

Rating: Buy
S&P 500: 1220

Total S.A.

Global Clean Fuel Supplier

<i>Symbol</i>	TOT	<i>Ebitda Next Twelve Months ending 9/30/06 (US\$mm)</i>	33,800
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	128.70	<i>Natural Gas and Oil Production/Ebitda (%)</i>	69
<i>Pricing Date</i>	11/4/05	<i>Adjusted Reserves/Production NTM</i>	9.2
<i>Shares (mm)</i>	1176	<i>EV/Ebitda</i>	5.2
<i>Market Capitalization (US\$mm)</i>	151,000	<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>	177,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	26.30
<i>Present Value (PV) (US\$mm)</i>	214,000	<i>Present Value Proven Reserves(US\$/boe)</i>	12.81
<i>Net Present Value (US\$/share)</i>	160	<i>Present Value Proven Reserves(US\$/mcf)</i>	2.13
<i>Debt/Present Value</i>	0.12	<i>Earnings Next Twelve Months (US\$/sh)</i>	14.72
<i>McDep Ratio - EV/PV</i>	0.83	<i>Price/Earnings Next Twelve Months</i>	9
<i>Dividend Yield (%/year)</i>	2.8	<i>Indicated Annual Dividend (US\$/sh)</i>	3.55

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 24% appreciation potential to estimated net present value of \$160 a share. Taking account of latest quarterly results, our correlation of 30 companies indicates net present value about \$5 a share lower than estimated. The correlation understates the value of Total's 13% ownership of European pharmaceutical leader, Sanofi-Aventis, with a current market value of about \$12 a Total share. Among mega cap peers, Total is most concentrated on natural gas outside North America, the rapidly growing, globally traded, clean fuel. Down \$9 a share from its high price at the end of September, Total stock presents timely low risk participation in a well-managed company that promises rewards to patient investors large and small.

Cash Flow and Reserve Life Point to Present Value

McDep analysis presumes that fundamental value is measured by the projection of cash flows far into the future and discounting them to the present at a rate of return, currently 7% a year before inflation. Next Twelve Months (NTM) cash flow represents the volumes and costs that form the base for future projections. Reserve life index tells how long cash flow will last. NTM cash flow and reserve life are the two main variables in our correlation by function for about 30 companies. Net present value indicated by the current combined correlation is about \$5 a share lower than our ongoing standard estimate for the company (see table Functional Cash Flow and Present Value).

Please see disclosures on the final page.

**Total
Functional Cash Flow and Present Value**

	<i>NTM Ebitda</i> <i>(US\$mm)</i>	<i>Adjusted</i> <i>R/P</i>	<i>PV/</i> <i>Ebitda</i>	<i>Present</i> <i>Value</i> <i>(US\$mm)</i>	
Rest of World Natural Gas	7,830	9.9	7.5	59,000	28%
Oil	15,430	8.9	5.2	80,000	37%
Downstream	10,540		7.1	75,000	35%
	33,800	9.2	6.3	214,000	100%
Debt (US\$mm)					26,000
Net Present Value (US\$mm)					188,000
Shares (mm)					1,176
Net Present Value (US\$/sh)					160
Over (-)/ Under (+) Correlation (US\$/sh)					(5)

Cash Flow by Quarter Depends on Latest Results and Futures Prices

Cash flow for the next year is projected from a base through the latest reported quarter (see table Next Twelve Months Operating and Financial Estimates). Company disclosures provide the clues for future volumes and costs as well as geographic and quality differences in price. Futures prices from the New York Mercantile Exchange determine industry benchmarks for the next year.

Industry Conditions Support Long-Term Price Expectation

Present value estimates that form the denominator of the McDep Ratio and change only occasionally for all companies, most recently in early August, are tied to expected constant real long-term prices. Recent futures price for oil delivered over the next six years exceeds our long-term expectation of \$50. One-year futures for natural gas exceed our long-term expectation while six-year futures for natural gas also have appreciation potential, in our opinion.

**Oil and Gas Commodity and Stock Price
Friday, November 04, 2005**

	<i>Units</i>	<i>Futures Price</i>		<i>McDep Ratio</i>
		<i>Six-Year</i>	<i>One-Year</i>	<i>Denominator</i>
Crude Oil	\$/barrel	59.10	62.06	50
Natural Gas	\$/million btu	8.17	10.48	10
Oil Refining	\$/barrel		11.64	10
	<i>Stocks</i>			<i>Median</i>
	Mega Cap			0.79
	TOT			0.83

Source: McDep Associates, Bloomberg, New York Mercantile Exchange, Yahoo and company disclosures

Please see disclosures on the final page.

