

ownership of capital or voting rights above defined thresholds. The French Government abrogated the specific share by decree on October 3, 2002.

MATERIAL CONTRACTS

There have been no material contracts (not entered into in the ordinary course of business) entered into by members of the Group since March 31, 2003.

EXCHANGE CONTROLS

Under current French exchange control regulations, no limits exist on the amount of payments that TOTAL may remit to residents of the United States. Laws and regulations concerning foreign exchange controls do require, however, that an accredited intermediary must handle all payments or transfer of funds made by a French resident to a non-resident.

TAXATION

General

This section describes the material United States federal income tax and French tax consequences of owning and disposing of shares and ADSs of TOTAL to U.S. Holders that hold their shares or ADS as capital assets for tax purposes. A U.S. Holder is a beneficial owner of shares or ADSs that is (i) a citizen or resident of the United States for United States federal income tax purposes, (ii) a domestic corporation or other domestic entity treated as a corporation for United States federal income tax purposes, (iii) an estate whose income is subject to United States federal income tax regardless of its source, or (iv) a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

This section does not apply to members of special classes of holders subject to special rules, including:

- dealers in securities,
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings,
- tax-exempt organizations,
- life insurance companies,
- persons liable for alternative minimum tax,
- persons that actually or constructively own 5% or more of the share capital or voting rights in TOTAL,
- persons that hold the shares or ADSs as part of a straddle or a hedging or conversion transaction, or
- U.S. Holders whose functional currency is not the U.S. dollar.

In addition, the discussion of the material French tax consequences is limited to U.S. Holders that (i) are residents of the United States for purposes of the Treaty (as defined below), (ii) do not maintain a permanent establishment or fixed base in France to which the shares or ADSs are attributable and through which the respective U.S. Holder carries on, or has carried on, a business (or, if the holder is an individual, performs or has performed independent personal services), and (iii) is otherwise eligible for the benefits of the Treaty in respect of income and gain from the shares or ADSs.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, and with respect to the description of the material French tax consequences, the laws of the Republic of France and French tax regulations, all as currently in effect, as well as on the Convention Between the United States of America and the Republic of France for the Avoidance of Double Taxation (the "Treaty"). These laws are subject to change, possibly on a retroactive basis.

Holders are urged to consult their own tax advisor regarding the United States federal, state and local, and French and other tax consequences of owning and disposing shares or ADSs of TOTAL in their respective circumstances. In particular, a holder is encouraged to confirm whether the holder is a U.S. Holder eligible for the benefits of the Treaty with its advisor.

Taxation of Dividends

French taxes

Dividends paid to non-residents of France are subject to French withholding tax at a rate of 25% unless the rate is reduced pursuant to a tax treaty or similar agreement. Under the Treaty, a U.S. Holder generally is entitled to a reduced rate of French withholding tax of 15% with respect to dividends, provided the ownership of shares or ADSs is not effectively connected with a permanent establishment or a fixed base in France and certain other requirements are satisfied.

In France, companies may pay dividends only out of income remaining after tax has been paid. Until December 31, 2004, when dividends were received by shareholders resident in France, such persons were under certain circumstances entitled to a tax credit (*avoir fiscal*) representing a portion of the underlying tax paid at the corporate level.

The French Finance Law of 2004 repealed the benefit of the *avoir fiscal* with respect to dividends received (i) in 2004, except in certain specific cases, by corporate shareholders resident in France, and (ii), starting in 2005, by individual shareholders resident in France. Instead, for dividends received after December 31, 2004, French resident shareholders who are individuals are taxed on only 50% of the amount of dividends and, in addition, are entitled to a new tax credit (*crédit d'impôt*) equal to 50% of the amount of dividends they received but with an overall annual cap of € 230 or, as the case may be, € 115 depending on the marital status of the individual holder.

