

AVASCOPE

ASSOCIATION OF VOLUNTARY RETIREES & SALARIED SHAREHOLDERS

OF THE GROUP TOTALFINAELF

EDITORIAL

No. 37 March, 2002

TOWARDS A NEW SOCIAL DIALOGUE.

In industrialized countries, particularly in Euro-land, Companies, whatever their size or international influence are irreversibly turning towards a new social dialogue through the employee stock ownership plan.

WHY A NEW SOCIAL DIALOGUE?

For different reasons: on the one hand the development of the employee stock ownership plan, the transformation in Companies and the wave of takeovers and merger; on the other hand the regulation on mechanizing that are being put in place with the package of principles of good governance, lasting development and ethical chart in order to regulate the globalization of markets and prevent them from becoming a real jungle.

“The specter of economic honor” described by Vivianne Forester, the pressure from social Europe, the new legal and fiscal European framework which was given pre-eminence over the national framework and was unable to settle the recent social conflicts (Marks & Spencer, Mouline, Danone - - -), compelled Companies to adapt rapidly and organize a new social dialogue in order to remain competitive and perennial.

Since 1996, the works of the planning Commission Team lead by the journalist Jacques Bauraux (Assessment of the performance of French Companies), the suggestions of our friend Jean – Luc Verge, the new Human Resources Manager of Peugeot ,on the recession of “Company and Progress” had prepared this development and had suggested to” restore the primacy of the human factor over economic and financial considerations.

The year 2002 will most probably be a year of change not only in international relations but also in the mode of operation of companies in its different aspects : decentralization of decision – making structures, management control and responsibility, internal controls, stiffer accounting norms and independent auditors, relationship with shareholders and especially a new social dialogue. These criteria will also determine which companies will disappear and which ones will survive. For some months, since September 11, 2001, there are dramatic examples for share – holders and especially for employees that testify to that in the United States as well as in Europe and particularly in France.

WHAT ARE THE CHARACTERISTICS OF THIS NEW SOCIAL DIALOGUE?

Permanent listening to staff, dialogue with social partners and representative organizations such as associations of profit – sharing employees, regular internal information and freedom of speech of profit – sharing employees, are henceforth the fundamental of a new social dialogue.

This new social dialogue will seek to enhance motivation and performance, to encourage responsibility and personal initiative, to make sure that internal controls and ethical principles are respected at all levels instead of harrowing confrontations in an outmoded class struggle fashion. Nowadays the Youth employed in the companies have a five – year career perspective or hardly more than that. They no longer adhere to a company's ethical values since it's life span is viewed in a medium – term perspective. What will Bull, France Telecom, Credit Lyonnais, Alcatel or Axa become in the next five years? Will they continue to exist with their own Company's ethical values? Like Fina, Total and Elf Aquitaine what will remain of each company's ethical values after they are merged? This development requires a new social dialogue.

IS IT POSSIBLE TO TOTALFINAELF?

Yes. It is wished by the Human Resources Department and expected by the staff. AVAS has made suggestions in this direction during the last meeting of May 2001.

We have written many times to the DRH.C and DF to call their attention on the need to improve internal communication especially during crisis, but we have not yet received any answer.

The employees have become share – holders and thereby are joint owners of their company. They feel more responsible and want to be informed about the difficulties encountered by the Group in order to discuss them frankly. The Intranet is not enough for social dialogue.

IS IT NECESSARY AT TOTALFINAELF?

Yes. Because it is a condition for success of the merger as far men are concerned. Any failure would threaten the independence of the Group. We should not hide the truth. Our Group is coveted by its rivals because of its high performance. The Guinea Gulf oilfields are promising, our teams have a good reputation and our skills in petroleum techniques are acknowledged. But these assets are not sufficiently discussed by the media which focus too much on business and latest disasters.

It is now true that the image of the Group is at its lowest level and its communication is on the defensive. This is unfortunate. It is time to be offensive and to stop blaming ourselves, to put right the Group's image vis-à-vis its institutional shareholders – holders, the public and profit – sharing employees. A new social dialogue would certainly contribute in that direction.

With the support of our colleagues from trade – Unions and from institutional investors, AVAS will continue to be watchful throughout the year in order to protect the rights and obligations of profit-sharing employees and to make sure that this new social dialogue is established. AVAS New Year wish is an

appeal that all employees, whether profit – sharing or non-profit-sharing, mobilize in order to restore the primacy of the human factor over economic and financial considerations to enable us succeed the merger and guarantee a lasting development for our magnificent Group.

Jean – Aymon MASSIE

WHAT ABOUT GROWTH?

Today oil Companies have a double challenge: on one hand they have to grow to gain the support of investors; on the other hand they have to produce enough hydrocarbons to satisfy an ever – increasing demand. And all this must be done in a world in which, according to Luc Ferry, “Progress has become a biological necessity: a company, which does not relentlessly try to progress like others will simply faster its death.

