in the parent company financial statements.

The authorization granted by the General Meeting of Shareholders of May 7, 2002 will expire at the close of the General Meeting of Shareholders held to approve the financial statements for the year 2006. Consequently, the shareholders' meeting of May 11, 2007 will be asked to approve the authorization to reduce the capital by cancellation of treasury shares or, shares that could be held after repurchases done under the Article L 225-209 of the French Commercial Code.

Based on 2,392,762,953 shares outstanding as of January 10, 2007, and given the cancellations successively carried out on July 19, 2005 (54,110,312 shares), November 22, 2005 (30,191,960 shares), July 18, 2006 (47,020,000 shares), and January 10, 2007 (33,005,000 shares), the Company may cancel a maximum of 74,949,023 shares before May 11, 2007.

Reallocations during fiscal year 2006, for other approved purposes

Shares purchased by the Company under the authorization granted by the General Meeting of Shareholders of May 12, 2006, or under previous authorizations, were not reallocated in 2006 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, 2006 to February 28, 2007^(a)

	Gross cumulated flows		Open positions as of February 28, 2007			
	Purchases	Sales	Open buy positions		Open sell positions	
Number of shares	67,860,684	6,110,530	Bought calls	Forward buys	Sold calls	Forward sells
Average maximum maturity date			-	-	-	-
Average transaction price (€)	51.93	38.10				
Average strike price	-	-	-	-	-	-
Amount (in M€)	3,524	233				

(a) In compliance with applicable regulations, the period indicated commenced the day after the date used as a reference for the publication of information on the previous program (Registration Document 2005).

Treasury shares**As of February 28, 2007**

Percentage of capital held by TOTAL S.A.	1.18%
Number of shares held in portfolio	28,353,158
Book value of the portfolio (at purchase prices) (M€)	1,098
Market value of the portfolio (M€) ^(a)	1,447
Percentage of capital held by the entire Group^(b)	5.38%
Number of shares held in portfolio	128,684,426
Book value of the portfolio (at purchase prices) (M€)	4,122
Market value of the portfolio (M€) ^(a)	6,565

(a) On the basis of a market price of 51.02 euros per share on February 28, 2007.

(b) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

Description of the share buyback program under Articles 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;
- 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 for TotalFina's bid for Elf Aquitaine of September 22, 1999, which received COB approval No. 99-1179).

of May 11, 2007, through the fifth resolution, which reads as follows:

"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 the shares within the framework of a share buyback program.

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 General Meeting of Shareholders of TOTAL S.A.

The purchase of such shares may be transacted by any means on the market or over the counter, including by 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 75 euros per share.

In case of a capital increase by incorporation of reserves and restricted stock grant, 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, 2006, of the 2,425,767,953 shares outstanding, the Company held 60,869,439 shares directly, and 100,331,268 shares indirectly through its indirect subsidiaries, for a total of 161,200,707 shares. Under these circumstances, the maximum number of shares that the Company could repurchase is 81,376,088 shares, and the maximum amount that the Company might spend to acquire such shares is 6,103,206,600 euros.

The purpose of this share buyback program is to reduce the number of shares outstanding and/or to permit 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;
- stock option or other share attribution programs for management or employees of the Company or of other companies in the Group (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)).

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 allowable market practice, or any other purpose that may be authorized or any other market practice that may be allowable by applicable law or regulation. The Company will inform its shareholders, by way of a press release, when the program is to be used for such purposes or market practices.

According to the desired purpose, 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 per 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.

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 eighteen months from the date of this meeting or until the date such authorization is renewed at an Ordinary General Shareholders Meeting prior to the expiration of such eighteen-month period.

The Board of Directors is hereby granted all authority, with the right to delegate such authority, to undertake all actions that are necessary or useful to carry out the program or programs authorized by this resolution. This resolution replaces and, as regards any unused portion of the previous authorization, cancels the sixth resolution of the Ordinary and Extraordinary Meeting held on May 12, 2006."

The General Meeting of Shareholders of May 7, 2002 also authorized the Board of Directors to reduce the capital by cancellation of shares up to a maximum of 10% of the capital stock per 24-month period, through the following resolution:

"The General Meeting of Shareholders, after having acknowledged the report from the Board of Directors and the special report from the statutory auditors, authorizes the Board of Directors, pursuant to Article L 225-209 of the French Commercial Code, to reduce the capital stock by cancellation of shares the Company holds or might hold following purchases made within the framework of this same article. The General Meeting of Shareholders grants all authority to the Board of Directors, with authority to sub-delegate to the chairman under the conditions stipulated by law, to realize this capital reduction at its sole discretion, to set the amount per twenty-four month period, up to a maximum of 10% of the total number of shares comprising the capital stock existing on the transaction date, to allocate the difference between the repurchase value of the shares and their par value to any reserve or premium account, and to consequently amend the bylaws and perform any necessary formal recording procedures. This authorization, which

“cancels and replaces the unused portion of the authorization given by the Mixed General Meeting of Shareholders of May 11, 1999, sixteenth resolution, expires upon completion of the General Meeting of Shareholders called to approve the financial statements for the fiscal year ending December 31, 2006.”

As the authorization granted by the General Meeting of Shareholders of May 7, 2002 will expire at the close of the General Meeting of Shareholders held to approve the financial statements for the year 2006, the shareholders' meeting of May 11, 2007 will be asked to approve the authorization to reduce the capital by cancellation of shares held by the Company or that could be held after repurchases made under the Article L 225-209 of the French Commercial Code.

Conditions

A. Maximum share of 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 General Meeting of Shareholders of May 11, 2007 may not exceed 10% of the total number of shares comprising the capital stock, with this limit applying to an amount of the Company's capital that will be adjusted, if necessary, to include transactions affecting the capital stock subsequent to this meeting; purchases made by the Company cannot in any case cause it to hold more than 10% of the capital stock, either directly or indirectly through indirect subsidiaries.

Before any share cancellation under the authorization given by the General Meeting of Shareholders of May 7, 2002, based on the number of shares comprising the capital stock as of February 28, 2007 (2,392,762,953 shares), and given the 128,684,426 shares held by the Group on February 28, 2007, representing 5.38% of the capital, the maximum number of shares that may be purchased would be 110,591,869 shares, representing a theoretical maximum investment of 8,294 M€ based on the maximum purchase price of 75 euros.

B. Conditions for repurchase

Shares may be repurchased by any means on the market or over the counter, including by purchasing blocks of shares. These means include 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 care, however, not to increase 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 fifth resolution, which will be subject to approval of the General Meeting of Shareholders of May 11, 2007, the stock repurchase program may be implemented over an 18-month period following the date of this Meeting, expiring, therefore, on November 11, 2008.

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 133 to 135).

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, there has been no agreement governing shareholding relationships between TOTAL (or its subsidiary Elf Aquitaine), and the French State.

Merger of TOTAL with PetroFina in 1999

On December 1, 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 9,614,190 PetroFina shares at the following parity of exchange: every two PetroFina shares being exchanged for nine TOTAL shares.

TOTAL S.A. then launched in 1999 a public exchange offer for the remaining PetroFina shares it did not yet own. The offer was launched in Belgium and the United States from May 6 to June 4, 1999, and was relaunched twice, on the same terms as the contribution agreement.

On September 5, 2000, the Board of Directors launched a Public Exchange Offer for the PetroFina shares not yet held by the Company, offering nine TotalFinaElf shares⁽¹⁾ for every two PetroFina shares tendered. On December 31, 2000, TOTAL S.A. held 23,480,610 PetroFina shares, or 99.62% of the 23,570,739 shares representing the capital of PetroFina.

On December 28, 2000, the Brussels stock exchange delisted the PetroFina shares from the regular trading market. PetroFina shares were also deregistered with the U.S. Securities and Exchange Commission (SEC) on June 30, 2001.

On April 27, 2001, the Extraordinary Shareholders' Meeting of Total Chimie approved TotalFinaElf's contribution to Total Chimie of the entire stake held by the Company in PetroFina. The purpose of Total Chimie, a 100% subsidiary of TOTAL S.A., is to hold certain investments of the TOTAL group. On September 20, 2001, the Board of Directors of Total Chimie decided to launch a squeeze-out procedure for the 90,129 PetroFina shares not yet held, at a price of 600 euros per share. Since the end of the squeeze-out, all the shares of PetroFina have been held by Total Chimie.

On February 12, 2002, minority shareholders of PetroFina holding 4,938 shares filed a motion for a summary hearing in the Commercial Court of Brussels against Total Chimie, TOTAL S.A. and PetroFina. The decision rendered on April 15, 2002

questioned the conformity of Belgian regulations governing squeeze-outs with Articles 10 and 11 of the Belgian Constitution and, consequently, the President of the Commercial Court of Brussels referred two preliminary questions relating to the constitutionality of the Belgian squeeze-out regulation before the Court of Arbitration of Belgium. In addition, the President of the Commercial Court of Brussels ordered the plaintiff's shares to be placed in escrow without voting rights.

TOTAL S.A., Total Chimie and PetroFina appealed against the decision in these summary proceedings on June 13, 2002.

In answer to the preliminary questions raised by the decision of the Commercial Court of Brussels dated April 15, 2002, the Court of Arbitration of Belgium rendered on May 14, 2003 a decision in favor of TOTAL S.A., Total Chimie, PetroFina, as well as the Belgian government, which was also a party to the procedure. The court ruled that the Belgian squeeze-out regulation was in compliance with the Belgian Constitution.

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.

Also, on May 30, 2003, the same group of former minority PetroFina shareholders brought a complaint against Total Chimie and PetroFina before the Commercial Court of Brussels contesting, in particular, the price offered by Total Chimie in the squeeze-out procedure and the terms of PetroFina's sale of the assets of Fina Exploration Norway (FEN S.A.) to Total Norge A.S. in December 2000. In June 2006, the same group of shareholders brought a complaint against TOTAL S.A.. Decision of the Commercial Court of Brussels should intervene in the first half of 2007.

Merger of TotalFina with Elf Aquitaine in 1999 and 2000

On September 13, 1999, the Boards of Directors of TotalFina and Elf Aquitaine recommended to their shareholders that the two companies merge through a Public Exchange Offer under which 13 shares tendered of Elf Aquitaine would be exchanged for 19 new TotalFina shares. The offer ran from September 23 to October 15, 1999, during which time TotalFina acquired 254,345,078 shares of Elf Aquitaine in exchange for 371,735,114 new TotalFina shares.

On May 24, 2000, the Board of Directors launched an offer for the remaining Elf Aquitaine shares not yet held by the Company, in the form of an exchange of four TotalFinaElf shares for every three shares tendered of Elf Aquitaine. At the end of this offer,

(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, then it was changed to "TOTAL S.A." by the Shareholders' Meeting of May 6, 2003. TOTAL S.A. means either TOTAL, TotalFina and TotalFinaElf in the current section on the merger of TOTAL with Petrofina.

which was approved by the French *Conseil des marchés financiers* on May 31, 2000, and which ran from June 15, 2000, to September 1, 2000, TotalFinaElf acquired 10,828,326 shares of Elf Aquitaine in exchange for 14,437,768 new TotalFinaElf shares.

In a notice dated October 20, 2000, as a result of the offer, PARISBOURSE SBF S.A. (now Euronext Paris S.A.) announced its decision to delist Elf Aquitaine from the *Premier Marché* of the Paris Stock Exchange. The delisting took effect on November 3, 2000. Since November 6, 2000, the Elf Aquitaine shares have been 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 daily at 3:00 p.m. In the United States, the trading of Elf Aquitaine American Depositary Shares (ADSs) was discontinued by the New York Stock Exchange (NYSE) on September 5, 2000. Elf

Aquitaine's ADS program ended on September 18, 2000.

The delisting of Elf Aquitaine ADS was effective at market opening on October 18, 2000, after approval by the U.S. Securities and Exchange Commission (SEC). On March 23, 2001, Elf Aquitaine requested the termination of the registration of its common shares and ADS.

As of December 31, 2006, TOTAL S.A. held, directly and indirectly, 279,704,596 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 (281,177,570 shares) and 535,770,140 voting rights, or 99.72% of the 537,280,837 total voting rights.

Principal Shareholders

Changes in the holdings of principal shareholders

The principal shareholders of TOTAL as of December 31, 2006, 2005 and 2004 are set forth in the table below:

As of December, 31	2006		2005		2004	
	% of share capital	% of voting rights	% of share capital	% of voting rights	% of share capital	% of voting rights
1. Principal shareholders as of December 31, 2006^(a)	9.6	13.5	9.1	15.7	9.3	14.7
Groupe Bruxelles Lambert ^(b)	3.9	4.0	3.9	7.0	3.7	6.9
Compagnie Nationale à Portefeuille ^(b)	1.4	1.4	1.3	1.3	1.3	1.3
Areva	0.3	0.6	0.3	0.6	0.3	0.6
BNP Paribas	0.3	0.4	0.2	0.3	0.2	0.4
Société Générale	0.0	0.1	0.0	0.1	0.1	0.1
Group employees ^(c)	3.7	7.1	3.4	6.4	3.7	5.4
2. Other registered shareholders (non-Group)	1.1	2.0	1.0	1.9	1.1	2.0
3. Treasury shares	6.7	-	5.6	-	6.2	-
TOTAL S.A.	2.5	-	1.5	-	2.2	-
Total Nucléaire	0.1	-	0.1	-	0.1	-
Subsidiaries of Elf Aquitaine	4.1	-	4.0	-	3.9	-
4. Other bearer shareholders	82.6	84.5	84.3	82.4	83.4	83.3
including bearers of ADS ^(d)	7.5	7.6	7.5	7.3	5.9	5.9

(a) Shareholders for which an executive officer or a representative is a director of TOTAL S.A.

(b) Groupe Bruxelles Lambert is a company controlled jointly by the Desmarais family and Frère-Bourgeois S.A., for the latter, mainly through its direct and indirect stake in Compagnie Nationale à Portefeuille.

(c) Based on the definition of the employee shareholders pursuant to Article L 225-102 of the Commercial Code.

(d) American Depositary Shares listed on the New York Stock Exchange.

The holdings of the principal shareholders as of December 31, 2006 were established on the basis of 2,425,767,953 shares, split in 2,264,567,246 shares to which are attached 2,372,676,292 voting rights (including 216,218,092 double voting rights), in 60,869,439 shares held by the Company which are deprived of voting right, and in 100,331,268 registered shares held by Group companies for more than 2 years which can not exercise their voting right at the Shareholder's meeting. For prior years, the holdings of the principal shareholders were established on the basis of 2,460,465,184 shares corresponding to 2,515,737,764 voting rights as of December 31, 2005 and of 2,540,060,432 shares corresponding to 2,544,269,400 voting rights as of December 31, 2004.

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 are crossed (Article L 233-7 of the French Commercial Code amended by the French Law n°2005-842 of July 26, 2005), 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.

If holdings above these thresholds are not declared, any shares held in excess of the threshold that required the declaration may be deprived of voting rights at future shareholder meetings if, at that meeting, the failure to make a declaration is noted 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 the form and within the time limits stated above when their direct or indirect holdings fall below each of the aforementioned thresholds.

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 2006⁽¹⁾.

Moreover, two known shareholders held 5% or more of the voting rights of TOTAL as of the Meeting of Shareholders at the end of 2006:

- CNP in conjunction with GBL, and
- the collective investment plan (*Fonds commun de placement*) "TOTAL ACTIONNARIAT FRANCE"

On December 18, 2006, GBL declared⁽¹⁾ that following the control, held jointly by the Power Corporation of Canada and Frère-Bourgeois groups, of Pargesa Holding S.A. and GBL, it implies, in accordance to the Article L 233-3 of the French Commercial Code, CNP and its subsidiaries Kermadec acted jointly with GBL regarding the participation of these companies in TOTAL. As of December 15, 2006, CNP and GBL, acting

together, held 126,849,464 TOTAL shares, representing 126,942,644 voting rights, i.e. 5.23% of the capital and 5.07% of the voting rights (on the basis of a total capital of 2,424,893,580 shares, representing 2,506,102,512 voting rights).

As far as the Company knows, the collective investment plan (*Fonds commun de placement*) "TOTAL ACTIONNARIAT FRANCE" holds 5.51% of voting rights and 2.83% of the capital at December 31, 2006.

Shareholders' agreement

TOTAL has no knowledge of a shareholders' agreement among its shareholders.

Treasury shares

TOTAL shares held directly by the Company

The Company held directly 60,869,439 of its own shares on December 31, 2006.

TOTAL shares held by Group Companies

At December 31, 2006, 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.

At December 31, 2006, Financière Valorgest, Sogapar and Fingestval, indirect subsidiaries of Elf Aquitaine, held 22,203,704, 4,104,000 and 71,999,892 TOTAL shares respectively, representing a total of 98,307,596 TOTAL shares. By law, these shares are also deprived of voting rights.

Thus, at December 31, 2006, the Company held 161,200,707 TOTAL shares, either directly or through its indirect subsidiaries, which represented 6.65% of the share capital, as of this date.

See page 157 for additional information.

Shares held by members of the administrative and management bodies

The corresponding information appears on pages 92 to 98, and 114.

Employee participation in TOTAL shares

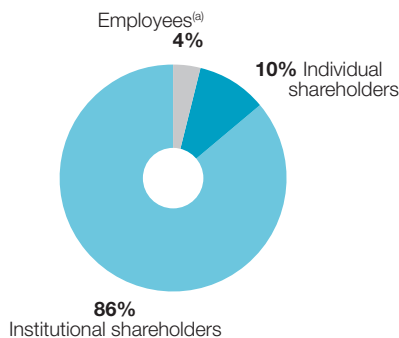
The corresponding information appears on page 113 to 114 and 163.

(1) AMF notice No. 206C2349 dated December 22, 2006.

Shareholder structure

Distribution of shareholders by main category (excluding treasury shares)

Estimate at December 31, 2006 excluding treasury shares	% of capital
Group employees^(a)	4%
Individual shareholders	10%
Institutional shareholders	86%
France	23%
United Kingdom	15%
Rest of Europe	21%
North America	25%
Rest of world	2%

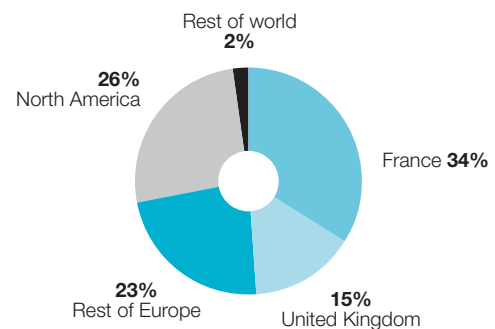


(a) Based on the definition of employee shareholding pursuant to Article L 125-102 of the French Commercial Code.

The number of French individual TOTAL shareholders is estimated at approximately 570,000.

Distribution of shareholders by geographic region (excluding treasury shares)

Estimate at December 31, 2006 excluding treasury shares	% of capital
France	34%
United Kingdom	15%
Rest of Europe	23%
North America	26%
Rest of world	2%



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 2006 appears in Appendix 3, page 250.

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 2004, 2005 or 2006, appears in note 28 to the consolidated financial statement (page 226).

These transactions primarily concern equity affiliates and non-consolidated companies over which TOTAL exercises considerable influence.

Information for overseas shareholders

United States holders of ADRs

Information intended for U.S. holders of TOTAL's American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs) is provided in the form 20-F filed by TOTAL S.A. with the Securities and Exchange Commission of the United States of America in respect of the fiscal year ended December 31, 2006.

Non-resident shareholders (other than U.S. Shareholders)

In addition to the Paris stock exchange, TOTAL's shares have been listed on the London Stock Exchange since 1973 and on the Brussels stock exchange since 1999. These shares have been traded on the SEAQ International since 1986.

Dividends

Dividends paid to non-French resident shareholders are generally subject to French withholding tax at a rate of 25%.

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 resident 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% 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 twelve 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, from January 1, 2005, the *avoir fiscal* is abolished.

The *avoir fiscal* is 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 115.0 euros for each individual (double for married couples filing jointly), possibly reduced by the French withholding tax. However, the procedure to follow in order 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 115.0 euros (or 230.0 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.

Shareholder relations

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 news of significant importance is covered by press releases. This website also contains semi-annual presentations made by the Group on its results and outlook.

In addition, because its shares are traded in the United States, along with its Registration Document, the Company files an annual document (Form 20-F) in English with the Securities and Exchange Commission (SEC) (see page 163). This document specifically contains a table to reconcile the Group's consolidated financial statements with those presented in accordance with U.S. accounting standards.

Finally, the Group regularly holds information meetings, both in France and abroad, aimed at shareholders and financial analysts.

In 2006, TOTAL stood out once more as the Group was awarded the Best Financial Communications to Analysts prize by both "Institutional Investor" and "Thomson Extel Survey" and the Best Financial Communications for a French company awarded by "IR Magazine".

Strengthening relationships with individual shareholders

2004 was marked by the implementation of a new communications system intended for the 520,000 TOTAL individual shareholders. This new system allows TOTAL to achieve three goals:

- communicate with each individual shareholders at least once a year through the JDA (Shareholders Journal);
- create more personalized communications with each shareholder thanks to the daily use of Customer Relationship Management (CRM) database; and
- make it easier to read the Company's financial statements for a population of non-specialists through training sessions offered to member shareholders of the Shareholders Circle.

2005 allowed the consolidation of the existing system. A new format, in magazine form, was prepared for the Shareholders Journal with the assistance of the Consultative Shareholders Committee. The threshold for bearer shareholders to receive a direct invitation to the shareholders' meeting was reduced to 50 former shares (par value 10 euros per share).

2006 was marked by the following events:

- A special communication program for the four-for-one stock split and the spin-off of Arkema, including the sending of a complete information document, to all individual shareholders, a column dedicated on the website www.total.com (offering an access to a personalized simulation tool and audio explanations of these operations by Robert Castaigne, Chief Financial Officer of TOTAL) and finally, the strengthening of the processing capacity for phone, mail and internet information of internet requests from shareholders.
- TOTAL won the prize for the Best Shareholders Service awarded by the Journal des Finances.
- www.total.com, was elected the third best website, during the 6th edition of Grand Prix Boursoscan organized by Boursorama and TLB on June 22, 2006.
- TOTAL was ranked third for the "Fils d'Or" 2006, prize for the best individual shareholders service, awarded by La Vie Financière and Synerfil on November 16, 2006;

Finally, 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 12, 2006 gathered more than 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 (www.total.com). Notices of the meeting are sent to all the registered shareholders and to the bearer shareholders holding 200 shares or more (50 old shares);
- On November 17 and 18, 2006, during the **Actionaria Trade Show** in Paris, the TOTAL team welcomed over 4,500 people at its booth, 5% more than in the previous year continuing the trend of increasing its presence year after year.
- In 2006, TOTAL continued its schedule of **information sessions for individual shareholders**, with five meetings organized in Lyon, Brussels, Nantes, Marseille, and Biarritz. A total of more than 2,300 people attended the conferences. The cities of Lille, Metz, Tours, Grenoble, Rennes and, on the occasion of the Actionaria Trade Show, Paris are already scheduled for 2007.

In 2006, the **Consultative Shareholders Committee** (composed of twelve members all newly appointed on March 15, 2006 after a selection by a recruitment center), specifically provided clarification on communication tools used for the spin-off of Arkema and the TOTAL four-for-one stock split.

The Committee also worked on the contents of reference material distributed during the individual shareholders' meetings as well as on the format of the financial notices periodically published by TOTAL.

The committee was also consulted on the information in the Shareholders Journal, the Shareholders' Circle program and the Shareholder notebook of the document TOTAL in 2006.

Concerning the Annual General Meeting, the Consultative Committee also addressed the format of the General Meeting notice and gave its feedback on the holding of this meeting.

Finally, the opinion of the committee was recorded on informative contents and put on line on TOTAL's website.

- **The Shareholders' Circle**, opened to shareholders with at least 30 bearer shares or one registered share, organized 30 events in 2006 (compared to 28 in 2005). These events, proposed to the members of the Shareholders' Circle, provided the opportunity to invite almost 3,000 individual shareholders, compared to 2,830 in 2005. Members of the Shareholders' Circle visited industrial facilities as well as sites supported by the TOTAL Foundation. They also participated in trainings intended to the understanding of TOTAL's accounts and in cultural events within the framework of the Group's sponsorship policy.

In that context, almost 13,000 individual shareholders were met with in 2006.

Registered status

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, shareholders' meeting notices, etc.
- **Pure registered shares:** The issuing Company retains and directly administers the 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 PEA given the applicable administrative procedures.

Main advantages of pure registered shares

The advantages of pure registered shares include:

- no custodial fees;
- a dedicated 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, 8:45 am - 6:00 pm (fax +33 1 55 77 34 17);
- easier placement of market orders⁽¹⁾ (telephone, mail, fax, internet);
- preferential brokerage fees: 0.20% (before tax) based on the amount of the transaction, with no minimum amount and capped to 1,000 euros per transaction;
- personal notice of Meeting of Shareholders;
- double voting rights if shares are held continuously for two consecutive years (see page 161);
- complete information about TOTAL: the shareholder receives at home all information published by the Group for its shareholders;
- internet access to the shareholders' account;
- the ability to join the TOTAL Shareholders' Circle with one share.

To convert TOTAL shares to pure registered shares, just fill out the form that can be obtained on request from the Individual Shareholder Relation Department and send it to the financial intermediary.

Once BNP Paribas Securities Services receives the shares, it will send a certificate of account registration and ask for the following:

- a bank account number (or a postal account or savings account number) for payment of dividends;
- a market service agreement to facilitate trading the TOTAL shares on the stock exchange.

(1) Subject to the signature of a market service agreement. Signing this contract 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 Shareholders Relations Departments
2, place de la Coupole
La Défense 6
92078 Paris La Défense Cedex
FRANCE

Tel	From France 0 800 039 039 (toll-free number) From outside France Tel: + 33 1 47 44 24 02 From Monday to Friday, 9:00 am-12:30 pm and 1:30 pm-5:30 pm
Fax	Fax From France: 01 47 44 20 14 From outside France: + 33 1 47 44 20 14
E-mail	actionnairesindividuels@total.com cercleactionnaires@total.com
Contacts	Valérie Laugier (Individual Shareholders Relations Manager) Jean-Louis Piquée (Individual Shareholders Relations)

Relationships with institutional shareholders and financial analysts

Every year, members of the Group's management meet 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, Lausanne, Stockholm, Helsinki, Copenhagen, Milan, Madrid and Lisbon) and North America (New York, Boston, Philadelphia, Chicago, Denver, Detroit, Minneapolis, Dallas, Atlanta, Houston, Miami, San Francisco, Los Angeles, San Diego, Montreal and Toronto). The first meetings are held in the beginning of the year, after publication of the results for the prior fiscal year. The second meetings take place in the second half of the year, after publication of the results of the first half of the current year. Several information meetings are also organized when earnings are published. The material from these meetings is available in the "Investors Relations / Publications" section of www.total.com.

Three telephone conferences led by Robert Castaigne, Chief Financial Officer for the Group, were also conducted in 2006, as every year, to discuss earnings for the first, second and third quarters of the year. These conferences are also available in the "Investors Relations / Publications" section of www.total.com.

The Group organized about 400 meetings with institutional investors and analysts in 2006.

In addition, on November 14 and 15, 2006, TOTAL organized a seminar to introduce the activities and strategy of the Upstream division. Nearly 80 persons, half of them composed of TOTAL's major institutional shareholders and the other half of analysts, attended this seminar animated by Christophe de Margerie and the principal executives in charge of the Upstream division.

2007 Calendar

February 14	Results for the 4 th quarter and full year 2006
April 4	Meeting with individual shareholders in Lille
May 4	Results for the 1 st quarter 2007
May 11	Shareholders' Meeting at the Paris Convention Centre
May 18	Payment in cash of the final dividend for 2006 ⁽¹⁾
June 6	Meeting with individual shareholders in Metz
August 2	Results for the 2 nd quarter and the 1 st half of the year 2007
September 5	Presentation of mid-2007 outlook
October 16	Meeting with individual shareholders in Tours
November 7	Results for the 3 rd quarter 2006
November 17-18	Actionaria Trade Show in Paris / Information meeting in the amphitheatre of Paris Convention Center
November 27	Meeting with individual shareholders in Grenoble
December 6	Meeting with individual shareholders in Nice

(1) Subject to approval by the shareholders' meeting on May 11, 2007.

