

annual report 2001



▶▶ Energy takes us forward



## Energy takes us forward

**Giving people, communities and nations energy to move forward, to grow and progress: our mission as an oil and gas company is to help set the world in motion.**

Exploring new territories, favoring innovation and investing in the energies of the future: our sustained growth is based on meeting what the world expects from us.



*Steve Murez  
for TotalFinaElf*

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# Key Figures 2001

**TOTAL FINA ELF**

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**Abbreviations**

b .....	barrel	t .....	metric ton	B .....	billion
cf .....	cubic feet	boe .....	barrel of oil equivalent	T .....	trillion
/d .....	per day	k .....	thousand	MW .....	megawatt
/y .....	per year	M .....	million	€ .....	euro

As used in this report, the terms TotalFinaElf, Company and Group, refer collectively to all the companies affiliated with TotalFinaElf © TotalFinaElf April 2002

# Key Figures 2001

## FINANCIAL DATA

In millions of euros, except earnings per share, dividends and percent amounts

	2001	2000
<b>Sales</b>	<b>105,318</b>	<b>114,557</b>
<b>Operating income from business segments excluding non-recurring items <sup>(1)</sup></b>	<b>13,121</b>	<b>14,884</b>
<b>Net operating income from business segments <sup>(1)</sup></b>	<b>7,564</b>	<b>8,035</b>
<b>Net income (Group share) <sup>(1)</sup> excluding non-recurring items</b>	<b>7,518</b>	<b>7,637</b>
<b>Earnings per share (in €) <sup>(1)(2)</sup></b>	<b>10.85</b>	<b>10.80</b>
<b>Dividend per share (in €) <sup>(3)</sup></b>	<b>3.80</b>	<b>3.30</b>
<b>Net debt-to-equity ratio</b>	<b>31%</b>	<b>33%</b>
<b>Return on equity</b>	<b>24%</b>	<b>27%</b>
<b>Cash flow from operating activities</b>	<b>12,303</b>	<b>13,389</b>
<b>Gross capital expenditures</b>	<b>10,566</b>	<b>8,339</b>

## OPERATING HIGHLIGHTS

	2001	2000
<b>Hydrocarbon production (kboe/d)</b>	<b>2,197</b>	<b>2,124</b>
<b>Liquids production (kb/d)</b>	<b>1,454</b>	<b>1,433</b>
<b>Gas production (Mcf/d)</b>	<b>4,061</b>	<b>3,758</b>
<b>Refinery runs (kb/d) <sup>(4)</sup></b>	<b>2,465</b>	<b>2,411</b>
<b>Refined product sales (kb/d) <sup>(5)</sup></b>	<b>3,724</b>	<b>3,695</b>

(1) Excluding non-recurring items.

(2) Computed with fully diluted weighted average number of shares.

(3) 2001 dividend: subject to May 7, 2002 AGM.

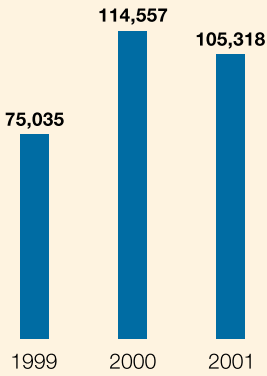
(4) Including share of Cepsa.

(5) Including trading and share of Cepsa.

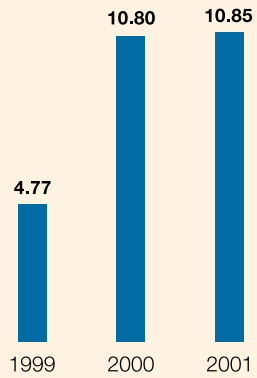
# Financial Overview

Figures for 1999 are pro forma

Sales (M€)

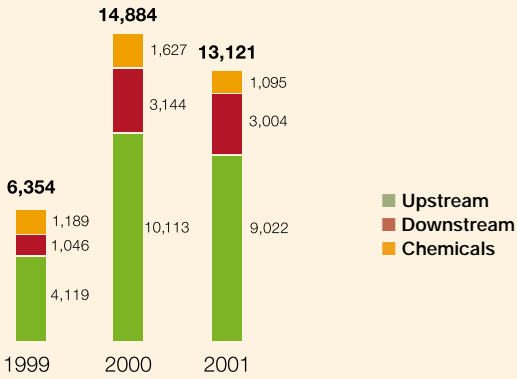


Earnings per share\* (€/share)



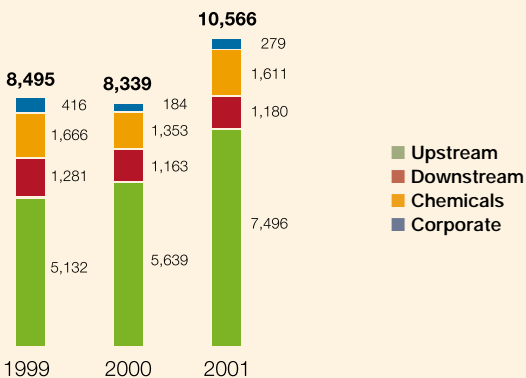
\* Excluding non-recurring items

Operating income from business segments\* (M€)

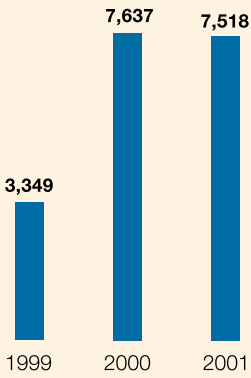


\* Excluding non-recurring items

Gross investments by segment (M€)



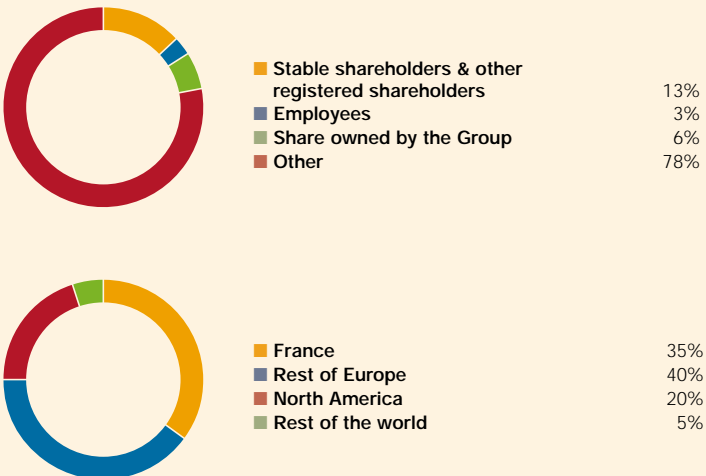
Net income\*  
(Group share) (M€)



\* Excluding non-recurring items

## Group Shareholder Base

At year-end 2001, the Group's estimated shareholder base was as follows:

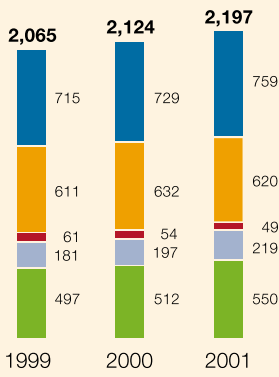


TotalFinaElf has approximately 540,000 shareholders.

# Business Segments Overview

## UPSTREAM

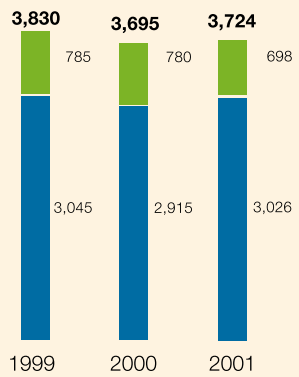
Liquids and gas production by region (kboe/d)



- Europe
- Africa
- North America
- Asia
- Rest of the world

## DOWNSTREAM

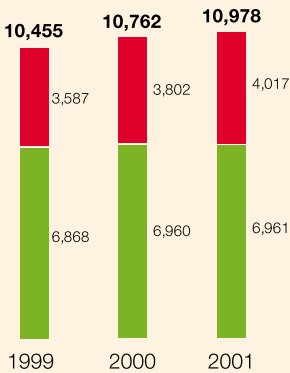
Refined product sales (kb/d) including Trading



- Rest of the world
- Europe

## UPSTREAM

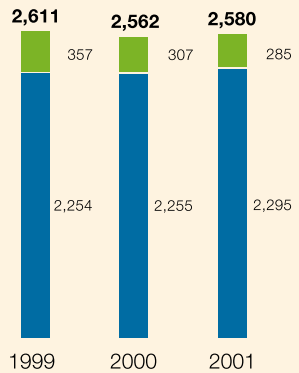
Liquids and gas reserves (Mboe)



- Gas
- Liquids

## DOWNSTREAM

Refining capacity (kb/d) at year-end



- Rest of the world
- Europe



## CHEMICALS

2001 sales by sector



## CHEMICALS

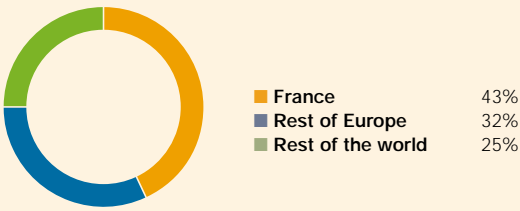
2001 operating income by sector\*



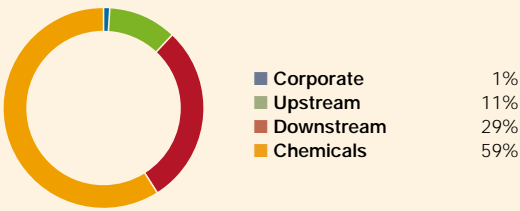
\* Excluding non-recurring items

# »» Human Resources

Employees by region



Employees by segment



**Consolidated subsidiaries.** Employees at year-end 2001: 122,025.

## ➤ 2001: A new stage in the Group's growth



Thierry Desmarest  
Chairman  
and Chief Executive Officer

In the history of our Group, 2001 will be a landmark year. The combination of Totalfina and Elf Aquitaine became official at the beginning of 2000 and has delivered on its promises. Substantial synergies, productivity gains and production growth are allowing us to perform at very competitive levels despite an economic situation and oil environment that declined sharply in the second half of the year.

Unfortunately, 2001 was also the year in which we had to deal with our most serious industrial disaster. On September 21, an explosion at the AZF Grande Paroisse factory in Toulouse took the lives of 30 people and wounded 2,500 others, causing extensive personal injury and material damage. This tragedy dealt a serious blow to the entire Group. While the cause of the explosion remains unknown, we are committed to providing relief and assistance to the victims of this disaster.

Risk is an integral part of our business. It is therefore our responsibility to ensure that we manage it ever more rigorously, so that our activities can be beneficial to the community without exposing it to unacceptable risks. We are conscious of our responsibilities. TotalFinaElf will continue to give absolute priority to human safety, respect for the environment, and the search for excellence in the running of its facilities.

To this end, we have made improvements to our organization as regards safety, the environment and sustainable development, notably by appointing a Senior Vice President in charge of Industrial Safety, with extensive powers. Sharing expertise and analyzing best practice, in France and elsewhere, have become the rule. At the same time, the Group is setting up new tools that will allow the public at large to measure its performance in terms of safety and respect for the environment and to track that performance over time.

In the Upstream sector, we achieved our 2001 production target of 2.2 million barrels of oil equivalent (boe) per day. Our reserves were up 2% to nearly 11 billion boe, or more than 13 years of production at 2001 levels. Unlike some of our competitors, TotalFinaElf has always maintained a high rate of investment, even in periods when crude oil prices were low. Projects launched under those conditions, all operated by the Group — Elgin-Franklin in the North Sea, Girassol in Angola, Sincor in Venezuela, and South Pars in Iran — are generating today's growth. These projects will give a strong boost to production growth which is expected to hit 10% between 2001 and 2002.

Other large-scale projects with low development costs are already under way and will dovetail with these projects. They fall within the scope of our strategy of continued growth in hydrocarbon production at a higher-than-average rate for international oil companies. Year after year, this strengthens our position in terms of reserves and production. The Group is confident that it will be able to achieve a production rate of 2.8 million boe per day (boe/d) by 2005 and to maintain a high level of growth in subsequent years.

To make the most of its reserves, TotalFinaElf is continuing to integrate with the downstream side

**“TotalFinaElf is poised to pursue steady and well-balanced growth, and to assert its global calling.”**

of the gas industry. In 2001, this policy involved acquiring equity interests in gas transportation systems and in electric power plants in Latin America and Europe.

In the Downstream sector, the European oil refining industry suffered a drop in margins compared with 2000. Given this situation, continuing reductions in the breakeven point of the Group's refineries from 20 dollars per ton ten years ago to 9 dollars today enable TotalFinaElf's refining activities to maintain profitability even in a mediocre environment and to contribute income to the Group despite difficult economic conditions. Ongoing synergies and productivity plans in this sector contributed approximately 700 million euros to operating income in 2001, significantly offsetting the adverse effect of the downturn in market indicators.

The good performance of the Downstream sector, which posted operating income of 3 billion euros, excluding non-recurring items in 2001, is also

generated by our strong positions. TotalFinaElf is Europe's number one refiner and marketer and it shares the top position in Africa. Our European refineries are among the most efficient, thanks to optimized management and enhanced specialization. Our network of nearly 17,000 service stations is one of the most successful with our widely appreciated brands, Total, Fina and Elf.

In 2001, TotalFinaElf's Chemicals segment faced strongly deteriorated market conditions in all its business lines: Petrochemicals and plastics, Intermediates and performance polymers, and Specialty chemicals.



Operating income for the Chemicals segment, excluding non-recurring items, was down 33% compared with the previous year. Our main competitors recorded even sharper drops. The base chemicals business is a cyclical one. Through rigorous management and expansion programs at major sites, we will be able to achieve significant improvements as soon as the chemical products market turns around.

The Group's net income for 2001, excluding non-recurring items, comes to 7.52 billion euros, down 2% compared with 2000, a year in which economic conditions were much more favorable.

In a highly volatile oil industry environment, TotalFinaElf is well positioned to maintain a solid financial position. This translates in particular into a lower net debt-to-equity ratio of 31% at year-end 2001, compared with 33% at year-end 2000 and 50% at year-end 1999. This will help the Group withstand the fluctuating environment while pursuing growth.

In 2001, cash flow generated by operations was boosted by a major asset disposal program. Divestitures, calculated at sales price, amounted to 7 billion euros. Most notable were the sales of part of the Group's stakes in Sanofi-Synthelabo and Cogema, the sale of all its Ultramar Diamond Shamrock holdings and the sale of Downstream assets in France, pursuant to commitments made to the European Commission.

In 2001, the Group's free cash flow enabled it to buy back 39 million of its own shares for a total of 6.1 billion euros. Taking these purchases into account, net earnings per share, excluding non-recurring items, stood at 10.85 euros, exceeding the record high achieved the previous year. TotalFinaElf pursued an investment program in 2001, which, in proportion to its size, was one of the largest in the industry. Gross investments amounted to 10.6 billion euros, up 27% in comparison with 2000. In 2002, investments should remain close to 10 billion euros, with the main priority being growth of the Upstream sector.

In 2001, the start of major and highly innovative projects highlighted our teams' ability to carry ambitious projects through to successful completion. Less than two years after the formation of TotalFinaElf, the cultural cohesion of the men and women who make up the Group throughout the world is a major asset for the future.

On the basis of these strengths, a large portfolio of projects, solid financials and the confidence of its shareholders, TotalFinaElf is poised to pursue steady and well-balanced growth, and to assert its global calling. We seek to achieve this growth within the context of our goals to preserve natural spaces and the quality of life to which everyone in the world has a legitimate aspiration – for themselves as well as for future generations.

A handwritten signature in black ink, appearing to read 'Thierry Desmarest', written in a cursive style.

**Thierry Desmarest**



# Questions to Thierry Desmarest

## **What do you think of TotalFinaElf's performance in 2001?**

"The Group demonstrated its ability to withstand the downturn in the oil market that occurred in the second half of 2001 better than some of its major competitors. Increased oil and gas production, cost reductions and implementation of our synergy and productivity programs ahead of schedule resulted in an enhanced intrinsic performance of TotalFinaElf and greater overall robustness."

## **Does the sharp drop in the price of crude oil in the second half of 2001 threaten new projects in the Upstream sector?**

"Generally speaking, our major projects are spread out over construction periods of three or four years. Those now coming on-stream, like Elgin-Franklin in the UK, Girassol in Angola and Sincor in Venezuela, were launched in 1997-1998. Because of their very high quality, we didn't have to postpone them when oil prices were low.

The portfolio of new projects that we are currently launching is also showing good resistance to the lower price of oil with an average profitability of 17% at a price of 17 dollars a barrel. The Group is thus able to continue its oil and gas exploration and production projects."

## **The major share buy-back program implemented in 2001 kept earnings per share at its record level in 2000. Will this program be as extensive this year?**

"Our share buy-back program will indeed continue in 2002, helping to improve our earnings per share. As in the previous year, the program will be financed mainly by proceeds from the disposal of assets. Asset disposals should represent around 2 billion euros in 2002 compared with 7 billion in 2001, so the buy-back program is bound to be less extensive this year."

## **How do the four major Upstream projects launched recently differ from more conventional developments?**

"The Elgin-Franklin oil field development in the North Sea is the largest conducted in the U.K. sector in over twenty years. Its implementation required numerous technological innovations. In Angola, the start of production at Girassol, at a depth of 1,350 m and 150 km from the coast, is the world's largest deep-sea development. The Sincor project in Venezuela, which will produce high-quality synthetic oil from heavy crude extracted from the Orinoco, is an event of prime importance: it confirms the economic and technical feasibility of projects to recover these oils, the reserves of which are very large. In Iran, the South Pars development stands out through the sheer size of the gas field and the capacity simultaneously to transport gas and condensates over a long distance. All of these developments, operated by TotalFinaElf, were rolled out in line with objectives."

## **Have you drawn any lessons, in terms of safety, from the Toulouse disaster?**

"Improving industrial safety has always been one of our priority concerns. Following the tragic explosion at the AZF factory in Toulouse, we are more concerned than ever about improving personnel safety and intent on ensuring the safety of our sites. This is an ongoing quest and we must remain forever vigilant. Our safety performance is comparable to that of our main industrial competitors. Our objective is to step up to a higher level, hoisting ourselves to the top ranks. This means reinforcing our procedures and practices, like reducing our stocks of hazardous materials at sites close to population centers. As of now, 25 to 30% of capital spending budgets for existing sites are already allocated to safety measures."

# ➤ The Executive Committee and the Management Committee

**TotalFinaElf's three business segments** are formed around profit centers: Upstream, Downstream and Chemicals.

Upstream includes oil and gas exploration and production, and gas, power and other energy sources. Downstream covers refining and marketing, along with trading and shipping. The Chemicals segment comprises three main areas:

Petrochemicals and plastics, Intermediates and performance polymers, and Specialty chemicals. The profit centers are supported by the parent company's functional divisions: Finance, Legal Affairs, Strategy and Risk Assessment, Human Resources and Corporate Communications. TotalFinaElf is managed by the Executive Committee (COMEX) and the Management Committee (CODIR). The Executive Committee is TotalFinaElf's primary decision-making body in matters of overall strategy and has investment authority. It also prepares decisions for submission to TotalFinaElf's Board of Directors.

The Management Committee facilitates coordination among the various Group units, monitors the results of the operational divisions and reviews the reports of the functional divisions.



*Members of the Executive Committee*

**Thierry Desmarest**

*Right photograph, from left to right*

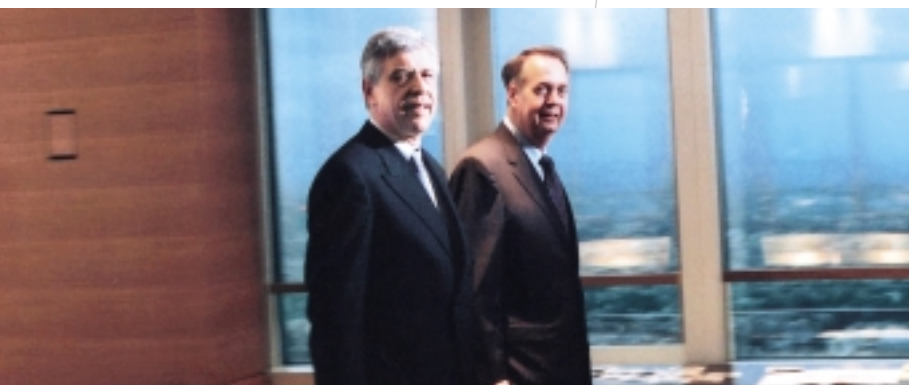
**Christophe de Margerie**  
**Jean-Luc Vermeulen**

*Lower left photograph, from left to right*

**François Cornéris**  
**Robert Castaigne**

*Lower right photograph, from left to right*

**Bruno Weymuller**  
**Jean-Paul Vettier**



**The Executive Committee** ... *Thierry Desmarest, Chairman and Chief Executive Officer; François Cornéris, Vice-Chairman, President of Chemicals; Robert Castaigne, Chief Financial Officer; Christophe de Margerie, President of Exploration and Production; Jean-Luc Vermeulen, President of the Upstream Division; Jean-Paul Vettier, President of Refining and Marketing; Bruno Weymuller, President of Strategy and Risk Assessment*

**The Management Committee** ... *The committee includes all Executive Committee members and 22 senior managers from the various functional and operational divisions.*

**Holding Company** ... *Michel Bonnet, Jean-Jacques Guilbaud, Pierre Guyonnet, Ian Howat, Alain Madec, Bernard Tramier.*

**Upstream** ... *Michel Bénézit, Yves-Louis Darricarrère, Jean-Marie Masset, Charles Mattenet, Jean Privey.*

**Downstream** ... *Alain Champeaux, Jean-Claude Company, François Groh, Pierre Klein, Eric de Menten, André Tricoire.*

**Chemicals** ... *Pierre-Christian Clout, Philippe Goebel, Jean-Bernard Lartigue, Jean-Pierre Seeuws, Hugues Woestelandt.*

COMEX and CODIR composition as of March 1, 2002.





# Corporate val





# ues

TotalFinaElf aims to conduct a determined policy focusing on human resources, safety, respect for the environment and the preservation of natural resources, by setting progress-oriented objectives ... Its policy of growth is implemented for the benefit of all stakeholders through active attention to sustainable development ...



# Corporate Governance

## Members of the Board of Directors ...

of TOTAL FINA ELF S.A. during 2001.

### Thierry Desmarest

Aged 56. Chairman and Chief Executive Officer of TOTAL FINA ELF S.A. Chairman of the Total corporate foundation. Director of Air Liquide, Sanofi-Synthelabo. Member of the Supervisory Board of Areva. Director of TOTAL FINA ELF S.A. since 1995 and until 2004. Appointed Chairman and Chief Executive Officer of Elf Aquitaine on February 15, 2000. Holds 13,000 shares.

### Yves Barsalou

Aged 69. Independent Director\*. Honorary Chairman of Crédit Agricole.



Director of *Midi Libre*, Société des Caves de Roquefort, Sodagri, Banco Espirito Santo. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 741 shares.

### Daniel Bouton

Aged 51. Chairman and Chief Executive Officer of Société Générale. Director of Schneider Electric S.A. Member of the Supervisory Board of Vivendi Environnement. Director of TOTAL FINA ELF S.A. since 1997 and until 2003. Holds 800 shares.

### Bertrand Collomb

Aged 59. Independent Director\*. Chairman and Chief Executive Officer of Lafarge. Member of the Supervisory Board of Allianz Munich. Director of Crédit Commercial de France. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 1,178 shares.

### Honorable Paul Desmarais

Aged 74. Chairman of the Executive Committee of Power Corporation of Canada. Vice-Chairman of Bruxelles Lambert Group. Chairman of Pargesa

Holding S.A (Switzerland). Director of La Great-West (Canada). Director of TOTAL FINA ELF S.A. since 1999 and until 2004. Holds 1,000 shares.

### Xavier Dupont

Aged 69. Independent Director\*. Chairman and Chief Executive Officer of Alfi-Convertix-Luxembourg Sicav. Member of the Supervisory Board of Banque Privée Saint Dominique and Natexis Capital. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 1,000 shares.

### Michel François-Poncet

Aged 66. Vice-Chairman of the Board of Directors of BNP-Paribas. Director of L.V.M.H., Schneider Group, Power Corporation of Canada. Member



of the Supervisory Board of AXA. Director of TOTAL FINA ELF S.A. since 1987 and until 2002. Holds 1,000 shares.

### Baron Frère (Term expired May 17, 2001)

Aged 76. Chairman and Managing Director of Bruxelles Lambert Group. Chairman of the Board of Directors of PetroFina (Belgium). Director of L.V.M.H., CLT-UFA (Luxembourg), Coparex S.A. Member of the Supervisory Board of Suez, Metropole television (M6). Honorary Regent of Banque Nationale de Belgique. Member of the International Committee of Assicurazioni Generali S.p.A. (Italy).

### Jacques Friedman

Aged 69. Director of BNP Paribas, Vivendi Universal, Alcatel. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 1,519 shares.

### Baron Goossens

Aged 57. Independent Director\*. Chairman of Belgacom. Director of K.B.C. Holding Banque Assurance,

Sofina. Director of TOTAL FINA ELF S.A. since 1999 and until 2002. Holds 800 shares.

### Frédéric Isoard

Aged 69. Former Chairman of Elf Trading S.A.-Geneva. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 15,274 shares.

### Professeur Bertrand Jacquillat

Aged 57. Independent Director\*. Professor at the Paris Institut d'Etudes Politiques. Co-founder and Chairman and Chief Executive Officer of Associés en Finance. Director of TOTAL FINA ELF S.A. since 1996 and until 2002. Holds 900 shares.



### Antoine Jeancourt Galignani

Aged 64. Independent Director\*. Former Chairman of Assurances Générales de France. Chairman of the Supervisory Board of Euro Disney SCA. Director of Société Générale, Kaufman & Broad. Director of TOTAL FINA ELF S.A. since 1994 and until 2003. Holds 1,091 shares.

### Anne Lauvergeon

Aged 42. Chairman of the Supervisory Board of Areva. Director of Suez, Sagem, Pechiney. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 500 shares.

### Michel Pébereau

Aged 59. Chairman and Chief Executive Officer of BNP Paribas. Chairman of the Board of Directors of C.I.P. Director of Lafarge, Saint-Gobain. Member of the Supervisory Board of AXA, Galeries Lafayette, Dresdner Bank AG. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 589 shares.



### Thierry de Rudder

Aged 52. Managing Director of Bruxelles Lambert Group. Director of Société Générale de Belgique, Audiofina, Tractebel, PetroFina, Rhodia. Director of TOTAL FINA ELF S.A. since 1999 and until 2004. Holds 989 shares.

### Jürgen Sarrazin

Aged 65. Independent Director\*. Former Chairman of the Dresdner Bank Management Board. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 1,777 shares.

### Robert Studer

Aged 63. Independent Director\*. Former Chairman of the Board of Directors of Union des Banques Suisses. Director of B.A.S.F., Espirito Santo Financial Group, Renault, Schindler Holding.



Director TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 1,463 shares.

### Serge Tchuruk

Aged 64. Independent Director\*. Chairman and Chief Executive Officer of Alcatel. Director of Vivendi Universal, Thales, Société Générale. Member of the Board of Directors of École polytechnique. Director of TOTAL FINA ELF S.A. since 1989 and until 2004. Holds 50,000 shares.

### Pierre Vaillaud

Aged 66. Former Chairman and Chief Executive Officer of Elf Aquitaine and Technip. Director of Technip, Egis. Member of the Supervisory Board of Oddo Pinatton. Director of TOTAL FINA ELF S.A. since 2000 and until 2003. Holds 1,113 shares.

### Lord Alexander of Weedon Q.C.

Aged 65. Independent Director\*. Chairman of The House of Lords Delegated Powers and Deregulation Committee. Former Chairman of Natwest Group. Chancellor

of the Exeter University. Director of TOTAL FINA ELF S.A. since 1996 and until 2002. Holds 800 shares.

*\* Independent Directors have no links with any company that is a shareholder of TOTAL FINA ELF S.A. or any company in which TOTAL FINA ELF S.A. is a shareholder.*

### Board of Directors meetings ...

The Board met six times in 2001. The overall attendance rate was 77%. The meetings focused on the following major points:

**January 30:** Preliminary financial statements for 2000. Proposed acquisition of Argentine assets of Gener.

**March 13:** Final financial statements for 2000 (consolidated financial statements, parent company accounts).



Preparation of the Mixed Annual General Meeting. Approval of the Code of Conduct for Board Members.

**May 17:** Re-appointment of the Chairman. Preliminary first quarter financial statements.

**July 10:** Long-term exploration-production plan. Preliminary first half financial statements. Sale of part of the Group's interest in Cogema.

**September 4:** Final first half 2001 financial statements (consolidated financial statements, parent company accounts).

**November 20:** Third quarter 2001 financial statements. Five-year plan. Update on the Grande Paroisse disaster in Toulouse.

### Board Committees ...

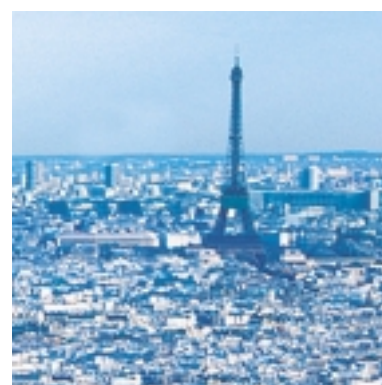
*In 1995, the Group set up two specialized committees that continued their work in 2001.*

### Nomination and Remuneration Committee

The Committee studies and submits to the Board proposals concerning:

- the nomination of new Board members and senior executives,
- compensation for senior executives,
- stock option plans (procedures and amount granted by category of recipient, individual grants to senior executives).

The members of the committee, which met twice in 2001, are Michel François-Poncet, Bertrand Collomb and Serge Tchuruk.



### Audit Committee

The Committee advises the Board on the quality of the accounts and the Group's internal auditing procedures. As such, its duties include opening on:

- the appointment and compensation of auditors,
- the work program of internal and external auditors,
- accounting principles and procedures and half-yearly and annual consolidated financial statements before their examination by the Board.

The members of the committee, which met four times in 2001, are Jacques Friedmann, Bertrand Jacquillat and Thierry de Rudder.



## Allocation of TotalFinaElf stock options

		Number of recipients	Number of options granted	Distribution	Average number of options per recipient
<b>1995 Plan</b> <sup>(1)</sup>	Top Executives <sup>(5)</sup>	14	166,000	17.5%	11,857
<b>Options to subscribe</b>	Officers	138	344,700	36.4%	2,498
<i>(decided by the Board of Directors on September 5, 1995; strike: 291 F or 44.36 euros; discount: 4.7%)</i>	Other employees	584	435,800	46.0%	746
	<b>Total</b>	<b>736</b>	<b>946,500</b>	<b>100%</b>	<b>1,286</b>
<b>1996 Plan</b> <sup>(1)</sup>	Top Executives <sup>(5)</sup>	14	154,000	16.0%	11,000
<b>Options to subscribe</b>	Officers	138	359,400	37.4%	2,604
<i>(decided by the Board of Directors on December 11, 1996; strike: 392 F or 59.76 euros; discount: 5%)</i>	Other employees	650	446,600	46.5%	687
	<b>Total</b>	<b>802</b>	<b>960,000</b>	<b>100%</b>	<b>1,197</b>
<b>1998 Plan</b> <sup>(2)</sup>	Top Executives <sup>(5)</sup>	16	157,500	16.5%	9,844
<b>Options to subscribe</b>	Officers	162	347,600	36.4%	2,146
<i>(decided by the Board of Directors on March 17, 1998; strike: 615 F or 93.76 euros; discount: 4.94%)</i>	Other employees	824	449,900	47.1%	546
	<b>Total</b>	<b>1,002</b>	<b>955,000</b>	<b>100%</b>	<b>953</b>
<b>1999 Plan</b> <sup>(2)</sup>	Top Executives <sup>(5)</sup>	19	279,000	18.6%	14,684
<b>Options to subscribe</b>	Officers	215	517,000	34.5%	2,405
<i>(decided by the Board of Directors on June 15, 1999; strike: 113 euros; discount: 4.74%)</i>	Other employees	1,351	703,767	46.9%	521
	<b>Total</b>	<b>1,585</b>	<b>1,499,767</b>	<b>100 %</b>	<b>946</b>
<b>2000 Plan</b> <sup>(3) (6)</sup>	Top Executives <sup>(5)</sup>	24	246,200	10.1%	10,258
<b>Options to subscribe</b>	Officers	298	660,700	27.2%	2,217
<i>(decided by the Board of Directors on July 11 2000; strike: 162.70 euros; discount: 0.0%)</i>	Other employees	2,740	1,518,745	62.6%	554
	<b>Total</b>	<b>3,062</b>	<b>2,425,645</b>	<b>100%</b>	<b>792</b>
<b>2001 Plan</b> <sup>(4) (6)</sup>	Top Executives <sup>(5)</sup>	21	295,350	11.0%	14,064
<b>Options to subscribe</b>	Officers	281	648,950	24.1%	2,309
<i>(decided by the Board of Directors on July 10, 2001; strike: 168.20 euros; discount: 0.0%)</i>	Other employees	3,318	1,749,075	64.9%	527
	<b>Total</b>	<b>3,620</b>	<b>2,693,375</b>	<b>100%</b>	<b>744</b>

<sup>(1)</sup> The Vesting Schedule is equal to 3 years while the duration of the option is 6 years.

<sup>(2)</sup> The Vesting Schedule is equal to 5 years while the duration of the option is 8 years.

<sup>(3)</sup> The Vesting Schedule is equal to 4 years plus one year during which the underlying shares cannot be sold. The duration of the option is 8 years.

<sup>(4)</sup> The options may be exercised from January 1, 2005 and must be exercised within 8 years of the grant date. The vesting schedule also prohibits sale of underlying shares for 4 years.

<sup>(5)</sup> Management Committee and Treasurer as defined as of the date of the Board of Directors which decided to grant options.

<sup>(6)</sup> Certain employees of Elf Aquitaine in 1998 received confirmation in 2000 and 2001 of Elf Aquitaine options allocated in 1998 subject to the realization of performance objectives by the Elf Aquitaine group between 1998 and 2002 (see page 143).

## Compensation of Directors and Executive Officers ...

The aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the executive officers as a group (the members of the management committee and the treasurer) was 14.8 million euros for the fiscal year ended December 31, 2001 (twenty six executive officers) compared to 13.8 million euros for the year ended December 31, 2000 (twenty seven executive officers) <sup>(1)</sup>. Variable compensation accounted for 37.5% of the aggregate amount in 2001. Executive officers who are Directors of affiliates of the Company are not entitled to retain any Directors' Fees.

Mr. Thierry Desmarest's total gross compensation (including benefits in kind) paid by Group companies was 2,225,070 euros in 2001. The variable portion paid in 2001, assessed on the base salary set by the Board of Directors and depending on the Group's results for the previous year, amounted to 1,067,143 euros.

The amount paid to the members of the Board of Directors as Director's Fees was 0.76 million euros in 2001 (as decided by the Ordinary Shareholders' Meeting held on March 22, 2000 which set the total amount of Directors' Fees as of the financial year 2000 at 5 million francs). There were 20 Directors as of December 31, 2001 compared with 21 as of December 31, 2000.

The aggregate amount of 0.76 million euros paid as directors fees in 2001 was distributed as follows:

- a fixed amount of 15,000 euros per director (prorata temporis in case of a change during the period),
- a global amount of 4,000 euros per director member of the Audit Committee or the Nomination and Remuneration Committee, for each effective attendance at a Committee meeting,
- the balance is distributed among the directors according to an effective attendance of the meeting of the Board of Directors.

Details of the compensation allocated to each Director are shown on page 151 to 154.

<sup>(1)</sup> For the members of the Executive Committee, this amounted to € 8.11 million in 2001 (8 members) and € 7.26 million in 2000 (9 members).

Set forth below is the name of each executive officer of the Company as of December 31, 2001 (26 officers as of December 31, 2001 and 27 officers as of December 31, 2000):

**Management Committee**

Thierry DESMAREST\*  
François CORNELIS\*  
Bernard de COMBRET\*  
Jean-Luc VERMEULEN\*  
Christophe de MARGERIE\*  
Jean-Paul VETTIER\*  
Robert CASTAIGNE\*  
Bruno WEYMULLER\*

Michel BENEZIT  
Michel BONNET  
Wayne BRENCKLE  
Axel de BROQUEVILLE  
Alain CHAMPEAUX  
Jean-Claude COMPANY  
Yves-Louis DARRICARRERE  
Yves EDERN  
Jean-Jacques GUILBAUD  
Ian HOWAT  
Jean-Bernard LARTIGUE  
Alain MADEC

Patrick RAMBAUD  
Jean-Pierre SEEUWS  
Bernard TRAMIER  
André TRICOIRE  
Hugues WOESTELANDT

**Treasurer**

Charles PARIS de BOLLARDIERE

\* Member of the Executive Committee as of December 31, 2001.

**TotalFinaElf share subscription and purchase options granted to Executive Officers as a group (Management Committee and Treasurer as of December 31, 2001)**

	1995 Subscription Plan	1996 Subscription Plan	1998 Purchase Plan	1999 Purchase Plan	2000 Purchase Plan	2001 Purchase Plan	Total
Exercise price (in euros)	44.36	59.76	93.76	113.00	162.70	168.20	
Expiration date	09/05/2001	12/11/2002	03/17/2006	06/15/2007	07/11/2008	07/10/2009	
Options granted	127,000	139,200	139,000	248,000	237,700	-	890,900
Existing options as of January 1, 2001	3,000	77,500	126,000	248,000	237,700	-	692,200
Options granted in fiscal year 2001	-	-	-	-	-	295,350	295,350
Options exercised in fiscal year 2001	3,000	19,500	0	0	0	0	22,500
Existing options as of December 31, 2001	0	58,000	126,000	248,000	237,700	295,350	965,050

NB: Among the Management Committee and the Treasurer of TotalFinaElf as of December 31, 2001, certain members coming from Elf Aquitaine hold Elf Aquitaine options entitling them to, in the event of exercise, exchange Elf Aquitaine shares for TotalFinaElf shares on the basis of the exchange ratio set during the 1999 Exchange Offer, being 19 TotalFinaElf shares for 13 Elf Aquitaine shares (see page 138).

The total number of share purchase options granted in 2001 to the ten employees of TOTAL FINA ELF S.A. and all other companies included in the Group's scope of consolidation (not TOTAL FINA ELF S.A. directors) receiving the largest number of options

granted, amounted to 166,000 options at a strike price of euros 168.20 (single allocation plan decided by the Board of Directors on July 10, 2001). The total number of share subscription or purchase options exercised in 2001 by the ten employees of TOTAL FINA ELF S.A.

and all other companies included in the Group's scope of consolidation (not TOTAL FINA ELF S.A. directors) subscribing or purchasing the largest number of options, amounted to 55,700 options at an average weighted strike price of 55.21 euros.

**TotalFinaElf share subscription and purchase options granted to Mr. Thierry Desmarest, Chairman of the Board of TOTAL FINA ELF S.A.**

	1996 Subscription Plan	1998 Purchase Plan	1999 Purchase Plan	2000 Purchase Plan	2001 Purchase Plan	Total
Exercise price (in euros)	59.76	93.76	113.00	162.70	168.20	
Expiration date	12/11/2002	03/17/2006	06/15/2007	07/11/2008	07/10/2009	
Options granted	32,000	30,000	40,000	50,000	-	152,000
Existing options as of January 1, 2001	27,000	30,000	40,000	50,000	-	147,000
Options granted in fiscal year 2001	-	-	-	-	75,000	75,000
Options exercised in fiscal year 2001	10,000	0	0	0	0	10,000
Existing options as of December 31, 2001	17,000	30,000	40,000	50,000	75,000	212,000



# Our industrial responsibilities

TotalFinaElf has made it a top priority to define and implement uniform policy guidelines to be applied throughout the businesses of the new Group, including the adoption of a code of conduct, the creation of an ethics committee and the development of a sustainable policy for growth reflecting the company's social responsibility.



The Ethics Committee announces the Code of Conduct guidelines, and ensures that its commitments are actually reflected in the rules and procedures of the companies in the Group.

## Referring Matters to the Ethics Committee

Problems of an ethical nature are normally dealt with by management, but the Code of Conduct specifies that all employees have the option of referring matters to the Ethics Committee directly. Under this provision, 25 cases relating to ethical issues were submitted in writing to the Committee. These cases were reviewed in accordance with the policy of confidentiality, and recommendations were made regarding them. In addition, the members of the Committee were called upon to decide on various cases submitted orally.

## Recommendations

The Committee made several recommendations to the Chairman of the Group and to the Executive Committee on major issues that are often raised.

## Measuring Ethical Performance

New innovative processes are now being designed to measure ethical performance. They should be in use before the end of 2002.

## External Communications and Contribution to Public dialog

The Committee has answered a number of questions on the Group's ethics, mainly brought up by official agencies such as the European Parliament and non-governmental organizations. It has established a constructive dialog with ethics rating agencies.



## Mission statement ...

*As a global energy group of European origin, our ambition is to meet society's energy needs by offering an ever-broader range of products and services. We carry out that mission with commitment, professionalism, service and loyalty — all values to which we are deeply attached. Finding, manufacturing and distributing reliable quality products is the goal we seek to achieve, drawing on innovation and state-of-the-art technologies to do so. We conduct our oil and gas and chemicals activities in an ongoing spirit of transparency, outreach, partnership and solidarity, in order to meet society's expectations and rise to the crucial challenges of ensuring the safety of people and property, preserving natural resources and protecting the environment.*

## Ensuring Adherence to Values and Policies ...

The Ethics Committee, formed in March 2001, has implemented a variety of policies, as illustrated below:

### In-house Communications and Training

The values and policies of TotalFinaElf as well as the provisions of the Code of Conduct have been presented to most of the Group's employees. Some fifty specific presentations have been made by the members of the Ethics Committee to some 2,000 persons, mostly in managerial positions, during seminars or in their respective subsidiaries. These presentations have then been passed on through the managerial lines of authority down through the various business units. In addition, an awareness training session on issues of corporate ethics has been designed and introduced.



Representatives of the Group participated actively in a certain number of French and international organizations dealing with the ethical implications of corporate policy. In this area, TotalFinaElf has recently agreed to take part in the initiative by the UN Secretary General known as *Global Compact*, aimed at promoting the emergence of shared policies and values and giving globalization a new look. Member companies of the *Global Compact* take part in, support and implement in their businesses nine policy and behavioral guidelines relating to Human Rights, international labor standards and environmental protection. Today about 100 companies have joined the Global Compact.

The Group has focused its human resources policy on managing a global workforce and providing for greater job mobility and renewals aimed at professional excellence.

### Human Resources Management Guided by a Search for Excellence ...

**Management on a Global Scale**  
TotalFinaElf is one of the most widely present industrial companies operating on a global scale. Managing its workforce involves local constraints as well as varying business practices. For that reason, the organization established as a result of the merger is for the most part decentralized, with human resources departments established in each division and a genuine delegation of responsibilities to local levels. On the other hand, for the sake of consistency in managing its human resources, the Group has established a central human resources department that defines the major guidelines in each of the key areas: recruiting, labor relations, training and compensation. All global managerial positions (25,000) have been evaluated by means



of an international rating system used and recognized by other groups of comparable size.

### Fostering Mobility

TotalFinaElf believes mobility is beneficial both for employees, who see it as an opportunity to acquire broader professional experience, and for the businesses of the Group, which benefit at all levels from regular employee renewal. In 2001, the Group enacted new standards governing expatriation, which apply to all expatriates, irrespective of their country of origin, residence or arrival. The Group has also provided its employees an intranet site devoted to mobility. Lastly, in each of its divisions, it is developing job mobility plans based on job reports that are updated regularly.





# Our industrial responsibilities



TotalFinaElf wishes to motivate its employees, with a respect for diversity, within the context of a constructive dialog.



## Fostering Employee Motivation

The wide variety of businesses and facilities, the countless opportunities for career advancement offered by the Group to its employees, the policy of maintaining skills and accessing useful knowledge are all contributing factors to motivate employees and foster their loyalty. However, TotalFinaElf also wishes to motivate them by applying an individualized compensation policy reflecting their individual performance within the broader context of the Group's overall performance and that of their company. In line with this plan, the Group has introduced financial incentive systems adapted to national contexts and laws to reward sales and marketing, technical (including environmental security) or financial performance, while at the same time remaining attractive as compared to the various other job markets.

## Staff Renewal

To continue assisting employees in obtaining a stake in the Group's equity capital, the Board of Directors approved on November 20, 2001 a capital increase reserved for TotalFinaElf employees participating in the Group's savings plans. This offering, the first of its type for the TotalFinaElf group, was launched on December 17, 2001 at a subscription price of 122.70 euros and ran until February 15, 2002. It proved to be a big success with over 50,000 people in 85 countries subscribing for 2,785,214 new shares. Similarly, the Group has substantially increased the number of recipients of stock subscription and stock purchase options. By the end of 2001, over 3,000 employees had been granted stock options for their personal achievements in boosting Group performance.

## Staff Renewal

In France, in the Petroleum sector, a selective early retirement plan and a voluntary redundancy plan were offered to employees. A total of 1,625 employees opted for the early retirement plan, 525 of whom left the company sometime in 2001. In Chemicals, a research center was closed and an early retirement plan was offered to the employees of the Paris and Philadelphia headquarters, equivalent to the reduction of 600 positions. TotalFinaElf has continued to hire new employees and has an active policy involving contacts with schools and universities. A special website has been set up in order to facilitate dialog with potential applicants and to expand the future recruiting base. In 2001, this site received applications numbering in the tens of thousands.



**Industrial Safety:  
Objectives for Progress  
and a New Organizational  
Structure to achieve  
the Best standards  
in the Profession ...**

In 2001, the explosion at the AZF Grande Paroisse plant in Toulouse, in the wake of the serious accident at the US Atofina Chemicals plant in Riverview, Michigan, in the US, is a tragic reminder that the petroleum and chemicals businesses are hazardous ones.

Our industry has been living with this risk since the beginning, and is constantly developing techniques to control it. The tragic events of 2001 led to necessary dialog on the company's role, values and businesses, and on the issue of organization. TotalFinaElf now has a new organizational structure designed to attain the next level in terms of safety aimed to raise the Group to the best standards in the profession in all its business segments.

TotalFinaElf has over 1,500 employees working full-time on issues relating to the environment and to safety. Over one billion euros in operating expenses have been devoted to these issues. The "Health Safety Environment Quality" Charter defines the basic principles for conducting TotalFinaElf's operations. It is accompanied by an explanatory guide and guidelines applicable to the specific activities of the operating divisions. Every TotalFinaElf employee and sub-contractor is required to comply with these provisions.

**Special Training in Safety and Respect for the Environment**

Training and risk awareness play a key role in workplace safety. TotalFinaElf makes a point of including its subcontractors' supervisors and ground crews in its various safety awareness and training programs. All the Group's general training programs include presentations on safety and the environment. There are two specific training programs, SEV1 and SEV2. The first one is intended to provide future senior executives with basic

**Our industry has been living with risk since the beginning, and is constantly developing techniques to control it.**



data regarding safety and the environment. The second one is designed to train employees who will be in charge of safety and the environment in the future.

**Policies and Objectives  
Maritime Safety**

After the wreck of the *Erika* in 1999, TotalFinaElf issued more stringent criteria for selecting chartered ships. Thus, the Group became the first oil company to impose a 20-year age limit on ships over 80,000 tons and a 25-year limit on all other chartered ships. TotalFinaElf is calling for greater oversight and liability on the part of the rating companies, and better compensation procedures by increasing the liability of all parties involved.

**Treatment of waste arising from the Erika shipwreck**

Nearly 220,000 tons of waste collected during the cleaning operation of the coastal areas were temporarily placed in 4 large storage centers. Processing plants on the Bossène site near the Donges refinery began operations in April 2001. To date, more than 18,000 tons of waste have been processed and completion is forecast for the fourth quarter of 2003.

**Safety Management and Certification**

Safety management systems like International Safety Rating System (ISRS) are being extended to all our facilities. Some that are already in use at the Port Arthur refinery in Texas and the polypropylene plant in La Porte, Texas, have already achieved an outstanding performance

(continued on page 17)

## **Toulouse: explosion of the AZF Grande Paroisse plant**

### **Understanding the causes**

On Friday, September 21, at 10:15 a.m., a warehouse containing 200 to 300 metric tons of ammonium nitrate pellets exploded at the AZF Grande Paroisse plant in Toulouse. The explosion took the lives of 30 people – including 10 employees at the Grande Paroisse plant and 12 service providers – and wounded 2,500 others. In addition to the human tragedy, the violence of the explosion caused immense physical damage to the surrounding area, which had become urbanized over the years.

#### **Deploying emergency measures**

In the face of this catastrophe, TotalFinaElf immediately deployed human, financial and technical aid. In parallel with the on-site intervention of rescue workers, TotalFinaElf set up an information unit for the families of the victims and a unit providing medical and psychological help at the AZF site.

The Group also implemented emergency financial measures to cope with the situation. On September 21, a 1.5 million euro fund was made available to the local community for rescue work and emergency assistance to the victims.

On September 28, a 3 million euro fund was created. The fund is managed by the French Red Cross and provides emergency help for the people most affected. Individual aid was granted to bereaved families, to the children of the victims, to the wounded and to Toulouse residents left homeless.

TotalFinaElf also decided to defray all extra energy costs (heating and lighting) for private and public sector housing. To fulfill its role as a local industrial actor to stand by the community, the Group set up special aid for businesses to speed the recovery of the industrial zone in the affected area.

Regarding insurance coverage, on September 22 TotalFinaElf created an *ad hoc* organization to treat the multitude of claims, including those of uninsured victims. For insured victims, special agreements were entered into with the direct insurers in accordance with a national agreement prepared by a committee for victims set up under the auspices of the Ministry of Justice.

#### **Understanding the causes of the explosion**

To this day, the causes of the explosion are still unknown and four inquiries are under way to determine them. The day after the catastrophe, Grande Paroisse set up an investigating commission to conduct the necessary inquiries. The commission is made up of experts from the Group and has the scientific and technical backing of an International Committee of Experts: the Combustion and Explosives Laboratory of the CNRS in Poitiers, the Ecole Nationale Supérieure de Chimie of Toulouse, the Microbial Ecology Laboratory of the University of Lyon, the University of Aix-Marseille, the TNO Center of the Netherlands and the Institute of Physical Chemistry of Moscow.

The results of this inquiry will be made public. In addition, a judicial investigation and expert inquiry is being pursued under the criminal proceedings which the Toulouse public prosecutor's office commenced September 24. A third inquiry is being conducted by the Ministry of the Environment. A fourth inquiry is being performed by a civil judicial expert named upon our request.



# Our industrial responsibilities

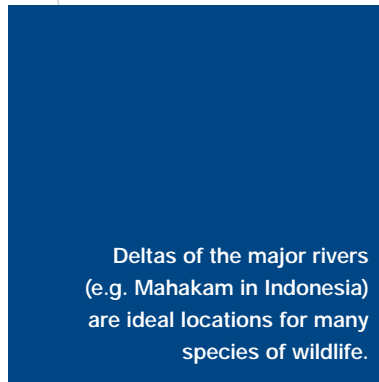
and are close to receiving the highest possible score on the ISRS evaluation scale, which goes from 0 to 10. Our objective is for all our facilities to be at least at level 7. We are also introducing ISO standard 14001 for the environmental management of all our facilities. 94 sites have been certified in 2001, representing the vast majority (75%) of the most exposed sites, which were obviously given priority. Some of the others,



such as our Saint-Fergus natural gas terminal in Scotland, have dual ISO 14001 and EMAS accreditation.

## Greater Awareness of Risks

Greater awareness of risks no longer applies only to issues of safety and the environment, but has now been expanded to encompass other potential crisis situations such as a computer crisis. A Strategic Crisis Prevention and Management Committee has been established to deal with all possible risks. Similarly, in terms of controlling accidental marine pollution, an Operating Committee known as Cogédac has been established. It brings together all Group companies concerned, especially in the chemicals business, which is playing a very active role in this area.



Deltas of the major rivers (e.g. Mahakam in Indonesia) are ideal locations for many species of wildlife.

## Contributing to Sustainable Development by Applying Tangible Measures to the Core Business ...

Sustainable development means making issues related to the environment and to society an integral part of economic growth. It means finding a happy medium between the needs of mankind and the resources of the planet and balancing the short and long-term costs and benefits.

As part of its sustainable development policy, TotalFinaElf has identified five areas in which it possess the skills and experience required to provide concrete solutions to the needs of stakeholders.



## Making the Most of Oil and Gas Resources

Oil and gas will remain vital energy sources for economic development for many years to come. In 2001, the Group did its part in meeting this challenge by bringing on stream reserves requiring expertise in cutting-edge technology:

- in the North Sea, Elgin/Franklin is opening up deep high pressure, high temperatures, sedimentary basins;
- in Venezuela, Sincor is confirming the economic and technical feasibility of plans to develop heavy oil, which are found in place in much greater quantities than conventional oil;
- in Angola, Girassol, the largest deep water development in the world, was brought on stream at depths of 1,350 meters and at a distance of 150 km off the coast.



# Our industrial responsibilities



As a pioneer in developing biofuels, TotalFinaElf is the world's top producer, manufacturing 200,000 tons a year of ETBE (Ethyl-tertio-butyl-ether).

TotalFinaElf is also the world's leading producer of diesel fuel and home heating oil containing ester from colza.



**Developing New Energy Sources**  
In 2001, the Group took the following steps:

- increased by 20% the amount of bio-diesel fuel sold in France by adding it to diesel engine fuel;
- filed permit applications for wind farms in France at its Dunkirk manufacturing plant and in Belgium off the coast of Zeebrugge;
- established a business called Photovoltech that manufactures photovoltaic cells and panels, in partnership with Electrabel;
- established testing and development programs for the manufacture of fuel cells using high-performance polymers and for decentralized hydrogen production, in order to enhance the technical and economic performance of cells.

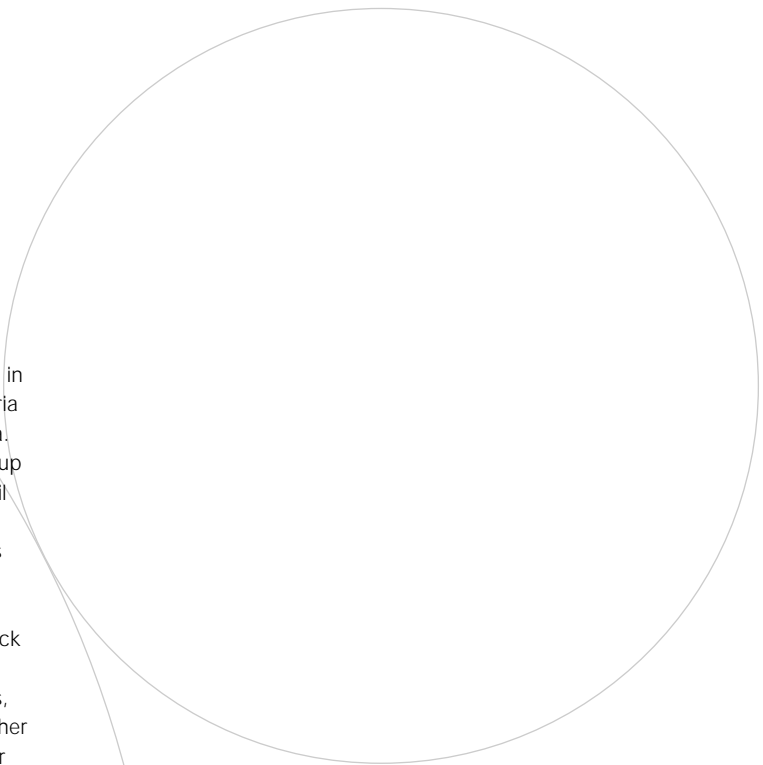
**Improving the Products and their Use**  
When developing new products, the Group takes their life cycle into account, from production to use by the customer, in order to make strategic, technical and commercial choices. This approach is especially relevant when it comes to the chemical materials used in housing or automobile manufacturing, asphalt and lubricants, engine and other fuels. The design and implementation of manufacturing processes include energy and raw materials management, as well as the recycling of used materials.

