

Rating: Buy
 S&P 500: 1280

Total S.A. Challenges of Growth

<i>Symbol</i>	TOT	<i>Ebitda Next Twelve Months ending 12/31/06 (US\$mm)</i>	33,800
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	126.50	<i>Natural Gas and Oil Production/Ebitda (%)</i>	72
<i>Pricing Date</i>	2/15/06	<i>Adjusted Reserves/Production NTM</i>	9.3
<i>Shares (mm)</i>	1173	<i>EV/Ebitda</i>	5.1
<i>Market Capitalization (US\$mm)</i>	148,000	<i>PV/Ebitda</i>	6.3
<i>Debt (US\$mm)</i>	26,000	<i>Undeveloped Reserves (%)</i>	49
<i>Enterprise Value (EV) (US\$mm)</i>	174,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	27.90
<i>Present Value (PV) (US\$mm)</i>	213,000	<i>Present Value Proven Reserves(US\$/boe)</i>	13.32
<i>Net Present Value (US\$/share)</i>	160	<i>Present Value Proven Reserves(US\$/mcf)</i>	2.22
<i>Debt/Present Value</i>	0.12	<i>Earnings Next Twelve Months (US\$/sh)</i>	14.56
<i>McDep Ratio - EV/PV</i>	0.82	<i>Price/Earnings Next Twelve Months</i>	9
<i>Dividend Yield (%/year)</i>	3.0	<i>Indicated Annual Dividend (US\$/sh)</i>	3.85

Note: Estimated cash flow and earnings tied to one-year futures prices for oil.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

Summary and Recommendation

Buy-recommended **Total (TOT)** offers 26% appreciation potential to estimated net present value of \$160 a share presuming a long-term oil price of \$50 a barrel. Six-year futures are currently priced at \$63 a barrel. A leap in natural gas price to half the oil equivalent stimulated fourth quarter results. Oil and gas production volume was stable, rather than higher. Chief Executive Thierry Desmarest explains that implementation of major volume expansion projects is taking more time than planned. Rising cost and delayed completion is a normal consequence of growth that also translates to more value for existing capacity. Total's McDep Ratio at 0.82 seems low historically and well within buy range. Unlevered cash flow multiple at a low 5.1 times is near the median of mega cap peers as is adjusted reserve life of 9.3 years. Financial risk is low while political and geographic risk is well diversified.

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Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/</i>	<i>Price</i>	<i>Market</i>	<i>Net</i>	<i>Debt/</i>	<i>McDep</i>		
	<i>Rating</i>	<i>(\$/sh)</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>Ratio</i>		
		<i>15-Feb</i>	<i>Shares</i>	<i>(\$mm)</i>	<i>Value</i>			
		<i>2006</i>	<i>(mm)</i>		<i>(\$/sh)</i>			
Mega Cap								
BP plc	BP	B	67.20	3,465	233,000	77.00	0.15	0.89
Exxon Mobil Corporation	XOM	B	59.76	6,211	371,000	74.00	0.04	0.82
Total S.A.	TOT	B	126.50	1,173	148,000	160.00	0.12	0.82
Royal Dutch Shell plc	RDS-A	B	61.94	3,293	204,000	80.00	0.11	0.80
ConocoPhillips	COP	B	58.67	1,693	99,000	95.00	0.22	0.70
Chevron Corporation	CVX	B	55.96	2,236	125,000	85.00	0.11	0.70
	<i>Total or Median</i>				<i>1,180,000</i>		<i>0.12</i>	<i>0.81</i>

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Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating		Price (\$/sh) 15-Feb 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
Mega Cap								
BP plc	BP	B	67.20	9.6	6.6	5.9	10	3.3
Exxon Mobil Corporation	XOM	B	59.76	11.2	6.4	5.2	9	2.1
Total S.A.	TOT	B	126.50	9.3	6.3	5.1	9	3.0
Royal Dutch Shell plc	RDS-A	B	61.94	7.4	5.7	4.5	8	3.5
ConocoPhillips	COP	B	58.67	10.9	5.8	4.1	6	2.5
Chevron Corporation	CVX	B	55.96	9.7	5.6	3.9	7	3.2
	<i>Median</i>			9.7	6.1	4.8	9	3.1

Home Country and Business Segments

	Symbol/ Rating		Non- U.S. Domicile	North Amer. Natural Gas (%)	Rest of World Natural Gas (%)	Oil Prod'n (%)	Down- stream (%)	Total Present Value (US\$mm)
Mega Cap								
Exxon Mobil Corporation	XOM	B		10	20	37	33	481,000
BP plc	BP	B	UK	9	12	43	36	315,000
Royal Dutch Shell plc	RDS-A	B	UK	3	19	32	46	295,000
Total S.A.	TOT	B	France	-	28	37	35	214,000
Chevron Corporation	CVX	B		9	9	51	30	214,000
ConocoPhillips	COP	B		23	7	43	28	207,000
	<i>Total or Median</i>			9	15	40	34	1,726,000