2008 Calendar

May 16	Shareholders' meeting in Paris
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Financial information contacts

Paris: Jérôme Schmitt
Vice President Investor Relations
TOTAL S.A.
2, place de la Coupole - La Défense 6
92078 La Défense Cedex
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E-mail: investor-relations@total.com

North America: Robert Hammond
Director of Investor Relations North America
TOTAL AMERICAN SERVICES INC.
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Jersey City, NJ 07310
USA
Phone: +1 201 626 3500
Fax: +1 201 626 4004
E-mail: ir.nyc@TOTAL.com

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Historical financial information

2006 consolidated financial statements

The consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) for the year ended December 31, 2006 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on December 31, 2006.

They appear in Appendix 1 to this Registration Document:

- Consolidated statement of income page 169
- Consolidated balance sheet page 170
- Consolidated statement of cash flows page 171
- Consolidated statement of changes in shareholders' equity page 172
- Notes to the consolidated financial statements pages 173 to 235

2004 and 2005 consolidated financial statements

The consolidated financial statements of TOTAL S.A. and its subsidiaries for the years ended December 31, 2005 and 2004, as presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on December 31, 2005, are included in TOTAL's Registration Document for the year 2005 which was filed with the French *Autorité des marchés financiers* on March 31, 2006 (pages 166 to 234 of the French version, and page 164 to 230 of the English version).

TOTAL's Registration Document for the year 2005 includes the transition items from French accounting standards to IFRS, in note 32 to the consolidated financial statements for the fiscal year 2005 (Appendix 1, pages 224 to 227 of the filed French version, and pages 220 to 223 of the English version). These transition items are supplemented by a consolidated income statement for the year 2004, as well as the opening consolidated balance sheet (at January 1, 2004) and the closing consolidated balance sheet (December 31, 2004) for the year 2004, presented in accordance with IFRS as adopted by the European Union on December 31, 2005 (pages 228 to 231 of the filed French version, and pages 224 to 227 of the English version).

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, 2006 and December 31, 2005 were prepared in accordance with French accounting standards as applicable on December 31, 2006.

They appear in Appendix 3 to this Registration Document:

- Statutory statement of income page 252
- Statutory balance sheet page 253
- Statutory statement of cash flows page 254
- Statutory statement of changes in shareholders' equity page 255
- Notes to the statutory financial statements pages 256 to 269

Audit of historical financial information

The consolidated financial statements for the fiscal year 2006 which appear in Appendix 1 of this Registration Document (pages 167 to 235) 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 168).

The consolidated financial statements for the fiscal years 2004 and 2005 (IFRS) appearing on pages 166 to 234 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 on pages 164 to 230 of the English version) were also certified by the Company's auditors. The

auditors' report on the consolidated financial statements for the fiscal year 2005 is reproduced on page 166 of said filed French version (and a free translation is reproduced on page 164 of aforesaid English version) and is incorporated by reference in this Registration Document.

The TOTAL S.A.'s statutory accounts for the fiscal year 2006 (French accounting standards) which appear in Appendix 1 to this Registration Document (pages 249 to 269) were also certified by the Company's statutory auditors. A free translation of the auditors' report on the 2006 statutory accounts is reproduced in Appendix 3 (page 251).

Additional information

Financial information other than those 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, this information is based on internal Company data.

In particular, the supplemental oil and gas information provided in Appendix 2 of this Registration Document (pages 237 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) n° 809/2004 dated April 29, 2004.

Dividend policy

The Company's dividend policy is described on pages 131 to 132 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 81 to 83 (Risk factors) and page 165 (General information – Information on holdings) of this Registration Document. For the past 12-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 61 to 73) or in the Business overview (pages 10 to 54), no significant changes in the Group's financial or commercial position have occurred to date

since December 31, 2006, the closing date of the last fiscal year for which audited financial statements have been published by the Company.

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Share capital

Share capital as of December 31, 2006

6,064,419,882.5 euros, consisting of 2,425,767,953 fully paid-up shares.

Features of the shares

There is only one class of shares, par value 2.50 euros per share, after the approval of the four-for-one stock split at the May 12, 2006 Shareholders' Meeting, subject to double voting rights (see page 161). 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, 2006

A table summarizing the currently valid authorizations 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 2006, is provided on page 156.

- 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 the following would be deducted:
 - (i) the total amount of capital increases through the issue of new shares without preemptive subscription rights, these issues being limited to an aggregate nominal amount of 1.8 B€; and
 - (ii) 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 17, 2005–10th, 11th and 12th resolutions – delegations of authority valid for twenty-six months).

Based on the November 3, 2005 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 1,589 million shares, as of December 31, 2006⁽¹⁾.

(1) The total number of subscriptions received in connection with the capital increase reserved for employees decided on November 3, 2005 reached 2,785,330 shares, par value 10 euros per share, or 11,141,320 shares, par value 2.50 euros per share.

- Delegation of authority to the Board of Directors to complete capital increases reserved for employees participating in a 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 to the issue (Shareholders' Meeting of May 17, 2005 – 12th resolution – delegation of authority valid for 26 months).

Based on the use of this delegation of authority on November 3, 2005, the authorized capital not issued as new shares in connection with a capital increase reserved for employees participating in a Company Savings Plan under same authorization was 63,112,998 euros, or 25,245,199 shares, par value 2.50 euros per share, as of December 31, 2006⁽¹⁾.

- Authority to grant stock options for new or existing shares reserved for TOTAL employees up to a maximum of 3% of the share capital on the date of allocation (Shareholders' Meeting of May 14, 2004 – 19th resolution – authorization valid for thirty-eight months). Pursuant to this authorization, and after having taken into account the May 22, 2006 price and number of share options adjustments, in accordance with the legal provisions then in force and following the May 12, 2006 Shareholders' Meeting's decisions regarding the four-for-one stock split of the par value of the TOTAL share and the spin-off of Arkema, the Board of Directors granted 13,796,448 TOTAL stock options at its meeting of July 20, 2004, 6,322,280 TOTAL stock options at its meeting of July 19, 2005 and 5,866,720 TOTAL stock options at its meeting of July 18, 2006. Therefore, as of December 31, 2006, 46,787,590 shares, par value 2.50 euros per share, 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, and 2,295,684 TOTAL existing shares, par value 2.50 euros per share, at its meeting of July 18, 2006, i.e. 4,591,684 existing TOTAL shares, par value 2.50 euros per share. Therefore, as of December 31, 2006, 19,665,995 shares, par value 2.50 euros per share, could be issued pursuant to this authorization.

- Authority to cancel shares up to a maximum of 10% of the share capital per 24-month period. This authorization, granted by the Shareholders' Meeting of May 7, 2002, is effective until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2006. Pursuant to this authorization, the Board of Directors decided to cancel:

- 23,443,245 shares, par value 10 euros per share, i.e. 93,772,980 shares, par value 2.50 euros per share, on decision of the Board of Directors of November 19, 2002;
- 9,900,000 shares, par value 10 euros per share, i.e. 39,600,000 shares, par value 2.50 euros per share, on decision of the Board of Directors of July 16, 2003;
- 30,100,000 shares, par value 10 euros per share, i.e. 120,400,000, par value 2.50 euros per share, on decision of the Board of Directors of November 6, 2003, effective November 21, 2003;
- 19,873,932 shares, par value 10 euros per share, i.e. 79,495,728 shares, par value 2.50 euros per share, on decision of the Board of Directors of November 9, 2004, effective November 20, 2004;
- 13,527,578 shares, par value 10 euros per share, i.e. 54,110,312 shares, par value 2.50 euros per share, on decision of the Board of Directors of July 19, 2005;
- 7,547,990 shares, par value 10 euros per share, i.e. 30,191,960 shares, par value 2.50 euros per share, on decision of the Board of Directors of November 3, 2005, effective November 22, 2005, and
- 47,020,000 shares, par value 2.50 euros per share, on decision of the Board of Directors of July 18, 2006.

Thus, as of December 31, 2006, taking into account the shares previously cancelled, 111,254,523 shares could still be cancelled under this authorization before the Shareholders' Meeting of May 11, 2007.

Furthermore, the Board of Directors decided to cancel 33,005,000 shares, par value 2.50 euros per share, on January 10, 2007. Therefore, as of February 28, 2007, taking into account all the shares which have been cancelled for the last 24 months, a maximum of 74,949,023 shares may be cancelled until May 11, 2007 under this authorization before the Shareholders' Meeting of May 11, 2007.

**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 2006 Par value, or number of shares	Available balance as of December 31, 2006 par value, or number of shares	Date of authorization	Term of authorization given to the Board of Directors	
Total cap on issues of securities giving rights to capital	10 B€	-	10 B€	ESM* of May 17, 2005 (10 th and 11 th resolutions)	26 months	
Securities representing rights to capital	Nominal share capital	4 B€ or 1,600 million shares, par value 2.50 euros per share, with preemptive subscription rights	3.97 B€ or 1,589 million share, par value 2.50 euros per share	ESM* of May 17, 2005 (10 th resolution)	26 months	
		Includes a specific sub-cap of 1.8 B€ or 720 million shares, par value 2.50 euros per share, for issues without preemptive subscription rights	1.8 B€ or 720 million shares, par value 2.50 euros per share	ESM* of May 17, 2005 (11 th 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 ^(a)	11.14 million shares ^(b)	25.25 million shares ^(b)	ESM* of May 17, 2005 (12 th resolution)	26 months
Stock options	3% of share capital on the date of Board decision to grant options ^(a)	5.87 million shares ^(c)	46.79 million shares ^(c)	ESM* of May 14, 2004 (19 th resolution)	38 months	
Restricted stock grants	1% of share capital on the date of Board decision to grant restricted shares ^(a)	2.29 million shares ^(d)	19.67 million shares ^(d)	ESM* of May 17, 2005 (13 th resolution)	38 months	

*ESM = Extraordinary Shareholders' Meeting.

(a) Share capital as of 12/31/2006: 2,425,767,953 shares, par value 2.50 euros per share.

(b) The number of shares authorized under the 12th Resolution of the ESM of May 17, 2005 may not exceed 1.5% of the capital on the date on which the capital increase is decided by the Board of Directors. The total number of subscriptions received in connection with the capital increase reserved for employees decided on November 3, 2005 reached 2,785,330 shares, par value 10 euros per share, or 11,141,320 shares, par value 2.50 euros per share. As of December 31, 2006, the balance available under this authorization was 25,245,199 new shares, which is 1.5% of the 2,425,767,953 existing shares on that date, minus the amount of shares created within the framework of the capital increase reserved for employees, i.e., 11,141,320 shares.

(c) The number of stock options authorized under the 19th Resolution of the ESM of May 14, 2004 may not exceed 3% of the capital on the date the options are granted by the Board of Directors. Since 3,400,000 TOTAL stock options, par value 10 euros per share, (or 13,796,448 TOTAL stock options, par value 2.50 euros per share, after considering the May 22, 2006 price and number of share options adjustments) were granted by the Board of Directors on July 20, 2004, 1,558,000 TOTAL stock options, par value 10 euros per share, (or 6,322,280 TOTAL stock options, par value 2.50 euros per share, after considering the May 22, 2006 price and number of share options adjustments) were granted by the Board of Directors on July 19, 2005, and 5,866,720 TOTAL stock options were granted by the Board of Directors on July 18, 2006, the number of options that may still be granted as of December 31, 2006 was 46,787,590, which is 3% of the 2,425,767,953 existing shares at year-end, minus 25,985,448 options already granted and representing the same number of shares.

(d) 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 Board 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), on July 19, 2005 and 2,295,684 TOTAL existing shares, par value 2.50 euros per share, on July 18, 2006, the number of shares that may still be allotted as of December 31, 2006 is 19,665,995 shares, par value 2.50 euros per share, which is 1% of the 2,425,767,953 shares outstanding at year-end, minus the 4,591,684 shares already granted.

Potential capital as of December 31, 2006

Securities giving rights to TOTAL shares, through exercise or redemption, are:

- 36,657,505 TOTAL stock options as of December 31, 2006, divided into 10,802,990⁽¹⁾ options for the plan awarded by the Board of Directors at its meeting of July 16, 2003, 13,665,515⁽¹⁾ options for the plan awarded by the Board of Directors at its meeting of July 20, 2004, 6,322,280⁽¹⁾ options for the plan awarded by the Board of Directors at its meeting of July 19, 2005, and 5,866,720 options for the plan awarded by the Board of Directors at its meeting of July 18, 2006;
- 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 above-mentioned exchange ratio (see pages 24 and 25 of the Prospectus for the purpose of listing 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 S.D.A.'s spin-off from Elf Aquitaine, and the approval on May 12, 2006 by the TOTAL S.A. Shareholders' Meeting of the Arkema's spin-off from 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, 2006, 180,932 stock options and 6,174 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, 2006, 193,150 existing or future shares of Elf Aquitaine were eligible for this exchange guarantee, which entitles the holders to subscribe to a maximum of 1,158,900 TOTAL shares.

(1) After considering the May 22, 2006 price and number of share options adjustments, in accordance with the legal provisions then in force and following the May 12, 2006 Shareholders' Meeting's decisions about the four-for-one stock split of TOTAL and the spin-off of Arkema.

Treasury Shares

As of December 31, 2006

Percentage of capital held by TOTAL S.A.	2.51%
Number of shares held in portfolio	60,869,439
Book value of the portfolio (at purchase prices) (M€)	2,794
Market value of the portfolio (M€) ^(a)	3,327
Percentage of capital held by the entire Group ^(b)	6.65%
Number of shares held in portfolio	161,200,707
Book value of the portfolio (at purchase prices) (M€)	5,820
Market value of the portfolio (M€) ^(a)	8,810

(a) On the basis of a market price of 54.65 euros per share as of December 31, 2006.

(b) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

History of the share capital

(Since January 1, 2004)

2004

- May 6, 2004 Certification of the subscription to 3,434,830 new shares in connection with the capital increase reserved for Group employees approved by the Board of Directors on November 6, 2003, raising the share capital by 34,348,300 euros, from 6,491,182,360 euros to 6,525,530,660 euros.
- November 9, 2004 Reduction of the share capital from 6,525,530,660 euros to 6,326,791,340 euros, through the cancellation of 19,873,932 treasury shares, par value 10 euros per share, effective November 20, 2004.
- January 11, 2005 Certification of the issue of 2,335,974 new shares, par value 10 euros per share, between January 1 and December 31, 2004, raising the capital by a total of 23,359,740 euros from 6,326,791,340 euros to 6,350,151,080 euros (including 950 new shares from the exercise of the Company's stock options, and 2,335,024 new shares from the exchange of 1,597,648 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

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, the total share capital remains 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.

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, 92400 Courbevoie (France).

Legal form and nationality

A French *société anonyme* (limited liability company).

Trade Registry

542 051 180 RCS Nanterre.

EC Registration Number

FR 59 542 051 180

Charter and bylaws

On file with Maîtres Gildas Le Gonidec de Kerhalic and Frédéric Lucet, Notaries in Paris.

APE Code (NAF)

111Z

Term

99 years from March 22, 2000, to expire on March 22, 2099 unless dissolved early 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 the 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, to the chemicals sector in all of its forms and to the rubber and health sectors.

The Company's complete corporate purpose is 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 the 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 for Directors

On the closing date of each fiscal year, the number of individual Directors over the age of 70, whether they are serving in their own name or as a permanent representative of a legal entity, may not be greater than one-third of the directors in office. If this percentage is exceeded, the oldest Board member is automatically considered to have resigned.

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 number of shares required, he may, however, correct his situation subject to the conditions set by law.

The Director representing the 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.

Directors' Charter and Committees of the Board of Directors d'administration

See pages 104 to 105.

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 Chairman and Chief Executive Officer), or by another individual 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 shareholder.

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

At shareholders' meetings, no shareholder may cast, by himself and 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 may not exceed 20%.

These restrictions no longer apply if any individual or legal entity, acting alone or in concert, acquires directly or indirectly at least two-thirds of the total number of shares of the Company following a public tender offer for all 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 gives the owners no rights with respect to the Company; in such a case, shareholders are responsible for combining the number of shares necessary.

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 on 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 and payment 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 not claimed at the end of a five-year period are time-barred to the benefit of 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) must file a certificate prepared by their financial intermediary certifying to the non-transferability of the shares until the Meeting day, at the locations indicated in the Notice of Meeting and no later than one day before the date of the Shareholders' Meeting.

Effective as of January 1, 2007⁽¹⁾, participation in any form to 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 shares account maintained by a financial intermediary. Proof of this registration or record is obtained under a certificate of participation (*attestation de participation*) delivered to the shareholder. This registration or recording of the shares must be effective no later than a "record date" at 0:00 a.m. (Paris Time) three business days before the date of the shareholders' general meeting. If, after having received such a certificate, shares are sold or transferred prior to this record date, the certificate of participation will be cancelled and 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 the Company is required to apply them. Consequently, an amendment to harmonize the Articles of Association of TOTAL S.A. with these new provisions is included in the agenda of the shareholders' meeting of May 11, 2007.

Thresholds to be declared according to the bylaws

Any person, whether an individual or a legal entity, who comes to hold, 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 and must also notify the Company if their direct or indirect interest drops below these percentages.

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. No provisions of the bylaws, a charter, or internal regulations shall stipulate conditions stricter than the law governing changes in the Company's share capital.

(1) Article 136 of French decree No. 67-236, as amended by the French decree No. 2006-1566 of December 11, 2006.

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 incentives reserve to be distributed by all of the companies that signed the Group agreements for fiscal year 2006 would total 103 M€.

Company savings plans give employees of the Group's companies covered by these plans the ability to make voluntary contributions (to which the Company adds, under certain conditions) to plans invested in shares of the Company (see pages 113 to 114).

In order to reaffirm the Group's commitment in favor of sustainable development, the fund « TOTAL Diversifié à Dominantes actions » was converted on September 2006, into a Socially Responsible Investment fund (*Fonds à Investissement Socialement Responsable*).

The Group made supplemental contributions to the various savings plans that amounted to 48 M€ in 2006.

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) to replace the « Voluntary Partnerships Plan for Employee Savings » (PPESV) created in the agreement of March 15, 2002. An amendment to this agreement was signed on December 20, 2005 to increase, in France, the employees and Company contributions, and to allow contributions 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).

This document contains a table showing the reconciliation between its consolidated financial statements and the statements that would be presented under U.S. accounting standards.

The principal variance concerns the treatment of the consolidation of Elf Aquitaine and PetroFina. Pursuant to IFRS 1 "First-time adoption of the IFRS", the Group opted for the exemption not to restate business combinations prior to January 1, 2004. Thus, the consolidations of Elf Aquitaine and PetroFina are accounted for as a pooling of interests in the IFRS statements and as acquisitions in the U.S. statements.

The other differences result from various methods presenting incompatibilities under accounting standards.

These differences, which have their origin in various practices for valuing balance sheet items, have no impact on cash flows, cash and cash equivalents or financial liabilities.

The detailed explanations of the differences described above are presented in the Form 20-F available on the Group's website.

Moreover, 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 conducted, with the assistance of Management, an evaluation of the effectiveness of the disclosure controls and procedures as defined by U.S. regulations, for the period covered by the Form 20-F. For 2006, the Chief Executive Officer and the Chief Financial Officer concluded that disclosure controls and procedures were effective.

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, 2006 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, 2005 and December 31, 2006 may be consulted at the headquarters of this 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, as well as half-year Group presentations on its results and outlook, may be consulted online on the Company's website (www.total.com), under the heading Investor Relations/Regulated Information in France. Furthermore, the yearly summary of publications provided for by Article L 451-1-1 of the French Financial and Monetary Code, in respect of 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, 2006:

- 614 companies were fully consolidated, 13 were proportionately consolidated and 91 were accounted for using the equity method;
- TOTAL S.A.'s scope of accounting consolidation includes all companies in which the Company holds a direct or indirect interest, the book value of which on that date is at least equal to 10% of the amount of TOTAL S.A.'s equity or of the consolidated net assets of the Group, or which has generated at least 10% of the TOTAL S.A.'s net income or of the Group's consolidated net income during the last year.

A list of the principal companies consolidated by TOTAL S.A. is provided in a summary table in note 33 to the consolidated financial statements (pages 234 and 235).

Shareholders' agreement concerning Sanofi-Aventis⁽¹⁾

A shareholders' agreement⁽²⁾ was signed by Elf Aquitaine and L'Oréal on April 9, 1999 for an initial term of six years commencing December 2, 1998, which ended on December 2, 2004. It was renewable by tacit agreement and, after the sixth year, either party had the option to terminate the agreement at any time, provided they gave notice one year in advance. The agreement was amended on November 24, 2003⁽³⁾. The amendment stated that TOTAL S.A. would henceforth be party to the agreement, that the agreement would terminate on December 2, 2004, and that the parties would not act together in relation to Sanofi-Synthélabo after that date.

On June 6, 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. In the same notice, TOTAL S.A. noted that it was no longer acting together with L'Oréal, in relation to Sanofi-Synthélabo, since the expiration on December 2, 2004 of the agreement signed on April 9, 1999 between TOTAL S.A. and L'Oréal.

In 2006, TOTAL's stake, held indirectly through its 99.48% subsidiary Elf Aquitaine, was changed from 12.74% of the stock and 19.58% of the voting rights of Sanofi-Aventis (or 178,476,513 shares for 319,968,848 voting rights as of December 31, 2005) to 13.13% of the stock and 19.21% of the voting rights (or 178,476,513 shares for 319,968,848 voting rights) as of December 31, 2006.

For a description of Sanofi-Aventis, please consult information released by that company.

TOTAL's holdings in CEPESA

TOTAL has been a shareholder in the Spanish oil and gas company CEPESA since 1990. The other main shareholders of CEPESA 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.

In August 2006, TOTAL and SCH signed an agreement in order to implement this arbitration award, thus enabling TOTAL to hold directly 7.51% of CEPESA's stock that it used to hold indirectly through the holding entity Somaen Dos, and the shareholders' agreements between TOTAL and SCH regarding CEPESA were terminated.

Furthermore, following the authorization of the European Commission in October 2006, SCH sold to TOTAL 4.35% of CEPESA's shares at a price of 4.54 euros per share, representing an aggregate amount of approximately 53 M€, also to implement the aforementioned arbitration award.

Finally, the *Comisión Nacional del Mercado de Valores* (CNMV – the Spanish stock market authority) confirmed that these operations do not trigger the compulsory launch by TOTAL of a tender offer for CEPESA.

As of December 31, 2006, TOTAL held 48.83% of CEPESA's capital through its 99.48% owned subsidiary Elf Aquitaine.

(1) Sanofi-Synthélabo became Sanofi-Aventis on August 20, 2004 following the merger between Aventis and Sanofi-Synthélabo.

(2) Prospectus approved by the French Commission des opérations de Bourse (COB) on April 15, 1999 under No. 99-399.

(3) AMF Notice No. 203C2012 of November 28, 2003.

Appendix 1 – Consolidated financial statements

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Statutory auditors' report on the consolidated financial statements

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.

For the year ended December 31, 2006

To the shareholders,

In compliance with the assignment entrusted to us by the Annual General Shareholder's Meeting, we have audited the accompanying consolidated financial statements of TOTAL S.A. for the year ended December 31, 2006.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes 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 consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the Group as at December 31, 2006 in accordance with IFRSs as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the Commercial Code 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 made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III. Vérification spécifique

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 as to its fair presentation and conformity with the consolidated financial statements.

Paris La Défense, April 3, 2007

The statutory auditors

KPMG Audit
Département de KPMG S.A.

René Amirkharian

ERNST & YOUNG Audit

Gabriel Galet

Philippe Diu

Consolidated statement of income

TOTAL

(in ME) ^(a)				
For the year ended December 31,				
		2006	2005	2004
Sales	(notes 4 & 5)	153,802	137,607	116,842
Excise taxes		(21,113)	(20,550)	(21,517)
Revenues from sales		132,689	117,057	95,325
Purchases net of inventory variation	(note 6)	(83,334)	(70,291)	(56,020)
Other operating expenses	(note 6)	(19,536)	(17,159)	(16,770)
Exploration costs	(note 6)	(634)	(431)	(414)
Depreciation, depletion, and amortization of tangible assets and leasehold rights		(5,055)	(5,007)	(5,095)
Operating income	(note 4)			
Corporate		(545)	(467)	(349)
Business segments*		24,675	24,636	17,375
Total operating income		24,130	24,169	17,026
Other income	(note 7)	789	174	3,138
Other expense	(note 7)	(703)	(455)	(836)
Financial interest on debt		(1,731)	(1,214)	(702)
Financial income from marketable securities & cash equivalents		1,367	927	572
Cost of net debt		(364)	(287)	(130)
Other financial income	(note 8)	592	396	321
Other financial expense	(note 8)	(277)	(260)	(227)
Income taxes	(note 9)	(13,720)	(11,806)	(8,603)
Equity in income (loss) of affiliates	(note 12)	1,693	1,173	1,158
Consolidated net income from continuing operations (Group without Arkema)		12,140	13,104	11,847
Consolidated net income from discontinued operations (Arkema)	(note 32)	(5)	(461)	(698)
Consolidated net income		12,135	12,643	11,149
Group share **		11,768	12,273	10,868
Minority interests and dividends on subsidiaries' redeemable preferred shares		367	370	281
Earnings per share (euros) ^(b)		5.13	5.23	4.50
Diluted earnings per share (euros) ^{***(b)}		5.09	5.20	4.48
* Adjusted operating income from business segments		25,166	23,468	17,039
Adjusted net operating income from business segments		12,377	11,912	9,126
** Adjusted net income		12,585	12,003	9,131
*** Adjusted diluted earnings per share (euros) ^(b)		5.44	5.08	3.76

(a) Except for per share amounts.

(b) 2004 and 2005 amounts are recalculated to reflect the four-for-one stock split that took place on May 18, 2006. Earnings per share from continuing and discontinued operations are disclosed in Note 32 to the consolidated financial statements.