Furthermore, the French Finance Law of 2004 imposes an exceptional tax to be levied at the rate of 25% on dividends or other distributions (in each case, before withholding tax) paid in 2005 out of profits that have not been taxed at the ordinary corporate income tax rate or that were earned and taxed more than five years before the relevant dividend or distribution. An amount equal to up to one-third of this exceptional tax, if levied, will be creditable against the corporation tax liability of the Company in each of the three years beginning in 2006, with any part of such amount remaining at the end of each year of the three-year period being refunded with respect to each relevant year, upon request, in cash by the French Treasury to the Company.

Since the *avoir fiscal* has now been repealed, U.S. Holders are no longer entitled to any refund in respect thereof for dividends received after December 31, 2004. Moreover, French domestic law does not specify whether non-French resident shareholders, including U.S. Holders, are eligible to benefit from the new *crédit d'impôt*. Given the language of the Treaty, it is not possible to confirm that the *crédit d'impôt* will be available to qualifying U.S. Holders to the same extent that the *avoir fiscal* was available, if at all.

However, U.S. Holders who are individuals remain entitled to a refund of the *avoir fiscal* in respect of dividends paid to them in 2004, even if in practice, the *avoir fiscal* is refunded only in 2005.

Therefore, in respect of dividends distributed in 2004, a U.S. Holder who is an individual is entitled to the payment of an amount equal to the *avoir fiscal* equal to 50% of the dividend (subject to a deduction of the 15% withholding tax), subject to certain procedural rules.

If the applicable procedures have not been followed prior to the 2004 dividend payment date, U.S. Holders will be entitled to claim a refund of any withholding tax in excess of the 15% rate and, for U.S. Holders who are individuals, the payment of the *avoir fiscal*, by filing the French Treasury Form 5052 EU with the depositary or the French paying agent early enough to enable them to forward that form to the French tax authorities before December 31, 2005.

In respect of dividend distributions in 2005, the administrative guidelines issued on February 25, 2005 (4 J-1-05) (the "February 25, 2005 Administrative Guidelines") 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 to those U.S. Holders that may benefit from the so-called “simplified” procedure (within the meaning of the February 25, 2005 Administrative Guidelines).

Under the “simplified procedure”, U.S. Holders may claim the immediate application of withholding tax at the rate of 15% on the French 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 U.S. Holders’ securities account must also send to the French paying agent the figure of the total amount of dividends to be received which are eligible to the reduced withholding tax rate before the dividend payment date;
- (ii) the U.S. financial institution managing the U.S. Holder’s securities account provides to the French paying agent a list of the Eligible U.S. Holders and other pieces of information set forth in the February 25, 2005 Administrative Guidelines. Furthermore, the financial institution managing the U.S. Holders’ securities account should certify that each Holder is, to the best of its knowledge, a United States resident within the meaning of the Treaty. 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 U.S. Holder’s identity and tax residence are known by the French paying agent, the latter may release such U.S. Holder from furnishing to (i) the financial institution managing its securities account, or (ii) as the case may be, the Internal Revenue Service, the abovementioned certificate of residence, and apply the 15% withholding tax rate to dividends it pays to such U.S. Holder.

U.S. Pension Funds and Other Tax-Exempt Entities created and operating in accordance with the provisions of Sections 401 (a), 403 (b), 457 or 501 (c) (3) of the U.S. Internal Revenue Code (IRC) are subject to the same general filing requirements except that, in addition, they have to supply a certificate issued by the U.S. Internal Revenue Service (“IRS”) or any other document stating that they have been created and are operating in accordance with the provisions of the abovementioned Code Sections. This certificate must be produced together with the first request of application of the reduced rate, once together with the first request of immediate application of the 15% withholding tax and at French Tax Authorities specific request.

In the same way, regulated companies such as RIC, REIT, REMIC will have to send to the financial institution managing their securities account a certificate from the IRS indicating that they are classified as Regulated Companies (RIC, REIT or REMIC) within the provisions of the relevant sections of the IRC. In principle, this certification must be produced each year and before the dividend payment.

