



Registration Document

2005



TOTAL

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Registration Document 2005

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

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

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

The statutory auditors have issued reports on the historical financial information appearing in this *document de référence*, which are included on pages 164 and 245 of this document."

Thierry Desmarest
Chairman of the Board



The French language version of this Registration Document was filed with the French Financial Markets Authority on March 31, 2006 pursuant to Article 212-13 of the general regulations of the Financial Markets Authority. It may be used in connection with a financial operation if completed by a prospectus for the operation and a summary, each of which has received the visa of the Financial Markets Authority.

Key figures

Selected financial information

Consolidated data, in millions of euros, except number of shares, earnings per share, dividends and percent amounts.

	2005	2004	2004	2003
		(IFRS)	(French GAAP)	
Sales	143,168	121,998	122,700	104,652
Operating income	24,047	16,686	16,061	12,770
Adjusted operating income from business segments ^{(1) (2)}	23,669	17,217	17,123	13,004
Adjusted net operating income from business segments ^{(1) (2)}	11,902	8,957	8,792	6,973
Consolidated net income	12,643	11,149	9,872	7,219
Minority interests in the consolidated net income	370	281	260	194
Net income (Group share)	12,273	10,868	9,612	7,025
Adjusted net income (Group share) ^{(1) (2)}	12,003	9,131	9,039	7,344
Fully-diluted weighted-average number of shares (in millions)	590.5	606.6	615.9	635.1
Earnings per share (euros) ⁽³⁾	20.91	17.99	15.64	11.10
Fully-diluted earnings per share (euros) ⁽⁴⁾	20.78	17.92	15.61	11.06
Fully-diluted adjusted earnings per share (euros) ^{(1) (2) (4)}	20.33	15.05	14.68	11.56
Dividend per share (euros) ⁽⁵⁾	6.48	5.40	5.40	4.70
Total assets (as of December 31,)	106,144	86,767	84,161	79,963
Total non-current assets (as of December 31,)	62,391	53,827	52,533	50,450
Total equity ⁽⁶⁾ (as of December 31,)	39,477	30,640	30,203	28,539
Net debt / Equity (as of December 31,)	32%	31%	27%	26%
Return on Average Capital Employed (ROACE)	27%	24%	24%	19%
Return on equity	35%	33%	31%	26%
Cash flow from operating activities	14,669	14,662	14,429	12,487
Expenditures	11,195	8,904	8,668	7,728
Divestitures at selling price	1,088	1,192	1,192	1,878

(1) IFRS GAAP: excluding special items, inventory valuation effect and TOTAL's equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

(2) French GAAP: excluding special items and TOTAL's equity share of amortization of goodwill and intangible assets related to the Sanofi-Aventis merger.

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

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

(5) 2005 dividend: subject to approval by the May 12, 2006 Annual Shareholders' Meeting.

(6) Total 2005 equity: after distribution of a dividend of 6.48€ per share (10€ par value) of which 3.00€ has already been paid on November 24, 2005.

Operating and market data

	2005	2004	2003
Brent price (\$/b)	54.5	38.3	28.8
€/€	1.24	1.24	1.13
TRCV refining margins (\$/t)	41.6	32.8	20.9
Hydrocarbon production (kboe/d)	2,489	2,585	2,539
Liquids production (kb/d)	1,621	1,695	1,661
Gas production (Mcf/d)	4,780	4,894	4,786
Refinery throughput (kb/d) ⁽⁷⁾	2,410	2,496	2,481
Refined product sales (kb/d) (kb/j) ⁽⁸⁾	3,885	3,771	3,652

(7) Including share of Cepsa (regarding interest in Cepsa, see page 162).

(8) Including share of Cepsa and Trading activities.

Abbreviations

b: barrel

cf: cubic feet

/d: per day

/y: per year

€: euro

\$: US dollar

t: metric ton

boe: barrel of oil equivalent

kboe/d: thousand boe/d

kb/d: thousand barrel/d

Btu: British thermal unit

M: million

B: billion

MW: megawatt

MWp: megawatt peak

TWh: terawatt hour

TRCV: Topping Reforming Cracking Visbreaking.

Refining margin indicator after variable costs of a theoretical average refinery located in Rotterdam which processes a variety of crude oil representing the average supply in the area to provide main products quoted in this same area.

Definitions

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

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

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Conversion table

1 boe = 1 barrel of crude oil = approx. 5.5 cf of gas in 2005

1 b/d = approx. 50 t/year

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

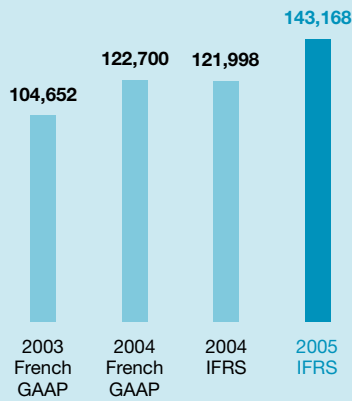
1 Bm³/y = approx 0.1 Bcf/d

1 m³ = approx. 35.3 cf

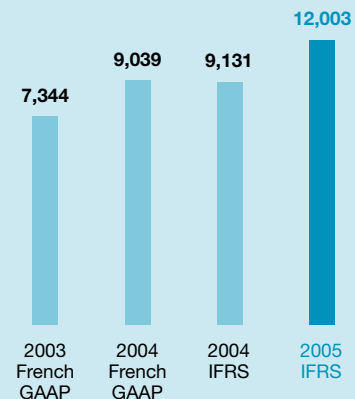
1 t of LNG = approx. 8.9 boe = approx. 48 Mcf of gas

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

Sales (M€)

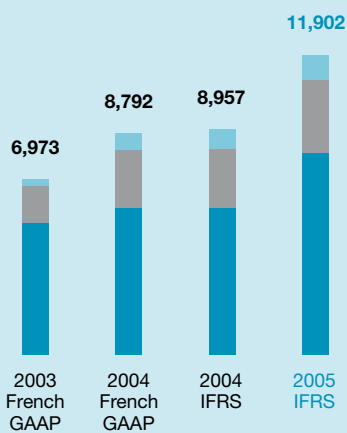


Adjusted net income (Group share) (M€)

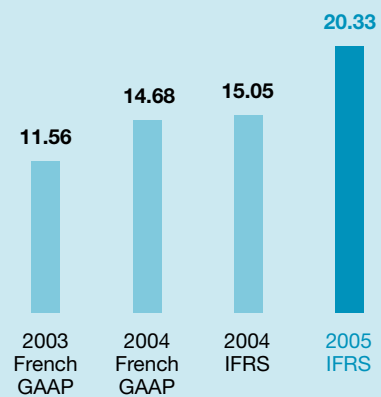


Adjusted net operating income from business segments (M€)

● Upstream ● Downstream ● Chemicals

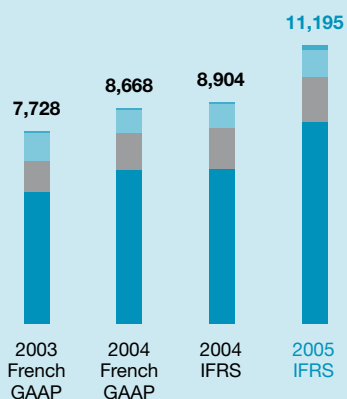


Adjusted fully-diluted earnings per share (€)

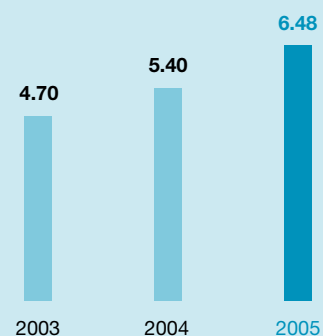


Gross capital expenditures (M€)

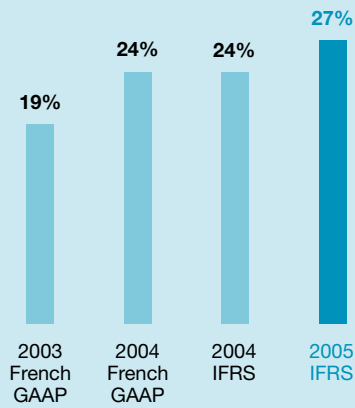
● Upstream ● Downstream ● Chemicals ● Holding



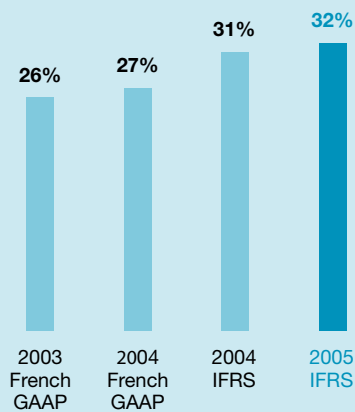
Dividend per share (€)



Return on average capital employed (ROACE)



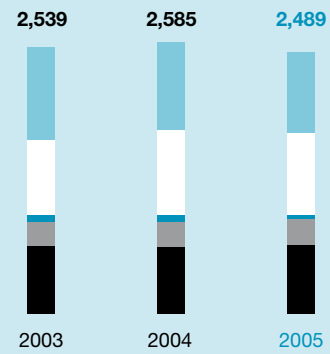
Net-debt-to-equity ratio (at December 31)



UPSTREAM

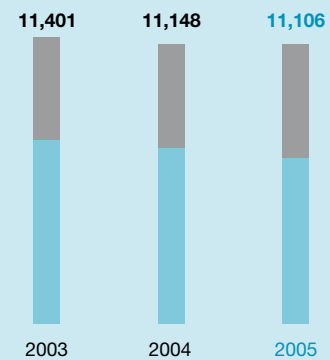
Liquids and gas production by region (kboe/d)

● Europe ● Africa ● North America
● Asia ● Rest of the World



Liquids and gas reserves (Mboe)

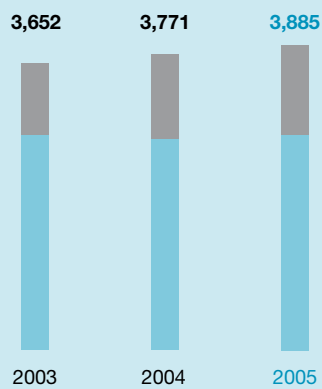
● Gas ● Liquids



DOWNSTREAM

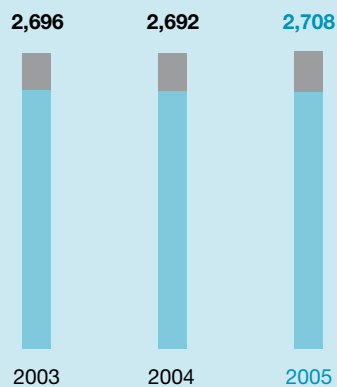
Refined product sales (kb/d)
including Trading

● Europe ● Rest of the World



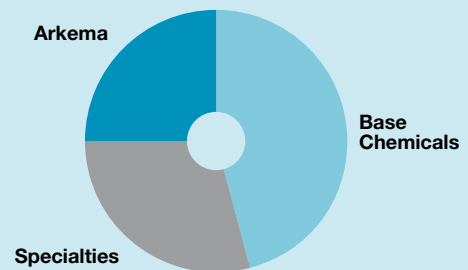
Refining capacity (kb/d)
at year-end

● Europe ● Rest of the World

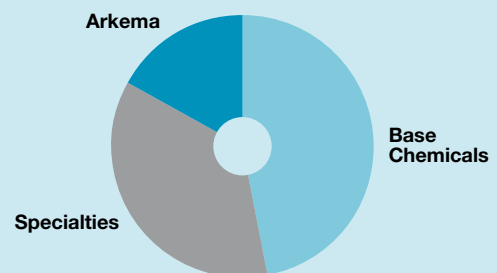


CHEMICALS

2005 Sales by sector: 22.3 B€



2005 Adjusted net operating income: 0.96 B€

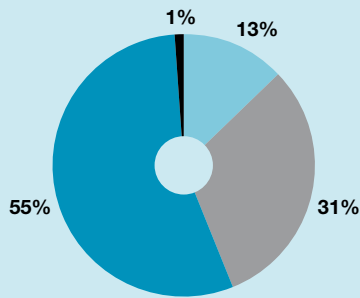


Key figures

Operating and market data

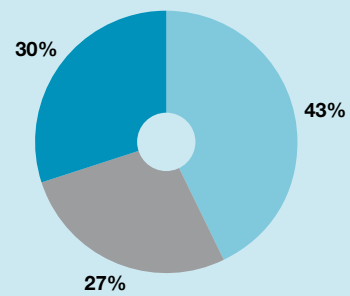
Headcount by business segment

- Upstream ● Downstream
- Chemicals ● Holding



Headcount by region

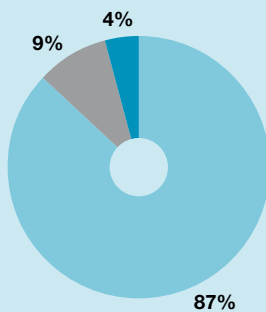
- France ● Rest of Europe
- Rest of the World



Consolidated subsidiaries Employees as of December 31, 2005 : 112,877

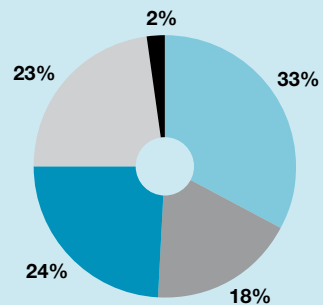
Shareholder base *

- Institutional shareholders ● Individual shareholders
- Group's employees



Shareholder base by region *

- France ● United Kingdom ● Rest of Europe
- North America ● Rest of the World



* Estimated as of December 31, 2005, excluding treasury shares and intra-group shareholdings

Business overview

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History and strategy of TOTAL

History and development

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

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

TOTAL also produces base chemicals (petrochemicals and fertilizers), chlorochemicals, intermediates, performance polymers (organized under Arkema since October 2004) and specialty chemicals for the industrial and consumer markets. In addition, TOTAL has interests in the coal mining and power generation sectors, as well as a financial interest in the pharmaceutical sector (Sanofi-Aventis).

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

The Group, which operated under the name TotalFina from June 1999 to March 2000, and then under the name TotalFinaElf, since the General Meeting held on May 6, 2003, operates under the name TOTAL.

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.total.com.

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

Strategy

TOTAL's strategy is to:

- grow its hydrocarbon exploration and production activities throughout the world, and reinforce its position as one of the global leaders in the natural gas and LNG markets;
- develop and adapt its refining system and consolidate its position in the marketing segment in Europe, while expanding its positions in the Mediterranean basin, African and Asian markets;
- rationalize and develop its chemicals portfolio by giving priority to improving profitability and to creating a new decentralized entity encompassing the Vinyl Products, Industrial Chemicals and Performance Products activities. This entity, named Arkema, was officially created on October 1, 2004 and is expected to become a stand-alone entity when the Company's shareholders vote on the proposed spin-off, thereby allowing the Group to focus its Chemicals activities on petrochemicals (base chemicals and polymers) and specialty chemicals.

* based on market capitalization as of December 31, 2005.

Upstream

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

The Group has exploration and production activities in 41 countries and produces oil or gas in 29 countries.

2.49 Mboe/d produced in 2005.

11.1 Bboe of reserves as of December 31, 2005. *

2005 investments: **8.1 billion euros**.

14,849 employees.

* Based on year-end Brent price of 58.21 \$/b.

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Non-group sales	20,888	15,037	21,995	18,704
Adjusted operating income ⁽¹⁾	18,421	12,844	12,820	10,476
Adjusted net operating income ⁽¹⁾	8,029	5,859	5,834	5,259

Market conditions were favorable for the oil industry in 2005. In a context of continued demand growth, the tension on production capacity, aggravated by the effect of hurricanes in the Gulf of Mexico, raised oil prices and refining margins to high levels.

Adjusted net operating income from the Upstream segment increased by 37% to 8,029 M€ from 5,859 M€ in 2004.

Expressed in dollars, the increase in adjusted net operating income from the Upstream segment was 2.7 B\$. The estimated 3 B\$ benefit from the stronger oil and gas market environment was partially offset by the estimated -0.2 B\$ impact of lower production, excluding the price effect, that was essentially due to hurricanes in the Gulf of Mexico, and by other factors, including higher costs, estimated at -0.1 B\$.

Technical costs (FAS 69 consolidated subsidiaries only) were 8.5 \$/boe in 2005 compared to 8.0 \$/boe in 2004.

Price realizations	2005	2004	2003
Liquids realizations (\$/b)	51.0	36.3	27.8
Gas realizations (\$/Mbtu)	4.77	3.74	3.27

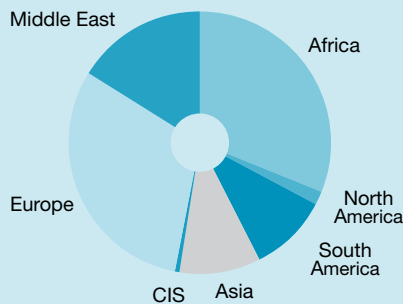
* Consolidated subsidiaries, excluding fixed margin and buy-back contracts.

For the year 2005, the increase in the average realized price for liquids was globally in line with the increase in the price of Brent, reflecting the price sensitivity of TOTAL's production. Realized gas prices increased in all producing areas, gradually benefiting from the positive effects of high crude oil prices on long-term gas contracts, notably in Europe.

(1) IFRS and French GAAP: excluding special items

Production

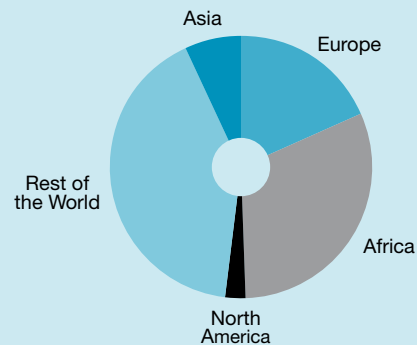
Hydrocarbon production	2005	2004	2003
Combined production (kboe/d)	2,489	2,585	2,539
• Liquids (kb/d)	1,621	1,695	1,661
• Gas (Mcf/d)	4,780	4,894	4,786



Production declined by 3.7% in 2005 compared to 2004. Adjusted for the price effect and excluding the impact of the hurricanes in the Gulf of Mexico, the Group's hydrocarbon production remained stable in 2005. Production growth, mainly from Venezuela, Libya, Indonesia, Trinidad and Tobago and Argentina, were offset by decreases in the North Sea (notably due to the decommissioning of Frigg) and in Syria.

Reserves

Reserves as of December 31, 2005	2005	2004	2003
Hydrocarbon reserves (Mboe)	11,106	11,148	11,401
• Liquids (Mb)	6,592	7,003	7,323
• Gas (Bcf)	24,750	22,785	22,267



Proved reserves, calculated according to SEC rules, were 11,106 Mboe at December 31, 2005, representing 12.2 years of production at the current rate. Using year-end prices (Brent at 58.2 \$/b), as required by the SEC, the calculation had a negative impact on proved reserves estimated at 0.2 Bboe.

The reserve replacement rate ⁽¹⁾ for the 2003-2005 period, based on SEC rules, was 97% for the Group (consolidated subsidiaries and equity affiliates). For 2005, the rate was 95%.

Excluding the impact of changing prices (Brent constant at 40 \$/b), the Group's reserve replacement rate would be 118% for the 2003-2005 period and 120% for 2005.

At year-end 2005, TOTAL had a solid and diversified portfolio of proved and probable reserves representing 20 Bboe, or close to 22 years of production at the current rate ⁽²⁾.

(1) *change in reserves excluding production (i.e. revisions + discoveries, extensions + acquisitions - sales) / production for the period.*

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

Exploration & Production

Exploration and development

TOTAL's Upstream segment intends to continue to combine long-term growth and profitability at the level of the best in the industry.

TOTAL evaluates exploration opportunities based on a variety of geological, technical, political and economic factors (including taxes and concession terms), as well as on projected oil and gas prices. Discoveries and extensions of existing discoveries accounted for approximately 73% of the 2,607 Mboe added to the Upstream segment's proved reserves during the three-year period ended December 31, 2005 (before deducting production and sales of reserves in place and adding any acquisitions of reserves in place during this period). The remaining 27% comes from revisions.

TOTAL continued to follow an active exploration program in 2005, with exploration expenditures of consolidated subsidiaries amounting to 644 M€ (including unproved property acquisition costs). The principal exploration expenditures were made in Nigeria, Angola, the United Kingdom, Norway, Congo, the United States, Libya, Algeria, Argentina, Kazakhstan, Colombia, Indonesia and the Netherlands. In 2004, the Group's exploration expenditures amounted to 651 M€, principally in the United States, Nigeria, Angola, the United Kingdom, Libya, Algeria, Congo, Kazakhstan, Norway, Bolivia, the Netherlands, Colombia and Indonesia. In 2003, exploration expenditures amounted to 630 M€ principally in Nigeria, Kazakhstan, the United States, Libya, Angola, the United Kingdom, the Netherlands, Norway, Bolivia, Algeria, Congo, Brunei, Brazil and Venezuela.

The development expenditures of the Group's consolidated Exploration & Production subsidiaries amounted to 5.2 B€ in 2005, primarily in Norway, Angola, Nigeria, Kazakhstan, Indonesia, the United Kingdom, Qatar, Congo, Azerbaijan, Gabon, Canada and Yemen. 2004 development expenditures amounted to 4.1 B€. The principal development investments for 2004 were carried out in Norway, Angola, Nigeria, Indonesia, Kazakhstan, the United Kingdom, Qatar, Azerbaijan, the United States, Gabon, Congo, Libya, Trinidad & Tobago, Venezuela and Iran. In 2003, development expenditures amounted to 3.8 B€ and were made principally in Norway, Angola, Nigeria, Indonesia, the United States, Iran, the United Kingdom, Gabon, Azerbaijan, Qatar, Congo and Venezuela.

Reserves

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

This process involves making subjective judgments. Consequently, measures of reserves are not precise and are subject to revision.

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

Significant features of the reserves estimation process include:

- internal peer reviews of technical evaluations also to ensure that the SEC definitions and guidance are followed, and
- a requirement that management make significant funding commitments toward the development of the reserves prior to booking.

TOTAL's oil and gas reserves are reviewed annually to take into account, among other things, production levels, field reassessments, the addition of new reserves from discoveries and acquisitions, disposals of reserves and other economic factors. Unless otherwise indicated, references to TOTAL's proved reserves, proved developed reserves, proved undeveloped reserves and production reflect the entire Group's share of such reserves or production. TOTAL's worldwide proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates and of two companies accounted for by the cost method.

For further information concerning changes in TOTAL's proved reserves at December 31, 2005, 2004 and 2003, see "Supplemental Oil and Gas Information (Unaudited)", included on page 231 and after.

Rule 4-10 of Regulation S-X requires the use of the year-end price, as well as existing operating conditions, to determine reserve quantities. Reserves at year-end 2005 have been determined based on the Brent price on December 31, 2005 (\$58.21/b).

As of December 31, 2005, TOTAL's combined proved reserves of crude oil and natural gas were 11,106 Mboe (of which 50% were proved developed reserves). Liquids represented approximately 59% of these reserves and natural gas the remaining 41%. These reserves are located primarily in Europe (Norway, the United Kingdom, the Netherlands, Italy and France), Africa (Nigeria, Angola, Congo, Gabon, Libya, Algeria, and Cameroon), Asia/Far East (Indonesia, Myanmar, Thailand and Brunei), North America (Canada and the United States), the Middle East (United Arab Emirates, Qatar, Yemen, Oman, Iran and Syria), South America (Venezuela, Argentina, Bolivia, Trinidad & Tobago and Colombia), and the Commonwealth of Independent States (CIS) (Kazakhstan, Azerbaijan and Russia).

As of December 31, 2004, TOTAL's combined proved reserves of crude oil and natural gas were 11,148 Mboe (of which 51% were proved developed reserves). Liquids represented approximately 63% of these reserves and natural gas the remaining 37%. These reserves were located primarily in Europe (Norway, the United Kingdom, the Netherlands, Italy and France), Africa (Nigeria, Angola, Congo, Gabon, Algeria, Libya and Cameroon), Asia/Far East (Indonesia, Myanmar, Thailand and Brunei), North America (the United States and Canada), the Middle East (United Arab Emirates, Qatar, Oman, Iran, Syria and Yemen), South America (Venezuela, Argentina, Bolivia, Trinidad & Tobago and Colombia) and the CIS (Kazakhstan, Azerbaijan and Russia).

As of December 31, 2003, TOTAL's combined proved reserves of crude oil and natural gas were 11,401 Mboe (of which 52% were proved developed reserves). Liquids represented approximately 64% of these reserves and natural gas the remaining 36%. These reserves were located primarily in Europe (Norway, the United Kingdom, the Netherlands, France and Italy), Africa (Nigeria, Angola, Algeria, Congo, Gabon, Libya and Cameroon), Asia/Far

East (Indonesia, Thailand, Myanmar and Brunei), North America (the United States and Canada), the Middle East (United Arab Emirates, Oman, Iran, Qatar, Syria and Yemen), South America (Venezuela, Argentina, Bolivia, Colombia and Trinidad & Tobago) and the CIS (Kazakhstan, Azerbaijan and Russia).

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

An increase in the year-end price has the effect of reducing proved reserves associated with production sharing or buy-back agreements (which represent approximately 28% of TOTAL's reserves as of December 31, 2005). Under such contracts, TOTAL is entitled to receive a portion of the production, calculated so that its sale should cover expenses incurred by the Group. With higher oil prices, the volume of entitlement necessary to cover the same amount of expenses is lower.

This reduction is partially offset by an extension of the duration over which fields can be produced economically. However, the increase in reserves due to extensions is smaller than the decrease in reserves under production sharing or buyback agreements. For this reason, a higher year-end price translates into a decrease in TOTAL's reserves.

Considering the relatively high oil price as of December 31, 2005 (Brent \$58.21/b), an estimate of reserves is provided hereinafter based on a price of \$40/b. These estimates are for reserves that would have been otherwise calculated in accordance with Rule 4-10 of Regulation S-X if the Brent price at December 31, 2005 had been \$40/b, which is comparable to the 2004 year-end price of \$40.47/b. The proved reserves calculated under this \$40/b assumption would have been 11,329 Mboe.

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

TOTAL's Proved Reserves⁽¹⁾⁽²⁾	Liquids (Mb)	Natural Gas (Bcf)	Total (Mboe)
December 31, 2003	7,323	22,267	11,401
Change from December 31, 2002	1.3%	3.2%	1.8%
December 31, 2004	7,003	22,785	11,148
Change from December 31, 2003	(4.3%)	2.3%	(2.2%)
December 31, 2005	6,592	24,750	11,106
Change from December 31, 2004	(5.9%)	8.6%	(0.4%)
TOTAL Reserves⁽¹⁾ based on \$40/b scenario	Liquids (Mb)	Natural Gas (Bcf)	Total (Mboe)
December 31, 2005	6,778	24,973	11,329

(1) Includes TOTAL's proportionate share of the proved reserves of equity affiliates and of two companies accounted for by the cost method. See "Supplemental Oil and Gas Information (Unaudited)", included on page 231.

(2) Reserves as of December, 31 2005 are calculated based on a Brent crude price of \$ 58.21/b in accordance with Rule 4-10 of Regulation S-X.

Production

TOTAL's average daily production of liquids and natural gas was 2,489 kboe/d in 2005, down 3.7% from 2,585 kboe/d in 2004 (approximately 3% from the increase in oil and gas prices and approximately 0.5% from production shutdowns in the Gulf of Mexico due to hurricane damage, particularly Hurricane Katrina). In 2003, average production amounted to 2,539 kboe/d. Liquids accounted for approximately 65% and natural gas accounted for approximately 35% of TOTAL's combined liquids and natural gas production in 2005 on an oil equivalent basis.

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

Consistent with industry practice, TOTAL often holds a percentage interest in its acreage rather than a 100% stake, with the balance being held by joint venture partners (which may include other oil companies, state oil companies or government entities). TOTAL frequently acts as operator (the party responsible for technical production) on acreage in which it holds an interest. See "Presentation of Production Activities by Geographic Area" on pages 17 to 33 for a description of TOTAL's principal producing fields.

As in 2004 and 2003, substantially all of the crude oil production from TOTAL's E&P activities in 2005 was marketed by the Trading-Shipping activities of its Downstream segment. See "Downstream—Trading-Shipping" on page 46.

The majority of TOTAL's natural gas production is sold under long-term contracts. However, its North American production is sold on a spot basis as is part of its production from the United Kingdom, Norway and Argentina. The long-term contracts under which TOTAL sells its natural gas and LNG production usually provide for a price related to, among other factors, average crude oil and other petroleum product prices as well as, in some cases, a cost of living index. Although the price of natural gas and LNG tends to fluctuate in line with crude oil prices, there is a delay before changes in crude oil prices are reflected in long-term natural gas prices. Because of the relationship between the contract price of natural gas and crude oil prices, contract prices are not generally affected by short-term market fluctuations in the spot price of natural gas. See "Supplemental Oil and Gas Information (unaudited)", included on pages 231 to 242.

Production by geographic area

	2005			2004			2003		
	Liquids (kb/d)	Natural Gas (Mcf/d)	Total (kboe/d)	Liquids (kb/d)	Natural Gas (Mcf/d)	Total (kboe/d)	Liquids (kb/d)	Natural Gas (Mcf/d)	Total (kboe/d)
Consolidated affiliates									
Africa	672	418	751	693	440	776	612	404	689
Algeria	38	141	64	42	160	72	48	194	85
Angola	144	23	148	159	27	164	156	-	156
Cameroon	12	2	12	13	-	13	14	-	14
Congo	91	20	95	87	21	90	91	-	91
Gabon	94	26	98	99	27	104	104	9	105
Libya	84	-	84	62	-	62	42	-	42
Nigeria	209	206	250	231	205	271	157	201	196
Asia/Far East	29	1,254	248	31	1,224	245	25	1,156	232
Brunei	3	54	13	3	58	14	2	61	14
Indonesia	20	890	182	22	854	177	18	791	168
Myanmar	-	109	13	-	110	14	-	132	16
Thailand	6	201	40	6	202	40	5	172	34
CIS	8	2	9	9	-	9	8	-	8
Russia	8	2	9	9	-	9	8	-	8
Europe	390	2,063	770	424	2,218	832	460	2,286	880
France	7	117	29	9	143	35	10	153	38
Netherlands	1	283	51	1	330	59	1	324	58
Norway	247	734	383	263	775	406	276	703	405
United Kingdom	135	929	307	151	970	332	173	1,106	379
Middle East	98	28	103	110	39	117	140	37	146
Iran	23	-	23	26	-	26	50	-	50
Qatar	31	3	31	31	1	31	29	1	29
Syria	22	18	25	30	32	36	34	36	40
U.A.E.	14	7	16	16	6	17	19	-	19
Yemen	8	-	8	7	-	7	8	-	8
North America	9	174	41	16	241	61	4	294	59
Canada	<1	-	<1	-	-	-	-	-	-
United States	9	174	41	16	241	61	4	294	59
South America	143	586	247	128	474	213	130	363	196
Argentina	11	351	74	11	325	70	12	284	64
Bolivia	3	97	21	3	82	18	2	51	11
Colombia	19	38	26	24	32	30	32	28	37
Trinidad & Tobago	12	2	13	-	-	-	-	-	-
Venezuela	98	98	113	90	35	95	84	-	84
Total consolidated production	1,349	4,525	2,169	1,411	4,636	2,253	1,379	4,540	2,210
Equity and non-consolidated affiliates									
Africa ⁽¹⁾	24	4	25	37	4	37	34	-	34
Middle East ⁽²⁾	248	251	295	247	254	295	248	246	295
Total equity and non-consolidated affiliates	272	255	320	284	258	332	282	246	329
Worldwide production	1,621	4,780	2,489	1,695	4,894	2,585	1,661	4,786	2,539

(1) Essentially TOTAL's share of Cepsa's production in Algeria.

(2) Essentially TOTAL's share of production from concessions in the U.A.E.

Presentation of production activities by geographic area

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

Main producing fields at December 31, 2005 ⁽¹⁾					
	Year of entry into the country	Main Group-operated producing fields (Group share %) ⁽¹⁾	Main non-Group-operated producing fields (Group share %)	Liquids (L) or Gas (G)	
Africa	Algeria		Hamra (100.00%)	L	
			Ourhoud (18.00%) ⁽²⁾	L	
			RKF (45.28%) ⁽²⁾	L	
			Tin Fouye Tabankort (35.00%)	L, G	
	Angola	1953	Blocks 3-85 and 3-91 (50.00%)		L
			Girassol, Jasmim (Block 17) (40.00%)		L
				Block 2-85 (27.50%)	L
				Cabinda (Block 0) (10.00%)	L
				Kuito (Block 14) (20.00%)	L
	Cameroon	1951	Bakingili (25.50%)		L
			Ekoundou (25.50%)		L
			Kombo (25.50%)		L
			Mokoko (10.00%)		L
	Congo	1928	Nkossa (53.50%)		L
			Sendji (55.25%)		L
			Tchendo (65.00%)		L
			Tchibeli (65.00%)		L
			Tchibouela (65.00%)		L
			Yanga (55.25%)		L
				Loango (50.00%)	L
		Zatchi (35.00%)	L		
Gabon	1928	Anguille (100.00%)		L	
		Avocette (57.50%)		L	
		Baudroie Nord (50.00%)		L	
		Gonelle (100.00%)		L	
		Torpille (100.00%)		L	
				Rabi Kounga (47.50%)	L
Libya	1959	Al Jurf (37.50%)		L	
		Mabruk (75.00%)		L	
			El Sharara (7.50%)	L	
Nigeria	1962	OML 58 (40.00%)		L, G	
		OML 99 Amenam-Kpono (30.40%)		L	
		OML 100 (40.00%)		L	
		OML 102 (40.00%)		L	
			Shell Petroleum Development Fields (SPDC) (10.00%)	L, G	
			Bonga (12.50%)	L	

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Business overview

Upstream - Exploration & Production

	Year of entry into the country	Main Group-operated producing fields (Group share %) ⁽¹⁾	Main non-Group-operated producing fields (Group share %)	Liquids (L) or Gas (G)	
North America					
Canada	1999		Surmont (50.00%)	L	
United States	1957	Acongagua (50.00%)		G	
		Bethany (94.86%) ⁽³⁾		G	
		Blue (75.00%) ⁽⁴⁾		G	
		Maben (54.07%) ⁽³⁾		G	
		MacAllen-Pharr (93.90%) ⁽⁴⁾		G	
		Matterhorn (100.00%)		L, G	
		Slick Ranch (91.37%) ⁽⁴⁾		G	
		Virgo (64.00%)		G	
				Camden Hills (16.67%)	G
		MacAllen-Ranch (20.02%) ⁽⁵⁾	G		
South America					
Argentina	1978	Aguada Pichana (27.27%)		L, G	
		Argo (37.50%)		L	
		Cañadon Alfa (37.50%)		L, G	
		Carina (37.50%)		L, G	
		Hidra (37.50%)		L	
		San Roque (24.71%)		L, G	
Bolivia	1995		San Alberto (15.00%)	L, G	
			San Antonio (15.00%)	L, G	
Colombia	1973		Cupiagua (19.00%)	L	
			Cusiana (19.00%)	L, G	
Trinidad and Tobago	1996		Angostura (30.00%)	L	
Venezuela	1981	Jusepin (55.00%)		L	
			Yucal Placer (69.50%)	G	
			Zuata (Sincor) (47.00%)	L	
Middle East					
Iran	1954	Dorood (55.00%) ⁽⁶⁾		L	
				Balal (46.75%) ⁽⁶⁾	L
				Sirri (60.00%) ⁽⁷⁾	L
				South Pars 2 & 3 (40.00%) ⁽⁸⁾	L, G
Oman	1937		Various fields onshore (4.00%) ⁽⁹⁾	L	
Qatar	1938	Al Khalij (100.00%)		L	
				North Field – NFB (20.00%)	L, G
Syria	1988	Jafra/Qahar (100.00%) ⁽¹⁰⁾		L	
Yemen	1987	Kharir/Atuf (28.57%)		L	
				Jannah (Block 5) (15.00%)	L
U.A.E.	1939	Abu Al Bu Khoosh (75.00%)		L	
				Abu Dhabi offshore (13.33%) ⁽¹¹⁾	L
				Abu Dhabi onshore (9.50%) ⁽¹²⁾	L
			Dubai offshore (27.50%) ⁽¹³⁾	L	
CIS					
Russia	1989	Kharyaga (50.00%)		L	

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Business overview

Upstream - Exploration & Production

	Year of entry into the country	Main Group-operated producing fields (Group share %) ⁽¹⁾	Main non-Group-operated producing fields (Group share %)	Liquids (L) or Gas (G)
Asia/Far East				
Brunei	1986	Maharaja Lela Jamalulalam (37.50%)		L, G
Indonesia	1968	Bekapai (50.00%)		L, G
		Handil (50.00%)		L, G
		Peciko (50.00%)		L, G
		Tambora/Tunu (50.00%)		L, G
			Badak (1.05%)	L, G
		Nilam (9.29%)	G	
		Nilam (10.58%)	L	
Myanmar	1992	Yadana (31.24%)		G
Thailand	1990		Bongkot (33.33%)	L, G

(1) The Group's interest in the local entity is approximately 100% in all cases except TOTAL Gabon (57.90%), TOTAL E&P Cameroun (75.80%), and certain entities in the United Kingdom, Algeria, Abu Dhabi and Oman (see notes 2 through 14 below).

(2) In Algeria, TOTAL has an indirect 18.00% interest in the Ourhoud field and a 45.3% indirect interest in the RKF field via its participation in CEPSA (equity affiliate).

(3) Assets sold early in 2006.

(4) Assets in southern Texas sold early in 2006 as part of an exchange for a 17% interest in the Tahiti field.

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

(6) TOTAL has transferred operatorship to the National Iranian Oil Company (NIOC) for the Balal field. The Group has a 46.75% interest in the foreign consortium.

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

(8) TOTAL has transferred operatorship to NIOC for phases 2 & 3 of the South Pars field. The Group has a 40.00% interest in the foreign consortium.

(9) Via Pohol (equity affiliate), TOTAL has a 4.00% interest in Petroleum Development Oman LLC. TOTAL also has a 5.54% interest in the Oman LNG facility.

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

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

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

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

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

Africa

TOTAL has been present in Africa since 1928. Its exploration and production operations are primarily located in the countries bordering the Gulf of Guinea and in North Africa. Highlights of 2005 included launching the development of the Akpo field in Nigeria and of Phase 1 of the Moho-Bilondo project in Congo, as well as new exploration success in the Gulf of Guinea and the signature of new production sharing contracts.

TOTAL's production in Africa averaged 776 kboe/d in 2005 (including its share in the production of its equity affiliates), representing 31% of the Group's total production and making TOTAL one of the leading international oil companies based on production, in this area.

Algeria

The Group has been present in Algeria since 1952. Its production comes from the Hamra (100%) and Tin Fouyé Tabankort (TFT) (35%) fields as well as, through the Group's 45.3% interest in Cepsa, from the RKF and Ourhoud fields. Given the contractual terms for these fields, and the increase in oil and gas prices, TOTAL's share of the production amounted to 85 kboe/d in 2005, down from the volumes recorded in previous years: 105 kboe/d in 2004 and 115 kboe/d in 2003.

In 2005, additional development of the TFT field continued with the start of production of the West Zone in September and a project to install a compression unit. The Ourhoud field, where production began at the end of 2002, reached 220 kb/d at the end of 2003.

Exploration and appraisal work on the Irharen natural gas field is currently underway on the Timimoun license awarded to TOTAL in 2002. Seismic work was conducted in 2005 on the Béchar prospecting contract in northwest of Timimoun, which was awarded to TOTAL in November 2004.

After drilling two exploration wells, the Rhourde El Sid permit in the Berkhine basin was relinquished at the end of 2004.

Angola

TOTAL has been present in Angola since 1953 and holds interests in six production permits, three of which it operates (Blocks 17, 3 and FS/FST) and three it does not, (Blocks 0, 14 and 2) and three exploration permits, one of which it operates (Block 32) and two it does not (Blocks 31 and 33).

Over the past few years, in particular 2005, higher oil prices have reduced the Group's entitlement production under TOTAL's production sharing contracts in Angola. The production TOTAL recovered in 2005 averaged 152 kboe/d, compared to 168 kboe/d in 2004 and 160 kboe/d in 2003 (including TOTAL's share in the production of its equity affiliates).

Most of the production came from Block 17 (40%, operator) and Block 0 (10%). Between 2003 and 2005, the Jasmim field on Block 17 and the Sanha Bombocco field on Block 0 came on stream and 13 discoveries were made on Blocks 31 and 32.

Deep-offshore Block 17 is TOTAL's principal producing asset in Angola. It is composed of three major production zones: Girassol, which is in production, Dalia, which is under development, and Pazflor, where development studies are underway. The possibility of a fourth major production zone, based on the Cravo and Lirio discoveries, is currently being evaluated.

On the Girassol structure, production from the Girassol field and the Jasmim field, a satellite to Girassol that came on stream in November 2003, averaged nearly 250 kb/d over 2005. The Rosa field is scheduled to come on stream in the first half of 2007 and is expected to maintain the production of the Girassol FPSO (Floating Production, Storage and Offloading) facility at its plateau of 250 kb/d. This development was approved in July 2004 and will connect the Rosa field to the Girassol FPSO which is situated about fifteen kilometers away. Production is scheduled to begin in the first half of 2007.

On the second production zone, the development of the Dalia field was launched in 2003. This development is based on subsea wells connected to a new FPSO facility with a production capacity of 240 kb/d. Production is scheduled to begin in the fourth quarter of 2006.

Studies for the development of Pazflor, the third production zone, which comprises the Perpetua, Zina, Hortensia, and Acacia discoveries in the eastern portion of Block 17, also continued in 2005. These studies have led to the selection of a FPSO development concept, with a planned production capacity of 200 kb/d, for which basic engineering studies have been launched. Production start-up is currently scheduled in 2010.

On Block 3, the contract for Block 3/80 expired on June 30, 2005, with the exception of the Impala Southeast production license, which expires in July 2006. The facilities and operating responsibility have been transferred to Sonangol P&P. TOTAL remains the operator on Blocks 3/85 and 3/91 (50%).

The Sanha Bomboco project on Block 0 (10%) came on stream near the end of 2004 and the Benguela Belize project on Block 14 (20%) came on stream in January 2006.

Ultra-deep exploration work conducted in 2005 confirmed the potential of Block 32, which TOTAL operates with a 30% interest. After the discoveries of Gindungo in 2003, Canela and Cola in 2004, the positive results from the Gengibre and Mostarda wells drilled in 2005 confirmed the existence of a probable major production structure in the east-central section of the block. Conceptual development studies were initiated in 2005

for development of these discoveries. Four new discoveries also confirmed the potential of Block 31 (5%).

On Block 33 (15%), the partners decided not to extend the exploration period after two new dry wells.

In 2005, TOTAL and its partners decided to initiate basic engineering studies for the Angola LNG project (13.6%), which is intended to develop natural gas reserves in Angola.

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

Cameroon

TOTAL's share of production in 2005 averaged 12 kboe/d, compared to 13 kboe/d in 2004 and 14 kboe/d in 2003.

TOTAL E&P Cameroun, 75.8% of which is owned by TOTAL, 20% by the state-owned Société Nationale des Hydrocarbures Camerounaise (SNH), and 4.2% by minority shareholders, operates over 65% of the country's production and owns interests in most of the operating concessions granted by the Republic of Cameroon.

The Bakingili field (25.5%, operator), discovered in October 2004, came on stream in August 2005.

In April 2005, a production sharing contract was signed by TOTAL E&P Cameroun (50%, operator) and the Republic of Cameroon on the Dissoni offshore block.

In early 2006, the government of Cameroon awarded TOTAL 100% of the Bomana exploration block on the offshore Rio Del Rey basin.

Congo

TOTAL has been present in Congo since 1928 and is the operator of more than 50% of the country's production. TOTAL produced an average of 95 kboe/d in 2005, an increase of 5% over 2004 and 2003. In 2005, TOTAL launched Phase 1 of the Moho-Bilondo (53.5%, operator) project, which is expected to come on stream in 2008 with a technical production plateau of 90 kboe/d.

TOTAL holds interests ranging from 25.5% to 100% in several exploration and production permits and is the operator on the principal producing fields, Nkossa and Tchibouela. The Republic of Congo and the Republic of Angola, with the partners on the *Haute Mer* permit in Congo and Block 14 in Angola, have formed a joint development area that covers the sectors adjacent to these permits. TOTAL holds a combined interest of 36.75% in this zone through its subsidiaries in Congo (26.75%) and in Angola (10%).

Under an agreement signed in 2003 with the Republic of Congo, TOTAL sold its 65% interest in the Likouala concession.

Over the period from 2003 to 2005, the initial period of the *Mer Très Profonde Sud* exploration permit was successively extended and is currently due to expire in May 2006. The *Haute Mer C* exploration permit was awarded in 2003 and the corresponding production sharing contracts have been approved by the Parliament.

Effective as of January 1, 2005, TOTAL acquired an additional 2.5% interest on all permits derived from the former *Haute Mer* exploration permit. This raised its participating interests in the Nkossa, Nsoko and Moho-Bilondo production permits to 53.5% and in the joint development area to 26.75%.

In 2004, the Mobim 1 well drilled on the Moho-Bilondo permit helped to confirm the development project. The operating license was awarded in 2005, which allowed the launch of the first development phase in August 2005.

In 2004, the Pégase North exploration well, drilled on the *Mer Très Profonde Sud* exploration permit, confirmed the potential of this ultra-deepwater permit. A discovery was made with the Boatou-3 exploration well on the *Haute Mer C* permit in 2005.

Gabon

TOTAL Gabon is one of the Group's oldest subsidiaries in sub-Saharan Africa. The Group's share of production in 2005 averaged 98 kboe/d, compared to 104 kboe/d in 2004 and 105 kboe/d in 2003.

TOTAL Gabon is a Gabonese company whose shares are listed on Euronext Paris. TOTAL holds 57.9%, the Republic of Gabon 25.0% and the public float is 17.1%.

TOTAL Gabon holds 27 concessions and exploration and production permits. The principal producing fields are Rabi-Kounga (47.5%), Anguille (100%), Gonelle (100%), Baudroie Nord (50%, operator), Torpille (100%) and Avocette (57.5%, operator).

In 2004, TOTAL Gabon signed an exploration and production sharing contract for a new license known as Aloumbé, specifically focused on natural gas exploration. If natural gas is discovered, it would initially be used to enhance oil recovery on the existing fields and, eventually, to satisfy part of the country's future power generation requirements.

In 2003, TOTAL Gabon signed an operating and production sharing contract which extended the license on the Rabi Kounga field until 2013, with the possibility of obtaining an additional extension for two five-year periods.

Libya

The Group's share of production in 2005 averaged 84 kboe/d, up 34% compared to 62 kboe/d in 2004 and 42 kboe/d in 2003. The year 2003 was marked by the start of production on the Al Jurf field and several discoveries were made on Block NC 186 from 2003 to 2005.

The Group's production comes from its interests in Block NC 186 (24%⁽¹⁾), Block NC 115 (30%⁽¹⁾), the Mabruk field (75%, operator) and in offshore Block C 137 (75%⁽¹⁾, operator).

On Block 42 2/4 in the Cyrenaic basin, TOTAL (60%, operator) obtained a new permit and signed a production sharing agreement in December 2005 with the state-owned oil company, NOC.

The Al Jurf field on Block C 137, which came on stream at the end of 2003, reached its production plateau of 40 kboe/d in 2004.

On the Mabruk field, the decision for an additional development project was made in 2004 and an amendment to the contract signed with the Libyan authorities early in 2005 authorizes the development of the deeper Dahra and Garian zones.

Production from Block NC 186 started at the end of 2003 and the development of a large number of structures discovered by past exploration continues; structures A and D are producing, structure B will be developed in 2006, the development of structure H is being approved. Three additional discoveries, I, J and K, were made in 2005.

Development work continued on the El Sharara field on Block NC 115. In 2004, production started on two structures, J and O and export capacities were increased. In 2005, two exploration wells were drilled with positive results (structures P and R).

Mauritania

The Group has conducted exploration activities in Mauritania since 2003. Its operations are focused on two production sharing contracts in the Taoudeni basin that covers 58,000 km² in a desert zone in the northeastern section of the country. After signing a preliminary survey contract in 2003 with the Mauritanian government, TOTAL signed two production sharing contracts in January 2005 for onshore Blocks Ta7 and Ta8 in the Taoudeni Basin. An aerial survey of magnetic and gravimetric data began in November 2005.

Morocco

The Group has had no further exploration and production activities in Morocco since the end of 2004. In November 2001, TOTAL had signed a survey agreement on the Dakhla offshore zone, located off the western coast of the Sahara and covering approximately 115,000 km². This agreement provided for the performance of regional geological and geophysical studies to assess the petroleum potential of this zone in water depths up to 3,500 m. The agreement expired in November 2004.

Nigeria

TOTAL has been present in Nigeria since 1962. It operates four production permits (OML) out of the 52 in which it has an interest, and five exploration permits (OPL) out of the eight in which it has an interest. The Group's share of production in 2005 was an average of 250 kboe/d, compared to 271 kboe/d in 2004 and 196 kboe/d in 2003. The years 2003, 2004 and 2005 were marked by a number of discoveries and by the signature of new production sharing contracts.

The fields operated by TOTAL, OML 58, 100, 102 (40%, operator) and OML 99 - Amenam (30.4%, operator) contributed approximately 50% of the Group's Nigerian production in 2004 and 2005. Production from the shallow offshore Amenam field (30.4%, operator) began in 2003 and reached its production plateau of 125 kb/d in the summer of 2004. TOTAL's production also comes from its share in the SPDC joint venture (10%), the Ekanga field (40%), and the Bonga field (12.5%), which came on stream in November 2005 and reached a production of 210 kboe/d early in 2006.

The appraisal of the Usan discovery on OPL 222 (20%, operator) between 2003 and 2005, and the 2004 discovery of the Usan West extension allowed the launch of engineering studies in 2005 and the submission of a development plan to the national oil company, NNPC, contemplating a production start-up in 2010 and a technical production plateau of 150 kboe/d in 100%.

(1) Participation in the foreign consortium.

As part of the joint venture between NNPC and TOTAL, engineering studies were launched for an additional development of the production and processing facilities of OML 58 to increase the production of gas intended for the new liquefaction trains of the LNG plant on Bonny island (NLNG). On the OML 102 permit, a new development phase (Ofon II) was approved and basic engineering was completed in December 2005. The start-up of this new phase, which is expected to produce an additional 70 kboe/d (in 100%), is planned for the end of 2009. TOTAL also continued to develop the Amenam Phase II project to commercialize a portion of the associated gas from the Amenam field to supply NLNG.

For the fields where TOTAL is not the operator, several projects are in the engineering studies phase, including Bonga North and Southwest, Afam (gas and condensates to supply domestic projects), and Gbaran Ubie (gas and condensates to supply future Nigeria LNG trains).

TOTAL is also actively pursuing the development of its deep offshore discoveries. In 2000, the Group discovered the Akpo field on Block OPL 246 (24%, operator), followed by the Egina and Preowei structures which are being appraised. When approval for the development of the Akpo field was granted by the authorities in April 2005, 50% of this block was converted into OML 130 (guaranteeing long-term production rights). The main Akpo engineering and construction contracts were signed in 2005 and production is scheduled to begin near the end of 2008. The production plateau should be 225 kb/d (100%).

In 2005, TOTAL continued to expand its mining rights by signing several production sharing contracts as operator: OPL 221, OPL 223 (adjacent to Block 222 on which TOTAL made the Usan discovery) and OPL 215. TOTAL also acquired a 40% interest in OPLs 112 and 117 in August 2005.

TOTAL holds 15% of the liquefaction plant operated by Nigeria LNG Company (NLNG). Train 4 came on line in November 2005 and Train 5 began operations in February 2006. In 2004, the shareholders of NLNG decided to invest in Train 6, with commissioning planned for 2007. Studies for a Train 7, with a capacity of 8.5 Mt were initiated in July 2005.

In 2005, and early in 2006, operations on some onshore facilities operated by Shell (SPDC, a joint venture in which TOTAL holds 10%), were disturbed, which lead to production shutdowns in the region of the Niger delta.

Sudan

At the end of 2004, TOTAL (32.5%, operator) updated its production sharing agreement for Block B (118,000 square kilometers in southeast Sudan). As peace gradually returns to the region, it may be possible, as early as 2006, to resume operations that have been suspended for 20 years.

In view of White Nile Company's allegations that it has rights over the area where TOTAL and its co-venturers already have exclusive rights, TOTAL has commenced legal proceedings in London in order to protect its position.

North America

The Group's presence in North America dates back to 1957. Between 2003 and 2005, TOTAL strengthened its position in oil sands by increasing its share in the Surmont permit and acquiring Deer Creek Energy Ltd in Canada. In November 2005, TOTAL signed an agreement to exchange TOTAL's four mature onshore fields in South Texas for a 17% stake in the deep-offshore Tahiti field in the Gulf of Mexico, which is scheduled to begin production in 2008. TOTAL's average production in North America rose from 59 kboe/d in 2003 to 61 kboe/d in 2004 and then fell to an average of 41 kboe/d in 2005, principally due to shutdowns related to hurricane damage in the Gulf of Mexico. Production from North America represented 2% of the Group's total production in 2005.

Canada

In Canada, the Group is active in the Athabasca, Alberta oil sands. Its principal assets are the Surmont permit and, following the acquisition of Deer Creek Energy Ltd in 2005, the Joslyn permit.

In Alberta, TOTAL has been participating since 1999 in a pilot project on the Surmont permit in Athabasca to extract bitumen using Steam Assisted Gravity Drainage (SAGD). In December 2003, the first development phase, with a capacity of 27 kb/d (in 100%), was approved by the partners. Engineering and construction activities are underway and production start-up is planned for the end of 2006. TOTAL's interest of 43.5%, which it acquired in December 2002, was increased to 50% in April 2005.

In 2005, TOTAL acquired Deer Creek Energy Ltd through a public tender offer launched in August 2005. This company holds 84% of the Joslyn permit and is the operator. This permit is located about 140 km north of Surmont and most of the oil sands can be extracted using mining techniques. The Joslyn project is to be developed in several phases, the first of which (using SAGD) is scheduled to come on stream in 2006, and is expected to represent total production of approximately 2 billion barrels of bitumen over 30 years. Most of the resources (approximately 90%) will be produced using open-pit mining techniques and the rest by on-site SAGD.

In August 2005, TOTAL acquired a 50% stake in the OSL 001 lease immediately north of Surmont and in November 2005, 50% of the OSL 006 lease immediately south of Surmont. These leases are now integrated within the Surmont project.

In addition, TOTAL acquired 100% of the OSL 874 lease located about 40 km west of Surmont in December 2004 and 100% of the OSL 354 lease, about 50 km north of Joslyn in August 2005.

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

United States

TOTAL has been present in the United States since 1957. In 2005, the Group's average production was 41 kboe/d, compared to 61 kboe/d in 2004 and 59 kboe/d in 2003. Half of the 2005 production comes from four deep-offshore fields in the Gulf of Mexico: Virgo (64%, operator), Aconcagua (50%, operator), Camden Hills (16.7%) and Matterhorn (100%, operator).

Production from these fields was affected primarily by Hurricane Ivan in mid-September 2004 (Matterhorn and Virgo restarted only at the end of April 2005), then by Hurricane Katrina at the end of August 2005. Matterhorn and Virgo were still shut down at the beginning of March 2006.

In 2005, TOTAL continued to streamline its portfolio of assets, reducing its number of blocks in the Gulf of Mexico from 147 in late 2004 to 138 in late 2005 and withdrawing from three blocks in Alaska.

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

The streamlining of onshore assets continued in 2006 with the sale of two mature onshore assets in eastern Texas and in Mississippi.

Mexico

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

South America

The Group's South American production in 2005 averaged 247 kboe/d, up 16% over the 213 kboe/d produced in 2004 and up 26% over the 196 kboe/d produced in 2003. South America represented about 10% of the Group's total production for 2005. Between 2003 and 2005, several projects came on stream: Carina in Argentina in 2005 and Yucal Placer in Venezuela in 2004.

Argentina

TOTAL's average production in 2005 was 74 kboe/d, a 6% increase from 70 kboe/d in 2004 and 16% higher than the 64 kboe/d averaged in 2003.

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

On the San Roque field (24.7%, operator), a medium-pressure compression project launched in 2003 is in progress, with commissioning planned for mid-2006. On the Aguada Pichana field (27.3%, operator), the medium-pressure compression unit started in 2003, and a low-pressure project was launched in 2005, with start-up scheduled for 2007.

In the Austral basin, the Carina-Aries development project offshore Tierra del Fuego, (37.5%, operator), which was reactivated in 2003, continued with completion of the construction of the offshore infrastructures in 2004 and of the onshore infrastructures in 2005. Drilling of the first wells on Carina was completed in 2005 and drilling of three wells on Aries was completed in January 2006. The Carina field came on stream in June 2005 and the Aries field came on stream in January 2006.

The project to install a fourth medium-pressure compressor at the Canadon-Alfa plant in the Austral basin (37.5%) was launched in 2005. This project was undertaken to adapt the injection capacity of the San Martin gas pipeline for gas from Tierra del Fuego to the flow from Carina-Aries.

In 2005, TOTAL acquired interests in two exploration blocks: Las Tacanas (50.0%, operator) and Chasquivil (50.0%, operator). The Group made a discovery on the Aguada Pichana permit (Aguada Pichana Norte) in 2005.

Bolivia

TOTAL holds six permits in Bolivia: San Alberto and San Antonio, both in production (15%), and four permits in the exploration or appraisal phase: Blocks XX West (41%, operator), Aquio and Ipati (80%, operator) and Rio Hondo (50%). TOTAL's average production in 2005 was 21 kboe/d, compared to 18 kboe/d in 2004 and 11 kboe/d in 2003.

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

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

In May 2005 a new law was enacted in Bolivia that changed the fiscal and regulatory framework for oil and gas operations. TOTAL has asked the Bolivian authorities to open negotiations in order to maintain the economic terms and a regulatory framework satisfactory to both parties.

Brazil

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

Colombia

TOTAL holds a 19% stake in the Cusiana and Cupiagua fields where the Group's share of production was 26 kboe/d in 2005 compared to 30 kboe/d in 2004 and 37 kboe/d in 2003. New agreements were signed in 2005 for the sale of the gas from a new 180 Mcf/d treatment plant, which was started in 2003 and came on line in September 2005. A gas-to-liquids (GTL) project using the gas from Cusiana and Cupiagua is being studied and is the subject of a Memorandum of Understanding signed in 2005 by TOTAL, Ecopetrol and other partners.

A new exploration well on the Tangara permit (55%) was being drilled at the end of 2005.

Trinidad & Tobago

TOTAL's principal asset in Trinidad is the shallow offshore Grand Angostura field (30%) which came on stream in January 2005.

Venezuela

The Group has interests in the Sincor (47%) and Yucal Placer (69.5%) projects and in the Jusepin field (55%, operator). TOTAL's average production was 113 kb/d in 2005 compared to 95 kb/d in 2004 and 84 kboe/d in 2003, an increase of 35% since 2003.

At the end of 2004, the first major maintenance on Sincor's upgrader, which started operation in March 2002, increased its treatment capacity to more than 200 kb/d of extra heavy oil. Drilling operations resumed in October 2005.

On the Yucal Placer field, the initial production phase of 120 Mcf/d, which began in 2004, is producing results in line with projections.

On the Jusepin field, TOTAL designed a new development plan that should increase production. This plan has been submitted to the authorities.

Talks with the authorities have been underway since 2004 to expand the base of the Group's oil projects. This expansion is particularly targeted at the extra-heavy oil in the Orinoco basin.

In 2005, the Group was informed by the Venezuelan government of a change in the method for calculating royalties. The Group also received a notice of additional tax assessment on the corporate income tax for the years 2001-2004.

The Group believes that it has complied with the applicable fiscal and legal provisions. The Group has paid a higher amount of royalties with reservations. The tax assessment is currently being reviewed.

In addition, at the request of the Venezuelan government, discussions are underway for revising the Jusepin contract. The Venezuelan government has made similar requests to all companies operating under this type of contract.

Asia/Far East

TOTAL's production in Asia and the Far East, principally from Indonesia, averaged 248 kboe/d in 2005, 245 kboe/d in 2004 and 232 kboe/d in 2003, an increase of 7% over the period. Asia and the Far East represented 10% of the Group's overall production for 2005. Over the period from 2003 to 2005, the Group acquired interests in several exploration permits in Australia, Bangladesh (subject to government approval), and Indonesia.

Australia

After negotiations in 2004, TOTAL signed two agreements early in 2005 to participate in the exploration of two blocks offshore northwestern Australia. Exploration on each of these blocks is planned for 2006.

Pursuant to a call for tenders in October 2005, TOTAL was awarded a 30% interest in two new offshore exploration permits north west of Australia in February 2006.

Bangladesh

At the end of 2005, TOTAL signed an agreement to acquire interests in two exploration blocks offshore Bangladesh. The process of obtaining governmental approval of this agreement is underway. Exploration work is planned in 2006.

Brunei

TOTAL is the operator of the Maharaja Lela Jamalulalam field, located on Block B offshore Brunei Darussalam (37.5%, operator). The Group's share of production averaged 13 kboe/d in 2005 compared to 14 kboe/d in 2004 and 2003. TOTAL continued its exploration work on this block with a 3D seismic study performed at the end of 2004 and interpreted in 2005.

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

China

In early 2006, TOTAL and PetroChina signed a Production Sharing Contract for the evaluation, development and production of the natural gas resources of the South Sulige block of Ordos Basin, an area of around 2,390 km² located in the Province of Inner Mongolia. The contract is subject to approval by Chinese authorities.

Indonesia

TOTAL, present in Indonesia since 1968, operates two offshore blocks in the East Kalimantan area: the Mahakam permit (50%, operator) and the Tengah permit (22.5%). Indonesia represents 7% of the Group's total production, with average

production in 2005 of 182 kboe/d, compared to 177 kboe/d in 2004 and 168 kboe/d in 2003, an 8% increase over the period.

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

TOTAL delivers its natural gas production to PT Badak, the Indonesian company that operates the Bontang LNG plant. The total capacity of the eight liquefaction trains at the Bontang plant is 22 Mt/y, making it one of the largest capacities in the world. The LNG produced is primarily sold under long-term contracts with Japanese, South Korean and Taiwanese purchasers that use it mainly for power generation. The production operated by TOTAL on the Mahakam permit represents more than two-thirds of the gas volume delivered to the Bontang plant since 2003. In 2005, the average production delivered amounted to 2,652 Mcf/d of natural gas. A technical production record was set in July 2005 when 2,928 Mcf/d of gas was delivered.

After the start-up of the third and fourth phases in 2004, the development of the Peciko field continued in 2005 with the commissioning of onshore compression units. A fifth phase was launched in 2005 for the installation of a new platform and the drilling of additional wells.

On the neighboring Tunu field, the ninth phase of the development is in progress: five additional platforms became operational between mid-2004 and early 2005. The tenth phase, launched in 2004, is under development, while the eleventh phase has just been decided.

The project to extend the Tambora field was initiated in 2004.

Phase 1 of the new Sisi-Nubi offshore development was launched in 2005. The gas from Sisi-Nubi is expected to be produced beginning in 2007 through existing processing facilities.

TOTAL also owns a 50% stake on the Saliki exploration block adjacent to the Mahakam permit.

Malaysia

Since 2001, TOTAL has held a 42.5% interest in the deep-offshore Block SKF permit. Based on the exploration well drilled in 2004, TOTAL is reevaluating the exploration potential of the permit.

Myanmar

TOTAL is the operator of the Yadana field (31.2%, operator). The Group's share of production was 13 kboe/d in 2005, compared to 14 kboe/d in 2004 and 16 kboe/d in 2003. This field, located on offshore blocks M5 and M6, produces natural gas, which is principally delivered to PTT (Thailand's state-owned company) and used in Thai power plants.

Pakistan

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

Thailand

The Group's primary asset in Thailand is the Bongkot gas and condensates field (33.3%), where its production averaged 40 kboe/d in 2005, compared to 40 kboe/d in 2004 and 34 kboe/d in 2003. PTT buys all the condensates and natural gas produced.

Development phase 3C, which was completed in 2005, included the modification of two existing platforms, the installation of a new well platform and a desulphurization platform. A new development phase 3E was launched early in 2005 for three new well platforms. Production from this phase is expected to begin in late 2006.

Commonwealth of Independent States (CIS)

TOTAL's average production from CIS countries was 9 kboe/d in 2005, representing 0.4% of the Group's total production, and in line with 2004 output. In 2003, production was 8 kboe/d.

Azerbaijan

TOTAL's presence in Azerbaijan is centered on the Shah Deniz field (10%). Under Phase 1 of development of this gas and condensate field, four development wells were drilled between April 2003 and December 2005. The TPG 500 platform was completed at the end of 2005. The first gas sales to Turkey are expected before the end of 2006.

The South Caucasus Pipeline Company (SCPC), in which TOTAL holds a 10% interest, is constructing a gas pipeline that will carry gas from Shah Deniz to the Turkish markets. The pipeline should be operational in the second half of 2006.

Construction of the 1,770 km BTC (Baku-Tbilissi-Ceyhan) oil pipeline, with an annual operating capacity of 950 kb/d, began in August 2002 and continued in 2005. The Azeri and Georgian sections are now filled with oil. This pipeline, owned by the BTC Co. (TOTAL 5%), will link Baku to the Mediterranean Sea. The first delivery in Ceyhan, Turkey is scheduled for the spring of 2006.

Kazakhstan

TOTAL is present in Kazakhstan on the North Caspian Sea permit, where the Kashagan field is the principal asset. TOTAL has an 18.5% interest in this permit after closing the sale of 1.85% to KazMunayGas, the state-owned company of the Republic of Kazakhstan, in April 2005.

In 2003 and 2004, positive wells were drilled on the Aktote and Kairain structures. The appraisal programs proposed for these blocks were approved by the authorities in April 2004. An initial appraisal well on the Aktote structure helped to confirm and define this discovery.

Exploration activity continued in 2005 with the completion of a 3D seismic campaign on the Aktote and Kairain zones and the preparation and drilling of the Kalamkas 2 well. The interpretation of the results from this well is underway.

On the Kashagan field, the development drilling program which began in 2004 continued in 2005 with the drilling of four additional wells. The Kazakh authorities approved the development plan for this field in February 2004, allowing work to begin on the first of several successive phases for development. Infrastructure and civil engineering work has accelerated and most of the major contracts for the manufacture and construction of both the onshore and offshore facilities have been awarded. The size of the Kashagan field may eventually allow production to be increased to more than 1 Mb/d (in 100%).

Russia

TOTAL has been present in Russia since 1989. The Group's main activity is on the Kharyaga field, in the Nenets territory. The Group's production was 9 kboe/d in 2005 and 2004, and 8 kboe/d in 2003.

On the Kharyaga field (50%, operator), Phase 2 of development which targets to raise the production plateau, began in early 2003 and ended in 2005.

At the end of 2005, TOTAL and the Russian Federation reached an amicable agreement to resolve a dispute over the interpretation of the production sharing agreement.

In 2004, the Group entered into negotiations to acquire 25% of Novatek. This transaction was not completed.

In 2005, TOTAL was pre-selected by Gazprom, with four other foreign companies, for possible participation in the giant Shtokman project in the Barents Sea.

Europe

TOTAL's production in Europe averaged 770 kboe/d in 2005, representing 31% of the Group's production. In Norway, over the period from 2003 to 2005, the Group brought the Skirne, Kvitebjorn and Kristin fields on stream and participated in new developments in existing fields : Ekofisk Area Growth, structure J and West Flank of Oseberg, and the North and South Flank of Valhall. In the United Kingdom, over the same period, satellites from Alwyn (Forvie North, Nuggets N4) and from Armada started production. Both in the UK and in Norway, several discoveries have been made and new exploration licenses have been awarded.

France

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

TOTAL's principal natural gas fields are located in southwest France, primarily at Lacq-Meillon (100%), as well as several smaller natural gas and oil fields in the same region and in the Paris basin. Their average production was 29 kboe/d in 2005, compared to 35 kboe/d in 2004 and 38 kboe/d in 2003.

The "Lacq 2005" project, which is focused on reinforcing industrial safety standards and optimizing the procedures for gas processing at the Lacq-Meillon field, was successfully completed in 2005.

A pilot unit to capture carbon-dioxide through oxy-combustion is planned, with operations scheduled to begin in 2008. In a second phase, this project is planned to provide for the reinjection of this gas in a reservoir in southwest France.

Italy

The Tempa Rossa field (50%, operator) in the southern section of the Basilicate region is the principal upstream asset in Italy.

After an agreement in principle was signed with the Basilicate region in November 2004, 2005 was devoted to negotiating the final agreement permitting the implementation of the development of the Tempa Rossa heavy-oil field on the Gorgoglione license on the basis of the Development Plan filed in 2003 with the regional authorities. Production is scheduled to begin in 2009 with a planned plateau rate of 50 kb/d.

Norway

Since the late 1960s, the Group has played a major role in the development of a large number of fields in the Norwegian North Sea. Norway is the largest contributor to the Group's production with an average in 2005 of 383 kboe/d compared with 406 kboe/d in 2004 and 405 kboe/d in 2003.

TOTAL participated in all recent licensing rounds. The Group was awarded several exploration licenses, including in June 2004 as the operator with a 40% interest in the prolific Haltenbanken region (Blocks 6406/7 and 8).

TOTAL was also awarded the four blocks it requested during the "APA2005" licensing round at the end of 2005, including a block, that the Group will operate with a 100% interest, south of the Onyx area. The Onyx SW well discovered hydrocarbons in 2005.

Several fields were developed and put in production in the past three years.

At the end of 2005, TOTAL signed an agreement to acquire a 30% interest in the PL211 license in exchange for its 5% interest in the Tyrihans field. This license contains the currently undeveloped Victoria discovery. This acquisition became effective upon approval by the Norwegian authorities in early 2006. It raises TOTAL's interest in Victoria to 50%. TOTAL has been appointed the operator of the PL211 license.

On the Valhall field (15.7%), oil production began on the South Flank in May 2003 and from the North Flank in January 2004. The extension of the Vigdis field in the Tampen zone (5.6%) came on stream in October 2003. The gas and condensate fields of Skirne (40%, operator), Kvitebjorn (5.0%) and Sleipner Alpha North (9.4%) came on stream in 2004. Gas production from the Visund field (7.7%) started in October 2005.

The subsea development of the high pressure/high temperature Kristin field (6.0%) in the Haltenbanken region and the new platform for the Ekofisk Area Growth project both started production in the last quarter of 2005. In the Oseberg area (10.0%), the first well on structure J has been producing since June 2005 and the West Flank oil field began production in February 2006.

The offshore development of the Snohvit natural gas field (18.4%) and construction of its liquefaction facilities are progressing. The subsea development of the Vilje oil field (24.2%), and the innovative Tordis IOR (5.6%) development in the Tampen area in the North Sea are also underway. These projects are scheduled to start production in 2007. In the Haltenbanken area, development of the Tyrihans oil, gas and condensate field (21.5% after swap) was approved in February 2006. Production is scheduled to start in 2009 with an initial estimated production plateau of 70 kboe/d (in 100%) to be reached in 2011.

The production from the Frigg field (77.0%, operator), which began in 1977, came to an end on October 26, 2004. The field produced a total of 192 billion cubic meters of natural gas, representing a recovery rate of 78%. A large portion of the multi-year decommissioning and site restoration program, which was approved by the relevant authorities in 2003, was completed during the summer of 2005 as scheduled.

The Netherlands

TOTAL is the second largest gas operator in the Netherlands, where it has been present for nearly 40 years, with an average share of production of 51 kboe/d in 2005 compared to 59 kboe/d in 2004 and 58 kboe/d in 2003.

TOTAL holds 19 offshore production permits, 17 of which it operates, and two exploration permits which it operates (one offshore and one onshore).

TOTAL sold certain onshore assets in 2004, including the Zuidwal and Leeuwarden concessions, in an effort to streamline its portfolio.

Ten development wells have been drilled over the last three years. During that period, the K5PK compression project was completed in September 2003. The first phase in the restructuring of Block L7 was launched along with major maintenance work with the support of the Seafox hotel platform. Development of the L4G structure, which was approved in October 2004, has commenced, with production expected to start in the first half of 2006.

United Kingdom

TOTAL has been present in the United Kingdom since 1962 and produced an average of 307 kboe/d in 2005, down from 332 kboe/d in 2004 and 379 kboe/d in 2003. The United Kingdom contributes more than 12% of the Group's oil and gas production. This production comes from three major zones: Alwyn, Elgin-Franklin and Bruce.

The Elgin-Franklin zone, which has been producing since 2001, has made a significant contribution to the Group's activities in the United Kingdom. This project, the largest investment made in the British North Sea over the past twenty years, constitutes a technical milestone, combining the development of the deepest reservoirs in the North Sea (5,500 meters) with temperature and pressure conditions that are among the highest in the world.

The British authorities awarded permits to TOTAL, as operator, in three zones on the UK continental shelf during the 22nd licensing round in 2004, and in two zones during the 23rd round in 2005.