Consolidated balance sheet

TOTAL

As of December 31 (in M€)

ASSETS		2006	2005	2004
Non-current assets				
Intangible assets, net	(note 5 & 10)	4,705	4,384	3,176
Property, plant and equipment, net	(note 5 & 11)	40,576	40,568	34,906
Equity affiliates: investments and loans	(note 12)	13,331	12,652	10,680
Other investments	(note 13)	1,250	1,516	1,198
Hedging instruments of non-current financial debt	(notes 20 & 27)	486	477	1,516
Other non-current financial assets	(note 14)	2,088	2,794	2,351
Total non-current assets		62,436	62,391	53,827
Current assets				
Inventories, net	(note 15)	11,746	12,690	9,264
Accounts receivable, net	(note 16)	17,393	19,612	14,025
Prepaid expenses and other current assets	(note 16)	7,247	6,799	5,314
Current financial assets	(notes 20 & 27)	3,908	334	477
Cash and cash equivalents		2,493	4,318	3,860
Total current assets		42,787	43,753	32,940
Total assets		105,223	106,144	86,767
LIABILITIES & SHAREHOLDERS' EQUITY				
Shareholders' equity				
Common shares		6,064	6,151	6,350
Paid-in surplus and retained earnings		41,460	37,504	31,717
Cumulative translation adjustment		(1,383)	1,421	(1,429)
Treasury shares		(5,820)	(4,431)	(5,030)
Total shareholders' equity - Group share	(note 17)	40,321	40,645	31,608
Minority interests and subsidiaries' redeemable preferred shares		827	838	810
Total shareholders' equity		41,148	41,483	32,418
Non-current liabilities				
Deferred income taxes	(note 9)	7,139	6,976	6,402
Employee benefits	(note 18)	2,773	3,413	3,607
Other non-current liabilities	(note 19)	6,467	7,051	6,274
Total non-current liabilities		16,379	17,440	16,283
Non-current financial debt	(note 20)	14,174	13,793	11,289
Current liabilities				
Accounts payable		15,080	16,406	11,672
Other creditors and accrued liabilities	(note 21)	12,509	13,069	11,148
Current borrowings	(note 20)	5,858	3,920	3,614
Other current financial liabilities	(notes 20 & 27)	75	33	343
Total current liabilities		33,522	33,428	26,777
Total liabilities and shareholders' equity		105,223	106,144	86,767

Consolidated statement of cash flows

TOTAL

(note 26)

For the year ended December 31 (in M€)

CASH FLOW FROM OPERATING ACTIVITIES	2006	2005	2004
Consolidated net income	12,135	12,643	11,149
Depreciation, depletion, and amortization	5,555	6,083	6,682
Non-current liabilities, valuation allowances, and deferred taxes	601	515	715
Impact of coverage of pension benefit plans	(179)	(23)	(181)
(Gains) Losses on sales of assets	(789)	(99)	(3,139)
Undistributed affiliates' equity earnings	(952)	(596)	(583)
(Increase) Decrease in operating assets and liabilities	(441)	(4,002)	(253)
Other changes, net	131	148	272
Cash flow from operating activities	16,061	14,669	14,662
CASH FLOW USED IN INVESTING ACTIVITIES			
Intangible assets and property, plant and equipment additions	(9,910)	(8,848)	(7,777)
Acquisitions of subsidiaries, net of cash acquired	(127)	(1,116)	(131)
Investments in equity affiliates and other securities	(402)	(280)	(209)
Increase in non-current loans	(1,413)	(951)	(787)
Total expenditures	(11,852)	(11,195)	(8,904)
Proceeds from sale of intangible assets and property, plant and equipment	413	274	225
Proceeds from sale of subsidiaries, net of cash sold	18	11	1
Proceeds from sale of non-current investments	699	135	408
Repayment of non-current loans	1,148	668	558
Total divestitures	2,278	1,088	1,192
Cash flow used in investing activities	(9,574)	(10,107)	(7,712)
CASH FLOW USED IN FINANCING ACTIVITIES			
Issuance (repayment) of shares:			
– Parent company's shareholders	511	17	371
– Treasury shares	(3,830)	(3,189)	(3,554)
– Minority shareholders	17	83	162
– Subsidiaries' redeemable preferred shares	-	(156)	(241)
Cash dividends paid to:			
– Parent company's shareholders	(3,999)	(3,510)	(4,293)
– Minority shareholders	(326)	(237)	(207)
Net issuance (repayment) of non-current debt	3,722	2,878	2,249
Increase (Decrease) in current borrowings	(6)	(951)	(2,195)
Increase (Decrease) in current financial assets and liabilities	(3,496)	-	-
Other changes, net	-	(1)	(6)
Cash flow used in financing activities	(7,407)	(5,066)	(7,714)
Net increase/decrease in cash and cash equivalents	(920)	(504)	(764)
Effect of exchange rates and changes in reporting entity	(905)	962	(236)
Cash and cash equivalents at the beginning of the period	4,318	3,860	4,860
Cash and cash equivalents at the end of the period	2,493	4,318	3,860

Consolidated statement of changes in shareholders' equity

TOTAL

(in M€)	Common shares issued		Paid-in surplus and retained earnings	Cumulative transaction adjustment	Treasury shares		Share holders' equity	Subsidiaries' redeemable preferred shares	Minority interest	Total equity
	Number	Amount			Number	Amount				
As of January 1, 2004	649,118,236	6,491	27,360	-	(37,112,105)	(4,613)	29,238	396	683	30,317
Net income 2004	-	-	10,868	-	-	-	10,868	6	275	11,149
Items recognized directly in equity	-	-	29	(1,429)	-	-	(1,400)	(14)	(88)	(1,502)
Total excluding transactions with shareholders	-	-	10,897	(1,429)	-	-	9,468	(8)	187	9,647
Cash dividend	-	-	(4,293)	-	-	-	(4,293)	-	(207)	(4,500)
Issuance of common shares (note 17)	5,770,804	58	478	-	-	-	536	-	-	536
Purchase of treasury shares	-	-	-	-	(22,550,000)	(3,554)	(3,554)	-	-	(3,554)
Sale of treasury shares	-	-	14	-	715,686	61	75	-	-	75
Repayment of subsidiaries' redeemable preferred shares	-	-	-	-	-	-	-	(241)	-	(241)
Share-based payments (note 24)	-	-	138	-	-	-	138	-	-	138
Transactions with shareholders	5,770,804	58	(3,663)	-	(21,834,314)	(3,493)	(7,098)	(241)	(207)	(7,546)
Cancellation of purchased shares (note 17)	(19,873,932)	(199)	(2,877)	-	19,873,932	3,076	-	-	-	-
As of December 31, 2004	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
Cash dividend	-	-	(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 24)	-	-	131	-	-	-	131	-	-	131
Transactions with shareholders	1,176,756	12	(3,257)	-	(16,252,413)	(3,259)	(6,504)	(156)	(237)	(6,897)
Cancellation of purchased shares (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)
Cash dividend	-	-	(3,999)	-	-	-	(3,999)	-	(326)	(4,325)
Issuance of common shares (note 17)	12,322,769	30	469	-	-	-	499	-	-	499
Purchase of treasury shares	-	-	-	-	(78,220,684)	(4,095)	(4,095)	-	-	(4,095)
Sale of treasury shares	-	-	-	-	6,997,305	232	232	-	-	232
Share-based payments (note 24)	-	-	157	-	-	-	157	-	-	157
Transactions with shareholders	1,857,671,657	30	(5,434)	(209)	(173,971,375)	(3,847)	(9,460)	-	(334)	(9,794)
Cancellation of purchased shares (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

Notes to the consolidated financial statements

On February 13, 2007, the Board of Directors established and authorized the publication of the consolidated financial statements of TOTAL S.A. for the year ended December 31, 2006.

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, as of December 31, 2006.

The preparation of financial statements in accordance with IFRS requires management to make estimates and apply 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 book value of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply.

Lastly, where a specific transaction is not dealt with in any standards 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

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value.

The accounting policies used by the Group are described below.

A. Principles of consolidation

The 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 the total valuation, at 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 the 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 net operating 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 prevailing at 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 of the period. Foreign exchange

differences resulting from such translations are either recorded in Shareholders' equity under "Cumulative translation adjustments" (for the Group share) or under "Minority interests" 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 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, which are deemed to be non-recoverable through remaining production, are recognized as accounts receivable or accounts payable, as appropriate.

Revenues from gas transport are recognized when the services are rendered, based on the quantities transported and measured according to procedures defined in each service contract.

Revenues from sales of electricity, to the Downstream and Chemicals segments, 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 USA 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: 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, have employee share purchase plans and may offer its employees the opportunity to subscribe to reserved capital increase. These employees benefits are recognized as expenses with a corresponding credit to shareholders' equity.

The expense is determined at fair value by reference to the instruments granted. The fair value of the options is calculated using the Black & Scholes method at the grant date. The expense is allocated 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 the non-transferability of the shares awarded to the employees over a period of five years.

F. Income taxes

Income taxes disclosed in the income statement include the current tax expenses (income) and the deferred tax expenses (income).

The Group uses the liability method whereby deferred income taxes are recorded based upon the temporary differences between the financial statement 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 maturity of renewal 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 equity depending on the item it is related 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 note 1Q "Asset retirement obligations" and 1K "Leases" to the consolidated financial statements. Deferred income taxes on temporary differences resulting from the difference between the carrying value and taxable basis of such assets and liabilities are recognized.

Deferred tax liabilities on temporary differences resulting from the difference between the carrying value of the equity-method investments and the taxable 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 sale 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 are calculated by dividing net income by the weighted-average number of common shares outstanding during the period.

Diluted earnings per share are 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 and 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.

Leasehold rights are capitalized as intangible assets when acquired. They 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 leasehold rights are transferred to proved leasehold rights 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 as follows:

- costs of exploratory wells that have found 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 interest costs incurred during the period of construction and estimated discounted 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 estimations 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 leasehold rights 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 leasehold rights.

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 that an asset may be impaired (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 appropriate 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.

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 interest expenses 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 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 financial liabilities. These assets are depreciated over the useful life used by the Group.

Leases that are not financial 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 financial leases.

L. Impairment of long-lived assets

The recoverable amounts of intangible assets and property, plant and equipment are tested for possible impairment as soon as there is any indication that the assets may be impaired. This test is performed at least annually for goodwill.

The recoverable value is the higher of the sale price (net of sale expenses) and its useful value.

For this purpose, assets are grouped into cash-generating units (or CGUs). A cash-generating unit is a 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 future cash flows expected from it, 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 leaseholds rights, or on other intangible assets is recognized either in "Depreciation, depletion and amortization of tangible assets and leaseholds rights" or in "Other expense", respectively. In priority, this impairment loss is recorded against goodwill.

Impairment losses recognized in prior periods could be reversed up to the net book value that the asset would have had, had the impairment loss not been recognized. Impairment losses recognized for goodwill are not reversed.

M. Financial assets and liabilities

Financial assets and liabilities are financial loans and receivables, investments in non-consolidated companies, publicly-traded equity securities, financial derivatives, current and non-current financial liabilities.

The accounting treatment of these financial assets and liabilities is as follows.

(i) Financial loans and receivables

Financial loans and receivables are recognized at amortized cost. They are tested for impairment, the net book value being compared 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 net book value, and at least annually. The potential loss is recorded in the statement of income.

(ii) Investments in non-consolidated companies and publicly-traded equity securities

These assets are classified as 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 only reversed in the statement of income when the securities are sold.

(iii) Derivative instruments

The Group uses derivative instruments in order to manage its exposure to movements in interest rates, foreign exchange rates and commodity price fluctuations. 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 29 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 in reference to 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 income statement. 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 income statement 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 part. The current part (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 hedge, the amount paid or received is recognized in the income statement 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 income statement.
- 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 dollar). They 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 all the 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 with reference to global trading limits. These instruments are considered, according to the industry practice, as held for trading. Changes in fair value are recorded in the income statement. The fair value of these instruments is recorded in the appropriate operating third party headings "Accounts receivable and other current assets" or "Accounts payable and other creditors" depending on whether they are assets or liabilities.

Detailed information about the closing balances is disclosed in notes 20, 27 and 29 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 paragraph.

(v) Fair value of financial instruments

Fair values are estimated for the majority of the Group's financial instruments, with the exception of publicly traded equity securities and marketable securities for which the market price is used.

The estimation of fair values, based in particular on principles such as discounting to present value of future cash flows, must be weighted by the fact that the value of a financial instrument at a given time may be modified depending on 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 made based on simplifying assumptions.

As a consequence, the use of different estimates, methodologies and assumptions may 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 debenture loans 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;

- **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 the zero coupon interest rate curves existing at year-end after adjustment for interest accrued yet unpaid.

Forward exchange contracts and currency swaps are valued on the basis of a comparison of the forward rates negotiated 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 valued in the consolidated financial statements at the lower of historical cost and market value. Costs for petroleum and petrochemical products are determined according to the FIFO (First-In, First-Out) method and those of other inventories 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 and heating oil and are 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 receipt 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. Other non-current liabilities

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 on the basis of 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 others.

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 income statement, 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 flows

The consolidated statement of cash flows prepared in foreign currencies have been translated into euros using the average exchange rate of 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 balance sheet under “Effect of exchange rates and changes in reporting entity”. Therefore, the consolidated statement of cash flows will not agree with the figures derived from the consolidated balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise 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 over 3 months and less than 12 months are shown under “Current financial assets”.

Changes in bank overdrafts are included in the financing activities section of the consolidated statement of cash flows.

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 CO₂, the following principles have been applied:

- emission rights granted free of charge are accounted for at zero book value;
- the 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, at fair market value;
- spot market transactions are recognized at cost in operating income;
- 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 operating 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 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 “First Time Adoption” have not been applied at the transition date to the 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 1H to the consolidated financial statements “Oil and gas exploration and producing properties”).

Description 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 the note 32 to the consolidated financial statements as of December 31, 2005.

The financial data for 2004 and 2003 were presented under French GAAP in the 2004 Registration Document.

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;
- interest expense 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 1R 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, 2006, were as follows:

(i) IFRS 7 “Financial Instruments: disclosures”

In August 2005, the IASB issued IFRS 7 “Financial Instruments: Disclosures”. The new standard replaces IAS 30 “Disclosures in financial statements of Banks and Similar Financial Institutions” and provides amendments to IAS 32 “Financial Instruments: Disclosure and Presentation”. IFRS 7 requires disclosure of qualitative and quantitative information about exposure to risks resulting from financial instruments. Entities shall apply IFRS 7 to annual periods beginning on or after January 1, 2007. The application of IFRS 7 should not have any material impact for the Group given the disclosures already presented in the consolidated statements for the year ended December 31, 2006.

(ii) 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 IAS14 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 for the Group given the disclosures already presented in the consolidated financial statements of the Group.

(iii) IFRIC 9 “Reassessment of Embedded Derivatives”

In March 2006, the IFRIC published interpretation IFRIC 9 “Reassessment of Embedded Derivatives”. The interpretation addresses embedded derivatives within the scope of IAS 39 relating to Financial Instruments and their reassessment. IFRIC 9 concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a

party to the contract. Subsequent reassessment is prohibited unless there is a significant change in the terms of the contract. IFRIC 9 is effective for annual periods beginning on or after June 1, 2006. The application of IFRIC 9 should not have any material effect on the Group’s balance sheet, income statement and consolidated shareholder’s equity.

(iv) IFRIC 10 “Interim Financial Reporting and Impairment”

In July 2006, the IFRIC published interpretation IFRIC 10 “Interim Financial Reporting and Impairment”. In accordance with IFRIC 10, an entity shall not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost, in subsequent interim or annual period. IFRIC 10 is effective for annual periods beginning on or after November 1, 2006. The application of IFRIC 10 should not have any material effect on the Group’s balance sheet, income statement and consolidated shareholder’s equity.

2) Main indicators – information by business segment

Performance indicators excluding the adjustment items, such as adjusted operating income, adjusted net operating income, adjusted net income are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

Adjustment items:

(i) Special items

Due to their unusual nature or particular significance, certain transactions qualified as “special items” are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or assets disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

(ii) The inventory valuation effect

The adjusted results of the Downstream and Chemical segments are also presented according to the replacement cost method. This method is used to assess the segments’ performance and ensure the comparability of the segments’ results with those of 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 income statement 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) Portion of intangible assets amortization 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 and depreciation of intangible assets other than leasehold rights, currency translation adjustments and gains or losses on the sale of assets.

Net operating income (measure used to evaluate the return on capital employed)

Operating income after deducting the amortization and the depreciation of intangible assets other than leasehold rights, currency translation adjustments and gains or losses on the sale of assets, as well as all other income and expenses related to capital employed (dividends from non-consolidated companies, equity in income in affiliates, capitalized interest expenses), and after income taxes applicable to the above.

The income and expense not included in net operating income which are included in net income are only interest expenses related to non-current liabilities net of interest earned on cash and cash equivalents, 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 adjusting items described above.

Capital employed

Non-current assets and working capital requirements, at replacement cost, net of deferred income taxes and non-current liabilities.

ROACE (Return on Average Capital Employed)

Ratio of adjusted net operating income to average capital employed between the beginning and the end of the period.

Net debt

Non-current debt, including current portion, current borrowings, other current financial liabilities less cash and cash equivalent and other current financial assets.

3) Changes in the Group structure, main acquisitions and divestitures

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 euros 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 the Eurolist by Euronext market in Paris. For all periods presented, the contribution of Arkema entities to the consolidated net income is presented on the line "Consolidated net income from discontinued operations" on the face of the income statement. Detailed information on the impact of this transaction is presented in the note 32 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 has 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 on 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 leasehold rights 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.

2004

Following the outcome of a share and cash offer by Sanofi-Synthelabo on Aventis in 2004, the merger via takeover of Aventis, thereby creating the entity Sanofi-Aventis, was approved

by the Sanofi-Aventis extraordinary shareholders' meeting on December 23, 2004 and took effect on December 31, 2004.

The acquisition of Aventis by Sanofi-Synthélabo results in a dilution of the Group's equity in the company. After deduction of Sanofi-Aventis' own shares, the Group owns 13.25% of the capital of Sanofi-Aventis as of December 31, 2004 instead of 25.63% of the capital of Sanofi-Synthélabo as of December 31, 2003.

Sanofi-Aventis is consolidated in the Group's accounts according to the equity method.

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, 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 activities (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

2006 (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales	20,782	113,887	19,113	20	-	153,802
Inter-segment 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 leasehold rights	(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
Group share						11,773
Net income from discontinued operations						(5)
Group share						(5)
Net income						11,768

2006 (adjustments)(*) (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales						
Inter-segment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	(272)	(158)	(27)		(457)
Depreciation, depletion and amortization of tangible assets and leasehold rights	-	-	(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)
Group share						(798)
Net income from discontinued operations						(19)
Group share						(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.

(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 Sanofi-Aventis

	-	-	-	(311)		
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2006 (adjusted) (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales	20,782	113,887	19,113	20	-	153,802
Inter-segment 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 leasehold rights	(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						
Group share						12,571
Adjusted net income from discontinued operations						
Group share						14
Adjusted net income						12,585
2006 (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Total expenditures	9,001	1,775	995	81		11,852
Divestitures 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 (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales	20,888	99,934	16,765	20	-	137,607
Inter-segment 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 leasehold rights	(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						
Group share						12,731
Net income from discontinued operations						(458)
Group share						
Net income						12,273

2005 (adjustments)(*) (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales						
Inter-segment sales						
Excise taxes						
Revenues from sales^(a)						
Operating expenses	-	1,197	49	-		1,246
Depreciation, depletion and amortization of tangible assets and leasehold rights	-	-	(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						
Group share						703
Net income from discontinued operations						(433)
Group share						
Net income						270

(*) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

(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 Sanofi-Aventis	-	-	-	(337)		

2005 (adjusted) (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales	20,888	99,934	16,765	20	-	137,607
Inter-segment 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 leasehold rights	(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						
Group share						12,028
Adjusted net income from discontinued operations						
Group share						(25)
Adjusted net income						12,003
2005 (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Total expenditures	8,111	1,779	1,115	190		11,195
Divestitures 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%

2004 (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales	15,037	86,896	14,886	23	-	116,842
Inter-segment sales	14,208	2,836	466	183	(17,693)	-
Excise taxes		(21,517)			-	(21,517)
Revenues from sales	29,245	68,215	15,352	206	(17,693)	95,325
Operating expenses	(13,213)	(63,524)	(13,636)	(524)	17,693	(73,204)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(3,188)	(1,053)	(823)	(31)	-	(5,095)
Operating income	12,844	3,638	893	(349)	-	17,026
Equity in income (loss) of affiliates and other items	148	95	(170)	3,477	-	3,550
Tax on net operating income	(7,281)	(1,131)	(73)	(152)	-	(8,637)
Net operating income	5,711	2,602	650	2,976	-	11,939
Net cost of net debt						(92)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(284)
Net income from continuing operations						11,563
Group share						11,563
Net income from discontinued operations						(695)
Group share						(695)
Net income						10,868

2004 (adjustments)(*) (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales						
Inter-segment sales						
Excise taxes						
Revenues from sales						
Operating expenses	-	437	232	-		669
Depreciation, depletion and amortization of tangible assets and leasehold rights	-	(34)	(299)	-		(333)
Operating income^(a)	-	403	(67)	-		336
Equity in income (loss) of affiliates and other items ^(b)	(172)	(3)	(309)	2,805		2,321
Tax on net operating income	24	(129)	90	(392)		(407)
Net operating income^(a)	(148)	271	(286)	2,413		2,250
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(12)
Net income from continuing operations						2,238
Group share						2,238
Net income from discontinued operations						(501)
Group share						(501)
Net income						1,737

(*) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

(a) Of which inventory valuation effect						
On operating income	-	487	232	-		
On net operating income	-	349	157	-		
(b) Of which equity share of amortization of intangible assets related to Sanofi-Aventis	-	-	-	(114)		

2004 (adjusted) (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Non-Group sales	15,037	86,896	14,886	23	-	116,842
Inter-segment sales	14,208	2,836	466	183	(17,693)	
Excise taxes	-	(21,517)	-	-	-	(21,517)
Revenues from sales	29,245	68,215	15,352	206	(17,693)	95,325
Operating expenses	(13,213)	(63,961)	(13,868)	(524)	17,693	(73,873)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(3,188)	(1,019)	(524)	(31)	-	(4,762)
Adjusted operating income	12,844	3,235	960	(349)	-	16,690
Equity in income (loss) of affiliates and other items	320	98	139	672	-	1,229
Tax on net operating income	(7,305)	(1,002)	(163)	240	-	(8,230)
Adjusted net operating income	5,859	2,331	936	563	-	9,689
Net cost of net debt						(92)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(272)
Adjusted net income from continuing operations Group share						9,325
Adjusted net income from discontinued operations Group share						(194)
Adjusted net income						9,131
2004 (in M€)	Upstream	Downstream	Chemicals	Corporate	Inter-company	Total
Total expenditures	6,202	1,675	949	78		8,904
Divestitures at sale price	637	200	122	233		1,192
Cash flow from operating activities	10,347	3,269	600	446		14,662
Balance sheet as of December 31, 2004						
Property, plant and equipment, intangible assets, net	24,249	7,466	6,146	221		38,082
Investments in equity affiliates	1,455	1,347	589	6,412		9,803
Loans to equity affiliates and other non-current assets	1,865	1,064	791	706		4,426
Working capital	(1,665)	3,870	3,436	142		5,783
Provisions and other non-current liabilities	(9,624)	(2,347)	(2,610)	(1,702)		(16,283)
Capital Employed (balance sheet)	16,280	11,400	8,352	5,779		41,811
Less inventory valuation effect	-	(1,746)	(199)	404		(1,541)
Capital Employed (Business segment information)	16,280	9,654	8,153	6,183		40,270
ROACE as a percentage (of continuing operations)	36%	25%	15%			26%

B) Reconciliation between business segment information and the consolidated statement of income

The table below reconciles the information presented above with the consolidated statement of income:

2006 (in M€)	Adjusted	Adjustment items(*)	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 leasehold rights	(4,994)	(61)	(5,055)
Operating income			
Corporate	(518)	(27)	(545)
Business segments	25,166	(491)	24,675
Total operating income	24,648	(518)	24,130
Other income	423	366	789
Other expense	(330)	(373)	(703)
Financial interest on debt	(1,731)	-	(1,731)
Financial income from marketable securities & cash equivalents	1,367	-	1,367
Cost of net debt	(364)	-	(364)
Other financial income	592	-	592
Other financial expense	(277)	-	(277)
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	381	(14)	367

(*) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

2005 (in M€)	Adjusted	Adjustment items(*)	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)
Unsuccessful exploration costs	(431)	-	(431)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(4,929)	(78)	(5,007)
Operating income			-
Corporate	(467)	-	(467)
Business segments	23,468	1,168	24,636
Total operating income	23,001	1,168	24,169
Other income	174	-	174
Other expense	(64)	(391)	(455)
Financial interest on debt	(1,214)	-	(1,214)
Financial income from marketable securities & 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	362	8	370

(*) Adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

2004 (in M€)	Adjusted	Adjustment items(*)	Consolidated statement of income
Sales	116,842	-	116,842
Excise taxes	(21,517)	-	(21,517)
Revenues from sales	95,325	-	95,325
Purchases, net of inventory variation	(56,738)	718	(56,020)
Other operating expenses	(16,721)	(49)	(16,770)
Exploration costs	(414)	-	(414)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(4,762)	(333)	(5,095)
Operating income			-
Corporate	(349)	-	(349)
Business segments	17,039	336	17,375
Total operating income	16,690	336	17,026
Other income	104	3,034	3,138
Other expense	(386)	(450)	(836)
Financial interest on debt	(702)	-	(702)
Financial income from marketable securities & cash equivalents	572	-	572
Cost of net debt	(130)	-	(130)
Other financial income	321	-	321
Other financial expense	(227)	-	(227)
Income taxes	(8,196)	(407)	(8,603)
Equity in income (loss) of affiliates	1,421	(263)	1,158
Net income from continuing operations (Group without Arkema)	9,597	2,250	11,847
Net income from discontinued operations (Arkema)	(195)	(503)	(698)
Consolidated net income	9,402	1,747	11,149
Group share and dividends on subsidiaries' redeemable preferred shares	9,131	1,737	10,868
Minority interests	271	10	281

(*) 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					
2006 (in M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	(272)	(42)	-	(314)
Restructuring charges	-	-	(25)	-	(25)
Asset impairment charges	-	-	(61)	-	(61)
Other	-	-	(91)	(27)	(118)
Total	-	(272)	(219)	(27)	(518)

ADJUSTMENTS TO NET INCOME					
2006 (in 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)
Adjustment related to Sanofi-Aventis merger	-	-	-	(309)	(309)
Restructuring charges	-	-	(154)	-	(154)
Asset impairment charges	-	-	(40)	-	(40)
Gains/(Losses) on sales of assets	130	174	-	-	304
Other	(71)	-	(172)	64	(179)
Total	59	(156)	(394)	(326)	(817)

ADJUSTMENTS TO OPERATING INCOME					
2005 (in M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,197	68	-	1,265
Restructuring charges	-	-	(19)	-	(19)
Asset impairment charges	-	-	(71)	-	(71)
Others	-	-	(7)	-	(7)
Total	-	1,197	(29)	-	1,168

ADJUSTMENTS TO NET INCOME					
2005 (in 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)
Adjustment related to Sanofi-Aventis merger	-	-	-	(335)	(335)
Restructuring charges	-	-	(130)	-	(130)
Asset impairment charges	-	-	(215)	-	(215)
Gains/(Losses) on sales of assets	-	-	-	-	-
Other	-	-	(501)	586	85
Total	-	1,022	(796)	44	270

ADJUSTMENTS TO OPERATING INCOME

2004 (in M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	487	232	-	719
Restructuring charges	-	(50)	-	-	(50)
Asset impairment charges	-	(34)	(244)	-	(278)
Other	-	-	(55)	-	(55)
Total	-	403	(67)	-	336

ADJUSTMENTS TO NET INCOME

2004 (in M€)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	349	157	-	506
TOTAL's equity share of special items recorded by Sanofi-Aventis (dilution income included)	-	-	-	2,399	2,399
Adjustment related to Sanofi-Aventis merger	-	-	-	(113)	(113)
Restructuring charges	-	(31)	(112)	-	(143)
Asset impairment charges	(114)	(21)	(637)	-	(772)
Gains/(Losses) on sales of assets	-	-	-	53	53
Other	(34)	(26)	(197)	64	(193)
Total	(148)	271	(789)	2,403	1,737

D) Additional information on impairments

In the Chemicals segment, impairments of assets (property, plant and equipment and intangible assets) have been recognized for the year ended December 31, 2006, with an impact of -61 M€ in operating income and -40 M€ in net income, Group share. These items are identified in the paragraph C above as adjusting items in heading "Asset impairment charges".

These impairment losses impact certain Cash Generating Units (CGU) of the Chemicals segment for which there were indications that assets may be impaired, due mainly to changes in the economic environment of their specific businesses. 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 1L to the consolidated financial statements "Impairment of long-lived assets";
- future cash flows including specific risks attached to CGU assets have been discounted using a 8% after tax discount rate.

For the years ended December 31, 2005 and 2004, changes in the economic environment of certain business units of the Chemicals segment had triggered the recognition of impairments of assets for respectively -71 M€ and -244 M€ in operating income and -215 M€ and -637 M€ in net income, Group share.

No reversal of impairment losses has been recognized in 2004, 2005 and 2006.

5) Information by geographical area

(in M€)	France	Rest of Europe	North America	Africa	Far East and rest of the world	Total
2006						
Non-Group sales ^(a)	36,890	70,992	13,031	10,086	22,803	153,802
Property, plant and equipment, intangible assets, net	5,860	14,066	4,318	10,595	10,442	45,281
Capital expenditures	1,919	2,355	881	3,326	3,371	11,852
2005						
Non-Group sales ^(a)	34,362	53,727	17,663	8,304	23,551	137,607
Property, plant and equipment, intangible assets, net	6,300	14,148	4,748	9,546	10,210	44,952
Capital expenditures	1,967	2,178	1,691	2,858	2,501	11,195
2004						
Non-Group sales ^(a)	29,888	45,523	16,765	6,114	18,552	116,842
Property, plant and equipment, intangible assets, net	5,724	13,859	3,096	7,322	8,081	38,082
Capital expenditures	2,125	2,060	762	2,004	1,953	8,904

(a) Non-Group sales from continuing operations.

6) Operating expenses

Year ended December 31, (in M€)	2006	2005	2004
Purchases, net of inventory variation ^(a)	(83,334)	(70,291)	(56,020)
Exploration costs	(634)	(431)	(414)
Other operating expenses ^(b)	(19,536)	(17,159)	(16,770)
Of which non-current operating liabilities (allowances) reversals	454	394	711
Of which current operating liabilities (allowances) reversals	(111)	(51)	(25)
Operating expenses	(103,504)	(87,881)	(73,204)

(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 31 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 25 to the consolidated financial statements "Payroll and staff").

7) Other income and other expense

Year ended December 31, (in M€)	2006	2005	2004
Gain (loss) on sales of assets	789	98	3,138
Foreign exchange gains	-	76	-
Other income	789	174	3,138
Foreign exchange losses	(30)	-	(75)
Amortization of other intangible assets (excl. leasehold rights)	(182)	(182)	(375)
Toulouse AZF	(100)	(100)	(150)
Other	(391)	(173)	(236)
Other expense	(703)	(455)	(836)

In 2006, gains and losses on sales of assets are mainly related to sales of financial assets. The “Other” heading is comprised of:

- 188 M€ of restructuring charges in the Chemicals segment;
- 32 M€ increase related to various antitrust investigations as described in the note 30 to the consolidated financial statement “Other risks and contingent liabilities”.

