

Rating: Buy
S&P 500: 1312

Total S.A. Spinoff and Split Ahead

<i>Symbol</i>	TOT	<i>Ebitda Next Twelve Months ending 3/31/07 (US\$mm)</i>	37,400
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	140.89	<i>Natural Gas and Oil Production/Ebitda (%)</i>	73
<i>Pricing Date</i>	5/4/06	<i>Adjusted Reserves/Production NTM</i>	9.4
<i>Shares (mm)</i>	1168	<i>EV/Ebitda</i>	5.1
<i>Market Capitalization (US\$mm)</i>	165,000	<i>PV/Ebitda</i>	5.7
<i>Debt (US\$mm)</i>	27,000	<i>Undeveloped Reserves (%)</i>	50
<i>Enterprise Value (EV) (US\$mm)</i>	192,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	31.70
<i>Present Value (PV) (US\$mm)</i>	214,000	<i>Present Value Proven Reserves(US\$/boe)</i>	13.66
<i>Net Present Value (US\$/share)</i>	160	<i>Present Value Proven Reserves(US\$/mcfe)</i>	2.28
<i>Debt/Present Value</i>	0.13	<i>Earnings Next Twelve Months (US\$/sh)</i>	16.35
<i>McDep Ratio - EV/PV</i>	0.90	<i>Price/Earnings Next Twelve Months</i>	9
<i>Dividend Yield (%/year)</i>	2.9	<i>Indicated Annual Dividend (US\$/sh)</i>	4.11

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

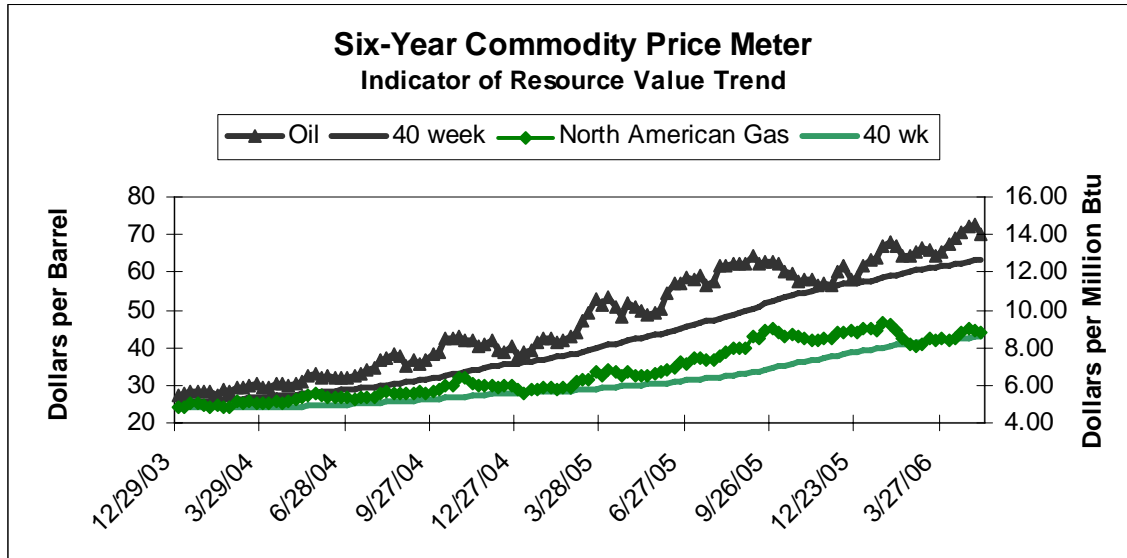
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

Summary and Recommendation

Buy-recommended **Total (TOT)** offers 14% appreciation potential to estimated net present value of \$160 a share presuming a long-term oil price of \$50 a barrel. Six-year futures currently priced at \$70 a barrel in a rising trend indicate undervaluation and favorable prospects for oil production that accounts for about 37% of present value. The company's largest oil reserves are in Africa where a burst of new high-priced, low cost production is expected to add to corporate volumes in 2007 and 2008. Earlier oil price gains are translating to higher natural gas price by the time lag built into sales contracts for the faster growing clean fuel. Downstream dipped in profit for the quarter just reported on May 4, but margins appear to be higher again today. About a third of Total's chemical business will be part of a new independent company, Arkema, whose shares would be distributed to shareholders of Total. A three for one stock split is also up for approval at the annual meeting on May 12.