**Making the Business a Part of Community Life**  
For the past several years in France, in the regions in which it operates, the Group has been working with local communities to foster economic ties and forge agreements with special emphasis on small and medium-sized businesses. This approach can take

four forms: sharing of know-how and technology possessed by the Group; international development assistance in the countries in which the Group is active; assistance with industrial rehabilitation and redeployment; financial assistance with business recovery or creation. This program has been in operation for two and a half years and has been instrumental in creating or saving 950 jobs. In the international arena, TotalFinaElf is taking part in a number of development programs in the areas of economic assistance, health care and education. In this area, for example, the Group takes keen interest in the sustainable development of the large river deltas, which are often petroleum prospecting areas, as major oil and gas fields originate in those river beds. These are sensitive areas where animal and plant species thrive. Access is difficult, which has delayed the economic development of these areas.



TotalFinaElf holds petroleum permits in the deltas of the Niger River in Nigeria and the Mahakam River in Indonesia. It has been instrumental in opening up these areas and in promoting non-oil related activities. It is carrying out major socio-economic programs in support of local development and seeking a balance between oil and related activities such as livestock and marine farms, on the one hand, and natural resources (water, forests, animal and plant species), on the other hand. These programs include major social components such as hygiene, healthcare and education.



Spent oil processing unit, known as Ecolube, located in Douala, Cameroon.

LPG domestics: allies in the combat against deforestation.



**Minimizing the Impact of our Activities on the Environment**

Sensitivity to environmental issues is nothing new to the companies in the Group, allowing us to meet public expectations and to pursue our activities with the least possible impact on the environment. Environmentally sound management is being combined with technology to better control the impact of the Group's activities on fresh water resources, oceans and the soil, and to provide for environmental protection and health in the life cycle of its products.

**Controlling Greenhouse Gases**

The Group is intent on doing its part in the global effort to control greenhouse gases, both by pursuing internal policies to reduce emissions of each operating unit and by offering more efficient products in this area. From 1990 to 2000, TotalFinaElf reduced its emissions by 10%.

This means an annual reduction of seven million tons of greenhouse gases released into the atmosphere. This result was achieved despite a notable increase in production. In keeping with the Kyoto message on climate change, the Group will continue its efforts to achieve voluntary emissions reduction objectives.

**Managing Industrial Waste and Rehabilitating Sites**

TotalFinaElf plants process a wide variety of wastes, and there is a large number of related businesses and service-providers on the market. Recycling is always the top priority whenever feasible. To assist subsidiaries in making the right choice, the Group has produced an IWM (Industrial Waste Management) database for its production sites in France, which is a genuine real-time management tool. They can use it to consult the European catalog, to share and compare choices of methods, service-providers and waste processing costs.

The Group has made an inventory of its industrial sites in order to evaluate the nature and extent of any rehabilitation work to be performed. At the same time, it is working with public research laboratories to conduct research on soil rehabilitation methods. Several new avenues are being explored, such as phytoremediation, natural abatement and reactive barriers. Offshore, the end of the life of oil fields and the future of declassified facilities is an on-going concern at TotalFinaElf. Its Norwegian subsidiary in particular conferred widely with the parties affected before drafting its plan to shut-down the Frigg field.

*The 2001 Environment and Safety Report is available on request from the Corporate Communications Division and by logging on to [www.totalfinaelf.com](http://www.totalfinaelf.com)*

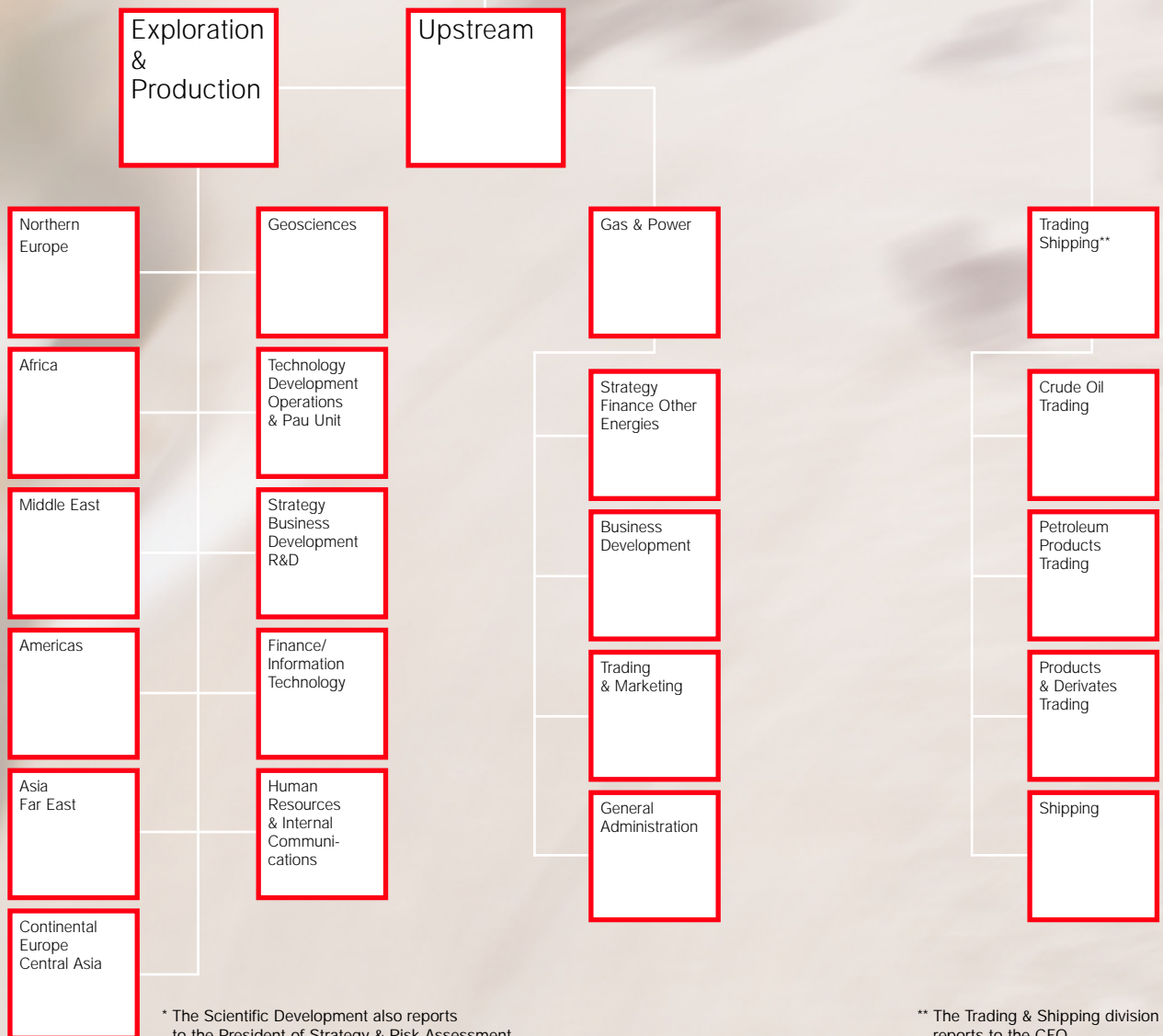


# Organization Chart

March 1, 2002

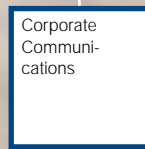
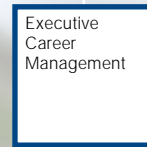


## Upstream



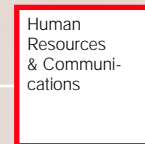
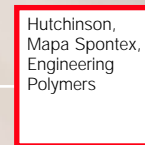
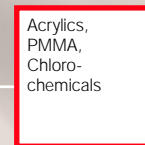
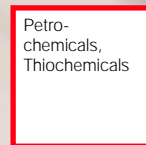
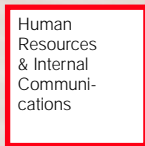
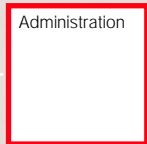
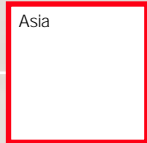
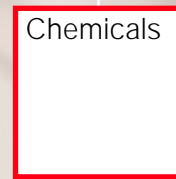
\* The Scientific Development also reports to the President of Strategy & Risk Assessment.

\*\* The Trading & Shipping division reports to the CFO.



Downstream

Chemicals





# 2001 Industrial Events



## UNITED STATES

- Launch of the Matterhorn development
- Partnership with Delphi
- Start of steam cracker operations at Port Arthur

## SOUTH AMERICA

### Argentina

- Acquisition of majority interests in the Hidroneuquen and Central Puerto power plants
- Launch of Carina and Ariès development

### Bolivia

- New gas discovery on Bloc XX
- Start of production at San Alberto

### Trinidad

- Kairi and Canteen discoveries

### Venezuela

- Start-up of Sincor facilities
- Allotment of Yucal Placer gas fields



## EUROPE

### France

- Acquisition of Air Liquide's LPG activity
- Sell-off of service stations to AGIP
- Start of construction work on a cogeneration unit

### Italy

- Purchase of 40 highway service stations

### Norway

- Start of production at Huldra

## UK

- Start of production at Elgin/Franklin and Nuggets
- Launch of the Otter development
- Strengthening of positions in electricity generation
- Acquisition of Croda, in resins

### Netherlands

- Start of gas production on K4BE

## CENTRAL EUROPE

### Kazakhstan

- Positive appraisal at Kashagan; stake increased to 16.7%

### Turkey

- Interest in Total Oil Turkiye increased to 100%

## MIDDLE EAST

### Saudi Arabia

- Participation in the "Core Venture 3" project

### Iran

- South Pars works in final phase
- Completion of the Sirri A-E project

### Qatar

- Agreement signed to share production from the Dolphin project
- Agreement to build an ethane cracker
- Launch of the Qatar Vinyl Corporation

## AFRICA

### Angola

- Start of production at Girassol
- Tombua discovery

### Libya

- NC 186 discoveries
- Launch of the development of Bloc 137

### Nigeria

- Discovery at Bonga South West
- Positive appraisal at Akpo

### Gabon

- Start of production at Atora

### Zambia

- Start of refining operations and network reinforcement

## ASIA

### China

- Agreement with China Merchants on LPG

### Pakistan

- Launch of a distribution network



# The Group's





# three segments

**Upstream:** Rapid growth of production and reserves through major projects with low development costs and implementation of high-potential exploration programs. Development of Downstream gas operations to anticipate changes in the global energy landscape ... **Downstream :** TotalFinaElf is one of the world's top five and the European leader in this sector. It is focusing on its customers, relying on strong brand names and conducting innovative marketing for services and proximity ... **Chemicals :** The Group's chemicals division, Atofina, focuses on the most profitable sectors, relying on the creativity of its scientists, on globalization and on the consolidation of its markets ...





# Four major projects achieving growth

In 2001, Group oil and gas production rose 3.4% to 2.20 millions of boe/d, while proven reserves rose 2% to 10.98 billions of boe. Several major highly technical projects were brought on stream: production started at Elgin-Franklin in the UK, Girassol in Angola, Sincor in Venezuela, and South Pars in Iran.



The start-up of Elgin-Franklin in the North Sea and Girassol off the coast of Angola set new high-temperature/high-pressure (Elgin-Franklin, left) and depth records (Girassol, right).



## Exploration & Production

### Europe

In the UK, the Elgin-Franklin oil and gas fields operated by TotalFinaElf (46.2%) came on stream. At a depth of approximately 5,500 meters, they are the deepest ever developed in the North Sea and constitute the oil industry's largest high-temperature/high-pressure undertaking worldwide. Combined production at Elgin and Franklin will plateau at 220,000 boe per day. The Nuggets gas fields operated by TotalFinaElf (100%) came on stream and development began on the Otter fields operated by TotalFinaElf (54.3%) ... In the Netherlands, K4BE gas production began ... In Norway, the Huldra gas and condensate fields in the Norwegian North Sea came on stream (TotalFinaElf 24.3%).

### Africa

In Angola, production started at the Girassol field operated by TotalFinaElf (40%) 150 km off the coast. At a depth of 1,350 m, Girassol is the world's largest deep-sea development and deploys innovative techniques. Production is expected to level off at 200 kboe/d ... Discovery of Tombua on Block 14 (TotalFinaElf 20%) ... In Gabon, the Atora oil field operated by Elf Gabon (40%) came on stream ... In Libya, discoveries on NC 186 (TotalFinaElf 24%) and start of development of structure B on Block C 137 operated by TotalFinaElf (37.5%) ... In Nigeria, major discovery on Bonga South West (TotalFinaElf 12.5%) and positive appraisal at Akpo 1 (TotalFinaElf 24%) on the OPL 246 deep-water permit.

### North America

In the Gulf of Mexico, development of Matterhorn was launched. This field, wholly owned and operated by TotalFinaElf E&P USA, is about 170 kilometers southeast of New Orleans at a depth of 850 meters.

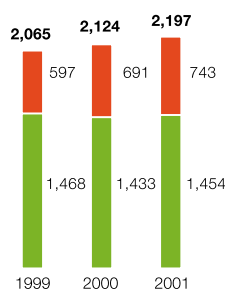
### Middle East

In Saudi Arabia, the government awarded the "Core Venture 3" contract to a consortium in which TotalFinaElf holds a 30% stake. The project involves developing gas reserves in the Shaybah area to supply a petrochemical plant and a power generation and desalination plant on the Arabo Persian Gulf coast ... In Iran, the Sirri A-E project operated by TotalFinaElf (60% interest in the consortium) was completed and work on the giant gas field of South Pars was finalized. Production is due to start in the first quarter of 2002 ...

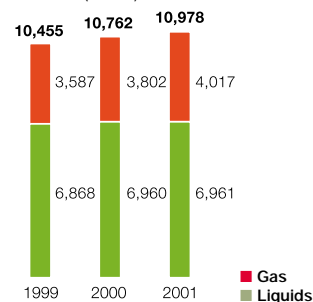


Growth in production of hydrocarbons is higher than the average of the industry.

Liquids and gas production (kboe/d)



Liquids and gas reserves (Mboe)



**Upstream:** Oil and gas Exploration and Production, liquefied natural gas,  
**Downstream gas, power generation, coal and other energies, the world's fifth largest producer of hydrocarbons\*** **No.1** in Africa; **No. 2** in the Middle East:  
 Exploration & Production in **45** countries. **2.20** Mboe/d produced in 2001.  
**10.98** Bboe of reserves on December 31, 2001, including **37%** in natural gas.  
 2001 investments: **7.5** billion euros. A strong presence in gas logistics with interests in more than **20,000** km of high-pressure gas pipelines with operator responsibility for **11,000** km. A recognized player in power generation with **5,050** MW.  
**13,870** employees.

\*Among international oil companies as of December 31, 2001





## Four major projects achieving growth

Production launch of the South Pars giant gas field in the Iranian offshore.

Start-up of the Jose upgrader plant (Sincor, Venezuela) that transforms extra-heavy crude (8° to 8.5° API) into high-quality synthetic crude (32° API and very low sulphur content).

In Qatar, an agreement was signed to export natural gas from Qatar to the United Arab Emirates as part of the Dolphin project. TotalFinaElf (24.5%) will be the upstream project operator. Dolphin's first development phase is estimated at \$3.5 billion.

### Far East

In Indonesia, TotalFinaElf won the Donggala deep-sea block 75 kilometers from the Tunu production facilities. A 3D seismic survey has already been carried out on this block, which is operated by TotalFinaElf (50%).



### South America

In Argentina, development of the Carina and Aries gas fields began. Both fields, off the coast of Tierra del Fuego, should come on stream in 2004 and reach plateau gas production of 420 Mcf per day. TotalFinaElf is the operator of the Cuenca Marina Austral-1 consortium (Total Austral 37.5%), which is in charge of development ... In Bolivia, San Alberto came on stream (TotalFinaElf 15%) and a new gas discovery was made on Block XX operated by TotalFinaElf (41%) ... In Venezuela, the Sincor project facilities started up. Production will plateau at 180,000 barrels/day of Zuata Sweet, a high-quality, low-sulfur, 32° API synthetic crude produced from extra-heavy oil (8° to 8.5° API) from the Orinoco Belt. The first shipment of synthetic oil took place in March 2002.

The Sincor project came in on time at a total of \$4.2 billion over a period of 40 months. This is the biggest industrial investment ever made in Venezuela. TotalFinaElf has a 47% interest, making it the principal shareholder of the company in charge of the project ... A 69.5% stake was acquired in a consortium on the Yucal Placer North and Yucal Placer South Blocks. Their development will position the Group as a leader on the Venezuelan gas market as it opens up to the private sector ... In Trinidad and Tobago, two deep-water oil discoveries were made on Block 2c (TotalFinaElf 30%): Kairi-1 and Canteen 1.

### Commonwealth of Independent States (CIS)

In Kazakhstan, the Group increased its stake in Kashagan by increasing its stake in the OKIOC consortium from 14.28% to 16.67% ... The results of the first exploratory and test wells at Kashagan indicate a huge discovery, confirming the northern Caspian Sea's ranking as a major oil district.

## Gas & Power

The Group pursued its integration strategy in the gas & power sector by acquiring interests and strengthening its positions in electric power plants and gas pipeline networks in Latin America and Europe, and by participating in projects in the Middle East and Asia.

### Downstream gas

In France, development of a high-pressure gas network in the southwest and the Group was involved in the launching of PowerNext, the first French power exchange market ... In Spain, a trading company was created through a joint venture with Cepsa, and the Group was involved in a series of studies for the Medgaz



## Highlights ...



In the United Arab Emirates, the cogeneration project Taweelah A1 is designed to increase current capacity by 225 MW to 1,350 MW for power generation and by 130,000 m<sup>3</sup>/d to 380,000 m<sup>3</sup>/d for sea water desalination.

Hydro-electric plant in Central Puerto (Argentina).



project, a gas pipeline that is expected to provide a direct link between Algeria and Spain ... In Latin America, final agreements were signed to acquire interests in various natural gas transport assets in Argentina, Chile and Brazil from TransCanada Pipelines Limited (TCPL). These assets consist of an integrated gas pipeline system of 6,400 Km supplying the Argentine and Brazilian markets from the Neuquen and northwestern production basins in Argentina.

### Electricity and Cogeneration

In Great Britain, the Group increased its stake to 40% in British company Humber Power Ltd., owner of the cogeneration power plant of South

Humber Bank in Lincolnshire with a capacity of 1,260 MW. ... In Argentina, 63.9% of Central Puerto SA and 70% of Hidroneuquen were acquired. Central Puerto SA owns and operates gas-fired power plants in Buenos Aires and in the Neuquen province and has a total capacity of 2,165 MW; Hidroneuquen holds 59% of Piedra del Aguila, a 1,400 MW hydroelectric dam in the Neuquen province ... In the United Arab Emirates, work progressed on Taweelah A1, one of the world's largest cogeneration projects ... In Thailand, construction work continued on the gas-fired cogeneration power plant in Bang Bo with a capacity of 350 MW.

### Coal

In 2001, TESA, TotalFinaElf's South African subsidiary, sold 6 million metric tons of coal to European and Asian buyers. An additional 2 million metric tons of steam coal were marketed in Asia.

### Renewable Energy

A license application was submitted to install five wind turbines with a total capacity of 12 MW at the Flandres refinery site in France ... In association with Belgian partners, the Photovoltech company was created. Photovoltech will build a plant to produce photovoltaic cells and modules in Tienen, Belgium. The planned annual capacity is more than 6 MW peak.

# »» The assets of a European marketing leader

In 2001, TotalFinaElf refined 2.5 million b/d and sold 3.7 million b/d of refined products. The Group continued to lower breakeven points at its European refineries through enhanced-value refining and tightly coordinated management of the refinery network. In the marketing segment, the Group successfully brought its networks together under the Total banner in several European countries.



In 2001, the Downstream environment was in a down cycle compared with the previous year, especially as regards refining margins. Synergies and productivity programs reaching about 0,7 billion euros compensated almost all of the adverse effects of the economic environment. Downstream operating income, excluding non-recurring items, was down 4% from the previous year, at 3 billion euros.

## Refining Marketing

### Western Europe

The Group's networks came together under the Total banner in the UK, the Netherlands, Luxembourg, Germany, Belgium and Italy ... In France, asset disposal commitments made to the European Commission within the scope of the TotalFina-Elf Aquitaine merger

The GR Actys Eurotrafic smart card launched in November 2001 is a useful tool for fleet management in Europe and is the only smart card for service stations. It can be used in the Group's 5,500 service stations in France as well as in more than 12,000 service stations in thirteen European countries and in Morocco.



were completed ... AGIP acquired 74 of the Group's service stations, including three highway stations, as part of measures taken to optimize the network ... TotalFinaElf acquired Air Liquide's 50% stake in the liquefied petroleum gas (LPG) marketing company operated by both companies, thereby stepping into second place in that market in France ... Construction of a cogeneration plant began at the TotalFinaElf refinery site in Gonfreville l'Orcher, Normandy. The plant will produce 375 metric tons of steam per hour and will have an electrical generating capacity of 260 MW. The plant's production will supply the refinery and the neighboring Atofina petrochemical complex. TotalFinaElf has a 25% stake in the project ... In Italy, 40 highway service stations were acquired from ENI.

### Central Europe

Market share increased incrementally with the opening of nine new service stations.

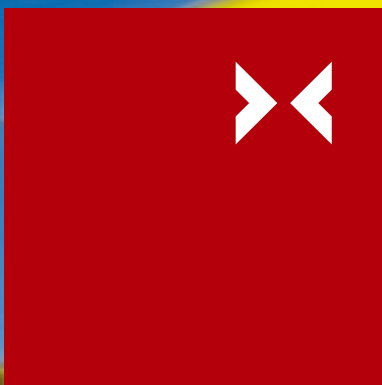
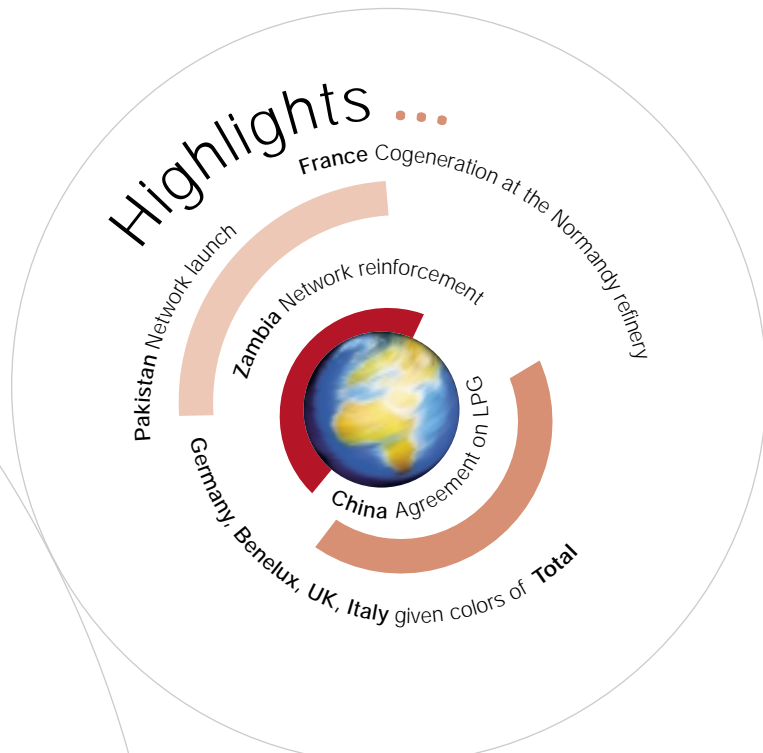
### Mediterranean Basin

TotalFinaElf acquired 100% of Total Oil Turkiye, a subsidiary that markets petroleum products in Turkey, when it bought out the 49% stake still held by a partner. The Group now operates a network of 330 service stations in that country.

### Africa

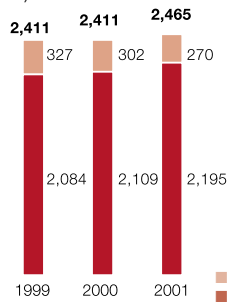
In Zambia, the Group is in the process of acquiring the refining and marketing assets of Agip Zambia, including a 50% interest in the Indeni refinery, 20 service stations, a fuel storage depot and a stake in a lubricant manufacturing plant. Total's network would increase to 50 service stations for a market share approaching 15%.



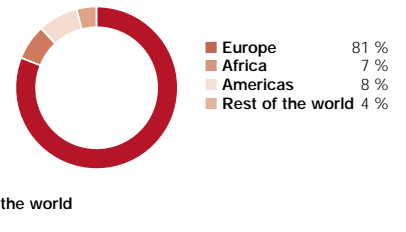


Integrated management of neighboring refining plants in Europe together with the implementation of synergy and productivity programs give TotalFinaElf among the most competitive refining capabilities.

Refinery runs (kb/d)



2001 refined products sales by region : 3,724 kb/d



➤➤ **Downstream: Refining & Marketing. No. 1** in Europe and co-leader in Africa. **Strong presence** in oil and petroleum products trading. Refining capacity of **2.6** million b/d.

**16,900** service stations under the TOTAL, ELF and FINA brands. **3.7** Mb/d of products sold per day in 2001 <sup>(1)</sup>.

2001 investments: **1.2** billion euros. **35,743** employees.

<sup>(1)</sup> including Trading.



## The assets of a European marketing leader



The Group has invested in a highly efficient and adaptable refining tool. The Leuna refinery in Germany is the most modern in Europe.

TotalFinaElf aviation fuel is used in 438 airports throughout the world.

TotalFinaElf is one of the leading worldwide traders in crude and refined products.



### North America

In the US, the Group sold off all its holdings in Ultramar Diamond Shamrock ... An agreement was signed with Delphi Automotive Systems, the world's leading car equipment manufacturer, on research and testing in the field of solid oxide fuel cells. The work will be performed in Delphi's laboratories in Rochester and in TotalFinaElf's R&D centers in Europe.

### Asia

In China, an agreement was signed with China Merchants to pool the LPG activities of both partners. With an estimated volume of 200,000 metric tons in 2002, the joint venture has become the leading LPG distributor in a high-growth region ... In Pakistan, growth was spurred with a \$20 million investment for the creation of a petroleum product distribution network.

## Trading & Shipping

TotalFinaElf is one of the world's major traders of crude oil and refined petroleum products, dealing extensively in physical, forward and futures markets.

The tightness in world oil markets eased considerably over the course of 2001. A deteriorating economic environment and recent high oil prices combined to reduce growth in world oil demand to near stagnation. During this volatile period, TotalFinaElf's trading division maintained a high level of activity, with physical volumes of crude oil and refined products in excess of 5 Mb/d being traded in 2001.

2001 was a year of contrasts for the oil chartering market, for both crude and refined products shipping. Freight rates began the year at record highs but slid through most of 2001 to end the year at near record lows.

At the end of the year, freight rates were at their lowest levels since 1999. Fleet renewal and modernization continued. Accordingly, for crude oil transport two new Suezmax vessels ("Erviken" and "Storviken") and two new Aframax vessels ("Nord Atlantic" and "Nord Stealth") entered into the fleet. For product transport, TotalFinaElf took three vessels on long-term charter ("Kersaint", "Marne", "Charente") destined to replace older units. After the wreck of the Erika in 1999, TotalFinaElf issued more stringent criteria for selecting chartered ships. Furthermore, the Group advocates the adoption of a more stringent regulatory framework by the relevant authorities.

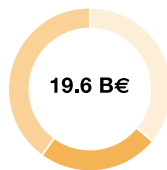


# A world class diversified chemicals business

In 2001, despite the adverse economic environment, the Petrochemicals and Plastics segment continued to modernize its sites and complete capacity expansion projects. Operating income was steady for Intermediates and Performance Polymers, excluding the effects of disposals. Specialty Chemicals held up despite deteriorating economic conditions in the United States.



2001 sales by sector



■ Petrochemicals & Plastics	36%
■ Intermediates & Performance Polymers	24%
■ Specialties	40%

2001 operating income by sector (excluding non-recurring items)



■ Petrochemicals & Plastics	12%
■ Intermediates & Performance Polymers	41%
■ Specialties	46%
■ Corporate Chemicals	1%



## Chemicals: Petrochemicals and Plastics, Intermediates and Performance Polymers, Specialty Chemicals.

Atofina is the Chemicals branch of TotalFinaElf. **World's sixth** largest chemicals company; 2001 sales outside the Group:

**19.6** billion euros (**65%** in Europe, **25%** in the United States,

**10%** in Asia). 2001 investments: **1.6** billion euros;

**5,000** scientists worldwide; **71,312** employees.



## A world class diversified chemicals business



The steam cracker built at the Port Arthur site in Texas supplies ethylene, propylene and aromatics to the Group's US petrochemicals plants.



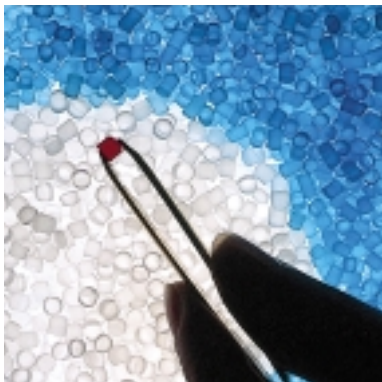
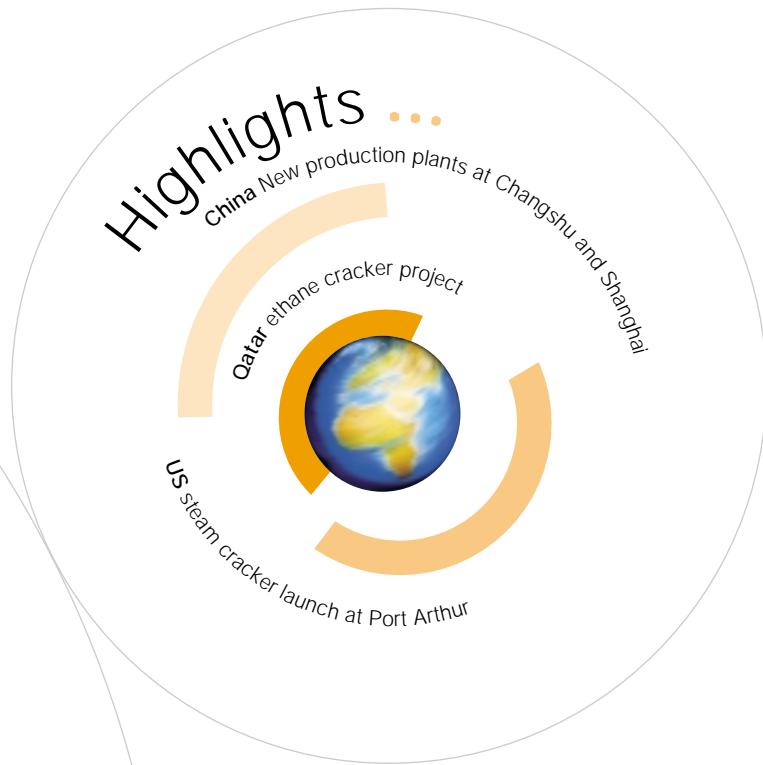
The Chemicals sector had non-Group sales of 19.6 billion euros, down 6% compared with 2000. Operating income excluding non-recurring items was down 33% to 1.10 billion euros, compared with 1.63 billion euros in 2000.

A disposal plan has been initiated to divest non-strategic assets in the Chemicals sector, and a restructuring plan was set up to refocus R&D, harmonize information systems, restructure the different headquarters operations and other activities relating to the production sites.

### **Petrochemicals & Plastics**

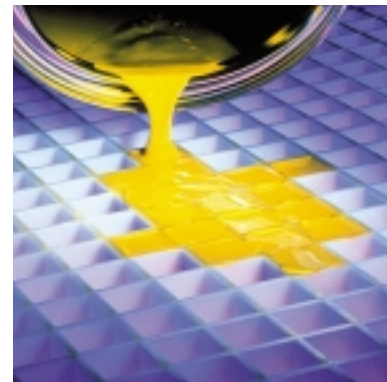
In Europe, work continued to de-bottleneck the steam crackers at Anvers and Carling. In France, a new 375km ethylene pipeline linking the Carling site to the Viriat underground storage facility became operational ... In the United States, the steam cracker built under a joint venture between TotalFinaElf (40%) and BASF (60%) at the Port Arthur site in Texas started up. The plant has an initial ethylene production capacity of 920,000 metric tons per year and is integrated into the Group's nearby refinery. It will supply ethylene, propylene and aromatics to the Group's U.S. petrochemicals plants ... In Carville, Louisiana, the world's largest polystyrene plant, with a capacity of 230,000 metric tons per year, came on stream ... In Qatar, Atofina and Qatar Petrochemical Company Limited (Qapco), in which the Group holds a 10% stake, signed an agreement with Qatar Petroleum, a national





Compound granules of PVC  
NAKAN® and SUPREN®.

Resins entering a paint and  
coating compound.



company of Qatar, and Chevron Phillips Chemical for the construction of an ethane cracker in Ras Laffan. The new cracker, with an initial production capacity of one million metric tons per year upgradable up to 1.5 million metric tons per year, will be the largest in its class. Dolphin, another of the Group's projects in the development phase, will supply gas to the plant ... The new Qatar Vinyl Corporation (QVC) plant came on stream. With a production target of 270,000 metric tons of chlorine per year, the plant will serve as a springboard in the Middle East for the chlorochemicals market. The Group is a 12.9% shareholder in QVC, alongside Qatar Petroleum, Qapco (in which Atofina holds a 10% stake) and Norsk Hydro.

**Intermediates and Performance Polymers**

Several agreements were signed for the sale of various businesses, including flexible packaging (Soplaril) and chemical products for the aviation and metals processing sector (Turco) ... In France, a new specialty acrylic and methacrylic monomer plant started production in Carling, bringing the site's total production capacity to 50,000 metric tons per year. Specialty acrylic and methacrylic monomers are used in strong growth markets such as water treatment products and resins ... Additional production capacity came on line for specialty polyamid monomers in Marseille and Mont (France) ... In the United States, an acrylate production plant and, as part of a production joint venture, an acylic acid plant were under construction at the same site in Bayport, Texas. Both plants should start up in the first half of 2002

... In China, a new fluorinated compounds production plant started up in Changshu and a hydrogen peroxide production unit became operational in Shanghai.

**Specialty Chemicals**

In industrial rubber, Hutchinson's growth focused on internal growth and the integration of businesses acquired in 2000, namely Barry Controls in industrial and aeronautic vibration isolators and Söke in the mass market for cleaning products. In resins, production capacities were upgraded: In the United States, construction of a new powdered resin plant at the North Kansas City site; in France, construction of a new monomer and oligomer production plant at the Villers Saint Paul site.



# Shareholders'





# notebook

This notebook combines all the information available to TotalFinaElf shareholders ... It contains practical information on the Group's business activity, value and financial performance ... It also explains how to contact the company, and to know it better through membership of its Shareholders' Club ...



# Share information

Price per share (€)	2001	2000	1999	1998	1997
High	179.80	189.00	141.00	123.48	108.70
Low	126.00	118.50	85.95	82.93	62.05
Year-end	160.40	158.40	132.50	86.29	99.85
Trading volume (session average)					
Paris Bourse	2,482,110	1,759,658	1,317,580	754,397	695,452
SEAO International <sup>(a)</sup>	2,568,514	1,963,004	1,559,303	592,028	594,666
New York Stock Exchange <sup>(b)</sup> (number of ADS)	436,654	441,063	308,228	230,624	208,024
Gross dividend (€)	5.70 <sup>(d)</sup>	4.95	3.525	3.00	2.97
Net dividend	3.80 <sup>(d)</sup>	3.30	2.35	2.00	1.98
Dividend tax credit <sup>(c)</sup>	1.90 <sup>(d)</sup>	1.65	1.175	1.00	0.99

<sup>(a)</sup> To make the trading volume on the SEAO International comparable with the trading volume on the Paris Stock Exchange, it is customary to halve the number of transactions recorded in London to account for the effect of market-maker dealings in London. However, the volumes presented above have not been halved.

<sup>(b)</sup> Two ADS correspond to one TotalFinaElf share.

<sup>(c)</sup> Based on a French dividend tax credit of 50%. For individuals tax – resident in France, this tax credit is equal to 50% of the net dividend. However, for certain categories of legal entities, the tax credit rate was lowered from 50% to 45% for dividends paid in 1998 and to 40% for those paid in 1999. Subsequently the French Finance Law for 2001 further reduced the tax credit rate to 25% for dividends paid in 2000 and 15% for dividends paid from 2001.

<sup>(d)</sup> Subject to approval at the Annual Shareholders' Meeting of May 7, 2002.

## TotalFinaElf share listings

TotalFinaElf is listed on the Paris Bourse (Euroclear Code 12027, premier marché, eligible for deferred settlement service set up by Euronext Paris SA), the Brussels Stock Exchange (since March 1, 1999) and the London Stock Exchange. The shares are also traded on the SEAO International. Since October 25, 1991, the American Depositary Shares (two ADS correspond to one TotalFinaElf share) are quoted on the

New York Stock Exchange (NYSE). US warrants for TotalFinaElf are traded daily on the NYSE.

Negotiable options on TotalFinaElf shares (short-term and long-term) are also traded on the MONEP (the Paris options market) as well as on the BELFOX (the Belgian Futures and Options Exchange in Brussels). Since December 1992, options on TotalFinaElf's ADS are also traded on the Chicago Board of Exchange (CBOE), NYSE and the American Stock Exchange (ASE).

TotalFinaElf is included in the CAC 40 index of leading French equities at the Paris Bourse, in the European Dow Jones Stoxx 50 index, and in the Euro Stoxx 50 index. As of December 31, 2001, TotalFinaElf comprised 12.27% of the CAC 40 index.

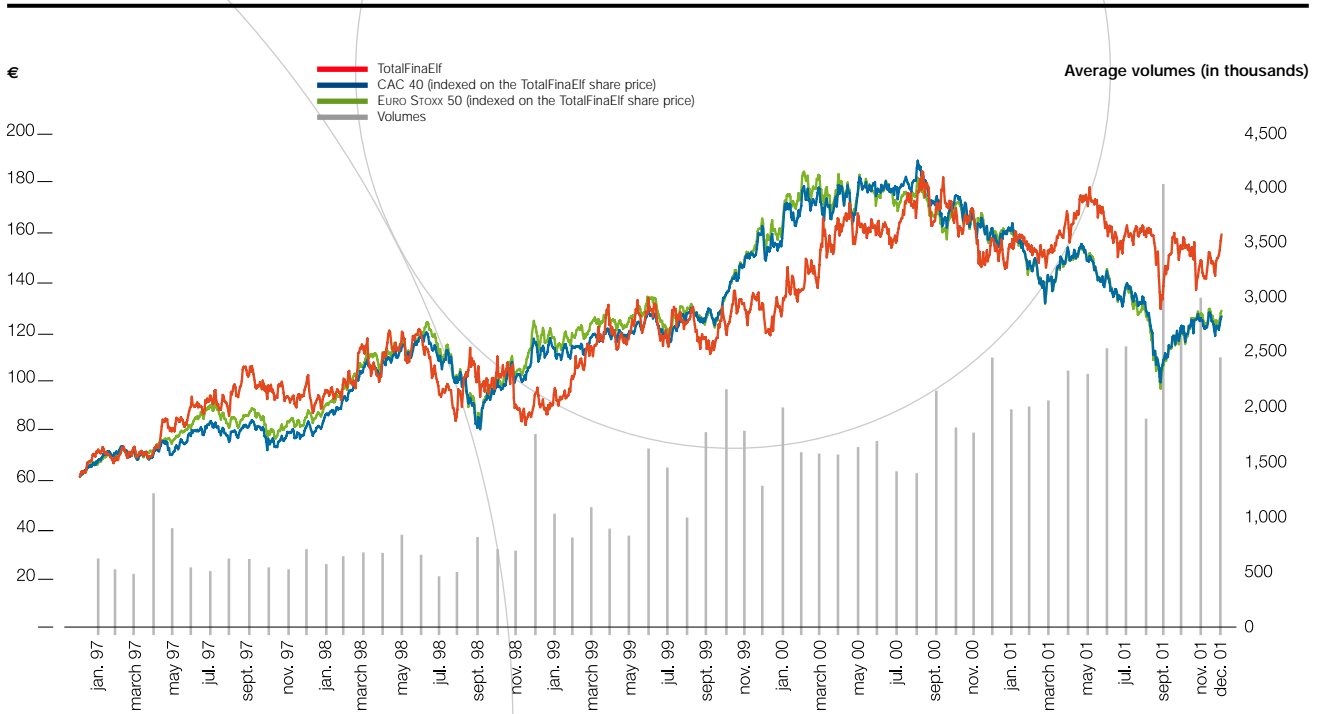
In addition, TotalFinaElf has been selected for inclusion in the FTSE4Good Europe and World indexes. The indexes have been created to evaluate companies' environmental, social and ethical performance.

## EVOLUTION OF THE TOTALFINAELF SHARE OVER THE PAST 18 MONTHS (on the Paris Bourse)

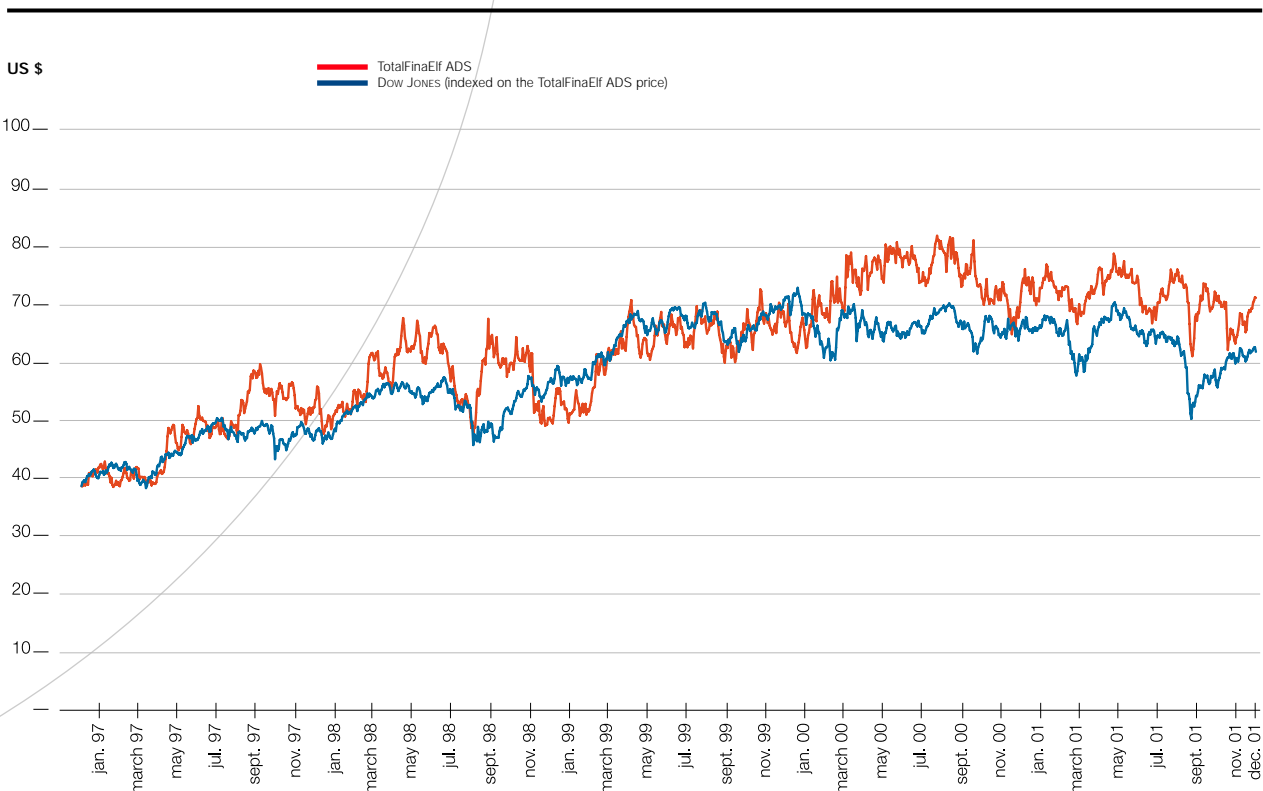
	High	Low	Average daily volumes
September 2000	189.0	162.8	2,154,955
October 2000	184.9	160.3	1,828,200
November 2000	172.9	158.2	1,778,814
December 2000	164.0	143.9	2,466,253
January 2001	162.4	145.0	1,992,864
February 2001	162.7	151.5	2,007,908
March 2001	157.1	145.0	2,061,237
April 2001	170.8	148.5	2,340,743
May 2001	178.0	156.7	2,310,058
June 2001	179.8	159.2	2,536,857
July 2001	166.5	148.4	2,558,736
August 2001	165.5	155.7	1,914,469
September 2001	168.6	126.0	4,024,064
October 2001	162.2	142.0	2,664,351
November 2001	159.8	136.3	3,004,578
December 2001	160.4	141.1	2,466,998
January 2002	163.8	151.6	2,640,835
February 2002	170.5	159.2	2,591,436



## TOTALFINAELF SHARE PRICE AND TRADING VOLUMES IN PARIS (1997 - 2001)



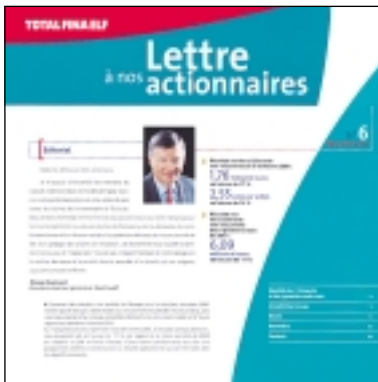
## TOTALFINAELF ADS PRICE IN NEW YORK (1997 - 2001)





# Financial information

Throughout 2001, TotalFinaElf actively informed and engaged in dialogue with individual shareholders, institutional investors and the financial community at large in France and abroad. Since the beginning of 2001, TotalFinaElf has published quarterly results.



**Shareholder views are important to TotalFinaElf. We have provided a wide array of tools to help you understand the Group and its strategy.**

### Publications

Shareholders can select from a wide variety of documents to find the information they need:

- complete and simplified versions of the annual report in French and English,
- the quarterly shareholders' newsletter in French,
- the individual shareholder's guide,
- a Fact Book in English with historical financial and operating data,
- press releases and financial notices,
- legal notices in French published in the BALO (French bulletin of compulsory legal notices).

### Internet site

The TotalFinaElf site, [www.totalfinaelf.com](http://www.totalfinaelf.com), is a veritable financial database. In addition to tracking the TotalFinaElf share price live, users can view live or archived broadcasts on half-yearly and annual results, watch the annual shareholders' meeting, download the Group's main publications and consult the calendar of upcoming events and publications. The TotalFinaElf website was awarded the 2001 Grand Prize for best website content—and particularly content objectivity—by 6,300 “@ctionautes” responding to the Boursoscan survey conducted by Boursorama, a leading free portal to the stock market, and TLB, a market research firm.

## Meetings

The Annual Shareholders' Meeting, the principal event, was held on May 17, 2001 at the Palais des Congrès in Paris and provided more than 1,900 shareholders the opportunity to meet TotalFinaElf executives in person. The proceedings were broadcast live at [www.totalfinaelf.com](http://www.totalfinaelf.com) to reach a broader audience and to allow interested shareholders at all locations to follow the meeting. Shareholders attending the meeting, or their proxies, voted electronically and thus learned voting results for each resolution immediately.



A panel of financial publications and communications consultants—Le Revenu, ANAF and Publicis Consultants Ecom—awarded first prize to TotalFinaElf for its post-annual shareholders' meeting communications.

Another big annual event is the Actionaria trade show, last year held at the Palais des Congrès de Paris on November 17-18, 2001. The show drew more than 31,000 visitors and was a great opportunity for TotalFinaElf to talk with its shareholders at the TotalFinaElf exhibit and present the individual shareholder's guide.

The Group also met regularly throughout 2001 with shareholders, portfolio managers and financial analysts at major financial centers in Europe, North America and Asia.

## The Shareholders' Advisory Committee

The TotalFinaElf Shareholders' Advisory Committee was created in 1993 to help the Group meet its ongoing commitment to improved communications with individual shareholders. As of December 31, 2001, the Advisory Committee consisted of 16 members representing the 540,000 individual shareholders. The Committee's role is to convey shareholder expectations.

The Committee meets at least three times a year. Committee members are

The Annual Shareholders' Meeting and the Shareholders' Advisory Committee are two occasions for Thierry Desmarest to talk with shareholders in person.

selected from a pool of volunteers and serve a three-year term. The Committee met four times in 2001, particularly for the development of the individual shareholder's guide.

## Registered Shares

At of December 31, 2001, more than 9,400 TotalFinaElf shareholders held registered shares. TotalFinaElf has commissioned BNP Paribas Securities Services to handle issuer-registered share services.

Registered shareholders enjoy the following advantages:

- No custodial fees,
- Double voting rights after 2 years of continuous share ownership,
- Quick execution of their buy and sell orders,
- Attractive broker fee of 0.3% excluding VAT with no minimum,
- Personal invitation to attend Annual Shareholder Meetings,



- All shareholder information published by TotalFinaElf sent periodically to their own homes,
- In France, a toll-free number for all transactions with BNP Paribas Securities Services: 0 800 11 7000.

**If you wish to register your shares, call TotalFinaElf's Shareholder Relations Department toll-free at 0 800 039 039.**

A "Registered Share Guide" describing the advantages of registered shares and how to apply for share registration will be sent to you.



## Shareholders' Club



The Shareholders' Club was launched in September 2000 and counted more than 15,000 members as of December 31, 2001.

Shareholders must hold a minimum of 30 bearer shares or 1 registered share to join the Club. The purpose of the Club is to strengthen relations between TotalFinaElf and its shareholders by improving their knowledge of the company and multiplying opportunities for interaction.

### Being a member of the Shareholders' Club means ...

**Communicating** with your company via a special toll-free number for Club members (0 800 300 948) with 24-hour per day, 7-day per week service.

Call 0 800 300 948 toll-free to join the Shareholders' Club. We will gladly send you a registration form.

Exhibition:  
"The sunken Memory of Brunei" Paris 2001.

**Special tours** of our industrial sites in Europe to gain a deeper understanding of TotalFinaElf's operations.

The quarterly Shareholders' Club newsletter announces a variety of tours and special events sponsored by TotalFinaElf, including exhibitions, cultural events and sporting events.

The Shareholders' Club had 15 events to choose from in 2001, including a tour of the Jean Feger Centre Scientifique et Technique, the "Sunken Memory of Brunei" exhibition and a tour of the Porquerolles Botanical Conservatory. Nearly 1,000 members participated in 2001 events.

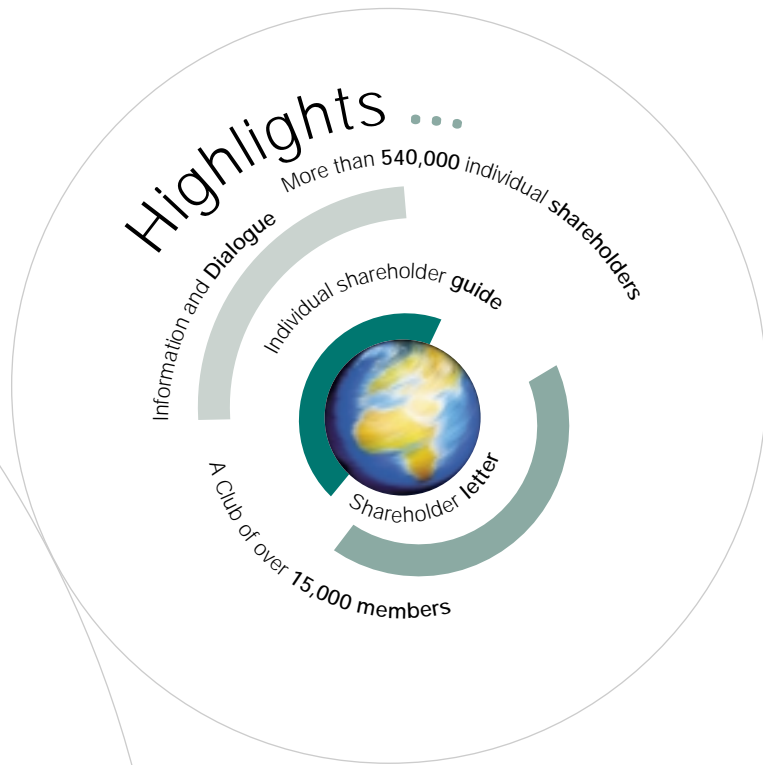
**Being informed** regularly:

you will be able to follow company developments through financial documentation, the shareholders' newsletter, the individual shareholder's guide, Energies magazine and the Club newsletter.



**Learning** about the changing stock market environment. You can keep tabs on the TotalFinaElf share price on our [www.totalfinaelf.com](http://www.totalfinaelf.com) website. You can also receive stock market training in association with the Ecole de la Bourse, inside or outside Paris (Orléans, Aix en Provence, etc.).





## Your Contacts at TotalFinaElf ...

### If you are an individual shareholder:

**• By phone:**

Toll-free shareholder relations number (in France):

**Toll-free 0 800 039 039**

Service is provided 24 hours per day, 7 days per week.  
 Fax: (33) +1 47 44 20 14

**• By mail:**

Shareholder Relations Department  
 TotalFinaElf  
 2, place de la Coupole-La Défense 6  
 92078 Paris La Défense Cedex  
 France

**• On the Internet:**

investorel@fr.psinet.com

### If you are an analyst or institutional investor:

**• In Paris:**

Financial Communications Division  
 2, place de la Coupole-La Défense 6  
 92078 Paris La Défense Cedex, France  
 Tel: (33) +1 47 44 58 53  
 Fax: (33) +1 47 44 58 24

**• In New York:**

TotalFinaElf Services, Inc.  
 444 Madison Avenue, 42nd floor  
 New York, NY 10022-6903  
 Tel: (001) (212) 922-3030  
 Fax: (001) (212) 922-3074  
 E-mail: ir.nyc@totalfinaelf.com

**2002 Agenda :**

- May 7: Annual General Meeting.
- May 17: Dividend payment in cash.
- September 4: First half 2002 results.
- November 22 and 23: Actionaria trade show, at the Palais des Congrès (Paris, France).

## Shareholder Base ...

At the end of 2001, an "identifiable bearer share" survey was conducted by Euroclear France to determine the composition of TotalFinaElf's individual and institutional shareholders. As of December 31, 2001, TotalFinaElf had more than 540,000 individual shareholders, compared with some 500,000 at the end of 1999.

# Management report from the board of directors

## OVERVIEW OF TOTALFINAELF'S FISCAL YEAR

The Group's three business segments are:

- the Upstream segment, which includes exploration, hydrocarbon production, gas, electricity, and other forms of energy;
- the Downstream segment, which includes refining, petroleum product marketing and distribution, specialty products, and the trading and shipping of crude oil and products;
- the Chemicals segment, which includes Petrochemicals & Plastics, Intermediates & Performance Polymers and Specialties.

The year 2001 was marred by the September 21 explosion at the Grande Paroisse fertilizer plant in Toulouse, the cause of which is still unknown. The company immediately indicated that it would act responsibly and provided support and relief to the victims. TotalFinaElf and its employees have shown their solidarity with those affected.

Consolidated sales declined by 8% to 105,318 million euros in 2001 from 114,557 million euros in 2000.

The oil market environment was generally weaker in 2001 than in 2000. The average Brent oil price fell by 14% to 24.4 \$/b in 2001 from 28.5 \$/b in 2000, and European refining margins fell to 15.4 \$/t from 23.8 \$/t. The dollar strengthened by 2% against the euro in 2001, averaging 0.90 versus 0.92.

Operating income from the business segments excluding non-recurring items decreased by 12% to 13,121 million euros in 2001 from 14,884 million euros in 2000. The impact of non-recurring items on 2001 operating income was -92 million euros, composed primarily of FAS 121 write-downs and restructuring charges related to the Chemicals segment.