TOTAL acquired interests of 25% in two zones located near Elgin-Franklin. TOTAL's interest in the first zone (Blocks 30/1b and 30/1c) may increase to up to 50%, depending on the results of the appraisal well to be drilled on the Kessog structure. On the second zone (Block 22/30a) TOTAL is participating in drilling on the Aragorn prospect.

Certain marginal assets were sold in 2005 (The Fiddich, Affleck and Enoch/J1 discoveries).

Drilling of the Davan East exploration well, operated by TOTAL, began in September 2005. In 2004, TOTAL, as operator, drilled two exploration/appraisal wells with positive results: Laggan (50%)

and Alwyn Statfjord West (100%). TOTAL also participated in the exploration and appraisal of the Maria structure (28.9%). Positive results were recorded on the Maria Horst and Maria Terrasse wells. The West Franklin (46.2%, operator) exploration well drilled in 2003 from the Franklin platform made a discovery.

In the Alwyn zone, the fourth structure of the Nuggets complex was developed and came on stream in October 2003. The Alwyn Statfjord West well began to produce early in 2005. The first well in Phase III of the Dunbar development (100%) began producing at the end of 2005. Development of the Forvie North structure, which is connected to the Alwyn North (100%) facilities, was completed in 2005 and production of gas and condensates started in December 2005.

Development of the satellites of Elgin (Glenelg – 49.5%, operator) and Franklin (West Franklin) began in 2005 with the drilling of the Glenelg long offset well, which reached its final depth at the end of 2005.

The subsea development of the Maria discovery, which will be connected to the Armada infrastructure, was approved in 2005. Production from Phase II of Alba (Alba Extreme South – 12.65%) started in October 2004. The SW Seymour exploration well (25.0%) was connected to the Armada platform and came on stream in March 2003.

In December 2005, the British Department of Industry and the Norwegian Ministry of Petroleum approved the project to remove the surface modules from the MCP01 platforms. A portion of the multi-year program to decommission the Frigg facilities and restore the site was completed during the summer of 2005, as was the bypass of MCP01 through the Vesterled gas export line. In the summer of 2004, the shutdowns scheduled for the Alwyn, Dunbar and Saint Fergus facilities (100% – 45 days) and the Bruce facilities (43.2%-56 days) allowed for the bypass of the Frigg TP1 and MCP01 platforms by the FUKA gas export line to be completed and the processing and compression modules on the Bruce platform to be installed. A major maintenance program was also carried out on all the facilities.

At the end of 2005, the British government announced a project to increase the supplementary corporation tax on oil and gas operations. As a result, the corporation tax (CT) would increase from 40% to 50%. For the fields also subject to the Petroleum Revenue Tax (PRT), the combined tax (CT + PRT) rate would increase from 70% to 75%. Subject to approval by the Parliament, this tax increase will enter into effect as of the start of 2006.

Middle East

TOTAL has been developing long-term partnerships in the Middle East for 80 years. TOTAL's 2005 share of production in the Middle East (including the production of equity affiliates and unconsolidated subsidiaries) declined by 4% in 2005 compared to 2004, principally due to the impact of high oil and gas prices on production obtained from production sharing and buy-back contracts. Production averaged 398 kboe/d in 2005, representing 16% of the Group's total production, compared to 412 kboe/d in 2004 and 411 kboe/d in 2003. Between 2003 and 2005, TOTAL has developed its LNG activities with the launch of the Yemen LNG project and the progress made on the Qatargas II (where finalization of agreements is pending) and Pars LNG projects.

Saudi Arabia

TOTAL (30.0%) is in a joint venture with state-owned Saudi Aramco for natural gas exploration in a 200,000 km² area in the southern Rub Al-Khali. The first five-year work period began in January 2004. A 137,800 km² gravimetric survey was conducted in 2004. A seismic campaign launched in 2004 on the same site continued in 2005. Five seismic acquisition teams were operating at the end of 2005.

United Arab Emirates

TOTAL's activities in the United Arab Emirates are located in Abu Dhabi and Dubai, where the Group's presence dates back to 1939 and 1954 respectively. TOTAL's production in 2005 averaged 249 kboe/d, up from 246 kboe/d in 2004 and 2003.

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

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

In addition, TOTAL has a 33.3% interest in Ruwais Fertilizer Industries (FERTIL), which manufactures ammonia and urea from methane supplied by the Abu Dhabi National Oil Company (ADNOC).

In Dubai, TOTAL holds a 27.5% interest in the Fateh, Falah and Rashid fields through the combination of its 25% interest in Dubai Marine Areas Limited (DUMA) and its 2.5% interest held directly by TOTAL E&P Dubai.

TOTAL is also a shareholder (24.5%) in Dolphin Energy Limited, which is expected to begin marketing the natural gas produced by the Dolphin Project in Qatar to the United Arab Emirates in 2007. Natural gas sales agreements were signed in 2003 and 2005, and the Qatari authorities approved the final development plan in December 2003. The construction contracts were awarded and work on the project is progressing.

Iran

The Group's production averaged 23 kboe/d in 2005, down from 2004 and 2003, coming from four buy-back contracts on the Sirri, South Pars, Balal and Dorood fields.

The Sirri A&E fields (60% interest in foreign consortium) have been operated by the state-owned National Iranian Oil Company (NIOC) since 2001.

Average production from the offshore South Pars gas and condensate field, in Phases 2 and 3 (40% interest in foreign consortium), was slightly less than 2,000 Mcf/d and 90 kb/d in 2005 (in 100%), down slightly from 2004 because of major maintenance work. After completion of the development phase, production operations have been conducted by NIOC since 2004, with TOTAL's support under a technical assistance contract.

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

The development of the Dorood field (TOTAL, 55% interest in foreign consortium) is nearing completion and TOTAL has started-up some of the onshore facilities.

In 2004, TOTAL signed several agreements with its partners creating a framework for the Pars LNG liquefied natural gas project and its principal commercial terms. In particular, these agreements set out the relationship between the Pars LNG plant (30%), which will carry out liquefaction activities, and Block 11 of South Pars (60%), which will supply gas to the liquefaction plant. The project calls for the construction of two liquefaction trains, each with an initial capacity of 5 Mt/y of LNG.

Under this framework, engineering studies for the natural gas liquefaction plant and for the development of Block 11 of South Pars were launched in 2005.

Kuwait

Since 1997, the Group has provided technical assistance for the upstream activities of the state-owned Kuwait Oil Company (KOC) under an agreement that was renewed in 2005.

TOTAL also has a 20% interest in the consortium organized to participate in the bidding process opened to international oil companies for production activities on oil fields in northern Kuwait.

Oman

TOTAL's primary operations in Oman are on Blocks 6 and 53, and in the Oman LNG/Qalhat LNG liquefaction plant. In 2005, the Group's share of production averaged 36 kboe/d, down from 40 kboe/d in 2004.

On Block 34, operated by TOTAL (100%), surveys were conducted to assess the oil potential. The block was relinquished in May 2005 after completion of a 2D seismic campaign.

On Block 6 operated by Petroleum Development Oman (PDO), in which TOTAL holds a 4% interest, a new concession agreement became effective on January 1, 2005 for a 40-year term.

In 2005, TOTAL acquired 2% in the production sharing contract for the Mukhaizna field (Block 53) following the transfer of the contract to Occidental, the operator.

The Oman LNG liquefaction plant (5.54%) produced 6.9 Mt in 2005. A third 3.6 Mt/y liquefaction train launched in 2003 within the new company Qalhat LNG came on line at the end of 2005. Oman LNG has a 36.8% interest in the plant (representing an indirect stake of 2.04% for the Group).

Qatar

In Qatar, TOTAL holds interests in the Al Khalij field, the North Field, the Dolphin project, and in the Qatargas liquefaction plant. TOTAL's production in Qatar (including its share in the production of equity affiliates) averaged 57 kboe/d in 2005, at the same level as in 2004, up from 54 kboe/d in 2003.

TOTAL holds 20% in the upstream operations of Qatargas, which produces natural gas and condensates on a block in the North Field. The Group also owns a 10% interest in the Qatargas liquefaction plant. The three natural gas liquefaction (LNG) trains produced 9.0 Mt in 2005, compared to 9.1 Mt in 2004. A de-bottlenecking program was completed in June 2005, raising production capacity to 9.7 Mt/y.

In December 2001, a contract was signed with state-owned Qatar Petroleum providing for the sale of 2,000 Mcf/d of gas from the North Field produced in the Dolphin project (24.5%) for a period of 25 years. This gas will be transported to the United Arab Emirates through a 360-kilometer gas pipeline. The final development plan was approved in December 2003 by the Qatari authorities and

the construction contracts were awarded in 2004. Construction is underway on both the Ras Laffan Industrial City site and on the offshore section.

On the Al Khalij field (100%), the third development phase for the north zone was completed in September 2004, increasing production to 45 kb/d in 2005.

In February 2005, TOTAL signed a memorandum of understanding for TOTAL to acquire a 16.7% interest in the second train of Qatargas II. This integrated project will develop two new LNG trains, each with an annual capacity of 7.8 Mt, with commissioning planned for 2008. The acquisition of this interest is subject to the approval of the relevant authorities.

TOTAL also announced in July 2005 a project to locate a research center in the Qatari Scientific and Technical Complex.

Syria

In 2005, the Group's production was 25 kboe/d, coming principally from the Jafra and Qahar fields on the Deir Ez Zor permit (100%, operated by DEZPC which is 50% owned by TOTAL).

The Deir Ez Zor gas and condensate reprocessing plant (50%), which came on line at the end of 2001, collects, processes and transports approximately 175 Mcf/d of associated gas from the permits in the Deir Ez Zor region. With the expiration of the contract, these facilities were transferred to the state-owned company SGC at the end of 2005.

Yemen

TOTAL is active in the two oil basins in Yemen, as the operator on Block 10 (Masila basin, East Shabwa permit) and as a partner on Block 5 (Marib basin, Jannah permit).

Production on the East Shabwa permit (28.6%, operator) averaged 33 kb/d (in 100%) in 2005. The potential of the "Basement" was confirmed in 2005 with record production on the block. Production averaged 47 kb/d (in 100%) on the Jannah permit (15%) in 2005.

Yemen LNG, the LNG project operated by TOTAL (a 39.6% shareholder after the entry of Kogas), was officially launched in August 2005. This project provides for the construction of two liquefaction trains with a total capacity of 6.7 Mt/y that are scheduled to come on line near the end of 2008.

Three long-term LNG sales agreements were signed with Suez (2.5 Mt/y) and Total Gas & Power Ltd (2 Mt/y) for deliveries to the United States over a 20-year period, beginning in 2009, and with Kogas for sales of 2 Mt/y to be delivered to South Korea also for a 20-year period. Under the latter agreement, Kogas acquired a 6% interest in the company YLNG.

Interests in pipelines

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

As of December 31, 2005 Pipeline(s)	Origin	Destination	% interest	TOTAL operator	Liquids	Gas
FRANCE						
TIGF	Network South West		100.00	x		x
NORWAY						
Frostpipe (inhibited)	Lille-Frigg, Froy	Oseberg	36.25		x	
Gassled ⁽¹⁾			9.13			x
Heimdal to Brae Condensate Line	Heimdal	Brae	16.76		x	
Kvitebjorn pipeline	Kvitebjorn	Mongstad	5.00		x	
Norpipe Oil	Ekofisk Treatment center	Teeside (UK)	34.93		x	
Oseberg Transport System	Oseberg, Brage and Veslefrikk	Sture	8.65		x	
Sleipner East Condensate Pipe	Sleipner East	Karsto	10.00		x	
Troll Oil Pipeline I and II	Troll B and C	Vestprocess (Mongstad Refinery)	3.70		x	
NETHERLANDS						
Nogat pipeline	F15A	Den Helder	23.19			x
West Gas Transport	K13A-K4K5	Den Helder	4.66			x
WGT Extension	Markham	K13-K4K5	23.00			x
UNITED KINGDOM						
Bruce Liquid Export Line	Bruce	Forties (Unity)	43.25		x	
Central Area Transmission System (CATS)	Cats Riser Platform	Teeside	0.57			x
Central Graben Liquid Export Line (LEP)	Elgin-Franklin	ETAP	46.17	x	x	
Frigg System: UK line	Frigg UK, Alwyn North, Bruce, and others	St.Fergus (Scotland)	100.00	x		x
Interconnector	Bacton	Zeebrugge (Belgium)	10.00			x
Ninian Pipeline System	Ninian	Sullom Voe	16.00		x	
Shearwater Elgin Area Line (SEAL)	Elgin-Franklin Shearwater	Bacton	25.73			x
GABON						
Rabi Pipe	Rabi	Cap Lopez Terminal	100.00	x	x	
UNITED STATES						
Canyon Express	Aconcagua	Williams Plateform	25.80	x		x
SOUTH AMERICA						
Argentina						
Gas Andes	Neuquen Basin (Argentina)	Santiago (Chile)	56.50	x		x
TGN	Network (Northern Argentina)		19.21	x		x
TGM	TGN	Uruguayana (Brazil)	32.68	x		x
Bolivia						
Transierra	Yacuiba (Bolivia)	Rio Grande (Bolivia)	11.00			x
TBG	Bolivia-Brazil border	Porto Alegre via Sao Paulo	9.67			x
TSB (project)	TGM (Uruguay)	TBG (Porto Alegre)	25.00			x
Colombia						
Ocensa	Cusiana, Cupiagua	Covenas Terminal	15.20		x	
Oleoducto de Alta Magdalena	Magdalena Media	Vasconia	1.00		x	
Oleoducto de Colombia	Vasconia	Covenas	9.50		x	
ASIA						
Yadana	Yadana (Myanmar)	Ban-I Tong (Thai border)	31.20	x		x
REST OF THE WORLD						
BTC (project)	Baku (Azerbaijan)	Ceyan (Turkey)	5.00		x	
SCP (project)	Baku (Azerbaijan)	Erzurum (Turkey)	10.00			x
Dolphin (project)	Ras Laffan (Qatar)	Taweelah (U.A.E.)	24.50			x

(1) Gassled: unitization of Norwegian gas pipelines through a new joint-venture in which TOTAL has an interest of 9.13%. In addition to the direct share in Gassled, TOTAL has a 14.4% interest in the joint-stock company Norsesea Gas AS, which holds 3.018% in Gassled.

Gas & Power

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

Natural Gas

In 2005, TOTAL continued to pursue its strategy of developing its activities downstream from natural gas production to optimize access for its present and future gas production and reserves to traditional (organized around long-term contracts between producers and integrated gas companies) as well as newly (or soon to be) deregulated markets.

The majority of TOTAL's natural gas production is sold under long-term contracts. However, a part of its UK, Norwegian and Argentine production as well as substantially all of its North American production are sold on a spot basis.

The long-term contracts under which TOTAL sells its natural gas production usually provide for a price related to, among other factors, average crude oil and other petroleum product prices, as well as, in some cases, a cost of living index. Although the price of natural gas tends to fluctuate in line with crude oil prices, there tends to be a delay before changes in crude oil prices are reflected in long-term natural gas prices.

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

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

Europe

TOTAL has been active in the downstream portion of the gas chain for more than 60 years. Natural gas transport, marketing and storage were initially developed to complement the Group's domestic production in Lacq (France). Today, TOTAL's objective is to become a leading supplier of gas to European industrial and commercial customers.

In France, the unwinding of the cross-shareholdings between TOTAL and Gaz de France in their jointly-owned transmission and supply subsidiaries in France was completed in the first quarter of 2005.

Since April 2005, the Group's transmission and storage activities in southwest France have been brought under a wholly-owned subsidiary, Total Infrastructures Gaz France (TIGF), which operates a transport network of 4,905 km of pipes and two storage units with a combined capacity of 85 Bcf (2.4 Bm³), approximately 22% of the overall natural gas storage capacity in France.⁽¹⁾

In 2005, the construction of the "Euskadour" pipeline was completed. This pipeline, whose construction was approved in 2003 and started in 2004, is the second pipeline to connect the Atlantic coasts of Spain and France.

In 2005, TOTAL sold 260 Bcf (7.4 Bm³) of natural gas to French customers through its new marketing subsidiary Total Énergie Gaz (TEGAZ), compared to an overall total of 268 Bcf (7.6 Bm³) sold in France in 2004.

In Spain, since 2001, TOTAL has marketed gas in the industrial and commercial sectors through its participation in Cepsa Gas Comercializadora. TOTAL and Cepsa each have a 35% interest in this company while the Algerian national company Sonatrach owns the remaining 30%. Taking into account TOTAL's 45.3% interest in Cepsa, TOTAL has a direct and indirect interest of approximately 50% in this company. In 2005, Cepsa Gas Comercializadora sold approximately 63 Bcf (1.8 Bm³) of natural gas, compared to approximately 35 Bcf (1 Bm³) in 2004 and 2003.

TOTAL is also participating in the studies for the Medgaz gas pipeline project, intended to directly connect Algeria and Spain, in which the Group has a direct interest of 12% and, through its 45.3% interest in Cepsa, an additional indirect interest of 9%.

In the UK, TOTAL's subsidiary Total Gas & Power Ltd sells gas and power to the industrial and commercial markets. This subsidiary also conducts global gas, electricity and LNG trading activities as well as holding a 10% interest in Interconnector UK Ltd, a gas pipeline, connecting Bacton in the UK to Zeebrugge in Belgium. In

⁽¹⁾ Natural gas information 2005.

2005, Total Gas & Power Ltd marketed 189 Bcf (5.4 Bm³) of natural gas to industrial and commercial customers, compared to 189 Bcf (5.4 Bm³) in 2004 and 177 Bcf (5 Bm³) in 2003. Electricity sales in 2005 amounted to 1.7 TWh in 2005 compared to 1.3 TWh in 2004 and 0.8 TWh in 2003.

The Americas

In the United States, TOTAL sold approximately 621 Bcf (17.6 Bm³) of natural gas in 2005, compared to 530 Bcf (15 Bm³) in 2004 and 367 Bcf (10.4 Bm³) in 2003, supplied by its own production and external sources.

In South America, TOTAL owns interests in natural gas transport companies in Argentina and Chile and Brazil. In particular, TOTAL's interests include 19.2% of Transportadora de Gas del Norte (TGN), which operates a gas transport network covering the northern half of Argentina and 56.5% of the companies that own the GasAndes pipeline connecting the TGN network to the Santiago region of Chile. These different assets represent a total integrated network of approximately 9,000 km serving the Argentine, Chilean and Brazilian markets from gas producing basins in Bolivia and Argentina, where the Group has natural gas reserves.

The actions taken by the Argentine government after the 2001 economic crisis resulted in an impairment of the assets of TOTAL's Argentine subsidiaries. TOTAL continued its efforts in 2005 to preserve the value of these gas transportation and power generation assets.

Asia

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

In Japan, TOTAL has a 3% stake in DME-Development and a 6% stake in DME-International, alongside nine Japanese corporate partners. These companies aim to develop a new process to obtain DiMethyl Ether (DME), an environmentally-friendly liquid fuel, by converting natural gas into carbon monoxide and hydrogen and then chemically transforming this synthetic gas. Tests at a pilot plant with a capacity of 100 t/d, which began in 2004, continued in 2005. Over 17 kt of DME have been produced in 2 years at this plant in Kushiro on Hokkaido Island. The encouraging results at the pilot plant may lead DME-Development to confirm the potential of this new technology. In 2005, DME-International started feasibility studies for the construction of commercial production units.

Liquefied Natural Gas (LNG)

The Gas & Power sector conducts LNG activities downstream from liquefaction plants: LNG shipping, re-gasification, storage and marketing. TOTAL has entered into agreements to obtain long-term access to LNG re-gasification capacity on the three continents which are the largest consumers of natural gas: North America (United States and Mexico), Europe (France) and Asia (India). With these agreements in place, TOTAL is positioned to develop new natural gas liquefaction projects, notably in the Middle East.

Europe

In Europe, TOTAL entered into a partnership agreement with Gaz de France at the end of 2004 which became effective at the beginning of 2005. This agreement will give TOTAL a stake in Fos Cavaou terminal under construction in southern France and should provide TOTAL with a re-gasification capacity of 2.25 Bm³/y (1.7 Mt/y). This terminal has a planned initial capacity of 8.25 Bm³/y (6.1 Mt/y) and is scheduled to begin receiving deliveries of LNG from 2007.

Total Gas & Power Ltd signed an agreement in 2004 to purchase 1 Bm³/y (0.7 Mt/y) of LNG from the Snøhvit liquefaction plant (in which TOTAL has an 18.4% interest), intended mainly for marketing in North America and Europe. The first delivery from this plant is expected in the last quarter of 2007.

North America

TOTAL signed an agreement in November 2004 to reserve re-gasification capacity in the United States at the Sabine Pass LNG terminal in Louisiana, whose construction began in April 2005. Under this agreement, TOTAL will have a re-gasification capacity of 7.5 Mt per year (1 Bcf/d) beginning in 2009 for a renewable period of 20 years. TOTAL expects to use this capacity to process LNG from various projects around the world in which it has an interest, particularly those in the Middle East and West Africa.

In 2003, TOTAL acquired a 25% interest in the Altamira re-gasification terminal on the eastern coast of Mexico. This terminal is designed to have an initial LNG re-gasification capacity of 5 Mt per year (1.25 Mt/y TOTAL share). Work on this project progressed as scheduled in 2005 and the terminal is expected to begin operations in the last quarter of 2006.

Asia

In April 2005, the Hazira re-gasification terminal on the west coast of the Gujarat state in India was inaugurated, with an initial capacity of 2.5 Mt per year. In 2004, TOTAL acquired a 26% interest in the terminal as well as in the marketing company, SHG, which will sell the re-gasified LNG. TOTAL has agreed to provide 26% of the LNG that SHG will market.

Middle East

In Qatar, negotiations undertaken in 2004 resulted in the signature of heads of agreement in February 2005 for TOTAL to acquire a 16.7% interest in the second train of Qatargas 2 and to purchase up to 5.2 Mt/y of LNG from Qatargas 2 over a 25-year period. This LNG is expected to be marketed in France, the UK and the U.S. The heads of agreement are subject to the approval of the relevant authorities in Qatar and in Europe. Further negotiations to finalize the agreements are underway.

In Yemen, TOTAL, through its wholly-owned subsidiary Total Gas & Power Ltd, signed an agreement with Yemen LNG Ltd (in which TOTAL has a 39.6% interest) in July 2005 to purchase 2 Mt/y of LNG over a 20-year period beginning in 2009 to be delivered to the United States.

In Iran, among the agreements establishing the framework for the future Pars LNG project (in which TOTAL has a 30% interest), Total Gas & Power Ltd signed an agreement to purchase 3 Mt/y of LNG over a 20-year period. This agreement is conditioned upon the final investment decision for the project for the construction of two liquefaction trains, each with a capacity of 5 Mt/y.

Africa

Total Gas & Power Ltd has an agreement to purchase 0.9 Mt/y of LNG from Nigeria LNG Ltd (in which TOTAL has a 15% interest) over a 20-year period. This agreement became effective with the decision by Nigeria LNG Ltd in July 2004 to launch a sixth liquefaction train at its Bonny liquefaction plant. Deliveries are expected to start in 2007.

These volumes, intended mainly for the North American and European markets, are in addition to the 0.2 Mt/y purchased by TOTAL from the fourth and fifth trains at the Bonny plant of Nigeria LNG, delivery of which began early in 2006.

Trading

TOTAL's subsidiary Total Gas & Power Ltd has been trading LNG cargos since 2001. This activity provides TOTAL with flexibility in the supply of gas to its main customers. These cargos originate from major liquefaction plants (in Nigeria, Oman, Abu Dhabi, Algeria and Egypt) which have produced more LNG than they are required to deliver under their long-term sales agreements. The customers for these cargos are mainly located in Europe (France, Spain) and Asia (India, Japan and Taiwan). TOTAL sold 13 spot cargos in 2005, seven in 2004 and 11 in 2003.

Liquefied Petroleum Gas (LPG)

In 2005, TOTAL traded or sold 5 Mt of LPG (butane and propane) around the world, compared to 4.8 Mt in 2004 and 4.7 Mt in 2003. Approximately 1 Mt of this LPG was sold in the Middle East and Asia and sales through coastal trading on small vessels amounted to approximately 1 Mt in Europe while the remaining approximately 3 Mt was sold in the Atlantic and Mediterranean regions on large vessels. Approximately half of these quantities originated from fields or refineries operated by the Group. This LPG trading involves the use of six full-time charter vessels and approximately 70 spot charters. In 2005, TOTAL's activity in this area represented approximately 10% of worldwide seaborne LPG trade.⁽¹⁾

In 2005, TOTAL continued the construction of an underground LPG storage unit in the state of Andhra Pradesh on the east coast of India, which began in November 2003. The start of commercial operations for this terminal is expected in 2007. It has a planned storage capacity of 60 kt and an off-take capacity of 1.2 Mt/y. TOTAL has a 50% interest in this project, in partnership with Hindustan Petroleum Company Ltd.

Electricity and Cogeneration

TOTAL is participating in a number of natural gas-fired electricity generation facilities in Europe, South America, Asia and the Middle East as part of its strategy of pursuing opportunities at all levels of the gas value chain. TOTAL is currently a partner in facilities with the capacity to generate more than 5,300 MW of electricity, equivalent to 2,347 MW net to the Group (excluding cogeneration facilities linked to its refining activities).

TOTAL also participates in several cogeneration facilities. Cogeneration is a process whereby the steam produced to turn turbines to generate electricity is then used for industrial purposes, such as refining petrochemicals or water desalination. This process can have an energy efficiency in the range of 60% to 85%.

The Taweelah A1 cogeneration plant in Abu Dhabi, which combines power generation and water desalination, has been in operation since May 2003 and is owned and operated by Gulf TOTAL Tractebel Power Cy, in which TOTAL has a 20% interest. Taweelah A1 currently has a total power generation capacity of 1,430 MW and a water desalination capacity of 385,000 m³ per day, making it one of the largest gas-fired cogeneration plants in the world⁽²⁾, and represents approximately one quarter of the Emirate of Abu Dhabi's power generation and water desalination capacities.

In Thailand, Eastern Power and Electric Company Ltd (EPEC) (TOTAL 28%) has operated the combined cycle gas power plant of Bang Bo, which has a capacity of 350 MW, since March 2003. In 2005 this plant attained the maximum number of hours of availability (8,188 hours) provided for under its contracts.

⁽¹⁾ *Poten & Partners – LPG in World Markets – Yearbook 2005.*

⁽²⁾ *Cogeneration and On-Site Power Production, Volume 4, Number 4, July–August 2003.*

In Argentina, TOTAL owns 63.9% of Central Puerto SA and 70% of Hydroneuquen. Central Puerto SA owns and operates gas-fired power stations in Buenos Aires and in Neuquén, with a total capacity of 2,165 MW. Through its stake in Hydroneuquen, TOTAL owns 41.3% of Piedra del Aguila (HPDA), a 1,400 MW hydroelectric dam located in the Neuquén region.

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

- the Afam power generation unit (restoration of Afam V, 276 MW capacity; and development of Afam VI, 600-660 MW capacity), in which TOTAL has a 10% interest through the SPDC joint venture; and
- the Obite power generation unit (TOTAL operator, approximately 400 MW combined cycle), within the EPNL joint venture, in which TOTAL has a 40% interest.

In the United Kingdom, in September 2005 TOTAL sold its 40% interest in Humber Power Ltd, which owns a 1,260 MW capacity gas-fired combined cycle power station located on the Humber estuary.

Coal

TOTAL sold approximately 9.5 Mt of coal worldwide in 2005 (compared to 11.3 Mt in 2004 and 11 Mt in 2003). Of this amount, 4.8 Mt was South African steam coal produced by the Group. Approximately 67% of this coal produced by the Group was sold to European utility companies and approximately 20% was sold in Asia. The amount of coal sold by the Group in 2005 was less than that sold in 2004 due to the fact that, pursuant to modifications in the partnership agreements with Xstrata, TOTAL no longer markets Xstrata's share of production under these agreements (approximately 2 Mt/y).

The Group's South African coal is exported through the port of Richard's Bay, the largest coal terminal in the world, 5.7% of which is owned by TOTAL. On the domestic market in South Africa, sales amounted to 0.6 Mt in 2005, primarily to the industrial and metallurgic sectors.

TOTAL is also active in coal trading through its wholly-owned subsidiary Total Energy Resources in Hong Kong and through an office established in Jakarta in September 2004. Of the 3 Mt of coal traded in 2005, 70% was sold in Asia.

In France, TOTAL, through its subsidiary CDF Énergie, is an important distributor of steam coal to the industrial sector (paper, cement, food, residential heating, etc.) with 2005 sales of 2 Mt, approximately 90% of which is produced by diverse sources outside the Group.

Renewable Energy

TOTAL is developing its presence in renewable energy as part of its preparation for future energy needs and as part of its sustainable development policy. Currently, the two major components of its activities are solar-photovoltaic energy, where TOTAL has been present since 1983, and wind power. In 2005, TOTAL also decided to participate in the development of a third possibility for renewable energy, wave power.

Solar-photovoltaic power

In solar power, TOTAL has activities that range from the manufacture of photovoltaic cells (Photovoltec) to the design of systems (TENESOL) to the financing of rural electrification projects (Temasol in Morocco and KES in South Africa).

In 2005, Photovoltec, a company specialized in manufacturing photovoltaic cells, of which TOTAL owned 42.5% before increasing its interest to 47.8% in January 2006, had sales of 24 M€. Due to strong demand and the success in marketing the products provided by Photovoltec, overall production capacity, currently approximately 13 MWp/y, is planned to be increased to 20 MWp/y in 2006 and 80 MWp/y in 2008.

In 2005 TOTAL increased its interest in TENESOL (formerly Total Energy), its partnership with EDF, from 35% to 50%. TENESOL specializes in the design, manufacture, marketing and operation of solar-photovoltaic power systems. TENESOL's sales increased by about 40% from 2004 to 2005 (and by approximately 110% from 2003 to 2005), amounting to approximately 140 M€ and corresponding to an effective capacity of 30.5 MWp. Its main commercial markets are for network connections in Europe (mainly in Germany) and for decentralized rural electrification and telecommunication systems in the French Overseas Territories. TENESOL owns a solar panel manufacturing plant in South Africa with an annual production capacity of 35 MWp. In the second half of 2005, TENESOL also began production of solar panels at a site temporarily rented in Toulouse while awaiting the construction of a plant in Toulouse designed to have an initial annual production capacity of 15 MWp.

TOTAL is pursuing decentralized rural electrification activities by responding to calls for tenders from public authorities in various countries such as Mali, Morocco and South Africa. In South Africa, the project underway to equip 15,000 households, led by Kwazulu Energy Service Company (TOTAL 35%), had equipped almost 10,000 households by the end of 2005, compared to 4,000 at the end of 2004 and 3,000 at the end of 2003.

In Morocco, Terasol, 32.2% of which is directly owned by TOTAL and another 35.6% by TENESOL, continued to work on a project awarded in 2002 to equip 16,000 households. In 2004, Terasol was also awarded a project to equip 37,000 households. In 2005, it was awarded part of a project to equip an additional 5,500 households. At the end of 2005, approximately 20,000 of the total of 58,500 households covered by these projects had been equipped, compared to 10,000 at the end of 2004 and 4,200 at the end of 2003.

Wind power

TOTAL operates a wind farm in Mardyck, France and has initiated development studies for both onshore and offshore projects in France, the UK and Spain.

The 12 MW capacity Mardyck wind farm in northern France, commissioned in November 2003, produced approximately 26.4 GWh of electricity in 2005. This wind farm allows the comparison of different technologies at the same site in order to prepare for possible larger scale offshore or onshore projects in the future.

In December 2005, TOTAL was selected by the French Ministry of Industry for a wind power project with a 90 MW capacity in the Aveyron region pursuant to a call for tenders organized by the public authorities. Pursuant to the terms of the bid, the construction of the project is subject to obtaining a permit. The efforts to obtain this permit will be coupled with efforts to inform and consult with concerned parties and will also be the object of a public inquiry. The wind farm may be operational in 2008. Work on this project will be conducted by an equal partnership between TOTAL and Harpen, a member of the RWE group, organized as the "Éoliennes de Mounès" company.

TOTAL responded to a call for tenders from the French authorities by submitting a proposal in 2004 to create a wind farm offshore Dunkirk. This proposal was not selected by the French Ministry of Industry, which announced a new call for tenders. TOTAL plans on resubmitting a proposal for this offer.

Wave power

In addition to its participation in the development of solar-photovoltaic and wind power, TOTAL has decided to participate in the development of wave power. In June 2005 TOTAL acquired a 10% interest in a pilot project located offshore Santona, on the northern coast of Spain.

Studies are underway to determine the ultimate size of the facilities, including the generation capacity. This research and development project should provide information necessary to better assess the technical and economic potential of this technology.

Downstream

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

No. 1 in European Refining and Marketing ⁽¹⁾.

No. 1 in Africa ⁽²⁾

Refinery capacity of approximately **2.7 Mb/d**, at the year-end 2005.

Nearly **17,000** service stations, at the year-end 2005.

Approximately **3.9 Mb/d** of products sold in 2005.

One of the leading worldwide traders of oil and refined products.

2005 investments: **1.78 B€**.

34,611 employees.

Downstream segment financial data

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Non-Group sales	99,934	86,896	80,640	68,658
Adjusted operating income ⁽³⁾	3,899	3,235	3,217	1,970
Adjusted net operating income ⁽³⁾	2,916	2,331	2,302	1,460

In 2005, the Downstream segment benefited from a particularly favorable refining environment. Refining margins were driven sharply higher by a combination of strong product demand for distillates in Europe and for gasoline in the United States as well as by the wider light-heavy crude price differential.

Adjusted net operating income for the Downstream segment in 2005 was 2,916 M€ compared to 2,331 M€ in 2004, an increase of 25%.

In U.S. dollar terms, adjusted net operating income increased by \$0.7 billion. The more favorable operating environment had an estimated positive impact of \$0.8 billion. Productivity programs had a positive impact estimated at \$0.15 billion which were more than offset by the estimated negative impact of \$0.25 billion due to strikes at refineries in France and the effects of Hurricane Rita in the Gulf of Mexico.

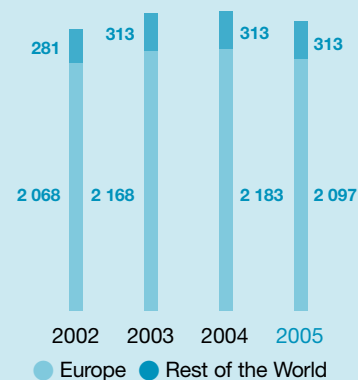
(1) Company sources, Oil and Gas Journal of December 19, 2005.

(2) Company sources, PFC Energy September 2005.

(3) IFRS : excluding adjusting items (special items and inventory valuation effect).

French GAAP : excluding special items.

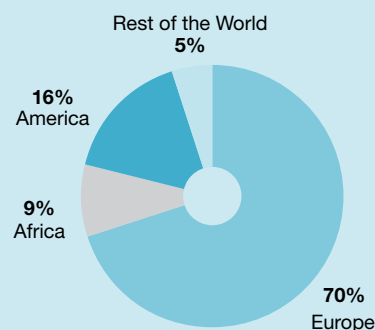
Refinery throughput (kb/d)*



* In kb/d, including the Group's share in Cepsa.

In 2005, refinery throughput declined by 3% to 2,410 kb/d compared to 2,496 kb/d in 2004. The refinery utilization rate in 2005 was 88%. Excluding the impacts of strikes at refineries in France and the effects of Hurricane Rita, the refinery utilization rate would have been 91% in 2005, a 1% decrease compared to 2004 due to the large number of scheduled turnarounds.

2005 refined products sales by region: 3,885 kb/d*



* In kb/d, including Trading division activities and the Group's share in Cepsa.

Refining & Marketing

On December 31, 2005, TOTAL's worldwide refining capacity was 2,708 kb/d. The Group's refined products sales in 2005 increased to 3,885 kb/d (including trading activities), compared to 3,771 kb/d in 2004 and 3,652 kb/d in 2003. TOTAL is the largest refiner-marketer in Europe⁽¹⁾ and, with a market share of 11%, the largest marketer in Africa. As of December 31, 2005, TOTAL's marketing network consisted of 16,976 retail stations worldwide (compared to 16,857 in 2004 and 17,284 in 2003), of which approximately 50% are owned by the Group. TOTAL's refineries also allow the Group to produce a broad range of specialty products, such as lubricants, liquefied petroleum gas (LPG), jet fuel, petrochemical feedstock, special fluids and bitumens.

At the end of 2003, TOTAL decided to accelerate its program for investment in refining to respond to an increasing demand for diesel fuel in Europe and to take advantage of the price differential between heavy crude oil and light crude oil. This program, which was launched in 2004 with the start of construction of a distillate hydrocracker (DHC) at the Group's refinery in Normandy, France, includes major conversion and desulphurisation projects. Under this program, the Group plans to invest an average of 800 M€ per year over the period from 2005 to 2010 (excluding capitalization of turnarounds).

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

Refining

As of December 31, 2005, TOTAL held interests in 27 refineries (including 13 that it operates), located in Europe, the United States, the French West Indies, Africa and China.

TOTAL's activities in Western Europe have a refining capacity of 2,344 kb/d, accounting for more than 85% of the Group's refining capacity⁽²⁾ and making TOTAL the leading refiner in this region. TOTAL operates 12 refineries in Western Europe. Six are located in France, one in Belgium, one in Germany, two in the United Kingdom, one in Italy and one in the Netherlands. TOTAL also has minority interests in another German refinery (Schwedt) and participates in four refineries in Spain through its interest in Cepsa. In the United States, TOTAL operates the Port Arthur, Texas refinery near the Gulf of Mexico, which has a capacity of 174 kb/d. This refinery benefits from the increasing integration of refining and petrochemical operations.

(1) Company sources, on the basis of refining capacity and/or sales.

(2) Company sources ; PFC Energy September, 2005.

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

From 2005 to 2010, TOTAL plans to invest approximately 5 B€ to adapt the Group's refineries to changes in the oil refining market as well as to improve energy efficiency and industrial safety.

- Most significantly, these investments are designed to increase the production of diesel fuel, the demand for which continues to grow in Europe. The first project of this type is the construction of a distillate hydrocracker (DHC) at the Normandy refinery in France. The construction of this unit began in the spring of 2004 and the unit is scheduled to enter into operation in the summer of 2006. This project is designed to allow the Group to respond to the growing European demand for light distillates (in particular diesel and jet fuel), to reduce the refineries production of heavy fuel oil and to produce high quality feedstock for lubricants and specialty fluids as well as naphta for the neighboring steamcracker. The project represents a total investment of approximately 500 M€ over the period from 2003 to 2006, and includes the construction, at the same time, of a hydrogen production unit expected to cost approximately 100 M€. A hydrocracker⁽³⁾ with a capacity 2.1 Mt is also planned to be built at Cepsa's refinery located in Huelva in Spain and to enter into operation near the end of 2009. This project represents an investment of nearly 1 B€.
- In addition, these investments are also intended to increase the Group's capacity to refine high-sulphur crude oil in order to adapt to the increasing proportion of heavy and high-sulphur crude oils being imported from the Commonwealth of Independent States (CIS). The first of these projects is the construction of a desulphurization unit at the Lindsey (Immingham) refinery in the United Kingdom. This investment of approximately 0.2 B€ should allow the plant to raise the proportion of high-sulphur crude that it can process from 10% to 70%. The unit is scheduled to begin operating near the end of 2008. A second project to construct a desulphurization unit at the Donges refinery in France is currently being studied.
- These investments will also be used to build a deep-conversion unit in North America to treat heavy crude oil from Venezuela and Mexico. TOTAL is currently studying a project to build a coker that would start operations in 2010. The investment related to this project is estimated at approximately \$0.9 billion.
- Finally, these investments will be used to improve the reliability and energy efficiency of the Group's refineries, to reduce emissions and for maintenance.

In 2005, TOTAL raised its interest in the Rome refinery in Italy to 71.9% by acquiring an additional 14.4% from Shell, who also sold

5.6% of the refinery to ERG. In return, TOTAL sold its 18% interest in the Reichstett refinery in France to Shell.

During 2005, six of TOTAL's refineries in Europe were affected by major turnarounds. These turnarounds were also used by TOTAL

to adapt the refining units to meet new European requirements for low-sulfur fuels (10 ppm) that come into effect in 2009, to reduce the environmental impact of the units (air and water quality), to increase energy efficiency and to improve safety.

Crude oil refining capacity ⁽¹⁾

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

December 31, (kb/d)	2005	2004	2003
Refineries operated by the Group			
Normandy (France)	331	328	343
Provence (France)	158	155	159
Flandres (France)	159	160	160
Donges (France)	229	231	231
Feyzin (France)	118	119	117
Grandpuits (France)	99	99	97
Antwerp (Belgium)	350	352	352
Leuna (Germany)	225	227	220
Rome (Italy) ⁽²⁾	64	52	52
Immingham (UK)	221	223	223
Milford Haven (UK) ⁽³⁾	73	73	73
Vislingen (Netherlands) ⁽⁴⁾	84	84	84
Port Arthur, Texas (United States)	174	176	176
Sub-total	2,285	2,279	2,287
Other refineries in which the Group has an interest ⁽⁵⁾	423	413	409
Total	2,708	2,692	2,696

(1) In the case of refineries that are not wholly owned by TOTAL, the indicated capacity represents TOTAL's proportionate share of the total refining capacity of the refinery.

(2) TOTAL participation on December 31, 2005: 71.9%. TOTAL participation on December 31, 2004 and 2003: 57.5%.

(3) TOTAL interest 70%.

(4) TOTAL interest 55%.

(5) 14 refineries in which TOTAL has interests ranging from 16.7% to 55.6% (seven in Africa, four in Spain, one in Germany, one in Martinique and one in China) and the Reichstett refinery in France in 2003 and 2004.

Refined products

The table below sets forth by product category TOTAL's net share of the quantities produced at TOTAL's refineries (including those in which it has a minority interest).

Production levels (kb/d)	2005	2004	2003
Gasoline	534	580	584
Avgas and jet fuel	191	188	177
Kerosene and diesel fuel	639	712	724
Fuel oils and heating oils	593	552	535
Other products	406	419	419
Total ⁽¹⁾	2,363	2,451	2,439

(1) Includes TOTAL's 45.3% share of Cepsa.

UTILIZATION RATE (BASED ON CRUDE REFINING ONLY)	2005	2004	2003
	88%	92% ⁽¹⁾	91% ⁽¹⁾

(1) Revised to reflect calculation based on crude refining only.

Marketing

The Group is one of the leading marketers, based on refined product sales, in the combined six largest markets in Europe (France, Spain, Benelux, United Kingdom, Germany and Italy) ⁽⁴⁾.

In September 2005, TOTAL announced the acquisition of ExxonMobil's marketing and distribution affiliates in fourteen African countries, making TOTAL the largest marketer in Africa with a market share of 11%.

Sales of refined products ^(a)

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

(kb/d)	2005	2004	2003
France	852	882	917
Rest of Europe ^(a)	1,537	1,505	1,509
United States	256	257	237
Africa	260	245	232
Rest of the World	151	129	87
Total excluding Trading	3,056	3,018	2,982
Trading (Balancing and Export Sales)	829	753	670
Total including Trading	3,885	3,771	3,652

(a) Includes TOTAL's 45.3% share of Cepsa.

Retail stations

The table below sets forth by geographic area the number of retail stations in the TOTAL network as of the end of the period indicated.

December 31,	2005	2004	2003
France ^(a)	5,459	5,626	5,917
Rest of Europe (excluding Cepsa)	4,937	5,003	5,196
Cepsa ^(b)	1,677	1,697	1,710
Africa	3,505	3,199 ^(c)	3,324
Other countries	1,398	1,332 ^(c)	1,137
Total	16,976	16,857	17,284

(a) Revised after integrating third-party networks. Retail stations under the TOTAL and Elf brands, and, in 2004, approximately 2,000 retail stations under the Elan.

(b) Includes all the retail stations within Cepsa's network, in which the Group has a 45.3% interest.

(c) Revised to take into account the transfer of stations in Madagascar from the Africa zone to the category other countries.

(4) Company sources, on the basis of sales.

Europe

In 2004, the Group completed implementing its program to unify its network under the TOTAL brand. Coupled with a new corporate identity program to provide higher visibility for the TOTAL brand, this program has led to a more coherent and effective commercial strategy.

TOTAL is among the leaders in Europe for fuel-payment cards, with approximately 3 million holders in 16 European countries. In 2005, more than 4.54 Mm³ of motor fuels were sold and paid by card, compared to 4.41 Mm³ in 2004 and 4.32 Mm³ in 2003.

TOTAL has a network of 435 AS24-branded retail stations dedicated to professional transporters in 17 European countries.

In France, the TOTAL-branded network provides extensive national coverage and offers a broad range of quality retail station services and a diverse selection of other products, such as the "Bonjour" convenience stores, while benefiting from customer loyalty programs. Elf-branded retail stations offer quality fuels and basic services at prices that are particularly competitive. As of December 31, 2005, the TOTAL-branded network consisted of approximately 3,000 retail stations in France, while the Elf-branded network included nearly 300 retail stations. TOTAL also markets fuels at nearly 2,000 Elan-branded retail stations located in rural areas.

Elsewhere in Europe, TOTAL is developing its network of stations in Belgium, Luxembourg, the Netherlands, Germany, the UK, Italy, Portugal and, through its 45.3% interest in the Spanish company Cepsa, Spain. In 2003 and 2004 the Group took steps to focus its European marketing activities in certain countries where it had a significant market share. These steps included acquiring service stations in Germany from Shell-DEA in 2004 in exchange for service stations in France, the Czech Republic and Hungary and concluding an agreement with Agip Petroli and Galp in 2003 to sell TOTAL-branded stations in Spain in exchange for service stations in Italy and Portugal.

In France in 2005, there was an important round of renewals of motorway service station concessions, concerning a total of 58 motorway concessions including 17 belonging to TOTAL. The Group obtained 12 concessions that it considers to be of high strategic value because of their size and location. In Germany, the major restructuring program launched in 2004 was continued in 2005 with the rationalization of the network's portfolio and the development of non-fuel sales. In the UK, the restructuring program launched in 2003 has had a positive impact and a second phase aiming to further rationalize sites and to develop non-fuel sales will continue in 2006.

In April 2005, TOTAL launched two new high-performance fuels, branded TOTAL EXCELLIUM 98 and TOTAL EXCELLIUM diesel, in France, Belgium, Italy, the Netherlands, the UK and Turkey.

These "new generation" fuels reduce fuel consumption and carbon dioxide emissions, decrease exhaust emissions (in particular carbon monoxide), reduce the noise level upon ignition and clean sensitive engine parts such as injectors and inlet valves. The EXCELLIUM range of products demonstrates TOTAL's commitment to developing innovative and economical technological solutions to respond to its customers needs. At the end of 2005, the results of this initiative, in terms of market penetration, were better than those originally targeted.

In 2005, TOTAL began distributing a urea-based additive called AdBlue for European professional transport vehicles. This product destroys nitrogen oxide in truck exhaust systems in order to meet current and future environmental standards (Euro IV and Euro V). In June 2005, TOTAL inaugurated the first French service station marketing urea, near Lyon. From 2006 to 2008, TOTAL will supply AdBlue in 25 European countries through a network of 400 retail outlets, including 200 in France.

The Group renewed its partnership agreements with car manufacturers Renault and Peugeot in 2005. These agreements concern research and development (for fuels and lubricants), commercial relations with dealerships and motor sports sponsoring.

Africa

As of December 31, 2005, TOTAL was present in more than 40 African countries and had interests in seven refineries.

In 2005, TOTAL strengthened its position in Africa by signing an agreement to acquire the marketing and distribution affiliates of ExxonMobil in 14 African countries (Chad, Djibouti, Eritrea, Ethiopia, Ghana, Guinea Conakry, Liberia, Malawi, Mauritius, Mozambique, Sierra Leone, Togo, Zambia and Zimbabwe). These acquisitions are now effective (with the exception of an interest in Zambia which is still subject to the approval of anti-competition authorities). This acquisition includes 500 service stations and 29 terminals and depots with a capacity of 380,000 m³. With this agreement, TOTAL is reinforcing its presence in western African countries, consolidating its positions in eastern Africa and becoming the largest marketer of petroleum products in Africa.

Asia

As of December 31, 2005, TOTAL is present in 14 Asian countries and has an interest in the refinery at Dalian in China.

In March 2005, TOTAL signed a joint-venture agreement with Sinochem in China to develop a network of 200 retail stations in Beijing and the area to the north of the city. The total investment for this project should be approximately \$120 million. Three service stations were operating as of December 31, 2005. A second joint-venture with Sinochem for the creation of 300 service stations in

the provinces of Shanghai, Jiangsu and Zhejiang in eastern China with a total investment of approximately \$100 million was signed in September 2005. The first 100 stations under this agreement were approved by the Chinese Ministry of Commerce in December 2005. The remaining 200 stations should be authorized after the petroleum products distribution market in China is completely opened, which is expected to occur in 2006. TOTAL and Sinochem have been partners for more than 10 years in the WEPEC refinery located in Dalian, in which TOTAL has 22.4% interest and which has a refining capacity of 10 Mt/y. A distillate hydrocracker with a planned capacity of 1.5 Mt/y is under construction and is scheduled to begin operations in 2006. These investments represent a major step forward in TOTAL's strategy of expanding its petroleum products marketing operations in China.

In 2005, TOTAL continued to develop its network in the Philippines and in Pakistan.

Other Countries

In addition to the zones previously mentioned, TOTAL has also developed a significant presence in Turkey and in the Caribbean.

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

Specialties

TOTAL produces a wide range of refined petroleum products at its refineries and other facilities.

TOTAL is among the leading companies in the European specialty products market, in particular in the bitumens, jet fuels and lubricants markets. TOTAL distributes aviation fuel at 550 airports and markets lubricants in over 150 countries. In 2005, TOTAL strengthened its positions in the Central and Eastern European lubricants market by entering into a joint-venture with the Romanian company Lubrifin. The joint venture is 51% owned by TOTAL and was created to produce and market lubricants and greases for the automotive and industrial markets.

TOTAL has continued to develop its international LPG (butane and propane) distribution activities and is the fourth largest international distributor ⁽⁵⁾.

Bio-fuels and hydrogen

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

In 2005, TOTAL consolidated its position as a major participant among oil companies active in biofuels in Europe by producing 390 kt of ETBE ⁽⁶⁾ in seven refineries ⁽⁷⁾ and incorporating 321 kt of VOME ⁽⁸⁾ in diesel fuels produced at eight European refineries. In May, 2005, TOTAL signed a VOME supply contract with Sofiprotéol and Diester Industry for periodically increasing quantities of up to 600 kt/y. In July 2005, TOTAL signed a Memorandum of Understanding with Neste Oil for the production of a new generation bio-diesel. TOTAL and Neste Oil are studying the possibility of building, through a 50/50 joint venture, a production plant for this biodiesel at one of TOTAL's refineries in Europe. This new, high-quality bio-diesel should contribute to meeting the objectives defined in Europe for incorporating bio-fuels. Also in 2005, TOTAL intensified its research efforts for making biomass technologies commercially viable, including both technical procedures (electricity and steam production) and new products (emerging technologies for producing bio-fuels and other bio-products). TOTAL has formed partnerships in the Netherlands (to develop technology for converting wet biomass residues into bio-diesel), Germany (to study various methods of gasifying biomass) and in France (for various research projects supported by the National Research Agency). TOTAL has also been cooperating with automobile manufacturers to study the use of these bio-fuels in automobile engines.

In 2005, TOTAL continued its research and testing programs for fuel cell technologies and hydrogen fuels. In this area, TOTAL has entered into cooperation agreements for automotive applications (with Renault in 2003 and Delphi in 2001) as well as stationary applications (with Electrabel and Idatech in 2004). Under its partnership with BVG, the largest public transport company in Germany and the operator of buses in Berlin, TOTAL created a hydrogen center of excellence in Berlin. The first public hydrogen fueling station has been operating in Berlin since November 2005. TOTAL is also an active participant in the hydrogen technology platform program launched by the European Commission at the end of 2003, which aims at promoting the development of new technology in Europe.

⁽⁵⁾ Company sources, on the basis of volumes sold.

⁽⁶⁾ ETBE: Ethyl-Tertio-Butyl-Ether.

⁽⁷⁾ Including Algeciras and Huelva refineries (Cepsa).

⁽⁸⁾ VOME: Vegetable-Oil-Methyl-Esther.

Trading & Shipping

The Trading & Shipping sector:

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

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

Trading

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

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

Sales & supply of crude oil			
For the Year Ended December 31, (kb/d, except %)	2005	2004	2003
Sales of crude oil			
Total Sales	4,465	4,720	4,713
Sales to Downstream segment ⁽¹⁾	2,111	2,281	2,165
Sales to external customers	2,354	2,439	2,548
Sales to external customers as a percentage of total sales	53%	52%	54%
Supply of crude oil			
Total supply	4,465	4,720	4,713
Produced by the Group ⁽²⁾⁽³⁾	1,615	1,686	1,608
Purchased from external suppliers	2,850	3,034	3,105
Production by the Group as a percentage of total supply	36%	36%	34%

⁽¹⁾ Excludes share of Cepsa, in which TOTAL has a 45.3% interest.

⁽²⁾ Includes condensates and natural gas liquids.

⁽³⁾ Includes TOTAL's proportionate share of the production of equity affiliates.

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

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

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

In 2005, the principal market components reached exceptionally high levels:

		2005	2004	2003	Min. 2005		Max. 2005	
Brent IPE—1 st line	\$/b	55.3	38.0	28.5	40.5	(January)	67.7	(September)
Diesel IPE—1 st line	\$/t	507.9	347.5	250.1	361.5	(January)	655.3	(September)
VLCC Ras Tanura Chiba—BITR	\$/t	13.9	20.0	12.1	6.7	(June)	30.4	(November)

IPE : International Petroleum Exchange, now ICE futures.

1st Line : Quotation for first month nearby delivery on the International Petroleum Exchange.

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

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

Shipping

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

In 2005, the Shipping division of the Group chartered 3,032 voyages to transport approximately 130 Mt of oil. The Shipping division employs a fleet made up of 60 vessels chartered under long-term or medium-term agreements (including six LPG tankers). The fleet is modern, with an average age of approximately six years for crude carriers and less than five years for product carriers, and is predominately comprised of double-hulled vessels.

In 2004, regulations by the International Maritime Organization and the European Union governing the safety of maritime transport of crude oil and oil products came into force. In addition to introducing new rules for the shipping of heavy oil products, these regulations mandate a phase-out of single-hulled ships by 2010 (with the possibility of obtaining extensions until 2015 subject to certain conditions). The number of vessels decommissioned in 2004 and 2005 was relatively low, due to high spot-chartering rates. The number of new vessels expected to enter into service in 2006, 2007 and 2008 should result in lower freight rates and an increase in the number of single-hulled ships that are decommissioned.

Chemicals

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

The Chemicals segment is organized into the Base Chemicals sector, regrouping petrochemicals and fertilizers, the Specialties sector, which includes the Group's rubber processing, resins, adhesives and electroplating activities, and Arkema which, since October 1, 2004, regroups chlorochemicals (formerly part of the base chemicals & polymers sector), intermediates and performance polymers.

Economic and financial data for the Chemicals segment for 2004 and 2005 are presented according to the new internal organization resulting from the creation of Arkema.

CHEMICALS SEGMENT FINANCIAL DATA

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Non-Group sales	22,326	20,042	20,042	17,260
Adjusted operating income ⁽²⁾	1,349	1,138	1,086	558
Adjusted net operating income ⁽²⁾	957	767	656	254

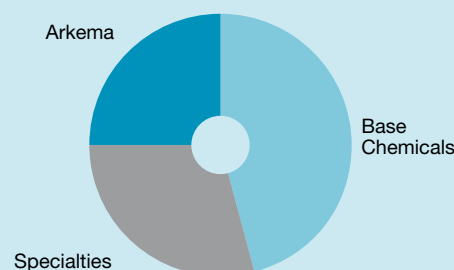
NON-GROUP SALES BY SECTOR

(in millions of euros)	2005 IFRS	2004 IFRS
Base Chemicals	10,245	8,864
Specialties	6,520	6,015
Arkema	5,561	5,156

ADJUSTED OPERATING INCOME BY SECTOR

(in millions of euros)	2005 IFRS	2004 IFRS
Base Chemicals	579	505
Specialties	548	499
Arkema	233	119

2005 SALES BREAKDOWN



In 2005, the Chemicals segment had combined sales of 22.33 B€ compared to 20.04 B€ in 2004 and 17.26 B€ ⁽³⁾ in 2003. Europe accounted for 56% of 2005 sales and North America for 26%. The remaining 18% of 2005 sales were principally in Asia and Latin America.

Results for the segment in 2005 continued to improve, as they did in 2004, in spite of the increase in raw material costs. Petrochemicals margins, which had been at high levels throughout the second half of 2004 and the first quarter of 2005, decreased significantly due to falling demand, impacted by inventory reductions, and increases in the cost of naphtha and energy. Margins partially recovered in the fourth quarter of 2005.

In February 2004, TOTAL announced a reorganization of its Chemicals segment to streamline its organization and create a separate entity (alongside its Base Chemicals and Specialties activities) designed to have the flexibility to adapt to market trends and the ability to be more responsive to its customers. This new entity, named Arkema, was organized on October 1, 2004. It regroups the activities of the Intermediates & Performance Polymers sector, as well as those of the Chlorochemicals business unit. Arkema is expected to become a stand-alone entity in 2006⁽⁴⁾.

In 2005 the Industrial Safety department of the Chemicals segment continued to focus on three key areas: on-the-job safety, safety management systems and risk prevention.

(1) Company sources

(2) IFRS : excluding adjusting items (special items and inventory valuation effect). French GAAP: excluding special items.

(3) In French GAAP.

(4) Subject to the approval of the shareholders meeting to be held on May 12, 2006.

Base Chemicals

TOTAL's Base Chemicals activities encompass petrochemicals, including base petrochemicals (the production of olefins and aromatics), polyethylene, polypropylene and styrenics, as well as fertilizers.

Sales reached 10.25 B€ in 2005, compared to 8.86 B€ in 2004. Raw materials prices and energy costs were significantly higher in 2005 than in 2004. The resulting increases in the price of

monomers and polymers negatively impacted the general level of demand in 2005. In spite of this contest, the adjusted operating income from the Base Chemical activities increased by nearly 15% in 2005 compare to 2004.

TOTAL's production capacities by main product groups and regions

(kt/y)	Europe (2005)	North America (2005)	Asia and Middle East ⁽³⁾ (2005)	Worldwide (2005)	Worldwide (2004)	Worldwide (2003)
As at December 31,						
Olefins ⁽¹⁾	5,185	1,155	665	7,005	7,055	6,960
Aromatics	2,550	930	645	4,125	4,040	3,870
Polyethylene	1,315	440	280	2,035	2,130	2,186
Polypropylene	1,205	1,070	145	2,420	2,305	2,295
Styrenics ⁽²⁾	1,310	1,350	515	3,175	3,110	3,110

(1) Ethylene, propylene and butadiene.

(2) Styrene, polystyrene and elastomers.

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

Petrochemicals

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

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

On August 1, 2003, TOTAL entered into a 50/50 joint venture with Samsung General Chemicals. This joint venture, named Samsung-Total Petrochemicals, has an integrated site at Daesan in South Korea where it produces a wide range of petrochemicals products and polymers which are marketed in Asia.

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

In this context, Samsung-Total Petrochemicals launched a major program in 2005 to expand and upgrade its site at Daesan. This investment targets a significant expansion of the capacities of the steamcracker and of the styrene plant, as well as the construction of a new polypropylene line. These new capacities are scheduled to be put on stream in 2007 and 2008, respectively.

In Qatar, TOTAL, through its affiliate Qatofin, is participating in the construction of an ethane-based steamcracker at Ras Laffan and of a new linear low-density polyethylene at Mesaieed. These two units are planned to be put on stream in 2008.

Base petrochemicals

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

The year 2005 was characterized by a significant increase in the price of naphtha. The subsequent increase of the prices of steamcracker products had a negative impact on the global level of the demand for derivatives.

Olefins production increased by approximately 4% in 2005 compared to 2004 reaching a new record level after having increased by 12% in 2004 compared to 2003.

Polyethylene

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

In 2005, demand in Asia remained strong and absorbed most of the increased production from the Middle East. In the United States, hurricanes had a significant impact on production. In this environment, TOTAL's sales volumes decreased by 3% compared to 2004 after having increased by 5% in 2004 compared to 2003.

Polypropylene

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

In 2005, prices reached record levels which adversely impacted demand, particularly in Europe. Hurricanes also had a negative impact on US demand. In Asia, demand remained weak in the first half of the year but improved in the second half. Sales volumes globally increased by 7% in 2005 compared to 2004, and by 3% in 2004 compared to 2003.

Styrenics

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

In 2005, polystyrene demand was particularly weak in Europe and in North America after moderate growth in 2004. Demand was strong in China in 2005 and 2004, where TOTAL's 2005 sales increased by 22% compared to 2004.

Fertilizers

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

In 2005, sales grew by approximately 7% compared to 2004 after having increased by more than 12% in 2004 compared to 2003. Volumes of nitrogen fertilizers sold in 2005 increased markedly while the demand for complex fertilizers fell sharply.

Grande-Paroisse has continued to deal with the consequences of the explosion that struck its Toulouse plant on September 21, 2001 and has continued to make payments, under the French law presumption of civil responsibility, over and above the compensation paid by insurance companies, reaching a cumulative amount approaching 1,165 M€ as of December 31, 2005.

Specialties

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

In 2005, sales for the Specialties sector reached 6.52 B€, an 8% increase compared with 2004 in spite of weak demand in Europe after having increased by 5% in 2004 compared to 2003. The adjusted operating income from the Specialties activities increased by nearly 10% in 2005 compared to 2004.

Rubber processing

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

Sales increased by approximately 4% in 2005 compared to 2004 after increasing by approximately 3% in 2004 compared to 2003. Industrial sales benefited from strong demand in the defense as well as in the aerospace industry in 2005 and grew by approximately 15% compared to 2004. Sales in the consumer goods sector decreased by approximately 3% due to weaker European consumer spending in 2005. In spite of weak demand in the automotive industry in Europe and North America in 2005, sales to the automotive industry remained stable at their 2004 levels.

Hutchinson strengthened its industrial division in July 2005 by acquiring the French company Techlam, a former affiliate of Safran, a manufacturer of mechanical parts for various industrial segments. Hutchinson continued to pursue its strategy of seeking to develop its positions in growing markets such as Central and Eastern Europe, South America and China.

Resins

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

In 2005, in spite of relatively weak demand, sales grew by approximately 13% compared to 2004, after having increased by 7% in 2004 compared to 2003.

In 2005, Cray Valley strengthened its position in the adhesive resins market with the acquisition of Wingtak resins from Goodyear and Sartomer acquired the Kaucuk plant in the Czech Republic. This plant manufactures polybutadiene additives for which the market is expanding.

Adhesives

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

In 2005, sales increased by 6% compared to 2004 after having increased by 3% in 2004 compared to 2003. In 2005 demand remained strong in the United States and Asia but declined in Western Europe, particularly in the consumer sector, and the prices of raw materials increased.

In 2005, Bostik began the construction of two new flooring adhesives plants in Sainville, France and Sidney, Australia. Bostik also acquired various companies in 2005 with positions in the construction, industrial and distribution segments in Turkey (Cekomastik), in the UK (Laybond and Biscem) and in the Philippines (Global Brands). Bostik also acquired AV Syntec specialized in adhesives for the lumber industry in Australia.

Electroplating

Atotech, which encompasses TOTAL's electroplating activities, is the second largest company in this market, based on worldwide sales.

In 2005, sales grew by 7% compared to 2004 and by nearly 6% in 2004 compared to 2003. Following a relatively weak first half of 2005, conditions improved in the second half, driven by strong demand from the Asian electronics industry.

In 2005, Atotech acquired KAM, a supplier of biochemical solutions to the automotive industry, as well as two companies that manufacture and market various plating products: Chemeta in Lithuania and Russia and MAG in the Czech Republic and Slovakia. Production capacities at the Guangzhou, China and Neuruppin, Germany sites were expanded in 2005.

Arkema

In 2004, TOTAL reorganized its Chemicals segment by placing its chlorochemicals, intermediates and performance polymers activities in a new entity, which was named Arkema effective October 1, 2004. Arkema has 14 business units organized into three sectors, Vinyl Products, Industrial Chemicals, and Performance Products. Each business unit has worldwide activities with industrial sites in Europe, North America and Asia and commercial affiliates in over 40 countries.

Arkema operates six research and development centers; four in France, one in the United States and one in Japan, and employs approximately 1,400 researchers. Arkema allocates approximately 3% of its sales to research and development.

Arkema is preparing to become independent following TOTAL's shareholder meeting on May 12, 2006 which will vote on resolutions to spin-off the business.

Arkema's sales increased by nearly 8% in 2005 compared to 2004 and its 2005 adjusted operating income was almost twice that as in 2004.

Vinyl Products

The Vinyl Products sector consists of a number of activities ranging from the electrolysis of salt to PVC (Poly Vinyl Chloride) conversion. It includes the manufacture of chlorine-soda, VCM (Vinyl Chloride Monomer), chloromethanes, chlorine derivatives, PVC, a pipes and profiles business (Alphacan), as well as PVC compounds. Its three business units are Chlorochemicals and PVC, Vinyl Compounds and Alphacan.

This sector is subject to fluctuating market conditions and intense competition. Arkema intends to remain a major player in Europe and launched a productivity plan in 2005 which would include the shutdown of underperforming plants and the expansion of its most competitive plants. Under this plan the Saint-Auban facility will specialize in its more competitive activities (specialty PVC, T111) and close its loss-making activities; the Saint-Fons facility will refocus on PVC production; the Fos, Lavéra and Berre plants will increase their production capacities; and the PVC production units at the Balan site will be upgraded. The plan contemplates eliminating more than 500 jobs and investing approximately 100 M€.

The **Chlorochemicals and PVC** business unit includes chlorine-soda electrolysis (membrane, diaphragm and mercury processes), the production of chemicals immediately downstream (VCM,

chloromethanes and chlorine derivatives) and the manufacture of PVC (PVC suspension, PVC paste and copolymers).

The **Vinyl Compounds** business unit offers an extensive range of ready-to-use products manufactured by blending PVC with additives (plasticizers, stabilizers, colorants). It uses a large number of raw materials, some of which are produced by Arkema (PVC, plasticizers, stabilizers, modifiers).

Alphacan's activities lie downstream from PVC production. It manufactures two major product lines, pipes and profiles, primarily by extruding PVC compounds manufactured in its own facilities. The Company primarily supplies the construction market with a range of products for wastewater disposal, drinking water transportation, sanitation, irrigation, heating systems, window profiles.

Industrial Chemicals

The Industrial Chemicals sector groups several chemical intermediates activities into five business units: Acrylics, PMMA (polymethylethacrylate), Thiochemicals, Fluorochemicals and Hydrogen Peroxide. These activities share a number of common characteristics, including complex manufacturing processes and the worldwide markets with significant potential for growth, particularly in Asia.

Arkema has production plants in Europe and North America for most of its key products (acrylic acid, methyl methacrylate, PMMA, fluorochemicals, hydrogen peroxide, sulfur derivatives). The business sector is also present in Asia, where it has local production facilities in fluorochemicals, hydrogen peroxide and PMMA.

Industrial Chemicals plans on developing its business through the use of new facilities in Asia, debottlenecking projects in Europe and the United States, implementing cooperative projects with its major partners, and enhancing the reliability of its production plants.

The main products within the **Acrylics** business unit include acrylic acid and its derivatives (acrylic esters, super-absorbents), methyl methacrylate, oxo alcohols, phthalic anhydride and dioctylphthalate. Its main markets include coatings (paints, UV curing), super-absorbents, PMMA, plastic additives, water treatment, paper manufacturing and adhesives.

The **PMMA** business unit conducts its worldwide activities as Altuglas International, with the Altuglas® and Plexiglas®

trademarks. It is present on three continents with plants in the United States, Mexico, Europe and South Korea.

Following a two-fold capacity increase at the Jinhae plant (South Korea) in 2004, this business unit has continued to develop its presence in Asia.

The plan to consolidate its entire European sheet production at its two French facilities, Bernouville and Saint-Avold, began a new phase with the startup of an extruded sheet line at Bernouville in May 2005. The plan should be fully implemented by the end of 2006.

The **Thiochemicals** business unit includes sulfur derivatives, amines, oxygenated solvents, and rubber additives. Its markets are highly diverse and include animal feed, the oil industry, water treatment, fine chemicals, polymers and the rubber industry.

The start-up of new acrolein and MMP (methylthiopropionaldehyde) plants at the Beaumont facility (United States) was an important event in 2005. This investment illustrates Arkema's commitment to remaining an important supplier of methyl mercaptan to the methionine industry.

The **Fluorochemicals** business unit produces and markets a range of HCFCs (hydrochlorofluorocarbons) and HFCs (hydrofluorocarbons) under the brand Forane®. These products are used primarily in refrigeration (building, motorcar, distribution) and foam manufacture (e.g. blowing agent for polyurethane foam). Some grades are used as monomers for fluorinated polymers (PTFE or polytetrafluoroethylene, PVDF or polyvinylidene fluoride). For Arkema, Fluorochemicals are a worldwide business, with production plants in Europe (France, Spain), the United States and China.

The **Hydrogen Peroxide** business unit targets applications in two major sectors: bleaching and chemicals. Its main products include hydrogen peroxide, sodium chlorate, and hydrazine and its derivatives. Production involves six industrial facilities. Hydrogen peroxide is a global business for Arkema, with production plants in Europe (France, Germany), North America (Canada, United States), and Asia (China).

In July 2005, Arkema announced a plan to extend its production capacities in North America by 20 kt/y through investments at its Bécancour facility (Quebec, Canada). The new capacity is due to come on stream in mid-2006.

This decision is in line with Arkema's strategy to continue developing this activity. Arkema also increased the capacity of its Shanghai plant (China) in 2004.

Performance Products

The Performance Products sector consists of six business units: Technical Polymers, Specialty Chemicals (Ceca), Organic Peroxides, Additives, Urea Formaldehyde Resins, and Agrochemicals (Cerexagri). These business units have a common objective: provide their various markets with technical solutions adapted to their customers' specific needs. Arkema has strong positions in a number of niche markets, i.e. polyamide 11 and 12, PVDF, molecular sieves, PVC additives (tin-based heat stabilizers, impact modifiers, and acrylic process aids), organic peroxides, as well as pre- and post-harvest treatments for fruits and vegetables. With industrial facilities on three continents, Arkema is able to reach markets worldwide.

The key factors for the Performance Products sector include the quality of customer relationships, the ability to offer innovative solutions and develop new high value-added products, and the ability to capitalize on the potential offered by growing regional markets.

The **Technical Polymers** business unit consists of a number of product lines (specialty polyamides, PVDF, functional polyolefins) with well-known brands: Rilsan®, Orgasol®, Pebax®, Kynar®, Evatane®, Lotryl®, Lotader® and Orevac®.

A new EVA high content plant came on stream in May 2005 at the Balan site (France). This new plant replaces the former unit at Mont (France) which has been closed.

The activities of the **Specialty Chemicals (Ceca)** business unit, which are organized as a subsidiary, involve two sectors: surfactants and interface agents on one hand and adsorption and filtration on the other.

Organic Peroxides are initiators used in a number of areas: commodity polymers (polymerization initiators for low density polyethylene, PVC, polystyrene), acrylic polymers, unsaturated polyesters, and rubber curing. Arkema operates 10 production plants in North and South America, Europe and Asia.

The start-up of the Changshu plant, near Shanghai (China) in July 2005 has boosted the Company's base in Asia, which already included production plants in South Korea, India and Japan.

Restructuring plans have been announced at Saint-Fons (France) and Spinetta (Italy) in order to improve the competitiveness of the European activities.

The Additives business unit includes PVC additives and tin derivatives. Its products include four main groups: impact modifiers and process aids for PVC, heat stabilizers for PVC, coating additives, and catalysts. The business unit has a global presence, with production plants in Europe (Netherlands), the United States,

and Asia (China, Japan), and ranks among the worldwide leaders in its main applications.

The Urea Formaldehyde Resins business unit manufactures and markets urea, formaldehyde and melamine resins for the wood industry (particle boards, plywood, flooring). It operates two production plants, in Villers Saint-Paul (France) and in Leuna (Germany), which is placed to capitalize on the growing demand from Central Europe.

The Agrochemicals (Cerexagri) business unit focuses its activity on a number of niche sectors of the agrochemicals market, including fruits and vegetables, producing fungicides, insecticides and post-harvest protection specialties.

Other activities

E-Commerce

In 2005, TOTAL continued to implement new technologies aimed at improving efficiency, particularly in purchasing, logistics and sales.

The purchasing department of the Group has been implementing e-Purchasing initiatives (electronic supply, on-line negotiating and bidding) within Group entities. On-line negotiating tools are used in various purchasing activities, including industrial services (engineering, maintenance, etc.).

In e-Procurement, the number of electronic orders sent, as well of the number of participating suppliers involved, continue to increase.

TOTAL's use of internet sales continues to increase, particularly in its marketing activities and through its on-line ordering portals opened to Group clients. A significant number of transactions (more than 200,000 on-line orders in 2005) has led to increasing amount of sales (over 5 B€ in 2005). Bitumens, heavy fuel, gasoline, diesel and fuels are sold through these online services. In 2006, TOTAL anticipates making new products and services available through the internet.