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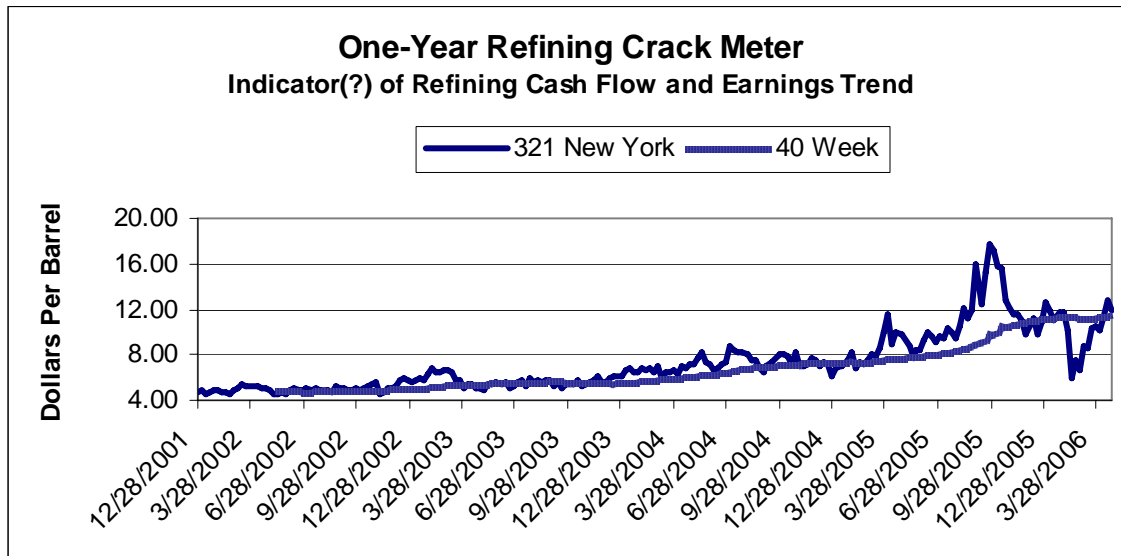
Total
Functional Cash Flow and Present Value

	<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	9,170	10.8	6.4	59,000	28%
Oil	18,080	8.6	4.4	80,000	37%
Downstream	10,150		7.4	75,000	35%
	37,400	9.4	5.7	214,000	100%
Debt (US\$mm)				27,000	
Net Present Value (US\$mm)				187,000	
Shares (mm)				1,168	
Net Present Value - Standard Estimate (US\$/sh)				160	
Net Present Value - Approximation by Correlation (US\$/sh)				152	

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Total S.A.
Production and Reserves, 2005

	<u>12/31/2005 Proven Reserves</u>					<u>Weighted Life Index (years)</u>	<u>2006 Adjusted R/P (years)</u>
	<u>2005 Production (daily)</u>	<u>Developed (bcf or mmb)</u>	<u>Undeveloped (bcf or mmb)</u>	<u>Weighted (bcf or mmb)</u>			
Rest of World Natural Gas							
North America	175	64	187	37	206	3.2	
Europe	2,063	753	4,130	1,660	4,960	6.6	
Africa	416	152	2,302	2,513	3,559	23.4	
Asia	1,255	458	2,910	1,147	3,484	7.6	
Other	871	318	3,266	6,598	6,565	20.6	
Total	4,781	1,745	12,795	11,955	18,773	10.8	10.8
Oil							
North America	8	3	13	218	122	40.7	
Europe	392	143	692	286	835	5.8	
Africa	671	245	1,369	1,153	1,946	7.9	
Asia	27	10	44	18	53	5.3	
Other	523	191	1,081	1,718	1,940	10.2	
Total	1,622	592	3,199	3,393	4,896	8.3	8.6



