trading days of crossing that threshold. Any shareholder who fails to comply with these requirements may have all or part of its voting rights suspended for up to five years by the commercial court at the request of the Company's Chairman, any of the Company's shareholders or the *Commission des opérations de bourse*. In addition, every shareholder who, directly or indirectly, acting alone or in concert with others, acquires ownership or control of Shares representing 10% or 20% of the Company's share capital must notify the Company, the *Conseil des marchés financiers* and the *Commission des opérations de bourse* of its intentions for the 12 months following such acquisition. Failure to comply with this notification of intentions will result in the suspension of the voting rights attached to the Shares exceeding this 10% or 20% threshold held by the shareholder for a period of two years from the date on which the shareholder has cured such default.

In addition, the Company's *statuts* provide that any person, whether a natural person or a legal entity, who comes to hold, directly or indirectly, 1% or more, or any multiple of 1%, of the Company's share capital or voting rights or of securities that may include future voting rights or future access to share capital or voting rights, must notify the Company by registered letter-with return receipt requested, within 15 calendar days of the acquisition. Failure to comply with these notification provisions will result in the suspension of the voting rights attached to the Shares exceeding this 1% threshold held by the shareholder if requested at a shareholder's meeting by one or more shareholders holding shares representing at least 3% of the share capital.

Any individual or legal entity whose direct or indirect holding of Shares falls below each of the levels mentioned must also notify the Company in the manner and within the time limits set forth above.

Specific Rights of the French State in the Share Capital of Elf Aquitaine. The share capital of Elf Aquitaine previously included a specific share providing specific rights to the French Republic, following the conversion of a common share decided by the decree dated December 13, 1993. This decree provided in particular for a right of approval in case a party or a group of parties are increasing their ownership of capital or voting rights above defined thresholds. The French Government abrogated the specific share by decree on October 3, 2002.

B. 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, 2001.

C. EXCHANGE CONTROLS

Under current French exchange control regulations, no limits exist on the amount of payments that we 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.

D. TAXATION

General

This section describes the material United States federal income tax and certain French tax consequences of owning and disposing of shares and ADSs of TotalFinaElf to United States Holders that hold their shares or ADS as capital assets for tax purposes. A United States 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 United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust. In addition, the discussion of the material French tax consequences is limited to United States holders that are eligible for the benefits of the Treaty (as defined below).

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 10% or more of the voting stock of TotalFinaElf,
- persons that hold the shares or ADSs as part of a straddle or a hedging or conversion transaction, or
- persons whose functional currency is not the United States dollar.

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 should 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 TotalFinaElf in their respective circumstances. In particular, a holder should confirm whether the holder is a United States Holder eligible to the benefits of the Treaty with its advisor.

Taxation of Dividends

French Taxes

In France, companies may only pay dividends out of income remaining after tax has been paid. In general, under French law, a resident of France is entitled to the *avoir fiscal* (which is a tax credit) in respect of a dividend received from a French corporation, such as the Company. The benefit of the *avoir fiscal,* if available under French law, is allowed to shareholders who are not residents of France only pursuant to a tax treaty or similar agreement between France and such non-resident's country of residence.

For dividends paid in 2003, the rate of the *avoir fiscal* is generally equal to 50% of the dividend paid for individuals and companies which own at least 5% of the capital of the French distributing company and meet the conditions to qualify under the French participation exemption regime, or 10% of the dividend paid for other shareholders. The French government is studying the possibility to cancel the avoir fiscal and to replace it by another tax mechanism. However, the new rules, if any, should not apply before 2004.

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

Additional provisions apply to a United States Holder who is considered as an "eligible" United States Holder of shares or ADSs. An Eligible United States Holder is a United States Holder whose ownership of ADSs is not effectively connected with a permanent establishment or a fixed lease in France and who is (i) an individual or other non-corporate holder that is a United States resident under the Treaty, (ii) a United States company that is not a regulated investment company, (iii) a United States company that is a regulated investment company, but only if less than 20% of its shares are beneficially owned by persons who are neither citizens nor residents of the United States, or (iv) a partnership, estate or trust that is treated as a resident of the United States for purposes of the Treaty, but only to the extent that its partners, beneficiaries or grantors would qualify as “Eligible” under clause (i) or (ii) above.