After a successful pilot program in 2004, in 2005 e-Transit initiatives (cooperative internet-based international transport management) were widely implemented in Exploration & Production subsidiaries as well as in certain of Arkema's activities. Other Group entities (for example, Hutchinson in the specialty chemicals industry) are prepared to introduce these services in 2006.

TOTAL has also implemented e-Booking solutions for business travel. These allow employees to make on-line travel arrangements while benefiting from the Group's programs in this area, particularly negotiated air fares.

E-invoicing (electronic billing) initiatives continued in 2005, with the implementation of several projects anticipated in 2006.

Investments

Main investments for the past three fiscal years

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Upstream	8,111	6,202	6,170	5,302
Downstream	1,779	1,675	1,516	1,235
Chemicals	1,115	949	905	1,115
Corporate	190	78	77	76
Total	11,195	8,904	8,668	7,728

The largest part of TOTAL's capital expenditures are made up of additions to intangible assets and property, plant and equipment.

In the Upstream segment, capital expenditures are principally development costs for the construction of new hydrocarbon production facilities, exploration expenditures and acquisitions of new permits. In 2005, development expenditures mainly included the following projects : Kashagan in Kazakhstan, Ekofisk and Snohvit in Norway, Dalia, Rosa and BBLT in Angola, Tunu/Tambora in Indonesia, Dolphin in Qatar, Forvie in the UK, and Akpo and Bonga in Nigeria. In 2005, 1.4 B\$ were dedicated to the acquisition of Deer Creek Energy Ltd in Canada.

In the Downstream segment, capital expenditures are split between refining and marketing activities (mainly retail network). Refining investments (about 1 B€ in 2005 vs. 0.7 B€ in 2004) are dedicated both to maintenance activities of the plants (including turnarounds for about 0.3 B€ in 2005) and to projects designed to increase light products production, to add desulphurization capacities, to adapt the system to new specifications and to improve plants' energy efficiency. In particular, the ongoing construction of the DHC (Distillate Hydrocraker) unit at the Normandy refinery accounted for about 0.2 B€ in 2005.

In the Chemicals segment, 2005 capital expenditures were split between Base Chemicals for about 40%, Specialties for about 30% and Arkema for about 30%.

Main investments in progress

For 2006, TOTAL has announced an investment budget of 13.5 B\$ (excluding acquisitions), 75% dedicated to the Upstream.

Upstream capital expenditures should reach 10 B\$ in 2006. They should be mainly dedicated to large development projects including : Kashagan in Kazakhstan, Yemen LNG, Ekofisk and Snohvit in Norway, Dalia and Rosa in Angola, Akpo in Nigeria,

Tunu/Tambora in Indonesia, Dolphin in Qatar, Tahiti in the US and Moho-Bilondo in Congo. Moreover, 1 B\$ should be dedicated to exploration.

In the Downstream segment, capital expenditures should allow for the development of projects designed to increase diesel production capacities and to process more high-sulphur crudes.

TOTAL self-finances most of its capital expenditures from cash flow from operating activities (see note 26 to the consolidated financial statements on page 209) to which may be added borrowings depending on market conditions (see note 20 to the consolidated financial statements on page 200). However, capital expenditures for which joint-companies are established between TOTAL and external partners may lead to specific project financing.

Main contemplated investments

For the 2007-2010 period, TOTAL expects its annual capital expenditures budget to be comparable with 2006, on average, as far as the global amount and the breakdown between segments are concerned.

Organizational structure

Position of the Company within the Group

TOTAL S.A. is the parent company of the Group. As of December 31, 2005, there were 787 consolidated subsidiaries of which 682 were fully consolidated, 11 were proportionately consolidated, and 94 were accounted for under the equity method.

The Group's activities are organized as indicated on the chart on pages 58 and 59. The operating segments of the Group are assisted by centralized corporate functions (Finance, Legal, Ethics, Insurance, Strategy & Risk Evaluation, Human Resources and Communications departments) which are also represented in the chart mentioned above and which are part of the parent company, TOTAL S.A..

Principal subsidiaries

A list of the Principal Subsidiaries of the Company is given in note 33 to the consolidated financial statements (page 228).

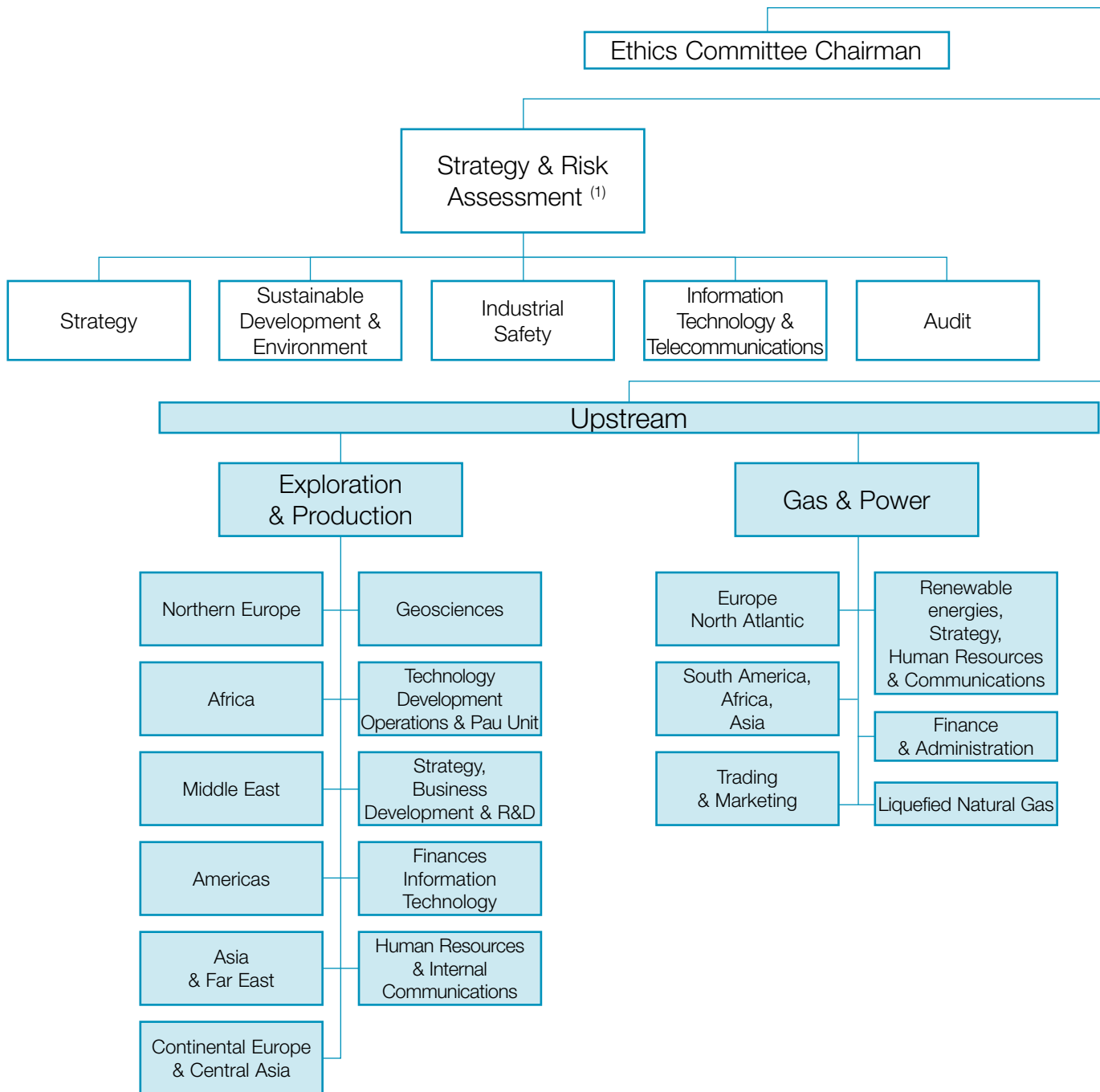
Property, Plant and Equipment

TOTAL has freehold and leasehold interests in over 130 countries throughout the world. The activities based at these sites, fields and other industrial, commercial or administrative properties are described on pages 11 to 39 (Upstream segment), 40 to 47 (Downstream segment) and 48 to 54 (Chemicals segment).

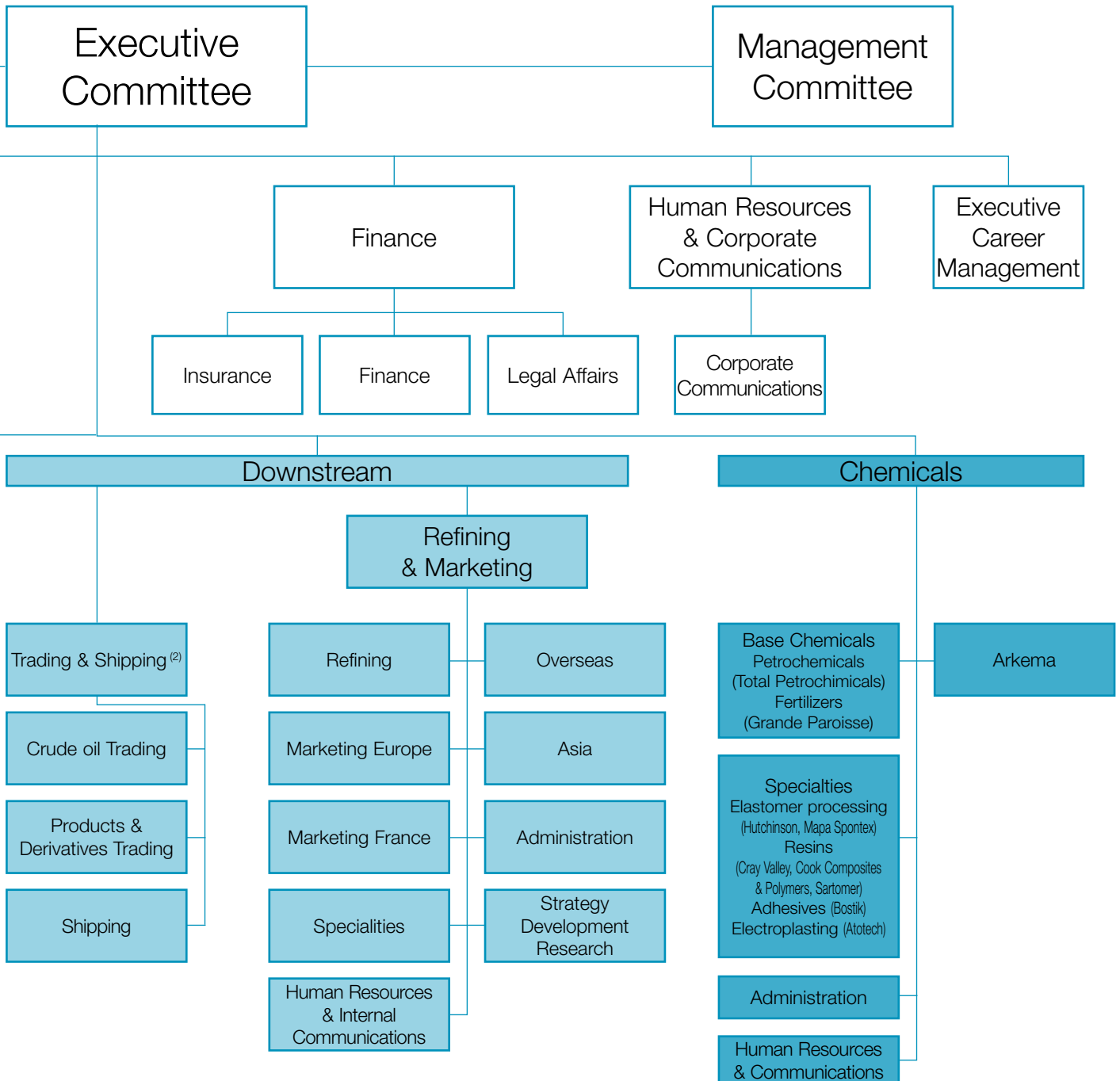
A summary of the fixed assets and their financial impact on the Group (depreciation and provisions) is included in note 11 to the consolidated financial statements (page 190).

Information about the Company's environmental policy, notably that for the Group's industrial sites, is presented on pages 255 and 256 of this Registration Document.

Organization chart as of March 14, 2006



(1) The Scientific division also reports to Strategy and Risk Assessment.



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

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Summary of results and financial position

Overview of the 2005 fiscal year for TOTAL

Market conditions were favorable for the oil industry in 2005. In a context of continued demand growth, the tension on production capacity, aggravated by the effect of hurricanes in the Gulf of Mexico, raised oil prices and refining margins to high levels.

Adjusted net income ⁽¹⁾ rose to 12,003 million euros in 2005, an increase of 31% compared to 2004. Adjusted earnings per share increased by 35%, reflecting the Group's ability to benefit from the stronger market environment despite inflationary pressure from service companies. TOTAL's performance ranks among the best of the majors in terms of the increase in adjusted earnings per share and in terms of return on capital employed, which rose to 27% in 2005 versus 24% in 2004 and 19% in 2003.

Continued exploration success, the launching of Yemen LNG and the acquisition of Deer Creek in Canada, among other things, have allowed the Group to increase the level of proved and probable reserves ⁽²⁾ to 20 billion equivalent barrels at the end of 2005, which represents close to 22 years of production at the current rate.

The Group invested 13.9 billion dollars in 2005 ⁽³⁾, a 26% increase compared to 2004. Investments are expected to continue at comparable levels from now through 2010 and should allow the Group mainly to increase production by close to 4% per year on average over the 2005-2010 period in a 40 \$/b Brent environment. It should also allow the Group to upgrade its refining system in Europe and the US to adapt to changes in the supply-demand balance as well as to expand its petrochemical activities in Asia.

Since the beginning of 2006, the Group has had a number of exploration successes, notably in Africa and in Australia. The Tyrihans project in Norway was launched with an expected start-up date in 2009. TOTAL has also signed an agreement with PetroChina for the development of the onshore Sulige Block in China.

2005 results

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Sales	143,168	121,998	122,700	104,652
Adjusted operating income from business segments	23,669	17,217	17,123	13,004
Net adjusted operating income from business segments	11,902	8,957	8,792	6,973
Adjusted net income	12,003	9,131	9,039	7,344
Net income (Group share)	12,273	10,868	9,612	7,025
Earnings per share (euros) ⁽⁴⁾ ⁽⁵⁾	20.33	15.05	14.68	11.56
Cash flow from operations	14,669	14,662	14,429	12,487
Investments	11,195	8,904	8,668	7,728
Divestments at selling price	1,088	1,192	1,192	1,878
Return on average capital employed	27%	24%	24%	19%
Return on equity	35%	33%	31%	26%
Number of fully-diluted weighted-average shares (in millions)	590.5	606.6	615.9	635.1

(1) Adjusted IFRS results (adjusted operating result, adjusted net operating result, adjusted net income, adjusted earnings per share) are defined as the results using replacement cost (Group share) adjusted for special items and excluding Total's share of amortization of intangibles related to the Sanofi-Aventis merger.

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

(3) Dollar amounts represent euro amounts converted at the average €/ \$ exchange rate for the period (1.2441 for 2005 and 1.2439 for 2004).

(4) Under IFRS : excluding special items, inventory effect and TOTAL's equity share of amortization of intangibles related to the Sanofi-Aventis merger.

(5) Under French GAAP : excluding special items and TOTAL's equity share of amortization of intangibles and goodwill related to the Sanofi-Aventis merger.

Market environment

	2005	2004	2003
€/ \$	1.24	1.24	1.13
Brent (\$/b)	54.5	38.3	28.8
European refining margins TRCV (\$/t)	41.6	32.8	20.9

Adjustments to operating income from business segments

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Impact of special items on operating income from business segments	(420)	(901)	(847)	(25)
• Restructuring charges	(26)	(119)	(119)	(1)
• Impairments	(249)	(681)	(631)	(17)
• Other	(145)	(101)	(97)	(7)
Pre-tax difference of FIFO vs. Replacement cost*	1,265	719	-	-
Total adjustments affecting operating income from business segments	845	(182)	(847)	(25)

* See note 1 M to the consolidated financial statements.

Adjustments to net income (Group share)

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Impact of special items on net income (Group share)	(467)	1,345	726	(319)
• Equity share of special items recorded by Sanofi-Aventis (includes the gain on dilution from the 2004 merger)	(207)	2,399	1 690	-
• Gain on asset sales	-	53	53	22
• Restructuring charges	(130)	(143)	(143)	(144)
• Impairments	(215)	(772)	(688)	(11)
• Other	85	(192)	(186)	(186)
Adjustment related to the Sanofi-Aventis merger (share of amortization of intangible assets)	(335)	(113)	(153)	-
After-tax difference of FIFO vs. Replacement cost*	1,072	505	-	-
Total adjustments affecting net income	270	1,737	573	(319)

* See note 1 M to the consolidated financial statements.

Consolidated sales

Consolidated sales increased by about 17% to 143,168 million euros in 2005 from 121,998 million euros in 2004.

Operating income

Compared to 2004, the 2005 oil market environment was marked by strong increases in the oil price (+42% for Brent to 54.5 \$/b) and refining margins (+27% for European TRCV margins to 41.6 \$/t). The environment for Chemicals was generally more favorable in 2005 than in 2004.

In this context, adjusted operating income from the business segments increased by 37% to 23,669 million euros in 2005 from 17,217 million euros in 2004.

Special items affecting operating income from the business segments had a negative impact of 420 million euros in 2005. They included mainly restructuring charges, write-downs and environmental provisions in the Chemicals segment (including about 300 million euros related to Arkema).

In 2004, special items had a negative impact of 901 million euros. They were comprised mainly of write-downs in the vinyl products and polyethylene activities in Europe.

Adjusted net operating income from the business segments rose by 33% to 11,902 million euros in 2005 from 8,957 million euros in 2004. The lower percentage increase relative to the 37% increase in operating income was due primarily to a higher effective tax rate in 2005.

Expressed in dollars, the increase in adjusted net operating income from 2004 to 2005 was 3.7 billion dollars and can be analyzed as follows: +4.0 billion dollars related to the stronger oil, gas and Chemicals environments; -0.25 billion dollars related to the effect of Gulf of Mexico hurricanes on the three segments.

The contribution of self-help programs was offset by higher costs in the Upstream segment and by the impact of strikes in France.

Net income

Adjusted net income, which excludes after-tax inventory effects of 1,072 million euros in 2005 and 505 million euros in 2004, increased by 31% to 12,003 million euros in 2005 from 9,131 million euros in 2004.

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

Special items affecting net income in 2004 had a positive impact of 1,345 million euros on 2004. They were comprised mainly of a gain on dilution relating to the Sanofi-Aventis merger, partially offset by the impact (net of taxes) of the special items affecting operating income, write-downs in the Upstream and Chemicals segments and provisions in the Chemicals segment.

Reported net income ⁽⁶⁾ rose by 13% to 12,273 million euros in 2005 from 10,868 million euros in 2004.

In 2005, the Group bought back 18.3 million shares ⁽⁷⁾, or nearly 3% of its capital, for 3,486 million euros. In January and February 2006, the Group bought back 2.9 million shares for 627 million euros.

At December 31, 2005 the number of fully-diluted shares was 586.0 million compared to 597.7 million a year earlier, representing a decrease of about 2%.

Adjusted earnings per share, based on 590.5 million fully-diluted weighted-average shares, rose to 20.33 euros in 2005 from 15.05 euros in 2004, an increase of 35%, which is a higher percentage increase than shown for the adjusted net income thanks to the accretive impact of the share buybacks.

Investments

In 2005, investments rose to 11,195 million euros from 8,904 million euros in 2004.

Expressed in dollars, investments rose to 13.9 billion dollars, a 26% increase compared to 2004, and included 1.8 billion dollars for targeted acquisitions, mainly Deer Creek in Canada for 1.4 billion dollars.

Divestments in 2005 were 1,088 million euros and included the sale of 1.85% of Kashagan to KazMunaiGas and TOTAL's interest in Humber Power, a UK power generation company.

Profitability

The return on average capital employed (ROACE ⁽⁸⁾) for the Group was 27% in 2005 (30% for the business segments), one of the best in the industry.

Return on equity rose to 35% in 2005 from 33% in 2004.

⁽⁶⁾ Reported net income includes special items, the after-tax inventory valuation effects and TOTAL's equity share of the amortization of intangibles related to the Sanofi-Aventis merger.

⁽⁷⁾ Including 0.57 million shares which are reserved for share grants as per the decision of the Board on July 19, 2005.

⁽⁸⁾ Adjusted net operating income divided by average replacement cost capital employed.

Upstream results

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Adjusted operating income	18,421	12,844	12,820	10,476
Adjusted net operating income	8,029	5,859	5,834	5,259
Cash flow from operating activities	10,111	10,347	10,316	9,214
Investments	8,111	6,202	6,170	5,302
Divestments at selling price	692	637	637	428
Return on average capital employed	40%	36%	35%	29%

Adjusted net operating income from the Upstream segment increased by 37% to 8,029 million euros in 2005 compared to 5,859 million euros in 2004.

Expressed in dollars, the increase in the 2005 adjusted net operating income from the Upstream segment was 2.7 billion dollars. The estimated 3 billion dollar benefit from the stronger oil and gas market environment was partially offset by the estimated -0.2 billion dollar impact of lower production, excluding the price

effect, that was essentially due to hurricanes in the Gulf of Mexico, and by other factors, including higher costs, estimated at -0.1 billion dollars.

Technical costs (FAS 69 consolidated subsidiaries only) were 8.5 \$/boe in 2005 compared to 8.0 \$/boe in 2004.

The Upstream ROACE increased to 40% in 2005 from 36% in 2004.

Production

Hydrocarbon production	2005	2004	2003
Liquids (kb/b)	1,621	1,695	1,661
Gas (Mcf/d)	4,780	4,894	4,786
Combined production (kboe/d)	2,489	2,585	2,539

Production declined by 3.7% in 2005 compared to 2004.

Adjusted for the price effect and excluding the impact of the hurricanes in the Gulf of Mexico, the Group's hydrocarbon production remained stable in 2005 compared to 2004.

Production growth mainly from Venezuela, Libya, Indonesia, Trinidad & Tobago and Argentina were offset by decreases in the North Sea (notably due to the decommissioning of Frigg) and in Syria.

Liquids and gas price realizations *

	2005	2004	2003
Average liquids price (\$/b)	51.0	36.3	27.8
Average gas price (\$/Mbtu)	4.77	3.74	3.27

* Consolidated subsidiaries, excluding fixed margin and buyback contracts.

The 2005 increase in the average realized price for liquids was globally in line with the increase in the price of Brent, reflecting the high quality and price sensitivity of TOTAL's liquids production.

Realized gas prices in 2005 increased in all producing areas, gradually benefiting from the positive effects of high crude oil prices on long-term gas contracts, notably in Europe.

Year-end reserves ⁽⁹⁾

	2005	2004	2003
Liquids (Mb)	6,592	7,003	7,323
Gas (Bcf)	24,750	22,785	22,267
Hydrocarbon reserves (Mboe)	11,106	11,148	11,401

Proved reserves, calculated according to SEC rules, were 11,106 Mboe at December 31, 2005, representing 12.2 years of production at the current rate. Using year-end prices (Brent at 58.2 \$/b), for the calculation as required by the SEC, had a negative impact on proved reserves estimated at 0.2 Bboe.

The reserve replacement rate ⁽¹⁰⁾ for the 2003-2005 period, based on SEC rules, was 97% for the Group (consolidated subsidiaries and equity affiliates). For 2005, the rate was 95%. Excluding the

impact of changing prices (Brent constant at 40 \$/b), the Group's reserve replacement rate would be 118% for the 2003-2005 period and 120% for 2005.

At year-end 2005, TOTAL had a solid and diversified portfolio of proved and probable reserves representing 20 Bboe, or close to 22 years of production at the current rate ⁽¹¹⁾.

(9) TOTAL's proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of proved reserves in its equity affiliates and two non-consolidated companies.

(10) Change in reserves excluding production (i.e. revisions+discoveries, extensions+acquisitions – sales) / production for the period. For the fully-consolidated subsidiaries only, the reserve replacement rate, based on SEC rules, was 86% for the 2003-2005 period and 41% for 2005.

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

Downstream results

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Adjusted operating income	3,899	3,235	3,217	1,970
Net adjusted operating income	2,916	2,331	2,302	1,460
Cash flow from operating activities	2,723	3,269	3,111	3,099
Investments	1,779	1,675	1,516	1,235
Divestments at selling price	204	200	200	466
Return on average capital employed	28%	25%	25%	15%

Adjusted net operating income from the Downstream segment rose to 2,916 million euros in 2005 from 2,331 million euros in 2004, an increase of 25% in 2005 compared to 2004.

Expressed in dollars, the increase in adjusted net operating income from the Downstream segment was 0.7 billion dollars. The stronger Downstream environment had a positive impact estimated at

0.8 billion dollars. Self-help programs contributed about 0.15 billion dollars, but this contribution was more than offset by an estimated -0.25 billion dollars for the combined impact of strikes in France and Hurricane Rita in the US.

The Downstream ROACE increased to 28% in 2005 from 25% in 2004.

Operating Information

	2005	2004	2003
Refinery throughput (kb/d)*	2,410	2,496	2,481
Refined product sales** (kb/d)	3,885	3,771	3,652

* Includes share of Cepsa.

** Includes trading and share of Cepsa.

Refinery throughput declined by 3% to 2,410 kb/d in 2005 from 2,496 kb/d in 2004. The refinery utilization rate was 88% in 2005. Excluding the impacts of the strikes in France and Hurricane Rita in the US, the refinery utilization rate was 91% in 2005, 1% below the rate for 2004 due to a larger program of major turnarounds.

There are fewer major turnarounds scheduled for 2006.

Refined product sales rose to 3,885 kb/d in 2005, an increase of 3% compared to 2004.

Chemicals results

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Sales	22,326	20,042	20,042	17,260
Adjusted operating income	1,349	1,138	1,086	558
Net adjusted operating income	957	767	656	254
Cash flow from operating activities *	946	600	556	268
Investments	1,115	949	905	1,115
Divestments at selling price	59	122	122	891
Return on average capital employed	11%	9%	8.5%	3.5%

* Includes disbursements related to the Toulouse-AZF reserve of 77 M€ in 2005, 316 M€ in 2004 and 719 M€ in 2003.

Adjusted net operating income from the Chemicals segment rose to 957 million euros in 2005 from 767 million euros in 2004, an increase of 25%.

Base Chemicals results were very volatile in 2005. Market conditions were very favorable for Base Chemicals in the first quarter 2005, but the rest of the year suffered from margin weakness resulting from customer stocking / destocking in response to the volatility of raw material prices.

Higher 2005 operating income from Arkema reflected the benefits of restructurings.

Specialities results increased by 14% in an environment marked by higher raw material costs.

The Chemicals ROACE was 11% in 2005 compared to 9% in 2004. Excluding the Arkema sector, the Chemicals ROACE would have been 12% in 2005 compared to 11% in 2004.

TOTAL S.A. 2005 parent company accounts and proposed dividend

The parent company, TOTAL S.A., reported net earnings of 4,143 million euros in 2005 compared to 3,443 million euros in 2004.

The Board of Directors, after closing the accounts, decided to propose at the May 12, 2006 Annual Meeting a dividend of 6.48 euros per share for 2005, a 20% increase compared to 2004.

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

Taking into account the interim dividend of 3 euros per share paid on November 24, 2005, the remaining 3.48 euros (before the four-for-one stock split) of the 2005 dividend will be paid on May 18, 2006.

Proposed stock split

The Board of Directors intends to propose at the May 12, 2006 Annual Meeting a four-for-one stock split for the 10 euro par value shares, effective May 18, 2006.

If approved by the shareholders at the Annual Meeting, each shareholder would receive 4 new TOTAL shares, with a par value of 2.5 euros each, for every 1 TOTAL share with a par value of 10 euros each.

In addition, contingent upon the approval of the stock split, the company will modify the ratio between its American Depositary Receipts (ADRs) and the TOTAL shares such that each ADR represents one TOTAL share in place of the current 2-for-1 ratio.

Adoption of IFRS rules

The principal modifications of the Group's accounting principles concern the following subjects:

Inventories

In accordance with IAS 2, the Group values inventories of petroleum products in the financial statements according to the FIFO (First-In, First-Out) method and other inventories using the weighted-average cost method.

However, in the note setting forth information by business segment, the Group will continue to present the results of its Downstream segment according to the replacement cost method and those of its Chemicals segment according to the LIFO (Last-In, First-Out) method in order to ensure the comparability of the Group's results with those of its leading competitors, mainly in the United States.

Inventory valuation using the FIFO method, which implies the cancellation of the reserve for crude oil price changes, is reflected by an increase in the value of inventories and an increase in shareholders' equity as of January 1, 2004.

Treasury shares

In application of IAS 32 relating to financial instruments, treasury shares recorded under marketable securities in the financial statements prepared according to French GAAP have been eliminated from shareholders' equity.

Employee benefits

The Group has decided to record unrecognized net actuarial losses and gains as of December 31, 2003 through retained earnings in accordance with IFRS 1.

As of the transition date, the negative impact on shareholders' equity results from a decrease in other non-current assets (pension assets) and an increase of provisions for employee benefit obligations.

The effect on net income under IFRS results from the cancellation of the amortization of actuarial gains and losses.

Profit and loss account presentation

The Group has chosen to follow the recommendation of CNC (French accounting standard setter) # 2004-R02, dated October 27, 2004, for the presentation of its consolidated financial statements. This presentation allows the reconciliation of the income statement items with performance indicators as presented in note 4 to the consolidated financial statements (information by business segment).

Sales of products or goods

Henceforth, the indicator "sales" includes excise taxes collected by the Group in the course of its oil distribution operations. Sales net of excise taxes are shown as "Revenue from sales" according to IAS 18 "Revenue from ordinary activities".

Pursuant to IAS 1 "Presentation of Financial Statements", certain transactions within the Trading sector previously reported under sales and purchases must now be shown at their net value in sales. This restatement leads to a reduction of 22.2 billion euros in sales as well as cost of goods sold.

Operating expenses

The breakdown of operating expenses, which is shown in note 6 to the consolidated financial statements, now appears directly on income statement and includes the following headings: purchases, net of inventory variation, other operating expenses and unsuccessful exploration costs.

Financial income

Financial income is henceforth broken down as follows: one part, the cost of the net debt, including financial expenses related to indebtedness (financial interest on debt) are distinguished from financial income (income from marketable securities and cash equivalents) as an offset, and another part, income and expenses unrelated to debt.

Other IFRS restatements

The other restatements at the transition date are as follows:

Amortization of goodwill

Pursuant to IFRS 3 "Business combinations", goodwill is no longer amortized. Instead, it is tested for impairment annually.

Share-based payments

The Group applies IFRS 2 "Share-based payments" as published by the International Accounting Standards Board (IAS B). This standard applies to employee stock-option and share purchase plans and to capital increases reserved for employees retroactively and not solely to the share transactions that were granted after November 7, 2002.

These employee benefits are recognized as expenses with a corresponding credit to shareholders' equity.

The cost of options is valued according to the Black-Scholes method and allocated on a straight-line basis between the grant date and vesting date. For employee-reserved capital increases, the cost is immediately recognized as an expense.

Equity-method affiliates' IFRS restatement

This restatement primarily relates to the implementation of IFRS in the equity-method affiliates' financial statements, Sanofi-Aventis and Cepsa. Within the financial statements prepared in compliance with IFRS by Sanofi-Aventis, in-progress R&D costs of Aventis have been capitalized as of the date of the merger. According to French GAAP, the R&D costs were directly charged to expense.

Component-based approach

Pursuant to IAS 16 concerning tangible assets, the Group applies the component-based approach. The cost of major turnarounds of refineries and large petrochemical units are capitalized when incurred and depreciated over the period of time between two major turnarounds.

Impairment of assets

IAS 36 provides for the testing of assets for impairment purposes by comparison of the assets' carrying values with the associated discounted future cash flows, contrary to the US standard FAS 144 previously applied by the Group which provides that the calculation be based on undiscounted cash flows. As of the transition date, this difference in methodology resulted in the impairment of certain fixed assets mainly in the Upstream segment.

Financial instruments (excluding treasury shares)

Publicly-traded equity securities are classified as "available for sale" and are therefore valued at fair value. Changes in fair value of these securities are recorded directly to shareholders' equity. Derivatives are now recorded in the balance sheet whereas under French GAAP they were treated as off-balance sheet commitments.

Deferred taxes

In application of IAS 12 "Income taxes", the Group records deferred income taxes on temporary differences resulting from the difference between the carrying value of its equity-method investments and the taxable basis of these investments. The deferred tax calculation is based on the expected future tax effect (dividend distribution rate or tax rate on the gain or loss upon sale of these investments).

Mineral rights

According to IFRS 6 "Exploration for and Evaluation of Mineral Resources", the Group accounts for mineral rights under "Intangible assets".

Liquidity and capital resources

Long-term and short-term capital

Long-term capital

At December 31 (in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Shareholders equity (Group share) *	39,477	30,640	30,203	28,539
Non-current financial debt	13,793	11,289	9,734	9,783
Hedging instruments of non-current financial debt	(477)	(1,516)	na	na
Total net non-current capital	52,793	40,413	39,937	38,322

* 2005 Shareholders equity: after distributing a dividend of 6.48€ per share for the 10€ par value shares, including the 3.00 euros per share paid on November 24, 2005.

Short-term capital

At December 31 (in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Current borrowings	3,920	3,614	3,523	3,835
Hedging instruments of current financial debt	(301)	(134)	na	na
Net current financial debt	3,616	3,480	3,523	3,835
Cash and cash equivalents	4,318	3,860	3,837	4,836

Cash flow

(in millions of euros)	2005 IFRS	2004 IFRS	2004 French GAAP	2003 French GAAP
Cash flow from operating activities	14,669	14,662	14,429	12,487
Changes in working capital adjusted for the pre-tax FIFO inventory effect	2,737	(466)	(472)	(382)
Cash flow from operating activities before changes in working capital adjusted for the pre-tax FIFO inventory effect	17,406	14,196	13,957	12,105
Investments	11,195	8,904	8,668	7,728
Divestments at selling price	1,088	1,192	1,192	1,878
Net cash flow at replacement cost, before changes in working capital	7,299	6,484	6,481	6,255
Dividends paid	3,747	4,500	4,500	2,695
Share buybacks	3,189	3,554	3,554	3,994
Net-debt-to-equity ratio at December 31	32%	30.7%	26.7%	25.9%

Cash flow from operating activities rose to 14,669 million euros in 2005 from 14,662 million euros in 2004. Excluding changes in working capital adjusted for the pre-tax FIFO inventory effect, cash flow rose to 17,406 million euros in 2005, an increase of 23% compared to 2004.

Net cash flow ⁽¹²⁾ was 4,562 million euros in 2005 compared to 6,950 million euros in 2004.

In 2005, the Group continued to buy-back and cancel shares. ⁽¹³⁾

⁽¹²⁾ Net cash flow= cash flow from operations – investments + divestments.

⁽¹³⁾ Information pursuant to article L.225-211 of the French Commercial Code concerning the Company's transactions in its own shares are included in the special report required by article L.225-209 of the French Commercial Code (pages 130 to 132).

Borrowing requirements and funding structure

The net-debt-to-equity ratio was 32% as of December 31, 2005, compared to 30.7% at year-end 2004.

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

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

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

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

Condition for the use of external financing

The total amount of the confirmed lines of credit granted by international banks to Group companies (including TOTAL S.A.) was 9,778 million dollars at December 31, 2005, 8,414 million dollars of which has not been used.

TOTAL S.A. has confirmed lines of credit granted by international banks that allow the company to fund a significant cash reserve. These credit lines totaled 7,335 million dollars at December 31, 2005, 7,293 million dollars of which has not been used.

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

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

As of December 31, 2005, there was no restriction on the use of the capital received by the Group's companies (including TOTAL S.A.) which could have a direct or indirect material impact on the Group's operations.

Anticipated sources of financing

In 2005, investments, working capital, dividend payments and stock buybacks were financed essentially by the cash flow generated from operating activities and, to a lesser extent, by asset disposals and net borrowings.

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

Research and development

Research and development costs incurred by the Company were 676 million euros (or 0.5% of sales) in 2005 compared to 635 million euros in 2004 and 667 million euros in 2003.

The staff dedicated to these research and development activities are estimated at 5,312 people in 2005 compared to 5,257 people in 2004 and 5,484 in 2003.

The Group's strategy for research and development is to focus on the three segments of activity, principally in the following areas:

- Exploration-Production technology allowing access, at acceptable cost, to new energy resources (high pressure-high temperature, deep offshore, heavy crude oils, polyphasic transportation, acidic gas) as well as environmentally-friendly technologies such as reduction of greenhouse gas emissions, capture of CO₂ produced by our units, containment of acidic gas emissions, and efficient use of water in the upstream industrial process.
- Refining technology allowing the identification, the anticipation, and the reduction of constraints linked to the operation of the facilities, the evolution of specifications and the control of environmental emissions, among others by exploitation of biofuels and more generally bioenergy and marketing technology allowing the creation of innovative formulations of products representing sales opportunities.
- Chemical processes allowing stronger competitiveness, quality, safety and respect of environment, in particular: new catalyst and polymerization technologies, new products (biodegradable polymers and biopolymers, elastomers, anti-vibration systems, new coatings) as well as the nano-technologies.

Trends and outlook

Outlook

Since the start of 2006, the oil market environment has remained globally favorable, with high oil and gas prices but with European refining margins significantly below fourth quarter 2005 levels.

In Upstream, TOTAL intends to pursue a strategy of profitable growth that should translate into production growth of close to 4% per year on average between 2005 and 2010 in a 40 \$/b Brent environment (with growth of 7% per year on average in Africa through 2010). Beyond 2010, the portfolio of projects offers strong visibility, thanks to continued exploration success over the past years and to new giant gas and heavy oil projects.

In Downstream, based on an environment with refining margins near the average of the past five years (TRCV at 25 \$/t), the contribution of new conversion and desulphurization projects combined with ongoing productivity programs should allow the segment to achieve a ROACE of 20% by 2010 and increase cash flow from operating activities by 0.9 billion euros per year.

In Petrochemicals, TOTAL's objective is to continue to increase its polymers production, particularly in Asia and the Middle East, while reducing its fixed cost per unit. The Chemicals segment continues to target a ROACE of 12% at mid-cycle by 2010.

In the area of Renewable Energies, in a new step forward in the wind energy business, TOTAL has been selected to build the largest onshore wind farm project in France in the Aveyron region. The 90 MW project is expected to start up in 2008. In addition, the Group expects a five-fold increase in the production of its photovoltaic cells and plans to build a new solar panel factory in Toulouse.

Implementing the Group's growth strategy depends on a sustained investment program. Using an exchange rate of 1.20 \$/€, the 2006 Capex budget (excluding acquisitions) is about 13.5 billion dollars, including 10 billion dollars for the Upstream segment. Over the 2006-2010 period, investments should remain relatively stable.

The net-debt-to-equity ratio for the Group is targeted to remain at around 25% to 30%.

TOTAL intends to pursue a dynamic dividend policy. Cash flow remaining after investments and dividends will be available for share buybacks.

The 2006-2007 period will be notable for the size and number of major Upstream project start-ups, including Dalia, BBLT and Rosa in Angola, Dolphin in Qatar, Surmont and Joslyn in Canada as well as the start-up of the hydrocracker at the Normandy refinery. The contribution of these start-ups will be significant by the end of 2006.

During 2006, TOTAL expects to rebalance its Chemicals portfolio by spinning off Arkema, which is one of the proposals shareholders will vote on at the May 12 Annual Meeting.

Risks and uncertainties

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

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

A detailed description of these risks is included in the 2005 Registration Document (pages 76 to 88). Also included in the Registration Document, in accordance with Article L. 225-102-1 of the French Commercial Code, is information on the manner in which TOTAL S.A. accounts for the social and environmental effects of its activities (pages 251 to 256).

2006 SENSITIVITIES TO THE MARKET ENVIRONMENT

Market parameters	Scenario	Change	Estimated impact on operating results	Estimated impact on net operating results
€/ \$	1.20 \$/€	+0.1 €/ \$	+1.6 B€	+0.8 B€
Brent	40-50 \$/b	+1 \$/b	+0.41 B€	+0.17 B€
European refining margins TRCV	25 \$/t	+1 \$/t	+0.09 B€	+0.06 B€

Risk factors

Market risks

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Market risks

Sensitivity to market environment

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

Overall, a rise in the price of crude oil has a positive effect on earnings as a result of an increase in revenues from oil and gas production. Conversely, a decline in crude oil prices reduces revenues. For the year 2006, the Group estimates that an increase or decrease of \$1 per barrel in the price of Brent crude would respectively improve or reduce annual net operating income by approximately 0.17 B€⁽¹⁾. The impact of changes in crude oil prices on Downstream and Chemicals operations depends upon the

speed at which the prices of finished products adjust to reflect these changes. The Group estimates that an increase or decrease in TRCV refining margins of \$1 per ton would improve or reduce annual net operating income by approximately 0.06 B€⁽¹⁾.

All of the Group's activities are in various degrees sensitive to fluctuations in the euro/dollar exchange rate. For the year 2006, the Group estimates that a strengthening or weakening of the dollar against the euro by 0.10 euro per dollar would respectively improve or reduce annual net operating income, expressed in euros, by approximately 0.8 B€.

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

2006 Sensitivities	Scenario	Change	Estimated impact on operating results	Estimated impact on net operating results
€/ \$	1.20 \$/€	+0.1 €/ \$	+1.6 B€	+0.8 B€
Brent	40-50 \$/b	+1 \$/b	+0.41 B€	+0.17 B€
European refining margins TRCV	25 \$/t	+1 \$/t	+0.09 B€	+0.06 B€

Oil and gas market related risks

Due to the nature of its business, the Group has a significant involvement in oil and gas trading as part of its normal operations in order to attempt to optimize revenues from its crude oil and gas production and obtain favorable pricing for supplies for its refineries.

In its international oil trading activities, the Group follows a policy of not selling its future oil and gas production for future delivery. However, in connection with these trading activities, the Group, like most other oil companies, uses energy derivative instruments to adjust its exposure to price fluctuations of crude oil, refined products, natural gas and power. Furthermore, the Group also uses freight-rate derivatives contracts in its Shipping activities to adjust its exposure to freight-rate fluctuations. In order to hedge against this risk, the Group uses various instruments such as futures, forwards, swaps and options on organized and over-the-counter markets.

To measure market risks related to the prices of oil and gas products, the Group uses a "value at risk" method. Under this method, for the Group's crude oil and refined products trading activities, there is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 7.7 M€ per day, defined as the "value at risk", based on positions as of December 31, 2005.

As part of its natural gas trading activity, the Group also uses derivative instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. Under the Group's value at risk analysis based on the model described above, there is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 4.6 M€ per day, based on positions as of December 31, 2005.

The Group has implemented strict policies and procedures to manage and monitor these market risks. Trading and financial controls are carried out separately and an integrated information system enables real-time monitoring of trading activities.

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

(1) Calculated with a base case exchange rate of \$1.20 for €1.00.

Financial markets related risks

Within its financing and cash management activities, the Group uses derivative instruments in order to manage its exposure to changes in interest rates and foreign exchange rates. This includes mainly interest rates and currency swaps. The Group might also use, on an occasional basis, futures, caps, floors and options contracts. The current operations and their accounting treatment are detailed in notes 1L, 20 and 27 to the consolidated financial statements.

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed in accordance with rules set by the Group's executive 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.

Management of currency exposure

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

For currency exposure generated by commercial activity, the hedging of revenues and costs in foreign currencies is typically performed using currency operations on the spot market and in some cases on the forward market. The Group rarely hedges estimated flows; when it does so it typically uses options.

With respect to currency exposure linked to non-current assets in foreign currencies, the Group has a hedging policy which results in reducing the associated currency exposure by financing in the same currency.

Short-term net currency exposure is periodically monitored with limits set by the Group's executive management. The Group's central treasury entities manage this currency exposure and centralizes borrowing activities on the financial markets (the proceeds of which are then loaned to the borrowing subsidiaries), cash centralization for Group companies and investments of these funds on the monetary markets.

Management of short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and dollars, are managed with three main objectives set out by management (to maintain maximum liquidity, to optimize revenue from investments considering existing interest rate yield curves, and to minimize the cost of borrowing), over a horizon of less than twelve months and on the basis of a daily interest rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modification of the currency exposure.

Management of interest rate risk on non-current debt

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

Sensitivity analysis on interest rate and foreign exchange risk

The table below presents the potential impact on the fair value of the current financial instruments as of December 31, 2005, of an increase or decrease of 10% in the interest rate yield curves in each of the currencies.

As of December 31, 2005 (in millions of euros)				
ASSETS/(LIABILITIES)	Carrying amount	Estimated fair value	Change in fair value with a 10% interest rate increase	Change in fair value with a 10% interest rate decrease
Debenture loans (non-current portion, before swaps)	(11,025)	(11,025)	126	(129)
Issue swaps and swaps hedging debenture loans (liabilities)	(128)	(128)	(62)	63
Issue swaps and swaps hedging debenture loans (assets)	450	450	(53)	54
Fixed-rate bank loans	(411)	(406)	7	(7)
Current portion of non-current debt (excluding capital lease obligations) after swap	(920)	(919)	1	(1)
Other interest rates swaps	3	3	(3)	3
Currency swaps and forward exchange contracts	260	260	4	(4)
Currency options	-	-	-	-

As of December 31, 2004 (in millions of euros)				
ASSETS / (LIABILITIES)	Carrying amount	Estimated fair value	Change in fair value with a 10% interest rate increase	Change in fair value with a 10% interest rate decrease
Debenture loans (non-current portion, before swaps)	(9,727)	(9,727)	110	(112)
Issue swaps and swaps hedging debenture loans (liabilities)	-	-	-	-
Issue swaps and swaps hedging debenture loans (assets)	1,476	1,476	(107)	109
Fixed-rate bank loans	(288)	(274)	8	(9)
Current portion of non-current debt (excluding capital lease obligations) after swap	(2,199)	(2,199)	1	(1)
Other interest rates swaps	11	11	-	-
Currency swaps and forward exchange contracts	(317)	(317)	-	-
Currency options	-	-	-	-

As a result of its policy for the management of currency exposure previously described, the Group believes that its short-term currency exposure is not material. The Group's sensitivity to long-term currency exposure is primarily attributable to the net equity of the subsidiaries whose functional currency is the dollar and, to a lesser extent, the pound sterling and the Norwegian krone. This sensitivity is reflected by the historical evolution of the currency translation adjustment imputed in the statement of changes in shareholders' equity which, in the course of the last two fiscal years, was essentially related to the evolution of the dollar and is set forth in the table below:

	€/\$ exchange rates	Currency translation adjustments (in millions of euros)
December 31, 2005	1.18	1,421
December 31, 2004	1.36	(1,429)

The non-current debt in dollars described in note 20 to the consolidated financial statements (page 200) is generally raised by the central treasury entities either in dollars or in euros, or in other currencies which are then systematically exchanged for dollars or euros according to general corporate needs, though issue swaps. The proceeds from these debt issuances are principally loaned to affiliates whose accounts are kept in dollars and any remaining balance is held in dollar-denominated investments. Thus, the net sensitivity of these positions to currency exposure is not material.

Short-term currency swaps for which the nominal amount appears in note 27 to the consolidated financial statements (page 210) are used with the aim of optimization of centralized management of the cash of the Group. Thus the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

As a result of this policy, the impact of currency exchange on consolidated net income, as illustrated in note 7 to the consolidated financial statements (page 187), has not been significant despite the considerable fluctuation of the dollar (positive 78 M€ in 2005, negative 75 M€ in 2004).

Management of counterparty risk

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

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

Stock market risk

The Group holds interests in a number of publicly-traded companies (see note 13 to the consolidated financial statements, page 192). The market values of these holdings fluctuate due to various factors, including stock market trends, valuations of the sectors in which the companies operate, and the economic and financial condition of each individual company.

Liquidity risk

TOTAL S.A. has confirmed lines of credit granted by international banks, which would allow it to manage its short-term liquidity needs as required. (see page 72).

The following table shows the maturity of the financial assets and debts of the Group as of December 31, 2005 (see note 20 to the consolidated financial statements, page 200).

As of December 31, 2005 (in millions of euros)	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
ASSETS/(LIABILITIES)				
Financial debt after swaps	(3,619)	(9,057)	(4,259)	(16,935)
Cash and cash equivalents	4,318	-	-	4,318
Net amount	699	(9,057)	(4,259)	(12,617)

As of December 31, 2004 (in millions of euros)	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
ASSETS/(LIABILITIES)				
Financial debt after swaps	(3,480)	(6,637)	(3,136)	(13,253)
Cash and cash equivalents	3,860	-	-	3,860
Net amount	380	(6,637)	(3,316)	(9,393)

Legal risks

Legal aspects of exploration and production activities

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

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

The "production sharing contract" (PSC) involves a more complex legal framework than the concession agreement: it defines the terms and conditions of production sharing and sets the rules governing the cooperation between the company or consortium that holds the production license and the host state, which is generally represented by a state company. The latter can thus be involved in decisions relating to operations, cost accounting and allocation of production. The consortium agrees to undertake and finance all exploration and, in certain cases, production activities at its sole risk. In exchange, it is entitled to a portion of the

production, known as "cost oil", the sale of which should cover all of these expenses (investments and operating costs). The balance of production, known as "profit oil", is then shared in varying proportions with the State or the state company.

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

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

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

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

Grande Paroisse

An explosion occurred at the Grande Paroisse industrial site in the city of Toulouse (France) on September 21, 2001. Grande Paroisse, a former subsidiary of Atofina which became a subsidiary of Elf Aquitaine Fertilisants on December 31, 2004 pursuant to the reorganization of the Chemicals segment, was principally engaged in the production and sale of agricultural fertilizers. The explosion, which involved a stockpile of ammonium nitrate pellets, destroyed a portion of the site and caused the death of 30 people and injured many others. In addition, a portion of Toulouse was significantly damaged.

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

On December 12, 2004, Grande Paroisse, TOTAL S.A., the greater agglomeration of Toulouse (CAGT), the *Caisse des Dépôts et Consignations* and its subsidiary ICADE signed a memorandum of understanding, under the supervision of the city of Toulouse, providing that after restoration of the site, Grande Paroisse would donate a portion of the site as a "green" zone to the CAGT and portion of the site as an industrial zone to ICADE. TOTAL S.A. guaranteed the obligations of Grande Paroisse and also granted a 10 M€ endowment to the InNaBioSanté research foundation in the framework of the cancer research centre anticipated by the city for the site.

Ongoing investigations have not yet determined the cause of the explosion but the hypothesis that the explosion was caused by Grande Paroisse through the accidental mixing of hundreds of kilos of a chlorine compound at a storage site for ammonium nitrate was discredited over the course of the investigation. Proceedings against ten of the eleven Grande Paroisse employees charged during the criminal investigation conducted by the Toulouse Regional Court (*Tribunal de Grande Instance*) were dismissed and this dismissal was upheld by the Appeals Court of Toulouse. This investigation is still examining possible causes, without yet having drawn conclusions.

Pursuant to applicable French law, Grande Paroisse is presumed to bear sole responsibility for the explosion as long as the cause of the explosion remains unknown. While awaiting the conclusion of the investigation, Grande Paroisse has set up a compensation system for victims. At this stage, the estimate for the compensation of all claims and related expenses has been increased to 2.05 billion

euros (compared to 1.95 billion euros in 2004). This figure exceeds by 1.25 billion euros Grande Paroisse's insurance coverage for legal liability (capped at 0.8 billion euros). The provision for potential liability and complementary claims was increased by 100 M€ in 2005, and as a result the total unused provision stands at 133 M€ as of December 31, 2005, compared to a provision of 110 M€ as of December 31, 2004.

Antitrust investigations

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

In Europe, the European Commission commenced investigations in 2000, 2003 and 2004 into alleged anticompetitive practices involving certain products sold by Arkema France⁽¹⁾ or its subsidiaries. Under one of these investigations, in January 2005, the European Commission fined Arkema France 13.5 M€ and jointly fined Arkema France and Elf Aquitaine 45 M€. Arkema France and Elf Aquitaine have appealed to the Court of First Instance of the European Union. The Commission notified Arkema France, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema France has cooperated with the authorities in these procedures and investigations.

No facts have been alleged that would implicate TOTAL S.A. or Elf Aquitaine in these practices.

Although since 2001 an antitrust compliance program for employees has been launched by Arkema, it cannot be excluded that further proceedings involving entities of the Arkema group (and TOTAL S.A. and Elf Aquitaine as well) would nonetheless be launched by relevant authorities.

2. As part of the spin-off of the Arkema group from TOTAL, TOTAL S.A. or certain other Group companies have given guarantees to Arkema⁽²⁾ or its subsidiaries to cover the risks related to proceedings for anticompetitive practices that occurred prior to the spin-off.

(1) New corporate name of Arkema as from April 18, 2006

(2) New corporate name to be taken by the holding company of the Arkema group from April 18, 2006.

These guarantees cover, for period of 10 years, 90% of any amount paid by a company in the Arkema group under (i) fines set by the competition authorities of the European Union or of a member state for violating anti-cartel rules, (ii) fines set by American competition authorities or courts for federal anti-trust or state anti-cartel violations, (iii) civil damages that may be awarded in civil suits based on the facts and circumstances giving rise to the fines mentioned above, and (iv) certain expenses related to these proceedings.

The guarantee covering the risks related to violations of competition laws in Europe applies only to payments over a threshold of 176.5 million of euros.

These guarantees become void if an individual or an entity, whether acting alone or in concert with others, becomes the holder, either directly or indirectly, of more than one-third of the voting rights of Arkema or if the Arkema group transfers, whether in one or several transactions and irrespective of the method of transfer, assets representing over 50% of the enterprise value of the Arkema group as of the date of transfer in question.

Likewise, the Arkema group will indemnify TOTAL S.A. or any Group company for 10% of any amounts that TOTAL S.A. or any Group Company may be fined as a part of the proceedings covered by these guarantees.

3. Given the discretionary powers granted to the European Commission for determining fines, it is not currently possible to determine with certainty the outcome of these investigations and lawsuits. In 2005, given the Commission's stated intention to more severely punish anticompetitive practices and taking into account the Commission's recent decisions in this area, the Group has reevaluated the amount of the related provisions recorded in its consolidated financial statements at the end of 2005.

4. The Group has increased the provisions recorded in its consolidated financial statements as of December 31, 2005 to cover the risks described in paragraph 1 above to 482 million euros, an increase of 292 million euros compared to those booked as of December 31, 2004.

5. Moreover, as a result of investigations started by the European Commission in October 2002 by the European Commission concerning certain Refining & Marketing subsidiaries of the Group, TOTAL Nederland N.V. received a statement of objections in October 2004. A statement of objections regarding these practices has also been addressed to TOTAL S.A., although no facts have been alleged that would implicate TOTAL S.A. in these practices.

6. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the outcome of these proceedings, the Group believes that they will not have a material adverse effect on its financial condition or results.

Sinking of the Erika

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

As part of this criminal investigation, on February 1, 2006 the investigating judge brought charges in the *Tribunal correctionnel de Paris* against 15 persons, including four entities, TOTAL S.A. and two of its subsidiaries responsible for shipping have been charged with marine pollution and as accessories to the endangerment of human life. An employee responsible for the management of shipping was charged with the same offenses, as well as with the failure to take action to limit the damage from an accident.

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

Buncefield

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

The explosion injured forty people, most of whom suffered slight wounds, and caused substantial property damage to the depot and to the buildings and homes located nearby. The causes of the explosion are still not known and liabilities have not been established.

The Group is insured for damage to its facilities, operating losses and civil liability claims from third parties, and believes that, based on the current information available, this accident should not have a significant impact on its financial position, cash flow or results.

Myanmar

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

A complaint was filed in France, by eight Burmese citizens, who alleged that they were forced by Burmese army to provide labor on the gas pipeline built by a subsidiary of TOTAL in Myanmar.

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

Nonetheless, TOTAL and the association representing the eight Burmese citizens entered into a settlement agreement to terminate the proceedings. This agreement provides that TOTAL will create a solidarity fund with an endowment of 5.2 million euros for humanitarian purposes. These funds are intended as compensation for the eight plaintiffs as well as for any other person who can demonstrate being subjected to similar conditions near the construction zone of the pipeline. The larger part of the fund will be used to finance humanitarian actions for the sake of Burmese refugees in the area.

South Africa

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

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

Industrial and environmental risks

Types of risks

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

The broad scope of TOTAL's activities, which include drilling, oil and gas production, on-site processing, transportation, refining, petrochemicals activities, storage and distribution of petroleum products, production of intermediary chemical products and specialty chemicals, involve a wide range of operational risks. Among these risks are those of explosion, fire or leakage of toxic products. In the transportation area, the type of risks depends not only on the hazardous character of the products transported, but also on the transportation methods used (mainly pipelines, maritime, river-maritime, rail, road) and the volumes involved.

Most of these activities involve environmental risks related to air or water emissions and the creation of waste, and also require environmental site restoration after production is discontinued.

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

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

Risk evaluation

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

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

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

For new products, risk characterizations and evaluations are performed. Furthermore, Life Cycle Analyses (ACV) for related risks are performed on certain products to study all the stages of a products' life cycle from their conception until the end of their existence.

TOTAL actively monitors regulatory developments so as to continue complying with local and international rules and standards for the evaluation and management of industrial and environmental risks.

The Group's commitment to meet its environmental obligations is reflected in its environmental contingencies and asset retirement obligations (see note 19 to the consolidated financial statements, page 199).

The future expenses related to asset retirement obligations are accounted in accordance with the principles described in note 1 paragraph P to the consolidated financial statements (page 175).

Risk management

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

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

More specifically, an action plan was defined for the 2002-2005 period, focused on two initiatives for improvement: reducing the frequency and seriousness of on-the-job accidents and increasing mastery of industrial risks. The results related to reducing on-the-job accidents are in line with goals, with a 59% decrease in the rate of accidents (with or without time-lost) per million hours worked over the last four years (compared to a goal of 60%). In terms of industrial risks, initiatives under the plan have included specific organization and behavior action plans as well as actions to minimize risks and increase safety for people and equipment. For example, the Downstream and Chemicals segments have made specific investments related to the protection of units, reinforcement of control rooms and security of logistics (stored volumes, transportation chains). The Group has set new goals for the 2006-2009 period in these two areas and intends to actively pursue its policy for improving the safety of its activities.

In parallel, an environmental action plan was put in place over the period from 2002 to 2007. It contains quantified goals for the reducing greenhouse gas emissions, water pollution and sulphur dioxide emissions. It plans for ISO 14001 certification for 75% of the Group's major sites by 2007. The evaluation of these activities is the subject of regular, coordinated reporting. Other parameters are surveyed and measured. Among other actions, the Chemicals and Downstream segments decided in 2005 to launch programs to significantly reduce emissions and pollution over a five-year period, and will introduce corresponding investment programs.

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

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

Asbestos

Like many other industrial groups, TOTAL is involved in claims related to occupational diseases caused by asbestos exposure. The circumstances described in these claims generally concern activities prior to the beginning of the 1980s, well before the complete ban on the use of asbestos in most of the countries where the Group operates (January 1, 1997 in France). The Group's various activities are not particularly likely to lead to significant exposure to asbestos related risks, since this material was generally not used in manufacturing processes, except in limited cases. The main source of potential exposure is related to the use of certain insulating components in industrial equipment. These components are being gradually eliminated from the Group's equipment through asbestos-elimination plans that have been underway for the past few years. However, considering the long period of time that may elapse before the harmful results of exposure to asbestos manifest themselves (up to 40 years), we anticipate that claims will be filed in the years to come. Asbestos related issues have been subject to close monitoring in all branches of the Group. As of December 31, 2005, the Group estimates that the ultimate cost of all asbestos related claims paid or pending is not likely to have a material adverse effect on the financial situation of the Group.

Other specific risks

Risks related to oil and gas exploration and production

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

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

The development of oil fields, the construction of facilities and the drilling of production or injection wells require advanced technology in order to extract and exploit fossil fuels with complex properties over several decades. The deployment of this technology in such a difficult environment makes cost projections uncertain. TOTAL's activities can be limited, delayed or cancelled as a result of numerous factors, such as administrative delays, particularly in terms of the host states' approval processes for development projects or shortages of or late delivery of equipment, weather conditions (the production of four fields situated in the Gulf of Mexico were affected by hurricane damage, principally by Hurricane Ivan in mid-September 2004 and, to a lesser degree, by Hurricane Katrina at the end of August 2005). Some of these risks may also affect TOTAL's projects and facilities further down the oil chain.

Risks related to economic and political factors

The oil sector is subject to domestic regulations and the intervention of governments in such areas as:

- the award of exploration and production interests;
- the imposition of specific drilling obligations;
- environmental protection controls ;
- control over the development and abandonment of a field causing restrictions on production; and
- possible, though exceptional, nationalization, expropriation or cancellation of contract rights.

The oil industry is also subject to the payment of royalties and taxes, which may be high compared with those imposed with respect to other commercial activities and which might be subject to material modifications by the governments of certain countries.

Substantial portions of TOTAL's oil and gas reserves are located in countries, certain of which may individually be considered politically and economically unstable. These reserves and the related operations are subject to certain risks, including:

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

TOTAL, 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, there can be no assurances that such events will not adversely affect the Group.

ILSA - Other US regulations

In 2001, the U.S. legislation implementing sanctions against Iran and Libya (Iran and Libya Sanction Act, referred to as ILSA), was extended until August 2006. In April 2004, the President of the United States terminated the application of ILSA with respect to Libya. ILSA authorizes the President of the United States to impose sanctions (from a list that includes denial of financing by the U.S. export-import bank and limitations on the amount of loans or credits available from U.S. financial institutions) against persons found by the President to have knowingly made investments in Iran of \$20 million or more in any twelve-month period. In May 1998 the U.S. government waived the application of sanctions for TOTAL's investment in the South Pars gas field in Iran. This waiver, which has not been modified since it was granted, does not address TOTAL's other activities in Iran, although TOTAL has not been notified of any related sanctions.

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

In each of the years since the passage of ILSA, TOTAL has made investments in Iran (excluding South Pars) in excess of \$20 million. In 2005, TOTAL's average daily production in Iran amounted to 23 kboe/d, approximately 1.0% of its average daily worldwide production. TOTAL expects to continue to invest amounts significantly in excess of \$20 million per year in Iran in the foreseeable future. TOTAL cannot predict interpretations of or the implementation policy of the U.S. government under ILSA with respect to its current or future activities in Iran. It is possible that the United States may determine that these or other activities will constitute activity prohibited by ILSA and will subject TOTAL to sanctions.

TOTAL does not believe that enforcement of ILSA, including the imposition of the maximum sanctions under the current law and regulations, would have a material negative effect on its results of operations or financial condition.

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

SEC investigation

The SEC has issued a non-public formal order directing a private investigation in the matter of certain oil companies (including, among others, TOTAL) in connection with the pursuit of business in Iran.

Geopolitical situation in the Middle East

In 2004, the entire Middle East represented 16% of the Group's production of oil and gas and 5.2% of the Group's net operating income. The Group produces in the United Arab Emirates, Iran, Oman, Qatar, Syria and Yemen. TOTAL cannot predict developments of the geopolitical situation in the Middle East and its potential consequences on the Group's activities in this area.

Geopolitical and economic situation in South America

In 2005, South America represented 10% of the Upstream segment's oil and gas production and 6.7% of the Group's net operating income. The Group's production is located in Argentina, Bolivia, Colombia, Trinidad & Tobago, Colombia and Venezuela.

In May 2005 a new law changing the fiscal and regulatory framework for oil and gas operations in Bolivia was passed. TOTAL has asked the Bolivian authorities to open negotiations in order to maintain the economic terms and a regulatory framework satisfactory to both parties.

The Group was informed by the Venezuelan government of a change in the method for calculating royalties. The Group also received a notice of additional tax assessment on the corporate income tax for the years 2001-2004. The Group believes that it has complied with the applicable fiscal and legal provisions. The Group has paid a higher amount of royalties under protest. The tax assessment is currently being reviewed. In addition, at the request of the Venezuelan government, discussions are underway for revising the Jusepin contract. The Venezuelan government has made similar requests to all companies operating under this type of contract.

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

Risks related to competition

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

In this respect, the main competitors of TOTAL are ExxonMobil, Royal Dutch Shell, BP and Chevron. At the end of 2005, TOTAL ranked fourth among these international oil companies in terms of market capitalization*.

* Source : Reuters

Insurance and risk management

Organization

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

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

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

In 2005, the part of incident kept by OIRC after reinsurance was \$27.5 million per incident "property damage and loss of operations".

Risk and insurance management policy

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

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

Insurance policy

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

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

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

More specifically, for:

- Tort liability: since the maximum financial risk cannot be evaluated using a systemic approach, the amounts insured are based on market conditions and industry practice, in particular, the oil industry. The insurance cap in 2005 for general tort and product liability was \$840 million.
- Property: the amounts insured by sector and by site are based on estimated costs and reconstruction scenarios under the identified worst-case disaster scenarios and on insurance market conditions.

For example, for the highest estimated risk of the Group (the Alwyn field in the UK), the insurance cap was \$1.1 billion in 2005.

Coverage of loss of operations was provided in 2005 for the Refining and Chemicals sectors for a compensation period of 3 years (Refining) or 2 years (Chemicals), also based on the identified worst-case disaster scenarios and on insurance market conditions (combined limits for property and loss of operations).

Moreover, deductibles for material damages fluctuate between \$0.1 and \$5 million euros depending on the level of risk, and are carried by the subsidiary.

As a result of less favorable insurance terms available on the market on January 1, 2006, the Group has reduced its coverage for civil liability to \$735 million, increased the amount of property insurance retained by its reinsurance captive to \$50 million and terminated its coverage for loss of operations.

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

Corporate governance

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Board of Directors

Members of the Board of Directors

The following individuals were members of the Board of Directors of TOTAL S.A. in 2005:

(Information as of December 31, 2005.)

Thierry Desmarest

60 years old. Chairman and Chief Executive Officer of TOTAL S.A. since May 31, 1995. Director of Sanofi-Aventis. Member of the Supervisory Board of Air Liquide and of Areva.

Director of TOTAL S.A. since 1995 and until 2007.

Chairman and Chief Executive Officer of Elf Aquitaine since February 15, 2000.

Holds 73,300 shares.

Daniel Boeuf

57 years old. Director representing employee shareholders. Head of Training and Skills Management within the Refining & Marketing branch. Chairman of the Supervisory Board of the TOTAL ACTIONNARIAT FRANCE employee investment fund.

Director of TOTAL S.A. since 2004 and until 2007.

Holds 600 TOTAL shares and 629.573 shares of the TOTAL ACTIONNARIAT FRANCE employee investment fund.

Daniel Bouton

55 years old. Independent Director.

Chairman and Chief Executive Officer of Société Générale. Director of Schneider Electric S.A. and Veolia Environnement.

Director of TOTAL S.A. since 1997 and until 2006.

Holds 800 shares.

Bertrand Collomb

63 years old. Independent Director.

Chairman of the Board of Lafarge. Director of Unilever.

Director of TOTAL S.A. since 2000 and until 2006.

Holds 1,178 shares.

Paul Desmarais Jr.

51 years old. Independent Director.

Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada.

Vice Chairman and Acting Managing Director of Pargesa Holding. Vice Chairman of the Board of Imerys. Director and Member of the Executive Committee of Great-West, of Groupe Bruxelles Lambert and of London Insurance Group Inc. Director of Suez.

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

Holds 500 shares (corresponding to 1,000 ADRs).

Jacques Friedmann

73 years old. Independent Director.

Director of LVMH.

Director of TOTAL S.A. since 2000 and until 2006.

Holds 1,519 shares.

Bertrand Jacquillat

61 years old. Independent Director.

University Professor. Co-founder and Chairman and Chief Executive Officer of Associés en Finance. Member of the Supervisory Board of Klépierre.

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

Holds 900 shares.

Antoine Jeancourt-Galignani

68 years old. Independent Director.

Former Chairman of Assurances Générales de France. Chairman of the Supervisory Board of Euro Disney SCA. Director of Gecina, of Société Générale and of Kaufman & Broad.

Director of TOTAL S.A. since 1994 and until 2006.

Holds 1,085 shares.

Anne Lauvergeon

46 years old. Independent Director.

Chairman of the Management Board of Areva. Director of Suez, Vice Chairman of the Supervisory Board of Safran.

Director of TOTAL S.A. since 2000 and until 2006.

Holds 500 shares.

Peter Levene of Portsoken

64 years old. Independent Director.

Chairman of Lloyd's, of International Financial Services London and of General Dynamics UK Ltd.

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

Holds 500 shares.

Maurice Lippens

62 years old. Independent Director.

Chairman of Fortis. Director of Suez-Tractebel, of Groupe Bruxelles Lambert and of Belgacom.

Director of TOTAL S.A. since 2003 and until 2008.

Holds 800 shares.

Michel Pébereau

63 years old. Independent Director.

Chairman of the Board of BNP Paribas. Director of Lafarge and of Saint-Gobain. Member of the Supervisory Board of AXA. President of the European Banking Federation.

Director of TOTAL S.A. since 2000 and until 2006.

Holds 589 shares.

Thierry de Rudder

56 years old. Independent Director.

Managing Director of Groupe Bruxelles Lambert. Director of Suez. Member of the Supervisory Board of Imerys.

Director of TOTAL S.A. since 1999 and until 2007.

Holds 989 shares.

Jürgen Sarrazin

69 years old. Independent Director.

Former Chairman of the Management Board of Dresdner Bank.

Director of TOTAL S.A. since 2000 and until 2006.

Holds 1,477 shares.

Serge Tchuruk

68 years old. Independent Director.

Chairman and Chief Executive Officer of Alcatel. Director of Thalès.

Director of TOTAL S.A. since 1989 and until 2007.

Holds 24,574 shares.

Pierre Vaillaud

70 years old. Independent Director.

Former Chairman and Chief Executive Officer of Elf Aquitaine and of Technip. Director of Technip. Member of the Supervisory Board of Cegelec and of Oddo et Cie.

Director of TOTAL S.A. since 2000 and until 2006.

Holds 500 shares.

Other information about Directors

Additional information required under the fourth paragraph of Article L. 225-102-1 of the French Commercial Code or in item 14.1 of Schedule I to (EC) Regulation No. 809/2004 of April 29, 2004

Management expertise and experience

Offices held in 2001, 2002, 2003, 2004 and 2005

Thierry Desmarest.

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

Current offices

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

Offices that expired in the previous five years

None.

Daniel Boeuf.

An employee of the TOTAL Group since October 1973, Daniel Boeuf served in several sales positions, then held various operational positions. He is currently responsible for training and skills management in specialties within the Refining & Marketing branch. An elected member of the Supervisory Board of the TOTAL ACTIONNARIAT FRANCE FCPE since 1999, he has served as Chairman of the Supervisory Board since 2003.

Current offices

- Director of TOTAL S.A., representing employee shareholders.
- Chairman of the Supervisory Board of the employees mutual fund FCPE Total Actionnariat France.

Offices that expired in the previous five years

None.

Daniel Bouton.

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

Current offices

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

Offices that expired in the previous five years

- Director of Arcelor until 2004.

Bertrand Collomb.

A graduate of the *École Polytechnique* and a Mining Engineer, Mr. Collomb held a number of positions within the Ministry of Industry and other staff positions from 1966 to 1975. He joined the Lafarge group in 1975, where he served in various management positions. He served as Chairman and Chief Executive Officer of Lafarge from 1989 to 2003, then as Chairman of the Lafarge Board of Directors. He is also President of the French association of non-state-owned companies (AFEP).

Current offices

- Director of TOTAL S.A.
- Chairman of the Board of Directors of Lafarge.
- Director of Lafarge North America.
- Vice-Chairman of Unilever (Netherlands).
- Director of Atco (Canada).

Offices that expired in the previous five years

- Director of Vivendi Universal until 2005.
- Chairman and Chief Executive Officer of Lafarge until 2003.
- Member of the Supervisory Board of Allianz (Germany) until 2003.
- Director of Crédit Commercial de France until 2002.

Additional information required under the fourth paragraph of Article L. 225-102-1 of the French Commercial Code or in item 14.1 of Schedule I to (EC) Regulation No. 809/2004 of April 29, 2004

Management expertise and experience

Paul Desmarais Jr.

