

Rating: Buy
S&P 500: 1235

Total S.A. Raise Net Present Value to \$160 a Share

<i>Symbol</i>	TOT	<i>Ebitda Next Twelve Months ending 6/30/06 (US\$m)</i>	34,500
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	126.26	<i>Natural Gas and Oil Production/Ebitda (%)</i>	74
<i>Pricing Date</i>	8/1/05	<i>Adjusted Reserves/Production NTM</i>	9.0
<i>Shares (mm)</i>	1192	<i>EV/Ebitda</i>	5.1
<i>Market Capitalization (US\$m)</i>	151,000	<i>PV/Ebitda</i>	6.3
<i>Debt (US\$m)</i>	26,000	<i>Undeveloped Reserves (%)</i>	49
<i>Enterprise Value (EV) (US\$m)</i>	177,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	28.10
<i>Present Value (PV) (US\$m)</i>	217,000	<i>Present Value Proven Reserves(US\$/boe)</i>	13.93
<i>Net Present Value (US\$/share)</i>	160	<i>Present Value Proven Reserves(US\$/mcf)</i>	2.32
<i>Debt/Present Value</i>	0.12	<i>Earnings Next Twelve Months (US\$/sh)</i>	14.62
<i>McDep Ratio - EV/PV</i>	0.81	<i>Price/Earnings Next Twelve Months</i>	9
<i>Dividend Yield (%/year)</i>	2.6	<i>Indicated Annual Dividend (US\$/sh)</i>	3.29

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

We raise our estimated net present value of buy-recommended **Total S.A.** to \$160 a share from \$126 on the basis of an expected long-term real price for oil of \$50 a barrel up from \$40 for Light Sweet Crude. We also raise our long-term real price for natural gas to \$10 a million BTU, up from \$8 for the Henry Hub location. Our long-term real price expectation for the 3-2-1 refining crack (margin) in New York Harbor is now \$10 a barrel up from \$8. The stock has 27% appreciation potential to net present value. Risk is low with globally diversified, integrated operations and miniscule debt. Dividend increases seem likely along with stock repurchase.

Kurt H. Wulff, CFA

Total Functional Cash Flow and Present Value

	<i>NTM Ebitda</i> <i>(US\$m)</i>	<i>Adjusted</i> <i>R/P</i>	<i>PV/</i> <i>Ebitda</i>	<i>Present</i> <i>Value</i> <i>(US\$m)</i>	
Rest of World Natural Gas	8,450	9.8	6.5	55,000	25%
Oil	17,000	8.6	4.7	80,000	37%
Downstream	9,050		9.1	82,000	38%
	34,500	9.0	6.3	217,000	100%
Debt (US\$m)				26,000	
Net Present Value (US\$m)				191,000	
Shares (mm)				1,192	
Net Present Value (US\$/sh)				160	

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

	<i>Symbol/ Rating</i>		<i>Price (\$/sh) 1-Aug 2005</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
Mega Cap								
BP plc	BP	B	66.63	3,545	236,000	82.00	0.10	0.83
Total S.A.	TOT	B	126.26	1,192	151,000	160.00	0.12	0.81
Exxon Mobil Corporation	XOM	B	59.23	6,370	377,000	74.00	0.04	0.81
Royal Dutch Shell plc	RDS-A	B	63.02	3,372	213,000	84.00	0.11	0.78
Chevron Corporation	CVX	B	58.43	2,086	122,000	90.00	0.08	0.68
	<i>Total or Median</i>				1,099,000		0.10	0.81

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