Such Eligible United States Holder is entitled to the payment of an amount equal to the entire *avoir fiscal* (subject to a deduction of the 15% withholding tax). However, the payment of an amount equal to the entire *avoir fiscal* is not available to a United States Holder if the holder (or, in the case of a partnership, estate or trust, its partners, beneficiaries or fiduciaries, respectively) is not subject to United States federal income tax on the payment of the *avoir fiscal* and the related dividend.

	U.S. Individual Holders taxable On the dividend	Eligible United States Holders other than U.S. Individual Holders and U.S. Pension Funds
Company’s dividend per ADS	$ 100	$ 100
Withholding rate	15%	15%
Amount withheld	15	15
Company’s dividend received in 2003	85	85
Avoir fiscal paid by French Government	50	10
Withholding rate under Treaty	15%	15%
Amount withheld	7.5	1.5
Avoir fiscal payable after January 15, 2004	42.5	8.5
Effective dividend before U.S. tax credit	127.5	93.5
Withholding recovered as U.S. tax credit	22.5	16.5
Effective dividend per ADS	$ 150	$ 110

Under the Treaty, the reduction in withholding tax to 15% and the payment of an amount equal to a portion (30/85) of the *avoir fiscal* are available with respect to dividends distributed to “U.S. Pension Funds” (as discussed below), and certain other tax-exempt entities, including certain state-owned institutions, not-for-profit organizations and individuals with respect to dividends beneficially owned by such individuals and derived from an investment retirement account (“Other Tax Exempt Entities”). A “U.S. Pension Fund” includes the tax-exempt pension funds subject to the provisions of Section 401(a) (qualified retirement plans), Section 403(b) (tax deferred annuity contract) or Section 457 (deferred compensation plans) of the Code which are established and managed in order to pay retirement benefits. The partial refund of the *avoir fiscal* is not available to a U.S. Pension Fund or Other Tax Exempt Entity if it owns, directly or indirectly, 10% or more of the Company’s capital.

Pursuant to the French Finance Bill 2003 and the regulations issued by the French tax authorities, the computation of the avoir fiscal and of the withholding tax for U.S. Pension Funds is the following:

	U.S. Pension Funds
Company’s dividend per ADS	$ 100
Withholding rate	15%
Amount withheld	15
Company’s dividend received in 2003	85
Avoir fiscal paid by French Government 10%	3.529
Withholding rate under Treaty	15%
Amount withheld	0.529
Avoir fiscal payable after January 15, 2004	3
Effective dividend before U.S. tax credit	$ 88

Under the normal procedure provided in the regulations, to benefit from the withholding tax at the 15% reduced rate at the time of the payment of the dividend, an Eligible United States Holder must file with the French tax authorities, French Treasury Form RF 1 A EU No. (5052), entitled “Application for Refund” (the “Form”), before the payment date of the dividend. In addition, a non-individual Eligible U.S. Holder must file an affidavit certifying that it owns all the rights attached to the full ownership of its Shares or ADSs, including but not limited to dividend rights.

Alternatively, under a simplified procedure, if completion of the Form is not possible prior to the payment of dividends, an Eligible United States Holder may complete and provide to the Depositary, before the date of payment of the dividend, a simplified certificate (the “Certificate”) stating that (i) the holder is a United States resident within the meaning of the Treaty, (ii) the holder’s ownership of the Shares or ADSs is not effectively connected with a permanent establishment or fixed base in France, (iii) the holder owns all the rights attached to the full ownership of the Shares or ADSs, including, but not limited to, dividend rights, and (iv) the holder meets all the requirements of the Treaty for obtaining the benefit of the reduced rate of withholding tax and the right to the transfer of the *avoir fiscal* and requests the transfer of the *avoir fiscal* subject to withholding tax at the reduced rate. Under this simplified procedure, before the dividend’s payment, the Depositary notifies the French Custodian bank of the aggregate total of the dividend payment subject to the 15% withholding tax rate.

According to French Laws, and as mentioned above, the determination of the *avoir fiscal* depends on the qualifications of the beneficiary. Accordingly, the French tax authorities have issued a bulletin in November 1999 stating that the French paying agent will distinguish between shareholders qualified for the refund of an *avoir fiscal* equal to 50% of the dividend and those qualified for a refund of the avoir fiscal at a reduced rate (i.e., 10% of the dividend paid in 2003).