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

Offices held in 2001, 2002, 2003, 2004 and 2005

Current offices

- Director of TOTAL S.A.
- Chairman of the Board, Co-Chief Executive Officer and Member of the Executive Committee of Power Corporation of Canada.
- Chairman of the Executive Committee and Member of the Board of Corporation Financière Power (Canada).
- Vice-Chairman and Deputy Managing Director of Pargesa Holding S.A. (Switzerland).
- Vice-Chairman of the Board of Directors and member of the Strategic Committee of Imerys (France).
- Member of the Board of Directors and Executive Committee of Great-West Compagnie d'assurance-vie (Canada).
- Member of the Board of Directors and Executive Committee of Great-West Life & Annuity Insurance Company (United States).
- Member of the Board of Directors and Executive Committee of Great-West Lifeco Inc. (Canada).
- Member of the Board of Directors and Executive Committee of Groupe Bruxelles Lambert S.A. (Belgium).
- Member of the Board of Directors and Executive Committee of Groupe Investors Inc. (Canada).
- Member of the Board of Directors and Executive Committee of London Insurance Group Inc. (Canada).
- Member of the Board of Directors and Executive Committee of London Life, Compagnie d'assurance-vie (Canada).
- Member of the Board and Executive Committee of Mackenzie Inc.
- Member of the Board of La Presse Ltée (Canada).
- Member of the Board of Les Journaux Trans-Canada (1996) Inc. (Canada).
- Member of the Board of Gesca Ltée (Canada).
- Director of Suez (France).
- Director of The Canada Life Assurance Company (Canada).
- Director of Canada Life Financial Corporation (Canada).
- Director of IGM Financial Inc. (Canada).
- Director of 152245 Canada Inc, 171263 Canada Inc and 2795957 Canada Inc (Canada).
- Director of GWL Properties Inc.
- Director of GWL&A Financial (Canada) Inc.
- Director of GWL&A Financial (Nova Scotia) Co.
- Director of First Great-West Life & Annuity Insurance Co.
- Director of The Great-West Life Assurance Company.
- Director of Power Communications Inc.
- Director of Power Corporation International.
- Member of the Supervisory Board of Power Financial Europe B.V. and of Parjointco N.V.

Offices that expired in the previous five years

- Director of Tractebel until 2002.
- Director of Rhodia until 2001.
- Director of Electrafina until 2001.

Additional information required under the fourth paragraph of Article L. 225-102-1 of the French Commercial Code or in item 14.1 of Schedule I to (EC) Regulation No. 809/2004 of April 29, 2004

Management expertise and experience	Offices held in 2001, 2002, 2003, 2004 and 2005
<p>Jacques Friedmann. Honorary Inspector General of Finance, Mr. Friedmann has served in a number of positions within the Ministry of Economy and on the staff of the Prime Minister of the French Republic. He served as Chairman of Compagnie Air France from 1987 to 1988, Chairman of Union des Assurances de Paris (UAP) from 1993 to 1997, then as Chairman of the AXA Supervisory Board until 2000.</p>	<p>Current offices</p> <ul style="list-style-type: none"> • Director of TOTAL S.A. • Director of LVMH. <p>Offices that expired in the previous five years</p> <ul style="list-style-type: none"> • Director of BNP PARIBAS and Chairman of the Internal Control and Risk Committee until 2005. • Director of Vivendi Universal until 2002. • Director of Alcatel and member of the Audit Committee until 2001.
<p>Bertrand Jacquillat. A graduate of <i>École des Hautes Études Commerciales (HEC)</i>, <i>Institut d'études politiques de Paris</i> and Harvard Business School, Mr. Jacquillat holds both a PhD and an <i>agrégé</i> in management. He has been a university professor (France and the United States) since 1969, and has been on the faculty of the <i>Institut d'Études politiques de Paris</i> since 1999.</p>	<p>Current offices</p> <ul style="list-style-type: none"> • Director of TOTAL S.A. • Chairman and Chief Executive Officer of Associés en Finance. • Member of the Supervisory Board of Klepierre. <p>Offices that expired in the previous five years</p> <p>None.</p>
<p>Antoine Jeancourt-Galignani. Inspector of Finance, Mr. Jeancourt-Galignani held various positions within the Ministry of Finance, then served as Deputy Managing Director of Crédit Agricole from 1973 to 1979. He became Managing Director of the Indosuez bank in 1979, then Chairman from 1988 to 1994. He served as Chairman of Assurances Générale de France (AGF) from 1994 to 2001, then became Chairman of Gecina from 2001 to 2005, the company where he is currently director.</p>	<p>Current offices</p> <ul style="list-style-type: none"> • Director of TOTAL S.A. • Chairman of the Board of Groupe SNA (Lebanon). • Chairman of the Supervisory Board of Euro Disney Sca. • Director of Gecina. • Director of Assurances Générale de France. • Director of Kaufman & Broad S.A. • Director of Société Générale. • Director of Société des Immeubles de France. • Member of the Supervisory Board of Oddo et Cie. • Member of the Supervisory Board of Hypo Real Estate Holding (Germany). <p>Offices that expired in the previous five years</p> <ul style="list-style-type: none"> • Member of the Supervisory Board of Jetix Europe NV until 2005. • Chairman of the Board of Directors of Gecina until 2005. • Chairman of the Board of Directors of Société des Immeubles de France until 2004. • Chairman of the Board of Directors of Simco until 2003. • Chairman of Assurances Générales de France (AGF) until 2001. • Chairman of AGF Assurances until 2001. • Chairman of AGF International until 2001. • Chairman of AGF IART until 2001. • Chairman of AGF Vie until 2001.

Additional information required under the fourth paragraph of Article L. 225-102-1 of the French Commercial Code or in item 14.1 of Schedule I to (EC) Regulation No. 809/2004 of April 29, 2004

Management expertise and experience

Offices held in 2001, 2002, 2003, 2004 and 2005

Anne Lauvergeon.

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

Current offices

- Director of TOTAL S.A.
- Chairman of the Executive Board of Areva.
- Chairman of Cogema.
- Director of Suez.
- Director of VODAFONE Group Plc.
- Vice-Chairman and Member of the Supervisory Board of SAFRAN.

Offices that expired in the previous five years

- Director of FCI until October 2005.
- Director of Pechiney until 2002.
- Permanent Cogema representative on the Board of Eramet until 2002.
- Permanent Cogema representative on the Board of Usinor until 2002.
- Permanent Cogema representative on the Board of Framatome until 2001.
- Permanent Cogema representative on the Board of CEA-Industrie until 2001.

Peter Levene of Portsoken.

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

Current offices

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

Offices that expired in the previous five years

- Member of the Supervisory Board of Deutsche Börse until 2005.
- Director of J. Sainsbury Plc until 2004.
- Vice-Chairman of Deutsche Bank in 2002.
- Chairman of Bankers Trust International until 2002.

Maurice Lippens.

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

Current offices

- Director of TOTAL S.A.
- Chairman of Fortis SA/NV.
- Chairman of Fortis NV.
- Chairman of Compagnie Het Zoute .
- Director of Belgacom.
- Director of Groupe Bruxelles Lambert.
- Director of Suez-Tractebel.
- Director of Finasucré.
- Director of Groupe Sucrier AS.
- Director of Iscal Sugar.

Offices that expired in the previous five years

- Chairman of Fortis Brussels until 2004.
- Chairman of Fortis Utrecht until 2004.
- Director of CDC United Network until 2003.
- Chairman of Compagnie Immobilière d'Hardelot SA until 2003.
- Vice-Chairman of Société Générale de Belgique until 2003.

Additional information required under the fourth paragraph of Article L. 225-102-1 of the French Commercial Code or in item 14.1 of Schedule I to (EC) Regulation No. 809/2004 of April 29, 2004
Management expertise and experience
Michel Pébereau.

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

Offices held in 2001, 2002, 2003, 2004 and 2005
Current offices

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

Offices that expired in the previous five years

- Director of BNP Paribas UK Holdings Ltd until 2005.
- Chairman and Chief Executive Officer of BNP Paribas until 2003.
- Member of the Supervisory Board of Dresdner Bank AG until 2003.
- Permanent representative of BNP Paribas on the Renault Board until 2002.

Thierry de Rudder.

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

Current offices

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

Offices that expired in the previous five years

- Director of SI Finance until 2005.
- Director of Société Générale de Belgique until 2003.
- Director of Petrofina until 2003.
- Director of Rhodia until 2002.
- Deputy Managing Director of Electrafina until 2001.
- Director of Lasmo Plc until 2001.
- Director of CLT-UFA until 2001.

Jürgen Sarrazin.

After studies in law and history in Germany and the United States, Mr. Sarrazin began his career with Dresdner Bank in Frankfurt. Appointed as Director for international business in 1975, he joined the executive board in 1983. In 1993, he was named Chairman of the Executive Board of Dresdner Bank. Retired from his banking career, he was a member of the Board of Elf Aquitaine between 1998 and 2000, then served as a member of the TOTAL Board of Directors.

Current offices

- Director of TOTAL S.A.

Offices that expired in the previous five years

None.

Additional information required under the fourth paragraph of Article L. 225-102-1 of the French Commercial Code or in item 14.1 of Schedule I to (EC) Regulation No. 809/2004 of April 29, 2004

Management expertise and experience

Offices held in 2001, 2002, 2003, 2004 and 2005

Serge Tchuruk.

A graduate of the *École Polytechnique* and a Weapons Engineer, Mr. Tchuruk held various management positions with Mobil Corporation, then with Rhône-Poulenc, where he was named Chief Executive Officer in 1983. He served as Chairman and CEO of CDF-Chimie/Orkem from 1986 to 1990, then as Chairman and CEO of TOTAL from 1990 to 1995. In 1995, he became Chairman and Chief Executive Officer of Alcatel.

Current offices

- Director of TOTAL S.A.
- Chairman and Chief Executive officer of Alcatel.
- Director of Thales.
- 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 École Polytechnique.

Offices that expired in the previous five years

- Director of Institut Pasteur until 2005.
- Director of Société Générale until 2003.
- Director of Vivendi Universal until 2002.
- Director of Alstom until 2001.

Pierre Vaillaud.

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

Current offices

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

Offices that expired in the previous five years

- Director of Egis until 2002.

Other information.

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

Management

General Management

Acting on a proposal of the Nominating & Compensation Committee, on May 14, 2004 the Board of Directors resolved to continue to entrust the general management of the Company to the Chairman of the Board. The Board also confirmed that Thierry Desmarest would continue to serve as its Chairman and as Chief Executive Officer of the Company, after his appointment had been renewed by the Shareholder's Meeting of that same day. This decision has not been modified.

The Executive Committee and the Management Committee

The Executive Committee (COMEX) is the primary decision-making body, implementing the Company's strategy defined by the Board of Directors and authorizing related investments.

The Management Committee (CODIR) facilitates coordination between the various units of the Company, monitors the results of the operational Divisions and reviews the activity reports of the functional Divisions.

The Executive Committee

The following individuals are members of TOTAL's Executive Committee (membership as of December 31, 2005):

- Thierry Desmarest, Chairman of the COMEX (Chairman and Chief Executive Officer);
- François Cornélis, Vice Chairman of the COMEX (President of Chemicals);
- Robert Castaigne (Chief Financial Officer);
- Yves-Louis Darricarrère (President of Gas & Power);
- Christophe de Margerie (President of Exploration & Production);
- Jean-Paul Vettier (President of Refining & Marketing);
- Bruno Weymuller (President of Strategy and Risk Assessment).

The Group Management Committee

The CODIR includes, in addition to the members of the COMEX, 22 Executive Officers from the different functional and operational Divisions (membership as of December 31, 2005):

Holding

Jean-Pierre Cordier, Jean-Marc Jaubert, Jean-Michel Gires, Jean-Jacques Guilbaud, Ian Howat, Patrick de La Chevardière.

Upstream

Michel Bénézit, Philippe Boisseau, 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, Thierry Le Hénaff, Hugues Woestelandt.

Statutory auditors

Statutory auditors

Ernst & Young Audit

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex
Date of appointment: May 14, 2004 for 6 years
G. Galet
P. Diu

Fees received* (in millions of euros):	in 2005	in 2004
(a) Audit and certification of the individual and consolidated financial statements	12.8	12.1
(b) Related missions	3.4	2.2
(c) Sub-total (a)+(b)	16.2	14.3
(d) Other services	1.5	1.0
Total (c)+(d)	17.7	15.3

* Including members of their network.

KPMG Audit

Département de KPMG S.A.
1, cours Valmy, 92923 Paris-La Défense
Date of appointment: May 13, 1998 for 6 years
Appointment renewed on May 14, 2004 for 6 years
R. Amirkhanian

Fees received* (in millions of euros):	in 2005	in 2004
(a) Audit and certification of the individual and consolidated financial statements	12.7	12.4
(b) Related missions	8.1	9.2
(c) Sub-total (a)+(b)	20.8	21.6
(d) Other services	1.1	1.8
Total (c)+(d)	21.9	23.4

* Including members of their network.

Alternate auditors

Jean-Luc Decornoy

2 bis, rue de Villiers, 92300 Levallois-Perret
Date of appointment: May 14, 2004 for 6 years

Pierre Jouanne

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex
Date of appointment: May 14, 2004 for 6 years

Auditors' term of office

The terms of the statutory and alternate auditors expire at the end of the Shareholders' Meeting called to approved the financial statements for the fiscal year 2009.

Compensation of the Board of Directors and Executive Officers

Compensation of the Board of Directors

The amount paid to the members of the Board of Directors as Directors' fees was 0.84 M€ in 2005 in accordance with the decision of the Shareholders Meeting held on May 14, 2004. There were 16 Directors as of December 31, 2005 compared with 15 as of December 31, 2004.

The aggregate amount of Directors' fees paid in 2005 was distributed as follows:

- a fixed amount of 15,000 euros per Director (paid prorata temporis in case of a change during the period);
- an amount of 5,000 euros per Director for each meeting of the Board of Directors, of the Audit Committee or of the Nominating & Compensation Committee attended (this amount is increased to 7,000 euros for Directors residing outside of France).

Total gross compensation including benefits in kind paid in each of the years indicated to each Director

(Article L. 225-102-1 of the French Commercial Code, paragraphs 1 and 2)

(in euros)	2005	2004	2003
Thierry Desmarest	2,963,452.00	2,787,239.00	2,528,076.00
Daniel Boeuf ⁽¹⁾	150,529.49	128,259.98	-
Daniel Bouton	45,000.00	37,500.00	37,500.00
Bertrand Collomb	30,000.00	42,000.00	37,500.00
Paul Desmarais Jr.	43,000.00	37,500.00	37,500.00
Jacques Friedmann	80,000.00	82,500.00	69,000.00
Bertrand Jacquillat	80,000.00	78,000.00	64,500.00
Antoine Jeancourt-Galignani	45,000.00	46,500.00	37,500.00
Anne Lauvergeon	40,000.00	42,000.00	33,000.00
Peter Levene of Portsoken	23,410.00	-	-
Maurice Lippens	57,000.00	37,500.00	30,943.35
Michel Pébereau	55,000.00	51,000.00	42,000.00
Thierry de Rudder	106,000.00	82,500.00	69,000.00
Jürgen Sarrazin	50,000.00	46,500.00	37,500.00
Serge Tchuruk	50,000.00	46,500.00	46,500.00
Pierre Vaillaud ⁽²⁾	178,906.00	177,933.00	166,752.00

(1) Including the salary paid to the Director as an employee of TOTAL France (a subsidiary of TOTAL S.A.), amounting to 100,752.62 euros in 2004 and 105,529.49 euros in 2005.

(2) Including pension payments related to past employment by the Group, amounting to 129,252 euros in 2003, 131,433 euros in 2004 and 133,906 euros in 2005.

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

Executive Officers' Compensation

In 2005, the aggregate amount paid directly or indirectly by the French and foreign affiliates of the Company as compensation to the Executive Officers of TOTAL (members of the Management Committee and the Treasurer) as a group was 18.8 M€ (30 individuals), including 8.8 M€ paid to the seven members of the Executive Committee. Variable compensation accounted for 43% of the aggregate amount paid to Executive Officers in 2005.

The following individuals are the Executive Officers of the Group as of December 31, 2005 (30 individuals, compared to 29 as of December 31, 2004):

Management Committee

Thierry DESMAREST *
 François CORNELIS *
 Christophe de MARGERIE *
 Yves-Louis DARRICARRÈRE *
 Jean-Paul VETTIER *
 Robert CASTAIGNE *
 Bruno WEYMULLER *

Michel BENEZIT
 Philippe BOISSEAU
 Alain CHAMPEAUX
 Pierre-Christian CLOUT
 Jean-Claude COMPANYY
 Jean-Pierre CORDIER
 Jean-Michel GIRES
 Philippe GOEBEL

François GROH
 Jean-Jacques GUILBAUD
 Ian HOWAT
 Jean-Marc JAUBERT
 Pierre KLEIN
 Patrick de LA CHEVARDIÈRE
 Jean-Bernard LARTIGUE
 Thierry LE HÉNAFF
 Jean-Marie MASSET
 Charles MATTENET
 Éric de MENTEN
 Jean PRIVEY
 André TRICOIRE
 Hugues WOESTELANDT

Treasurer

Charles PARIS de BOLLARDIÈRE

* Member of the Executive Committee as of December 31, 2005.

Executive Officers who are Directors of affiliates of the Company are not entitled to retain any Directors' fees.

Compensation of the Chairman and Chief Executive Officer

Mr. Thierry Desmarest's total gross compensation, for services rendered in 2005 amounted to 3,154,623 euros. This compensation, set by the Board of Directors of TOTAL S.A., is composed of a fixed base salary of 1,451,235 euros in 2005 and a variable portion, paid in 2006 which amounted to 1,703,388 euros. The variable portion is calculated by taking into account the Group's return on equity during the relevant fiscal year, comparing the results to those of the other major international oil companies and taking into account future prospects that emerged due to the actions taken in the year in question.

Mr. Thierry Desmarest's total gross compensation for services rendered in 2004 was 2,809,268 euros, composed of a fixed base salary of 1,297,051 euros and a variable portion of 1,512,217 euros paid in 2005.

The Chairman did not receive any benefits in kind.

Commitments mentioned in Article L. 225-102-1, paragraph 3, of the French Commercial Code

The Chairman has neither a specific pension plan nor specific benefits that arise upon termination of his service.

In addition to the pension scheme applicable to all Group employees, the Chairman is eligible for a Group-funded complementary pension plan that applies to senior managers whose annual compensation is greater than the annual social security threshold multiplied by eight. As of December 31, 2005, the Group's pension commitments for the Chairman are the equivalent of an annual pension amounting to 16.6% of the Chairman's 2005 compensation. This pension is tied to the French Association for Complementary Pensions Schemes (ARRCO) index.

The Chairman is also eligible for the payment upon retirement stipulated under the French national collective-bargaining agreement for the petroleum industry.

The Company also funds a life insurance policy which guarantees a payment, upon death, equal to two years' salary (both fixed and variable), increased to three years upon accidental death, as well as, in case of invalidity, a payment proportional to the degree of invalidity.

In addition, the previously-mentioned pension commitments of the Company relating to Mr. Tchuruk and Mr. Vaillaud are as follows:

- The Company has funded a complementary pension for Mr. Tchuruk related to his previous employment by the Group. After retirement, the amount paid per year to Mr. Tchuruk under this complementary pension would amount to approximately 70,000 euros, based upon calculations as of December 31, 2005. This pension is tied to the ARRCO index.
- The Company has funded a complementary pension for Mr. Vaillaud related to his previous employment by the Group. Mr. Vaillaud receives an annual complementary pension of approximately 135,000 euros, based upon calculations as of December 31, 2005. This pension is tied to the ARRCO index.

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

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

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

Directors are appointed by the shareholders for a three-year term. In case of the resignation or death of a Director, the Board may temporarily appoint a replacement Director. This appointment must be ratified by the next Shareholders' Meeting.

In 1995, the Group established two special Committees: a Nominating & Compensation Committee and an Audit Committee.

At its meeting on February 19, 2003, the Board of Directors amended the corporate governance policies initially adopted in 1995 and in 2001 to take into account recent developments in this area, including the AFEP-MEDEF report published in France in September 2002.

At its meeting on February 18, 2004, the Board of Directors adopted a code of ethics that, in the overall context of the Group's Code of Conduct, applies to its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and the financial and accounting officers for its principal activities. The Board has made the Audit Committee responsible for ensuring compliance with this Code.

In addition, the Board has designated Jacques Friedman, an independent Director, as Chairman of the Audit Committee and as Audit Committee financial expert.

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

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

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

Directors Charter

The Directors Charter specifies the obligations of each Director and establishes the mission and operating rules and regulations of the Board of Directors.

Each Director undertakes to maintain the independence of his analysis, judgment, decision and action as well as not to be unduly influenced. When a Director participates in and votes at Board meetings, he is required to represent the interest of the shareholders and the Company as a whole. Directors must actively participate in the affairs of the Board, specifically on the basis of information communicated to him by the Company. Each Director must inform the Board of conflicts of interest that may arise, including the nature and terms of any proposed transactions that could give rise to such situations. When such occasions arise, he is required to clearly express the conflict as it pertains to the plans and projects discussed by the Board. He is required to own at least 500⁽¹⁾ registered company shares (with the exception of the Director representing employee shareholders, for whom the requirements are more flexible) and comply strictly with provisions regarding the use of material non-public information. The requirement to hold a minimum of 500 shares while in office is accepted by each Director as a restriction on his ability to freely dispose of these shares.

In addition to stipulating that all Director's shares and ADRs of TOTAL S.A. and its publicly traded subsidiaries are to be held in registered form, the Directors Charter places a prohibition on buying on margin or short selling in those same securities, and a prohibition on trading shares of TOTAL S.A. for fifteen calendar days preceding the announcement of the Company's periodic earnings and on the day of the announcement.

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

With the exception of the powers and authority expressly reserved for shareholders and within the limits of the company's stated purpose, the Board may address any issue related to the operation of the Company and make any decision concerning the matters falling within its purview. Within this framework, the Board:

- appoints the corporate officers responsible for managing the Company and supervises their management;
- defines TOTAL's strategy;

(1) It will be proposed to the Shareholders' Meeting scheduled to take place on May 12, 2006 to increase that number from 500 to 1,000 registered shares, after the share split par 4 of the par value of the shares.

Corporate Governance

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

- discusses and debates major transactions under consideration by the Group, according to the criteria determined by the Board;
- receives information on any significant event pertaining to the operations of the Company;
- oversees the quality of the information supplied to shareholders and the financial markets through the financial statements that it approves and the Registration Document, or when major transactions are conducted;
- calls and sets the agenda of Shareholders' Meetings;
- prepares a list each year of the Directors it deems to be independent under generally accepted corporate governance criteria; and
- performs audits and inspections as it may deem appropriate.

Specifically, with the assistance of its specialized Committees, it ensures the following:

- proper delegation of powers and authority within the Company as well as proper exercise of the respective powers and responsibilities of the Company's governing bodies;
- that no person has the power to bind the Company without proper supervision and control;
- the proper functioning of the organizations responsible for internal control and the satisfactory execution by the external auditors of their missions; and
- the proper functioning of the Committees that it has created.

The Board of Directors meets at least four times a year and whenever circumstances so require. The Directors are present, represented, or participate in meetings via video conferences that satisfy the technical requirements set by applicable regulations.

The Board establishes those specialized Committees, whether permanent or temporary, which are required by applicable legislation or which it may deem appropriate. The Board allocates Directors' fees to the Directors and may allocate additional Directors' fees to Directors who participate on specialized Committees, within the total amount established for that purpose by the shareholders.

The Board performs an assessment of its own functioning and operations at regular intervals not to exceed three years. In addition, it holds an annual discussion of its practices.

Board Meetings

The Board of Directors, in most circumstances, is convened after receiving written notice at least eight days in advance. Documents that are to be examined before the Board's decisions are, when possible, included with the convening notice. Otherwise, the documents are delivered as soon as possible thereafter. At each meeting, the minutes of the preceding meeting are submitted for the approval of the Board.

The Board held six meetings in 2005, with an average attendance of 90.30%.

The agendas for these meetings included the following points on the dates indicated:

January 11:

- 2005 budget;
- Group growth strategy;
- Group insurance policy;
- Group finance strategy;
- report on Ethics Committee activities.

February 16:

- Chemicals segment strategy;
- Parent company and consolidated 2004 financial statements;
- convening the annual Shareholders' Meeting, compensation of the Chairman for 2005;
- evaluation of the independence of the Directors and evaluation of Board practices.

May 3:

- earnings for the first quarter 2005 and presentation on the 2004 accounts under IFRS;
- strategy for the Gas & Power sector;
- preparations for the annual Shareholders' Meeting.

July 19:

- estimated earnings for the second quarter and first half 2005;
- corporate governance: amendments to the Audit Committee Charter and adoption of a procedure for complaints and concerns regarding accounting, internal accounting controls or auditing matters;
- allocation of stock options and restricted stock grants;
- long-term plan for the Exploration & Production sector.

September 6:

- presentation of earnings for the second quarter and first half 2005 and mid-2005 outlook;
- strategic outlook for the Refining & Marketing sector;
- acquisition of Deer Creek Energy Ltd;
- presentation on the Yemen LNG project.

November 3:

- earnings for the third quarter 2005;
- distribution of an interim dividend;
- group strategy and five-year plan;
- terms of the capital increase reserved for Group employees.

The Audit Committee

The mission of the Company's Audit Committee is to assist the Board of Directors in ensuring effective internal control and oversight and appropriate disclosure of information to shareholders and the financial markets. The Audit Committee is specifically responsible for:

- recommending the appointment of auditors and their compensation and ensuring their independence;
- establishing the rules for the use of auditors for non-audit services and ensuring their enforcement;
- examining the accounting policies used in preparing financial statements, examining the parent company annual financial statements and the consolidated annual, semi-annual, and quarterly financial statements prior to their examination by the Board, having regularly examined the financial situation, cash flows and obligations of the Group;

- ensuring implementation of internal control procedures and checking their effectiveness with the assistance of the internal audit department;
- ensuring implementation and proper functioning of the Disclosure Committee, including reviewing the reports of this committee;
- examining the scope of the annual audit work of internal and external auditors;
- being regularly informed of completed audits, and examining internal audit reports and other reports (external auditors, annual report, etc.);
- examining risk monitoring and oversight procedures;
- examining the choice of appropriate accounting principles and methods;
- examining the policy for the use of derivatives products;
- issuing an opinion regarding major transactions contemplated by the Group, upon the Board's request;
- annually reviewing significant litigation;
- implementing and ensuring compliance with the Financial Code of Ethics;
- proposing to the Board the implementation of a procedure, open to employees, shareholders and others, for complaints or concerns regarding accounting, internal accounting controls or auditing matters; and
- examining the procedure for booking the Group's proved reserves.

Audit Committee Membership and Practices

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

In selecting the members of the Committee, the Board pays particular attention to their financial and accounting qualifications. Members of the Audit Committee may receive from the Company and its subsidiaries only:

- (i) the Directors' fees paid for their services as Directors and as members of the Audit Committee; and
- (ii) compensation and pensions due for previous work for the Company which are not dependant upon future work or activities.

The Committee appoints its own Chairman. The Group Chief Financial Officer serves as the Committee secretary.

Corporate Governance

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

The Committee meets at least four times a year to examine the consolidated annual and quarterly financial statements.

The Audit Committee may meet with the Chief Executive Officer, perform inspections and interview managers of operating or functional entities, as may be useful in performing its duties.

The Committee meets with the independent auditors and examines their work, and may do so without management being present. If it deems it necessary for the accomplishment of its mission, the Committee may request from the Board the means and resources to make use of outside assistance.

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

The Committee members are Messrs. Jacques Friedmann, Bertrand Jacquillat and Thierry de Rudder, each of whom is an independent Director.

The Committee is chaired by Mr. Friedmann, who has also been appointed as Audit Committee Financial Expert.

As of December 31, 2005, the Committee members' length of service as Directors of TOTAL was five years, nine years, and six years, respectively.

Audit Committee activity

The Audit Committee met on seven occasions in 2005, with an effective attendance rate of 100%.

At its meeting on February 14, the Committee reviewed the accounts for the fourth quarter 2004 and the consolidated earnings of the Group and parent company accounts of TOTAL S.A. for 2004 as well as the draft report of the Chairman on internal control procedures. A presentation was also made on the internal audit work plan for 2005.

The meeting on March 30 was dedicated to reviewing the consolidated financial statements under IFRS and U.S. GAAP. The Committee also discussed the independent auditors' fees, the outlook for 2005, currency risk management and the accounting treatment of derivatives.

In the second quarter, the Committee met on May 2 to review the consolidated accounts for the first quarter. On June 29, the Committee reviewed the results of its self-evaluation, which had been conducted with the assistance of an external consultant. This evaluation was favorable overall and presented suggestions for improving certain practices. At this meeting, the Committee also modified its charter and evaluated the progress of the implementation of the internal control provisions under the Sarbanes-Oxley Act.

In the second half, at its meeting on August 3, the Committee reviewed the accounts for the second quarter and the first half.

On October 17, the Committee examined the current state of the project to spin off Arkema and a study of the changes in working capital of the Group.

On November 2, the Committee reviewed the accounts for the third quarter 2005 and the budget for the work of the independent auditors.

Each quarter, the Committee reviewed the financial condition of the Group and the work performed by the internal audit department.

The Nominating & Compensation Committee

The principal objectives of this Committee are to:

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

It performs the following specific tasks:

1. With respect to nominations:

- a) assists the Board in the selection of Directors, corporate officers, and Directors as Committee members;
- b) recommends annually to the Board the list of Directors who may be considered as "independent Directors" of the Company.

2. With respect to compensation:

- a) makes recommendations and proposals to the Board regarding:
 - (i) compensation, the retirement and pension system, in-kind benefits, and other financial benefits of the executive Directors of TOTAL S.A., including retirement, and
 - (ii) allocations of stock subscription or purchase options and specifically allocations to individual executive Directors;
- b) examines the compensation of members of the Executive Committee, including stock option plans, restricted stock grants and plans based on movements in share price ("equity-based plans"), retirement and pension systems, and benefits in-kind.

Nominating & Compensation Committee Membership and Practices

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

Independent Directors must represent a majority of the members. Members of the Nominating & Compensation Committee may receive from the Company and its subsidiaries only:

- (i) the Directors' fees due on the basis of their positions as Directors and as members of the Nominating & Compensation Committee; and
- (ii) compensation and pensions due for previous work for the Company which are not dependent upon future work or activities.

The Committee appoints its Chairman and its secretary. The latter must be a senior executive of the Company. The Committee meets at least twice a year. The Committee invites the Chairman and Chief Executive Officer of the Company to submit recommendations and proposals.

The Chairman and Chief Executive Officer may not be present for deliberations regarding his own situation. While appropriately maintaining the confidentiality of discussions, the Committee may request that the Chairman and Chief Executive Officer provide it with the assistance of any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item.

If it deems it necessary to accomplish its mission, the Committee may request from the Board the means and resources to make use of outside assistance. The Committee submits reports to the Board of Directors regarding its work.

Nominating & Compensation Committee activity

The Committee met twice in 2005 with an average of two-thirds attendance. Its members are Mr. Bertrand Collomb, Mr. Michel Pébereau and Mr. Serge Tchuruk, all of whom are independent Directors. The Committee is chaired by Mr. Michel Pébereau.

The Committee proposed to the Board of Directors the list of Directors to be recommended to the Shareholders' Meeting, and proposed the list of independent Directors, according to generally recognized criteria for corporate governance. Upon the proposal of the Nominating & Compensation Committee, and in conformity with the 2002 AFEP-MEDEF Report on corporate governance published in France, the criteria that the Board has adopted for evaluating the independence of its members is the absence of any material relationship with the Company, the Group or its management which could compromise the independent judgment of a Director. In its evaluation, the Board examines the specific criteria listed in the report mentioned above. The Board considers that the current or past relationships existing between the Company and certain of its Directors were not of the nature that they would affect the independent judgment of those Directors.

At its meeting on February 7, 2005, the Board confirmed that Mr. Bouton, Mr. Collomb, Mr. Desmarais, Mr. Friedman, Mr. Jacquillat, Mr. Jeancourt-Galignani, Mrs. Lauvergeon, Mr. Lippens, Mr. Pébereau, Mr. De Rudder, Mr. Sarrazin, Mr. Tchuruk and Mr. Vaillaud were independent Directors.

On February 16, 2005, the Board reviewed its practices. Acting upon the proposal of the Nominating & Compensation Committee, the Board decided to maintain the practices adopted at its meeting held on February 18, 2004. These practices include a calendar of six meetings per year, with additional meetings when warranted by the circumstances, annual reviews of the strategy of the Group and of each sector (Exploration & Production, Gas & Power, Refining & Marketing, Chemicals) and continuing the number and missions of the existing Committees. Another self-evaluation will be conducted at the end of 2006.

Furthermore, the Board of Directors acknowledged that there was no potential conflict of interest between TOTAL and its Directors.

The Committee also proposed modifications to the rules for the distribution of Directors' fees, which were approved by the Board.

Internal control procedures

The internal control guidelines adopted by TOTAL consist of the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Within this framework, internal control is a process intended to provide reasonable assurance that the following goals will be achieved: the effectiveness and efficiency of the operations, the reliability of the financial information, and compliance with the laws and regulations in force. Like any internal control system, it cannot, however, provide an absolute guarantee that every risk is completely eliminated.

Therefore, the Group's internal control system complies with the framework of operations recommended by the COSO: organization and principles of control, the risk evaluation process, control activities properly speaking, documentation and disclosure of control rules, and supervision of the control system.

Organization and principles of control

The Group's control system is built around a three-level operational structure: Group, business segments and profit centers. Each level is directly involved in the design and implementation of the control based on the level of centralization desired by Management.

At each of the three levels, internal control is structured into specific organizational procedures, a delegation of responsibilities, and employee training that reflects the general framework of the Group.

The organization of the internal control is based first on key factors that are deeply rooted in its culture, including integrity, ethics and the competence of the employees. The Group's upper management is informed on a regular basis of the content and the importance of the conduct rules, which are formalized in a code of conduct available on the Group's website. Each profit center or subsidiary operating and financial officer makes an annual commitment to comply with the internal control rules and the fair presentation of his financial information through a "representation letter" sent to the Group's Chief Financial Officer.

These control principles have been reaffirmed and formalized more completely to reflect the corporate governance approach described above.

Risk evaluation process

The identification and analysis of the risks that could impact the achievement of the Group's objectives is the responsibility of the Executive Committee, which is assisted in this work by the Risk, Management Control and Internal Audit Committee.

The principal risks monitored at Group-level are as follows: sensitivity to oil environment parameters (price of oil, refining and marketing margins and petrochemical margins), the risks related

to the oil and gas markets in the trading business, the risks in the financial markets (foreign exchange risk, particularly the U.S. dollar risk, and the interest rate risk given the heavy capital component of the Group's businesses), legal and political risks generated by the operational context and the contractual dimension of the exploration and production operations, industrial and environmental risks arising from the nature of the Group's businesses in general.

A formal report on the principal risks and the management of those risks is provided in the section Risk factors in this Registration Document.

Control activities

The control activities, particularly the financial reporting systems, are designed to take into account the specific nature of these risks and the level of delegation granted to the business sectors and profit centers.

The Group's Management exercises control on the operational level through the Group Executive Committee, which approves investments and expenditures based on thresholds it has defined.

On the functional level, control is primarily based on a strategic plan revised annually, an annual budget, a monthly financial report that analyzes variances from the budget in detail, and the quarterly account consolidations that are reconciled with the report. These processes are supervised by the Budget-Management Control Department and the Accounting Department, and are conducted in compliance with standardized financial reporting methods, which are harmonized and adapted to the accounting standards of the published financial statements. The choice of the financial indicators and accounting methods was dictated by the primary objective, which was to reflect the reality of the risks and measure the return on average capital employed (ROACE).

The Group Department of Accounting monitors changes in accounting regulations on an ongoing basis, particularly changes in international accounting standards. As a result, in 2004, the Group revised its accounts to meet IFRS and adapted its control system to the resulting changes.

The consolidated financial statements for 2005 have been prepared in accordance with accounting and valuation principles of the International Financial Reporting Standards (IFRS) as adopted by the European Union. In order to facilitate a comparison with the consolidated statements for 2004, the 2004 statements have been restated in accordance with the same principles.

The Financing-Treasury Department monitors and manages the risks generated by cash activities and rate and currency financial instruments in accordance with the strict rules defined by the Group's Management. Cash and cash equivalents, the positions and management of financial instruments are systematically centralized by the Financing-Treasury Department.

The hydrocarbon reserves are reviewed by a committee of experts (the Reserves Committee), who have been approved by the Exploration & Production managing committee and vetted by the Group's Management.

Finally, the Disclosure Committee, composed of the major administrative managers within the Group, ensures compliance with the procedures developed to ensure the quality and accuracy of the publications intended for the financial and stock markets.

At the level of the profit centers and subsidiaries, daily control operations are organized around the principal operational cycles: exploration and reserves, capital expenditures, production and sales, oil trading, purchasing, inventories, payroll, and cash management. These cycles are adapted to the petroleum context in which the Group operates, while complying with the COSO guidelines.

Documentation and disclosure of control rules

The internal control rules are defined at the three levels of the operational structure: Group for general rules; business segments for the rules inherent in each business; and profit centers and subsidiaries for all the others. These rules are transmitted in written procedural memos, which are also available on the intranet sites of the Group and the business segments when they apply to both.

The principal procedures in force at Group level cover acquisitions-disposals, capital expenditures, financing and cash management, budget control and financial reporting.

The procedures for the business segments primarily cover the management control rules specific to each business. The profit centers or subsidiaries are responsible for transposing the Group rules into detailed procedures adapted to their size or local context. TOTAL has completed the documentation covering disclosure controls and procedures.

In 2005, the Group continued its efforts to comply with the requirements of Section 404 (applicable to the Company as of financial year 2006) of the Sarbanes-Oxley Act. A general review of the process to evaluate internal control of the financial information published was continued in 2005, with the collaboration of:

- the principal entities of the Group, to test the effectiveness of their key controls;
- the Group Audit Department, to conduct audits in all of these entities, under the supervision of a compliance officer, to assess the reliability of their evaluation and to recommend any corrective actions necessary.

Supervision of the internal control system

Supervision of the internal control system is the joint responsibility of the holding company, each business sector, and the profit centers or subsidiaries, each of which is responsible for the segments delegated to them.

Auditing the internal control system is primarily the responsibility of a central unit, the Group Audit Department, which reports to the Executive Committee through the Director of strategy and risk management. The schedule of reviews is defined annually with the auditors, who conduct the audits of the internal control system which they believe are necessary as part of their mission to certify the financial statements.

The finding of these audit missions are recorded in regular summaries, which are reported to the Audit Committee and the Board of Directors. The Auditors also transmit their comments to the Audit Committee as part of their legal mission.

In 2005, the Group Audit Department employed 75 professionals and conducted 240 audits. A representative of this department also attended all meetings of the Audit Committee.

This report, which has been prepared with the assistance of the relevant administrative department of the Company, has been presented to the Board of Directors.

Thierry Desmarest

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

(Free translation of a French language original)

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

To the shareholders,

In our capacity as statutory auditors of TOTAL S.A., and in accordance with Article L.225-235 of the French Commercial Code, we report to you on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2005.

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

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

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

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

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

Paris-La Défense, March 15, 2006

The statutory auditors

KPMG AUDIT (Département de KPMG S.A.)

ERNST & YOUNG AUDIT

René Amirkhanian

Gabriel Galet

Philippe Diu

Headcount, Employee shareholdings, Stock options and restricted share grants

Headcount

At December 31, 2005, 2004 and 2003, Group's employees (fully consolidated subsidiaries) were distributed as follows:

	Upstream	Downstream	Chemicals	Corporate	Total
2005	14,849	34,611	62,214	1,203	112,877
2004	14,597	34,045	61,570	1,189	111,401
2003	14,017	34,410	61,212	1,144	110,783

	France	Rest of Europe	Rest of the World	Total
2005	48,751	30,140	33,986	112,877
2004	49,174	29,711	32,516	111,401
2003	49,637	30,128	31,018	110,783

Company Savings Plan, employee profit sharing and investment

The Company Savings Plans give employees of the Group's French companies belonging to these plans the option of making voluntary payments – to which the Company contributes under certain conditions – and to invest their equity share.

Under the agreements signed on March 15, 2002, a "Total Group Savings Plan" (PEGT), a "Voluntary Partnership Wage Savings Plan" (PPESV) and a "Supplemental Company Savings Plan" (PEC) were set up for the employees of Group's French companies, providing access to a number of Mutual Funds including one invested in Company shares ("TOTAL ACTIONNARIAT FRANCE") (see page 138). In addition, a "Shareholder Group Savings Plan" (PEG-A) has been in place since November 19, 1999 to serve as a framework for capital increase operations reserved for employees of the Group's French and foreign subsidiaries belonging to these plans (see page 138).

In addition, the Group has put into place profit-sharing, participation and Company Savings Plans agreements (see page 160).

The supplemental contributions made by the Group in 2005 to the various Savings Plans amounted to 45.2 M€.

Shares held by directors and executive officers

At December 31, 2005, on the basis of the declarations of the members of the Board and the registrar for registered shares, the members (individuals) of the Board of Directors and the executive officers of the Group (Management Committee and Treasurer) held, together, less than 0.5% of the share capital. The number of shares they held on this date is as follows:

- Members of the Board of Directors (including the Chairman): 110,440 shares;
- Management Committee and Treasurer (including the Chairman): 313,977 shares;
- Chairman of the Board of Directors: 73,300 shares.

Stock options and restricted share grants

Distribution policy

Share subscription options, share purchase options and restricted share grants are exclusively for TOTAL shares; options and restricted shares were not granted for affiliates shares that are traded on a financial market.

Each plan for options or restricted shares is approved by the Board of Directors, based upon recommendations from the Nominating & Compensation Committee. For each plan, the Committee creates the list of the beneficiaries and the number of options or restricted shares respectively granted to each beneficiary. The Board of Directors then definitively approves this list.

Share subscription or purchase options are granted for a period of eight years, with an exercise price equal to the average of the opening share prices during the twenty trading days prior to the grant date, without discount. For the option plan created since 2002, the options may be exercised after an initial two-year period and the shares issued upon exercise may not be transferred prior to the termination of an additional two-year holding period.

The restricted share grants become final after a two-year vesting period and are subject to conditions related to the profitability of the Group in the fiscal year preceding the year of final grant. These conditions are defined in advance by the Board of Directors, based upon the recommendation from the Nominating & Compensation Committee. At the end of this vesting period, and subject to the performance conditions, TOTAL restricted share grants become final but the shares may not be transferred between the date of the final grant and the end of an additional mandatory two-year holding period.

The grant of these options or restricted shares is used to complement, based upon individual performance assessments at the time of each plan, the Group's policy of developing shareholding for employees that is implemented by TOTAL throughout the Group (saving plans, capital increases reserved for employees every 2 years) and allows employees to be more closely associated with the financial and share price performance of TOTAL (see page 138).

In addition, performance indicators used for the agreements on employee profit sharing allow the Group, when permitted by local legislation, to include a share of the Group's profit in employees' compensation (see page 160).

Allocation of TOTAL share subscription options and purchase options

The breakdown of the allocation of TOTAL share subscription options and purchase options between different categories of beneficiaries (top executives, officers and other employees) is the following for each existing plan:

		Number of beneficiaries	Number of options granted	Breakdown	Average number of options per beneficiary
1998 Plan ⁽¹⁾					
Share purchase options (decision of the Board of Directors of March 17, 1998; strike: 615 French francs or 93.76 euros; discount: 4.94%)	Top executives ⁽⁶⁾	16	157,500	16.5%	9,844
	Officers	162	347,600	36.4%	2,146
	Other employees	824	449,900	47.1%	546
	Total	1,002	955,000	100 %	953
1999 Plan ⁽¹⁾					
Share purchase options (decision of the Board of Directors of June 15, 1999; strike: 113.00 euros; discount: 4.74%)	Top executives ⁽⁶⁾	19	279,000	18.6%	14,684
	Officers	215	517,000	34.5%	2,405
	Other employees	1,351	703,767	46.9%	521
	Total	1,585	1,499,767	100%	946
2000 Plan ^{(2) (5)}					
Share purchase options (decision of the Board of Directors of July 11, 2000; strike: 162.70 euros; discount: 0.0%)	Top executives ⁽⁶⁾	24	246,200	10.2%	10,258
	Officers	298	660,700	27.2%	2,217
	Other employees	2,740	1,518,745	62.6%	554
	Total	3,062	2,425,645	100%	792
2001 Plan ^{(3) (5)}					
Share purchase options (decision of the Board of Directors of July 10, 2001; strike: 168.20 euros; discount: 0.0%)	Top executives ⁽⁶⁾	21	295,350	11.0%	14,064
	Officers	281	648,950	24.1%	2,309
	Other employees	3,318	1,749,075	64.9%	527
	Total	3,620	2,693,375	100%	744
2002 Plan ^{(4) (5)}					
Share purchase options (decision of the Board of Directors of July 9, 2002; strike: 158.30 euros; discount: 0.0%)	Top executives ⁽⁶⁾	28	333,600	11.6%	11,914
	Officers	299	732,500	25.5%	2,450
	Other employees	3,537	1,804,750	62.9%	510
	Total	3,864	2,870,850	100%	743
2003 Plan ^{(4) (5)}					
Share subscription options (decision of the Board of Directors of July 16, 2003; strike: 133.20 euros; discount: 0.0%)	Top executives ⁽⁶⁾	28	356,500	12.2%	12,732
	Officers	319	749,206	25.5%	2,349
	Other employees	3,603	1,829,600	62.3%	508
	Total	3,950	2,935,306	100%	743
Plan 2004 Plan ⁽⁴⁾					
Share subscription options (decision of the Board of Directors of July 20, 2004; strike: 159.40 euros; discount: 0.0%)	Top executives ⁽⁶⁾	30	423,500	12.6%	14,117
	Officers	319	902,400	26.8%	2,829
	Other employees	3,997	2,039,730	60.6%	510
	Total	4,346	3,365,630	100%	774
2005 Plan ⁽⁴⁾					
Share subscription options (decision of the Board of Directors of July 19, 2005; strike: 198.90 euros; discount: 0.0%)	Top executives ⁽⁶⁾	30	370,040	24.3%	12,335
	Officers	330	574,140	37.6%	1,740
	Other employees	2,361	581,940	38.1%	246
	Total	2,721	1,526,120	100%	561

(1) The vesting period is equal to 5 years while the duration of the option is 8 years, with effect from their grant date.

(2) The vesting period is equal to 4 years while duration of the option is 8 years. The underlying shares can be sold after 5 years from the grant date.

(3) The options may be exercised from January 1, 2005 and must be exercised within 8 years of the grant date. The underlying shares can be sold after 4 years from the grant date.

(4) The vesting period is equal to 2 years while the duration of the option is 8 years. The underlying shares can be sold after 4 years from the grant date.

(5) Certain employees of Elf Aquitaine in 1998 received confirmation in 2000, 2001, 2002 and 2003 of Elf Aquitaine options allocated in 1998 subject to the achievement of results targeted by the Elf Aquitaine group between 1998 and 2002 (see page 120).

Share subscription and purchase options, as of December 31, 2005

	1998 Plan	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	Total
Type of options	Purchase options	Purchase options	Purchase options	Purchase options	Purchase options	Subscription options	Subscription options	Subscription options	
Date of the Shareholders meeting	May 21, 1997	May 21, 1997	May 21, 1997	May 17, 2001	May 17, 2001	May 17, 2001	May 14, 2004	May 17, 2005	
Date of the Board of Directors meeting	March 17, 1998	June 15, 1999	July 11, 2000	July 10, 2001	July 9, 2002	July 16, 2003	July 20, 2004	July 19, 2005	
Total number of options granted, of which:	955,000	1,499,767	2,425,645	2,693,375	2,870,850	2,935,306	3,365,630	1,526,120	18,271,693
• Directors *	30,000	40,000	50,000	75,600	60,000	60,000	60,000	60,180	435,780
• Ten highest employees grantees **	111,000	172,000	138,000	166,000	176,500	175,000	204,000	184,000	1,326,500
Date as of which the options may be exercised	March 18, 2003	June 16, 2004 ***	July 12, 2004 ****	January 1, 2005	July 10, 2004	July 17, 2005	July 21, 2006	July 20, 2007	
Expiration date	March 17, 2006	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	
Exercise price (in euros)	93.76	113.00	162.70	168.20	158.30	133.20	159.40	198.90	
Number of options:									
• existing as of January 1, 2005	389,012	1,026,529	2,406,445	2,680,925	2,861,628	2,932,256	3,353,630	-	15,650,425
• granted in 2005	-	-	-	-	-	-	6,000	1,526,120	1,532,120
• cancelled in 2005	100	300	1,750	1,000	2,450	2,500	4,100	2,600	14,800
• exercised in 2005	241,499	513,121	777,209	495,950	38,308	130,557	2,700	-	2,199,344
• existing as of December 31, 2005	147,413	513,108	1,627,486	2,183,975	2,820,870	2,799,199	3,352,830	1,523,520	14,968,401

* Options granted to Mr. Thierry Desmarest, Chairman of the Board of Directors, and Mr. Daniel Boeuf, Director representing employee shareholders.

** Employees of TOTAL S.A. and all other consolidated companies in the Group, excluding Directors of TOTAL S.A.

*** January 1, 2003 for employees under contract with a foreign affiliate of the Company.

**** January 1, 2004 for employees under contract with a foreign affiliate of the Company.

**TOTAL share subscription and purchase options granted to Executive Officers of the Group as of December 31, 2005
(Management Committee and Treasurer)**

	1998 Plan	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	Total
Type of options	Purchase options	Purchase options	Purchase options	Purchase options	Purchase options	Subscription options	Subscription options	Subscription options	
Exercise price (in euros)	93.76	113.00	162.70	168.20	158.30	133.20	159.40	198.90	
Expiration date	March 17, 2006	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	
Options granted	126,200	206,000	242,300	302,850	332,300	358,000	421,500	-	1,989,150
Existing options as of January 1, 2005	31,651	152,320	242,300	302,850	332,300	358,000	421,500	-	1,840,921
Options granted in 2005	-	-	-	-	-	-	-	370,040	370,040
Options exercised in 2005	14,789	90,451	79,000	-	-	33,003	-	-	217,243
Existing options as of December 31, 2005	16,862	61,869	163,300	302,850	332,300	324,997	421,500	370,040	1,993,718

N.B: Among the TOTAL Management Committee as of December 31, 2005, certain members coming from Elf Aquitaine hold Elf Aquitaine options entitling them to, in the event of exercise, exchange Elf Aquitaine shares for TOTAL shares on the basis of the exchange parity set during the 1999 Exchange Offer, being 19 TOTAL shares for 13 Elf Aquitaine shares.

Furthermore, in 2005, Mr. Daniel Boeuf has been granted 180 subscription options on the 2005 plan, and has exercised the 600 purchase options he had received on 2001 plan.

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

	1998 Plan	1999 Plan	2000 Plan	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	Total
Type of options	Purchase options	Purchase options	Purchase options	Purchase options	Purchase options	Subscription options	Subscription options	Subscription options	
Exercise price (in euros)	93.76	113.00	162.70	168.20	158.30	133.20	159.40	198.90	
Expiration date	March 17, 2006	June 15, 2007	July 11, 2008	July 10, 2009	July 9, 2010	July 16, 2011	July 20, 2012	July 19, 2013	
Options granted	30,000	40,000	50,000	75,000	60,000	60,000	60,000	-	375,000
Existing options as of January 1, 2005	-	18,000	50,000	75,000	60,000	60,000	60,000	-	323,000
Options granted in 2005	-	-	-	-	-	-	-	60,000	60,000
Options exercised in 2005	-	12,000	37,000	-	-	16,000	-	-	65,000
Existing options as of December 31, 2005	-	6,000	13,000	75,000	60,000	44,000	60,000	60,000	318,000

Share subscription options granted to the ten employees receiving the largest number of options/Share subscription or purchase options exercised by the ten employees exercising the largest number of options

	Total number of options granted/shares subscribed or purchased	Price (in euros)	Allocation date	Expiration date
Options granted in 2005 to these ten employees of TOTAL S.A. and all other companies in the Group receiving the largest number of options	184,000	198.90	07/19/2005	07/19/2013
Options exercised in 2005 by these ten employees of TOTAL S.A. and all other companies in the Group exercising the largest number of options	2,135	93.76	03/17/1998	03/17/2006
	71,900	113.00	06/15/1999	06/15/2007
	59,700	162.70	07/11/2000	07/11/2008
	12,500	168.20	07/10/2001	07/10/2009
	10,500	158.30	07/09/2002	07/09/2010
	8,358	133.20	07/16/2003	07/16/2011
	2,000	159.40	07/20/2004	07/20/2012
	167,093	139.05 *		

* Weighted-average price.

Allocation of TOTAL restricted share grants

The table below indicates the TOTAL restricted share grants among the main categories of beneficiaries (top executives, officers and other employees):

		Number of beneficiaries	Number of restricted share grants	Breakdown	Average number of restricted share grants per beneficiary
2005 Plan ⁽¹⁾	Top executives ⁽²⁾	29	13,692	2.4%	472
(Decision of the Board of Directors of July 19, 2005)	Officers	330	74,512	13.1%	226
	Other employees ⁽³⁾	6,956	481,926	84.5%	69
	Total	7,315	570,130	100%	78

(1) The grant of these shares, which have been bought back in 2005 by the Company on the market at an average price of 206.49 euros per share, will become final after a 2-year vesting period (acquisition of the right to restricted shares), on July 20, 2007, subject to a performance condition. This condition states that the number of restricted shares finally granted will be based on the Return On Equity ("ROE") of the Group. The ROE will be calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the year of the final grant, in the present case fiscal 2006. Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a 2-year mandatory holding period, on July 20, 2009.

(2) Management Committee and Treasurer as defined as of the date when the Board of Directors granted restricted shares. Mr. Thierry Desmarest, Chairman of the Board of Directors, is not a grantee of the 2005 Plan of restricted shares.

(3) Mr. Daniel Boeuf, Director of TOTAL S.A. representing employee shareholders, has been granted 104 restricted shares.

TOTAL restricted share grants, as of December 31, 2005

	2005 Plan
Date of the Shareholders meeting	May 17, 2005
Date of the Board of Directors meeting	July 19, 2005
Number of restricted share grants, of which:	570,130
• Directors ⁽¹⁾	104
• Ten highest employees grantees ⁽²⁾	5,000
Start of the vesting period:	July 19, 2005
Date of final grant of restricted shares, subject to the fulfillment of conditions (end of the vesting period):	July 20, 2007
Transfer authorized as from (end of the mandatory holding period):	July 20, 2009
Number of restricted share grants	
• Outstanding restricted share grants as of January 1, 2005	-
• Restricted share grants notified in fiscal year 2005	570,130
• Restricted share grants cancelled in fiscal year 2005	(1,498)
• Outstanding restricted share grants as of December 31, 2005	568,632
Restricted shares finally granted as of December 31, 2005	-

(1) Mr. Thierry Desmarest, Chairman of the Board of Directors, is not a grantee of the 2005 Plan of restricted shares. Furthermore, Mr. Daniel Boeuf, Director of TOTAL S.A. representing employee shareholders, has been granted 104 restricted shares.

(2) Employees of TOTAL S.A. and all other consolidated companies in the Group, excluding Directors of TOTAL S.A.

Restricted share granted to the ten highest employees grantees

	Total number of restricted share grants	Average purchase price of the shares by the Company (in euros per share)	Date of the Board of Directors meeting deciding the restricted share grant	Date of final grant of restricted share (end of the vesting period)	Transfer authorized as from (end of the mandatory holding period)
Restricted share grants in 2005 to the ten employees of TOTAL S.A. and all other companies in the Group receiving the largest restricted shares grants	5,000	206.49	July 19, 2005	July 20, 2007	July 20, 2009

Allocation of Elf Aquitaine share subscription options

Elf Aquitaine share subscription options confirmed to employees of the Group, entitled to be exchanged, in the event of exercise, for TOTAL shares

Employees of the Group who were part of the Elf Aquitaine group in 1998 also received confirmation in 2000, 2001, 2002 and 2003 of the Elf Aquitaine share subscription options attributed on April 1, 1998 under a Medium-Term Incentive plan (MIT)⁽¹⁾, based on the achievement of results targeted by Elf Aquitaine in 1999, 2000, 2001 and 2002.

In accordance with the commitments made by the Group at the time of the 1999 Exchange Offer (information notice approved by the COB under No. 99-1179), these Elf Aquitaine options, if exercised, were eligible for exchange for TOTAL shares on the basis of 19 TOTAL shares for 13 Elf Aquitaine shares (see note 24 to the consolidated financial statements page 206). The beneficiaries of these Elf Aquitaine options were as follows^{(2) (3)}:

MIT Plan (granted by Elf Aquitaine Board of Directors on April 1, 1998; strike: 105.95 euros)		Number of beneficiaries	Number of Elf Aquitaine options granted	Breakdown	Average number of options per beneficiary	Number of corresponding TOTAL shares ⁽⁴⁾	Average number of corresponding TOTAL shares per beneficiary ⁽⁴⁾
2000 confirmation in connection with 1999 targets							
(decision of Elf Aquitaine Board of Directors of 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
Total		169	203,964	100%	1,207	298,101	1,764
2001 confirmation in connection with 2000 targets							
(decision of Elf Aquitaine Board of Directors of April 23, 2001)	Top Executives	10	52,594	19.4%	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
Total		186	271,873	100%	1,462	397,353	2,136
2002 confirmation in connection with 2001 targets							
(decision of Elf Aquitaine Board of Directors of April 15, 2002)	Top Executives	10	34,662	27.4%	3,466	50,660	5,066
	Officers	60	82,800	65.5%	1,380	121,015	2,017
	Other employees	9	8,976	7.1%	997	13,119	1,458
Total		79	126,438	100%	1,600	184,794	2,339
2003 confirmation in connection with 2002 targets							
(decision of Elf Aquitaine Board of Directors of March 10, 2003)	Top Executives	7	28,820	26.5%	4,117	42,121	6,017
	Officers	53	77,828	71.5%	1,468	113,749	2,146
	Other employees	3	2,221	2.0%	740	3,246	1,082
Total		63	108,869	100%	1,728	159,116	2,526

(1) Plan approved by the Board of Directors of Elf Aquitaine on April 1, 1998 subject to the achievement of results targeted by the Elf Aquitaine group for the 1998, 1999, 2000, 2001 and 2002 fiscal years. The options were exercisable from April 1, 2000 and expired on March 31, 2005.

(2) These tables show only the employees of the Group on the respective dates of the meetings of the Board of Directors of TOTAL S.A that approved the TOTAL 2000, 2001, 2002 and 2003 option plans (July 11, 2000, July 10, 2001, July 9, 2002, July 16, 2003). They do not include the beneficiaries who left the Group prior to the dates of these Board meetings.

(3) In the position held within the Group on the respective dates of the Board of Directors of TOTAL S.A. that approved the TOTAL 2000, 2001, 2002 and 2003 option plans.

(4) Assumption of maximum implementation of the exchange parity (19 TOTAL shares for 13 Elf Aquitaine shares).

**Elf Aquitaine share subscription options granted to Executive Officers of the Group
(Management Committee and Treasurer as of December 31, 2005) ⁽¹⁾**

	Plan 1998	Plan 1999 n°1	Plan IMT 1998	Total
Exercise price per Elf Aquitaine share (in euros)	105.95	115.60	105.95	
Expiration date	03/31/2005	03/30/2009	03/31/2005	
Options granted	29,050	18,190	83,505	130,745
Options existing as of January 1, 2005	1,000	10,390	14,050	25,440
Options exercised in 2005	1,000	5,795	14,050	20,845
Options existing as of December 31, 2005	0	4,595	0	4,595
Number of corresponding TOTAL shares⁽²⁾	0	6,716	0	6,716

(1) Some of the members of the Management Committee of TOTAL at December 31, 2005, coming from the Elf Aquitaine group, held Elf Aquitaine options that carried, if exercised, an option of exchange for TOTAL shares on the basis of the exchange parity in the Exchange Offer in 1999, i.e. 19 TOTAL shares for 13 Elf Aquitaine shares (see note 24 to the consolidated financial statements, page 206).

(2) Assumption of maximum implementation of the exchange parity (19 TOTAL shares for 13 Elf Aquitaine shares).

TOTAL and its shareholders

TOTAL shares

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TOTAL shares

Share listing

Exchange listings

Paris, Brussels, London and New York

Codes

ISIN	FR0000120271
Reuters	TOTF.PA
Bloomberg	FP FP
Datastream	F:TAL
Mnémo	FP

Included in the following indices:

CAC 40, DJ Euro Stoxx 50, DJ Stoxx 50, DJ Global Titans

Included in the following sustainable development and governance indices:

DJSI World, DJ STOXX SI, FTSE4Good, FTSE ISS CGI, ASPI

Weight in indices as of December 31, 2005:

CAC 40	13.9%	1 st place
DJ Euro Stoxx 50	6.7%	1 st place
DJ Stoxx 50	4.1%	4 th place
DJ Global Titans	2.3%	16 th place

Largest capitalization on the Paris Bourse and the Euro zone

As of December 31, 2005 (in billions euros)

LARGEST COMPANIES BY MARKET CAPITALIZATION IN THE EURO ZONE

TOTAL	130.5
Sanofi-Aventis	103.7
ENI	93.8
Santander Central Hispano	69.7
Nokia	68.5
Siemens	64.5

Source: Reuters for other companies

Market Capitalization as of December 31, 2005

130.5 billion euros
 155.5 billion dollars

Percentage of float: 100%

(Eurolist by Euronext™)

Par value: 10 euros, before four-for-one stock split planned for May 18, 2006.

Credit rating as of December 31, 2005 (long term/short term/outlook):

Standard & Poor's: AA/A1+ / Stable
 Moody's: Aa1/P1/Stable (Aa2/P1/Positive as of December 31, 2004)

Four-for-one stock split

A proposal will be made to the General Meeting of Shareholders on May 12, 2006 to split the TOTAL share par value by four. Consequently, on May 18, 2006, subject to approval by the General Meeting of Shareholders, each shareholder will receive four new TOTAL shares, with par value of 2.50 euros each, for each old share with par value of 10 euros.

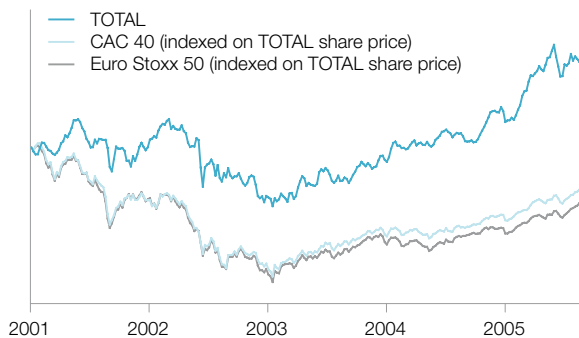
In addition, after approval of this four-for-one stock split, the Company intends to change the ratio between its ADSs (American Depositary Shares) and the TOTAL shares: one ADS will correspond to one share (compared to two ADSs per share previously).

Arkema spin-off

Within the framework of the spin-off of Arkema's chemical activities from the Group's other chemical activities, a proposal will be made to the General Meeting of Shareholders of May 12, 2006 to approve TOTAL S.A.'s contribution to Arkema, under the legal regime governing spin-offs, of all its interests in the businesses included under Arkema's perimeter, as well as to allocate one Arkema share allocation right for each TOTAL share, with 10 allocation rights entitling the holder to one Arkema share. Fractional rights may be traded on the Eurolist by Euronext™ market until June 26, 2006, and under Delisted Shares after that date. Arkema shares may also be freely traded on the Eurolist by Euronext™ market as of May 18, 2006.

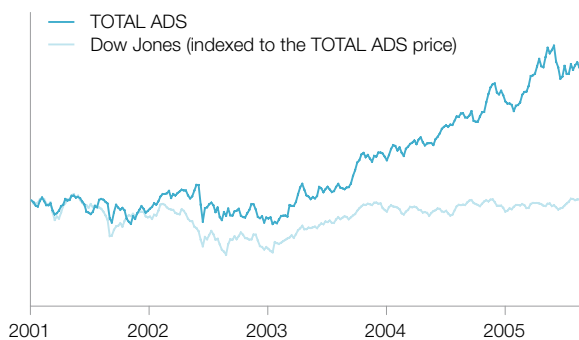
Share performance

TOTAL share price in Paris (2001-2005)



Source Datastream - Price as at December 30, 2005: 212.20 euros

TOTAL ADS price in New York (2001 – 2005)



Source Datastream - Price as at December 30, 2005: \$126.40

Change in stock prices in Europe compared to major oil competitors between January 1, 2005 and December 31, 2005 (in local currency)

TOTAL (euro)	+ 32.0%
BP (British pound)	+ 21.9%
Royal Dutch Shell A (Euro)	+ 21.7%
Royal Dutch Shell B (British pound)	+ 20.2%
ENI (euro)	+ 27.3%

Change in stock prices in the United States compared to major oil competitors between January 1, 2005 and December 31, 2005 (in dollars)

TOTAL	+ 15.1%
ExxonMobil	+ 9.5%
BP	+ 10.0%
Royal Dutch Shell A	+ 7.1%
Royal Dutch Shell B	+ 8.2%
Chevron	+ 8.1%
ENI	+ 10.8%
ConocoPhillips	+ 34.1%

Appreciation of a portfolio invested in TOTAL shares

Gross yield of 20.3% per year over 10 years

Multiplication of an initial investment by 6.3x over 10 years

For every 1,000 euros invested in TOTAL stock as of December 31, in year n, by an individual residing in France, assuming that the gross dividends (including the 50% tax credit available until December 31, 2004) are reinvested in TOTAL stock, and excluding tax and social withholding.

	Investment date	Annual yield		Value as of Dec. 31, 2005 of 1,000 euro investment	
		TOTAL	CAC 40	TOTAL	CAC 40
1 year	January 1, 2005	36.1%	26.6%	1,361	1,266
5 years	January 1, 2001	9.9%	(1.7%)	1,603	918
10 years	January 1, 1996	20.3%	12.5%	6,348	3,247
15 years	January 1, 1991	20.6%	10.9%	16,604	4,720

Information Summary

Share price (in euros)	2005	2004	2003	2002	2001
Highest (during regular trading session)	229.10	171.80	147.90	179.40	179.80
Lowest (during regular trading session)	158.00	139.40	110.50	121.20	126.00
End of year (close)	212.20	160.70	147.40	136.10	160.40

Trading volume (average per session)

Paris Stock Exchange	2,709,740	2,743,963	2,950,951	2,979,693	2,482,110
London Exchange SEAQ International ^(a)	884,017	950,012	857,933	1,913,200	2,568,514
New York Stock Exchange ^(b) (number of ADS)	857,705	599,527	487,942	477,912	436,654

Dividend per share (in euros)

Net dividend ^(c)	6.48	5.40	4.70	4.10	3.80
Tax credit ^(d)	-	1.20	2.35	2.05	1.90

(a) To make the trading volume on the SEAQ International comparable to the trading volume in Paris, the number of transactions recorded in London is usually divided by two to account for activity of market makers in London. However, the volumes presented in the table above have not been divided by two.

(b) Two ADSs correspond to one TOTAL share (before the 4:1 stock split, which will be submitted for approval of the General Meeting of shareholders of May 12, 2006). Following the split, one ADS will correspond to one TOTAL share.

(c) Subject to approval by the General Meeting of Shareholders of May 12, 2006. This amount includes the interim 2005 dividend of 3 euros per share paid on November 24, 2005, before the 4:1 stock split.

(d) Based on a tax credit of 50% on the net dividends paid before January 1, 2005, enforceable date of tax credit elimination for individuals under the 2004 French Finance Law. For other shareholders, the tax credit was eliminated by this law as of January 1, 2004. Pursuant to Article 243 bis of the French General Tax Code, the interim dividend paid on November 24, 2005 is eligible for the 50% rebate applying to individuals residing for tax purposes in France, as provided for in Article 158-3 of the French General Tax Code. However, under the same articles amended by the French Finance Law of 2006, the balance of the dividend paid in 2006 is eligible for the 40% rebate applying to individuals residing for tax purposes in France.

TOTAL share over the last 18 months (on Paris Stock Exchange)

	Average volume traded	Highest price traded (in euros)	Lowest price traded (in euros)
September 2004	2,874,182	171.8	160.3
October 2004	3,007,715	170.6	161.4
November 2004	2,456,430	168.3	162.8
December 2004	2,214,678	166.2	157.3
January 2005	2,352,983	165.9	158.0
February 2005	3,040,960	182.3	165.1
March 2005	2,699,476	184.1	177.4
April 2005	3,205,977	185.0	171.4
May 2005	2,636,520	181.7	182.3
June 2005	2,461,512	196.6	180.3
July 2005	3,059,133	209.8	192.1
August 2005	2,108,048	214.0	205.1
September 2005	2,781,296	229.1	213.5
October 2005	3,510,918	228.2	199.0
November 2005	2,714,074	224.2	205.8
December 2005	2,030,759	220.4	210.6
January 2006	2,794,385	232.6	213.2
February 2006	2,685,915	228.1	210.3
Maximum during the period			232.6 euros
Minimum during the period			157.3 euros

Dividends

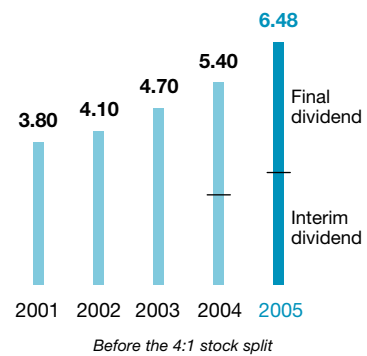
Dividend policy

In accordance with the distribution policy announced to the General Meeting of Shareholders on May 14, 2004, an interim dividend will be paid in the fourth quarter of each year, except under extraordinary circumstances.

The Board of Directors met on November 3, 2005 and, after approving the accounts as of September 30, 2005, approved an interim 2005 dividend in the amount of 3 euros per share paid on November 24, 2005.

For the fiscal year 2005, as in the past, TOTAL continued its dynamic dividend policy proposing a dividend of 6.48 euros per share to the General Meeting of Shareholders (or 1.62 euro per share after the four-for-one stock split), resulting in a final dividend of 3.48 euros per share (or 0.87 euros per share after the four-for-one stock split) payable on May 18, 2006. This dividend of 6.48 euros represents an increase of 20% compared to the previous year. Over the past five years, this increase amounts to an average of 14% per year.

In 2005, TOTAL's pay-out ratio was 32% ⁽¹⁾.



Dividend payment

The dividend payment, which is entrusted to BNP Paribas Securities Services, is made through financial account holder intermediaries using the EUROCLEAR France direct payment system.

BANK OF NEW YORK (101 Barclay Street, New York, NY 10286, USA) arranges for the payment of dividends to holders of American Depositary Shares (ADS).

(1) Based on the adjusted earnings per share.

Dividend payment on Stock Certificates (CRs)

TOTAL has issued Stock Certificates (Certificats Représentatifs d'Actions, herein after "CRs") within the framework of the public exchange offering for PetroFina shares. The CR is a share certificate provided for by French Law, issued by EUROCLEAR France, intended to circulate exclusively outside France, and which may not be held by residents of France. The CR is issued as a physical certificate that is registered in a custody account, and has the characteristics of a bearer security. The CR may be freely convertible from a physical certificate to a registered custody account and vice versa. ING Belgique is the paying bank for any coupons detached from physical CRs in circulation.

There is no charge for the payment of detached coupons from CRs, unless there are income or withholding taxes; payment may be received at teller windows of the following institutions:

In Belgium:

ING Belgique	Avenue Marnix 24, 1000 Brussels
FORTIS BANQUE S.A.	Montagne du Parc 3, 1000 Brussels
KBC BANK N.V.	Avenue du Port 2, 1080 Brussels

In Luxembourg:

BANQUE GÉNÉRALE DU LUXEMBOURG S.A.	Avenue J.F.-Kennedy 50, 2951 Luxembourg
ING Luxembourg	Route d'Esch 52, 2965 Luxembourg
KREDIETBANK Luxembourg	Boulevard Royal 43, 2955 Luxembourg

In the Netherlands:

ABN-AMRO BANK N.V.	Gustav Mahlerlaan 10, 1082 PP, Amsterdam
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In Germany:

COMMERZBANK A.G.	Kaiserplatz, 60261 Frankfurt,
DRESDNER BANK A.G.	Jürgen - Ponto - Platz 1, 60329 Frankfurt

In Switzerland:

CRÉDIT SUISSE	Paradeplatz 8, 8001 Zürich,
UBS	Bahnhofstrasse 45, 8098 Zürich

Strips-VVPR TOTAL

Strips-VVPR are securities that allow a shareholder with tax domicile in Belgium to receive a reduction of the Belgian withholding tax on securities income from 25% to 15% on the dividend paid by TOTAL. These Strips-VVPR are traded separately from TOTAL shares and are listed on the semi-official market (*marché semi-continu*) of the Brussels stock exchange with a maximum value of two euro cents in 2005. Strips-VVPR grant rights only if accompanied by TOTAL shares. There were 56,933,514 strips-VVPR TOTAL outstanding as of December 31, 2005.

Coupons

Coupon No.	Due date	Expiration date	Type of coupon	Net amount (in euros)
1999	06/14/2000	06/14/2005	Dividend	2.35
2000	05/29/2001	05/29/2006	Dividend	3.30
2001	05/17/2002	05/17/2007	Dividend	3.80
2002	05/16/2003	05/16/2008	Dividend	4.10
2003	05/24/2004	05/24/2009	Dividend	4.70
2004	11/24/2004	11/24/2009	Interim dividend	2.40
2004	05/24/2005	05/24/2010	Remaining balance of dividend	3.00
2005 ⁽¹⁾	11/24/2005	11/24/2010	Interim dividend	3.00
2005 ⁽¹⁾	05/18/2006	05/18/2011	Remaining balance of dividend	3.48 ⁽²⁾

(1) A resolution will be submitted at the General Meeting of Shareholders of May 12, 2006 to pay a cash dividend of 6.48 euros per share for fiscal year 2005. As an interim payment of 3 euros per share was paid out on November 24, 2005, the balance due is 3.48 euros per share, which will be paid on May 18, 2006.