Growth and synergies/productivity programs contributed 1.2 billion euros to operating income in 2001, partially offsetting the 3.0 billion euro overall negative impact of the weaker environment.

Net operating income from the business segments excluding non-recurring items declined by 6% to 7,564 million euros in 2001 from 8,035 million euros in 2000.

Net income excluding non-recurring items declined by 2% to 7,518 million euros in 2001 from 7,637 million euros in 2000.

Earnings per share excluding non-recurring items, based on 693.2 million fully-diluted weighted average shares for 2001, was 10.85 euros compared to 10.80 euros in 2000. The record earnings per share was due in large part to the accretive impact of significant share buy-backs.

Reported net income increased by 11% to 7,658 million euros in 2001 from 6,904 million euros in 2000. Non-recurring items had a net positive impact of 140 million euros in 2001 and a net negative impact of -733 million euros in 2000. The 2001 non-recurring items that had a positive impact on net income were essentially the gains on sales of Sanofi-Synthélabo shares; while those having a negative impact included mainly restructuring charges in the Downstream and Chemicals segments, FAS 121 write-downs in the Chemicals segment, and provisions related to the potential financial impact stemming from the fertilizer plant explosion in Toulouse (1). The impact related to the devaluation of the Argentine peso was not significant to the company's 2001 results and no provision has been made thus far.

TotalFinaElf bought back 39.0 million of its shares (2) during 2001 for 6.1 billion euros.

The fully-diluted number of shares fell to 673.0 million at year-end 2001 from 708.9 million at year-end 2000.

The net-debt-to-equity ratio decreased to 30.9% at year-end 2001 from 32.9% at year-end 2000.

Despite the downturn in the market environment, the return on capital employed (3) (ROCE) in the business segments was maintained at a high level of 20% in 2001 versus 21% in 2000.

Return on equity (4) (ROE) was 24% in 2001 compared to 27% in 2000.

In 2001, investments increased to 10,566 million euros from 8,339 million euros in 2000, due primarily to:

- investments related to the start-up of major projects in Upstream and, to a lesser extent, in Chemicals,
- gas and power acquisitions in South America,
- buy-outs of certain minority interest shares in Downstream subsidiaries,
- and an increase in long-term loans.

(1) Estimated liability in excess of insurance coverage in the event that Grande Paroisse is found to be liable for all damages.

(2) Includes 2.76 million shares used to cover stock option program.

(3) ROCE = net operating income excluding non-recurring items / capital employed at beginning of year; excludes goodwill amortization in Chemicals.

(4) ROE = (net income excluding non-recurring items + minority interest + MMPS) / average equity after dividend.

Cash flow from operations declined to 12,303 million euros in 2001, a decrease of 8% compared to 2000.

Divestments in 2001, based on selling prices, were 7,004 million euros. In addition to the reimbursement of long-term loans, divestments consisted primarily of the following:

- Sanofi-Synthélabo shares,
- most of the stake in Cogema,
- the Ultramar Diamond Shamrock shares,

- Downstream assets in France as required by the EU Commission,
- and non-strategic assets in the Upstream and Chemicals segments.

Free cash flow <sup>(5)</sup> rose to 8,741 million euros in 2001 from 8,291 million euros in 2000.

*(5) Free cash flow = cash flow from operating activities + divestments at selling price - investments*

#### OIL MARKET ENVIRONMENT

	2001	2000	%
€/ \$	0.90	0.92	+ 2% <sup>(1)</sup>
Brent (\$/b)	24.4	28.5	- 14%
European refining margin TRCV (\$/t)	15.4	23.8	- 35%

*(1) Change in the dollar versus the euro.*

#### NUMBER OF SHARES

<i>(in millions)</i>	2001	2000	%
Fully-diluted weighted average shares	693.2	707.1	- 2%
Fully-diluted shares at year-end	673.0	708.9	- 5%

**CONSOLIDATED ACCOUNTS - TOTALFINAELF**

<i>(in millions of euros)</i>	<b>2001</b>	<b>2000</b>	<b>%</b>
Sales	105,318	114,557	- 8%
Operating income from the business segments excluding non-recurring items	13,121	14,884	- 12%
Net operating income from the business segments excluding non-recurring items	7,564	8,035	- 6%
Net income excluding non-recurring items	7,518	7,637	- 2%
Net income	7,658	6,904	+ 11%
Earnings per share (euros) excluding non-recurring items	10.85	10.80	-
Dividend (euros/share)	3.80 <sup>(1)</sup>	3.30	+ 15%
Investments <sup>(2)</sup>	10,566	8,339	+ 27%
Divestments <sup>(3)</sup> based on selling price	7,004	3,241	+ 116%
Cash flow from operating activities	12,303	13,389	- 8%

*(1) Pending approval at the May 7, 2002 AGM.*

*(2) Including increases in long-term loans.*

*(3) Including repayments of long-term loans.*

**IMPACT OF NON-RECURRING ITEMS**

<i>(in millions of euros)</i>	<b>2001</b>	<b>2000</b>
<b>Impact of non-recurring items on operating income</b>		
Restructuring charges and early retirement plans	- 24	- 64
FAS 121	- 50	- 269
Other	- 18	- 49
<b>Total</b>	<b>- 92</b>	<b>- 382</b>
<b>Impact of non-recurring items on net income</b>		
Gain on asset sales	+ 1,400	+ 358
Toulouse-AZF plant impact	- 600	-
Restructuring charges and early retirement plans	- 226	- 469
FAS 121	- 224	- 459
Other	- 210	- 163
<b>Total</b>	<b>+ 140</b>	<b>- 733</b>



## Upstream

Operating income excluding non-recurring items from the Upstream segment decreased by 11% to 9,022 million euros in 2001 as compared to 2000. Production growth combined with synergies and productivity programs partially offset the negative impact of a weaker environment.

Net operating income excluding non-recurring items from the Upstream segment was 4,652 million euros in 2001, a 4% decrease from the 4,841 million euros in 2000. The smaller decline in net operating income is related primarily to an increase in the income from equity affiliates.

The return on capital employed for the Upstream segment remained at a high level of 27% in 2001 compared to 29% in 2000.

Upstream liquids and gas production rose to 2,197 kboe/d in 2001 from 2,124 kboe/d in 2000, an increase of 3.4%. There was no acquisition impact on 2001 production. Excluding the impact of divestments, Upstream production grew by 5.3%.

Liquids production rose by 1.5% to 1,454 kb/d in 2001 from 1,433 kb/d in 2000. Gas production increased by 8.1% to 4,061 Mcfd in 2001 from 3,758 Mcfd in 2000.

Production growth in 2001 resulted mainly from the start-ups of Elgin-Franklin in the UK North Sea and heavy oil production from Sincor in Venezuela as well as from increased production in Norway, Myanmar and Nigeria.

Driven by exploration/appraisal activities, proved reserves continued to grow, rising 2% to 10,978 million boe at year-end 2001 and representing more than 13 years of production at the current rate. For consolidated subsidiaries, the 1999-2001 3-year average reserve replacement rate was 184%, and the 1999-2001 3-year average reserve replacement cost was 3.4 \$/boe.

Average 1999-2001 finding costs for consolidated subsidiaries, continued to decline to a level of 0.6 \$/boe, which compares favorably with the other major oil companies.

Highlights of 2001 include first production from the Elgin-Franklin fields in the North Sea, first production from the Girassol field in Angola in December, and the completion of the construction of the Sincor upgrader, which has since started operations in early 2002.

Upstream – key figures	2001	2000	%
Production (kboe/d)	2,197	2,124	+ 3%
• Liquids (kb/d)	1,454	1,433	+ 1%
• Gas (Mcfd)	4,061	3,758	+ 8%
Proved reserves (Mboe)	10,978	10,762	+ 2%
• Liquids (Mb)	6,961	6,960	–
• Gas (Bcf)	21,929	20,705	+ 6%
Operating income excluding non-recurring items (M€)	9,022	10,113	– 11%
Net operating income excluding non-recurring items (M€)	4,652	4,841	– 4%
Investments (M€)	7,496	5,639	+ 33%
Divestments at selling price (M€)	1,116	820	+ 36%
Cash flow from operating activities (M€)	8,085	8,059	–

## Downstream

Operating income excluding non-recurring items from the Downstream segment decreased by 4% to 3,004 million euros in 2001 from 3,144 million euros in 2000.

The solid performance by Downstream in the deteriorating market environment of 2001 was due primarily to a 0.7 billion euros positive impact on operating income from the implementation of synergies and productivity programs. This positive impact largely offset the negative impact of changes in the market parameters.

Net operating income excluding non-recurring items from the Downstream segment increased by 3% to 2,309 million euros in 2001 compared to 2,232 million euros in 2000.

Despite the weaker environment, return on capital employed in the Downstream segment improved to 22% in 2001 from 19% in 2000.

Refinery throughput increased to 2,465 kb/d in 2001 from 2,411 kb/d in 2000. The capacity utilization rate further improved to 96% in 2001 from 94% in 2000. Refined product sales increased slightly to 3,724 kb/d in 2001 from 3,695 kb/d in 2000.

Downstream – key figures	2001	2000	%
Refinery throughput <sup>(1)</sup> (kb/d)	2,465	2,411	+ 2 %
Refined product sales <sup>(2)</sup> (kb/d)	3,724	3,695	+1 %
Operating income excluding non-recurring items (M€)	3,004	3,144	- 4 %
Net operating income excluding non-recurring items (M€)	2,309	2,232	+ 3 %
Investments (M€)	1,180	1,163	+ 1 %
Divestments at selling price (M€)	1,079	685	+ 58 %
Cash flow from operating activities (M€)	4,374	3,145	+ 39 %

(1) Including share of Cepsa.

(2) Including trading and share of Cepsa.

## Chemicals

Sales for the Chemicals segment declined by 6% to 19,560 million euros in 2001 as compared to 2000.

Operating income excluding non-recurring items fell by 33% to 1,095 million euros in 2001 from 1,627 million euros in 2000.

The 2001 decrease in operating income for the Petrochemicals & plastics sector was due primarily to lower margins. Excluding divestment impacts, operating income for the Intermediates & performance polymers sector was stable in 2001 relative to 2000. Specialty chemicals sales increased in 2001 due to acquisitions made in 2000, but operating

income suffered the effects of the particularly unfavorable situation in the US and in the electronics industry.

The Chemicals environment had a negative impact on operating income in 2001 of approximately 0.6 billion euros.

Net operating income excluding non-recurring items fell by 37% to 603 million euros in 2001 from 962 million euros in 2000.

The return on capital employed for the Chemicals segment was 7% <sup>(1)</sup> in 2001, a decline from 2000.

(1) Excluding 145 million euros goodwill amortization.

Chemicals – key figures (M€)	2001	2000	%
Sales	19,560	20,843	– 6%
Operating income excluding non-recurring items	1,095	1,627	– 33%
Net operating income excluding non-recurring items	603	962	– 37%
Investments	1,611	1,353	+ 19%
Divestments at selling price	541	120	+ 351%
Cash flow from operating activities	1,261	1,768	– 29%

### Parent company TOTAL FINA ELF S.A. and proposed dividend

The parent company TOTAL FINA ELF S.A. reported earnings of 3,829 million euros in 2001 compared to 3,012 million euros in 2000. The Board of Directors of TotalFinaElf, after closing the accounts, decided to propose at the May 7, 2002 Annual General Meeting (AGM) a cash dividend of 3.80 euros per share, representing a 15% increase from the previous year, to which will be added the *avoir fiscal* (French tax credit) pursuant to the terms in force. The payment date for the proposed dividend will be May 17, 2002.

### Outlook

For 2002, TotalFinaElf expects to maintain a high investment level of 9.7 billion euros, with priority given to Upstream growth. The 2002 budget for investments is split 73% in Upstream, 14% in Downstream, and 13% in Chemicals.

The ongoing divestment program is expected to generate about 2 billion euros in 2002, allowing the company to continue its share buy-back program. In the first two months of 2002, the company repurchased 2.6 million shares for 0.4 billion euros.

The business segments are well positioned to further improve their performance. Upstream production growth should average 6% per year from now through 2007, with 10% growth in 2002 versus 2001 and 5% per year thereafter. The Downstream segment is continuing to implement self-help plans that should lead to a lower refining breakeven

point <sup>(1)</sup> of 5 \$/t in 2005. Finally, the Chemicals segment is poised to benefit from increased volume capacity as well as a renewed emphasis on financial discipline.

The target for the 1999-2003 self-help program on the operating income has been revised upwards from 4.4 billion euros to 4.8 billion euros per year, as from 2003, assuming a constant environment. The increase is due primarily to a larger impact of Upstream volume growth.

The 2003 target for return on capital employed in the business segments, based on a reference environment <sup>(2)</sup>, is confirmed at 16%, with targets for the segments of 17.5% for Upstream, 15% for Downstream, and 12% for Chemicals.

Using the same reference environment <sup>(2)</sup>, the 2005 target has been set at 16.5% for the segments, with 17.5% for Upstream, 16% for Downstream, and 14% for Chemicals.

Over the first two months of 2002, the oil market environment has been mixed. European refining margins have deteriorated sharply and petrochemical margins are very low, while the oil price and dollar have remained relatively stable compared to the fourth quarter 2001.

Strategically well-positioned segments and a continuing policy of disciplined capital management should allow the company to continue to deliver high-return growth.

*(1) Based on major products and specialty products.*

*(2) €/€ = 1; Brent = 17\$/b; European refining margin (TRCV) = 12\$/t; mid-cycle for Chemicals; ROCE excludes goodwill amortization in Chemicals.*

# General statutory auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2001

To the shareholders of TOTAL FINA ELF S.A.,

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have carried out the audit of the consolidated financial statements of TOTAL FINA ELF S.A., denominated in euros, relating to the period ended December 31, 2001, as they appear in this report.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements on the basis of our audit.

We conducted our audit in accordance with the French auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in these consolidated financial statements. It also consists of assessing the accounting policies used and significant estimates agreed upon for the financial statements as well as evaluating their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed hereafter.

We certify that the consolidated financial statements, prepared in accordance with the accounting standards generally accepted in France, give a true and fair view of the assets and liabilities, the financial position, as well as the performance of all consolidated subsidiaries.

We also carried out a verification of the information given in the Company's management report in accordance with the French auditing standards. We have no observations to make regarding the truthfulness of this information or its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 13, 2002

The statutory auditors

Barbier Frinault et Autres  
Andersen  
Pascal Macioce

KPMG Audit  
Department of KPMG S.A.  
René Amirkhanian



**CONSOLIDATED STATEMENT OF INCOME**

For the year ended December 31,	in millions of euros <sup>(1)</sup>		
	2001	2000	1999 pro forma
Sales (Note 4)	105,318	114,557	75,035
Operating expenses	(87,760)	(95,485)	(65,117)
Depreciation, depletion and amortization	(4,781)	(4,859)	(4,399)
<b>Operating income</b> (Note 4)			
	Corporate		
	Business Segments*		
	(252)	(289)	(240)
	13,029	14,502	5,759
<b>Total operating income</b>	<b>12,777</b>	<b>14,213</b>	<b>5,519</b>
Interest expense, net (Note 18)	(184)	(440)	(559)
Dividend income on non-consolidated subsidiaries	159	152	183
Dividends on subsidiaries' redeemable preferred shares (Note 13)	(19)	(28)	(54)
Other income (expense), net (Note 19)	283	(740)	811
Provision for income taxes (Note 20)	(5,874)	(6,322)	(2,185)
Equity in income (loss) of affiliates (Note 7)	1,001	676	377
<b>Income before amortization of acquisition goodwill</b>	<b>8,143</b>	<b>7,511</b>	<b>4,092</b>
Amortization of acquisition goodwill	(319)	(303)	(406)
<b>Consolidated net income</b>	<b>7,824</b>	<b>7,208</b>	<b>3,686</b>
Of which minority interest	166	304	190
<b>Net income**</b>	<b>7,658</b>	<b>6,904</b>	<b>3,496</b>
<b>Earnings per share</b> (euro) (Note 1-P)***	<b>11.05</b>	<b>9.76</b>	<b>4.98</b>
* Operating income from business segments, excluding non-recurring items	13,121	14,884	6,354
Net operating income from business segments, excluding non-recurring items	7,564	8,035	N.A.
** Net income (Group share), excluding non-recurring items	7,518	7,637	3,349
*** Earnings per share, excluding non-recurring items (euro) (Note 1-P)	10.85	10.80	4.77

(1) Except for earnings per share.

**CONSOLIDATED BALANCE SHEET**

As of December 31,		in millions of euros		
		2001	2000	1999
<b>Assets</b>				
<b>Non-current assets</b>	Intangible assets (Note 5)	3,196	2,914	3,112
	Property, plant and equipment, net (Note 6)	41,274	37,699	35,797
	Equity affiliates: investments and loans (Note 7)	7,592	7,752	7,482
	Other investments (Note 8)	1,536	1,714	1,866
	Other non-current assets (Note 9)	3,042	3,781	3,101
<b>Total non-current assets</b>		<b>56,640</b>	<b>53,860</b>	<b>51,358</b>
<b>Current assets</b>	Inventories (Note 10)	6,622	6,811	6,135
	Accounts receivable (Note 11)	13,497	14,307	13,330
	Prepaid expenses and other current assets (Note 11)	7,263	4,955	3,853
	Short-term investments	1,004	641	637
	Cash and cash equivalents	3,574	4,600	3,941
<b>Total current assets</b>		<b>31,960</b>	<b>31,314</b>	<b>27,896</b>
<b>Total assets</b>		<b>88,600</b>	<b>85,174</b>	<b>79,254</b>
<b>Liabilities and shareholders' equity</b>				
<b>Shareholders' equity</b> (Note 12)	Common shares	7,059	7,405	7,222
	Paid-in surplus and retained earnings	30,544	29,283	23,183
	Cumulative translation adjustment	1,252	667	270
	Treasury shares	(4,923)	(4,954)	(3,006)
<b>Total shareholders' equity</b>		<b>33,932</b>	<b>32,401</b>	<b>27,669</b>
<b>Subsidiaries' redeemable preferred shares</b> (Note 13)		<b>567</b>	<b>537</b>	<b>597</b>
<b>Minority interest</b> (Note 13)		<b>898</b>	<b>755</b>	<b>1,481</b>
<b>Long-term liabilities</b>	Deferred income taxes (note 20)	6,521	6,222	4,675
	Employee benefits (Note 14)	3,355	3,719	3,649
	Other liabilities (Note 15)	6,093	4,882	4,815
<b>Total long-term liabilities</b>		<b>15,969</b>	<b>14,823</b>	<b>13,139</b>
<b>Long-term debt</b> (Note 16)		<b>11,165</b>	<b>11,509</b>	<b>10,172</b>
<b>Current liabilities</b>	Accounts payable	10,034	9,882	9,400
	Other creditors and accrued liabilities (Note 17)	12,470	11,214	8,335
	Short-term borrowings and bank overdrafts (Note 16)	3,565	4,053	8,461
<b>Total current liabilities</b>		<b>26,069</b>	<b>25,149</b>	<b>26,196</b>
<b>Total liabilities and shareholders' equity</b>		<b>88,600</b>	<b>85,174</b>	<b>79,254</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

For the year ended December 31,	in millions of euros		
	2001	2000	1999 pro forma
<b>Cash flow from operating activities</b>			
Consolidated net income	7,824	7,208	3,686
Depreciation, depletion, and amortization	5,390	5,561	4,998
Long-term liabilities, valuation allowances, and deferred taxes	1,153	1,522	1,119
Impact of coverage of pension benefit plans	(449)	(494)	-
Unsuccessful exploration costs	571	514	477
(Gains)/Losses on sales of assets	(1,735)	(445)	(1,667)
Equity in income of affiliates (in excess of)/less than dividends received	(709)	(406)	(174)
Other changes, net	(56)	(3)	86
<b>Cash flow from operating activities before changes in working capital</b>	<b>11,989</b>	<b>13,457</b>	<b>8,525</b>
(Increase)/Decrease in operating assets and liabilities (Note 26)	314	(68)	(1,513)
<b>Cash flow from operating activities</b>	<b>12,303</b>	<b>13,389</b>	<b>7,012</b>
<b>Cash flow from investing activities</b>			
Intangible assets and property, plant, and equipment additions	(7,517)	(6,591)	(6,600)
Exploration expenditures charged to expenses	(521)	(454)	(422)
Acquisitions of subsidiaries, net of cash acquired	(1,051)	(198)	(530)
Investments in equity affiliates and other securities	(539)	(297)	(385)
Increase in long-term loans	(938)	(799)	(558)
<b>Total expenditures</b>	<b>(10,566)</b>	<b>(8,339)</b>	<b>(8,495)</b>
Proceeds from sale of intangible assets and property, plant, and equipment	409	957	499
Proceeds from sale of subsidiaries, net of cash sold	721	68	457
Proceeds from sale of non-current investments	4,634	1,610	374
Repayment of long-term loans	1,240	606	420
<b>Total divestitures</b>	<b>7,004</b>	<b>3,241</b>	<b>1,750</b>
(Increase)/Decrease in short-term investments	(428)	(41)	178
<b>Cash flow from investing activities</b>	<b>(3,990)</b>	<b>(5,139)</b>	<b>(6,567)</b>
<b>Cash flow from financing activities</b>			
Issuance and repayment of shares:			
Parent company's shareholders	24	221	46
Share buy back	(5,605)	(1,948)	-
Minority shareholders	12	22	(424)
Subsidiaries' redeemable preferred shares <sup>(1)</sup>	-	(108)	(406)
Cash dividends paid:			
Parent company's shareholders	(2,278)	(1,631)	(687)
Minority shareholders	(151)	(200)	(908)
Net issuance/(repayment) of long-term debt (Note 26)	(185)	1,133	2,478
Increase (decrease) in short-term borrowings and bank overdrafts	(1,330)	(4,952)	698
Other changes, net	(19)	(28)	(55)
<b>Cash flow from financing activities</b>	<b>(9,532)</b>	<b>(7,491)</b>	<b>742</b>
Net increase/(decrease) in cash and cash equivalents	(1,219)	759	1,187
Effect of exchange rates and changes in reporting entity on cash and cash equivalents	193	(100)	(195)
Cash and cash equivalents at the beginning of the year	4,600	3,941	2,949
<b>Cash and cash equivalents at the end of the year</b>	<b>3,574</b>	<b>4,600</b>	<b>3,941</b>

(1) Preferred shares issued by consolidated subsidiaries.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(in millions of euros)	Common shares issued		Paid-in surplus and retained earnings	Cumulative translation adjustments	Treasury shares <sup>(4)</sup>		Shareholders' equity
	Number <sup>(1)</sup>	Amount			Number	Amount	
<b>As of January 1, 1999 (pro forma)</b>		<b>2,671</b>	<b>22,914</b>	<b>(306)</b>	<b>-</b>	<b>-</b>	<b>25,279</b>
Cash dividend paid by Total		-	(687)	-	-	-	(687)
Cash dividend paid by PetroFina		-	(264)	-	-	-	(264)
Cash dividend paid by Elf		-	(546)	-	-	-	(546)
Impact of variance to Elf shareholders' equity		3,958	(1,133)	-	-	-	2,825
Net income 1999		-	3,496	-	-	-	3,496
Conversion of share capital into euros		582	(582)	-	-	-	-
Other issuance of common shares		11	35	-	-	-	46
Deduction of treasury shares		-	-	-	(24,682,129)	(3,006)	(3,006)
Translation adjustments		-	-	576	-	-	576
Other changes, net		-	(50)	-	-	-	(50)
<b>As of December 31, 1999</b>	<b>722,203,679</b>	<b>7,222</b>	<b>23,183</b>	<b>270</b>	<b>(24,682,129)</b>	<b>(3,006)</b>	<b>27,669</b>
Cash dividend		-	(1,631)	-	-	-	(1,631)
Net income 2000		-	6,904	-	-	-	6,904
Elf and PetroFina transactions	15,729,596	158	229	-	-	-	387
Other issuance of common shares	2,532,523	25	196	-	-	-	221
Purchase of treasury shares	-	-	-	-	(11,900,000)	(1,948)	(1,948)
Translation adjustments		-	-	397	-	-	397
Gains on sales of assets (Note 2)		-	549	-	-	-	549
Other changes, net <sup>(2)</sup>		-	(147)	-	-	-	(147)
<b>As of December 31, 2000</b>	<b>740,465,798</b>	<b>7,405</b>	<b>29,283</b>	<b>667</b>	<b>(36,582,129)</b>	<b>(4,954)</b>	<b>32,401</b>
Cash dividend		-	(2,278)	-	-	-	(2,278)
Net income 2001		-	7,658	-	-	-	7,658
Elf and PetroFina transactions	327,617	2	12	-	-	-	14
Other issuance of common shares	509,544	5	19	-	-	-	24
Purchase of treasury shares	-	-	-	-	(36,241,000)	(5,605)	(5,605)
Cancellation of purchased treasury shares	(35,368,000)	(353)	(5,270)	-	35,368,000	5,623	-
Translation adjustments		-	-	585	-	-	585
Gains on sales of assets (Note 2)		-	1,416	-	-	-	1,416
Other changes, net <sup>(3)</sup>		-	(296)	-	105,230	13	(283)
<b>As of December 31, 2001</b>	<b>705,934,959</b>	<b>7,059</b>	<b>30,544</b>	<b>1,252</b>	<b>(37,349,899)</b>	<b>(4,923)</b>	<b>33,932</b>

(1) The change in the number of shares is not relevant for the 1999 pro forma figures.

(2) Mainly the impact of the harmonization of accounting policies.

(3) Mainly due to the impact of the "Minimum Liability Adjustment" (MLA) related to some employee benefits.

(4) In the disclosures issued for the 2000 and 1999 annual reports, the treasury shares were directly deducted from the amount of the common shares and of the paid-in-surplus and retained earnings.



# Notes to the consolidated financial statements

## 1. ACCOUNTING POLICIES

The consolidated financial statements of TotalFinaElf and its subsidiaries (together, the Company or Group) have been prepared in accordance with generally accepted accounting principles in France (French "GAAP") and comply with the principles and methodology relative to consolidated financial statements, Regulation No. 99-02 approved by the decree dated June 22, 1999 of the French Accounting Regulations Committee.

The Company applies the standards issued by the Financial Accounting Standards Board which comply with French regulations. The exceptions to the use of FAS standards involve APB No. 16 (Business Combinations) for the acquisitions of PetroFina and Elf, FAS No. 115 (Accounting for Certain Investments in Debt and Equity Securities), FAS No. 123 (Accounting for Stock - Based Compensation) and APB No. 6 (treasury stock) and, since January 1, 2001, FAS No. 133-137-138 (Derivatives and Hedging) and FAS No. 142 (Accounting of Intangibles assets).

Applying these standards should not have a significant impact, except for APB No. 16 and FAS No. 142, given the use of purchase accounting with respect to the business combinations between Total, PetroFina, and Elf.

### Harmonization of bases of accounting methods and format of financial statements

The consolidated financial statements have been prepared in accordance with the accounting policies described below.

The accounting policies and practices were harmonized in 2000 within TotalFinaElf. The effects related to these changes did not have a significant impact on the financial position and income, and they were taken into account by adjusting consolidated shareholders' equity as of January 1, 2000 without changing the financial statements for the preceding accounting periods.

For all the years under review, the capital increases in connection with the public exchange offers for Petrofina and Elf Aquitaine are recorded via the pooling of interests method in accordance with Article 215 of Regulation No. 99-02. According to this method, the value of the assets and liabilities comprising the shareholders' equity of the companies acquired is substituted, after restatement, in accordance with the Company's policies, for the cost of the shares acquired.

In 2001, in order to provide an adequate comparison with other petroleum companies, the Group modifies the presentation of the reserve for crude oil price changes as a deduction from the gross value of inventory. This change had no impact on the income statement or on the shareholders'

equity. The presentation for 2000 and 1999 has been revised similarly.

In order to present a comparable financial information with 2001 and 2000, the income and cash flow statements for the year 1999 are presented in the present annual report on a pro forma basis TotalFinaElf. The pro forma financial statements as of December 31, 1999 were prepared by combining the financial data of Total, PetroFina and Elf Aquitaine, after the financial statements of PetroFina and Elf Aquitaine were restated in accordance with the accounting presentation methods used by Total until 1999. The minority interests of PetroFina and Elf Aquitaine were recognized at the level corresponding to Total's holdings as of December 31, 1999 (98.8% for PetroFina and 95.4% for Elf Aquitaine).

The financial statements historically issued by Totalfina in 1999 are available in the 2000 Annual Report.

### A) Principles of consolidation

The financial statements of the significant subsidiaries over which TotalFinaElf directly or indirectly has exclusive control are consolidated. The Company's interests in oil and gas ventures are proportionately consolidated. Investments in 20-50% owned significant companies are accounted for by the equity method.

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.

### B) 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 the functional currency. In order to convert the financial statements to euros, the figures denominated in currencies integrated into the euro were translated based on the official definitive euro conversion rate fixed at the end of 1999.

### I Monetary transactions

Transactions denominated in foreign currencies are translated at the exchange rate prevailing when the transaction is realized.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the end of the period. The resulting gains or losses are recorded in "Other income (expense)" in the consolidated statements of income. Translation differences arising on foreign currency loans which are specifically contracted to hedge the value of a net investment in a consolidated

subsidiary or equity investee from the effect of exchange rate fluctuations are reflected as a cumulative translation adjustment to shareholders' equity.

### **II Translation of financial statements denominated in foreign currencies**

All assets and liabilities of consolidated subsidiaries or of equity affiliates denominated in foreign currencies are translated into euros on the basis of exchange rates at the end of the period. The consolidated statements of income and of cash flows are translated using the average exchange rates during the period. Foreign exchange differences resulting from such translation are recorded either in "Cumulative translation adjustments" (for the Company's share) or in "Minority interests" as deemed appropriate.

### **C) Financial instruments**

#### **I Interest rate and foreign currency agreements**

The Company primarily uses financial instruments for hedging purposes, in order to manage its exposure to movements in interest rates and foreign exchange rates.

The Company enters into interest rate and foreign currency swap agreements. The differential 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. Similarly, for option contracts, premiums are recognized in the same period.

Regardless of the type of instruments used to hedge against risks, the gain or loss generated by early termination of the instrument is spread over the residual life of the hedged instrument. An accrual is set up for any unrealized losses related to operations that do not comply with the criteria required for accounting characterization as hedging.

#### **II Commodity transactions**

In connection with its international trading activities, the Company uses hedging strategies to help limit its exposure to fluctuations in the prices of crude oil, refined products and natural gas. In order to hedge against this risk, the Company uses various instruments such as futures, forwards, swaps and options on organized markets or over-the-counter markets.

All positions, whether for physical deliveries or derivative

instruments, are marked-to-market, and the unrealized gains and losses are recorded in income. Changes in the market value of commodity hedges for inventories of petroleum products are accounted for as additions to or reductions in inventory.

#### **D) Intangible assets**

Acquisition goodwill, patents, trademarks, and leasehold rights are amortized on a straight-line basis over 10 to 40 years depending on the nature and the useful life of the assets.

#### **E) Property, plant and equipment**

##### **I Oil and gas exploration and producing properties**

The Company applies the successful efforts method of accounting for its oil and gas exploration and producing properties as follows:

##### **Exploration costs**

Geological and geophysical costs are expensed as incurred. Costs of acquiring unproved properties are capitalized, and impairment is made in the absence of a marketable discovery. Drilling in progress and wells where proved reserves have been discovered are capitalized ("Proved Properties"). Costs of exploratory wells are capitalized if oil and gas reserves are found ("Unproved Properties") and are either classified as proved within a year following completion of drilling or if additional exploration work is underway or planned. Otherwise, the costs of exploratory wells are charged to expense.

##### **Oil and gas producing assets**

The costs of productive leaseholds and other capitalized costs related to producing activities including tangible and intangible assets are amortized by the unit-of-production method. The rate of amortization is equal to the ratio of oil and gas production for the period to proved developed reserves.

With respect to production sharing contracts, the successful efforts method is used for the portion of production and reserves assigned to the Company taking into account estimations based on the contractual clauses regarding the reimbursement of exploration and development (cost oil) as well as the sharing of hydrocarbon rights (profit oil).

##### **II Other property, plant and equipment**

Other property, plant, and equipment are carried at cost. The basis includes interest expenses incurred until assets are placed into service. Fixed assets which are held under capital lease and similar agreements are capitalized and depreciated using the straight-line method, and the corresponding commitment is recorded as a liability.

Other property, plant and equipment are depreciated using

the straight-line method over their estimated useful life, as follows:

- Furniture, office equipment, machinery and tools: 5-10 years
- Transportation equipment: 5-20 years
- Storage tanks and related equipment: 10-15 years
- Specialized complex installations and pipelines: 10-30 years
- Buildings: 10-50 years

Equipment subsidies are deducted from the cost of the related expenditures. Routine maintenance and repairs are charged to income as incurred. However, estimated costs of refinery and major petrochemical plant turnarounds are accrued over the period from the prior turnaround to the next planned turnaround.

#### ***F) Valuation of long-lived assets***

Long-lived assets, either intangible or tangible, are written down when their fair market value appears to be permanently lower than their carrying value.

Impairment is determined for each autonomous group of assets by comparing its carrying value with the undiscounted future cash flow expected from it, based upon management's expectation of future economical and operating conditions or, when the asset is to be sold, by comparison with its market value.

The impairment is booked as an additional depreciation, depletion and amortization which permanently affects the carrying value.

#### ***G) Other investments***

Investees over which the Company does not have the ability to exercise significant influence (generally less than 20% owned) or subsidiaries excluded from consolidation after consideration of their materiality to the Company's operations are valued at acquisition cost less an allowance for impairment in value, primarily based on the underlying shareholders' equity.

#### ***H) Inventories—reserve for crude oil price changes***

Inventories are valued at either the historical cost or the market value, whichever is lower.

Given the sensitivity of the Group to the price of raw materials, the choice of methods has been limited to those intended to minimize the inventory effect in the profit and loss statement, i.e., replacement cost for petroleum products,

LIFO (Last in - First out) for petrochemicals, and WAP (weighted average price) for other products. In the replacement cost method, the variation of inventories in the profit and loss statement is determined by the average prices of the period rather than historical value.

In the individual company financial statements or tax returns, when inventories are valued using the FIFO (First in - First out) method, cost of products sold must be adjusted via the above methods by use of either a reserve for crude oil price changes in the case of replacement cost or a LIFO adjustment.

In the financial statements issued by the Group before the present Annual Report, the reserve for crude oil price changes or the LIFO adjustment was classified as a long-term liability on the balance sheet. Since the beginning of 2001, this reserve is deducted from the gross value of inventory under a specific heading in order to provide an adequate comparison with other petroleum companies. This change has no impact on the profit and loss statement or on the shareholders' equity. The presentation of the comparison between 1999, 2000, and 2001 statements has been adapted accordingly.

#### ***I) Short-term investments***

Short-term investments are valued at the lower of cost or market value.

#### ***J) Sales and operating expenses***

Sales figures are presented after deduction of customs and excise duties on petroleum products. Oil and gas sales are inclusive of quantities delivered that represent production royalties. Crude oil and petroleum product trading activities are recorded in Sales and Operating expenses when physical delivery takes place. Exchanges of crude oil and petroleum products within normal trading activities are excluded from sales.

#### ***K) Research and development expenses***

Research and development costs are charged to expense as incurred.

#### ***L) Dismantlement, removal, and environmental costs***

The Company provides for estimated dismantlement and site restoration costs of oil and gas exploration and producing properties on a unit-of-production basis. Remediation and other environmental costs related to activities other than oil

and gas production are recorded when expenses are probable and can be reasonably estimated. Accruals which are included in long-term liabilities are based on current legal requirements and existing technologies. The estimated liabilities are not discounted to present value.

#### **M) Deferred taxes**

The Company uses the liability method whereby deferred income taxes are recorded based upon the differences between the financial statement and tax basis of assets and liabilities. Deferred tax assets and liabilities must be revalued to reflect new tax rates in the periods during which rate changes are enacted. A deferred tax asset is recognized up to the expected recoverable amount.

Taxes paid to Middle East producing countries are included in operating expenses for the portion which the Company held historically as concessions (Abu Dhabi—offshore and onshore, Dubai—offshore, Oman and Abu Al Bu Khoosh).

#### **N) Employee benefits**

In accordance with the laws and practices of each country, the Company 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 national bodies responsible for the payment of benefits.

These plans can either be defined contribution or defined benefit pension plans and may be entirely or partially funded with investments made in various non-Company instruments such as mutual funds, insurance contracts, and securities.

For defined contribution plans, expenses correspond to the contributions paid.

For defined benefit plans, accruals and prepaid expenses are determined using the projected unit credit method.

Actuarial gains and losses resulting mainly from changes in actuarial assumptions are amortized using the straight-line method based on the estimated remaining length of service of the plan participants involved. Upon the inception of such plans or their extension to new categories of personnel, the actuarial liability, which corresponds to the validation of accrued rights existing prior to the date of extension or inception of the new plan, is recognized using the straight-line method over a period not exceeding the average number of years of service remaining before the employees will reach retirement age.

For funded pension plans, the difference between accumulated funding and the actuarial liability is recorded in other non-current assets or other long-term liabilities, respectively.

#### **O) Treasury shares**

Treasury shares which have been recorded as long-term investments by the parent company TOTAL FINA ELF S.A. or its subsidiaries in their individual accounts have been deducted from consolidated shareholders' equity. Other treasury shares are presented in short term investments in case they are allocated to market price regulation or for employee stock options.

#### **P) Earnings per share**

Earnings per common share are calculated by dividing net income by the weighted average number of common shares and common share equivalents outstanding during the period. Treasury shares deducted from consolidated shareholders' equity are not considered.

#### **Q) Non-recurring items**

The Company reports the impact on income of non-recurring items, consisting of gains and losses for the period, which are unusual or significant in nature.

#### **R) Main accounting and financial indicators - information by business segment**

##### **Operating income (criterion used to measure operating performance):**

Operating income and expenses, including depreciation, depletion, and amortization and excluding the amortization of intangible assets and goodwill, translation adjustments, and gains or losses on the sale of assets.

##### **Net operating income (criterion used to measure the return on capital employed):**

Operating income after deducting the amortization of intangible assets and goodwill, 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, capitalized interest expenses), and after applicable income taxes. The income and expenses classified between net operating income and net income are interest expenses related to long-term liabilities net of cash and cash equivalents, after applicable income taxes (net cost of net debt).

**Current income:**

Operating income, net operating income, or net income after deducting non-recurring items described in Note Q above.

**Capital employed:**

Non-current assets and working capital requirements net of deferred taxes and long-term liabilities.

or:

Long-term liabilities net of cash and cash equivalents and shareholders' equity.

**ROCE (Return on Capital Employed):**

Ratio between net operating income excluding non-recurring items and capital employed at the beginning of the period.

**Net debt:**

Long-term debt, including short-term portion, short-term borrowings, bank overdrafts less cash and cash equivalents and short-term investments.

**2. CHANGES IN THE STRUCTURE OF THE COMPANY AND MAIN ACQUISITIONS AND DIVESTITURES**

In accordance with the pooling of interests method described in Note 1 (Article 215), the gains from the sale of certain non-operating assets from PetroFina and Elf that occurred after December 31, 1999 and before December 31, 2001 are recorded as shareholders' equity for the unrealized gain as of December 31, 1999 and as income for the gain after that date.

The impact on the financial statements (Group's share) is detailed as follows:

*(in millions of euros)*

		2001			2000		
		Shareholders' equity	Net income	Total	Shareholders' equity	Net income	Total
Sale of Sanofi-Synthelabo	Pretax gains	1,252	1,288	2,540	468	231	699
	Net gains after tax	975	1,001	1,976	383	183	566
Other sales	Pretax gains	560	5	565	218	47	265
	Net gains after tax	441	4	445	166	35	201

The other sales are composed principally in 2001 by the sales of Elf Antargaz and of transportation and logistics assets in France and in 2000 by the sales of BNP Paribas and BSCH shares.

During the year 2001, the Group sold 6.66 % of the share capital of Sanofi-Synthelabo, thereby reducing its ownership to 26.07% as of December 31, 2001 and its entire interest in the share capital of Elf Antargaz, following the requirement of the European commission.

The Group acquired the shares of Gasandes Chile and Gasandes Argentina, owners of natural gas transportation networks in Chile and Argentina, and in the context of the Gener's agreement, a share of 64% in the Central Puerto and a share of 70% in Hidroneuquen.

The Group increased its ownership from 12.5 to 40% in the British company, Humber Power Ltd., which operates a power plant in Great Britain.

The Group acquired the minority interests of Total Oil Turkiye, an affiliate operating a service stations network in Turkey and in which it now owns 100% of the share capital.

The sale of the entire ownership share in Soplaril, specialized in flexible packaging, was realized.

Following the decision of the French Public Authorities to reorganize the French nuclear industry into a new company, called Areva, which will own 100% of the share capital of Cogema, the Group sold five-sixths of its 14.52% interest in Cogema and keeps one-sixth to participate in the creation of Areva, of which it owns 1% of the capital.



### 3. NON-RECURRING ITEMS - INFORMATION BY BUSINESS SEGMENT

Non-recurring items on the income statement, as defined in Note 1 Q, are as follows:

#### NON-RECURRING ITEMS OF OPERATING INCOME

<i>(in millions of euros)</i>		Upstream	Downstream	Chemicals	Corporate	Total
<b>Year 2001</b>	Restructuring charges	–	(10)	(14)	–	(24)
	Asset impairment charges (FAS No. 121)	–	–	(50)	–	(50)
	Early retirement plan	–	–	–	–	–
	Other items	–	(18)	–	–	(18)
	Gains (losses) on sales of assets	–	–	–	–	–
<b>Total</b>		<b>–</b>	<b>(28)</b>	<b>(64)</b>	<b>–</b>	<b>(92)</b>
<b>Year 2000</b>	Restructuring charges	(62)	–	(2)	–	(64)
	Asset impairment charges (FAS No. 121)	(29)	(90)	(150)	–	(269)
	Early retirement plan	–	–	–	–	–
	Other items	–	–	(48)	–	(48)
	Gains (losses) on sales of assets	(1)	–	–	–	(1)
<b>Total</b>		<b>(92)</b>	<b>(90)</b>	<b>(200)</b>	<b>–</b>	<b>(382)</b>
<b>Year 1999 (pro forma)</b>	Restructuring charges	(200)	–	(52)	–	(252)
	Asset impairment charges (FAS No. 121)	(128)	(112)	(103)	–	(343)
	Early retirement plan	–	–	–	–	–
	Other items	–	–	–	–	–
	Gains (losses) on sales of assets	–	–	–	–	–
<b>Total</b>		<b>(328)</b>	<b>(112)</b>	<b>(155)</b>	<b>–</b>	<b>(595)</b>

#### NON-RECURRING ITEMS OF NET INCOME

<i>(in millions of euros)</i>		Upstream	Downstream	Chemicals	Corporate	Total
<b>Year 2001</b>	Restructuring charges	–	(107)	(119)	–	(226)
	Asset impairment charges (FAS No. 121)	–	–	(224)	–	(224)
	Early retirement plan	–	–	–	–	–
	Other items	–	(42)	(136)	(32)	(210)
	Gains (losses) on sales of assets	89	17	141	1,153	1,400
	Toulouse - AZF plant explosion	–	–	(597)	(3)	(600)
<b>Total</b>		<b>89</b>	<b>(132)</b>	<b>(935)</b>	<b>1,118</b>	<b>140</b>
<b>Year 2000</b>	Restructuring charges	(47)	(122)	(78)	–	(247)
	Asset impairment charges (FAS No. 121)	(28)	(242)	(189)	–	(459)
	Early retirement plan	(84)	(114)	–	(24)	(222)
	Other items	–	(19)	(44)	(100)	(163)
	Gains (losses) on sales of assets	86	54	–	218	358
<b>Total</b>		<b>(73)</b>	<b>(443)</b>	<b>(311)</b>	<b>94</b>	<b>(733)</b>
<b>Year 1999 (pro forma)</b>	Restructuring charges	(155)	(97)	(43)	–	(295)
	Asset impairment charges (FAS No. 121)	(84)	(216)	(153)	–	(453)
	Early retirement plan	–	(31)	–	–	(31)
	Other items	–	–	–	(206)	(206)
	Gains (losses) on sales of assets	18	–	2	1,112	1,132
<b>Total</b>		<b>(221)</b>	<b>(344)</b>	<b>(194)</b>	<b>906</b>	<b>147</b>

#### 4. BUSINESS SEGMENT AND GEOGRAPHICAL AREA INFORMATION

For the years ended December 31, 2001 and 2000, the financial information for each business segment is reported on the same basis that is used internally. Segments are based on the information from the internal structure as it is defined for directing the policies and the Management and for measuring segment performance.

Information for 1999 is reported in the same way as in the annual report published by Totalfina for that year. It has not been adapted to match the new reporting for 2000. It corresponds to the indicators for Totalfina in 1999.

The Company's activities are conducted through three business segments: Upstream, Downstream, and Chemicals.

- The Upstream segment includes, in addition to the exploration and production of hydrocarbons, the gas, power and other energies activities.

- The Downstream segment includes trading and shipping activities along with refining and marketing activities.

- The Chemicals segment involves petrochemicals and polymers, intermediate processing, coating and painting business, and specialties.

The Corporate segment includes the operating and financial activities of the holding companies as well as healthcare activities (Sanofi-Synthélabo).

Operating profit and identifiable assets for each segment have been determined prior to the consolidation and inter-segment adjustments.

Sales prices between business segments approximate market prices.

#### INFORMATION BY BUSINESS SEGMENT

(in millions of euros)

For the year ended December 31, 2001 (excluding non-recurring items)	Upstream	Down- stream	Chemicals	Corporate	Intercompany	Total
• Non-Group sales	14,365	71,373	19,560	20	-	105,318
• Inter-segment sales	12,572	1,912	406	95	(14,985)	-
<b>Total sales</b>	<b>26,937</b>	<b>73,285</b>	<b>19,966</b>	<b>115</b>	<b>(14,985)</b>	<b>105,318</b>
Depreciation, depletion, and amortization of tangible assets	(2,944)	(948)	(790)	(35)	-	(4,717)
<b>Operating income excluding non-recurring items</b>	<b>9,022</b>	<b>3,004</b>	<b>1,095</b>	<b>(252)</b>	<b>-</b>	<b>12,869</b>
Amortization of intangible assets and acquisition goodwill	(16)	(92)	(217)	(9)	-	(334)
Equity in income (loss) of affiliates	330	204	15	452	-	1,001
Other items in net operating income	441	138	54	107	-	740
Tax on net operating income	(5,125)	(945)	(344)	231	-	(6,183)
<b>Net operating income excluding non-recurring items</b>	<b>4,652</b>	<b>2,309</b>	<b>603</b>	<b>529</b>	<b>-</b>	<b>8,093</b>
Net cost of net debt					-	(366)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(209)
<b>Net income excluding non-recurring items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,518</b>
<b>ROCE as a percentage</b>	<b>27%</b>	<b>22%</b>	<b>7% <sup>(1)</sup></b>			
Gross expenditures	7,496	1,180	1,611	279	-	10,566
Divestitures at selling price	1,116	1,079	541	4,268	-	7,004
Cash flow from operating activities	8,085	4,374	1,261	(1,417)	-	12,303
<b>Balance sheet as of December 31, 2001</b>						
Property, plant, and equipment, net	26,835	7,602	6,547	290	-	41,274
Intangible assets, net	390	538	2,243	25	-	3,196
Investments in equity affiliates	1,523	1,305	230	3,416	-	6,474
Total non-current assets	31,072	10,875	9,996	4,697	-	56,640
Capital employed	20,839	10,995	10,552 <sup>(2)</sup>	3,163	-	45,549

(1) Excluding amortization of goodwill for an amount of 145 millions of euros.

(2) After taking into account a 941 million euros pre-tax contingency reserve related to Toulouse - AZF plant explosion.

The information presented above reconciles with the consolidated financial statements as follows:

(in millions of euros)

For the year ended December 31, 2001	Analysis by segment	Non recurring items	Consolidated financial statements
Depreciation of tangible assets	(4,717)	(64)	(4,781)
Provisions for depreciation of tangible assets (in operating expenses)	(132)	–	(132)
Amortization of intangible assets	(156)	(2)	(158)
Amortization of goodwills	(178)	(141)	(319)
<b>Depreciation, depletion, and amortization (cash flow statement)</b>	<b>(5,183)</b>	<b>(207)</b>	<b>(5,390)</b>
Tax on net operating income	(6,183)	154	N/A
Tax resulting of net debt	155	–	N/A
<b>Total tax</b>	<b>(6,028)</b>	<b>154</b>	<b>(5,874)</b>
<b>Operating income</b>	<b>12,869</b>	<b>(92)</b>	<b>12,777</b>
Minority interests and dividends on subsidiaries' preferred shares	(209)	24	(185)
<b>Net income (share of Group)</b>	<b>7,518</b>	<b>140</b>	<b>7,658</b>

(in millions of euros)

For the year ended December 31, 2000 (excluding non-recurring items)	Upstream	Down-stream	Chemicals	Corporate	Intercompany	Total
• Non-Group sales	11,108	82,531	20,843	75	–	114,557
• Inter-segment sales	14,969	2,111	403	376	(17,859)	–
<b>Total sales</b>	<b>26,077</b>	<b>84,642</b>	<b>21,246</b>	<b>451</b>	<b>(17,859)</b>	<b>114,557</b>
Depreciation, depletion, and amortization of tangible assets	(2,729)	(988)	(815)	(58)	–	(4,590)
<b>Operating income excluding non-recurring items</b>	<b>10,113</b>	<b>3,144</b>	<b>1,627</b>	<b>(289)</b>	<b>–</b>	<b>14,595</b>
Amortization of intangible assets and acquisition goodwill	(12)	(127)	(161)	(12)	–	(312)
Equity in income (loss) of affiliates	193	156	16	311	–	676
Other items in net operating income	314	22	(62)	295	–	569
Tax on net operating income	(5,767)	(963)	(458)	299	–	(6,889)
<b>Net operating income excluding non-recurring items</b>	<b>4,841</b>	<b>2,232</b>	<b>962</b>	<b>604</b>	<b>–</b>	<b>8,639</b>
Net cost of net debt	–	–	–	–	–	(648)
Minority interests and dividends on subsidiaries' redeemable preferred shares	–	–	–	–	–	(354)
<b>Net income excluding non-recurring items</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,637</b>
<b>ROCE as a percentage</b>	<b>29%</b>	<b>19%</b>	<b>10%*</b>	<b>–</b>	<b>–</b>	<b>–</b>
Gross expenditures	5,639	1,163	1,353	184	–	8,339
Divestitures at selling price	820	685	120	1,616	–	3,241
Cash flow from operating activities	8,059	3,145	1,768	417	–	13,389
<b>Balance sheet as of December 31, 2000</b>						
Property, plant, and equipment, net	23,463	7,835	6,059	342	–	37,699
Intangible assets, net	53	470	2,359	32	–	2,914
Investments in equity affiliates	878	1,224	233	4,309	–	6,644
Total non-current assets	26,973	11,696	9,553	5,638	–	53,860
Capital employed	17,202	10,664	11,461	4,687	–	44,014

\* Excluding amortization of goodwill for an amount of 143 million euros.

The information presented above reconciles with the consolidated financial statements as follows:

(in millions of euros)

For the year ended December 31, 2000	Analysis by segment	Non recurring items	Consolidated financial statements
Depreciation of tangible assets	(4,590)	(269)	(4,859)
Provisions for depreciation of tangible assets (in operating expenses)	(145)	–	(145)
Amortization of intangible assets	(135)	(119)	(254)
Amortization of goodwills	(177)	(126)	(303)
<b>Depreciation, depletion, and amortization (cash flow statement)</b>	<b>(5,047)</b>	<b>(514)</b>	<b>(5,561)</b>
Tax on net operating income	(6,889)	366	N/A
Tax resulting of net debt	201	–	N/A
<b>Total tax</b>	<b>(6,688)</b>	<b>366</b>	<b>(6,322)</b>
<b>Operating income</b>	<b>14,595</b>	<b>(382)</b>	<b>14,213</b>
Minority interests and dividends on subsidiaries' preferred shares	354	(22)	332
<b>Net income (share of Group)</b>	<b>7,637</b>	<b>(733)</b>	<b>6,904</b>

(in millions of euros)

For the year ended December 31, 1999 (pro forma)	Upstream	Down- stream	Chemicals	Corporate	Intercompany	Total
• Non-Group sales	6,434	51,252	17,268	81	–	75,035
• Inter-segment sales	7,744	924	234	335	(9,237)	–
<b>Total sales</b>	<b>14,178</b>	<b>52,176</b>	<b>17,502</b>	<b>416</b>	<b>(9,237)</b>	<b>75,035</b>
Depreciation, depletion, and amortization of tangible assets	(2,375)	(1,102)	(888)	(34)	–	(4,399)
<b>Operating income excluding non-recurring items</b>	<b>4,119</b>	<b>1,046</b>	<b>1,189</b>	<b>(240)</b>	<b>–</b>	<b>6,114</b>
Non-recurring items of operating income	(328)	(113)	(154)	–	–	(595)
<b>Operating income including non-recurring items</b>	<b>3,791</b>	<b>933</b>	<b>1,035</b>	<b>(240)</b>	<b>–</b>	<b>5,519</b>
Amortization of intangible assets and acquisition goodwill	(10)	(249)	(261)	(17)	–	(537)
Equity in income (loss) of affiliates	54	123	23	177	–	377
Non-recurring items of net income	(221)	(344)	(194)	906	–	147
<b>Gross expenditures</b>	<b>5,132</b>	<b>1,281</b>	<b>1,666</b>	<b>416</b>	<b>–</b>	<b>8,495</b>
Property, plant, and equipment, net	21,494	8,304	5,638	361	–	35,797
Intangible assets, net	63	722	2,345	(18)	–	3,112
Total non-current assets	24,463	11,718	9,327	5,850	–	51,358
Capital employed	16,848	11,563	10,755	4,636	–	43,802

**INFORMATION BY GEOGRAPHICAL AREA**

<i>(in millions of euros)</i>		France	Rest of Europe	North America	Africa	Far East and rest of the world	Total
<b>Year ended December 31, 2001</b>	Non-Group sales	22,053	36,520	8,885	4,276	33,584	105,318
	Intangible assets and property, plant, and equipment, net	4,798	16,639	5,144	8,409	9,480	44,470
	Gross expenditures	1,415	2,524	1,178	2,094	3,355	10,566
<b>Year ended December 31, 2000</b>	Non-Group sales	25,858	35,911	10,389	4,121	38,278	114,557
	Intangible assets and property, plant, and equipment, net	5,020	16,406	4,844	7,361	6,982	40,613
	Gross expenditures	1,089	2,151	1,022	1,562	2,515	8,339
<b>Year ended December 31, 1999 (pro forma)</b>	Non-Group sales	17,507	22,825	7,718	2,747	24,238	75,035
	Intangible assets and property, plant, and equipment, net	5,060	17,109	4,659	6,660	5,421	38,909
	Gross expenditures	1,271	2,786	896	1,633	1,909	8,495

**5. INTANGIBLE ASSETS**
*(in millions of euros)*

As of December 31,	2001			2000
	Cost	Accumulated amortization	Net	Net
Acquisition Goodwill	4,046	(1,619)	2,427	2,290
Other Intangibles	2,422	(1,653)	769	624
<b>Total intangible assets <sup>(1)</sup></b>	<b>6,468</b>	<b>(3,272)</b>	<b>3,196</b>	<b>2,914</b>

*(1) As of December 31, 2000, aggregate cost and accumulated amortization amounted to 6,139 million euros and 3,225 million euros respectively.*
**6. PROPERTY, PLANT, AND EQUIPMENT**
*(in millions of euros)*

As of December 31,	2001			2000
	Cost	Accumulated amortization	Net	Net
<b>Upstream properties</b>				
• Proved properties	54,502	(34,562)	19,940	17,009
• Unproved properties	1,283	(733)	550	513
• Work in-progress	5,388	(87)	5,301	5,942
<b>Total upstream properties</b>	<b>61,173</b>	<b>(35,382)</b>	<b>25,791</b>	<b>23,464</b>
<b>Other Property, Plant, and Equipment</b>				
• Land	1,731	(319)	1,412	1,367
• Machinery, plant, and equipment (including transportation equipment)	21,258	(14,268)	6,990	6,339
• Buildings	5,841	(3,219)	2,622	2,741
• Construction in progress	1,820	-	1,820	1,369
• Other	7,477	(4,838)	2,639	2,419
<b>Total other property, plant, and equipment</b>	<b>38,127</b>	<b>(22,644)</b>	<b>15,483</b>	<b>14,235</b>
<b>Total property, plant, and equipment<sup>(1)</sup></b>	<b>99,300</b>	<b>(58,026)</b>	<b>41,274</b>	<b>37,699</b>

*(1) As of December 31, 2000, aggregate cost and accumulated depreciation, depletion, and amortization amounted to 90,976 million euros and 53,277 million euros, respectively.*



Property, plant, and equipment presented below include the following amounts for facilities and equipment leases that have been capitalized:

(in millions of euros)

As of December 31,	2001			2000
	Cost	Accumulated amortization	Net	Net
Machinery, plant, and equipment	486	(132)	354	390
Buildings	60	(30)	30	76
Construction in progress	41	(11)	30	-
<b>Total</b>	<b>587</b>	<b>(173)</b>	<b>414</b>	<b>466</b>

Amortization expense of capital lease assets amounted to 34 million euros in 2001 and 30 million euros in 2000.