One can therefore wonder, under these circumstances, if the constraints and the imperatives of our short – term objectives will not prevent us from seeing the future, that is the only ways that can guarantee the continuity of the company. These ways are the major

emerging. These projects require investments, which are more and more important. Obviously technological progress and innovations are ceaselessly increasing our skill and at the same time reducing costs. This has made possible operations that were technically and economically impossible before.

But is there not a relentless pursuit of the same policies despite the evidence?

THE FUTURE OF CHEMICAL WITHIN THE TOTALFINAELF GROUP

1. HISTORICAL REMINDER

The arrival of oil magnates in chemical did

objective of the profit-sharing employees.

Our first constraints are dictated by financial obligations while more difficult projects are

TOTAL RD, use to put into function, a hydrocarbon carbon at the catalytic cracker, in the refinery of Normandie. The National Petroleum company of Aquitaine (SNPA) did the same in 1959, or the Lacq site, the gas produced being rich in hydrocarbon and a much more heavier gas. These first few cases show that it was the intention of oil magnets; to put into value the different stages of refine treatment or by products of crude gas treatment. It is the same idea in what concerns unsaturated Hydrocarbon or Aromatic hydrocarbon, other photochemical raw materials produced in the refineries or at Lacq.

“Bis repetita placent” the request for plastic material is on the increase, Naphta (crude distillation fuel) then replaced hydrocarbon. The CFR then put into place a unit of steam cracker from 1960. It was a heavy investment, some oil magnets decided to be associated to their party. An example of a steam cracker at the Feyzin refinery, put into use in 1964, is a good example. The refinery, the refinery company of Rhone Alpes, a branch of Union General de Patrollers (UGP) which will later became Elf Union then, after several modifications, Elf Antar France, supplying naphtha and recollecting petroleum products, the association of

not start yesterday and the three companies that make up the Group were not the last. In fact in the SOS, CFR which is the ancestor of

At that point in time, the model strategy was vertical integration the production of raw material in not then an end itself, it is necessary to follow it up to the end. The SNPA launched itself in the polymerization of unsaturated Hydro carbon from 1964 base on its procedures, simultaneously acquiring Organic, specialists in the derivation of castor – oil with the cilsan, added plastic of high quality.

Growth is being accelerated and investments are setting heavier and risky with the race for huge securities placed in the entire world; oil magnets are associating themselves so as to quickly achieve the lost point of their units. 16 were the case with Total Road, of SNPA and of Elf Union that decided to put their means and efforts together. The construction of a common petrochemical complexes at Gonfreville was decided in 1969 and two years later, the two groups created a subsidiary company, Aquitaine Total Organic (ATO), in which these companies brought their inputs in this domains: But we remain independent outside petrochemical.

This was measuring, other than its aspect of capitalistic industry, will equally have a cyclic revelation. The delays between; decision for investment, putting into function new unit make all actors simultaneously act fast. This leads to an

chemists Kulhman, Solvay Ugine, Progil and the SNPA, extracting unsaturated hydro carbon; which is at the base of plastic materials fabricated in Aromatic hydro carbon by partners in the region.

measure. The excess in the gigantic resources should be necessarily well placed in view of the future.

Some will lunch themselves in the acquisition of gas and oil reserves. Few of the Groups are investigators and few are sellers. The industries reluctantly allow her money sleep in banks. It will lunch itself with all might in an azimuth diversion.

Some groups in view of acquisition take adventure out of the energy sector, generally without great success. Live EXXON who bought over Eastman Kodak. With the acceptance of size, the entrance of SNPA in the domain of health with the participation in yes Roche and the successive purchase of Roger, Gallet, the pharmaceutical laboratories of Labaz and Parcor. The next ones are Nina Ricci; Clin Midy and few others and the creation of van Cleef Arpels with Yves Saint Laurent.

This collectivity will regroup with the name of Sanofi and its branch Sanofi Beaute. These investments, modest in the eyes of those realized it generally in our industry, lead to 34% participation in Sanofi – Syathelabo, at the value of 4 billion Euros on the 31/12/1999 and of which the quotation of deeds doubled more than two years.

The analyses were recommending first a self-development without a fundamental change

over capacity and a dynamic falls in prose few years later. But then, ATO cannot come out of its domains. On the other hand the 1973 Crude chock will lead the oil magnets to an unexpected financial

while for Elf, it is an inverse situation. The first will then reason as a worried refiner, to value a part of her production in petrochemicals. On the contrary, Elf will try to develop a chemical whose strong value contrarily added will not only be tied to the weight of investment.