In 2004, the deterioration of the economic cycle generated impairment losses on intangible assets in the Chemicals segment. As a consequence, an impairment loss of 118 M€ had been recorded in 2004 to adjust the carrying amount of the intangible assets to their recoverable amount. The gains (losses) on sales of assets included a pre-tax dilution gain on the Sanofi-Aventis merger of 2,969 M€ in 2004. The “Other” heading mainly included early retirement plans and restructuring costs for 18 M€, and other allowances for various litigation reserves for 46 M€.

8) Other financial income and expense

As of December 31 (in M€)	2006	2005	2004
Dividend income on non-consolidated companies	237	164	154
Capitalized financial expenses	236	101	34
Other	119	131	133
Other financial income	592	396	321
Accretion of asset retirement obligation	(182)	(162)	(143)
Other	(95)	(98)	(84)
Other financial expense	(277)	(260)	(227)

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.

French income and foreign withholding taxes do not provide 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 21,717 M€ as of December 31, 2006. The determination of the tax effect relating to such reinvested income is not reliably feasible.

In addition, no provision for income taxes on unremitted earnings (approximately 8,491 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, (in M€)	2006	2005	2004
Current income taxes	(12,997)	(11,362)	(7,641)
Deferred income taxes	(723)	(444)	(962)
Total income taxes	(13,720)	(11,806)	(8,603)

Before netting deferred tax assets and liabilities by fiscal entities, the components of deferred tax balances as of December 31, 2005 and 2006 are as follows:

As of December 31, (in M€)	2006	2005
Net operating losses and tax carry forwards	633	484
Employee benefits	830	949
Other temporarily non-deductible provisions	2,157	2,637
Gross deferred tax assets	3,620	4,070
Valuation allowance	(572)	(536)
Net deferred tax assets	3,048	3,534
Excess tax over book depreciation	(8,180)	(7,769)
Other temporary tax deductions	(1,237)	(1,435)
Gross deferred tax liability	(9,417)	(9,204)
Net deferred tax liability	(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, (in M€)	2006	2005
Deferred tax assets, non current (note 14 "Other non-current assets")	806	1,392
Deferred tax assets, current (note 16 "Accounts receivable & other current assets")	94	126
Deferred tax liabilities, non current (Deferred tax)	(7,139)	(6,976)
Deferred tax liabilities, current	(130)	(212)
Net amount	(6,369)	(5,670)

The net deferred tax variation in the balance sheet is analyzed as follows:

As of December 31, (in M€)	2006	2005
Opening balance	(5,670)	(5,100)
Deferred tax on income for continuing operations	(723)	(444)
Deferred tax on income for discontinued operations	(10)	53
Deferred tax on shareholders' equity ^(a)	(17)	176
Consolidated scope changes ^(b)	(311)	29
Currency translation adjustment	362	(384)
Closing balance	(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.

RECONCILIATION BETWEEN PROVISION FOR INCOME TAXES AND PRE-TAX INCOME (EXCLUDING ARKEMA):

As of December 31, (in M€)	2006	2005	2004
Net income from continuing operations	12,140	13,103	11,847
Provision for income taxes	13,720	11,806	8,603
Pre-tax income	25,860	24,909	20,450
French statutory tax rate	34.43%	34.93%	35.43%
Theoretical tax charge	(8,904)	(8,701)	(7,245)
Difference between French and foreign income tax rates	(5,484)	(4,128)	(2,740)
Tax effect of equity in income (loss) of affiliates	583	410	410
Permanent differences	324	253	982
Adjustments on prior years income taxes	(87)	(55)	(44)
Adjustments on deferred tax related to tax rates variations	(88)	576	104
Change in valuation allowance	(62)	(151)	(71)
Others	(2)	(10)	1
Net provision for income taxes	(13,720)	(11,806)	(8,603)

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 2006 (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 some 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, (in M€)	2006		2005	
	Basis	Tax	Basis	Tax
2006	-	-	225	106
2007	234	115	165	81
2008	210	102	144	70
2009	157	80	68	32
2010 ^(a)	299	104	27	11
2011 and after	23	9	-	-
Unlimited	638	223	559	184
Total	1,561	633	1,188	484

(a) Net operating losses and tax credit carry forwards in 2010 and after for 2005.

10) Intangible assets

As of December 31, (in M€)	2006			2005		
	Cost	Depreciation and amortization	Net	Cost	Depreciation and amortization	Net
Goodwill	1,759	(635)	1,124	2,479	(1,318)	1,161
Proved and unproved leasehold rights	5,457	(2,473)	2,984	5,213	(2,659)	2,554
Other intangible assets	2,377	(1,780)	597	2,684	(2,015)	669
Total intangible assets	9,593	(4,888)	4,705	10,376	(5,992)	4,384

(in M€)	Net intangible assets as of January 1, 2006	Acquisitions	Disposals	Net depreciation and amortization of intangible assets	Currency translation adjustment	Other	Net intangible assets as of Dec. 31, 2006
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 leasehold rights” 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, 2006 is as follows:

(in M€)	Net goodwill as of January 1, 2006	Increases	Impairments	Other	Net goodwill as of December 31, 2006
Upstream	96	-	-	(1)	95
Downstream	123	19	-	(4)	138
Chemicals	917	84	-	(135)	866
Holding	25	-	-	-	25
Total	1,161	103	-	(140)	1,124

11) Property, plant and equipment

As of December 31 (in M€)	2006			2005		
	Cost	Depreciation and amortization	Net	Cost	Depreciation and amortization	Net
Upstream properties						
Proved properties	60,063	(39,211)	20,852	58,980	(38,646)	20,334
Unproved properties	20	(1)	19	8	(1)	7
Work in progress	7,080	(22)	7,058	6,136	(29)	6,107
Subtotal	67,163	(39,234)	27,929	65,124	(38,676)	26,448
Other property, plant and equipment						
Land and preparation costs	1,550	(445)	1,105	1,646	(392)	1,254
Machinery, plant and equipment (including transportation equipment)	20,724	(14,131)	6,593	23,533	(16,699)	6,834
Buildings	5,392	(3,289)	2,103	6,444	(4,070)	2,374
Construction in progress	1,228	(14)	1,214	1,482	(31)	1,451
Other	6,154	(4,522)	1,632	7,805	(5,598)	2,207
Subtotal	35,048	(22,401)	12,647	40,910	(26,790)	14,120
Total property, plant and equipment	102,211	(61,635)	40,576	106,034	(65,466)	40,568

(in M€)	Net tangible assets as of January 1, 2006	Acquisitions	Disposals	Net depreciation and amortization of tangible assets	Currency translation adjustment	Other	Net tangible assets as of Dec. 31, 2006
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, 2006, the heading “Other” includes mainly 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 (in M€)	2006			2005		
	Cost	Depreciation and amortization	Net	Cost	Depreciation and amortization	Net
Machinery, plant and equipment	518	(244)	274	491	(212)	279
Buildings	40	(27)	13	26	(18)	8
Development works	-	-	-	-	-	-
Total	558	(271)	287	517	(230)	287

12) Equity affiliates: investment and loans

(in M€)	As of December 31				2006 equity in income (loss)	2005 equity in income (loss)	2004 equity in income (loss)
	2006	2005	2006	2005			
	% owned	% owned	equity value	equity value			
NLNG	15.00%	15.00%	887	726	329	190	158
CEPSA (Upstream share)	48.83%	45.28%	253	311	104	99	75
Qatargas	10.00%	10.00%	186	156	119	46	42
Gasoducto Gasandes Argentina	56.50%	56.50%	115	132	7	7	6
SCP Limited	10.00%	10.00%	100	89	-	-	-
Ocesa	15.20%	15.20%	64	71	-	-	-
Société du Terminal Méthanier De Fos Cavaou ^(a)	30.30%	-	63	-	(4)	-	-
Moattama Gas Transportation Cy	31.24%	31.24%	61	64	63	45	40
Hidroneuquen Piedra del Aguila ^(a)	-	41.30%	-	61	-	4	41
Total Tractebel Emirates Power Company	50.00%	50.00%	61	55	3	3	4
Qatar Liquefied Gas Company Limited II ^(c)	8.35%	-	55	-	-	-	-
Abu Dhabi Gas Ind, Ltd	15.00%	15.00%	48	54	-	-	-
Gas Invest SA	27.24%	27.24%	53	47	12	(3)	(59)
Gasoducto Gasandes sa (Chili)	56.50%	56.50%	39	40	-	-	2
Humber Power Ltd ^(a)	-	-	-	-	-	16	24
CFMH ^(a)	-	-	-	-	-	-	35
Other	-	-	168	145	13	28	35
Total Upstream			2,153	1,951	646	435	403
CEPSA (Downstream share)	48.83%	45.28%	1,735	1,372	246	321	211
Wepec ^(b)	22.41%	22.41%	62	74	1	11	-
Other	-	-	125	129	26	24	15
Total Downstream			1,922	1,575	273	356	226
CEPSA (Chemicals share)	48.83%	45.28%	503	431	26	39	29
Qatar Petrochemical Company Ltd	20.00%	20.00%	147	141	45	39	32
Other	-	-	63	161	-	4	9
Total Chemicals			713	733	71	82	70
Sanofi-Aventis	13.13%	13.19%	7,010	7,087	556	299	459
CEPSA (Holding share)	48.83%	45.28%	-	-	147	-	-
Other	-	-	-	7	-	1	-
Total Holding			7,010	7,094	703	300	459
Total investments			11,798	11,353	1,693	1,173	1,158
Loans			1,533	1,299			
Total investments and loans			13,331	12,652			

(a) Investment disposed of in 2005 and 2006.

(b) Investment accounted for under the equity method as from 2005.

(c) New acquisitions 2006.

The market value of the Group's share in CEPSPA amounted to 7,762 M€ as of December 31, 2006. The market value of the Group's share in Sanofi-Aventis amounted to 12,485 M€ as of December 31, 2006.

CEPSA
CONDENSED BALANCE SHEET
As of December 2006 (in M€)

Non-current assets	4,465	Shareholders' equity	4,838
Current assets	4,259	Non-current liabilities	1,356
		Current liabilities	2,530
Total	8,724	Total	8,724

INCOME STATEMENT INFORMATION
As of December 31, 2006 (in M€)

2006

Revenues	18,473
Consolidated net income, group share	812

Sanofi-Aventis
CONDENSED BALANCE SHEET
As of December 31, 2006 (in M€)

Non-current assets	65,603	Shareholders' equity	45,820
Current assets	12,160	Non-current liabilities	21,665
		Current liabilities	10,278
Total	77,763	Total	77,763

INCOME STATEMENT INFORMATION
As of December 31, 2006 (in M€)

2006

Revenues	28,373
Consolidated net incomes, group share	4,006

13) Other investments
As of December 31, 2006 (in M€)

	2006			2005		
	Carrying amount	Unrealized gain (loss)	Balance sheet value	Carrying amount	Unrealized gain (loss)	Balance sheet value
I.C.E. (Inter Continental Exchange) ^(a)	-	-	-	1	138	139
Santander Central Hispano (SCH) ^(a)	-	-	-	93	88	181
Areva	69	135	204	69	79	148
Arkema	16	82	98	-	-	-
Other publicly traded equity securities	1	1	2	1	-	1
Total publicly traded equity security^(b)	86	218	304	164	305	469
BBPP	80	-	80	89	-	89
Oman LNG LLC	6	-	6	7	-	7
BTC Limited	185	-	185	177	-	177
Other equity securities	675	-	675	774	-	774
Total other equity securities^(b)	946	-	946	1,047	-	1,047
Other investments	1,032	218	1,250	1,211	305	1,516

(a) Shares sold in 2006.

(b) Including impairment for 668 M€ in 2006 and 820 M€ in 2005.

These investments are recognized under "Financial assets held for sales" (see note 1L to the consolidated financial statements).

14) Other non-current assets

As of December 31, 2006 (in M€)	2006			2005		
	Gross value	Valuation allowance	Net value	Gross value	Valuation allowance	Net value
Deferred income tax assets	806	-	806	1,392	-	1,392
Loans and advances ^(a)	1,513	(488)	1,025	1,786	(584)	1,202
Other	257	-	257	200	-	200
Total	2,576	(488)	2,088	3,378	(584)	2 794

(a) Excluding loans to equity affiliates.

15) Inventories

As of December 31, 2006 (in M€)	2006			2005		
	Gross value	Valuation allowance	Net value	Gross value	Valuation allowance	Net value
Crude oil and natural gas	4,038	(90)	3,948	3,619	-	3,619
Refined products	5,373	(44)	5,329	5,584	(14)	5,570
Chemical products	1,544	(90)	1,454	2,803	(175)	2,628
Other inventories	1,231	(216)	1,015	1,097	(224)	873
Total	12,186	(440)	11,746	13,103	(413)	12,690

16) Accounts receivable and other current assets

As of December 31, (in M€)	2006			2005		
	Gross value	Valuation allowance	Net value	Gross value	Valuation allowance	Net value
Accounts receivable	17,882	(489)	17,393	20,174	(562)	19,612
Other receivables	1,878	-	1,878	1,534	-	1,534
Recoverable taxes	2,098	-	2,098	2,119	-	2,119
Deferred income tax	94	-	94	126	-	126
Prepaid expenses	745	-	745	799	-	799
Other current assets	2,471	(39)	2,432	2,284	(63)	2,221
Other current assets	7,286	(39)	7,247	6,862	(63)	6,799

17) Shareholders' equity

Number of TOTAL shares

The Company's common shares, par value 2.50 euros per share, as of December 31, 2006 are the only category of shares. Following the decision of the Shareholders' Meeting held on May 12, 2006, through the fifteenth resolution, a four-for-one stock split took place on May 18, 2006. Shares may be held in either bearer or registered form.

Double voting rights are granted to holders of shares that are entirely paid in 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 4,081,629,794 shares as of December 31, 2006 against 1,034,280,640 as of December 31, 2005 and 1,069,761,134 as of December 31, 2004 (or respectively 4,137,122,560 and 4,279,044,536 pursuant to the four-for-one stock split of May 18, 2006).

		Historical figures	Restated historical figures ^(e)
As of January 1, 2004		649,118,236	2,596,472,944
Shares issued in connection with:	Capital increase reserved for employees	3,434,830	13,739,320
	Exercise of TOTAL share subscription options	950	3,800
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	2,335,024	9,340,096
Cancellation of shares ^(a)		(19,873,932)	(79,495,728)
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 share par value	1,845,348,888	-
	Capital increase reserved for employees	11,141,320	11,141,320
	Exercise of TOTAL share subscription options	849,319	849,319
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	332,130	332,130
Cancellation of shares ^(c)		(47,020,000)	(47,020,000)
As of December 31, 2006^(d)		2,425,767,953	2,425,767,953

(a) Decided by the Board of Directors on November 9, 2004.

(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) Including 161,200,707 treasury shares deducted from consolidated shareholders' equity.

(e) Historical figures are recalculated to reflect the four-for-one stock split of May 18, 2006.

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, 2006^(a)	2,460,465,184
<i>Number of shares issued during the year (pro rated)</i>	
Exercise of TOTAL share subscription options	304,461
Exercise of TOTAL share purchase options	3,756,803
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	169,146
Capital increase reserved for employees	9,284,433
TOTAL shares held by TOTAL S.A. or by its subsidiaries and deducted from shareholders' equity	(180,916,837)
Weighted-average number of shares	2,293,063,190
<i>Dilutive effect</i>	
TOTAL share subscription and purchase options	14,758,984
TOTAL restricted shares	3,218,410
Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	833,908
Capital increase reserved for employees	430,160
Weighted-average number of diluted shares	2,312,304,652

(a) Historical figures have been recalculated to reflect the four-for-one stock split of May 18, 2006.

Capital increase reserved for Group employees

At the Shareholders' Meeting held on May 17, 2005, 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 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 17, 2005 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).

Pursuant to this delegation of authorization, the Board of Directors, during its November 3, 2005 meeting, implemented a first capital increase reserved for employees within the limit of 3 million shares, par value 10 euros (or 12 million shares, par value 2.50 euros), at a price of 166.60 euros per share, par value 10 euros (or 41.65 euros per share par value 2.50 euros), with dividend rights as of the January 1, 2005. The subscription period ran from February 6, 2006, to February 24, 2006. 2,785,330 shares, par value 10 euros (or 11,141,320 shares, par value 2.50 euros), have been subscribed within the framework of this capital increase.

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 July 18, 2006 to cancel 47,020,000 shares, par value 2.50 euros, at an average price of 52.31 euros per share.

Treasury shares (TOTAL shares held by TOTAL S.A.)

As of December 31, 2006, TOTAL S.A. held 60,869,439 of its own shares, representing 2.51% of its share capital, detailed as follows:

- 23,272,755 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 4,591,684 shares allocated to TOTAL restricted shares plans for Group employees;
- 33,005,000 shares purchased for cancellation between July and December 2006 pursuant to the authorization granted by the Shareholders' Meeting held on May 12, 2006. The Board of Directors held on January 10, 2007 decided to cancel these 33,005,000 shares at an average price of 52.52 euros per share.

These shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by the Group subsidiaries

As of December 31, 2006, TOTAL S.A. held indirectly through its subsidiaries 100,331,268 of its own shares, representing 4.14% 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 per share

During the year 2006, TOTAL S.A. paid on May 18, 2006, the balance of the dividend of 3.48 euros per share par value 10 euros, or 0.87 euros per share, par value 2.50 euros, for the fiscal year 2005, as well as on November 17, 2006, an interim dividend of 0.87 euros per share, par value 2.50 euros, for the fiscal year 2006.

A resolution will be submitted at the Shareholders' Meeting of May 11, 2007 to pay a dividend of 1.87 euros per share, par value 2.50 euros for the fiscal year 2006, which leaves a balance to be paid of 1.00 euro per share, after deduction of the interim dividend of 0.87 euros paid on November 17, 2006.

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, 2006 paid-in surplus amounted to 31,156 M€ (34,563 M€ as of December 31, 2005).

Reserves

Under French laws, 5% of net income must be transferred to the legal reserve until the legal reserve reaches 10% of the capital par value. This reserve cannot be distributed to the shareholders other than in 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, 2006 (70 M€ as of December 31, 2005).

Items recognized directly in equity

Shareholders' equity is directly credited of (2,676) M€ in 2006 due to the following items:

Amounts (in M€)	2006	2005
Cumulative translation adjustment, Group share	(2,595)	2,850
Changes in deferred taxes on treasury shares	-	242
Changes in fair value of financial assets available for sale	(61)	160
Others	24	16
Group share	(2,632)	3,268
Minority interests and preferred shares	(44)	51
Total items recognized directly in equity	(2,676)	3,319

18) Employee benefits obligations

Provisions for employee benefits obligations consist of the following:

As of December 31, (in M€)	2006	2005
Pension benefits liabilities	1,918	2,524
Other benefits liabilities	647	718
Restructuring reserves (early retirement plans)	208	171
Total	2,773	3,413

The fair value of the defined benefit obligation and plan assets in the consolidated financial statements is detailed as follows:

As of December 31 (in M€)	Pension benefits		Other benefits	
	2006	2005	2006	2005
Change in benefit obligation				
Benefit obligation at beginning of year	9,647	8,117	774	675
Service cost	174	168	11	14
Interest cost	392	411	30	36
Curtailments	(6)	-	(1)	-
Settlements	(243)	(14)	-	-
Special termination benefits	-	-	-	-
Plan participants' contributions	11	15	-	-
Benefits paid	(444)	(436)	(36)	(48)
Plan amendments	17	139	7	2
Actuarial losses (gains)	(151)	1,003	(21)	57
Translation adjustment and other ^(a)	(655)	244	(116)	38
Benefit obligation at year-end	8,742	9,647	648	774
Change in fair value of plan assets				
Fair value of plan assets at beginning of year	(6,274)	(5,362)	-	-
Expected return on plan assets	(353)	(356)	-	-
Actuarial losses (gains)	(104)	(364)	-	-
Settlements	201	12	-	-
Plan participants' contributions	(11)	(15)	-	-
Employer contributions ^(b)	(617)	(323)	-	-
Benefits paid	327	337	-	-
Foreign currency translation and other ^(c)	430	(203)	-	-
Fair value of plan assets at year-end	(6,401)	(6,274)	-	-
Unfunded status	2,341	3,373	648	774
Unrecognized prior service cost	(149)	(171)	23	35
Unrecognized actuarial (losses) gains	(423)	(777)	(24)	(91)
Asset ceiling	4	5	-	-
Net recognized amount	1,773	2,430	647	718
Accrued benefit cost	1,918	2,524	647	718
Prepaid benefit cost	(145)	(94)	-	-

(a) In 2006, the change in foreign currency translation and other includes the spin-off of Arkema which amounts 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 change in foreign currency translation and other includes the spin-off of Arkema which amounts to 375 M€ of fair value of plan assets.

As of December 31, 2006, the present value of pension benefits and other pension benefits which are entirely or partially funded amounted to 7,358 M€ and the present value of the unfunded benefits amounted to 2,032 M€ (respectively 8,046 M€ and 2,375 M€ as of December 31, 2005).

As of December 31 (in M€)	2006	2005	2004
Pension benefits			
Benefit obligation	8,742	9,647	8,117
Fair value of plan assets	(6,401)	(6,274)	(5,362)
Unfunded status	2,341	3 373	2,755
Other benefits			
Benefit obligation	648	774	675
Fair value of plan assets	-	-	-
Unfunded status	648	774	675

The Group expects to contribute 324 M€ to its pension plans in 2007.

ESTIMATED FUTURE PAYMENTS (in M€)	Pension benefits	Other benefits
2007	433	39
2008	449	35
2009	454	36
2010	471	35
2011	484	36
2012-2016	2,597	183

ASSET ALLOCATION	Pension benefits	
As of December 31	2006	2005
Equity securities	42%	46%
Debt securities	48%	48%
Monetary	6%	3%
Real estate	4%	3%

Group's assumptions of expected return on assets are built up by asset class and by country based on long term bond yields and risk premiums.

ASSUMPTIONS USED TO DETERMINE BENEFITS OBLIGATIONS	Pension benefits		Other benefits	
As of December 31	2006	2005	2006	2005
Discount rate	4.69%	4.51%	4.89%	4.56%
Average expected rate of salary increase	4.14%	3.63%	-	-
Expected rate of healthcare inflation				
- Initial rate	-	-	5.57%	5.41%
- Ultimate rate	-	-	3.65%	4.00%

ASSUMPTIONS USED TO DETERMINE THE NET PERIODIC BENEFIT COST (INCOME)	Pension benefits		Other benefits	
As of December 31	2006	2005	2006	2005
Discount rate	4.51%	5.12%	4.56%	5.28%
Average expected rate of salary increase	3.63%	3.66%	-	-
Expected return on plan assets	6.14%	6.57%	-	-
Expected rate of healthcare inflation				
- Initial rate	-	-	5.41%	5.70%
- Ultimate rate	-	-	4.00%	4.15%

The components of the net periodic benefit cost (income) in 2006 and 2005 are:

As of December 31, (in M€)	Pension benefits		Other benefits	
	2006	2005	2006	2005
Service cost	174	168	11	14
Interest cost	392	411	30	36
Expected return on plan assets	(353)	(356)	-	-
Amortization of transition obligation (asset)	-	-	-	-
Amortization of prior service cost	41	64	(2)	(6)
Amortization of actuarial losses (gains)	26	-	(2)	2
Asset ceiling	-	5	-	-
Curtailments	(4)	-	(1)	-
Settlements	(15)	(3)	-	-
Special termination benefits	-	-	-	-
Net periodic benefit cost (income)	261	289	36	46
Net periodic benefit cost (income) from continuing operations (Group without Arkema)	256	233	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 approximately the following impact:

(in M€)	1% point increase	1% point decrease
Benefit obligation as of December 31, 2006	65	(54)
Net periodic benefit cost (income)	5	(4)

19) Other non-current liabilities

As of December 31, (in M€)	2006	2005
Litigations and accrued penalty claims	497	839
Provisions for environmental contingencies	574	768
Asset retirement obligations	3,893	3,710
Other non-current liabilities	1,215	1,421
Deposits received	288	313
Total	6,467	7,051

In 2006, the other non-current liabilities included namely:

- 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 included namely:

- 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

(in M€)	As of January 1	Allowances	Reversals	Currency translation adjustment	Other	As of December 31,
2006	7,051	884	(821)	(273)	(374)	6,467
2005	6,274	1,347	(1,025)	375	80	7,051

In 2006, allowances of the period (884 M€) included mainly:

- an additional allowance of the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), for 100 M€;
- environmental contingencies in the Chemicals segment for 96 M€;
- provisions related to restructuring of activities in the Chemicals segment for 88 M€;
- an allowance of 32 M€ for litigation reserves in connection with antitrust investigations, as described in note 30 to the consolidated financial statements "Other risks and contingent liabilities".

In 2005, allowances of the period (1,347 M€) included mainly:

- 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 related to restructuring of activities in the Chemicals segment for 107 M€;

- an allowance of 292 M€ for litigation reserves in connection with antitrust investigations, as described in note 30 to the consolidated financial statements "Other risks and contingent liabilities".

In 2006, the main reversals of the period (821 M€) were related to the incurred expenses which included notably:

- 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 included notably:

- the contingency reserve related to the Toulouse-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

(in M€)

	As of January 1,	Accretion	Revision in estimates	New obligations	Spending on existing obligations	Currency translation adjustment	Other	As of December 31,
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, (in M€) (ASSETS)/LIABILITIES	2006			2005		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Non-current financial debt	771	13,403	14,174	490	13,303	13,793
<i>of which hedging instruments of non current (liabilities)^(a)</i>	-	193	193	-	128	128
Hedging instruments of non-current financial debt (Assets)^(a)	-	(486)	(486)	-	(477)	(477)
Non-current financial debt - net of hedging instruments	771	12,917	13,688	490	12,826	13,316
Debenture loans, net of hedging instruments	-	11,120	11,120	-	10,703	10,703
Bank and other, floating rate	398	1,589	1,987	105	1,715	1,820
Bank and other, fixed rate	2	208	210	3	408	411
Financial lease obligations	371	-	371	382	-	382
Non-current financial debt - net of hedging instruments	771	12,917	13,688	490	12,826	13,316

(a) See the description of these hedging instruments (note 1M (iii) to the consolidated financial statements "long-term financing").