(2) Before 4:1 stock split.

Share buyback

The General Meeting of Shareholders of May 14, 2004 authorized the Board of Directors to buy and sell the Company's shares on the market for a period of 18 months within the framework of the stock buyback program contained in the Prospectus and approved by the AMF under No. 04-235 on April 1, 2004. The maximum purchase price was set at 250 euros per share and the minimum sale price was 100 euros per share. The number of shares held or acquired may not exceed 10% of the authorized share capital.

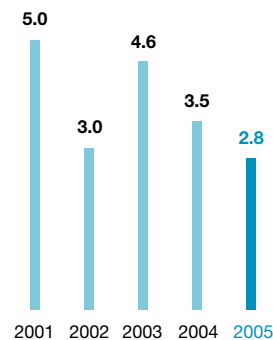
The General Meeting of Shareholders of May 17, 2005 authorized the Board of Directors, after acknowledging the Report of the Board of Directors and the information appearing in the Prospectus approved by the AMF (under No. 05-247 on April 11, 2005), in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of European Regulation 2273/2003 dated December 22, 2003, concerning the application of Council Directive 2003/6/EC dated January 28, 2003, to buy and sell the Company's shares within the framework of the stock buyback program. The maximum purchase price was set at 250 euros. The number of shares acquired may not exceed 10% of the authorized share capital. This authorization was granted for a period of eighteen months and replaced the previous authorization granted by the General Meeting of Shareholders of May 14, 2004.

A resolution will be submitted to the General Meeting of Shareholders to be held May 12, 2006 to authorize trading in TOTAL stock through a stock buyback program performed in accordance with the provisions of Article L. 225-209 of the French Commercial Code and of Council Regulation 2273/2003 dated December 22, 2003, concerning the application of Council Directive 2003/6/EC dated January 28, 2003. The description of the program is detailed from page 132 to page 134.

Share buyback and share cancellation continued in 2005

During 2005, TOTAL bought back 18.32 million shares of its own shares, representing 2.8% of the capital *. Over the last 24 months, 40,949,500 TOTAL shares were cancelled, representing 6.7% of the capital at December 31, 2005.

Percentage of the capital bought back *



* Average capital of year N = (Capital as of December 31, N-1 + Capital as of December 31, N) / 2. For 2000, 2001 and 2002, excluding repurchases linked to coverage of employees options plans. For 2005, excluding repurchases linked to the grants of restricted stocks decided by the Board of Directors on July 19, 2005.

Share buyback program

Special report based on Article L.225-209 of the French Commercial Code

Shares repurchased during 2005

In 2005, 7,620,000 shares of TOTAL stock were repurchased under the authorization granted by the General Meeting of Shareholders of May 14, 2004 and 10,698,500 TOTAL shares were repurchased under the authorization granted by the General Meeting of Shareholders of May 17, 2005.

Thus, 18,318,500 shares of TOTAL stock were repurchased in 2005 at an average price of 190.29 euros per share, for a total cost of 3.486 billion euros:

- 17,744,500 TOTAL shares were repurchased at an average price of 189.76 euros per share, for cancellation, for a total cost of 3.367 billion euros, of which 7,620,000 shares of TOTAL stock

were repurchased under the authorization granted on May 14, 2004 and 10,124,500 TOTAL shares were repurchased under the authorization granted on May 17, 2005, and

- 574,000 TOTAL shares were repurchased at an average price of 206.49 euros per share under restricted stock grants approved by the Board of Directors on July 19, 2005, for a total cost of 0.12 billion euros.

Use of the stock purchase authorization of May 17, 2005 (approval in process)

Between May 17, 2005 and February 28, 2006, 13,563,500 TOTAL shares were repurchased under the authorization granted on May 17, 2005 by the General Meeting of Shareholders, at an average price of 204.71 euros per share, for a total cost of 2.78 billion euros:

- 12,989,500 TOTAL shares were repurchased at an average price of 204.63 euros per share, for cancellation, for a total cost of 2.66 billion euros, and
- 574,000 TOTAL shares were purchased at an average price of 206.49 euros per share under the restricted stock grants approved by the Board of Directors on July 19, 2005, for a total cost of 0.12 billion euros.

Thus, at February 28, 2006, the Company held directly 11,657,001 TOTAL shares, representing 1.90% of the capital of TOTAL S.A.. By law, these shares lack both voting rights and the right to receive a dividend.

After including shares held by Group subsidiaries, the total number of TOTAL shares held by the Group as of February 28, 2006 was 36,739,818, representing 5.97% of the capital of TOTAL S.A., comprised of 11,657,001 shares of own stock, including 7,193,001 shares held to hedge call options, 574,000 shares to back the restricted stock grants, and 3,890,000 shares to be cancelled, as well as 25,082,817 shares of treasury stock.

Sales of stocks during 2005

2,066,087 TOTAL shares were sold in 2005 at an average price of 143.54 euros per share through the exercise of TOTAL stock options granted under stock option allocation plans approved by the Board of Directors on March 17, 1998, June 15, 1999, July 11, 2000, July 10, 2001 and July 9, 2002.

Conditions for the purchase and use of derivative products

Between January 1, 2005 and February 28, 2006, the Company has not used derivative products on the stock markets within the framework of stock repurchase programs successively authorized by the General Meeting of Shareholders of May 14, 2004, and then by the General Meeting of Shareholders of May 17, 2005. Moreover, all shares were repurchased on the market.

Cancellation of Company shares during 2004 and 2005

Using the authorization granted by the General Meeting of Shareholders of May 7, 2002 to reduce the share capital by up to 10% by canceling shares held by the Company during a 24-month period, the Board of Directors on November 9, 2004 decided to cancel 19,873,932 shares, accounted for as long-term securities in the parent company financial statements, effective as of November 20, 2004.

Under this authorization, the Board of Directors on July 19 and on November 3, 2005, with effect as of November 22, 2005, decided to cancel respectively 13,527,578 and 7,547,990 shares accounted for as long-term securities in the parent company financial statements.

The authorization granted by the General Meeting of Shareholders of May 7, 2002 will expire at the close of the General Meeting of Shareholders held to approve the financial statements for the year 2006.

At constant capital (615,116,296 shares as of December 31, 2005), and given the cancellations successively carried out on November 20, 2004 (19,873,932 shares), July 19, 2005 (13,527,578 shares), and November 22, 2005 (7,547,990 shares), the Company may cancel a maximum of 20,562,129 shares by November 21, 2006.

Reallocations during fiscal year 2005, for other approved purposes

Stock purchased by the Company under the authorization granted by the General Meeting of Shareholders of May 17, 2005, or under previous authorizations, was not reallocated in fiscal year 2005 to purposes other than those initially specified at the time of purchase.

Summary table of transactions completed by the Company involving its own securities from March 1, 2005 to February 28, 2006⁽¹⁾

	Gross cumulated flows		Open positions as of February 28, 2006			
	Purchases	Sales	Open buy positions		Open sell positions	
Number of shares	19,313,500	2,248,833	Bought calls	Forward buys	Sold calls	Forward sells
Average maximum maturity date			-	-	-	-
Average transaction price (€)	197.11	146.88				
Average strike price	-	-	-	-	-	-
Amount (€)	3,806,977,666	330,310,433				

(1) The period indicated commenced the day after the date used as a reference for the publication of information on the previous program (prospectus cleared by the AMF under visa No 05-247 dated April 11, 2005).

TOTAL shares held by the Company or its subsidiaries
As of February 28, 2006:

Percentage of capital held by TOTAL S.A.	1.90%
Number of shares held in portfolio	11,657,001
Book value of the portfolio (millions of euros)	1,974
Market value of the portfolio (millions of euros) ⁽¹⁾	2,460
Percentage of capital held by the entire Group⁽²⁾	5.97%
Number of shares held in portfolio	36,739,818
Book value of the portfolio (millions of euros)	5,013
Market value of the portfolio (millions of euros) ⁽¹⁾	7,752

(1) On the basis of a market price of 211 euros per share on February 28, 2006.

(2) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

Description of the share buyback program under Articles 241-1 and thereafter of the general regulation of the French Autorité des Marchés Financiers (AMF)
Objectives of the stock purchase program

- reduce the Company's capital through the cancellation of shares;
- honor the Company's obligations involving securities convertible or exchangeable into Company shares;
- honor the Company's obligations involving stock option programs or other stock allocations to employees of the Company or Group Companies (and specifically within the framework of restricted stock grants or within the framework of the remittance of stock to beneficiaries of Elf Aquitaine stock warrants under the exchange guarantee given by the Company, the terms of which were defined in the prospectus for TotalFina's bid for Elf Aquitaine of September 22, 1999, which received COB approval No. 99-1179).

Legal framework

Implementation of this program, which falls within the legal framework created by Law No. 98-546 of July 2, 1998 containing various economic and financial provisions and within the framework of the provisions of European regulation No. 2273/2003 on the conditions for the application of European Directive No. 2003/6/EC

of January 28, 2003, is subject to approval by the General Meeting of Shareholders of TOTAL S.A. of May 12, 2006, through the sixth resolution, which reads as follows:

"Upon presentation of the report by the Board of Directors and certain information appearing in the description of the program prepared in accordance with Articles 241-1 and thereafter of the General Regulation (Règlement Général) of the French Financial Markets Authority (Autorité des marchés financiers) and in accordance with the provisions of Article L 225-209 of the French Commercial Code and of Council Regulation n°2273/2003 dated December 22, 2003 concerning the application of Council Directive n°2003/6/CE dated January 28, 2003, the shareholders hereby authorize the Board of Directors to buy or sell the shares within the framework of a share buyback program.

The purchase of such shares may be transacted by any means on the market or by private contract, including by block-trades. Such transactions may include the use of any derivative financial instruments, whether traded on a regulated exchange or in a private transaction, as well as the use of hedging strategies in accordance with the regulations of the relevant market authorities.

These transactions may be carried out at any time, excluding during a public offering of the Company's share capital, in accordance with the rules and regulations in effect.

The maximum purchase price is set at 300 euros per share of 10 euros par value.

In case of a capital increase by incorporation of reserves and the distribution of shares for no consideration, and in the case of a stock-split or a reverse-stock-split, this maximum price shall be adjusted by applying the ratio of the number of shares outstanding before the operation to the number of shares outstanding after the operation.

The maximum number of shares that may be purchased under this authorization may not exceed 10% of the total number of shares outstanding, as this number may be adjusted from time to time as a result of transactions after the date of the present meeting, and under no circumstances may the Company hold, either directly or indirectly through indirect subsidiaries, more than 10% of its share capital.

As of December 31, 2005, of the 615,116,296 shares outstanding of 10 euros par value, the Company held 9,166,515 shares directly, and 25,082,817 shares indirectly through its indirect subsidiaries, for a total of 34,249,332 shares. Under these circumstances, the maximum number of shares that the Company could repurchase is 27,262,297 shares of 10 euros par value, and the maximum amount that the Company might spend to acquire such shares is 8,178,689,100 euros.

The purpose of this share buyback program is to reduce the number of shares outstanding and/or to permit the Company to fulfill its engagements in connection with:

- convertible or exchangeable securities that may give holders rights to receive shares upon conversion or exchange,*
- stock option or other share attribution programs for management or employees of the Company or of other companies in the Group (notably restricted stock-grant programs or the exchange guarantee put in place by the Company for beneficiaries of Elf Aquitaine stock option plans, the terms of which are specified in the prospectus for the public exchange offer dated September 22, 1999 (COB visa no. 99-1179)).*

This program may also be used by the Company to trade in its own shares, either on or off the market, for any other purpose that is authorized or any allowable market practice, or any other purpose that may be authorized or any other market practice that may be allowable by applicable law or regulation. The Company will inform its shareholders, by way of a press release, when the program is to be used for such purposes or market practices.

According to the desired purpose, shares that are acquired by the Company through this program may be:

- cancelled, up to the maximum legal limit of 10% of the total number of shares outstanding on the date of the operation per each 24-month period,*
- granted to the employees of the Group and to the management of the Company or of other companies in the Group,*
- delivered to the holders of options to purchase the Company's shares having exercised such options,*
- delivered to the holders of Elf Aquitaine subscription options having exercised options that are covered by the Company's exchange guarantee,*
- sold to employees, either directly or through the intermediary of Company savings plans, or*
- delivered to the holders of securities that grant such rights to receive such shares, either through redemption, conversion, exchange, presentation of a warrant or in any other manner.*

While they are held by the Company, such shares will not have voting rights or dividend rights.

This authorization is granted for a period of eighteen months from the date of this meeting or until the date such authorization is renewed at an Ordinary General Shareholders Meeting prior to the expiration of such eighteen-month period.

The Board of Directors is hereby granted all authority, with the right to delegate such authority, to undertake all actions that are necessary or useful to carry out the program or programs authorized by this resolution. This resolution replaces and, as regards any unused portion of the previous authorization, cancels the fifth resolution of the Ordinary and Extraordinary Meeting held on May 17, 2005."

The General Meeting of Shareholders of May 7, 2002 also authorized the Board of Directors to reduce the capital by cancellation of shares up to a maximum of 10% of the capital stock per 24-month period, through the following resolution:

The General Meeting of Shareholders, after having acknowledged the report from the Board of Directors and the special report from the statutory auditors, authorizes the Board of Directors, pursuant to Article L. 225-209 of the French Commercial Code, to reduce the capital stock by cancellation of shares the Company holds or might hold following purchases made within the framework of this same article.

The General Meeting of Shareholders grants all authority to the Board of Directors, with authority to sub-delegate to the chairman under the conditions stipulated by law, to realize this capital reduction at its sole discretion, to set the amount per twenty-four month period, up to a maximum of 10% of the total number of shares comprising the capital stock existing on the transaction date, to allocate the difference between the repurchase value of the shares and their par value to any reserve or premium account, and to consequently amend the bylaws and perform any necessary formal recording procedures.

This authorization, which cancels and replaces the unused portion of the authorization given by the Mixed General Meeting of Shareholders of May 11, 1999, sixteenth resolution, expires upon completion of the General Meeting of Shareholders called to approve the financial statements for the fiscal year ending December 31, 2006."

Conditions

A. Maximum share of capital to be purchased and maximum funds allocated to the transaction

The maximum number of shares that may be purchased under the authorization proposed to the General Meeting of Shareholders of May 12, 2006 may not exceed 10% of the total number of shares comprising the capital stock, with this limit applying to an amount of the Company's capital that will be adjusted, if necessary, to include transactions affecting the capital stock subsequent to this meeting; purchases made by the Company cannot in any case cause it to hold more than 10% of the capital stock, either directly or indirectly through indirect subsidiaries.

Before any share cancellation under the authorization given by the General Meeting of Shareholders of May 7, 2002, based on the number of shares comprising the capital stock as of December 31, 2005 (615,116,296 shares), and given the 36,739,818 shares held by the Group on February 28, 2006, representing 5.97% of the capital, the maximum number of shares that may be purchased would be 24,771,811 shares, representing a theoretical maximum investment of 7,432 million euros based on the maximum purchase price of 300 euros.

B. Conditions for repurchase

Shares may be repurchased by any means on the market or over the counter, including by purchasing blocks of shares. These means include using any financial derivative instrument traded on a regulated market or over the counter and implementing option strategies under the conditions authorized by the competent market authorities, with the Company taking care, however, not to increase the volatility of its stock. The portion of the program realized through the purchases of blocks of shares will not be subject to quota allocation, up to the limit set by this resolution. These shares may be repurchased at any time in accordance with current regulation, except any public offering periods applying to the Company's capital.

C. Duration and schedule of the repurchase program

In accordance with Resolution Six, which will be subject to approval of the General Meeting of Shareholders of May 12, 2006, the stock repurchase program may be implemented over an 18-month period following the date of this Meeting, expiring, therefore, on November 12, 2007.

D. Transactions carried out under the previous program

Transactions carried out under the previous program are listed in the special report of the Board of Directors on stock purchases (pages 130 to 132).

Shareholders

Relationship between TOTAL and the French State

Since 2002, there has been no agreement governing shareholding relationships between TOTAL (or its subsidiary Elf Aquitaine), and the French State. In particular, the French State does not hold specific Elf Aquitaine shares.

Merger of TOTAL with PetroFina in 1999

On December 1, 1998, TOTAL S.A. signed an in-kind contribution agreement with Electrafina, Investor, Tractebel, Electrabel and AG 1824 (the Contributors), under which the Contributors exchanged 9,614,190 PetroFina shares at the following parity of exchange: every two PetroFina shares being exchanged for nine TOTAL shares.

TOTAL S.A. then launched in 1999 a public exchange offer for the remaining PetroFina shares it did not yet own. The offer was launched in Belgium and the United States from May 6 to June 4, 1999, and was relaunched twice, on the same terms as the contribution agreement.

On September 5, 2000, the Board of Directors launched a Public Exchange Offer for the PetroFina shares not yet held by the Company, offering nine TotalFinaElf⁽¹⁾ shares for every two PetroFina shares tendered. On December 31, 2000, TOTAL S.A. held 23,480,610 PetroFina shares, or 99.62% of the 23,570,739 shares representing the capital of PetroFina.

On December 28, 2000, the Brussels stock exchange delisted the PetroFina shares from the regular trading market. PetroFina shares were also deregistered with the US Securities and Exchange Commission on June 30, 2001.

On April 27, 2001, the Extraordinary Shareholders' Meeting of Total Chimie approved the Company's contribution to Total Chimie of the entire stake held by the Company in PetroFina. The purpose of Total Chimie, a 100% subsidiary of TOTAL S.A., is to hold certain investments of the TOTAL group. On September 20, 2001, the Board of Directors of Total Chimie decided to launch a squeeze-out procedure for the 90,129 PetroFina shares not yet held, at a price of 600 euros per share. Since the end of the squeeze-out, all the shares of PetroFina have been held by Total Chimie.

On February 12, 2002, minority shareholders of PetroFina holding 4,938 shares filed a motion for a summary hearing in the Commercial

Court of Brussels against Total Chimie, TOTAL S.A. and PetroFina. The decision rendered on April 15, 2002 questioned the conformity of Belgian regulations governing squeeze-outs with Articles 10 and 11 of the Belgian Constitution and, consequently, the President of the Commercial Court of Brussels referred two preliminary questions relating to the constitutionality of the Belgian squeeze-out regulation before the Court of Arbitration of Belgium. In addition, the President of the Commercial Court of Brussels ordered the plaintiff's shares to be placed in escrow without voting rights.

TOTAL S.A., Total Chimie and PetroFina appealed against the decision in these summary proceedings on June 13, 2002.

In answer to the preliminary questions raised by the decision of the Commercial Court of Brussels dated April 15, 2002, the Court of Arbitration of Belgium rendered on May 14, 2003 a decision in favor of TOTAL S.A., Total Chimie, PetroFina, as well as the Belgian government, which was also a party to the procedure. The court ruled that the Belgian squeeze-out regulation was in compliance with the Belgian Constitution.

Also, on May 30, 2003, the same group of former minority PetroFina shareholders brought a complaint against Total Chimie and PetroFina before the Commercial Court of Brussels contesting, in particular, the price offered by Total Chimie in the squeeze-out procedure and the terms of PetroFina's sale of the assets of Fina Exploration Norway (FEN S.A.) to Total Norge A.S. in December 2000.

Merger of TotalFina with Elf Aquitaine in 1999 and 2000

On September 13, 1999, the Boards of Directors of TotalFina and Elf Aquitaine recommended to their shareholders that the two companies merge through a Public Exchange Offer under which 13 shares tendered of Elf Aquitaine would be exchanged for 19 new TotalFina shares. The offer ran from September 23 to October 15, 1999, during which time TotalFina acquired 254,345,078 shares of Elf Aquitaine in exchange for 371,735,114 new TotalFina shares.

On May 24, 2000, the Board of Directors launched an offer for the remaining Elf Aquitaine shares not yet held by the Company, in the form of an exchange of four TotalFinaElf shares for every three shares tendered of Elf Aquitaine. At the end of this offer, which was approved by the French Conseil des Marchés Financiers

(1) The name TOTAL was changed to TotalFina on June, 14, 1999. Then the name TOTAL FINA S.A. was changed to "TOTAL FINA ELF S.A." by the Combined Shareholders' Meeting of March 22, 2000, then it was changed to "TOTAL S.A." by the Combined Shareholders' Meeting of May 6, 2003. TOTAL S.A. means either TOTAL, TotalFina and TotalFinaElf in the current section on the merger of TOTAL with Petrofina.

on May 31, 2000, and which ran from June 15, 2000, to September 1, 2000, TotalFinaElf acquired 10,828,326 shares of Elf Aquitaine in exchange for 14,437,768 new TotalFinaElf shares.

In a notice dated October 20, 2000, as a result of the offer, PARISBOURSE SBF S.A. (now Euronext Paris S.A.) announced its decision to delist Elf Aquitaine from the Premier Marché of the Paris Stock Exchange. The delisting took effect on November 3, 2000. Since November 6, 2000, the Elf Aquitaine shares have been traded in the delisted shares section of the regulated markets ("compartiment des valeurs radiées des marchés réglementés") and may be traded at a price fixed daily at 3:00 p.m.

In the United States, the trading of Elf Aquitaine American Depositary Shares (ADSs) was discontinued by the New York

Stock Exchange (NYSE) on September 5, 2000. Elf Aquitaine's ADS program ended on September 18, 2000.

The delisting of Elf Aquitaine ADS was effective at market opening on October 18, 2000, after approval by the US Securities and Exchange Commission (SEC). On March 23, 2001, Elf Aquitaine requested the termination of the registration of its common shares and ADS.

As of December 31, 2005, TOTAL S.A. held, directly and indirectly, 279,648,689 shares of Elf Aquitaine, taking into account the 10,635,767 treasury shares held by Elf Aquitaine. This represented 99.48% of Elf Aquitaine's share capital (281,120,213 shares) and 534,967,009 voting rights, or 99.72% of the 536,473,076 total voting rights.

Main shareholders

Changes in the holdings of principal shareholders

The principal shareholders of TOTAL as of December 31, 2005, 2004 and 2003 are set forth in the table below:

As of December 31,	2005		2004		2003	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
1. Principal shareholders represented on the Board of Directors as of December 31, 2005	9.1	15.7	9.3	14.7	9.0	13.0
Groupe Bruxelles Lambert ⁽¹⁾	3.9	7.0	3.7	6.9	3.6	6.6
Compagnie Nationale à Portefeuille ⁽¹⁾	1.3	1.3	1.3	1.3	1.3	1.2
Areva	0.3	0.6	0.3	0.6	0.3	0.7
BNP Paribas	0.2	0.3	0.2	0.4	0.3	0.4
Société Générale	0.0	0.1	0.1	0.1	0.1	0.2
Group employees ⁽²⁾	3.4	6.4	3.7	5.4	3.4	3.9
2. Other registered shareholders (excluding Group)	1.0	1.9	1.1	2.0	3.4	6.6
Total stable shareholders (1+2)	10.1	17.6	10.4	16.7	12.4	19.6
3. Intra-Group holdings	5.6	-	6.2	-	5.7	-
TOTAL S.A.	1.5	-	2.2	-	1.9	-
Total Nucléaire	0.1	-	0.1	-	0.1	-
Subsidiaries of Elf Aquitaine	4.0	-	3.9	-	3.7	-
4. Other bearer shareholders	84.3	82.4	83.4	83.3	81.9	80.4
of which, ADS holders ⁽³⁾	7.5	7.3	5.9	5.9	5.7	5.6

(1) Compagnie Nationale à Portefeuille has declared to have increased its participation to more than a threshold of 5% of the TOTAL capital on July 28, 2005, through Groupe Bruxelles Lambert and Kermadec S.A. (a 100% subsidiary of Compagnie Nationale à Portefeuille). Groupe Bruxelles Lambert is a company controlled jointly by the Desmarais family and Frère-Bourgeois S.A. for the latter, mainly through its direct and indirect stake in Compagnie Nationale à Portefeuille.

(2) Based on the definition of the employee shareholders pursuant to Article L. 225-102 of the Commercial Code.

(3) American Depositary Shares listed on the New York Stock Exchange.

The holdings of the principal shareholders were established on the basis of 615,116,296 shares corresponding to 628,934,441 voting rights at December 31, 2005, 635,015,108 shares corresponding to 636,067,350 voting rights at December 31, 2004 and 649,118,236 shares corresponding to 661,238,566 voting rights at December 31, 2003.

Identification of the shareholders

In accordance with Article 9 of its bylaws, TOTAL is authorized, to the extent permitted under applicable law, to identify the holders of securities that grant immediate or future voting rights at the Company's shareholder meetings.

Legal thresholds

In addition to the legal obligation to inform the Company and the French *Autorité des marchés financiers* within five business days when thresholds representing 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, 90% or 95% of total shares or voting rights are crossed (Article L. 233-7 of the French Commercial Code amended by the French Law n°2005-842 of July 26, 2005), any individual or entity who directly or indirectly acquires a percentage of shares, voting rights or rights giving future access to the capital of the Company which is equal to or greater than 1%, or a multiple of this percentage, is required to notify the Company within fifteen days by registered mail with return receipt requested, and declare the number of securities held.

If holdings above these thresholds are not declared, any shares held in excess of the threshold that required the declaration may be deprived of voting rights at future shareholder meetings if, at that meeting, the failure to make a declaration is noted and if one or more shareholders holding collectively at least 3% of the Company's capital or voting rights so request at that meeting.

All individuals and entities are also required to notify the Company in the form and within the time limits stated above when their direct or indirect holdings fall below each of the aforementioned thresholds.

Holdings greater than the legal thresholds

In accordance with Article L. 233-13 of the French Commercial Code, it is specified that only one shareholder, Compagnie Nationale à Portefeuille (CNP), holds 5% or more of the share capital of TOTAL at the end of 2005 ⁽¹⁾.

Moreover, two shareholders held 5% or more of the voting rights of TOTAL as of the Meeting of Shareholders at the end of 2005:

- Compagnie Nationale à Portefeuille (CNP) and
- the *Fonds Commun de Placement* "TOTAL ACTIONNARIAT FRANCE"

On January 19, 2006, CNP declared, for legal reporting purposes, that it had exceeded the threshold of 5% of the capital on July 28, 2005, and that on that date, it held 5.02% of the capital and 8.23% of the voting rights of the Company.⁽¹⁾ To the knowledge of the Company, at December 31, 2005, CNP held 5.15% of the Company's shares and 8.29% of the voting rights. On January 19, 2006, CNP declared an indirect participation of 5.15% of the Company's shares or 31,701,366 million TOTAL shares and 8.29% of the voting rights⁽¹⁾.

In addition, the Company was advised that, on January 22, 2005, the *Fonds Commun de Placement* "TOTAL ACTIONNARIAT FRANCE" (5.10% of the voting rights and 2.62% of the capital at December 31, 2005) crossed the threshold of 5% of the voting rights⁽²⁾.

Shareholders' agreement

TOTAL has no knowledge of a shareholders' agreement among its shareholders.

Shares held by the Group

TOTAL shares held directly by the Company

The Company held directly 9,166,515 shares of TOTAL stock on December 31, 2005.

TOTAL shares held by Group Companies

At December 31, 2005, Total Nucléaire, a Group company indirectly controlled at 100% by TOTAL, held 505,918 TOTAL shares. By law, these shares are deprived of voting rights.

At December 31, 2005, Financière Valorgest, Sogapar and Fingestval, subsidiaries of Elf Aquitaine, held 5,550,926, 1,026,000 and 17,999,973 TOTAL shares, a total amount of 24,576,899 TOTAL shares. By law, these shares are deprived of voting rights.

Thus, at December 31, 2005, the Company held 34,249,332 TOTAL shares, either directly or through its indirect subsidiaries, which represented 5.57% of the share capital, as of this date.

Shares held by members of the administrative and management bodies

The corresponding information appears on pages 92 to 93, and 113.

(1) AMF notice No. 206C0142 dated January 23, 2006.

(2) AMF notice No. 205C0240 dated February 14, 2005.

Employee participation in TOTAL stock

Savings plans

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

of the Company ("*TOTAL ACTIONNARIAT FRANCE*"). For the employees of foreign companies, the capital increases reserved for employees were conducted under PEG-A through the "*TOTAL ACTIONNARIAT INTERNATIONAL*" Fund and the Caisse Autonome of the PetroFina Group. In addition, U.S. employees participate in these operations through ADSs and Italian employees may participate by directly subscribing to new shares.

Employees' stake in the capital

The total number of TOTAL shares held by the employees as of December 31, 2005 is as follows:

TOTAL SHAREHOLDING - FRANCE	16,127,621
TOTAL SHAREHOLDING - INTERNATIONAL	3,173,219
PRIVATISATION No. 1	470,834
US employee funds	344,190
PetroFina Group Caisse Autonome	91,347
TOTAL registered shares from option exercises (PEE)	426,312
Total shares held by employee shareholders funds	20,633,523

Thus, as of December 31, 2005, the employees of the Group held, on the basis of the definition of employee shareholding stipulated in Article L. 225-102 of the Commercial Code, 20,633,523 TOTAL shares, representing 3.35% of the Company's share capital on that date.

Capital increase reserved for employees

The General Meeting of Shareholders held on May 17, 2005 delegated the Board of Directors the authority to undertake, in one or several steps, and within a maximum of 26 months, a capital increase reserved for the employees participating in a Savings Plan. Pursuant to this delegation of authority, the number of shares to be issued cannot exceed 1.5% of the capital stock on the day of the meeting of the Board that decided on the issue. The capital stock issued will be counted against the overall ceiling for the capital increase that could be authorized under the same delegation of authority granted by the General Meeting of Shareholders held on May 17, 2005 to the Board when capital is increased through ordinary share issues or through any marketable security linked to the capital that maintains preferential subscription rights (4 billion euros of par value). This delegation of authority cancelled and replaced, for the unused part, the one granted by the Extraordinary Shareholder's Meeting of May 14, 2004.

Pursuant to this delegation of authority, the Board of Directors decided on November 3, 2005 to proceed with a capital increase of a maximum of three million Company shares reserved for TOTAL employees, bearing dividends as of January 1, 2005, at a price of 166.60 euros per share.

In accordance with Article 14 of the AMF instruction No. 2005-11 as of December 13, 2005 regarding the information to be issued

in case of a capital increase operation, TOTAL S.A. released on January 27, 2006, on its website and on the website of the AMF, a press release which specified the characteristics of the offering. The offering was open to the employees of TOTAL S.A. and to the employees of its French and foreign subsidiaries in which TOTAL S.A. holds directly or indirectly more than 50% of the capital, who are participants in the TOTAL Group Savings Plan (PEG-A) and for whom local regulatory approval was obtained. The offering was also open to former TOTAL S.A. and its French subsidiaries employees who went into retirement. Subscription was open from February 6 through February 24, 2006, and resulted in the issuance of 2,785,330 new shares.

Early releases

Under French Law 2005-842 of July 26, 2005, 615 early releases for employees of the French Group Companies were registered between July 28 and December 31, 2005, for the amount of 512,000 euros, on the *TOTAL ACTIONNARIAT FRANCE* fund.

Stocks options and restricted share grants

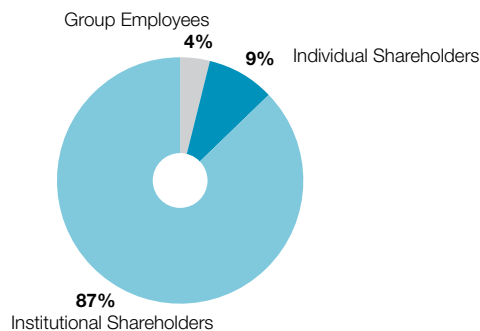
The corresponding information appears on pages 114 to 121.

Shareholders

Estimate of capital distribution excluding intra-Group holdings

Estimate at December 31, 2005 excluding intra-Group holdings	% of capital
Group employees ⁽¹⁾	4%
Individual shareholders	9%
Institutional shareholders	87%
France	21%
United Kingdom	18%
Rest of Europe	24%
North America	22%
Rest of the world	2%

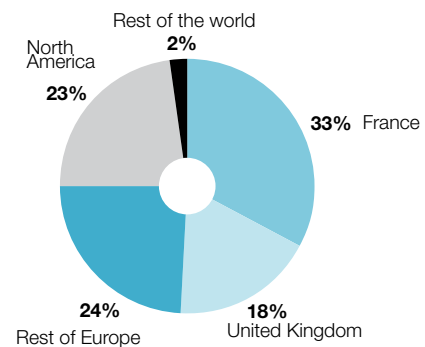
(1) Based on the definition of employee shareholding pursuant to article L. 225-102 of the French Commercial Code. A capital increase reserved for employees was held over the period from February 6, 2006 to February 24, 2006.



The number of individual TOTAL shareholders is approximately 520,000.

Distribution of shareholders by geographic region, excluding intra-Group holdings

Estimate at December 31, 2005 excluding intra-Group holdings	% of capital
France	33%
United Kingdom	18%
Rest of Europe	24%
North America	23%
Rest of the world	2%



Regulated agreements and related party transactions

Regulated agreements

The list of regulated agreements covered by Articles L. 225-39 and L. 225-115 of the French Commercial Code, provided to the shareholders at Company headquarters, contains no agreement likely to have a significant impact on the Company's financial situation.

Specifically, no agreement links the Company to a shareholder holding a fraction greater than 10% of the Company's voting rights.

The special report of the TOTAL S.A. statutory auditors on regulated agreements for fiscal year 2005 appears in Appendix 3, page 244.

Related party transactions

A detail of transactions with related entities as required by the regulations adopted under (EC) regulation No. 1606/2002, entered into by Group Companies during fiscal years 2003, 2004, or 2005 appears in note 29 to the consolidated financial statements pursuant to regulation IAS 24 (page 217).

These transactions primarily concern Companies outside the Group, in the capital of which TOTAL holds a significant influence and which are therefore included in the Group's consolidation structure by means of the equity method.

Information for overseas shareholders

United States holders of ADRs

Information intended for US holders of TOTAL's American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs) is provided in the form 20-F filed by TOTAL S.A. with the Securities and Exchange Commission of the United States of America in respect of the fiscal year ended december 31, 2005.

Non-resident shareholders (other than US Shareholders)

In addition to the Paris Bourse, TOTAL's shares have been listed on the London Stock Exchange since 1973 and on the Brussels Bourse since 1999. These shares have been traded on the SEAQ International since 1986.

Dividends

Dividends paid to non-French resident shareholders are generally subject to French withholding tax at a rate of 25%.

However, according to many tax treaties signed between France and other countries ("Tax Treaties"), the rate of French withholding tax is reduced to 15% in the case of dividends paid to a beneficial owner of the dividend that is a resident of one of these countries as defined by the treaties, provided certain requirements are satisfied ("Eligible Holder").

Countries with which France signed a Tax Treaty which provides a reduction of the French withholding tax on dividends to 15% include Austria, Belgium, Canada, Germany, Ireland, Italy, Japan, Luxembourg, Norway, the Netherlands, Singapore, South Africa, Spain, Switzerland, and the United Kingdom (this is not an exhaustive list).

Recent Administrative guidelines issued by the French Tax Authorities on February 25, 2005 set forth the conditions under which the reduced French withholding tax at the rate of 15% may be available. The immediate application of the reduced 15% rate is available only to Eligible Holders who may benefit from the so-called "simplified procedure" and are resident of a country with which France has concluded a Tax Treaty that provides for a reduction of the withholding tax.

Under the "simplified procedure", such Eligible Holders may claim the immediate application of withholding tax at the rate of 15% on the dividends to be received by them, provided that:

- (i) they furnish to the financial institution managing their securities account a certificate of residence conforming with the model attached to the February 25, 2005 Administrative Guidelines. The immediate application of the 15% withholding tax will be available only if the certificate of residence is sent to the financial institution managing their securities account before the dividend payment date. Furthermore, each financial institution managing the eligible Holders' securities account must also send to the French paying agent the figure of the total amount of dividends eligible for the reduced withholding tax rate before the dividend payment date.
- (ii) The foreign financial institution managing such Eligible Holder's securities account provides to the French paying agent a list of the Eligible Holders and others information set forth in the February 25, 2005 Administrative Guidelines. These documents must be sent as soon as possible, in all cases before the end of the third month computed as from the end of the month of the dividend payment date.

Where the foreign Eligible Holder's identity and tax residence are known by the French paying agent, the latter may release such foreign Eligible Holder from furnishing to the financial institution managing its securities account the abovementioned certificate of residence, and apply the 15% withholding tax rate to dividends it pays to such foreign Eligible Holder.

For an Eligible Holder that is not entitled to the so-called "simplified procedure", the 25% French withholding tax will be levied at the time the dividends are paid. Such Eligible Holder may, however, be entitled to a refund of the withholding tax in excess of the 15% rate under the standard procedure, as opposed to the "simplified procedure", provided that the Eligible Holder furnishes to the French paying agent an application for refund on a specific form before December 31 of the second year following the date of payment of the withholding tax at the 25% rate. Any French withholding tax refund is generally expected to be paid within twelve months from the filing of the abovementioned form. However, it will not be paid before January 15 of the year following the year in which the dividend was paid. The "simplified procedure" is not applicable to Swiss corporate holders and Singapore resident holders.

The above-mentioned French forms are the following (non-exhaustive list) :

Austria	Form RF1
Belgium	5200 RF1
Canada	5001 A or Certificate
Germany	RF1 A
Ireland	-
Italy5001 A
Japan5001 A
LuxembourgRF 1-LUX
Norway5001 A
NetherlandsRF 1
Singapore5001 A
South Africa	-
Spain5001 A
Switzerland	RF 5 for individuals / RF6 for corporations
United Kingdom5087 RF 4-GB

Copies of the above-mentioned French forms are, in principle, available from the French *Centre des Impôts des Non-Résidents*, 9, rue d'Uzès, 75094 Paris Cedex 02, France.

According to certain Tax Treaties, certain Eligible Holders were entitled to receive a French tax credit (the so-called *avoir fiscal*). However, from January 1, 2005, the *avoir fiscal* is abolished.

The *avoir fiscal* is replaced, for French resident shareholders who are individuals, by a tax credit equal to 50% of the amount distributed in 2005 (40% of the amount distributed in 2006), but with an overall annual cap of 115 euros (double for married couples filing jointly).

Non-resident individual taxpayers entitled to the previous *avoir fiscal* under certain Tax Treaties are also entitled to this tax credit limited to 115.0 euros for each individual (double for married couples filing jointly), possibly reduced by the French withholding tax. However, the procedure to follow in order to obtain the payment of this tax credit has not yet been released by the French Tax Administration.

Provided certain requirements are satisfied, individual residents of the above-mentioned countries are entitled to the transfer of this tax credit, except in Germany, Ireland and South Africa.

The foreign taxation of dividends vary from one country to another according to their respective tax legislation.

In most countries, the gross amount of dividend plus, if any, the refund up to 115.0 euros (or 230.0 euros for married couples filing jointly) is generally included in the recipient's taxable tax basis. Subject to certain conditions and limitations, French withholding taxes on dividends will be eligible against the holder's income tax liability.

However, there are certain exceptions. For instance, in Belgium, a so-called "*précompte mobilier*" of 15% is applicable to the net dividends received by individual shareholders.

Because the foregoing is a general summary, holders are advised to consult their own tax advisors with respect to their income tax as well as French tax consequences of the ownership of shares applicable in their particular tax situations.

Communication with shareholders

Communication policy

In addition to its Registration Document filed each year with the *Autorité des Marchés Financiers*, the Group regularly publishes information on its activities through periodic publications as well as on its website www.total.com, while news of significant importance is covered by press releases. This website also contains semi-annual presentations made by the Group on its results and outlook.

In addition, because its shares are traded in the United States, along with its Registration Document, the Company files an annual document (Form 20-F) in English with the Securities and Exchange Commission (SEC) (see page 160). This document specifically contains a table to reconcile the Group consolidated financial statements with those presented in accordance with US accounting standards.

Finally, the Group regularly holds information meetings, both in France and abroad, aimed at shareholders and financial analysts.

When IR Magazine presented its award for Continental Europe on November 30, 2005, TOTAL's financial communications was singled out several times for its quality for the third year in a row. The Group won five prizes: the Grand Prize for Best Financial Communications for Continental Europe, Best Investment Community meetings, Best Company Literature, Best Use of the Internet for Investors Relations, Best Investor Relations overall by a French Company.

Strengthening relationships with individual shareholders

The year 2004 was marked by the implementation of a new communications system intended for the 520,000 individual TOTAL shareholders. This new system allows the Group to achieve three goals:

- communicate with each individual shareholders at least once a year through the JDA (Shareholders Journal);
- create more personalized communications with each shareholder thanks to the daily use of Customer Relationship Management (CRM) database; and
- make it easier to read the company's financial statements for a population of non-specialists through training sessions offered to member shareholders of the Shareholders Circle.

2005 saw the consolidation of the existing system. A new format, in magazine form, was prepared for the Shareholders Journal with the assistance of the Consultative Shareholders Committee. The threshold for bearer shareholders to receive a direct invitation to the annual General Meeting of Shareholders was reduced to 50 shares. Finally, for the first time since 1993, the selection of candidates to the Consultative Shareholders Committee was assigned to a recruiting firm. For TOTAL, this is indicative of the importance of the work carried out with the assistance of the Consultative Shareholders Committee.

2005 was also marked by the following events:

- the website www.total.com was selected as Best Site, All Categories for the 5th edition of the Boursoscan Grand Prix organized by Boursorama and TLB on June 2, 2005;
- as 2004 winner, TOTAL chaired the jury of the *Fils d'Or* 2005, the prize for best shareholder services, organized by *La Vie Financière*, *Le Figaro*, and *Synerfil* on October 20, 2005;
- within the framework of the transition toward IFRS accounting standards, TOTAL sought to assist its shareholders to quickly learn the various key impacts on TOTAL and on its financial statements of performance monitoring indicators. On April 11, 2005, TOTAL placed on its website www.total.com a presentation dedicated to the Group's transition to IFRS standards, and on April 13, 2005, it organized a telephone conference on that subject. Since May 2005, the financial statements for all quarters of 2004 were available in IFRS accounting standards. Regarding individual shareholders, TOTAL created a half-day training session on IFRS accounting standards and their impact on TOTAL. This training was designed with the assistance of the Consultative Shareholders Committee.

Finally, as in previous years, TOTAL made efforts to promote meetings and exchanges with individual shareholders, specifically through the following events:

- **Shareholders' Meeting attendance record.** The Shareholders' Meeting was held on May 17, 2005 with over 2,800 shareholders in attendance at the Paris Convention Center. Notices of the meeting were sent to all shareholders holding 50 shares or more, i.e., approximately 200,000 people that is to say twice as many as the previous year. As each year, the Meeting was broadcast live and was later available on the Group's website at www.total.com.

- **On November 18 and 19, 2005, the Actionaria Trade Show** once again gave TOTAL the opportunity to demonstrate its commitment to individual shareholders. The TOTAL team welcomed over 4,300 people at its booth, 26% more than in the previous year. In addition, more than 1,300 individual shareholders were present in the Grand Amphitheater of the Convention Center at Porte Maillot, where the Chairman answered questions on various current issues: a 20-year outlook for the Group, access to resources, research and development policy, social and environmental responsibility, etc.
 - In 2005, TOTAL continued its schedule of **information sessions for individual shareholders** in Paris, Strasbourg, Montpellier and Bordeaux. A total of more than 2,500 people attended the four conferences. The cities of Lyon, Marseille, Nantes, Brussels and Biarritz are already scheduled for 2006.
 - In 2005, the **Consultative Shareholders Committee** specifically provided clarification on communication tools used for the Arkema spin-off and on the new IFRS rules. The Committee also worked on the content of reference material distributed during individual shareholders' meetings, notices of the Shareholders' Meeting, financial notices, the "Shareholder Notebook" and the "Shareholders' Circle". The Committee team renewed its members at the end of 2005. Twelve new members were selected by recruitment centers from more than 200 candidates. On March 15, 2006, the handover to the new Committee became effective in the presence of the CEO of TOTAL.
 - In 2005, 28 events, versus 18 in 2004, reserved for members of the **Shareholders' Circle** were scheduled, and some 3,100 individuals, versus 1,100 in 2004, took advantage of this opportunity. This Circle is open to shareholders with at least 30 bearer shares or one registered share. A third of the events involved visits to industrial sites, another third were cultural visits sponsored by the Group, and the last third were events carried out under the auspices of the TOTAL Foundation.
- So, close to 13,000 individual shareholders were met by TOTAL in 2005.

Registered status

TOTAL shares, which are generally bearer instruments, may be registered. In this case shareholders are identified by TOTAL S.A., in its capacity as the issuer, or by its agent, BNP Paribas Securities Services, which is responsible for the registration of shareholders.

There are two forms of registration:

- **Administered Registered Shares:** Shares are registered with the issuing Company through BNP Paribas Securities Services, but the holder's financial intermediary continues to administer them with regards to sales, purchases, coupons, shareholder meeting notices, etc..
- **Pure registered shares:** The issuing Company retains and directly administers the shares on behalf of the holder through BNP Paribas Securities Services which administers the sales, purchases, coupons, shareholder meeting notices, etc. so that the shareholder does not need to appoint a financial intermediary. This form of registration is not very compatible with the registration of shares in a PEA given the applicable administrative procedures.

Main advantages of pure registered shares

The advantages of pure registered shares include:

- no custodial fees;
- a dedicated toll-free number for all contacts with BNP Paribas Securities Services (a toll-free call within France): 0 800 11 7000 or 33 (0)1 40 14 80 61 (from abroad) ; from Monday to Friday, 8:45am-6:00pm (fax 33 (0)1 55 77 34 17);
- easier placement of market orders* (telephone, mail, fax, Internet);
- preferential brokerage fees: 0.30% (before tax) based on the amount of the transaction, with no minimum amount;
- personal notice of Meeting of Shareholders;
- double voting rights if shares are held continuously for two consecutive years (page 158);
- complete information about TOTAL: the shareholder receives at home all information published by the Group for its shareholders;
- internet access to the shareholders' account;
- the ability to join the TOTAL Shareholders' Circle with one share.

To convert TOTAL shares to pure registered shares, just fill out the form that can be obtained on request from the Individual Shareholder Relation Department and send it to the financial intermediary.

* Subject to the signature of a market service agreement. Signing this contract is free of charge.

Once BNP Paribas Securities Services receives the shares, it will send a certificate of account registration and ask for the following:

- a bank account number (or a postal account or savings account number) for payment of dividends;
- a market service agreement to facilitate trading the TOTAL shares on the stock exchange.

Contacts (Individual Shareholders)

For general information, conversion of bearer to registered shares, membership in the Shareholders Circle:

TOTAL S.A.
Individual Shareholder Relations Department
2, place de la Coupole - La Défense 6
92078 Paris La Défense CEDEX

Tel	Toll-free number 0 800 039 039 (toll-free in France) International Tel: 33 (0)1 47 44 24 02 From Monday to Friday, 9:00am-12:30pm and 1:30pm-5:30pm
Fax	From France: 01 47 44 20 14 From outside France: + 33 (0)1 47 44 20 14
E-mail	actionnairesindividuels@total.com cerclesactionnaires@total.com
Contacts	Valérie Laugier (Individual Shareholders Relations Manager) Jean-Louis Piquée (Individual Shareholders Relations)

Relationships with institutional shareholders and financial analysts

Every year, members of the Group's management meet with portfolio managers and financial analysts in the leading financial centers of Europe (Paris, Brussels, Amsterdam, the Hague, Rotterdam, London, Dublin, Edinburgh, Frankfurt, Munich, Cologne, Düsseldorf, Vienna, Zurich, Geneva, Lausanne, Stockholm, Helsinki, Copenhagen, Milan, Madrid and Lisbon) and North America (New York, Boston, Philadelphia, Chicago, Denver, Detroit, Minneapolis, Dallas, Atlanta, Houston, Miami, San Francisco, Los Angeles, San Diego, Montreal and Toronto). The first meetings were held in the beginning of the year, after publication of the results for the prior fiscal year. The second meetings took place in the second half of the year, after publication of the results of the first half of the current year. Several information meetings were also organized when earnings were published. The material from those meetings is available in the "Finance" section of the website www.total.com.

Three telephone conferences led by Robert Castaigne, Chief Financial Officer for the Group, were also conducted to discuss earnings for the first, second and third quarters of 2005.

Thus, the Group organized about 400 meetings with institutional investors and analysts in 2005.

Finally, in November 2005, TOTAL organized a field trip to Nigeria in which about 25 analysts and investors participated. The visit to the Amenam production platform (operated by TOTAL) and the Bonny liquefaction plant (in which TOTAL holds 15%) allowed them to meet Group teams in Nigeria. This trip was also an opportunity to make a major presentation on TOTAL's strategy in Africa and specifically in Nigeria.

2006 Calendar

February 15	Results for the 4 th quarter and full year 2005
April 19	Meeting with individual shareholders in Lyon
May 4	Results for the 1 st quarter 2006
May 12	Shareholders' Meeting at the Paris Convention Center
May 18	Payment of the final dividend for 2005, the first day of trading of TOTAL shares after the four-for-one stock split, and first day of the trading of Arkema shares (subject to the corresponding approval by the General Meeting of Shareholders of May 12, 2006)
June 6	Meeting with individual shareholders in Brussels
June 12	Meeting with individual shareholders in Marseille
June 14	Meeting with individual shareholders in Nantes
August 3	Results for the 2 nd quarter and the 1 st half 2006
September 6	Presentation of mid-2006 outlook
October 9	Meeting with individual shareholders in Biarritz
November 8	Results for the 3 rd quarter 2006
November 17, 18	Actionnaria trade show in Paris

2007 Calendar

May 11	Shareholders' Meeting in Paris
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Financial information contacts

Paris: Jérôme Schmitt
Vice President Investor Relations
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Fax: 01 47 44 58 24 or + 33 1 47 44 58 24
E-mail: investor-relations@total.com

North America: Robert Hammond
Director of Investor Relations North America
100 Pavonia Avenue, Suite 401
Jersey City, NJ 07310
USA
Tel.: + 1 201 626 3500
Fax: + 1 201 626 4004
E-mail: ir.nyc@total.com

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Historical financial information

2005 and 2004 consolidated financial statements (IFRS)

The consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) for the years ended December 31, 2005 and December 31, 2004 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on December 31, 2005.

They appear in Appendix 1 to this Registration Document:

- Consolidated statement of income page 165
- Consolidated balance sheet page 166
- Consolidated statement of cash flows page 167
- Consolidated statement of changes in shareholders' equity page 168
- Notes to the consolidated financial statements pages 169 to 230

2004 and 2003 consolidated financial statements (French GAAP)

The consolidated financial statements of TOTAL S.A. and its subsidiaries, prepared in accordance with French accounting standards for the years ended December 31, 2004 and December 31, 2003, are included in the TOTAL Registration Document for the year 2004 and filed with the French *Autorité des marchés financiers* on April 12, 2005 (pages 106 to 153). They are incorporated by reference in this Registration Document.

2004 Transition from French standards to IFRS

The transition items are presented in note 32 to the consolidated financial statements for the year 2005 (Appendix 1, pages 220 to 223).

These explanations are supplemented by a consolidated income statement for the year 2004, as well as the opening consolidated balance sheet (at January 1, 2004) and the closing consolidated balance sheet (December 31, 2004) for the year 2004, presented in accordance with IFRS as adopted by the European Union on December 31, 2005 (pages 224 to 227).

Financial information concerning TOTAL S.A.

Financial information concerning TOTAL S.A., the parent company of the Group, appears in Appendix 3 (pages 246 to 250 and page 257) of this Registration Document. This financial information was extracted from the TOTAL S.A.'s statutory accounts, prepared in accordance with French accounting standards.

Audit of the historical financial information

The consolidated financial statements for the fiscal year 2005 (IFRS) which appear in Appendix 1 to this Registration Document (pages 165 to 230) were certified by the Company's auditors. The auditors' report on these consolidated financial statements is provided in Appendix 1 (page 164).

The consolidated financial statements for the fiscal years 2003 and 2004 (French accounting standards) appearing on pages 107 to 153 of the Registration Document for the fiscal year 2004 and filed with the *Autorité des marchés financiers* on April 12, 2005 were

also certified by the Company's auditors. The auditors' report on the consolidated financial statements for the fiscal year 2004 is reproduced on page 106 of said document.

The TOTAL S.A.'s statutory accounts for the fiscal year 2005 (French accounting standards) from which the parent company financial information appearing in Appendix 3 of this Registration Document was extracted, (pages 246 to 250), were also certified by the Company's statutory auditors. The auditors' report on the 2005 statutory accounts is reproduced in Appendix 3 (page 245).

Additional information

Financial information other than those contained in Appendix 1 or 3 of this Registration Document, in particular ratios, statistical data or other calculated data which are used to describe the Group or its business performance, is not extracted from the audited financial statements of the issuer. Except where otherwise stated, these data are based on internal Company data.

In particular, the supplemental oil and gas information provided in Appendix 2 to this Registration Document (pages 231 to 242), is not extracted from the audited financial statements of the issuer and was not audited by the Company's statutory auditors. This

supplemental information was prepared by the Company based on elements available to it, using its own calculations or estimates and taking into account the US standards to which the Company is subject for this kind of information as a result of the listing of its shares (in the form of ADS) on the New York Stock Exchange.

This Registration Document does not include profit forecasts or estimates for the period following December 31, 2005, in the meaning of regulation (EC) n° 809/2004 dated April 29, 2004.

Dividend policy

The Company's dividend policy is described on pages 128 to 129 of this Registration Document (TOTAL and its shareholders).

Legal and arbitration proceedings

The main legal disputes in which the Group is involved are described on pages 81 to 83 of this Registration Document (Risk factors). For the past twelve-month period, the Company is not aware of any administrative, legal or arbitration disputes which have recently had or could have a material impact on its

financial position or its profitability or on those of the Group as a whole. According to the information available to the Company to date, there are no pending or threatening administrative, legal or arbitration disputes that could have a material impact on its financial position or its profitability or on those of the Group as a whole.

Significant changes

Except for the recent events mentioned in the Management Report of the Board of Directors (pages 61 to 74) or in the Business overview (page 10 to 56), no significant changes in the Group's financial or commercial position have occurred to date since December 31, 2005, the closing date of the last fiscal year for which audited financial statements have been published by the Company.

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Share capital

Share capital as of December 31, 2005

6,151,162,960 euros consisting of 615,116,296 fully paid-up shares.

Features of the shares

There is only one class of shares, with a par value of 10 euros (before the four-for-one split subject to the approval at the May 12, 2006 Shareholders' Meeting), subject to double voting rights (see page 158). The shares are in bearer or registered form at the shareholders discretion. The shares are in book-entry form and registered in a security account.

Authorized share capital not issued as of December 31, 2005

A table summarizing the currently valid authorizations to increase capital which have been granted by the Shareholders' Meeting to the Board of Directors, and the uses made of those delegations of authority in fiscal 2005, is provided on page 154.

- delegation of authority to the Board of Directors to increase the share capital by issuing new shares or other securities granting immediate or future rights to the Company's capital, maintaining shareholders' preemptive subscription rights, up to a maximum nominal amount of 4 billion euros, against which the following would be deducted:
 - (i) the total amount of capital increases through the issue of new shares without preemptive subscription rights, these issues being limited to a aggregate nominal amount of 1.8 billion euros; and
 - (ii) the nominal amount of capital increases reserved for employees, these issues being limited to a maximum amount equal to 1.5% of the outstanding share capital on the date of the decision of the Board of Directors to proceed with the issue.

Furthermore, the maximum nominal amount of all debt securities giving rights to the capital of the Company may not exceed 10 billion euros, or its equivalent value, on the date of the issue (Shareholders' Meeting of May 17, 2005 – Resolutions 10, 11 and 12 – delegations of authority valid for twenty-six months).

Based on the November 3, 2005 use of the delegation of authority for share capital increases reserved for employees, the authorized share capital not issued as new shares under these delegations of authority was 3.97 billion euros, representing 397 million shares, as of December 31, 2005.

- Delegation of authority to the Board of Directors to complete capital increases reserved for employees participating in a Company Savings Plan (*Plan d'épargne d'entreprise-PEG*), up to a maximum amount equal to 1.5% of the outstanding capital on the date of the decision of the Board of Directors to proceed to the issue (Shareholders' Meeting of May 17, 2005 – twelfth resolution – delegation of authority valid for twenty-six months). Based on the use of this delegation of authority on November 3, 2005, the authorized capital not issued as new shares in connection with a capital increase reserved for employees participating in a Company Savings Plan under same authorization was 62,267,440 euros, or 6,226,744 shares, as of December 31, 2005.⁽¹⁾
- Authority to grant stock options for new or existing shares reserved for TOTAL employees up to a maximum of 3% of the share capital on the date of allocation (Shareholders' Meeting of May 14, 2004 – nineteenth resolution – authorization valid for thirty-eight months). Pursuant to this authorization, the Board of Directors granted 3,400,000 TOTAL stock options at its meeting of July 20, 2004 and 1,558,000 TOTAL stock options at its meeting of July 19, 2005. Therefore, as of December 31, 2005, 13,495,488 shares could still be issued pursuant to this authorization.

⁽¹⁾ Assuming that the total number of subscriptions received in connection with the capital increase reserved for employees decided on November 3, 2005, and not yet completed on December 31, 2005, reaches the number of shares up to which the Board of Directors approved for this use of the authorization.

- Authority to grant restricted existing or new TOTAL stocks to employees of the Group and to executives and officers, up to a maximum of 1% of the share capital on the date of the meeting of the Board of Directors that approves the restricted stock grants (Shareholders' Meeting of May 17, 2005 – thirteenth resolution – authorization valid for thirty-eight months).

Restricted stock grants will not become final until the expiration of a minimum vesting period of two years, while the minimum period required for beneficiaries to hold the shares after vesting is set at two additional years, subject to compliance with the conditions of the restricted stock grants defined by the Board of Directors that decides to make the allotment. The capital increase, if any, resulting from the issue of restricted stock grants will be implemented through the capitalization of issuance premiums, reserves or profits.

Pursuant to this authorization, the Board of Directors awarded 574,000 shares at its meeting of July 19, 2005. Therefore, as of December 31, 2005, 5,577,162 shares could be issued pursuant to this authorization.

- Authority to cancel shares up to a maximum of 10% of the share capital per 24-month period. This authorization, granted by the Shareholders' Meeting of May 7, 2002, is effective until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2006. Pursuant to this authorization, the Board of Directors decided to cancel:

- 23,443,245 shares on November 19, 2002;
- 9,900,000 shares on July 16, 2003;
- 30,100,000 shares on November 6, 2003, effective November 21, 2003;
- 19,873,932 shares, on November 9, 2004, effective November 20, 2004;
- 13,527,578 shares on July 19, 2005; and
- 7,547,990 shares, on November 3, 2005, effective November 22, 2005.

Thus, as of December 31, 2005, taking into account the shares previously cancelled, 20,562,129 shares could still be cancelled under this authorization until November 21, 2006 before reaching the limit of 10% of the share capital that may be cancelled during a 24-month period.

Summary table of delegations of authority to increase the share capital granted to the Board of Directors and valid as of December 31, 2005

(Article L. 255-100 of the French Commercial Code)

	Type	Par value limit, or maximum number of shares expressed as % of share capital	Use in 2005	Available balance as of December 31, 2005	Date of authorization	Term of authorization given to the Board of Directors
			Par value, or number of shares	Par value, or number of shares		
Total cap on issues of securities giving rights to capital	Securities representing rights to capital	10 billion euros	-	10 billion euros	ESM* of May 17, 2005 (10 th and 11 th resolutions)	26 months
	Nominal share capital	4 billion euros or 400 million shares with preemptive subscription rights	-	3.97 billion euros or 397 million shares	ESM* of May 17, 2005 (10 th resolution)	26 months
		includes a specific sub-cap of 1.8 billion euros or 180 million shares for issues without preemptive subscription rights	-	1.8 billion euros or 180 million shares	ESM* of May 17, 2005 (11 th resolution)	26 months
		of which a specific sub-cap of 1.5% of the share capital on the date of Board decision, for capital increases reserved for employees participating in Company Savings Plan ⁽¹⁾	3 million shares ⁽²⁾	6.23 million shares ⁽²⁾	ESM* of May 17, 2005 (12 th resolution)	26 months
Share subscription or purchase options	3% of share capital on the date of Board decision to grant options ⁽¹⁾	1.56 million shares ⁽³⁾	13.5 million shares ⁽³⁾	ESM* of May 14, 2004 (19 th resolution)	38 months	
Restricted stock grants	1% of share capital on the date of Board decision to grant restricted stocks ⁽¹⁾	574,000 shares ⁽⁴⁾	5.58 million shares ⁽⁴⁾	ESM* of May 17, 2005 (13 th resolution)	38 months	

* ESM = Extraordinary Shareholders' Meeting.

(1) Share capital as of 12/31/2005: 615,116,296 shares.

(2) The number of shares authorized under the 12th Resolution of the ESM of 5/17/2005 may not exceed 1.5% of the capital on the date on which the capital increase is decided by the Board of Directors. On 11/03/2005, the Board of Directors approved a capital increase reserved for employees for a maximum of 3,000,000 TOTAL shares. As of 12/31/2005, the balance available under this authorization was 6,226,744 new shares, which is 1.5% of the 615,116,296 existing shares on that date, minus those 3,000,000 shares.

(3) The number of share subscription or purchase options authorized under the 19th Resolution of the ESM of 5/14/2004 may not exceed 3% of the capital on the date the options are granted by the Board of Directors. Since 3,400,00 share subscription options for TOTAL shares were granted by the Board of Directors on 7/20/2004 and 1,558,000 share subscription options were granted by the Board of Directors on 7/19/2005, the number of options that may still be granted as of 12/31/2005 was 13,495,488, which is 3% of the 615,116,296 existing shares at year-end, minus 4,958,000 options already granted and representing the same number of shares.

(4) The number of existing shares that may be awarded as restricted stock grants under the 13th Resolution of the ESM of 5/17/2005 may not exceed 1% of the capital on the date the restricted stocks are granted by the Board of Directors. Since the Board of Directors awarded 574,000 restricted stocks on 7/19/2005, the number of shares that may still be allotted as of 12/31/2005 is 5,577,162, which is 1% of the 615,116,296 shares outstanding at year-end, minus the 574,000 shares already granted.

Potential capital as of December 31, 2005

Securities giving rights to shares of TOTAL stock, through exercise or redemption, are:

- 7,797,549 TOTAL share subscription options as of December 31, 2005, divided into 2,842,249 options for the plan awarded by the Board of Directors at its meeting on July 16, 2003, 3,397,300 options for the plan awarded by the Board of Directors at its meeting of July 20, 2004, and 1,558,000 options for the plan awarded by the Board of Directors at its meeting of July 19, 2005;
- existing Elf Aquitaine shares or shares to be created through the exercise of Elf Aquitaine stock options (not yet exercised on the last day of the public exchange offer initiated by TOTAL in 1999); these shares may be exchanged for TOTAL shares (based on

the Offer exchange parity of 19 TOTAL shares for 13 shares of Elf Aquitaine), which was guaranteed by the Company in the information notice for the offer of September 22, 1999.

As of December 31, 2005, 236,559 stock options and 4,949 shares of Elf Aquitaine were eligible for this exchange guarantee which will expire on March 30, 2009. Moreover, 6,000 stock options of Elf Aquitaine were also eligible for this exchange guarantee which will expire on September 12, 2009. Therefore, as of December 31, 2005, 247,508 existing or future shares of Elf Aquitaine were eligible for this exchange guarantee, which entitles the holders to subscribe to a maximum of 361,742 TOTAL shares.

TOTAL shares held by the Company or its subsidiaries

As of December 31, 2005

Percentage of capital held by TOTAL S.A.	1.5%
Number of shares held in portfolio	9,166,515
Book value of the portfolio (at purchase prices) (million euros)	1,391
Market value of the portfolio (million euros) ⁽¹⁾	1,945
Percentage of capital held by the entire Group ⁽²⁾	5.6%
Number of shares held in portfolio	34,249,332
Book value of the portfolio (at purchase prices) (million euros)	4,431
Market value of the portfolio (million euros) ⁽¹⁾	7,268

(1) On the basis of a market price of 212.20 euros per share on December 31, 2005.

(2) TOTAL S.A., Total Nucléaire, Financière Valorgest, Sogapar and Fingestval.

History of the share capital

(since January 1, 2003)

Financial year 2003

- July 16, 2003 Capital reduction from 6,871,905,100 euros to 6,772,905,100 euros, through the cancellation of 9,900,000 treasury shares with a par value of 10 euros each.
- September 2, 2003 Certification of the issue of 835,644 new shares with a par value of 10 euros each between January 1 and August 5, 2003, through the exercise of 1,671,288 warrants issued by the Company in the United States in the context of its exchange offers for the Petrofina shares in 1999 and 2000, increasing the capital by a total of 8,356,440 euros to raise it from 6,772,905,100 euros to 6,781,261,540 euros.
- November 6, 2003 Reduction of the share capital from 6,781,261,540 euros to 6,480,261,540 euros via the cancellation of 30,100,000 treasury shares with a par value of 10 euros each, effective November 21, 2003.
- January 8, 2004 Certification of the issue of 1,092,082 new shares with a par value of 10 euros between January 1 and December 31, 2003, via the exchange of 747,214 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options eligible for a guaranteed exchange for TOTAL shares, increasing the capital by a total of 10,920,820 euros to raise it from 6,480,261,540 euros to 6,491,182,360 euros.

Financial year 2004

- May 6, 2004 Certification of the subscription to 3,434,830 new shares in connection with the capital increase reserved for Group employees approved by the Board of Directors on November 6, 2003, raising the share capital by 34,348,300 euros, from 6,491,182,360 euros to 6,525,530,660 euros.
- November 9, 2004 Reduction of the share capital from 6,525,530,660 euros to 6,326,791,340 euros, through the cancellation of 19,873,932 treasury shares with a par value of 10 euros each, effective November 20, 2004.
- January 11, 2005 Certification of the issue of 2,335,974 new shares with a par value of 10 euros each between January 1 and December 31, 2004, raising the capital by a total of 23,359,740 euros from 6,326,791,340 euros to 6,350,151,080 euros (including 950 new shares from the exercise of the Company's stock options, and 2,335,024 new shares from the exchange of 1,597,648 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

Financial year 2005

- July 19, 2005 Reduction of the share capital from 6,350,151,080 euros to 6,214,875,300 euros through the cancellation of 13,527,578 treasury shares with a par value of 10 euros each.
- November 3, 2005 Reduction of the share capital from 6,214,875,300 euros to 6,139,395,400 euros, through the cancellation of 7,547,990 treasury shares with a par value of 10 euros each, effective November 22, 2005.
- January 10, 2006 Certification of the issue of 1,176,756 new shares with a par value of 10 euros each between January 1 and December 31, 2005, raising the capital by a total of 11,767,560 euros from 6,139,395,400 euros to 6,151,162,960 euros (representing 133,257 new shares issued through the exercise of the Company's stock options and 1,043,499 new shares through the exchange of 713,973 shares of Elf Aquitaine stock resulting from the exercise of Elf Aquitaine stock options and eligible for a guaranteed exchange for TOTAL shares).

Articles of incorporation and bylaws; Other Information

General Information concerning the Company

Name

TOTAL S.A.

Corporate Offices

2, place de la Coupole, La Défense, 92400 Courbevoie.

Legal form and nationality

A French *société anonyme* (joint stock company).

Trade Registry

542 051 180 RCS Nanterre.

Charter and bylaws

On file with Maîtres Gildas Le Gonidec de Kerhalic and Frédéric Lucet, Notaries in Paris.

APE Code (NAF)

111Z

Term

99 years from March 22, 2000, to expire on March 22, 2099 unless dissolved early or extended.

Accounting year

From January 1 to December 31 of each year.

Company's purpose

The direct and indirect purpose of the Company is to search for and extract mining deposits in all countries, particularly hydrocarbons in all forms, and to perform industrial refining, processing and trading in the said materials as well as their derivatives and by-products, as well as all activities relating to production and distribution of all forms of energy, to the chemicals sector in all of its forms and to the rubber and health sectors.

The Company's complete corporate purpose is set forth in Article 3 of the bylaws.

Provisions of the bylaws governing the administration and management bodies

Election of Directors and term of office

Directors are elected by the Shareholders' Meeting for a three-year term up to the maximum number authorized by law (currently 18), subject to the legal provisions that allow the term to be extended until the next ordinary shareholders' meeting called to approve the financial statements for a financial year.

In addition, one Director representing the employee shareholders is also elected by the Shareholders' Meeting for a three-year term from a list of at least two candidates pre-selected by the employee shareholders under the conditions stipulated by the laws, regulations and bylaws in force. However, his term shall expire automatically once this Director is no longer an employee or a shareholder. The Board of Directors may meet and conduct valid deliberations until the date his replacement is named.

Age limit for Directors

On the closing date of each financial year, the number of individual Directors over the age of 70, whether they are serving in their own name or as a permanent representative of a legal entity, may not be greater than one-third of the directors in office. If this percentage is exceeded, the oldest Board member is automatically considered to have resigned.

Minimum interest in the Company held by Directors

Each Director (other than the Director representing the employee shareholders) must own at least five hundred shares of stock during his term of office. If he ceases to own the number of shares required, he may, however, correct his situation subject to the conditions set by law.

The Director representing the employee shareholders must hold, during his term of office, either individually or through a Company Savings Plan (*Fonds Commun de Placement d'Entreprise—FCPE*) governed by Article L. 214-40 of the French Monetary and Finance Code, at least one share or a number of units in said fund equivalent to at least one share.

Majority rules for Board meetings

Decisions are adopted by a majority vote of the Directors present or represented. In the event of a tie vote, the Chairman shall cast the deciding vote.

Directors' Charter and Committees of the Board of Directors

See pages 105 to 109.

Form of Management

The Management of the Company is assumed either by the Chairman of the Board of Directors (who then holds the title of Chairman and Chief Executive Officer), or by another individual appointed by the Board of Directors with the title of Chief Executive Officer. It is the responsibility of the Board of Directors to choose between these two forms of Management under the majority rules described above. The management form selected shall remain in effect until a decision to the contrary is made by the Board of Directors.

Rights, privileges and restrictions attached to the shares

In addition to the right to vote, each share entitles the holder to a portion of the corporate assets, distributions of profits and liquidation dividend which is proportional to the number of shares issued, subject to the laws and regulations in force and the bylaws.

With the exception of the double voting right, no privilege is attached to a specific class of shares or to a specific class of shareholder.

Double voting rights

Double voting rights in relation to the portion of share capital they represent are granted to all fully paid-up registered shares held continuously in the name of the same shareholder for at least two years, and to bonus registered shares allotted to a shareholder in connection with a capital increase by capitalization of reserves, profits or premiums on the basis of the existing shares which entitle the shareholder to a double voting right.

Limitation of voting rights

At shareholders' meetings, no shareholder may cast, by himself and through his agent, on the basis of the single voting rights attached to the shares he holds directly or indirectly and the shares for which he holds powers, more than 10% of the total number of voting rights attached to the Company's shares. However, if a shareholder holds double voting rights, this limit may be greater than 10%, but may not exceed 20%.

These restrictions no longer apply if any individual or legal entity, acting alone or in concert, acquires directly or indirectly at least two-thirds of the total number of shares of the Company following a public tender offer for all of the Company's shares.

Fractional rights

Whenever it is necessary to own several shares in order to exercise a right, a number of shares less than the number required gives the owners no rights with respect to the Company; in such a case, shareholders are responsible for combining the number of shares necessary.

Statutory allocation of profits

The net profit for the period is equal to the net income minus general expenses and other personnel expenses, all amortization and depreciation on the assets, and all provisions for commercial and industrial contingencies.

From this profit, minus prior losses, if any, the following items are deducted in the order indicated:

- 1) 5% to constitute the legal reserve fund, until said fund reaches one-tenth of the share capital;
- 2) the amounts set by the Shareholders' Meeting to fund reserves for which it determines the allocation or use;
- 3) the amounts that the Shareholders' Meeting decides to retain.

The remainder is paid to the shareholders as dividends.

The Board of Directors may pay interim dividends.

The Shareholders' Meeting held to approve the financial statements for the financial year may decide to grant shareholders an option, for all or part of the dividend or interim dividends, between payment of the dividend in cash and payment in shares.

The Shareholders' Meeting may decide at any time, but only on the basis of a proposal by the Board of Directors, to make a full or partial distribution of the amounts in the reserve accounts, either in cash or in Company shares.

Dividends not claimed at the end of a five-year period are time-barred to the benefit of the French government.

Amending shareholders' rights

Any amendment to the bylaws must be approved or authorized by the Shareholders' Meeting voting with the quorum and majority required by the laws and regulations governing Extraordinary Shareholders' Meetings.

Shareholders' Meetings

Notices of Meeting

Shareholders' meetings are convened and deliberate under the conditions provided for by law.

Admission to Meetings

To attend or be represented at shareholders' meetings, holders of bearer shares or shares registered in an account not maintained by the Company ("street name" registration) must file a certificate prepared by their financial intermediary certifying to the non-transferability of the shares until the Meeting day, at the locations indicated in the Notice of Meeting and no later than one day before the date of the Shareholders' Meeting.