Refined chemical was already presented by the thiochemical (products derived from combustion) of Lasq. But its weight was infinitesimal. The first acquisition Rousselot will be made within ATO. It will be followed by M&T Chemicals, the first spread Chemical pole acquired by Elf in the United States, then by many others.

The divergence in interest between the two partners will not ease the assignment of ATO whose size ceaselessly grows. After the 1979 recovery, the petrochemicals credit of Rhone Poulenc, including the Lavera complex, its nationalization and Pecuniary lead to a redistribution of cards in Chemical, Total will be back in the specialization of Chemical during the share of the Cdf deeds in 1990; taking-back Bostik, specialist in adhesives and gums. It is a constrain on the parts of Elf to take over the petrochemical deeds (including the Caling platforms and of Dunkerque) and

in job, to exploit mines or energy. Elf and Total Loke BP, ESSo and Shell will launch themselves with more or less good luck in the acquisition of mining permit and coal reserve and of uranium.

In chemical, the position of the two groups is very different: Total refiners more crude than of products (and the situation is analogue to Petrofina)

mostly the fertilizers (AZF).

The following stage will be the return in full force of Total in the heavy chemical under the name of Total Fina. The Belgian group in-fact has important deeds in petrochemical, more in Europe than in the United State which constitutes a prolongation of the groups Totalfina and Elf will definitively give way to a succession of separation and closeness of there one in chemical.

2. ANNOUNCED STRATEGY IN THE GROUP

In the brochure titled "profile" published with the report of the 1999 exercise, the new group announces its intention to follow up development by a self-financing of a quality and well dimensioned tool. With a world ranking per product which fluctuates between that of the leader and the number 4, except for the polyethylene where it is 7th. Atofina places itself 4th or 5th in the world, all activities disconcerted.

We can only be associated to such a voluntary and reinforced development of this tool. Atofina possesses real trumps for it. Already in the past Atofina reinforced all its strength in the participation of cards distribution in the assembly of industrial petrol chemical.

To distinguish one self from petrol chemists tied to national oil magnets, essentially the model east, who produces on large scale. Atofina made efforts to specialize her products in the areas of plastics with pastorelar characteristics, through the help of a permanent research and innovation.

It is then convenient to keep the spirit of this motion of service in all industrial approaches, motions that are natural with oil – magnets. For explore – producer – it is clear that it is quality that is expected from suppliers. This seem not to impose itself since the client was seduced the refiner – distributor finds himself in an intermediary situation since he has to know how to capture at the moment the client who is versatile in fuel business.

It is by trying to satisfy the complementary needs and by offering services that he can make headway.

It seem that the jobs are different and necessitated adequate information. Same as might come in the mind of any one to continue a catalytic cracker to a driller or the development of a layer to a distributor, "It appears necessary for us to confuse the future of chemical to those who make specialty out of it, with a large management autonomic to apply the strategy defined by the Group and its

There two sectors offer in other words a possibility of engaging ones self more by tying supply of products and that of services to the advice of clients. For most of these affiliates, the production cost of Atofina only intervene for a weak part of return cost of finished products. It becomes accessible if product and services assures the best quality guaranty and reliability.

shows. In fact in the last two precedent exercises the ratio was 23 to 26 % for the CA and 19 and 24% for the operational result.

But then, the year 2002 was less favorable for chemicals while the prices of crude reflected from 14%. The CA chemical remained then at 18% of the total while the operational result dropped at 8%, the fall exclusively being to petrochemical and to great polymers.

FROM THE DEMANDS OF PROGRESS - - -

Shareholders in general and anglo-saxon investment funds in particular have become so important in the capital of companies that a constant

Progress in the return of 15% is the rule and a Company like Shell goes even as far as 18% return rate. In spite of this it has a pile of \$ 20 billion (Petrostrategies (24/12/2001). Yet, eminent finance experts publicly wonder if

Such rates could be applied on long-term basis or if there is not simply the mirage of the

president the example of Sanofi seem to appeal for such a solution”.

We clearly approve/agree with the new management when it says that it does not expect to be disinterested in the future of this sector which weighs on 18% in the business figure and 11% in the operational result in the year 200. We should add that this year was occupational, as for the price of the crude, a fact why the Group has few companies, as the prevalent situation

. . . TO THE CONSTRAINS OF SUPPLY

Until recently, due to the importance of resources and with the help of important break through, reserves increased as they are developed.

Today we must recognize that the global oil reserves – which are difficult to estimate and are after inflated for political reasons – are no more increasing.

To translate them in terms of years of production will make the situation even more confused by making a deceiving simplification since an oilfield cannot just be emptied like an ordinary tanker.