Fair value of debenture loans, as of December 31, 2006, after taking into account hedged currency and interest rates swaps, can be detailed as follows (as the effect of the Group's credit risk is not material, it has not been taken into account in the calculation of fair value):

(in M€)		Fair value after hedging as of December 31, 2005	Fair value after hedging as of December 31, 2006	Currency	Maturity	Initial rate before hedging instruments
Year of emission						
Parent company						
Bond	1996	166	-	FRF	2006	6.900%
Bond	1996	404	362	FRF	2008	6.750%
Bond	1997	83	75	FRF	2007	5.030%
Bond	1997	70	63	ESP	2007	6.800%
Bond	1997	146	126	FRF	2009	6.200%
Bond	1998	32	29	FRF	2008	PIBOR 3 months + 0.380%
Bond	1998	141	132	FRF	2009	5.125%
Bond	1998	142	128	FRF	2013	5.000%
Bond	1999	275	-	EUR	2006	3.875%
Bond	2000	107	-	CHF	2006	3.500%
Bond	2000	75	68	EUR	2010	5.650%
Current (less than one year)	-	(548)	(138)			
Total parent company		1,093	845			
Elf Aquitaine SA						
Bond 1999		998	996	EUR	2009	4.500%
Current portion (less than one year)		-	-			
Total Elf Aquitaine SA		998	996			

(in M€)	Year of emission	Fair value after hedging as of December 31, 2005	Fair value after hedging as of December 31, 2006	Currency	Maturity	Initial rate before hedging instruments
TOTAL CAPITAL						
Bond	2002	309	276	CHF	2007	3.000%
Bond	2002	64	57	USD	2007	4.740%
Bond	2002	255	228	USD	2007	5.125%
Bond	2002	18	15	USD	2012	5.890%
Bond	2002	204	183	CHF	2007	3.000%
Bond	2002	213	190	USD	2007	4.750%
Bond	2002	43	38	USD	2007	LIBOR USD 3 months + 0.060%
Bond	2002	43	38	USD	2007	LIBOR USD 3 months + 0.065%
Bond	2002	195	174	GBP	2007	5.000%
Bond	2002	113	101	CHF	2007	2.500%
Bond	2002	101	90	GBP	2007	5.000%
Bond	2003	69	61	GBP	2007	5.000%
Bond	2003	52	43	AUD	2008	5.000%
Bond	2003	450	402	EUR	2008	3.500%
Bond	2003	56	50	CAD	2008	4.250%
Bond	2003	26	23	USD	2013	4.500%
Bond	2003	212	190	USD	2008	3.250%
Bond	2003	49	46	AUD	2008	5.000%
Bond	2003	91	81	EUR	2008	3.500%
Bond	2003	142	127	EUR	2008	3.500%
Bond	2003	185	165	CHF	2008	2.010%
Bond	2003	181	162	CHF	2009	2.385%
Bond	2003	123	110	CHF	2008	2.010%
Bond	2003	61	55	AUD	2009	6.250%
Bond	2003-2004	467	418	USD	2009	3.500%
Bond	2003	196	175	CHF	2010	2.375%
Bond	2004	395	353	GBP	2010	4.875%
Bond	2004	138	123	CHF	2010	2.385%
Bond	2004	535	479	EUR	2010	3.750%
Bond	2004	67	60	AUD	2009	6.000%
Bond	2004	33	29	AUD	2009	6.000%
Bond	2004	156	140	GBP	2010	4.875%
Bond	2004	65	58	AUD	2011	5.750%
Bond	2004	65	58	CAD	2010	4.000%
Bond	2004	226	202	GBP	2010	4.875%
Bond	2004	42	38	USD	2008	3.250%
Bond	2004	42	38	USD	2008	3.250%
Bond	2004	115	103	GBP	2007	5.000%
Bond	2004	85	76	USD	2008	3.250%
Bond	2004	131	118	CAD	2011	4.875%
Bond	2004	255	228	USD	2011	4.125%
Bond	2004	58	51	NZD	2014	6.750%
Bond	2004	85	76	USD	2011	4.125%
Bond	2004	142	127	CHF	2012	2.375%
Bond	2005	337	302	EUR	2012	3.250%
Bond	2005	220	197	CHF	2012	2.135%
Bond	2005	42	38	USD	2009	3.500%
Bond	2005	65	58	AUD	2011	5.750%

(in M€)	Year of emission	Fair value after hedging as of December 31, 2005	Fair value after hedging as of December 31, 2006	Currency	Maturity	Initial rate before hedging instruments
TOTAL CAPITAL						
Bond	2005	68	61	CAD	2011	4.000%
Bond	2005	170	152	USD	2011	4.125%
Bond	2005	106	95	EUR	2012	3.250%
Bond	2005	136	122	CHF	2011	1.625%
Bond	2005	63	63	AUD	2012	5.750%
Bond	2005	57	57	NZD	2012	6.500%
Bond	2005	65	65	CHF	2012	2.135%
Bond	2005	226	226	CHF	2011	1.625%
Bond	2005	98	97	CHF	2012	2.375%
Bond	2005	295	284	GBP	2012	4.625%
Bond	2006	–	130	CHF	2016	2.385%
Bond	2006	–	62	AUD	2012	5.625%
Bond	2006	–	72	CAD	2012	4.125%
Bond	2006	–	100	EUR	2012	3.250%
Bond	2006	–	147	GBP	2007	5.000%
Bond	2006	–	65	CHF	2016	2.385%
Bond	2006	–	64	CHF	2016	2.385%
Bond	2006	–	63	CHF	2016	2.385%
Bond	2006	–	129	CHF	2018	3.135%
Bond	2006	–	100	EUR	2010	3.750%
Bond	2006	–	74	GBP	2012	4.625%
Bond	2006	–	300	EUR	2011	3.875%
Bond	2006	–	50	EUR	2010	3.750%
Bond	2006	–	127	CHF	2014	2.635%
Bond	2006	–	474	USD	2011	5.000%
Bond	2006	–	100	EUR	2012	3.250%
Bond	2006	–	42	EUR	2011	EURIBOR 3 months + 0,040%
Bond	2006	–	300	EUR	2011	3.875%
Bond	2006	–	151	EUR	2011	3.875%
Bond	2006	–	120	USD	2011	5.000%
Bond	2006	–	74	GBP	2010	4.875%
Bond	2006	–	50	EUR	2010	3.750%
Bond	2006	–	300	EUR	2011	3,875%
Bond	2006	–	126	CHF	2013	2.510%
Short-term portion (less than one year)		–	(1,686)			
Total TOTAL CAPITAL		8,501	9,206			
Other consolidated subsidiaries		111	73			
Total		10,703	11,120			

Loan repayment schedule (excluding current portion)

As of December 31, 2006 (in M€)	Non-current financial debt	of which hedging instruments of non- current financial debt (liabilities)	Currency and interest rate swaps (assets)	Non-current financial debt after swaps	%
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 (in M€)	Non-current financial debt	of which hedging instruments of non- current financial debt (liabilities)	Currency and interest rate swaps (assets)	Non-current financial debt after swaps	%
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, (in M€)	2006	%	2005	%
Dollar	6,981	51%	9,778	73%
Euro	5,382	39%	2,324	18%
Other currencies	1,325	10%	1,214	9%
Total	13 688	100%	13,316	100%

As of December 31, (in M€)	2006	%	2005	%
Fixed rates	896	7%	1,089	8%
Floating rates	12,792	93%	12,227	92%
Total	13,688	100%	13,316	100%

Impact on net income

The amount of the cost of net debt after hedging instruments is disclosed in the consolidated statement of income under “Cost of net debt”.

The effective interest rate resulting from the cost of net debt approximates market conditions for the current debt. This effective rate may differ substantially from the interest rate of non-current loans as disclosed above, as the hedging instruments of interest rates are swaps that convert Group financing conditions to short-term market conditions (3-month average).

The 2006 gain for hedging instruments on debenture loans amounts to 18 M€ after tax ((23) M€ expense in 2005 and (12) M€ expense in 2004).

B) Current borrowings, bank overdrafts and related financial instruments

Current borrowings consist mainly of commercial papers or treasury bills or draws on bank loans. These instruments bear interest at rates that are close to market rates.

As of December 31, (in M€)	2006	2005
Current financial debt and bank overdrafts	3,348	2,928
Current portion of non-current financial debt	2,510	992
Current borrowings and bank overdrafts	5,858	3,920
Current portion of financial instruments for interest rate swaps liabilities	-	6
Other current financial instruments - liabilities	75	27
Other current financial liabilities (note 27)	75	33
Current deposits beyond 3 months	(3,496)	-
Current portion of financial instruments for interest rate swaps - assets	(341)	(44)
Other current financial instruments - assets	(71)	(290)
Current financial assets (note 27)	(3,908)	(334)
Current borrowings, bank overdrafts and related financial assets and liabilities, net	2,025	3,619

Changes in the value of current financial instruments are, in accordance with the methods described in note 1M to the consolidated financial statements, recognized in the net income of the period under “Financial interest on debt”, except for instruments qualified as net investment hedge, which are recognized directly in shareholders’ equity, for an amount of (5) M€ as of December 31, 2006 ((146) M€ as of December 31, 2005).

21) Other creditors and accrued liabilities

As of December 31, (in M€)	2006	2005
Advances from customers	1,430	1,416
Accruals and deferred income	163	253
Payable to states (including taxes and duties)	7,204	7,644
Payroll	879	1,015
Other	2,833	2,741
Total	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, 2006 (in 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 contract	-	400
Less current portion of the finance lease	-	(29)
Outstanding liability	-	371
As December 31, 2005 (in 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 contract	-	28
Nominal value of contract	-	457
Less current portion of the finance lease	-	(75)
Outstanding liability	-	382
As of December 31, 2004 (in M€)	Operating leases	Finance leases
2005	203	52
2006	169	47
2007	116	44
2008	105	46
2009	68	39
2010 and after	327	231
Total minimum payments	988	459
Less financial expenses	-	(104)
Nominal value of contract	-	355
Less current portion of the finance lease	-	(30)
Outstanding liability	-	325

Net rental expense incurred under operating leases for the year ended December 31, 2006, was 380 M€, compared to 272 M€ for 2005 and 244 M€ for 2004.

23) Commitments and contingencies

As of December 31, 2006 (in M€)	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (note 20)	13,317	-	10,548	2,769
Current portion of non-current debt obligations net of hedging instruments (note 20)	2,140	2,140	-	-
Finance lease obligations (note 22)	400	29	185	186
Asset retirement obligations (note 19)	3,893	221	576	3,096
Contractual obligations recorded in the balance sheet	19,750	2,390	11,309	6,051
Operating lease obligations (note 22)	1,887	381	1,084	422
Purchase obligations	37,327	3,551	9,696	24,080
Contractual obligations not recorded in the balance sheet	39,214	3,932	10,780	24,502
Total of contractual obligations	58,964	6,322	22,089	30,553
Guarantees given for excise taxes	1,807	587	22	1,198
Collateral given against borrowings	1,079	16	691	372
Indemnities related to sales of businesses	113	38	40	35
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 (in M€)	Maturity and installments			
	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Non-current debt obligations net of hedging instruments (note 20)	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 debenture loans, and excludes non-current finance lease obligations of 371 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 debenture loans and excludes the current portion of finance lease obligations of 29 M€.

The information regarding contractual obligations linked to indebtedness is presented in the note 20 to the consolidated financial statements.

Lease contracts

The information regarding operating and finance leases is presented in the 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 the note 19 to the consolidated financial statements.

Purchase obligations

Purchase obligations are obligations under contractual agreements to purchase goods or services, including capital projects, that are enforceable and legally binding on the company, and that specify all significant terms, including the amount and the timing of the payments. These obligations include mainly: hydrocarbon unconditional purchase contracts (except where an active, highly-liquid market exists and which 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 1,807 M€ as of December 31, 2006, 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. 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 approximately 1,079 M€ as of December 31, 2006 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.

Guarantees related to business sales consist mainly of guarantees given for the sale of the Inks division in 1999 and the sale of the Paints business in 2003.

The guarantees related to antitrust investigations granted as part of the agreement relating to the spin-off of Arkema are described in note 30 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, 2006, the total amount of these guarantees is estimated to be 68 M€.

Other guarantees given

As part of normal ongoing business operations and consistent with generally and accepted recognized industry practice, the Group enters into numerous agreements with other parties.

These commitments are often entered into for commercial purposes or for regulatory purposes and for other operating agreements. As of December 31, 2006, these other commitments include guarantees given to customers or suppliers for 1,544 M€, guarantees on letters of credit for 1,416 M€ and other operating commitments for 1,195 M€.

In line with the business practice of all oil and gas companies for development of gas fields, the Group is involved in long-term sale agreements on quantities of natural gas. The price of these contracts is indexed to prices of petroleum products and other forms of energy.

24) Share-based payments

A) TOTAL share subscription options plan

	2003 Plan ^(a)	2004 Plan ^(b)	2005 Plan ^(c)	2006 Plan ^(d)	Total
Exercise price until May 23, 2006 included (in euros) ^(e)	33.30	39.85	49.73	-	
Exercise price since May 24, 2006 (in euros) ^(e)	32.84	39.30	49.04	50.60	
Expiration date	07/16/2011	07/20/2012	07/19/2013	07/18/2014	
Number of options^(f)					
Existing options as of January 1, 2004	11,741,224	-	-	-	11,741,224
Granted	-	13,462,520	-	-	13,462,520
Cancelled	(8,400)	(48,000)	-	-	(56,400)
Exercised	(3,800)	-	-	-	(3,800)
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 ^(g)	163,180	196,448	90,280	-	449,908
Exercised	(729,186)	(120,133)	-	-	(849,319)
Existing options as of December 31, 2006	10,608,590	13,430,372	6,275,757	5,726,160	36,040,879

(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 two-year period from the date the option is granted to the individual employee and must be exercised within eight years from the date of grant. Underlying shares may not be sold for four years from the date of 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 two-year period from the date the option is granted to the individual employee 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 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 two-year period from the date the option is granted to the individual employee 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 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 two-year period from the date the option is granted to the individual employee 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) To reflect the four-for-one stock split, the exercise prices of TOTAL shares subscription options were multiplied by 0.25. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL shares subscription options were multiplied by an adjustment factor equal to 0.986147 with effect as of May 24, 2006.

(f) The number of options was multiplied by four to reflect the four-for-one stock split on May 18, 2006.

(g) Adjustments decided by the Board of Directors on March 14, 2006, in application of Articles 174-9, 174-12 and 174-13 of the Decree n°67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. Shareholders' Meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

B) TOTAL share purchase options plan

	1998 Plan ^(a)	1999 Plan ^(b)	2000 Plan ^(c)	2001 Plan ^(d)	2002 Plan ^(e)	Total
Exercise price until May 23, 2006 included (in euros)^(g)	23.44	28.25	40.68	42.05	39.58	
Exercise price since May 24, 2006 (in euros)^(g)	-	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^(h)						
Existing options as of January 1, 2004	2,890,152	5,626,468	9,636,180	10,734,500	11,452,800	40,340,100
Granted	-	-	-	-	-	-
Cancelled	-	-	(5,200)	(10,800)	(3,200)	(19,200)
Exercised	(1,334,104)	(1,520,352)	(5,200)	-	(3,088)	(2,862,744)
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	(72,692)	-	(7,272) ⁽ⁱ⁾	(15,971)	(26,694)	(122,629)
Adjustment following the spin-off of Arkema ^(h)	-	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 December 31, 2006	-	1,370,424	4,928,505	6,861,285	9,280,716	22,440,930

(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 were exercisable only after a five-year period from the date the option was granted to the individual employee and had to be exercised within eight years from this date. This plan expired 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 five-year period from the date the option is granted to the individual employee and must be exercised within eight 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 four-year period from the date the option is granted to the individual employee 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 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 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.

(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 two-year period from the date the option is granted to the individual employee 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) To reflect the four-for-one stock split, the exercise prices of TOTAL shares purchase options were multiplied by 0.25. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL shares purchase options were multiplied by an adjustment factor equal to 0.986147 with effect on May 24, 2006.

(g) The number of options was multiplied by four to reflect the four-for-one stock split on May 18, 2006.

(h) Adjustments decided by the Board of Directors on March 14, 2006 in application of Articles 174-9, 174-12 and 174-13 of the Decree n°67-236 of March 23, 1967 in force during this Board of Directors and during TOTAL S.A. Shareholders' Meeting of May 12, 2006, as part of the spin-off of Arkema. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

(i) Including the confirmation in 2006 of the award of 500 stock options (for underlying shares, par value 10 euros per share) that has been cancelled erroneously in 2001.

C) Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Group made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (19 TOTAL shares for 13 Elf Aquitaine shares).

In order to take into account the spin-off of S.D.A. (Société de Développement Arkema) by Elf Aquitaine, the spin-off of Arkema by TOTAL S.A. and the four-for-one TOTAL stock split, the Board of Directors of TOTAL S.A., in accordance with the terms of the share exchange undertaking, decided 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 Shareholder's meeting on May 10, 2006 of the spin-off of S.D.A. by Elf Aquitaine, the approval by TOTAL S.A. Shareholder's 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 on May 22, 2006.

As of December 31, 2006, a maximum of 193,150 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

ELF AQUITAINE SUBSCRIPTION PLAN^(a)	1999 Plan n°1	1999 Plan n°2	Total
Exercise price until May 23, 2006 included (in euros) ^(b)	115.60	171.60	
Exercise price since May 24, 2006 (in euros) ^(b)	114.76	170.36	
Expiration date	03/30/2009	09/12/2009	
Outstanding position as of December 31, 2006	180,932	6,044	186,976
Outstanding Elf Aquitaine shares covered by the exchange guarantee as of December 31, 2006	6,174	-	6,174
Total of Elf Aquitaine shares, either outstanding or to be created, covered by the exchange guarantee for TOTAL shares as of December 31, 2006	187,106	6,044	193,150
TOTAL shares likely to be created within the scope of the application of the exchange guarantee as of December 31, 2006	1,122,636	36,264	1,158,900

(a) Adjustments of the number of options decided by the Board of Directors on March 10, 2006 in application of Articles 174-9, 174-12 and 174-13 of the Decree n°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 S.D.A. These adjustments have been made on May 22, 2006 with effect as of May 24, 2006.

(b) To take the spin-off of S.D.A. into account, the exercise prices of Elf Aquitaine subscription shares were adjusted by a factor which equals to 0.9992769 with effect on May 24, 2006.

Thus, as of December 31, 2006, at most 1,158,900 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	2005 Plan ^{(a)(b)} 07/19/2005	2006 Plan ^(c) 07/18/2006
Number of restricted shares		
Outstanding as of January 1, 2005	-	-
Notified	2,280,520	-
Cancelled	(5,992)	-
Finally granted	-	-
Outstanding as of January 1, 2006	2,274,528	-
Notified	-	2,275,364
Cancelled	(7,432)	(3,068)
Finally granted	-	-
Outstanding as of December 31, 2006	2,267,096	2,272,296

(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, will become final after a two-year vesting period (acquisition of the right to restricted shares) on July 20, 2007, 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 2006. 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 20, 2009.

(b) The number of restricted shares was multiplied by four to consider the four-for-one stock split on May 18, 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. 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.

E) Share-based payment expenses

Share-based payment expenses for the year 2006 amounted to 157 M€ and can be broken down as follow:

- 74 M€ for TOTAL share subscription and share purchase plans;
- 83 M€ for TOTAL restricted shares plan.

Share-based payment expenses for the year 2005 amounted to 131 M€ and can be broken down as follow:

- 86 M€ for TOTAL share subscription purchase plans;
- 25 M€ for TOTAL restricted shares plan;
- 20 M€ for TOTAL for capital increase reserved for employees (note 17 to the consolidated financial statements).

Share-based payment expenses for the year 2004 amounted to 138 M€ and can be broken down as follow:

- 118 M€ for TOTAL share subscription and share purchase plans;
- 20 M€ for TOTAL for capital increase reserved for employees.

The fair value of the options granted in 2006, 2005 and 2004 has been valued according to the Black & Scholes method and based on the following hypothesis:

For the year ended December 31	2006	2005	2004
Risk free interest rate (%)	4.1	2.9	3.8
Expected dividends (%)	4.2	3.7	3.0
Expected volatility (%) ^(a)	29.3	23.2	22.0
Vesting period (years)	2	2	2
Exercise period (years)	8	8	8
Weighted-average fair value of the granted options (€ per option) ^(b)	11.3	10.0	7.8

(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 amounts for 2004 and 2005 have been restated pursuant to the four-for-one stock split of May 18, 2006.

25) Payroll and staff

For the year ended December 31, (in M€)	2006	2005	2004
Personnel expenses^(a)			
Wages and salaries (including social charges)	5,828	5,610	5,057
Group employees^(a)			
France			
Management	10,313	9,958	9,620
Other	27,518	27,817	28,149
International			
Management	13,263	13,455	12,754
Other	43,976	43,824	42,494
Total	95,070	95,054	93,017

(a) Number of employees and personnel expenses of fully consolidated subsidiaries (excluding Arkema).

26) Statement of cash flows

A) Non-current financial debt

Changes in non-current financial debt have been presented as the net variation to reflect significant changes mainly related to revolving credit agreements. The detailed analysis is as follows:

For the year ended December 31, (in M€)	2006	2005
Issuance of non-current debt	3,857	2,910
Repayment of non-current debt	(135)	(32)
Net amount	3,722	2,878

B) Changes in working capital

For the year ended December 31, (in M€)	2006	2005
Inventories	(500)	(2,971)
Accounts receivable	494	(4,712)
Prepaid expenses and other current assets	(1,425)	(991)
Accounts payable	141	3,575
Other creditors and accrued liabilities	849	1,097
Net amount	(441)	(4,002)

C) Additional information on cash flow

For the year ended December 31, (in M€)	2006	2005
Interest paid	(1,648)	(985)
Interest received	1,261	826
Income tax on cashed out profits	(10,439)	(8,159)
Dividends received	899	758

27) Fair value of financial instruments
A) Financial instruments not related to commodity contracts

The difference between the carrying amount in the balance sheet and the fair value of financial instruments is as follows:

As of December 31, (in M€)	2006		2005	
	Carrying amount	Fair Value	Carrying amount	Fair Value
ASSETS/(LIABILITIES)				
Publicly traded equity securities	304	304	469	469
Other equity securities	946	946	1,047	1,047
Other investments (note 13)	1,250	1,250	1,516	1,516
Loans and advances (note 14)	1,025	1,025	1,202	1,202
Debenture loans (non-current portion, before swaps) ^(a)	(11,413)	(11,413)	(11,025)	(11,025)
Issue swaps and swaps hedging debenture loans (liabilities) ^(b)	(193)	(193)	(128)	(128)
Issue swaps and swaps hedging debenture loans (assets) ^(b)	486	486	450	450
Debenture loans after swaps (non-current portion) (note 20 A)	(11,120)	(11,120)	(10,703)	(10,703)
Bank and other loans, before swaps (non current portion) - floating rate ^(a)	(1,987)	(1,987)	(1,847)	(1,847)
Non-current currency and interest rate swaps hedging bank loans ^(b)	-	-	27	27
Bank and other loans, after swaps - floating rate (non current portion) (note 20 A)	(1,987)	(1,987)	(1,820)	(1,820)
Bank and other loans (non current portion) - fixed rate^(a) (note 20 A)	(210)	(207)	(411)	(406)
Finance lease obligations (non-current portion)^(a) (notes 20A and 22)	(371)	(371)	(382)	(382)
Debenture loans (current portion, before swaps)	(2,320)	(2,320)	(624)	(624)
Bank and other loans (except finance lease obligations (current portion))	(161)	(161)	(334)	(333)
Finance lease obligations (current portion) (note 22)	(29)	(29)	(34)	(34)
Issue swaps and swaps hedging debenture loans (fixed rate) (current portion) (assets)	341	341	44	44
Issue swaps and swaps hedging debenture loans (fixed rate) (current portion) (liabilities)	-	-	(6)	(6)
Current portion of non-current financial debt (note 20 B) after swaps	(2,169)	(2,169)	(954)	(953)
Current deposit beyond 3 months	3,496	3,496		
Other interest rates swaps - assets	12	12	7	7
Currency swaps and forward exchange contracts - assets ^(c)	59	59	283	283
Current financial assets held for trading (note 20 B)	3,567	3,567	290	290
Other interest rates swaps - liabilities	(8)	(8)	(4)	(4)
Currency swaps and forward exchange contracts - liabilities ^(c)	(67)	(67)	(23)	(23)
Current financial liabilities held for trading (note 20 B)	(75)	(75)	(27)	(27)
Total	(10,090)	(10,087)	(11,289)	(11,283)
Total of fair value not recognized in the balance sheet		3		6

(a) Included in "Non-current financial debt" in note 20A to the consolidated financial statements.

(b) Included in "Hedging instruments of non-current financial debt" in note 20A to the consolidated financial statements.

(c) Currency swaps are used to manage TOTAL's current position to be able to borrow or to invest on markets other than the euro market. Therefore their market values, when significant, are compensated by the value of the current financial loans and debts to which they relate.

The classification by strategy and the notional amount of the derivative instruments included in the table above is as follows:

As of December 31, 2006 (in M€)	Fair Value	Total	Notional amount ^(a)					
			2007	2008	2009	2010	2011	2012 and after
ASSETS/(LIABILITIES)								
Financial instruments hedging non-current financial debt								
Issue swaps and swap hedging debenture issues - non-current (assets)	(193)	5,691						
Issue swaps and swap hedging debenture issues - non-current (assets)	486	5,317						
Issue swaps and swap hedging debenture issues - non-current	293	11,008		1,756	2,018	1,870	2,740	2,624
Non-current currency and interest rate swaps hedging bank loans								
Issue swaps and swap hedging debenture issues - less than one year (liabilities)		475						
Issue swaps and swap hedging debenture issues - less than one year (assets)	341	1,341						
Issue swaps and swap hedging debenture issues - less than one year	341	1,816	1,816					
Financial instruments hedging net investment								
N/A								
Financial instruments held for trading								
Current deposits beyond 3 months	3,496	3,496	3,496					
Other interest rate swaps - assets	12	6,488						
Other interest rate swaps - liabilities	(8)	9,580						
Other swaps assets and liabilities	4	16,068	16,062			4		2
Currency swaps and forward exchange contracts - assets	59	5,003						
Currency swaps and forward exchange contracts - liabilities	(67)	6,065						
Currency swaps and forward exchange contracts - assets and liabilities	(8)	11,068	10,513	287	201	45	22	

(a) These amounts set the levels of notional involvement and are not indicative of a contingent gain or loss.

As of December 31, 2005 (in M€)		Notional amount ^(a)						
ASSETS/(LIABILITIES)	Fair Value	Total	2007	2008	2009	2010	2011	2012 and after
Financial instruments hedging non-current financial debt								
Issue swaps and swap hedging debenture issues - non-current (liabilities)	(128)	4,387						
Issue swaps and swap hedging debenture issues - non-current (assets)	450	6,166						
Issue swaps and swap hedging debenture issues - non-current	322	10,553		1,854	1,960	2,137	1,782	2,820
Non-current currency and interest rate swaps hedging bank loans								
Issue swaps and swap hedging debenture issues - less than one year (liabilities)	(6)	167		76				
Issue swaps and swap hedging debenture issues - less than one year (assets)	44	381						
Issue swaps and swap hedging debenture issues - less than one year	38	548	548					
Financial instruments hedging net investment								
N/A								
Financial instruments held for trading								
Other interest rate swaps - assets	7	4,960						
Other interest rate swaps - liabilities	(4)	9,022						
Other swaps assets and liabilities	3	13,982	13,976				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 exchange contracts - assets and liabilities	260	10 951	10 542	77	44	86	16	184

(a) These amounts set the levels of notional involvement and are not indicative of a contingent gain or loss.

B) Financial instruments related to commodity contracts

These financial instruments are recognized at their fair value and recorded under “Accounts receivable and other current assets” or “Accounts payable and other creditors” depending whether they are assets or liabilities.

As at December 31, 2006 (in M€)				
ASSETS/(LIABILITIES)	Notional value assets ^(a)	Notional value liabilities ^(a)	Carrying amount	Fair value
Commodities instruments on crude oil, petroleum products and freight rates				
Petroleum products and crude oil swaps ^(a)	8,258	9,459	(43)	(43)
Swap freight agreements	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 - Commodities instruments on crude oil, petroleum products and freight rates			89	89
Commodities instruments on gas and power				
Swaps ^(a)	890	716	(25)	(25)
Forwards ^(b)	9,973	9,441	(73)	(73)
Options ^(c)	18	58	2	2
Futures ^(d)	92	46	31	31
Total - Commodities instruments on gas and power			(65)	(65)
Total			24	24
Total of fair value not recognized in the balance sheet				-

As at December 31, 2005 (in M€)				
ASSETS/(LIABILITIES)	Notional value assets ⁽¹⁾	Notional value liabilities ⁽¹⁾	Carrying amount	Fair value
Commodities instruments on crude oil, petroleum products and freight rates				
Petroleum products and crude oil swaps ^(a)	5,474	6,356	13	13
Swap freight agreements	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 - Commodities instruments on crude oil, petroleum products and freight rates			56	56
Commodities instruments on gas and power				
Swaps ^(a)	1,205	1,017	28	28
Forwards ^(b)	8,940	9,133	19	19
Options ^(c)	60	41	-	-
Futures ^(d)	177	43	35	35
Total - Commodities instruments on gas and power			82	82
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 and 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.

Contracts on crude oil and petroleum products have been primarily entered into on short-term basis (less than one year).

28) Related parties

The main transactions and balances with related parties (principally all the investments carried under the equity method and subsidiaries excluded from consolidation) are detailed as follows:

As of December 31 (in M€)	2006	2005
Balance Sheet		
Receivables		
Debtors and other debtors	411	353
Loans (excl. loans to equity companies)	457	465
Payables		
Creditors and other creditors	424	406
Debts	25	19
Income Statement		
Sales	1,996	1,593
Purchases	3,123	2,482
Financial expenses	-	-
Financial income	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) was 19.7 M€ in 2006 (31 persons) compared with 18.8 M€ in 2005 (30 persons).

The compensation allocated to members of the Board of Directors for directors' fees totaled 0.82 M€ in 2006, pursuant to the resolution of the Shareholders' Meeting of May 17, 2005.

The expense recorded for share-based payments to the executive officers of the Group was 16.6 M€ in 2006 (13 M€ in 2005).