For a U.S. Holder that is not entitled to the “simplified” procedure, the 25% French withholding tax will be levied at the time the dividends are paid. Such U.S. Holder may, however, be entitled to a refund of the withholding tax in excess of the 15% rate under the “standard”, as opposed to the “simplified”, procedure, provided that the U.S. Holder furnishes to the French paying agent an application for refund on form RF 1A EU-No 5052 (or any other relevant form to be issued by the French tax authorities), certified by U.S. financial institution managing the U.S. Holder’s securities account, before December 31 of the second year following the date of payment of the withholding tax at the 25% rate to the French tax authorities. Any French withholding tax refund is generally expected to be paid within twelve months from the filing of form RF 1A EU-No 5052 (or any other relevant form to be issued by the French tax authorities). However, it will not be paid before January 15 of the year following the year in which the dividend was paid.

Copies of the form RF 1A EU-No 5052 (or any other relevant form to be issued by the French tax authorities) as well as the form of the certificate of residence and the U.S. financial institution certification, together with instructions, are (or will be, as soon as practical) available from the U.S. Internal Revenue Service and the French Centre des Impôts des Non-Residents at 9, rue d’Uzès, 75094 Paris Cedex 2, France.

These forms, together with instructions, will also be provided by the Depositary to all U.S. Holders of ADRs registered with the Depositary. The Depositary will use reasonable efforts to follow the procedures established by the French tax authorities for U.S. Holders to benefit from the immediate application of the 15% French withholding tax rate or, as the case may be, recover the excess 10% French withholding tax initially withheld and deducted in respect of dividends distributed to them by the Company, and obtain, in respect to dividend distributions in 2004 made to U.S. Holders who are individuals, the refund of the *avoir fiscal*, in accordance with the procedures established by the French tax authorities. To effect such benefit, recovery and/or refund, the Depositary shall advise such U.S. Holder to return the relevant forms to it properly completed and executed. Upon receipt of the relevant forms properly completed and executed by such U.S. Holder, the Depositary shall cause them to be filed with the appropriate French tax authorities, and upon receipt of any resulting remittance, the Depositary shall distribute to the U.S. Holder entitled thereto, as soon as practicable, the proceeds thereof in U.S. Dollars.

The identity and address of the French paying agent is available from the Company.

United States taxation

For United States federal income tax purposes, the gross amount of dividend a U.S. Holder must include in gross income equals the amount paid by TOTAL plus any amount of *avoir fiscal* or, as the case may be, the refund up to € 115 or € 230 described above (see “— French Taxes” above) transferred to the U.S. Holder with respect to this amount (including any French tax withheld with respect to the distribution made by TOTAL or the *avoir fiscal*) to the extent of the current and accumulated earnings and profits of TOTAL (as determined for United States federal income tax purposes). The dividend will be income from foreign sources. Dividends paid to a noncorporate U.S. Holder in taxable years before January 1, 2009 that constitute qualified dividend income will be taxable to the holder at a maximum tax rate of 15% provided that the shares or ADSs are held for more than 60 days during the 121 period beginning 60 days before the ex-dividend date and the holder meets other holding period requirements. TOTAL believes that dividends paid by TOTAL with respect to its shares or ADSs will be qualified dividend income. The dividend will not be eligible for the dividends-received deduction allowed to a U.S. corporation under Section 243 of the Code. The dividend is taxable to the U.S. Holder when the holder, in the case of shares, or the Depositary, in the case of ADSs, receives the dividend, actually or constructively. To the extent that an amount received by a U.S. Holder exceeds the allocable share of the Company’s current and accumulated earnings and profits, it will be applied first to reduce such holder’s tax basis in shares or ADSs owned by such holder and then, to the extent it exceeds the holder’s tax basis, it will constitute capital gain.

The amount of any dividend distribution includible in the income of a U.S. Holder equals the U.S. dollar value of the euro payment made, determined at the spot dollar/euro exchange rate on the date the dividend distribution is includible in the U.S. Holder’s income, regardless of whether the payment is in fact converted into U.S. dollars. Any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in the U.S. Holder’s income to the date the payment is converted into U.S. dollars will generally be treated as ordinary income or loss from sources within the United States and will not be eligible for the special tax rate applicable to qualified dividend income.