## 7. EQUITY AFFILIATES: INVESTMENTS AND LOANS

The Company's share in the equity and income or loss of equity affiliates is summarized below:

(in millions of euros)

	As of December 31,				For the year ended December 31,		
	2001	2000	2001	2000	2001	2000	1999 pro forma
	% owned	% owned	Equity value	Equity value	Equity in Income/(loss)	Equity in Income/(loss)	Equity in Income/(loss)
Sanofi-Synthelabo	26.07%	32.73%	3,415	3,897	426	289	160
Cepsa	45.28%	45.28%	1,187	1,057	190	154	108
Cogema	-	14.52%	-	404	30	26	32
NLNG	15.00%	15.00%	283	178	81	14	-
Bonny Gas Transport	15.00%	15.00%	73	56	13	40	-
Qatargas	10.00%	10.00%	141	140	44	64	14
Ocensa	15.20%	15.20%	113	108	-	-	(2)
CFMH	45.00%	45.00%	124	107	40	21	25
Gas Invest S.A.	27.23%	-	149	-	10	-	-
Gasoducto Gasandes Argentina	56.50%	-	84	-	3	-	-
Piedra del Aguila	59.00%	-	83	-	-	-	-
Humber Power Ltd.	40.00%	-	39	-	19	-	-
Gisco	10.00%	10.00%	72	100	23	7	2
Abu Dhabi Gas Ind, Ltd.	15.00%	15.00%	72	68	-	-	-
Other	N/A	N/A	639	529	122	61	38
<b>Total investments</b>	-	-	<b>6,474</b>	<b>6,644</b>	<b>1,001</b>	<b>676</b>	<b>377</b>
Loans to equity affiliates	-	-	1,118	1,108	-	-	-
<b>Total investments and loans</b>	-	-	<b>7,592</b>	<b>7,752</b>	-	-	-

The group's share in Cepsa's market value amounted to 1,526 million euros as of December 31, 2001, and in Sanofi-Synthelabo's market value amounted to 15,119 million euros as of December 31, 2001.

**CEPSA SIMPLIFIED CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2001**

(in millions of euros)

Fixed assets	3,432	Shareholders' equity	2,263
Current assets	2,072	Long-term debt and other long-term liabilities	1,592
		Current debt and other short-term liabilities	1,649
<b>Total</b>	<b>5,504</b>	<b>Total</b>	<b>5,504</b>

**SANOFI- SYNTHELABO SIMPLIFIED CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2001**

(in millions of euros)

Fixed assets	2,296	Shareholders' equity	5,768
Current assets	7,671	Minority interest	21
		Long-term debt and other long-term liabilities	1,182
		Current debt and other short-term liabilities	2,996
<b>Total</b>	<b>9,967</b>	<b>Total</b>	<b>9,967</b>

During the year 2001, the company sold 6.66% of the capital of Sanofi-Synthelabo i.e. 48,600,000 shares formerly held.

The Group sold five-sixths of its interest in Cogema in the context of the creation of Areva and realized an after-tax gain of 152 million euros on this transaction.

The Group's shareholding in Sanofi-Synthelabo, which represented 32.73 % as of December 31, 2000, is decreased to 26.07% as of December 31, 2001.

**8. OTHER INVESTMENTS**

(in millions of euros)

As of December 31,	2001		2000
	Cost	Valuation allowance	
		Net	Net
<b>Publicly traded equity securities</b>			
Ultramar Diamond Shamrock	-	-	251
BNP Paribas	277	-	235
Banco Santander Central Hispano (BSCH)	93	(43)	50
Areva	69	-	-
Other	141	-	99
<b>Total publicly traded equity securities</b>	<b>580</b>	<b>(43)</b>	<b>635</b>
<b>Market value of publicly traded equity securities</b>			<b>989</b>
<b>Other equity securities</b>			<b>1,173</b>
BBPP	75	-	75
Wepec	45	-	45
Oman LNG LLC	20	-	23
Gasandes Argentina	-	-	25
Other	1,528	(669)	911
<b>Total other equity securities (1)</b>	<b>1,668</b>	<b>(669)</b>	<b>1,079</b>
<b>Total other investments (2)</b>	<b>2,248</b>	<b>(712)</b>	<b>1,714</b>

(1) Investments in subsidiaries excluded from consolidation after considering their materiality to the Company's operations account for 419 million euros and 300 million euros as of December 31, 2001 and 2000.

(2) As of December 31, 2000, the aggregate cost of other investments and valuation allowances amounted to 2,452 million euros and 738 million euros, respectively.

The variation during 2001 of the publicly traded equity securities is primarily caused by the sales of Ultramar Diamond Shamrock shares.

## 9. OTHER NON-CURRENT ASSETS

(in millions of euros)

As of December 31,	2001		Net	2000
	Cost	Valuation allowance		Net
Deferred income tax assets	917	-	917	1,173
Loans and advances <sup>(1)</sup>	2,130	(980)	1,150	1,520
Other	983	(8)	975	1,088
<b>Total <sup>(2)</sup></b>	<b>4,030</b>	<b>(988)</b>	<b>3,042</b>	<b>3,781</b>

(1) Excluding loans to equity affiliates (Note 7).

(2) As of December 31, 2000, the aggregate cost and valuation allowances of other non-current assets amounted to 4,339 and 558 millions of euros respectively.

## 10. INVENTORIES

Inventories are valued at either the historical cost or the market value, whichever is lower. The basis of the inventory is determined using methods which reduce or eliminate the effects of price fluctuations of inventories in the income statement.

Beginning in 2001, the reserve for crude oil price changes is deducted from the gross value of inventory as opposed to its prior classification as long-term liability. This change in presentation has no impact on the income statement or on the shareholders' equity. The presentation of the comparative years 2000 has been adapted accordingly (see Note 1H).

(in millions of euros)

As of Decembre 31,	2001	2000
Crude oil and natural gas	1,632	2,297
Refined products and products in process	2,741	3,635
Chemical products	2,918	3,000
Supplies and other inventories	531	468
<b>Total under FIFO (First in First out) method</b>	<b>7,822</b>	<b>9,400</b>
Reserve for crude oil price changes and for LIFO adjustment	(1,200)	(2,589)
<b>Net value in the assets (balance sheet position)</b>	<b>6,622</b>	<b>6,811</b>

## 11. ACCOUNTS RECEIVABLE, PREPAID EXPENSES, AND OTHER CURRENT ASSETS

(in millions of euros)

As of December 31,	2001		Net	2000
	Cost	Valuation allowance		Net
<b>Accounts receivable <sup>(1)</sup></b>	<b>14,055</b>	<b>(558)</b>	<b>13,497</b>	<b>14,307</b>
Operational receivables	1,836	-	1,836	1,456
Receivable from States (taxes)	2,007	-	2,007	932
Deferred tax assets, short-term	245	-	245	210
Prepaid expenses	543	-	543	378
Other current assets	2,688	(56)	2,632	1,979
<b>Prepaid expenses and other current assets</b>	<b>7,319</b>	<b>(56)</b>	<b>7,263</b>	<b>4,955</b>

(1) As of December 31, 2000, the aggregate cost and valuation allowances amounted to 14,853 million euros and 546 million euros, respectively.

## 12. SHAREHOLDERS' EQUITY

Share capital transactions are detailed as follows:

Shares issued and outstanding	Number of TotalFinaElf Common Shares
<b>As of Decembre 31, 1998</b>	<b>244,787,638</b>
Shares issued in connection with: • Initial contribution of 41% of PetroFina capital	43,263,855
• Public Exchange Offer for PetroFina – 1st stage	56,322,477
• Public Exchange Offer for PetroFina – 2nd stage	4,671,864
• Public Exchange Offer for PetroFina – 3rd stage	361,602
• Public Exchange Offer for Elf Aquitaine	371,735,114
• Exercise of share subscription options	1,059,185
• Conversion of PetroFina US warrants	1,944
<b>As of December 31, 1999</b>	<b>722,203,679</b>
Shares issued in connection with: • Capital increase reserved for employees	1,977,193
• Offer to bearers of PetroFina employee warrants	129,762
• Public Exchange Offer for PetroFina	913,185
• Exchange Offer for Elf Aquitaine	14,437,768
• Exercise of share subscription options	552,255
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	248,881
• Conversion of PetroFina US warrants	3,075
<b>As of December 31, 2000</b>	<b>740,465,798</b>
Shares issued in connection with: • Exercise of share subscription options	506,249
• Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	327,617
• Conversion of PetroFina US warrants	3,295
Cancellation of shares <sup>(1)</sup>	(35,368,000)
<b>As of December 31, 2001 <sup>(2)</sup></b>	<b>705,934,959</b>

*(1) Decided by the Board of Directors on November 20, 2001.*

*(2) Including 37,349,899 treasury shares deducted from shareholders' equity.*

### Capital increase reserved for company employees

At the Ordinary and Extraordinary Shareholders' Meeting held on May 13, 1998, the shareholders authorized, for a maximum five-year period, the Board of Directors to increase the capital of the Company by an amount not exceeding 3% of the share capital at the date of issue of the new shares, reserving subscriptions to such increase for company employees.

Pursuant to this authorization, the Board of Directors, during its November 15, 1999 meeting, implemented a first capital increase reserved for employees within the limit of 3.5 million

shares at a price of 98 euros. These shares were entitled to the dividends paid for the 1999 fiscal year. The total number of subscribed shares in 2000 was 1,977,193 shares.

Pursuant to this same authorization, the Board of Directors, during its November 20, 2001 meeting, implemented a second capital increase reserved for employees within the limit of 6 million shares at a price of 122.7 euros. These shares are entitled to the dividends paid for the 2001 fiscal year. The subscription period has been opened from December 17, 2001 to February 15, 2002.

### Specific rights of the French State in the share capital of Elf Aquitaine

The share capital of Elf Aquitaine includes a specific share providing specific rights to the French Republic, following the conversion of a common share decided by the decree dated December 13, 1993. This decree provides in particular for a right of approval in case a party or a group of parties are increasing their ownership of capital or voting rights above defined thresholds. The authorization by the French State to the business combination of Totalfina and Elf Aquitaine provided on July 16, 1999 mentions that this authorization shall be renewed under certain circumstances, in particular if TotalFinaElf's control changes.

### Share cancellation

Pursuant to the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 11, 1999 authorizing reduction of capital by cancellation of shares held by the company within the limit of 10% of the outstanding capital, the Board of Directors decided on November 20, 2001 to cancel 35,368,000 shares. These shares were acquired at an average price of 158.99 euros per share between September 18, 2000 and September 30, 2001 pursuant to the management of shareholders' equity.

### Shares held by the parent company, TOTAL FINA ELF S.A.

As of December 31, 2001, TOTAL FINA ELF S.A. held 20,457,780 of its own shares, representing 2.90% of its share capital, detailed as follows:

- 7,684,780 shares allocated to covering share purchase option plans for Company employees; these shares are recorded as short-term investments and maintained within the total assets;
- 12,773,000 shares purchased in the last quarter 2001 pursuant to the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 17, 2001 and that are deducted from the consolidated shareholders' equity.

### Shares held by the subsidiaries

As of December 31, 2001, TOTAL FINA ELF S.A. held indirectly through its subsidiaries 25,082,217 of its own shares, representing 3.55% of its share capital, detailed as follows:

- 505,318 shares held by a consolidated subsidiary, Total Nucléaire, indirectly controlled by TOTAL FINA ELF S.A. These shares were initially acquired in order to realize

short-term cash investments and are recorded in short-term investments in the consolidated financial statements;

- 24,576,899 shares held by subsidiaries of Elf Aquitaine, Financière Valorgest, Sogapar and Fingestval (according to the agreement entered into on September 12, 1999 between Totalfina and Elf Aquitaine, Elf Aquitaine committed on behalf of these subsidiaries to tender to the public exchange offer initiated by Totalfina the 3,798,000, 702,000 and 12,315,760 Elf Aquitaine shares respectively owned by these subsidiaries at that date; consequently, these subsidiaries received respectively 5,550,926, 1,026,000 and 17,999,973 TotalFinaElf shares). These shares were deducted from the consolidated shareholders' equity.

### TotalFinaElf US warrants

As remuneration for the merger operation on August 5, 1998 between PetroFina and Fina Inc., 4,451,060 PetroFina US warrants were issued. These warrants gave the right to subscribe to PetroFina ADSs, according to the exchange ratio of 9 PetroFina ADSs for 10 PetroFina US warrants at an exercise price of USD 42.25 by PetroFina ADS. Within the context of the public exchange offer for PetroFina shares made in the United States in 1999, TotalFinaElf had proposed to tender and exchange 100 PetroFina US warrants for 81 TotalFinaElf US warrants to be issued, each TotalFinaElf US warrant giving the right to buy one TotalFinaElf ADS at a price of USD 46.94 per ADS. 4,140,500 PetroFina US warrants were tendered to the offer and exchanged for 3,353,805 newly created TotalFinaElf US warrants.

On November 8, 2000, TOTAL FINA ELF S.A. and PetroFina established that completion of the public exchange offer for PetroFina taking place from October 10, 2000 to November 7, 2000 together with the restructuring of PetroFina's activities carried out following the initial public exchange offer resulted in a "Combination" as stipulated in Article 12 of PetroFina's Warrant Agreement. Consequently, on that same date, the 290,882 PetroFina US warrants not already held by the Company, were automatically tendered and exchanged for 235,614 TotalFinaElf warrants. Following this "Combination," TotalFinaElf now holds all of the PetroFina US warrants, i.e. 4,431,382 warrants, which if exercised, give the right to create 398,824 new PetroFina shares.

Out of the 3,579,381 outstanding TotalFinaElf warrants as of December 31, 2000, 6,590 warrants were exercised in 2001. Thus, as of December 31, 2001, 3,572,791 TotalFinaElf US warrants were outstanding, giving entitlement to a subscription right for 3,572,791 TotalFinaElf ADSs, i.e. 1,786,395 TotalFinaElf shares.



**13. MINORITY INTEREST AND SUBSIDIARIES' REDEEMABLE PREFERRED SHARES****A/ CHANGES OF MINORITY INTERESTS**

<i>(in millions of euros)</i>	<b>2001</b>	<b>2000</b>
Balance at beginning of year	755	1,481
Income	166	304
Dividend paid	(151)	(200)
Foreign currency translation effect	9	15
Others <sup>(1)</sup>	119	(845)
<b>Balance at the end of the year</b>	<b>898</b>	<b>755</b>

*(1) This change is mainly due in 2001 to the acquisition of Central Puerto and to the purchase of the minority interests of Total Oil Turkiye.*

*This change is primarily due in 2000 to the buy back of a large amount of the shares held by Elf and PetroFina's minority shareholders following the public exchange offers carried out by TOTAL FINA ELF S.A.*

**B/ SUBSIDIARIES' REDEEMABLE PREFERRED SHARES**

*(in millions of euros)*

<b>As of December 31, 1999</b>	<b>597</b>
Repayment	(108)
Foreign currency translation effect	48
<b>As of December 31, 2000</b>	<b>537</b>
Repayment	-
Foreign currency translation effect	30
<b>As of December 31, 2001</b>	<b>567</b>

In 2000, the Elf Aquitaine Capital and Elf Aquitaine Investment subsidiaries repaid the equivalent of 108 million euros.

In 2001, no issuance or reimbursement of redeemable preferred shares took place.

The total amount paid in respect of these redeemable preferred shares progressively decreased over the years as a result of a partial or full repayment of the blocks previously issued (54 million euros in 1999 - pro forma, 28 million euros in 2000, and 19 million euros in 2001).

## 14. EMPLOYEE BENEFITS OBLIGATIONS

Employee benefits obligations consist of the following:

<i>(in millions of euros)</i>	2001	2000
Pension benefits	2,227	2,216
Other benefits	641	628
Restructuring reserves	487	875
<b>Total</b>	<b>3,355</b>	<b>3,719</b>

The funded status of defined benefit pension plans and plans for benefits other than pensions is as follows as of December 31:

<i>(in millions of euros)</i>	Pension benefits		Other benefits	
	2001	2000	2001	2000
<b>Change in benefit obligation</b>				
– Benefit obligation at beginning of year	6,244	5,791	573	546
– Service cost	141	101	4	9
– Interest cost	383	345	37	36
– Plan participants' contributions	14	12	–	–
– Benefits paid	(396)	(240)	(37)	(49)
– Actuarial loss (gain)	593	155	(6)	9
– Foreign currency translation and other	368	80	46	22
<b>Benefit obligation at end of year</b>	<b>7,347</b>	<b>6,244</b>	<b>617</b>	<b>573</b>
<b>Change in fair value of Plan Assets</b>				
– Fair value of plan assets at beginning of year	(5,116)	(3,990)	–	–
– Actual return on plan assets	342	(319)	–	–
– Plan participants' contributions	(14)	(12)	–	–
– Company contributions	(544) <sup>(1)</sup>	(797) <sup>(1)</sup>	–	–
– Benefits paid	268	99	–	–
– Foreign currency translation and other	(453)	(97)	–	–
<b>Fair value of plan assets at end of year</b>	<b>(5,517)</b>	<b>(5,116)</b>	<b>–</b>	<b>–</b>
<b>Funded status of the plan</b>	<b>1,830</b>	<b>1,128</b>	<b>617</b>	<b>573</b>
– Deferred items	(1,002)	191	24	55
– Minimum Liability Adjustment (MLA) <sup>(2)</sup>	522	50	–	–
<b>Net amount recognised</b>	<b>1,350</b>	<b>1,369</b>	<b>641</b>	<b>628</b>
– Pension benefit liability	2,227	2,216	641	628
– Prepaid benefit cost	(877)	(847)	–	–

1) The Company covered at the end of 2000 and 2001 certain employee pension benefit plans through insurance companies for amounts of 794 and 473 million euros, respectively.

2) Adjustment according to US GAAP, equal to the difference between the Accumulated Benefit obligation and the fair value of plan assets.

The weighted average assumptions as of December 31, were as follows:	Pension benefits		Other benefits	
	2001	2000	2001	2000
Interest rate	5.91%	5.82%	6.41%	5.94%
Average rate of salary increase	3.74%	3.51%	-	-
Rate of expected return on plan assets	7.38%	8.04%	-	-
Rate of increase in healthcare costs:				
– Opening rate	-	-	5.71%	4.55%
– Closing rate	-	-	3.88%	5.27%

Components of net periodic benefit cost:

<i>(in millions of euros)</i>	Pension benefits		Other benefits	
	2001	2000	2001	2000
Service cost	141	101	4	9
Interest cost	383	345	37	36
Expected return on plan assets	(376)	(319)	-	-
Amortization of deferred items	56	(173)	2	(3)
<b>Net periodic benefit cost</b>	<b>204</b>	<b>(46)</b>	<b>43</b>	<b>42</b>

A positive or negative change of 1% in the growth rate of healthcare costs would have approximately the following impact:

<i>(in millions of euros)</i>	1% point increase	1% point decrease
Effect on benefit obligation	48	(42)
Effect on total of service and interest cost components	4	(3)

The pension plans for which the accumulated benefit obligation is higher than the fair value of plan assets are detailed as follows as of December 31:

<i>(in millions of euros)</i>	2001	2000
Accumulated Benefit Obligation	4,049	2,949
Projected Benefit Obligation	4,303	3,290
Fair value of plan assets	(1,629)	(1,335)

### Restructuring provisions

In 2000, the Company offered its employees, mainly in the Upstream and Downstream segments in France, a voluntary early retirement plan. It recorded a reserve for restructuring of 384 million euros. In 2001, a part of these voluntary early retirement plans were covered through insurance companies for an amount of 232 million euros.

## 15. OTHER LONG-TERM LIABILITIES

(in millions of euros)

As of December 31,	2001	2000
Litigation and accrued penalty claims	335	197
Major refinery turnarounds	417	279
Site restoration and environmental contingencies	2,656	2,378
Other long-term liabilities	2,425	1,631
Deposits received	260	397
<b>Total</b>	<b>6,093</b>	<b>4,882</b>

The increase of the other long-term liabilities is due in particular by the contingency reserve related to the Toulouse AZF plant explosion for an amount of 941 million euros.

## 16. DEBT

### A/ LONG-TERM DEBT

(in millions of euros)

As of December 31	2001			2000		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Debenture loans <sup>(1)</sup>	-	7,219	7,219	8	7,239	7,247
Capital lease obligations	375	-	375	424	-	424
Banks and other:						
- Fixed rate	135	327	462	56	349	405
- Floating rate	96	3,013	3,109	77	3,356	3,433
<b>Total</b>	<b>606</b>	<b>10,559</b>	<b>11,165</b>	<b>565</b>	<b>10,944</b>	<b>11,509</b>

<sup>(1)</sup> Including comparable loans from the parent company issued prior to December 31, 1998.

Debenture loans can be detailed as follows <sup>(1)</sup>:

(in millions of euros)

As of December 31,	2001	2000
<b>Parent company <sup>(2)</sup></b>		
8 1/2% Bonds 1991-2001 (DEM 200 million)	-	136
7 1/8% Bonds 1991-2001 (CHF 100 million)	-	77
8 1/4% Bonds 1992-2002 (DEM 300 million)	205	194
8 1/5% Bonds 1995-2005 (FRF 500 million)	110	104
7.62% Single Coupon Bonds 1995-2005 (FRF 950 million)	210	199
7 1/2% Bonds 1995-2005 (FRF 400 million)	88	84
6.90% Bonds 1996-2006 (FRF 990 million)	223	211
6.75% Bonds 1996-2008 (FRF 950 million)	208	197
6.75% Bonds 1996-2008 (FRF 800 million)	179	170
6.75% Bonds 1996-2008 (FRF 700 million)	153	145
5.03% Bonds 1997-2007 (FRF 620 million)	112	106
6.80% Bonds 1997-2007 (ESP 12 billion)	93	89
6.20% Bonds 1997-2009 (FRF 900 million)	196	186
6.875% Bonds 1997-2004 (USD 300 million)	340	322

<sup>(1)</sup> Only comparable loans from the parent company issued prior to December 31, 1998 are included.

<sup>(2)</sup> These loans are converted into US dollar floating rate debt by issuance of individual hedging currency swaps.

(in millions of euros)

As of December 31,	2001	2000
<b>Parent company <sup>(2)</sup></b>		
5.25% Bonds 1997-2003 (DEM 250 million)	165	156
2.25% Bonds 1998-2003 (CHF 200 million)	152	144
6% Bonds 1998-2003 (GRD 10 billion) <sup>(3)</sup>	37	35
Pibor 3-month +0.38 % Bonds 1998-2008 (FRF 230 million)	43	41
5.125% Bonds 1998-2009 (FRF 1 billion)	188	178
5% Bonds 1998-2013 (FRF 1 billion)	189	179
3.875% Bonds 1999-2006 (EUR 300 million)	368	348
3.25% Bonds 1999-2005 (CHF 200 million)	149	141
2.25% Bonds 2000-2003 (CHF 150 million)	107	102
3.5% Bonds 2000-2006 (CHF 200 million)	143	135
6.875% Bonds 2000-2005 (GBP 150 million)	272	258
4% Bonds 2000-2004 (CHF 200 million)	134	127
5.375% Bonds 2000-2005 (EUR 250 million)	258	244
4% Bonds 2000-2004 (CHF 100 million)	70	66
4% Bonds 2000-2004 (CHF 150 million)	105	99
3.25% Bonds 2000-2005 (CHF 100 million)	69	65
5.75% Bonds 2000-2005 (EUR 500 million)	492	466
5.65% Bonds 2000-2010 (EUR 100 million)	100	95
7% Bonds 2000-2005 (USD 500 million)	567	537
5.625% Bonds 2000-2004 (EUR 100 million)	102	97
Short-term portion (less than one year)	(205)	(214)
<b>Total parent company</b>	<b>5,622</b>	<b>5,519</b>
<b>Elf Aquitaine</b>		
8% Bonds 1991-2001 (USD 300 million)	-	178
8.5% Bonds 1992-2002 (FRF 1 billion)	147	147
7.125% Bonds 1993-2003 (FRF 1 billion)	151	150
4.125% Bonds 1993-2001 (CHF 125 million)	-	89
7% Bonds 1994-2004 (FRF 1.5 billion)	247	242
4.5% Bonds 1999-2009 (EUR 1 billion)	1,000	1,000
2.25% Bonds 1999-2004 (CHF 250 million)	191	181
Short-term portion (less than one year)	(147)	(267)
<b>Total Elf Aquitaine</b>	<b>1,589</b>	<b>1,720</b>
Other consolidated subsidiaries	8	8
<b>TotalFinaElf</b>	<b>7,219</b>	<b>7,247</b>

(2) These loans are converted into US dollar floating rate debt by issuance of individual hedging currency swaps.

(3) These bonds changed from the ATHIMID 3-month - 0.9% rate to 6% from July 2000.



**Loan repayment schedule (excluding short-term portion)**

(in millions of euros)

As of December 31,	2001		2000	%
2002	–	–	952	8%
2003	1,257	11%	1,130	10%
2004	2,091	19%	2,181	19%
2005	2,601	23%	2,700	23%
2006	1,317	12%	4,546	40%
2007 and after	3,899	35%	–	–
<b>Total</b>	<b>11,165</b>	<b>100%</b>	<b>11,509</b>	<b>100%</b>

**Analysis by currency and interest rate**

These analyses take into account interest rate and foreign currency swap operations which hedge long-term debts:

(in millions of euros)

As of December 31,	2001	%	2000	%
US dollar	7,582	68%	7,413	64%
Pound sterling	1,406	12%	1,805	16%
Euro	2,121	19%	2,206	19%
Norwegian Crown	–	–	15	–
Other currencies	56	1%	70	1%
<b>Total</b>	<b>11,165</b>	<b>100%</b>	<b>11,509</b>	<b>100%</b>

As of December 31,	2001	%	2000	%
Fixed rates	820	7%	798	7%
Floating rates	10,345	93%	10,711	93%
<b>Total</b>	<b>11,165</b>	<b>100%</b>	<b>11,509</b>	<b>100%</b>

As of December 31, 2001, the Group had an amount of USD 7,543 million of long-term lines of credit, of which USD 6,303 million were not used.

These facilities are primarily contracted with international banks for periods initially extending up to 13 years (with an average maturity of approximately 5 years). Interest on borrowings under these agreements is based on prevailing money market rates. In addition, the credit lines are subject to various commitment fees on the unused portions.

**B/ SHORT-TERM BORROWINGS AND BANK OVERDRAFTS**

(in millions of euros)

As of December 31,	2001	2000
Current portion of long-term loans	848	1,192
Short-term financial debt	1,671	1,644
Bank overdrafts	1,046	1,217
<b>Total</b>	<b>3,565</b>	<b>4,053</b>

Short-term borrowings consists mainly of commercial papers or treasury bills or draws on bank loans. These instruments bear interest at rates which are close to market rates.

## 17. OTHER CREDITORS AND ACCRUED LIABILITIES

(in millions of euros)

As of December 31,	2001	2000
Advances from customers (including advances from related parties)	1,468	1,338
Accruals and deferred income	417	369
Payable to states (including taxes and duties)	5,772	5,423
Payroll	914	991
Other	3,899	3,093
<b>Total</b>	<b>12,470</b>	<b>11,214</b>

## 18. INTEREST EXPENSE, NET

(in millions of euros)

Year ended December 31,	2001	2000
Financial interest charge on debt	(1,157)	(1,307)
Financial income on cash and cash equivalents and marketable securities	638	458
<b>Cost of debt</b>	<b>(519)</b>	<b>(849)</b>
Financial interests capitalized	259	274
Other financial gains/losses	76	135
<b>Financial charge/income of operational nature</b>	<b>335</b>	<b>409</b>
<b>Interest expense, net</b>	<b>(184)</b>	<b>(440)</b>

In 1999, financial interests on debt and on items of operational nature amounted to 1,331 million euros and financial income on cash and cash equivalents and on items of operational nature amounted to 597 million euros.

## 19. OTHER INCOME (EXPENSE)

(in millions of euros)

Year ended December 31,	2001	2000	1999 pro forma
Foreign exchange gains (losses)	16	(9)	(24)
Gains and losses on sales of assets	1,738	534	262
Amortization of intangible assets	(158)	(254)	(131)
Contingency reserve for Toulouse - AZF plant explosion	(941)	N/A	N/A
Other	(372)	(1,011)	13
Special items, net	N/A	N/A	691
<b>Total</b>	<b>283</b>	<b>(740)</b>	<b>811</b>

For the 2001 accounting period, the "Other" heading is composed primarily of social plans liabilities and early retirement plans for 199 million euros and of environmental reserves for 115 million euros.

For the 2000 accounting period, the "Other" heading is composed of restructuring costs and early retirement plans for an amount of 773 million euros and the cost of Erika wreckage for an amount of 160 million euros (see Note 3: non-recurring items).

Until 1999, the Company applied both "Special items" as defined in accounting terminology and the reporting of non-recurring items.

For the 1999 accounting period, in order to improve the clarity of the communication, the "Special items, net" disclosure has been regrouped with the detail of the "Other income/expense". Disclosure of "Special items, net" is no longer used by the Group since 2000.

## 20. INCOME TAXES

Since 1966, Total and Elf have been taxed in accordance with consolidated income tax treatment approved on a renewable three-year basis by the French Ministry of Finance. At the end of 1999, Elf became part of the same tax consolidated group as Totalfina in accordance with the principles of continuity and neutrality of this tax treatment. TotalFinaElf has tax authority approval to benefit from this consolidated income tax treatment until December 31, 2001. The renewal of the agreement has been requested by the Group for the period 2002-2004.

Income tax can be broken down as follows:

*(in millions of euros)*

Year ended December 31,	2001	2000	1999 pro forma
Current income taxes	(5,690)	(5,350)	(1,798)
Deferred income taxes	(184)	(972)	(617)
<b>Provision for income taxes (including special items)</b>	<b>(5,874)</b>	<b>(6,322)</b>	<b>(2,415)</b>
Tax impact of special items	–	–	230
<b>Provision for income taxes (excluding special items)</b>	<b>(5,874)</b>	<b>(6,322)</b>	<b>(2,185)</b>

The components of deferred tax balances as of December 31, 2001 and 2000 are as follows:

*(in millions of euros)*

Year ended December 31,	2001	2000
Net operating losses and tax credit carryforwards	343	545
Employee benefits	932	1,096
Other temporarily non-deductible provisions	2,048	1,470
<b>Gross deferred tax assets</b>	<b>3,323</b>	<b>3,111</b>
Valuation allowance	(204)	(440)
<b>Net deferred tax assets</b>	<b>3,119</b>	<b>2,671</b>
Excess tax over book depreciation	(6,196)	(3,997)
Other temporary tax deductions	(2,282)	(3,514)
<b>Gross deferred tax liability</b>	<b>(8,478)</b>	<b>(7,511)</b>
<b>Net deferred tax liabilities</b>	<b>(5,359)</b>	<b>(4,840)</b>

Deferred taxes are presented as follows in the balance sheet as of December 31, 2001 and 2000:

*(in millions of euros)*

Non-current deferred tax assets	917	1,173
Current deferred tax assets	245	209
Deferred tax liability	(6,521)	(6,222)
<b>Net</b>	<b>(5,359)</b>	<b>(4,840)</b>

As per applicable accounting standards, components of deferred tax assets and liabilities are offset when they are related to the same fiscal entity.

**RECONCILIATION BETWEEN PROVISION FOR INCOME TAXES AND PRE-TAX INCOME**

(in millions of euros)

Year ended December 31,	2001	2000
Net income	7,658	6,904
Minority interests	166	304
Provision for income taxes	5,874	6,322
Equity in income (loss) of affiliates	(1,001)	(676)
<b>Pre-tax income</b>	<b>12,697</b>	<b>12,854</b>
French statutory tax rate	36.43%	37.8%
<b>Theoretical tax charge</b>	<b>(4,626)</b>	<b>(4,859)</b>
Difference between French and foreign income tax rates	(1,729)	(1,758)
Permanent differences	304	147
Change in valuation allowance	192	128
Other	(15)	20
<b>Net provision for income taxes</b>	<b>(5,874)</b>	<b>(6,322)</b>

Permanent differences are mainly due to amortization 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 CARRYFORWARDS**

Deferred tax assets relating to NOL's and tax credit carryforwards were available in various tax jurisdictions as of December 31, 2001 and 2000, expiring in the following years:

(in millions of euros)	2001	2000
2001	-	14
2002	84	20
2003	72	43
2004	53	13
2005	33	220
2006	18	147
Unlimited	83	88
<b>Total</b>	<b>343</b>	<b>545</b>

**21. LEASES**

The Company leases real estate, service stations, ships, and other equipment through non-cancelable capital and operating leases. The future minimum lease payments on non-cancelable leases to which the Company is committed as of December 31, 2001 are shown as follows:

(in millions of euros)	Operating Leases	Capital Lease Obligations
2002	177	65
2003	131	84
2004	94	50
2005	80	40
2006	72	37
2007 and after	93	320
<b>Future lease payments</b>	<b>647</b>	<b>596</b>
Less amount representing interest	-	(186)
Present value of net minimum lease payments	-	410
Less current portion of capital leases	-	(36)
<b>Total</b>	<b>-</b>	<b>374</b>

Net rental expense incurred under operating leases for the years ended December 31, 2001 and 2000, was 167 million euros and 131 million euros, respectively.

Operating leases also included long-term charters of several tankers.

## 22. COMMITMENTS AND CONTINGENCIES

(in millions of euros)

As of December 31,	2001	2000
<b>Total commitments given</b>	<b>6,663</b>	<b>5,807</b>
<b>Total commitments received</b>	<b>3,493</b>	<b>2,510</b>

Commitments given include primarily customs deposits and loan guarantees.

Commitments received include primarily customer guarantees.

### Interest rate and foreign currency agreements

Commitments and contingencies related to the Company's financial derivatives activities are stated below.

These amounts set the levels of notional involvement by the Company and are not indicative of an unrealized gain or loss.

(in millions of euros)

As of December 31, 2001	Total	2002	2003	2004	2005	2006	2007 and after
<b>INTEREST RATE HEDGING ACTIVITY</b>							
<b>Issue swaps and swaps hedging debenture issues</b>							
Notional amount	8,071	395	689	1,577	2,215	733	2,462
Received rate (as of 12/31/2001)	5.40%						
Paid rate (as of 12/31/2001)	2.29%						
<b>Long-term currency and interest rate swaps</b>							
Notional amount	333	15	-	-	198	18	102
Received rate (as of 12/31/2001)	2.97%						
Paid rate (as of 12/31/2001)	3.26%						
<b>Currency swaps</b>							
Notional amount	883	883	-	-	-	-	-
<b>Long-term interest rate swaps</b>							
Receive-fixed swaps							
Notional amount	402	165	21	3	213	-	-
Received rate (as of 12/31/2001)	5.05%						
Paid rate (as of 12/31/2001)	2.29%						
Pay-fixed swaps							
Notional amount	652	431	69	144	-	-	8
Received rate (as of 12/31/2001)	1.70%						
Paid rate (as of 12/31/2001)	3.86%						
<b>Short-term interest rate swaps</b>							
Notional amount	1,916	1,916	-	-	-	-	-
<b>Caps <sup>(1)</sup></b>							
Notional amount	58	1 month					
Fixed rate	12.00%						
<b>FOREIGN CURRENCY HEDGING ACTIVITY</b>							
<b>Forward exchange contracts</b>							
Notional amount	120	120	-	-	-	-	-

(1) This contract is based on the South African rand, which justifies the higher fixed rate.



(in millions of euros)

As of December 31, 2000	Total	2001	2002	2003	2004	2005	2006 and after
<b>INTEREST RATE HEDGING ACTIVITY</b>							
<b>Issue swaps and swaps hedging debenture issues</b>							
Notional amount	8,218	474	385	664	1,518	2,098	3,079
Received rate (as of 12/31/2000)	5.65%						
Paid rate (as of 12/31/2000)	6.29%						
<b>Long-term currency and interest rate swaps</b>							
Notional amount	422	67	-	-	-	241	114
Received rate (as of 12/31/2000)	5.87%						
Paid rate (as of 12/31/2000)	6.05%						
<b>Currency swaps</b>							
Notional amount	3,006	2,998	8	-	-	-	-
<b>Long-term interest rate swaps</b>							
<b>Receive-fixed swaps</b>							
Notional amount	459	30	128	43	3	252	3
Received rate (as of 12/31/2000)	6.39%						
Paid rate (as of 12/31/2000)	6.16%						
<b>Pay-fixed swaps</b>							
Notional amount	614	389	17	-	203	-	5
Received rate (as of 12/31/2000)	5.20%						
Paid rate (as of 12/31/2000)	4.54%						
<b>Short-term interest rate swaps</b>							
Notional amount	2,024	3 days to 2 months	-	-	-	-	-
<b>FOREIGN CURRENCY HEDGING ACTIVITY</b>							
<b>Forward exchange contracts</b>							
Notional amount	457	438	14	5	-	-	-

Long-term swaps (interest rate and/or currency swaps, issue swaps or swaps hedging debenture issues) are aimed at converting fixed-rate debt into floating-rate debt on a LIBOR basis or equivalent.

The average interest rates are given for information purposes and reflect, for the floating-rate portion, market conditions at year-end.

#### Impact on the reported interest expenses of the financial hedging instruments

The Company does not consider it meaningful to measure this impact for the issue swaps. These swaps are an integral part of the issuance of most of the debenture loans, the fixed

rate of which is thereby converted into a U.S. dollar floating rate at the issuance date. Hence, the original fixed rate of the debenture loans and, similarly, of the issue swap is not meaningful.

Regarding the other derivative instruments, the only significant impact on the statement of income for the year ended December 31, 2001 and 2000 is an expense, amounting to 20 million euros and to 62 million euros respectively, related to the premiums/discounts on currency swaps primarily used to manage the conversion of the Company's currency deposits into euros.

## Commodity contracts

The commitments related to the Company's operations on crude oil, petroleum products and natural gas and power futures markets are stated below. These amounts represent the levels of involvement by the Company and are not indicative of a market risk or unrealized gains or losses.

	Notional value 2001		Notional value 2000	
	Assets	Liabilities	Assets	Liabilities
<i>(in millions of euros)</i>				
Crude oil and petroleum products				
• Swaps <sup>(1)</sup>	3,266	3,819	3,383	3,922
• Options <sup>(2)</sup>	1,180	1,282	1,352	1,542
• Futures <sup>(3)</sup>	400	445	452	655
• Options on futures <sup>(2)</sup>	65	54	67	84
Natural gas and power				
• Swaps <sup>(1)</sup>	5	1,063	219	1,171
• Forwards	3,801	4,452	2,586	3,186
• Futures <sup>(3)</sup>	10	13	80	46
• Options <sup>(2)</sup>	523	547	913	948

(1) Swaps (including "Contracts for differences"): the "assets/liabilities" columns correspond to receive-fixed and pay-fixed swaps.

(2) Options: the "Assets/Liabilities" columns correspond to the nominal value of options (calls or puts) purchased /sold.

(3) Futures: the "Assets/Liabilities" 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 for a short term (less than one year).

All petroleum instruments are featured in this table, including those that may result in physical delivery and excluding "Brent 15 days"-type forward contracts traded on the OTC markets.

## 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values are estimated for the majority of the Company's financial instruments, with the exception of publicly traded equity securities and marketable securities for which the market prices instruments.

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 estimations have been made based on simplifying assumptions. As a consequence, the use of different estimations, methodologies and assumptions may have a material effect on the estimated fair value amounts.

The methods used are as follows:

**Cash and cash equivalents, accounts and notes receivable, bank overdrafts, short-term borrowings, accounts and notes payable:** the carrying amounts reflected in the consolidated financial statements are reasonable estimates of the fair value because of the relatively short period of time between the origination of the instruments and their expected realization.

**Investments:** estimated fair values for publicly traded equity securities are based on quoted average market prices of the month of December 2001 and 2000. For other investments for which there is no quoted price, a reasonable estimate of fair value could not be made without incurring excessive costs.

**Long-term debt, current portion of long-term debt, long-term interest rate and foreign currency swaps:** the fair values of these financial instruments were determined by estimating future cash flows on a borrowing-by-borrowing basis and discounting these future cash flows using the zero coupon interest rate curves at year-end and taking into account a spread that corresponds to the average risk classification of the Company.

**Bank guarantees:** the fair value of these instruments are based on average fees currently charged for similar agreements, taking into account the average risk classification of the Company.

### Other off-balance sheet financial instruments

The fair value of the interest rate swaps is calculated by discounting future cash flows on the basis of the zero coupon interest rate curves existing at year-end. Forward exchange transactions (forward exchange rates 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.

(in millions of euros)

As of December 31,	2001		2000	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<b>BALANCE SHEET</b>				
<b>Other investments:</b>				
• Publicly traded	537	989	635	1,173
• Non-publicly traded (subsidiaries excluded from consolidation and other)	998	998	1,079	1,079
Short-term investments:				
• Publicly traded	952	1,268	565	873
• Non-publicly traded	52	52	76	76
Loans and advances to subsidiaries excluded from consolidation and others	1,048	999	1,520	1,520
Debenture loans (before swaps and excluding current portion) <sup>(a)</sup>	7,219	6,832	7,239	6,813
Issue swaps <sup>(a)</sup>	–	465	–	403
Bank loans (excluding capital lease obligations) <sup>(b)</sup> :				
• Fixed-rate	462	417	587	580
• Floating-rate	3,109	3,109	3,252	3,252
Current portion of long-term debt (excluding current portion of capital lease obligations)	812	806	1,152	1,154
<b>OFF-BALANCE SHEET</b>				
<b>Treasury management instruments</b>				
Bank guarantees	–	(49)	–	(13)
Swaps hedging debenture issues <sup>(a)</sup>	–	13	–	(19)
Long-term interest rate and currency swaps	–	14	–	(3)
Long-term interest rate swaps	–	(3)	–	2
Short-term interest rate swaps <sup>(d)</sup>	–	(c)	–	(c)
Short-term and long-term currency swaps <sup>(e)</sup>	–	(5)	–	28
Forward exchange contracts	–	8	–	2
Caps/Floors	–	–	–	–
<b>Commodities instruments (comparable to financial instruments)</b>				
Petroleum products and crude oil swaps and futures	–	62	–	44
Natural gas and power swaps and options	–	52	–	27

<sup>(a)</sup> All issue swaps specifically hedge debenture loans. They were concluded under ISDA agreements in order to create synthetic debt at a floating rate in US dollars in most cases. The fair values of these swaps must therefore be incorporated into the overall value of debenture loans.

In the same sense, some long-term interest-rate swaps were concluded to partly modify the Company's interest rate exposure. The corresponding fair value may be considered together with the fair value of the long-term debt hedged by these swaps.

<sup>(b)</sup> The market value does not take into account the interest rate swaps since they are presented separately.

<sup>(c)</sup> Estimated fair value is immaterial.

<sup>(d)</sup> The fair value of the short-term interest-rate swaps correlates with the value of the short-term loans and borrowings; these swaps are used in order to reduce the negotiated rates to the daily rate which is the benchmark.

<sup>(e)</sup> Currency swaps are used in the context of managing the current position of the Company, in order to be able to borrow or invest cash in markets other than the euro market. Thus, their fair value, if significant, is offset by the value of the short-term loans and borrowings which they hedge.

The fair value of the other off-balance sheet instruments held as of December 31, 2001 is immaterial (lower than 2 million euros).

## 24. EMPLOYEE SHARE SUBSCRIPTION AND SHARE PURCHASE PLANS

### TotalFinaElf share subscription plans

	1993 Plan <sup>(1)</sup>	1994 Plan <sup>(2)</sup>	1995 Plan <sup>(3)</sup>	1996 Plan <sup>(4)</sup>	Total
<b>Exercise price (in euros)</b>	<b>32.01</b>	<b>43.60</b>	<b>44.36</b>	<b>59.76</b>	
<b>Expiration date</b>	<b>25/10/99</b>	<b>14/11/00</b>	<b>5/09/01</b>	<b>11/12/02</b>	
<b>Options</b>					
Exercisable as of January 1, 1999	191,230	606,480	847,560	948,300	2,593,570
Granted	-	-	-	-	-
Cancelled	(3,950)	(1,200)	(1,000)	(6,100)	(12,250)
Exercised	(187,280)	(407,875)	(340,930)	(123,100)	(1,059,185)
Exercisable as of January 1, 2000	-	197,405	505,630	819,100	1,522,135
Granted	-	-	-	-	-
Cancelled	-	(7,200)	-	-	(7,200)
Exercised	-	(190,205)	(211,860)	(150,190)	(552,255)
Exercisable as of January 1, 2001	-	-	293,770	668,910	962,680
Granted	-	-	-	-	-
Cancelled	-	-	(4,750)	(1,800)	(6,550)
Exercised	-	-	(289,020)	(217,229)	(506,249)
Exercisable as of December 31, 2001	-	-	-	449,881	449,881

(1) Grants decided by the Board of Directors on December 17, 1992 pursuant to the authorization given by the Extraordinary Shareholders' Meeting held on June 17, 1991.

The options are exercisable only after a 3-year period from the date the option is granted to the individual employee and must be exercised within 6 years from the date of grant.

(2) Grants decided by the Board of Directors on September 6, 1994 pursuant to the authorization given by the Extraordinary Shareholders' Meeting held on June 17, 1991.

The options are exercisable only after a 3-year period from the date the option is granted to the individual employee and must be exercised within 6 years from the date of grant.

(3) Grants decided by the Board of Directors on September 5, 1995 pursuant to the authorization given by the Extraordinary Shareholders' Meeting held on June 17, 1991.

The options are exercisable only after a 3-year period from the date the option is granted to the individual employee and must be exercised within 6 years from the date of grant.

(4) Grants decided by the Board of Directors on December 11, 1996 pursuant to the authorization given by the Extraordinary Shareholders' Meeting held on June 4, 1996.

The options are exercisable only after a 3-year period from the date the option is granted to the individual employee and must be exercised within 6 years from the date of grant.

The Board of Directors has not granted any options to subscribe new shares since December 11, 1996.

### TotalFinaElf share purchase plans

	1998 Plan <sup>(1)</sup>	1999 Plan <sup>(2)</sup>	2000 Plan <sup>(3)</sup>	2001 Plan <sup>(4)</sup>	Total
<b>Exercise price (in euros)</b>	<b>93.76</b>	<b>113.00</b>	<b>162.70</b>	<b>168.20</b>	
<b>Expiration date</b>	<b>17/03/06</b>	<b>15/06/07</b>	<b>11/07/08</b>	<b>10/07/09</b>	
<b>Options</b>					
Exercisable as of January 1, 1999	953,450	-	-	-	953,450
Granted	-	1,499,567	-	-	1,499,567
Cancelled	(6,800)	(1,800)	-	-	(8,600)
Exercised	(14,700)	(300)	-	-	(15,000)
Exercisable as of January 1, 2000	931,950	1,497,467	-	-	2,429,417
Granted	-	-	2,425,645	-	2,425,645
Cancelled	(2,800)	(13,200)	-	-	(16,000)
Exercised	(12,400)	(8,100)	-	-	(20,500)
Exercisable as of January 1, 2001	916,750	1,476,167	2,425,645	-	4,818,562
Granted	-	-	-	2,693,375	2,693,375
Cancelled	(2,850)	(5,550)	(7,250)	(900)	(16,550)
Exercised	(7,920)	(1,000)	(800)	-	(9,720)
Exercisable as of December 31, 2001	905,980	1,469,617	2,417,595	2,692,475	7,485,667

(1) Grants decided by the Board of Directors on December 17, 1998 pursuant to the authorization given by the Extraordinary and Ordinary 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 the date of grant.

(2) Grants decided by the Board of Directors on June 15, 1999 pursuant to the authorization given by the Extraordinary and Ordinary 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 the date of grant.

(3) Grants decided by the Board of Directors on July 11, 2000 pursuant to the authorization given by the Extraordinary and Ordinary Shareholders' Meeting held on May 21, 1997.

The options are exercisable only after a 4-year period and underlying shares may not be sold for 5 years from the date of grant and must be exercised within 8 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 until July 10, 2005.

(4) Grants decided by the Board of Directors on July 10, 2001 pursuant to the authorization given by the Extraordinary and Ordinary Shareholders' Meeting held on May 17, 2001.

The options are exercisable only after a 3.5 year period and underlying shares may not be sold for 4 years from the date of grant and must be exercised within 8 years from the date of grant.

### 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 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 TotalFinaElf shares, on the basis of the exchange ratio of the offer (19 TotalFinaElf shares for 13 Elf Aquitaine shares). As of December 31, 2001, a maximum of 4,071,994 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

Elf Aquitaine share subscription plans	1995 Plan	1996 Plan	1997 Plan	1998 Plan	1999 n°1 Plan	1999 n°2 Plan	MTI <sup>(1)</sup> Plan	Total
Exercise price (in euros)	54.03	50.72	80.65	105.95	115.60	171.60	105.95	
Expiration date	24/01/2002	19/03/2003	25/03/2004	31/03/2005	30/03/2009	12/09/2009	31/03/2005	
Options exercisable as of December 31, 2001	11,441	204,414	722,155	870,468	666,231	59,600	1,399,065	3,933,374
Outstanding Elf Aquitaine shares covered by the exchange guarantee as of December 31, 2001	9,558	21,564	45,223	48,119	6,267	-	7,889	138,620
<b>Total of Elf Aquitaine shares, either outstanding or to be created, covered by the exchange guarantee for TotalFinaElf shares as of December 31, 2001</b>	<b>20,999</b>	<b>225,978</b>	<b>767,378</b>	<b>918,587</b>	<b>672,498</b>	<b>59,600</b>	<b>1,406,954</b>	<b>4,071,994</b>

(1) Medium-Term Incentive (MTI) plan granted by Elf Aquitaine's Board of Directors on April 1, 1998, provided that performance objectives were met by Elf Aquitaine for the 1998, 1999, 2000, 2001 and 2002 accounting periods.

Thus, as of December 31, 2001, a total of 5,951,375 shares of the Company were likely to be created within the scope of the application of this exchange guarantee.

## 25. PAYROLL AND STAFF

For the year ended December 31,	2001	2000	1999 <sup>(1)</sup> pro forma
<b>Personnel expense (in millions of euros)</b>			
Wages and salaries (including social charges)	6,489	6,471	6,601
<b>Average number of employees</b>			
France			
• Management	11,567	12,056	12,072
• Other personnel	41,744	43,406	43,905
Outside France			
• Management	14,224	13,621	14,287
• Other personnel	54,490	54,220	56,988
<b>Total</b>	<b>122,025</b>	<b>123,303</b>	<b>127,252 <sup>(1)</sup></b>

(1) Excluding the Inks division sold in 1999 (4,585 employees).

Average number of employees includes only the employees of consolidated subsidiaries.



## 26. CONSOLIDATED STATEMENTS OF CASH FLOWS

### I Disclosure of accounting policies applied

The consolidated statements of cash flows in foreign currency have been translated into euros using average exchange rates for all years considered.

They exclude the currency translation differences arising from translation of assets and liabilities denominated in foreign currency into euros using exchange rates prevailing at the end of accounting periods (except for cash and cash equivalents). Therefore, the consolidated statements of cash flows will not agree with the adjustments derived from the consolidated balance sheet amounts.

#### Cash and cash equivalents

Cash and cash equivalents are highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Changes in bank overdrafts are included in cash provided by financing activities.

#### Long-term debt

Changes in long-term debt have been presented as the net variation to reflect significant changes mainly related to revolving credit agreements.

The detailed analysis is as follows:

*(in millions of euros)*

<b>For the year ended December 31,</b>	<b>2001</b>	<b>2000</b>
Increase in long-term debt	503	4,616
Repayment of long-term debt	(688)	(3,483)
<b>Net increase in long-term debt</b>	<b>(185)</b>	<b>1,133</b>

### II Changes in operating assets and liabilities

*(in millions of euros)*

<b>For the year ended December 31,</b>	<b>2001</b>	<b>2000</b>
Inventories	275	(550)
Accounts receivable	499	(693)
Prepaid expenses and other current assets	(1,262)	(1,140)
Accounts payable	(242)	(21)
Other creditors and accrued liabilities	1,044	2,336
<b>Net (decrease) increase in operating assets and liabilities</b>	<b>314</b>	<b>(68)</b>

### III Supplemental disclosures

*(in millions of euros)*

<b>For the year ended December 31,</b>	<b>2001</b>	<b>2000</b>
Cash paid during the year for:		
• Interest expense (net of amount capitalized)	1,059	1,150
• Income taxes	4,966	3,039

## 27. OTHER RISKS AND CONTINGENT LIABILITIES

The Company is not currently aware of any event, litigation, risk, or contingent liabilities which could materially adversely affect the financial condition, assets, results, or business of the Company.

### Grande Paroisse

An explosion occurred at the Grande Paroisse industrial site in Toulouse, France on September 21, 2001. Grande Paroisse, an indirect 79.85% held subsidiary of the Company, is 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, causing the deaths of 30 people and injuries to many others. Significant damage was inflicted on a portion of the City of Toulouse. All production activity immediately ceased and the site was placed under a strict security regime.

Investigations regarding the cause of the explosion are still underway. Pursuant to Article 1384 paragraph 1 of the French civil code, Grande Paroisse is presumed to bear sole liability in the first instance, creating an obligation on Grande Paroisse to bear the entire obligation to indemnify damage to third parties (e.g., physical, material and other) caused by the explosion, unless this presumption is ultimately refuted. At this preliminary stage of the proceedings, the Company estimates that the amount of third party claims could reach approximately 1.8 billion euros, exceeding by 0.95 billion euros the Group's 0.85 billion euros civil liability insurance coverage. A gross charge of 941 million euros was registered in the accounts of the Company, with a resulting impact on the Net Income (Group share) for fiscal year 2001 of 597 million euros (see notes 3, 15 and 19).

### Antitrust Investigations

During 2000, Atofina Chemicals, Inc., a U.S. affiliate of the Company, became the subject of an investigation by the United States Department of Justice ("DOJ"), following the issuance of three subpoenas issued by a grand jury empanelled by the United States District Court of the Northern District of California, regarding certain practices in the chemical industry, to determine whether such practices

were in violation of civil and/or criminal laws. A similar investigation covering practices of Atofina S.A. relating to certain chemical products was commenced in 2000 by the European commission. In early 2002, Atofina S.A. entered into a settlement with the DOJ pursuant to which it agreed to pay a fine of \$ 8.5 million. Moreover, three of the employees of Atofina S.A. are the subject of criminal proceedings.

While it is not feasible to predict the outcome of the pending claims, proceedings, and investigations described above with certainty, management is of the opinion that their ultimate disposition should not have a material adverse effect on the Company's financial position, cash flows, or results of operations.

## 28. OTHER INFORMATION

### A/ Customs duties and excise taxes

They amounted to 21,459 million euros in 2001 and 23,767 million euros in 2000.