The benefits provided for the executive officers, excluding employee severance packages or retirement plans, are post-retirement plans financed by the Company, which represent 109.7 M€ provisioned as of December 31, 2006 compared with 108.9 M€ as of December 31, 2005. In 2006, the expense recorded amounted to 13.7 M€ (9.2 M€ in 2005).

29) Market risks

Oil and gas market related risks

Due to the nature of its business, the Group has a significant involvement in oil and gas trading as part of its normal operations in order to attempt to optimize revenues from its crude oil and gas production and obtain favorable pricing for supplies for 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. Furthermore, the Group also uses freight-rate derivative contracts in its shipping activities in order to adjust its exposure to freight-rate fluctuations. In order 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.

To measure market risks related to the prices of oil and gas products as well as the price of electricity, the Group uses a “value at risk” method. Under this method, for the Group's trading activities of crude oil, refined products and freight rate derivatives, there is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 11.4 M€ per day, defined as the “value at risk”, based on positions as of December 31, 2006. Over the year 2006, the average value at risk was 8.6 M€, the lowest value at risk was 4.3 M€, the highest value at risk was 12.9 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. There is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 6.0 M€ per day, based on positions as of December 31, 2006. Over the year 2006, the average value at risk was 9.1 M€, the lowest value at risk was 3.5 M€, and the highest value at risk was 21.7 M€.

The Group has implemented strict policies and procedures to manage and monitor these market risks. Trading and financial controls are carried out separately and an integrated information system 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 consumers and financial institutions. The Group has established limits for each counterpart, and outstanding amounts for each counterpart are monitored on a regular basis.

Financial markets related risks

Within its financing and cash management activities, the Group uses derivative instruments in order to manage its exposure to changes in interest rates and foreign exchange rates. This includes mainly interest rates and currency swaps. The Group might also use on an occasional basis futures, caps, floors and options contracts. The current operations and their accounting treatment are detailed in notes 1 M, 20 and 27 to the consolidated financial statements.

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed in accordance with rules set by the Group's Management. Liquidity positions and the management of financial instruments are centralized in the Treasury Department.

Cash management activities are organized into a specialized department for operations on financial markets. The Financial Control Department handles the daily monitoring of limits and positions and calculates results. It values financial instruments and, if necessary, performs sensitivity analysis.

Management of currency exposure

The Group seeks to minimize the currency exposure of each exposed entity by reference to its functional currency (primarily the euro, dollar, pound sterling, and 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 estimated flows and, in this case, may use options.

With respect to currency exposure linked to non-current assets accounted in another currency than the euro, the Group has a hedging policy which results in reducing the associated currency exposure by financing in the same currency.

Short-term net currency exposure is periodically monitored with limits set by the Group's executive management. The Group's central treasury entities manage this currency exposure and centralizes borrowing activities on the financial markets (the proceeds of which are then loaned to the borrowing subsidiaries), cash centralization for the Group companies and investments of these funds on the monetary markets.

Management of short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and dollars, are managed with three main objectives set out by management (to maintain maximum liquidity, to optimize revenue from investments considering existing interest rate yield curves, and to minimize the cost of borrowing), over a horizon of less than twelve months and on the basis of a daily interest rate

benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modification of the currency exposure.

Management of 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 opportunities at the issuance with regards to the level of interest rates, in dollars or in euros according to the general corporate purposes. 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% in the interest rate yield curves in each of the currencies on the fair value of the current financial instruments in 2006 and 2005.

ASSETS/(LIABILITIES)	Carrying amount	Estimated fair value	Change in fair value with a 10% interest rate increase	Change in fair value with a 10% interest rate decrease
As of December 31, 2006 (in M€)				
Debenture loans (non-current portion, before swaps)	(11,413)	(11,413)	26	(26)
<i>Issue swaps and swaps hedging debenture loans (liabilities)</i>	(193)	(193)		
<i>Issue swaps and swaps hedging debenture loans (assets)</i>	486	486		
Total issue swaps and swaps hedging debenture loans - assets and liabilities	293	293	(26)	26
Fixed-rate bank loans	(210)	(207)	6	(6)
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,140)	(2,140)	1	(1)
Other interest rates swaps	12	12	(1)	1
Currency swaps and forward exchange contracts	(8)	(8)	1	(1)
Currency options	-	-	-	-
As of December 31, 2005 (in M€)				
Debenture loans (non-current portion, before swaps)	(11,025)	(11,025)	126	(129)
<i>Issue swaps and swaps hedging debenture loans (liabilities)</i>	(128)	(128)		
<i>Issue swaps and swaps hedging debenture loans (assets)</i>	450	450		
Total issue swaps and swaps hedging debenture loans - assets and liabilities	322	322	(115)	117
Fixed-rate bank loans	(411)	(406)	7	(7)
Current portion of non-current debt after swap (excluding capital lease obligations)	(920)	(919)	1	(1)
Other interest rates swaps	3	3	(3)	3
Currency swaps and forward exchange contracts	260	260	4	(4)
Currency options	-	-	-	-

As a result of its policy for management of currency exposure previously described, the Group believes that its short-term currency exposure is not material. The Group's sensitivity to long-term currency exposure is primarily influenced by the net equity of the subsidiaries whose functional currency is the dollar and, to a lesser extent, the pound sterling and the Norwegian krone.

This sensitivity is reflected by 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 the dollar and is set forth in the table below:

	Euro/Dollar exchange rates	Currency translation adjustments (in M€)
As of December 31, 2006	1.32	(1,383)
As of December 31, 2005	1.18	1,421
As of December 31, 2004	1.36	(1,429)

The non-current debt in dollars described in note 20 to the consolidated financial statements is generally raised by the central treasury entities either in dollars or in euros, or in other currencies which are then systematically exchanged for dollars or euros according to the general corporate purposes, through issue swaps. The proceeds from these debt issuances are principally loaned to affiliates whose accounts are kept in dollars and any remaining balance is held in dollar-denominated investments. Thus, the net sensitivity of these positions to currency exposure is not material.

Short-term currency swaps for the nominal amounts appear in note 27 to the consolidated financial statements are used with the aim of optimizing the centralized management of the cash of the Group. Thus the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

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 despite the considerable fluctuation of the dollar (loss of 30 M€ in 2006, gain of 76 M€ in 2005 and loss of 75 M€ in 2004).

Management of 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 divided 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 note 13 to the consolidated financial statements). The market values of these holdings fluctuate 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 would allow it to manage its short-term liquidity needs as required.

The total amount of these lines of credit as of December 31, 2006, was \$7,701 million, of which \$7,649 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, 2006, of confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was \$11,638 million of which \$9,268 million was unused. 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 table shows the maturity of the financial assets and debts of the Group as of December 31, 2006 (see note 20 to the consolidated financial statements).

ASSETS/(LIABILITIES)	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
As of December 31, 2006 (in M€)				
Financial debt after swaps	(2,0,25)	(10,733)	(2,955)	(15,713)
Cash and cash equivalents	2,493	-	-	2,493
Net amount	468	(10,733)	(2,955)	(13,220)

As of December 31, 2005 (in M€)	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial debt after swaps	(3,619)	(9,057)	(4,259)	(16,935)
Cash and cash equivalents	4,318	-	-	4,318
Net amount	699	(9,057)	(4,259)	(12,617)

30) Other risks and contingent liabilities

TOTAL is not currently aware of any event, litigation, risks or contingent liabilities that could materially adversely affect 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 13.5 M€ and jointly fined Arkema and Elf Aquitaine 45 M€. Arkema and Elf Aquitaine have appealed these decisions to the Court of First Instance of the European Union.

The Commission notified Arkema, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema has cooperated with the authorities in these procedures and investigations. As a result of these proceedings, in May, 2006 the European Commission fined Arkema 78.7 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 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 and 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-state 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 antitrust 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 the 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 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.

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

- 3) The Group has recorded provisions amounting to 138 M€ in its consolidated accounts as of December 31, 2006 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. received a statement of objections in October 2004. A statement of objections regarding these practices has also been addressed to TOTAL S.A. These proceedings resulting 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.

- 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.

Buncefield

On December 11, 2005, several explosions followed by a major fire occurred at Buncefield, north of London, in an oil storage depot. This depot is operated by HOSL, a company in which the British subsidiary of TOTAL holds 60% and another oil group holds 40%.

The explosion injured forty people, most of whom suffered slight injuries, and caused property damage to the depot and the buildings and homes located nearby. The HSE Investigation Board has indicated that the explosion was caused by the overflow of a tank at the depot. The final HSE report detailing the circumstances and the exact cause of the explosion is expected to be released before the end of this year. At this stage, responsibility for the explosion has not yet been determined.

The Group is insured for damage to these facilities, operating losses 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.

Venezuela

In Venezuela, on March 31, 2006, the authorities terminated all operating contracts signed in the nineties 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 Group did not reach an agreement with the authorities on the terms of the transfer of operation of the Jusepin field in the period set and negotiations to resolve the situation are ongoing.

The authorities have expressed the intention to apply the organic law on hydrocarbons of 2001 to the "Strategic Associations" which operate the extra-heavy oil from the Orinoco Belt to create new mixed companies with PDVSA as the majority owner. Discussions regarding the Sincor project are underway.

The Venezuelan authorities have modified the initial agreement for the Sincor project several times. In May, 2006, the 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 will come into effect in 2007.

In 2006, the Group received two corporation tax adjustment notices. The first concerned the company holding the Group's interest in the Jusepin operating contract, for which the 2001-2004 files was definitively closed in the first half of the year 2006, whereas the file for 2005 is still being examined. The second is related to the company holding the Group's interest in the Sincor project, for which the Group is awaiting an answer from the tax authorities regarding the observations provided by the Group concerning 2001.

31) Other information

A) Research and development costs

Research and development costs incurred by the Group in 2006 amounted to 569 M€, corresponding to 0.4% of the turnover.

The staff dedicated in 2006 to these research and development activities are estimated at 4,091 people.

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 2,906 M€ in 2006 (2,242 M€ in 2005).

C) Emission rights

The principles governing the accounting for Emission Rights are presented in the note 1T to the consolidated financial statements.

At December 31, 2006, the Emission Rights delivered to Group sites were sufficient with respect to the emissions in 2006. Thus, the Group recognized no provisions for allowances to be returned.

32) Arkema spin-off

The spin-off of Arkema 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 International Financial Reporting Standards (IFRS) does 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 the Arkema's contribution to the consolidated accounts is presented below. This contributive information is not directly comparable to the combined and pro-forma accounts filed by Arkema for the purpose of its listing, 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 (in M€)	2006	2005	2004
Revenues from sales	1,497	5,561	5,156
Purchases and other operating expenses	(1,377)	(5,274)	(4,869)
Depreciation of tangible assets	(53)	(404)	(627)
Operating income	67	(117)	(340)
Equity in income (loss) of affiliates, others	(42)	(325)	(325)
Taxes	(30)	(19)	(33)
Net Income	(5)	(461)	(698)

BALANCE SHEET			
As of December 31 (in M€)	2006^(a)	2005	2004
Non-current assets	1,995	2,011	2,160
Working capital	1,501	1,337	1,129
Provisions and other non-current liabilities	(1,090)	(1,116)	(1,230)
Capital employed	2,406	2,232	2 059
Net debt	(144)	(551)	(1,221)
Shareholders' equity	2,262	1,681	838

(a) Detailed assets and liabilities which have been spun-off as of May 12, 2006.

STATEMENT OF CASH FLOW			
For the year ended December 31 (in M€)	2006	2005	2004
Cash flow from operating activities	53	(348)	(41)
Cash flow used in investing activities	(76)	(263)	(261)
Cash flow from financing activities	(109)	(18)	(17)
Net increase/decrease in cash and cash equivalents	(132)	(629)	(319)
Effect of exchange rates and changes in reporting entities	113	622	327
Cash and cash equivalents at the beginning of the period	84	91	83
Cash and cash equivalent at the end of the period	65	84	91

Earnings per share and diluted earnings per share are presented below for continuing and discontinued operations

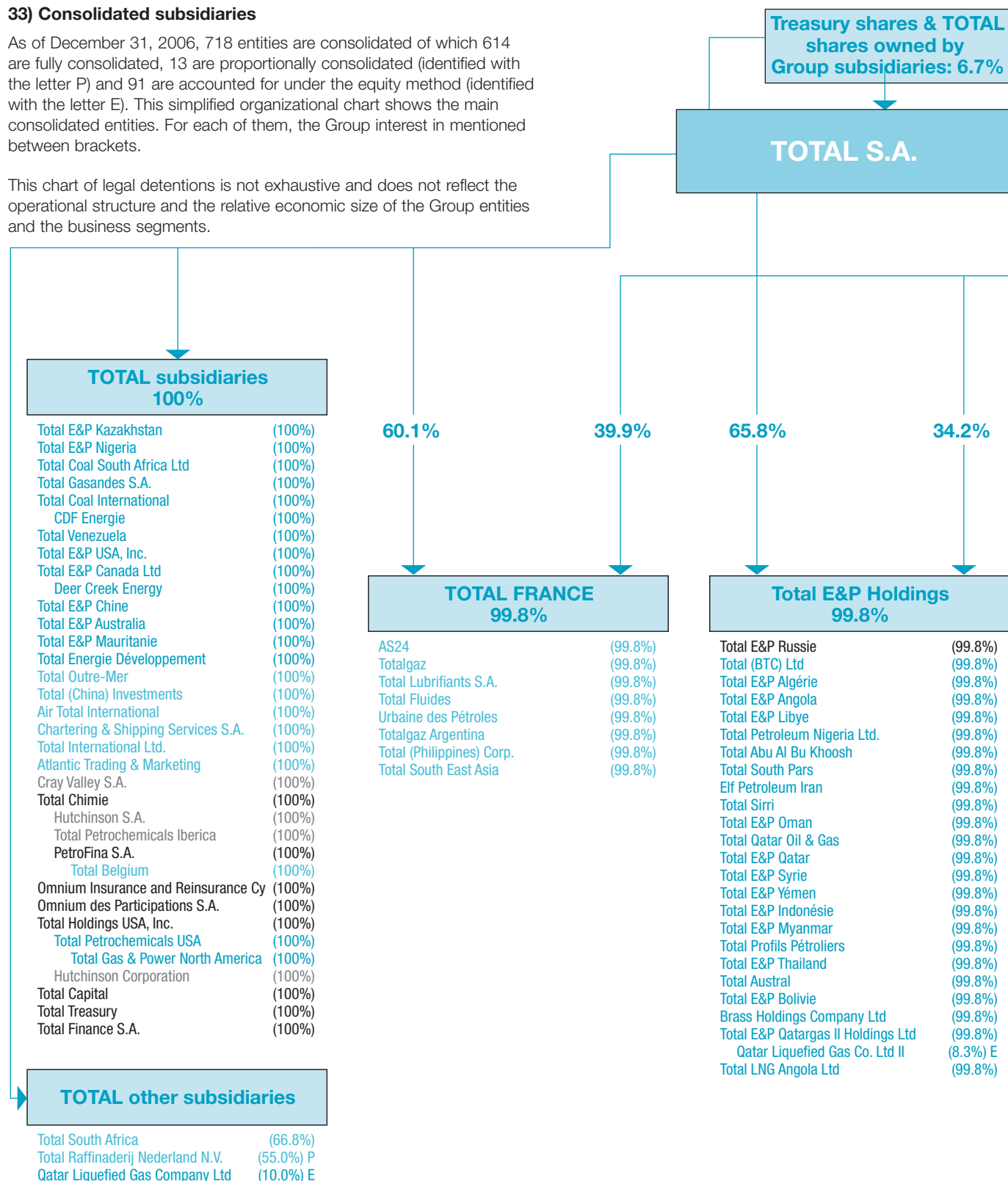
EARNINGS PER SHARE			
(in euros)	2006	2005	2004
Earnings per share of continuing operations	5.13	5.42	4.78
Earnings per share of discontinued operations	0.00	(0.19)	(0.28)
Earnings per share	5.13	5.23	4.50

DILUTED EARNINGS PER SHARE			
(In euros)	2006	2005	2004
Diluted earnings per share of continuing operations	5.09	5.39	4.76
Diluted earnings per share of discontinued operations	0.00	(0.19)	(0.28)
Diluted earnings per share	5.09	5.20	4.48

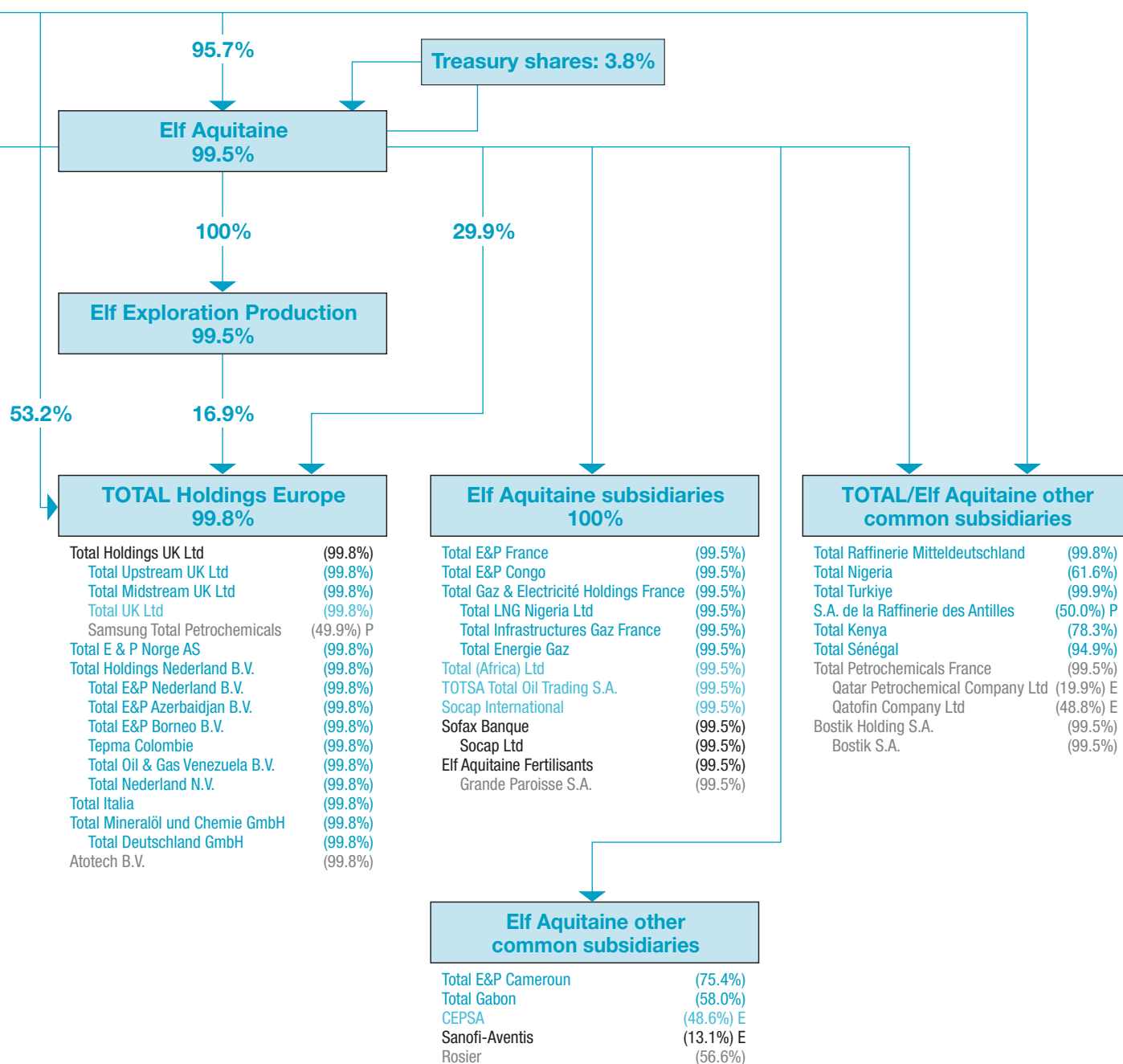
33) Consolidated subsidiaries

As of December 31, 2006, 718 entities are consolidated of which 614 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 in mentioned between brackets.

This chart of legal detentions is not exhaustive and does not reflect the operational structure and the relative economic size of the Group entities and the business segments.



The business segments are identified with the following colors:
– Upstream
– Downstream
– Chemicals
– Holding



Appendix 2 - Supplemental oil and gas information (unaudited)

Oil and gas reserves

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Financial review

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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 at December 31, 2006, 2005 and 2004.

Quantities shown concern:

- proved developed and undeveloped reserves together with changes in quantities for 2006, 2005 and 2004;
- 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 also ensuring 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-end price, as well as existing operating conditions, to determine reserve quantities. Reserves at year-end 2005 have been determined based on the Brent price on December 31, 2006 (\$58.93/b).

Proved reserves are the estimated quantities of TOTAL's entitlement under concession contracts, production sharing agreements or buy back agreements. These estimated quantities may vary depending on oil and gas price.

An increase in year-end price has the effect of reducing proved reserves associated with production sharing or buyback agreements (which represent approximately 30% of TOTAL's reserves as of December 31, 2006). Under such contracts, TOTAL is entitled to receive a portion of the production, calculated so that its sale should cover expenses incurred by the Group. With higher oil prices, the volume of entitlement necessary to cover the same amount of expenses is lower.

This reduction is partially offset by an extension of the duration over which fields can be produced economically. However, the increase in reserves due to the extensions is smaller than the decrease in reserves under production sharing or buyback agreements. For this reason, a higher year-end price translates, on the whole, into a decrease in TOTAL's reserves.

The percentage of proved developed reserves has remained relatively stable over the past five 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						Equity affiliates & non-consolidated affiliates	Total Group
	Europe	Africa	North America	Asia	Rest of world	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2003	1,073	2,948	99	79	1,952	6,151	1,172	7,323
Revisions of previous estimates	93	(26)	(13)	11	(119)	(54)	(15)	(69)
Extensions, discoveries and other	43	46	-	-	227	316	61	377
Acquisitions of reserves in place	12	-	-	-	-	12	-	12
Sales of reserves in place	(1)	(18)	-	-	-	(19)	-	(19)
Production for the year	(154)	(255)	(6)	(11)	(91)	(517)	(104)	(621)
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
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2004	22	80	-	-	-	102	-	102
As of December 31, 2005	19	77	-	-	-	96	-	96
As of December 31, 2006	17	82	-	-	-	99	-	99
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2004	-	73	-	-	1,041	1,114	-	-
As of December 31, 2005	-	59	-	-	951	1,010	-	-
As of December 31, 2006	-	56	-	-	899	955	-	-
Proved developed reserves								
As of December 31, 2004	734	1,351	15	48	477	2,625	772	3,397
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
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2004	-	67	-	-	705	772	-	-
As of December 31, 2005	-	51	-	-	658	709	-	-
As of December 31, 2006	-	49	-	-	616	665	-	-

Changes in gas reserves

(in billions of cubic feet)	Consolidated subsidiaries						Equity affiliates & non-consolidated affiliates	Total Group
	Europe	Africa	North America	Asia	Rest of world	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2003	6,571	3,603	466	5,309	4,726	20,675	1,592	22,267
Revisions of previous estimates	84	609	(91)	(137)	355	820	65	885
Extensions, discoveries and other	148	728	-	18	450	1,344	63	1,407
Acquisitions of reserves in place	68	-	-	-	-	68	-	68
Sales of reserves in place	(44)	-	(7)	-	-	(51)	-	(51)
Production for the year	(812)	(161)	(88)	(448)	(188)	(1,697)	(94)	(1,791)
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	8	(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
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2004	111	84	-	-	-	195	-	195
As of December 31, 2005	101	80	-	-	-	181	-	181
As of December 31, 2006	92	88	-	-	-	180	-	180
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2004	-	18	-	-	1,608	1,626	-	-
As of December 31, 2005	-	17	-	-	4,463	4,480	-	-
As of December 31, 2006	-	20	-	-	6,453	6,473	-	-
Proved developed reserves								
As of December 31, 2004	4,300	2,071	232	2,862	1,548	11,013	1,562	12,575
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
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2004	-	18	-	-	1,544	1,562	-	-
As of December 31, 2005	-	17	-	-	1,508	1,525	-	-
As of December 31, 2006	-	20	-	-	1,311	1,331	-	-

Changes in liquids and gas reserves

(in millions of barrels of oil equivalent)	Consolidated subsidiaries						Equity affiliates & non-consolidated affiliates	Total Group
	Europe	Africa	North America	Asia	Rest of world	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2003	2,286	3,651	187	1,022	2,784	9,930	1,471	11,401
Revisions of previous estimates	110	87	(29)	(46)	(59)	63	(3)	60
Extensions, discoveries and other	71	189	-	3	300	563	73	636
Acquisitions of reserves in place	25	-	-	-	-	25	-	25
Sales of reserves in place	(8)	(18)	(2)	-	-	(28)	-	(28)
Production for the year	(305)	(284)	(22)	(89)	(124)	(824)	(122)	(946)
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
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2004	43	95	-	-	-	138	-	138
As of December 31, 2005	38	91	-	-	-	129	-	129
As of December 31, 2006	35	97	-	-	-	132	-	132
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2004	-	76	-	-	1,343	1,419	-	-
As of December 31, 2005	-	62	-	-	1,780	1,842	-	-
As of December 31, 2006	-	60	-	-	2,084	2,144	-	-
Proved developed reserves								
As of December 31, 2004	1,531	1,740	60	530	755	4,616	1,065	5,681
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
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2004	-	70	-	-	995	1,065	-	-
As of December 31, 2005	-	55	-	-	941	996	-	-
As of December 31, 2006	-	53	-	-	861	914	-	-

Financial review

Results of operations for oil and gas producing activities

The following table includes revenues and expenses associated directly with the Group's oil and gas producing activities. It does not include any interest cost.

(in M€)		Consolidated subsidiaries					Total
		Europe	Africa	North America	Asia	Rest of world	
Year ended December 31, 2004							
Revenues	Sales to unaffiliated parties	2,027	1,163	40	1,446	1,820	6,496
	Transfers to affiliated parties	4,917	6,081	548	250	645	12,441
	Total Revenues	6,944	7,244	588	1,696	2,465	18,937
Production costs		(783)	(578)	(49)	(162)	(248)	(1,820)
Exploration expenses		(40)	(146)	(90)	(31)	(107)	(414)
Depreciation, depletion and amortization and valuation allowances		(1,190)	(829)	(245)	(252)	(486)	(3,002)
Other expenses ^(a)		(176)	(764)	(5)	(15)	(288)	(1,248)
	Pre-tax income from producing activities	4,755	4,927	199	1,236	1,336	12,453
Income tax		(2,700)	(3,233)	(88)	(591)	(250)	(6,862)
	Results of oil and gas producing activities	2,055	1,694	111	645	1,086	5,591
Year ended December 31, 2005							
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 ^(a)		(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 ^(a)		(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
Company's share of equity affiliates' results of oil and gas producing activities							
Year ended December 31, 2004		-	80	-	-	200	280
Year ended December 31, 2005		-	113	-	-	166	279
Year ended December 31, 2006		-	125	-	-	257	382

(a) Including production taxes and FAS 143 accretion expense (137 M€ in 2004, 146 M€ in 2005 and 162M€ in 2006).

Costs incurred in oil and gas property acquisition, exploration and development activities

The costs incurred in the Group's oil and gas property acquisition, exploration and development include both capitalized and expensed amounts.

(in M€)	Consolidated subsidiaries					Total
	Europe	Africa	North America	Asia	Rest of world	
As of December 31, 2004						
Proved property acquisition	-	2	-	-	29	31
Unproved property acquisition	-	-	5	3	-	8
Exploration costs	99	279	94	29	142	643
Development costs ^(a)	1,084	1,588	203	379	874	4,128
Total cost incurred	1,183	1,869	302	411	1,045	4,810
As of December 31, 2005						
Proved property acquisition	-	25	17	-	74	116
Unproved property acquisition	-	56	3	-	-	59
Exploration costs	108	298	39	15	125	585
Development costs ^(a)	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 ^(a)	1,284	2,272	403	544	1,251	5,754
Total cost incurred	1,571	2,833	671	853	1,519	7,447
Equity share in costs of property acquisition, exploration and development						
Year ended December 31, 2004 ^(b)	-	56	-	-	184	240
Year ended December 31, 2005 ^(b)	-	45	-	-	145	190
Year ended December 31, 2006^(b)	-	71	-	-	716	787

(a) Including asset retirement costs capitalized during the year and any gains or losses recognized upon settlement of asset retirement obligation during the exercise.

(b) Including 56 M€ exploration costs in 2006, 21M€ 2005, and 16 M€ in 2004.