Thresholds to be declared according to the bylaws

Any person, whether an individual or a legal entity, who comes to hold, directly or indirectly, a percentage of capital, voting rights or securities giving future rights to capital, which is equal to or greater than 1%, or any multiple of 1%, is required to inform the Company and must also notify the Company if their direct or indirect interest drops below these percentages.

Changes in the share capital

The Company's share capital may be modified only under the conditions stipulated by the legal and regulatory provisions in force. No provisions of the bylaws, a charter, or internal regulations shall stipulate conditions stricter than the law governing changes in the Company's share capital.

Other information

Employee incentives and profit-sharing

On June 30, 2003, an incentive agreement and a profit-sharing agreement were signed for 2003, 2004, 2005, concerning TOTAL S.A., CDF Énergie, Elf Exploration Production, Total E&P France, Total France, Total Infrastructures Gaz France, Total Lubrifiants, Total Services Maritimes, Total Fluides and Totalgaz.

The amount of the special profit-sharing and incentives reserve to be distributed by all of the companies that signed the Group agreements for fiscal year 2005 totaled 78 million euros.

Pension Savings Plan

Pursuant to French law 2003-775 of August 21, 2003 reforming pensions, an agreement was signed with the unions on September 29, 2004 to set up, as of January 1, 2005, a Collective Retirement Savings Plan (PERCO) to replace the PPESV created in the agreement of March 15, 2002. An amendment to this agreement was signed on December 20, 2005 to increase, in France, the employees and Company contributions, and to allow contributions of bonuses or profit-sharing.

Filing of Form 20-F with the Securities and Exchange Commission

In order to meet its obligations resulting from the listing of its shares in the United States, the Company files, along with this document, an annual document (Form 20-F) in English with the Securities and Exchange Commission (SEC). This document contains a table showing the reconciliation between its consolidated financial statements and the statements that would be presented under US accounting standards.

The principal variance concerns the treatment of the consolidation of Elf Aquitaine and PetroFina. Pursuant to IFRS 1 "First-time adoption of the IFRS", the Group opted for the exemption not to restate business combinations prior to January 1, 2004. Thus, the consolidations of Elf Aquitaine and PetroFina are booked as a pooling of interests in the IFRS statements and as acquisitions in the US statements.

The other differences result from various methods presenting incompatibilities under accounting law.

These differences, which have their origin in various practices for valuing balance sheet items, have no impact on cash flows, cash and cash equivalents or financial liabilities.

The detailed explanations of the differences described above are presented in the Form 20-F available on the Group's website.

Moreover, the Company specifies that, pursuant to the requirements introduced by the Sarbanes-Oxley Act of July 30, 2002, the Chairman and Chief Executive Officer and the Chief Financial Officer of the Company conducted, with the assistance of Management, an evaluation of the effectiveness of the internal controls and procedures for the information published or to be published (disclosure controls and procedures) as defined by US regulations, for the period covered by the Form 20-F document. For 2005, the Chairman and Chief Executive Officer and the Chief Financial Officer verified the effectiveness of the internal controls and procedures.

Documents on display

The documents and information about TOTAL S.A., as well as its Charter, bylaws and the Company's individual and consolidated financial statements for the year ended December 31, 2005 or for previous years may be consulted at the Company's headquarters pursuant to the legal and regulatory provisions in force.

In addition, the financial information of a direct or indirect subsidiary of the Company for the years ended December 31, 2004 and December 31, 2005 may be consulted at the headquarters of the subsidiary, under the applicable legal and regulatory conditions.

Finally, TOTAL's registration documents filed with the French *Autorité des marchés financiers* for each of the past five financial years as well as half-year Group presentations on its results and outlook may be consulted online on the Company's website www.total.com, under the heading Finance/Publications), and on the website of the *Autorité des marchés financiers* (www.amf-france.org).

Information on holdings

General information

As of December 31, 2005:

- 682 companies were fully consolidated, 11 were proportionately consolidated and 94 were accounted for using the equity method;
- the TOTAL S.A. accounting scope of consolidation includes all companies in which the Company holds a direct or indirect interest, the book value of which on that date is at least equal to 10% of the amount of TOTAL S.A. equity or of the consolidated net assets of the Group, or which has generated at least 10% of the TOTAL S.A. net income or of the Group's consolidated net income during the last year.

A list of the principal companies consolidated by TOTAL S.A. is provided in a summary table in note 33 to the consolidated financial statements (pages 228 and 229).

Shareholders' agreement concerning Sanofi-Aventis⁽¹⁾

A shareholders' agreement⁽²⁾ was signed by Elf Aquitaine and L'Oréal on April 9, 1999 for an initial term of six years commencing December 2, 1998, which ended on December 2, 2004. It was renewable by tacit agreement and, after the sixth year, either party had the option to terminate the agreement at any time, provided they gave notice one year in advance. The agreement was amended on November 24, 2003⁽³⁾. The amendment stated that TOTAL S.A. would henceforth be party to the agreement, that the agreement would terminate on December 2, 2004, and that the parties would not act together in relation to Sanofi-Synthelabo after that date.

On June 6, 2005, in AMF notice 205C1014, TOTAL S.A. declared that it held less than 20% of the voting rights in Sanofi-Aventis, that is 12.79% of Sanofi-Aventis share capital and 19.58% of the voting rights, following the dissolution of the company *Valorisation et Gestion Financière* on May 29, 2005, which resulted in a loss of double voting rights. In the same notice, TOTAL S.A. noted that it was no longer acting together with L'Oréal, in relation to Sanofi-Synthelabo, since the expiration on December 2, 2004 of the agreement signed on April 9, 1999 between TOTAL S.A. and L'Oréal.

In fiscal year 2005, the TOTAL Group's stake, held indirectly through its 99.48% subsidiary Elf Aquitaine, was changed from

12.65% of the stock and 21.49% of the voting rights of Sanofi-Aventis as of December 31, 2004 to 12.74% of the stock and 19.58% of the voting rights as of December 31, 2005.

For a description of Sanofi-Aventis, please consult information released by that company.

TOTAL holdings in Cepsa

TOTAL has been a shareholder in the Spanish oil and gas company Cepsa since 1990. Elf Aquitaine and the Spanish bank Santander Central Hispano S.A. ("SCH") entered into various contracts concerning their investments in and cooperation regarding Cepsa.

As of December 31, 2005, TOTAL held 36.97% of Cepsa's capital through its 99.48% owned subsidiary Elf Aquitaine. In addition, TOTAL indirectly held 8.31% of Cepsa's share capital through its investment in the Spanish holding company Somaen Dos. Together, this amounts to a total direct and indirect holding of 45.28%. The other major shareholders of Cepsa are SCH, Union Fenosa and International Petroleum Investment Company.

Without prior consultation with TOTAL, SCH, which at the time had an indirect holding of 19.92% in the share capital of Cepsa, launched a tender offer on September 26, 2003 for 16% of Cepsa's share capital at a price of 28 euros per share.

On October 7, 2003, TOTAL transmitted to the CNMV (*Comision Nacional del Mercado de Valores*) the contracts it had entered into with SCH, as stipulated by Spanish Law 26/2003 of July 17, 2003 regarding transparency for listed companies.

Given the persistent disagreements between TOTAL and SCH regarding the possible impact of Spanish Law 26/2003 on their contractual relationships and in order to protect its rights, TOTAL announced that, pursuant to the arbitration clauses in the relevant agreements between SCH and TOTAL, it had initiated arbitration proceedings before the Netherlands Arbitration Institute at the Hague on October 13, 2003.

At the close of its tender offer on November 24, 2003, SCH had acquired 12.13% of Cepsa's share capital.

On November 25, 2003, the Netherlands Arbitration Institute at the Hague rendered a decision imposing provisional measures pending final judgment on the merits of the case. The proceedings on the merits of the case are in progress and it is possible that the Netherlands Arbitration Institute will render its decision in 2006.

(1) Sanofi-Synthelabo became Sanofi-Aventis on August 20, 2004 following the merger between Aventis and Sanofi-Synthelabo.

(2) Prospectus approved by the Commission des opérations de Bourse (COB) on April 15, 1999 under No. 99-399.

(3) AMF notice 203C2012 dated November 28, 2003.

Appendix 1 - Consolidated financial statements

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Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2005

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report together with the statutory auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by the Annual General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of TOTAL S.A. for the year ended December 31, 2005.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. The financial statements have been prepared for the first time on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union. They included 2004 figures restated according to IFRS for comparison purposes.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the group of consolidated companies in accordance with the IFRS as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L.225-235 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Some accounting principles applied by TOTAL involve a significant amount of judgments and estimates principally related to the application of the successful efforts method for the oil and gas activities, the depreciation of long-lived assets, the provisions for dismantlement, removal and environmental costs, the evaluation of retirement obligations and the determination of the current and deferred taxation. Detailed information relating to the application of these accounting principles is given in the notes to the consolidated financial statements.

Our procedures relating to the material judgments or estimates made by the management and which can result from the application of these accounting principles enabled us to assess their reasonableness.

The assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris la Défense, March 15, 2006

The statutory auditors

ERNST & YOUNG AUDIT

Gabriel Galet

Philippe Diu

KPMG AUDIT

Département de KPMG S.A.

René Amirkhanian

Consolidated statement of income

TOTAL

(in millions of euros) ⁽¹⁾

For the year ended December 31,	Note	2005	2004
Sales	(Notes 4 & 5)	143,168	121,998
Exercise taxes		(20,550)	(21,517)
Revenues from sales		122,618	100,481
Purchases net of inventory variation	(Note 6)	(72,565)	(58,556)
Other operating expenses	(Note 6)	(20,164)	(19,103)
Unsuccessful exploration costs	(Note 6)	(431)	(414)
Depreciation, depletion, and amortization of tangible assets and leasehold rights		(5,411)	(5,722)
Operating income	(Note 4)		
Corporate		(467)	(349)
Business segments *		24,514	17,035
Total operating income		24,047	16,686
Other income	(Note 7)	177	3,139
Other expense	(Note 7)	(762)	(1,197)
Financial interest on debt		(1,257)	(737)
Financial income from marketable securities & cash equivalents		943	572
Cost of net debt		(314)	(165)
Other financial income	(Note 8)	405	333
Other financial expense	(Note 8)	(269)	(235)
Income taxes	(Note 9)	(11,825)	(8,570)
Equity in income (loss) of affiliates	(Note 12)	1,184	1,158
Consolidated net income		12,643	11,149
Group share **		12,273	10,868
Minority interests and dividends on subsidiaries' redeemable preferred shares		370	281
Earnings per share (euros)		20.91	17.99
Fully-diluted earnings per share (euros) ***		20.78	17.92
* Adjusted operating income from business segments		23,669	17,217
Adjusted net operating income from business segments		11,902	8,957
** Adjusted net income		12,003	9,131
*** Adjusted fully-diluted earnings per share (euros)		20.33	15.05

(1) Except for per share amount.

Consolidated balance sheet

TOTAL

As of December 31, (in millions of euros)	Note	2005	2004
ASSETS			
Non-current assets			
Intangible assets, net	(Notes 5 & 10)	4,384	3,176
Property, plant and equipment, net	(Notes 5 & 11)	40,568	34,906
Equity affiliates: investments and loans	(Note 12)	12,652	10,680
Other investments	(Note 13)	1,516	1,198
Hedging instruments of non-current financial debt	(Notes 20 & 27)	477	1,516
Other non-current assets	(Note 14)	2,794	2,351
Total non-current assets		62,391	53,827
Current assets			
Inventories, net	(Note 15)	12,690	9,264
Accounts receivable, net	(Note 16)	19,612	14,025
Prepaid expenses and other current assets	(Note 16)	6,799	5,314
Current financial instruments	(Notes 20 & 27)	334	477
Cash and cash equivalents		4,318	3,860
Total current assets		43,753	32,940
Total assets		106,144	86,767
LIABILITIES & SHAREHOLDERS' EQUITY			
Shareholders' equity			
Common shares		6,151	6,350
Paid-in surplus and retained earnings		37,504	31,717
Cumulative translation adjustment		1,421	(1,429)
Treasury shares		(4,431)	(5,030)
Total shareholders' equity - Group share	(Note 17)	40,645	31,608
Minority interests and subsidiaries' redeemable preferred shares		838	810
Total shareholders' equity		41,483	32,418
Non-current liabilities			
Deferred income taxes	(Note 9)	6,976	6,402
Employee benefits	(Note 18)	3,413	3,607
Other non-current liabilities	(Note 19)	7,051	6,274
Total non-current liabilities		17,440	16,283
Non-current financial debt	(Note 20)	13,793	11,289
Current liabilities			
Accounts payable		16,406	11,672
Other creditors and accrued liabilities	(Note 21)	13,069	11,148
Current borrowings	(Note 20)	3,920	3,614
Current financial instruments	(Notes 20 & 27)	33	343
Total current liabilities		33,428	26,777
Total liabilities and shareholders' equity		106,144	86,767

Consolidated statement of cash flows

TOTAL

(Note 26)

For the year ended December 31, (in millions of euros)	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Consolidated net income	12,643	11,149
Depreciation, depletion, and amortization	5,652	6,268
Non-current liabilities, valuation allowances, and deferred taxes	515	715
Impact of coverage of pension benefit plans	(23)	(181)
Unsuccessful exploration costs	431	414
(Gains) Losses on sales of assets	(99)	(3,139)
Undistributed affiliates' equity earnings	(596)	(583)
Other changes, net	148	272
Cash flow from operating activities before changes in working capital	18,671	14,915
(Increase) Decrease in operating assets and liabilities	(4,002)	(253)
Cash flow from operating activities	14,669	14,662
CASH FLOW USED IN INVESTING ACTIVITIES		
Intangible assets and property, plant and equipment additions	(8,482)	(7,403)
Exploration costs directly charged to expense	(366)	(374)
Acquisitions of subsidiaries, net of cash acquired	(1,116)	(131)
Investments in equity affiliates and other securities	(280)	(209)
Increase in non-current loans	(951)	(787)
Total expenditures	(11,195)	(8,904)
Proceeds from sale of intangible assets and property, plant and equipment	274	225
Proceeds from sale of subsidiaries, net of cash sold	11	1
Proceeds from sale of non-current investments	135	408
Repayment of non-current loans	668	558
Total divestitures	1,088	1,192
Cash flow used in investing activities	(10,107)	(7,712)
CASH FLOW USED IN FINANCING ACTIVITIES		
Issuance (repayment) of shares:		
Parent company's shareholders	17	371
Treasury shares	(3,189)	(3,554)
Minority shareholders	83	162
Subsidiaries' redeemable preferred shares	(156)	(241)
Cash dividends paid:		
- Parent company's shareholders	(3,510)	(4,293)
- Minority shareholders	(237)	(207)
Net issuance (repayment) of non-current debt	2,878	2,249
Increase (Decrease) in current borrowings	(951)	(2,195)
Other changes, net	(1)	(6)
Cash flow used in financing activities	(5,066)	(7,714)
Net increase/decrease in cash and cash equivalents	(504)	(764)
Effect of exchange rates and changes in reporting entity	962	(236)
Cash and cash equivalents at the beginning of the period	3,860	4,860
Cash and cash equivalents at the end of the period	4,318	3,860

Consolidated statement of changes in shareholders' equity

TOTAL

(in millions of euros)

	Common shares issued		Paid-in surplus and retained earnings	Cumulative translation adjustment	Treasury shares		Share holders' equity	Subsidiaries' redeemable preferred shares	Minority interest	Total equity
	Number	Amount			Number	Amount				
As of January 1, 2004 (as reported under French GAAP)	649,118,236	6,491	30,408	(3,268)	(26,256,899)	(3,225)	30,406	396	664	31,466
IFRS adjustments	-	-	(3,048)	3,268	(10,855,206)	(1,388)	(1,168)	-	19	(1,149)
As of January 1, 2004 (as restated under IFRS)	649,118,236	6,491	27,360	-	(37,112,105)	(4,613)	29,238	396	683	30,317
Net income 2004	-	-	10,868	-	-	-	10,868	6	275	11,149
Items recognized directly in equity	-	-	29	(1,429)	-	-	(1,400)	(14)	(88)	(1,502)
Total excluding transactions with shareholders	-	-	10,897	(1,429)	-	-	9,468	(8)	187	9,647
Cash dividend	-	-	(4,293)	-	-	-	(4,293)	-	(207)	(4,500)
Issuance of common shares (Note 17)	5,770,804	58	478	-	-	-	536	-	-	536
Purchase of treasury shares	-	-	-	-	(22,550,000)	(3,554)	(3,554)	-	-	(3,554)
Sale of treasury shares	-	-	14	-	715,686	61	75	-	-	75
Repayment of subsidiaries' redeemable preferred shares	-	-	-	-	-	-	-	(241)	-	(241)
Share-based payments (Note 24)	-	-	138	-	-	-	138	-	-	138
Transactions with shareholders	5,770,804	58	(3,663)	-	(21,834,314)	(3,493)	(7,098)	(241)	(207)	(7,546)
Cancellation of purchased shares (Note 17)	(19,873,932)	(199)	(2,877)	-	19,873,932	3,076	-	-	-	-
As of December 31, 2004 (IFRS)	635,015,108	6,350	31,717	(1,429)	(39,072,487)	(5,030)	31,608	147	663	32,418
Net income 2005	-	-	12,273	-	-	-	12,273	1	369	12,643
Items recognized directly in equity (Note 17)	-	-	418	2,850	-	-	3,268	8	43	3,319
Total excluding transactions with shareholders	-	-	12,691	2,850	-	-	15,541	9	412	15,962
Cash dividend	-	-	(3,510)	-	-	-	(3,510)	-	(237)	(3,747)
Issuance of common shares (Note 17)	1,176,756	12	88	-	-	-	100	-	-	100
Purchase of treasury shares	-	-	-	-	(18,318,500)	(3,485)	(3,485)	-	-	(3,485)
Sale of treasury shares	-	-	34	-	2,066,087	226	260	-	-	260
Repayment of subsidiaries' redeemable preferred shares	-	-	-	-	-	-	-	(156)	-	(156)
Share-based payments (Note 24)	-	-	131	-	-	-	131	-	-	131
Transactions with shareholders	1,176,756	12	(3,257)	-	(16,252,413)	(3,259)	(6,504)	(156)	(237)	(6,897)
Cancellation of purchased shares (Note 17)	(21,075,568)	(211)	(3,647)	-	21,075,568	3,858	-	-	-	-
As of December 31, 2005	615,116,296	6,151	37,504	1,421	(34,249,332)	(4,431)	40,645	-	838	41,483

Notes to the consolidated financial statements

On February 14, 2006, the Board of Directors closed and authorized the publication of the consolidated financial statements for the year ended December 31, 2005.

Introduction

The consolidated financial statements of TOTAL S.A. and its subsidiaries (the Group) have been prepared on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union, as of December 31, 2005.

The preparation of financial statements in accordance with IFRS requires management to make estimates and apply assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. Management reviews these estimates and assumptions on a continuous basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the book value of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply.

Lastly, where a specific transaction is not dealt with in any standards or interpretation, management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- give a true and fair view of the Group's financial position, financial performance and cash flows;
- reflect the substance of transactions;
- are neutral;
- are prepared on a prudent basis;
- are complete in all material aspects.

Information concerning the first-time application of IFRS

Pursuant to IFRS 1 "First-time adoption of International Financial Reporting Standards", the Group has chosen to apply the following exemptions:

- offsetting currency translation adjustment (CTA) against retained earnings, as of January 1, 2004;
- recording unrecognized actuarial losses and gains related to employee benefits obligations as of January 1, 2004 in retained earnings;
- no retroactive restatement of business combinations that occurred before January 1st, 2004;
- retrospective application of IFRS 2 "Share-based payments" to all transactions within the scope of IFRS 2 and not solely to the share-based compensation plans granted after November 7, 2002.

The other exemptions included in IFRS 1 "First Time Adoption" have not been applied at the transition date to the IFRS or did not have any material impact on the consolidated financial statements.

IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurements" have been applied as from January 1, 2004. The Group has decided on an early application in 2004 of IFRS 6 "Exploration for and Evaluation of Mineral Resources". This standard is compatible with previously used methods to record exploration and production costs (see note 1 G to the consolidated financial statements: oil and gas exploration and producing properties).

Description of the effects of the transition to IFRS on the net equity and the results of the Group were provided for in the 2004 Annual Report, and in the 2004 quarterly summarized financial statements which were published in May 2005. This information is presented in the note 32 to the consolidated financial statements.

The transition balance sheet as of January 1, 2004 included in the note 32 differs from that published in May 2005 on the following items. Financial instruments were presented in deduction of the non-current financial debt, while they are now recorded separately in the balance sheet either under "Hedging instruments of non-current financial debt" on the asset side or "Non-current financial debt" on the liability side. Similarly, current financial instruments are recorded on either asset or liability accounts "Current financial instruments" depending on whether it is an asset or a liability.

The financial data for 2004 and 2003 were presented under French GAAP in the 2004 Annual Report.

1. Accounting policies

The main consolidated financial statements have been prepared on a historical cost basis, except for some financial assets and liabilities that have been measured at fair value.

The accounting policies used by the Group are described below.

A. Principles of consolidation

The subsidiaries that are directly controlled by the parent company or indirectly controlled by other consolidated subsidiaries are fully consolidated.

Investments in jointly controlled entities are proportionately consolidated.

Investment in associates, in which the Group has significant influence, are accounted for by the equity method. Significant influence is presumed when the Group holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting rights.

Companies in which ownership interest is less than 20%, but over which the Company has the ability to exercise significant influence, are also accounted for by the equity method.

All significant intercompany balances, transactions and income have been eliminated.

B. Foreign currency translation

The financial statements of subsidiaries are prepared in the currency that most clearly reflects their business environment. This is referred to as their functional currency.

(i) Monetary transactions

Transactions denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized in "Other income" or "Other expense".

(ii) Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros on the basis of the exchange rates at the end of the period. The income and cash flow statements are translated using the average exchange rates of the period. Foreign exchange differences resulting from such translations are either recorded in Shareholders' equity under "Cumulative translation adjustments" (for the Group share) or under "Minority interests" as deemed appropriate.

C. Sales and revenues from sales

Revenues from sales are recognized when the significant risks and rewards of ownership have been passed to the buyer and the amount can be reasonably measured. Sales figures include excise taxes collected by the Group within the course of its oil distribution operations. Excise taxes are deducted from sales in order to obtain the "Revenues from sales" indicator.

Revenues from sales of crude oil, natural gas and coal are recorded upon transfer of title, according to the terms of the sales contracts. Revenues from the production of crude oil and natural gas properties in which the Group has an interest with other producers are recognized on the basis of the Group's net working interest.

Revenues from gas transport are recognized when the services are rendered, based on the quantities transported and measured according to procedures defined in each service contract.

Revenues from sales of electricity, from refining and marketing activities and from the sales of chemicals products are recorded upon transfer of title, according to the terms of the related contracts.

Revenues from services are recognized when the services have been rendered.

Shipping revenues and expenses from charters activity are recognized ratably over the estimated length of each voyage. Voyages are calculated on a discharge-to-discharge basis. Shipping revenues recognition starts only when a Charter has been agreed to by both the Group and the customer.

Oil and gas sales are inclusive of quantities delivered that represent production royalties and taxes when paid in cash and outside the US and Canada.

Some transactions within the trading activities (contracts involving quantities that are purchased outside the Group then resold outside the Group) are shown at their net value in sales.

Exchanges of crude oil and petroleum products within normal trading activities do not generate any income: flows are shown at their net value in both the income statement and the balance sheet.

D. Share-based payments

The Group applies IFRS 2 "Share-based payments" to employee stock option and share purchase plans and to employee-reserved capital increases. The benefits are determined at fair value by reference to the granted instruments.

The fair value of the options is calculated using the Black & Scholes method at the grant date. The expense is allocated on a straight-line basis between the grant date and vesting date.

The cost of employee-reserved capital increases is immediately expensed. A discount reduces the expense in order to take into account the non-transferability of the shares awarded to the employees over a period of five years according to French regulations.

These employee benefits are recognized as expenses against shareholders' equity.

E. Income taxes

Income taxes disclosed in the income statement include the current tax expense (income) and the deferred tax expense (income).

The Group uses the liability method whereby deferred income taxes are recorded based on the temporary differences between the financial statement and tax basis of assets and liabilities, and for carry forwards of unused tax losses and tax credits.

Deferred tax assets and liabilities are measured using the tax rates that have been enacted or officially proposed at the balance sheet date. The tax rates used depend on the maturity of renewal of temporary differences, tax losses and other tax credits. The effect of the change in tax rate is recognized either in the consolidated statement of income or in equity depending on the item it is related to.

Deferred tax assets are recognized when future recovery is probable.

Deferred tax liabilities on temporary differences resulting from the variation in difference between the carrying value of the equity-method investments and the taxable basis of these investments are recognized. The deferred tax calculation is based on the expected future tax effect (dividend distribution rate or tax rate on the gain or loss upon sale of these investments).

Taxes paid on Upstream production are included in operating expenses, including those related to historical concessions held by the Group in the Middle East producing countries.

F. Earnings per share

Earnings per share are calculated by dividing net income by the weighted-average number of common shares outstanding during the period.

Fully-diluted earnings per share are calculated by dividing net income by the fully-diluted weighted-average number of common shares outstanding during the period. Treasury shares held by the parent company, TOTAL S.A., and, by the Group subsidiaries, which are deducted from consolidated shareholders' equity are not considered outstanding for purposes of this calculation which also takes into account the dilutive effect of stock-options, restricted shares, and capital increases with a subscription period closing after the end of the fiscal year.

The weighted-average number of fully-diluted shares is calculated in accordance with the treasury stock method provided for by IAS 33. The proceeds, which would be recovered in the event of an exercise of rights related to dilutive instruments, are presumed to be a buy back of shares at the average market price over the period. The number of shares thereby obtained leads to a reduction in the total number of shares that would result from the exercise of rights.

G. Oil and gas exploration and producing properties

The Group also applies IFRS 6 "Exploration for and Evaluation of Mineral Resources". Oil and gas exploration and production properties and assets are accounted for in accordance with the successful efforts method.

(i) Exploration costs

Geological and geophysical costs, including seismic surveys for exploration purposes are expensed as incurred.

Exploration leasehold rights acquisition costs are capitalized as intangible assets when acquired. Depreciation is recorded, property by property, on the basis of the results of the exploratory activity and management evaluation.

In the event of a discovery, the unproved leasehold rights are transferred to proved leasehold rights at their net book value as soon as proved reserves are booked.

Exploratory wells are accounted for as follows:

- costs of exploratory wells that have found proved reserves are capitalized. Capitalized successful exploration wells are then depreciated using the unit-of-production method based on proved developed reserves;
- costs of dry exploratory wells and wells that have not found proved reserves are charged to expense;
- costs of exploratory wells are temporarily capitalized until a determination is made as to whether the well has found proved reserves if both of the following conditions are met:
 - the well has found a sufficient quantity of reserves to justify its completion as a producing well, if appropriate, assuming that the required capital expenditures are made.
 - the Group is making sufficient progress assessing the reserves and the economic and operating viability of the project. This progress is evaluated on the basis of indicators such as whether additional exploratory works are under way or firmly planned (wells, seismic or significant studies), whether costs are being incurred for development studies and whether the Group is waiting for governmental or other third-party authorization of a proposed project, or availability of capacity on an existing transport or processing facility.

Costs of exploratory wells not meeting these conditions are charged to expense.

(ii) Oil and Gas producing assets

Development costs incurred for the drilling of development wells and in the construction of production facilities are capitalized, together with interest costs incurred during the period of construction and estimated discounted costs of asset retirement obligations. The depletion rate is equal to the ratio of oil and gas production for the period to proved developed reserves (unit-of-production method).

With respect to production sharing contracts, this computation is based on the portion of production and reserves assigned to the Group taking into account estimations based on the contractual clauses regarding the reimbursement of exploration and development costs (cost oil) as well as the sharing of hydrocarbon rights (profit oil).

Transportation assets are depreciated using the unit-of-production method based on throughput or by using the straight-line method whichever best reflects the economic life of the asset.

Proved leasehold rights are depreciated using the unit-of-production method based on proved reserves.

H. Goodwill and other intangible assets

Other intangible assets include goodwill, patents, trademarks, and leasehold rights.

Other intangible assets are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses

Goodwill in a consolidated company is calculated as the excess of the cost of shares, including transaction expenses, over the fair value of the Group's share of the net assets at the acquisition date. Goodwill is not amortized but is tested for impairment annually or as soon as there is any indication that an asset may be impaired (see note 1 K to the consolidated financial statements "Impairment of long-lived assets".)

In equity affiliates, the book value of goodwill is included in the book value of the investment. Other intangible assets (except goodwill) have a definite useful life and are amortized on a straight-line basis over 10 to 40 years depending on the useful life of the assets.

Research and development

Research costs are charged to expense as incurred.

Development expenses are capitalized when the following can be demonstrated:

- the technical feasibility of the project and the availability of the appropriate resources for the completion of the intangible asset;
- the ability of the asset to generate probable future economic benefits;
- the ability to measure reliably the expenditures attributable to the asset.

Advertising costs are charged to expense as incurred.

I. Other property, plant and equipment

Other property, plant and equipment are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses. This includes interest expenses incurred until assets are placed in service. Investment subsidies are deducted from the cost of the related expenditures.

Routine maintenance and repairs are charged to expense as incurred. The costs of major turnarounds of refineries and large petrochemical units are capitalized as incurred and depreciated over the period of time between two major turnarounds.

Other property, plant and equipment are depreciated using the straight-line method over their useful life, as follows:

• Furniture, office equipment, machinery and tool:	3-12 years
• Transportation equipment:	5-20 years
• Storage tanks and related equipments:	10-15 years
• Specialized complex installations and pipelines:	10-30 years
• Buildings:	10-50 years

J. Leases

A finance lease transfers substantially all the risks and rewards incidental to ownership from the lessor to the lessee. These contracts are capitalized as assets at fair value or if lower at the present value of the minimum lease payments according to the contract. A corresponding financial debt is recognized as financial liabilities. These assets are depreciated over the useful life used by the Group.

Leases that are not financial leases as defined above are recorded as operating leases.

K. Impairment of long-lived assets

The recoverable amounts of intangible assets and property, plant and equipment are tested for possible impairment as soon as there is any indication that the assets may be impaired. This test is performed at least annually for goodwill.

The recoverable value is the higher of the sale price (net of sale expenses) and its useful value.

For this purpose, assets are grouped into cash-generating units (or CGUs). A cash-generating unit is a group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

The recoverable amount of a CGU is determined by reference to the discounted future cash flows expected from it, based upon management's expectation of future economic and operating conditions. If the recoverable amount is less than the carrying amount, an impairment loss on property, plant and equipment and leasehold rights, or on other intangible assets is recognized either in "Depreciation, depletion and amortization of tangible assets and leasehold rights" or in "Other expense", respectively.

Impairment losses recognized in prior periods could be reversed up to the net book value that the asset would have had, had the impairment loss not been recognized. An impairment loss recognized for goodwill shall not be reversed.

L. Financial assets and liabilities

Financial assets and liabilities are financial loans and receivables, investments in non-consolidated companies, publicly traded equity securities, financial derivatives, current and non-current financial liabilities.

The accounting treatment of these financial assets and liabilities is as follows.

(i) Financial loans and receivables

Financial loans and receivables are recognized at amortized cost. They are tested for impairment, the net book value being compared to estimates of the discounted future recoverable cash flows. These tests are conducted as soon as there is any evidence that their fair value is less than their net book value, and at least annually. The potential loss is recorded in the statement of income.

(ii) Investments in non-consolidated companies and publicly-traded equity securities

These assets are classified as available for sale and therefore measured at their fair value. For listed securities, this fair value is equal to the market price. For unlisted securities, if the fair value is not reliably determinable, securities are recorded at their historical value. Changes in fair value are recorded in shareholders' equity. If there is any evidence of a significant or long-lasting loss,

an impairment loss is recorded in the consolidated statement of income. This impairment is only reversed in the statement of income when the securities are sold.

(iii) Derivative instruments

The Group uses derivative instruments in order to manage its exposure to movements in interest rates and foreign exchange rates. Changes in fair value of derivative instruments are recognized in the statement of income or in shareholders' equity and are recognized in the balance sheet in the accounts corresponding to their nature, according to the risk management strategy described in note 28 to the consolidated financial statements. The derivative instruments used by the Group are the following:

- Cash management

Financial instruments used for cash management purposes are part of a hedging strategy of currency and interest rate risks in reference to global limits set by the Group and are considered to be used for transactions (held for trading). Changes in fair value are systematically recorded in the income statement. The balance sheet value of those instruments is included in the "Current financial instruments" accounts, in assets or liabilities.

- Long-term financing (other than euro)

When an external long-term financing is set up, specifically to finance subsidiaries in a currency other than the euro, which is mainly the case for subsidiaries whose functional currency is the dollar, and when this financing involves currency and interest rate derivatives, these instruments qualify as fair value hedges of the interest rate risk on the external debt and of the currency risk of the loans to subsidiaries. Changes in fair value of derivatives are recognized in the income statement as are changes in fair value of financial debts and loans to subsidiaries.

The fair value of those hedging instruments of long-term financing is included in the assets under "Hedging instruments on non-current financial debt" or in the liabilities under "Non-current financial debt" for the non-current part. The current part (less than one year) is accounted for under "Current financial instruments", in assets or liabilities.

In case of anticipated termination of derivative instruments accounted for as fair value hedge, the amount paid or received is recognized in the income statement and:

- if this termination is due to an early cancellation of the hedged items, the adjustment previously recorded as revaluation of those hedged items is also recognized in the income statement;
- if the hedged items remain in the balance sheet, the adjustment previously recorded as revaluation of those hedged items is spread over the remaining life of those items.

- Subsidiaries' equity hedge

Some financial instruments hedge against risks related to the equity of foreign subsidiaries whose functional currency is not the euro (mainly dollar). They qualify as "net investment hedges". Changes in fair value are recorded in shareholders' equity. The fair value of these instruments is recorded under "Current financial instruments".

- Financial instruments related to commodity contracts

Financial instruments related to commodity contracts, including all the crude oil, petroleum products, natural gas and power purchasing/selling contracts related to the trading activities, together with the commodity contract derivative instruments, are used to adjust the Group's exposure to price fluctuations in reference to global trading limits. These instruments are considered, according to the industry practice, as held for trading. Changes in fair value are recorded in the income statement. The fair value of these instruments is recorded the appropriate operating third party headings depending under "Accounts receivable and other current assets" or "Accounts payable and other creditors" depending whether they are assets or liabilities.

Detailed information about the closing balances for the years ended December 31, 2004 and 2005 is disclosed in notes 20, 27 and 28 to the consolidated financial statements.

(iv) Current and non-current financial liabilities

Current and non-current financial liabilities (excluding derivatives) are recognized at amortized cost, except those for which a hedge accounting can be applied as described in the previous paragraph.

(v) Fair value of financial instruments

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

The estimation of fair values, based in particular on principles such as discounting to present value of future cash flows, must be weighted by the fact that the value of a financial instrument at a given time may be modified depending on the market environment (liquidity especially), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account. In some cases, the estimates have been made based on simplifying assumptions.

As a consequence, the use of different estimates, methodologies and assumptions may have a material effect on the estimated fair value amounts.

The methods used are as follows:

- **financial debts, swaps:** The market value of swaps and of debenture loans that are hedged by those swaps, have been determined on an individual basis by discounting future cash flows with the zero coupon interest rate curves existing at year-end.
- **other financial instruments:** The fair value of the interest rate swaps and of FRA (Forward Right Agreement) are calculated by discounting future cash flows on the basis of the zero coupon interest rate curves existing at year-end after adjustment for interest accrued yet unpaid.

Forward exchange contracts and currency swaps are valued on the basis of a comparison of the forward rates negotiated with the rates in effect on the financial markets at year-end for similar maturities.

Exchange options are valued based on the Garman-Kohlhagen model including market quotations at year-end.

M. Inventories

Inventories are valued in the consolidated financial statements at the lower of historical cost and market value. Cost price of petroleum and petrochemical products is determined according to the FIFO (First-In, First-Out) method and those of other inventories using the weighted-average cost method.

In note 4 to the consolidated financial statements setting forth information by business segment, the adjusted results of the Downstream and Chemical segments are also presented according to the replacement cost method. This is the method used to assess the segment's performance and ensure the comparability of the segment's results with those of its competitors, mainly North-American.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the income statement is determined by the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results according to the FIFO and the replacement cost. This effect is presented in the adjusting items in note 4 to the consolidated financial statements.

Downstream (Refining – Marketing)

Petroleum product inventories are mainly comprised of crude oil and refined products. Refined products principally consist of gasoline, kerosene, diesel, fuel and heating oil and are produced by the Group's refineries. The life cycle of petroleum products does not exceed two months on average.

Crude oil costs include raw material and receipt costs. Refining costs principally include the crude oil costs, production costs (energy, labor, depreciation of producing assets) and allocation of production overhead (taxes, maintenance, insurance, etc). Start-up costs and general administrative costs are excluded from the cost price of refined products.

Chemicals

Costs of chemical products inventories consist of raw material costs, direct labor costs and an allocation of production overhead. Start-up costs and general administrative costs are excluded from the cost of inventories of chemicals products.

N. Treasury shares

Treasury shares of the parent company TOTAL S.A. held by its subsidiaries or itself, are deducted from consolidated shareholders' equity. Gains or losses on sales of treasury shares are excluded from the determination of net income and are recognized in shareholders' equity.

O. Other non-current liabilities

Non-current liabilities comprise liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made of the amount of the obligation. The amount of the liability corresponds to the best possible estimate.

P. Asset retirement obligations

Asset retirement obligations, which result from a legal or constructive obligation, are recognized on the basis of a reasonable estimate of their fair value in the period in which the obligation arises.

The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived assets and depreciated over the useful life of the associated long-lived asset.

An entity is required to measure changes in the liability for an asset retirement obligation due to the passage of time (accretion) by applying a discount rate that reflects the time value of money to the amount of the liability at the beginning of the period. The increase of the provision due to the passage of time is recognized as "Other financial expense".

Q. Employee benefits

In accordance with the laws and practices of each country, the Group participates in employee benefit plans offering retirement, death and disability, healthcare and special termination benefits. These plans provide benefits based on various factors such as length of service, salaries, and contributions made to the governmental bodies responsible for the payment of benefits.

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

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

Defined benefits obligations are determined according to the Projected Unit Method. Actuarial gains and losses may arise from differences between actuarial valuation and projected commitments (depending on new calculations or assumptions) and between projected and actual return of plan assets.

The Group applies the corridor method to amortize its actuarial gains and losses. This method amortizes the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

In case of a change in or creation of a plan, the vested portion of the cost of past services is recorded immediately in the income statement, and the unvested past service cost is amortized over the vesting period.

The net periodic pension cost is recognized under "Other operating expenses".

R. Consolidated statement of cash flows

The consolidated statement of cash flows prepared in foreign currencies have been translated into euros using the average exchange rate of the period. Currency translation differences arising from the translation of assets and liabilities denominated in foreign currency into euros using exchange rates at the end of the period are shown in the balance sheet under "Effect of exchange rates and changes in reporting entity". Therefore, the consolidated statement of cash flows will not agree with the figures derived from the consolidated balance sheet.

Cash and cash equivalents

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

Non-current debt

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

S. Business combinations

Business combinations are recognized using the acquisition method. This method implies the recognition of the assets, liabilities and contingent liabilities of the companies acquired by the Group at their fair value.

The difference between the acquisition cost of the shares and the total valuation, at fair value, of the assets, liabilities and contingent liabilities identified on the acquisition date is booked as goodwill.

If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, an additional analysis is performed on the identification and valuation of the identifiable elements of the assets and liabilities. The residual negative goodwill must be booked directly as net operating income.

The analysis of goodwill is finalized within one year from the date of acquisition.

T. Emission rights

In the absence of a current IFRS standard or interpretation on accounting for emission rights, the following principles have been applied:

- emission quotas issued free of charge are accounted for at zero book value;
- transactions that have been made on the market are recorded at cost;
- the liabilities resulting from potential differences between available quotas and quotas to be delivered at the end of the compliance period are accounted for as a liability, at fair market value.

U. Alternative IFRS methods

For measuring and recognizing assets and liabilities, the following choices left by the IFRS norm among alternative methods have been made:

- tangible and intangible assets are measured using the historical cost model instead of the revaluation model;
- interest expenses incurred during the construction and acquisition period of tangible and intangible assets are capitalized, as provided for under IAS 23 "Borrowing Costs";

- actuarial gains and losses on pension and other post-employment benefit obligations are recognized according to the corridor method as from January 1, 2004 (see note 1 Q to the consolidated financial statements);
- jointly-controlled companies are consolidated using the proportionate method, as provided for in IAS 31 "Interests in Joint Ventures".

V. New accounting principles not yet in effect

The standards or interpretations published respectively by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) which were not yet in effect at December 31, 2005 were as follows:

(i) IFRS 7: Financial instruments: disclosures

In August 2005, the IASB issued IFRS 7 "Financial Instruments: Disclosures". The new standard replaces IAS 30 "Disclosures in financial statements of Banks and Similar Financial Institutions" and provides amendments to IAS 32 "Financial Instruments: Disclosure and Presentation". IFRS 7 requires disclosure of qualitative and quantitative information about exposure to risks resulting from financial instruments. It applies to the annual period beginning on or after January 1, 2007. The application of IFRS 7 should not have a material impact for the Group given the disclosures already presented in the consolidated financial statements for the year ended December 31, 2005.

(ii) IAS 19: Employee benefits

In December 2004, the IASB issued limited amendment to IAS 19 "Employee Benefits". This revision requires in particular providing additional information in the notes to the consolidated financial statements. It applies to annual period beginning on or after January 1, 2006. The application of IAS 19 should not have a material effect on the information provided in the notes to the consolidated financial statements.

(iii) IAS 39: Financial instruments: recognition and measurement

In 2005, the IASB issued three amendments to IAS 39:

Cash flow hedges for future intra-group transactions

In April 2005, the IASB issued an amendment to IAS 39 concerning cash flow hedges for future intra-group transactions. The purpose of this revision is to allow, in the consolidated financial statements, the designation of a future intra-group transaction as an item hedged against the foreign exchange risk in a cash flow hedge relation, subject to certain conditions.

Fair value option

In June 2005, the IASB published the definitive amendment to IAS 39 concerning the fair value option. Standard IAS 39 (December 2003 version) had introduced the possibility of applying the fair value option to any financial asset or liability, to allow their valuation at fair value through the income statement. The “fair value option” amendment is intended to limit the possibilities for using the option by limiting it to certain cases specified by the standard.

Financial guarantee contracts and credit insurance:

In July 2005, the IASB published an amendment to standard IAS 39 dealing with financial guarantees and credit insurance. Financial guarantees that meet the definition of an insurance contract by the issuer of the guarantee are now recognized by the issuer of the guarantee in accordance with the valuation principles applicable to insurance contracts as defined by standard IFRS 4 “Insurance Contracts”.

These amendments to IAS 39 apply for the annual period beginning on or after January 1, 2006. Application of these amendments should have no material impact on the Group’s balance sheet, income statement and consolidated shareholders’ equity.

(iv) IFRIC 4: Determining whether an arrangement contains a lease

In December 2004, the IFRIC issued interpretation IFRIC 4 “Determining whether an arrangement contains a lease”. The purpose of this interpretation is to determine whether an arrangement that does not have a legal form essentially contains a lease. If the arrangement contains a lease, it must be analyzed to determine whether the contract constitutes a finance lease or an operating lease pursuant to the provisions of IAS 17 “Leases”. IFRIC 4 applies to the annual period beginning on or after January 1, 2006. The application of interpretation IFRIC 4 is being studied by the Group and should not have a material effect on the Group’s balance sheet, income statement or consolidated shareholders’ equity.

(v) IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

In December 2004, the IFRIC published interpretation IFRIC 5 “Rights to interests arising from decommissioning, restoration and environmental funds”. The interpretation applies when an entity that has obligations related to the closing or the restoration of a site pays into a management fund created for the purpose of reimbursing in time the decommissioning costs when they are incurred. The interpretation applies to annual period beginning on or after January 1, 2006. The application of interpretation IFRIC 5 is being studied and is not expected to have a material impact on the Group’s balance sheet, income statement or consolidated shareholders’ equity.

(vi) IFRIC 7: Applying the restatement approach under IAS 29

In November 2005, the IFRIC published interpretation IFRIC 7, which stipulates the practical procedures for restating financial statements under IAS 29 when an entity identifies for an accounting period the existence of hyperinflation in the economy of its operating currency, when this economy was not in hyperinflation the previous year. The interpretation applies to annual period beginning on or after January 1, 2006. The application of interpretation IFRIC 7 is not expected to have a material impact on the Group’s balance sheet, income statement or consolidated shareholders’ equity.

2. Main indicators of the information by business segment

The financial information for each business segment is reported in accordance with the Group internal reporting system used by the management to assess the financial performance and the allocation of resources.

Adjusting items

Due to their unusual nature or particular significance, some transactions qualified as “special items” are monitored at Group level and excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in some instances, transactions such as restructuring costs or assets disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

Special items, together with the inventory valuation effect (described in note 1 M to the consolidated financial statements) and portion of intangible assets amortization related to the Sanofi-Aventis merger, form the adjusting items. The detail of these adjusting items is presented in note 4 to the consolidated financial statements.

Performance indicators excluding the adjusting items, such as adjusted operating income, adjusted net operating income and adjusted net income, are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

Operating income (measure used to evaluate operating performance)

Revenues from sales after deducting cost of goods sold and inventory variations, other operating expenses, exploration expenses and depreciation, depletion and amortization.

Operating income excludes the amortization and depreciation of intangible assets other than leasehold rights, currency translation adjustments and gains or losses on the sale of assets.

Net operating income (measure used to evaluate the return on capital employed)

Operating income after deducting the amortization and the depreciation of intangible assets other than leasehold rights, currency translation adjustments and gains or losses on the sale of assets, as well as all other income and expense related to capital employed (dividends from non-consolidated companies, equity in income in affiliates, capitalized interest expenses), and after income taxes applicable to the above.

The income and expense not included in net operating income which are included in net income are only interest expenses related to non-current liabilities net of interest earned on cash and cash equivalents, after applicable income taxes (net cost of net debt and minority interests).

Adjusted income

Operating income, net operating income, or net income excluding the effect of adjusting items described above.

Capital employed

Non-current assets and working capital requirements, at replacement cost, net of deferred taxes and non-current liabilities.

ROACE (Return on Average Capital Employed)

Ratio of adjusted net operating income to average capital employed between the beginning and the end of the period.

Net debt

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

3. Changes in the Group structure, main acquisitions and divestitures
2005

Pursuant to its public offer and takeover bid circular dated August 5, and extended September 2, TOTAL has acquired 78% of Deer Creek Energy Ltd as of September 13, 2005. Its offer was extended in order to acquire the shares which had not been tendered. The acquisition of all ordinary shares was completed on December 13, 2005.

Deer Creek Energy Ltd has an 84% interest of the Joslyn permit in the Athabasca region of the Canadian Province of Alberta.

The acquisition cost, net of cash acquired (0.1 billion euros) for all shares amounts to 1.1 billion euros. This cost essentially represents the value of the company's leasehold rights that have been recognized as intangible assets on the face of the consolidated balance sheet for 1 billion euros.

Deer Creek Energy Ltd is fully consolidated in TOTAL's consolidated financial statements. Its contribution to the 2005 consolidated net income is not material.

2004

Following the outcome of a combined offer by Sanofi-Synthélabo on the Aventis shares in 2004, the merger via takeover of Aventis, thereby creating the entity Sanofi-Aventis, was approved by the Sanofi-Aventis extraordinary shareholders' meeting on December 23, 2004 and took effect on December 31, 2004.

The acquisition of Aventis by Sanofi-Synthélabo results in a dilution of the Group's equity in the company. After deduction of Sanofi-Aventis' own shares, the Group owns 13.25% of the capital of Sanofi-Aventis as of December 31, 2004 instead of 25.63% of the capital of Sanofi-Synthélabo as of December 31, 2003.

Sanofi-Aventis is consolidated in the Group accounts according to the equity method.

4. Business segment information

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL. The Group's activities are conducted through three business segments: Upstream, Downstream and Chemicals.

- The Upstream segment includes the exploration and production of hydrocarbons, gas, power and other energy activities.
- The Downstream segment includes trading and shipping activities along with refining and marketing activities.
- The Chemical segment includes Base Chemicals, Specialties and Arkema.

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

The operational profit and assets are broken down by business segment prior to the consolidation and inter-segment adjustments.

Sales prices between business segments approximate market prices.

A. Information by business segment

2005 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,888	99,934	22,326	20	-	143,168
Intersegment sales	19,139	4,293	1,153	170	(24,755)	-
Excise taxes	-	(20,550)	-	-	-	(20,550)
Revenues from sales	40,027	83,677	23,479	190	(24,755)	122,618
Operating expenses	(18,275)	(77,517)	(21,499)	(624)	24,755	(93,160)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(3,331)	(1,064)	(983)	(33)	-	(5,411)
Operating income	18,421	5,096	997	(467)	-	24,047
Equity in income (loss) of affiliates and other items	587	422	(641)	367	-	735
Tax on net operating income	(10,979)	(1,570)	(198)	819	-	(11,928)
Net operating income	8,029	3,948	158	719	-	12,854
Net cost of net debt						(211)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(370)
Net income						12,273

2005 (adjustments *) (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses ⁽¹⁾	-	1,197	(91)	-	-	1,106
Depreciation, depletion and amortization of tangible assets and leasehold rights	-	-	(261)	-	-	(261)
Operating income	-	1,197	(352)	-	-	845
Equity in income (loss) of affiliates and other items ⁽¹⁾⁽²⁾	-	76	(674)	(545)	-	(1,143)
Tax on net operating income	-	(241)	227	590	-	576
Net operating income	-	1,032	(799)	45	-	278
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(8)
Net income						270

* adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

(1) Of which inventory valuation effect

On operating income	-	1,197	68	-		
On net operating income	-	1,032	50	-		

(2) Of which equity share of amortization of intangible assets related to Sanofi-Aventis merger

	-	-	-	(337)		
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2005 (adjusted) (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	20,888	99,934	22,326	20	-	143,168
Intersegment sales	19,139	4,293	1,153	170	(24,755)	-
Excise taxes	-	(20,550)	-	-	-	(20,550)
Revenues from sales	40,027	83,677	23,479	190	(24,755)	122,618
Operating expenses	(18,275)	(78,714)	(21,408)	(624)	24,755	(94,266)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(3,331)	(1,064)	(722)	(33)	-	(5,150)
Adjusted operating income	18,421	3,899	1,349	(467)	-	23,202
Equity in income (loss) of affiliates and other items	587	346	33	912	-	1,878
Tax on net operating income	(10,979)	(1,329)	(425)	229	-	(12,504)
Adjusted net operating income	8,029	2,916	957	674	-	12,576
Net cost of net debt						(211)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(362)
Adjusted net income						12,003

2005 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	8,111	1,779	1,115	190		11,195
Divestitures at sale price	692	204	59	133		1,088
Cash flow from operating activities	10,111	2,723	946	889		14,669
Balance Sheet as of December 31, 2005						
Property, plant and equipment, intangible assets	30,140	8,016	6,567	229		44,952
Investments in equity affiliates	1,958	1,575	733	7,087		11,353
Loans to equity affiliates and other non-current assets	2,673	1,386	848	702		5,609
Working capital	(432)	6,035	3,927	96		9,626
Provisions and other non-current liabilities	(10,817)	(2,409)	(2,827)	(1,387)		(17,440)
Capital Employed (Balance Sheet)	23,522	14,603	9,248	6,727		54,100
Less inventory valuation effect	-	(3,182)	(261)	786		(2,657)
Capital Employed (Business segment information)	23,522	11,421	8,987	7,513		51,443
ROACE as a percentage	40%	28%	11%			27%

Appendix 1 – Consolidated financial statements

Notes to the consolidated financial statements

9

2004 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	15,037	86,896	20,042	23	-	121,998
Intersegment sales	14,208	2,836	699	183	(17,926)	-
Excise taxes		(21,517)			-	(21,517)
Revenues from sales	29,245	68,215	20,741	206	(17,926)	100,481
Operating expenses	(13,213)	(63,524)	(18,738)	(524)	17,926	(78,073)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(3,188)	(1,053)	(1,450)	(31)	-	(5,722)
Operating income	12,844	3,638	553	(349)	-	16,686
Equity in income (loss) of affiliates and other items	148	95	(522)	3,477	-	3,198
Tax on net operating income	(7,281)	(1,131)	(53)	(152)	-	(8,617)
Net operating income	5,711	2,602	(22)	2,976	-	11,267
Net cost of net debt						(118)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(281)
Net income						10,868

2004 (adjustments *) (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales						
Intersegment sales						
Excise taxes						
Revenues from sales						
Operating expenses ⁽¹⁾	-	437	62	-		499
Depreciation, depletion and amortization of tangible assets and leasehold rights	-	(34)	(647)	-		(681)
Operating income	-	403	(585)	-		(182)
Equity in income (loss) of affiliates and other items ⁽¹⁾⁽²⁾	(172)	(3)	(499)	2,805		2,131
Tax on net operating income	24	(129)	295	(392)		(202)
Net operating income	(148)	271	(789)	2,413		1,747
Net cost of net debt						-
Minority interests and dividends on subsidiaries' redeemable preferred shares						(10)
Net income						1,737

* adjustments include special items, inventory valuation effect and equity share of amortization of intangible assets related to the Sanofi-Aventis merger.

(1) Of which inventory valuation effect

On operating income	-	487	232	-		
On net operating income	-	349	157	-		

(2) Of which equity share of amortization of intangible assets related to Sanofi-Aventis merger

(114)

2004 (adjusted) (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Non-Group sales	15,037	86,896	20,042	23	-	121,998
Intersegment sales	14,208	2,836	699	183	(17,926)	-
Excise taxes	-	(21,517)	-	-	-	(21,517)
Revenues from sales	29,245	68,215	20,741	206	(17,926)	100,481
Operating expenses	(13,213)	(63,961)	(18,800)	(524)	17,926	(78,572)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(3,188)	(1,019)	(803)	(31)		(5,041)
Adjusted operating income	12,844	3,235	1,138	(349)		16,868
Equity in income (loss) of affiliates and other items	320	98	(23)	672		1,067
Tax on net operating income	(7,305)	(1,002)	(348)	240		(8,415)
Adjusted net operating income	5,859	2,331	767	563		9,520
Net cost of net debt						(118)
Minority interests and dividends on subsidiaries' redeemable preferred shares						(271)
Adjusted net income						9,131

2004 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Intercompany	Total
Total expenditures	6,202	1,675	949	78		8,904
Divestitures at sale price	637	200	122	233		1,192
Cash flow from operating activities	10,347	3,269	600	446		14,662
Balance Sheet as of December 31, 2004						
Property, plant and equipment, intangible assets	24,249	7,466	6,146	221		38,082
Investments in equity affiliates	1,455	1,347	589	6,412		9,803
Loans to equity affiliates and other non-current assets	1,865	1,064	791	706		4,426
Working capital	(1,665)	3,870	3,436	142		5,783
Provisions and other non-current liabilities	(9,624)	(2,347)	(2,610)	(1,702)		(16,283)
Capital Employed (Balance Sheet)	16,280	11,400	8,352	5,779		41,811
Less inventory valuation effect	-	(1,746)	(199)	404		(1,541)
Capital Employed (Business segment information)	16,280	9,654	8,153	6,183		40,270
ROACE as a percentage	36%	25%	9%			24%

B. Reconciliation between business segment information and the consolidated statement of income

The table below reconciles the information presented above with the consolidated statement of income:

2005 (in millions of euros)	Adjusted	Adjusting items	Consolidated statement of income
Sales	143,168	-	143,168
Excise Tax	(20,550)	-	(20,550)
Revenues from sales	122,618	-	122,618
Purchases, net of inventory variation	(73,830)	1,265	(72,565)
Other operating expenses	(20,005)	(159)	(20,164)
Unsuccessful exploration costs	(431)	-	(431)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(5,150)	(261)	(5,411)
Operating income			
Corporate	(467)	-	(467)
Business segments	23,669	845	24,514
Total operating income	23,202	845	24,047
Other income	177	-	177
Other expense	(83)	(679)	(762)
Financial interest on debt	(1,257)	-	(1,257)
Financial income from marketable securities & cash equivalents	943	-	943
Cost of net debt	(314)	-	(314)
Other financial income	405	-	405
Other financial expense	(269)	-	(269)
Income taxes	(12,401)	576	(11,825)
Equity in income (loss) of affiliates	1,648	(464)	1,184
Consolidated net income	12,365	278	12,643
Group share	12,003	270	12,273
Minority interests	362	8	370

2004 (in millions of euros)	Adjusted	Adjusting items	Consolidated statement of income
Sales	121,998	-	121,998
Excise taxes	(21,517)	-	(21,517)
Revenues from sales	100,481	-	100,481
Purchases, net of inventory variation	(59,274)	718	(58,556)
Other operating expenses	(18,884)	(219)	(19,103)
Unsuccessful exploration costs	(414)	-	(414)
Depreciation, depletion and amortization of tangible assets and leasehold rights	(5,041)	(681)	(5,722)
Operating income			
Corporate	(349)	-	(349)
Business segments	17,217	(182)	17,035
Total operating income	16,868	(182)	16,686
Other income	105	3,034	3,139
Other expense	(557)	(640)	(1,197)
Financial interest on debt	(737)	-	(737)
Financial income from marketable securities & cash equivalents	572	-	572
Cost of net debt	(165)	-	(165)
Other financial income	333	-	333
Other financial expense	(235)	-	(235)
Income taxes	(8,368)	(202)	(8,570)
Equity in income (loss) of affiliates	1,421	(263)	1,158
Consolidated net income	9,402	1,747	11,149
Group share	9,131	1,737	10,868
Minority interests	271	10	281

C. Adjusting items by business segment

The adjusting items on the operating income as per note 2 to the consolidated financial statements are detailed as follows:

ADJUSTMENTS TO OPERATING INCOME					
2005 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,197	68	-	1,265
Restructuring charges	-	-	(26)	-	(26)
Asset impairment charges	-	-	(249)	-	(249)
Other	-	-	(145)	-	(145)
Total	-	1,197	(352)	-	845

ADJUSTMENTS TO NET INCOME					
2005 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	1,022	50	-	1,072
TOTAL's equity of special items recorded by Sanofi-Aventis	-	-	-	(207)	(207)
Adjustment related to Sanofi-Aventis merger	-	-	-	(335)	(335)
Restructuring charges	-	-	(130)	-	(130)
Asset impairment changes	-	-	(215)	-	(215)
Gains (Losses) on sales of assets	-	-	-	-	-
Other	-	-	(501)	586	85
Total	-	1,022	(796)	44	270

ADJUSTMENTS TO OPERATING INCOME					
2004 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	487	232	-	719
Restructuring charges	-	(50)	(69)	-	(119)
Asset impairment charges	-	(34)	(647)	-	(681)
Other	-	-	(101)	-	(101)
Total	-	403	(585)	-	(182)

ADJUSTMENTS TO NET INCOME					
2004 (in millions of euros)	Upstream	Downstream	Chemicals	Corporate	Total
Inventory valuation effect	-	349	157	-	506
TOTAL's equity of special items recorded by Sanofi-Aventis (including dilution gain)	-	-	-	2,399	2,399
Adjustment related to Sanofi-Aventis merger	-	-	-	(113)	(113)
Restructuring charges	-	(31)	(112)	-	(143)
Asset impairment changes	(114)	(21)	(637)	-	(772)
Gains (Losses) on sales of assets	-	-	-	53	53
Other	(34)	(26)	(197)	64	(193)
Total	(148)	271	(789)	2,403	1,737

D. Additional information on impairments

In the Chemicals segment, impairments of assets (property, plant and equipment and intangible assets) have been recognized for the year ended December 31, 2005 with an impact of 249 million euros in operating income and 215 million euros in net income, Group share. These items are identified in the paragraph 4 C above as adjusting items in heading "Asset impairment charges".

These impairment losses impact some Cash Generating Units (CGU) of the Chemicals segment for which there were indications that assets may be impaired, due mainly to changes in the economic environment of their specific businesses. CGUs of the Chemicals segment are worldwide business units, including activities or products with common strategic, commercial and industrial characteristics.

Besides,

- the recoverable amount of CGUs has been based on their value in use, as defined in note 1 K to the consolidated financial statements "Impairment of long-lived assets";
- future cash flows including specific risks attached to CGU assets have been discounted using a 8% after tax discount rate.

For the year ended December 31, 2004, changes in the economic environment of certain business units of the Chemicals segment had triggered the recognition of impairments of assets for 647 million euros in operating income and 637 million euros in net income, Group share.

No reversal of impairment losses has been recognized in 2004 and 2005.

5. Information by geographical area

2005 (in millions of euros)	France	Rest of Europe	North America	Africa	Far East and rest of the world	Total
Non-Group sales	36,406	55,419	19,093	8,304	23,946	143,168
Plant, property and equipment, intangible assets	6,300	14,148	4,748	9,546	10,210	44,952
Expenditures	1,967	2,178	1,691	2,858	2,501	11,195
2004 (in millions of euros)						
Non-Group sales	32,400	46,616	17,986	6,114	18,882	121,998
Plant, property and equipment, intangible assets	5,724	13,859	3,096	7,322	8,081	38,082
Expenditures	2,125	2,060	762	2,004	1,953	8,904

6. Operating expenses

Year ended December 31, (in millions of euros)	2005	2004
Purchases, net of inventory variation ⁽¹⁾	(72,565)	(58,556)
Unsuccessful exploration costs	(431)	(414)
Other operating expenses ⁽²⁾	(20,647)	(19,789)
Non-current operating liabilities (allowances) reversals	529	711
Current operating liabilities (allowances) reversals	(46)	(25)
Operating expenses	(93,160)	(78,073)

(1) Includes royalties paid on oil and gas production in the Upstream segment (see in particular the taxes paid to Middle East oil producing countries for the Group's concessions as detailed in note 31 to the consolidated financial statements "Other information").

(2) Principally composed of production and administrative costs (see in particular the payroll costs as detailed in note 25 to the consolidated financial statements "payroll and staff").

7. Other income and other expense

As of December 31, (in millions of euros)	2005	2004
Gains (losses) on sales of assets	99	3,139
Foreign exchange gains	78	-
Other income	177	3,139
Foreign exchange losses	-	(75)
Amortization of other intangible assets (excl. leasehold rights)	(241)	(473)
Toulouse-AZF plant explosion	(100)	(150)
Other	(421)	(499)
Other expense	(762)	(1,197)

Amortization of other intangible assets includes 54 million euros of goodwill impairment losses for 2005.

In 2005, the “Other” heading mainly includes an allowance of 292 million euros for litigation reserves in connection with antitrust investigations, as described in note 30 to the consolidated financial statements “Other risks and contingent liabilities”.

In 2004, the deterioration of the economic cycle generated impairment losses on intangible assets in the Chemicals segment. As a consequence, an impairment loss of 201 million euros had been recorded in 2004 to adjust the carrying amount of the intangible assets to their recoverable amount.

The gains (losses) on sales of assets included a pre-tax dilution gain on the Sanofi-Aventis merger of 2,969 million euros in 2004.

In 2004, the “Other” heading mainly included early retirement plans and restructuring costs for 165 million euros, and other allowances for various litigation reserves for 82 million euros.

8. Other financial income and expense

As of December 31, (in millions of euros)	2005	2004
Dividend income on non-consolidated companies	171	164
Capitalized financial expenses	102	35
Other	132	134
Other financial income	405	333
Accretion of asset retirement obligation	(162)	(143)
Other	(107)	(92)
Other financial expense	(269)	(235)

9. Income taxes

Since 1966, the Group has been taxed in accordance with the consolidated income tax treatment approved on a renewable basis by the French Ministry of Economy, Finance and Industry. The renewal of the agreement has been granted for the period 2005-2007.

French income and foreign withholding taxes do not provide for the temporary differences between the financial statement carrying amount and tax bases of investments in foreign subsidiaries which are considered to be permanent investments. Undistributed

earnings of foreign subsidiaries considered to be reinvested indefinitely amounted to 16,970 million euros as of December 31, 2005. The determination of the tax effect relating to such reinvested income is not reliably feasible.

In addition, no provision for income taxes on unremitted earnings (approximately 9,054 million euros) of the Group's French subsidiaries has been made in that the remittance of such earnings would be tax exempt for the subsidiaries in which the Company owns 95% or more of the outstanding shares.

Income taxes are detailed as follows:

As of December 31, (in millions of euros)	2005	2004
Current income taxes	(11,434)	(7,666)
Deferred income taxes	(391)	(904)
Total income taxes	(11,825)	(8,570)

An amount of 176 million euros of current and deferred taxes have been directly credited to equity for the year ended December 31, 2005. That amount mainly includes current and deferred taxes

computed on treasury shares transactions and revaluation of listed securities classified as financial assets available for sale.

Before netting deferred tax assets and liabilities by fiscal entities, the components of deferred tax balances as of December 31, 2005 and 2004 are as follows:

As of December 31, (in millions of euros)	2005	2004
Net operating losses and tax carry forwards	484	933
Employee benefits	949	911
Other temporarily non-deductible provisions	2,637	2,343
Gross deferred tax assets	4,070	4,187
Valuation allowance	(536)	(342)
Net deferred tax assets	3,534	3,845
Excess tax over book depreciation	(7,769)	(6,774)
Other temporary tax deductions	(1,435)	(2,171)
Gross deferred tax liabilities	(9,204)	(8,945)
Net deferred tax liabilities	(5,670)	(5,100)

After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

As of December 31, (in millions of euros)	2005	2004
Deferred tax assets, non-current (Note 14 "Other non-current assets")	1,392	1,233
Deferred tax assets, current (Note 16 "Accounts receivables & other current assets")	126	177
Deferred tax liabilities, non-current (deferred tax)	(6,976)	(6,402)
Deferred tax liabilities, current	(212)	(108)
Net amount	(5,670)	(5,100)

RECONCILIATION BETWEEN PROVISION FOR INCOME TAXES AND PRE-TAX INCOME

As of December 31, (in millions of euros)	2005	2004
Net income	12,273	10,868
Minority interests	370	281
Provision for income taxes	11,825	8,570
Pre-tax income	24,468	19,719
French statutory tax rate	34.93%	35.43%
Theoretical tax charge	(8,547)	(6,986)
Difference between French and foreign income tax rates	(4,127)	(2,742)
Tax effect of equity in income (loss) of affiliates	414	410
Permanent differences	78	758
Adjustments on prior years income taxes	(57)	(44)
Adjustments on deferred tax related to tax rates variations	576	104
Change in valuation allowance	(151)	(71)
Other	(11)	1
Net provision for income taxes	(11,825)	(8,570)

The French statutory tax rate includes the standard corporate tax rate (33.33%) and additional taxes applicable that bring the overall tax rate to 34.93% in 2005 and to 35.43% in 2004.

Permanent differences are mainly due to impairments of goodwill and to dividends from non-consolidated companies as well as the specific taxation rules applicable to some activities and within the consolidated income tax treatment.

Net operating losses and tax credit carry forwards:

Deferred tax assets related to net operating losses and tax carry forwards were available in various tax jurisdictions, expiring in the following years:

As of December 31, (in millions of euros)	2005		2004	
	Basis	Tax	Basis	Tax
2005			291	122
2006	225	106	368	143
2007	165	81	180	76
2008	144	70	603	214
2009 ⁽¹⁾	68	32	65	29
2010 and after	27	11		
Unlimited	559	184	1,605	349
Total	1,188	484	3,112	933

(1) Net operating losses and tax credit carry forwards in 2009 and after for 2004.

10. Intangible assets

As of December 31, (in millions of euros)	2005			2004
	Cost	Depreciation and amortization	Net	Net
Goodwill	2,479	(1,318)	1,161	1,121
Proved and unproved leasehold rights	5,213	(2,659)	2,554	1,390
Other intangible assets	2,684	(2,015)	669	665
Total intangible assets	10,376	(5,992)	4,384	3,176

(in millions of euros)							Net intangible assets as of December 31, 2005
Net intangible assets as of January 1, 2005	Acquisitions	Disposals	Amortization of intangible assets	Currency translation adjustment	Other		
3,176	274	(91)	(370)	296	1,099		4,384

The "Other" heading includes mainly the leasehold rights of Deer Creek Energy Ltd for 1,015 million euros (see note 3 to the consolidated financial statements).

11. Property, plant and equipment

As of December 31, (in millions of euros)	2005			2004
	Cost	Depreciation and amortization	Net	Net
Upstream properties				
Proved properties	58,980	(38,646)	20,334	17,551
Unproved properties	8	(1)	7	13
Work in progress	6,136	(29)	6,107	4,197
Subtotal	65,124	(38,676)	26,448	21,761
Other property, plant and equipment				
Land and preparation costs	1,646	(392)	1,254	1,192
Machinery, plant and equipment (including transportation equipment)	23,533	(16,699)	6,834	5,934
Buildings	6,444	(4,070)	2,374	2,291
Construction in progress	1,684	(31)	1,451	1,297
Other	7,603	(5,598)	2,207	2,431
Subtotal	40,910	(26,790)	14,120	13,145
Total property, plant and equipment	106,034	(65,466)	40,568	34,906

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

As of December 31, (in millions of euros)	2005			2004
	Cost	Depreciation and amortization	Net	Net
Machinery, plant, and equipment	491	(212)	279	371
Buildings	26	(18)	8	9
Development works	-	-	-	-
Total	517	(230)	287	380

Amortization expenses related to financial lease assets amounted to 30 million euros in 2005 and 37 million euros in 2004.

(in millions of euros)							Net tangible assets as of December 31, 2005
Net tangible assets as of January 1, 2005	Acquisitions	Disposals	Amortization of tangible assets	Currency translation adjustment	Other		
34,906	8,208	(336)	(5,282)	3,013	59		40,568

12. Equity affiliates: investments and loans

(in millions of euros)	As of December 31				2005 equity in income (loss)	2004 equity in income (loss)
	2005 % owned	2004 % owned	2005 equity value	2004 equity value		
NLNG	15.00%	15.00%	726	468	190	158
Cepsa (Upstream share)	45.28%	45.28%	311	223	99	75
Qatargas	10.00%	10.00%	156	127	46	42
Gasoducto Gasandes Argentina	56.50%	56.50%	132	112	7	6
SCP Limited	10.00%	10.00%	89	54	-	-
Ocensa	15.20%	15.20%	71	62	-	-
Moattama Gas Transportation Cy	31.24%	31.24%	64	59	45	40
Hidroneuquen Piedra del Aguila	41.30%	41.30%	61	49	4	41
Total Tractebel Emirates Power Company	50.00%	50.00%	55	62	3	4
Abu Dhabi Gas Ind, Ltd	15.00%	15.00%	54	46	-	-
Gas Invest SA	27.24%	27.23%	47	45	(3)	(59)
Gasoducto Gasandes sa (Chili)	56.50%	56.50%	40	32	-	2
Humber Power Ltd ⁽¹⁾	-	40.00%	-	23	16	24
CFMH ⁽¹⁾	-	0.00%	-	-	-	35
Others	-	-	145	93	28	35
Total Upstream			1,951	1,455	435	403
Cepsa (Downstream share)	45.28%	45.28%	1,372	1,216	321	211
Wepec ⁽²⁾	22.41%	-	74	-	11	-
Others	-	-	129	131	24	15
Total Downstream			1,575	1,347	356	226
Cepsa (Chemicals share)	45.28%	45.28%	431	352	39	29
Qatar Petrochemical Company Ltd	20.00%	20.00%	141	111	39	32
Others	-	-	161	126	15	9
Total Chemicals			733	589	93	70
Sanofi-Aventis	13.19%	13.25%	7,087	6,412	299	459
Others	-	-	7	-	1	-
Total Holding			7,094	6,412	300	459
Total investments			11,353	9,803	1,184	1,158
Loans			1 299	877		
Total investments and loans			12,652	10,680		

(1) Investments disposed of in 2004 and 2005.

(2) Investment accounted for under the equity method from 2005.

The market value of the Group share in Cepsa amounted to 4,683 million euros as of December 31, 2005. The market value of the Group's share in Sanofi-Aventis amounted to 13,207 million euros as of December 31, 2005.

CEPSA
CONDENSED BALANCE SHEET
As of December 31, 2005 (in millions of euros)

Non-current assets	4,264	Shareholders' equity	4,374
Current assets	4,211	Non-current liabilities	1,609
		Current liabilities	2,492
Total	8,475	Total	8,475

INCOME STATEMENT INFORMATION
2005 (in millions of euros)

Revenues	16,188
Consolidated net income	1,010

SANOFI-AVENTIS
CONDENSED BALANCE SHEET
As of December 31, 2005 (in millions of euros)

Non-current assets	73,537	Shareholders' equity	46,826
Current assets	13,121	Non-current liabilities	24,412
		Current liabilities	15,420
Total	86,658	Total	86,658

INCOME STATEMENT INFORMATION
2005 (in millions of euros)

Revenues	27,311
Consolidated net income	2,258

13. Other investments

As of December 31, (in millions of euros)	2005			2004
	Carrying amounts	Contingent gain (loss)	Balance sheet value	Balance sheet value
I.C.E. (Inter Continental Exchange)	1	138	139	
Santander Central Hispano (SCH)	93	88	181	148
Areva	69	79	148	122
Other publicly traded equity securities	1	-	1	7
Total publicly traded equity securities	164	305	469	277
BBPP	89	-	89	77
Wepec ⁽¹⁾	-	-	-	52
Oman LNG LLC	7	-	7	6
BTC Limited	177	-	177	108
Other equity securities	774	-	774	678
Total other equity securities	1,047	-	1,047	921
Other investments	1,211	305	1,516	1,198

(1) Investment accounted for under the equity available method from 2005.