In fact, the production of a country or a field starts declining regularly after a relatively long period and it cannot be ignored, financially speaking the extreme sensitivity of markets at the beginning of the least decline in production or reserve estimates.

good years of the stock Exchange (R. Khaber.Le Figaro 09/07/2001). Today, investors are interested in deep offshore, because they are encouraged by spectacular discoveries and a like and relative speed in production. On the other hand the construction of the Alaska gas route is still being postponed for lack of a speedy return.

technological progress, discoveries have become smaller and less frequent. The United States are the most striking example. For the no – OPEC countries where most of the productions takes place and will continue to take place in increasingly difficult conditions and in a deeper and deeper sea, technical and economic constraints impose a rapid extraction which could lead to sudden closures. It is in the interest of operators to continue to produce as long as they make gain on the last barrel produced, as pointed out recently in a report of the Council of Economic /analysis (BIP 28/05/10P): “The economic interest of operators urges them to maximize production from the already developed oilfields”.

On the side of OPEC and other oil producing Countries, governments are relentlessly concerned about the development of ever diminishing resources. They have therefore promulgated laws to deliberately reduce oil production and / or tighten contract provisions and other administrative issues, not to mention environmental constraints equally restricted.

For more than a decade, new discovers have compensated only partially what is produced, even if this is partly explained by the consequences of a cut in exploration. Most of oil producing areas, with the noteworthy exception of the Persian Gulf, has attained the stage of maturity. This means that, despite

The development of extra-heavy oils and bituminous sands should normally guarantee a relatively modest regular production, but their high geographical concentration in two or three Countries and the high speed of operations could restrict the extension of their production.

It appears generally difficult, if not utopian to apply the principle of “potential growth” of existing oil fields to the entire world as USES is currently doing. Peculiar rules in the United States should not be extended to other countries not to offshore in particular because there, the oilfields are precisely defined before any decision to produce is taken. And this seriously affects forthcoming reserve-estimation.

The volume of the production is finally the result of a subtle balance of the oil princes. It is a balance between high prices that influence demand and weak values that reduce supply. Under these circumstances, considering the complexity and rising difficulties of research and production operations, where irrefutable

Technological progress makes it possible to increase production by while improving output and cutting cost, often in a spectacular way. At the same time the reserves are run out rapidly. This phenomenon is particularly visible on offshore where quantities extracted every year represent 10% of the reserves. And this is further accentuated by productions in deep sea because of related technical and economic obligations.

What then will the investors – who rightly care to provide dividends for the capitals they have been entrusted with – do?

Under these circumstances, the future of the petroleum industry, as our Group understood it, seems to be in diversifying our objectives. That is the only way to satisfy a growing energy demand. Such energies include gas of course because it is closely related to oil, coal needed by common sense, nuclear energy by necessity, renewable energy by wisdom or by opportunity and we also have a permanent role to play in the electrical sector in order to come closer to services.

However, we should not forget that petroleum products remain by far the first energy source in the next decades. Research and production in that area is therefore a top priority for companies specialized in that area.

signs of scarcity are perceived, one may legitimately ask in a long-term perspective, how long can we maintain the current output of invested capitals in an ever-restricted market with intense competition? An alternative would be to rise the price of crude, but we know that doing so would tend to cut production.

Those companies should continue to intensify their efforts in research and development in order to uphold their technological advance for many years to come and be able to solve forthcoming problems.

Perhaps, there should be more concentration of operations even if that presents more risks.

But is it not better to try to grow? Is doing that not the practical application of the concept of sustainable development?

Without doubt, this situation has its contradictions. But as Albert Camus points out in "L' ÉTE": "We know that we are living in contradiction, but we must do everything possible to minimize it".

Jean - Marie BIERME

OPEN FORUM

WHY WE MUST OPPOSE BUYOUTS BY COMPANIES THEMSELVES?

Robert LUGINBUHL. Graduate of "Ecole Polytechnique. Former

ASSACT SG CLUB president.

Many reasons are against this type of buyout. Few reasons though are in favor of it. We shall analyze these reasons and try to explain why, in most cases, the Market has not favorably welcomed this phenomenon.

I will try to shed more light on this topic by analyzing five statements often made to justify this type of buyout.

FIRST STATEMENT: Our capital should be adjusted with our activity.

Some companies think that they have too much capital that they cannot patronize an activity that shies away and that they will not be able to distribute dividends to shareholders in conformity with the demands of the market and are capable to maintain a sufficient price in the future.

Yet, in the past, times of difficulty have always made it possible to buy supplementary projects or business which, with a better management have become successful and a source of profit for a particular of Group of firms. It is not under such circumstances that leaders emerge?

Is stating that we have too much capital not a serious lack of imagination, a restricted entrepreneurial spirit and a management spirit that is too preoccupied with immediate results and not with a more exalting prospect?

SECOND STATEMENT: It will mechanically increase dividends.