### B/ Research and development costs

The research and development costs incurred by the Company during the 2001 accounting period amounted to 695 million euros as compared to 686 million euros in 2000.

### C/ Taxes paid to Middle East oil-producing countries for the portion which TotalFinaElf held historically as concessions

Taxes paid for the portion which TotalFinaElf held historically as concessions (Abu Dhabi offshore and onshore, Dubai offshore, Oman and Abu Al Bu Khoosh) included in operating expenses amounted to 1,438 million euros in 2001 and 1,646 million euros in 2000.

## 29. LIST OF THE PRINCIPAL CONSOLIDATED SUBSIDIARIES AS OF DECEMBER 31, 2001

As of December 31, 2001, 889 subsidiaries were consolidated of which 770 were fully consolidated, 13 were proportionately consolidated, and 106 were accounted for under the equity method.

List of the principal consolidated subsidiaries:

	Company's shares %		Company's shares %
<b>UPSTREAM</b>		<b>DOWNSTREAM</b>	
<b>Europe</b>		<b>France</b>	
TotalFinaElf Upstream UK Ltd.	99.7	Total Raffinage Distribution	99.8
TotalFinaElf Midstream UK Ltd.	99.7	Elf Antar France	99.8
TotalFinaElf Exploration Norge AS	99.7	Stela	99.8
TotalFinaElf Exploration Production Nederland BV	99.7	Totalgaz	99.8
TotalFinaElf Holdings Nederland BV	99.7	Total Solvants	99.8
TotalFinaElf Exploration Production Russie	99.8	TotalFinaElf Lubrifiants S.A.	99.7
Total Exploration Production Kazakhstan	100.0	Compagnie Pétrolière de l'Est	99.8
Elf Aquitaine Exploration Production France	99.4	DCA Mory Shipp	99.8
Elf Exploration Production	99.4	Charvet	99.8
Gaz du Sud-Ouest	69.6	Pétroliers Réunis de l'Ouest	99.8
		Urbaine des Pétroles	99.7
<b>Africa</b>		<b>Europe</b>	
TotalFinaElf Exploration Production Algérie	100.0	TotalFina Belgium	99.6
TotalFinaElf Exploration Production Libye	99.8	TotalFinaElf UK Ltd.	99.7
Total Angola	99.8	TotalFinaElf Nederland NV	99.7
Elf Petroleum Angola	99.8	TotalFinaElf Deutschland GmbH	99.7
Elf Exploration Angola	99.4	TotalFina España	99.7
TotalFinaElf Exploration Production Angola	99.8	Elf Oil España	99.7
Elf Gabon S.A.	57.9	TotalFinaElf Italia	99.7
Elf Petroleum Nigeria Ltd.	99.8	Total Hungaria	100.0
TotalFinaElf LNG Nigeria Ltd.	99.4	TotalFinaElf Mineralöl und Chemie	99.7
TotalFinaElf Exploration Production Congo	99.4	TotalFinaElf (Suisse) S.A.	99.4
TotalFinaElf Exploration Production Cameroun	75.4	Lindsey Oil Refinery	99.7
Total Exploration South Africa	100.0	P Total Raffinaderij Nederland	55.0
		Mider	99.7
<b>Middle-East / Asia</b>		E Cepsa	45.0
Total Abu Al Bu Khoosh	99.8	<b>Mediterranean / Africa</b>	
Total Yémen	99.8	Total Turkiye	100.0
Total Qatar Oil & Gas	99.8	Total Maroc	100.0
TotalFinaElf Exploration Production Oman	99.8	Total Nigeria	61.6
Total Sirri	99.8	Total Kenya	82.8
Total South Pars	99.8	Total Tunisie	98.1
Elf Petroleum Iran	99.8	Total Outre-Mer	100.0
TotalFinaElf Exploration Production Syrie	99.8	TotalFinaElf Côte d'Ivoire	74.0
TotalFinaElf Exploration Production Thaïlande	99.8	Total Liban	100.0
TotalFinaElf Exploration Production Indonésie	99.8	TotalFinaElf Senegal	94.9
TotalFinaElf Exploration Production Myanmar	99.8	Total South Africa (Pty) Ltd.	57.6
TotalFinaElf Exploration Production Borneo BV	99.7	Elf Oil Africa Ltd.	99.4
Total Profils Pétroliers	99.8	P S.A.R.A.	50.0
<b>North and South America</b>		<b>South America</b>	
Tepma Colombie	99.7	TotalGaz Argentina	99.8
Total Austral	99.8	<b>International</b>	
Total Venezuela	99.8	Total Transport Maritime	100.0
Total Oil & Gas Venezuela BV	99.7	Total Transport Corporation	100.0
TotalFinaElf Exploration Production USA Inc	100.0	Somarelf	99.4
Central Puerto	63.8	P = Proportionate consolidation	
E Hidroneuquen	69.9	E = Equity method	
Total Gasandes S.A.	100.0		

	Company's shares %		Company's shares %
<b>DOWNSTREAM (...)</b>		<b>CORPORATE AND OTHER ACTIVITIES</b>	
<b>International</b>		TOTAL FINA ELF S.A.	100.0
Total International Ltd.	100.0	Elf Aquitaine S.A.	99.4
Elf Trading S.A.	99.4	Total Finance S.A.	100.0
Socap International	99.4	Total Chimie	100.0
Air Total International	100.0	Total Nucléaire	100.0
		Omnium Insurance and Reinsurance Cy	100.0
		Omnium de Participation SA	100.0
<b>CHEMICALS</b>		TotalFinaElf Holding UK Ltd.	99.7
<b>France</b>		TotalFinaElf Holding USA., Inc.	100.0
Hutchinson (Groupe)	100.0	PetroFina S.A.	99.6
Cray Valley S.A.	100.0	PetroFina International Group	99.6
Bostik S.A.	98.8	Sofax Banque	99.4
Atofina	98.7	Sogelfa	99.4
		Safrep SA	99.4
<b>Europe</b>		Socap Ltd.	99.4
Sigmakalon UK Ltd. (Groupe)	99.7	Rivunion S.A.	99.4
Sigma Coatings BV	99.6	TotalFinaElf Capital	100.0
Sigmakalon Group BV	99.6	TotalFinaElf Treasury	100.0
		VGF	99.4
<b>North America</b>		E Sanofi-Synthélabo	25.9
Hutchinson Corporation	100.0		
Atofina Chemicals, Inc.	99.9		
Atofina Petrochemicals, Inc.	100.0		
		P = Proportionate consolidation	
		E = Equity method	

**FIVE-YEAR SUMMARIZED CONSOLIDATED BALANCE SHEETS**

<i>(in millions of euros)</i>	2001	2000	1999	1998	1997
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>56,640</b>	<b>53,860</b>	<b>51,358</b>	<b>14,351</b>	<b>13,806</b>
Intangible assets	3,196	2,914	3,112	1,461	1,429
Property, plant and equipment	41,274	37,699	35,797	9,968	9,360
Investments and other non-current assets	12,170	13,247	12,449	2,922	3,017
<b>Current assets</b>	<b>31,960</b>	<b>31,314</b>	<b>29,624</b>	<b>8,814</b>	<b>9,322</b>
Inventories <sup>(1)</sup>	6,622	6,811	7,863	1,863	2,218
Other current assets	25,338	24,503	21,761	6,951	7,104
<b>Total assets</b>	<b>88,600</b>	<b>85,174</b>	<b>80,982</b>	<b>23,165</b>	<b>23,128</b>

<i>(in millions of euros)</i>	2001	2000	1999	1998	1997
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Long-term liabilities and shareholders' equity</b>	<b>62,531</b>	<b>60,025</b>	<b>54,786</b>	<b>16,721</b>	<b>16,326</b>
Shareholders' equity	33,932	32,401	27,669	10,346	10,158
Redeemable preferred shares	567	537	597	214	228
Minority interests	898	755	1,481	240	245
Long-term liabilities	15,969	14,823	14,527	2,124	2,237
Long-term debt	11,165	11,509	10,512	3,797	3,458
<b>Current liabilities</b>	<b>26,069</b>	<b>25,149</b>	<b>26,196</b>	<b>6,444</b>	<b>6,802</b>
<b>Total</b>	<b>88,600</b>	<b>85,174</b>	<b>80,982</b>	<b>23,165</b>	<b>23,128</b>

*(1) See Note 1H in relation to the change in presentation of inventories for 2001 and 2000.*

Consolidated balance sheets as of December 31, 2001, 2000, and 1999 represent values of TotalFinaElf Group; those presented for preceding years represent solely the Total Group.

**FIVE-YEAR CONSOLIDATED STATEMENTS OF INCOME**

<i>(in millions of euros)</i>	2001	2000	1999	1998	1997
<b>For the year ended December 31, <sup>(1)</sup></b>					
Sales	105,318	114,557	42,178	24,333	29,131
Operating expenses	(87,760)	(95,485)	(37,139)	(21,643)	(25,985)
Depreciation, depletion, and amortization	(4,781)	(4,859)	(2,235)	(1,201)	(1,153)
<b>Operating income</b>	<b>12,777</b>	<b>14,213</b>	<b>2,804</b>	<b>1,489</b>	<b>1,993</b>
Interest expense, net	(184)	(440)	(378)	(151)	(113)
Dividend income on non-consolidated subsidiaries	159	152	76	50	91
Dividends on redeemable preferred shares	(19)	(28)	(15)	(9)	(9)
Other income (expense)	283	(740)	147	(33)	11
Special items, net	-	-	(177)	-	-
Income taxes	(5,874)	(6,322)	(843)	(366)	(622)
Equity in income (loss) of affiliates	1,001	676	61	57	(9)
<b>Income before amortization of acquisition goodwill</b>	<b>8,143</b>	<b>7,511</b>	<b>1,675</b>	<b>1,037</b>	<b>1,342</b>
Amortization of acquisition goodwill	(319)	(303)	(110)	(105)	(131)
Consolidated net income	7,824	7,208	1,565	932	1,211
Minority interests	166	304	45	46	51
<b>Net income</b>	<b>7,658</b>	<b>6,904</b>	<b>1,520</b>	<b>886</b>	<b>1,160</b>

*(1) Profit and loss account for years ended December 31, 1997 and 1998 correspond solely to the Total Group.*

*The one for 1999 corresponds to Totalfina and those pertaining to years 2000 and 2001 correspond to the TotalFinaElf Group.*

# Supplemental oil and gas information

(unaudited)

## OIL AND GAS RESERVES

The following tables present, for crude oil, condensates and natural gas liquids reserves and for the natural gas reserves, an estimate of the Group's oil and gas quantities by geographical areas at December 31, 2001, 2000 and 1999.

Quantities shown concern:

- Proved developed and undeveloped reserves together with changes in quantities for 2001, 2000 and 1999.
- Proved developed reserves.

Proved developed and undeveloped reserves are the Group's share of reserves which it intends to produce in the future through proven technical data and under economic conditions prevailing at year-end.

Proved developed reserves are those that can be expected to be recovered through existing wells with existing equipment if no further capital expenditures are made after the year-end.

Quantities are shown net of royalties.

The determination of these reserves is part of an ongoing process subject to continual revision as additional information becomes available; it is only after several years of production that a more reliable estimate of reserves can be made.

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.

Proved reserves do not include additional quantities recoverable beyond the term of lease or concession.

Proved reserves include estimated quantities allowable under the production sharing contracts. These reserve estimates vary with the oil price due to the terms of repayment of the costs provided for in the contract.

The estimates at 2001 year-end have been drawn up after harmonisation of the principles and practices within the TotalFinaElf Group; the effects linked to these changes are not significant and have been taken into account without modifying the pro forma reserves in 1999.



**CHANGES IN LIQUIDS RESERVES**

(in millions of barrels)

	Consolidated Subsidiaries						Equity affiliates & non consolidated	Total Group
	Europe	Africa	North America	Far East	Rest of world	Total		
<b>Proved developed and undeveloped reserves</b>								
<b>Balance as of December 31, 1998</b>	<b>1,335</b>	<b>2,233</b>	<b>80</b>	<b>128</b>	<b>740</b>	<b>4,516</b>	<b>1,751</b>	<b>6,267</b>
Revisions of previous estimates	113	275	(31)	(13)	(87)	257	(24)	233
Extensions, discoveries and other	50	204	30	2	687	973	3	976
Acquisitions of reserves in place	-	-	-	1	-	1	-	1
Sales of reserves in place	-	-	(26)	-	(45)	(71)	(2)	(73)
Production for the year	(150)	(210)	(5)	(10)	(68)	(443)	(93)	(535)
<b>Balance as of December 31, 1999</b>	<b>1,348</b>	<b>2,502</b>	<b>48</b>	<b>108</b>	<b>1,227</b>	<b>5,233</b>	<b>1,635</b>	<b>6,868</b>
Revisions of previous estimates	(20)	225	(1)	11	112	327	11	338
Extensions, discoveries and other	29	261	3	1	53	347	-	347
Acquisitions of reserves in place	3	-	-	-	-	3	-	3
Sales of reserves in place	(40)	(22)	(7)	-	(4)	(73)	-	(73)
Production for the year	(146)	(205)	(3)	(9)	(63)	(426)	(97)	(523)
<b>Balance as of December 31, 2000</b>	<b>1,174</b>	<b>2,761</b>	<b>40</b>	<b>111</b>	<b>1,325</b>	<b>5,411</b>	<b>1,549</b>	<b>6,960</b>
Revisions of previous estimates	117	250	(5)	(10)	89	441	(40)	401
Extensions, discoveries and other	34	67	-	2	30	133	-	133
Acquisitions of reserves in place	-	3	-	-	-	3	-	3
Sales of reserves in place	(3)	(2)	-	-	-	(5)	-	(5)
Production for the year	(152)	(197)	(2)	(9)	(77)	(437)	(94)	(531)
<b>Balance as of December 31, 2001</b>	<b>1,170</b>	<b>2,882</b>	<b>33</b>	<b>94</b>	<b>1,367</b>	<b>5,546</b>	<b>1,415</b>	<b>6,961</b>
<b>Minority interest in proved developed and undeveloped reserves</b>								
December 31, 1998	26	60	-	-	-	86	-	86
December 31, 1999	36	60	-	-	-	96	-	96
December 31, 2000	35	56	-	-	-	91	-	91
<b>December 31, 2001</b>	<b>33</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>108</b>
<b>Proved developed reserves</b>								
December 31, 1998	845	1,052	22	93	538	2,550	1,661	4,211
December 31, 1999	975	1,176	14	74	423	2,662	1,570	4,232
December 31, 2000	824	1,156	9	69	416	2,474	1,023	3,497
<b>December 31, 2001</b>	<b>870</b>	<b>1,128</b>	<b>6</b>	<b>53</b>	<b>530</b>	<b>2,587</b>	<b>858</b>	<b>3,445</b>

All references to reserves are to the Company's share of such reserves, net of any liquids that may be taken by third parties as royalties in kind.

**CHANGES IN GAS RESERVES**

	Consolidated Subsidiaries						Equity affiliates & non consolidated	Total Group
	Europe	Africa	North America	Far East	Rest of world	Total		
<i>(in billions of cubic feet)</i>								
<b>Proved developed and undeveloped reserves</b>								
<b>Balance as of December 31, 1998</b>	<b>7,108</b>	<b>2,504</b>	<b>562</b>	<b>6,335</b>	<b>970</b>	<b>17,479</b>	<b>1,603</b>	<b>19,082</b>
Revisions of previous estimates	520	(62)	(85)	654	141	1,168	16	1,184
Extensions, discoveries and other	553	-	189	25	354	1,121	100	1,221
Acquisitions of reserves in place	-	-	-	81	-	81	-	81
Sales of reserves in place	(24)	-	(28)	-	(50)	(102)	-	(102)
Production for the year	(625)	(51)	(94)	(312)	(77)	(1,159)	(54)	(1,213)
<b>Balance as of December 31, 1999</b>	<b>7,532</b>	<b>2,391</b>	<b>544</b>	<b>6,783</b>	<b>1,338</b>	<b>18,588</b>	<b>1,665</b>	<b>20,253</b>
Revisions of previous estimates	510	(135)	26	8	176	585	2	587
Extensions, discoveries and other	97	236	98	109	734	1,274	75	1,349
Acquisitions of reserves in place	2	-	-	-	-	2	-	2
Sales of reserves in place	(66)	-	(45)	-	-	(111)	-	(111)
Production for the year	(654)	(122)	(88)	(353)	(91)	(1,308)	(67)	(1,375)
<b>Balance as of December 31, 2000</b>	<b>7,421</b>	<b>2,370</b>	<b>535</b>	<b>6,547</b>	<b>2,157</b>	<b>19,030</b>	<b>1,675</b>	<b>20,705</b>
Revisions of previous estimates	122	863	(5)	170	67	1,217	97	1,314
Extensions, discoveries and other	118	746	87	74	307	1,332	-	1,332
Acquisitions of reserves in place	-	-	-	-	80	80	-	80
Sales of reserves in place	(20)	-	-	-	-	(20)	-	(20)
Production for the year	(675)	(134)	(81)	(407)	(104)	(1,401)	(81)	(1,482)
<b>Balance as of December 31, 2001</b>	<b>6,966</b>	<b>3,845</b>	<b>536</b>	<b>6,384</b>	<b>2,507</b>	<b>20,238</b>	<b>1,691</b>	<b>21,929</b>
<b>Minority interest in proved developed and undeveloped reserves</b>								
December 31, 1998	96	7	-	-	-	103	-	103
December 31, 1999	138	8	-	-	-	146	-	146
December 31, 2000	142	7	-	-	-	149	-	149
<b>December 31, 2001</b>	<b>141</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171</b>	<b>-</b>	<b>171</b>
<b>Proved developed reserves</b>								
December 31, 1998	4,264	565	308	4,457	671	10,265	857	11,122
December 31, 1999	5,054	1,824	351	4,664	654	12,547	1,665	14,212
December 31, 2000	5,336	1,555	334	4,089	701	12,015	1,675	13,690
<b>December 31, 2001</b>	<b>5,185</b>	<b>1,287</b>	<b>294</b>	<b>3,800</b>	<b>934</b>	<b>11,500</b>	<b>1,660</b>	<b>13,160</b>

All references to reserves are to the Company's share of such reserves, net of any gas that may be taken by third parties as royalties in kind.

## CHANGES IN LIQUIDS AND GAS RESERVES

(in millions of barrels of oil equivalent)

	Consolidated Subsidiaries						Equity affiliates & non consolidated	Total Group
	Europe	Africa	North America	Far East	Rest of world	Total		
<b>Proved developed and undeveloped reserves</b>								
<b>Balance as of December 31, 1998</b>	<b>2,583</b>	<b>2,672</b>	<b>175</b>	<b>1,209</b>	<b>923</b>	<b>7,562</b>	<b>2,053</b>	<b>9,615</b>
Revisions of previous estimates	220	265	(45)	119	(67)	492	(21)	471
Extensions, discoveries and other	149	204	62	6	753	1,174	22	1,196
Acquisitions of reserves in place	-	-	-	14	-	14	-	14
Sales of reserves in place	(4)	-	(30)	-	(54)	(88)	(2)	(90)
Production for the year	(259)	(220)	(21)	(66)	(83)	(649)	(102)	(751)
<b>Balance as of December 31, 1999</b>	<b>2,689</b>	<b>2,921</b>	<b>141</b>	<b>1,282</b>	<b>1,472</b>	<b>8,505</b>	<b>1,950</b>	<b>10,455</b>
Revisions of previous estimates	156	233	6	23	147	565	12	577
Extensions, discoveries and other	45	308	21	19	189	582	14	596
Acquisitions of reserves in place	4	-	-	-	-	4	-	4
Sales of reserves in place	(51)	(23)	(15)	-	(4)	(93)	-	(93)
Production for the year	(267)	(228)	(20)	(72)	(80)	(667)	(110)	(777)
<b>Balance as of December 31, 2000</b>	<b>2,576</b>	<b>3,211</b>	<b>133</b>	<b>1,252</b>	<b>1,724</b>	<b>8,896</b>	<b>1,866</b>	<b>10,762</b>
Revisions of previous estimates	102	416	1	26	92	637	(22)	615
Extensions, discoveries and other	56	225	16	15	85	397	-	397
Acquisitions of reserves in place	-	3	-	-	12	15	-	15
Sales of reserves in place	(7)	(2)	-	-	-	(9)	-	(9)
Production for the year	(277)	(223)	(17)	(80)	(95)	(692)	(110)	(802)
<b>Balance as of December 31, 2001</b>	<b>2,450</b>	<b>3,630</b>	<b>133</b>	<b>1,213</b>	<b>1,818</b>	<b>9,244</b>	<b>1,734</b>	<b>10,978</b>
<b>Minority interest in proved developed and undeveloped reserves</b>								
December 31, 1998	42	61	-	-	-	103	-	103
December 31, 1999	60	61	-	-	-	121	-	121
December 31, 2000	62	58	-	-	-	120	-	120
<b>December 31, 2001</b>	<b>58</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>138</b>
<b>Proved developed reserves</b>								
December 31, 1998	1,597	1,149	74	844	665	4,329	1,901	6,230
December 31, 1999	1,869	1,497	74	869	542	4,851	1,802	6,653
December 31, 2000	1,840	1,450	68	768	615	4,741	1,269	6,010
<b>December 31, 2001</b>	<b>1,822</b>	<b>1,372</b>	<b>62</b>	<b>698</b>	<b>698</b>	<b>4,652</b>	<b>1,171</b>	<b>5,823</b>

All references to reserves are to the Company's share of such reserves, net of any liquids or gas that may be taken by third parties as royalties in kind.

### FINANCIAL REVIEW

The tables set forth in the 1999 pro forma accounts were prepared in accordance with harmonised disclosure principles:

- Geographic perimeter: there are five geographic areas; Europe (excluding CIS), Africa, North America, Far East and Rest of the World;
- Business scope: the figures are shown net of costs relating to oil and gas transportation and gas liquefaction;
- The quantities pertaining to the Reserves and Productions are shown net of royalties and the other deductions (mainly production taxes) are classified under "Other expenses".

The accounting principles and practices were harmonised within TotalFinaElf Group later on; the effects linked to these changes are not significant and have been taken into account without modifying the pro forma FAS 69 in 1999.

Up to year 2000, the development costs related to the upgrader of the Sincor heavy oil project in Venezuela used to be included in the capitalized and incurred costs displayed in the FAS 69 amounts. In 2001, TotalFinaElf has taken the position that these costs do not in fact fall into the FAS 69 perimeter and the corresponding amounts have been excluded. The amounts displayed for 1999 and 2000 have not been modified: the corresponding impact is detailed in the concerned tables.

## RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

The following table includes revenues and expenses associated directly with the Company's oil and gas producing activities. It does not include any interest cost.

In the Consolidated Financial Statements, the Company's share of results of oil and gas producing activities for equity affiliates is reflected through internal billing in the Upstream operating income.

		Consolidated subsidiaries					Total
		Europe	Africa	North America	Far East	Rest of the world	
<i>(In millions of euros)</i>							
<b>Year ended December 31, 1999</b>							
<b>Revenues</b>	Sales to unaffiliated parties	1,138	156	109	716	427	2,546
	Transfers to affiliated parties	2,396	3,058	154	125	706	6,439
<b>Total Revenues</b>		<b>3,534</b>	<b>3,214</b>	<b>263</b>	<b>841</b>	<b>1,133</b>	<b>8,985</b>
	Production costs	(690)	(597)	(63)	(162)	(162)	(1,674)
	Exploration expenses	(103)	(119)	(85)	(28)	(142)	(477)
	Depreciation, depletion and amortization and valuation allowances and valuation allowances <sup>(1)</sup>	(1,014)	(734)	(249)	(104)	(359)	(2,460)
	Other expenses <sup>(2)</sup>	(82)	(287)	(12)	(5)	(120)	(506)
	<b>Pretax income from producing activities</b>	<b>1,645</b>	<b>1,477</b>	<b>(146)</b>	<b>542</b>	<b>350</b>	<b>3,868</b>
	Income tax	(830)	(898)	44	(267)	(113)	(2,064)
	<b>Results of oil and gas producing activities</b>	<b>815</b>	<b>579</b>	<b>(102)</b>	<b>275</b>	<b>237</b>	<b>1,804</b>
<b>Year ended December 31, 2000</b>							
<b>Revenues</b>	Sales to unaffiliated parties	2,084	462	215	1,313	866	4,940
	Transfers to affiliated parties	4,121	5,407	262	209	1,105	11,104
<b>Total Revenues</b>		<b>6,205</b>	<b>5,869</b>	<b>477</b>	<b>1,522</b>	<b>1,971</b>	<b>16,044</b>
	Production costs <sup>(3)</sup>	(786)	(531)	(98)	(156)	(255)	(1,826)
	Exploration expenses	(58)	(120)	(156)	(34)	(150)	(518)
	Depreciation, depletion and amortization and valuation allowances and valuation allowances <sup>(1)</sup>	(1,173)	(898)	(196)	(160)	(482)	(2,909)
	Other expenses <sup>(2)</sup>	(71)	(689)	(16)	(8)	(204)	(988)
	<b>Pretax income from producing activities</b>	<b>4,117</b>	<b>3,631</b>	<b>11</b>	<b>1,164</b>	<b>880</b>	<b>9,803</b>
	Income tax	(2,358)	(2,255)	(115)	(561)	(340)	(5,629)
	<b>Results of oil and gas producing activities</b>	<b>1,759</b>	<b>1,376</b>	<b>(104)</b>	<b>603</b>	<b>540</b>	<b>4,174</b>
<b>Year ended December 31, 2001</b>							
<b>Revenues</b>	Sales to unaffiliated parties	2,624	439	81	1,460	1,191	5,795
	Transfers to affiliated parties	3,566	4,548	386	180	684	9,364
<b>Total Revenues</b>		<b>6,190</b>	<b>4,987</b>	<b>467</b>	<b>1,640</b>	<b>1,875</b>	<b>15,159</b>
	Production costs	(782)	(621)	(119)	(168)	(268)	(1,958)
	Exploration expenses	(52)	(144)	(134)	(16)	(226)	(572)
	Depreciation, depletion and amortization and valuation allowances and valuation allowances	(1,225)	(905)	(206)	(192)	(455)	(2,983)
	Other expenses <sup>(2)</sup>	(79)	(554)	(17)	(15)	(316)	(981)
	<b>Pretax income from producing activities</b>	<b>4,052</b>	<b>2,763</b>	<b>(9)</b>	<b>1,249</b>	<b>610</b>	<b>8,665</b>
	Income tax	(2,378)	(1,751)	76	(574)	(277)	(4,904)
	<b>Results of oil and gas producing activities</b>	<b>1,674</b>	<b>1,012</b>	<b>67</b>	<b>675</b>	<b>333</b>	<b>3,761</b>
<b>Company's share of equity affiliates' results of oil and gas producing activities</b>							
	Year ended December 31, 1999						136
	Year ended December 31, 2000						279
	<b>Year ended December 31, 2001</b>						<b>335</b>

(1) Including a 128 million euros in 1999 write-down following the application of FAS 121 standard and 30 million euros of other write-downs in 2000.

(2) Production taxes.

(3) Including 57 million euros of merger costs in 2000.

### COSTS INCURRED IN OIL AND GAS PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT ACTIVITIES

The following table shows the costs incurred in the Company's oil and gas property acquisition, exploration and development activities: they include both capitalized and expensed amounts.

The incurred costs related to the upgrader of the Sincor project in 2000 and 1999 amount respectively to 416 million euros and 339 millions euros. Excluding these amounts, the incurred costs would have totalled 1,381 million euros and 902 million euros instead of 1,797 million euros and 1,241 million euros for the Rest of the World zone, and 4,390 million euros and 4,278 million euros instead of 4,806 million euros and 4,617 million euros for the Consolidated total.

<i>(in millions of euros)</i>	Consolidated subsidiaries					Total
	Europe	Africa	North America	Far East	Rest of the world	
<b>As of December 31, 1999</b>						
Proved property acquisition	-	3	1	-	2	6
Unproved property acquisition	1	202	21	1	1	226
Exploration costs	96	193	135	28	181	633
Development costs	1,283	934	158	320	1,057	3,752
<b>Total</b>	<b>1,380</b>	<b>1,332</b>	<b>315</b>	<b>349</b>	<b>1,241</b>	<b>4,617</b>
<b>As of December 31, 2000</b>						
Proved property acquisition	4	-	-	3	-	7
Unproved property acquisition	-	5	11	-	-	16
Exploration costs	58	246	170	34	213	721
Development costs	1,225	920	182	151	1,584	4,062
<b>Total</b>	<b>1,287</b>	<b>1,171</b>	<b>363</b>	<b>188</b>	<b>1,797</b>	<b>4,806</b>
<b>As of December 31, 2001</b>						
Proved property acquisition	-	13	-	-	12	25
Unproved property acquisition	-	10	2	10	131	153
Exploration costs	83	214	110	17	346	770
Development costs	1,222	1,218	364	191	1,150	4,145
<b>Total</b>	<b>1,305</b>	<b>1,455</b>	<b>476</b>	<b>218</b>	<b>1,639</b>	<b>5,093</b>
Company's share of equity affiliates' costs of property acquisition, exploration and development:						
Year ended December 31, 1999						82
Year ended December 31, 2000						105
<b>Year ended December 31, 2001</b>						<b>132</b>

### 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.

The capitalized costs related to the upgrader of the Sincor project included in the Rest of the World zone for 2000 and 1999 amount respectively to 878 million euros and 462 million euros. These amounts also include the capitalized costs related to 1997 and 1998. Excluding these amounts, the net capitalized costs would have totalled 3,502 million euros and 2,538 million euros instead of 4,380 million euros and 3,000 million euros for the "Rest of the World" zone, and 20,852 million euros and 19,440 million euros instead of 21,730 million euros and 19,902 million euros for the consolidated total.

	Consolidated subsidiaries					Total
	Europe	Africa	North America	Far East	Rest of the world	
<i>(in millions of euros)</i>						
<b>As of December 31, 1999</b>						
Proved properties	24,613	14,226	1,809	2,221	3,969	46,838
Unproved properties	97	786	413	60	186	1,542
<b>Total capitalized costs</b>	<b>24,710</b>	<b>15,012</b>	<b>2,222</b>	<b>2,281</b>	<b>4,155</b>	<b>48,380</b>
Accumulated depreciation, depletion and amortization	(16,143)	(9,141)	(1,429)	(610)	(1,155)	(28,478)
<b>Net capitalized costs</b>	<b>8,567</b>	<b>5,871</b>	<b>793</b>	<b>1,671</b>	<b>3,000</b>	<b>19,902</b>
<b>As of December 31, 2000</b>						
Proved properties	23,072	16,276	1,693	2,595	5,848	49,484
Unproved properties	127	996	303	38	279	1,743
<b>Total capitalized costs</b>	<b>23,199</b>	<b>17,272</b>	<b>1,996</b>	<b>2,633</b>	<b>6,127</b>	<b>51,227</b>
Accumulated depreciation, depletion and amortization	(14,916)	(10,701)	(1,315)	(818)	(1,747)	(29,497)
<b>Net capitalized costs</b>	<b>8,283</b>	<b>6,571</b>	<b>681</b>	<b>1,815</b>	<b>4,380</b>	<b>21,730</b>
<b>As of December 31, 2001</b>						
Proved properties	23,637	18,149	1,964	2,512	6,919	53,181
Unproved properties	149	1,065	247	50	458	1,969
<b>Total capitalized costs</b>	<b>23,786</b>	<b>19,214</b>	<b>2,211</b>	<b>2,562</b>	<b>7,377</b>	<b>55,150</b>
Accumulated depreciation, depletion and amortization	(16,088)	(12,442)	(1,348)	(771)	(3,071)	(33,720)
<b>Net capitalized costs</b>	<b>7,698</b>	<b>6,772</b>	<b>863</b>	<b>1,791</b>	<b>4,306</b>	<b>21,430</b>
<b>Company's share of equity affiliates' net capitalized costs</b>						
Year ended December 31, 1999						629
Year ended December 31, 2000						752
<b>Year ended December 31, 2001</b>						<b>853</b>



### 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:

- Current prices: the estimated future cash flows are determined based on prices as at December 31;
- Current production and development costs: the future costs pertaining to production of proved reserves are determined assuming constant year-end technical and economic conditions. The production costs include production taxes unlike table Results of operations;
- Income taxes: the estimated taxes are computed according to the existing local tax laws at year-end and take into consideration the permanent differences and future income tax credits;

- Discount rate: the future net cash flows are discounted at the standard 10% rate.

These applicable principles are the ones required by the FAS 69, and do not necessarily reflect the expectations of real revenues from these reserves, nor their present value: hence, they do not constitute criteria of investment decision. A better estimate of the present value of reserves should also take into account, among other things, the recovery of reserves not presently classified as proved, anticipated futures changes in prices and costs and a discount factor more representative of the time value of money and the risks inherent in reserves estimates.

(in millions of euros)

	Consolidated subsidiaries					Total
	Europe	Africa	North America	Far East	Rest of the world	
<b>As of December 31, 1999</b>						
Future cash inflows	48,743	66,389	2,271	21,659	29,240	168,302
Future production costs	(9,366)	(11,951)	(357)	(2,935)	(6,554)	(31,163)
Future development costs	(4,044)	(8,647)	(496)	(1,918)	(3,751)	(18,856)
Future net cash flows, before income taxes	35,333	45,791	1,418	16,806	18,935	118,283
Future income taxes	(19,798)	(28,491)	(320)	(7,418)	(5,934)	(61,961)
Future net cash flows, after income taxes	15,535	17,300	1,098	9,388	13,001	56,322
Discount at 10%	(5,583)	(8,217)	(421)	(4,864)	(7,153)	(26,238)
<b>Net cash flows</b>	<b>9,952</b>	<b>9,083</b>	<b>677</b>	<b>4,524</b>	<b>5,848</b>	<b>30,084</b>
<b>As of December 31, 2000</b>						
Future cash inflows	55,763	66,026	5,779	23,464	32,918	183,950
Future production costs	(6,983)	(12,219)	(290)	(3,508)	(8,110)	(31,110)
Future development costs	(3,947)	(9,196)	(680)	(2,340)	(3,047)	(19,210)
Future net cash flows, before income taxes	44,833	44,611	4,809	17,616	21,761	133,630
Future income taxes	(24,510)	(27,969)	(1,318)	(7,809)	(10,043)	(71,649)
Future net cash flows, after income taxes	20,323	16,642	3,491	9,807	11,718	61,981
Discount at 10%	(7,958)	(8,014)	(1,159)	(5,034)	(6,271)	(28,436)
<b>Net cash flows</b>	<b>12,365</b>	<b>8,628</b>	<b>2,332</b>	<b>4,773</b>	<b>5,447</b>	<b>33,545</b>
<b>As of December 31, 2001</b>						
Future cash inflows	48,279	60,535	2,356	20,072	25,636	156,878
Future production costs	(7,628)	(12,452)	(478)	(3,386)	(7,183)	(31,127)
Future development costs	(5,691)	(10,687)	(741)	(2,776)	(2,964)	(22,859)
Future net cash flows, before income taxes	34,960	37,396	1,137	13,910	15,489	102,892
Future income taxes	(19,818)	(22,449)	(106)	(6,281)	(4,271)	(52,925)
Future net cash flows, after income taxes	15,142	14,947	1,031	7,629	11,218	49,967
Discount at 10%	(4,909)	(7,464)	(434)	(3,779)	(5,587)	(22,173)
<b>Net cash flows</b>	<b>10,233</b>	<b>7,483</b>	<b>597</b>	<b>3,850</b>	<b>5,631</b>	<b>27,794</b>
<b>Company's share of equity affiliates' future net cash flows as of:</b>						
Year ended December 31, 1999						1,751
Year ended December 31, 2000						2,511
<b>Year ended December 31, 2001</b>						<b>2,247</b>

**CHANGES IN THE STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS**

<i>(in millions of euros)</i>	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>Consolidated: Beginning of the year</b>	<b>33,545</b>	<b>30,084</b>	<b>9,284</b>
Sales and transfers, net of production costs and other expenses	(12,220)	(13,250)	(7,174)
Net change in sales and transfer prices, net of production costs and other expenses	(11,190)	11,867	30,796
Extensions, discoveries and improved recovery, net of future production and development costs	932	2,065	6,945
Changes in estimated future development costs	(2,285)	(1,019)	(2,570)
Previously estimated development costs incurred during the year	4,145	4,062	2,885
Revisions of previous quantity estimates	(235)	1,965	3,416
Accretion of discount	3,355	3,008	1,198
Net change in income taxes	11,734	(4,688)	(19,326)
Purchases of reserves in place	(5)	76	3,040
Sales of reserves in place	18	(625)	(313)
Changes in production rates (timing) and other	-	-	1,903
<b>End of year</b>	<b>27,794</b>	<b>33,545</b>	<b>30,084</b>

# »» Risk factors

## 1. MARKET RISKS

### Sensitivities to market environment

The financial performance of the Company is sensitive to a number of parameters, the most significant being oil prices, generally expressed in U.S. dollars (USD), and exchange rates, in particular that of the U.S. 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 income. For the year 2002, the Company estimates that an increase or decrease of USD 1 per barrel in the price of Brent crude either improves or reduces annual net income by around 0.27 billion euros. 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 Company estimates that an increase in Western Europe refining margins of USD 1 per ton improves annual net income by 0.08 billion euros.

All of the Company's activities are sensitive in varying degrees to fluctuations in the euro/U.S. dollar exchange rate. An increase or decrease of USD 0.10 per 1 euro respectively improves or reduces annual net income by approximately 0.63 billion euros.

The Company's results, in particular the Chemicals segment, are also dependent on overall economic conditions.

### Risks Relative to Oil and Gas Markets

As part of its normal operations, the Company is a significant player in trading activities in order to optimize both revenues from crude oil production and supplies to its refineries.

In 2001, international trading activities represented a little more than 5 million delivered barrels of oil equivalent per day, of which 4.2 million related to crude oil. The Company's policy is not to sell its future oil and gas production for future delivery. However, as part of its oil trading activities, the Company uses derivative financial instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. According to the Company's policy, market risks consist of residual price differentials due to variations in qualities, indices, or delivery periods. The notional values of derivatives and their market values as of December 31, 2001 are presented in the Notes to the Consolidated Financial Statements.

In order to measure market risks relative to the price of oil and gas products, the Company uses a "value at risk"

method. Concerning crude oil and refined products' trading activities, there is a 97.5% probability that the favorable or unfavorable price fluctuations would have an impact on income of less than 7.7 million euros per day on the basis of positions as of December 31, 2001. The average value at risk registered during the year 2001 is 7.2 million euros. For natural gas trading activities, the value at risk as of December 31, 2001 is not material.

The Company 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. Position limits are approved by the Company's Executive Committee and are monitored daily. In order to ensure flexibility and maintain liquidity, hedging operations are performed with numerous independent operators, such as other oil companies, major energy users and financial institutions. The Company has established limits for each counterparty, and outstanding amounts for each counterparty are monitored on a regular basis.

The Group indicated on November 29, 2001 that its exposure toward Enron was less than USD 25 million and that it had ceased all trading activity with that company as from the announcement of its financial difficulties.

### Risks Relative to Financial Markets

Risks relative to cash management activities and interest rate and foreign exchange financial instruments are managed in accordance with rules set by the Company'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 validates results. It values financial instruments and, if necessary, performs sensitivity analysis. The Company only uses simple derivative instruments.

### Management of Currency Exposure

The Group seeks to minimize the currency exposure of each exposed entity by reference to its functional currency (primarily euros, U.S. dollars, pounds sterling and Norwegian kroner).

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 Company rarely hedges estimated flows and, in this case, may use options.

With respect to currency exposure linked to long-term assets in foreign currencies, the Company makes every effort to reduce the associated currency exposure by using financing in the same currency. Long-term currency debt then partially compensates the economic exposure generated. Net currency exposure is periodically monitored with limits set by the Company's Management.

#### Management of Short-Term Interest Rate Exposure and Cash

Cash balances, which are primarily composed of euros and U.S. 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.

Given the magnitude of cash balances in euros, liquidities are invested either directly in euros or in other currencies through short-term currency swaps, without modification of the currency exposure.

#### Management of Interest Rate Risk on Long-Term Debt

The Company's policy consists of incurring debt primarily at a floating rate in order to deal with significant changes in cash flows due to external factors (oil prices and the U.S. dollar/euro exchange rate).

Exceptions to this rule must be approved by the Executive Committee.

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, the Company can also enter into long-term interest rate swaps.

#### Sensitivity Analysis on Interest Rate and Foreign Exchange Risk

The table below presents the potential impact on the fair value of the current financial instruments as of December 31, 2001, of an increase or decrease of 10% in the interest rate yield curves in each of the currencies.

	As of December 31, 2001			
	Carrying amount	Estimated fair value	Change in fair value with 10% interest rate increase (unaudited)	Change in fair value with 10% interest rate decrease (unaudited)
<b>Balance Sheet</b>				
Debenture loans (before swaps)	6,528	6,832	(117)	121
Issue swaps <sup>(1)</sup>	-	465	95	(98)
Fixed-rate bank loans (before swaps)	548	485	(6)	11
Current portion of long-term debt (excluding current portion of capital lease obligations)	477	471	(2)	2
<b>Off-Balance Sheet</b>				
Bank guarantees	-	(49)	2	(1)
Swaps hedging debenture issues	-	(13)	(20)	21
Long-term interest rate and currency swaps	-	14	(2)	2
Long-term interest rate swaps	-	(3)	(2)	3
Short-term interest rate swaps	-	-	2	(1)
Short-term and long-term currency swaps	-	(5)	0	1
Forward exchange contracts	-	8	1	1

(1) All issue swaps specifically hedge debenture loans. The fair values of these swaps may therefore be incorporated into the overall value of debenture loans.

As a large portion of the Company's assets and liabilities are denominated in USD, their sensitivity to the exchange rate of foreign currencies is primarily influenced by increases and decreases in the value of the U.S. dollar. Based on the financial statements as of December 31, 2001 and after taking into account the effect of currency swap contracts, a 10% increase in the USD against the euro would increase the Company's long-term debt by approximately 758 million euros.

#### **Management of Counterparty Risk**

The Company has established standards for 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 Company's Treasury Department according to their needs.

#### **Risks relating to the stock market**

The Group holds interests in a number of publicly traded companies (See notes 7 and 8 to the Consolidated Financial Statements). The market values of these interests fluctuates as a function of various reasons, including world stock market trends, the valuation of the sector in which the companies operate, and the economic and financial situation applicable to each such company.

## **2. LEGAL AND INDUSTRIAL RISKS**

### **Regulation of Exploration and Production Activities**

TotalFinaElf'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, pricing, environmental protection, export, taxes and foreign exchange. The terms and conditions of the leases, licenses and contracts under which these oil and gas interests are held vary from country to country. These leases, licenses and contracts are generally granted by or entered into with a government entity or state company and are sometimes entered into with private property owners. These arrangements usually take the form of licenses or production sharing agreements.

Licenses (or concessions) give the holder the right to explore for and exploit a commercial discovery. Under a license, the holder bears the risk of exploration, development and production activities and provides the financing for these operations. In principle, the license holder is entitled to all

production minus any royalties that are payable in kind. A license holder is generally required to pay production taxes or royalties, which may be in cash or in kind. In addition, in certain cases the government entity or state company may acquire a participation in the concession. In a few cases, the government entity or state company has an option to purchase a certain share of production.

Production sharing agreements entered into with a government entity or state company generally obligate TotalFinaElf to provide all the financing and bear the risk of exploration and production activities in exchange for a share of the production remaining after royalties, if any. Usually, a fixed or variable percentage of this production is reserved for the recovery of TotalFinaElf's cost (cost oil) and the remainder (profit oil) is shared with the government entity or state company on a fixed or volume-dependent basis. The right of TotalFinaElf to recover cost oil is limited in certain cases by a requirement that the cost oil not exceed a maximum percentage of production. This right is also limited in certain cases by a requirement that TotalFinaElf's costs be amortized over a specified period of time. In addition, TotalFinaElf's profit margin may also be limited in the event of an increase in oil price due to additional payment obligations. In some cases, the government entity or state company will participate in the rights and obligations of TotalFinaElf and will share in the costs of development and production. Such participation can be across the venture or be on a per field basis.

In certain countries, separate licenses are required for exploration and production activities and, in certain cases, production licenses are limited to a portion of the area covered by the exploration license. Both exploration and production licenses are generally for a specified period of time (except for production licenses in the United States which remain in effect until production ceases). The term of TotalFinaElf's licenses and the extent to which these licenses may be renewed vary by area.

TotalFinaElf is required in certain countries to relinquish a portion of the acreage covered by a license as a condition to obtaining a renewal of the license. TotalFinaElf may also be required in certain countries to relinquish acreage (or to surrender a license) under other circumstances. These circumstances, which vary by area, may include the failure to obtain a production license within a specified period of time or the failure to have a field development plan approved within a specified period of time. TotalFinaElf believes that these requirements have not materially affected its operations.

In general, TotalFinaElf is required to pay income tax on income generated from production activities (whether under a license or production sharing agreement). In addition, depending on the area, TotalFinaElf's production activities may be subject to a range of other taxes, levies and

assessments, including special petroleum taxes and revenue taxes. The taxes imposed upon oil and gas production profits and activities may be substantially higher than those imposed on other businesses.

### Risks Related to Political and Economic Factors

The oil industry is subject to regulation and intervention by governments throughout the world in such matters as:

- the award of exploration and production interests,
- the imposition of specific drilling obligations,
- environmental protection controls,
- price controls,
- control over the development and abandonment of a field (including restrictions on production),
- restrictions, requirements or sanctions imposed on companies because of ownership, affiliations or operations in certain foreign countries, and
- possible nationalization, expropriation or cancellation of contract rights.

The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those imposed in respect of other commercial activities. In particular, substantial portions of TotalFinaElf's oil reserves are located in countries outside the European Union and North America, certain of which may individually be considered politically and economically unstable. These reserves and the related operations are subject to certain risks, including:

- increases in taxes and royalties,
- the establishment of production and export limits,
- the renegotiation of contracts,
- the nationalization or renationalization of assets,
- other risks relating to changes in local government regimes and policies and resulting changes in business customs and practices,
- payment delays,
- currency exchange restrictions, and
- losses and impairment of operations by actions of insurgent or terrorist groups.

TotalFinaElf, like other major international oil companies, attempts to conduct its business and financial affairs so as to protect against such political and economic risks. However, because the requirements imposed by such laws and regulations are frequently changed and actions by insurgent or terrorist groups cannot be anticipated, there can be no assurances that such events will not adversely affect TotalFinaElf.

In August 1996, the United States adopted the Iran and Libya Sanctions Act (the "Sanctions Act"). The Sanctions Act requires the President of the United States to impose two

or more of certain enumerated sanctions on any person or company, regardless of nationality, that makes investments in Iran of \$ 20 million or more, or in Libya of \$ 40 million or more, that directly contribute to the enhancement of Iran's or Libya's ability to develop their respective petroleum resources. TotalFinaElf has engaged in certain activities in Iran and Libya. In May 1998, the U.S. Department of State issued its determination that the investment made by TotalFinaElf, Gazprom and Petronas in Iran's South Pars gas and condensate field constituted activity covered by the Sanctions Act, and, at the same time, communicated its decision to waive sanctions under section 9(c) of the Sanctions Act with respect to such investment. The waiver only applies to certain of TotalFinaElf's activities in the South Pars field, and does not address TotalFinaElf's other activities in Iran and Libya. The Sanctions Act was renewed for an additional 5 year period in August 2001. TotalFinaElf cannot predict future interpretations, or the implementation policy, of the U.S. Government regarding TotalFinaElf's other investments that are covered by the Sanctions Act.

As compared to the Group's 2001 results, the financial impact related to the devaluation of the Argentine peso is not material and has not resulted in a financial charge. However, the evolution of the situation in Argentina could have a material effect on the Group's business in that country, which is limited as compared to the scale of the Group.

### Risks Related to Oil and Gas Exploration and Production

Oil and gas exploration and production require high levels of investment and have particular economic risks and opportunities. These activities are subject to risks relating to the physical characteristics of an oil and gas field. These operating hazards may include crude oil and natural gas blowouts, explosions, encountering formations with abnormal pressures, cratering and crude oil spills and fires, any of which could result in damage to or destruction of crude oil and natural gas wells, destruction of production facilities, damage to life or property, suspension of operations, environmental damages and possible liability to TotalFinaElf. In accordance with customary industry practices, TotalFinaElf maintains insurance against some, but not all, of such risks and some, but not all, of such losses.

These activities also involve uncertainties relating to estimating quantities of proven and potential reserves and the capabilities of production facilities as well as uncertainties about the ability to control unit costs in exploration, production, refining and marketing. A high degree of risk of loss of invested capital exists in almost all exploration and development activities that TotalFinaElf undertakes. No assurance can be given that crude oil or natural gas will be discovered to replace reserves currently being developed,



produced and sold, or that if crude oil or natural gas reserves are found, they will be of a sufficient quantity to enable TotalFinaElf to recover the substantial sums of money incurred in their acquisition, discovery and development.

Developing oil fields, construction and drilling activities are subject to numerous risks, including the risk that no commercially productive crude oil or natural gas reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain. TotalFinaElf's operations may be curtailed, delayed or cancelled as a result of numerous factors including title problems, weather conditions, compliance with governmental requirements and shortages or delays in the delivery of equipment.

### **Risks Related to Downstream and Chemicals Operations**

TotalFinaElf's downstream and chemicals businesses are subject to significant governmental regulation, particularly in the areas of antitrust and competition regulation, environmental protection and industrial safety. Operational risks can vary widely in nature, insofar as they arise in diverse sectors of activity, such as refining and petrochemicals, intermediate chemicals, and performance and specialty chemicals. Among these operational risks are the risks of explosions or fires involving hydrocarbons or petroleum or chemical products. Likewise, the nature of operational risks arising from transportation depends not only on potential hazards from the type of product transported but also on the means of transportation employed (such as pipelines, shipping whether by sea or river, rail or road), and the quantities of product involved.

TotalFinaElf seeks to minimize the risks inherent in these activities by putting in place a dedicated internal organization, systems of quality management, and safety and environmental management systems, and by conducting rigorous audits and maintaining a pro-active investment program. In addition, taking into account the wide variety of products transported, the chemicals branch seeks to ensure that its products are stocked, conditioned, handled and transported under the best safety conditions available, using service providers selected according to criteria established by professional organizations.

TotalFinaElf maintains insurance against some of such risks and losses, but our insurance will not be adequate to cover all potential hazards inherent in these businesses. In addition, our refining and chemicals activities are subject to wide fluctuations in supply and demand in various markets, resulting in earnings volatility. Some of our products are also subject to commercial risk from product liability claims, such as claims regarding defective products.

Although we believe that any reasonably foreseeable costs and liabilities associated with the foregoing matters will not

have a material adverse effect on our consolidated financial position, results of operation or liquidity, there can be no assurance that such costs and liabilities would not have an adverse effect on our business and operations in the future.

### **Grande Paroisse**

An explosion occurred at the Grande Paroisse industrial site in Toulouse, France on September 21, 2001. Grande Paroisse, an indirect 79.85% held subsidiary of the Company, is 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 deaths of 30 people and injuries to many others. Significant damage was inflicted on a portion of the City of Toulouse. All production activity immediately ceased and the site was placed under a strict security regime.

Investigations regarding the cause of the explosion are still underway. Pursuant to Article 1384 paragraph 1 of the French civil code, Grande Paroisse is presumed to bear sole liability in the first instance, creating an obligation on Grande Paroisse to bear the entire obligation to indemnify damage to third parties (e.g., physical, material and other) caused by the explosion, unless this presumption is ultimately refuted. At this preliminary stage of the proceedings, the Group estimates that the amount of third party claims could reach approximately 1.8 billion euros, exceeding by 0.95 billion euros the Group's 0.85 billion euros civil liability insurance coverage. A gross charge of 941 million euros was registered in the accounts of the Company, with a resulting impact on Net Income (Group share) for fiscal year 2001 of 597 million euros.

### **Antitrust Investigations**

During 2000, Atofina Chemicals, Inc., a U.S. affiliate of the Company, became the subject of an investigation by the United States Department of Justice ("DOJ"), following the issuance of three subpoenas issued by a grand jury empanelled by the United States District Court of the Northern District of California, regarding certain practices in the chemical industry, to determine whether such practices were in violation of civil and/or criminal laws. A similar investigation covering practices of Atofina S.A. relating to certain chemical products was commenced in 2000 by the European commission. In early 2002, Atofina S.A. entered into a settlement with the DOJ pursuant to which it agreed to pay a fine of \$8.5 million. Moreover, three of the employees of Atofina S.A. are the subject of criminal proceedings.

While it is not feasible to predict the outcome of the pending claims, proceedings, and investigations described in the two subsections immediately above with certainty, management

is of the opinion that their ultimate disposition should not have a material adverse effect on the Company's financial position, cash flows, or results of operations.

### 3. RISKS RELATED TO THE ENVIRONMENT

TotalFinaElf is subject to extensive environmental laws and regulations concerning land use, air emissions, discharges to waters and the generation, handling, storage, transportation, treatment and disposal of waste materials. Although environmental laws and regulations have an increasing impact on TotalFinaElf's operations in almost all of the countries in which it operates, it is impossible to predict accurately the effect of future developments in such laws and regulations on TotalFinaElf's future earnings and operations. Some risk of environmental costs and liabilities is inherent in particular operations and products of TotalFinaElf, as it is with other companies engaged in similar businesses, and there can be no assurance that material costs and liabilities will not be incurred. However, TotalFinaElf does not currently expect any material adverse effect upon its consolidated financial position as a result of compliance with such laws and regulations.

#### Sinking of the Erika tanker

In 2001, following the sinking of the Erika petroleum tanker which was transporting products belonging to the Group, the Company continued, and nearly completed, the cleaning of the coastline, acting through the Atlantic Coast Task Force. The treatment of the waste removed during the cleaning process required the construction of an industrial treatment center. The perfection of the treatment process has been delayed due to the need to perform some additional technical studies. It is anticipated that it will take about one year to finish treating the waste.

TOTAL FINA ELF S.A., as a legal entity, as well as five of its employees, have become the subject of a criminal investigation undertaken by a Paris criminal court (Tribunal de Grande Instance de Paris) of the sinking and the resulting pollution. This investigation is still underway. TOTAL FINA ELF S.A. believes that the accusations against it and its employees are without merit both in fact and in law.

### 4. INSURANCE PRACTICES

The Group maintains insurance coverage relating principally to industrial risks, civil liability and other risks and liabilities pertaining to its businesses in amounts and of a nature management believes are adequate. Primary coverage is either retained, in the form of deductibles or self insurance, or purchased from internationally recognized insurance companies.

### 5. OTHER RISKS

#### Risks Related to Competition

There is strong competition both within the oil industry and with other industries in supplying the energy needs of industry and consumers. TotalFinaElf encounters strong competition from other major oil companies in acquiring properties and leases for the exploration for, and production of, crude oil and natural gas. Competition is particularly intense with respect to the acquisition of desirable undeveloped crude oil and natural gas properties.

#### Risks Related to Integration of PetroFina and Elf Aquitaine

TotalFinaElf has substantially increased its operations through the combinations with PetroFina and Elf Aquitaine in 1999 and 2000, respectively. These transactions have required and will require TotalFinaElf to integrate businesses that have previously been operated separately and that together are substantial in scope and size relative to its historic activities. TotalFinaElf, has already realized a large portion of the expected synergies from the integration of these activities and continues to pursue integration successfully, however, there can be no assurance that all of the expected cost savings, synergies and operational improvements will be realized.

# Information on the company

## A. HISTORY AND DEVELOPMENT OF THE COMPANY

TOTAL FINA ELF S.A., a French société anonyme (the "Company"), together with its subsidiaries and affiliates ("TotalFinaElf" or "Group"), is one of the five largest publicly-traded integrated oil and gas companies in the world with operations in more than 120 countries. The Company was incorporated on March 28, 1924 and has a duration until March 22, 2099, unless earlier dissolved or extended to a later date. TotalFinaElf engages in all aspects of the petroleum industry, including upstream operations (oil and gas exploration, development and production); downstream operations (refining and marketing); and the trading and shipping of crude oil and petroleum products. TotalFinaElf also produces Petrochemicals and plastics, Intermediates and performance polymers and Specialty chemicals for industrial and consumer use. In addition, TotalFinaElf has interests in coal mining and in cogeneration and electricity sectors. Until June 1999, the Company operated under the name Total. From June 1999 to March 2000, the Company operated under the name TotalFina.