These investments are recognized under "Financial assets held for sales" (see note 1L to the consolidated financial statements).

14. Other non-current assets

As of December 31, (in millions of euros)	2005			2004
	Gross Value	Valuation allowance	Net	Net
Deferred income tax assets	1,392	-	1,392	1,233
Loans and advances ⁽¹⁾	1,786	(584)	1,202	912
Others	200	-	200	206
Total ⁽²⁾	3,378	(584)	2,794	2,351

(1) Excluding loans to affiliates.

(2) As of December 31, 2004, the aggregate cost and valuation allowances of other non-current assets amounted to 2,958 million euros and 607 million euros, respectively.

15. Inventories

As of December 31, (in millions of euros)	2005			2004
	Gross Value	Valuation allowance	Net	Net
Crude oil and natural gas	3,619	-	3,619	2,514
Refined products	5,584	(14)	5,570	3,738
Chemical products	2,803	(175)	2,628	2,385
Other inventories	1,097	(224)	873	627
Total ⁽¹⁾	13,103	(413)	12,690	9,264

(1) As of December 31, 2004, the aggregate gross value and valuation allowances of inventories amounted to 9,658 million euros and 394 million euros, respectively.

16. Accounts receivable

As of December 31, (in millions of euros)	2005			2004
	Gross Value	Valuation Allowance	Net Value	Net
Accounts receivable ⁽¹⁾	20,174	(562)	19,612	14,025
Other receivables	1,534	-	1,534	1,350
Recoverable taxes	2,119	-	2,119	1,892
Deferred income tax	126	-	126	177
Prepaid expenses	799	-	799	475
Other current assets	2,284	(63)	2,221	1,420
Other current assets ⁽¹⁾	6,862	(63)	6,799	5,314

(1) As of December 31, 2004, the aggregate cost and valuation allowances of accounts receivable and prepaid expenses and other current assets amounted to 19,684 million euros and 525 million euros, respectively.

17. Shareholders' equity

Number of TOTAL shares

The Company's common shares, with a par value of €10 as of December 31, 2005 are the only category of shares. Shares may be held in either bearer or registered form.

Double voting rights are granted to holders of shares that are entirely paid in and held in the name of the same shareholder for at least two years, with due consideration for the total portion of the share capital represented. Double voting rights are also assigned to restricted shares in the event of an increase in share capital by incorporation of reserves, profits or premiums based on shares already held that are entitled to double voting rights.

Under the Company's *statuts*, at shareholders' meetings, no shareholder may cast, by himself and through a proxy, in connection with the simple voting rights attached to the shares he holds directly or indirectly and in connection with the powers

of attorney granted to him, more than 10% of the total number of voting rights attributable to the Company shares. However, if he also holds double voting rights, the limit set in this way may be exceeded taking account solely of the additional voting rights resulting there from, without all of the voting rights that he exercises being able to exceed 20% of the total number of voting rights attributable to the Company shares.

These restrictions no longer apply if any individual or entity, acting alone or in concert, acquires at least two-thirds of the total share capital of the Company following a public tender offer for all of the Company's shares.

The authorized capital amounts to 1,034,280,640 shares as of December 31, 2005 (1,069,761,134, as of December 31, 2004).

As of January 1, 2004		649,118,236
Shares issued in connection with:	Capital increase reserved for employees	3,434,830
	Exercise of TOTAL share subscription options	950
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	2,335,024
Cancellation of shares ⁽¹⁾		(19,873,932)
As of January 1, 2005		635,015,108
Shares issued in connection with:	Exercise of TOTAL share subscription options	133,257
	Exchange guarantee offered to the beneficiaries of Elf Aquitaine share subscription options	1,043,499
Cancellation of shares ⁽²⁾		(21,075,568)
As of December 31, 2005 ⁽³⁾		615,116,296

(1) Decided by the Board of Directors on November 9, 2004.

(2) Decided by the Board of Directors on July 19, 2005 and November 3, 2005.

(3) Including 34,249,332 treasury shares deducted from consolidated shareholders' equity.

The variation of the weighted-average number of fully-diluted shares used in the calculation of earnings per share is detailed as follows:

	2005
Number of shares as of January 1,	635,015,108
<i>Number of shares issued during the year (pro rated)</i>	
Exercise of TOTAL share subscription options	36,064
Exercise of TOTAL share purchase options	1,027,043
Exchange guarantee offered to Elf Aquitaine share subscription options holders	819,511
TOTAL shares held by TOTAL S.A. or by its subsidiaries and deducted from shareholders' equity	(50,092,028)
Weighted-average number of shares	586,805,698
<i>Dilutive effect</i>	
TOTAL share subscription and purchase options	3,029,249
TOTAL restricted shares	236,858
Exchange guarantee offered to Elf Aquitaine share subscription options holders	348,963
Capital increase reserved for employees	86,447
Weighted-average number of fully-diluted shares	590,507,215

Capital increase reserved for Group's employees

At the Shareholders' Meeting held on May 17, 2005, the shareholders delegated to the Board of Directors the authority to increase the share capital of the Company in one or more transactions and within a maximum period of twenty-six months from the date of the Meeting, by an amount not exceeding 1.5% of the share capital outstanding on the date of the meeting of the Board of Directors at which a decision to proceed with an issuance is made reserving subscriptions for such issuance to the Group employees participating in a company savings plan. It is being specified that the amount of any such capital increase reserved for Group employees will be counted against the aggregate maximum nominal amount of share capital increases authorized by the Shareholders' Meeting held on May 17, 2005 for issuing new ordinary shares or other securities granting immediate or future access to the Company's share capital with preferential subscription rights (four billion euros in nominal).

Pursuant to this delegation of authorization, the Board of Directors, during its November 3, 2005 meeting, implemented a first capital increase reserved for employees within the limit of 3 million shares at a price of 166.60 euros with dividend rights as of the January 1, 2005. The subscription period ran from February 6, 2006, to February 24, 2006.

Share cancellation

Pursuant to the authorization granted by the Shareholders' Meeting held on May 7, 2002 authorizing reduction of capital by cancellation of shares held by the Company within the limit of 10% of the outstanding capital every 24 months, the Board of Directors decided on July 19, 2005 to cancel 13,527,578 shares at an average price of 176.20 euros per share. Then on November 3, 2005, the Board of Directors decided to cancel 7,547,990 shares at an average price of 195.32 euros per share, with effect on November 22, 2005.

Treasury shares (TOTAL shares held by TOTAL S.A.)

As of December 31, 2005, TOTAL S.A. held 9,166,515 of its own shares, representing 1.49% of its share capital, detailed as follows:

- 7,567,515 shares allocated to covering TOTAL share purchase option plans for Group employees;
- 574,000 shares allocated to TOTAL restricted share grants for Group employees;
- 1,025,000 shares purchased for cancellation in November and December 2005 pursuant to the authorization granted by the Shareholders' Meeting held on May 17, 2005.

These shares are deducted from the consolidated shareholders' equity.

TOTAL shares held by Group subsidiaries

As of December 31, 2005, TOTAL S.A. held indirectly through its subsidiaries 25,082,817 of its own shares, representing 4.08% of its share capital, detailed as follows:

- 505,918 shares held by a consolidated subsidiary, TOTAL Nucléaire, 100% indirectly controlled by TOTAL S.A.;
- 24,576,899 shares held by subsidiaries of Elf Aquitaine, (Financière Valorgest, Sogapar and Fingestval)

These shares are deducted from the consolidated shareholders' equity.

Paid dividend per share

During the year 2005, TOTAL paid on May 24, 2005, the balance of the dividend of 3.00 euros per share for the fiscal year 2004, as well as on November 24, 2005, an interim dividend of 3.00 euros per share for the fiscal year 2005.

A resolution will be submitted at the Shareholders' Meeting of May 12, 2006 to pay a dividend of 6.48 euros per share with a par value of 10 euros for the fiscal year 2005, which leaves a balance to be paid of 3.48 euros per share, after deduction of the interim dividend or 3.00 euros paid on November 24, 2005.

Items recognized directly in equity

Shareholders' equity is directly credited of 3,319 million euros in 2005 due to the following items:

Amounts (in millions of euros)	2005
Cumulative translation adjustment, Group share	2,850
Changes in deferred taxes on treasury shares	242
Changes in fair value of financial assets available for sale	160
Others	16
Group share	3,268
Minority interests and preferred shares	51
Total items recognized directly in equity	3,319

18. Employee benefits obligations

Provisions for employee benefits obligations consist of the following:

As of December 31, (in millions of euros)	2005	2004
Pension benefits liabilities	2,524	2,654
Other benefits liabilities	718	666
Restructuring reserves	171	287
Total	3,413	3,607

The fair value of defined benefit obligation and Plan Assets in the consolidated financial statements is detailed as follows:

As of December 31, (in millions of euros)	Pension benefits		Other pension benefits	
	2005	2004	2005	2004
Change in benefit obligation				
Benefit obligation at beginning of year	8,117	7,797	675	582
Service cost	168	141	14	10
Interest cost	411	414	36	31
Curtailements	-	(1)	-	-
Settlements	(14)	(133)	-	-
Special termination benefits	-	10	-	-
Plan participants' contributions	15	15	-	-
Benefits paid	(436)	(407)	(48)	(42)
Plan amendments	139	76	2	65
Actuarial losses (gains)	1,003	260	57	33
Translation adjustment and other	244	(55)	38	(4)
Benefit obligation at year-end	9,647	8,117	774	675
Change in fair value of Plan Assets				
Fair value of plan assets at beginning of year	(5,362)	(5,026)	-	-
Actual return on plan assets	(720)	(455)	-	-
Settlements	12	165	-	-
Plan participants' contributions	(15)	(15)	-	-
Employer contributions	(323)	(414)	-	-
Benefits paid	337	319	-	-
Foreign currency translation and other	(203)	64	-	-
Fair value of plan assets at year-end	(6,274)	(5,362)	-	-
Unfunded status	3,373	2,755	774	675
Unrecognized prior service cost	(171)	(98)	35	37
Unrecognized actuarial (losses) gains	(777)	(127)	(91)	(46)
Asset ceiling	5	-	-	-
Net recognized amount	2,430	2,530	718	666
Provision for pension and other pension benefits	2,524	2,654	718	666
Other non-current assets	(94)	(124)	-	-

The Accumulated benefit obligation for all benefit plans amounted to 8,642 million euros as of December 31, 2005 and 7,435 million euros as of December 31, 2004.

The Group expects to contribute 371 million euros to its pension plans in 2006.

ESTIMATED FUTURE PAYMENTS (in millions of euros)	Pension benefits	Other pension benefits
2006	436	45
2007	434	45
2008	442	46
2009	452	46
2010	468	45
2011-2015	2,615	226

ASSET ALLOCATION	Pension benefits	
As of December 31, (in millions of euros)	2005	2004
Equities	46%	44%
Debt securities	48%	50%
Monetary	3%	3%
Real Estate	3%	3%

ASSUMPTIONS USED TO DETERMINE BENEFITS OBLIGATIONS	Pension benefits		Other pension benefits	
As of December 31,	2005	2004	2005	2004
Discount rate	4.51%	5.12%	4.56%	5.28%
Average expected rate of salary increase	3.63%	3.66%	-	-
Expected rate of healthcare inflation:				
- Initial rate	-	-	5.41%	5.70%
- Ultimate rate	-	-	4.00%	4.15%

ASSUMPTIONS USED TO DETERMINE THE NET PERIODIC BENEFIT CHARGE (INCOME)	Pension benefits		Other pension benefits	
As of December 31,	2005	2004	2005	2004
Discount rate	5.12%	5.41%	5.28%	5.83%
Average expected rate of salary increase	3.66%	3.74%	-	-
Expected return on plan assets	6.57%	6.96%	-	-
Expected rate of healthcare inflation:				
- Initial rate	-	-	5.70%	6.37%
- Ultimate rate	-	-	4.15%	3.83%

The components of the net periodic benefit charge (income) in 2005 and 2004 are:

As of December 31, (in millions of euros)	Pension benefits		Other pension benefits	
	2005	2004	2005	2004
Service cost	168	141	14	10
Interest cost	411	414	36	31
Expected return on plan assets	(356)	(348)	-	-
Amortization of transition obligation (asset)	-	-	-	-
Amortization of prior service cost	64	29	(6)	55
Amortization of actuarial losses (gains)	-	14	2	-
Asset ceiling	5	-	-	-
Curtailments	-	-	-	-
Settlements	(3)	39	-	-
Special termination benefits	-	10	-	-
Net periodic benefit charge (income)	289	299	46	96

The assumptions for changes in healthcare costs have a significant impact on the valuations of commitments for coverage of medical expenses. A positive or negative change of one-percentage-point in the healthcare inflation rate would have approximately the following impact:

(in millions of euros)	1% point increase	1% point decrease
Benefit Obligation as of December 31, 2005	90	(71)
Net periodic benefit charge (income)	5	(3)

The pension benefit plans for which the Accumulated Benefit Obligation is higher than the fair value of plan assets are detailed as follows:

As of December 31, (in millions of euros)	2005	2004
Accumulated Benefit Obligation	6,974	5,956
Projected Benefit Obligation	7,579	6,370
Fair value of Plan Assets	(4,408)	(3,634)

19. Other non-current liabilities

As of December 31, (in millions of euros)	2005	2004
Litigations and accrued penalty claims	839	521
Provisions for environmental contingencies	768	627
Asset retirement obligations	3,710	3,334
Other non-current liabilities	1,421	1,507
Deposits received	313	285
Total	7,051	6,274

The other non-current liabilities include namely:

- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability) for 133 million euros as of December 31, 2005;
- provisions related to restructuring activities in the Chemicals segment for 171 million euros as of December 31, 2004.

VARIATION IN OTHER NON-CURRENT LIABILITIES (in millions of euros)

As of January 1, 2005	Allowances	Reversals	Currency translation adjustment	Other	As of December 31, 2005
6,274	1,347	(1,025)	375	80	7,051

Allowances of the period (1,347 million euros) include mainly:

- an additional allowance of the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), for 100 million euros;
- environmental contingencies in the Chemicals segment for 283 million euros;
- provisions related to restructuring of activities in the Chemicals segment for 107 million euros;
- an allowance of 292 million euros for litigation reserves in connection with antitrust investigations, as described in note 30

to the consolidated financial statements “Other risks and contingent liabilities”.

The main reversals of the period (1,025 million euros) are related to the incurred expenses which included notably:

- the contingency reserve related to the Toulouse-AZF plant explosion (civil liability), written back for 77 million euros;
- provisions for restructuring and social plans for 106 million euros;
- environmental contingencies in the Chemicals segment for 197 million euros.

VARIATION OF THE ASSET RETIREMENT OBLIGATION (in millions of euros)

As of January 1, 2005	Accretion	Revision in estimates	New obligations	Spending on existing obligations	Currency translation adjustment	Other	As of December 31, 2005
3,334	162	51	86	(202)	250	29	3,710

20. Financial debt and related financial instruments

A. Non-current financial debt and related financial instruments

As of December 31, (in millions of euros)	2005			2004		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(ASSETS)/LIABILITIES						
Non-current financial debt	490	13,303	13,793	466	10,823	11,289
<i>of which hedging instruments of non-current financial debt (liabilities) ⁽¹⁾</i>	-	128	128	-	-	-
Hedging instruments of non-current financial debt (Assets) ⁽¹⁾	-	(477)	(477)	-	(1,516)	(1,516)
Non-current financial debt - net of hedging instruments	490	12,826	13,316	466	9,307	9,773
Debenture loans, net of hedging instruments	-	10,703	10,703	-	8,251	8,251
Bank and other, floating rate	105	1,715	1,820	137	772	909
Bank and other, fixed rate	3	408	411	4	284	288
Financial lease obligations	382	-	382	325	-	325
Non-current financial debt - net of hedging instruments	490	12,826	13,316	466	9,307	9,773

(1) See the description of these hedging instruments (note 1 L (iii) "Long-term financing").

Fair value of debenture loans, as of December 31, 2005, after taking into account hedged currency and interest rates swaps can be detailed as follows (as the effect of the Group's credit risk is not material, it has not been taken into account in the calculation of fair value):

(in millions of euros)	Year of emission	Fair value after hedging as of December 31, 2004	Fair value after hedging as of December 31, 2005	Currency	Maturity	Initial rate before hedging instruments
Parent company						
Bond	1995	72		FRF	2005	8.200%
Bond (single coupon)	1995	136		FRF	2005	7.620%
Bond	1995	58		FRF	2005	7.500%
Bond	1996	145	166	FRF	2006	6.900%
Bond	1996	350	404	FRF	2008	6.750%
Bond	1997	73	83	FRF	2007	5.030%
Bond	1997	61	70	ESP	2007	6.800%
Bond	1997	128	146	FRF	2009	6.200%
Bond	1998	28	32	FRF	2008	Pibor 3 months +0.380%
Bond	1998	122	141	FRF	2009	5.125%
Bond	1998	124	142	FRF	2013	5.000%
Bond	1999	239	275	EUR	2006	3.875%
Bond	1999	141	-	CHF	2005	3.250%
Bond	2000	93	107	CHF	2006	3.500%
Bond	2000	176	-	GBP	2005	6.875%
Bond	2000	167	-	EUR	2005	5.375%
Bond	2000	320	-	EUR	2005	5.750%
Bond	2000	65	75	EUR	2010	5.650%
Bond	2000	367	-	USD	2005	7.000%
Short-term portion (less than one year)		(1,433)	(548)			
Total parent company		1,432	1,093			
ELF AQUITAINE SA						
Elf Aquitaine SA						
Bond 1999		999	998	EUR	2009	4.500%
Short-term portion (less than one year)		-	-			
Total Elf Aquitaine SA		999	998			

(in millions of euros)

TOTAL CAPITAL	Year of emission	Fair value after hedging as of December 31, 2004	Fair value after hedging as of December 31, 2005	Currency	Maturity	Initial rate before hedging instruments
Bond	2002	269	309	CHF	2007	3.000%
Bond	2002	55	64	USD	2007	4.740%
Bond	2002	221	255	USD	2007	5.125%
Bond	2002	15	18	USD	2012	5.890%
Bond	2002	178	204	CHF	2007	3.000%
Bond	2002	184	213	USD	2007	4.750%
Bond	2002	37	43	USD	2007	LIBOR USD 3 months +0.060%
Bond	2002	37	43	USD	2007	LIBOR USD 3 months +0.065%
Bond	2002	169	195	GBP	2007	5.000%
Bond	2002	98	113	CHF	2007	2.500%
Bond	2002	100	101	GBP	2007	5.000%
Bond	2003	59	69	GBP	2007	5.000%
Bond	2003	45	52	AUD	2008	5.000%
Bond	2003	391	450	EUR	2008	3.500%
Bond	2003	48	56	CAD	2008	4.250%
Bond	2003	22	26	USD	2013	4.500%
Bond	2003	184	212	USD	2008	3.250%
Bond	2003	42	49	AUD	2008	5.000%
Bond	2003	79	91	EUR	2008	3.500%
Bond	2003	123	142	EUR	2008	3.500%
Bond	2003	160	185	CHF	2008	2.000%
Bond	2003	157	181	CHF	2009	2.385%
Bond	2003	107	123	CHF	2008	2.000%
Bond	2003	53	61	AUD	2009	6.250%
Bond	2003-2004	407	467	USD	2009	3.500%
Bond	2003	170	196	CHF	2010	2.375%
Bond	2004	342	395	GBP	2010	4.875%
Bond	2004	120	138	CHF	2010	2.385%
Bond	2004	467	535	EUR	2010	3.750%
Bond	2004	58	67	AUD	2009	6.000%
Bond	2004	28	33	AUD	2009	6.000%
Bond	2004	135	156	GBP	2010	4.875%
Bond	2004	56	65	AUD	2011	5.750%
Bond	2004	57	65	CAD	2010	4.000%
Bond	2004	196	226	GBP	2010	4.875%
Bond	2004	37	42	USD	2008	3.250%
Bond	2004	37	42	USD	2008	3.250%
Bond	2004	88	115	GBP	2007	5.000%
Bond	2004	73	85	USD	2008	3.250%
Bond	2004	114	131	CAD	2011	4.875%
Bond	2004	222	255	USD	2011	4.125%
Bond	2004	50	58	NZD	2014	6.750%
Bond	2004	74	85	USD	2011	4.125%
Bond	2004	123	142	CHF	2012	2.375%
Bond	2005		337	EUR	2012	3.250%
Bond	2005		220	CHF	2012	2.135%
Bond	2005		42	USD	2009	3.500%

(in millions of euros)

TOTAL CAPITAL	Year of emission	Fair value after hedging as of December 31, 2004	Fair value after hedging as of December 31, 2005	Currency	Maturity	Initial rate before hedging instruments
Bond	2005		65	AUD	2011	5.750%
Bond	2005		68	CAD	2011	4.000%
Bond	2005		170	USD	2011	4.125%
Bond	2005		106	EUR	2012	3.250%
Bond	2005		136	CHF	2011	2.135%
Bond	2005		63	AUD	2012	5.750%
Bond	2005		57	NZD	2012	6.500%
Bond	2005		65	CHF	2012	2.135%
Bond	2005		226	CHF	2011	1.625%
Bond	2005		98	CHF	2012	2.375%
Bond	2005		295	GBP	2012	4.625%
Total TOTAL CAPITAL		5,687	8,501			
Other consolidated subsidiaries		133	111			
Total		8,251	10,703			

Loan repayment schedule (excluding current portion)

As of December 31, 2005 (in millions of euros)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	Currency and interest rate swaps (assets)	Non-current financial debt - after swaps	%
2007	2,896	(12)	(223)	2,673	20%
2008	2,256	(10)	(117)	2,139	16%
2009	2,403	1	(94)	2,309	17%
2010	1,958	50	(22)	1,936	15%
2011 and beyond	4,280	99	(21)	4,259	32%
Total	13,793	128	(477)	13,316	100%

As of December 31, 2004 (in millions of euros)	Non-current financial debt	of which hedging instruments of non-current financial debt (liabilities)	Currency and interest rate swaps (assets)	Non-current financial debt - after swaps	%
2006	840	-	(139)	701	7%
2007	2,422	-	(473)	1,949	20%
2008	2,241	-	(398)	1,843	19%
2009	2,376	-	(232)	2,144	22%
2010 and beyond	3,410	-	(274)	3,136	32%
Total	11,289	-	(1,516)	9,773	100%

Analysis by currency and interest rate

These analyses take into account interest rate and foreign currency swaps to hedge non-current financial debt.

As of December 31, (in millions of euros)	2005	%	2004	%
Dollar	9,778	73%	7,896	81%
Euro	2,324	18%	1,547	16%
Other currencies	1,214	9%	330	3%
Total	13,316	100%	9,773	100%

As of December 31, (in millions of euros)	2005	%	2004	%
Fixed rates	1,089	8%	696	7%
Floating rates	12,227	92%	9,077	93%
Total	13,316	100%	9,773	100%

Impact on net income

The amount of the cost of net debt after hedging instruments is disclosed in the consolidated statement of income under “Cost of net debt”.

The effective interest rate resulting from the cost of net debt approximates market conditions for the current debt. This effective rate may differ substantially from the interest rate of non-current loans as disclosed above, as the hedging instruments of interest rates are swaps that convert Group financing conditions to short-term market conditions (3-month average).

The 2005 expense for hedging instruments on debenture loans amounts to 23 million euros after tax (12 million euros in 2004).

B. Current borrowings, bank overdrafts and related financial instruments

Current borrowings consist mainly of commercial papers or treasury bills or draws on bank loans. These instruments bear interest at rates that are close to market rates.

As of December 31, (in millions of euros)	2005	2004
Current financial debt and bank overdrafts	2,928	1,385
Current portion of non-current financial debt	992	2,229
Current borrowings and bank overdrafts	3,920	3,614
Current portion of financial instruments for interest rate swaps	6	-
Other financial instruments	27	343
Current financial instruments - liabilities (Note 27)	33	343
Current portion of financial instruments for interest rate swaps	(44)	(440)
Other financial instruments	(290)	(37)
Current financial instruments - assets (Note 27)	(334)	(477)
Total - Current financial debt after financial instruments	3,619	3,480

Changes in the value of current financial instruments is, in accordance with the methods described in note 1L to the consolidated financial statements, recognized in the net income of the period under “Financial interest on debt”, except for instruments qualified as net investment hedge, which are recognized directly in shareholders’ equity, for an amount of (146) million euros as of December 31, 2005 and (23) million euros as of December 31, 2004.

21. Other creditors and accrued liabilities

As of December 31, (in millions of euros)	2005	2004
Advances from customers	1,416	881
Accruals and deferred income	253	319
Payable to states (including taxes and duties)	7,644	6,461
Payroll	1,015	940
Other	2,741	2,547
Total	13,069	11,148

22. Lease contracts

The Group leases real estate, service stations, ships, and other equipments (note 11 to the consolidated financial statements).

The future minimum lease payments on operating and financial leases to which the Group is committed as of December 31, 2005 are shown as follows:

As of December 31, 2005 (in millions of euros)	Operating leases	Capital lease obligation
2006	273	51
2007	210	47
2008	170	50
2009	119	41
2010	95	41
2011 and after	441	199
Total minimum payments	1,308	429
Less financial expenses	-	28
Nominal value of contracts	-	457
Less current portion of the financial lease	-	(75)
Outstanding liability	-	382
As of December 31, 2004 (in millions of euros)	Operating leases	Capital lease obligation
2005	203	52
2006	169	47
2007	116	44
2008	105	46
2009	68	39
2010 and after	327	231
Total minimum payments	988	459
Less financial expenses	-	(104)
Nominal value of contracts	-	355
Less current portion of the financial lease	-	(30)
Outstanding liability	-	325

Net rental expense incurred under non-capitalized operating leases for the years ended December 31, 2005 and 2004, was 272 million euros and 244 million euros respectively.

23. Commitments and contingencies

As of December 31, 2005 (in millions of euros)	Total	Maturity and installments		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Excise taxes payment given	2,827	2,552	29	246
Collateral given against borrowings	1,089	19	823	247
Other commitments given	5,473	2,467	1,873	1,133
Total commitments given	9,389	5,038	2,725	1,626
Mortgages and liens received	280	10	158	112
Other commitments received	3,587	2,400	561	626
Total commitments received	3,867	2,410	719	738

As of December 31, 2004 (in millions of euros)	Total	Maturity and installments		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Excise taxes payment given	2,892	2,668	48	176
Collateral given against borrowings	454	5	150	299
Other commitments given	2,462	1,165	568	729
Total commitments given	5,808	3,838	766	1,204
Mortgages and liens received	196	9	124	63
Other commitments received	1,169	588	310	271
Total commitments received	1,365	597	434	334

The information regarding contractual obligations linked to non-current indebtedness and credit facilities is presented in note 20 to the consolidated financial statements "Financial debt"; the information regarding operating and financial leases is presented in note 22 to the consolidated financial statements "Lease contracts".

Excise taxes payment given

Guarantees given on customs duties, which amount to 2,827 million euros as of December 31, 2005, mainly consist of guarantees given to other oil and gas companies in order to comply with French tax authorities' requirements for oil and gas import in France. A payment would be triggered by a failure of the guaranteed party with respect to the French tax authorities. The default of the guaranteed parties is however considered to be highly remote by the Group.

Collateral given against borrowings

The Group guarantees bank debt and finance lease obligations of some non-consolidated affiliates. Expiration dates vary, and guarantees will terminate on payment and/or cancellation of the obligation. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee, and no assets are held as collateral for these guarantees. The amount of these guarantees total approximately 1,089 million euros as of December 31, 2005 for debt guarantees with maturities up to 2019.

Other commitments given

Non-consolidated subsidiaries

The Group also guarantees the current liabilities of some non-consolidated affiliates. Performance under these guarantees would be triggered by a financial default of the entity. At year-end 2005, the total amount of these guarantees is estimated to be 73 million euros.

Indemnities

In the ordinary course of business, the Group executes contracts involving standard indemnities in the industry and indemnifications specific to a transaction such as sale of a business. These indemnifications might include claims against any of the following: environmental, tax and shareholder matters, intellectual property rights, governmental regulations and employment-related matters, dealer, supplier, and other commercial contractual relationships. Performance under these indemnities would generally be triggered by a breach of terms of the contract or by a third party claim. The Group regularly evaluates the probability of having to incur costs associated with these indemnifications.

The amount of guarantees related to business sales is estimated at 221 million euros. They mainly consist of the guarantees given for the Inks division sale in 1999, the Elf Antargaz sale in 2001 and the sale of the Paints business in 2003.

Other guarantees

As part of normal ongoing business operations and consistent with generally and accepted recognized industry practice, the Group enters into numerous agreements with other parties. These commitments are often entered into for commercial purposes or for regulatory purposes and for other operating agreements. As of December 31, 2005, these other commitments include guarantees given to customers or suppliers for 1,527 million euros, guarantees on documentary letters of credit for 1,098 million euros and other operating commitments for 2,554 million euros.

Similar to the business practice of all oil and gas companies for development of gas fields, the Group is involved in long-term sale agreements on quantities of natural gas. The price of these contracts is indexed on prices of petroleum products and other forms of energy.

24. Share-based payments
A. TOTAL share subscription plans

	2003 Plan ⁽¹⁾	2004 Plan ⁽²⁾	2005 Plan ⁽³⁾	Total
Exercise price (in euros)	133.20	159.40	198.90	
Expiration date	07/16/2011	07/20/2012	07/19/2013	
Options				
Exercisable as of January 1, 2003	-	-	-	-
Granted	2,935,306	-	-	2,935,306
Cancelled	-	-	-	-
Exercised	-	-	-	-
Exercisable as of January 1, 2004	2,935,306	-	-	2,935,306
Granted	-	3,365,630	-	3,365,630
Cancelled	(2,100)	(12,000)	-	(14,100)
Exercised	(950)	-	-	(950)
Exercisable as of January 1, 2005	2,932,256	3,353,630	-	6,285,886
Granted	-	6,000	1,526,120	1,532,120
Cancelled	(2,500)	(4,100)	(2,600)	(9,200)
Exercised	(130,557)	(2,700)	-	(133,257)
Exercisable as of December 31, 2005	2,799,199	3,352,830	1,523,520	7,675,549

(1) Grants decided by the Board of Directors on July 16, 2003 pursuant to the authorization given by the Shareholders' Meeting held on May 17, 2001. The options are exercisable only after a 2-year period from the date the option is granted to the individual employee and must be exercised within 8 years from the date of grant. Underlying shares may not be sold for 4 years from the date of grant.

(2) Grants decided by the Board of Directors on July 20, 2004 pursuant to the authorization given by the Shareholders' Meeting held on May 14, 2004. The options are exercisable only after a 2-year period from the date the option is granted to the individual employee and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of grant.

(3) Grants decided by the Board of Directors on July 19, 2005 pursuant to the authorization given by the Shareholders' Meeting held on May 14, 2004. The options are exercisable only after a 2-year period from the date the option is granted to the individual employee and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of grant.

B. TOTAL share purchase plan

	1998 Plan ⁽¹⁾	1999 Plan ⁽²⁾	2000 Plan ⁽³⁾	2001 Plan ⁽⁴⁾	2002 Plan ⁽⁵⁾	Total
Exercise price (in euros)	93.76	113.00	162.70	168.20	158.30	
Expiration date	03/17/2006	06/15/2007	07/11/2008	07/10/2009	07/09/2010	
Number of options						
Outstanding as of January 1, 2003	900,880	1,455,967	2,414,645	2,687,275	2,869,850	10,328,617
Granted	-	-	-	-	-	-
Cancelled	-	(5,100)	(5,600)	(3,650)	(6,650)	(21,000)
Exercised	(178,342)	(44,250)	-	-	-	(222,592)
Outstanding as of January 1, 2004	722,538	1,406,617	2,409,045	2,683,625	2,863,200	10,085,025
Granted	-	-	-	-	-	-
Cancelled	-	-	(1,300)	(2,700)	(800)	(4,800)
Exercised	(333,526)	(380,088)	(1,300)	-	(772)	(715,686)
Outstanding as of January 1, 2005	389,012	1,026,529	2,406,445	2,680,925	2,861,628	9,364,539
Granted	-	-	-	-	-	-
Cancelled	(100)	(300)	(1,750)	(1,000)	(2,450)	(5,600)
Exercised	(241,499)	(513,121)	(777,209)	(495,950)	(38,308)	(2,066,087)
Outstanding as of December 31, 2005	147,413	513,108	1,627,486	2,183,975	2,820,870	7,292,852

(1) Grants decided by the Board of Directors on March 17, 1998 pursuant to the authorization given by the Shareholders' Meeting held on May 21, 1997.

The options are exercisable only after a 5-year period from the date the option is granted to the individual employee and must be exercised within 8 years from this date.

(2) Grants decided by the Board of Directors on June 15, 1999 pursuant to the authorization given by the Shareholders' Meeting held on May 21, 1997.

The options are exercisable only after a 5-year period from the date the option is granted to the individual employee and must be exercised within 8 years from this date.

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

The options are exercisable only after a 4-year period from the date the option is granted to the individual employee and must be exercised within 8 years from this date.

For beneficiaries holding contracts with French companies or working in France, the shares arising from the exercise of options may not be sold for 5 years from the date of grant.

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

The options are exercisable only after January 1, 2005 and must be exercised within 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 for 4 years from the date of grant.

(5) Grants decided by the Board of Directors on July 9, 2002 pursuant to the authorization given by the Shareholders' Meeting held on May 17, 2001.

The options are exercisable only after a 2-year period from the date the option is granted to the individual employee and must be exercised within 8 years from this date. Underlying shares may not be sold for 4 years from the date of grant.

C. Exchange guarantee granted to the holders of Elf Aquitaine share subscription options

Pursuant to the public exchange offer for Elf Aquitaine shares which was made in 1999, the Group made a commitment to guarantee the holders of Elf Aquitaine share subscription options, at the end of the period referred to in Article 163 bis C of the French Tax Code (CGI), and until the end of the period for the exercise of the options, the possibility to exchange their future Elf Aquitaine shares for TOTAL shares, on the basis of the exchange ratio of the offer (19 TOTAL shares for 13 Elf Aquitaine shares).

As of December 31, 2005, a maximum of 247,508 Elf Aquitaine shares, either outstanding or to be created, were covered by this guarantee, as follows:

ELF AQUITAINE SHARE SUBSCRIPTION PLANS	1999 Plan n° 1	1999 Plan n° 2	Total
Exercise price (in euros)	115.60	171.60	
Expiration date	03/30/2009	09/12/2009	
Outstanding options as of December 31, 2005	236,559	6,000	242,559
Outstanding Elf Aquitaine shares covered by the exchange guarantee as of December 31, 2005	4,949	-	4,949
Total of Elf Aquitaine shares, either outstanding or to be created, covered by the exchange guarantee for TOTAL shares as of December 31, 2005	241,508	6,000	247,508

Thus, as of December 31, 2005, a total of 361,742 shares of the Company were likely to be created within the scope of the application of this exchange guarantee.

D. Grant of TOTAL restricted shares

	Plan 2005 ⁽¹⁾
Date of Board of Directors meeting	07/19/2005
Number of restricted shares	
Outstanding as of January 1, 2005	-
Notified	570,130
Cancelled	(1,498)
Finally granted	-
Outstanding as of December 31, 2005	568,632

(1) Grants decided by the Board of Directors on July 19, 2005 pursuant to the authorization given by the Shareholders' Meeting held on May 17, 2005. The grant of these shares, which have been bought back in 2005 by the Company on the market, will become final after a 2-year vesting period (acquisition of the right to restricted shares) on July 20, 2007, subject to a performance condition. This condition states that the number of restricted shares finally granted will be based on the Return On Equity ("ROE") of the Group. The ROE will be calculated on the consolidated accounts published by TOTAL and related to the fiscal year preceding the year of the final grant, in the present case fiscal 2006. Moreover, the transfer of the restricted shares, that might hence be finally granted, will not be permitted between the date of final grant and the end of a 2-year mandatory holding period, on July 20, 2009.

E. Share-based payment expenses

Share-based payment expenses for the year 2005 amounts to 131 million euros and could be broken down as follow:

- 86 million euros for TOTAL share subscription and share purchase plans;
- 25 million euros for TOTAL restricted shares plan;
- 20 million euros for capital increase reserved for employees (note 17 to the consolidated financial statements).

Share-based payment expenses for the year 2004 amounts to 138 million euros and breaks down as follows:

- 118 million euros for TOTAL share subscription and share purchases plans;
- 20 million euros for TOTAL restricted shares plan.

The fair value of the options granted in 2005 and 2004 has been valued according to the Black & Scholes method and based on the following hypothesis:

For the year ended December 31,	2005	2004
Risk free interest rate (%)	2.9	3.8
Expected dividends (%)	3.7	3.0
Expected volatility (%) ⁽¹⁾	23.2	22.0
Vesting period (years)	2.0	2.0
Exercise period (years)	8.0	8.0
Weighted-average fair value of the granted options (€ per option)	40.1	31.1

(1) The expected volatility is based on the implied volatility of TOTAL shares options and of share indices options traded on the markets.

25. Payroll and staff

For the year ended December 31, (in millions of euros)	2005	2004
Personnel Expenses		
Wages and salaries (including social charges)	6,640	6,107
Group Employees		
France		
Management	11,607	11,338
Other	37,144	37,836
International		
Management	15,568	14,891
Other	48,558	47,336
Total	112,877	111,401

Number of employees includes only the employees of fully consolidated subsidiaries.

26. Statement of cash flows

A. Non-current financial debt

Changes in non-current debt have been presented as the net variation to reflect significant changes mainly related to revolving credit agreements. The detailed analysis is as follows:

For the year ended December 31, (in millions of euros)	2005	2004
Issuance of non-current debt	2,910	2,801
Repayment of non-current debt	(32)	(552)
Net amount	2,878	2,249

B. Changes in working capital

For the year ended December 31, (in millions of euros)	2005	2004
Inventories	(2,971)	(1,620)
Accounts receivable	(4,712)	(1,900)
Prepaid expenses and other current assets	(991)	(950)
Accounts payable	3,575	1,791
Other creditors and accrued liabilities	1,097	2,426
Net (increase) decrease in working capital	(4,002)	(253)

C. Additional information

For the year ended December 31, (in millions of euros)	2005	2004
Paid interests	(985)	(882)
Received interest	826	567
Income tax on cashed out profits	(8,159)	(4,376)
Received dividends	758	762

D. Non-cash investing activities

Cash flow used in investing activities as of December 31, 2004 includes an amount of 276 million euros related to the termination of cross-shareholdings agreements with Gaz de France in Gaz du Sud-Ouest (GSO) and Compagnie Française du Méthane (CFM), cashed out on January 3, 2005.

27. Fair value of financial instruments

A. Financial instruments not related to commodity contracts

The difference between the carrying amount in the balance sheet and the fair value of financial instruments is as follows:

ASSETS/(LIABILITIES) As of December 31, (in millions of euros)	2005		2004	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Publicly traded equity securities	469	469	277	277
Other equity securities	1,047	1,047	921	921
Other investments (Note 13)	1,516	1,516	1,198	1,198
Loans and advances (Note 14)	1,202	1,202	912	912
Debenture loans (non-current portion, before swaps) ⁽¹⁾	(11,025)	(11,025)	(9,727)	(9,727)
Issue swaps and swaps hedging debenture loans (liabilities) ⁽¹⁾	(128)	(128)	-	-
Issue swaps and swaps hedging debenture loans (assets) ⁽²⁾	450	450	1,476	1,476
Debenture loans after swaps (non-current portion) (Note 20 A)	(10,703)	(10,703)	(8,251)	(8,251)
Bank and other loans, before swaps (non-current portion) - floating rate ⁽¹⁾	(1,847)	(1,847)	(949)	(962)
Non-current currency and interest rate swaps hedging bank loans ⁽²⁾	27	27	40	40
Bank and other loans, after swaps - floating rate (non current portion) (Note 20 A)	(1,820)	(1,820)	(909)	(922)
Bank and other loans (non-current portion) - fixed rate ⁽¹⁾ (Note 20 A)	(411)	(406)	(288)	(274)
Financial lease obligations (non-current portion) ⁽¹⁾ (Notes 20 A and 22)	(382)	(382)	(325)	(325)
Debenture loans (current portion, before swaps)	(624)	(624)	(1,433)	(1,433)
Bank and other loans (except financial lease obligations) (current portion)	(334)	(333)	(766)	(766)
Financial lease obligations (current portion) (Note 22)	(34)	(34)	(30)	(30)
Issue swaps and swaps hedging debenture loans (fixed rate) (current portion) (assets)	44	44	440	440
Issue swaps and swaps hedging debenture loans (fixed rate) (current portion) (liabilities)	(6)	(6)	-	-
Current portion of non non-current financial debt (Note 20 B) after swaps	(954)	(953)	(1,789)	(1,789)
Other interest rates swaps - assets	7	7	20	20
Currency swaps and forward exchange contracts - assets ⁽³⁾	283	283	17	17
Current financial instruments held for trading- assets (Note 20 B)	290	290	37	37
Other interest rates swaps - liabilities	(4)	(4)	(9)	(9)
Currency swaps and forward exchange contracts - liabilities ⁽³⁾	(23)	(23)	(334)	(334)
Current financial instruments held for trading - liabilities (Note 20 B)	(27)	(27)	(343)	(343)
Total	(11,289)	(11,283)	(9,758)	(9,757)
Total of fair value not recognized in the balance sheet		6		1

(1) Included in "Non-current financial debt" in note 20 A to the consolidated financial statements.

(2) Included in "hedging instruments of non-current financial debt" in note 20 A to the consolidated financial statements.

(3) Currency swaps are used to manage TOTAL's current position to be able to borrow or to invest on markets other than the euro market. Therefore their market values, when significant, are compensated by the value of the current financial loans and debts to which they relate.

The classification by strategy and the notional amount of the derivative instruments included in the table above is as follows:

As of December 31, 2005 (in millions of euros)		Notional amount ⁽¹⁾						
ASSETS/(LIABILITIES)	Fair Value	Total	2006	2007	2008	2009	2010	2011 and after
Financial instruments hedging non-current financial debt								
Issue swaps and swap hedging debenture issues - non-current (liabilities)	(128)	4,387						
Issue swaps and swap hedging debenture issues - non-current (assets)	450	6,166						
Issue swaps and swap hedging debenture issues - non-current	322	10,553		1,854	1,960	2,137	1,782	2,820
Non-current currency and interest rate swaps hedging bank loans								
Issue swaps and swap hedging debenture issues - less than one year (liabilities)	(6)	167						
Issue swaps and swap hedging debenture issues - less than one year (assets)	44	381		76				
Issue swaps and swap hedging debenture issues - less than one year	38	548	548					
Financial instruments hedging net investment								
N/A								
Financial instruments held for trading								
Other interest rate swaps - assets	7	4,960						
Other interest rate swaps - liabilities	(4)	9,022						
Other swaps assets and liabilities	3	13,982	13,976				5	1
Currency swaps and forward exchange contracts - assets	283	8,579						
Currency swaps and forward exchange contracts - liabilities	(23)	2,372						
Currency swaps and forward exchange contracts - assets and liabilities	260	10,951	10,542	77	44	88	16	184

(1) These amounts set the levels of notional involvement and are not indicative of a contingent gain or loss.

As of December 31, 2004 (in millions of euros)		Notional amount ⁽¹⁾						
ASSETS/(LIABILITIES)	Fair Value	Total	2005	2006	2007	2008	2009	2010 and after
Financial instruments hedging non-current financial debt								
Issue swaps and swap hedging debenture issues - non-current	-	-						
Issue swaps and swap hedging debenture issues - non-current	1,476	8,057						
Issue swaps and swap hedging debenture issues - non-current	1,476	8,057		474	1,599	1,698	1,948	2,338
Non-current currency and interest rate swaps hedging bank loans								
	40	105	37	2	66	-	-	
Issue swaps and swap hedging debenture issues - less than one year (liabilities)	-	-						
Issue swaps and swap hedging debenture issues - less than one year (assets)	440	1,433						
Issue swaps and swap hedging debenture issues - less than one year	440	1,433	1,433					
Financial instruments hedging net investment								
N/A								
Financial instruments held for trading								
Other interest rate swaps - assets	20	9,947						
Other interest rate swaps - liabilities	(9)	7,090						
Other swaps assets and liabilities	11	17,037	17,031	1	-	-	-	5
Currency swaps and forward exchange contracts - assets	17	1,809						
Currency swaps and forward exchange contracts - liabilities	(334)	8,838						
Currency swaps and forward exchange contracts - assets and liabilities	(317)	10,647	10,276	111	28	16	16	200

(1) These amounts set the levels of notional involvement and are not indicative of a contingent gain or loss.

B. Financial instruments related to commodity contracts

These financial instruments are recognized at their fair value and recorded under the “Accounts receivable and other current assets” or “Accounts payable and other creditors” depending whether they are assets or liabilities.

As of December 31, 2005 (in millions of euros)				
ASSETS/(LIABILITIES)	Notional value - assets ⁽¹⁾	Notional value - liabilities ⁽¹⁾	Carrying amount	Fair Value
Commodities instruments on crude oil, petroleum products and freight rates				
Petroleum products and crude oil swaps ⁽¹⁾	5,474	6,356	13	13
Forward freight agreements	46	47	-	-
Forwards ⁽²⁾	4,839	5,156	(14)	(14)
Options ⁽³⁾	5,426	3,770	79	79
Futures ⁽⁴⁾	627	2,045	(35)	(35)
Options on futures ⁽³⁾	398	178	13	13
Total - Commodities instruments on crude oil, petroleum products and freight rates			56	56
Commodities instruments on gas and power				
Swaps ⁽¹⁾	1,205	1,017	28	28
Forwards	7,656	9,080	(623)	(623)
Options ⁽³⁾	60	41	-	-
Futures ⁽⁴⁾	177	43	35	35
Total - Commodities instruments on gas and power			(560)	(560)
Total			(504)	(504)
Total of fair value not recognized in the balance sheet				-

As of December 31, 2004 (in millions of euros)				
ASSETS/(LIABILITIES)	Notional value - assets ⁽¹⁾	Notional value - liabilities ⁽¹⁾	Carrying amount	Fair Value
Commodities instruments on crude oil, petroleum products and freight rates				
Petroleum products and crude oil swaps ⁽²⁾	3,454	3,778	32	32
Forward freight agreements	29	71	4	4
Forwards	3,045	4,145	(10)	(10)
Options ⁽³⁾	2,712	2,162	9	9
Futures ⁽⁴⁾	549	926	(2)	(2)
Options on futures ⁽³⁾	199	228	-	-
Total - Commodities instruments on crude oil, petroleum products and freight rates			33	33
Commodities instruments on natural gas and power				
Swaps ⁽²⁾	140	240	(1)	(1)
Forwards	4,568	5,227	(272)	(272)
Options ⁽³⁾	35	22	-	-
Futures ⁽⁴⁾	36	20	(5)	(5)
Total - Commodities instruments on natural gas and power			(278)	(278)
Total			(245)	(245)
Total of fair value not recognized in the balance sheet				-

(1) Swaps (including “Contracts for differences”): the “Notional value” columns correspond to receive-fixed and pay-fixed swaps.

(2) Forwards: contracts resulting in physical delivery are accounted for as derivative commodity contracts and included in the amounts shown. The 2004 figures have consequently been adjusted.

(3) Options: the “Notional value” columns correspond to the nominal value of options (calls or puts) purchased and sold, valued based on the strike price.

(4) Futures: the “Notional value” columns correspond to the net purchasing/selling positions, valued based on the closing rate on the organized exchange market.

Contracts on crude oil and petroleum products have been primarily entered into for a short-term (less than one year).

28. Market risks

Oil and Gas market related risks

Due to the nature of its business, the Group has a significant involvement in oil and gas trading as part of its normal operations in order to attempt to optimize revenues from its crude oil and gas production and obtain favorable pricing for supplies for its refineries.

In its international oil trading activities, the Group follows a policy of not selling its future oil and gas production for future delivery. However, in connection with these trading activities, the Group, like most other oil companies, uses energy derivative instruments to adjust its exposure to price fluctuations of crude oil, refined products, natural gas and power. Furthermore, the Group also uses freight-rate derivative contracts in its shipping activities in order to adjust its exposure to freight-rate fluctuations. In order to hedge against this risk, the Company uses various instruments such as futures, forwards, swaps and options on organized markets or over-the-counter markets.

To measure market risks related to the prices of oil and gas products, the Group uses a “value at risk” method. Under this method, for the Group’s crude oil and refined products trading activities, there is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 7.7 M€ per day, defined as the “value at risk”, based on positions as of December 31, 2005. Over the year 2005, the average value at risk was 9.7 M€, the lowest value at risk was 4.2 M€, the highest value at risk was 17.6 M€.

As part of its gas and power trading activity, the Group also uses derivative instruments such as futures, forwards, swaps and options in both organized and over-the-counter markets. In general, the transactions are settled at maturity date through physical delivery. There is a 97.5% probability that unfavorable daily market variations would result in a loss of less than 4.6 M€ per day, based on positions as of December 31, 2005. Over the year 2005, the average value at risk was 3.6 M€, the lowest value at risk was 1.6 M€, the highest value at risk was 8.4 M€.

The Group has implemented strict policies and procedures to manage and monitor these market risks. Trading and financial controls are carried out separately and an integrated information system enables real-time monitoring of trading activities. Limits on trading positions are approved by the Group’s Executive Committee and are monitored daily. To increase flexibility and encourage liquidity, hedging operations are performed with numerous independent operators, including other oil companies, major energy consumers and financial institutions. The Group has established limits for each counterparty, and outstanding amounts for each counterparty are monitored on a regular basis.

Financial markets related risks

Within its financing and cash management activities, the Group uses derivative instruments in order to manage its exposure to changes in interest rates and foreign exchange rates. This includes mainly interest rates and currency swaps. The Group might also use on an occasional basis futures, caps, floors and options contracts. The current operations and their accounting treatment are detailed in notes 1 L, 20 and 27 to the consolidated financial statements.

Risks relative to cash management activities and to interest rate and foreign exchange financial instruments are managed in accordance with rules set by the Group’s executive 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.

Management of currency exposure

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

For currency exposure generated by commercial activity, the hedging of revenues and costs in foreign currencies is typically performed using currency operations on the spot market and in some cases on the forward market. The Group rarely hedges estimated flows and, in this case; when it does so, it typically uses options.

With respect to currency exposure linked to non-current assets in foreign currencies, the Group has a hedging policy which results in reducing the associated currency exposure by financing in the same currency.

Short-term net currency exposure is periodically monitored with limits set by the Group’s executive management. The Group’s central treasury entities manage this currency exposure and centralizes borrowing activities on the financial markets (the proceeds of which are then loaned to the borrowing subsidiaries), cash centralization for the Group companies and investments of these funds on the monetary markets.

Management of short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and dollars, are managed with three main objectives set out by management (to maintain maximum liquidity, to optimize revenue from investments considering existing interest rate yield curves, and to minimize the cost of borrowing), over a horizon of less than twelve months and on the basis of a daily interest rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modification of the currency exposure.

Management of interest rate risk on non-current debt

The Group's policy consists of incurring non-current debt primarily at a floating rate or at a fixed rate depending on opportunities at the issuance with regards to the level of interest rates, in dollars or in euros according to the general corporate purposes.

Long-term interest rate and currency swaps can hedge debenture loans at their issuance in order to create a variable rate synthetic debt. In order to partially modify the interest rate structure of the long-term debt, TOTAL can also enter into long-term interest rate swaps.

Sensitivity analysis on interest rate and foreign exchange risk

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

ASSETS/(LIABILITIES)				
As of December 31, 2005 (in millions of euros)	Carrying amount	Estimated fair value	Change in fair value with a 10% interest rate increase	Change in fair value with a 10% interest rate decrease
Debenture loans (non-current portion, before swaps)	(11,025)	(11,025)	126	(129)
Issue swaps and swaps hedging debenture loans (liabilities)	(128)	(128)	(62)	63
Issue swaps and swaps hedging debenture loans (assets)	450	450	(53)	54
Fixed-rate bank loans	(411)	(406)	7	(7)
Current portion of non-current debt after swap (excluding capital lease obligations)	(920)	(919)	1	(1)
Other interest rates swaps	3	3	(3)	3
Currency swaps and forward exchange contracts	260	260	4	(4)
Currency options	-	-	-	-
As of December 31, 2004 (in millions of euros)				
Debenture loans (non-current portion, before swaps)	(9,727)	(9,727)	110	(112)
Issue swaps and swaps hedging debenture loans (liabilities)	-	-	-	-
Issue swaps and swaps hedging debenture loans (assets)	1,476	1,476	(107)	109
Fixed-rate bank loans	(288)	(274)	8	(9)
Current portion of non-current debt after swap (excluding capital lease obligations)	(2,199)	(2,199)	1	(1)
Other interest rates swaps	11	11	-	-
Currency swaps and forward exchange contracts	(317)	(317)	-	-
Currency options	-	-	-	-

As a result of its the policy for the management of currency exposure previously described, the Group believes that its short-term currency exposure is not material. The Group's sensitivity to long-term currency exposure is primarily attributable to the net equity of the subsidiaries whose functional currency is the dollar and, to a lesser extent, the pound sterling and the Norwegian krone. This sensitivity is reflected by the historical evolution of the currency translation adjustment imputed in the statement of changes in shareholders' equity which, in the course of the last two fiscal years, is essentially related to the evolution of the dollar and is set forth in the table below:

	Euro/Dollar exchange rates	Currency translation adjustments (in millions of euros)
As of December 31, 2005	1.18	1,421
As of December 31, 2004	1.36	(1,429)

The non-current debt in dollars described in note 20 to the consolidated financial statements is generally raised by the central treasury entities either in dollars or in euros, or in other currencies which are then systematically exchanged for dollars or euros according to the general corporate purposes, through issue swaps. The proceeds from these debt issuances are principally loaned to affiliates whose accounts are kept in dollars and any remaining balance is held in dollar-denominated investments. Thus, the net sensitivity of these positions to currency exposure is not material.

Short-term currency swaps for the nominal amounts appear in note 27 to the consolidated financial statements are used with the aim of optimizing the centralized management of the cash of the Group. Thus the sensitivity to currency fluctuations which may be induced is likewise considered negligible.

As a result of this policy, the impact of currency exchange on consolidated income, as illustrated in note 7 to the consolidated financial statements, has not been significant despite the considerable fluctuation of the dollar (positive 78 M€ in 2005, negative 75 M€ in 2004).

Management of counterparty risk

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

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

Stock market risk

The Group holds interests in a number of publicly-traded companies (see note 13 to the consolidated financial statements). The market values of these holdings fluctuate due to various factors, including stock market trends, valuations of the sectors in which the companies operate, and the economic and financial condition of each individual company.

Liquidity risk

TOTAL S.A. has confirmed lines of credit granted by international banks, which would allow it to manage its short-term liquidity needs as required. The total amount of these lines of credit as of December 31, 2005, was 7,355 millions of dollars, of which 7,293 millions of dollars was unused. The terms and availability of these lines of credit are not conditioned on the Company's financial ratios, its financial ratings or on the absence of events that could have a material adverse impact on its financial situation. The total amount, as of December 31, 2005, of confirmed lines of credit granted by international banks to Group companies, including TOTAL S.A., was 9,778 millions of dollars of which 8,414 millions of dollars was unused. Lines of credit given to Group companies other than TOTAL S.A. are not used for general Group purposes. They are used to finance general activities of that company or for specific projects.

The following table shows the maturity of the financial assets and debts of the Group (see note 20 to the consolidated financial statements).

ASSETS/(LIABILITIES)	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
December 31, 2005 (in millions of euros)				
Financial debt after swaps	(3,619)	(9,057)	(4,259)	(16,935)
Cash and cash equivalents	4,318	-	-	4,318
Net amount	699	(9,057)	(4,259)	(12,617)
December 31, 2004 (in millions of euros)				
Financial debt after swaps	(3,480)	(6,637)	(3,136)	(13,253)
Cash and cash equivalents	3,860	-	-	3,860
Net amount	380	(6,637)	(3,136)	(9,393)

29. Related parties

The main transactions completed with, amounts receivables from and payables to related parties (principally all the investments carried under the equity method and subsidiaries excluded from consolidation) are detailed as follows:

BALANCE SHEET,	2005	2004
As of December 31 (in millions of euros)		
<i>Receivables</i>		
Debtors and other debtors	353	303
Loans (excl. loans to equity companies)	465	463
<i>Payables</i>		
Creditors and other creditors	406	273
Debts	19	-
INCOME STATEMENT,		
As of December 31 (in millions of euros)		
Sales	1,593	1,363
Purchases	2,482	1,646
Financial expenses	-	-
Financial income	56	79

30. Other risks and contingent liabilities

TOTAL is not currently aware of any event, litigation, risks or contingent liabilities that could materially adversely affect the financial condition, assets, results or business of the Group.

Antitrust Investigations

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

In Europe, the European Commission commenced investigations in 2000, 2003 and 2004 into alleged anti competitive practices involving certain products sold by Arkema or its subsidiaries. Under one of these investigation, in January 2005 the European Commission fined Arkema France 13.5 M€ and jointly fined Arkema France and Elf Aquitaine 45 M€. Arkema France and Elf Aquitaine have appealed to the Court of First Instance of the European Union. The Commission notified Arkema France, TOTAL S.A. and Elf Aquitaine of complaints concerning two other product lines in January and August 2005, respectively. Arkema France has cooperated with the authorities in these procedures and investigations. No facts have been alleged that would implicate TOTAL S.A. or Elf Aquitaine in these practices.

2. Moreover, as a result of investigations started by the European Commission in October 2002 by the European Commission concerning certain Refining & Marketing subsidiaries of the Group, TOTAL Nederland N.V. received a statement of objections in October 2004. A statement of objections regarding these practices has also been addressed to TOTAL S.A., although no facts have been alleged that would implicate TOTAL S.A. in these practices.

3. Given the discretionary powers granted to the European Commission for determining fines, it is not currently possible to determine with certainty the outcome of these investigations and lawsuits. In 2005, given the Commission's stated intention to more severely punish anti competitive practices and taking into account the Commission's recent decisions in this area, the Group has revalued the amount of the related provisions recorded in its consolidated financial statements at the end of 2005.

The Group has increased the provisions recorded in its consolidated financial statements as of December 31, 2005 to cover the risks described in paragraph 1 above to 482 M€, an increase of 292 M€ compared to those booked as of December 31, 2004. (see note 19 to the consolidated financial statements "Other non-current liabilities").

4. TOTAL S.A. and Elf Aquitaine are contesting their liability and the method of determining these fines. Although it is not possible to predict the outcome of these proceedings, the Group believes that they will not have a material adverse affect on its financial condition or results.

Buncefield

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

The explosion injured forty people, most of whom suffered slight wounds, and caused substantial property damage to the depot and the buildings and homes located nearby. The causes of the explosion are still not known and liabilities have not been established.

The Group is insured for damage to its facilities, operating losses and claims from third parties under its civil liability and believes that, based on the current information available, this accident should not have a significant impact on its financial position, cash flows or results.

Venezuela

The Group was informed by the Venezuelan government of a change in the method for calculating royalties. The Group also received a notice of additional tax assessment on the corporate income tax for the years 2001-2004.

The Group believes that it has complied with the applicable fiscal and legal provisions. The Group has paid a higher amount of royalties with reservations. The tax assessment is currently being reviewed.

In addition, at the request of the Venezuelan government, discussions are underway for revising the Jusepin contract. The Venezuelan government has made similar requests to all companies operating under this type of contract.

Bolivia

In May 2005 a new law changing the fiscal and regulatory framework for oil and gas operations in Bolivia was passed. TOTAL has asked the Bolivian authorities to open negotiations pursuant to a French-Bolivian treaty for the protection of investments in order to maintain the economic terms and a regulatory framework satisfactory to both parties.

31. Other information

A. Research and Development costs

The Group strategy of research and development is focused on the three segments of activity, principally in the following areas:

- exploration-production technology allowing the access, at acceptable cost, to new energy resources (high pressure-high temperature, deep offshore, heavy crude oils, polyphasic transportation, acidic gas) as well as environmental-friendly technologies such as reduction of greenhouse gas emissions, capture and sequestration of CO₂ produced by our units, containment of acidic gas emissions, and efficient use of water in the upstream industrial process;
- refining technology allowing the identification, the anticipation, and the reduction of constraints linked to the operation of the facilities, the evolution of specifications and the control of environmental emissions, among other by exploitation of biofuels and more generally bioenergy and marketing technology allowing the creation of innovative formulations of products representing sales opportunities;
- chemical processes allowing a stronger competitiveness, quality, safety and respect of environment, in particular of the following themes: new catalysts technology, new polymerization technologies, new products (biodegradable polymers and biopolymers, elastomers, anti-vibration systems, new coatings) as well as the nano-technologies.

Research and development costs incurred by the Group during the 2005 accounting period amounted to 676 million euros, corresponding to 0.5% of the turnover.

The staff dedicated in 2005 to these research and development activities is estimated at 5,312 people.

B. Taxes paid to Middle East oil-producing countries for the portion which TOTAL held historically as concessions

Taxes paid for the portion that TOTAL held historically as concessions (Abu Dhabi offshore and onshore, Dubai offshore, Oman and Abu Al Bu Khoosh) included in operating expenses amounted to 2,242 million euros in 2005 (1,487 million euros in 2004).

C. CO₂ quotas

The principles governing the accounting for CO₂ quotas are presented in note 1T to the consolidated financial statements.

At December 31, 2005, the CO₂ quotas delivered to Group sites were sufficient with respect to the emissions in 2005. Thus, the Group recognized no provisions for allowances to be returned.

32. Transition to International Financial Reporting Standards (IFRS)

Financial information presented in this document is based on the accounting policies as detailed in note 1 to the consolidated financial statements.

The summarized reconciliation of shareholders' equity and net income from French GAAP to IFRS as of January 1, 2004 and for the year ended December 31, 2004, respectively, is as follows:

SHAREHOLDERS' EQUITY (in millions of euros)	As of January 1, 2004	As of December 31, 2004
French GAAP	30,406	31,260
Inventories/replacement cost (note 32.1)	1,028	1,503
Treasury shares (note 32.2)	(1,388)	(1,327)
Employee benefits (note 32.3)	(508)	(403)
Fixed assets		
• Component based-approach (note 32.4a)	210	215
• Impairment of assets (note 32.4b)	(293)	(352)
• Goodwill amortization (note 32.6a)		161
Financial instruments IAS 39 (note 32.4c)	78	93
Share-based payments (note 32.6b)		
Equity-method affiliates' IFRS restatement (note 32.6c)	(53)	673
Other adjustments (note 32.4)	(242)	(215)
IFRS	29,238	31,608

The summarized reconciliation of the net income Group share from French GAAP to IFRS for the year ended December 31, 2004 is as follows:.

NET INCOME (in millions of euros)	As of December 31, 2004
French GAAP	9,612
Inventories/replacement cost (note 32.1)	478
Treasury shares (note 32.2)	
Employee benefits (note 32.3)	43
• Fixed assets	
• Component based-approach (note 32.4a)	5
• Impairment of assets (note 32.4b)	(58)
• Goodwill amortization (note 32.6a)	161
Share-based payments (note 32.6b)	(138)
Financial instruments IAS 39 (note 32.4c)	12
Equity-method affiliates' IFRS restatement (note 32.6c)	746
Other adjustments (note 32.4 - exel.32.4.c)	7
IFRS	10,868

The consolidated balance sheet and income statement showing the reconciliation from French GAAP to IFRS is provided, respectively, in exhibits 1 and 2 of the current note.

Modification of the Group's accounting principles

The main modifications of the Group's accounting principles concern the following subjects:

Note 32.1: inventories

In accordance with IAS 2, the Group values inventories of petroleum products in the financial statements according to the FIFO (First-In, First-Out) method and other inventories using the weighted-average cost method.

However, in the note setting forth information by business segment, the Group will continue to present the results of its Downstream segment according to the replacement cost method and those of its Chemicals segment according to the LIFO (Last-In, First-Out) method in order to ensure the comparability of the Group's results with those of its leading competitors, mainly North American.

Inventory valuation using the FIFO method, which implies the cancellation of the reserve for crude oil price changes, is reflected by an increase in the value of inventories and an increase in shareholders' equity as of January 1, 2004.

The effect on 2004 net income amounts to 478 million euros for fully consolidated entities.

Note 32.2: Treasury shares

In application of IAS 32 relating to financial instruments, treasury shares recorded under marketable securities in the financial statements prepared according to French GAAP, have been eliminated from shareholders' equity.

Note 32.3: Employee benefits

The Group has decided to record unrecognized net actuarial losses and gains as of December 31, 2003 through retained earnings in accordance with IFRS 1.

As of the transition date, the negative impact on shareholders' equity results from a decrease in other non-current assets (pension assets) and an increase of provisions for employee benefit obligations.

The effect on net income under IFRS results from the cancellation of the amortization of actuarial gains and losses as well as from immediate recognition of prior service costs vested (plan amendments) which were previously spread out under French GAAP.

Note 32.4: Other IFRS restatements

The other restatements at the transition date are as follows:

Note 32.4a: Component-based approach

Pursuant to IAS 16 concerning tangible assets, the Group applies the component-based approach. The cost of major turnarounds of refineries and large petrochemical units are capitalized and depreciated over the period of time between two major turnarounds.

The effect on shareholders' equity as of January 1, 2004 results from the capitalization of turnaround and major inspection components (valued on the basis of the costs of the last major turnaround) net of the corresponding depreciation and the reversal of provisions for turnaround costs accounted for under French GAAP. This restatement concerns primarily the major refineries within the Downstream segment and, to a lesser extent, the petrochemical units within the Chemicals sector.

Note 32.4b: Impairment of assets

IAS 36 provides for the testing of assets for impairment purposes by comparison of the assets' carrying values with the associated discounted future cash flows. The accounting policy previously applied by the Group (FAS 144) provides that the calculation be based on undiscounted cash flows.

As of the transition date, this difference in methodology results in the impairment of some fixed assets mainly within the Upstream segment.

Note 32.4c: Financial instruments (excluding treasury shares)

The Group's application of IAS 32 and IAS 39 as of January 1, 2004 leads to the following restatements:

- publicly-traded equity securities

Publicly-traded equity securities are classified as "available for sale" and are therefore valued at fair value. Changes in fair value of these securities are recorded through shareholders' equity.

- derivatives

Derivatives are now recorded in the balance sheet whereas they were treated as off-balance sheet commitments under French GAAP.

Derivatives (combined interest rate and exchange swap contracts) associated with debenture loans are recognized as hedging instruments. These debenture loans and the hedging derivatives are valued at fair value. Fair value changes offset each other and have no material impact on earnings. The accounting value of these derivatives is included in the assets under “Financial instruments held for hedging of non-current financial debt purposes” or in the liabilities under “Non-current financial debt”.

Other derivative instruments (interest rate and exchange swaps, futures, options) are classified under the category of instruments held for trading purposes. These instruments are valued at fair value, and fair value changes are recognized as income or loss. The accounting value of these instruments is accounted for on the balance sheet under “Current financial instruments”.

These restatements have no material impact on the net income.

Note 32.4d: Deferred taxes

In application of IAS 12 “Income taxes”, the Group records deferred income taxes on temporary differences resulting from the difference between the carrying value of its equity-method investments and the taxable basis of these investments. The deferred tax calculation is based on the expected future tax effect (dividend distribution rate or tax rate on the gain or loss upon sale of these investments).

Note 32.4.e: Leasehold rights

According to IFRS 6 “Exploration for and Evaluation of Mineral Resources”, the Group accounts for leasehold rights under “Intangible assets”.

Note 32.5: Reporting performance

The Group has chosen to follow the recommendation of CNC (French accounting standard setter) # 2004-R02, dated October 27, 2004, for the presentation of its consolidated financial statements. This presentation will allow the reconciliation of the income statement items with performance indicators as presented in the note on information by business segment.

Sales of products or goods:

The indicator “sales” now includes excise taxes collected by the Group within the course of its oil distribution operations. Sales net of excise taxes are shown as “Total revenues from sales” according to IAS18 “Revenue from ordinary activities”.

Pursuant to IAS 1 “Presentation of financial statements”, certain transactions within the Trading sector previously reported under sales and purchases must now be shown at their net value in sales. This restatement leads to a reduction of 22.2 billion euros in sales as well as cost of goods sold.

Operating expenses

The breakdown of operating expenses, formerly provided solely in the notes to the consolidated financial statements, now appears directly on the face of the income statement and includes the following headings:

- purchases, net of inventory variation;
- other operating expenses;
- unsuccessful exploration costs.

Operating income

This indicator remains unchanged as compared to the operating income under French GAAP.

Financial income

Financial income is henceforth broken down as follows:

- cost of the net debt, distinguishing financial expenses related to indebtedness (financial interest on debt) and financial income from marketable securities and cash equivalents;
- income and expense unrelated to debt: those items are comprised mainly of:
 - expense: financial charge resulting from the discounting of some non-current liabilities (except employee benefits) and, the depreciation of shares in non-Group companies,
 - income: dividends, financial income from long-term loans granted to non-group companies, and capitalized financial costs.

Reconciliation to business segment information

The primary performance indicator “Net Operating Income” is computed as follows based on the items shown on the face of the income statement:

Operating income

- + Other income
- Other expenses
- + Other financial income
- Other financial expenses
- Income taxes
- + Equity in income (loss) of affiliates
- Restatement of the tax expense related to the cost of the net debt
- = Net operating income.

Henceforth, the whole set of items constituting the net operating income now appears on the face of the income statement, except for the split of income taxes between net operating income and the cost of the net debt.

Note 32.6: IFRS restatements with an impact on the net income

Note 32.6a: Amortization of goodwill

Pursuant to IFRS 3 “Business combinations”, goodwill is no longer amortized. Instead, it is tested for impairment annually. The impact on 2004 net income is 161 million euros, due to the cancellation of goodwill amortization.

Note 32.6b: Share-based payments

The Group applies IFRS 2 “Share-based payments” as published by the International Accounting Standards Board (IASB).

This standard applies to employee stock-option and share purchase plans and to capital increases reserved for employees retrospectively and not solely to the share transactions that were granted after November 7, 2002.

These employee benefits are recognized as expenses with a corresponding credit to shareholders’ equity.

The cost of options is valued according to the Black & Scholes method and allocated on a straight-line basis between the grant date and vesting date. For employee-reserved capital increases, the cost is immediately recognized as an expense.

The 2004 net income is adjusted due to an expense relating to employee share option and purchase plans and to the employee-reserved capital increase in 2003. The corresponding charge is estimated at approximately 138 million euros.

Note 32.6c: Equity-method affiliates’ IFRS restatement

This restatement primarily relates to the implementation of IFRS in the equity-method affiliates’ financial statements, Sanofi-Aventis and Cepesa.

Within the financial statements prepared in compliance with IFRS by Sanofi-Aventis, in-progress R&D costs of Aventis have been capitalized as at the date of the merger. According to French GAAP, the R&D costs were directly charged to expense. The impact of this restatement amounts to 746 million euros on the net income – Group share.

The effect on net income of IFRS restatements related to inventories and share-based payments, as indicated previously, may change in the future depending on the volatility in prices of raw materials and specific provisions included within employee share purchase or option plans, respectively.