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

	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Next Twelve Months</i>
	<i>3/31/05</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>2006E</i>	<i>3/31/07</i>
Volume									
Natural Gas (mmcf)	4,945	4,896	4,781	4,795	4,797	4,491	4,896	4,744	4,744
Oil (mbd)	1,657	1,592	1,621	1,560	1,560	1,560	1,560	1,560	1,560
Total gas & oil (mmb)	223	222	883	212	215	212	219	858	858
Total gas & oil (mbd)	2,481	2,408	2,418	2,359	2,360	2,309	2,376	2,351	2,351
Price									
Dollar (euro/\$)	1.31	1.19	1.25	1.20	1.27	1.27	1.27	1.25	1.27
Natural gas (\$/mmbtu)	4.40	5.68	4.81	6.16	6.47	6.79	7.13	6.64	6.97
Oil (\$/bbl)									
WTI Cushing	49.65	60.02	56.31	63.33	69.81	72.44	73.80	69.84	72.53
Brent	47.60	56.90	54.40	61.80	68.12	70.69	72.02	68.16	69.84
Company	44.10	54.50	51.30	58.80	64.81	67.26	68.52	64.82	67.34
Refining Margin									
NY Harbor 3-2-1 (\$/bbl)	6.17	9.06	10.63	7.40	15.12	11.39	7.69	10.40	10.17
Europe (\$/t)	31.70	45.50	41.63	25.80	49.93	37.61	25.39	34.68	33.57
Revenue (mmeuro)									
Natural gas	1,495	2,150	6,740	2,215	2,227	2,213	2,534	9,190	9,523
Oil	5,020	6,708	24,383	6,880	7,258	7,614	7,757	29,509	30,245
Total production	6,515	8,858	31,124	9,095	9,485	9,828	10,291	38,699	39,768
Other	20,173	31,084	101,747	25,903	25,903	25,903	25,903	103,612	103,612
Total	26,688	39,942	132,871	34,998	35,388	35,731	36,194	142,311	143,381
Expense									
Production	2,554	4,264	13,747	3,960	4,155	4,326	4,558	16,999	17,546
Other	18,330	29,381	94,826	24,385	23,903	23,903	23,903	96,094	95,612
Ebitda (mmeuro)									
Production	3,961	4,594	17,376	5,135	5,122	5,307	5,557	21,121	21,475
Other	1,843	1,703	6,921	1,518	2,000	2,000	2,000	7,518	8,000
Total Ebitda	5,804	6,297	24,297	6,653	7,122	7,307	7,557	28,639	29,475
Exploration	72	154	431	115	115	115	115	460	460
Deprec., Deplet., & Amort.	1,191	1,385	5,161	1,285	1,400	1,400	1,400	5,485	5,600
Excess tax and other	(1,572)	(1,572)	(5,521)	(1,784)					
Operating Income									
Upstream	4,010	5,000	18,421	5,601					
Downstream	891	1,083	3,899	856					
Chemicals	555	164	1,266	219					
Total operating income	6,113	6,330	24,226	7,037					
Excess tax and other	1,572	1,572	5,521	1,784					
Ebit	4,541	4,758	18,705	5,253	5,607	5,792	6,042	22,694	23,415
Interest	47	66	233	60	60	60	60	240	240
Ebt	4,494	4,692	18,472	5,193	5,547	5,732	5,982	22,454	23,175
Income Tax	1,573	1,642	6,465	1,818	1,941	2,006	2,094	7,859	8,111
Net Income (mmeuro)	2,921	3,050	12,007	3,376	3,606	3,726	3,888	14,595	15,064
Shares (millions)	1,192	1,173	1,181	1,168	1,168	1,168	1,168	1,168	1,168
Per share (euro)	2.45	2.60	10.17	2.89	3.09	3.19	3.33	12.50	12.90
Ebitda Margin (E&P)	61%	52%	56%	56%	54%	54%	54%	55%	54%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

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