**Total
Functional Cash Flow and Present Value**

	NTM Ebitda (US\$mm)	Adjusted R/P	PV/ Ebitda	Present Value (US\$mm)	
Rest of World Natural Gas	8,110	10.1	7.3	59,000	28%
Oil	16,200	8.9	4.9	80,000	37%
Downstream	9,490		7.9	75,000	35%
	33,800	9.3	6.3	214,000	100%
Debt (US\$mm)				26,000	
Net Present Value (US\$mm)				188,000	
Shares (mm)				1,173	
Net Present Value - Standard Estimate (US\$/sh)				160	
Net Present Value - Approximation by Correlation (US\$/sh)				144	

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Total S.A.
Next Twelve Months Operating and Financial Estimates

	<i>Q4</i>	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Next Twelve Months</i>
	<i>12/31/04</i>	<i>9/30/05</i>	<i>12/31/05</i>	<i>2005</i>	<i>3/31/06</i>	<i>6/30/06</i>	<i>9/30/06</i>	<i>12/31/06</i>	<i>12/31/06</i>
Volume									
Natural Gas (mmcf)	5,323	4,491	4,896	4,781	4,945	4,797	4,491	4,896	4,781
Oil (mbd)	1,684	1,607	1,592	1,621	1,592	1,592	1,592	1,592	1,592
Total gas & oil (mmb)	237	217	222	883	217	218	215	222	872
Price									
Dollar (euro/\$)	1.30	1.22	1.19	1.25	1.19	1.19	1.19	1.19	1.19
Natural gas (\$/mmbtu)	4.40	4.65	5.68	4.81	5.96	6.26	6.58	6.90	6.43
Oil (\$/bbl)									
WTI Cushing	48.31	62.52	60.02	56.31	63.02	63.13	64.83	65.68	64.17
Brent	44.00	61.50	56.90	54.40	59.75	59.85	61.46	62.27	65.29
Company	43.48	57.80	54.50	51.30	57.23	57.33	58.87	59.65	58.28
Refining Margin									
NY Harbor 3-2-1 (\$/bbl)	5.72	16.70	9.06	10.63	3.14	6.19	7.42	5.16	5.48
Europe (\$/t)	42.40	44.30	45.50	41.63	15.79	31.13	37.32	25.95	27.55
Revenue (mmeuro)									
Natural gas	1,658	1,575	2,150	6,740	2,234	2,301	2,286	2,617	9,438
Oil	5,182	7,004	6,708	24,383	6,901	6,990	7,256	7,352	28,499
Total production	6,839	8,579	8,858	31,124	9,135	9,290	9,543	9,970	37,937
Other	27,993	29,835	31,084	101,747	31,084	31,084	31,084	31,084	124,337
Total	34,832	38,414	39,942	132,871	40,219	40,375	40,627	41,054	162,274
Expense									
Production	3,122	3,909	4,264	13,747	4,375	4,452	4,579	4,792	18,197
Other	25,778	28,236	29,381	94,826	29,084	29,084	29,084	29,084	116,337
Ebitda (mmeuro)									
Production	3,717	4,671	4,594	17,376	4,933	5,017	5,153	5,384	20,486
Other	2,215	1,599	1,703	6,921	2,000	2,000	2,000	2,000	8,000
Total Ebitda	5,932	6,270	6,297	24,297	6,933	7,017	7,153	7,384	28,486
Exploration	151	113	154	431	154	154	110	110	528
Deprec., Deplet., & Amort.	1,794	1,277	1,385	5,161	1,385	1,400	1,400	1,400	5,585
Excess tax and other	(1,090)	(1,466)	(1,572)	(5,521)					
Operating Income									
Upstream	3,460	5,199	5,000	18,421					
Downstream	1,192	981	1,083	3,899					
Chemicals	425	166	164	1,266					
Total operating income	5,077	6,346	6,330	24,226					
Excess tax and other	1,090	1,466	1,572	5,521					
Ebit	3,987	4,880	4,758	18,705	5,394	5,463	5,643	5,874	22,373
Interest	118	67	66	233	66	66	66	66	264
Ebt	3,869	4,813	4,692	18,472	5,328	5,397	5,577	5,808	22,109
Income Tax	1,354	1,684	1,642	6,465	1,865	1,889	1,952	2,033	7,738
Net Income (mmeuro)	2,515	3,128	3,050	12,007	3,463	3,508	3,625	3,775	14,371
Shares (millions)	1,218	1,176	1,173	1,181	1,173	1,173	1,173	1,173	1,173
Per share (euro)	2.07	2.66	2.60	10.17	2.95	2.99	3.09	3.22	12.25
Ebitda Margin (E&P)	54%	54%	52%	56%	54%	54%	54%	54%	54%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

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