The Company began its upstream operations in the Middle East in 1924. Since that time, the Company has grown and expanded its operations worldwide. Most notably, in early 1999 the Company acquired control of PetroFina S.A. ("PetroFina" or "Fina") and in early 2000, the Company acquired control of Elf Aquitaine S.A. ("Elf Aquitaine" or "Elf"), following which the Company changed its name to Total Fina Elf S.A. The Company currently owns 100% of PetroFina shares and 99.4% of Elf Aquitaine shares.

The Company's strategy is to grow and to improve the profitability of its upstream segment; to reinforce its position as one of the leaders in the worldwide natural gas and LNG markets; to consolidate its position in the European downstream business, while developing its interests in rapidly growing markets (such as the Mediterranean Basin, Africa and Far East); and to rationalize its chemicals portfolio giving priority to improving profitability, expanding petrochemical operations and growing selectively Intermediates and Specialties.

The Company's principal address 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.totalfinaelf.com](http://www.totalfinaelf.com).

## Basis of Presentation

In general, financial information included in this portion of the Annual Report is presented according to French GAAP and accordingly reflects the pooling of interest method for the acquisition of Elf Aquitaine beginning with fiscal year 2000 (Article 215 of Rule 99-02). In addition, we have included operational and financial data of TotalFinaElf, including Elf Aquitaine, for 1999 on a pro forma basis, in order to enable us and the reader to make more meaningful comparisons of year-to-year data for the combined company.

## B. BUSINESS OVERVIEW

TotalFinaElf's worldwide operations are conducted through three business segments:

- Upstream,
- Downstream,
- Chemicals.

The Upstream segment includes exploration, development and production activities, as well as TotalFinaElf's coal and gas and power operations. The Downstream segment sells substantially all of the crude oil produced by TotalFinaElf, purchases most of the crude oil required to supply TotalFinaElf's refineries, operates refineries and markets petroleum products worldwide through both retail and non-retail activities, and conducts TotalFinaElf's bulk trading. The Chemicals segment includes Petrochemicals and plastics, which are linked to TotalFinaElf's refining activities, Intermediates and performance polymers, as well as Specialties, which include rubber processing, resins, paints, adhesives and electroplating.

## UPSTREAM ■■■

### Overview of Upstream Activities

TotalFinaElf's Upstream segment conducts all of the exploration and production activities. In 2001, this segment conducted exploration and production activities in 45 countries and produced hydrocarbons in 29 countries. (See "Presentation of Activities by Geographic Area" below.) The Company's dual objectives for the Upstream segment are to sustain continued growth and to increase profitability by concentrating primarily on large-scale, low-cost projects.

The Upstream segment also includes the Company's gas and power activities and manages the Company's interests in LNG and LPG processing plants. A strategic focus of the Upstream segment is to emphasize natural gas along its entire value chain, including development and production in the field, liquefaction, transportation, marketing, and power generation.

The table below presents selected financial information for TotalFinaElf's Upstream segment for the last three years.

### UPSTREAM SEGMENT FINANCIAL DATA <sup>(1)</sup>

For the Year Ended December 31

<i>(in millions of euros)</i>	2001	2000	1999 pro forma
Total segment sales (including sales to other segments)	26,937	26,077	14,178
Operating income excluding non-recurring items	9,022	10,113	4,119

*(1) See Note 4 of the Notes to the Consolidated Financial Statements included in this Annual Report for more detailed information on the Upstream segment and a geographical breakdown.*

### Exploration and Development

TotalFinaElf evaluates exploration opportunities based on a variety of geological, technical, political and economic factors (including taxes and concession terms), as well as projected oil and gas prices. Discoveries and extensions of existing discoveries accounted for approximately 57% of the 3,852 Mboe added to the Upstream segment's net proved reserves during the pro forma three-year period ended December 31, 2001 (before deducting production and acquisitions/sales of reserves in place during this period).

Unless otherwise indicated, references to TotalFinaElf's proved reserves, proved developed reserves, proved undeveloped reserves and production are to TotalFinaElf's share of such reserves or production (net of any crude oil or natural gas taken by third parties as royalties in kind). Only the amount of TotalFinaElf's net proved reserves of crude oil that are estimated to be recoverable during the remaining terms of the appropriate concessions or production sharing

agreement have been included, without taking into account any possible renewals of such concessions or agreements.

TotalFinaElf had an active exploration program in 2001. Exploration expenditures in 2001 were 770 million euros. Recent operations have been carried out in Norway, the United Kingdom, Nigeria, Angola, Congo, Gabon, Libya, Canada, the United States, Indonesia, Pakistan, Brazil, Venezuela, Colombia, Argentina, Bolivia, Trinidad, Barbados, Kazakhstan and Azerbaijan.

Development costs of the Upstream segment for its proved reserves amounted to approximately 4.1 billion euros, 4.1 billion euros, and 3.8 billion euros, during 2001, 2000 and 1999 (pro forma), respectively. Development activities were carried out principally in the United Kingdom, Angola, Venezuela, France, Norway, the Netherlands, Nigeria, Congo, Gabon, Libya, Iran, Syria, Yemen, the United States, Indonesia, Thailand, Argentina, Colombia, Bolivia.

## Reserves

At December 31, 2001, TotalFinaElf's combined proved reserves of crude oil and natural gas were 10,978 Mboe (of which 53% were proved developed reserves and 47% proved undeveloped reserves). Crude oil and condensates represented approximately 63% of these reserves and natural gas 37%. These reserves are located principally in Europe (Norway, United Kingdom, the Netherlands, France, and Italy), Africa (Nigeria, Angola, Algeria, Congo, Gabon, Libya, and

Cameroon), the Far East (Indonesia, Thailand, Myanmar and Brunei), North America (United States), and other regions of the world including the Middle East (United Arab Emirates, Oman, Iran, Qatar, Syria, and Yemen) and other countries (Venezuela, Argentina, Bolivia, Colombia, and Russia).

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

### NET PROVED RESERVES <sup>(1)</sup>

	Liquids (Mb)	Natural gas (Bcf)	Combined (Mboe)
<b>December 31, 1999 (pro forma)</b>	<b>6,868</b>	<b>20,253</b>	<b>10,455</b>
Percent change from December 31, 1998	9.6 %	6.1 %	8.7%
<b>December 31, 2000</b>	<b>6,960</b>	<b>20,705</b>	<b>10,762</b>
Percent change from December 31, 1999	1.3 %	2.2 %	2.9%
<b>December 31, 2001</b>	<b>6,961</b>	<b>21,929</b>	<b>10,978</b>
Percent change from December 31, 2000	0 %	5.9 %	2.0%

*(1) Includes TotalFinaElf's proportionate share of the net proved reserves of equity affiliates and two companies (Oman LNG and Abu Dhabi Liquefaction Company) accounted for by the cost method. See Supplemental Oil and Gas Information (Unaudited) included on page 90.*

Proved reserves are estimated using geological and engineering data to determine 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, measures of reserves are not precise and are subject to revision. TotalFinaElf'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, dispositions of reserves and other economic factors. TotalFinaElf's worldwide net proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates and two companies accounted for by the cost method. For further information concerning TotalFinaElf's net proved reserves at December 31, 2001, 2000, and 1999, see Supplemental Oil and Gas Information (Unaudited) included elsewhere herein.

For information regarding TotalFinaElf's estimate of the Upstream segment's net proved developed and

undeveloped liquids and natural gas reserves, set forth by geographic area, at December 31, 2001, 2000, and 1999, see the tables set forth in Supplemental Oil and Gas Information (Unaudited) included beginning on page 90.

## Production

The Upstream segment's average daily production of liquids and natural gas grew by 3.4% to 2,197 kboe/d in 2001 compared to 2,124 kboe/d in 2000. Liquids accounted for approximately 66% and natural gas accounted for approximately 34% of the segment's combined liquids and natural gas production in 2001 on an oil equivalent basis.

The table below sets forth by geographic area the Upstream segment's average daily production of crude oil and natural gas for each of the last three years. In those countries where TotalFinaElf operates pursuant to a production sharing contract, TotalFinaElf's production represents the quantities available to TotalFinaElf under those contracts.

**PRODUCTION BY GEOGRAPHIC AREA**

	2001		2000		1999 pro forma	
	Liquids (kb/d)	Natural Gas (Mcf/d)	Liquids (kb/d)	Natural Gas (Mcf/d)	Liquids (kb/d)	Natural Gas (Mcf/d)
<b>Europe</b>	<b>417</b>	<b>1,852</b>	<b>398</b>	<b>1,786</b>	<b>412</b>	<b>1,712</b>
France	11	181	12	183	13	168
Italy	1	3	1	8	-	8
Netherlands	1	402	1	410	2	377
Norway	257	508	243	458	227	410
United Kingdom	147	758	141	727	170	749
<b>Africa</b>	<b>540</b>	<b>369</b>	<b>560</b>	<b>332</b>	<b>574</b>	<b>139</b>
Algeria	49	208	51	191	47	102
Angola	96	-	94	-	104	-
Cameroon	16	-	16	-	20	-
Congo	110	-	121	-	114	-
Congo (DR)	-	-	2	-	3	-
Gabon	105	8	119	8	146	8
Libya	20	-	20	-	21	-
Nigeria	144	153	137	133	119	29
<b>North America</b>	<b>7</b>	<b>221</b>	<b>9</b>	<b>240</b>	<b>13</b>	<b>257</b>
Canada	-	-	-	-	0	5
United States	7	221	9	240	13	252
<b>Far East</b>	<b>24</b>	<b>1,114</b>	<b>26</b>	<b>966</b>	<b>28</b>	<b>856</b>
Indonesia	18	739	20	689	23	633
Thailand	5	195	5	184	5	194
Myanmar	-	129	-	42	-	2
Brunei	1	51	1	51	-	27
<b>Rest of World</b>	<b>208</b>	<b>283</b>	<b>172</b>	<b>250</b>	<b>189</b>	<b>211</b>
<b>Middle East</b>	<b>100</b>	<b>-</b>	<b>92</b>	<b>-</b>	<b>93</b>	<b>-</b>
Iran	22	-	16	-	19	-
Qatar	17	-	18	-	18	-
Syria	32	-	26	-	21	-
U.A.E.	19	-	21	-	27	-
Yemen	10	-	11	-	8	-
<b>South America</b>	<b>102</b>	<b>283</b>	<b>74</b>	<b>250</b>	<b>95</b>	<b>211</b>
Argentina	15	243	14	232	18	209
Bolivia	0	15	-	-	-	-
Colombia	54	25	51	18	66	2
Venezuela	33	-	9	-	11	-
<b>Other</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>-</b>
Russia	6	-	6	-	1	-
<b>Total consolidated production</b>	<b>1,196</b>	<b>3,839</b>	<b>1,165</b>	<b>3,574</b>	<b>1,216</b>	<b>3,175</b>
<b>Equity and non-consolidated affiliates</b>						
Africa	9	-	8	-	10	-
Middle East	249	222	260	184	241	147
Rest of the world	-	-	-	-	1	-
Total equity and non-consolidated affiliates	258	222	268	184	252	147
<b>Worldwide production</b>	<b>1,454</b>	<b>4,061</b>	<b>1,433</b>	<b>3,758</b>	<b>1,468</b>	<b>3,322</b>



Consistent with industry practice, TotalFinaElf often holds a percentage interest in its acreage, with the balance being held by other joint venture partners (which may include other oil companies, state oil companies or government entities). TotalFinaElf frequently acts as operator on acreage in which it holds an interest. See "Presentation of Activities by Geographic Area" below for descriptions of the principal producing fields of the Upstream segment.

Substantially all of the crude oil production of the Upstream segment is sold to the Downstream segment, which in turn uses a portion in downstream operations and markets a portion of the production to customers throughout the world. See "Downstream Trading and Supply", page 122.

### Sales of Natural Gas

The majority of TotalFinaElf's natural gas production is sold under long-term contracts; however, its North American production and part of its United Kingdom and Argentine production is sold mainly on a spot basis. The long-term contracts under which TotalFinaElf 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. Although the price of 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 relation of 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.

### PRESENTATION OF ACTIVITIES BY GEOGRAPHIC AREA

The table below sets forth by geographic area TotalFinaElf's principal producing fields, the year in which TotalFinaElf's activities commenced, the type of the production, and whether TotalFinaElf is operator of the field.

#### UPSTREAM

Main producing fields at December 31, 2001

	Year of entry into the country	Main Group-operated fields in production (Group share %) <sup>(1)</sup>	Main non-Group-operated fields in production (Group share %)	Liquids or Gas
<b>Europe</b>				
France	1939	Lacq (100%)		L, G
Netherlands	1964	Zuidwal (42.2%)		G
		Leeuwarden (92.8%)		G
		Harlingen (92.8%)		G
		L7 (56.2%)		G
		K6 (44.3%)		G
		L4a (55.6%)		G
		F15aA (32.5%)		G
		K4a (50%)		G
		K5a-K4b (26%)		G
		J3a (30%)		G
			Markham unitised field (14.7%)	G

(1) The Group's financial interest in the local entity is about 100% in all cases except Elf Gabon (57.9%), Cameroon (75.4%), and certain entities in Abu Dhabi and Oman (see notes 2, 3, 4, 6, page 113).

	Year of entry into the country	Main Group-operated fields in production (Group share %) <sup>(1)</sup>	Main non-Group-operated fields in production (Group share %)	Liquids or Gas
<b>Europe</b>				
Norway	1965	Froy (40%)		L, G
		Frigg (37.8%)		G
			Heimdal (26.3%)	G
			Ekofisk (39.9%)	L, G
			Eldfisk (39.9%)	L, G
			Oseberg (8.7%)	L, G
			Veslefrikk (18%)	L
			Troll (3.7%)	L, G
			Aasgard (7.7%)	L, G
			Snorre (5.95%)	L
			Valhall (15.7%)	L
			Sleipner (9.41%)	G
			Tordis (5.6%)	L
			Glitne (21.8%)	L
United Kingdom	1962		Huldra (24.33%)	L, G
		Alwyn N., Dunbar, Ellon, Grant (100%)		L, G
		Nuggets (100%)		G
		Elgin-Franklin (46.2%)		L, G
			Bruce (43.3%)	L, G
			Mallard (23.8%)	L
			Markham unitised field (7.4%)	G
			ETAP (Mungo, Monan) (12.4%)	L, G
			Armada (12.5%)	G
			Alba (12.7%)	L
		Nelson (11.5%)	L	

*(1) The Group's financial interest in the local entity is about 100% in all cases except Elf Gabon (57.9%), Cameroon (75.4%), and certain entities in Abu Dhabi and Oman (see notes 2, 3, 4, 6, page 113).*

	Year of entry into the country	Main Group-operated fields in production (Group share %) <sup>(1)</sup>	Main non-Group-operated fields in production (Group share %)	Liquids or Gas
<b>Africa</b>				
Algeria	1952		Tin Fouye Tabankort (35%)	L, G
			Hamra (100%)	L
Angola	Circa 1965	Blocs 3-80, 3-85, 3-91 (50%)		L
		Girassol (Bloc 17) (40%)		L
			Bloc 2-85 (27.5%)	L
			Kuito (Bloc 14) (20%)	L
			Cabinda offshore (Bloc 0) (10%)	L
Cameroon	1951	Ekoundou (15.3%)		L
		Kombo (15.3%)		L
			Mokoko (7%)	L
Congo	1928	Likouala (65%)		L
		Tchibouela (65%)		L, G
		Tchendo (65%)		L
		Yanga (55.3%)		L
		Sendji (55.3%)		L
		Nkossa (51%)		L
			Loango (50%)	L
	Zatchi (35%)	L		
Gabon	1928	Avocette, Coucal (57.5%)	Rabi (47.5%)	L
		Hylia, Vanneau (75%)		L
		Anguille, Torpille (100%)		L
		Gonelle (100%)		L
		Atora (40%)		L
		Baudroie Marine (50%)		L
			SPDC fields (10%)	L, G
Libya	1959	Mabruk (75%)		L
			El Sharara (7.5%)	L <sup>(2)</sup>
Nigeria	1962	OML 57 (40%)		L
		OML 58 (40%)		L, G
		OML 100 (40%)		L
		OML 102 (40%)		L

(1) The Group's financial interest in the local entity is about 100% in all cases except Elf Gabon (57.9%), Cameroon (75.4%), and certain entities in Abu Dhabi and Oman (see notes 2, 3, 4, 6, page 113).

(2) TotalFinaElf has a 30% interest in the investment group which has a 25% interest in production.

	Year of entry into the country	Main Group-operated fields in production (Group share %) <sup>(1)</sup>	Main non-Group-operated fields in production (Group share %)	Liquids or Gas
<b>North America</b>				
USA	1964	Virgo (64%)	MacAllen-Ranch (18.9%)	L, G
		MacAllen-Pharr (97.3%)		G
		Slick Ranch (90.1%)		L, G
		Maben (47%)		G
		Bethany (87%)		L, G
<b>Far East</b>				
Brunei	1987	Maharaja Lela Jamalulalam (46%)		L, G
Indonesia	1968	Handil (50%)		L, G
		Bekapai (50%)		L, G
		Peciko (50%)		L, G
		Tambora/Tunu (50%)		L, G
			Nilam (9.3%)	L, G
Myanmar	1992	Yadana (31,2%)		G
Thailand	1990		Bongkot (33.3%)	L, G

*(1) The Group's financial interest in the local entity is about 100% in all cases except Elf Gabon (57.9%), Cameroon (75.4%), and certain entities in Abu Dhabi and Oman (see notes 2, 3, 4, 6, page 113).*

	Year of entry into the country	Main Group-operated fields in production (Group share %) <sup>(1)</sup>	Main non-Group-operated fields in production (Group share %)	Liquids or Gas
<b>Rest of the World</b>				
<b>Middle East</b>				
Abu Dhabi	1936	Abu Al Bu Khoosh (75%)		L
			Abu Dhabi offshore (13.3%)	L <sup>(2)</sup>
			Abu Dhabi onshore (9.5%)	L <sup>(3)</sup>
Dubai	1954		Dubai offshore (27.5%)	L <sup>(4)</sup>
Iran	1954	Sirri (60%)		L <sup>(5)</sup>
Oman	1937		Various fields onshore (4%)	L <sup>(6)</sup>
Qatar	1938	Al Khalij (55%)		L
			North Field (20%)	L, G <sup>(7)</sup>
Syria	1988	Jafra / Qahar (50%)		L
Yemen	1987	Kharir (27.5%)		L
			Jannah permit (Bloc 5) (15%)	L
<b>South America</b>				
Argentina	1978	Aguada Pichana (27.3%)		L, G
		San Roque (24.7%)		L, G
		Canadón Alfa (37.5%)		L, G
		Hidra (37.5%)		L
		Argo (37.5%)		L
Bolivia	1995		San Alberto / San Antonio (15%)	L, G
Colombia	1973		Cusiana (19%)	L, G
			Cupiagua (19%)	L
Venezuela	1981	Jusepín (55%)		L
			Zuata (Sincor) (47%)	L
<b>Others</b>				
Russia	1989	Kharyaga (50%)		L

(1) The Group's financial interest in the local entity is about 100% in all cases except Elf Gabon (57.9%), Cameroon (75.4%), and certain entities in Abu Dhabi and Oman (see notes 4 through 7 below).

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

(3) Via ADPC (equity affiliate), TotalFinaElf has a 9.5% interest and participates in the operating company, Abu Dhabi Company For Onshore Oil Operation.

(4) TotalFinaElf has a 25% indirect interest via Dubai Marine Areas (equity affiliate) plus a 2.5% direct interest via Total Service Golfe.

(5) TotalFinaElf is the operator of the development of the Sirri A and E fields with a 60% interest in the foreign consortium.

(6) Via POHOL (equity affiliate), TotalFinaElf has a 4% interest in the operator, Petroleum Development Oman LLC. TotalFinaElf also has a 5.54% interest in the Oman LNG facility.

(7) TotalFinaElf has a 20% interest in Qatargas upstream and a 10% interest in the Qatargas LNG facility.

## PRINCIPAL ACTIVITIES

### Europe

TotalFinaElf's average daily production in Europe was 759 kboe/d in 2001, representing 34.6% of its 2001 total production.

**United Kingdom.** First production from the giant Elgin and Franklin gas and condensate fields (TotalFinaElf-operated 46.2%) started at the end of the first and third quarters of 2001, respectively. Production from this high-pressure, high-temperature development achieved the projected plateau rate of 220 kboe/d in late 2001. In the offshore Alwyn area, the Company announced in 2001 approval for the satellite development of the Nuggets N1, N2, and N3 gas fields (TotalFinaElf-operated 100%) which came onstream at year-end 2001 and added an estimated 165 Mcfd. The Nuggets N4 gas field is slated for future development. The Company also finalized the development plan for the Otter field (TotalFinaElf-operated 54.3%) which could begin producing in late 2002 and rise to a plateau level of 30 kb/d. In 2001, TotalFinaElf sold its interests in certain UKCS declining fields: A Blocks and T Blocks.

**Norway.** At Ekofisk (TotalFinaElf 39.9%), upgrading and modifications were successfully carried out during the August 2001 shutdown and production resumed, reaching 170 kboe/d at year-end. The Glitne (TotalFinaElf 21.8%) and Huldra (TotalFinaElf 24.33%) fields started production in August and November 2001, respectively. The Vesterled pipeline system to the UK became operational in October 2001. Approval for the \$5.3 billion Snohvit natural gas and LNG project (TotalFinaElf 18.4%), the first development in the Barents Sea, was received in early 2002. An agreement was signed with Norwegian authorities to rearrange and increase TotalFinaElf's interests in the fields within the Oseberg zone, such that the Group now holds a 10% interest in each permit in the zone and gains an interest in the Oseberg South field.

**Netherlands.** TotalFinaElf is the second-largest gas operator in the Netherlands with operated production of 139 kboe/d, representing net production of the subsidiary of 71 kboe/d in 2001. The first phase of the K4BE field (TotalFinaElf 26%) development was completed in 2001 with the start up of 2 wells. The K1A platform was installed in 2001 and began production in early 2002 with targeted 2003 production plateau of 20 kboe/d. The L7G field (TotalFinaElf-operated 56.2%) development was completed and put on stream in the third quarter of 2001 and ended the year producing 6 kboe/d.

**France.** TotalFinaElf, from its main gas fields in Southwest France, Lacq-Meillon (TotalFinaElf-operated 100%), as well as from several small gas and oil fields in the same region and in

the Paris Basin, produced 43 kboe/d in 2001 compared to 44 kboe/d in 2000. Substantial quantities of sulfur and other products obtained from the gas fields are processed at the Lacq plant.

**Italy.** TotalFinaElf sold all of its gas concessions and permits in 2001 but retained its 12% interest in the SGM gas pipe.

**Romania.** In 2001, the Group acquired 4000 kilometers of 2D seismic on the offshore Neptune Block in the Black Sea.

### Africa

TotalFinaElf's average daily production in Africa was 620 kboe/d in 2001 representing 28% of its 2001 total production. TotalFinaElf has major exploration and production activities in North Africa and Western Africa, particularly in the countries bordering on the Gulf of Guinea.

**Algeria.** The Company's average production of nearly 94 kboe/d in 2001 came essentially from the Hamra and Tin Fouye Tabankort fields. In 2001, TotalFinaElf obtained a new exploration permit for Blocks 432, 444 South and 403 North. Through Cepsa, TotalFinaElf has interests in other upstream projects.

**Angola.** TotalFinaElf's average production rose to about 100 kb/d in 2001, coming primarily from Block 0 (TotalFinaElf 10%) and Block 3 (TotalFinaElf-operated 50%). On the deep-water Block 17 (TotalFinaElf-operated 40%), the first phase of the Girassol field development was successfully achieved with production starting up on December 4, 2001 and reaching 90 kb/d by 2001 year end. The target production plateau of 200 kb/d was reached by early 2002. The development of the Dalia field is expected to be approved in 2002. Twelve discoveries have been made so far on this prolific block including the Rosa, Lirio, Tulipa, Orquidea, Cravo, Camelia, Jasmim, Perpetua, Violetta and Anturio fields. The exploration term of Block 17 was extended to December 31, 2002 by the Angolan Ministry of Petroleum. On Block 14 (TotalFinaElf 20%), the Kuito field, producing since December 1999, increased production to 100 kb/d after the start up of Kuito phase 1C in October 2001. The development of the Benguela-Belize field is expected to be initiated in 2002 with first production slated by 2006. A total of seven discoveries have been made on Block 14, including Tomboco and Lobito in 2000 and Tombua in 2001. TotalFinaElf is also active in the offshore Angola ultra-deep exploration with interests in Block 31 (5%), Block 33 (15%) and an operatorship of Block 32 (30%); all three blocks are in water depths ranging from 1,500 to 2,500 meters. The Group entered into an agreement (TotalFinaElf 12%) with Sonangol and other partners to study a project for a one train LNG plant with production capacity of 4 Mt/y.



**Cameroon.** TotalFinaElf E & P Cameroun, a subsidiary of TotalFinaElf, is 20%-owned by the Cameroon national oil company (SNH) and has interests in most of the exploration licenses and operating concessions granted by the Republic of Cameroon.

**Congo.** TotalFinaElf produced 110 kb/d in 2001 and owns interests of 15% to 65% in exploration and production licenses located mainly offshore, including the N'kossa oil field (TotalFinaElf-operated 51%) and the Tchibouela East oil field (TotalFinaElf 65%), which are its main producers. TotalFinaElf disposed of its 65% interest in the Emeraude field in 2000 and released two deep offshore permits (MPS and MPN) in 2000 and early 2001. On the Moho Bilondo development, an appraisal well drilled in late 2001 set the stage for evaluation of reserves in 2002.

**Egypt.** In 2001, TotalFinaElf disposed of its 50% non-operating interest on block "B" located in deep water off the Nile Delta.

**Gabon.** On certain licenses, a subsidiary of the Company, Elf Gabon, is associated with the Republic of Gabon and/or other international oil companies. Elf Gabon operates some thirty concessions, exploration and production licenses. TotalFinaElf's major producing fields are the Rabi-Kounga field (TotalFinaElf 47.5%), the Avocette field (TotalFinaElf-operated 57.5%) and the Anguille and Torpille fields (TotalFinaElf-operated 100%). In 2001, production began on the Atona oil field (Elf Gabon-operated 40%) and achieved by year-end a rate close to 20 kboe/d. Elf Gabon shares, which are listed on Euronext Paris, are held by TotalFinaElf (58%), the Republic of Gabon (25%) and the general public (17%). In addition, Elf Gabon acquired in 2001 a 90% interest in an ultra-deep water exploration block, Olonga Marin, of which a 50% interest was subsequently farmed out.

**Libya.** Development plans for structure B on Block C137 (TotalFinaElf-operated 37.5%) were approved in 2000 for a 2003 production start-up and peak rate of 35 kboe/d. On Block NC-186 (TotalFinaElf 24% of the consortium's 25% share of production) the A-1 oil discovery in 2000 was followed in early 2001 by three other oil discoveries (B-1, A-2 and D1). On the El Sharara field, part of the NC-115 concession (TotalFinaElf 30% of the consortium's 25% share of production) in the Murzuk Basin, the Group's net production in 2001 averaged 12 kboe/d. In 2001, TotalFinaElf obtained two new permits as operator, one in the Murzuk Basin (NC 191, formerly known as M2) where it recently began a seismic survey, and the other in the Sirte Basin (NC 192, formerly known as S29).

**Morocco.** TotalFinaElf obtained in 2001 an authorization for a reconnaissance survey on Dakhla Offshore zone.

**Nigeria.** The fields operated by TotalFinaElf in association with the Nigerian National Petroleum Corporation (NNPC 60%,

TotalFinaElf 40%) accounted for about 40% of TotalFinaElf's total Nigerian 2001 production of 174 kboe/d. The rest of its production is operated by Shell under a partnership with the NNPC and Agip, in which TotalFinaElf has a 10% interest. TotalFinaElf owns a 15% interest in NLNG (Nigerian Liquefaction Natural Gas). The first liquefaction train began operation in late 1999 and the second train started up in early 2000, doubling plant capacity to 6 Mt/y. Gross production in 2001 was 5.9 Mt of LNG and 2.4 Mb of condensate compared to 4.7 Mt of LNG and 1.8 Mb of condensate in 2000. A third LNG train with a capacity of 2.9 Mt/y of LNG and 1 Mt/y of LPG is under construction with a projected completion date in late 2002. The final investment decision to construct trains four and five was taken in March 2002. On the OPL 246 deep-water permit (TotalFinaElf 24%), the AKPO-1 discovery was confirmed with two positive appraisal wells. In shallow waters, development of the Amenam-Kpono field was launched in 2000 with a projected 2003 start-up date and an expected production plateau of 125 kboe/d. Amenam-Kpono straddles two blocks, OML 99 and OML 70, and will be unitized; TotalFinaElf's initial interest as operator is 31.2%. TotalFinaElf is also partner (12.5%) in the SNEPCO Joint Venture on the deep offshore OML 118 permit in which a new major discovery, Bonga South West, has been made in 2001.

## REST OF THE WORLD

### Middle East

TotalFinaElf's production in the Middle East (including its proportionate share of the production of equity affiliates) was 391 kboe/d in 2001, representing 17.8% of its total 2001 production.

**Iran.** TotalFinaElf has four buy-back contracts in Iran. On the Sirri A&E fields (TotalFinaElf-operated 60% interest in the foreign consortium) combined oil production from the two fields reached 94 kb/d in 2001 as development operations were completed. The Sirri operations have been transferred to the state-owned National Iranian Oil Company (NIOC). On the offshore South Pars gas and condensate field development (TotalFinaElf-operated 40% interest) production began in March 2002, building toward a target plateau of 2 Bcf/d and up to 80 kb/d of condensate. Development of the Dorood field (TotalFinaElf-operated 55% interest in the foreign consortium) continued in 2001 with the award of the main EPC contract and drilling activities. Development of the Balal oil field (TotalFinaElf-operated 46.75% interest) is in progress.

**Kuwait.** Kuwait Oil Company renewed for three and one-half years, to July 2004, the contract with TotalFinaElf to provide technical assistance and support for the upstream operations in the onshore part of the neutral zone.

**Oman.** The Oman LNG plant (TotalFinaElf 5.54%) increased production to 5.8 Mt in 2001 largely due to higher deliveries to Korea and Japan as well as increased spot sales. In early 2002, TotalFinaElf was awarded a 100% interest as operator in the 11,500 square kilometer Block 34 in the South of the Sultanate.

**Qatar.** TotalFinaElf has a 20% interest in the upstream operations of Qatargas, which produces natural gas and condensate from part of the offshore North field, and a 10% interest in the Qatargas LNG facility. Three LNG trains produced 7.2 Mt/y in 2001 compared to 6.7 Mt/y in 2000. A project has been launched to increase capacity to 9.2 Mt/y by 2006. In December 2001, a sales contract was signed with Qatar Petroleum that calls for 2 Bcf/d of Qatari gas sales by the Dolphin Project (TotalFinaElf 24.5%) over 25 years starting in 2005 from the North field to the United Arab Emirates and Oman through a proposed 380-kilometer pipeline. The first phase of Dolphin is expected to cost \$3.5 billion, and a second phase is anticipated that will add a further 1 Bcf/d of gas sales. On the Alkhalij field (TotalFinaElf-operated 55%), a second development phase is being carried out, setting the stage for production from this field to increase from 25 kboe/d to 60 kboe/d.

**Saudi Arabia.** In 2001, the Kingdom awarded an international consortium composed of TotalFinaElf (30%), Shell (40%) and Conoco (30%) the contract for "Core Venture 3", a project providing for the valorization of gas reserves in the Shaybah region. The consortium will be responsible for exploration activities covering two areas of 140,000 and 50,000 square kilometers in Rub' al Khali, a feasibility study regarding development of the Kidan sour gas field, the installation of treatment and transport facilities for gas extracted from the Shaybah field, and the construction of a petrochemical plant, a power station and a desalination facility located in Jubail. The overall project, with a total investment of around \$6 billion, will be carried out with the participation of Saudi Aramco.

**Syria.** TotalFinaElf produces oil from the Jafra/Qahar fields (TotalFinaElf 50%). In 2001, oil production from the Deir Ez Zor permit (TotalFinaElf 50%) totaled 50 kb/d. The Deir Ez Zor gas and condensate project (TotalFinaElf 50%), was put on stream in 2001 to gather, process and transport approximately 175 Mcfd of associated gas from Deir Ez Zor permit.

**United Arab Emirates.** TotalFinaElf's activities are located in Abu Dhabi and Dubai with fields located onshore (Asab, Bab, Bu Hasa, Sahil and Shah) and offshore (Umm Shaif, Zakum, Abu Al Bukhoosh, and Fateh). In addition, TotalFinaElf has a 15% interest in Abu Dhabi Gas Industries (GASCO), which produces butane, propane and condensate from the associated gas produced from onshore fields. TotalFinaElf also has a 5% interest in Abu Dhabi Gas Liquefaction

Company (ADGAS), which produces LNG, LPG and condensate from natural gas coming from offshore fields, either non-associated gas or gas associated with oil production and a 30% interest in Ruwais Fertilizer Industries (FERTIL) which produces ammonia and urea from methane delivered by ADNOC. In 2000, a consortium formed of TotalFinaElf and Tractebel was chosen to lead the \$1.5 billion Taweelah A1 power desalination project. See "Electricity and cogeneration" below.

**Yemen.** The East Shabwa permit (TotalFinaElf-operated 28.57%) produced 6 kb/d in 2001 and the Jannah permit (TotalFinaElf 15%) 4 kb/d in 2001. TotalFinaElf is the main shareholder with a 36% stake in the Yemen LNG Company for which the Yemeni government has approved a 5.3 Mt/y LNG export scheme based on the reserves in the Marib region.

### Asia (outside Middle East)

TotalFinaElf's average daily production in Asia was 219 kboe/d in 2001, representing 10% of its total 2001 production.

**Indonesia.** TotalFinaElf's operations in Indonesia are concentrated on the Mahakam permit (TotalFinaElf-operated 50%), which contains several fields, particularly Peciko and Tunu, the largest gas fields in the East Kalimantan area. TotalFinaElf's natural gas production is supplied to Pertamina, the national Indonesian oil and gas company, which liquefies most of this gas at Bontang, the largest LNG plant in the world, and then sells this LNG under long-term contracts to customers in Japan, Korea and Taiwan, primarily for use in electricity generation. The total processing capacity of the eight-train Bontang liquefaction plant is 22 Mt/y. Nearly all Bontang's capacity has been contracted until 2010. TotalFinaElf operated production on the Mahakam permit currently represents around 60% of the gas supplied to Bontang. This contribution is expected to increase to 75% in 2010. Phase 2 of Peciko field development was completed in 2001 (one additional platform). Phase 3 is in progress (one platform and a third treatment train), and Phase 4 was launched in 2001 (two platforms and compression facilities). On the nearby Tunu field, Phase 8 of the development is in progress, and should be started by year-end 2002 (compression facilities on the northern part of the field). In 2001, TotalFinaElf's production reached a new high of 155 kboe/d. TotalFinaElf was awarded the Donggala deep offshore exploration block in 2001.

**Thailand.** Long-term contracts provide for the sale of all of TotalFinaElf's natural gas production from the Bongkot field (TotalFinaElf 33.33%) to PTT plc, the Thai oil and gas company, which resells the natural gas to several local users. TotalFinaElf's production on Bongkot field was 38 kboe/d in 2001 compared to 35 kboe/d in 2000.

**Myanmar.** The Yadana field, located on Blocks M5 and M6 (TotalFinaElf-operated 31.24%), increased gas deliveries to PTT for the power plants in Thailand to 533 Mcf/d in 2001 (180 Mcf/d in 2000). A "take-or-pay" contract covers deliveries from the Yadana field, and the 1998-2000 committed quantities have been paid for by the customer. TotalFinaElf's 2001 net production amounted to 16 kboe/d.

**Pakistan.** TotalFinaElf operates two 7,500 square kilometer deep-sea exploration blocks in the Sea of Oman (TotalFinaElf-operated 95%). The seismic survey commenced in 2000 was completed early 2001. The geological studies and seismic processing were carried out in 2001. Exploration is to take place in 2002 or 2003.

**Vietnam.** TotalFinaElf withdrew from Vietnam in 2001 after disposing of its 70% operating interest in Block 46.

**Brunei.** Production from the Maharaja Lela Jamalulalam offshore field (TotalFinaElf-operated 46.0%) was maintained at its plateau contractual level of 106 Mcf/d, and an extension of the contract at the same plateau level beyond 2002 was awarded by the Brunei Petroleum Unit in 2001. TotalFinaElf's net production was 10 kboe/d in 2001. TotalFinaElf was named operator with a 60% interest in the 5,000 square kilometer deep offshore Block J, subject to negotiating the PSA.

**Malaysia.** TotalFinaElf acquired a 42.5% interest in the deep-offshore Block F (yet to be formally approved by Petronas).

### North America

TotalFinaElf's average daily production in North America was 49 kboe/d in 2001, representing 2.2% of its total 2001 production.

**Canada.** In 2001, TotalFinaElf continued to participate in a pilot study on upgrading the bituminous Athabasca sands on the Surmount and Keerobert permits to determine the technical and economic feasibility of bitumen production via steam assisted gravity drainage techniques (SAGD). In 2000, the Group obtained non-operating interests in two new offshore exploration licenses located off Cape Breton Island in Nova Scotia.

**United States.** In 2001, development of the Matterhorn field in the deep water Gulf of Mexico (TotalFinaElf-operated 100%) was launched with plans to install a tension-leg platform in 850 meters of water that is designed to produce 40 kboe/d by year-end 2003. The Canyon Express subsea natural gas gathering project was launched in 2000 in the deep Gulf of Mexico and is proceeding as scheduled. This project involves the development of the Aconcagua

(TotalFinaElf-operated 50%), Camden Hills (TotalFinaElf 16.67%) and the BP-operated 100% King's Peak gas fields, and the construction of associated gas gathering lines and control systems in more than 2,000 meters of water. Canyon Express (TotalFinaElf 25.8%) is scheduled to begin delivering gas in the second half of 2002. Development of the Virgo field (TotalFinaElf-operated 64%), located in water depth of 345 meters, north of the Mississippi Canyon was completed in 2001. Development of the Maben field (TotalFinaElf 47%) onshore Mississippi is underway using horizontal drilling. After further streamlining the US offshore portfolio, TotalFinaElf owned interests in 135 offshore exploration and 48 offshore production blocks in the Gulf of Mexico at year-end 2001.

### South America

**Argentina.** The Carina-Aries gas development (offshore Tierra del Fuego) was launched in 2001 (TotalFinaElf-operated 37.5%). Production grew from 56 kboe/d in 2000 to 59 kboe/d in 2001 due to increases at the Cuenca Austral permit (TotalFinaElf-operated 37.5%), the Aguada Pichana field (TotalFinaElf-operated 27.27%) and the San Roque field (TotalFinaElf-operated 24.71%). Upgrade of the export capacity of the Aguada Pichana processing plant from 335 Mcf/d to 406 Mcf/d is underway, with startup scheduled for mid-2002. Additionally, a further upgrade of the Aguada Pichana processing plant was approved in 2001, which is projected to increase the treatment and compression capacity from 406 Mcf/d to 477 Mcf/d and to medium compression for export in April, 2003. TotalFinaElf acquired a 31% interest in the offshore Cuenca Austral Blocks CAA-39, 40 and 46. Exploratory drilling has been carried in the San Roque permit, with the exploratory well ASR XP 106 testing positive in 2001.

**Bolivia.** In 2001, TotalFinaElf acquired two new exploration permits: Aquio (TotalFinaElf-operated 100%), located 150 km north of Block XX West, and the Petrobras-operated Rio Hondo (TotalFinaElf 50%), located 750 km northwest of the city of Santa Cruz. This new acreage adds to TotalFinaElf's four exploration permits in southern Bolivia: Block XX West (TotalFinaElf-operated 41%), Bereti (TotalFinaElf-operated 100%), and two Petrobras-operated permits, San Alberto and San Antonio (TotalFinaElf 15%). With Phase I development for the San Alberto permit, gas production started in early 2001 with a target plateau level of 176 Mcf/d. Production increased to 430 Mcf/d with the January 2002 start-up of the Phase II development, in line with the increase of the gas delivery commitments under the sales contract. On the San Antonio permit, following the 1999 Sabalo X1 gas discovery well and the successful drilling of Sabalo X2 delineation well, a development has been launched in 2001 for production start-up in early 2003 at a targeted plateau level of 340 Mcf/d.

**Brazil.** On deep-offshore Block BC-2 (TotalFinaElf-operated 35%) and deep-offshore Block BFZ-2 (TotalFinaElf 15%), 3-D seismic campaigns were conducted in 2000 and drilling programs were conducted in 2001. Further drilling is underway on this Block BC-2. On deep offshore Block BM-C-14 (TotalFinaElf-operated 35%) a seismic campaign is set to start in 2002.

**Colombia.** Production from the Cusiana and Cupiagua oil fields (TotalFinaElf 15.2%) averaged 286 kboe/d in 2001. On the Gaitanas permit (TotalFinaElf 70%), exploratory drilling started in 2001 following seismic evaluation in 2000. On the neighboring Guadalupe permit (TotalFinaElf 70%) the acquisition of a 161km 2D seismic campaign was completed in 2001. TotalFinaElf acquired a 40% interest in the Capachos and San Miguel permits in 2001. Exploratory drilling is ongoing on the Capachos permit. Following the 2001 Bidding Round, TotalFinaElf entered into two Association Contracts for the Tangara and Mundo Nuevo permits (TFE 55%). TotalFinaElf entered into an Association Contract for the Sinu permit (offshore) in 2001.

**Trinidad and Tobago.** In 2001, on Block 2c (TotalFinaElf 30%) located in the shallow offshore waters of Trinidad, the Kairi-1 oil discovery flowed 3 kboe/d and was followed by a second oil discovery, the Canten-1 well that flowed 3.7 kboe/d. In early 2002, a third oil discovery, the Kairi-2 well, flowed 4.4 kboe/d. Also on Block 2c, the Aripo-1 gas discovery was made in 2000 and the Angostura-1 gas discovery was made in 1999. TotalFinaElf was awarded a 10% interest on Block 3a, which is adjacent to Block 2c.

**Venezuela.** On the Sincor project (TotalFinaElf 47%) production of 40 kb/d of heavy oil, diluted but untreated, continued throughout 2001. The construction and commissioning of the upgrader was completed on schedule at the end of the year and the first shipment of synthetic crude took place in March 2002. On plateau the Sincor project is expected to produce 200 kb/d of 8 to 8.5° API heavy oil and convert it into 180 kb/d of high quality, low sulfur, 32° API synthetic crude called Zuata Sweet.

Production from the Jusepin field (TotalFinaElf-operated 55%) averaged 36 kb/d in 2001 compared to 30 kb/d in 2000, benefiting from a gas and water injection program initiated in 2000 to boost production and recoverable oil reserves. In 2001 TotalFinaElf as a 69.5% partner in a consortium was awarded the Yucal Placer Norte and Yucal Placer Sur blocks, a move that is part of the opening of the Venezuelan gas sector to private investment.

### Commonwealth of Independent States (CIS)

**Azerbaijan.** In March 2001, TotalFinaElf issued a notice of discovery on the Shah-Deniz permit (TotalFinaElf 10%) and entered into a 30-year development and production period. In 2002, TotalFinaElf ceased exploration on the Lenkoran-Talysh permit (TotalFinaElf-operated 35%) following disappointing drilling results.

**Kazakhstan.** In 2001 TotalFinaElf acquired from BP and Statoil additional interests in OKIOC (Offshore Kazakhstan International Oil Company), increasing its share to 16.67% from 14.28% in the Kashagan field after all the partners exercised their preemptive rights. The initial tests of the Kashagan East-1 discovery well in 2000 indicated that the Kashagan field may be the largest oil find of recent decades. Two additional wells were successfully completed in 2001, Kashagan West-1, and Kashagan East-2, both representing progress in determining the future potential of this giant field.

**Russia.** In the Timan Pechora basin located in the Autonomous Territory of Nenets in the Arctic region, the Kharyaga field produced 11 kb/d in 2001 (TotalFinaElf-operated 50%). Production is expected to increase to 30 kb/d in 2002 with the launch of Phase 2 development in 2002. TotalFinaElf entered into a cooperation agreement with Yukos to explore and develop the Shatsky zone in the deep waters of Black Sea.

**OTHER UPSTREAM ACTIVITIES**

**Crude Oil and Natural Gas Pipelines**

The table below sets forth TotalFinaElf's ownership interests in crude oil and natural gas pipelines.

Pipeline(s)	Origin	Destination	% TotalFinaElf Interest	operator	Liquids	Gas
<b>United Kingdom</b>						
Frigg System: UK line	Frigg, Alwyn North, Froy, Bruce, Lille-Frigg and others	St. Fergus (Scotland)	100.00	●		●
Interconnector	Bacton	Zeebrugge (Belgium)	10.00			●
Central Graben Liquid Export Line (LEP)	Elgin Franklin	ETAP	46.17	●	●	
Shearwater Elgin Area Line (SEAL)	Elgin Franklin, Shearwater	Bacton	25.73			●
<b>Norway</b>						
Statpipe	Heimdal and other fields	Norpipe a.s.	12.00			●
Zeepipe I	Sleipner	Zeebrugge (Belgium)	4.60			●
Zeepipe IIA	Troll	Sleipner	4.60			●
Zeepipe IIB	Troll	Draupner	4.60			●
Europipe I	Draupner	Dornum/Emden (Germany)	4.60			●
Aasgard Transport	Aasgard	Kaarsto Gas Plant	7.65			●
Europipe II	Usien de gaz de Kaarsto	Dornum/Emden (Germany)	5.91			●
Franpipe	Draupner	Dunkirk (France)	5.05			●
Norpipe a.s.	Centre de traitement d'Ekofisk	Emden (Germany)	20.86			●
Oseberg Gas Transport: OGT	Oseberg	Heimdal	9.71			●
Vesterled	Champs Heimdal et Frigg	St. Fergus (Scotland)	11.48			●
Frostpipe	Lille-Frigg, Froy	Oseberg	36.24		●	
Oseberg Transport System	Oseberg, Brage et Veslefrikk	Sture	8.65		●	
Norpipe Oil	Centre de traitement d'Ekofisk	Teeside (RU)	34.93		●	
Troll Oil Pipeline I and II	Troll B et C	Vestprocess at Mongstad Refinery	3.70		●	
<b>Netherlands</b>						
Nogat pipeline	F15A	Den Helder	23.19			●
West Gas Transport	K13A-K4K5	Den Helder	4.48			●
WGT Extension	Markham	K13-K4K5	23.00			●
Zuidwal pipeline	Zuidwal	Harlingen Terminal	42.20			●
Oldelamer pipeline	Oldelamer	Garijp Terminal	42.25			●
<b>France</b>						
GSO	Network South West		70	●		●
CFM	Network Center West		45			●
<b>Asia</b>						
Yadana	Yadana (Myanmar)	Ban-I Tong (Thai border)	31.20	●		●
<b>South America</b>						
Transierra	Yacuiba (Bolivie)	Rio Grande (Bolivia)	11.00			
Gas Andes <sup>(1)</sup>	Bassin de Neuquén (Argentina)	Santiago (Chile)	56.50	●		●
Ocensa	Cusiana, Cupiagua (Colombia)	Covenas Terminal (Colombia)			●	
TBG	Bolivia-Brazil border		15.20			
		Porto Alegre, via Sao Paulo	9.67			●
TGN <sup>(2)</sup>	Network (North Argentina)		19.21	●		●
TGM <sup>(3)</sup>	TGN	Uruguaiane (Brazil)	32.68	●		●
TSB (Project)	TGM (Uruguaiana)	TBG (Porto Alegre)	25.00			●

(1) Interest increased from 10% to 56.5% in January 2001.

(2) Interest as from January 2001.

(3) Interest increased from 21.79% in January 2001 to 32.68% in August 2001.

### Midstream Gas

In 2001, TotalFinaElf continued to develop its strategy of downward integration of the gas-to-power chain to extract more value from its gas reserves and generate profits that are less sensitive to oil price cycles. TotalFinaElf is involved in gas transportation through pipelines networks, in power generation using gas-fired combined cycle gas turbines, and in gas and power trading where it is engaged in activities on the deregulated markets of Europe and America.

**Europe.** TotalFinaElf has been an active player in the midstream and downstream gas business in France for 40 years: transportation, marketing and storage activities were first developed to support its gas production, they have been developed over the years and represent today a strong platform for further development in a deregulating market. TotalFinaElf has a 70% equity interest in Gaz du Sud-Ouest (GSO) and a 45% equity interest in Compagnie Française du Méthane (CFM), two large transportation and marketing companies: GSO operates a 4,300 km high-pressure gas network, its sales to industrial and local distribution companies amount to 9% of the French market, while the CFM transportation network is 6,700 km long and CFM sales amount to 20% of the French market. TotalFinaElf also operates two underground gas storage facilities in southwest France representing 180 Bcf of storage volume.

TotalFinaElf holds a 10% equity interest in the Interconnector, a gas pipeline connecting Bacton (UK) to Zeebrugge (Belgium) with a capacity of 700 Bcf per year.

TotalFinaElf Gas & Power (UK) trades and markets natural gas and electricity, including its own production and third party production bought through long-term or spot purchase contracts. Quantities sold on the deregulated industrial and commercial market were 100 Bcf in 2001, which represents a market share of approximately 12 %.

TotalFinaElf Gas & Power North Europe was created in June 2001 to manage gas and power marketing in Northern Europe (France, Germany, and Benelux).

TotalFinaElf participated actively in the successful launch of Powernext, the first electricity trading platform in France.

Cepsa Gas Comercializadora (a 50/50 joint venture with Cepsa) was also created in June 2001 to manage gas marketing in Spain. TotalFinaElf is participating in the study of Medgaz, a gas pipeline project that would connect Algeria to Spain.

**Americas.** In the United States, TotalFinaElf traded and marketed about 194 Bcf of natural gas in 2001.

In 2001, TotalFinaElf completed the acquisition of interests in several natural gas transmission assets in Argentina, Chile and Brazil from TransCanada Pipelines Limited (TCPL) representing an interconnected system supplying the markets

of Argentina and Brazil from the Neuquén and Northwest gas basins in Argentina. The TCPL assets include 27.2% of Gasinvest, which owns 70.6% of Transportadora de Gas del Norte (TGN); 46.5% of Gasoducto GasAndes (Argentina) SA and Gasoducto GasAndes (Chile) SA, the two companies that own the GasAndes pipeline; 21.8% of Transportadora de Gas del Mercosur (TGM), which owns a pipeline linking the TGN network to the Brazilian border; and 10% of TSB. In August 2001, TotalFinaElf acquired a further stake of 10.9% in TGM from TCPL. In 2000, TotalFinaElf acquired a 9.17% interest in the Brazilian portion of the Bolivia-Brazil pipeline. In 1999, TotalFinaElf acquired a 15% stake in TSB, a company which is developing a gas pipeline project between Argentina and Brazil. TotalFinaElf owns an interest in approximately 9,000 km of gas pipelines in South America, linking its sizable gas reserves to growing markets.

**Far East.** On the East Coast of India in the State of Andhra Pradesh, TotalFinaElf (50%) and its partner HPCL have a joint project to build an LPG underground storage facility with a throughput of 1.2 Mt/y and storage capacity of 60 kt. In Japan, TotalFinaElf joined a Japanese consortium (in 2001) to study the feasibility of a new process to produce dimethyl-ether (DME) through direct synthesis of natural gas, to review the DME market in Asia and to set up the basis of a development project.

### Electricity and Cogeneration

TotalFinaElf is involved in electric power generation projects at various stages of evaluation or development in Europe, the Middle East, South America and Asia that use natural gas, LPG or condensates as the primary fuel. Cogeneration is a process whereby steam produced for power-generation gas turbines is recaptured for industrial applications.

In May 2001, TotalFinaElf increased its interest in Britain's Humber Power Ltd., owner of the South Humber Bank Power Station in Lincolnshire England, from 12.5% to 40%. The South Humber Bank plant, commissioned in 1997, is a combined-cycle gas turbine facility with a capacity of 1,260 MW. The Group's trading teams have been marketing 40% of Humber Power's output since 1999 and are supplying 40% of the gas consumed by the plant, or approximately 32 Bcf per year.

In July and September 2001, TotalFinaElf acquired a 63.9% interest in Central Puerto S.A., owning and operating 2,165 MW of gas-fired generation facilities located in Buenos Aires and Neuquén province, and a 70% interest in Hidroneuquen, owning a 59% stake in the 1,400 MW Piedra del Aguila hydropower plant in Neuquén.

A consortium formed of TotalFinaElf and Tractebel was chosen by the United Arab Emirates in 2000 to lead the \$1.5 billion Taweelah A1 power and desalination project



(TotalFinaElf 20%). This is one of the largest cogeneration projects in the world, and it is expected to increase the existing power generation capacity of the Taweelah A1 plant from 225 MW to 1,350 MW and the daily desalination capacity from 130,000 cubic meters/day to 380,000 cubic meters/day. As of year-end 2001, the project was on schedule and approximately 60% of the extension of the plant is due to be commissioned in mid-2002.

TotalFinaElf owns a 28% stake in the company that is building the Bang Bo 350 MW combined cycle power plant in Thailand that is expected to be operational in the second half of 2002.

**LPG.**

In 2001, TotalFinaElf traded and marketed 4.7 Mt of LPG's (butane and propane) internationally.

**Coal.**

In 2001, TotalFinaElf sold 6 Mt of coal, including 4 Mt of its own production, through its South African subsidiary to Asian and European buyers. As part of a 50/50 Hong Kong joint venture, TotalFinaElf also trades about 2 Mt/year of steam coal in Asia.

**Renewable Energy.**

TotalFinaElf is planning to install five state-of-the-art windmills that are capable of generating up to 12 MW on its Flanders refinery site. Start-up is scheduled in 2003.

TotalFinaElf also holds a 35% interest in Total Energie, a leading solar power integrator, specialized in the design and the development of photovoltaic solar energy systems. In December 2001, TotalFinaElf, along with Belgian partners, set up the company Photovoltech to build a manufacturing plant for solar energy cells and modules in Tienen (Belgium). The planned annual capacity is more than 6 MW peak.

**Nuclear.**

In 2001, TotalFinaElf sold its 14.52% interest in Cogema, a leading nuclear fuel company, for cash and an interest in Areva, a new company created to hold equity interests in companies active in the nuclear industry, Cogema among others.

## DOWNSTREAM ■■■

### Overview of Downstream Activities

The Downstream segment conducts TotalFinaElf's refining, marketing and trading activities. Trading activities include selling substantially all of its crude oil production, purchasing crude oil to supply its refineries, trading crude oil and refined petroleum products, and coordinating TotalFinaElf's shipping of crude oil and refined petroleum products.

In 2001, TotalFinaElf's worldwide refining capacity was 2,580 kb/d and its average refined product sales were 3,724 kb/d (including trading), ranking it among the top five refiner-marketers in the world. TotalFinaElf is the largest refiner-marketer in Europe. TotalFinaElf operates a network of 16,900 service stations worldwide under the Total, Elf and Fina banners, of which approximately 50% are company-owned. Refineries also contribute to producing a broad range of high value-added specialty products, such as LPG, jet fuel, petrochemical feedstock, special fluids, lubricants, bitumens and paraffins.

In 2001, TotalFinaElf completed the divestiture of certain Downstream assets in France as required by the European Union Commission as a condition for granting approval for the TotalFina and Elf Aquitaine combination. These assets included certain oil pipelines and refined product depots, the opening of the refueling infrastructures at the Lyon and

Toulouse airports, the sales of 70 highway service stations under the TOTAL, Fina and Elf brands, the sale in France of Elf Antargaz and the associated LPG logistics.