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

	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Next Twelve Months</i>
	<i>12/31/04</i>	<i>2004</i>	<i>3/31/05</i>	<i>6/30/05</i>	<i>9/30/05</i>	<i>12/31/05</i>	<i>2005E</i>	<i>3/31/06</i>	<i>6/30/06</i>	<i>9/30/06</i>	<i>9/30/06</i>
Volume											
Natural Gas (mmcf/d)	5,323	4,907	4,945	4,797	4,491	5,323	4,889	4,945	4,797	4,491	4,889
Oil (mbd)	1,684	1,695	1,657	1,630	1,607	1,607	1,625	1,607	1,607	1,607	1,607
Total gas & oil (mmb)	237	919	223	221	217	229	891	219	219	217	884
Price											
Dollar (euro/\$)	1.30	1.24	1.31	1.26	1.22	1.18	1.24	1.18	1.18	1.18	1.18
Natural gas (\$/mmbtu)	4.40		4.40	4.39	4.65	4.88	4.61	5.13	5.38	5.65	5.24
Oil (\$/bbl)											
WTI Cushing	48.31	41.44	49.65	53.05	62.52	61.17	56.60	61.84	62.31	62.37	61.92
Brent	44.00	38.23	47.60	51.60	61.50	60.18	55.22	60.83	61.30	61.35	61.93
Company	43.48		44.10	48.00	57.80	56.56	51.86	57.17	57.61	57.66	57.25
Refining Margin											
NY Harbor 3-2-1 (\$/bbl)	5.72	7.74	6.17	10.59	16.70	10.39	10.96	10.53	12.60	11.33	11.21
Europe (\$/t)	42.40	32.83	31.70	45.00	44.30	28.45	37.36	28.83	34.50	31.02	30.70
Revenue (mmeuro)											
Natural gas	1,658		1,495	1,521	1,575	2,023	6,613	1,930	1,988	1,976	7,917
Oil	5,182		5,020	5,651	7,004	7,074	24,749	6,995	7,127	7,212	28,409
Total production	6,839	22,083	6,515	7,172	8,579	9,097	31,363	8,925	9,115	9,188	36,325
Other	27,993	100,617	20,173	20,655	29,835	29,835	100,498	29,835	29,835	29,835	119,339
Total	34,832	122,700	26,688	27,827	38,414	38,932	131,861	38,760	38,950	39,023	155,665
Expense											
Production	3,122	8,121	2,554	3,020	3,909	4,167	13,651	4,082	4,177	4,213	16,639
Other	25,778	94,454	18,330	18,879	28,236	27,605	93,050	27,605	27,605	27,605	110,420
Ebitda (mmeuro)											
Production	3,717	13,962	3,961	4,151	4,671	4,929	17,712	4,844	4,939	4,975	19,687
Other	2,215	6,163	1,843	1,776	1,599	2,230	7,448	2,230	2,230	2,230	8,920
Total Ebitda	5,932	20,125	5,804	5,927	6,270	7,159	25,160	7,074	7,169	7,205	28,606
Exploration	151	414	72	92	113	113	390	113	113	110	449
Deprec., Deplet., & Amort.	1,794	5,579	1,191	1,308	1,277	1,277	5,053	1,277	1,400	1,400	5,354
Excess tax and other	(1,090)	(2,991)	(1,572)	(910)	(1,466)						
Operating Income											
Upstream	3,460	12,820	4,010	4,212	5,199						
Downstream	1,192	3,217	891	944	981						
Chemicals	425	1,086	555	381	166						
Total operating income	5,077	17,123	6,113	5,437	6,346						
Excess tax and other	1,090	2,991	1,572	910	1,466						
Ebit	3,987	14,132	4,541	4,527	4,880	5,769	19,717	5,684	5,656	5,695	22,803
Interest	118	236	47	53	67	67	234	67	67	67	268
Ebt	3,869	13,896	4,494	4,474	4,813	5,702	19,483	5,617	5,589	5,628	22,535
Income Tax	1,354	4,863	1,573	1,566	1,684	1,996	6,819	1,966	1,956	1,970	7,887
Net Income (mmeuro)	2,515	9,032	2,921	2,908	3,128	3,706	12,664	3,651	3,633	3,658	14,648
Shares (millions)	1,218	1,231	1,192	1,182	1,176	1,176	1,181	1,176	1,176	1,176	1,176
Per share (euro)	2.07	7.34	2.45	2.46	2.66	3.15	10.72	3.10	3.09	3.11	12.46
Ebitda Margin (E&P)	54%	63%	61%	58%	54%	54%	56%	54%	54%	54%	54%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%

Please see disclosures on the final page.

Buy Mega Cap Energy Stocks

Energy is necessary for world economic growth and clean energy provides a better quality of life. Mega Cap major oil companies are among the leading global suppliers of clean energy. Headquartered in the U.K., France and the U.S., buy recommendations also offer political diversification. McDep Ratios that compare Enterprise Value with Present Value of energy and other businesses imply that the stock market undervalues the fundamental prospects. Stocks are ranked in descending order of McDep Ratio connoting “buy low, sell high” (see table Rank by McDep Ratio).

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

	<i>Symbol/</i>		<i>Price</i>	<i>Shares</i>	<i>Market</i>	<i>Net</i>	<i>Debt/</i>	<i>McDep</i>
	<i>Rating</i>		<i>(\$/sh)</i>	<i>(mm)</i>	<i>Cap</i>	<i>Present</i>	<i>Present</i>	<i>Ratio</i>
			<i>4-Nov</i>		<i>(\$mm)</i>	<i>Value</i>	<i>Value</i>	
			<i>2005</i>			<i>(\$/sh)</i>		
Mega Cap								
BP plc	BP	B	66.87	3,501	234,000	77.00	0.11	0.88
Total S.A.	TOT	B	128.70	1,176	151,000	160.00	0.12	0.83
Exxon Mobil Corporation	XOM	B	57.90	6,303	365,000	74.00	0.04	0.79
Royal Dutch Shell plc	RDS-A	B	61.56	3,352	206,000	84.00	0.10	0.76
Chevron Corporation	CVX	B	58.01	2,256	131,000	85.00	0.13	0.72
<i>Total or Median</i>					<i>1,087,000</i>		<i>0.11</i>	<i>0.79</i>

Kurt H. Wulff, CFA

Disclaimer: This analysis was prepared by Kurt Wulff doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep does no investment banking business. McDep is not paid by covered companies including revenue from advertising, trading, consulting, subscriptions or research service. McDep shall not own more than 1% of outstanding stock in a covered company. No one at McDep is on the Board of Directors at a covered company nor is anyone at a covered company on the Board of Directors of McDep.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

Certification: I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

Research Methodology/Ratings Description: McDep Associates is an independent research originator focused on oil and gas stocks exclusively. The firm applies the thirty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company’s stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.

Please see disclosures on the final page.