This may be true just after the buyout. But in the medium – term, the company needs to invest and it is safer to do that, at least in a little way, with its own funds and not only with external aid.

My long experience as a banker has taught me that we are always more cautious with our money or the money of share holders than with

borrowed money! This could be sadly illustrated by observing what is happening . And I am not particularly criticizing telecommunications sector when billions are borrowed to buy licenses and customers of competing companies: Choices are hasty, not well – mastered and often done by a single person, and we hope to succeed in that way!

THIRD STATEMENT: It supports the prices.

That is true at the time of the purchase since it makes demand rise while supply is constant. But to whose profit? It is stating the obvious to answer: to the sale's profit. That is to say it is the profit of the less faithful shareholders, those on whom the Company cannot count any longer.

To sum up, we can say that share price is artificially increased by bringing in the market capitals belonging to the entire shareholders, in favor of those who do not want to support the Company any longer. Lastly are the most faithful shareholders not the greatest losers by tolerating this infidelity premium?

FOURTH STATEMENT: It support medium – term security.

When the economy is buoyant, shareholders are seduced by the securities that they earn according to the return of their shares. The most faithful among them can of course also enjoy the future securities.

At first, one may hastily conclude that buyout to a share which mechanically increase dividends could be an additional attraction for a shareholder that is interested in output. But the shareholders is also concerned about guarantee and when the economic situation is less buoyant, we find out that the net asset is a sensitive factor which determines the purchase of a security, the share price being another.

Moreover, some big groups like the banks compare the valuation of securities of a particular sector by using a graph which has the percentage of a share as its abscissa (X – axis) and the ratio price / net security as ordinate (Y – axis). The points thus obtained generally give a linear graph.

Group of firms leaders like showing that type of graph to prove to their shareholders that there are good prospects for the future evolution of the price. Unfortunately, because of a distorted reasoning, they do not draw the consequences: The shareholder is as sensitive to progress of the distribution of dividend percentage as he is to the ratio price / net security.

Let us take a practical example to illustrate this abstract concept. Let us assume that at a particular time the ratio price / net security is two for a company and the dividend return is 5%. That Group decides to buyout 10% of its capital. The return will than become 5.55% - in fact a bit less than that because the sums of money distributed for the buyout do not carry interest any longer the net security will therefore experience a 20% drop. So the theoretical price will experience a drop of approximately 10%. More precisely, if this Company were to buyout 50% of its shares – which fortunately is legally impossible – it would not have any more net security. What would be its price at the Stock Exchange?

This example therefore shows how bad the buyout by the company is for the faithful

shareholder! And the only beneficiary is the seller. One could argue that it is the reverse.

FIFTH STATEMENT: An OPA thus becomes difficult.

It is true that the process allows the staff to have a higher percentage in the shares. I will not be too long here, because I believe that the reader is sufficiently informed about the trust that any pact of shareholders can generate with a hostile OPA. But a buyout reduces the number of shareholders and it is no doubt easier to convince an audience when it has fewer people. The only force against an OPA is a very high number of individual shareholders, well-informed, confident in the company's management, therefore content with their fate.

CONCLUSION:

The above arguments clearly show that when a Company practices this type of buyout there are other considerations apart from the profit of the Shareholder.

N/B: If you have comments on my ideas, I will be every interested to get them. Please send an e-mail.

My e-mail luginbuhl.robert@wanadoo.f

In the 656th issue of the Express, selected numbers are completed by less pertinent citations.

"Where there no confusion between tile race for volume and tile race for value?" (Vincent CHAPEL; p.48)

"The merger of Computer Systems is a technical difficulty largely underestimated"

(I)avid BOUCHOUCKA p.150)

"In these traumatic situations one never communicate enough"

GOOD RECORDS ON THE MERGER

The last issue - Autumn 2001 of Energies, presents to us the caption mergers aria men". A strong and interesting interview of professor Vladimir Pucik, in which are recalled some extracts to you

Believing analysts, financial results expected would be rarely favorable.

According to the American Management Association, about 15% of tile merger acquisition realized in tile United States in 1999 under the aegis of KPMG shows that only 17% of operation created values for Shareholders, while in 53% of the cases, a clear distribution of tile value was observed.

One of tile principal causes of failure, even when a real potential of synergies exist is tile absence of common vision for the new entity. But also tile incompatibility of cultures.

Among most of the frequent failures, there is brain drain, the failure to have identified before hand persons, indispensable and devising a way of retaining them. The acquired company conforms itself to tile management style and working methods of tile buyer, with emphasis on cultural assimilation.

Taking tile best out of tile two is a good idea, but difficult to practice.

All studies have proved that the mastery of human factors determine tile success or failure of tile operation when a merger acquisition fails; it is mostly due to human factors.