Subject to certain conditions and limitations, French taxes withheld in accordance with the Treaty will be eligible for credit against the U.S. Holder’s United States federal income tax liability. The limitation on foreign taxes eligible for credit is not calculated with respect to all worldwide income, but instead is calculated separately with respect to specific classes of income. In addition, special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate. For this purpose, dividends distributed by the Company and the related *avoir fiscal* payments generally will constitute “passive income”, or, in the case of certain U.S. Holders, “financial services income”. Alternatively, a U.S. Holder may claim all foreign taxes paid as an itemized deduction in lieu of claiming a foreign tax credit.

Taxation of Disposition of Shares

In general under the Treaty, a U.S. Holder will not be subject to French tax on any capital gain from the sale or exchange of the ADSs or redemption of the underlying shares unless those ADSs or shares form part of a

business property of a permanent establishment or fixed base that the U.S. Holder has in France. Special rules may apply to individuals who are residents of more than one country.

If a transfer of shares of the Company is evidenced by a written agreement, such share transfer agreement is, in principle, subject to registration formalities and therefore to a 1% registration duty assessed on the higher of the purchase price and the market value of the shares (subject to a maximum assessment of € 3,049 per transfer), provided that, under certain circumstances, no duty is due if such written share transfer agreement is executed outside France. The Amending French Finance Law of 2004 increased the above 1% rate of registration duty to 1.1% (subject to a maximum assessment increased to € 4,000 per transfer) with respect to written share transfer agreements executed in France as of January 1, 2006.

For United States federal income tax purposes, a U.S. Holder generally will recognize capital gain or loss upon the sale or disposition of shares or ADSs equal to the difference between the U.S. dollar value of the amount realized on the sale or disposition and the holder's tax basis, determined in U.S. dollars, in the shares or ADSs. The gain or loss generally will be United States source gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period of the shares or ADSs is more than one year at the time of the disposition. Long-term capital gain of a non-corporate U.S. Holder that is recognized on or after May 6, 2003 and before January 1, 2009 is taxed at a maximum rate of 15%. The deductibility of capital losses is subject to limitation.

French Estate and Gift Taxes

In general, a transfer of ADSs or shares by gift or by reason of the death of a U.S. Holder that would otherwise be subject to French gift or inheritance tax, respectively, will not be subject to such French tax by reason of the Convention between the United States of America and the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts, dated November 24, 1978, unless the donor or the transferor is domiciled in France at the time of making the gift, or at the time of his death, or if the ADSs or shares were used in, or held for use in, the conduct of a business through a permanent establishment or a fixed base in France.

French Wealth Tax

The French wealth tax does not apply to a U.S. Holder (i) that is not an individual, or (ii) in the case of individuals who own alone or with their parents, directly or indirectly, less than 25% of the Company's share capital.

United States State and Local Taxes

In addition to United States federal income tax, U.S. Holders of shares or ADSs may be subject to U.S. state and local taxes with respect to their shares or ADSs. U.S. Holders should consult their own tax advisors.

DIVIDENDS AND PAYING AGENTS

After BNP Paribas Securities Services performs centralizing procedures, dividends are paid through the accounts of financial intermediaries participating in Euroclear France's direct payment procedures. The Bank of New York acts as paying agent for dividends distributed to ADS holders.

DOCUMENTS ON DISPLAY

TOTAL files annual, periodic, and other reports and information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information TOTAL files with the Securities and Exchange Commission at the Securities and Exchange Commission's public reference rooms by calling the Securities and Exchange Commission for more information at 1-800-SEC-0330. All of TOTAL's Securities and Exchange Commission filings made after December 31, 2001 are available to the public at the Securities and Exchange Commission web site at <http://www.sec.gov> and from certain commercial document retrieval services. TOTAL's website at <http://www.total.com> includes information about our businesses and also includes recent press releases and other publications of TOTAL, including some of our filings with the Securities