If dividends are paid to a United States Holder who is not entitled to the *avoir fiscal* (i.e., not an Eligible United States Holder) or to an Eligible United States Holder that has not filed a completed Form or Certificate before the dividend payment date, such dividends will be subject to French withholding tax at the rate of 25%. A non-Eligible United States Holder may claim a refund of the excess French withholding tax (difference between 25% and 15%), and an Eligible United States Holder may claim the *avoir fiscal* payment by completing and filing the Form with the Depositary in time so that it may be forwarded to the French tax authorities before December 31 of the year following the end of the calendar year during which the dividend is paid.

The Form or Certificate, together with instructions, will be provided by the Depositary to all United States Holders registered with the Depositary and are also available from the IRS or from the French *Centre des Impôts des Non-Résidents* whose address is 9, rue d’Uzès, 75094 Paris Cedex 2, France. The Depositary will arrange for the filing with the French tax authorities of all Forms and Certificates completed by United States Holders that are returned to the Depositary within the time period specified by the Depositary in its distribution to registered United States Holders of ADRs.

U.S. Pension Funds and Other Tax-Exempt Entities are eligible for the reduced withholding tax rate of 15% on dividends subject to the same general filing requirements as Eligible United States Holders except that they may have to supply additional documentation evidencing their entitlement to these benefits. In that respect, U.S. Pension Funds will have to produce a certificate issued by the U.S. Internal Revenue Service (“IRS”) or any other document stating that they have been created and function in accordance with the provisions of Sections 401(a), 403(b) or 457 of the Code. In the same way, regulated investment companies will have to send to the Depositary a certification from the IRS indicating that they are classified as Regulated Investment Companies under the Code. These entities are not entitled to the full *avoir fiscal*. However, such entities may claim a partial *avoir fiscal* equal to 30/85 of the gross *avoir fiscal*, less withholding tax on such amount, provided that they own, directly or indirectly, less than 10% of the Company’s capital and they satisfy the filing requirements specified by the French tax authorities.

In all cases, the *avoir fiscal* or partial *avoir fiscal* and the withholding tax refund are normally paid within 12 months following filing of the Form, but not before January 15 following the end of the calendar year in which the related dividend is paid.

United States Taxation

For United States federal income tax purposes, the gross amount of dividend a United States Holder must include in gross income equals the amount paid by TotalFinaElf plus any amount of *avoir fiscal* transferred to the United States Holder with respect to this amount (including any French tax withheld with respect to the distribution made by TotalFinaElf or *avoir fiscal*) to the extent of the current and accumulated earnings and profits of TotalFinaElf (as determined for United Sates federal income tax purposes). A United States Holder must include the dividend as ordinary income from foreign sources when the holder receives the dividend, actually or constructively. To the extent that an amount received by a United States 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 United States dollar value of the euro payment made, determined at the spot euro/United States dollar exchange rate on the date the United States holder receives the payment, in the case of Shares, or on the date of receipt by the Depositary, in the case of ADSs, regardless of whether the payment is in fact converted into United States dollars. Any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in the United States Holder’s income and the date the payment is converted by the holder into United States dollars will be treated as ordinary income or loss generally from sources within the United States. The dividend will not be eligible for the dividends-received deduction allowed to a U.S. corporation under Section 243 of the Code.

Subject to certain conditions and limitations, French taxes withheld in accordance with the Treaty will be eligible for credit against the United States 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. 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 United States 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 Capital Gains

In general under the Treaty, a United States 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 United States Holder has in France. Special rules may apply to individuals who are residents of more than one country.

For United States federal income tax purposes, a United States Holder generally will recognize capital gain or loss upon the sale or disposition of Shares or ADSs equal to the difference between the amount realized on the sale or disposition and the holder’s tax basis 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 United States Holder’s holding period of the Shares or ADSs is more than one year at the time of the disposition. Long-term capital gain recognized by a non-corporate United States Holder generally is subject to maximum federal income tax rate of 20%. 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 United States 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 United States Holder owning less than 25% of the Company’s share capital.