REGISTRATION FORM FOR THE VOLUNTARY ASSOCIATION OF OLD AND NEW SALARIED SHARE HOLDERS

* Yes, I accept to support AVAS

Surname

First Name

Company

Professional Address

Telephone

House Address

Fax

E-mail

Yes, I renew my membership for the year 2002, I issue a check in your name

Date

Signature

The 2002 contribution includes the subscription to AVASCOPE fixe at 15 Euro basic contribution.
Then 30 Euro as supportive contribution.

To be sent to AVAS, Le Linea_3eme bureau 323-La Defense 9-1, Rue du General Leclerc-92047
Paris La Defense Cedex E-mail:avas@totalfinaelf.com site internet:www.esp-avs.org

THE LIFE OF AVAS

MEETINGS:

- Bruxelles - Participation to the creation of the European Institute of Cooperate Governance (WCG);
- Jeus Lowitwsch, auditor of Justice and Associate, professor at the University Libre of Berlin Law), on a 3 months training at AVAS.
- Conversation with Dr: Crist during his stop-over in Paris. Enron matters, the complicity of Anderson.
- AFT? - the yearly petroleum day, the 3/i 0/2001, in which we helped Mr. Perrodon, Nassie and Liard (several round tables) - Conference on the World Energy Evaluation and the broadcasting of C02 at horizon 2020-2050 presented by Mr. Pierre Rene Banquis.
- Participation of Mr. Massie at a meeting of salavied Shareholders which took place at Notre Dame at the Defense.
- Mr. Massie equally participated at the National Forum of Fondant, the theme elaborated on "Enactment of New Law on Salaried Savings" with effective participation of Laurent Fabius, Minister of Economic, Finance and Industries.
- Mr. Massie had several conversation with leaders of the Group, Mr. Weymulter, Paris of Ballardiere, Carcaud - Macaire.
- Meeting with the C.A., largely open on the 11th of December 2001 at the Tour Couple.

C.A. administrative Council (foot note)

Mr. Olivier made a presentation on Salaried Savings (Act of the 19th February 2001. called the Fabius act). The following were in attendance: M.H. Henri Alline de Rhodia (Association Rhodia Alliance). Riou de France Telecom (Association AFTAS, Patrice Leclerc, Societe' General (Club ASSACT);

- Executive meeting of CA of AVAS;
- Meeting of the next CA of AVAS will take place on the 8th of April 2002 at Office Number 372 of the Linea building;
- The meeting of the AGA of AVAS will take place on Thursday the 25th of April 2002;
- Participation to the Forum on "Lasting Development and Socially Responsible Company."
- We inform members that the G.A. of TOTAL 'mA ELF will take place on the 7th of May and we ask them not to forget to no us of the recreations as soon as they receive them.

SAVINGS PLAN FOR THE GROUP ELF AQUITAINE

SHARE – HOLDING PLAN

Common Investment Fond shares acquire by workers			Cash Value as at		For documentation		
				21/05/2001	6/03/2002	Purchasing Cost	
in F	in Euros						
			in Euros	in Euros			
			Aug. capital	1992 (Elf)	336.43	51.29	35.09
Elf-Actions	176.17	169.27	Privatization	1994 (Elf)	308,00	46,95	32,13
TotalFina							
Sanofi- Synthelabo	72.37	74.47	Aug. capital	1996 (Elf)	280.20	42.72	29.23
Diversified values	130.54	111.24	Aug. capital	1997 (Elf)	551.20	84.03	57.49
Obligations	105.43	109.22	Aug. capital	1999	606.76	92.50	92.50
				(TotalFina)			
			Aug. capital	2002 (TFE)	804.91	122.70	122.70

Last distribution of shares in
November 1990

TABLE 2

Executive office of AVAS year 2001

J. A. Massie, president, B. Butori and G. Renault, Vice-President E. Liard, Secretary General, J. M. Biene and D. Dible, Assist. Secretary, R. Benoit du Rey; Treasurer.

Advisers: B/Bornette, Technical Committee and finance. Y. Bouger; Site Web. L. Dubarry; Judicial and Fiscsal, J. Georger Industrial Strategy. M. Gouby New Principal of Management, G. Geit, regional poles,

A Perrodon Committee of Editor; R; Rodgols:
Relations FINA:Bruxelles. 4- Maque: assistant to the president and AVAS permanent Assembly.

Readers' Mails:

A lot of request on the increment of Capital. Can retirees benefit from it? No information was announced to that effect by the management, etc....