Costs to develop proved undeveloped reserves

The following table sets forth the amounts spent to develop the proved undeveloped reserves in 2004, 2005 and 2006 as well as the amounts included in the most recent standardized measure of future net cash flow to develop proved undeveloped reserves in each of the next three years.

Consolidated subsidiaries	2004	2005	2006	2007 ^(a)	2008 ^(a)	2009 ^(a)
(in M€)						
Costs to develop proved undeveloped reserves	3,567	4,751	5,128	6,064	5,583	3,796

(a) Estimates.

Capitalized cost related to oil and gas producing activities

Capitalized costs represent the amounts of capitalized proved and unproved property costs, including support equipment and facilities, along with the related accumulated depreciation, depletion and amortization.

(in M€)	Consolidated subsidiaries					Total
	Europe	Africa	North America	Asia	Rest of world	
As of December 31, 2004						
Proved properties	25,035	16,206	1,551	2,605	7,509	52,906
Unproved properties	51	544	113	17	104	829
Total capitalized costs	25,086	16,750	1,664	2,622	7,613	53,735
Accumulated depreciation, depletion and amortization	(17,512)	(10,385)	(881)	(1,010)	(3,567)	(33,355)
Net capitalized costs	7,574	6,365	783	1,612	4,046	20,380
As of December 31, 2005						
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
Company's share of equity affiliates' net capitalized costs						
Year ended December 31, 2004	-	214	-	-	501	715
Year ended December 31, 2005	-	296	-	-	409	705
Year ended December 31, 2006	-	321	-	-	1,331	1,652

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. An estimate of the fair value of reserves should also take into account, among other things, the recovery of reserves not presently classified as proved, anticipated future changes in prices and costs and a discount factor more representative of the time value of money and the risks inherent in reserves estimates.

(in M€)	Consolidated subsidiaries					Total
	Europe	Africa	North America	Asia	Rest of world	
As of December 31, 2004						
Future cash inflows	49,233	76,576	2,695	13,737	42,437	184,678
Future production costs	(7,389)	(13,170)	(792)	(2,077)	(10,561)	(33,989)
Future development costs	(6,448)	(10,001)	(356)	(2,316)	(4,436)	(23,557)
Future income taxes	(23,711)	(33,859)	(304)	(4,091)	(8,613)	(70,578)
Future net cash flows, after income taxes	11,685	19,546	1,243	5,253	18,827	56,554
Discount at 10%	(4,085)	(8,919)	(455)	(2,167)	(12,091)	(27,717)
Net cash flows	7,600	10,627	788	3,086	6,736	28,837
As of December 31, 2005						
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
Minority interests in future net cash flows						
Year ended December 31, 2004	297	287	-	-	-	584
Year ended December 31, 2005	515	546	-	-	-	1,061
Year ended December 31, 2006	255	418	-	-	-	673
Company's share of equity affiliates' future net cash flows as of						
Year ended December 31, 2004	-	494	-	-	1,101	1,595
Year ended December 31, 2005	-	598	-	-	2,930	3,528
Year ended December 31, 2006	-	549	-	-	3,545	4,094

Changes in the standardized measure of discounted future net cash flows

(in M€)	2006	2005	2004
Future net cash flows as of January 1	49,394	28,837	29,118
Sales and transfers, net of production costs and other expenses	(21,335)	(17,104)	(12,791)
Net change in sales and transfer prices, net of production costs and other expenses	(11,481)	52,711	12,919
Extensions, discoveries and improved recovery, net of future production and development costs	1,534	1,126	974
Changes in estimated future development costs	(7,666)	(1,106)	(1,215)
Previously estimated development costs incurred during the year	5,150	5,333	3,790
Revisions of previous quantity estimates	(1,382)	6,313	(2,684)
Accretion of discount	4,939	2,444	2,912
Net change in income taxes	16,268	(28,943)	(4,255)
Purchases of reserves in place	574	41	292
Sales of reserves in place	(947)	(258)	(223)
Changes in production rates (timing) and other	-	-	-
End of year	35,048	49,394	28,837

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* 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, 2006, the Company had capitalized 342 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, 2006, exploratory drilling costs capitalized on this basis amounted to 77 M€ and mainly related to three projects, as further described below.

Capitalized exploratory costs

The following table sets forth the net changes in capitalized exploratory costs for fiscal 2006, 2005 and 2004:

(in M€)	2006	2005	2004
Beginning balance	590	430	422
Additions pending determination of proved reserves	569	192	269
Amounts previously capitalized and expensed during the year	(67)	(65)	(40)
Amounts transferred to Development	(127)	(22)	(196)
Foreign exchange variations	(73)	55	(25)
Ending balance	892	590	430

The following table sets forth a breakdown of capitalized exploratory costs at year end 2006, 2005 and 2004 by category of exploratory activity:

As of December 31 (in M€)	2006	2005	2004
Projects with recent or planned exploratory activity	815	482	389
Wells for which drilling is not completed	132	63	91
Wells with drilling in past 12 months	341	200	126
Wells with future exploratory activity firmly planned ^(a)	342	219	172
Future exploratory drilling planned	248	156	148
Other exploratory activity planned ^(b)	94	63	24
Projects with completed exploratory activity	77	108	41
Projects not requiring major capital expenditure	0	0	0
Projects requiring major capital expenditure	77	108	41
Total	892	590	430
Number of wells at end of year	117	85	56

(a) All projects included in this line require major capital expenditures.

(b) As of the end of 2006, this relates to six wells whose continuing capitalization is justified by firmly planned seismic activity for two wells (subject to the completion of the legislative ratification of contracts regarding one well) and significant studies for the remaining four wells

At the end of 2006, 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 2006, an amount of 77 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 seven projects (20 wells) and is mainly associated to the projects further described below:

The first project (Usan) relates to a deepwater oil discovery in Nigeria for which eight wells were drilled between 2001 and 2005 and 27 M€ were capitalized as of December 31, 2006. These exploration works allowed the Group to launch several development engineering studies in 2005 that went on in 2006. The national oil company NNPC has approved a development plan based on the construction of a Floating, Production, Storage and Offloading (FPSO) facility, for which a call for tenders was issued. Contractor bids are currently being evaluated.

The second project (Laggan) relates to a deepwater gas discovery in the UK (west of the Shetland Islands), for which one well has been drilled in 2004 for a capitalized amount of 17 M€ as of December 31, 2006. In 2006, TOTAL and its partners have continued the geosciences studies required for the definition of the field development concept and the appraisal of potential new exploration areas. A task force was created with the neighboring permits operators in order to promote a global development strategy for the area.

The third project (Bonga SW) relates to a deepwater oil discovery in Nigeria for which three wells were drilled between 2001 and 2003 and for which 7 M€ were capitalized as of December 31, 2006. During 2006, together with the operator and co-venturers, the Group worked on the elaboration of a field development plan and continued negotiations aiming at possible unitization of the field with adjacent licenses. This led to the signature of a pre-unitization agreement with partners in 2006.

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 (in M€ and number of wells)	2006		2005		2004	
	amount	number	amount	number	amount	number
Wells for which drilling is not completed	132	19	63	12	91	13
Wells with completed drilling						
• Less than 1 year	341	39	200	29	126	12
• Between 1 and 4 years	392	53	304	40	198	29
• Between 4 years and 8 years	19	4	23	4	15	2
• More than 8 years	8	2	-	-	-	-
Total	892	117	590	85	430	56

Appendix 3 - TOTAL S.A.

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Special auditors' report on regulated agreements

(Free translation of a French language original)

For the year ended December 31, 2006

To the Shareholders,

In our capacity as the statutory auditors of your Company, we hereby submit to you our report on regulated agreements.

Agreements authorized during the year

Our assignment is not to identify the existence of any such agreements but to inform you, on the basis of the information provided to us, of the essential characteristics and terms of the agreements brought to our attention, without expressing an opinion on their usefulness or appropriateness. Pursuant to Article 92 of the Decree of March 23, 1967, it is your responsibility to assess the interest of such agreements for the purpose of approving them.

We hereby inform you that we have not been advised during the year of any agreement covered by Article L 225-38 of the French Commercial Code.

Agreements approved in prior years and continued during the year

Furthermore, pursuant to the Decree dated March 23, 1967, we have been informed that the following agreements, approved during previous financial periods, continued in force during the last financial period.

With BNP Paribas and Société Générale

Securities were granted by your company to a banking pool which includes the banks BNP Paribas and Société Générale, to finance the Sincor project in which Total Venezuela is participating. The aggregate amount of this financing was estimated at \$2.7 billion. The project reached the "Full Completion" status on February 1, 2006 and those guarantees were terminated accordingly.

Security for a loan for \$243 million made to Oleoducto Central S.A. "Ocesa". Based on the repayments made, the loan outstanding at December 31, 2006 was \$12,7 million.

We conducted our work in accordance with generally accepted standards in France; those standards require the due diligence necessary to verify the consistency of the information provided to us with the basic documents from which that information is taken.

Paris La Défense, April 3, 2007

The Statutory Auditors

KPMG AUDIT (Département de KPMG S.A.)
René Amirkhanian

ERNST & YOUNG AUDIT
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, 2005

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, 2006, 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 established 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 transmitted 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, April 3, 2007

The Statutory Auditors

KPMG AUDIT (Département de KPMG S.A.)
René Amirkhanian

ERNST & YOUNG AUDIT
Gabriel Galet - Philippe Diu

Parent company's statutory financial statements

Statement of Income (TOTAL S.A.)

(in thousands of euros)	2006	2005	2004
Sales (note 12)	10,142,105	8,405,922	6,108,685
Operating expenses, net (note 13)	(7,537,212)	(6,413,814)	(4,828,027)
Operating depreciation, amortization and allowances (note 14)	(79,260)	(82,960)	(77,783)
Operating income	2,525,633	1,909,148	1,202,875
Financial expenses and income (note 15)	(1,095,236)	(579,837)	(567,839)
Dividends (Note 16)	6,415,836	4,574,992	3,815,831
Net depletion	(167,664)	(88,350)	(36,847)
Other financial income and expenses (note 17)	35,915	(370,558)	1,040
Financial income	5,188,851	3,536,247	3,212,185
Current income	7,714,484	5,445,395	4,415,060
Gains (Losses) on sales of marketable securities and loans	32,436	1,695	18,463
Gains (Losses) on sales of fixed assets	(1)	93	2
Other non-recurring items	(25,600)	8,526	9,695
Non-recurring income/(Loss)	6,835	10,314	28,160
Employee profit-sharing plan	(31,971)	(27,395)	(27,772)
Taxes	(2,437,242)	(1,285,360)	(972,196)
Net income	5,252,106	4,142,954	3,443,252

Balance Sheet (TOTAL S.A.)

(in thousands of euros)

ASSETS	2006	2005	2004
Non-Current Assets			
Intangible assets	252,901	186,596	127,159
Accumulated amortization	(135,404)	(104,254)	(77,481)
Intangible assets, net	117,497	82,342	49,678
Property, plant and equipment (note 2)	422,726	393,215	355,206
Accumulated depreciation, depletion and amortization	(244,402)	(204,843)	(171,250)
Property, plant and equipment, net	178,324	188,372	183,956
Subsidiaries and affiliates: investments and loans (note 3)	75,759,201	77,060,078	76,460,893
Less: accumulated amortization	(407,302)	(425,913)	(399,982)
Other non-current assets (note 4)	1,808,376	268,681	774,028
Investments and other non-current assets, net	77,160,275	76,902,846	76,834,939
Total Non-Current Assets	77,456,096	77,173,560	77,068,573
Current Assets			
Inventories	1,290	1,361	1,527
Accounts receivable (note 5)	1,650,852	1,543,559	1,254,248
Marketable securities	1,060,777	1,173,650	1,282,060
Cash/cash equivalents and short-term deposits	396,056	23,655	202,676
Total Current Assets	3,108,975	2,742,225	2,740,511
Prepaid expenses	7,370	2,735	3,638
Translation adjustment (note 11)	72,789	12	429,860
Total Assets	80,645,230	79,918,532	80,242,582
(in thousands of euros)			
LIABILITIES AND SHAREHOLDERS' EQUITY	2006	2005	2004
Shareholders' Equity (note 6)			
Common shares	6,064,420	6,151,163	6,350,151
Paid-in surplus	31,155,966	34,563,052	38,015,444
Reserves (note 6B)	3,976,493	3,976,493	3,981,481
Retained earnings	1,671,091	1,458,996	1,355,571
Net income	5,252,106	4,142,954	3,443,252
Interim dividends	(2,064,167)	(1,820,474)	(1,498,094)
Total Shareholders' Equity	46,055,909	48,472,184	51,647,805
Contingency Reserves (notes 7 & 8)	1,561,673	1,379,724	1,305,426
Debts:			
Long-term loans (note 9)	5,993,990	4,506,468	1,497,359
Short-term loans (note 9)	25,281,590	24,048,655	24,651,041
Liabilities (note 10)	1,752,042	1,414,670	1,140,913
Total Debts	33,027,622	29,969,793	27,289,313
Translation adjustment (note 11)	26	96,831	38
Total Liabilities and Shareholders' Equity	80,645,230	79,918,532	80,242,582

Statement of Cash Flows (TOTAL S.A.)

(in M€)	2006	2005	2004
Cash flows from operating activities			
Net income	5,252	4,143	3,443
Depreciation, depletion and amortization	70	72	69
Accrued expenses of investments	5	19	(73)
Other provisions	181	74	93
Funds generated from operations	5,508	4,308	3,532
(Gains) Losses on disposal of assets	(32)	(1)	(17)
Decrease (Increase) in working capital	151	(225)	(253)
Other, net	(36)	(67)	(71)
Cash flows from operating activities	5,591	4,015	3,191
Cash flows from investing activities			
Purchase of tangible and intangible assets	(96)	(110)	(49)
Purchase of investments and long-term loans	(4,482)	(2,610)	(1,548)
Total expenditures	(4,578)	(2,720)	(1,597)
Proceeds from sale of marketable securities and loans	4,141	3,516	2,202
Total divestitures	4,141	3,516	2,202
Cash flows from investing activities	(437)	796	605
Cash flows from financing activities			
Capital increase	492	17	370
Repurchase of own shares	(3,975)	(3,367)	(3,553)
Balance of cash dividends paid	(2,110)	(1,842)	(2,973)
Cash interim dividends paid	(2,064)	(1,820)	(1,498)
Repayment of long-term debt	(517)	(1,585)	(538)
Increase (Decrease) in short-term borrowings and bank overdrafts	3,392	3,607	4,569
Cash flows from financing activities	(4,782)	(4,990)	(3,623)
Increase (Decrease) in cash and cash equivalents	372	(179)	173
Cash and cash equivalents at beginning of year	24	203	30
Cash and cash equivalents at year-end	396	24	203

Statement of changes in Shareholders' Equity (TOTAL S.A.)

(in M€)	Common shares issued			Retained earnings	Revaluation reserve	Total
	Number	Amount	Issue Premium			
As of January 1, 2004	649,118,236	6,492	40,213	8,272	38	55,015
Cash dividends paid ^(a)				(2,973)		(2,973)
2004 Net income	-	-	-	3,443	-	3,443
Cash interim dividend paid for 2004 ^(b)	-	-	-	(1,498)	-	(1,498)
Issuance of shares reserved for employees	3,434,830	34	336	-	-	370
Capital Reduction	(19,873,932)	(199)	(2,876)	-	-	(3,075)
Exercise of Elf Aquitaine share subscription options covered by the exchange guarantee	2,335,024	23	343	-	-	366
Issuance of common shares	950					
As of December 31, 2004	635,015,108	6,350	38,016	7,244	38	51,648
Balance of cash dividends paid ^(c)	-	-	-	(1,842)	-	(1,842)
2005 Net income	-	-	-	4,143	-	4,143
Cash interim dividend paid for 2005 ^(d)	-	-	-	(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
Four-for-one stock split	2,471,913,580	6,180	35,011	7,720	38	48,949
Balance of cash dividends paid ^(e)	-	-	-	(2,110)	-	(2,110)
2006 Net income	-	-	-	5,252	-	5,252
Cash interim dividend paid for 2006 ^(f)	-	-	-	(2,064)	-	(2,064)
Arkema spin-off ^(g)	-	-	(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
As of December 31, 2006	2,425,767,953	6,064	31,156	8,798	38	46,056

(a) Global dividend paid in 2004: 2,973 M€ (4.70 euros per share).

(b) Global interim dividend paid in 2004: 1,498 M€ (2.40 euros per share).

(c) Balance of the dividend 2004 paid in 2005: 1,842 M€ (3.00 euros per share).

(d) Global interim dividend paid in 2005: 1,820 M€ (3.00 euros per share).

(e) Balance of the dividend 2005 paid in 2006: 2,110 M€ (3.48 euros per share).

(f) Global interim dividend paid in 2006: 2,064 M€ (0.87 euro per share).

(g) This decrease represents the Arkema spin-off (compensation of the release of the non-monetary investments of subsidiaries and affiliates, see note 3).

Notes to statutory financial statements

1) Accounting policies

The 2006 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 non-hedged items 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	2006			2005
	Cost	Accumulated depreciations and provisions	Net	Net
(in M€)				
Lands	34	-	34	34
Buildings	92	29	63	67
Others	297	216	81	87
Total^(a)	423	245	178	188

(a) As of December 31, 2005, aggregate cost and accumulated depreciation and provision amounted to 393 M€ and 205 M€, respectively.

3) Subsidiaries and affiliates investments and loans

A) Investments and loans variations

As of December, 31	Gross amount at beginning of year	2006				Translation adjustment	Gross amount at end of year
		Increases		Decreases			
(in M€)		Monetary	Non monetary	Monetary	Non monetary		
Investments ^(a)	72,182	1,302	23	25	1,563	-	71,919
Receivables ^(b)	4,878	3,320	-	4,061	122	(175)	3,840
Total	77,060	4,622	23	4,086	1,685	(175)	75,759
Analysis by segments							
Upstream	1,866	288	5	251	85	(4)	1,819
Downstream	3,276	163	-	155	-	-	3,284
Chemicals	13,702	1,235	1	3	1,563	(1)	13,371
Financial activities	58,216	2,936	17	3,677	37	(170)	57,285
Total	77,060	4,622	23	4,086	1,685	(175)	75,759

(a) The monetary and non-monetary variations for the year 2006 are mainly composed of the Arkema spin-off.

(b) Variations on receivables result from flows of funds with Total Finance and Total Capital.

B) Allowances for investments and loans

As of December, 31	2006			2005
	Cost	Valuation allowance	Net	Net
(in M€)				
Investments	71,919	335	71,584	71,838
Receivables ^{(a)(b)}	3,840	72	3,768	4,796
Total^(c)	75,759	407	75,352	76,634
Analysis by segments				
Upstream	1,819	113	1,706	1,745
Downstream	3,284	112	3,172	3,176
Chemicals	13,371	94	13,277	13,314
Financial activities	57,285	88	57,197	58,399
Total	75,759	407	75,352	6,634

(a) As of December 31, 2006, the gross amount included 3,356 M€ related to affiliates.

(b) As of December 31, 2006, the net amount was split into 1,012 M€ falling due within one year and 2,756 M€ over one year.

(c) As of December 31, 2005, aggregate cost and valuation allowance amounted to 77,060 M€ and 426 M€, respectively.

4) Other non-current assets

A) Other non-current assets variations

As of December, 31	Gross amount at beginning of year	2006				Gross amount at beginning of year	Monetary
		Increases		Decreases			
		Monetary	Non monetary	Monetary	Non monetary		
(in M€)							
Investment portfolio ^(a)	223	3,975	-	-	2,460	-	1,738
Other non-current assets	35	44	-	21	-	-	58
Deposits and guarantees	11	1	-	-	-	-	12
Total	269	4,020	-	21	2,460	-	1,808

(a) Non-monetary reductions correspond to TOTAL S.A. shares cancelled in 2006.

B) Allowances for non-current assets

As of December, 31	2006			2005
	Cost	Valuation allowance	Net	Net
(in M€)				
Investment portfolio	1,738	-	1,738	223
Other non-current assets ^(a)	58	-	58	35
Deposits and guarantees	12	-	12	11
Total^(b)	1,808	-	1,808	269

(a) As of December 31, 2006, net amount is falling due over one year.

(b) As of December 31, 2005, aggregate cost and net amounts are equivalent.

5) Accounts receivables

As of December, 31	2006			2005
	Cost	Valuation allowance	Net	Net
(in M€)				
Accounts and notes receivable	812	-	812	885
Other current assets	839	-	839	659
Total^{(a)(b)}	1,651	-	1,651	1,544

(a) Including 1,070 M€ related to affiliates as of December 31, 2006.

(b) All falling due within one year.

6) Shareholders' equity

A) Common Shares

Share capital transactions are detailed as follows:

	Historic data (par value of 10 euros per share until May 18, 2006)	Restated historic data (par value of 2.5 euros per share)
As of January 1st, 2004	649,118,236	2,596,472,944
Shares issues in connection with:		
• Capital increase reserved for employees	3,434,830	13,739,320
• Exercise of share subscription options	950	3,800
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription option	2,335,024	9,340,096
• Cancellation of shares ^(a)	(19,873,932)	(79,495,728)
As of December 31, 2004	635,015,108	2,540,060,432
Shares issues in connection with:		
• Exercise of share subscription options	133,257	533,028
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription option	1,043,499	4,173,996
• Cancellation of shares ^(b)	(21,075,568)	(84,302,272)
As of December 31, 2005	615,116,296	2,460,465,184
Shares issues in connection with:		
• Capital increase reserved for employees	2,785,330	11,141,320
• Exercise of share subscription options before May 18, 2006 ^(c)	45,305	181,220
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription option before May 18, 2006 ^(d)	31,464	125,856
• Division of nominal value by 4 on May 18, 2006	1,853,935,185	
• Exercise of share subscription options after May 18, 2006 ^(e)	668,099	668,099
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription option after May 18, 2006 ^(e)	206,274	206,274
• Cancellation of shares ^(f)	(47,020,000)	(47,020,000)
As of December 31, 2006^(f)	2,425,767,953	2,425,767,953

(a) Decided by the Board of Directors on November 9, 2004.

(b) Decided by the Board of Directors on July 19, 2005 and November 3, 2005.

(c) 849,319 TOTAL shares, par value 2.50 euros per share, created for the exercise of share subscription of Total shares in 2006.

(d) 332,130 TOTAL shares, par value 2.50 euros per share, created for the exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription option in 2006.

(e) Decided by the Board of Directors on July 18, 2006.

(f) Including 161,200,707 treasury shares and shares held by subsidiaries deducted from consolidated shareholders' equity.

Capital increase reserved for Group employees

At the Shareholders' Meeting held on May 17, 2005, 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 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 shares capital increases authorized by the Shareholders' Meeting held on May 17, 2005 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).

Pursuant to this delegation of authority, the Board of Directors, during its November 3, 2005 meeting, implemented a first capital increase reserved for employees within the limit of 3 million shares, par value 10 euros per share, i.e. 12 million shares, par value 2.50 euros per share, with dividend rights as of January 1, 2005 at a price of 166.60 euros per share, par value 10 euros per share, i.e. 41.65 euros per share, par value 2.50 euros per share. The subscription period ran from February 6, 2006, to February 24, 2006. 2,785,330 shares, par value 10 euros per share, i.e. 11,141,320 shares, par value 2.50 euros of per share were subscribed during the capital increase.

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 July 18, 2006 to cancel 47,020,000 shares, par value 2.50 euros, at an average price of 52.31 euros per share.

Treasury shares (TOTAL shares held by the parent company TOTAL S.A.)

As of December 31, 2006, TOTAL S.A. held 60,869,439 of its own shares, representing 2.51% of its share capital, detailed as follows:

- 23,272,755 shares allocated to covering TOTAL share purchase option plans for Group employees and recorded in short-term investments;
- 4,591,684 shares allocated to TOTAL restricted share plans for Group employees and recorded in short-term investments;
- 33,005,000 shares purchased for cancellation from July to December 2006 pursuant to the authorization granted by the Shareholders' Meeting held on May 12, 2006. By decision of the Board of Directors held on January 10, 2007, 33,005,000 shares at the average price of 52.52 euros per share were cancelled.

These shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by subsidiaries

As of December 31, 2006, TOTAL S.A. held indirectly, through its subsidiaries, 100,331,268 of its own shares i.e. 4.14% of the share capital, detailed as follows:

- 2,023,672 shares held by a Group company, Total Nucléaire, directly held at 100% 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 (in M€)	2006	2005	2004
Revaluation reserves	38	38	38
Legal reserves	740	740	740
Untaxed reserves	2,808	2,808 ^(a)	3 008
General reserves	390	390 ^(a)	195
Total	3,976	3,976	3,981

(a) Pursuant to the amended for 2004 Financial Act art 39-4, the variations are explained by the transfer of the net long-term appreciation reserve to an ordinary reserve after tax on the long-term appreciation reserve.

7) Contingency reserves

As of December, 31 (in M€)	Gross amount at beginning of year	2006		Gross amount at end of year	
		Increases	Decreases Used Not used		
Reserve for financial risks	1,249	326	164	-	1,411 ^(a)
Reserves for retirement benefits, pension plans and special termination plans (note 8)	98	26	16	-	108 ^(b)
Reserves for non-recurring items	33	39	29	-	43
Total	1,380	391	209	-	1,562

(a) Reserves for financial risks are mainly composed of:

- a guarantee granted to an upstream financing subsidiary for 1,021 M€;
- a reserve recorded for 138 M€ to cover the risks incurred by the attribution of Arkema shares;
- a reserve of 113 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, ie: two 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 22).

(b) Including 101M€ related to reserves for retirement benefits, pension plans, special termination plans and a provision of 7 M€ for long-service medal.

8) Employee benefit 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:

(in M€)	2006	2005
Pension benefits and other benefits	101	90
Restructuring reserves	-	3
Provisions as of December 31	101	93

For defined benefit plans, commitments are determined using a prospective methodology called "projected unit credit method". The actuarial estimate 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:

	2006	2005
Actuarial rate	4.24%	4%
Average expected rate of salary increase	4.14%	4.14%
Average expected rate of return on plan assets	5.35%	4.91%
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:

(in M€)	2006	2005
Actuarial liability as of December 31	191	267
Actuarial gains (losses) to be amortized	(90)	(177)
Provision for pension benefits and other benefits as of December 31	101	90

The total commitment for pension plans covered through insurance companies amounts to:

(in M€)	2006	2005
Actuarial liability	276	220
Plan assets	(227)	(148)
Net commitment as of December 31	49	72

In 2006, contributions paid to insurance funds amounted to 80 M€.

9) Loans

(in M€)	2006	Maturities as of December 31, 2006			2005
		Less than 1 year	From 1 to 5 years	More than 5 years	
Debenture loans					
6.9% Bonds 1996-2006 (FRF 990 million) ^(a)	-	-	-	-	166
6.75% Bonds 1996-2008 (FRF 950 million) ^(a)	139	-	139	-	155
6.75% Bonds 1996-2008 (FRF 800 million) ^(a)	120	-	120	-	134
6.75% Bonds 1996-2008 (FRF 700 million) ^(a)	102	-	102	-	114
6.20% Bonds 1997-2009 (FRF 900 million) ^(a)	131	-	131	-	146
5.03% 1997-2007 (FRF 620 million) ^(a)	75	75	-	-	84
6.80% Bonds 1997-2007 (ESP12 billion) ^(a)	63	63	-	-	70
PIBOR 3-months +0.38% Bonds 1998-2008 (FRF 230 million) ^(a)	29	-	29	-	32
5.125% Bonds 1998-2009 (FRF 1,000 million) ^(a)	126	-	126	-	140
5% Bonds 1998-2013 (FRF 1,000 million) ^(a)	127	-	-	127	142
3.875% Bonds 1999-2006 (EUR 300 million) ^(a)	-	-	-	-	275
3.5% Bonds 2000-2006 (CHF 200 million) ^(a)	-	-	-	-	107
5.65% Bonds 2000-2010 (EUR 100 million) ^(a)	67	-	67	-	75
Accrued interest	15	15	-	-	17
Total debenture loans	994	153	714	127	1,657
Other loans^(b)	5,713	560	5,153	-	3,928
Current accounts^(c)	24,569	24,569	-	-	22,970
Total	31,276	25,282	5,867	127	28,555

(a) Through the use of issue swaps, each debenture loan becomes equivalent to a US dollar floating rate debt.

(b) Including 5,636 M€ related to affiliates.

(c) Including 24,494 M€ related to affiliates.