Two successive mergers have provided ample opportunities for TotalFinaElf to increase efficiency. In 2001, combined merger-related synergies and ongoing productivity programs for all of TotalFinaElf contributed approximately €700 M to operating income. Against the backdrop of a very competitive refining environment, TotalFinaElf has continued to reduce the breakeven point of its refineries through combination-related benefits, cost cutting, efficiency measures and valorization improvements. In 2001, the refinery breakeven point fell to less than \$9 per ton.

The Downstream segment adheres to a policy of stable capital employed and strict investment resource allocation. In refining, investments are targeted to average \$3 per ton of refining capacity per year over the coming years, including the investments required to meet new European product specifications. The selective investment policy for Downstream businesses was pursued in 2001 through dynamic asset management in mature areas and an emphasis on value-added specialty products and expansion in growing markets, such as the Mediterranean Basin, Africa, and Asia. Investments are selected for their short payback periods to enable the Downstream segment as a whole to deliver positive cash flow to the Group.

The table below sets forth selected financial information for TotalFinaElf's Downstream segment for each of the last three years.

### DOWNSTREAM SEGMENT FINANCIAL DATA <sup>(1)</sup>

For the Year Ended December 31

<i>(in millions of euros)</i>	2001	2000	1999 pro forma
Total segment sales (including sales to other segments)	73,285	84,642	52,176
Operating income (excluding non-recurring items)	3,004	3,144	1,046

<sup>(1)</sup> See Note 4 of the Notes to the Consolidated Financial Statements included in this Annual Report for more detailed information on the Downstream segment and a geographical breakdown.

## Refineries and Other Facilities

TotalFinaElf conducts its refining operations through 27 refineries in which it has interests (including 13 that it operates), located in France, Belgium, the United Kingdom, the Netherlands, Germany, Italy, the United States, the French West Indies, Africa and China. In Europe, TotalFinaElf is the leader in Downstream operations, based on combined refining capacity and sales volume. In Africa, TotalFinaElf has interests in six refineries with a total capacity of 265 kb/d (Group share of 94 kb/d), ranking it third among the continent's refiners.

Western Europe accounts for 80% of TotalFinaElf's refined product sales and refining capacity (including our 45.3% interest in Cepsa). TotalFinaElf operates 12 refineries in Western Europe, including the Normandy and Antwerp refineries, which are among Europe's largest and most competitive facilities. Six of the TotalFinaElf-operated refineries are located in France, one in Belgium, one in Germany and two in the United Kingdom. TotalFinaElf is also a partner in one refinery in Italy, another in the Netherlands, and has minority interests in a German refinery (Schwedt) and in a fourth French refinery (Reichstett). In addition, the Company participates in four refineries in Spain through its 45.3% interest in Cepsa.

In addition to exchanging and implementing best practices from each refinery originally belonging to Total, PetroFina, and Elf Aquitaine, TotalFinaElf has also implemented a refining-hub management concept in Europe for improved performance and investment savings.

During 2002, TotalFinaElf plans to shutdown eight refineries for normal maintenance; four of these refineries will be upgraded to meet new product specifications. The estimated impact on 2002 refinery runs is a decline of approximately 5% of 2001 refining throughput.

In 2001, TotalFinaElf, Electricité de France (EDF) and Texaco signed an agreement to proceed with the development of a cogeneration unit, producing electricity and steam, at TotalFinaElf's refinery in Normandy. The Group holds a 25% interest in the planned facility, which is an energy efficient and environmentally friendly project. TotalFinaElf also announced a co-development agreement with Delphi Automotive Systems to collaborate on the research and testing of fuel cell technologies and fuel reformation, thus taking an active part in the promotion of renewable energies.

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

### CRUDE OIL REFINING CAPACITY

December 31, 2001	(kb/d) <sup>(1)</sup>
<b>Refineries operated by the Company</b>	
Normandie (France)	345
Provence (France)	157
Flandres (France)	156
Donges (France)	232
Feyzin (France)	115
Grandpuits (France)	93
Antwerp (Belgium)	326
Leuna (Germany)	212
Rome (Italia) <sup>(2)</sup>	47
Immingham (UK)	217
Milford Haven (UK) <sup>(3)</sup>	73
Vlissingen (Netherlands) <sup>(4)</sup>	82
Port Arthur (US)	156
Other refineries in which the Company has an interest <sup>(5)</sup>	369
<b>Total</b>	<b>2,580</b>

*(1) In the case of refineries that are not wholly owned by TotalFinaElf, the indicated capacity represents TotalFinaElf's proportionate share of the total refining capacity of the refinery.*

*(2) TotalFinaElf interest 57.5%*

*(3) TotalFinaElf interest 70%*

*(4) TotalFinaElf interest 55%*

*(5) Includes 14 refineries (six in Africa, four in Spain, one in France, one in Germany, one in the French West Indies, and one in China) in which TotalFinaElf has interests ranging from 16.7% to 55.6%.*

The table below sets forth by product category TotalFinaElf's net share of the quantity produced at TotalFinaElf's refineries (including those in which it has a minority interest) for the years indicated.

### PRODUCTION LEVELS

	2001	2000	1999
	(kb/d)	(kb/d)	pro forma (kb/d)
Motor gasoline	610	618	655
Avgas and jet fuel	191	197	195
Kerosene and diesel fuel	678	597	633
Fuel oils and heating oils	540	598	503
Other products	391	358	402
<b>Total <sup>(1)</sup></b>	<b>2,410</b>	<b>2,369</b>	<b>2,388</b>

*(1) Includes net share of Cepsa.*

TotalFinaElf produces a wide range of refined petroleum products at its refineries and other facilities. In 2001, TotalFinaElf pursued growth in both the production and marketing of specialty products (jet fuel, butane and propane, lubricants and greases, paraffins and waxes, bitumens and special fluids). Increased integration of specialty products with refining operations provides for a wider range of products, including new high-value added and technology-intensive products. TotalFinaElf is a leader in the European specialty products market, notably for jet fuel and lubricants. Worldwide, TotalFinaElf markets lubricants in 112 countries and distributes aviation fuel at 438 airports.

In 2001, by buying out Air Liquide's interest in its 50/50 LPG marketing joint venture, TotalFinaElf became the second-largest LPG marketer in France. TotalFinaElf's LPG business

The table below sets forth by geographic area TotalFinaElf's average daily volume of sales of refined petroleum products for the years indicated.

#### SALES OF REFINED PRODUCTS

	2001 (kb/d)	2000 (kb/d)	1999 <sup>(1)</sup> pro forma (kb/d)
France	1,215	1,064	1,118
Other European countries <sup>(1)</sup>	1,471	1,502	1,527
United States	168	240	263
Africa	206	201	191
Rest of World	94	102	89
<b>Total excluding Trading</b>	<b>3,154</b>	<b>3,109</b>	<b>3,188</b>
Trading (Balancing and Export Sales)	570	586	642
<b>Total including Trading</b>	<b>3,724</b>	<b>3,695</b>	<b>3,830</b>

<sup>(1)</sup> Includes the Group's net share in Cepsa.

The table below sets forth by geographic area the number of stations in TotalFinaElf's network for the years indicated.

#### RETAIL STATIONS

	2001	2000	1999 pro forma
France	5,392	5,859	6,038
Rest of Europe	5,689	5,862	5,980
Cepsa <sup>(1)</sup>	1,553	1,564	1,593
Africa	3,270	3,395	3,259
United States	-	-	1,682
Rest of World	1,018	1,015	968
<b>Total</b>	<b>16,922</b>	<b>17,695</b>	<b>19,520</b>

<sup>(1)</sup> Includes all the stations within Cepsa's network, the Group's 45.3%-owned affiliate.

has grown beyond its traditional core market in France with recent ventures in China, Cambodia, Vietnam and South America.

#### Marketing

TotalFinaElf markets refined petroleum products primarily in Europe and Africa. Following the merger with Elf Aquitaine, TotalFinaElf became the leading refiner-marketer across the combined six largest markets in Europe (France, Spain, Benelux, United Kingdom, Germany and Italy). In Africa, TotalFinaElf's sales exceeded 10 Mt of petroleum products in 2001, making TotalFinaElf the co-leader in this vast and growing market.

**Western Europe.** TotalFinaElf rebranded service stations in the United Kingdom, Netherlands, Luxemburg, Germany, Belgium and Italy to the TOTAL colors in 2001 as part of its brand implementation policy. In 2001, TotalFinaElf sold 74 service stations to Agip in France and acquired 40 service stations along the highways in Italy from ENI. At year-end 2001, TotalFinaElf ranked as the third largest marketer on the Italian highways with an 8% market share.

Synergy and productivity programs continued to be implemented in 2001 through broader network optimization, unification of promotional campaigns, lower investments, and improvements to the underlying performance of marketing operations.

TotalFinaElf emphasizes customer loyalty through its customer oriented policy and the quality of its services and products, as well as proximity positioning, in order to differentiate its marketing operations to a growing client base. For example, the Eurotraffic card, a gas credit card designed for fleet operators, is accepted across the entire network in 15 European countries. TotalFinaElf has the most popular retail gas credit card in Europe with more than 2 million card holders in 13 European countries. TotalFinaElf also has 6.7 million customer loyalty cards in Europe that promote repeat visits to TotalFinaElf's service stations. Boutique sales, car washes and new fast-food concepts are also being used to capitalize on the marketing network.

**Africa.** TotalFinaElf is the co-leader on the African continent with activities in more than 40 countries, a market share of more than 10% in more than 30 countries and an overall network market share for Africa of more than 20%. TotalFinaElf is the second-largest marketer of oil products in Africa, with refined product sales of 10 Mt in 2001, mainly in South Africa, Nigeria, Kenya, Senegal, and the Ivory Coast. Refining facilities include interests in six refineries in Cameroon, Ivory Coast, Gabon, Senegal, Angola and South Africa. TotalFinaElf is in the process of acquiring the refining and marketing assets of Agip Zambia, an Agip (ENI group) subsidiary, as part of the process of expanding its position in Africa. Through this transaction, TotalFinaElf is acquiring a 50% interest in the Indeni refinery, 20 service stations, a motor fuel depot and interests in a lubricant plant. The Total-branded network is expected to be expanded to 50 retail outlets, for a market share of approximately 15%, with potential for sales growth.

**Mediterranean Rim.** TotalFinaElf is continuing to expand its marketing, lubricants and LPG operations around the Mediterranean Rim, concentrating on Spain, Portugal, Morocco, Lebanon and Turkey. TotalFinaElf acquired full ownership of Total Oil Turkiye, a petroleum product marketing joint-venture, by purchasing the 49% interest held by its partner. Total Oil Turkiye owns a network of more than 330 service stations in Turkey, representing market share of 6%. The Group is also marketing LPG, with a similar market share.

**Central Europe.** TotalFinaElf expanded its marketing position by opening nine new stations in 2001.

**Asia.** Consistent with its strategy to expand marketing operations in the Far East, TotalFinaElf is developing its activities in Asia. TotalFinaElf and China Merchants concluded an agreement to combine their LPG activities. With an expected volume of about 200,000 tons in 2002, this partnership will be the largest LPG distributor in this promising region. TotalFinaElf operates several LPG storage and distribution companies, including four in China, four in Vietnam, where TotalFinaElf has approximately a 20% market share, and in Cambodia, where TotalFinaElf has a 35% market share. TotalFinaElf also operates lubricant blending and distribution companies, including two in China, one in Vietnam, and one in India. For network marketing, TotalFinaElf is expanding its presence and operates a network of 38 stations in the Philippines, 24 in Cambodia, 8 in China and 3 in Vietnam. TotalFinaElf also holds a 20% interest in the WEPEC refinery in Dalian, which supplies petroleum products mainly to the domestic market.

TotalFinaElf developed its activities in Pakistan to create a distribution network for petroleum products, involving an initial investment of \$20 million. TotalFinaElf is also building up LPG storage and marketing operations in Bangladesh.

**United States.** In the United States, TotalFinaElf operates one refinery, the 156 kb/d Port Arthur facility on the Gulf of Mexico. This refinery benefits from the ongoing integration with an extensive base petrochemicals operation that will be further expanded with a world-class steam cracker built by the 60/40 BASF-TotalFinaElf joint venture.

### Trading and Supply

The tightness in world oil markets eased considerably over the course of 2001. A deteriorating economic environment and recent high oil prices combined to reduce growth in world oil demand to near stagnation. The attacks of September 11, 2001 further undermined world oil demand in the final quarter of the year. Despite growing non-OPEC oil production, OPEC adjusted its supply progressively in four successive quota reductions. The imbalance between supply and demand led to an increase in oil stocks, particularly in the second half of the year. Oil prices fell as inventories rose, easing market tensions. During this volatile period, TotalFinaElf's trading division maintained a high level of activity, with physical volumes of crude oil and refined products in excess of 5 Mb/d being traded in 2001.

TotalFinaElf is one of the world's major traders of crude oil and refined petroleum products, dealing extensively in physical, forward and futures markets. The division's purchases and sales are spread among spot, term, exchange and other arrangements, such as swaps, and cover a variety of sources and customers in order to optimize revenues from



TotalFinaElf's crude oil production and supplies to its refineries and to match the various markets in which TotalFinaElf operates while seeking to ensure security of supply, flexibility and cost competitiveness. In connection with its trading activities, TotalFinaElf, like most other oil

companies, uses hedging strategies designed to help moderate its exposure to fluctuations in the price of crude oil and related products. All of TotalFinaElf's trading activities in this area are subject to internal controls and trading limitations.

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

### SALES AND SUPPLY OF CRUDE OIL

For the Year Ended December 31,

	2001	2000	1999 pro forma
	(kb/d, except percentages)		
<b>Sales of crude oil</b>			
Total sales	4,553	4,592	5,163
Sales to Downstream segment <sup>(1)</sup>	2,162	2,166	2,091
Sales to outside customers	2,391	2,426	3,072
Sales of crude oil to outside customers as a percentage of total sales	53%	53%	60%
<b>Supply of crude oil</b>			
Total supply	4,553	4,592	5,163
Produced by the Company <sup>(2) (3)</sup>	1,427	1,395	1,441
Purchased from outside suppliers	3,126	3,197	3,722
Production by the Company as a percentage of total supply	31%	30%	28%

<sup>(1)</sup> Excludes share of CEPSA.

<sup>(2)</sup> Includes condensate and natural gas liquids.

<sup>(3)</sup> Includes TotalFinaElf's proportionate share of the production of equity affiliates.

## Shipping

2001 was a year of contrasts for the oil chartering market, for both crude and refined products shipping. Freight rates began the year at record highs but slid through most of 2001 to end the year at near record lows. At the end of the year, freight rates were at their lowest levels since 1999.

In this market context, TotalFinaElf maintained a strong level of shipping and chartering activity: volumes transported in 2001 were comparable to those of 2000, while the number of ships chartered rose slightly as a result of an increase in refined products shipments.

TotalFinaElf employs a sizable fleet of ships through medium and long-term chartering contracts, which enabled it to confront the rise in freight rates at the beginning of the year under favorable conditions. Fleet renewal and modernization continued. Accordingly, for crude oil transport two new Suezmax vessels ("Erviken" and "Storviken") and two new Aframax vessels ("Nord Atlantic" and "Nord Stealth") entered into the fleet. For product transport, TotalFinaElf took three vessels on long-term charter ("Kersaint", "Marne", "Charente") destined to replace older units.

## CHEMICALS ■■■

### Overview of the Chemicals Activities

TotalFinaElf is one of the largest integrated chemical producers in the world. In 2000, with the subsequent combination between TotalFina and Elf Aquitaine, TotalFinaElf's Chemicals segment grew further and was

organized into three sub-sectors: Petrochemicals and Plastics, Intermediates and Performance Polymers and Specialties.

In 2001, the Chemicals segment reported sales of € 20 billion. Europe accounted for 63% of total sales of the segment, the United States 25%, and the rest being mainly Asia and Latin America.

The table below sets forth selected financial information for the Company's Chemicals segment for each of the last three years.

### CHEMICALS SEGMENT FINANCIAL DATA <sup>(1)</sup>

For the Year Ended December 31,

<i>(in millions of euros)</i>	2001	2000	1999 pro forma
Total segment sales (including sales to other segments)	19,966	21,246	17,502
Operating income (excluding non recurring items)	1,095	1,627	1,189

<sup>(1)</sup> See Note 4 of the Notes to the Consolidated Financial Statements included in this Annual Report for more detailed information on the Chemicals segment and a geographical breakdown.

The table below shows the Chemicals segment's main product-groups and their major applications:

Main product groups	Major applications
<b>Petrochemicals and plastics</b>	
<b>Olefins</b>	
Ethylene	Production of polyethylene, vinyl chloride monomer, styrene, functional polymers and copolymers
Propylene	Production of polypropylene, acrylic acid, OXO-alcohols
<b>Aromatics</b>	
Butadiene	Production of lactame 12, polybutadiene, elastomers
Benzene	Production of styrene, cyclohexane, chlorobenzenes
Toluene	Production of chemical intermediates and solvents
Xylenes	Production of phtalic anhydride, terephtalic acid (PTA), solvents
Polyethylene	Packaging and packaging films, cables, pipes and tubes, blow molded bottles, fuel tanks, automobile parts, ...
Polypropylene	Packaging, containers, automobile parts, household and sanitary goods, electrical appliances and fibers
<b>Styrenics</b>	
Styrene	Production of polystyrene, ABS, emulsions, resins, plastic additives
Polystyrene	Packaging, audio-video, microcomputers, TV and electric appliances
Elastomers	Bitumen modification, footwear, plastic modification, adhesives
Vinyl chloride monomer	Production of polyvinylchloride
Polyvinylchloride	Housing and decorative coatings, automobile industry, pipes, tubes and profiles
Fertilizers	Nitrogen and complex fertilizers, urea, industrial products
<b>Intermediates and performance polymers</b>	
Acrylics	Resins, emulsion resins for adhesives, paints and coatings, superabsorbents, plastic additives, monomer for PMMA (polymethylmethacrylate)
Fluorochemicals	Refrigeration, air conditioning, foam blowing agents, solvents, intermediates
Thiochemicals	Agrochemical and pharmaceutical intermediates, polymerization agents and additives, gas odorants
Caustic soda	Chemicals, alumina, pulp and paper, detergents and soaps
Hydrogen peroxide	Pulp and paper bleaching, textile, electronics and water treatment
Organic peroxides	Polymerization catalysts for polyethylene, PVC, polystyrene; cross-linking agents
Additives	Stabilizers and impact modifiers used in polymer conversion
Performance products	Gas and liquid separation, adsorption/filtration, specialty surfactants
Polyamides 11 & 12	Engineering polymers used in the automobile industry, in the space & aviation and electronic industries and for the manufacture of hot-melts and of protective coatings for pipes and tubes
PVDF - Fluoropolymers	Engineering polymers used in construction, chemical engineering, protective paints and coatings and for the protective coatings of off-shore pipes
PMMA - Polymethylmethacrylate	Acrylic glass used in construction, the automobile industry, advertising signs, decoration and the manufacture of sanitary sheets
<b>Specialties</b>	
Rubber-processing	Rubber parts for the automobile, transportation and aviation industries (transmission systems, antivibration systems, fluid transfer parts, body sealings, precision sealings, O-rings, ...), consumer products (gloves, sponges, ...) (Hutchinson)
Resins	Polyester resins and gel coats for boats, truck-parts, sanitary and leisure, UV/EB resins for coatings, resins and emulsions for paints, inks, varnishes and adhesives (Cray Valley, Sartomer and Cook Composites and Polymers)
Paints	Decorative paints, industrial coatings, protective coatings and marine paints (SigmaKalon)
Adhesives	Construction, timber, packaging, do-it-yourself, non-woven fabrics (BostikFindley)
Electroplating	Decoration and protection of metal and plastic parts, plating in the electronic industry (PCBs, chip carriers, ...) (Atotech)

## Petrochemicals and plastics

TotalFinaElf's Petrochemicals and plastics business is involved in the production of olefins, aromatics, polyolefins, styrenics, vinyl polymers, as well as PVC compounding and conversion. Well integrated with its refining assets, TotalFinaElf's main

petrochemicals plants are located in Belgium (Antwerp) and Feluy, France (Carling, Gonfreville, Balan/St Fons, Fos and Lavera), Texas (Port Arthur, Houston, Bayport), and Louisiana (Carville). TotalFinaElf's research facilities are located near the plants to enable more effective technological development and customer support.

The table below sets forth the capacity, at year-end 2001, of TotalFinaElf's petrochemicals facilities by major product for Europe, North America and the world total.

Capacity at December 31, 2001

<i>(in thousands of tons)</i>	Europe	North America	World Total <sup>(1)</sup>
Olefins	4,750	1,075	5,890
Aromatics <sup>(2)</sup>	2,930	655	3,585
Polyethylene	1,260	410	1,710
Polypropylene	765	1,000	1,780
Styrenics <sup>(3)</sup>	1,320	1,070	2,470
Vinylchloride Monomer (VCM)	1,030	-	1,060
Polyvinylchloride (PVC)	900	70	970

*(1) Including minority interests.*

*(2) Including Butadiene.*

*(3) Styrene, polystyrene, elastomers.*

In Petrochemicals and plastics, TotalFinaElf's goal is to strengthen its position as one of the leading global competitors of the sector, by concentrating developments on existing large-scale sites and on new world-scale projects that target growing markets.

Petrochemicals and plastics sales totaled 7.0 billion euros in 2001 versus 8.0 billion euros in 2000, reflecting lower sales prices in most products and lower volumes for some products. Favorable market conditions, both in terms of volumes and margins, in the first half of 2000, were followed at the start of the second half of 2000 by more difficult circumstances combining lower volumes, essentially in the US, and lower margins. The high level of raw materials and energy prices at the beginning of 2001, and the continued slowdown of the US economy, exacerbated competition and put greater pressure on margins. Polyolefins markets were hard hit by this situation, with polyethylene and polypropylene margins reaching all time lows in 2001, both in Europe and the US. On the PVC market, the satisfactory 2000 market conditions were not sustained in 2001, in terms of both volumes and margins.

Heavy rains in the Spring of 2001 had a negative impact on the 2000/2001 sales campaign for fertilizers in France, the Company's largest fertilizer market.

In line with its development and productivity programs, TotalFinaElf started several major projects in 2001.

In Belgium, a limited expansion of the 65% owned Fina Antwerp Olefins (FAO) N<sup>2</sup> naphtha-cracker was completed in the first quarter of 2001. In May 2001, the Company announced a larger project on the same plant, aimed at further expanding the capacity of the N<sup>2</sup> naphtha-cracker by constructing a new cracking furnace and debottlenecking the products recovery section. The expansion of the N<sup>2</sup> naphtha-cracker is expected to come on line by year end 2002, and as a result, FAO's total ethylene capacity is projected to increase from 1.25 million t/y to 1.4 million t/y and position the Antwerp site as one of the largest of its category. The project will also enhance the unit's safety and environmental standards and improve its energy efficiency.

In France, the new 375 km ethylene pipeline linking the operations at Carling to the Viriat underground storage facility was put into service in the summer of 2001. The planned expansion of the Carling naphtha-cracker to 570,000 t/y is expected to be commissioned during the first half of 2002.

In the US, the new naphtha-cracker built at Port Arthur (Texas), by a joint venture between TotalFinaElf (40%) and BASF (60%), was placed in service in the fourth quarter of 2001. The unit, with an initial production capacity of 920,000 t/y, is integrated with the nearby TotalFinaElf refinery. It will supply ethylene, propylene and aromatics to the Company's existing US Petrochemicals and plastics operations. Engineering studies related to the construction of three complementary units for the cracker (butadiene extraction and indirect alkylation (TotalFinaElf 16%) and olefins

enhancement/metathesis (TotalFinaElf 40%) were launched. The commissioning of these units is expected by mid-2003.

In October 2001, TotalFinaElf announced its participation in a world-scale petrochemicals project developed at Ras Laffan (Qatar), with Qatar Petroleum, Chevron Phillips Chemical and Qatar Petrochemical Company Limited (QAPCO) (TotalFinaElf 10%). Production capacity for the new ethane cracker will be one million t/y initially and expandable to 1.5 million t/y, making it the largest of its kind in the world. It will be based upon the feed produced on the Company's Dolphin project. It will be used to support the future developments of existing units and also supply a new 400,000 t/y polyethylene plant, to be build at Mesaieed (Qatar).

In Polyethylene, the construction of a new bi-modal high-density polyethylene line at Antwerp (Belgium) continued. Start up of the plant is scheduled for mid-2002. New polymer grades produced at this plant will boost the Company's commercial positions in the polyethylene pipe sector.

In Polypropylene, operations inherited from unwinding the Appryl joint venture with BP were rapidly integrated into TotalFinaElf's own PP operations. TotalFinaElf is the third-largest polypropylene producer in the world, with combined production capacity due to increase to 2.1 million tons, split between the United States and Europe, after the start up of the new Feluy (Belgium) plant, which is expected in the first half of 2002.

In Styrenics, TotalFinaElf, currently world's fourth largest supplier, commissioned the investments included in its 2000 development program: the expansions at Prat de Llobregat (Spain) and Carling (France), representing a 100,000 t/y capacity increase, were started during the first and fourth quarter of 2001, respectively. In the US, the new 230,000 t/y line, the largest of its kind in the world, built at Carville (Louisiana) was started during the last quarter of 2001. Operations suffered from the downturn of the US economy and the slowdown of the electronics industry. Asian operations were also hit by difficult market conditions, despite the positive impact of added-value products, e.g. new fire-retardant polystyrene compounds from the facility started in Thailand in 2000 and new audio-video grades.

The two-fold capacity increase of the Finaclear' elastomers unit to 40 mt/y at Antwerp (Belgium) was successfully started during the second half 2001.

The plan launched in 1997 to upgrade the European general purpose polyvinylchloride (GP-PVC) assets came to completion, with:

- the integration, as of January 1, 2000, of the PVC assets acquired from Shell, at Berre (France), in the framework of a manufacturing joint-venture with Solvin, in which the Company holds a 65% share;
- the expansion of the Balan (France) PVC site, put on-stream in October 2000;

- the start-up, in June 2001, of a new PVC unit, in Martorell (Spain), as part of a manufacturing joint-venture with Solvin, in which the Company holds a 35%-share;
- the subsequent mid-2001 closure of the GP-PVC units located in Brignoud (France), Miranda and Hernani (Spain).

These projects consolidate TotalFinaElf's rank as third-largest PVC producer in Europe.

In April 2001, the new operations of Qatar Vinyl Corporation (QVC) (TotalFinaElf 16%) were successfully started at Mesaieed (Qatar). QVC operates several units at the site, including caustic soda (290,000 t/y), EDC (dichloroethane - 360,000 t/y), VCM (Vinyl chloride monomer- 230,000 t/y). QVC's production is aimed at Asian markets. Ethylene is supplied by QAPCO, also located at Mesaieed (Qatar).

In Fertilizers, 2001 was marked by a major explosion at the Toulouse plant (France) on September 21, 2001. See page 16 and Footnote 27 "Other risks and contingent liabilities" to the Consolidated Financial Statements, page 86.

### Intermediates and performance polymers

Intermediates and performance polymers have activities in Europe, the US and Asia and supply a large variety of markets that include construction, the automobile industry, paints and coatings, pulp and paper, refrigeration, cosmetics, specialty chemicals and agrochemicals. Recognized brand names include Rilsan™ polyamides, Kynar™ fluoropolymers, and Altuglas™ and Plexiglas™ - resins and transparent sheets.

In Intermediates and performance polymers, TotalFinaElf holds leadership positions in a large number of businesses. Its goal is to expand selectively in growing markets, thanks to new products and markets developed by R&D and the globalization of businesses.

Sales for Intermediates and performance polymers decreased to 4.7 billion euros in 2001 from 5.3 billion euros in 2000, reflecting changes in perimeter (essentially asset-disposals) and more difficult economic conditions: slower US demand, the downturn in the automobile industry, in the pulp & paper sector and in electronics.

**Acrylics.** TotalFinaElf ranks among the top three largest acrylics producers and operates plants in Carling (France) and Rho (Italy). Key developments over the last few years have targeted the rapid globalization of this business. In 2000, TotalFinaElf acquired a majority share in the expansion of Rohm & Haas's methylmethacrylate production facility at their Deer Park, Texas, site, already the largest in the world. This project will establish TotalFinaElf as a producer in North America and consolidates the supply of its PMMA production plants in the region. This agreement is expected to come into effect in the second quarter of 2002. At Bayport, Texas, the Company also began the construction

of an Acrylates unit. In the framework of a manufacturing joint-venture established with Nippon Shokubai, American Acryl LLC, the Company is building an Acrylic Acid unit on the same site. Both units are due to come on stream in the first half of 2002, and will allow TotalFinaElf to offer similar supply conditions to its key customers on both sides of the Atlantic. In 2001, the Company brought on stream a new specialty acrylic and methacrylic monomers plant at Carling (France), bringing its total production capacity to 50,000 t/y. Specialty acrylic and methacrylic monomers are used in growing markets, such as water treatment products and resins.

**Fluorochemicals.** TotalFinaElf consolidated its number 2 position in the market and its growth in the Refrigeration and Foam segments with two new industrial projects in Pierre-Benite (France) and Zaramillo (Spain), a new fluorochemicals plant in Changshu (China), and its continued operations in the US at Calvert City (Kentucky).

**Peroxides.** The Company brought on stream a new hydrogen peroxide production plant in Shanghai (China), bolstering its rank as the world's third largest producer for this product. TotalFinaElf operates plants in Europe, at Jarrie (France) and Leuna (Germany), in North America, at Memphis (Tennessee) and Becancour (Quebec) and in Asia, at Tomakomai (Japan) and Shanghai (China). In July 2001, TotalFinaElf announced its plan to increase the production capacity of its Becancour site to 110,000 t/y. The planned start-up date of this project is end-2004.

**Engineering polymers.** TotalFinaElf is one of the world's leading manufacturers of engineering polymers, active in specialty polyamides sold under the brand name Rilsan™, thermoplastic elastomers sold under the brand name Pebax™ and fluoropolymers sold under the brand name Kynar™. After strong growth in 2000, with volumes increasing by 15% over 1999, engineering polymers sales were stable in 2001. In 2001, the Company completed the de-bottlenecking of the monomers production facilities for specialty polyamides at Marseilles and Mont (France). Once the Mont site is fully operational later in 2002, the total capacity for Lactame 12 will be increased by 50%, to 22,000 t/y. Lactame 12 is the monomer used for the production of Rilsan'12 polyamides, Platamid™ hotmelts, Pebax™ polyether block amides and Orgasol™ ultra fine powders.

TotalFinaElf, the world's leading producer of Kynar™ fluoropolymer, is building a new plant for the production of Kynar™ at Pierre-Benite (France). In the US, the enhancement program undertaken at Calvert City (Kentucky) was finalized in November 2001, yielding a 10%-capacity increase of the plant.

**Thiochemicals.** TotalFinaElf, the world's leading producer, operates plants in Europe, at Lacq and Mourenx (France), at Rotterdam (The Netherlands) and in the US, at Mobile

(Alabama), Houston, Beaumont (Texas) and at Riverview (Michigan). Thiochemicals and related products are used as gas odorants, de-sulfiding agents, lubricant-additives and in the production of intermediates for pharmaceuticals, agrochemicals and animal feed.

TotalFinaElf and Novus announced in January 2002 the construction of a new Methylthiopropionaldehyde (MMP) plant, located at TotalFinaElf's Beaumont, Texas, plant. The MMP plant, with total capacity of 68,000 t/y, will be owned by Novus and operated by TotalFinaElf, which will also supply two key raw materials, methyl mercaptan, from existing production at Beaumont, and acrolein, from a new 36,000 t/y unit, to be built by TotalFinaElf on the site.

### Specialties

TotalFinaElf's Specialties are composed of five main entities operating across a wide range of consumer and industrial markets through worldwide organizations. The Company markets its specialty products in more than 55 countries and maintains the objective to expand the segment internationally, concentrating on developing markets and emphasizing high-value-added new product developments, through the combination of strong internal growth and acquisitions. Specialties consist of rubber-processing (Hutchinson), resins (Cray Valley, Sartomer, Cook Composites & Polymers), paints (SigmaKalon), adhesives (BostikFindley) and electroplating (Atotech). The Company's inks business was sold at the end of 1999. In 2001, sales of Specialties increased by 4% over 2000 to 7.8 billion euros.

**Hutchinson.** TotalFinaElf's wholly-owned subsidiary produces and markets rubber products for the automotive and aerospace industries and consumer markets. Sales in 2001 rose to 2.7 billion euros, a 5% increase over 2000. More difficult conditions in the automobile industry and the impact of dollar related production costs on margins put pressure on margins of this sector.

In 2001, Hutchinson focused its development on internal growth and the integration of Barry Controls, in spite of difficult market conditions particularly in the US. Barry Controls consolidates Hutchinson's leading positions in the anti-vibration applications for industry and aerospace on the North American and world markets. The acquisition of the Söke group, the main activity of which is the distribution of household cleaning articles, was also implemented during 2001.

**Cray Valley and Sartomer.** TotalFinaElf produces resins for inks, paints, adhesives and coatings through its Cray Valley and Sartomer subsidiaries. In 2000, both businesses benefited from a favorable economic climate, sustained by American demand and the recovery in Europe. In 2001, the slowdown in the US and in the electronics industry

severely impacted sales and margins. In 2001, sales were stable at 1.7 billion euros, including the impact of the reclassification of some emulsions business to Resins.

In 2000 and 2001, Cray Valley strengthened its position as the world leading producer of gel-coats with the start-up of a new plant on its Miranda de Ebro (Spain) site, in the second half of 2000, and with the acquisition of ITIP SRL, the third largest Italian producer of gel-coats. Cray Valley, the world's second largest producer of unsaturated polyester resins, also completed the buy-out of Borden's unsaturated polyester activities in Europe, and in the first quarter of 2001, acquired the Resins division of Croda International Plc and Dynomer, the Malaysian unit of Finnish group Nordkemi. The acquisition of Ricon's Polybutadiene Resins in the United States adds momentum to the existing business of the Company in this domain.

In 2001, two major investments were initiated in Europe and in the US. A new powder resins facility in North Kansas City, Kansas, due to start up by mid-2002, will position Cray Valley and its US subsidiary, Cook Composites, as major suppliers to the coatings markets. A new Monomers and Oligomers plant, located at Villers-Saint-Paul (France), will allow Sartomer to serve the fast growing markets in UV (Ultra violet) curable resins. This new unit is due to start-up by mid-2003.

In January 2002, Cray Valley announced the closure of its Machen (United Kingdom) site by 2003. The production of the plant will be transferred to other units, Stallingborough (United Kingdom), Villers-Saint-Paul (France) and Zwickau (Germany).

**BostikFindley.** The Bostik-Findley unit had sales of 1.1 billion euros in 2001 and ranks second worldwide in adhesives production, with leading positions in do-it-yourself (DIY), non-woven and industrial adhesives. In early 2001, BostikFindley announced the acquisition of the floor covering and ceramic tile installation products of DAP, thereby expanding BostikFindley's product portfolio for the construction sector. In 2000, BostikFindley acquired ASA's Powder Adhesives activities in Australia and Laral Leman, a French company producing innovative fast bonding and fixing systems. These businesses were rapidly integrated during 2001.

At the end of 2001, most of the integration work and synergies related to the merger of Bostik and Findley operations on a world wide basis are now in place.

**SigmaKalon.** With sales of 1.7 billion euros in 2001, TotalFinaElf's paints sector achieved a 4% sales increase over 2000. Paints benefited from good market conditions in Europe, in the professional and DIY segments. The new organization resulting from the merger of Sigma and Kalon is in place and integration programs in areas such as product range and formula harmonization are well advanced.

**Atotech.** In the first half of 2001, TotalFinaElf's Electroplating business, Atotech, pursued its developments in a high-yield climate, particularly in Asia, in line with business trends experienced over 2000. The second half of 2001 showed a sharp decrease in demand, both in the Chemicals and Equipment sectors, reflecting the recession in the world electronics markets and more generally in the US. Atotech was able to limit the impact of this slowdown largely due to its involvement in the higher end of the electronics markets and its strong positions in Asia. Its positions in Asia have been consolidated over the past few years with the start-up of a new facility in Singapore, the expansion of the Koda (Japan) site and the decision to build a new production plant in Taiwan, due to start-up in 2002. In the US, the integration of the recently acquired electroplating and anti-corrosion assets of McGean Rohco was accelerated, in order to reap more rapidly the benefits of this acquisition.

**Divestments.** In 2000 and 2001, as part of its divestiture plan, the Company announced the disposal of several assets: the Oleochemicals (Oleoфина), inorganic fluorine compounds (Ozark-Mahoning) and Metal & Aviation (Turco) were divested in 2000 and early 2001. In June 2001, TotalFinaElf announced an agreement for the sale of its Flexible Packaging business (Soplaril), the disposal of its Canadian Lubricants Division, and the sale of its Chlorotoluenes business to Tessengerlo (Entreprise Miniere et Chimique). The Chlorotoluene assets in China were sold to TotalFinaElf's Chinese partner later in 2001.

In October 2001, TotalFinaElf announced an agreement, to sell most of its Ceramic Opacifiers business, including plants in the US, in Brazil and in Mexico.

In January 2002, TotalFinaElf announced an agreement for the sale of its Phosphorus and derivatives business.

In April 2001, the Company announced the indefinite suspension of operations at its Portland, Oregon, chlorine-alkali and sodium chlorate plant in light of the unprecedented power prices in the Pacific Northwest. In February 2002, the Company announced its plan to suspend production in mid-2002 at the Wichita Kansas plant that produces HCFC 22.

## OTHER MATTERS

### E-Procurement Activities

TotalFinaElf initiated a pilot e-commerce project in mid-2000, the transactions of which largely take place on the Trade-Ranger global electronic marketplace for energy and chemical goods and services, which went live at year-end 2000. The Group is one of the principal shareholders among the 16 founding shareholders in Trade-Ranger. Trade-Ranger is the biggest marketplace in the oil, gas and chemicals



industry, and has successfully launched catalog transaction tools as well as surplus and auctions tools. The Group has carried out about 4,000 e-procurement automated transactions in certain of its Upstream, Downstream and Chemicals activities and has conducted electronic reverse auctions or electronic requests for proposals in its Upstream and Downstream branches for a total amount of about 40 million euros. The Group's procurement spending total is nearly 15 billion euros per year, and the Group expects that e-procurement transactions may over time ultimately account for about half of this amount. In more general terms, the 2001 pilot phase has demonstrated the effective benefits of the use of such tools and services in TotalFinaElf. Accordingly, each branch is building a roll-out plan for its entities worldwide for the coming months and years.

### C. ORGANIZATIONAL STRUCTURE

TOTAL FINA ELF S.A. is the parent company of the TotalFinaElf Group and is the direct or indirect parent of 950 subsidiaries.

For a list of the Principal Subsidiaries of TOTAL FINA ELF S.A., see Note 29 of the Notes to the Consolidated Financial Statements.

### D. PROPERTY, PLANTS AND EQUIPMENT

TotalFinaElf has freehold and leasehold interests in numerous countries throughout the world, none of which is material to TotalFinaElf. See "Information on the Company-Upstream" for a description of the TotalFinaElf's reserves and sources of crude oil and natural gas.

#### Environment

TotalFinaElf places great emphasis in addressing the problem of underground contamination in compliance with numerous

legal and regulatory requirements. Environmental factors are an important consideration in planning, designing and operating all of TotalFinaElf's facilities. TotalFinaElf conducts several key programs to ensure that operations are carried out in an environmentally acceptable manner. These programs include research into reducing sulphur levels in heavy fuel oils, diesel fuel and auto fuel, developing more effective methods for preventing and managing any offshore oil spills, improving the quality of emissions and effluents from TotalFinaElf's refineries and chemical plants, developing and installing monitoring systems at TotalFinaElf's facilities, and photo-cure resins to replace solvent-based products. TotalFinaElf conducts detailed environmental impact studies for each of its major projects.

TotalFinaElf continued in 2001 to coordinate the application of the principles set forth in the Company's Charter for Health, Safety and the Environment. The core activities of this program are: implementing systems for early planning of exploration and development activities, with a focus on minimizing waste on-site, thereby improving value; decreasing the consumption of water and certain raw materials; and managing environmental risks through internal or external audits in which insurers participate in the planning process. Most of TotalFinaElf's units are already certified according to environmental management ISO 14001 standard, and others are implementing such a system.

After the sinking of the Erika tanker, TotalFinaElf made significant commitments through the Atlantic Coast Task Force to contribute to the coastline remediation, pump-out the tanker's remaining cargo, which was done during the summer of 2000, remove waste and restore the coastal region's ecological balance. The Task Force has a budget of more than FRF 1 billion, entirely funded by TotalFinaElf. In 2001, TotalFinaElf started the treatment of oily wastes (220,000 tons) collected after the spill. To date, more than 18,000 tons of waste have been processed and completion is forecast for the fourth quarter of 2003.

# Dividends

## DIVIDEND PAYMENT

Dividend distribution has been centralized with BNP-Paribas. Payment is made directly to the account custodian by EUROCLEAR France.

The BANK OF NEW YORK (101 Barclay Street, New York, NY 10286, USA) handles dividend payment to the bearers of American Depositary Shares (ADS).

## PAYMENT OF DIVIDEND ON STOCK CERTIFICATES

TotalFinaElf issued Stock Certificates (Certificats Représentatifs d'Action, hereafter CRs), as part of the exchange offer for PetroFina shares. The CR is a share certificate provided for by French law, issued by EUROCLEAR France for circulation outside France, and may not be held by French residents. The CR has the characteristics of a bearer security, whether recorded in a custody account or issued as a physical certificate. The CR can be freely transferred from physical certificate to custody account. Banque Bruxelles Lambert is the central bank for payment against any coupons detached from circulating physical CRs.

Payment for coupons detached from CRs will be made free of charge at the teller windows of the following institutions:

### in Belgium:

BANQUE BRUXELLES LAMBERT SA  
FORTIS BANQUE SA  
KBC BANK NV

Avenue Marnix 24, 1000 Bruxelles  
Montagne du Parc 3, 1000 Bruxelles  
Avenue du Port 2, 1080 Bruxelles

### in Luxembourg:

BANQUE GÉNÉRALE DU LUXEMBOURG SA  
CRÉDIT EUROPÉEN LUXEMBOURG SA  
KREDIETBANK Luxembourg

Avenue J.F. Kennedy 50, 2951 Luxembourg  
Route d'Esch 52, 2965 Luxembourg  
Boulevard Royal 43, 2955 Luxembourg

### in the Netherlands:

ABN-AMRO BANK NV

Herengracht 595, Amsterdam, The Netherlands

### in Germany:

COMMERZBANK AG  
DRESDNER BANK AG

Kaiserplatz, 60261 Frankfurt, Germany  
Frankfurt am Main, Geschäftsbereich Corporate  
Finance, Germany

### in Switzerland:

CRÉDIT SUISSE  
UBS

Paradeplatz 8, 8001 Zürich, Switzerland  
Bahnhofstrasse 45, 8098 Zürich, Switzerland

### TOTALFINAELF VVPR-STRIPS

A VVPR-strip is a page of coupons which entitles a private individual residing in Belgium to a reduction from 25% to 15% off the tax withheld on TotalFinaElf dividend, for each coupon presented with the corresponding share coupon. The TotalFinaElf VVPR-strips are traded on the Brussels Stock Exchange but they do not have significant value.

Paying banks in Belgium will document the reduction from 25% to 15% off the tax withholding for the number of TotalFinaElf VVPR-strip coupons issued for this purpose. As of December 31, 2001, there were 56,933,514 TotalFinaElf VVPR-strips in circulation.

### COUPONS

Coupon Number	Due date	Expiry date	Type of coupon	Net total (FRF)	Net total (EUR)
1996	June 3, 1997	June 3, 2002	Dividend	10.50	1.60
1997	May 27, 1998	May 27, 2003	Dividend	13.00	1.98
1998	July 19, 1999	July 19, 2004	Dividend	13.11914	2.00
1999	June 14, 2000	June 14, 2005	Dividend	15.4149895	2.35
2000	May 29, 2001	May 29, 2006	Dividend	21.646581	3.30
2001 <sup>(1)</sup>	May 17, 2002	May 17, 2007	Dividend	24.926366	3.80

*(1) A proposal will be made to the Shareholders' Meeting of May 7, 2002 to distribute a dividend of 3.80 euros per share for 2001 to be paid in cash only. Dividend distribution will take place on May 17, 2002.*

# Shareholding structure

## Recapitulation: Shareholder Agreement

On June 26, 1992, the French State signed a shareholder agreement with AGF, Crédit Lyonnais and GAN, effective for a minimum period of five-years. Under this Agreement, the three companies agreed to comply with certain rules (for the companies, non-transferability of the shares covered by the agreement until its termination; transferability of shares permitted, by special dispensation, between the companies and their majority-owned subsidiaries; the State and the three companies being considered as acting in concert, with respect to the provisions of the agreement) affecting the holding and transfer of a total aggregate number of 18,529,437 Total shares which the three companies owned. These shares were held as follows: Crédit Lyonnais – 7,411,775 shares; AGF – 7,411,775 shares; GAN – 3,705,887 shares. The three companies and the French State declared that they were acting in concert with respect to the Shareholders' Agreement (SBF Notice no. 92-2503 of September 18, 1992). On June 18, 1996, an amendment to the agreement of June 26, 1992 modified these provisions (SBF Notice no. 96-2169 of June 28, 1996). The number of shares involved was dropped to 11 million, divided as follows: AGF assumed commitments for 4,400,000 shares, the Consortium de Réalisation <sup>(1)</sup> for 4,400,000 shares and GAN for 2,200,000 shares. This amendment also brought forward the expiration date of the pact to May 23, 1997. On that date, the signatories to the agreement of June 26, 1992 held a total of 14,269,453 shares, or 5.85% of the share capital, representing 16,450,105 voting rights, or 6.28% of the total voting rights.

The Shareholders' Agreement expired on May 23, 1997. Following the expiration of the pact and the end of the partnership, the holding of each of the signatories dropped below the threshold of 5% of the voting rights (CMF Notice of May 26, 1997, and SBF Notice no. 97-1722 of May 27, 1997).

## Relations between TotalFinaElf and the French State

Since May 7, 1998, the French State has no TotalFinaElf shares <sup>(2)</sup>.

The agreements of May 17, 1924 and June 25, 1930 governed relations between TotalFinaElf and the French State, until they expired on March 14, 2000. The Combined Ordinary and Extraordinary Shareholders' Meeting of March 22, 2000

took notice of the expiration of these agreements and decided to amend all the articles of the Company By-laws containing provisions related to the special rights of the State.

The share capital of Elf Aquitaine, a 99.43% subsidiary of TOTAL FINA ELF S.A. as of December 31, 2001, includes a specific share providing specific rights to the French Republic, following the conversion of a common share decided by the decree dated December 13, 1993. This decree provides in particular for a right of approval in case a party or a group of parties are increasing their ownership of capital or voting rights above defined thresholds. The authorization by the French State to the business combination of Totalfina and Elf Aquitaine provided on July 16, 1999 mentions that this authorization shall be renewed if TotalFinalElf's control changes.

## Merger of Total with PetroFina in 1999

On December 1, 1998, Total signed an equity agreement with Electrafina, Investor, Tractebel, Electrabel and AG 1824 (the Contributors), under which the Contributors exchanged 9,614,190 PetroFina shares for 43,263,855 new Total shares (2 PetroFina shares for 9 Total shares). The agreement was subject to approval by American and European anti-trust authorities and Total's combined general and extraordinary shareholders' meeting of January 14, 1999. Those conditions that all met during the first half of 1999.

Total then launched a public exchange offer for the remaining PetroFina shares not in its possession. The offer was issued in Belgium and the United States between May 6 and June 4, 1999, on the same terms as those of the equity agreement. During the offer, 12,516,106 shares were contributed, giving rise to the issuance of 56,322,477 Total shares.

During the reopening of the public exchange offer for remaining PetroFina shares between June 11, and July 2, 1999, 1,038,192 PetroFina shares were exchanged, resulting in the issuance of 4,671,864 Total shares (renamed Totalfina on June 14, 1999).

Totalfina once again reopened the offer between June 30, and July 28, 1999, this time to bring in the PetroFina shares that were issued by the exercise of PetroFina employee warrants. This brought in 80,356 PetroFina shares in exchange for 361,602 new Totalfina shares.

(1) Under the terms of the draft agreement of April 5, 1995, as amended, between the French State and Crédit Lyonnais, the Consortium de Réalisation assumed all the rights and responsibilities relating to the holding of Total shares initially held by Crédit Lyonnais.

(2) On February 28, 1996, the French State sold 9.5 million of its Total shares, reducing its stake in the company's share capital from 4.97% to 0.90%. During the trading month of April 1998, the French State sold 1,197,474 Total shares. In April 1998, it also carried out a mandatory exchange of the 983,170 Total petroleum certificates still in circulation (at the rate of one Total share for each petroleum certificate).

### Supplementary offers for PetroFina

Under the terms of commitments made by the Company when it launched the public offer for PetroFina in 1999, holders of PetroFina employee warrants that matured on June 30, 2000 were able to take advantage of a new reserved offer between June 30 and July 28, 2000 on the same terms as the public offer of 1999 (9 TotalFinaElf shares for 2 PetroFina shares). Of the 30,302 employee warrants still in circulation when the first offer opened, 28,838 were exercised on June 30, 2000 for a like number of PetroFina shares and 1,464 warrants were not exercised at maturity. During this second offer, 28,836 PetroFina shares were tendered and exchanged for 129,762 newly-issued TotalFinaElf shares.

On September 5, 2000, the Board of Directors issued a Public Exchange Offer for the PetroFina shares not yet held by the Company, offering 9 TotalFinaElf shares for 2 PetroFina shares. The offer was open in Belgium and the United States between October 10, 2000 and November 7, 2000, during which 202,930 PetroFina shares were exchanged for 913,185 new TotalFinaElf shares. At the end of the operation, TotalFinaElf held 23,480,610 PetroFina shares, or 99.62% of the 23,570,739 shares in the registered share capital of PetroFina.

On November 8, 2000, the Company and PetroFina determined that the execution of the public exchange offer for PetroFina between October 10, and November 7, 2000, combined with the restructuring of PetroFina after the initial public exchange offer, constituted a Combination under article 12 of the PetroFina Warrant Agreement. Consequently, the 290,882 US PetroFina warrants not held by the Company were automatically exchanged on that date for 235,614 newly-issued TotalFinaElf warrants. Since then, TotalFinaElf has held all the US PetroFina warrants, or 4,431,382 warrants. Upon exercise, these could lead to the issuance of 398,824 PetroFina shares.

In a notice dated November 20, 2000, the Brussels Stock Exchange announced its intention to delist PetroFina shares from the Spot Market, effective as of December 28, 2000. Since January 2, 2001 PetroFina stock has been traded at public sales organized each Friday by the Brussels Exchange, with a price set at 1:00 P.M. Similarly, in a notice dated December 22, 2000, Euronext Paris SA announced its decision to delist PetroFina from the first market of Euronext Paris SA and from EUROCLEAR France as of December 28, 2000.

In 2001, TOTAL FINA ELF S.A. contributed all its stock in PetroFina, i.e. 23,480,610 shares, to Total Chimie, a 99.99%-owned subsidiary of TOTAL FINA ELF S.A. whose purpose is to hold certain investments of the TotalFinaElf

Group, particularly in specialty chemicals. The Extraordinary General Meeting of Shareholders of Total Chimie approved this transfer on April 27, 2001.

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. By the close of the offer period (January 30, to February 12, 2002 inclusive), 45,894 PetroFina shares were contributed to the offer and the balance was transferred by right to the offeror. Thus, Total Chimie now holds all PetroFina stock.

On February 12, 2002, minority shareholders of PetroFina initially holding 4,938 shares filed summary proceedings with the Commercial Court of Brussels against Total Chimie.

### Merger of Totalfina with Elf Aquitaine in 1999 and 2000

On September 13, 1999, the Boards of Directors of Totalfina and Elf Aquitaine proposed a friendly merger of the two businesses to their shareholders. They proposed a public exchange offer of 13 shares of Elf Aquitaine for 19 new TotalFina shares. The offer ran from September 23, to October 15, 1999, during which 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 a public exchange offer for the remaining Elf Aquitaine shares not yet held by the Company, in an exchange of 4 TotalFinaElf shares for 3 shares of Elf Aquitaine. The offer ran from June 15, 2000 to September 1, 2000, during which 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, following the result of the exchange offer, PARISBOURSE SBF SA (now called Euronext Paris SA) announced its decision to delist Elf Aquitaine from the first market 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") where the price is fixed daily at 3:00 P.M.

In the United States, the trading of Elf Aquitaine American Depositary Shares (ADS) was suspended by the New York Stock Exchange (NYSE) on September 5, 2000. The Elf Aquitaine ADS program was closed down on September 18, 2000. The delisting of Elf Aquitaine ADS was effective when the market opened on October 18, 2000, after approval by the Securities and Exchange Commission (SEC).

## Shareholding structure >>

On March 14, 2001, the SEC issued a "no-action letter" related to deregistration of Elf Aquitaine ordinary shares and ADS under the Securities Exchange Act of 1934. On March 23, 2001, Elf Aquitaine filed a Form 15 requesting termination of registration of its ordinary shares and ADS.

As of December 31, 2001, TOTAL FINA ELF S.A. held, directly and indirectly, 276,203,617 shares of Elf Aquitaine, taking into account the 10,635,767 shares held by Elf Aquitaine's itself. This represents 99.43% of Elf Aquitaine's share capital (277,786,954 shares) and 265,567,850 voting rights, or 99.39% of the 267,185,125 total voting rights. In accordance with article 17 of Elf Aquitaine by-laws, TotalFinaElf will acquire 254,345,078 double voting rights on October 28, 2002.

### CHANGE IN THE STAKE OF PRINCIPAL SHAREHOLDERS

The principal shareholders of TotalFinaElf on December 31, 2001, 2000 and 1999 are shown in the table below. Their equity holdings amounted to 705,934,959 shares representing 719,013,586 votes on December 31, 2001, 740,465,798 shares representing 721,088,233 votes on December 31, 2000, and 722,203,679 shares representing 716,507,034 votes on December 31, 1999.

December 31	2001		2000		1999	
	% of share capital	% of voting rights	% of share capital	% of voting rights	% of share capital	% of voting rights
<b>1. Principal shareholders represented on the Board of Directors as of December 31, 2001</b>	<b>7.6</b>	<b>10.7</b>	<b>7.5</b>	<b>9.9</b>	<b>7.5</b>	<b>10.1</b>
AGF	0.3	0.4	0.3	0.4	0.3	0.4
BNP-Paribas	0.4	0.3	0.6	0.6	0.6	0.8
Areva <sup>(1)</sup>	1.8	1.7	1.8	3.7	1.9	3.8
Société Générale	0.7	1.0	0.6	0.9	0.4	0.8
Groupe Bruxelles Lambert <sup>(2)</sup>	3.3	6.1	3.3	3.4	3.4	3.4
Compagnie Nationale à Portefeuille <sup>(2)</sup>	1.2	1.1	0.9	0.9	0.9	1.0
<b>2. Employees of the Group</b>	<b>2.9</b>	<b>5.3</b>	<b>2.8</b>	<b>3.7</b>	<b>2.9</b>	<b>3.7</b>
<b>3. Other registered shareholders (non-Group)</b>	<b>5.0</b>	<b>7.4</b>	<b>5.0</b>	<b>5.3</b>	<b>4.5</b>	<b>4.6</b>
<b>Total stable shareholders (1+2+3)</b>	<b>15.5</b>	<b>23.4</b>	<b>15.4</b>	<b>18.9</b>	<b>14.9</b>	<b>18.4</b>
<b>Inter-group holdings</b>	<b>6.5</b>	<b>0.0</b>	<b>5.7</b>	<b>0.0</b>	<b>4.1</b>	<b>0.0</b>
TOTAL FINA ELF S.A.	2.9	0.0	2.3	0.0	0.6	0.0
Total Nucléaire	0.1	0.0	0.1	0.0	0.1	0.0
Filiales d'Elf Aquitaine	3.5	0.0	3.3	0.0	3.4	0.0
<b>Other holders of bearer shares</b>	<b>78.0</b>	<b>76.6</b>	<b>79.0</b>	<b>81.1</b>	<b>81.0</b>	<b>81.6</b>
<i>of which bearers of ADS <sup>(3)</sup></i>	<i>4.4</i>	<i>4.3</i>	<i>5.5</i>	<i>5.6</i>	<i>7.1</i>	<i>7.1</i>

(1) Cogema on December 31, 1999 and December 31, 2000.