Mr. Roland, an ex-Total Grand Paroisse Usine de Grand pints, till the 30/10/1997, a date at which, he benefited from the ARPE plan allowing him to go on early retirement. At mid-April 1999 Elf launched a capital increment of capital paid to Works, early retirees including retirees for the Grande Paroisse which is a branch at 100% of ATO;

The Workers are ordinarily informed of this capital increment through a Circular and pasting were made but then this gentlemen were never informed that, while reading the questions, that were written in the invitation letter of the G. A. but the date indicated. Haven't gotten a saving plan

for Elf Aquitaine Group, he should have been informed.

Abstract: P.

- 1 - Editorial
- 2 - You said increment -
- 3 - 4 - The future of Chemical written the group Total Fina Elf.
- 4 - 5 - why is it necessary to be opposed to the repurchase of their shares by Companies.
- 5 - Good records on the merger
- 6 - Membership form
- 7 - Executive of AVAS
- 8 - Press review

NOTE: NEW ADDRESS

We remind our Share Holders that the AVAS has just moved to LE LINT' 3rd floor- office number 323 La Defense: Tel. 014441359275 or 41369291 Fax. 0141353504; 1 General Leclerc Road, 92047 Paris-LA DEFENSE.

Dear Shareholders,

We remind you that the GA of Total Fina Elf will take place on the 7th of May, do not fail to inform us on the procurators as soon as you receive them.

Thank you for your confidence.

AVASCOPE No .37

Printed on the 18.03.02

Reserved only to Shareholders and Sympathizers.

PRESS REVUE

Total Fina Elf: Abundant Financial Archives. Bilingual Internet Site French-English. www.totalfinaelf.com

What could be found in it are: Strategic Information: Financial Information: up-date and agenda: esthetic and accessibility; quotations. These data files takes inventory of the Group's Publication. Little information on Share Holders:

It is noteworthy that a part of the Site treats the follow-up at the factory of Grande Paroisse of Toulouse.
(M.J.P. investment No.1449,209 October 2001)

2000. In the Chemical, the sector of the investment would have totaled 1.5 billion of Euro in 2002.

After the synergies, the second aim of the Group's satisfaction is to have succeeded in increasing her production to the expected rate, being an increment of 5% (out of session). Considering the take off of our four big Sites this year, would have increased from 10% in 2002. Total Fina Elf would have been able to maintain her profit in 2002 at the same level as last year. (Sylvie Aubut - Investir No.1463.4 February 2002)

CHEMICALS

The Trade Unions dreaded the

Total Fina Elf stands firm despite the decline of Grade.

This group expects 10% Increment of its production in 2002. Total Fina Elf publishes a profit of 7.5 billion of Euros (49.2 billion francs) a fall back of 2% with the help of a vast program of repurchase of Securities (39 Billion of Shares we acquired for the amount of 6.1 billion Euros). The result per Share is placed at 1.8 euros. An amount identical to that of 2000. From one year to another, the Group accrued its Investments (from 7.9 to 9.8 billion Euros) but this accelerated the sessions to more than 6 billions Euros against 2.7 billion in the year

Desmarest: "it is premature to make proclamations on the faith of AZF" which cause life to thirty people, and several hundreds of injured, what is the future of the toulousan pole? while Lionel Jospin will make a speech in the next few days on maintaining or not maintaining the Site. Thierry Desmarest, tile president of Total Final E~ the Company / Owner of the Site came out the cool to loud their position. (In an interview, he denounces all accusation of negligence done on the Company: he also recalls that the Company on site in Toulouse invested 200 millions of francs to reinforce Security these last ten years.
(deliberations collected by Muriel FRAT. Christine LAGOUTTE and Frederick de MOPNICAULT - Figaro Economic 17

closure of 'AZF Sites, while social plan is being prepared. The future of Atofina, the chemical branch of Total Final Elf (TFE), is going to pass through a period of intensive restructuring, starting from the closure of AZF Site of Toulouse...it is a fact what the Trade Union dreads in vu of the next Central Committee of the Company (CGE) on the 21st of February. The agenda of the OCE day is "a social plan aimed at touching 170 jobs of AZF Chapter of Toulouse" as emphasized by Alain GERBAUT, the central delegate of CGT Atofina. The rationalization will take place this year "But the restructuring of Atofina will be made by encounters" as indicated by the C.E.O. of Total Fina ELF, Theory Desmarest (Eric de la Chesnais - Le figaro Economic 31 January 2002).

Industrial risks: The President of Total Fina Elf is putting the government on ground.

of total Fina Elf announcing that the compensation of $\frac{3}{4}$ of the Victims could get up to 1.8 billions of Euro; being a very heavy and important burden of the bill of the parent establishment. This will bring its assistance to her branch. This responsibility win be translated by the authority of the Administrative Council of Grande Paroisse which will meet on the 4th of February 2002. This operation reveals itself as being unfavorable for minority Share Holders, whose participation has tremendously decreased. This leads to the inability of the group to withdraw its stake after the incident. (A.Ba - Investment No.1463, 4th February

December 2001).