Exhibit 1: Consolidated balance sheet as of January 1 and December 31, 2004 under IFRS

	January 1, 2004			
	French GAAP	Inventories	Treasury shares	Employee benefits
Amounts in millions of euros				
Intangible assets, net	2,017			(21)
Plant, property and equipment, net	36,286	(97)		
Equity affiliates: investments and loans	7,833			
Other investments	1,162			
Hedging instruments of non-current financial debt				
Other non-current assets	3,152	(304)		(479)
Total non-current assets	50,450	(401)		(500)
Inventories, net	6,137	1,649		
Accounts receivable, net	12,357			
Prepaid expenses and other current assets	4,779	(8)		(3)
Current financial instruments				
Short-term investments	1,404		(1,388)	
Cash and cash equivalents	4,836			
Total current assets	29,513	1,641	(1,388)	(3)
TOTAL ASSETS	79,963	1,240	(1,388)	(503)
Common shares	6,491			
Paid in surplus and retained earnings	27,183	1,028	(1,388)	(508)
Cumulative translation adjustment	(3,268)			
Total shareholders' equity - Group share	30,406	1,028	(1,388)	(508)
Minority interests and subsidiaries' redeemable preferred shares	1,060	12		(4)
Total shareholders' equity	31,466	1,040	(1,388)	(512)
Deferred income taxes	5,443	186		(92)
Employees benefits	3,818			3
Other non-current liabilities	6,344			98
Non-current liabilities	15,605	186		9
Non-current financial debt	9,783			
Accounts payable	10,304			
Other creditors and accrued liabilities	8,970	14		
Current borrowings	3,835			
Current financial instruments				
Total current liabilities	23,109	14		
TOTAL LIABILITIES	79,963	1,240	(1,388)	(503)

As of January 1, 2004								December 31, 2004	
Fixed assets									
Component approach	Impairment of Assets	Financial instruments	Equity-method IFRS restatements	Currency translation adjustments	Other	Reclass	Total IFRS restatements	IFRS	IFRS
(50)	(43)				(12)	1,574	1,448	3,465	3,176
247	(316)					(1,574)	(1,740)	34,546	34,906
2			(53)				(51)	7,782	10,680
		100					100	1,262	1,198
		1,459					1,459	1,459	1,516
(72)	51				24		(780)	2,372	2,351
(127)	(308)	1,559	(53)		12	0	436	50,886	53,827
(133)							1 516	7,653	9,264
							0	12,357	14,025
6					(10)		(15)	4,764	5,314
		215					215	215	477
		8					(24)	0	0
							24	4,860	3,860
(127)		223			(10)	0	336	29,849	32,940
0	(308)	1,782	(53)		2		772	80,735	86,767
210	(293)	78	(53)	(3,268)	(242)		(4,436)	6,491	6,350
				3,268			3,268	22,747	26,687
210	(293)	78	(53)	0	(242)		(1,168)	0	(1,429)
17	(1)				(5)		19	1,079	810
227	(294)	78	(53)		(247)		(1,149)	30,317	32,418
41	(10)	18			248		391	5,834	6 402
							3	3,821	3,607
(270)		(2)					(174)	6,170	6,274
(229)	(10)	16			248		220	15,825	16,283
		1,490					1,490	11,273	11,289
2	(4)				1		13	10,304	11,672
		(1)					(1)	8,983	11,148
		199					199	3,834	3,614
2	(4)	198			1		211	199	343
0	(308)	1,782	(53)	0	2	0	772	80,735	86,767

Exhibit 2: Consolidated income statement for year 2004 under IFRS

(in millions of euros)

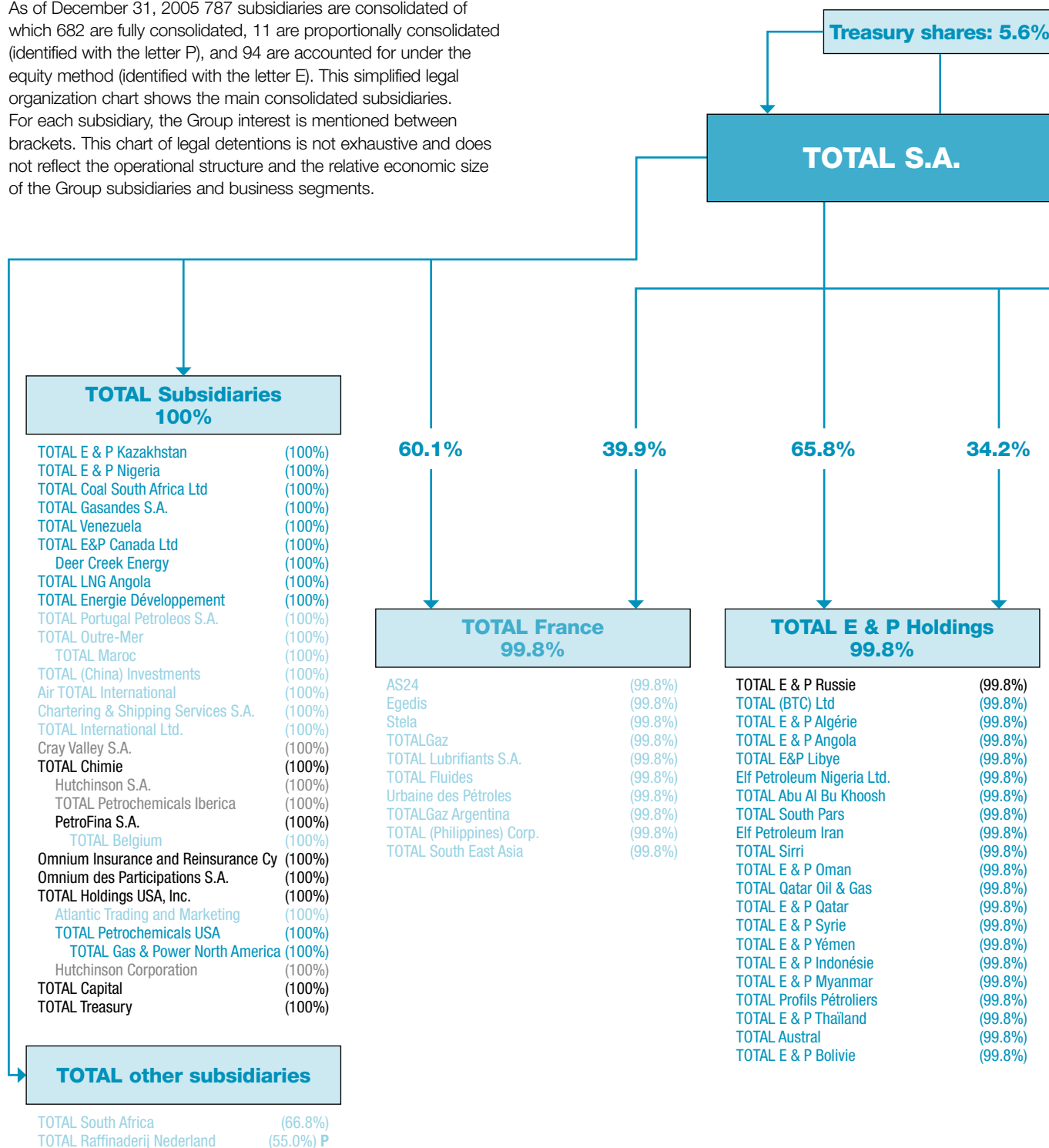
	French GAAP	Sales trading	Inventories valuation effect	Employee benefits
Sales	144,217	(22,219)		
Excise taxes	(21,517)			
Total revenues	122,700	(22,219)		
Purchase net of inventory variation	(81,496)	22,219	722	
Other operating expenses	(19,231)			68
Unsuccessful exploration costs	(414)			
Depreciation, depletion and amortization of tangible assets and leasehold rights	(5,498)			
Total operating income	16,061	0	722	68
Other income	3,078			
Other expense	(904)			
Financial income on cash and cash equivalent and equity securities	588			
Financial interest on debt	(756)			
Cost of the net debt	(168)			
Other financial income	333			
Other financial expense	(235)			
Income taxes	(8,316)		(238)	(25)
Equity in income (loss) of affiliates	337			
Goodwill amortization	(308)			
Consolidated net income	9,878	0	484	43
Group share	9,612		478	43
Minority interests and dividends on subsidiaries' redeemable preferred shares	266		6	
Earnings per share (euro)	15.61			
Adjusted net income ⁽¹⁾	9,039			
Adjusted fully-diluted earnings per share (euro)	14.68			

(1) Adjusted net income Group share adjusted for special items, inventory valuation effect, and excluding TOTAL'S equity share of intangible assets amortization related to the Sanofi-Aventis merger.

Fixed assets		Financial instruments	Share-based payment	Goodwill amortization	Equity-method IFRS restatement	Other IFRS restatements	Total IFRS Restatements	IFRS
Component approach	Impairment of Assets							
							(22,219)	121,998
							0	(21,517)
							(22,219)	100,481
						(1)	22,940	(58,556)
199			(138)			(1)	128	(19,103)
								(414)
(198)	(26)						(224)	(5,722)
1	(26)		(138)			(2)	625	16,686
						61	61	3,139
	(44)			(218)		(31)	(293)	(1,197)
						(16)	(16)	572
		18				1	19	(737)
		18				(15)	3	(165)
								333
								(235)
4	12	(6)				(1)	(254)	(8,570)
				71	750		821	1,158
				308			308	
5	(58)	12	(138)	161	750	12	1,271	11,149
5	(58)	12	(138)	161	746	7	1,256	10,868
					4	5	15	281
								17.92
								9,131
								15.05

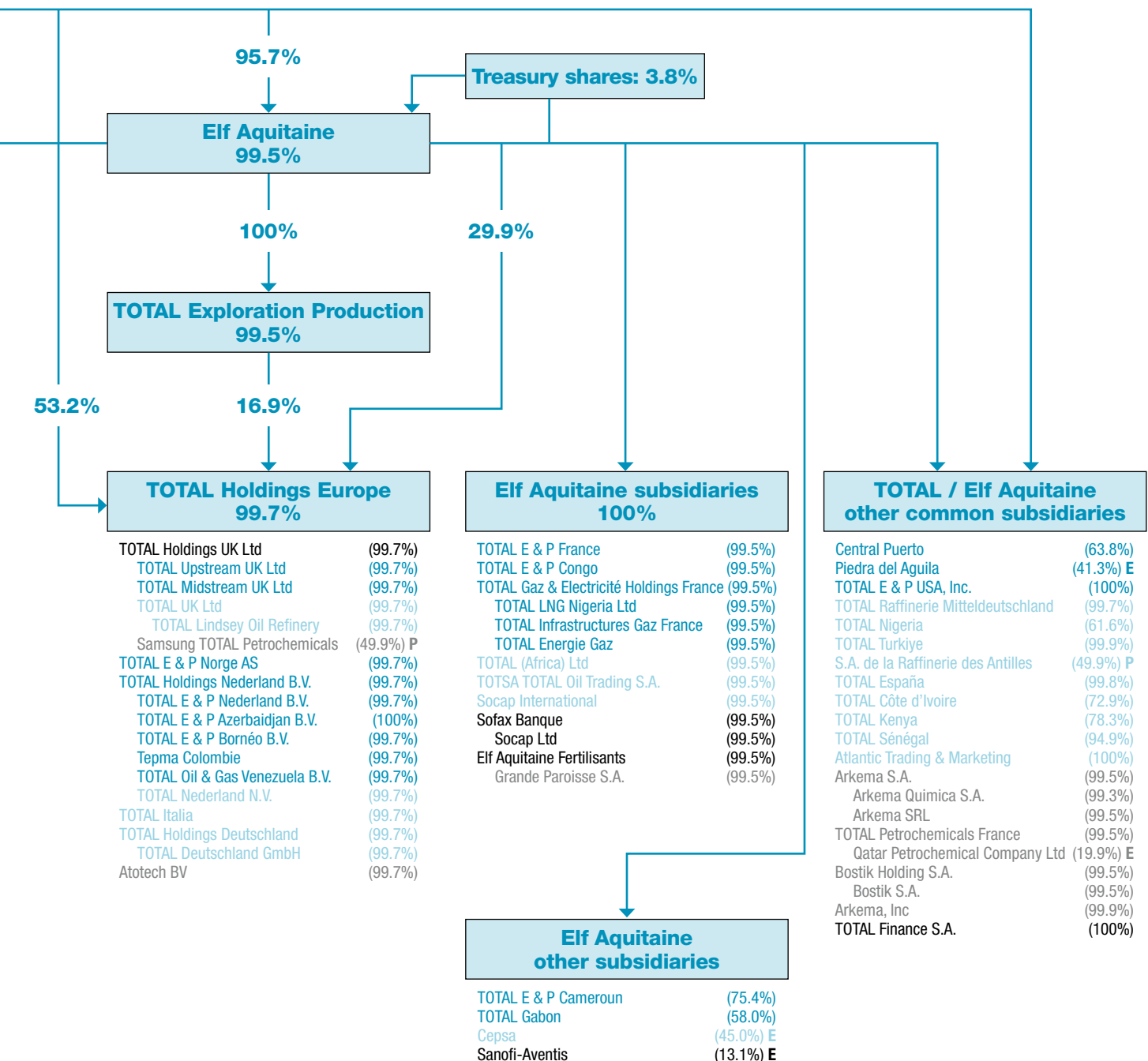
33. Perimeter

As of December 31, 2005 787 subsidiaries are consolidated of which 682 are fully consolidated, 11 are proportionally consolidated (identified with the letter P), and 94 are accounted for under the equity method (identified with the letter E). This simplified legal organization chart shows the main consolidated subsidiaries. For each subsidiary, the Group interest is mentioned between brackets. This chart of legal detentions is not exhaustive and does not reflect the operational structure and the relative economic size of the Group subsidiaries and business segments.



The business segments are identified with the following colors:

- Upstream
- Downstream
- Chemicals
- Holding



34. Compensation for the administration and management bodies

The aggregate amount paid directly or indirectly by the French and foreign affiliates of the Group as compensation to the executive officers of TOTAL (the members of the Management Committee and the Treasurer) was 18.8 million of euros in 2005 (30 persons), compared with 16.9 million of euros in 2004 (29 persons).

The compensation allocated to members of the Board of Directors for directors' fees amounted to 0.84 million euros in 2005, pursuant to the resolution of the Shareholders' Meeting of May 14, 2004.

The expense booked for share-based payments to the principal executives of the Group was 13 million of euros in 2005.

The benefits provided for the main executives include indemnities paid when retiring and supplementary pension schemes that represent an obligation of 108.9 million euros as of December 31, 2005. The related pension cost amounted to 9.2 million euros in 2005.

Appendix 2 - Supplemental oil and gas information (unaudited)

Oil and gas reserves

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Financial review

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- Costs incurred in oil and gas property acquisition, exploration and development activities p. 237
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Oil and gas reserves

The following tables present, for crude oil, condensates and natural gas liquids reserves and for the natural gas reserves, an estimate of the Group's oil and gas quantities by geographical areas at December 31, 2005, 2004 and 2003.

Quantities shown concern:

- proved developed and undeveloped reserves together with changes in quantities for 2005, 2004 and 2003;
- proved developed reserves.

The definitions used for proved oil and gas reserves, proved developed oil and gas reserves and proved undeveloped reserves are in accordance with the applicable US Securities & Exchange Commission regulation, Rule 4-10 of Regulation S-X.

Proved reserves are estimated using geological and engineering data to determine with reasonable certainty whether the crude oil or natural gas in known reservoirs is recoverable under existing economic and operating conditions.

This process involves making subjective judgments; consequently, measures of reserves are not precise and are subject to revision.

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

Significant features of the reserves estimation process include:

- internal peer-reviews of technical evaluations also ensuring that the SEC definitions and guidance are followed; and
- a requirement that management make significant funding commitments toward the development of the reserves prior to booking.

All references in the following tables to reserves or production are to the entire Group's consolidated share of such reserves or production. TOTAL's worldwide proved reserves include the proved reserves of its consolidated subsidiaries as well as its proportionate share of the proved reserves of equity affiliates and of two companies accounted for by the cost method.

The reserve estimates shown below do not include quantities that may or may not be produced, due to changes in economic conditions or pursuant to new technologies.

Rule 4-10 of Regulation S-X requires the use of the year-end price, as well as existing operating conditions, to determine reserve quantities. Reserves at year-end 2005 have been determined based on the Brent price on December 31, 2005 (58.21 \$/bbl).

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

An increase in year-end price has the effect of reducing proved reserves associated with production sharing or buyback agreements (which represent approximately 28% of TOTAL's reserves as of December 31, 2005). Under such contracts, TOTAL is entitled to receive a portion of the production, calculated so that its sale should cover expenses incurred by the Group. With higher oil prices, the volume of entitlement necessary to cover the same amount of expenses is lower.

This reduction is partially offset by an extension of the duration over which fields can be produced economically. However, the increase in reserves due to the extensions is smaller than the decrease in reserves under production sharing or buyback agreements. For this reason, a higher year-end price translates into a decrease in TOTAL's reserves.

Considering the relatively high Brent price on December 31, 2005 (Brent \$ 58.21/bbl), an estimate of reserves is provided herebelow for a price of Brent \$ 40/b. These estimates are for reserves that would have been calculated in accordance with Rule 4-10 of Regulation S-X if the Brent price at December 31, 2005 had been \$ 40/b, which is comparable to the 2004 year-end price of \$ 40.47/b. The proved reserves calculated under this \$ 40/b assumption would have been 11,329 Mboe.

The percentage of proved developed reserves has remained relatively stable over the past five years, indicating that proved reserves are consistently moved from undeveloped to developed status. Over time, undeveloped reserves will be reclassified to the developed category as new wells are drilled, existing wells are recompleted and/or facilities to produce from existing and future wells are installed. Major development projects typically take two to four years from the time of recording proved reserves to the start of production from these reserves.

Changes in liquids reserves

(in millions of barrels)	Consolidated Subsidiaries						Equity affiliates & non-consolidated affiliates	Total Group
	Europe	Africa	North America	Asia	Rest of the world	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2002	1,135	3,075	34	87	1,605	5,936	1,295	7,231
Revisions of previous estimates	108	53	1	1	245	408	(20)	388
Extensions, discoveries and other	5	55	67	-	127	254	-	254
Acquisitions of reserves in place	-	2	-	-	77	79	-	79
Sales of reserves in place	(6)	(16)	(1)	-	-	(23)	-	(23)
Production for the year	(169)	(221)	(2)	(9)	(102)	(503)	(103)	(606)
Balance as of December 31, 2003	1,073	2,948	99	79	1,952	6,151	1,172	7,323
Revisions of previous estimates	93	(26)	(13)	11	(119)	(54)	(15)	(69)
Extensions, discoveries and other	43	46	-	-	227	316	61	377
Acquisitions of reserves in place	12	-	-	-	-	12	-	12
Sales of reserves in place	(1)	(18)	-	-	-	(19)	-	(19)
Production for the year	(154)	(255)	(6)	(11)	(91)	(517)	(104)	(621)
Balance as of December 31, 2004	1,066	2,695	80	79	1,969	5,889	1,114	7,003
Revisions of previous estimates	32	(15)	96	(7)	6	112	(4)	108
Extensions, discoveries and other	23	21	-	-	-	44	-	44
Acquisitions of reserves in place	-	7	58	-	-	65	-	65
Sales of reserves in place	-	-	-	-	(36)	(36)	-	(36)
Production for the year	(143)	(245)	(3)	(10)	(91)	(492)	(100)	(592)
Balance as of December 31, 2005	978	2,463	231	62	1,848	5,582	1,010	6,592
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2003	23	85	-	-	-	108	-	108
As of December 31, 2004	22	80	-	-	-	102	-	102
As of December 31, 2005	19	77	-	-	-	96	-	96
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2003	-	97	-	-	1,075	1,172	-	-
As of December 31, 2004	-	73	-	-	1,041	1,114	-	-
As of December 31, 2005	-	59	-	-	951	1,010	-	-
Proved developed reserves								
As of December 31, 2003	769	1,354	28	50	574	2,775	788	3,563
As of December 31, 2004	734	1,351	15	48	477	2,625	772	3,397
As of December 31, 2005	692	1,318	13	44	423	2,490	709	3,199
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2003	-	77	-	-	711	788	-	-
As of December 31, 2004	-	67	-	-	705	772	-	-
As of December 31, 2005	-	51	-	-	658	709	-	-
Estimate of reserves as of December 31, 2005 calculated at \$ 40/b								
Proved developed and undeveloped reserves	973	2,575	232	68	1,910	5,758	1,020	6,778

Changes in gas reserves

(in billions of cubic feet)	Consolidated Subsidiaries						Equity affiliates & non-consolidated affiliates	Total Group
	Europe	Africa	North America	Asia	Rest of the world	Total		
Proved developed and undeveloped reserves								
Balance as of December 31, 2002	7,196	3,697	522	5,931	2,613	19,959	1,616	21,575
Revisions of previous estimates	173	54	80	(201)	84	190	66	256
Extensions, discoveries and other	39	-	-	-	2,175	2,214	-	2,214
Acquisitions of reserves in place	-	-	-	-	-	-	-	-
Sales of reserves in place	(3)	-	(28)	-	-	(31)	-	(31)
Production for the year	(834)	(148)	(108)	(421)	(146)	(1,657)	(90)	(1,747)
Balance as of December 31, 2003	6,571	3,603	466	5,309	4,726	20,675	1,592	22,267
Revisions of previous estimates	84	609	(91)	(137)	355	820	65	885
Extensions, discoveries and other	148	728	-	18	450	1,344	63	1,407
Acquisitions of reserves in place	68	-	-	-	-	68	-	68
Sales of reserves in place	(44)	-	(7)	-	-	(51)	-	(51)
Production for the year	(812)	(161)	(88)	(448)	(188)	(1,697)	(94)	(1,791)
Balance as of December 31, 2004	6,015	4,779	280	4,742	5,343	21,159	1,626	22,785
Revisions of previous estimates	383	141	8	(227)	240	545	(7)	538
Extensions, discoveries and other	145	27	-	-	43	215	2,954	3,169
Acquisitions of reserves in place	-	3	-	-	-	3	-	3
Sales of reserves in place	-	-	-	-	-	-	-	-
Production for the year	(753)	(152)	(64)	(458)	(225)	(1,652)	(93)	(1,745)
Balance as of December 31, 2005	5,790	4,798	224	4,057	5,401	20,270	4,480	24,750
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2003	102	29	-	-	-	131	-	131
As of December 31, 2004	111	84	-	-	-	195	-	195
As of December 31, 2005	101	80	-	-	-	181	-	181
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2003	-	-	-	-	1,592	1,592	-	-
As of December 31, 2004	-	18	-	-	1,608	1,626	-	-
As of December 31, 2005	-	17	-	-	4,463	4,480	-	-
Proved developed reserves								
As of December 31, 2003	4,862	1,775	348	3,214	1,367	11,566	1,568	13,134
As of December 31, 2004	4,300	2,071	232	2,862	1,548	11,013	1,562	12,575
As of December 31, 2005	4,130	2,285	187	2,910	1,758	11,270	1,525	12,795
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2003	-	-	-	-	1,568	1,568	-	-
As of December 31, 2004	-	18	-	-	1,544	1,562	-	-
As of December 31, 2005	-	17	-	-	1,508	1,525	-	-
Estimate of reserves as of December 31, 2005 calculated at \$ 40/b								
Proved developed and undeveloped reserves	5,777	4,788	224	4,188	5,516	20,493	4,480	24,973

Changes in liquids and gas reserves

(in millions of barrels of oil equivalent)	Consolidated Subsidiaries					Total	Equity affiliates & non-consolidated affiliates	Total Group
	Europe	Africa	North America	Asia	Rest of the world			
Proved developed and undeveloped reserves								
Balance as of December 31, 2002	2,462	3,797	132	1,133	2,078	9,602	1,601	11,203
Revisions of previous estimates	138	63	16	(26)	262	453	(10)	443
Extensions, discoveries and other	12	56	67	-	496	631	-	631
Acquisitions of reserves in place	-	2	-	-	77	79	-	79
Sales of reserves in place	(7)	(15)	(6)	-	-	(28)	-	(28)
Production for the year	(319)	(252)	(22)	(85)	(129)	(807)	(120)	(927)
Balance as of December 31, 2003	2,286	3,651	187	1,022	2,784	9,930	1,471	11,401
Revisions of previous estimates	110	87	(29)	(46)	(59)	63	(3)	60
Extensions, discoveries and other	71	189	-	3	300	563	73	636
Acquisitions of reserves in place	25	-	-	-	-	25	-	25
Sales of reserves in place	(8)	(18)	(2)	-	-	(28)	-	(28)
Production for the year	(305)	(284)	(22)	(89)	(124)	(824)	(122)	(946)
Balance as of December 31, 2004	2,179	3,625	134	890	2,901	9,729	1,419	11,148
Revisions of previous estimates	103	10	96	(42)	47	214	(6)	208
Extensions, discoveries and other	49	26	-	-	8	83	546	629
Acquisitions of reserves in place	-	7	59	-	-	66	-	66
Sales of reserves in place	-	-	-	-	(36)	(36)	-	(36)
Production for the year	(281)	(274)	(15)	(91)	(131)	(792)	(117)	(909)
Balance as of December 31, 2005	2,050	3,394	274	757	2,789	9,264	1,842	11,106
Minority interest in proved developed and undeveloped reserves								
As of December 31, 2003	42	91	-	-	-	133	-	133
As of December 31, 2004	43	95	-	-	-	138	-	138
As of December 31, 2005	38	91	-	-	-	129	-	129
Proved developed and undeveloped reserves of equity and non-consolidated affiliates								
As of December 31, 2003	-	97	-	-	1,374	1,471	-	-
As of December 31, 2004	-	76	-	-	1,343	1,419	-	-
As of December 31, 2005	-	62	-	-	1,780	1,842	-	-
Proved developed reserves								
As of December 31, 2003	1,667	1,694	94	609	823	4,887	1,082	5,969
As of December 31, 2004	1,531	1,740	60	530	755	4,616	1,065	5,681
As of December 31, 2005	1,457	1,750	49	542	737	4,536	996	5,532
Proved developed reserves of equity and non-consolidated affiliates								
As of December 31, 2003	-	77	-	-	1,005	1,082	-	-
As of December 31, 2004	-	70	-	-	995	1,065	-	-
As of December 31, 2005	-	55	-	-	941	996	-	-
Estimate of reserves as of December 31, 2005 calculated at \$ 40/b								
Proved developed and undeveloped reserves	2,042	3,504	276	786	2,869	9,477	1,852	11,329

Financial review

Results of operations for oil and gas producing activities

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

(in millions of euros)		Consolidated Subsidiaries					Total
		Europe	Africa	North America	Asia	Rest of the world	
Year ended December 31, 2003 (French GAAP)							
Revenues	Sales to unaffiliated parties	1,994	731	48	1,286	1,722	5,781
	Transfers to affiliated parties	4,635	4,679	494	195	623	10,626
	Total Revenues	6,629	5,410	542	1,481	2,345	16,407
	Production costs	(778)	(562)	(86)	(171)	(240)	(1,837)
	Exploration expenses	(40)	(95)	(55)	(35)	(134)	(359)
	Depreciation, depletion and amortization and valuation allowances	(1,278)	(792)	(164)	(190)	(590)	(3,014)
	Other expenses ⁽¹⁾	(188)	(640)	(14)	(16)	(259)	(1,117)
	Pretax income from producing activities	4,345	3,321	224	1,069	1,122	10,080
	Income tax	(2,485)	(1,961)	(82)	(498)	(208)	(5,234)
	Results of oil and gas producing activities	1,860	1,360	141	571	914	4,846
Year ended December 31, 2004 (IFRS)							
Revenues	Sales to unaffiliated parties	2,027	1,163	40	1,446	1,820	6,496
	Transfers to affiliated parties	4,917	6,081	548	250	645	12,441
	Total Revenues	6,944	7,244	588	1,696	2,465	18,937
	Production costs	(783)	(578)	(49)	(162)	(248)	(1,820)
	Exploration expenses	(40)	(146)	(90)	(31)	(107)	(414)
	Depreciation, depletion and amortization and valuation allowances	(1,190)	(829)	(245)	(252)	(486)	(3,002)
	Other expenses ⁽¹⁾	(176)	(764)	(5)	(15)	(288)	(1,248)
	Pretax income from producing activities	4,755	4,927	199	1,236	1,336	12,453
	Income tax	(2,700)	(3,233)	(88)	(591)	(250)	(6,862)
	Results of oil and gas producing activities	2,055	1,694	111	645	1,086	5,591
Year ended December 31, 2005 (IFRS)							
Revenues	Sales to unaffiliated parties	2,384	1,911	22	1,767	2,594	8,678
	Transfers to affiliated parties	6,629	8,080	474	340	924	16,447
	Total Revenues	9,013	9,991	496	2,107	3,518	25,125
	Production costs	(851)	(605)	(43)	(173)	(285)	(1,957)
	Exploration expenses	(85)	(148)	(46)	(20)	(132)	(431)
	Depreciation, depletion and amortization and valuation allowances	(1,164)	(851)	(184)	(273)	(543)	(3,015)
	Other expenses ⁽¹⁾	(207)	(1,052)	(9)	(20)	(680)	(1,968)
	Pretax income from producing activities	6,706	7,335	214	1,621	1,878	17,754
	Income tax	(4,089)	(5,056)	(88)	(773)	(731)	(10,737)
	Results of oil and gas producing activities	2,617	2,279	126	848	1,147	7,017
Company's share of equity affiliates' results of oil and gas producing activities							
	Year ended December 31, 2003	-	118	-	-	176	294
	Year ended December 31, 2004	-	80	-	-	200	280
	Year ended December 31, 2005	-	113	-	-	166	279

(1) Including production taxes and FAS 143 accretion expense (121 million euros in 2003, 137 million euros in 2004, and 146 million euros in 2005).

Costs incurred in oil and gas property acquisition, exploration and development activities

The costs incurred in the Group's oil and gas property acquisition, exploration and development include both capitalized and expensed amounts.

(in millions of euros)	Consolidated Subsidiaries					Total
	Europe	Africa	North America	Asia	Rest of the world	
As of December 31, 2003 (French GAAP)						
Proved property acquisition	-	61	3	2	180	246
Unproved property acquisition	-	15	8	1	-	24
Exploration costs	69	211	58	48	220	606
Development costs ⁽¹⁾	910	1,361	219	434	833	3,757
Total cost incurred	979	1,648	288	485	1,233	4,633
As of December 31, 2004 (IFRS)						
Proved property acquisition	-	2	-	-	29	31
Unproved property acquisition	-	-	5	3	-	8
Exploration costs	99	279	94	29	142	643
Development costs ⁽¹⁾	1,084	1,588	203	379	874	4,128
Total cost incurred	1,183	1,869	302	411	1,045	4,810
As of December 31, 2005 (IFRS)						
Proved property acquisition	-	25	17	-	74	116
Unproved property acquisition	-	56	3	-	-	59
Exploration costs	108	298	39	15	125	585
Development costs ⁽¹⁾	1,201	1,907	338	491	1,232	5,169
Total cost incurred	1,309	2,286	397	506	1,431	5,929
Company's share of equity affiliates' costs of property acquisition, exploration and development						
Year ended December 31, 2003 ⁽²⁾	-	64	-	-	171	235
Year ended December 31, 2004 ⁽²⁾	-	56	-	-	184	240
Year ended December 31, 2005 ⁽²⁾	-	45	-	-	145	190

⁽¹⁾ Including asset retirement costs capitalized during the year and any gains or losses recognized upon settlement of asset retirement obligation during the exercise.

⁽²⁾ including 21 million euros exploration costs in 2005, 16 million euros in 2004 and 4 million euros in 2003.

Costs to develop proved undeveloped reserves

The following table presents the amounts spent to develop the proved undeveloped reserves in 2003, 2004 and 2005, as well as the amounts included in the most recent standardized measure of future net cash flows to develop proved undeveloped reserves in each of the next three years.

CONSOLIDATED SUBSIDIARIES (in millions of euros)	2003	2004	2005	2006	2007	2008
Costs to develop Proved Undeveloped Reserves (PUD)	3,480	3,567	4,751	5,870 ⁽¹⁾	4,418 ⁽¹⁾	3,351 ⁽¹⁾

⁽¹⁾ Estimates.

Capitalized cost related to oil and gas producing activities

Capitalized costs represent the amounts of capitalized proved and unproved property costs, including support equipment and facilities, along with the related accumulated depreciation, depletion and amortization.

(in millions of euros)	Consolidated Subsidiaries					Total
	Europe	Africa	North America	Asia	Rest of the world	
As of December 31, 2003 (French GAAP)						
Proved properties	24,020	16,051	1,574	2,434	7,220	51,299
Unproved properties	127	519	165	33	100	944
Total capitalized costs	24,147	16,570	1,739	2,467	7,320	52,243
Accumulated depreciation, depletion and amortization	(16,595)	(10,352)	(858)	(867)	(3,152)	(31,824)
Net capitalized costs	7,552	6,218	881	1,600	4,168	20,419
As of December 31, 2004 (IFRS)						
Proved properties	25,035	16,206	1,551	2,605	7,509	52,906
Unproved properties	51	544	113	17	104	829
Total capitalized costs	25,086	16,750	1,664	2,622	7,613	53,735
Accumulated depreciation, depletion and amortization	(17,512)	(10,385)	(881)	(1,010)	(3,567)	(33,355)
Net capitalized costs	7,574	6,365	783	1,612	4,046	20,380
As of December 31, 2005 (IFRS)						
Proved properties	26,922	19,227	2,209	3,524	9,825	61,707
Unproved properties	63	731	110	14	133	1,051
Total capitalized costs	26,985	19,958	2,319	3,538	9,958	62,758
Accumulated depreciation, depletion and amortization	(19,190)	(11,708)	(1,216)	(1,453)	(4,646)	(38,213)
Net capitalized costs	7,795	8,250	1,103	2,085	5,312	24,545
Company's share of equity affiliates' net capitalized costs						
Year ended December 31, 2003	-	277	-	-	525	802
Year ended December 31, 2004	-	214	-	-	501	715
Year ended December 31, 2005	-	296	-	-	409	705

(1) French GAAP.

Standardized measure of discounted future net cash flow (excluding transportation)

The standardized measure of discounted future net cash flows from production of proved reserves was developed as follows:

1. Estimates of proved reserves and the corresponding production profiles are based on technical and economic conditions at year-end.
2. The estimated future cash flows from proved reserves are determined based on prices at December 31, except in those instances where fixed and determinable price escalations are included in existing contracts.
3. The future cash flows incorporate estimated production costs (including production taxes), future development costs and asset retirement costs.

All estimates are based on year-end technical and economic conditions.

4. Future income taxes are computed by applying the year-end statutory tax rate to future net cash flows after consideration of permanent differences and future income tax credits.
5. Future net cash flows are discounted at a standard discount rate of 10 percent.

These applicable principles are the ones required by the FAS 69, and do not necessarily reflect the expectations of real revenues from these reserves, nor their present value, hence, they do not constitute criteria of investment decision. An estimate of the fair value of reserves should also take into account, among other things, the recovery of reserves not presently classified as proved, anticipated 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	Asia	Rest of the world	
As of December 31, 2003						
Future cash inflows	44,136	69,191	3,507	14,315	39,544	170,693
Future production costs	(6,862)	(12,423)	(901)	(2,143)	(9,855)	(32,184)
Future development costs	(6,317)	(9,645)	(417)	(2,269)	(4,784)	(23,432)
Future net cash flows, before income taxes	30,957	47,123	2,189	9,903	24,905	115,077
Future income taxes	(20,241)	(25,960)	(379)	(4,233)	(7,037)	(57,850)
Future net cash flows, after income taxes	10,716	21,163	1,810	5,670	17,868	57,227
Discount at 10%	(3,389)	(10,151)	(691)	(2,575)	(11,303)	(28,109)
Net cash flows	7,327	11,012	1,119	3,095	6,565	29,118
As of December 31, 2004						
Future cash inflows	49,233	76,576	2,695	13,737	42,437	184,678
Future production costs	(7,389)	(13,170)	(792)	(2,077)	(10,561)	(33,989)
Future development costs	(6,448)	(10,001)	(356)	(2,316)	(4,436)	(23,557)
Future net cash flows, before income taxes	35,396	53,405	1,547	9,344	27,440	127,132
Future income taxes	(23,711)	(33,859)	(304)	(4,091)	(8,613)	(70,578)
Future net cash flows, after income taxes	11,685	19,546	1,243	5,253	18,827	56,554
Discount at 10%	(4,085)	(8,919)	(455)	(2,167)	(12,091)	(27,717)
Net cash flows	7,600	10,627	788	3,086	6,736	28,837
As of December 31, 2005						
Future cash inflows	80,179	119,119	6,646	18,046	71,417	295,407
Future production costs	(8,842)	(19,402)	(3,213)	(2,381)	(17,709)	(51,547)
Future development costs	(6,581)	(13,087)	(789)	(2,761)	(5,019)	(28,237)
Future net cash flows, before income taxes	64,756	86,630	2,644	12,904	48,689	215,623
Future income taxes	(43,824)	(54,598)	(528)	(5,802)	(15,285)	(120,037)
Future net cash flows, after income taxes	20,932	32,032	2,116	7,102	33,404	95,586
Discount at 10%	(7,592)	(13,856)	(868)	(2,744)	(21,132)	(46,192)
Net cash flows	13,340	18,176	1,248	4,358	12,272	49,394
Minority interests in future net cash flows						
Year ended December 31, 2003	351	304	-	-	-	655
Year ended December 31, 2004	297	287	-	-	-	584
Year ended December 31, 2005	515	546	-	-	-	1,061
Company's share of equity affiliates' future net cash flows as of						
Year ended December 31, 2003	-	666	-	-	1,139	1,805
Year ended December 31, 2004	-	494	-	-	1,101	1,595
Year ended December 31, 2005	-	598	-	-	2,930	3,528

Changes in the standardized measure of discounted future net cash flows

For the year ended December 31, (in millions of euros)	2005	2004	2003
Beginning of the year	28,837	29,118	37,230
Sales and transfers, net of production costs and other expenses	(17,104)	(12,791)	(14,870)
Net change in sales and transfer prices, net of production costs and other expenses	52,711	12,919	(13,453)
Extensions, discoveries and improved recovery, net of future production and development costs	1,126	974	1,997
Changes in estimated future development costs	(1,106)	(1,215)	832
Previously estimated development costs incurred during the year	5,333	3,790	3,987
Revisions of previous quantity estimates	6,313	(2,684)	(1,109)
Accretion of discount at 10%	2,444	2,912	3,723
Net change in income taxes	(28,943)	(4,255)	10,778
Purchases of reserves in place	41	292	190
Sales of reserves in place	(258)	(223)	(187)
End of year	49,394	28,837	29,118

Other information

Accounting for exploratory drilling costs

In April 2005, the FASB issued a FASB Staff Position FSP FAS 19-1, "Accounting for suspended well costs" to amend FAS No. 19 "Financial Accounting and Reporting by Oil and Gas Producing Companies". The FSP is compatible with the IFRS accounting principles applied by TOTAL. The FSP provides for continued capitalization of exploratory drilling costs past one year if a company is making sufficient progress on assessing the reserves and the economic and operating viability of the project. The FSP also provides certain disclosure requirements with respect to capitalized exploratory drilling costs.

As of January 1, 2005, TOTAL adopted FASB Staff Position FAS 19-1, "Accounting for Suspended Well Costs". There were no capitalized exploratory well costs charged to expense upon the adoption of FSP 19-1.

When a discovery is made, exploratory drilling costs continue to be capitalized pending determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort. The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed and are reported in exploration expense.

Exploratory drilling costs are temporarily capitalized pending determination of whether the well has found proved reserves if both of the following conditions are met:

- the well has found a sufficient quantity of reserves to justify, if appropriate, its completion as a producing well, assuming that the required capital expenditure is made; and
- satisfactory progress toward ultimate development of the reserves is being achieved, with the Company making sufficient progress assessing the reserves as well as the economic and operating viability of the project.

The Company evaluates the progress made on the basis of regular project reviews which take into account the following factors:

- First, if additional exploratory drilling or other exploratory activities (such as seismic work or other significant studies) are either underway or firmly planned, the Company deems there to be satisfactory progress. For these purposes, exploratory activities are considered firmly planned only if they are included in the Company's three-year exploration plan/budget. At December 31, 2005, the Company had capitalized 219 M€ of exploratory drilling costs on this basis, as further set forth below.
- In cases where exploratory activity has been completed, the evaluation of satisfactory progress takes into account indicators such as the fact that costs for development studies are incurred in the current period, or that governmental or other third-party authorizations are pending or that the availability of capacity on an existing transport or processing facility awaits confirmation. At December 31, 2005, exploratory drilling costs capitalized on this basis amounted to 108 M€ and mainly related to four projects, as further described below.

Capitalized exploratory costs

The following table sets forth the net changes in capitalized exploratory costs for 2005, 2004 and 2003:

Amounts (in millions of euros)	2005	2004	2003
Beginning Balance	430	422	579
Additions pending determination of proved reserves	192	269	263
Amounts previously capitalized and expensed during the year	(65)	(40)	(16)
Amounts transferred to development	(22)	(196)	(333)
Foreign exchange changes	55	(25)	(71)
Ending balance	590	430	422

The following table sets forth a breakdown of capitalized exploratory costs at year-end 2005, 2004 and 2003 by category of exploratory activity:

Amounts as of December 31 (in millions of euros)	2005	2004	2003
Projects with recent or planned exploratory activity	482	389	317
Wells for which drilling is not completed	63	91	39
Wells with drilling in past 12 months	200	126	223
Wells with future exploratory activity firmly planned ⁽¹⁾	219	172	55
• future exploratory drilling planned	156	148	55
• other exploratory activity planned ⁽²⁾	63	24	0
Projects with completed exploratory activity	108	41	105
Projects not requiring major capital expenditures	0	0	0
Projects requiring major capital expenditures	108	41	105
Total	590	430	422
Number of wells at end of year	85	56	62

(1) All projects included in this line require major capital expenditures.

(2) At the end of 2005, this relates to five wells whose continuing capitalization is justified by firmly planned seismic activity for two wells and significant studies for the remaining three wells.

At the end of 2005, there was no amount of capitalized exploratory drilling costs that was associated with areas not requiring major capital expenditures before production could begin, where more than one year had elapsed since the completion of drilling.

At the end of 2005, an amount of 108 M€ was associated with suspended wells in areas where major capital expenditures will be required and no future exploratory activity is firmly planned. This amount corresponds to six projects (19 wells) and is mainly associated with the four projects further described below:

The first project (PazFlor-3rd Pole of Block 17) relates to a group of four deepwater oil discoveries in Angola on which five wells were drilled between 2000 and 2004 for a capitalized amount of 39 M€ as of December 31, 2005 and one well was drilled in 2005 for a capitalized amount of 10 M€ as at December 31, 2005. Studies carried out in 2005 for the development of this group of discoveries have led to the selection of the development concept (Floating, Production, Storage and Offloading unit or FPSO with a capacity of 200 kbb/d) on the basis of which engineering studies have now been launched. Booking of proved reserves is currently anticipated in 2006-2008.

The second project (Usan) relates to a deepwater oil discovery in Nigeria for which six wells were drilled between 2001 and 2004 for a capitalized amount of 28 M€ as of December 31, 2005 and

two wells were drilled in 2005 for a capitalized amount of 7 M€ as of December 31, 2005. Following these exploration works, engineering and development studies have been performed in 2005 leading to the submission to the national oil company NNPC of a Field Development Plan which envisages the construction of a FPSO. Booking of proved reserves is currently anticipated in 2006-2008.

The third project (Laggan) relates to a deepwater gas discovery in the UK West of Shetland Islands, for which one well was drilled in 2004 for a capitalized amount of 16 M€ as of December 31, 2005. TOTAL and its partners have launched studies to define the development concept. Booking of proved reserves is currently anticipated in 2007-2009.

The fourth project (Bonga SW) relates to a deepwater oil discovery in Nigeria for which three wells were drilled between 2001 and 2003 and for which 8 M€ were capitalized as of December 31, 2005. Together with the operator and co-venturers, the Company is working on the elaboration of a Field Development Plan and pursuing negotiations aimed at a possible unitization of the field with adjacent licenses. The project team set up in 2005 by the operator has launched the selection of potential contractors for the development. Booking of proved reserves is currently anticipated in 2006-2008.

Amounts and number of wells as of December 31 (in millions of euros)	2005		2004		2003	
	amount	number	amount	number	amount	number
Wells for which drilling is not completed	63	12	91	13	39	10
Wells with completed drilling						
• Less than 1 year	200	29	126	12	223	23
• Between 1 and 4 years	304	40	198	29	139	26
• Between 4 years and 8 years	23	4	15	2	21	3
• More than 8 years	-	-	-	-	-	-
Total	590	85	430	56	422	62

Appendix 3 - TOTAL S.A.

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Special auditors' report on regulated agreements

(Free translation of a French language original)

For the year ended December 31, 2005

To the Shareholders,

In our capacity as the statutory auditors of your Company, we hereby submit to you our report on regulated agreements.

Agreements authorized during the year

Our assignment is not to identify the existence of any such agreements but to inform you, on the basis of the information provided to us, of the essential characteristics and terms of the agreements brought to our attention, without expressing an opinion on their usefulness or appropriateness. Pursuant to Article 92 of the Decree of March 23, 1967, it is your responsibility to assess the interest of such agreements for the purpose of approving them.

We hereby inform you that we have not been advised during the year of any agreement covered by Article L. 225-38 of the French Commercial Code.

Agreements approved in prior years and continued during the year

Furthermore, pursuant to the Decree dated March 23, 1967, we have been informed that the following agreements, approved during previous financial periods, continued in force during the last financial period.

With BNP Paribas and Société Générale

- Securities were granted by your company to a banking group, which included the banks BNP Paribas and Société Générale, to finance the Sincor project in which Total Venezuela is participating.
The aggregate amount of this financing was estimated at \$2.7 billion.
The end of the First Stage Completion reduced the secured amount from \$2.7 billion to \$43 million, representing \$20.2 million for Total Venezuela's share.
- Security for a loan for \$243 million made to Oleoducto Central S.A. "Ocensa".
Based on the repayments made, the loan outstanding at December 31, 2005 was \$38,7 million.
- A demand guarantee covering 16.7% of the amounts owed by TMR Energy Limited on a loan of \$34.2 million.
The remaining balance of this loan has been reimbursed during the 2005 fiscal year.

We conducted our work in accordance with generally accepted standards in France; those standards require the due diligence necessary to verify the consistency of the information provided to us with the basic documents from which that information is taken.

Paris La Défense, March 15, 2006

The Statutory Auditors

KPMG AUDIT (Département de KPMG S.A.)
René Amirkhanian

ERNST & YOUNG AUDIT
Gabriel Galet - Philippe Diu

Statutory auditors' report on the annual financial statements

(Free translation of a French language original)

For the year ended December 31, 2005

To the Shareholders,

In compliance with the mission entrusted to us by your Shareholders' Meeting, we hereby submit our report for the year ended December 31, 2005, on:

- the audit of the annual financial statements of the company TOTAL S.A. as attached to this report;
- the reasons for our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on those financial statements.

1. Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for the opinion expressed below.

We hereby certify that the annual financial statements present fairly, in all material respects, in accordance with French accounting rules and practices, the results of the transactions for the past year and of the financial position and holdings of the company at the end of that year.

2. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we are informing you of the following items:

We assessed the approaches used by your company to value investments in subsidiaries and affiliates as described in Note 1 to the financial statements, based on the information available to date and performed tests to verify the application of those methods. Within the framework of our assessments, we verified the reasonable nature of those estimates.

The assessments were made in the context of our audit of the annual financial statements considered as a whole and, therefore, contributed to our opinion without reservation in the first part of this report.

3. Specific verifications and information

We also performed the specific verifications required by law in accordance with professional standards in France. We have no comment regarding the fair presentation and consistency of the financial statements with the information provided in the Management Report from the Board of Directors and in the documents transmitted to the shareholders concerning the financial position and the annual financial statements.

As required by French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal holders of shares and voting rights have been disclosed in the management report.

Paris La Défense, March 15, 2006

The Statutory Auditors

KPMG AUDIT (Département de KPMG S.A.)
René Amirkhanian

ERNST & YOUNG AUDIT
Gabriel Galet - Philippe Diu

Parent company financial information

Summary Income Statement

(in millions of euros)	2005	2004	2003
Operating income	1,909	1,203	925
Financial income ⁽¹⁾	3,536	3,212	3,154
Income from current operations	5,445	4,415	4,079
Extraordinary income	10	28	(43)
Employee incentives and profit-sharing	(27)	(28)	(31)
Income taxes	(1,285)	(972)	(733)
Net income	4,143	3,443	3,272

(1) Including income from equity affiliates.

Change in shareholder's equity

(in millions of euros)	Shares issued		Additional paid in capital	Reserves and retained earnings	Revaluation reserve	Total
	Number	Amount				
As of January 1, 2003	687,190,510	6,873	44,797	7,671	39	59,380
Cash dividend ⁽¹⁾	-	-	-	(2,671)	-	(2,671)
2003 net income	-	-	-	3,272	-	3,272
Capital reduction	(40,000,000)	(400)	(4,780)	-	-	(5,180)
Exercise of Elf stock options eligible for exchange guarantee	1,092,082	11	60	-	-	71
Warrants	835,644	8	136	-	-	144
Change in revaluation adjustments	-	-	-	-	(1)	(1)
As of December 31, 2003	649,118,236	6,492	40,213	8,272	38	55,015
Cash dividend ⁽²⁾	-	-	-	(2,973)	-	(2,973)
2004 net income	-	-	-	3,443	-	3,443
Interim dividends paid ⁽³⁾	-	-	-	(1,498)	-	(1,498)
Issuance of shares reserved for employees	3,434,830	34	336	-	-	370
Capital reduction	(19,873,932)	(199)	(2,876)	-	-	(3,075)
Exercise of Elf stock options eligible for exchange guarantee	2,335,024	23	343	-	-	366
Share issue	950	-	-	-	-	-
As of December 31, 2004	635,015,108	6,350	38,016	7,244	38	51,648
Balance of cash dividend ⁽⁴⁾	-	-	-	(1,842)	-	(1,842)
2005 net income	-	-	-	4,143	-	4,143
Cash 2005 interim dividends paid ⁽⁵⁾	-	-	-	(1,820)	-	(1,820)
Capital reduction	(21,075,568)	(211)	(3,647)	-	-	(3,858)
Exercise of Elf stock options eligible for exchange guarantee	1,043,499	11	178	-	-	189
Share issue	133,257	1	16	-	-	17
Tax on the reserve for long-term capital gains	-	-	-	(5)	-	(5)
As of December 31, 2005	615,116,296	6,151	34,563	7,720	38	48,472

(1) Dividends paid in 2003: 2,671 million euros (€4.10 per share).

(2) Dividends paid in 2004: 2,973 million euros (€4.70 per share).

(3) Interim dividends paid in 2004: 1,498 million euros (€2.40 per share).

(4) Balance of the 2004 dividend paid in 2005: 1,842 million euros (€3.00 per share).

(5) Interim dividends paid in 2005: 1,820 million euros (€3.00 per share).

Summary balance sheet at December 31

(in millions of euros)			
ASSETS	2005	2004	2003
Intangible assets	77,174	77,069	76,771
Intangible assets ⁽¹⁾	83	50	37
Property, plant and equipment ⁽¹⁾	188	184	218
Long-term financial assets ⁽¹⁾	76,903	76,835	76,516
• Equity affiliates and portfolio securities	72,061	71,728	70,868
• Receivables from equity affiliates	4,842	5,107	5,648
Current assets	2,742	2,741	2,504
Inventories	1	2	2
Trade receivables	1,543	1,254	1,128
Marketable securities	1,174	1,282	1,344
Cash, cash equivalents and short-term deposits	24	203	30
Adjustment accounts	3	433	328
Total assets	79,919	80,243	79,603

(1) Net value after amortization, depreciation and provisions.

(in millions of euros)			
LIABILITIES	2005	2004	2003
Shareholders' equity	48,472	51,648	55,014
Capital	6,151	6,350	6,491
Premiums, reserves, retained earnings	39,998	43,353	45,251
Income (loss) for the year	4,143	3,443	3,272
Interim dividends	(1,820)	(1,498)	-
Other equity	-	-	-
Provisions for risks and contingencies	1,380	1,305	1,210
Liabilities	29,970	27,290	23,376
Financial liabilities	28,555	26,149	22,328
• Bonds ⁽¹⁾	1,657	2,867	3,610
• Other borrowings and financial liabilities	26,898	23,282	18,718
Operating liabilities	1,415	1,141	1,048
Adjustment accounts	97	-	3
Total liabilities	79,919	80,243	79,603

(1) Including related borrowings.

The simplified statements of TOTAL S.A. (parent company) are prepared in accordance with French accounting principles.

The complete statutory financial statements are available on request from the Company.

Subsidiaries and Affiliates

As of December 31, 2005 (in millions of euros)

	Share of capital held as %	Capital	Other equity	Book value of securities held		Loans and advances	Revenues	Net income	Dividends paid	Securities and guarantees
				gross	net					
Subsidiaries										
Total France	59.6	624	746	2,632	2,632	-	26,047	427	446	-
Total Chemicals	100.0	930	11,981	13,117	13,117	-	-	223	210	-
Total Outre-Mer	100.0	77	8	95	95	-	1,717	16	50	-
Omnium Insurance Reinsurance CY	100.0	34	264	114	114	-	307	48	93	-
Elf Aquitaine	95.7	2,249	14,143	45,548	45,548	-	-	2,423	1,612	-
Total Portugal Petroleos S.A.	100.0	84	-	139	110	12	150	(6)	-	-
Cray Valley S.A.	100.0	70	8	69	69	-	404	(1)	-	-
Total China Investment Ltd.	100.0	86	(22)	89	52	-	64	(3)	-	-
Total E&P Canada	100.0	583	(96)	565	565	-	1	(19)	-	740
Total Gestion USA.	100.0	3,969	-	3,969	3,969	-	-	-	-	-
Total Holdings Europe	53.2	65	3,298	4,446	4,446	-	-	1,724	1,191	-
Total Tractebel Emirates Power	50.0	115	25	72	72	-	-	8	-	-
Total E & P Holdings	65.8	4	(246)	391	391	-	-	1,012	520	-
Other ⁽¹⁾				1,158	880	4,866			453	34,667
Total				72,404	72,060	4,878			4,575	35,407 ⁽²⁾

(1) Gross and net value: including €218 million in TOTAL shares held in subsidiaries.

(2) Essentially the securities on the bonds and short-term financing programs issued by Total Capital.

Other five-year financial data

(in thousands of euros, except for the number of shares)

I – Capital at year-end	2005	2004	2003	2002	2001
Share capital	6,151,163	6,350,151	6,491,182	6,871,905	7,059,350
Number of shares of common stock outstanding	615,116,296	635,015,108	649,118,236	687,190,510	705,934,959
Potential number of shares for issue					
• subscription warrants	7,675,549	6,285,886	2,935,306	-	449,881
• TOTAL US warrants	-	-	-	884,465	1,786,395
• Elf options and shares eligible for the guaranteed exchange for TOTAL shares	361,742	1,442,634	3,793,652	5,178,906	5,951,375

(in thousands of euros)

II – Transactions and income for the year					
Net commercial sales ex-taxes	7,009,551	4,775,056	4,246,682	4,111,252	3,949,347
Provisions for employee incentives and profit-sharing for the year	25,000	26,000	22,000	14,000	10,200
Income after taxes, amortization, depreciation and provisions	4,142,954	3,443,252	3,272,173	2,410,412	3,828,722
Prior retained earnings	1,458,996	1,355,571	1,056,491	1,316,910	651,989
Income to be allocated	5,601,950	4,798,823	4,328,664	3,727,322	4,480,711
Legal reserve	-	-	-	-	-
Earnings distributed, incl. interim dividends	4,005,394	3,429,082	3,079,116	2,821,221	2,712,141
Retained earnings	1,596,556	1,369,741	1,249,548	906,101	1,768,570

(in euros)

III - Earnings per share					
Income after taxes, but before amortization, depreciation and provisions ⁽¹⁾	7.29	5.74	5.28	4.42	5.51
Income after taxes and amortization, depreciation and provisions ⁽¹⁾	7.02	5.59	5.15	3.62	5.52
Net dividend per share	6.48	5.40	4.70	4.10	3.80

(in thousands of euros, except for number of employees)

IV – Personnel					
Average number of employees during the year ⁽²⁾	5,459	5,240	5,013	3,376	2,636
Payroll for the year	511,775	472,189	458,518	311,741	219,987
Amount of social benefits for the year (Social Security, social projects, etc.)	236,352	222,903	221,653	147,133	106,315

⁽¹⁾ Per-share earnings are calculated on the basis of the fully-diluted weighted average number of shares over the year, excluding treasury shares and shares held by subsidiaries.

⁽²⁾ Including employees retiring or taking early retirement plan (7 persons in 2001, 1 person in 2002, 5 persons in 2005).

Change in share capital over the last five years

(in thousands of euros, except the number of shares)

Year	Change in share capital	Cash contributions		Successive amounts nominal capital	Total number of Company shares
		Nominal	Share premium		
2001	Capital increase or reduction:				
	Warrants	33	318	7,404,691	740,469,093
	Exchange guarantee offered to option holders	3,276	47,760	7,407,967	740,796,710
	Exercise of stock options	5,063	20,740	7,413,030	741,302,959
	Capital reduction	(353,680)	(5,269,375)	7,059,350	705,934,959
2002	Capital increase or reduction:				
	Warrants	9,019	83,890	7,068,369	706,836,889
	Capital increase reserved for employees	27,852	313,675	7,096,221	709,622,103
	Exchange guarantee offered to option holders	5,645	83,470	7,101,866	710,186,574
	Exercise of stock options	4,472	22,252	7,106,338	710,633,755
	Capital reduction	(234,433)	(3,223,868)	6,871,905	687,190,510
2003	Capital increase or reduction:				
	Warrants	8,356	60,385	6,880,261	688,026,154
	Exchange guarantee offered to option holders	10,921	135,523	6,891,182	689,118,236
	Capital reduction	(400,000)	4,779,523	6,491,182	649,118,236
2004	Capital increase or reduction:				
	Capital increase reserved for employees	34,348	335,560	6,525,530	652,553,066
	Exchange guarantee offered to option holders	23,350	343,142	6,548,880	654,888,090
	Exercise of stock options	10	117	6,548,890	654,889,040
	Capital reduction	(198,739)	(2,876,408)	6,350,151	635,015,108
2005	Capital increase or reduction:				
	Exchange guarantee offered to option holders	10,435	178,175	6,360,586	636,058,607
	Exercise of stock options	1,333	16,488	6,361,919	636,191,864
	Capital reduction	(210,756)	(3,647,054)	6,151,163	615,116,296

Employment and environmental information

Information provided pursuant to Article L. 225-102-1 of the French Commercial Code

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code enacted to implement the law of May 15, 2001 defining the new economic regulations (the NRE Act), the Company must provide information on the manner in which it addresses the employment and environmental consequences of its activities.

The data required under these legal obligations are presented below; however, management believes that the environmental data does not seem relevant based on the parent company TOTAL S.A. Therefore, the Company presents below the environmental objectives of its subsidiaries. Beyond these legal obligations, the Company has decided to publish a periodic report entitled "Sharing Our Energy" which covers all the Group's activities, the employment and environmental consequences of those activities, and which presents the performance and goals of the entire Group in these areas.

Employment

1) Employment trend

TOTAL S.A. EMPLOYEES			
As of December 31	2005	2004	2003
Men	4,035	3,902	3,764
Women	1,529	1,453	1,333
Total	5,564	5,355	5,097

Women represented 26% of the TOTAL S.A. workforce as of December 31, 2005. An European agreement on equal opportunity was signed within the Group on November 21, 2005.

This agreement is the outcome of the approach initiated by the November 22, 2004 agreement concerning the European

employee platform, confirms the commitments made by the Group to promote, develop and guarantee diversity in the workforce and equal treatment for all employees, from recruitment until the end of the employment contract.

AVERAGE AGE AND SENIORITY OF TOTAL S.A. EMPLOYEES				
	2005	2004	2003	
Average age	Men	45.1	44.6	43.7
	Women	42.3	41.9	40.0
Average seniority	Men	17.9	16.9	16.1
	Women	16.8	16.0	14.2

TRANSFERS TO TOTAL S.A.				
	2005	2004	2003	
External transfers	CDI *	175	150	175
	CDD **	131	129	132
Internal transfers	147	145	243	
Total	453	424	550	

* open-ended employment contract

** fixed term employment contract

DEPARTURES FROM TOTAL S.A.	2005	2004	2003
Resignations	32	21	21
Economic lay-offs	0	0	0
Dismissals for other reasons	10	14	6
End of fixed-term employment contracts	106	108	91
Retirement	33	16	16
End of trial period	1	1	2
Death	8	5	5
Transfers	36	49	34
Other departures*	7	3	101
Total	233	217	276

* PRC/PRI (Selected early retirement, internal early retirement).

After a rise in the number of departures in 2003, primarily because of the continuation of early retirement plans, the level returned to normal in 2004 and 2005.

OUTSIDE WORKERS	2005	2004	2003
Number of service providers present at December 31	2,003	2,048	2,094
Monthly average number of temporary workers	95	97	115

The service providers primarily provided general or consulting services.

2) Management of economic impacts on employment

During the mergers of TOTAL, PetroFina and Elf Aquitaine groups, there were no economic lay-offs at TOTAL S.A. All the departures took place under an early retirement plan chosen by employees or voluntary departures with an assistance package from the Company.

3) Work schedule and organization

ORGANIZATION OF WORK SCHEDULE	2005	2004	2003
Full-time	5,292	5,079	4,825
Part-time	252	242	224
Teamwork*	21	34	48

* 3 X 8 C.

Employees who work in teams are employees on temporary assignment at other entities within the Group.

ABSENTEEISM - NUMBER OF DAYS ABSENT	2005	2004	2003
Illness and treatment	15,761	15,137	11,968
Accident at work or in transit	554	255	260
Maternity	6,795	5,398	4,595
Total	23,110	20,790	16,823

4) Compensation

TREND IN COMPENSATION - TOTAL S.A.	2005	2004	2003
Yearly average (in euros)	78,511	74,415	67,239

The data for 2004 and 2005 corresponds to the annual payroll in relation to the monthly average number of employees. The data include the compensation for upper and executive management. It cannot be compared to the 2003 data, since the method of calculation now includes in-kind compensation.

(in euros)			
AVERAGE COMPENSATION PER MONTH - TOTAL S.A.		Men	Women
Individualized Engineers and Managers		10,630	9,035
Engineers and Managers		5,266	
Supervisors and similar staff		3,585	3,245
Clerks, Technicians		2,445	2,337
Workers		2,758	N/A

TOTAL SALARY EXPENSES - TOTAL S.A.	2005	2004	2003
Personnel expenses (in billion euros)	0.73	0.68	0.67
Added value (in billion euros)	2.741	1.957	1.630
Ratio	0.27	0.35	0.41

(in euros)			
AVERAGE AMOUNT OF PROFIT-SHARING AND INCENTIVES PER BENEFICIARY - TOTAL S.A.	2004	2003	2002
Profit sharing	405	392	502
Incentives	4,150	4,099	3,955
Total	4,555	4,491	4,457

The 2005 figures will not be available for the Shareholders' Meeting scheduled to take place on May 12, 2006

5) Health and safety conditions

WORKPLACE ACCIDENTS INVOLVING TOTAL S.A. EMPLOYEES	2005	2004	2003
Number of accidents	2	8	2
Frequency rate	0.229	0.949	0.254

(in euros)			
BUDGET FOR SAFETY EXPENSES - TOTAL S.A.	2005	2004	2003
	2,756,910	2,206,919	3,447,000

This indicator is based on the safety expenditures budgeted only for TOTAL S.A.

6) Training

NUMBER OF TOTAL S.A. EMPLOYEES RECEIVING TRAINING	2005	2004	2003
	2,709	2,676	2,323

The number of employees who receive training continued to increase (by 14% between 2003 and 2005), with 72,5% of the workforce in France receiving training. In addition to the impact of the increase in the work force and the addition of newly-hired young workers, the large number of employees training is also due to the Group's efforts to offer a broad selection of training programs to meet employee training needs, for both young professional workers and senior employees.

7) Employment of disabled workers

NUMBER OF DISABLED WORKERS - TOTAL S.A.	2005	2004	2003
	102	111	93

For a number of years, TOTAL S.A. has made a commitment to hiring disabled workers, primarily by signing a multi-year collective agreement and partnerships with associations. In addition to hiring disabled workers directly and collaborating with the protected sector, the company also trains disabled workers every year to allow them to enter professional positions.

8) Social projects

(in euros)	2005	2004	2003
BUDGET OF COMMITTEES	10,131,009	9,183,909	7,776,467

Since 2003, TOTAL S.A. has belonged to an Economic and Social Union with Elf Exploration Production. The 2005 budget for committees corresponds to the budget of the founding Committees of this Economic and Social Union.

9) Assessment of industrial relations

	2005	2004	2003
Number of negotiating meetings with central union delegates	83	67	50
Number of collective agreements signed	14	16	6

The collective agreements signed in 2005 covered the renewal of the European Committee, equal opportunity at the European level, the use of information and communication technologies by the union organizations, part-time work, the Collective Retirement Savings Plan (PERCO), the employees, employment of disabled workers, and compensation for work loads.

Environment

Pursuant to French Law 2001-420 of May 15, 2001, TOTAL S.A. must provide information regarding the social and environmental consequences of its activities. Under the implementing decree of February 20, 2002, this information must include details about the environmental objectives of its foreign subsidiaries.

The following discussion provides information about the environmental policy objectives proposed by the parent company. More detailed environmental information does not seem relevant for this discussion, given the nature of the activities of the holding company and of the Group.

The TOTAL Group operates projects in over 130 countries, in areas as diverse as upstream and downstream oil and gas, energy production and chemicals. The special social and environment report titled "Sharing Our Energy" provides in the environmental section detailed information on how the various entities of the Group conduct their environmental policies. It reports on the environmental consequences of those activities, describes and explains their qualitative and quantitative impacts, details the actions taken and presents the environmental performance of the entire Group, as well as the commitments that the Group has made or is planning to make.

The Safety, Environmental and Quality Charter is now a benchmark in the Group's corporate culture, and demonstrates its commitment to operational safety, personal health, environmental protection, and the quality of its products and services. This Charter, which has been translated into several languages, must be implemented on the basis of the operational realities of each of our businesses.

It is based on ten principles, which are explained in a user's guide designed to assist managers in implementing those principles in the performance of their daily duties.

The ten principles are organized into three themes: the industrial activity itself, employees, and third parties.

- **With respect to industrial activity**, no development project, no extension of an industrial unit, no launch of a new product may be started in any country in which a Group subsidiary operates without a preliminary and detailed analysis of the safety, health and environmental risks conducted by the operational branch in question. Consideration of those risks and the adoption of the necessary prevention, correction and compensation measures is verified when the project is reviewed by the business divisions involved. Major investment, acquisition and disposal projects are reviewed by the Group Executive Committee and must first be presented for an opinion to the Group Risk Committee. This Committee includes a representative from the Sustainable Development and Environment Department and a representative from the Industrial Safety Department.

This risk evaluation and prevention procedure is based on scientific analyses of the substances used and produced and their effects, environmental impact studies, and technological risk studies, conducted in accordance with the regulations in force in the countries where we operate and with industry standards. In recent years, the Committee has attached increased importance to analyses involving health risks, and is progressively including in such analyses the issue of the end of the useful life of products and facilities. Special attention is also now paid to biological diversity, particularly in very sensitive ecological zones that have been identified with the assistance of scientific organizations.

Consideration of these various scientific and technical aspects in the decision-making process is based on preliminary studies. Projects to harmonize the methodologies used to conduct these preliminary studies are currently in progress within the divisions. After the startup of the project, the evaluation and prevention step is repeated regularly throughout the project in order to verify that the environmental impacts and safety risks are as low as possible.

Pursuant to the Safety, Environmental and Quality Charter, the goals of prevention are to reduce discharges of polluting substances into the atmosphere and water, to reduce the consumption of water and certain raw materials, to improve energy efficiency, to reduce waste production on the sites, and to recycle the wastes that are produced. In 2005, each division set certain quantitative goals to improve its environmental performance, and transposed them to site-level based on the specific features of each site. The commitments to reduce greenhouse gas emissions set in 2001 were met in 2004; the establishment in 2005 of the European CO₂ quota trading system is a new step in the policy to fight global warming, which represents a true technological challenge for the Group. The reductions in greenhouse gas emissions and the corresponding actions are described in detail in the aforementioned social and environmental report by the Group.

Special attention is also paid to soil and underground water contamination, with special programs to evaluate risks and clean-up. Studies to coordinate assessment methodologies and the criteria used to develop cleanup action plans are currently in progress.

In addition to this prevention policy, each operational entity of the Group must establish its own resources and emergency response plans in the event of accidents. These measures are regularly updated and checked by the relevant Environmental and Safety departments, and opportunities to share experience are organized on a regular basis. These policies to prevent and fight the effects of any accidents are not only applied to industrial sites but also to the transport of hazardous materials, which is covered by similar measures and methodologies.

- **The principles defined for employees** are based on two key concepts: each person at his or her own level has a responsibility for safety and the environment, must be aware of it and act accordingly. Job evaluations are based on these criteria, among others. To give substance to these principles, the Environmental and Safety Departments of TOTAL S.A. organize training sessions both for management and for the personnel responsible for environmental health and safety issues. Training in crisis management and recovery is also offered. The business divisions also offer many training sessions adapted to the various employees responsible for these activities.
- **With respect to relationships with third parties**, the Charter recommends that outside service providers, suppliers, industrial, and commercial and industrial partners in general adhere to the Group's safety and environmental policy. It also emphasizes that the expectations of social partners, customers, shareholders, and contractual partners in relationships affecting the environment must be met with a constructive attitude of dialogue and transparency. Careful attention is paid to community relations, and experimental close partnerships based on dialogue and cooperation, reflecting the goals of the "Sharing Our Energy" report, are being conducted at several sites. These partnerships will be expanded based on feedback from the field.

The organization of the Group's entities is testimony to the Group's ongoing and effective consideration of the environment in all its activities. A centralized Sustainable Development and Environmental Department (DDE) coordinates an environmental information network to facilitate information exchanges and synergies among the divisions. The activities and policies of the Sustainable Development and Environmental Department and the Industrial Safety Department within TOTAL S.A. are coordinated with the Strategy and Risk Assessment Department.

The Environmental and Sustainable Development Departments and the Industrial Safety Departments of the business divisions transpose the action principles and medium and short-term environmental objectives established by them to the subsidiaries, which in turn pass them on to the industrial sites.

TOTAL places great importance on monitoring the implementation of these principles. During internal audits, or environmental inspections of any kind conducted by the departments concerned, the manner in which the Charter principles have been implemented is one of the elements verified. To facilitate this monitoring, work to harmonize and improve the reporting processes on performance and events continues within the entities and central departments. The medium-term goal is verification of the reporting data by an outside organization; for this purpose, an initial test of the corresponding procedures was conducted in 2005 prior to actual implementation.

All the Group's divisions have implemented internal management systems, based on the specific characteristics of the regional and operational sites, in terms of the environment, safety and quality. This is a voluntary and highly collaborative approach based on information, cooperation, awareness and training for all personnel. Progress objectives are defined and strategies are established; results are measured using methodologies and measures which are being progressively developed and refined, and the requisite control in the form of audits is performed. These management systems are periodically evaluated by internal auditors, to ensure continual improvement.

This desire to continually improve integrated environmental management has led the Group to complete ISO 14001 environmental certification. This international standard gives outside recognition of environmental management systems through certification by a third party, after independent compliance audits, which are repeated every three years. In Refining & Marketing and Chemicals in Europe, most of the sites (about 100) have already been certified; in other sectors and countries, this certification process is being actively pursued. In addition, the objective to earn certification for more than half the Group's sites considered particularly important for the environment was achieved by the end of 2005.

Five-year consolidated financial information

Five-year summary consolidated balance sheet

December 31 (in millions of euros)	2005	2004	2004	2003	2002	2001
	IFRS	IFRS		French GAAP		
ASSETS						
Non-current assets	62,391	53,827	52,533	50,450	54,010	56,640
Intangible assets	4,384	3,176	1,908	2,017	2,752	3,196
Property, plant and equipment	40,568	34,906	36,422	36,286	38,592	41,274
Other non-current assets	17,439	15,745	14,203	12,147	12,666	12,170
Current assets	43,753	32,940	31,628	29,513	31,319	31,960
Inventories	12,690	9,264	7,053	6,137	6,515	6,622
Other current assets	31,063	23,676	24,575	23,376	24,804	25,338
Total assets	106,144	86,767	84,161	79,963	85,329	88,600
LIABILITIES AND SHAREHOLDERS EQUITY						
Shareholders' equity, Group share	40,645	31,608	31,260	30,406	32,146	33,932
Minority interests and preferred stock	838	810	776	1,060	1,201	1,465
Provisions other non-current liabilities	17,440	16,283	16,112	15,605	16,643	15,969
Non-current financial liabilities	13,793	11,289	9,734	9,783	10,157	11,165
Current liabilities	33,428	26,777	26,279	23,109	25,182	26,069
Total liabilities and shareholders equity	106,144	86,767	84,161	79,963	85,329	88,600

Five-year summary consolidated income statement

Year (in millions of euros)	2005	2004	2004	2003	2002	2001
	IFRS	IFRS		French GAAP		
Revenue	143,168	121,998	122,700	104,652	102,540	105,318
Operating income	(113,710)	(99,590)	(101,141)	(86,905)	(86,622)	(87,760)
Current depreciation of property, plant and equipment and leasehold rights	(5,411)	(5,722)	(5,498)	(4,977)	(5,792)	(4,781)
Operating income	24,047	16,686	16,061	12,770	10,126	12,777
Other charges and expense	(585)	1,942	1,866	(1,199)	31	(36)
Other financial charges and expense	(178)	(67)	(76)	(85)	(35)	(44)
Income taxes	(11,825)	(8,570)	(8,316)	(5,353)	(5,034)	(5,874)
Equity in income (loss) of affiliates	1,184	1,158	337	1,086	866	1,001
Income of consolidated entity	12,643	11,149	9,872	7,219	5,954	7,824
Minority interests	370	281	260	194	13	166
Net income	12,273	10,868	9,612	7,025	5,941	7,658

European Cross Reference List

Cross reference list of the information items set forth in Annex I of the European Regulation (EC) No 809/2004 of April 29, 2004

Information required by Annex I
of Regulation (EC) No 809/2004

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