10) Liabilities

As of December 31 (in M€)	2006	2005
Accounts payable	738	767
Other	1,014	648
Total^{(a)(b)}	1,752	1,415

(a) Including 488 M€ in 2006 and 120 M€ in 2005 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 73 M€ in 2006 mainly due to loans in dollars.

12) Sales

(in M€)	France	Rest of Europe	North America	Africa	Middle-East & rest of world	Total
2006	279	289	29	688	8,857	10,142
Hydrocarbons and oil products	-	155	-	-	8,395	8,550
Technical support fees	279	134	29	688	462	1,592
2005	254	253	24	570	7,305	8,406
Hydrocarbons and oil products	-	136	-	-	6,874	7,010
Technical support fees	254	117	24	570	431	1,396

13) Operating expenses

(in M€)	2006	2005
Purchase cost of goods sold	(5,458)	(4,574)
Other purchases and external expenses	(1,249)	(1,068)
Taxes	(36)	(37)
Personnel expenses	(794)	(735)
Total	(7,537)	(6,414)

14) Operating depreciation, amortization and allowances

(in M€)	2006	2005
Depreciation, valuation allowance and amortization on		
• Tangible and intangible assets	(71)	(73)
• Employee benefits	(25)	(20)
Subtotal 1	(96)	(93)
Write-backs on		
• Employee benefits	17	10
Subtotal 2	17	10
Total (1+2)	(79)	(83)

15) Financial expenses and income

(in M€)	2006	2005
• Interest expenses and other	(1,208)	(658)
• Depreciation on investments and loans to subsidiaries and affiliates	-	(31)
Total financial expenses	(1,208)	(689)
<i>Including, related to affiliates:</i>	<i>895</i>	<i>603</i>
• Net gain on sales of marketable securities and interest on loans to subsidiaries and affiliates	54	78
• Interest on short-term deposits and other	59	31
Total financial income	113	109
<i>Including, related to affiliates:</i>	<i>109</i>	<i>90</i>
Total financial expenses and income	(1,095)	(580)

16) Dividends

(in M€)	2006	2005
Upstream	1,953	729
Downstream	548	706
Chemicals	602	210
Financial activities	3,313	2,930
Total	6,416	4,575

17) Other financial expenses and income

The net income of 36 M€ is mainly composed of a net gain on sales of marketable securities for 33 M€, and currency exchange gain for 3 M€

18) 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 renewal of this agreement has been granted by the French Tax Authorities on January 18, 2006 for a three year period (from January 1, 2005 to December 31, 2007).

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.

19) 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 is operated 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 risk management policy appear in Chapter 4 of the this Registration Document (pages 75 to 90).

20) Commitments

As of December 31 (in M€)	2006	2005
Commitments given		
Guarantees on custom duties	1,021	-
Bank guarantees	3,350	2,387
Guarantees on the liabilities of sold subsidiaries	68	89
Guarantees given on other commitments	2,363	1,824
Stand-by lines of credit granted to subsidiaries	4,017	3,891
Short term financing plan ^(a)	14,116	17,597
Bond issue plan ^(a)	15,327	11,444
Total commitments given	40,262	37,232
Commitments received		
Guarantees on the liabilities of acquired subsidiaries	5,808	6,182
Other commitments received	1	21
Total commitments received	5,809	6,203

(a) TOTAL S.A. guarantees the short-term financing plan and the bond issue incurred by Total Capital. On the whole amount 29,443 M€ plan, 12,602 M€ were incurred as of December 31, 2006 and 9,417 M€ as of December 31, 2005.

Portfolio of financial derivative instruments

The off-balance sheet commitments related to financial derivatives instruments are stated below.

As of December 31 (in M€)	2006	2005
Issue swaps		
Book value, accrued coupon interest ^(a)	1,046	1,721
Fair value, accrued coupon interest ^(b)	209	177

(a) These amounts fix 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 Group.

21) Average number of employees

As of December 31	2006	2005
Executives	4,106	3,867
Supervisors	1,355	1,354
Technical and administrative staff	270	238
Total	5,731	5,459

22) Share subscription options and share purchase options; restricted share grants

TOTAL share subscription options plans

	2003 Plan ^(a)	2004 Plan ^(b)	2005 Plan ^(c)	2006 Plan ^(d)	Total
Exercise price until May 23, 2006 (in euros) ^(e)	33.30	39.85	49.73	-	
Exercise price since May 24, 2006 (in euros) ^(e)	32.84	39.30	49.04	50.60	
Expiration date	07/16/2011	07/20/2012	07/19/2013	07/18/2014	
Options ^(f)					
Outstanding as of January 1, 2003	-	-	-	-	-
Granted	11,741,224	-	-	-	11,741,224
Cancelled	-	-	-	-	-
Exercised	-	-	-	-	-
Outstanding as of January 1, 2004	11,741,224	-	-	-	11,741,224
Granted	-	13,462,520	-	-	13,462,520
Cancelled	(8,400)	(48,000)	-	-	(56,400)
Exercised	(3,800)	-	-	-	(3,800)
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 ^(g)	163,180	196,448	90,280	-	449,908
Exercised	(729,186)	(120,133)	-	-	(849,319)
Outstanding as of December 31, 2006	10,608,590	13,430,372	6,275,757	5,726,160	36,040,879

(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 from the date the option is granted to the individual employee and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of 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 from the date the option is granted to the individual employee and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of 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 from the date the option is granted to the individual employee and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of 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 from the date the option is granted to the individual employee and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of grant.

(e) Following the four-for-one stock split, the exercise prices of TOTAL share subscription options were multiplied by 0.25. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL shares subscription options were multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006.

(f) Pursuant to the four-for-one stock split on May 18, 2006, the number of options has been adjusted accordingly

(g) Adjustments decided by the Board of Directors on March 14, 2006 following Articles 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 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 as of May 24, 2006.

TOTAL share purchase options plans

	1998 Plan ^(a)	1999 Plan ^(b)	2000 Plan ^(c)	2001 Plan ^(d)	2002 Plan ^(e)	Total
Exercise price until May 23, 2006 (in euros) ^(f)	23.44	28.25	40.68	42.05	39.58	
Exercise price since May 24, 2006 (in euros) ^(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	
Options^(g)						
Outstanding as of January 1, 2003	3,603,520	5,823,868	9,658,580	10,749,100	11,479,400	41,314,468
Granted	-	-	-	-	-	-
Cancelled	-	(20,400)	(22,400)	(14,600)	(26,600)	(84,000)
Exercised	(713,368)	(177,000)	-	-	-	(890,368)
Outstanding as of January 1, 2004	2,890,152	5,626,468	9,636,180	10,734,500	11,452,800	40,340,100
Granted	-	-	-	-	-	-
Cancelled	-	-	(5,200)	(10,800)	(3,200)	(19,200)
Exercised	(1,334,104)	(1,520,352)	(5,200)	-	(3,088)	(2,862,744)
Outstanding as of January 1, 2005	1,566,048	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 December 31, 2006	-	1,370,424	4,928,505	6,861,285	9,280,716	22,440,930

(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 the option is granted to the individual employee 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 from the date the option is granted to the individual employee 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 the option is granted to the individual employee 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 the option is granted to the individual employee 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 the option is granted to the individual employee 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) Following the four-for-one stock split, the exercise prices of TOTAL share purchase options were multiplied by 0.25. Moreover, following the spin-off of Arkema, the exercise prices of TOTAL shares purchase options were multiplied by an adjustment factor equal to 0.986147 effective as of May 24, 2006.

(g) Pursuant to the four-for-one stock split on May 18, 2006, the number of options has been adjusted accordingly.

(h) Adjustments decided by the Board of Directors on March 14, 2006 following Articles 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 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 as of May 24, 2006.

(i) Taking into account the confirmation in 2006 of the award of 500 stock options (for underlying shares, par value 10 euros per share) that has been canceled erroneously in 2001.

TOTAL restricted share grants

	2005 Plan ^{(a)(b)}	2006 Plan ^(c)
Date of Board of Directors meeting	07/19/2005	07/18/2006
Number of restricted shares		
Outstanding as of January 1, 2005	-	-
Notified	2,280,520	-
Cancelled	(5,992)	-
Finally granted	-	-
Outstanding as of January 1, 2006	2,274,528	-
Notified	-	2,275,364
Cancelled	(7,432)	(3,068)
Finally granted	-	-
Outstanding as of December 31, 2006	2,267,096	2,272,296

(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, will become final after a 2-year vesting period (acquisition of the right to restricted shares), on July 20, 2007, 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 2006. 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 20, 2009.

(b) The number of granted restricted shares was adjusted following the four-for-one stock split on May 18, 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.

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 four-for-one stock split of the par 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 share exchange undertaking, to adjust the current parity in the guarantee of exchange 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 parity of exchange was fitted on May 22, 2006 to 6 TOTAL shares for 1 Elf Aquitaine share further to the approvals by 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 four-for-one stock split of the par value of the TOTAL share.

As of December 31, 2006, a maximum of 193,150 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

Elf Aquitaine share subscription plans ^(a)	1999 Plan n°1	1999 Plan n°2	Total
Exercise price until May 23, 2006 (in euros) ^(b)	115.60	171.60	
Exercise price since May 24, 2006 (in euros) ^(b)	114.76	170.36	
Expiration date	03/30/2009	09/12/2009	
Outstanding options as of December 31, 2006	180,932	6,044	186,976
Outstanding shares covered by the exchange guarantee as of December 31, 2006	6,174	-	6,174
Total of shares, either outstanding or to be created, covered by the exchange guarantee for TOTAL shares as of December 31, 2006	187,106	6,044	193,150
Total of shares, likely to be created, within the scope of the application of the exchange guarantee as of December 31, 2006	1,122,636	36,264	1,158,900

(a) Adjustment decided by the Board of Directors on March 10, 2006 following Articles 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) To take into consideration the spin-off of S.D.A., the exercise prices of Elf Aquitaine share subscription were multiplied by a ratio equal to 0.992769 effective on May 24, 2006.

Thus, as of December 31, 2006, a total of 1,158,900 shares of the Company were likely to be created within the scope of the application of this exchange guarantee

Other financial information concerning the Parent Company

Subsidiaries and equity interests

December 31, 2006

(in M€)	Share of capital held in %	Other share holders' equity		Net book value of securities held			Revenues	Net income	Dividends paid	Guarantees and deposits
		Capital	equity	Gross	Net	Loans and advances				
Subsidiaries										
TOTAL FRANCE	59.6	624	734	2,632	2,632	-	28,680	533	268	-
Total Chimie	100.0	930	11,571	13,117	13,117	-	-	603	602	-
Total Outre-Mer	100.0	77	9	95	95	-	2,181	71	15	-
Omnium Insurance Reinsur. Cie	100.0	30	244	114	114	-	258	88	38	-
Elf Aquitaine	95.7	2,249	13,157	45,293	45,293	-	-	2,541	1,873	-
Total Portugal Petroleos S.A.	100.0	85	(7)	139	110	12	168	(5)	-	-
Cray Valley S.A.	100.0	70	8	69	69	-	465	5	-	-
Total China Investment Ltd	100.0	88	(23)	97	57	-	99	(4)	-	-
Total E&P Canada	100.0	524	(105)	565	565	-	2	(41)	-	986
Total Gestion U.S.A.	100.0	3,969	-	3,969	3,969	-	-	-	-	-
Total Holdings Europe	53.2	65	2,573	4,446	4,446	-	-	3,082	1,302	-
Total Tractebel Emirates Power	50.0	103	30	72	72	-	-	6	-	-
Total E&P Holdings	65.8	4	(1,072)	391	391	-	-	1,622	1,210	-
Other subsidiaries ^(a)				2,658	2,392	3,828			1,108	35,881
Total				73,657	73,322	3,840			6,416	36,867^(b)

(a) Gross and net value: including 1,734 M€ of TOTAL shares held as treasury stock.

(b) Mainly guarantees for bonds and short-term financing programs issued by Total Capital.

List of marketable securities held

At December 31, 2006	Par value (€)	Number of shares comprising the capital	Number of shares held by TOTAL S.A.	Percentage held by TOTAL S.A.	Gross value (in K€)
Equity shares					
Arkema	10.00	60,354,000	3,994	0.01	63
Ass. Partic. Effort Const. (Apec)	15.24	408,000	11,700	2.87	178
Bostik Holdings S.A.	2.50	133,978,760	766,291	0.57	6,044
Bostik S.A.	15.24	5,321,361	512,696	9.63	49,595
Cray Valley S.A.	15.24	4,593,167	4,593,161	100.00	69,315
Daja 44	10.00	5,764,000	5,764,000	100.00	57,640
Elf Aquitaine	8.00	281,177,570	269,068,829	95.69	45,292,665
Eurotradia International	22.47	133,500	14,836	11.11	3,859
Financière Haussmann Messine	3.81	170,000	170,000	100.00	5,665
Gaz Transport & Technigaz	16.00	23,143	6,943	30.00	106
Gie Fost	15.24	100,030	99,830	99.80	1,522
Innovarex	15.24	6,000	5,994	99.90	91
Le Monde Entreprises	1,676.94	2,420	140	5.79	384
Le Monde S.A.	1.00	96,800,842	37,158	0.04	81
Norsokappa	0.15	646,300	646,295	100.00	30,692
Raffinerie de Strasbourg	15.24	420,000	70,000	16.67	1,505
Société Financière Auteuil	16.00	500,000	499,994	100.00	28,268
Ste Languedocienne Micron Couleurs	15.25	161,960	161,948	99.99	18,143
Ste Pipe Line Sud Europeen	7.60	1,500,000	95,808	6.39	3,120
TOTAL S.A.	2.50	2,425,767,953	33,005,000	1.36	1,733,551
Total Activités Maritimes	1.60	1,523,360	1,523,354	100.00	26,810
Total Capital	10.00	30,000	29,994	99.98	300
Total Chimie	15.50	60,016,646	60,016,640	100.00	13,116,545
Total Coopération Technique Mexique	8.00	5,000	5,000	100.00	50
Total E&P Activités Pétrolières	16.00	50,000	49,995	99.99	1,410
Total E&P Holdings	2.00	1,893,844	1,246,638	65.83	391,281
Total Energie Développement	16.00	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	16.00	2,500	2,500	100.00	194
Total Gestion U.S.A.	10.00	396,936,608	396,936,600	100.00	3,969,366
Total Holdings Europe	0.05	1,302,415,903	692,416,903	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					72,033,778
Equity interests in French companies whose gross value is between 15,240 euros and 45,730 euros					1,220
Gross aggregate value					20
Equity interests whose value is less than 15,240 euros per class of securities or interest					3
Gross aggregate value					1,622,445
Interests in real estate companies whose shares are not listed on an official stock exchange					
Gross aggregate value					
Interests in non-French companies whose shares are not listed on an official stock exchange					
Gross aggregate value					
Total 2					1,623,688
Total 1 + 2					73,657,466
Investment securities					
Shares					1,060,777
Total 3					1,060,777
Total (1+ 2+ 3)					74,718,243

Other information for the last five years

I - Capital at year-end	2006	2005	2004	2003	2002
Share capital ^(a)	6,064,420	6,151,163	6,350,151	6,491,182	6,871,905
Number of ordinary shares outstanding ^(b)	2,425,767,953	615,116,296	635,015,108	649,118,236	687,190,510
Number of future shares to be created					
• Stock subscription options ^(b)	36,044,355	7,675,549	6,285,886	2,935,306	-
• Total US warrants	-	-	-	-	884,465
• Elf options and shares benefiting from the guarantee of conversion to TOTAL shares ^(b)	1,158,900	361,742	1,442,634	3,793,652	5,178,906

(in thousands of euros)

II - Operations and results for the year

Commercial sales excluding taxes	8,549,605	7,009,551	4,775,056	4,246,682	4,111,252
Provisions for employee profit-sharing and incentives for the financial year	30,000	25,000	26,000	22,000	14,000
Earnings after tax, amortizations and provisions	5,252,106	4,142,954	3,443,252	3,272,173	2,410,412
Retained earnings brought forward	1,671,091	1,458,996	1,355,571	1,056,491	1,316,910
Earnings for appropriation	6,923,197	5,601,950	4,798,823	4,328,664	3,727,322
Distributed earnings including interim dividend	4,503,181	4,005,394	3,429,082	3,079,116	2,821,221
Retained earnings	2,420,016	1,596,556	1,369,741	1,249,548	906,101

(in euros)

III - Earnings per share

Earnings after tax but before amortization and provisions ^{(b)(c)}	2.38	7.29	5.74	5.28	4.42
Earnings after tax, amortization and provisions ^{(b)(c)}	2.27	7.02	5.59	5.15	3.62
Net dividend per share ^(b)	1.87	6.8	5.40	4.70	4.10

IV - Personnel

Average number of employees over the year ^(d)	5,731	5,459	5,240	5,013	3,376
Payroll for the year ^(a)	561,524	511,775	472,189	458,518	311,741
Amount paid in employee benefits for the year ^(a) (Including Social Security, company welfare and cultural benefits)	245,755	236,352	222,903	221,653	147,133

(a) In thousands of euros.

(b) On May 18, 2006, the share was split by four.

(c) Earnings per share are calculated on the basis of the diluted weighted-average number of shares for the year, excluding treasury shares.

(d) Including employees on regular retirement and early retirement (1 person in 2002, 5 in 2005).

Distribution of earnings 2006

Net dividend proposed: 1.87 euros per share.

(in euros)

Earnings for the year	5,252,106,435.07
Retained earnings brought forward	1,671,090,939.73
Amount available for distribution	6,923,197,374.80
Interim dividends	
• paid in 2006	2,064,167,159.10
• to be paid in 2007 (maximum amount)	46,250,960.01
Balance of dividend to be paid in 2007	2,392,762,953.00
Dividend for 2006	4,503,181,072.11
Retained earnings	2,420,016,302.69
Amount distributed	6,923,197,374.80

Change in the share capital over the last five years

(in thousands of euros)

Year	Capital increase	Contributions in cash		Successive amounts of nominal capital	Aggregate number of Company shares
		Nominal	Share issue or conversion premium		
2002	Capital increase:				
	Warrants	9,019	83,890	7,068,369	706,836,889
	Capital increase reserved for employees	27,852	313,675	7,096,221	709,622,103
	Exchange guarantee offered to option holders	5,645	83,470	7,101,866	710,186,574
	Exercise of share subscription options	4,472	22,252	7,106,338	710,633,755
	Capital decrease	(234,433)	(3,223,868)	6,871,905	687,190,510
2003	Capital increase:				
	Warrants	8,356	60,385	6,880,261	688,026,154
	Exchange guarantee offered to option holders	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 increase reserved for employees	34,348	335,560	6,525,530	652,553,066
	Exchange guarantee offered to option holders	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:				
	Exchange guarantee offered to option holders	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
	Exchange guarantee offered to option holders	315	6,601	6,151,931	615,193,065
	Capital increase reserved for employees	27,853	436,182	6,179,784	617,978,395
	Four-for-one stock split of the share's par 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
	Exchange guarantee offered to option holders	516	10,389	6,064,420	2,425,767,953

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 is obligated to 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 decided to also publish a periodic report called *Sharing Our Energies*, 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				
	2006	2005	2004	
Men	4,234	4,035	3,902	
Women	1,651	1,529	1,453	
Total	5,885	5,564	5,355	

Women represented 28% of TOTAL S.A. employees at December 31, 2006; this proportion has risen steadily over the last 3 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				
	2006	2005	2004	
Average age:	<i>Men</i>	45.2	45.1	44.6
	<i>Women</i>	42.4	42.3	41.9
Average seniority:	<i>Men</i>	18.0	17.9	16.9
	<i>Women</i>	16.9	16.8	16.0

MOBILITY AT TOTAL S.A.				
	2006	2005	2004	
External mobility:	<i>Open-ended contract</i>	293	175	150
	<i>Fixed-term contract</i>	194	131	129
Internal mobility:		143	147	145
Total	630	453	424	

EMPLOYEES LEAVING TOTAL S.A.	2006	2005	2004
Resignations	50	32	21
Layoffs for economic reasons	0	0	0
Dismissals for other reasons	9	10	14
End of fixed-term contract	143	106	108
Retirement	44	33	16
End of trial period	1	1	1
Death	6	8	5
Job change	59	36	49
Other departures ^(a)	0	7	3
Total	312	233	217

(a) PRC/PRI (Early retirement by own election or for organizational reasons).

The number of retirements continues to increase due to the reduced impact of early retirements or early cessation of business as decided at the time of the merger.

OUTSIDE WORKERS	2006	2005	2004
Number of contractors present at December 31	1,974	2,003	2,048
Average monthly number of temporary staff	99	95	97

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	2006	2005	2004
Full time	5,602	5,291	5,079
Part time	260	252	242
Team work (3 X 8 employees shift)	23	21	34

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	2006	2005	2004
Illness and convalescence	17,842	15,761	15,137
On-the-job or commuting accident	406	554	255
Maternity	7,111	6,795	5,398
Total	25,359	23,110	20,790

4) Compensation

CHANGE IN COMPENSATION - TOTAL S.A.	2006	2005	2004
Average per annum (in euros)	81,265	78,511	74,415

These figures correspond to the annual payroll in relation to the average monthly numbers of staff. They include the compensation of senior executives and directors.

AVERAGE COMPENSATION PER MONTH - TOTAL S.A. (in euros)	Men	Women
Engineers and executive managers	10,960	9,185
Engineers and managers	5,356	4,832
Foremen and similar	3,569	3,272
Clerical and technical staff	2,497	2,293
Workers	3,163	na

AGGREGATE PAYROLL EXPENSES - TOTAL S.A.	2006	2005	2004
Payroll expenditure (in B€)	0.79	0.73	0.68
Added value (in B€)	3,416	2,741	1,957
Ratio	0.23	0.27	0.35

AVERAGE AMOUNT OF PROFIT-SHARING AND INCENTIVES PER EMPLOYEE - TOTAL S.A. (in euros)	2005	2004	2003
Profit-sharing	1,335	405	392
Incentives	3,410	4,150	4,099
Total	4,745	4,555	4,491

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 for 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 figures for 2006 will not be known in time for the Shareholders' Meeting to be held on May 11, 2007.

5) Health and Safety

ACCIDENTS AT WORK FOR TOTAL S.A. EMPLOYEES	2006	2005	2004
Number of accidents	5	2	8
Frequency rate (%)	0.540	0.229	0.949

(in euros) EXPENDITURE ON HEALTH & SAFETY - TOTAL S.A.	2006	2005	2004
	4,097,737	2,756,910	2,206,919

6) Training

NUMBER OF TOTAL S.A. EMPLOYEES WHO HAVE RECEIVED A TRAINING COURSE	2006	2005	2004
	3,272	2,709	2,676

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.	2006	2005	2004
	97	102	111

TOTAL S.A. has been committed for several years to the professional inclusion of employees with a disability, reflected in its signing 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 (in euros)	2006	2005	2004
	10,933,309	10,131,009	9,183,909

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 2006 corresponds to the budget of the UES's establishment committees. This budget represents more than 2.5% of the total payroll.

9) Professional relations

	2006	2005	2004
Number of negotiation meetings concerning TOTAL S.A.	29	83	67
Number of collective bargaining agreements signed concerning TOTAL S.A.	10	14	16

The collective bargaining agreements signed in 2006 relate mainly to staff death and disability benefits, inclusion of disabled employees, profit-sharing and incentives, the Group employee savings plan, the Group works' council, the European works' council, and salaries.

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 148-3 of decree No. 67-236 of March 23, 1967, as amended, on commercial companies.

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 *Sharing Our Energies* 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 Safety, Environment and Quality Charter constitutes an essential reference in the Group's culture and testifies 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 as a support for managers to implement them into daily activities.

The ten principles fall into three broad categories: the industrial activity itself, the employees and third parties:

- **As regards the industrial activity**, no development project, no extension 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. Major projects for investment, 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.

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 harmonize the methodologies on which these studies are based.

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 Safety, Environment and Quality 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 polluting substances into the atmosphere and water, reduction of consumption of water and certain raw materials, improvement of energy efficiency, reduction of the production of waste at the sites and recovery of the waste that is produced. Each business unit sets figures for 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 CO₂ emissions quota trading plan represents a new stage 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 burned at its exploration production facilities, taking the year 2005 as a reference. These greenhouse gas reductions and corresponding actions are detailed in the Group's social and environmental report mentioned above.

Close attention is also paid to soil and groundwater contamination, in the context of specific risk and pollution control assessment programs. Studies aimed at harmonizing 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 experience 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, 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 attitude of constructive dialogue and transparency. Particular attention is paid to relations with the neighboring community, 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.

The structure of the Group's entities ensures that they constantly and effectively take into account the environment in all their activities. Centrally, the Sustainable Development and Environment department (*Développement Durable et de l'Environnement* – "DDE") presides over the environment network in order to facilitate exchanges and synergies between the units. The actions and policies of the DDE and the Industrial Safety department within TOTAL S.A. are coordinated in the Strategy and Risk Evaluation department.

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 thus have each established, according to the specific requirements of their regional site and activities, internal management systems in the environmental area and in safety and quality. 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 harmonized and improved at the entities, as well as between these entities and the central departments. In addition, in order to consolidate the reliability of these reporting procedures, their verification by an external organization is now incorporated in the Group's procedures. Following a mock audit in 2005, the verification of environmental reporting data has been conducted by the auditors at a dozen sites, chosen each year by the auditors. The first survey report conducted in 2006, which was included in the Registration Document for 2005, covered five indicators that were assessed with regard to their relevance, reliability, objectivity, comprehensibility and exhaustiveness.

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, the majority of sites (about one hundred) have now been certified; for the other activities and outside Europe, the certification process is actively underway. In addition, the objective of certification of 75% of the Group sites considered as particularly important for the environment is expected to be reached for 2007; by the end of 2005, over half these sites had been certified.

Consolidated financial information for the last five years

Summary consolidated balance sheet for the last five years

As of December 31 (in M€)	2006 IFRS	2005 IFRS	2004 IFRS	2004 ^(b)	2003 ^(b)	2002 ^(b)
ASSETS						
Non-current assets	62,436	62,391	53,827	52,533	50,450	54,010
Intangible assets	4,705	4,384	3,176	1,908	2,017	2,752
Property, plant and equipment	40,576	40,568	34,906	36,422	36,286	38,592
Other non-current assets	17,155	17,439	15,745	14,203	12,147	12,666
Current assets	42,787	43,753	32,940	31,628	29,513	31,319
Inventories	11,746	12,690	9,264	7,053	6,137	6,515
Other current assets	31,041	31,063	23,676	24,575	23,376	24,804
Total assets	105,223	106,144	86,767	84,161	79,963	85,329
LIABILITIES						
Shareholders' equity, Group share	40,321	40,645	31,608	31,260	30,406	32,146
Minority interests and preferred shares	827	838	810	776	1,060	1,201
Provisions and other non-current liabilities	16,379	17,440	16,283	16,112	15,605	16,643
Non-current financial debt	14,174	13,793	11,289	9,734	9,783	10,157
Current debt	33,522	33,428	26,777	26,279	23,109	25,182
Total liabilities	105,223	106,144	86,767	84,161	79,963	85,329

Summary consolidated income statement for the last five years

Year (in M€)	2006 IFRS	2005 ^(a) IFRS	2004 ^(a) IFRS	2004 ^(b)	2003 ^(b)	2002 ^(b)
Sales	153,802	137,607	116,842	122,700	104,652	102,540
Operating expenses	(124,617)	(108,431)	(94,721)	(101,141)	(86,905)	(86,622)
Depreciation and amortization of tangible assets	(5,055)	(5,007)	(5,095)	(5,498)	(4,977)	(5,792)
Operating income	24,130	24,169	17,026	16,061	12,770	10,126
Other income and expense	86	(281)	2,302	1,866	(1,199)	31
Other financial income and expense	(49)	(151)	(36)	(76)	(85)	(35)
Income taxes	(13,720)	(11,806)	(8,603)	(8,316)	(5,353)	(5,034)
Share net income of equity method consolidated affiliates	1,693	1,173	1,158	337	1,086	866
Net income from continuing operations (Group excluding Arkema)	12,140	13,104	11,847	-	-	-
Net income from Arkema	(5)	(461)	(698)	-	-	13
Consolidated net income	12,135	12,643	11,149	9,872	7,219	5,954
Minority interests	367	370	281	260	194	13
Net income	11,768	12,273	10,868	9,612	7,025	5,941

(a) 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.

(b) French GAAP.

European Cross Reference List

Cross reference list of the information items set forth in Annex I of the European Regulation (EC) No 809/2004 of April 29, 2004

Information required by Annex I
of Regulation (EC) No 809/2004

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