Monstrous profits for Total Fina Elf

There is rain of accusations on the Group. It's C.E.O. collectively denies while announcing records on benefits. He denies all forms of accusation in block Mainwhile, it will be difficult for him to convince that assurance and respect of environment were the priorities of his Company.

The three catastrophe: La Mede, Erika and AZF spoil the image of the group Total Fina Elf and it is frightening that the bills yet to be paid alerts Share Holders (Frederic LEWINO le point of 8th February 2002).

Grand Paroisse: The bills of AZF is piling-up luring 4.5 administrative Council held on the 29 January 2002, Grand Paroisse owner of the 2\2F Factory at Toulouse and affiliated to 85%

T.D: The group actively contributed to the work of the Commission by witnessing before it arid by receiving it on several industrial Sites so as to create a harmony on several points of its conclusion. The group consecrates now and then, is to 30% of the Investment budgets of existing installation to security.

MVVA: Certain minority Share Holders of federated Grand Paroisse by the Adam D.A. Colette Neuville complain in a manner

2002.)

Grande Paroisse will not be withdrawn from the Share.

Interview of the president by "Mieux Vivre votre Argent". After a 2001 successful exercise on the plan of financial results, but shaded by the explosion of a factory AZF of Toulouse. Thierry Desmarest returns on the imperatives of security at the Industrial Sites. It confirms, else while that his group that is happy of a very favorable position in the exploitation/production, will be one of the most dynamic in the years to come.

MVVA: It is note worthy that the recent report of the Commission of Inquiry constituted after the explosion of the AZF factory of Toulouse, seriously places on ground, the security of industrial installations and importantly denounces the insolvency of the sub-contract Is Total Fina Elf targeted?

The revenge of a "small" opposed to a pharmaceutical giants. Such is the case of Sanofi-Synthelabo, the sixth European and eighteenth in the word, adulated by the Stock Exchange, defended the position of its CEO Jean-Francois DECHECQ. This was three years after a merger that favored Share Holders.

Under the support of Elf; Jean-

at which the recapitalisation led by your branch, place after the incident of AZF. This is geared towards making towards making the financial impossibility of settling *Victims*. Would you not buy over the shares of minority Share Holders of Grand Paroisse and proceed to recalling Title-Shares that worth nothing?

T.D : Need to supercede the proper fond of our branch and the Insurance platforms, we will then re-inject under the guise of capital Increment the missing funds.

Each Share Holder could participate in this capital Increment. But it could be that our effort be delayed from our 80%. The equality in treatment of Share Holders is more respected. It is not in our interest to withdraw the value of Shares.

(By Francois de WITT et Jean-Philippe VIALLO - Mieux Vivre Votre Argent; 7th February 2002).

MERGER - SANOFI and SYNTHÉ LABO
Strong Complement.

president of the Centre for young Leaders.
3rd table: The Fabius Act in the big companies.

The new disposition of the Fabius Act and the Salaried Share Holders in Vivendi Universal's

Francois DECHECQ was one of the Founders of SANOFI in 1973 and made it grow by acquisition. "We are the most valued laboratory in the World". Since the beginning of the merger, the value of the Group doubled. Cause of action 41 Euros on the 25th of May 1999-79 Euros in January 2002. Consolidated figures in 2001, 6.4 billions of Euros. Net result 961 Millions of Euros in 2000, an increase expected of at least 35% in 2001. Total strength 28.300 persons (Anne-Marie ROCCO, Challenges No.171.7 February 2001)

IMPLEMENTATION OF NEW LAW ON SALARIED SHARE HOLDERS:

The deeds of the FONDAC National Forum, Thursday, the 29th of November 2001.

The Fabius Act: from application to elaboration (Luc CHANDESRIS, General Delegate of FONDACT)
Workers' point of view (Gerard DEYGAS, Director of Studies CFTC).

Salaried Savings in the PMC - 2nd round table presided by Louise GUERRE,

View (ENCLICOYS - Director General of Vivendi Universal.

Concluding speech at the closing Ceremony by Laurent Fabius, Minister for Economy, Finance and Industry.

It is a young act, but it is also a structural reform. I think it will be the most read of this Legislation. It will need some time for a great number of companies and workers to take hold of these tools (act) that is henceforth at their disposition. It will be necessary to hold them on it, inform and advice them. (FOMDACT. Association for participative Management, Salaries, Savings and Share Holding responsibilities - November 2001).

Salaried, Savings, Provident Fund for retiree.

File on series of Articles on Salaried, Savings in the Tribune of 11/12/2002 (few headlines).

Salaried savings enriches itself

The Fabius act concretizes salaried savings: mostly after PME: the objectives of salaried savings for the company.

The use of PEE by workers. (Estelle Leroy)