(2) Frère Group. After the takeover of Groupe Bruxelles Lambert by Electrafina, Electrafina changed its name to Groupe Bruxelles Lambert.

(3) American Depositary Shares quoted on the New York Stock Exchange.

In accordance with article 12 of its by-laws, TotalFinaElf reserves the right to ask EUROCLEAR France a list of the names of holders of bearer securities\*.

Besides the legal obligation to inform the Company when holding a certain fraction of the share capital, any person, physical or corporate, who comes to hold, directly or indirectly, a percentage of the share capital, voting rights or rights giving future access to Company capital, equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company by registered letter, return receipt requested, stating the number of securities held, within fifteen days following each of these thresholds (article 12 of the by-laws).

If they are not declared, shares exceeding the fraction that should have been declared will be deprived of voting rights in shareholder meetings, under the conditions laid down by law, if the failure to declare is determined at a Meeting and if one or more shareholders who together hold at least 3% of the Company's share capital or voting rights request it during the Meeting.

All physical and corporate persons are also required to notify the Company in the form and within the time frames stated above, when direct or indirect holdings fall below each of the above thresholds.

In accordance with article L. 233-13 of the French Code de commerce, notice is given that the only shareholder known to hold 5% or more of the voting rights of TotalFinaElf at the close of 2001 was Groupe Bruxelles Lambert, with 6.11% of the voting rights, a company within the Frère Group, and its Compagnie Nationale à Portefeuille which holds 1.14% of the voting rights.

*\* There is no procedure for identifying holders of CRs (paper securities).*

### SHARES HELD BY THE GROUP

#### Trading in Company shares

The Ordinary General Meeting (OGM) of May 25, 2000 had given the Board of Directors authority for 18 months to buy and sell the company's own shares on the Stock Exchange, in compliance with the objectives and procedures of the stock purchase program approved by COB approval no. 00-709 of May 4, 2000 (pursuant to COB Regulation no. 98-02 of September 6, 1998). In particular, the maximum purchase price was set at 250 euros per share and the minimum sell price stood at 100 euros per share. The number of shares acquired could not exceed 10% of the authorized share capital.

The Combined Shareholders' Meeting of May 17, 2001 gave the Board of Directors authority for 18 months to buy and sell the company's own shares on the Stock Exchange, in compliance with the procedures of the stock purchase program approved by COB approval no. 01-424 of April 23, 2001. The maximum purchase price was set at 250 euros and the minimum sell price at 100 euros. This authorization replaced the one from the OGM dated May 25, 2000.

A resolution will be submitted to the shareholders at the meeting to be held May 7, 2002 to approve a share buy-back program allowing TotalFinaElf to trade in its shares. The primary objective of the program will be management of treasury or equity if it appears that purchases or sales would be appropriate. The maximum number of shares that may be subject to repurchase is limited to 10% of the total number of shares composing the share capital at the date on which the repurchases are made, less the number of shares already held by companies of the Group. The resolution contemplates an eighteen month duration of the program, and replaces the resolution granted at the shareholders' meeting held May 17, 2001.

Under the authorization of May 25, 2000, 7,500,000 TotalFinaElf shares were purchased during 2001 pursuant to the management of shareholders' equity, at an average price of 156.99 euros per share.

Under the authorization granted on May 17, 2001, 31,501,000 TotalFinaElf shares were purchased during 2001, at an average price of 155.14 euros per share: 28,741,000 shares were acquired pursuant to the management of shareholders' equity at an average per share price of 154.04 euros and 2,760,000 shares were purchased at an average per share price of 166.65 euros to cover the stock option plan allocated by the Board of Directors on July 10, 2001.

Moreover, 9,720 TotalFinaElf shares were sold in 2001 following the exercise of stock options: 7,920 options exercised at a price of 93.76 euros per share under a plan allocating 970,000 stock options through the Board of Directors' decision of March 17, 1998; 1,000 options exercised at a price of 113 euros per share under a plan allocating 1,500,000 stock options through the Board of Directors' decision of June 15, 1999, and 800 options exercised at a price of 162.7 euros per share under a plan allocating 2,500,000 stock options through the Board of Directors decision of July 11, 2000.



### Cancellation of Company shares

The Combined Shareholders' Meeting of May 11, 1999 authorized the Board of Directors to reduce the share capital by canceling shares held by the Company, up to 10% of the share capital. On November 20, 2001, the Board of Directors decided to cancel 35,368,000 shares, representing all shares purchased pursuant to the management of shareholders' equity between September 18, 2000 and September 30, 2001. The Combined Shareholders' Meeting of May 7, 2002 will be asked to approve an authorization to replace that of the Combined Shareholders' Meeting of May 11, 1999.

**On December 31, 2001, the Company held directly a total of 20,457,780 TotalFinaElf shares.**

### TotalFinaElf shares held by the companies of the Group

At December 31, 2001, Total Nucléaire – a Group company indirectly controlled by TotalFinaElf - held 505,318 TotalFinaElf shares.

Under the terms of the draft agreement signed on September 12, 1999 by Totalfina and Elf Aquitaine, Elf Aquitaine had undertaken on its own behalf and that of its subsidiaries to contribute their shares to the public exchange offer conducted by Totalfina. The subsidiaries, Financial Valorgest, Sogapar, Fingestval and Elf Atochem North America, contributed the 3,798,000, 702,000, 12,315,760 and 72,000 shares of Elf Aquitaine that they held, respectively, on that date, in exchange for 5,550,926, 1,026,000, 17,999,973 and 105,230 TotalFinaElf shares, respectively.

In 2001, Elf Atochem North America, renamed Atofina Chemicals Inc., sold all its TotalFinaElf shares on the market, or 105,230 shares.

The number of TotalFinaElf shares held by Financial Valorgest, Sogapar and Fingestval did not change in 2001, still totaling 24,576,899 shares.

**Thus, at December 31, 2001, the Company held 45,539,997 TotalFinaElf shares, either directly or through its direct or indirect subsidiaries.**

### CAPITAL INCREASE RESERVED FOR EMPLOYEES

The Combined Shareholders' Meeting of May 13, 1998 authorized the Board of Directors to increase share capital over a period of five years by a maximum of 3% of existing share capital at the time of issue. Only employees having subscribed to a company saving plan may subscribe for these shares.

On November 15, 1999, the Board of Directors thus decided to issue an initial increase of share capital reserved for employees, limited to 3.5 million shares, at a price of 98 euros per share. These shares were entitled to the dividends paid for the fiscal year 1999. An initial subscription period for employees of Group companies in France and Belgium was opened between December 13, 1999 and January 13, 2000. During this initial period, 1,216,908 shares were subscribed. Two other subscription periods were set up for employees in other countries where the Group operates and where local administrative authorization could be obtained in time. These periods ran between February 14 and March 2, 2000, and between March 13, and March 30, 2000. During the second and third phases of the program, 323,374 and 436,911 shares were subscribed, respectively. A total of 1,977,193 shares were subscribed during these three periods of capital increase reserved for employees.

On November 20, 2001, the Board of Directors decided to issue a second increase of share capital reserved for employees, the first for the new group, limited to 6 million shares, at a price of 122.7 euros per share. These shares are entitled to the dividends paid for the fiscal year 2001. The operation was opened to employees of TOTAL FINA ELF S.A. and its French and foreign subsidiaries (held directly or indirectly at more than 50% by TOTAL FINA ELF S.A.), for those employees who subscribed to the TotalFinaElf Group Savings Plan and for which local administrative authorization could be obtained in time. The subscription period ran from December 17, 2001 to February 15, 2002 during which 2,785,214 shares were subscribed.

The Combined Shareholders' Meeting of May 7, 2002 will be voting on a replacement for the authorization by the Combined Shareholders' Meeting of May 13, 1998.

### COMPANY SAVINGS PLAN

The Company Savings Plan gives employees the option of making voluntary contributions, to which the Company contributes an additional amount, under certain conditions.

The shares created pursuant to the share subscription program reserved for employees of the Group are deposited in two funds, TotalFinaElf Actionnariat France for shares subscribed to by employees of French companies, and TotalFinaElf Actionnariat International for shares subscribed to by employees of other countries of the world

other than the United States, Belgium and Italy. Subscriptions in Belgium and Italy under the share subscription program approved by the Board of Directors on November 20, 2001 has been centralized by the Caisse Autonome du Groupe PetroFina, acting in the name and for the account of Belgian and Italian subscribers, who subscribe directly.

Moreover, the employee funds of Elf Aquitaine contributed their shares of Elf Aquitaine to the public exchange offer conducted by Totalfina between September 23, and October 15, 1999. These funds have been invested in TotalFinaElf shares since October 28, 1999.

The total number of TotalFinaElf shares held as of December 31, 2001 breaks down by funds as follows:

Actionnariat Total	2,236,968
TotalFinaElf Actionnariat France	3,486,060
TotalFinaElf Actionnariat International	1,141,792
US employee funds	173,205
Elf Actions Totalfina France	10,974,313
Elf Actions Totalfina International	969,972
Elf 1992 Actions Totalfina International	44,678
Elf 2e étape Actions Totalfina International	14,406
Privatisation n°1 Actions Totalfina France	893,449
Privatisation Etranger Actions Totalfina	401,886
USA/Canada Trust	103,610
<b>Total shares held by employee shareholders funds</b>	<b>20,491,174</b>

At December 31, 2001, the employees of the Group held 20,491,174 TotalFinaElf shares, or 2.90% of the Company's share capital <sup>(1)</sup> through company savings plans of TotalFinaElf and Elf Aquitaine.

The aggregate supplemental contributions paid by the Group were 82.5 million euros in 2001.

*(1) Based on the definition of employee shareholding pursuant to article L. 225-102 of the French Code de commerce.*

## STOCK SUBSCRIPTION AND PURCHASE OPTIONS

## DISTRIBUTION POLICY

## TotalFinaElf stock subscription and purchase options

Distribution among top executives, officers and other employees is presented for each option plan in page 10.

## Elf Aquitaine stock options confirmed to employees of the Group, entitled to be exchanged, in the event of exercise, for TotalFinaElf shares

Certain employees of the Group, having been part of the Elf Aquitaine group in 1998, received confirmation in 2000 and 2001 of share subscription options attributed on April 1, 1998 pursuant to a Medium Term Incentive plan (MTI) <sup>(1)</sup>, due to the results of Elf Aquitaine in 1999 and 2000. In accordance with the undertakings made by the Group during the 1999 Exchange Offer (information memorandum bearing COB approval no. 99-1179), these Elf Aquitaine options, in the event of exercise, are entitled to be exchanged for TotalFinaElf shares at the exchange ratio of 19 TotalFinaElf shares for 13 Elf Aquitaine shares (see note 24 to the Consolidated Financial Statements). The beneficiaries of these Elf Aquitaine options, who were also employees of the Group on the date the Board of Directors of TOTAL FINA ELF S.A. decided to grant options under the 2000 and 2001 TotalFinaElf plans (July 11, 2000 and July 10, 2001) were in the following categories:

MTI Plan (granted by of Elf Aquitaine's Board of Directors on April 1, 1998; 1strike: EUR 105.95)	Employee category <sup>(2)</sup>	Number of recipients	Number of Elf Aquitaine options granted	Distribution	Average number of options per recipient <sup>(3)</sup>	Corre- sponding number of TotalFinaElf shares <sup>(3)</sup>	Corre- sponding average number of TotalFinaElf shares per recipient <sup>(3)</sup>
<b>2000 confirmation in connection with 1999 targets</b> (decided by Elf Aquitaine's Board of Directors on February 2, 2000)	Top Executives	11	49,132	24.1%	4,467	71,808	6,528
	Officers	141	143,258	70.2%	1,016	209,377	1,485
	Other employees	17	11,574	5.7%	681	16,916	995
	<b>Total</b>	<b>169</b>	<b>203,964</b>	<b>100%</b>	<b>1,207</b>	<b>298,101</b>	<b>1,764</b>
<b>2001 confirmation in connection with 2000 targets</b> (decided by Elf Aquitaine's Board of Directors on April 23, 2001)	Top Executives	10	52,594	19.3%	5,259	76,868	7,687
	Officers	136	195,855	72.0%	1,440	286,250	2,105
	Other employees	40	23,424	8.6%	586	34,235	856
	<b>Total</b>	<b>186</b>	<b>271,873</b>	<b>100%</b>	<b>1 462</b>	<b>397,353</b>	<b>2,136</b>

<sup>(1)</sup> Plan approved by the Board of Directors of Elf Aquitaine on April 1, 1998 subject to the fulfillment of performance objectives by the Elf Aquitaine group for the 1998, 1999, 2000, 2001 and 2002 fiscal years. The options are exercisable from April 1, 2000 and expire March 31, 2005.

<sup>(2)</sup> Positions held within the Group on the respective dates on which the Board of Directors of TOTAL FINA ELF S.A. approved the 2000 and 2001 TotalFinaElf stock option plans.

<sup>(3)</sup> Assumes the maximum number of shares are exchanged (19 TotalFinaElf shares for 13 Elf Aquitaine shares).

### STOCK SUBSCRIPTION AND PURCHASE OPTIONS GRANTED TO EXECUTIVE OFFICERS AS A GROUP (MANAGEMENT COMMITTEE AND TREASURER AS OF DECEMBER 31, 2001)

#### TotalFinaElf stock subscription and purchase options

Information presented in page 11.

#### Elf Aquitaine stock options <sup>(1)</sup>

	1995 Plan	1996 Plan	1997 Plan	1998 Plan	1999 Plan n°1	MTI 1998 Plan	Total
Exercise price per Elf Aquitaine share (in euros)	54.03	50.72	80.65	105.95	115.60	105.95	
<b>Expiration date</b>	<b>24/01/2002</b>	<b>19/03/2003</b>	<b>25/03/2004</b>	<b>31/03/2005</b>	<b>30/03/2009</b>	<b>31/03/2005</b>	
Options granted	27,000	36,600	45,700	70,300	39,010	243,588	<b>462,198</b>
Existing options as of January 1, 2001	3,000	11,000	24,700	45,300	39,010	233,478	<b>356,488</b>
Non confirmed options during fiscal year 2001 due to results of fiscal year 1999 <sup>(2)</sup>	-	-	-	-	-	175	<b>175</b>
Exercised options in year 2001	0	8,000	7,000	0	0	0	<b>15,000</b>
Existing options as of December 31, 2001	3,000	3,000	17,700	45,300	39,010	233,303	<b>341,313</b>
<b>Corresponding number of TotalFinaElf shares <sup>(3)</sup></b>	<b>4,385</b>	<b>4,385</b>	<b>25,869</b>	<b>66,208</b>	<b>57,015</b>	<b>340,981</b>	<b>498,843</b>

<sup>(1)</sup> Among the Executive Committee members and the Treasurer of TotalFinaElf at December 31, 2001, certain members coming from Elf Aquitaine hold Elf Aquitaine options entitling them to, in the event of exercise, exchange Elf Aquitaine shares for TotalFinaElf shares on the basis of the exchange ratio set during the 1999 Exchange Offer, being 19 TotalFinaElf shares for 13 Elf Aquitaine shares (see note 24 of the consolidated financial statements).

<sup>(2)</sup> Confirmation of MTI options by the Elf Aquitaine Board of Directors depends on the realization of performance objectives during the fiscal years covered by the plan.

<sup>(3)</sup> Assumes the maximum number of shares are exchanged (19 TotalFinaElf shares for 13 Elf Aquitaine shares).

#### SHARES HELD BY DIRECTORS AND EXECUTIVE OFFICERS

As of December 31, 2001, based on the registered shares held, the members of the Board of Directors (physical persons) and the principal executives of the Group (executive committee and treasurer) together held less than 0.5% of the share capital. The number of shares they own is detailed as follows:

- Members of the Board of Directors (including Chairman): 93,865 shares
- Management Committee and Treasurer (including CEO): 166,922 shares
- Chairman and CEO (1 person): 13,000 shares

# Information for overseas Shareholders

## INFORMATION FOR OVERSEAS SHAREHOLDERS

### TotalFinaElf & subsidiaries

#### UNITED STATES HOLDERS OF ADRS

##### 1. ADRS

Since October 25, 1991, TotalFinaElf's American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs), are listed on the New York Stock Exchange.

The ticker symbol for TotalFinaElf is TOT. Since December 1992, options on TotalFinaElf's ADSs are also traded on the Chicago Board of Exchange (CBOE), the New York Stock Exchange (NYSE) and the American Stock Exchange (ASE).

##### 2. Depositary

The Bank of New York, 101 Barclay Street, New York, NY 10286, Toll Free Tel for domestic callers: (1) 800 753-7230, International callers: (1) 610 312 5315, email: [shareowner-svcs@bankofny.com](mailto:shareowner-svcs@bankofny.com), website: <http://www.adrbny.com>

##### 3. Cash dividends

On June 19, 2001, TotalFinaElf paid a net dividend (after 15% withholding) of 1.1968 \$/ADR to its record holders of ADRs as of May 29, 2001. Under French law, dividends paid to shareholders who are nonresidents of France are generally subject to French withholding tax at a rate of 25%. However, according to the tax treaty signed between France and the United States (August 31, 1994) (the "Treaty"), 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 the United States as defined by the Treaty (a "U.S. Holder").

A resident of France is entitled to an "avoir fiscal" (or tax credit) in respect of a dividend received from a French corporation, such as TotalFinaElf. The "avoir fiscal" was equal to 50% of the dividend distributions. However, French law regarding the avoir fiscal has recently been changed. The "avoir fiscal" on French dividends distributed to shareholders other than individuals and parent companies, after recent reductions from 50 percent to 45 percent and to 40 percent of the dividend distributions, has been further reduced to 25 percent in 2001 and 15 percent in 2002. Tax credit on distributions to individuals (and parent companies) remains at 50 percent. The reduction to 25% and 15% applies with respect to tax credits used from January 1, 2001 and January 1, 2002 respectively. The reduction of the "avoir fiscal" to 15 percent applies to dividends distributed to non-residents as from 2001 since the "avoir fiscal" attached to such dividends should not be transferred to non-residents before January 15, 2002.

According to the Treaty, certain U.S. Holders (as described below), whose ownership of ADSs is not effectively connected with a permanent establishment in France, are entitled to

receive a payment from the French Treasury of an amount equal to all or a portion of the "avoir fiscal" subject to the deduction of the 15% withholding tax.

A payment equal to the entire amount of the "avoir fiscal" is available to a U.S. Holder that is:

- (i) an individual or other noncorporate holder that is a United States resident under the Treaty;
- (ii) a company that is not a regulated investment company and that does not own, directly or indirectly, 10% or more of the capital of the company paying the dividends; or (iii) a regulated investment company that does not own, directly or indirectly, 10% or more of the capital of the company paying the dividends, but only if less than 20% of its shares are beneficially owned by persons who are neither citizens nor residents of the United States.

The "avoir fiscal" payment is available to a U.S. Holder (described above) only if the beneficial owner of the dividends is subject to United States income tax in respect of such dividends and of the payment from the French Treasury.

A payment equal to a portion of the "avoir fiscal" (i.e. 30/85 of the amount of such tax credit) is available to a U.S. Holder that is:

- (i) a pension trust and any other organization established in the United States and maintained exclusively to administer or provide retirement or employee benefits that is established or sponsored by a person that is a resident of the United States under the Treaty; or (ii) most not-for-profit organizations established and maintained in the United States.

Under the so-called "simplified procedures" issued by the French tax authorities in 1994, the reduced rate of withholding tax (15%) will apply upon payment of a dividend (rather than being subject to a higher withholding tax with a right of refund), and a separate payment of an amount equal to all or a portion of the "avoir fiscal" (net of withholding) will not be made before January 15 of the year following the calendar year in which the dividend is paid.

According to the simplified procedures, the Depositary of the shares or the nominee bank or brokerage firm that holds the ADSs must provide the French paying agent with a list of its clients entitled to the immediate reduced Treaty rate (15%) and must certify that such clients are U.S. residents for tax purposes and are eligible under the Treaty for the "avoir fiscal" refund.

Eligible regulated investment companies and eligible Pension Funds also will have to supply additional documentation evidencing their entitlement to the simplified procedures.

For the purpose of the simplified procedure, an eligible Pension Fund is an entity described in section 401(a), 403(b) or 457 of the United States Internal Revenue Code, the

exclusive purpose of which is collecting and managing funds for retirement benefits.

For tax-exempt U.S. Holders (other than eligible Pension Funds), it is not clear whether the simplified procedures will apply (i.e., whether the reduced rate will apply upon payment of a dividend). If the simplified procedures are not available, French tax will be withheld at the non Treaty rate of 25% and U.S. Holders (mainly tax-exempt U.S. Holders other than eligible Pension Funds) will have to claim a refund of the excess withholding tax (i.e., 10%) by filing a French Treasury Form RFIA E.U. no 5052 entitled "Application for Refund". The form, together with instructions, will be provided by the Depository and is also available from the U.S. Internal Revenue Service.

Because this is a general summary, U.S. Holders are advised to consult their own tax advisors with respect to the United States federal, state, and local tax consequences, as well as the French tax consequences, of the ownership of ADSs and the shares represented thereby applicable in their particular tax situations.

In addition, TotalFinaElf has been advised by its U.S. counsel that with respect to qualifying U.S. residents holders, subject to certain limitations, the 15% withholding tax will be treated as a foreign income tax that is eligible for credit against the holder's U.S. federal income taxes.

This credit may be obtained by filing form 116 "Computation of Foreign Tax Credit" with the ADR holder's Federal Income Tax Return.

#### 4. Dividend paid in shares

The Combined Shareholders' Meeting held June 4, 1996 resolved to offer each shareholder, for the fourth consecutive year, the option to receive the dividend either in cash or in shares. The Combined Shareholders' Meeting held on May 21, 1997 did not renew this option, only offering to receive the dividend in cash.

#### 5. Double voting rights

At a Combined Shareholders' Meeting of TotalFinaElf held on December 14, 1992, a resolution was approved to entitle certain shareholders to a double voting right. As a result, all ADRs registered in the name of the same eligible owner for at least two years are entitled to double voting rights effective from December 14, 1994.

In order to be eligible for double voting rights, each holder of ADRs must:

- a. hold the ADR(s) in registered form in the books of the Depository for two consecutive years, and
- b. send written notice to the Depository to the effect that such holder would like to benefit from the double voting right provision,
- c. the accrual period will begin upon confirmation of written notice from the Depository.

#### 6. Report to ADR holders

ADR holders receive the Annual Report of the Company. If they are registered holders (i.e., if ADRs are held by them directly), the reports will be sent directly to the holder at the record address. If the ADRs are held in "street name", the institution where the ADRs are deposited is responsible for forwarding the documents to the holders.

TotalFinaElf is subject to the information requirements of the US Securities and Exchange Commission (SEC) as they apply to foreign companies. The Company files with the SEC the Annual Report on Form 20-F (which corresponds to a 10-K for US corporations) and other information as required.

#### 7. Information – investor relations

US holders can obtain additional information by calling or writing to the Investor Relations Department in New York, or in Paris:

- TotalFinaElf Services Inc., 444 Madison Avenue, New York, NY 10022-6903, Tel: (1) 212 922-3030, Fax: (1) 212 922-3074
- TotalFinaElf, 2, Place de la Coupole, La Défense 6, 92400 Courbevoie, France, Tel: (33) 1 47 44 58 53, Fax: (33) 1 47 44 58 24

#### UK SHAREHOLDERS

In addition to the Paris Bourse, TotalFinaElf's shares have been listed on the London Stock Exchange since 1973. TotalFinaElf's shares have also been traded on the SEAQ International since 1986. The security is included in both the FT.SE Eurotop 100 and FT.SE Eurotop 300 index. The value of the shares in term of Pounds Sterling is affected by the Sterling/French franc exchange rate at any particular time.

### Dividends:

Dividends paid to non-French resident shareholders are generally subject to French withholding tax at a rate of 25%. Upon receipt of a timely filed claim, the UK resident shareholder is generally:

- entitled to a reduced rate of French withholding tax of 15% with respect to dividends (French-UK tax treaty), or 5% if the beneficial owner is a company which controls the company paying those dividends, and,
- entitled to receive a payment from the French Treasury called "avoir fiscal" less a 15% withholding tax. <sup>(1)</sup>

All UK residents are entitled to a reduced withholding rate and the following UK resident shareholders are entitled to the "avoir fiscal":

- individuals,
- companies and pension funds approved for tax purposes by the UK, which do not control directly or indirectly at least 10% of the voting powers of the Company and which are not entitled for UK tax purposes to take into account the French tax payable on the profits out of which the said dividends are paid.

The benefit of the "avoir fiscal" is not available to a UK shareholder (being other than a pension fund referred to in the above paragraph) who is not subject to UK tax on the payment of the related dividend.

On June 7, 1994 French tax authorities issued a bulletin stating that a UK shareholder entitled to a refund of the "avoir fiscal" is now subject to the 15% withholding tax when the dividend is paid. Previously, French withholding tax at the non-treaty rate of 25% was initially deducted from all dividends distributions and 10% was refunded later.

In order to claim application of the reduced rate specified by the French-UK tax treaty, the actual beneficiary of the dividends must normally submit to the French paying establishment not later than the date when the dividends are paid, a specific form "Form RF 4 GB".

UK shareholders may not be in a position to submit the above form prior to payment of the dividends. For this reason, they are allowed to follow a simplified procedure which permits them to furnish a simplified certification.

The payment of the amount equal to the "avoir fiscal" can not be made before January 15 of the year following the calendar year in which the related dividend is paid.

Gross French Dividend (plus the "avoir fiscal") is included in the recipient's taxable UK basis. French withholding tax on dividend is credited against UK tax.

*(1) A resident of France is entitled to an "avoir fiscal" (or tax credit) in respect of a dividend received from a French corporation, such as TotalFinaElf. The "avoir fiscal" was equal to 50% of the dividend distributions. However, French law regarding the avoir fiscal has recently been changed. The "avoir fiscal" on French dividends distributed to shareholders other than individuals and parent companies, after recent reductions from 50 percent to 45 percent, then to 40 percent of the dividend distributions has been further reduced to 25 percent in 2001 and 15 percent in 2002. Tax credit on distributions to individuals (and parent companies) remains at 50 percent.*

*The reduction applies with respect to tax credits used from January 1, 2001 and January 1, 2002 respectively. The 15 percent affects dividends distributed to non-residents in 2001 since the avoir fiscal attached to such dividends should not be transferred to non-residents before January 15, 2002.*



# General Company information

## GENERAL COMPANY INFORMATION

### Name <sup>(1)</sup>

TOTAL FINA ELF S.A.

### Head office

2, place de la Coupole  
La Défense 6  
92400 COURBEVOIE

### Share capital

7,059,349,590 euros  
consisting of 705,934,959 shares as of December 31, 2001.

### Business form and nationality

Business corporation governed by French law.

### Business Registry

542 051 180 RCS Nanterre

### By-laws

On file with Maitres Gildas Le Gonidec de Kerhalic and Frédéric Lucet, notaries in Paris.

### APE Code (NAF)

111Z

### Term <sup>(2)</sup>

99 years from March 22, 2000, to expire on March 22, 2099 unless sooner dissolved or extended.

### Accounting year

From January 1, to December 31, of each year.

### Company purpose

The direct and indirect objective of the Company is to explore and exploit mining areas in all countries, particularly hydrocarbons in any form, to process, refine, transform and market these materials as well as their derivatives and by-products, as well as all activity related to the production and distribution of all forms of energy and to the chemical sector.

### Places where Company documents and information may be examined

At the Company's head office.

### Statutory allocation of profits

The net profit for the period consists of the net income after general expenses, other company charges, all depreciation of company assets, and reserves for commercial and industrial risks.

The following is deducted from this profit, in order:

- 1) 5% to the legal reserve, until it accounts for one-tenth of the registered share capital; after that, allocation to the reserve is not mandatory except to replenish it, should it fall below one-tenth of said share capital;
- 2) sums set by the General Meeting to establish reserves, for which it will determine the allocation and use;
- 3) sums which the General Meeting allocates to retained earnings.

The surplus is distributed to the shareholders.

The Ordinary General Meeting or Extraordinary General Meeting called by the Board, may allocate reserve funds to additional amortization of company assets, to the purchase and cancellation of Company shares, or to the total or partial redemption of shares by any means allowed.

*(1) By virtue of Decision no. 17 of the Combined Shareholders' Meeting of May 11, 1999, the company name "TOTAL" was changed to "TOTAL FINA SA" on June 14, 1999, when the public exchange offer for PetroFina shares closed. The Combined Shareholders' Meeting of March 22, 2000 resolved to change the company name from "TOTAL FINA SA" to "TOTAL FINA ELF S.A."*

*(2) The Combined Shareholders' Meeting of March 22, 2000 resolved to extend the term of the Company, initially set at 99 years from March 28, 1924, for a new period of 99 years from March 22, 2000.*

### General Meetings

Shareholders' Meetings are convened and deliberate under conditions provided for by law. However, some provisions are specific to TOTAL FINA ELF S.A.:

#### **Deadline to lock up shares**

In order to have the right to vote or to be represented at the General Meeting, holders of bearer shares or shares registered in an account not held by the Company must file a certificate issued by the financial intermediary no later than one day before the date set for the Meeting, at the place indicated for the meeting. The certificate will confirm the non-availability of the shares until the date of the meeting.

#### **Double voting rights**

Beginning December 14, 1994, double voting rights are assigned to holders of registered 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 any registered shares that may be allocated freely to a shareholder based on shares already held that are entitled to double voting rights, in the event of an increase in share capital by incorporation of reserves, profits or premiums.

#### **Limitation of voting rights**

No shareholder may exercise more than 10% of the voting rights attached to the shares of the Company, either in person or by proxy, by virtue of the simple voting rights attached to the shares held or powers given to the shareholder. If the shareholder is entitled to double voting rights, this limit may not exceed 20%.

These restrictions no longer apply if any individual or entity, acting alone or in concert, acquires at least two thirds of the total registered capital of the Company following a public tender offer for all of the Company's shares.

#### **Statutory thresholds**

Any physical or corporate person who comes to hold, directly or indirectly, a percentage of the share capital, the voting rights or rights giving future access to capital of the Company, equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company. They must also notify the Company if their direct or indirect interest drops below these percentages.

#### **Characteristics of the shares**

There is only one category of shares, with a nominal value of 10 euros, excluding double voting rights as described above. Shares may be registered or held as bearer shares.

#### **Identification of shareholders**

The Company may, at any time, in accordance with applicable provisions of law and regulations in effect, obtain from exchange clearance authorities, information allowing the Company to identify the holders of securities with immediate

or deferred rights to vote at shareholders' meetings of the Company, as well as the number of securities held by such holders.

### Authorized share capital not issued as of December 31, 2001

– Authorization to increase share capital by issuing new shares with or without preferential subscription rights, by incorporating reserves, profits or share premiums in the form of free shares and/or raising the nominal value of existing shares, for a maximum total of 4 billion euros, and authorization to issue securities giving immediate or future access to a portion of the capital of the company for a maximum total of 10 billion euros (Combined Shareholders' Meeting of March 22, 2000 - authorization valid for 26 months). The authorized share capital not issued as new shares under this authorization was 3,846,490,470 euros as of December 31, 2001. This takes into account: (i) a capital increase of a nominal amount of 144,377,680 euros by issuing 14,437,768 new shares following the contribution of 10,828,326 Elf Aquitaine shares to the public exchange offer that TotalFinaElf conducted in 2000, and (ii) a capital increase of a nominal amount of 9,131,850 euros by issuing 913,185 new shares following the contribution of 202,930 PetroFina shares to the public exchange offer that TotalFinaElf conducted in 2000. The Combined Shareholders' Meeting of May 7, 2002 will be voting on a replacement authorization.

– Authorization for a share capital increase reserved for employees subscribing to a Company Savings Plan up to a maximum of 3% of the registered share capital at the time of issue (Combined Shareholders' Meeting of May 13, 1998 - authorization effective for five years). Two increases of share capital were put into place under this authorization: the first by a decision of the Board of Directors on November 15, 1999, leading to the issue of 1,977,193 new shares; the second by a decision of the Board of Directors on November 20, 2001, with the subscription period running from December 17, 2001 to February 15, 2002, leading to the issue of 2,785,214 new shares. The Combined Shareholders' Meeting of May 7, 2002 will be voting on a replacement authorization.

– Authorization to allocate stock purchase and subscription options reserved to TotalFinaElf personnel up to a maximum of 3% of the registered share capital at the moment of allocation (Combined Shareholders' Meeting of May 17, 2001 - authorization valid for 38 months). The Board of Directors allocated 2,760,000 TotalFinaElf stock options at its meeting of July 10, 2001.

– Authorization to cancel Company shares up to a limit of 10% of the registered share capital for a period of 24 months. This authorization, granted by the Combined Shareholders' Meeting of May 11, 1999, is effective until the General Meeting

convened to approve the financial statements for the year ending December 31, 2003. Pursuant to this authorization, the Board of Directors decided on November 20, 2001 to cancel 35,368,000 shares. The Combined Shareholders' Meeting of May 7, 2002 will be voting on a replacement authorization.

### Potential capital

The securities that give access to TotalFinaElf shares, through the exercise of options or redemption, are:

- TotalFinaElf share subscription options (449,881 options as of December 31, 2001, see note 24 of the consolidated financial statements);
- US TotalFinaElf warrants that were issued: (i) in 1999, in exchange for US PetroFina warrants contributed to the public exchange offer that TotalFinaElf conducted in the United States of America on the remaining shares and equity securities of PetroFina and (ii) on November 8, 2000, as consideration for US PetroFina warrants that were part of an automatic exchange following the determination that a Combination had occurred on that date pursuant to article 12 of the PetroFina Warrant Agreement. Each US TotalFinaElf warrant gives right, until August 5, 2003, to the purchase of one American Depositary Share of TotalFinaElf at a price of USD 46.94 per ADS. As of December 31, 2001, there were still 3,572,791 US TotalFinaElf warrants in circulation, with rights to 3,572,791 TotalFinaElf ADS, or 1,786,395 TotalFinaElf shares;
- existing or future Elf Aquitaine shares for the beneficiaries of Elf Aquitaine stock options who had not exercised their options by the last day of the public exchange offer that TotalFinaElf conducted in 1999. These shares can be exchanged for TotalFinaElf shares (based on the exchange offer, 19 TotalFinaElf shares for 13 shares of Elf Aquitaine) guaranteed by the Company in the registration statement for the offer of September 22, 1999. As of December 31, 2001, 4,071,994 existing or future shares of Elf Aquitaine were eligible for this exchange option, with rights to subscribe to a maximum of 5,951,375 TotalFinaElf shares.

### Personnel profit sharing and investment

On June 29, 2000, a profit-sharing agreement and a participation agreement were signed for 2000, 2001 and 2002 involving the following companies: TOTAL FINA ELF S.A., Total Raffinage Distribution, Total Solvants, Totalgaz, Elf Aquitaine, Elf Impex, Elf Exploration Production, Elf Aquitaine Exploration Production France, Elf Antar France, Elf Lubrifiants, Gaz du Sud-Ouest, Elf Trading France and Somarelf.

A total of 73.7 million euros is to be set aside in 2001 for the special participation and profit sharing reserve, for all the signatory companies of the Group.

### Information policy

In addition to its annual report, the Group routinely publishes information on its activities through regular publications and its Internet site, <http://www.totalfinaelf.com>. Major events are independently notified in press releases.

Moreover, TotalFinaElf has applied to register its annual report as a reference document with the COB since 1989. Beginning with the 2001 financial year, pursuant to COB Regulation No. 2001-05, the reference document is no longer registered with the COB but simply filed with its office. From now on, the COB will check the reference document after it is filed. The Group also organizes regular information meetings, in France and abroad, for shareholders, journalists and financial analysts.

### Financial information official

#### Paris:

Ladislav Paszkiewicz  
2, place de la Coupole  
La Défense 6  
92400 Courbevoie - France  
Tel: (33) +1 47 44 58 53  
Fax: (33) +1 47 44 58 24

#### New York:

Robert Hammond  
TotalFinaElf Services, Inc.  
444 Madison Avenue  
New York, NY 10022-6903  
U.S.A.  
Tel: (00 1) 212 922 30 30  
Fax: (00 1) 212 922 30 74

# Administration – Management – Control

## INFORMATIONS CONCERNING THE CURRENT DIRECTORS

(Article L. 225-102-1 of the Code of commerce)

### Thierry Desmarest

Président-Directeur Général

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- Elf Aquitaine

Chairman of:

- Fondation Total

Member of the Supervisory Board of:

- Air Liquide
- Areva

Director of:

- Sanofi-Synthelabo
- Cogema (until September 14, 2001)

Total compensation and benefits of any nature received during 2001: 2,225,070 euros

### Lord Alexander of Weedon Q.C.

Director

Other duties exercised during the 2001 fiscal year:

Chairman of:

- The House of Lords Delegated Powers and Deregulation Committee
- The Royal Shakespeare company
- Justice, the all-party law Reform Body

Chancellor:

- Exeter University

Total compensation and benefits of any nature received during 2001: 23,268.72 euros

### Yves Barsalou

Director

Other duties exercised during the 2001 fiscal year:

Chairman of:

- VVO Listel (Groupe La Languedocienne) – Sète
- CICA – Zurich (until november 2001)

President:

- Crédit Foncier Monaco

Vice-Chairman of:

- Midi Libre
- U.I. - Paris

Director of:

- Société des caves & producteurs réunis de Roquefort
- Banco Espírito Santo - Lisbonne
- Sodagri – Rodez
- Crédit Lyonnais (until September 6, 2001)

Member of the Supervisory Board of:

- Crédit Agricole Indosuez (until September 6, 2001)

Total compensation and benefits of any nature received during 2001: 31,537.44 euros

### Daniel Bouton

Director

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- Société Générale

Director of:

- Schneider Electric SA

Member of the Supervisory Board of:

- Vivendi Environnement

Total compensation and benefits of any nature received during 2001: 39,806.16 euros

### Bertrand Collomb

Director

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- Lafarge - Paris

Member of the Supervisory Board of:

- Allianz - Munich

Director of:

- Crédit Commercial de France – Paris
- ATCO - Calgary

Total compensation and benefits of any nature received during 2001: 39,671.80 euros

### Honorable Paul Desmarais

Director

Other duties exercised during the 2001 fiscal year:

Chairman of the Executive Committee of:

- Power Corporation du Canada

Vice-Chairman of:

- Groupe Bruxelles Lambert S.A. (Bruxelles)

Chairman and Managing Director of:

- Pargesa Holding S.A. (Suisse)

Chairman of the Board of:

- P.C. Limited (Bermudes)
- Power Asia Capital Limited (Bermudes)

Director of:

- Corporation Financière Power (Canada)
- Electrafina S.A. (until its merger with GBL on April 26, 2001)
- La Great-West, compagnie d'assurance-vie (Canada)
- Great-West Lifeco Inc. (Canada)
- Groupe d'assurances London Inc. (Canada)
- Groupe Investors Inc. (Canada)
- London Life, compagnie d'assurance-vie (Canada)
- La Presse, Ltée (Canada)
- Telegraph Group Limited (Londres)

Member of the Advisory Board of:

- Barrick Gold Corporation (Canada)

Total compensation and benefits of any nature received during 2001: 15,000.00 euros

**Xavier Dupont**

Director

Other duties exercised during the 2001 fiscal year:

Chairman of:

- Alfi-Convertix - Luxembourg
- Natexis Quantactions France - Paris

Vice Chairman of the Supervisory Board:

- ACOFI - Paris

Member of the Supervisory Board of:

- Banque Privée Saint Dominique - Paris

Member of the Supervisory Board and Honorary Chairman of:

- Natexis-Capital - Paris

Member of:

- European Association of Securities dealers Automated Quotation
- International Commission of Appeal - Bruxelles

Total compensation and benefits of any nature received during 2001: 39,806.16 euros

**Michel François-Poncet**

Director

Other duties exercised during the 2001 fiscal year:

Chairman of:

- BNP Paribas (Suisse)

Vice-Chairman of:

- BNP Paribas
- Pargesa Holding SA (Suisse)

Director of:

- BNP Paribas UK Holdings Limited
- LVMH Louis Vuitton Moët Hennessy
- Schneider Group
- Erbé - Belgique
- Power Corporation of Canada – Canada
- Finaxa
- Vittoria Assicurazioni
- Eridania Beghin-Say (until June 30, 2001)

Member of the Supervisory Board of:

- Axa

Total compensation and benefits of any nature received during 2001: 43,671.80 euros

**Jacques Friedmann**

Director

Other duties exercised during the 2001 fiscal year:

Director of:

- BNP Paribas - Paris
- Vivendi Universal- Paris
- Alcatel (until July 25, 2001)

Total compensation and benefits of any nature received during 2001: 51,671.80 euros

**Baron Goossens**

Director

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- Belgacom

Chairman of:

- Belgacom Mobile
- BEN Nederland N.V.

Director of:

- K.B.C. Holding Banque Assurance
- Sofina
- FEB (Belgian Federation of Entreprises)
- VEV (Flemish employers association)

Director of:

- Comité Olympique Belge

Member of the Supervisory Board of:

- Columbia Business School

Total compensation and benefits of any nature received during 2001: 27,403.08 euros

**Frédéric Isoard**

Director

Other duties exercised during the 2001 fiscal year:

None.

Total compensation and benefits of any nature received during 2001: 39,806.16 euros

**Bertrand Jacquillat**

Director

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- Associés en Finance

Director of:

- Klepierre

Professor at:

- L'Institut d'Études Politiques de Paris

Total compensation and benefits of any nature received during 2001: 55,806.16 euros

**Antoine Jeancourt Galignani**

Director

Other duties exercised during the 2001 fiscal year:

Chairman of:

- GECINA
- AGF (until June 5, 2001)
- AGF Assurances (until June 5, 2001)
- AGF International (until June 5, 2001)
- AGF- I.A.R.T. (until June 5, 2001)
- AGF - Vie (until June 5, 2001)

Chairman of the Board of Directors of:

- SNA SAL - Beyrouth

Chairman of the Supervisory Board of:

- Euro Disney SCA

Director of:

- Assurances Générales de France
- Société Générale
- Kaufman & Broad S.A.

Member of the Supervisory Board of:

- Fox Kids Europe NV

Total compensation and benefits of any nature received during 2001: 35,671.80 euros

**Anne Lauvergeon**

Director

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- Cogema

Chairman of the Management Board:

- Areva

Director of:

- Suez
- Sagem
- Péchiney

Permanent representative of Cogema:

- Usinor
- Eramet
- Framatome (until September 3, 2001)
- CEA Industrie (until September 3, 2001)

Total compensation and benefits of any nature received during 2001: 35,671.80 euros

**Michel Pébereau**

Director

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- BNP Paribas - Paris

Chairman of:

- Compagnie d'Investissements de Paris (CIP) (until April 4, 2001)

Director of:

- Lafarge - Paris
- Saint Gobain - Paris
- BNP Paribas UK Holdings Limited - Londres

Member of the Supervisory Board of:

- Axa - Paris
- Galeries Lafayette – Paris
- Dredner Bank AG - Francfort

Permanent representative of BNP PARIBAS:

- Renault

Total compensation and benefits of any nature received during 2001: 35,671.80 euros

**Thierry de Rudder**

Director

Other duties exercised during the 2001 fiscal year:

Director of:

- Compagnie Nationale à Portefeuille
- Société Générale de Belgique
- Tractebel
- PetroFina
- Rhodia
- Imerys
- LASMO PLC (until February 3, 2001)

Total compensation and benefits of any nature received during 2001: 55,806.16 euros

**Jürgen Sarrazin**

Director

Other duties exercised during the 2001 fiscal year:

None.

Total compensation and benefits of any nature received during 2001: 31,537.44 euros

**Robert Studer**

Director

Other duties exercised during the 2001 fiscal year:

Director of:

- BASF
- Esperito Santo Financial Group S.A.
- Renault
- Schindler Holding AG

Total compensation and benefits of any nature received during 2001: 35,671.80 euros

**Serge Tchuruk**

Director

Other duties exercised during the 2001 fiscal year:

Chairman and Chief Executive Officer:

- Alcatel

Director of:

- Vivendi Universal
- Thales
- Société Générale
- Institut Pasteur
- Alstom (jusqu'en mars 2001)

Chairman of the Board of Directors of:

- Alcatel USA Holdings Corp.

Member of the Supervisory Board of:

- Alcatel Deutschland GmbH

Member of the Board of Directors of:

- l'École polytechnique

Total compensation and benefits of any nature received during 2001: 35,403.08 euros

**Pierre Vaillaud**

Director

Other duties exercised during the 2001 fiscal year:

Director of:

- Technip Coflexip
- Egis

Member of the Supervisory Board of:

- Oddo Pinatton

Total compensation and benefits of any nature received during 2001: 39,806.16 euros

**AUDITORS**

**Statutory Auditors**

**KPMG Audit**

KPMG S.A. Department  
1, cours Valmy, 92923 Paris-La-Défense  
Appointed on 13/05/1998 for six-year term  
R. Amirkhanian

**Barbier Frinault et Autres**

**Andersen**  
41, rue Ybry, 92576 Neuilly-sur-Seine Cedex  
Appointed on 21/05/1997 for one-year term  
Reappointed 13/05/1998 for six-year term  
P. Macioce

**Alternate Auditors**

**Cabinet Salustro Reydel**

8, avenue Delcassé, 75378 Paris Cedex 08  
Appointed on 20/06/1986  
Reappointed on 13/05/1998 for six-year term

**M. Alain Grosmann**

c/o Barbier Frinault et Autres  
41, rue Ybry, 92576 Neuilly-sur-Seine Cedex  
Appointed on 21/05/1997 for one-year term  
Reappointed on 13/05/1998 for six-year term

Statutory auditors and alternate auditors were appointed for a period expiring on the date of the Shareholders' Meeting during which shareholders will be asked to approve the consolidated financial statements of the year ended 2003.

**Regulated agreements**

The list of regulated agreements contemplated in articles L. 225-39, L. 225-115 of the French Business Code and which is made available to shareholders at the Company headquarters indicates that there are no agreements that could have a material effect on the financial position of the Company. In particular, there are no agreements between the Company and any shareholder holding more than 5% of the voting rights of the Company.

*Note: The directors currently in office did not receive any compensation or benefits of any nature from companies controlled by TOTAL FINA ELF S.A. The remuneration indicated above (except in the case of the President) corresponds only to the directors fees paid in the 2001 fiscal year.*



# Parent Company

## SIMPLIFIED FINANCIAL STATEMENTS OF THE PARENT COMPANY <sup>(1)</sup>

(in millions of euros)

SUMMARIZED STATEMENT OF INCOME	2001	2000	1999
Operating result	1,197	1,335	721
Financial result	3,321	1,155	1,471
Including:			
• Income from subsidiaries and affiliated companies	3,660	1,245	739
• Non-recurring items and taxes	(689)	522	(1,276)
<b>Net profit</b>	<b>3,829</b>	<b>3,012</b>	<b>916</b>

(in millions of euros), except for number of shares

CHANGES IN SHAREHOLDERS' EQUITY	Issued shares		Paid-in surplus	Retained earnings	Revaluation reserve	Total
	Number	Amount				
<b>December 31, 2000</b>	<b>740,465,798</b>	<b>7,405</b>	<b>52,717</b>	<b>6,401</b>	<b>43</b>	<b>66,566</b>
Cash dividend <sup>(1)</sup>				(2,361)		(2,361)
2001 Net income				3,829		3,829
Cancellation of purchased treasury shares	(35,368,000)	(354)	(5,269)			(5,623)
Subscription of shares exercised by Elf beneficiaries per the exchange guarantee	327,617	3	48			51
Issuance of common shares	506,249	5	21			26
Warrants	3,295					-
Changes in revaluation reserve					78	78
<b>December 31, 2001</b>	<b>705,934,959</b>	<b>7,059</b>	<b>47,517</b>	<b>7,869</b>	<b>121</b>	<b>62,566</b>

(1) Dividends distributed during 2001: 2,361 millions euros (3,30 euros per share).

**SUMMARIZED BALANCE SHEET AT DECEMBER 31**

<i>(in millions of euros)</i>	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>Assets</b>			
<b>Non-current assets</b>	<b>78,741</b>	<b>79,986</b>	<b>69,333</b>
Intangible assets	16	18	20
Property, plant and equipment	188	77	77
Investments	78,537	79,891	69,236
– Investments in subsidiaries and affiliated companies	71,531	70,607	59,863
– Loans to subsidiaries and affiliated companies	7,006	9,284	9,373
<b>Current assets</b>	<b>3,469</b>	<b>3,938</b>	<b>3,138</b>
Inventories	1	2	13
Accounts and notes receivable	2,472	2,520	1,697
Marketable securities	905	446	407
Cash / cash equivalent and short term deposits	91	970	1,021
<b>Adjustment accounts</b>	<b>9</b>	<b>9</b>	<b>12</b>
<b>Total</b>	<b>82,219</b>	<b>83,933</b>	<b>72,483</b>
<b>Liabilities and shareholders' equity</b>			
<b>Shareholders' equity</b>	<b>62,567</b>	<b>66,567</b>	<b>62,595</b>
Common shares	7,059	7,405	7,222
Reserves, retained earnings	51,679	56,150	54,457
Income for the year	3,829	3,012	916
<b>Contingency reserves</b>	<b>266</b>	<b>328</b>	<b>179</b>
<b>Debts</b>	<b>19,332</b>	<b>16,912</b>	<b>9,637</b>
Loans	17,361	14,831	8,246
– Debentures other than convertible <sup>(1)</sup>	5,861	5,810	3,329
– Other loans and bank overdrafts	11,500	9,012	4,917
Liabilities	1,971	2,081	1,391
<b>Adjustment accounts</b>	<b>54</b>	<b>126</b>	<b>72</b>
<b>Total</b>	<b>82,219</b>	<b>83,933</b>	<b>72,483</b>

*(1) Including assimilated loans.*

The summarized financial statements of the Parent Company have been prepared in accordance with French Generally Accepted Accounting Principles. The full financial statements of the Parent Company are available upon request from the Company.

**SUBSIDIARIES AND AFFILIATES**

(in millions of euros)

Decembre 31, 2001	% of capital owned by company	Capital	Other share-holders' equity	Book value of investments		Loans & advances	Sales for the year	Net Income	Dividend received	Commitments contingencies
				gross	net					
<b>SUBSIDIARIES</b>										
Total Chimie	100.0	930	11,525	13,117	13,117	-	-	612	694	-
TotalFinaElf EP Algérie	100.0	35	404	129	129	-	555	131	-	-
Omnium Insurance and Reinsurance Cy.	100.0	45	192	115	115	-	200	81	-	-
Elf Aquitaine	95.6	2,222	8,370	44,757	44,757	-	385	3,884	876	-
Elf Antar France	59.6	535	2,372	2,632	2,632	-	8,963	1,132	108	-
Total Fina Gestion	100.0	3,969		3,969	3,969	-	-	-	-	-
TotalFinaElf Holdings Europe	51.4	63	2,949	3,966	3,966	-	-	1,035	629	-
Other	-	-	-	3,113	2,845	7,695	-	-	1,353	3,520
<b>Total</b>	-	-	-	<b>71,798</b>	<b>71,530</b>	<b>7,695</b>	-	-	<b>3,660</b>	<b>3,520</b>

**FIVE-YEAR FINANCIAL DATA**

	2001	2000	1999	1998	1997
<b>I - CAPITAL AT YEAR END</b>					
<i>(in thousands of euros, except for number of shares)</i>					
Common stock	7,059,350	7,404,658	7,222,037	1,865,882	1,862,418
Number of shares of common stock outstanding	705,934,959	740,465,798	722,203,679	244,787,638	244,333,176
Potential number of shares for issue					
• share subscription options	449,881	962,680	1,522,135	2,578,770	3,052,332
• TotalFinaElf US warrants	1,786,395	1,789,691	1,674,958	-	-
• exchange of Elf Aquitaine share subscription and purchase options	5,951,375	6,296,965	6,786,902	-	-
• PetroFina employee warrants	-	-	136,359	-	-
<b>II - OPERATIONS AND INCOME FOR THE YEAR</b>					
<i>(in thousands of euros)</i>					
Net commercial sales	3,949,347	16,488,288	7,666,169	4,575,011	6,777,501
Employee profit sharing	10,200	10,214	10,214	4,573	7,394
Net income	3,828,722	3,012,113	916,109	572,623	662,432
Retained earnings brought forward	651,989	19,134	385,535	501,955	398,369
Income available for appropriation:	4,480,711	3,031,247	1,301,644	1,074,578	1,060,801
• Legal reserve	-	18,262	1,061	346	1,683
• Provident funds	-	-	-	-	-
• Reserves	-	-	(408,756)	-	76,224
• Dividends	2,712,141	2,449,443	1,709,339	704,319	484,229
• Retained earnings	1,768,570	563,542	-	369,913	498,665
<b>III - EARNINGS PER SHARE</b>					
<i>(in euros)</i>					
Income after tax, before depreciation, amortization and provisions <sup>(1)</sup>	5.51	4.56	0.98	2.74	1.70
Net income <sup>(1)</sup>	5.52	4.26	2.61	2.33	2.70
Net dividend per share	3.80	3.30	2.35	2.00	1.98
<b>IV - PERSONNEL</b>					
<i>(in thousands of euros, except for the number of employees)</i>					
Average number of employees during the year <sup>(2)</sup>	2,645	2,488	2,523	2,501	2,424
Total payroll for year	219,987	203,501	171,122	162,217	150,252
Social security and other staff benefits	106,315	85,738	85,083	79,574	77,734

<sup>(1)</sup> Earnings per share are calculated on the basis of the weighted average number of common shares and common share equivalents outstanding during the year.

<sup>(2)</sup> Including employees on early retirement or paid training leave (30 in 2000 and 7 in 2001).

## STATEMENTS OF CHANGES IN CAPITAL

(in thousands of euros, except for number of shares)

Year	Increase in capital	Par Value	Issue / conversion premium	Successive amount of nominal capital	Cumulated number of shares
<b>1997</b>	Capital increase:				
	• Capital increase reserved for employees	12,431	69,859	1,858,021	243,756,344
	• Employees share subscription plans	4,397	15,636	1,862,418	244,333,176
<b>1998</b>	Capital increase:				
	• Employees share subscription plans	3,464	13,673	1,865,882	244,787,638
<b>1999</b>	Capital increase:				
	• Nominal value change	581,995	(581,995)	2,447,877	244,787,638
	• PetroFina	1,046,198	10,721,356	3,494,075	349,407,436
	• Elf	3,717,351	37,860,626	7,211,426	721,142,550
	• Warrants	19	158	7,211,445	721,144,494
	• Employees share subscription plans	10,592	35,377	7,222,037	722,203,679
<b>2000</b>	Capital increase:				
	• Capital increase reserved for employees	19,772	173,229	7,241,809	724,180,872
	• PetroFina	10,429	154,354	7,252,238	725,223,819
	• Elf	144,378	2,315,869	7,396,616	739,661,587
	• Warrants	31	302	7,396,647	739,664,662
	• Employees share subscription plans Elf	2,489	34,439	7,399,136	739,913,543
	• Employees share subscription plans	5,522	21,144	7,404,658	740,465,798
<b>2001</b>	Capital increase/decrease:				
	• Warrants	33	318	7,404,691	740,469,093
	• Subscription of shares exercised by the Elf beneficiaries per the exchange guarantee	3,276	47,760	7,407,967	740,796,710
	• Employees share subscription plans	5,063	20,740	7,413,030	741,302,959
	• Capital decrease	(353,680)	(5,269,375)	7,059,350	705,934,959

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